

# Interim Report Q3 2016

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### Comparative figures

Unless otherwise stated, all figures in parenthesis refer to the corresponding figures for the same period prior year.

### Forward-looking statements

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

### Significant accounting estimates and judgements

For a description of significant accounting estimates and judgements, reference is made to note 25 of the Annual Report for 2015.

# MAERSK GROUP PERFORMANCE

## For Q3 2016

The Group continued to be significantly impacted by market imbalances, leading to sustained low container freight rates and a low oil price environment.

The Group has announced a new strategic direction and Group structure (see separate Group strategy update section). The Group continues to focus on cost efficiency as well as maximising synergies between our business units to improve operational performance and remain top tier performer.

The Group delivered a profit of USD 438m (USD 778m) negatively impacted by lower container freight rates partly offset by positive impact of termination fees in Maersk Drilling. The return on invested capital (ROIC) was 4.9% (7.6%). The free cash flow was USD 736m (USD 904m).

The underlying profit for the Group of USD 426m (USD 662m) was significantly lower than for same period last year, predomi-

nantly driven by a loss in Maersk Line and with lower underlying results in APM Shipping Services and APM Terminals. Maersk Drilling and Maersk Oil recorded increased underlying profits.

The Group's revenue decreased by USD 933m or 9.2% compared to Q3 2015, predominantly related to Maersk Line with a decrease of USD 659m due to 16% lower average container freight rates, Maersk Oil with a decrease of USD 95m due to 8.0% lower oil prices and decreased rates in Damco and Maersk Tankers. This was partly offset by 11% higher container volumes in Maersk Line and 7.0% higher volumes in APM Terminals.

Operating expenses decreased by USD 573m or 7.3% mainly due to lower bunker prices and cost saving initiatives.

The Group's cash flow from operating activities was USD 1.7bn (USD 2.2bn). Net cash flow used for capital expenditure was USD 935m (USD 1.3bn) with investments predominantly

### Underlying result reconciliation

USD million, Q3	Result for the period		Gain on sale of non-current assets, etc., net <sup>1</sup>		Impairment losses, net <sup>1</sup>		Tax on adjustments		Underlying result	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
<b>Maersk Group</b>	438	778	12	118	-1	-	1	-2	<b>426</b>	<b>662</b>
<b>Maersk Line</b>	-116	264	6	21	-	-	-	-	<b>-122</b>	<b>243</b>
<b>Maersk Oil</b>	145	32	-	-	-	-	-1	-	<b>146</b>	<b>32</b>
<b>APM Terminals</b>	131	175	5	1	-	-	-	-1	<b>126</b>	<b>175</b>
<b>Maersk Drilling</b>	340	184	-1	12	-	-	1	-	<b>340</b>	<b>172</b>
<b>APM Shipping Services</b>	25	154	1	5	-1	-	-	-1	<b>25</b>	<b>150</b>
Maersk Tankers	-1	59	-	1	-	-	-	-	<b>-1</b>	<b>58</b>
Maersk Supply Service	-11	45	1	1	-1	-	-	-	<b>-11</b>	<b>44</b>
Svitzer	22	30	-	-	-	-	-	-	<b>22</b>	<b>30</b>
Damco	15	20	-	3	-	-	-	-1	<b>15</b>	<b>18</b>

<sup>1</sup> Including the Group's share of gains on sale of non-current assets, etc., net and impairments, net, recorded in joint ventures and associated companies.

related to developments of the Culzean oil field in the UK and Johan Sverdrup in Norway.

With an equity ratio of 55.5% (57.3% at 31 December 2015) and a liquidity reserve of USD 11.8 bn (USD 12.4bn at 31 December 2015) the Group maintains a strong financial position.

### DEVELOPMENTS IN THE QUARTER

**Maersk Line** continues to face challenging market conditions and as a testimony to the situation the container industry saw its first major bankruptcy in 30 years. The world's seventh largest carrier, Hanjin, filed for receivership in Q3. Maersk Line experienced a short term increased demand for its services in the transpacific trade as a consequence of Hanjin's filing for receivership. Otherwise, the impact was minimal as Maersk Line's business with Hanjin was limited.

Industry consolidation continued as CMA CGM completed the acquisition of Neptune Orient Lines (NOL) and Hapaq Lloyd and UASC approved the merger between the two companies, pending only authority approval.

**Maersk Oil** continued its strong operational and safety performance. Cost reductions are progressing ahead of plan with scrutiny of all projects leading to lower costs. Maersk Oil's two major development projects; Culzean offshore UK and Johan Sverdrup offshore Norway continue to make good progress with drilling start of the first production well at Culzean, and announcement of a break-even price to be below USD 25 per barrel for the Johan Sverdrup oil development phase 1.

By end of September, Maersk Oil announced further organisational review to focus on fewer geographic areas while keeping exploration activities at a low level.

**APM Terminals** continued the integration process of Grup Maritim TCB acquired in March and cost and commercial

synergies are being secured. Grup Maritim TCB contributed with a profit in line with expectations.

While still subject to Senate approval, an agreement has been reached regarding the Terminal de Contenedores Quetzal (TCQ) concession in Guatemala. In order to allow TCQ to start operating, APM Terminals will pay a total USD 43m reparation to the Guatemalan authorities regarding alleged irregularities dating back to before APM Terminals acquired the terminal.

APM Terminals has announced USD 70m of investments in Port Elizabeth, USA to prepare the terminal to receive larger vessels arriving via the enlarged Panama Canal.

**Maersk Drilling** was awarded a new contract by Maersk Oil for the jack-up rig Mærsk Gallant. The contract covers the plug and abandonment of the Leadon and James subsea fields in the UK sector of the North Sea. The duration of the contract is estimated at 230 days, with commencement in February 2017. The estimated contract value is USD 24m.

Maersk Drilling signed an early termination agreement for the deepwater unit Maersk Valiant with effect from mid-September 2016. The compensation under the early termination agreement leaves Maersk Drilling financially neutral to the original contract, however, with a positive impact on the Q3 result of USD 210m. The net impact for the full year will be around USD 150m due to revenue moved from 2017 to 2016.

Maersk Resolve finalised the planned work scope for DONG Energy at the Hejre field in the Danish sector of the North Sea, and as a result, Maersk Drilling received a letter of early termination. The original contract was scheduled to end in January 2017. The compensation under the early termination agreement leaves Maersk Drilling financially neutral to the original contract, with no changes to the timing of payments.

The newly acquired Maersk Highlander has commenced operations on the Culzean field operated by Maersk Oil in the UK sector of the North Sea.

**Maersk Supply Service** decided to reduce its fleet by up to 20 vessels over the coming 18 months as a response to vessels in lay-up, limited trading opportunities and the global over-supply of offshore supply vessels in the industry. The vast majority of the vessels will be recycled or modified by their new owners to compete outside their present segments. Three vessels have been sold during the quarter while ten vessels are expected to exit the fleet within Q4 2016.

As a consequence of the fleet reduction and flagging of existing project vessels to the Isle of Man registry, the Maersk Supply Service crew pool and the onshore organisation were reduced. A total of 325 offshore employees were made redundant in September and 43 onshore employees in October.

**Other businesses** made a profit of USD 38m (USD 86m) due to a reversal of provision of USD 48m net of tax partly offset by a loss in Maersk Container Industry of USD 6m (loss of USD 24m).

**Financial items** were negative by USD 74m (negative by USD 127m) primarily driven by higher interest expenses due to higher debt partly offset by value adjustment of portfolio shares.

The Group's shares in **Danmarks Skibskredit A/S** were sold in September subject to authority approval. The transaction is expected to result in a cash inflow of around USD 100m and a gain of around USD 50m in Q4.

The credit rating agency Moody's have put the **Maersk Group's rating** of Baa1 on review for downgrade versus previously a stable outlook. Standard & Poor's have the Group's rating of BBB+ on CreditWatch negative.

# GROUP STRATEGY UPDATE

The Group initiated a strategic review on 23 June to evaluate the strategic and structural options with the objective to generate growth, increase agilities, unlock synergies, and maximise shareholder value. The Group announced a progress update on the strategic review on 22 September.

The future Maersk Group will be an integrated transportation and logistics company, while the objective is to find structural solutions for each of the oil and oil related companies. The Maersk Group will going forward deliver best in class transport and logistics services as an integrated company based on combined capabilities, supported by industry leading digital solutions.

As a consequence the Group's portfolio will be reorganised into two separate divisions: Transport & Logistics and Energy. The Transport & Logistics division consists of Maersk Line, APM Terminals, Damco, Svitser and Maersk Container Industry. The Energy division consists of Maersk Oil, Maersk Drilling, Maersk Supply Service and Maersk Tankers.

The Transport & Logistics division will focus on generating growth and synergies based on a one company structure with multiple brands, by managing and operating the activities in a more integrated manner. The strategy of Transport & Logistics rests on three pillars to deliver long term profitable growth:

- Product offering and customer experience will be improved based on the combined capabilities of Maersk Line, APM Terminals and Damco in combination with industry leading digital solutions.
- By operating as one entity, Transport & Logistics will be able to harvest synergies and optimise operations to secure the industry's most effective and reliable network.
- Strong capital discipline and better utilisation of assets will be ensured. When making investments, acquisitions will be the preferred option.

The estimated synergies are expected to generate up to two percentage points ROIC improvement over a period of three years. No material synergies are expected in 2016.

It is expected that the oil and oil related businesses within the Energy division will require different solutions for future development including separation of entities individually or in combination from A.P. Møller - Mærsk A/S in the form of joint-ventures, mergers or listings. Depending on market development and structural opportunities, the objective is to find solutions for the oil and oil related businesses within 24 months.

The Board of Directors continues to focus on ensuring a strong capital structure and defined key financial ratio targets in line with an investment grade rating.

Financial reporting for the new structure will be effective as of Q1 2017.

## **Management changes in relation to the new strategy for The Group and its businesses**

As a result of the strategic review and to support the execution of the new strategies the management team and management fora have changed.

The new management of A.P. Møller - Mærsk A/S now consists of Søren Skou, Group CEO and Claus V. Hemmingsen, Group Vice CEO with Jakob Stausholm as Group CFO from 1 December.

Trond Westlie, Group CFO will step down as member of the registered management and leave the Group end of November 2016.

Jakob Bo Thomasen has stepped down as member of the registered management and CEO of Maersk Oil on 1 October 2016 and left the Group on 1 November 2016.

Kim Fejfer has stepped down as member of the registered management on 1 October 2016 and as CEO of APM Terminals on 1 November 2016 and has left the Group.

## Reorganisation

As part of the strategic review, a number of management changes occurred. The CEOs of the businesses in the two divisions are mentioned below.

### TRANSPORT & LOGISTICS DIVISION

Søren Skou, Group CEO and CEO for **Maersk Line**.

**APM Terminals**, Morten Engelstoft, CEO replacing Kim Fejfer.

**Svitzer**, Henriette Thygesen, CEO.

**Damco**, Klaus Rud Sejling, CEO replacing Hanne B. Sørensen.

**Maersk Container Industry**, Stig Hoffmeyer, CEO.

### ENERGY DIVISION

Claus V. Hemmingsen, Group Vice CEO.

**Maersk Oil**, Gretchen Watkins, CEO replacing Jakob Bo Thomasen.

**Maersk Drilling**, Jørn Madsen, CEO replacing Claus V. Hemmingsen.

**Maersk Tankers**, Christian M. Ingerslev, CEO replacing Morten H. Engelstoft.

**Maersk Supply Service**, Steen S. Karstensen, CEO replacing Jørn Madsen.

**MAERSK LINE ▶  
AND APM TERMINALS**  
Algeciras, Spain.



# GUIDANCE FOR 2016

In line with previous expectations the Group still expects a result significantly below last year (USD 3.1 bn) and specifies an expected underlying result below USD 1.0bn. Gross cash flow used for capital expenditure is still expected to be around USD 6bn in 2016 (USD 7.1 bn).

## Copenhagen, 2 November 2016

### Contacts

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 Group CFO Trond Westlie – tel. +45 3363 3106

Changes in guidance are versus guidance given at Q2 2016. All figures in parenthesis refer to full year 2015.

The Annual Report for 2016 is expected to be announced on 8 February 2017.

**Maersk Line** still expects an underlying result significantly below last year (USD 1.3bn) and specifies an expected negative underlying result for 2016. Maersk Line expects global demand for seaborne container transportation to increase by around 2% in line with previous expectation of 1-3%.

**Maersk Oil** still expects a positive underlying result. A break-even result is now expected to be reached with an oil price below USD 40 per barrel versus previously in the range of USD 40–45 per barrel.

Maersk Oil maintains an expected entitlement production of 320,000-330,000 boepd (312,000 boepd), and exploration costs significantly below last year (USD 423m).

**APM Terminals** still expects an underlying result significantly below 2015 (USD 626m), due to reduced demand in oil producing emerging economies and network adjustments by customers.

**Maersk Drilling** now expects an underlying result in line with last year (USD 732m), with a break-even result expected in Q4, versus previously an underlying result below last year.

**APM Shipping Services** reiterates the expectation of an underlying result significantly below the 2015 result (USD 404m) predominantly due to significantly lower rates and activity in Maersk Supply Service and weaker rates in Maersk Tankers.

