



MAXIMISING SHAREHOLDER VALUE

Energy division, A.P. Moller - Maersk
Capital Markets Day, 13 December 2016

ENERGY DIVISION



Claus V. Hemmingsen

Group Vice CEO,
A.P. Møller - Mærsk A/S,
CEO Energy division



ENERGY DIVISION STRATEGY



Maximise
shareholder value
through active
ownership



Develop structural
solutions for
sustainable long-
term development
of businesses



Exercise
disciplined capital
allocation



Grow Maersk Oil
while maintaining
positions in
offshore services
and product
tankers



Separate
businesses from
A.P. Møller –
Mærsk A/S



Maximising shareholder value through active ownership

Shareholder value

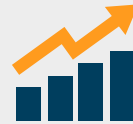
Active ownership



Structural solutions
and M&A



Strategy & Capital
Allocation



Performance
management



Organisation &
human capital

Portfolio of companies



MAERSK
OIL



MAERSK
DRILLING



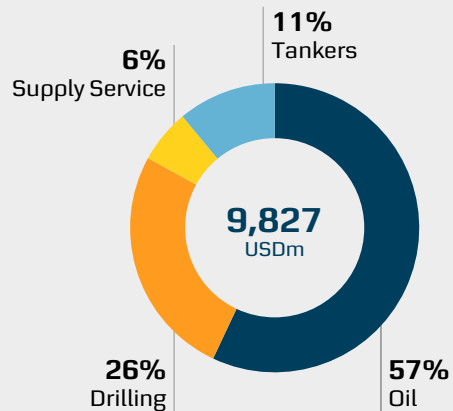
MAERSK
SUPPLY SERVICE



MAERSK
TANKERS

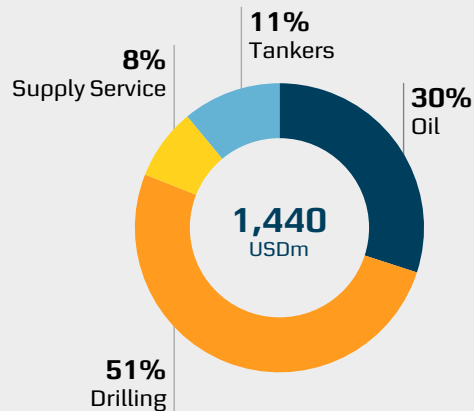
Revenue 2015

25% share of Maersk total



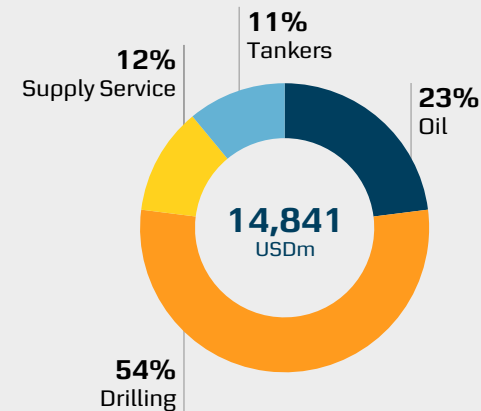
Underlying profit 2015

41% share of Maersk total



Invested capital 2015

33% share of Maersk total



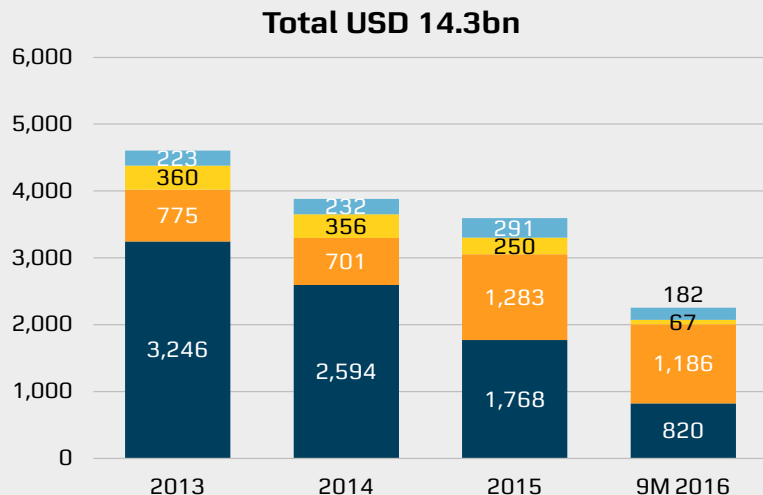
Note: Total number of employees in the four businesses (1 December 2016): ~12,000



