Maersk Group Q1 report 2015

13 May 2015 - Conference call 9.30am CET

webcast available at www.maersk.com

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Forward-looking Statements

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

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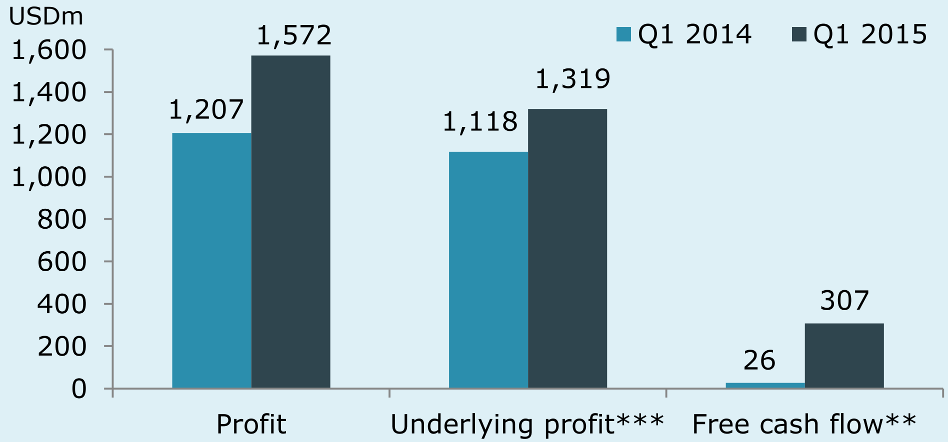
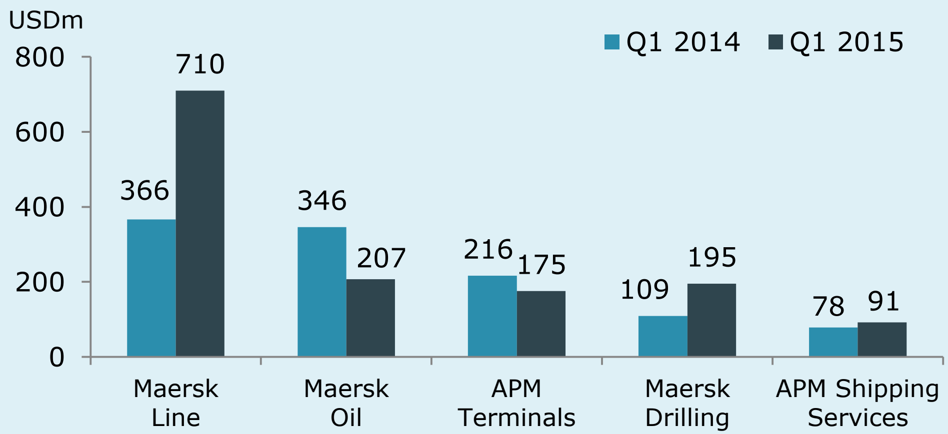
Financial Highlights Q1 2015

Group Financial Highlights



Underlying profit by activity***



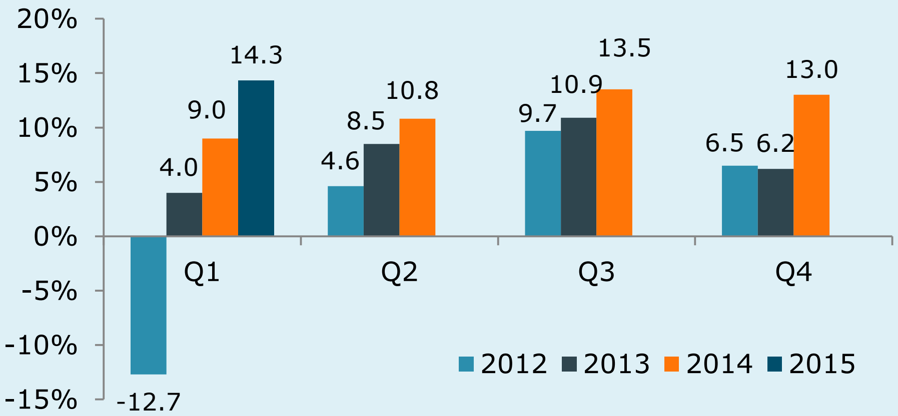
*End of 2014
**Figures for 2014 relate only to continuing operations
***Continuing business excluding net impact from divestments and impairments