## SENSITIVITY GUIDANCE

The Group's guidance for 2016 is subject to considerable uncertainty, not least due to developments in the global economy, the container freight rates and the oil price. The Group's expected underlying result depends on a number of factors. Based on the expected earnings level and all other things being equal, the sensitivities for the calendar year 2016 for four key value drivers are listed in the table below:

Factors	Change	Effect on the Group's underlying profit rest of year
Oil price for Maersk Oil	+/-10 USD/barrel	+/-USD 0.08bn
Bunker price	+/-100 USD/tonne	-/+USD 0.1bn
Container freight rate	+/-100 USD/FFE	+/-USD 0.3bn
Container freight volume	+/-100,000 FFE	+/-USD 0.1bn

# SUMMARY FINANCIAL INFORMATION

## AMOUNTS IN USD MILLION

INCOME STATEMENT	Q3		9 months		Full year
	2016	2015	2016	2015	2015
Revenue	9,177	10,110	26,577	31,183	40,308
Profit before depreciation, amortisation and impairment losses, etc. (EBITDA)	1,887	2,245	5,263	7,446	9,074
Depreciation, amortisation and impairment losses, net	1,154	1,238	3,610	3,562	7,944
Gain on sale of non-current assets, etc., net	9	118	131	461	478
Share of profit/loss in joint ventures	43	45	102	145	165
Share of profit/loss in associated companies	20	34	65	76	97
Profit before financial items (EBIT)	805	1,204	1,951	4,566	1,870
Financial items, net	-74	-127	-349	-278	-423
Profit before tax	731	1,077	1,602	4,288	1,447
Tax	293	299	822	852	522
Profit for the period	438	778	780	3,436	925
A.P. Møller - Mærsk A/S' share	429	755	741	3,363	791
Underlying result	426	662	774	3,080	3,071
<b>BALANCE SHEET</b>					
Total assets	63,442	64,684	63,442	64,684	62,408
Total equity	35,209	38,642	35,209	38,642	35,739
Invested capital	46,599	46,584	46,599	46,584	43,509
Net interest-bearing debt	11,390	7,941	11,390	7,941	7,770
Investments in property, plant and equipment and intangible assets	5,246	1,695	5,246	5,682	7,647
<b>CASH FLOW STATEMENT</b>					
Cash flow from operating activities	1,671	2,194	2,861	5,921	7,969
Cash flow used for capital expenditure	-935	-1,290	-3,412	142	-1,408
<b>FINANCIAL RATIOS</b>					
Return on invested capital after tax (ROIC), annualised	4.9%	7.6%	3.3%	10.5%	2.9%
Return on equity after tax, annualised	5.0%	8.3%	2.9%	11.4%	2.4%
Equity ratio	55.5%	59.7%	55.5%	59.7%	57.3%

STOCK MARKET RATIOS	Q3		9 months		Full year
	2016	2015	2016	2015	2015
Earnings per share (EPS), USD	21	36	36	157	37
Diluted earnings per share, USD	21	36	36	157	37
Cash flow from operating activities per share, USD	81	102	138	276	372
Share price (B share), end of period, DKK	9,720	10,270	9,720	10,270	8,975
Share price (B share), end of period, USD	1,456	1,542	1,456	1,542	1,314
Total market capitalisation, end of period, USD m	29,515	32,608	29,515	32,608	27,587
<b>GROUP BUSINESS DRIVERS</b>					
<b>Maersk Line</b>					
Transported volumes (FFE in '000)	2,698	2,427	7,714	7,118	9,522
Average freight rate (USD per FFE)	1,811	2,163	1,793	2,300	2,209
Unit cost (USD per FFE incl. VSA income)	1,991	2,310	1,985	2,331	2,288
Average fuel price (USD per tonne)	244	324	206	339	315
Maersk Line fleet, owned	286	282	286	282	285
Maersk Line fleet, chartered	325	322	325	322	305
Fleet capacity (TEU in '000)	3,140	3,024	3,140	3,024	2,962
<b>Maersk Oil</b>					
Average share of oil and gas production (thousand barrels of oil equivalent per day)	295	300	325	303	312
Average crude oil price (Brent) (USD per barrel)	46	50	42	55	52
<b>APM Terminals</b>					
Containers handled (measured in million TEU and weighted with ownership share)	9.5	8.9	27.6	27.2	36.0
Number of terminals	72	61	72	61	63
<b>Maersk Drilling</b>					
Operational uptime	98%	97%	98%	97%	97%
Contracted days	1,564	1,834	4,933	5,305	7,086
Revenue backlog (USD bn)	4.1	5.8	4.1	5.8	5.4

The interim consolidated financial statements are prepared in accordance with IAS 34 and have not been subject to audit or review.



# INVESTED CAPITAL AND ROIC

	Invested capital 30 September USD million		ROIC, annualised Q3		ROIC, annualised 9 months	
	2016	2015	2016	2015	2016	2015
<b>MAERSK GROUP</b>	<b>46,599</b>	<b>46,584</b>	<b>4.9%</b>	<b>7.6%</b>	<b>3.3%</b>	<b>10.5%</b>
<b>MAERSK LINE</b>	19,985	20,383	-2.3%	5.2%	-1.5%	9.8%
<b>MAERSK OIL</b>	4,289	5,965	13.5%	2.1%	7.9%	8.6%
<b>APM TERMINALS</b>	8,035	6,033	6.6%	11.6%	6.2%	11.8%
<b>MAERSK DRILLING</b>	7,800	8,092	17.2%	9.0%	12.2%	9.4%
<b>APM SHIPPING SERVICES</b>	4,796	4,758	2.1%	13.1%	1.5%	11.0%
Maersk Tankers	1,664	1,655	-0.3%	14.6%	6.0%	10.9%
Maersk Supply Service	1,679	1,754	-2.5%	10.4%	-9.0%	11.5%
Svitzer	1,245	1,101	6.9%	10.8%	8.0%	11.1%
Damco	208	248	29.7%	30.0%	17.0%	8.2%

# Businesses

Maersk Line / Maersk Oil / APM Terminals / Maersk Drilling / APM Shipping Services  
Maersk Group performance for the first nine months of 2016 / Statement of the Board of Directors and Management

# MAERSK LINE

Maersk Line continued to deliver on strategic objectives in Q3, gaining market share with a volume growth of 11% and continued improvement in network utilisation. Sustained pressure on container freight rates lead to a decline in average freight rates of 16% and an underlying loss of USD 122m. However, Maersk Line generated a positive free cash flow of USD 192m (USD 159m).

**Maersk Line** reported a loss of USD 116m (profit of USD 264m) in challenging market conditions. ROIC was negative 2.3% (positive 5.2%). The result was favourably impacted by various positive tax developments.

Revenue of USD 5.4bn was 11% lower than Q3 2015. The development was driven by a 16% decline in average freight rates to 1,811 USD/FFE (2,163 USD/FFE) partially offset by an 11% increase in volumes to 2,698k FFE (2,427k FFE). A significant part of the growth was due to more backhaul cargo at lower rates than headhaul. With an increase in fleet capacity of 3.8%, the

increase in volumes represented an improvement of network utilisation. The freight rate decline was mainly attributable to decreasing bunker prices of 25%, but was also impacted by the increased backhaul volumes and continued weak market conditions.

Container freight rates declined across all trades. North America, West Central Asia and Africa declined the most but Oceanic and European trades were also notably lower. The decline in North American average rates reflected increased competition, but was also impacted by a mix effect from increased backhaul

MAERSK LINE HIGHLIGHTS	USD MILLION			
	2016	Q3 2015	2016	9 months 2015
Revenue	5,359	6,018	15,394	18,535
<b>Profit/loss before depreciation, amortisation and impairment losses, etc. (EBITDA)</b>	<b>325</b>	<b>765</b>	<b>1,176</b>	<b>2,965</b>
Depreciation, amortisation and impairment losses, net	484	483	1,452	1,428
Gain on sale of non-current assets, etc., net	6	21	16	33
Share of profit/loss in associated companies	-	-	-	-1
<b>Profit/loss before financial items (EBIT)</b>	<b>-153</b>	<b>303</b>	<b>-260</b>	<b>1,569</b>
Tax	+37	39	+30	84
<b>Net operating profit/loss after tax (NOPAT)</b>	<b>-116</b>	<b>264</b>	<b>-230</b>	<b>1,485</b>
<b>Underlying result</b>	<b>-122</b>	<b>243</b>	<b>-229</b>	<b>1,452</b>
Cash flow from operating activities	368	694	499	2,538
Cash flow used for capital expenditure	-176	-535	-254	-1,598
Invested capital	19,985	20,383	19,985	20,383
ROIC, annualised	-2.3%	5.2%	-1.5%	9.8%
Transported volumes (FFE in '000)	2,698	2,427	7,714	7,118
Average freight rate (USD per FFE)	1,811	2,163	1,793	2,300
Unit cost (USD per FFE incl. VSA income)	1,991	2,310	1,985	2,331
Average fuel price (USD per tonne)	244	324	206	339
Maersk Line fleet, owned	286	282	286	282
Maersk Line fleet, chartered	325	322	325	322
Fleet capacity (TEU in '000)	3,140	3,024	3,140	3,024

volumes at lower rates. West Central Asian trades was impacted by imbalance from over-supply build up over 2015 and 2016 whereas African trades were mainly impacted by weak demand. Recognised freight revenue was USD 4.8bn (USD 5.4bn) and other revenue was USD 553m (USD 604m).

Maersk Line's EBIT margin gap to peers is estimated at around 8% for Q2 2016, above the target of 5%. This is on par with Q1 2016, but around 3%-points higher when adjusting for peer group impairments in Q1 2016.

Cash flow from operating activities was USD 368m (USD 694m), impacted by the reduced earnings. Cash flow used for capital expenditure was USD 176m (USD 535m) as there have been no significant new investments in capacity outside already committed investments.

#### MARKET DEVELOPMENT

Global container demand grew by 1-2% in Q3 compared to same quarter last year based on Maersk Lines internal estimates. Demand growth remained subdued as most of the larger emerging economies continue to encounter challenging economic conditions. Imports into parts of Africa and Latin America declined, affecting African, Latin- and Intra American trades. More positively, container imports into Europe and North America continued to grow, reflecting a positive economic development in the regions and a stabilisation in Russia.

For the first time in several years, the market saw new capacity entering the industry and scrapping of capacity being close to the same level. Deliveries amounted to about 195k TEU (24 vessels) and 159k TEU (48 vessels) were scrapped. The global container fleet grew around 3% in Q3 compared to same quarter last year. At the end of Q3, the global container fleet stood at 20.3m TEU of which about 6.5% were idle. In Q3, 26k TEU (14 vessels) of new capacity were ordered, leading to an order book at around 16% of the current fleet (Alphaliner).

#### MAERSK LINE FLEET AND COST DEVELOPMENT

Managing capacity in line with the container demand remains a focus area for Maersk Line, while still defending the market leading position on volumes. By the end of Q3, the Maersk Line fleet consisted of 286 owned vessels (1,869k TEU) and 325 chartered vessels (1,270k TEU) with a total capacity of 3,139k TEU, an increase of 3.8% compared to Q3 2015. Idle capacity at the end of Q3 was 10k TEU (1 vessel) versus 32k TEU (3 vessels) at the end of Q3 2015, corresponding to 1% of total idle capacity in the market.

Maersk Line's total order book corresponds to 12% of current fleet, compared to industry order book of around 16%. In total Maersk Line have 27 vessels in the order book (367k TEU) for delivery in 2017 and 2018. This includes eleven 19.6k TEU second generation Triple-E, nine 14k TEU vessels and seven 3.6k TEU ice-class vessels for the intra-European market.

Cost leadership continues to be a key strategic priority and in Q3 Maersk Line recorded a unit cost of 1,991 USD/FFE or 13.8% below Q3 2015 (2,310 USD/FFE) benefitting from lower bunker prices, improved fleet utilisation and cost efficiencies. Bunker cost decreased 20.2% compared to Q3 2015 driven by 24.7% lower bunker prices. Bunker efficiency improved by 4.5% to 900kg/FFE (942 kg/FFE).

The cost initiatives announced in Q4 2015 are progressing as planned.

#### STRATEGY REVIEW

Maersk Line is part of the newly established Transport & Logistics division formed as a result of the strategic review. The division will improve product offerings and customer experience supported by innovative and digital solutions and services through collaboration. The ambition is to operate the industry's most effective and reliable network combined with operational excellence and cost leadership.

Leveraging the new strategic direction, Maersk Line has also updated the growth target. Maersk Line will now seek to expand market share organically and through acquisitions. Maersk Line will continue to target a 5% EBIT margin gap to peers.



**MAERSK LINE ▶**  
Maersk Line supporting banana plantations in Columbia, serve their customers around the world.

# MAERSK OIL

Maersk Oil continues to deliver profit in a quarter with an average oil price of USD 46 per barrel and with a break-even level below USD 40 per barrel for 2016. Adjustments to the business and organisation due to lower oil price environment and exit from Qatar by Mid-2017 have been initiated.

Maersk Oil reported a profit of USD 145m (USD 32m) and a ROIC of 13.5% (2.1%) in Q3 2016 at an oil price of USD 46 (USD 50) per barrel. The profit was positively impacted by higher operational efficiency and lower costs.