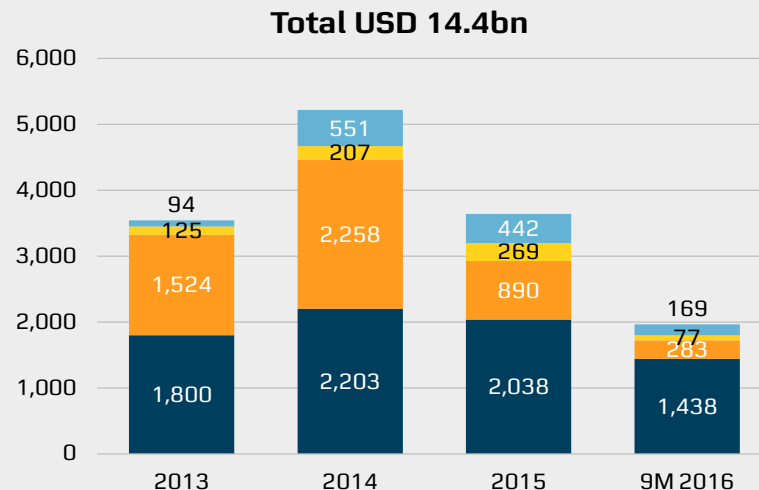
MAERSK

Gross capex funded by operating cash flows

Cash flow from operations, 2013 – 9M 2016 (USDm)



Gross capex, 2013 – 9M 2016 (USDm)



■ Maersk Oil ■ Maersk Drilling ■ Maersk Supply Service ■ Maersk Tankers

Capital primarily to be allocated to Maersk Oil

Grow



Maersk Oil

- Investments in sanctioned development projects
- Projects robust to volatile oil price environment
- Investments primarily focused on North Sea
- Increasing exposure to natural gas (Culzean)
- Annual capex of USD 1.0 - 1.5bn next two years
- Strategic reduction of exploration activity

Maintain



Maersk Drilling, Maersk Supply Service and Maersk Tankers

- Maintain market positions with limited investments
- Capital commitments relating to newbuilding programme (end Q3 2016):
 - Maersk Drilling: USD 462m
 - Maersk Supply Service: USD 981m
 - Maersk Tankers: USD 337m

Businesses strongly positioned in their industries with solid delivery on key value drivers

MAERSK OIL



- Safe and efficient operations
- Project delivery
- Cost discipline

MAERSK DRILLING



- Operational excellence
- Contract coverage
- Cost discipline

MAERSK SUPPLY SERVICE



- Portfolio optimisation
- Integrated solutions
- Cost discipline

MAERSK TANKERS



- Active position taking
- 3rd party services
- Cost leadership

New options available to ensure sustainable long-term development of the businesses



LISTINGS



MERGERS



JOINT VENTURES

Experienced management and capable organisation

ENERGY DIVISION



Claus V. Hemmingsen
CEO Energy division

MAERSK OIL



Gretchen Watkins
CEO Maersk Oil

MAERSK DRILLING



Jorn Madsen
CEO Maersk Drilling

MAERSK SUPPLY SERVICE



Steen S. Karstensen
CEO Maersk Supply Service

MAERSK TANKERS



Christian M. Ingerslev
CEO Maersk Tankers

Energy division organisation

- Dedicated Energy division management to execute strategic agenda
- Lean organisation with proven industry track record and first-hand experience from recent portfolio restructurings in A.P. Møller – Mærsk A/S