- The Group increased the underlying profit by 18% to USD 1.3bn (USD 1.1bn) in Q1 mainly driven by strong performance in Maersk Line
- ROIC was 13.8% (10.0%)
- Free cash flow increased to USD 307m (USD 26m) mainly driven by improved operational cash generation in Maersk Line
- 18.4% stake in Danske Bank sold and USD 6.1bn (14% of market cap*) distributed as total dividends to shareholders
- We adjust our outlook for the underlying profit to be around (from slightly below) USD 4bn for 2015.

Maersk Line results

(USD million)	Q1 2015	Q1 2014	Change	FY 2014
Revenue	6,254	6,463	-3.2%	27,351
EBITDA	1,202	862	39%	4,212
Underlying profit	710	366	94%	2,199
Reported profit	714	454	57%	2,341
Operating cash flow	971	713	36%	4,119
Volume (FFE '000)	2,207	2,243	-1.6%	9,442
Rate (USD/FFE)	2,493	2,628	-5.1%	2,630
Bunker (USD/tonne)	358	581	-38%	562
ROIC (%)	14.3	9.0	5.3pp	11.6

ROIC level improved



Highlights Q1 2015

- Maersk Line delivered an underlying profit of USD 710m (USD 366m), the strongest first quarter to date
- ROIC improved to 14.3% (9.0%), invested capital remained stable at USD 20bn
- Volumes declined by 1.6% to 2.2m FFE, driven by softness in European and African volumes. Global container demand expected to have grown around 1% in Q1 2015
- Fleet capacity increased by 10% to 2.9m TEU (2.7m TEU) where of 59% is owned tonnage. Capacity decreased 0.6% compared to previous quarter
- Further unit cost reduction by 163 USD/FFE (-6.2%) to 2,449 USD/FFE. Fuel price and USD appreciation enhanced unit cost improvements. Utilisation was weaker due to declining volumes
- Free cash flow generation of USD 769m (USD 345m)
- Size matters. EBIT-margin gap target of +5%-points to peers has been maintained since Q3 2012
- The 2M network on the East-West trades was implemented successfully.

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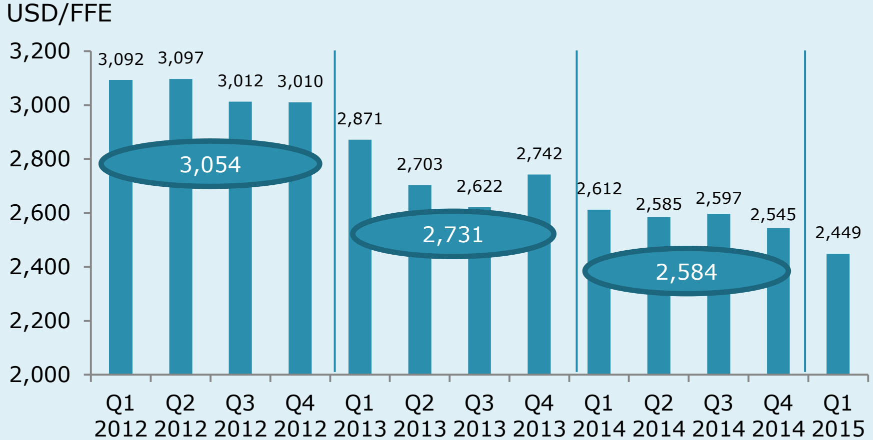
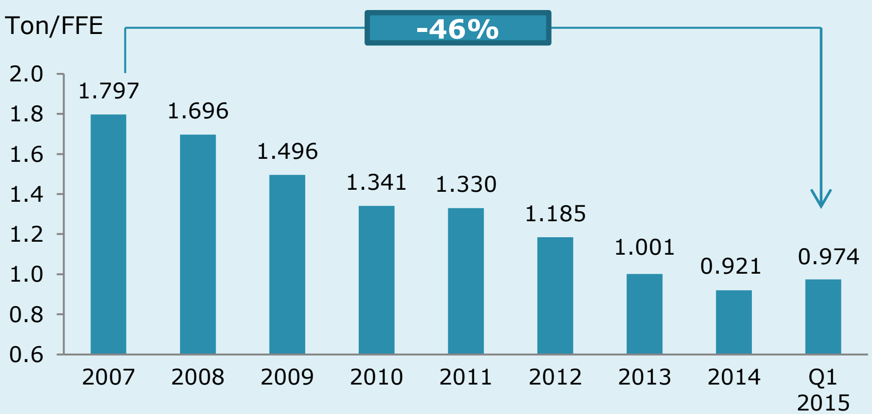
Delivering further cost reductions