In a quarter with the usual planned maintenance shutdowns, entitlement production of 295,000 boepd (300,000 boepd) was in line with Q3 2015. Exploration costs of USD 57m (USD 82m) were 30% lower than the same period last year.

Maersk Oil reduced operating expenses excluding exploration by 21% to USD 468m (USD 594m). Maersk Oil targets total cost savings of 25-30% by the end of 2016 compared to the 2014 baseline.

Maersk Oil has currently secured a break-even level below USD 40 per barrel for 2016 versus previously USD 40-45 mainly due to lower cost partly due to changes in exchange rates, reduced depreciations and lower exploration activity.

Cash flow from operating activities was USD 478m (USD 548m). Cash flow used for capital expenditure was USD 353m (USD 515m) mainly related to Culzean and Johan Sverdrup.

## ENTITLEMENT SHARE OF PRODUCTION

The entitlement production was similar to same quarter last year. The usual Q3 maintenance shutdowns throughout the portfolio were executed as planned and within budget.

MAERSK OIL HIGHLIGHTS	USD MILLION			
	2016	Q3 2015	9 months	
	2016	2015	2016	2015
Revenue	1,226	1,321	3,536	4,337
<b>Profit/loss before depreciation, amortisation and impairment losses, etc. (EBITDA)</b>	<b>701</b>	<b>641</b>	<b>1,877</b>	<b>2,080</b>
Depreciation, amortisation and impairment losses, net	323	422	1,008	1,173
Gain on sale of non-current assets, etc., net	-	-	1	3
<b>Profit/loss before financial items (EBIT)</b>	<b>378</b>	<b>219</b>	<b>870</b>	<b>910</b>
Tax	233	187	623	533
<b>Net operating profit/loss after tax (NOPAT)</b>	<b>145</b>	<b>32</b>	<b>247</b>	<b>377</b>
<b>Underlying result</b>	<b>146</b>	<b>32</b>	<b>247</b>	<b>456</b>
Cash flow from operating activities	478	548	820	1,264
Cash flow used for capital expenditure	-353	-515	-1,437	-1,511
Invested capital	4,289	5,965	4,289	5,965
ROIC, annualised	13.5%	2.1%	7.9%	8.6%
Exploration costs	57	82	161	353
Average share of oil and gas production (thousand barrels of oil equivalent per day)	295	300	325	303
Average crude oil price (Brent) (USD per barrel)	46	50	42	55

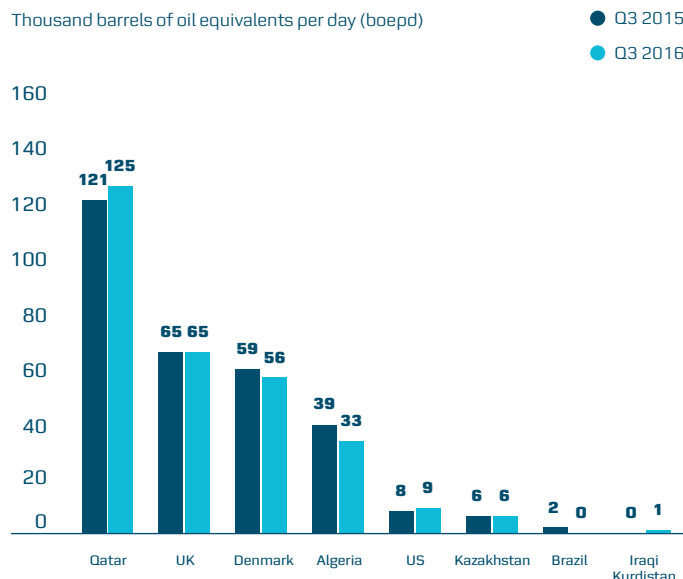
### DEVELOPMENT PROJECTS

In Norway, Maersk Oil participates in the development of the Johan Sverdrup oil field which is progressing according to plans and below budget. The operator, Statoil, announced in August 2016 that the break-even oil price for the field was expected to be below USD 25 per barrel and the first phase development capacity has been lifted from 315,000-380,000 to now 440,000 boepd of which Maersk Oil's entitlement is 8.44%. First production is expected in 2019.

In the UK, Maersk Oil is the operator of the Culzean gas field development which is also progressing according to plans. The Maersk Drilling rig, Maersk Highlander has now started drilling the first of six production wells. The project is progressing well, within budget and with expected production start 2019. Further, the Maersk Oil operated Flyndre development is progressing towards production start by early 2017.

### Entitlement share of production

Thousand barrels of oil equivalents per day (boepd)



In the Danish North Sea, work continues to identify a commercially acceptable and safe scenario for production for the Tyra field after 2018. If an economically viable solution for continued operations is not identified around the end of 2016, it will not be possible to continue production from the field after October 2018.

In the US, Maersk Oil has decided to exit the Buckskin project due to the challenged economics. This is also in line with the changed strategy to focus on fewer geographical areas.

In Angola, Maersk Oil continues the assessment of the possibility for a joint development between the Chissonga field and neighbouring blocks in addition to negotiating with authorities, partners and contractors to reduce costs and improve terms to make the Chissonga project viable.



Work in the recently acquired interests in licences in Kenya and Ethiopia continues with a four well exploration and appraisal well programme planned to start drilling by the end of the year. In addition, discussions are ongoing regarding commencing test production and development of a Kenya crude oil pipeline.

### STRATEGY REVIEW AND EFFECTS OF QATAR EXIT

Long term growth in energy demand and sharp reductions in investments in the global exploration and production industry in recent years are expected to lead to reduction in oil supply in the coming years, which provides opportunities for Maersk Oil to grow, based on the company's key technical competencies. Maersk Oil's success starts with continued improvements in safety, operations and project execution, alongside a continued focus on managing costs.

Maersk Oil will adjust its current strategy to focus its portfolio on fewer geographies to gain scale in basins, particularly in the North Sea, and will aim to strengthen its portfolio through mergers and acquisitions. Maersk Oil will mature existing key development projects, while keeping exploration activities and expenses at a low level. To enable the potential, Maersk Oil will need to continue to adjust the business and organisation to the low oil price environment, to changes in revenue as a result of the Qatar exit in July 2017 and to the long term growth plans.

### ◀ MAERSK OIL ▶

At 18:00 on 28 September drilling of the first of six production wells began on the Culzean field in the UK.

# APM TERMINALS

Stronger performance in key gateway terminals lifts Q3 performance from previous quarters in 2016 while cost saving initiatives are starting to offset some of the reduced volume in commercially challenged terminals.

**APM Terminals** delivered a profit of USD 131m (USD 175m) and a ROIC of 6.6% (11.6%). The profit was 17% above Q2 2016. Operating businesses generated a profit of USD 136m (USD 189m) and a ROIC of 9.5% (13.8%) and projects under implementation along with Grup Maritim TCB from beginning of March had a combined loss of USD 5m (loss of USD 14m), resulting from start-up costs.

Profits remain under pressure in commercially challenged terminals in Latin America, North-West Europe and Africa as a consequence of liner network changes and continued weak underlying market conditions. The terminals in the oil related countries are experiencing diverging performance. Nigeria

showed small positive improvements, Russia stabilised while imports into Angola continues to be severely impacted by the remaining low oil price. Several terminals in the global portfolio realised better results in Q3 than Q2 through successful commercial initiatives and cost savings. Grup Maritim TCB contributed with a positive profit in Q3 in line with expectations.

APM Terminals continues the cost saving initiatives in all controlled entities and headquarters. Staff redundancies have reached approximately 1,000 and constitute a large share of the initiatives which in total have resulted in savings of USD 102m in the first nine months of 2016.

<b>APM TERMINALS HIGHLIGHTS</b>	<b>USD MILLION</b>			
	<b>2016</b>	<b>Q3 2015</b>	<b>9 months 2015</b>	
			<b>2016</b>	<b>2015</b>
Revenue	1,062	1,046	3,088	3,215
<b>Profit/loss before depreciation, amortisation and impairment losses, etc. (EBITDA)</b>	<b>199</b>	<b>220</b>	<b>550</b>	<b>646</b>
Depreciation, amortisation and impairment losses, net	87	80	280	227
Gain on sale of non-current assets, etc., net	2	1	18	11
Share of profit/loss in joint ventures	28	40	68	111
Share of profit/loss in associated companies	29	24	79	66
<b>Profit/loss before financial items (EBIT)</b>	<b>171</b>	<b>205</b>	<b>435</b>	<b>607</b>
Tax	40	30	84	81
<b>Net operating profit/loss after tax (NOPAT)</b>	<b>131</b>	<b>175</b>	<b>351</b>	<b>526</b>
<b>Underlying result</b>	<b>126</b>	<b>175</b>	<b>342</b>	<b>509</b>
Cash flow from operating activities	259	224	620	671
Cash flow used for capital expenditure	-230	-172	-1,363	-563
Invested capital	8,035	6,033	8,035	6,033
ROIC, annualised	6.6%	11.6%	6.2%	11.8%
Containers handled (measured in million TEU and weighted with ownership share)	9.5	8.9	27.6	27.2
Number of terminals	72	61	72	61

Since the acquisition in March, the performance across the Grup Marítim TCB portfolio has continuously strengthened. The Grup Marítim TCB acquisition impacts APM Terminals ROIC negatively by approx. 1%-point in 2016.



While still subject to Senate approval, APM Terminals has reached an agreement with the authorities in Guatemala on a settlement of USD 43m regarding the Terminal de Contenedores Quetzal (TCQ) concession, regarding alleged irregularities dating back to before APM Terminals acquired the terminal, allowing the terminal to start operations. This reparation payment includes corporate social responsibility investments to be undertaken in Guatemala. Concluding the transaction on the three initially carved out terminals in Turkey and on the Canary Islands is still subject to the fulfilment of certain conditions precedent of which not all have been satisfied.

The new Safety of Life at Sea Convention (SOLAS) Verified Gross Mass (VGM) regulations requiring a certified weight for each container shipped were implemented 1 July 2016. Following the changeover to the new regulations, all of APM Terminals' gate operations were operating normally. In more than 70 locations around the globe, APM Terminals provides a range of related services including VGM Data Management, VGM Verification and VGM Generation.

Hanjin Shipping, in receivership since 31 August, is globally a minor customer for APM Terminals and exposure towards the carrier is limited.

Globally, the port handling market was estimated to grow by 2.6% versus same quarter last year (Drewry), driven mainly by growth in Middle East, South Asia and North America.

#### ◀ APM TERMINALS

APM Terminals will invest USD 70m in Port Elizabeth, New York, USA and prepare the terminal to receive larger vessels arriving via the enlarged Panama Canal.

APM Terminals handled 9.5m TEU in Q3 (weighted with APM Terminals' ownership interest), an increase of 7.0% versus Q3 2015 (8.9m TEU) mainly due to the acquisition of Grup Marítim TCB. Excluding the Grup Marítim TCB acquisition and terminals divested during 2015, APM Terminals handled 1.5% more volumes than in the same period last year, mainly driven by growth in Salalah, Oman and Maasvlakte II, Rotterdam, the Netherlands.

The share of profit in joint ventures and associated companies was USD 57m (USD 64m), with the reduction spread across a majority of entities.

APM Terminals increased invested capital to USD 8.0bn (USD 6.0bn), mainly due to the Grup Marítim TCB acquisition. The enlarged APM Terminals portfolio including the projects under implementation creates opportunities for consolidation and potentially divestments.

Cash flow from operating activities was USD 259m (USD 224m) and cash flow used for capital expenditure was USD 230m (USD 172m). Projects under implementation accounted for USD 122m of the cash flow for capital expenditure.

#### STRATEGY REVIEW

In the new Transport & Logistics division, APM Terminals will continue its focus on operational excellence to enhance returns and deliver improved service to existing and new customers. Additionally, APM Terminals will increase its focus on cost, utilisation and driving synergies with Maersk Line, and to deliver value from already committed investments.



# MAERSK DRILLING

Termination fees, high operational uptime and savings on operating costs were partly offset by more idle days. Underlying profit was positively impacted by USD 210m from early contract termination of Maersk Valiant.

Maersk Drilling delivered a profit of USD 340m (USD 184m) and a ROIC of 17.2% (9.0%). The profit was positively impacted by an early contract termination of Maersk Valiant of USD 210m. Maersk Drilling has benefitted from a strong contract coverage at significantly higher dayrates than offered in the current market, but the market outlook for the offshore drilling industry remains challenged, which will also affect Maersk Drilling going forward as current contracts expire and new low dayrates are adopted or rigs are idle.

The offshore drilling industry continues to be challenged by low oil prices and deteriorating market conditions, as capital discipline from oil companies is driving rig demand down due

to continuing contract cancellations and limited new tenders. Global rig supply currently holds significant excess capacity, as approximately 130 floaters and 220 jack-up rigs have been stacked, while the newbuild order-book of approximately 40 floaters and 100 jack-up rigs still scheduled for delivery remains challenging. Lower rig demand against high rig supply has led to total utilisation rates at approximately 60% for jack-up rigs and 55% for floaters in Q3. The offshore rig market will require a large cycle of scrapping activity to re-balance rig supply and demand.