Business unit organisations

- Since 22 September 2016 new CEOs announced in all business units to focus on operational agenda and prepare for structural solutions

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Mærsk A/S





Thank you

BUILDING ON A STRONG FOUNDATION

Maersk Oil
Capital Markets Day, 13 December 2016

MAERSK OIL



Gretchen Watkins
Chief Executive Officer

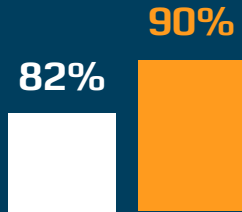
Offshore workers, Danish North Sea



We are

DELIVERING AND CREATING VALUE

Increase in production
efficiency since 2014



OPEX reduction from
2014 to 2016

30%



ROIC

8% 2016 Q1-Q3
13% 2016 Q3



Planned annual capital
investment next two years

\$1.0 - 1.5 bn



Strong progress executing our 3-pillar strategy and adapting to changing circumstances



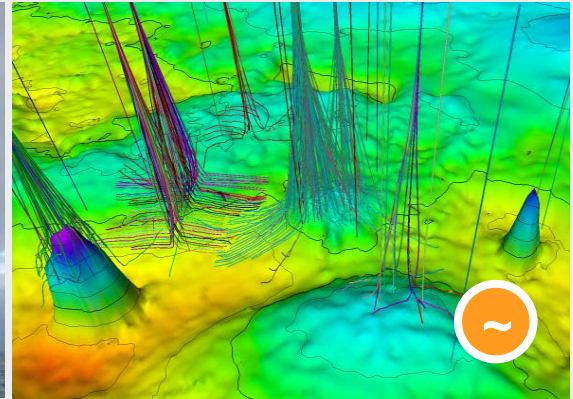
**MAXIMISE VALUE FROM
SAFE OPERATIONS**



**WORLD CLASS
PROJECT DELIVERY**



**BUILD OUR
FUTURE BUSINESS**

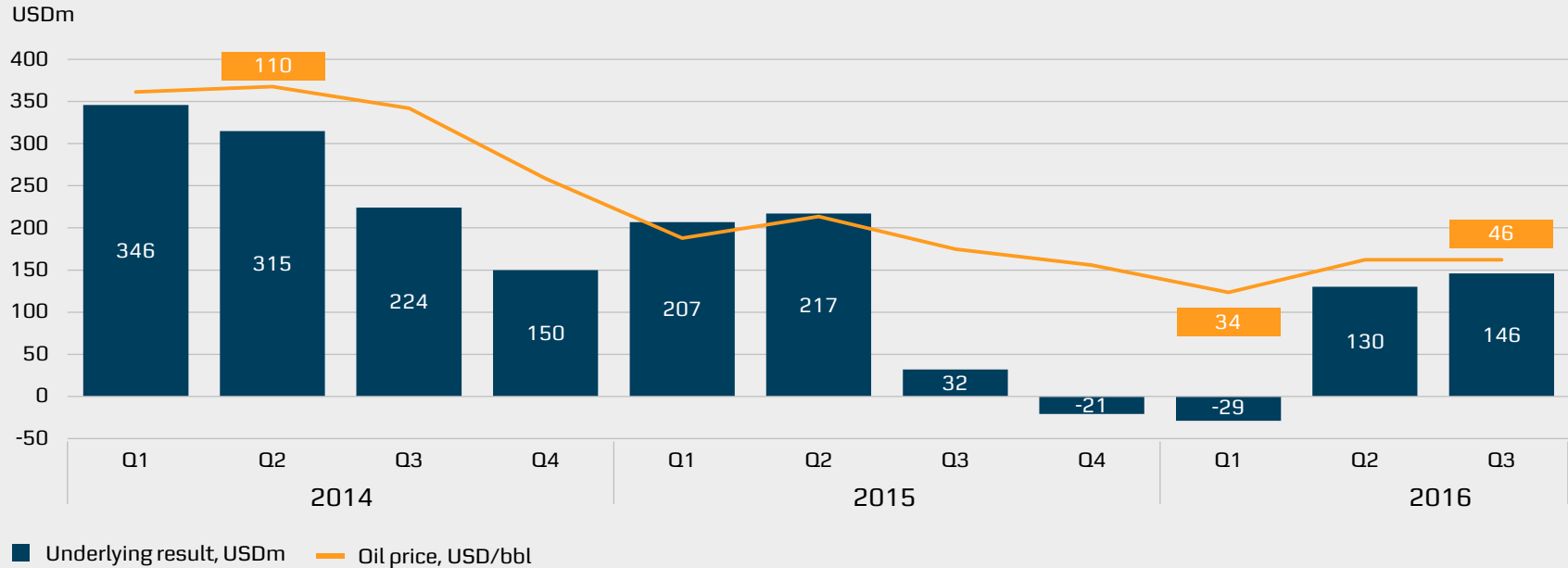


COST AND CAPITAL DISCIPLINE



Sustainable performance improvement as a result of decisive action...

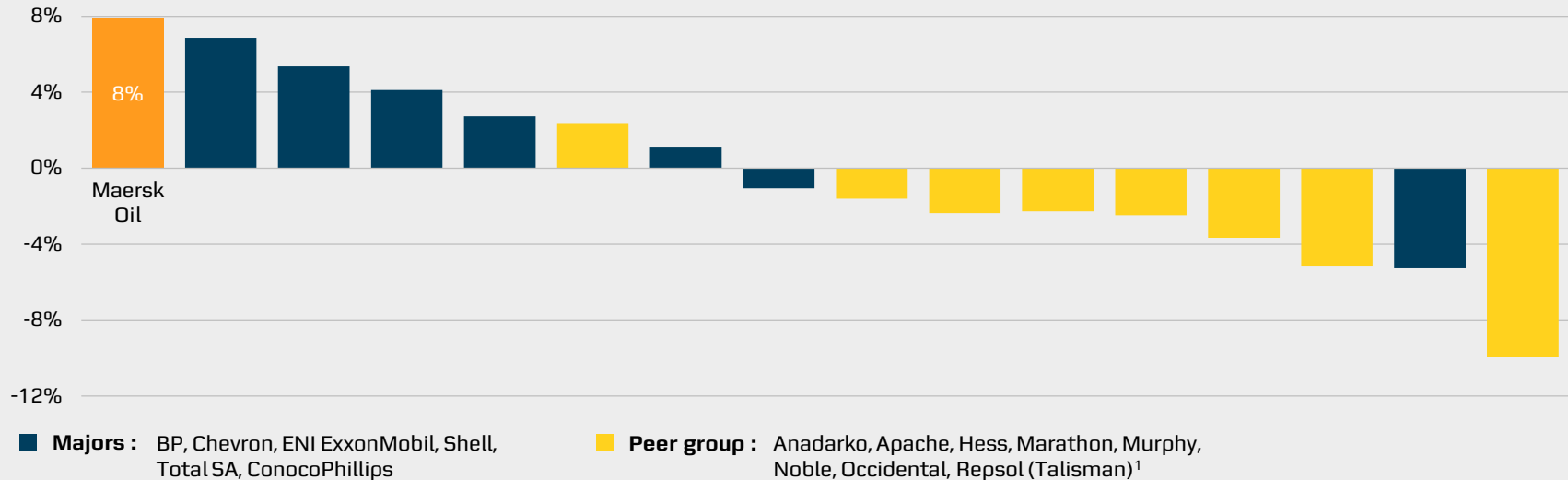
Underlying result and average oil price (Brent)



Source: Quarterly results

... allowing us to outperform both independent E&P companies and fully integrated majors

Annualised ROIC for first 9 months of 2016 (%)



1: Effective January 1, 2016, the legal name of Talisman Energy was changed to Repsol Oil & Gas Canada due to the acquisition by Spanish Repsol S.A.