Unit cost including VSA income



Definition: EBIT cost excl. gain/loss, restructuring cost and incl. VSA income.

Bunker consumption per FFE*



*Does not account for changes in short/ long-haul volume mix

**Excluding gain/loss, restructuring, share of profit/loss from associated companies and incl. VSA income

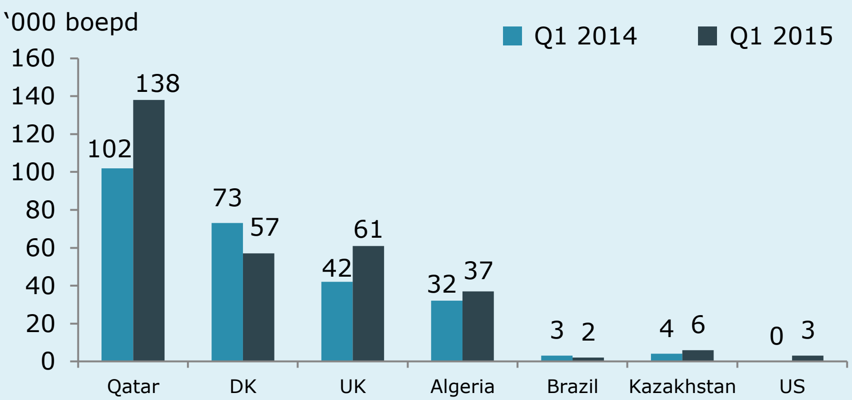
Highlights Q1 2015

- Total cost declined by 7.7% (USD 453m)** against a volume decrease of 1.6%
- Unit costs reduced by 163 USD/FFE to 2,449 USD/FFE, positively impacted by 214 USD/FFE bunker cost savings and the USD appreciation. Negatively impacted by lower utilisation
- Total bunker cost reduced by 38% attributable to a 38% decline in bunker price. Bunker consumption per FFE increased by 1.8% as a result of lower utilisation
- Bunker price declined by 30% since Q4 2014 to 358 USD/ton. Maersk Line sees a delay factor of around 6-8 weeks from time of purchase to time of expense
- Maersk Line has no plans of increasing the vessel speed as network and fleet adjustments require a sustained low bunker price level which is not reflected in the market forward curve.

Maersk Oil results

(USD million)	Q1 2015	Q1 2014	Change	FY 2014
Revenue	1,433	2,448	-41%	8,737
Exploration costs	162	173	-6.4%	765
EBITDA	590	1,539	-62%	5,116
Underlying profit	207	346	-40%	1,035
Reported profit	**208**	**346**	**-40%**	**-861**
Operating cash flow	105	734	-86%	2,594
Prod. (boepd '000)	304	256	19%	251
Brent (USD per barrel)	54	108	-50%	99
ROIC (%)	14.8	21.2	-6.4pp	-15.2