In response to the challenging business environment Maersk Drilling continues to identify and drive cost savings to optimise

MAERSK DRILLING HIGHLIGHTS	USD MILLION			
	2016	Q3 2015	2016	9 months 2015
Revenue	733	646	1,953	1,900
<b>Profit/loss before depreciation, amortisation and impairment losses, etc. (EBITDA)</b>	<b>501</b>	<b>369</b>	<b>1,238</b>	<b>1,073</b>
Depreciation, amortisation and impairment losses, net	150	143	443	402
Gain on sale of non-current assets, etc., net	-1	12	-1	41
Share of profit/loss in joint ventures	5	-	12	8
<b>Profit/loss before financial items (EBIT)</b>	<b>355</b>	<b>238</b>	<b>806</b>	<b>720</b>
Tax	15	54	80	150
<b>Net operating profit/loss after tax (NOPAT)</b>	<b>340</b>	<b>184</b>	<b>726</b>	<b>570</b>
<b>Underlying result</b>	<b>340</b>	<b>172</b>	<b>727</b>	<b>556</b>
Cash flow from operating activities	630	382	1,186	910
Cash flow used for capital expenditure	-43	-44	-274	-775
Invested capital	7,800	8,092	7,800	8,092
ROIC, annualised	17.2%	9.0%	12.2%	9.4%
Operational uptime	98%	97%	98%	97%
Contracted days	1,564	1,834	4,933	5,305
Revenue backlog (USD bn)	4.1	5.8	4.1	5.8

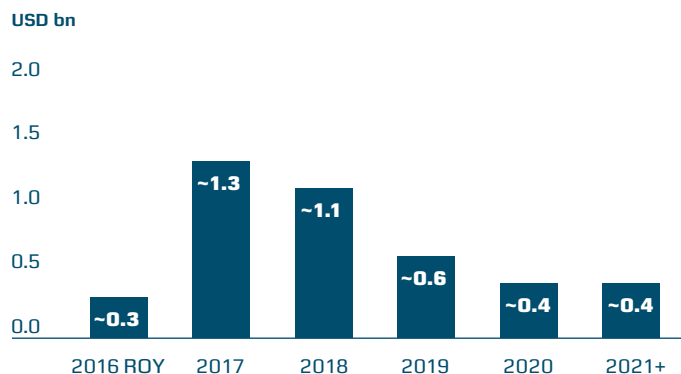
profitability and cash flows. Excluding exchange rate effects and effect of changes to the number of rigs in operation, Maersk Drilling reduced costs by 11% compared to Q3 2015. Since the launch of the cost reduction and efficiency enhancement programme in Q4 2014, Maersk Drilling has reduced costs by more than 18%. Cost savings have been achieved primarily through a strong focus on operating and maintenance costs, but also by optimising yard stays, vendor re-negotiations, reduction of staff onshore, rig crew optimisation as well as salary reductions and salary freezes and general optimisation of the operations.

By end October, Maersk Drilling announced a reduction of its headquarter organisation by up to 70 positions of which approximately 20 are expected to be vacancies that will not be filled.

**Contract coverage per segment, end Q3 2016**

Segment	2016 ROY	2017
Jack-up rigs	73%	60%
Floater	59%	44%
<b>Total</b>	<b>68%</b>	<b>55%</b>

**Revenue backlog, end Q3 2016**



In order to compete in today’s adverse market, joint value creation as well as higher efficiency levels will be key. For Maersk Drilling, this involves investigating new operating models, further enhancing operational excellence and de-risking the increasingly complex projects in the offshore drilling industry. To achieve this, Maersk Drilling is actively engaged in dialogues with key customers, exploring new business models based on larger degree of collaboration and commercial alignment between the oil company and the contractor.

As per end Q3, Maersk Drilling had one rig preparing to commence new contract early Q4, with further eight rigs idled and off contract. Ahead of rigs becoming idle, Maersk Drilling assesses the most attractive stacking condition and location of the rigs in a balanced consideration of commercial outlook, maintenance plans and costs as well as portfolio context. All currently idle rigs are warm stacked.

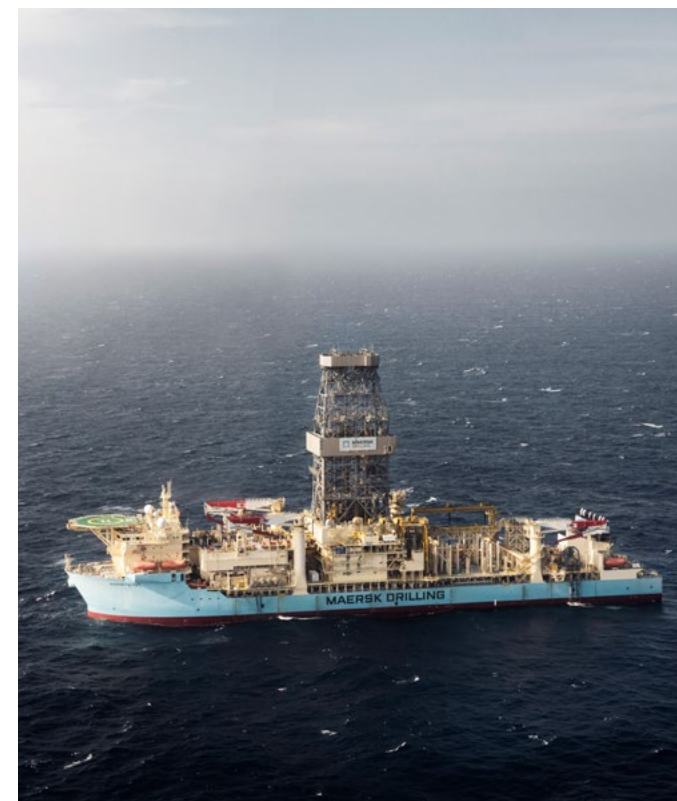
The economic utilisation of the fleet for Q3 was 75% (85%) adversely impacted by more idle days. Maersk Drilling delivered a high operational performance across the rig fleet with an average operational uptime of 99% (97%) for the jack-up rigs and 98% (98%) for the floating rigs.

At the end of Q3 2016, Maersk Drilling’s forward contract coverage was 68% for 2016, 55% for 2017 and 45% for 2018. The total revenue backlog by the end of Q3 amounted to USD 4.1bn (USD 5.8bn).

The higher cash flow from operating activities of USD 630m (USD 382m) was due to the termination fee from Maersk Valiant and lower net working capital. Cash flow used for capital expenditures decreased to USD 43m (USD 44m).

**STRATEGY REVIEW**

Maersk Drilling will limit further investments to maintenance capital expenditures for the current rig fleet, while seeking structural solutions for Maersk Drilling consistent with the update of the recently completed strategic review for the Maersk Group.



**MAERSK DRILLING ▶**  
 Maersk Valiant on its way to be idled in Port Fourchon, Louisiana, USA, following the early termination of its contract.

# APM SHIPPING SERVICES

**APM Shipping Services** reported a profit of USD 25m (USD 154m) and a ROIC of 2.1% (13.1%) negatively impacted by a loss of USD 11m (profit of USD 45m) in Maersk Supply Service and a loss in Maersk Tankers of USD 1m (profit of USD 59m).

**Maersk Tankers** reported a loss of USD 1m (profit of USD 59m) and a negative ROIC of 0.3% (positive 14.6%). The result was negatively affected by deteriorating market rates (decrease of 59%), partly offset by Maersk Tankers market outperformance, contract coverage and cost saving initiatives aimed at creating higher efficiencies.

The market suffered a continuing reduction in rates across all segments during Q3. This was driven by increasing vessel supply and flat demand for oil products due to a drawdown of stock levels, which still remain at high levels. Refinery margins also remain significantly lower than last year, which puts additional pressure on the market rates.

Maersk Tankers Average Time Charter Equivalent (TCE) earnings decreased by 30% compared to Q3 2015.

Operating cost decreased mainly as a result of cost saving initiatives contributing USD 12m and lower bunker fuel costs.

Cash flow from operating activities was USD 43m (USD 84m). Net cash flow from capital expenditure was USD 44m (USD 96m) driven by newbuilding instalments with no vessel sales during Q3. Maersk Tankers took delivery of one MR tanker newbuilding during Q3. The order book totals 12 remaining vessels, of which one will be delivered during 2016, and the last eleven in the following two years.

**Strategy review** — While working to establish a structural solution for separating Maersk Tankers from A.P. Moller - Maersk, the company will continue to execute on its existing strategy based on cost leadership, profitable third party services and active position taking while keeping new investments limited.

APM SHIPPING SERVICES HIGHLIGHTS	USD MILLION			
	2016	Q3 2015	2016	9 months 2015
Revenue	1,091	1,307	3,314	3,860
<b>Profit/loss before depreciation, amortisation and impairment losses, etc. (EBITDA)</b>	<b>123</b>	<b>251</b>	<b>451</b>	<b>663</b>
Depreciation, amortisation and impairment losses, net	93	101	389	295
Gain on sale of non-current assets, etc., net	1	5	7	37
Share of profit/loss in joint ventures	6	5	14	19
<b>Profit/loss before financial items (EBIT)</b>	<b>37</b>	<b>160</b>	<b>83</b>	<b>424</b>
Tax	12	6	27	38
<b>Net operating profit/loss after tax (NOPAT)</b>	<b>25</b>	<b>154</b>	<b>56</b>	<b>386</b>
<b>Underlying result</b>	<b>25</b>	<b>150</b>	<b>147</b>	<b>350</b>
Cash flow from operating activities	153	255	391	608
Cash flow used for capital expenditure	-84	-235	-357	-412
Invested capital	4,796	4,758	4,796	4,758
ROIC, annualised	2.1%	13.1%	1.5%	11.0%

**Maersk Supply Service** reported a loss of USD 11m (profit of USD 45m) and a ROIC of negative 2.5% (positive 10.4%).

Revenue for Q3 decreased to USD 94m (USD 145m) following lower rates and utilisation as well as fewer vessels available for trading due to divestments and lay-ups. Total operating costs increased to USD 73m (USD 69m), as a result of crew redundancies partly offset by fewer operating vessels and reduced running cost. Maersk Supply Service is well on the way of reducing daily running costs by a double digit percentage compared to 2015 on a like-for-like basis.

Cash flow from operating activities decreased to USD 38m (USD 82m) in line with operational result. Cash flow used for capital expenditure decreased to positive USD 1m (USD 111m) due to divestment of vessels.

Going into Q4, contract coverage for the rest of 2016 is 40% and 19% for 2017.

The market demand remains low due to the low oil price and the general market outlook for the industry is expected to remain subdued well into 2018. The current environment sparks a competition for survival among vessel owners with industry margins that are unsustainable in the long term. The general market decline in the offshore industry continues to lead to vessel lay-ups globally. By the end of the quarter Maersk Supply Service had 13 vessels laid up.

During the quarter, Maersk Supply Service announced plans to reduce its fleet by up to 20 vessels over a period of 18 months as a response to vessels in lay-up, limited trading opportunities and the global over-supply of offshore supply vessels in the industry. The vast majority of the divested vessels will be recycled or modified by their new owners to compete outside of the offshore supply vessel segment. The first three vessels have been sold during the quarter while ten vessels are expected to exit the fleet within Q4 2016.

USD MILLION								
Q3 HIGHLIGHTS	MAERSK TANKERS		MAERSK SUPPLY SERVICE		SVITZER		DAMCO	
	2016	2015	2016	2015	2016	2015	2016	2015
Revenue	199	282	94	145	163	161	635	719
<b>Profit/loss before depreciation, amortisation and impairment losses, etc. (EBITDA)</b>	<b>35</b>	<b>95</b>	<b>21</b>	<b>76</b>	<b>41</b>	<b>52</b>	<b>26</b>	<b>28</b>
Depreciation, amortisation and impairment losses, net	35	37	33	36	19	21	6	7
Gain on sale of non-current assets, etc., net	-	1	1	1	-	-	-	3
Share of profit/loss in joint ventures	-	-	-	-	3	2	3	3
<b>Profit/loss before financial items (EBIT)</b>	<b>-</b>	<b>59</b>	<b>-11</b>	<b>41</b>	<b>25</b>	<b>33</b>	<b>23</b>	<b>27</b>
Tax	1	-	-	+4	3	3	8	7
<b>Net operating profit/loss after tax (NOPAT)</b>	<b>-1</b>	<b>59</b>	<b>-11</b>	<b>45</b>	<b>22</b>	<b>30</b>	<b>15</b>	<b>20</b>
<b>Underlying result</b>	<b>-1</b>	<b>58</b>	<b>-11</b>	<b>44</b>	<b>22</b>	<b>30</b>	<b>15</b>	<b>18</b>
Cash flow from operating activities	43	84	38	82	52	36	20	53
Cash flow used for capital expenditure	-44	-96	1	-111	-40	-37	-1	9
Invested capital	1,664	1,655	1,679	1,754	1,245	1,101	208	248
ROIC, annualised	-0.3%	14.6%	-2.5%	10.4%	6.9%	10.8%	29.7%	30.0%

USD MILLION								
9 MONTHS HIGHLIGHTS	MAERSK TANKERS		MAERSK SUPPLY SERVICE		SVITZER		DAMCO	
	2016	2015	2016	2015	2016	2015	2016	2015
Revenue	670	818	306	485	488	500	1,850	2,057
<b>Profit/loss before depreciation, amortisation and impairment losses, etc. (EBITDA)</b>	<b>174</b>	<b>237</b>	<b>88</b>	<b>228</b>	<b>130</b>	<b>152</b>	<b>59</b>	<b>46</b>
Depreciation, amortisation and impairment losses, net	103	105	205	106	61	63	20	21
Gain on sale of non-current assets, etc., net	4	-1	-	30	3	3	-	5
Share of profit/loss in joint ventures	-	-	-	-	6	12	8	7
<b>Profit/loss before financial items (EBIT)</b>	<b>75</b>	<b>131</b>	<b>-117</b>	<b>152</b>	<b>78</b>	<b>104</b>	<b>47</b>	<b>37</b>
Tax	-	1	2	5	5	13	20	19
<b>Net operating profit/loss after tax (NOPAT)</b>	<b>75</b>	<b>130</b>	<b>-119</b>	<b>147</b>	<b>73</b>	<b>91</b>	<b>27</b>	<b>18</b>
<b>Underlying result</b>	<b>71</b>	<b>131</b>	<b>-21</b>	<b>117</b>	<b>70</b>	<b>88</b>	<b>27</b>	<b>14</b>
Cash flow from operating activities	182	215	67	189	118	119	24	85
Cash flow used for capital expenditure	-126	-151	-73	-128	-151	-142	-7	9
Invested capital	1,664	1,655	1,679	1,754	1,245	1,101	208	248
ROIC, annualised	6.0%	10.9%	-9.0%	11.5%	8.0%	11.1%	17.0%	8.2%

Maersk Supply Service also announced that the four new 'Stingray' subsea support vessels that are being delivered in 2017 and 2018 will be flagged to the Isle of Man registry. Maersk Supply Service will be setting up a hub in the UK consolidating ownership and operation of the company's total of nine project vessels. As a consequence of the fleet reduction and the flagging of existing project vessels to the Isle of Man registry, the Maersk Supply Service crew pool and the onshore organisation were reduced. A total of 325 offshore employees was made redundant in September and 43 onshore employees in October.