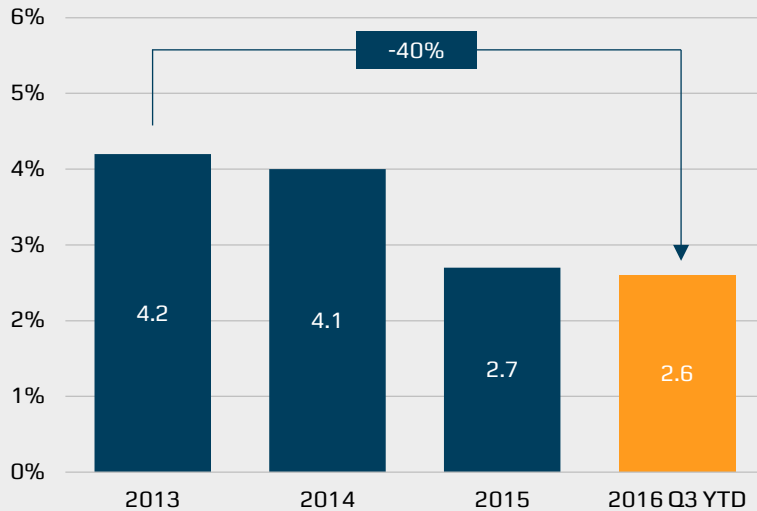
Source: Evaluate Energy using following ROIC methodology: net income adjusted for after-tax non-recurring items (e.g. impairments), after-tax minority interests, after tax net financial interest payment and dividends to preferred shareholders (using effective tax rate calculated for the period) over the average invested capital for the period.



We have a track-record of increasingly safe and efficient operations...

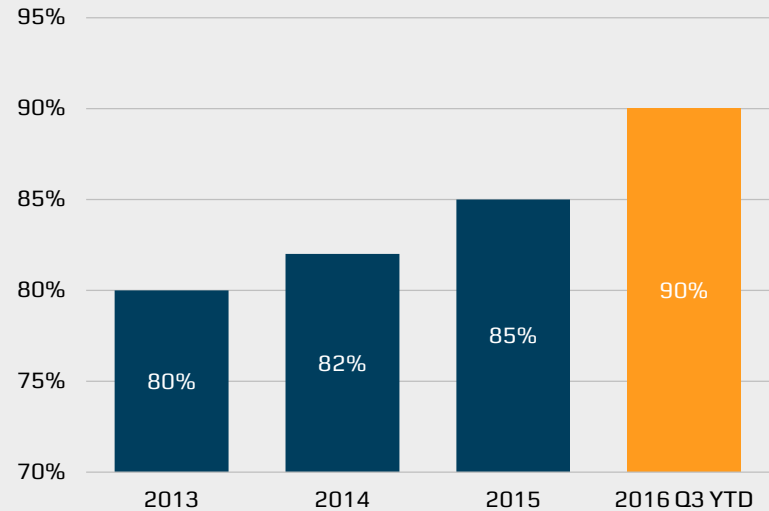
Safety performance

Total recordable incident frequency



Efficiency performance

Global production efficiency (%)



Source: Maersk Oil Operational Statistics

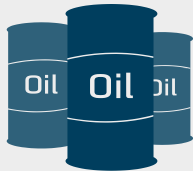
PILLAR 1
EXAMPLE

...building on our extensive experience in operating mature assets in the North Sea