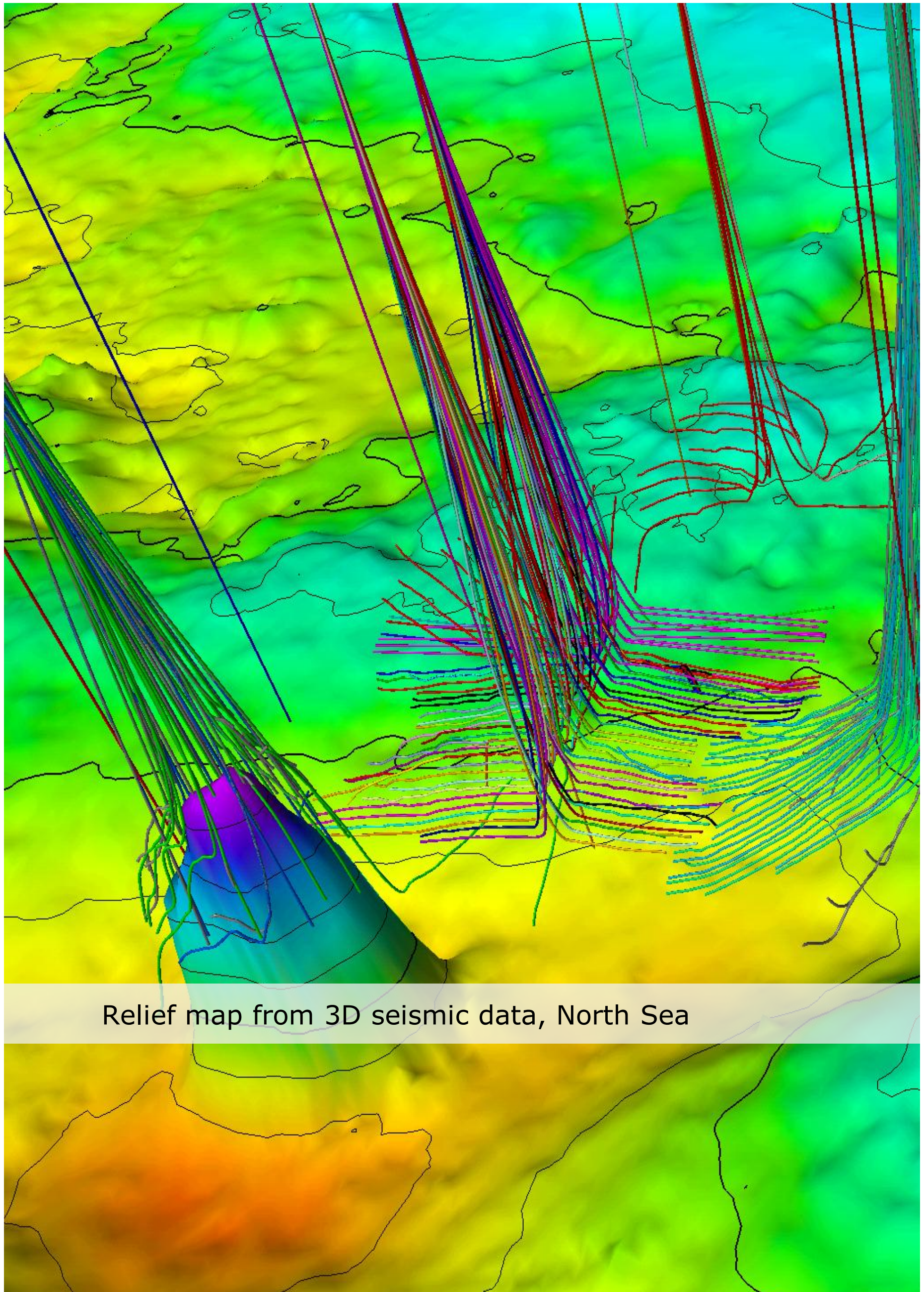
Maersk Oil's entitlement share of production