**Strategy review** — While working to establish a structural solution for separating Maersk Supply Service from A.P. Moller - Maersk, the company will execute on its strategy while keeping new investments limited.

Maersk Supply Service concluded an in-depth industry study developed in cooperation with customers and suppliers to define a new operating model that accommodates the new oil reality. As a result Maersk Supply Service has launched a new strategic ambition of becoming a leading integrator of marine services and solutions for the offshore energy sector.

**Svitzer** delivered a profit of USD 22m (USD 30m) and a ROIC of 6.9% (10.8%).

Despite new terminal towage activity in Australia and Americas and higher harbour towage activity, revenue saw only marginal increase of USD 2m. Positive effects were offset by low utilisation of the terminal towage spot fleet and GBP exchange rate impact.

Even with significant over-capacity and slowdown in most shipping segments, Svitzer maintained its market share in competitive ports both in Australia and Europe.

Underlying profitability improved through productivity and cost saving initiatives, but Svitzer also experienced a high level

of integration and start-up costs in Americas resulting in an EBITDA margin of 25.2% (32.3%).

Competition in the towage industry remains fierce in a fragmented market with several small and financially challenged players.

The market for harbour towage continues to be very competitive in developed markets, while the opportunity to consolidate and professionalise the industry remains in emerging markets.

General slowdown and overcapacity are addressed by Svitzer by continuously monitoring and adjusting tonnage and crew deployment as appropriate.

Low commodity prices lead to increased pressure on existing contracts as well as limited growth prospects and require close dialogue with the oil and gas customers to find mutually acceptable solutions. Salvage activity continues to be affected by low emergency response market.

Cash flow from operating activities increased to USD 52m (USD 36m). Cash flow from investing activities was USD 40m (USD 37m).

**Strategy review** — Svitzer will increasingly pursue opportunities in cooperating with APM Terminals and Maersk Line under the new Transport & Logistics division.

**Damco** delivered a profit of USD 15m (USD 20m) and a ROIC of 29.7% (30.0%).

Revenue was USD 635m (USD 719m), down 12%, impacted by lower freight rates and rate of exchange movements. Margins in supply chain management improved, while freight forwarding margins remained under pressure. The lower margins have been countered by overall cost control. Air and ocean freight

volumes saw a growth of 5% and 11%, respectively versus Q3 2015. Volumes in supply chain management product remained flat compared to last year.

Cash flow from operating activities was USD 20m (USD 53m).

While the freight forwarding market remains under pressure, focus area for Damco will be on generating growth by intensifying development of IT solutions within supply chain management products, concentrating efforts on selected trade lanes, driving cost optimisation and customer service improvements.

**Strategy review** — Under the Transport & Logistics division, Damco will collaborate with the other businesses to deliver new innovative customer solutions supported by investments into digital technology.

# MAERSK GROUP PERFORMANCE

## For the first nine months of 2016

The Group delivered a profit for the first nine months of USD 780m (USD 3.4bn). The profit was negatively impacted by low container freight rates and oil price partly offset by termination fees in Maersk Drilling. The Group's ROIC was 3.3% (10.5%).

Revenue decreased to USD 26.6bn (USD 31.2bn), predominantly due to lower average container freight rates and lower oil price. The operating expenses decreased by USD 2.4bn mainly due to lower bunker prices and focus on cost efficiency across the business units.

Cash flow from operating activities was USD 2.9bn (USD 5.9bn) impacted by the low profit, higher net working capital and a one-off dispute settlement in Maersk Oil in Q1, partly offset by a termination fee from Maersk Valiant. Cash flow used for capital expenditure was USD 3.4bn (USD 4.8bn year to date Q3 2015 excluding the sale of shares in Danske Bank).

Net interest-bearing debt increased to USD 11.4bn (USD 7.8bn at 31 December 2015) mainly due to negative free cash flow of USD 551m, share buy-back of USD 475m, dividends of USD 1.0bn, new finance leases of USD 418m and net interest-bearing debt of USD 0.4bn acquired through the Grup Maritim TCB transaction.

Total equity was USD 35.2bn (USD 35.7bn at 31 December 2015), negatively impacted by dividend payment of USD 1.0bn and share buy-back of USD 475m, partly offset by the profit of USD 780m.

**Maersk Line** made a loss of USD 230m (profit of USD 1.5bn) and a ROIC of negative 1.5% (positive 9.8%). The result was favourably impacted by various positive tax developments. The financial performance was driven by lower freight rates partly offset by higher volumes and lower unit cost related to lower bunker price, higher utilisation and cost efficiencies.

### Underlying result reconciliation

USD million, 9 months	Result for the period		Gain on sale of non-current assets, etc., net <sup>1</sup>		Impairment losses, net <sup>1</sup>		Tax on adjustments		Underlying result	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
<b>Maersk Group</b>	780	3,436	136	461	-124	-100	-6	-5	<b>774</b>	<b>3,080</b>
<b>Maersk Line</b>	-230	1,485	16	33	-17	-	-	-	<b>-229</b>	<b>1,452</b>
<b>Maersk Oil</b>	247	377	1	3	-	-80	-1	-2	<b>247</b>	<b>456</b>
<b>APM Terminals</b>	351	526	23	11	-8	7	-6	-1	<b>342</b>	<b>509</b>
<b>Maersk Drilling</b>	726	570	-1	41	-	-27	-	-	<b>727</b>	<b>556</b>
<b>APM Shipping Services</b>	56	386	7	37	-98	-	-	-1	<b>147</b>	<b>350</b>
Maersk Tankers	75	130	4	-1	-	-	-	-	<b>71</b>	<b>131</b>
Maersk Supply Service	-119	147	-	30	-98	-	-	-	<b>-21</b>	<b>117</b>
Svitzer	73	91	3	3	-	-	-	-	<b>70</b>	<b>88</b>
Damco	27	18	-	5	-	-	-	-1	<b>27</b>	<b>14</b>

<sup>1</sup> Including the Group's share of gains on sale of non-current assets, etc., net and impairments, net, recorded in joint ventures and associated companies.

Volume increased by 8.4% to 7,714k FFE (7,118k FFE) and average freight rate declined by 22% to 1,793 USD/FFE (2,300 USD/FFE).

Cash flow from operating activities was USD 499m (USD 2.5bn) and cash flow used for capital expenditure was USD 254m (USD 1.6bn) leaving a free cash flow of USD 245m (USD 940m).

**Maersk Oil** made a profit of USD 247m (USD 377m) negatively impacted by 24% lower average oil prices but positively impacted by a higher average entitlement production of 325,000 boepd (303,000 boepd), lower costs due to the cost reduction efforts and lower exploration costs.

The increased entitlement production was the result of a higher production share in Qatar where the decreased oil price gives more barrels for cost recovery, as well as strong operational performance in particular in the UK.

Cash flow from operating activities was USD 820m, 35% lower than last year (USD 1.3bn) mainly due to the lower oil price. Cash flow used for capital expenditure was USD 1.4bn (USD 1.5bn) mainly spent on the ongoing developments in the UK, Culzean and in Norway, Johan Sverdrup and the acquisition of interest in African exploration licences in Q1.

**APM Terminals** made a profit of USD 351m (USD 526m) and a ROIC of 6.2% (11.8%). Operating businesses generated a profit of USD 375m (USD 557m) and a ROIC of 8.9% (13.6%) and projects under implementation along with Grup Maritim TCB from beginning of March had a combined loss of USD 25m (loss of USD 31m).

Profits remain under pressure in commercially challenged terminals in Latin America, North-West Europe and Africa as a consequence of liner network changes and continued weak underlying market conditions. The terminals in the oil related countries are experiencing diverging performance.

The decrease in profit was further due to divestments of terminal facilities in Virginia, Charleston, Jacksonville and Houston, USA, and Gioia Tauro, Italy, in 2015, partly offset by the acquisition of Grup Maritim TCB.

Volumes increased by 1.5% compared to 2015, reaching 27.6m TEU (27.2m TEU). The increase was due to the acquisition of Grup Maritim TCB, partly offset by divestments of terminal facilities in Charleston, Jacksonville and Houston, USA, and Gioia Tauro, Italy in 2015. Excluding these, like-for-like volumes increased by 0.1%.

Cash flow from operating activities was USD 620m (USD 671m) and cash flow used for capital expenditure was USD 1.4bn (USD 563m) impacted by the Grup Maritim TCB transaction.

**Maersk Drilling** made a profit of USD 726m (USD 570m) positively impacted by USD 210m due to the termination of Maersk Valiant in Q3 and USD 40m due to the termination of Mærsk Deliverer in Q1, high operational uptime and savings on operating costs offset by eight rigs being idle or partly idle versus three rigs last year. ROIC was 12.2% (9.4%).

Cash flow from operating activities was USD 1.2bn (USD 910m) positively impacted by the termination fees and cash flow used for capital expenditure was USD 274m (USD 775m) mainly due to fewer instalments paid for the newbuild projects, partly offset by the acquisition of Maersk Highlander in Q2.

**APM Shipping Services** made a profit of USD 56m (USD 386m) and a ROIC of 1.5% (11.0%). The lower result was mainly due to **Maersk Supply Service** with a loss of USD 119m (profit of USD 147m) significantly impacted by lower rates and utilisation as well as fewer vessels available for trading due to divestments and lay-ups and the impairment of USD 98m in Q2. **Maersk Tankers** delivered a profit of USD 75m (USD 130m), **Damco** reported a profit of USD 27m (USD 18m) while **Svitzer** delivered a profit of USD 73m (USD 91m).

**Other businesses** made a profit of USD 12m (profit of USD 331m) driven by a reversal of provision of USD 48m net of tax, partly offset by Maersk Container Industry with a loss of USD 44m (loss of USD 42m). The result for 2015 included the gains from the sale of shares in Danske Bank of USD 223m and the sale of Esvagt of USD 76m.

**Unallocated activities** comprise activities which are not attributable to reportable segments, including financial items as well as centralised purchasing and resale of bunker and lubricating oil to companies in the Group. Financial items were negative by USD 349m (negative by USD 278m) primarily driven by higher interest expenses due to higher debt.

The ordinary **dividend** of DKK 300 per A.P. Møller - Mærsk A/S share of nominally DKK 1,000 (in total equal to USD 953m) declared at the Annual General Meeting 12 April 2016 was paid on 15 April 2016.

As part of the **share buy-back programme** 146,122 A-shares and 582,398 B-shares were cancelled in Q2 in accordance with the decision at the Annual General Meeting on 12 April 2016.

The Group issued EUR 1.5bn bonds in the euro market in March and NOK 5.2bn (USD 620m) bonds in the Norwegian kroner market in June.

# STATEMENT OF THE BOARD OF DIRECTORS AND MANAGEMENT

The Board of Directors and the Management have today discussed and approved the interim report of A.P. Møller - Mærsk A/S for the period 1 January 2016 to 30 September 2016.

The interim consolidated financial statements of the A.P. Møller - Maersk Group have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU and Danish disclosure requirements for listed companies. In our opinion the interim consolidated financial statements (pages 25-39) give a true and fair view of the Group's assets, liabilities and financial position at 30 September 2016 and of the result of the Group's operations and cash flows for the period 1 January to 30 September 2016. Furthermore, in our opinion the Directors' report (pages 3-23) includes a fair review of the development in the Group'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 the Group faces.