Challenge: Mature fields and aging equipment



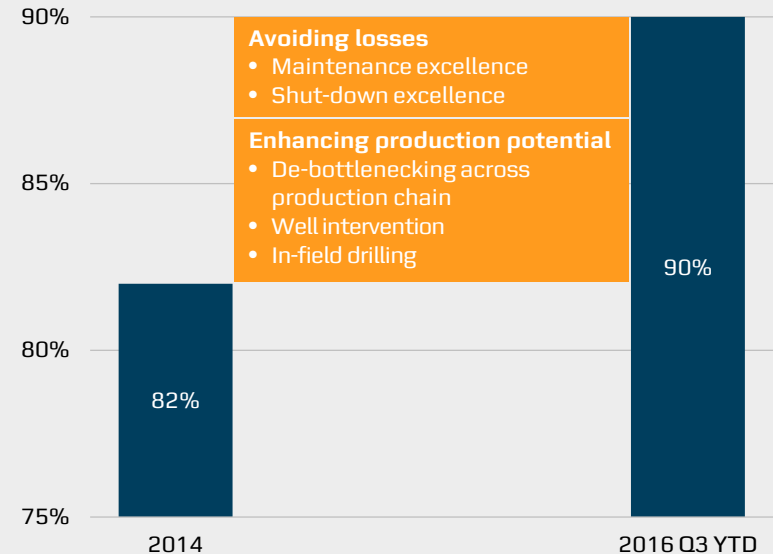
Dan Field, Producing since 1972



Over 700 million barrels produced
over its lifetime

More than 15 x original estimates
from 1970's

Approach: Operational excellence
significantly increases efficiency



PILLAR 1
EXAMPLE

Differentiating technical capabilities leveraged to increase production in mature field

Challenge

- Water Injection applied in mature Dan and Halfdan fields
- Reservoir fracture connection makes water injection less effective

Approach

- Fracture identified using 4D (time lapse) seismic
- CannSeal deployed to re-establish conformance control

Result and potential

+10-20%

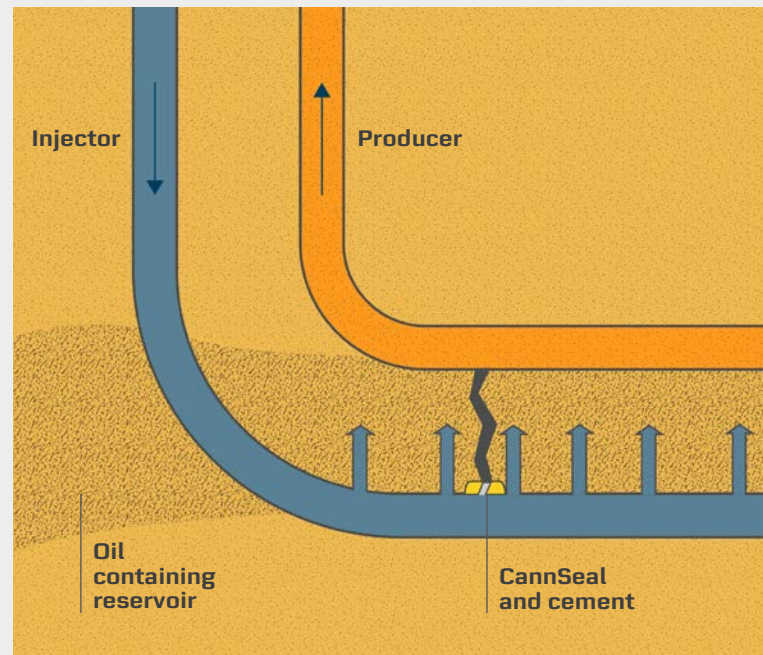
Recovery per well pair¹

~200,000

barrels per year at cost of 10 USD/boe² (across Halfdan/Dan)

30

Conformance opportunities identified



1: From ensuring water flooding regains effectiveness

2: Approximate additional cost of the intervention to re-establish conformance control