Highlights Q1 2015

- Maersk Oil's underlying profit decreased by 40% to USD 207m, mainly due to a 50% lower oil price partly offset by higher production and lower tax
- Operating costs excluding exploration reduced by 9% where around 40% were due to USD appreciation. The OPEX target reduction is 20% by the end of 2016
- Decrease in tax from USD 871m to USD 74m due to lower average oil price and the change in UK tax rate (USD 170m)
- Production increased by 19% to 304,000 boepd (256,000) driven by higher entitlement share in Qatar and improved operations in the UK
- Exploration costs of USD 162m (USD 173m) with three wells drilled including one discovery in the UK
- A development plan for phase 1 of Johan Sverdrup (Norway) was submitted in February 2015. Project sanction is expected mid-2015
- Good progress on Culzean (UK) project while the Chissonga (Angola) project is challenged by the low oil price and considerations are ongoing
- Tyra South East (Denmark) came on stream late Q1 2015.

Reserves and resources


Relief map from 3D seismic data, North Sea

(million boe)	**End 2014**	**End 2013**
Proved reserves (1P)	327	392
Probable reserves ($2P_{increment}$)	183	207
Proved and Probable reserves (2P)	510	599
Contingent resources (2C)	801	874
Reserves & resources (2P + 2C)	**1,311**	**1,473**

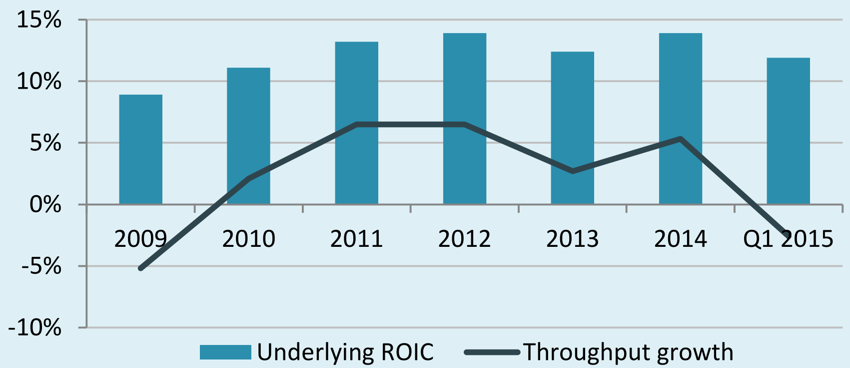
2014 Highlights

- 1P reserves replacement ratio decreased to 30% with 92 million barrels production in 2014 (RRR 2013: 79%)
- Significant additions from major projects, Johan Sverdrup and Culzean, being sanctioned are expected in 2015
- 2P + 2C reserves and resources decreased 11% due to production and removal, revision or reclassification of projects
- Post-2017 Qatar reserves and resources not included

APM Terminals results

(USD million)	Q1 2015	Q1 2014	Change	FY 2014
Revenue	1,136	1,092	4.0%	4,455
EBITDA	220	265	-17%	1,010
Share of profit:				
- Associated companies	20	20	0%	93
- Joint ventures	39	19	105%	-14
Underlying profit	175	216	-19%	849
Reported profit	**190**	**215**	**-12%**	**900**
Operating cash flow	271	305	-11%	925
Throughput (TEU m)	9.1	9.4	-2.6%	38.3
ROIC (%)	12.9	14.0	-1.1pp	14.7

Volume growth and underlying ROIC development*



*Excluding gains on sales of non-current assets, etc. and impairment losses

Highlights Q1 2015

- Underlying profit decreased by 19% to USD 175m (USD 216m) negatively impacted by lower volumes and currency developments
- Reported volumes decreased mainly due to divestments in 2014. Like-for-like volumes were unchanged
- EBITDA margin declined by 4.9 percentage points, where 2.8 percentage points related to the underlying operations, 1.3 percentage points to construction and 0.7 percentage points to the divestment of Virginia
- Share of profit from Joint ventures positively impacted by Santos (Brazil) ramping up
- Free cash flow negatively impacted by investment activities in new projects and lower operational result
- Guidance for 2015 changed to an underlying result below (from around) 2014 (USD 849m) due to weaker business in oil dependent markets.