Copenhagen, 2 November 2016

## MANAGEMENT

**Søren Skou** — Group CEO

**Claus V. Hemmingsen** — Group Vice CEO

**Trond Westlie** — Group CFO

## BOARD OF DIRECTORS

**Michael Pram Rasmussen** — Chairman

**Niels Jacobsen** — Vice Chairman

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

**Dorothee Blessing**

**Niels B. Christiansen**

**Renata Frolova-Hammer**

**Arne Karlsson**

**Jan Leschly**

**Palle Vestergaard Rasmussen**

**Robert Routs**

**Jim Hagemann Snabe**

**Robert Mærsk Uggla**



# Interim consolidated financial statements

**(In parenthesis the corresponding figures for 2015)**

Condensed income statement / Condensed statement of comprehensive income / Condensed balance sheet at 30 September  
Condensed cash flow statement / Condensed statement of changes in equity / Notes to the consolidated financial statements

## CONDENSED INCOME STATEMENT

AMOUNTS IN USD MILLION

Note	2016	Q3 2015	9 months 2016	2015	Full year 2015
1 Revenue	9,177	10,110	26,577	31,183	40,308
<b>Profit before depreciation, amortisation and impairment losses, etc.</b>	<b>1,887</b>	<b>2,245</b>	<b>5,263</b>	<b>7,446</b>	<b>9,074</b>
Depreciation, amortisation and impairment losses, net	1,154	1,238	3,610	3,562	7,944
Gain on sale of non-current assets, etc., net	9	118	131	461	478
Share of profit/loss in joint ventures	43	45	102	145	165
Share of profit/loss in associated companies	20	34	65	76	97
<b>Profit before financial items</b>	<b>805</b>	<b>1,204</b>	<b>1,951</b>	<b>4,566</b>	<b>1,870</b>
Financial items, net	-74	-127	-349	-278	-423
<b>Profit before tax</b>	<b>731</b>	<b>1,077</b>	<b>1,602</b>	<b>4,288</b>	<b>1,447</b>
Tax	293	299	822	852	522
1 <b>Profit for the period</b>	<b>438</b>	<b>778</b>	<b>780</b>	<b>3,436</b>	<b>925</b>
Of which:					
Non-controlling interests	9	23	39	73	134
<b>A.P. Møller - Mærsk A/S' share</b>	<b>429</b>	<b>755</b>	<b>741</b>	<b>3,363</b>	<b>791</b>
5 <b>Earnings per share, USD</b>	<b>21</b>	<b>36</b>	<b>36</b>	<b>157</b>	<b>37</b>
5 <b>Diluted earnings per share, USD</b>	<b>21</b>	<b>36</b>	<b>36</b>	<b>157</b>	<b>37</b>

## CONDENSED STATEMENT OF COMPREHENSIVE INCOME

AMOUNTS IN USD MILLION

	2016	Q3 2015	9 months 2016	2015	Full year 2015
<b>Profit for the period</b>	<b>438</b>	<b>778</b>	<b>780</b>	<b>3,436</b>	<b>925</b>
Translation from functional currency to presentation currency	-38	-160	-83	-348	-394
Other equity investments	-11	1	55	-78	-99
Cash flow hedges	96	-56	48	5	-34
Tax on other comprehensive income	-18	13	18	11	7
Share of other comprehensive income of joint ventures and associated companies, net of tax	1	-2	-1	24	67
<b>Total items that have been or may be reclassified subsequently to the income statement</b>	<b>30</b>	<b>-204</b>	<b>37</b>	<b>-386</b>	<b>-453</b>
Actuarial gains/losses on defined benefit plans, etc.	-	-	-9	-	63
Tax on actuarial gains/losses on defined benefit plans, etc.	-	-	-	-	5
<b>Total items that will not be reclassified to the income statement</b>	<b>-</b>	<b>-</b>	<b>-9</b>	<b>-</b>	<b>68</b>
<b>Other comprehensive income, net of tax</b>	<b>30</b>	<b>-204</b>	<b>28</b>	<b>-386</b>	<b>-385</b>
<b>Total comprehensive income for the period</b>	<b>468</b>	<b>574</b>	<b>808</b>	<b>3,050</b>	<b>540</b>
Of which:					
Non-controlling interests	12	15	36	57	115
<b>A.P. Møller - Mærsk A/S' share</b>	<b>456</b>	<b>559</b>	<b>772</b>	<b>2,993</b>	<b>425</b>

## CONDENSED BALANCE SHEET, TOTAL ASSETS

AMOUNTS IN USD MILLION

Note	30 September		31 December
	2016	2015	2015
Intangible assets	3,659	2,834	1,922
Property, plant and equipment	43,628	45,732	43,999
Financial non-current assets, etc.	4,445	4,497	4,578
Deferred tax	621	515	891
<b>Total non-current assets</b>	<b>52,353</b>	<b>53,578</b>	<b>51,390</b>
Inventories	858	882	781
Receivables, etc.	5,961	6,069	5,346
Securities	785	872	761
Cash and bank balances	3,360	3,233	4,008
Assets held for sale	125	50	122
<b>Total current assets</b>	<b>11,089</b>	<b>11,106</b>	<b>11,018</b>
<b>1 Total assets</b>	<b>63,442</b>	<b>64,684</b>	<b>62,408</b>

## CONDENSED BALANCE SHEET, TOTAL EQUITY AND LIABILITIES

AMOUNTS IN USD MILLION

Note	30 September		31 December
	2016	2015	2015
Equity attributable to A.P. Møller - Mærsk A/S	34,399	38,053	35,087
Non-controlling interests	810	589	652
<b>Total equity</b>	<b>35,209</b>	<b>38,642</b>	<b>35,739</b>
Borrowings, non-current	13,805	11,050	11,408
Other non-current liabilities	5,028	6,074	5,770
<b>Total non-current liabilities</b>	<b>18,833</b>	<b>17,124</b>	<b>17,178</b>
Borrowings, current	1,616	1,138	1,335
Other current liabilities	7,784	7,772	8,134
Liabilities associated with assets held for sale	-	8	22
<b>Total current liabilities</b>	<b>9,400</b>	<b>8,918</b>	<b>9,491</b>
<b>1 Total liabilities</b>	<b>28,233</b>	<b>26,042</b>	<b>26,669</b>
<b>Total equity and liabilities</b>	<b>63,442</b>	<b>64,684</b>	<b>62,408</b>

# CONDENSED CASH FLOW STATEMENT

AMOUNTS IN USD MILLION

	9 months		Full year
	2016	2015	2015
Profit before financial items	1,951	4,566	1,870
Non-cash items, etc.	2,760	2,938	7,262
Change in working capital	-475	-283	382
Cash from operating activities before financial items and tax	4,236	7,221	9,514
Financial payments, net	-391	-42	-72
Taxes paid	-984	-1,258	-1,473
<b>Cash flow from operating activities</b>	<b>2,861</b>	<b>5,921</b>	<b>7,969</b>
Purchase of intangible assets and property, plant and equipment	-3,368	-5,468	-7,132
Sale of intangible assets and property, plant and equipment	432	383	514
Sale of associated companies	-	4,955	4,955
Acquisition/sale of subsidiaries and activities, etc., net	-694	290	299
Other financial investments, net	218	-18	-44
Cash flow used for capital expenditure	-3,412	142	-1,408
Purchase/sale of securities, trading portfolio	10	-7	46
<b>Cash flow used for investing activities</b>	<b>-3,402</b>	<b>135</b>	<b>-1,362</b>
Repayment of/proceeds from loans, net	1,555	601	1,247
Purchase of own shares	-475	-387	-780
Dividends distributed	-953	-6,141	-6,141
Dividends distributed to non-controlling interests	-47	-90	-97
Other equity transactions	-59	26	35
<b>Cash flow from financing activities</b>	<b>21</b>	<b>-5,991</b>	<b>-5,736</b>
<b>Net cash flow for the period</b>	<b>-520</b>	<b>65</b>	<b>871</b>
Cash and cash equivalents 1 January	3,996	3,406	3,406
Currency translation effect on cash and cash equivalents	-137	-265	-281
Cash and cash equivalents, end of period	3,339	3,206	3,996
Of which classified as assets held for sale	-	-2	-
<b>Cash and cash equivalents, end of period</b>	<b>3,339</b>	<b>3,204</b>	<b>3,996</b>

	9 months		Full year
	2016	2015	2015
<b>Cash and cash equivalents</b>			
Cash and bank balances	3,360	3,233	4,008
Overdrafts	21	29	12
<b>Cash and cash equivalents, end of period</b>	<b>3,339</b>	<b>3,204</b>	<b>3,996</b>

Cash and bank balances include USD 1.4bn (USD 1.2bn at 31 December 2015) that relates to cash and bank balances in countries with exchange control or other restrictions. These funds are not readily available for general use by the parent company or other subsidiaries.

# CONDENSED STATEMENT OF CHANGES IN EQUITY

AMOUNTS IN USD MILLION

	A.P. Møller - Mærsk A/S							
	Share capital	Translation reserve	Reserve for other equity investments	Reserve for hedges	Retained earnings	Total	Non-controlling interests	Total equity
Equity 1 January 2016	3,906	-381	-205	-301	32,068	35,087	652	35,739
Other comprehensive income, net of tax	-	-82	70	69	-26	31	-3	28
Profit for the period	-	-	-	-	741	741	39	780
<b>Total comprehensive income for the period</b>	-	<b>-82</b>	<b>70</b>	<b>69</b>	<b>715</b>	<b>772</b>	<b>36</b>	<b>808</b>
Dividends to shareholders	-	-	-	-	-953	-953	-47	-1,000
Value of share-based payment	-	-	-	-	13	13	-	13
Acquisition of non-controlling interests	-	-	-	-	-46	-46	168	122
Purchase of own shares	-	-	-	-	-475	-475	-	-475
Capital increases and decreases	-132 <sup>1</sup>	-	-	-	132 <sup>1</sup>	-	1	1
Other equity movements	-	-	-	-	1	1	-	1
<b>Total transactions with shareholders</b>	<b>-132</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-1,328</b>	<b>-1,460</b>	<b>122</b>	<b>-1,338</b>
<b>Equity 30 September 2016</b>	<b>3,774</b>	<b>-463</b>	<b>-135</b>	<b>-232</b>	<b>31,455</b>	<b>34,399</b>	<b>810</b>	<b>35,209</b>
Equity 1 January 2015	3,985	-7	-106	-294	37,964	41,542	683	42,225
Other comprehensive income, net of tax	-	-332	-78	16	24	-370	-16	-386
Profit for the period	-	-	-	-	3,363	3,363	73	3,436
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-332</b>	<b>-78</b>	<b>16</b>	<b>3,387</b>	<b>2,993</b>	<b>57</b>	<b>3,050</b>
Dividends to shareholders	-	-	-	-	-6,141	-6,141	-90	-6,231
Value of share-based payment	-	-	-	-	20	20	-	20
Sale of non-controlling interests	-	-	-	-	-	-	-62	-62
Purchase of own shares	-	-	-	-	-387	-387	-	-387
Sale of own shares	-	-	-	-	26	26	-	26
Capital increases and decreases	-79 <sup>2</sup>	-	-	-	79 <sup>2</sup>	-	1	1
<b>Total transactions with shareholders</b>	<b>-79</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-6,403</b>	<b>-6,482</b>	<b>-151</b>	<b>-6,633</b>
<b>Equity 30 September 2015</b>	<b>3,906</b>	<b>-339</b>	<b>-184</b>	<b>-278</b>	<b>34,948</b>	<b>38,053</b>	<b>589</b>	<b>38,642</b>

<sup>1</sup> At the Annual General Meeting of A.P. Møller - Mærsk A/S on 12 April 2016, cf. note 5, the shareholders decided on the cancellation of treasury shares, whereby the share capital has decreased by a transfer of reserves to retained earnings.

<sup>2</sup> At the Annual General Meeting of A.P. Møller - Mærsk A/S on 30 March 2015, cf. note 5, the shareholders decided on the cancellation of treasury shares, whereby the share capital has decreased by a transfer of reserves to retained earnings.