PILLAR 2

EXAMPLE

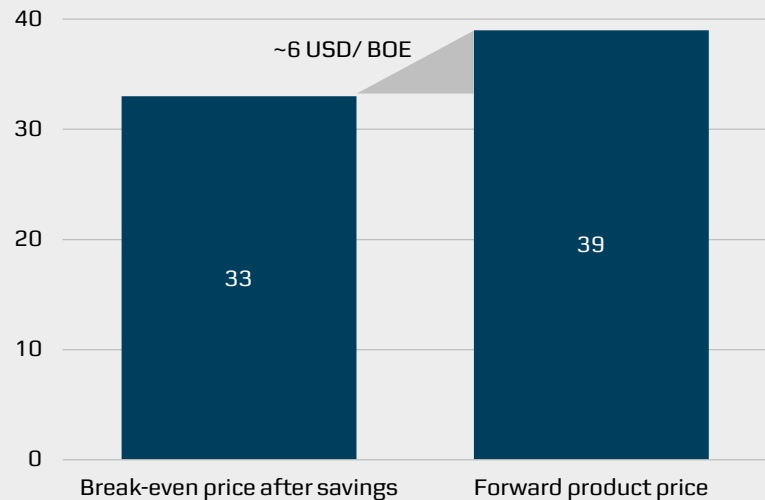
Culzean is progressing on schedule and has achieved \$ ~500 million in CAPEX reductions



Culzean, United Kingdom

- Maersk Oil operator with 49.99% ownership
- All major 2016 milestones met
- CAPEX reduced \$ 500 million from estimate at sanction of \$ 4,500 million (11% reduction)³

Break-even price far below forward product price^{1,2} (USD/boe)



1: BE defined as gas price where NPV is 0 from the point of sanction taking CAPEX savings into account. If calculated instead from point of today, BE would be ~4 USD/boe lower, with cost spent since sanction accounting for the difference. Please note, that this is a different measure of break-even than shown later in presentation.

2: Product price based on 2019 forward price from Wood Mackenzie (2016 Q4), weighted for expected oil/gas mix and adjusted to real term prices in 2016

3: Total to all partners. Includes some impact from FX

PILLAR 2



World class project delivery

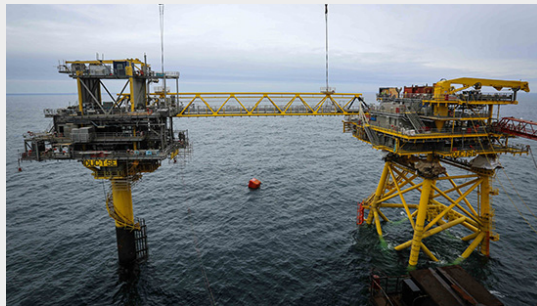
EXECUTE



Johan Sverdrup, Norway

- Maersk Oil 8.44% ownership
- Progress ahead of plan
- Break-even expected below USD 25 per barrel for phase 1

DEFINE



Tyra, Denmark

- Maersk Oil operator with 31.2% ownership
- Processes >90% of Danish gas production
- Industry in constructive dialogue with Danish Government on terms

SELECT

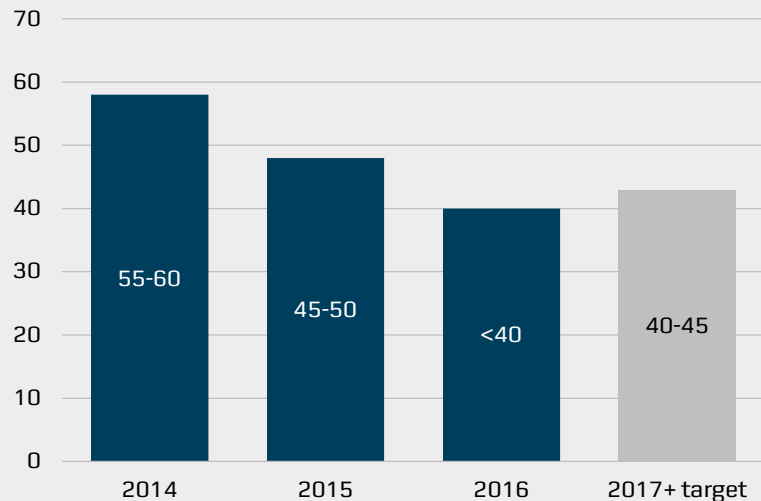


South Lokichar, Kenya

- Maersk Oil 25% ownership
- Four well exploration and appraisal well programme

Competitiveness significantly improved in the face of falling oil prices

Break-even price per barrel of oil¹ (USD/barrel)