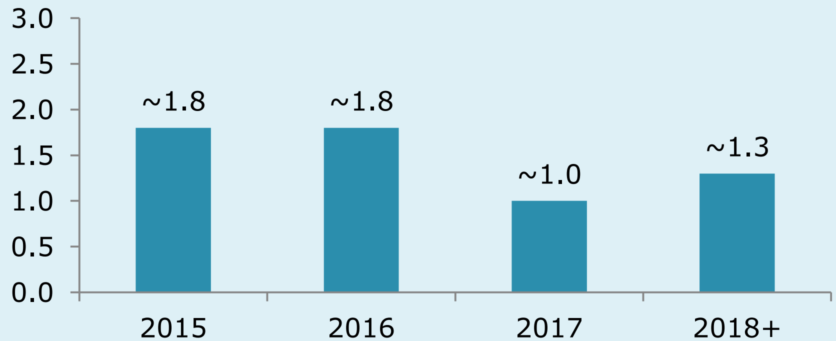
Maersk Drilling results

(USD million)	Q1 2015	Q1 2014	Change	FY 2014
Revenue	630	477	32%	2,102
EBITDA	343	176	95%	903
Underlying profit	195	109	79%	471
Reported profit	**168**	**116**	**45%**	**478**
Operating cash flow	280	79	254%	701
Fleet (units)*	23	16	7	21
Contracted days**	1,800	1,440	360	6,275
ROIC (%)	8.5	8.1	0.4pp	7.1

*Fleet in operation. Excluding stake in EDC
**Contracted days for new buildings are counted since the contract commencement days, when the rig started be on day rates

Revenue backlog end Q1 2015

USDbn



Highlights Q1 2015

- Underlying profit increased by 79% to USD 195m (USD 109m) positively impacted by fleet growth, but partly offset by two rigs being idle
- Operational uptime at 97% (97%) in Q1 2015
- The initiated cost reductions delivered 5% operating cost savings
- Free cash flow improved significantly driven by fewer instalment payments for newbuilds, additional rigs under operations and no yard stays
- High forward coverage of 86% for 2015 reduces uncertainties short term. Coverage of 61% for 2016 and 32% for 2017
- A three and half years contract with an option to extend by one year was signed for the fourth drillship in Q1 2015. Estimated revenue USD 545m
- Maersk Drilling took delivery of one ultra deep water drillship and one ultra-harsh environment jack-up rig both with secured long term contracts
- One ultra-harsh environment jack-up rig backed by long term contract is under construction with expected delivery in 2016.

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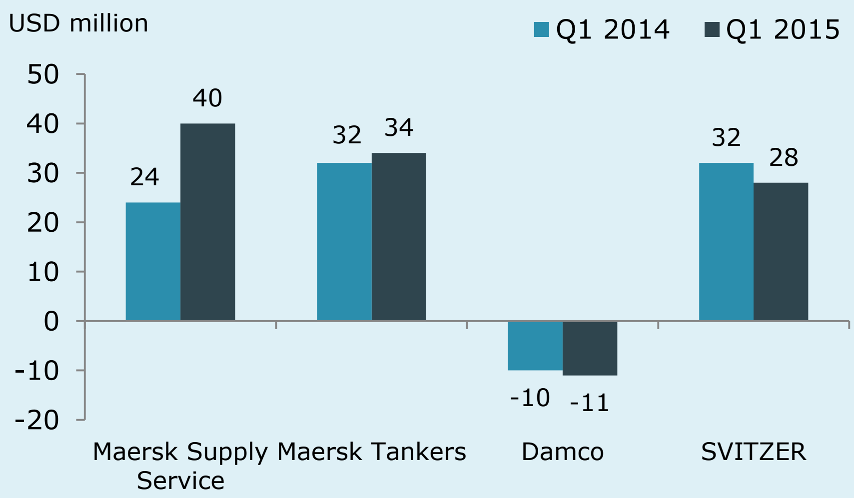
APM Shipping Services results