# NOTES

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## NOTE 1 SEGMENT INFORMATION

AMOUNTS IN USD MILLION

	Maersk Line	Maersk Oil	APM Terminals	Maersk Drilling	Maersk Tankers	Maersk Supply Service	Svitzer	Damco	Total reportable segments
<b>Q3 2016</b>									
External revenue	5,281	1,183	701	721	199	90	156	635	8,966
Inter-segment revenue	78	43	361	12	-	4	7	-	505
<b>Total revenue</b>	<b>5,359</b>	<b>1,226</b>	<b>1,062</b>	<b>733</b>	<b>199</b>	<b>94</b>	<b>163</b>	<b>635</b>	<b>9,471</b>
<b>Profit/loss before depreciation, amortisation and impairment losses, etc.</b>	<b>325</b>	<b>701</b>	<b>199</b>	<b>501</b>	<b>35</b>	<b>21</b>	<b>41</b>	<b>26</b>	<b>1,849</b>
Depreciation and amortisation	484	323	87	150	35	32	19	6	1,136
Impairment losses	-	-	-	-	-	1	-	-	1
Gain/loss on sale of non-current assets, etc., net	6	-	2	-1	-	1	-	-	8
Share of profit/loss in joint ventures	-	-	28	5	-	-	3	3	39
Share of profit/loss in associated companies	-	-	29	-	-	-	-	-	29
<b>Profit/loss before financial items (EBIT)</b>	<b>-153</b>	<b>378</b>	<b>171</b>	<b>355</b>	<b>-</b>	<b>-11</b>	<b>25</b>	<b>23</b>	<b>788</b>
Tax	+37	233	40	15	1	-	3	8	263
<b>Net operating profit/loss after tax (NOPAT)</b>	<b>-116</b>	<b>145</b>	<b>131</b>	<b>340</b>	<b>-1</b>	<b>-11</b>	<b>22</b>	<b>15</b>	<b>525</b>
<b>Underlying result<sup>1</sup></b>	<b>-122</b>	<b>146</b>	<b>126</b>	<b>340</b>	<b>-1</b>	<b>-11</b>	<b>22</b>	<b>15</b>	<b>515</b>
Cash flow from operating activities	368	478	259	630	43	38	52	20	1,888
Cash flow used for capital expenditure	-176	-353	-230	-43	-44	1	-40	-1	-886
<b>Free cash flow</b>	<b>192</b>	<b>125</b>	<b>29</b>	<b>587</b>	<b>-1</b>	<b>39</b>	<b>12</b>	<b>19</b>	<b>1,002</b>
<b>Investments in non-current assets<sup>2</sup></b>	<b>504</b>	<b>279</b>	<b>263</b>	<b>47</b>	<b>45</b>	<b>8</b>	<b>57</b>	<b>2</b>	<b>1,205</b>

<sup>1</sup> The underlying result is equal to the profit or loss excluding net impact from divestments and impairments.

<sup>2</sup> Comprise additions of intangible assets and property, plant and equipment, including additions from business combinations.

## NOTE 1 SEGMENT INFORMATION — CONTINUED

AMOUNTS IN USD MILLION

	Maersk Line	Maersk Oil	APM Terminals	Maersk Drilling	Maersk Tankers	Maersk Supply Service	Svitzer	Damco	Total reportable segments
<b>9 MONTHS 2016</b>									
External revenue	15,176	3,493	2,094	1,917	669	299	464	1,850	25,962
Inter-segment revenue	218	43	994	36	1	7	24	-	1,323
<b>Total revenue</b>	<b>15,394</b>	<b>3,536</b>	<b>3,088</b>	<b>1,953</b>	<b>670</b>	<b>306</b>	<b>488</b>	<b>1,850</b>	<b>27,285</b>
<b>Profit/loss before depreciation, amortisation and impairment losses, etc.</b>	<b>1,176</b>	<b>1,877</b>	<b>550</b>	<b>1,238</b>	<b>174</b>	<b>88</b>	<b>130</b>	<b>59</b>	<b>5,292</b>
Depreciation and amortisation	1,435	1,008	272	443	103	107	61	20	3,449
Impairment losses	17	-	8	-	-	98	-	-	123
Gain/loss on sale of non-current assets, etc., net	16	1	18	-1	4	-	3	-	41
Share of profit/loss in joint ventures	-	-	68	12	-	-	6	8	94
Share of profit/loss in associated companies	-	-	79	-	-	-	-	-	79
<b>Profit/loss before financial items (EBIT)</b>	<b>-260</b>	<b>870</b>	<b>435</b>	<b>806</b>	<b>75</b>	<b>-117</b>	<b>78</b>	<b>47</b>	<b>1,934</b>
Tax	+30	623	84	80	-	2	5	20	784
<b>Net operating profit/loss after tax (NOPAT)</b>	<b>-230</b>	<b>247</b>	<b>351</b>	<b>726</b>	<b>75</b>	<b>-119</b>	<b>73</b>	<b>27</b>	<b>1,150</b>
<b>Underlying result<sup>1</sup></b>	<b>-229</b>	<b>247</b>	<b>342</b>	<b>727</b>	<b>71</b>	<b>-21</b>	<b>70</b>	<b>27</b>	<b>1,234</b>
Cash flow from operating activities	499	820	620	1,186	182	67	118	24	3,516
Cash flow used for capital expenditure	-254	-1,437	-1,363	-274	-126	-73	-151	-7	-3,685
<b>Free cash flow</b>	<b>245</b>	<b>-617</b>	<b>-743</b>	<b>912</b>	<b>56</b>	<b>-6</b>	<b>-33</b>	<b>17</b>	<b>-169</b>
<b>Investments in non-current assets<sup>2</sup></b>	<b>1,008</b>	<b>1,332</b>	<b>2,198</b>	<b>256</b>	<b>166</b>	<b>81</b>	<b>145</b>	<b>8</b>	<b>5,194</b>
Intangible assets	1	777	2,637	112	4	18	17	93	3,659
Property, plant and equipment	21,223	6,247	3,555	7,537	1,707	1,688	1,083	74	43,114
Investments in joint ventures	-	-	1,433	148	1	-	81	25	1,688
Investments in associated companies	1	-	641	-	-	-	15	-	657
Other non-current assets	254	777	204	17	-	7	54	33	1,346
Assets held for sale	2	1	16	-	-	-	-	-	19
Other current assets	3,198	1,073	913	605	146	119	128	564	6,746
<b>Total assets</b>	<b>24,679</b>	<b>8,875</b>	<b>9,399</b>	<b>8,419</b>	<b>1,858</b>	<b>1,832</b>	<b>1,378</b>	<b>789</b>	<b>57,229</b>
Non-interest bearing liabilities	4,694	4,586	1,364	619	194	153	133	581	12,324
<b>Invested capital, net</b>	<b>19,985</b>	<b>4,289</b>	<b>8,035</b>	<b>7,800</b>	<b>1,664</b>	<b>1,679</b>	<b>1,245</b>	<b>208</b>	<b>44,905</b>

<sup>1</sup> The underlying result is equal to the profit or loss excluding net impact from divestments and impairments.

<sup>2</sup> Comprise additions of intangible assets and property, plant and equipment, including additions from business combinations.



## NOTE 1 SEGMENT INFORMATION — CONTINUED

AMOUNTS IN USD MILLION

	Maersk Line	Maersk Oil	APM Terminals	Maersk Drilling	Maersk Tankers	Maersk Supply Service	Svitzer	Damco	Total reportable segments
<b>Q3 2015</b>									
External revenue	5,933	1,321	660	644	282	142	151	719	9,852
Inter-segment revenue	85	-	386	2	-	3	10	-	486
<b>Total revenue</b>	<b>6,018</b>	<b>1,321</b>	<b>1,046</b>	<b>646</b>	<b>282</b>	<b>145</b>	<b>161</b>	<b>719</b>	<b>10,338</b>
<b>Profit/loss before depreciation, amortisation and impairment losses, etc.</b>	<b>765</b>	<b>641</b>	<b>220</b>	<b>369</b>	<b>95</b>	<b>76</b>	<b>52</b>	<b>28</b>	<b>2,246</b>
Depreciation and amortisation	483	422	80	143	37	36	21	7	1,229
Gain/loss on sale of non-current assets, etc., net	21	-	1	12	1	1	-	3	39
Share of profit/loss in joint ventures	-	-	40	-	-	-	2	3	45
Share of profit/loss in associated companies	-	-	24	-	-	-	-	-	24
<b>Profit/loss before financial items (EBIT)</b>	<b>303</b>	<b>219</b>	<b>205</b>	<b>238</b>	<b>59</b>	<b>41</b>	<b>33</b>	<b>27</b>	<b>1,125</b>
Tax	39	187	30	54	-	+4	3	7	316
<b>Net operating profit/loss after tax (NOPAT)</b>	<b>264</b>	<b>32</b>	<b>175</b>	<b>184</b>	<b>59</b>	<b>45</b>	<b>30</b>	<b>20</b>	<b>809</b>
<b>Underlying result<sup>1</sup></b>	<b>243</b>	<b>32</b>	<b>175</b>	<b>172</b>	<b>58</b>	<b>44</b>	<b>30</b>	<b>18</b>	<b>772</b>
Cash flow from operating activities	694	548	224	382	84	82	36	53	2,103
Cash flow used for capital expenditure	-535	-515	-172	-44	-96	-111	-37	9	-1,501
<b>Free cash flow</b>	<b>159</b>	<b>33</b>	<b>52</b>	<b>338</b>	<b>-12</b>	<b>-29</b>	<b>-1</b>	<b>62</b>	<b>602</b>
<b>Investments in non-current assets<sup>2</sup></b>	<b>537</b>	<b>560</b>	<b>204</b>	<b>73</b>	<b>114</b>	<b>123</b>	<b>41</b>	<b>2</b>	<b>1,654</b>

<sup>1</sup> The underlying result is equal to the profit or loss excluding net impact from divestments and impairments.

<sup>2</sup> Comprise additions of intangible assets and property, plant and equipment, including additions from business combinations.

## NOTE 1 SEGMENT INFORMATION — CONTINUED

AMOUNTS IN USD MILLION

	Maersk Line	Maersk Oil	APM Terminals	Maersk Drilling	Maersk Tankers	Maersk Supply Service	Svitzer	Damco	Total reportable segments
<b>9 MONTHS 2015</b>									
External revenue	18,276	4,337	2,073	1,890	817	477	477	2,054	30,401
Inter-segment revenue	259	-	1,142	10	1	8	23	3	1,446
<b>Total revenue</b>	<b>18,535</b>	<b>4,337</b>	<b>3,215</b>	<b>1,900</b>	<b>818</b>	<b>485</b>	<b>500</b>	<b>2,057</b>	<b>31,847</b>
<b>Profit/loss before depreciation, amortisation and impairment losses, etc.</b>	<b>2,965</b>	<b>2,080</b>	<b>646</b>	<b>1,073</b>	<b>237</b>	<b>228</b>	<b>152</b>	<b>46</b>	<b>7,427</b>
Depreciation and amortisation	1,428	1,093	234	375	105	106	63	21	3,425
Impairment losses	-	80	-	27	-	-	-	-	107
Reversal of impairment losses	-	-	7	-	-	-	-	-	7
Gain/loss on sale of non-current assets, etc., net	33	3	11	41	-1	30	3	5	125
Share of profit/loss in joint ventures	-	-	111	8	-	-	12	7	138
Share of profit/loss in associated companies	-1	-	66	-	-	-	-	-	65
<b>Profit/loss before financial items (EBIT)</b>	<b>1,569</b>	<b>910</b>	<b>607</b>	<b>720</b>	<b>131</b>	<b>152</b>	<b>104</b>	<b>37</b>	<b>4,230</b>
Tax	84	533	81	150	1	5	13	19	886
<b>Net operating profit/loss after tax (NOPAT)</b>	<b>1,485</b>	<b>377</b>	<b>526</b>	<b>570</b>	<b>130</b>	<b>147</b>	<b>91</b>	<b>18</b>	<b>3,344</b>
<b>Underlying result<sup>1</sup></b>	<b>1,452</b>	<b>456</b>	<b>509</b>	<b>556</b>	<b>131</b>	<b>117</b>	<b>88</b>	<b>14</b>	<b>3,323</b>
Cash flow from operating activities	2,538	1,264	671	910	215	189	119	85	5,991
Cash flow used for capital expenditure	-1,598	-1,511	-563	-775	-151	-128	-142	9	-4,859
<b>Free cash flow</b>	<b>940</b>	<b>-247</b>	<b>108</b>	<b>135</b>	<b>64</b>	<b>61</b>	<b>-23</b>	<b>94</b>	<b>1,132</b>
<b>Investments in non-current assets<sup>2</sup></b>	<b>1,667</b>	<b>1,594</b>	<b>652</b>	<b>829</b>	<b>366</b>	<b>189</b>	<b>159</b>	<b>7</b>	<b>5,463</b>
Intangible assets	1	1,360	1,284	42	-	11	24	106	2,828
Property, plant and equipment	21,838	8,068	2,921	7,883	1,686	1,766	1,004	77	45,243
Investments in joint ventures	-	-	1,468	126	1	-	76	24	1,695
Investments in associated companies	1	-	505	-	-	-	-	-	506
Other non-current assets	170	625	125	28	-	6	42	33	1,029
Assets held for sale	2	1	46	-	-	1	-	-	50
Other current assets	3,122	1,116	793	718	152	145	105	607	6,758
<b>Total assets</b>	<b>25,134</b>	<b>11,170</b>	<b>7,142</b>	<b>8,797</b>	<b>1,839</b>	<b>1,929</b>	<b>1,251</b>	<b>847</b>	<b>58,109</b>
Non-interest bearing liabilities	4,751	5,205	1,109	705	184	175	150	599	12,878
<b>Invested capital, net</b>	<b>20,383</b>	<b>5,965</b>	<b>6,033</b>	<b>8,092</b>	<b>1,655</b>	<b>1,754</b>	<b>1,101</b>	<b>248</b>	<b>45,231</b>

<sup>1</sup> The underlying result is equal to the profit or loss excluding net impact from divestments and impairments.

<sup>2</sup> Comprise additions of intangible assets and property, plant and equipment, including additions from business combinations.