1: Average price at which underlying result is 0, not taking impairments into account. 2015 further adjusted for one-off tax benefits in UK and reversal of impairment in Kazakhstan. Without this adjustment, break-even for 2015 is lower than shown. Please note, that this is a different measure than the break-even figure given for Culzean and Johan Sverdrup earlier in the presentation

2: Entitlement production in Qatar increased from oil price fall, further contributing to decreased break-even

Sources: Internal calculations

Reduced break-even

Decisive response to price downturn²:



Operating efficiency increased



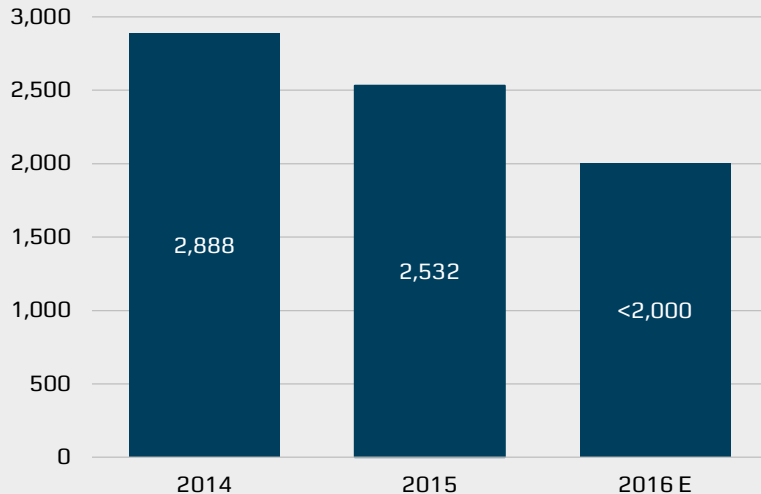
Strategic reduction of exploration activity



~30% OPEX reduction (2014-2016)

Effective control of OPEX has contributed significantly to improved competitiveness

Total OPEX (USDm)



Headcount reduced by over 25% from 2014



Renegotiation of contracts



Improved maintenance planning and management of late life assets

Source: Maersk Oil internal financials. Some adjustments have been made to ensure comparability across years (including e.g. adjusting for foreign exchange impact)

We do face some challenges and are taking steps to manage these

Challenge

Action



Qatar license will expire July 2017

- Loss of ~140 kboepd in production ¹
- Focus on safe and reliable operations throughout transition



Need for a more focused portfolio

- Screen portfolio for line of sight to profitability
- Material scale and capability fit



Capital available for acquisitive growth

- Low-capital growth options
- Capital discipline and cash flow generation to fund growth

1: Based on 2016 Q3 YTD average

We are using our strengths to build our future business



MAXIMISE VALUE FROM SAFE OPERATIONS



Drive further safety performance & production efficiency



WORLD CLASS PROJECT DELIVERY



Invest in Capital Projects
1.0 - 1.5 bn
per year over next two years



BUILD OUR FUTURE BUSINESS



Consolidate in North Sea to capture value



Focus international portfolio for low-cost oil



Increase gas share beyond 2020



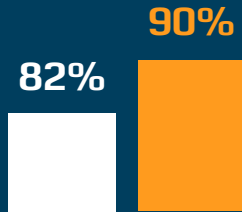
Prepare to stand alone

CONTINUED COST AND CAPITAL DISCIPLINE

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Thank you