## NOTE 1 SEGMENT INFORMATION — CONTINUED

AMOUNTS IN USD MILLION

	Q3		9 months	
	2016	2015	2016	2015
<b>REVENUE</b>				
Reportable segments	9,471	10,338	27,285	31,847
Other businesses	217	286	623	977
Unallocated activities (Maersk Oil Trading)	82	72	192	191
Eliminations	-593	-586	-1,523	-1,832
<b>Total</b>	<b>9,177</b>	<b>10,110</b>	<b>26,577</b>	<b>31,183</b>
<b>PROFIT FOR THE PERIOD</b>				
Reportable segments	525	809	1,150	3,344
Other businesses	38	86	12	331
Financial items, net	-74	-127	-349	-278
Unallocated tax	23	+15	38	+31
Other unallocated items	29	19	19	12
Eliminations	1	14	24	20
<b>Total</b>	<b>438</b>	<b>778</b>	<b>780</b>	<b>3,436</b>

	30 September	
	2016	2015
<b>ASSETS</b>		
Reportable segments	57,229	58,109
Other businesses	1,228	1,274
Unallocated activities	7,047	7,012
Eliminations	-2,062	-1,711
<b>Total</b>	<b>63,442</b>	<b>64,684</b>
<b>LIABILITIES</b>		
Reportable segments	12,324	12,878
Other businesses	363	443
Unallocated activities	17,589	14,390
Eliminations	-2,043	-1,669
<b>Total</b>	<b>28,233</b>	<b>26,042</b>

## NOTE 2 FINANCIAL RISKS, ETC.

AMOUNTS IN USD MILLION

Except of the below, the financial risks, etc. are not significantly different from those described in note 18 of the consolidated financial statements for 2015, to which reference is made.

### Liquidity risk

	30 September		31 December
	2016	2015	2015
Borrowings	15,421	12,188	12,743
Net interest-bearing debt	11,390	7,941	7,770
Liquidity reserve <sup>1</sup>	11,795	10,625	12,397

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

In addition to the liquidity reserve, the Group had committed loans of USD 1.2bn, which are dedicated to financing of specific assets and therefore will only become available at certain times in the future.

Based on the liquidity reserve, loans for the financing of specific assets, the maturity of outstanding loans, and the current investment profile, the Group's financial resources are deemed satisfactory. In March 2016, the Group issued EUR 1.5bn in three-year and five-year bonds in the euro market. In June 2016, the Group issued NOK 5.2bn in five-year, seven-year and ten-year bonds in the Norwegian kroner market.

The average term to maturity of loan facilities in the Group was about four years (about four years at 31 December 2015).

## NOTE 3 COMMITMENTS

### AMOUNTS IN USD MILLION

#### Operating lease commitments

At 30 September 2016, the net present value of operating lease commitments totalled USD 6.7bn using a discount rate of 6%, a decrease from USD 7.0bn at 31 December 2015.

The operating lease commitments at 30 September 2016 are divided into the following main business units:

- APM Terminals of USD 3.1bn
- Maersk Line of USD 2.6bn
- Other of USD 1.0bn

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

	Maersk Line	Maersk Oil	APM Terminals	Maersk Supply Service	Maersk Drilling	Other	Total
<b>Capital commitments</b>							
<b>30 SEPTEMBER 2016</b>							
Capital commitments relating to acquisition of non-current assets	2,663	2,161	572	981	503	429	7,309
Commitments towards concession grantors	-	57	1,670	-	-	-	1,727
<b>Total</b>	<b>2,663</b>	<b>2,218</b>	<b>2,242</b>	<b>981</b>	<b>503</b>	<b>429</b>	<b>9,036</b>
<b>31 DECEMBER 2015</b>							
Capital commitments relating to acquisition of non-current assets	2,886	2,275	712	1,057	474	578	7,982
Commitments towards concession grantors	-	92	1,307	-	-	-	1,399
<b>Total</b>	<b>2,886</b>	<b>2,367</b>	<b>2,019</b>	<b>1,057</b>	<b>474</b>	<b>578</b>	<b>9,381</b>

	2016	2017	No. 2018	Total
<b>Newbuilding programme at 30 September 2016</b>				
Container vessels	-	22	5	27
Rigs and drillships	1	-	-	1
Tanker vessels	1	5	6	12
Anchor handling vessels and tugboats, etc.	8	19	1	28
<b>Total</b>	<b>10</b>	<b>46</b>	<b>12</b>	<b>68</b>

	USD million			Total
	2016	2017	2018	Total
<b>Capital commitments relating to the newbuilding programme at 30 September 2016</b>				
Container vessels	130	1,856	481	2,467
Rigs and drillships	444	18	-	462
Tanker vessels	32	146	159	337
Anchor handling vessels and tugboats, etc.	50	911	104	1,065
<b>Total</b>	<b>656</b>	<b>2,931</b>	<b>744</b>	<b>4,331</b>

USD 4.3bn of the total capital commitments is related to the newbuilding programme for ships, rigs, etc. at a total contract price of USD 5.4bn including owner-furnished equipment. The remaining capital commitments of USD 4.7bn relate to investments mainly within APM Terminals and Maersk Oil.

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

## NOTE 4 ACQUISITION / SALE OF SUBSIDIARIES AND ACTIVITIES

AMOUNTS IN USD MILLION

Cash flow used for acquisitions during the first 9 months 2016	Grup Marítim		Total
	TCB S.L.	Other	
<b>Fair value at time of acquisition</b>			
Intangible assets	831 <sup>1</sup>	54	885
Property, plant and equipment	430	-	430
Financial assets – non-current	60	-	60
Deferred tax asset	6	-	6
Current assets	224	39	263
Provisions	-5	-	-5
Liabilities	-817 <sup>2</sup>	-19	-836
<b>Net assets acquired</b>	<b>729</b>	<b>74</b>	<b>803</b>
Non-controlling interests	-143 <sup>3</sup>	-36	-179
<b>A.P. Møller - Mærsk A/S' share</b>	<b>586</b>	<b>38</b>	<b>624</b>
Goodwill	244	-	244
<b>Purchase price</b>	<b>830</b>	<b>38</b>	<b>868</b>
Contingent consideration recognised	-	-2	-2
Contingent consideration paid	-	1	1
Cash and bank balances assumed	-121	-38	-159
<b>Cash flow used for acquisition of subsidiaries and activities</b>	<b>709</b>	<b>-1</b>	<b>708</b>

<sup>1</sup> Intangible assets consist mainly of terminal rights.

<sup>2</sup> Liabilities acquired consist mainly of borrowings.

<sup>3</sup> Non-controlling interest relates to companies owned less than 100% by Grup Marítim TCB S.L. and it is measured at the non-controlling interest's proportionate share of the acquirees' identifiable net assets.

### Acquisitions during the first nine months 2016

#### Grup Marítim TCB S.L.

On 8 March 2016, the Group acquired 100% of the shares in Grup Marítim TCB S.L., which owns eight terminals in the Mediterranean and Latin America. The acquisition of two additional operating facilities in the Canary Islands and one in Izmir, Turkey (representing less than 5% of the total transaction by value) did not receive regulatory approval up to 8 March 2016, thus excluded from the current business combination.

Taking control of Grup Marítim TCB S.L. has expanded the Group's position in Spain and will accelerate its growth in Latin America.

The total enterprise value of USD 1.2bn consisted of total purchase price of USD 0.8bn and acquired net interest-bearing debt of USD 0.4bn

The goodwill of USD 244m is attributable to network synergies between APM Terminals and the Grup Marítim TCB S.L. in Latin America and on the Iberian Peninsula and is not deductible for tax purposes.

From the acquisition date to 30 September 2016, Grup Marítim TCB S.L. contributed with a revenue of USD 0.2bn. If the acquisition had occurred on 1 January 2016, the impact on Group's revenue would have been USD 0.2bn. The profit contributed to the Group is minor.

The accounting for the business combination is considered provisional at 30 September 2016 due to certain contingencies, indemnities, etc.

### Acquisitions during the first nine months 2015

No acquisitions of subsidiaries or activities, to an extent of any significance to the Group, were undertaken in the first nine months of 2015.

### Sales during the first nine months 2016

No sales of subsidiaries or activities, to an extent of any significance to the Group, were undertaken in the first nine months of 2016

### Sales during the first nine months 2015

Sales during the first nine months of 2015 primarily comprise ESVAGT.

Non-current assets sold include assets that were previously classified as assets held for sale.

## NOTE 5 SHARE CAPITAL AND EARNINGS PER SHARE

### AMOUNTS IN USD MILLION

Development in the number of shares:

	A-shares of		B-shares of		Nominal	
	DKK 1,000	DKK 500	DKK 1,000	DKK 500	DKK million	USD million
1 January 2016	10,902,341	318	10,642,790	184	21,545	3,906
Cancellation	146,122	-	582,398	-	728	132
Conversion	2	-4	-	-	-	-
<b>30 September 2016</b>	<b>10,756,221</b>	<b>314</b>	<b>10,060,392</b>	<b>184</b>	<b>20,817</b>	<b>3,774</b>

At the Annual General Meeting of A.P. Møller - Mærsk A/S on 12 April 2016 the shareholders decided on a decrease of the share capital by the cancellation of 728,520 treasury shares. On 21 June 2016, the Company's share capital was reduced from nominally DKK 21,545,382,000 with nominally DKK 728,520,000 in total, divided between 146,122 A shares of DKK 1,000 and 582,398 B shares of DKK 1,000 to nominally DKK 20,816,862,000.

At the Annual General Meeting of A.P. Møller - Mærsk A/S on 30 March 2015 the shareholders decided on the cancellation of 432,618 treasury shares, whereby the share capital has decreased. The cancellation of the treasury shares took place in Q2 2015.

Development in the holding of own shares:

Own shares	No. of shares of DKK 1,000		Nominal value DKK million		% of share capital	
	2016	2015	2016	2015	2016	2015
<b>A SHARES</b>						
1 January	69,585	61,075	70	61	0.32%	0.28%
Addition	76,537	40,397	76	40	0.36%	0.18%
Cancellation	146,122	86,500	146	86	0.68%	0.39%
<b>30 September</b>	<b>-</b>	<b>14,972</b>	<b>-</b>	<b>15</b>	<b>0.00%</b>	<b>0.07%</b>
<b>B SHARES</b>						
1 January	361,409	342,066	361	342	1.68%	1.56%
Addition	306,278	165,941	306	166	1.42%	0.76%
Cancellation	582,398	346,118	582	346	2.70%	1.57%
Disposal	6,277	17,511	6	18	0.02%	0.09%
<b>30 September</b>	<b>79,012</b>	<b>144,378</b>	<b>79</b>	<b>144</b>	<b>0.38%</b>	<b>0.66%</b>

Additions of own shares are related to the buy-back programmes initiated in September 2014 and 2015. Disposals of own shares are primarily related to the restricted shares plan.

Basis for calculating earnings per share is the following:

A.P. Møller - Mærsk A/S' share of:	2016	2015
<b>Profit for the period</b>	<b>741</b>	<b>3,363</b>
Issued shares 1 January	21,545,382	21,978,000
Average number of own shares	486,079	333,598
Average number of cancelled shares	271,201	178,137
<b>Average number of shares</b>	<b>20,788,102</b>	<b>21,466,265</b>

At 30 September 2016, there is a dilution effect on earnings per share of 12,845 (22,915) issued share options corresponding to 0.06% (0.11%) of the share capital. There are no share options without dilution effect.

## 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 2015 on pages 60-66 of the Annual Report, to which reference is made.

A number of changes to accounting standards are effective from 1 January 2016. Those of relevance to the Group are:

- Accounting for acquisitions of interests in joint operations (amendments to IFRS 11)
- Disclosure initiative (amendments to IAS 1)
- Annual improvements 2014

The amendments encompass various guidance and clarifications, which has had no material effect on the financial statements in the period.

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# DEFINITION OF TERMS

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

## Average Time Charter Equivalent (TCE)

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

## Backlog

The value of future contract coverage (revenue backlog).

## boepd

Barrels of oil equivalents per day.

## Break-even oil price

The break-even oil price is defined as the average price for a barrel of Brent oil at which Maersk Oil would be generating neither an underlying profit nor a loss in a given period, all other things equal.

## Bunker

Fuel used in ship engines.

## Contract coverage

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

## Economic utilisation

The number of days on rate with a client in percentage of total days in calendar. "Days on rate" – is either contractual day rate or lump sum covering mobilisation period, yard stay period or any other specific period and "Total days in calendar" is 365 days for current fleet and from the day of official delivery from yard for new-buildings less one month for post-delivery completion work. Start-up periods and mobilisation without mobilisation fees are hence not adjusted for in calendar days.

## EBIT margin gap to peers

Peer group includes CMA CGM, APL, Hapag Lloyd, Hanjin, ZIM, Hyundai MM, K Line, CSAV, OOCL, NYK, MOL, COSCO and CSCL. Peer average is TEU-weighted. EBIT margins are adjusted for gains/losses on sale of assets, restructuring charges, income/loss from associates. Maersk Line's EBIT margin is also adjusted for depreciations to match industry standards (25 years).

## FFE

Forty Foot Equivalent. Forty foot container unit.

## Jack-up rig

A drilling rig resting on legs. The drilling rig can operate in waters of 25-150 metres.

## Net interest-bearing debt (NIBD)

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

## ROIC

Return on invested capital.

## TEU

Twenty Foot Equivalent Unit. Twenty foot container unit.

## Time charter

Hire of a vessel for a specified period.

## Underlying result

The underlying result is equal to result of continuing business excluding net impact from divestments and impairments.

## Uptime

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



# COLOPHON

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