(USD million)	Q1 2015	Q1 2014	Change	FY 2014
Revenue	1,319	1,479	-11%	5,926
EBITDA	198	180	10%	641
Underlying profit	91	78	17%	185
Reported profit	**94**	**75**	**25%**	**-230**
Operating cash flow	160	101	58%	590
ROIC (%)	8.1	5.2	2.9pp	-4.2

Underlying profit by activity*



*Continuing business excluding net impact from divestments and impairments

Highlights Q1 2015

APM Shipping Services reported an underlying profit of USD 91m (USD 78m) and ROIC of 8.1% (5.2%)

Maersk Supply Service
Initiated reviews of earnings potentials and cost drivers to accommodate the changed market conditions

Maersk Tankers
Positively impacted by improved rates across all the product segments

Damco
Double-digit percentage decline in airfreight volumes. Margins in all three segments were under pressure in Q1 2015

SVITZER
Lower salvage activity and stronger USD had a negative impact on result.

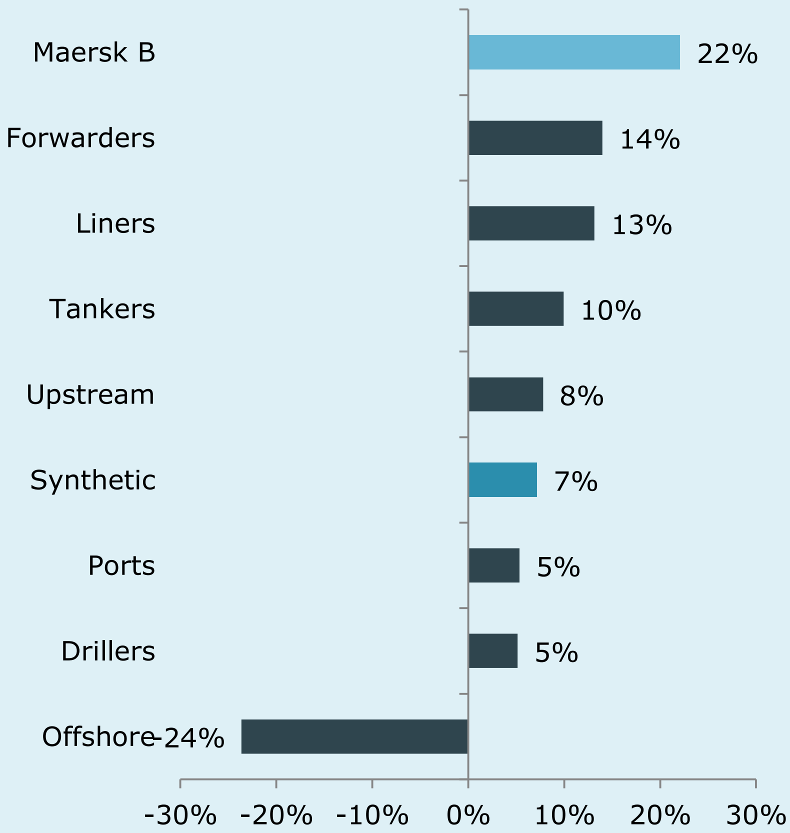
Continued focus on performance

Business	Invested capital (USDm)	ROIC % Q1 2015*	ROIC % Q1 2014*	ROIC % FY 2014
Group	44,580	13.8%	10.0%	11.0%
Maersk Line	19,839	14.3%	9.0%	11.6%
Maersk Oil	5,956	14.8%	21.2%	-15.2%
APM Terminals	5,821	12.9%	14.0%	14.7%
Maersk Drilling	8,220	8.5%	8.1%	7.1%
APM Shipping Services	4,635	8.1%	5.2%	-4.2%
Maersk Supply Service	1,691	8.8%	5.7%	11.9%
Maersk Tankers	1,582	9.0%	4.9%	6.8%
Damco	296	-11.2%	-9.3%	-63.2%
SVITZER	1,066	11.0%	9.4%	-19.2%
Other Businesses	5,983	15.5%	6.4%	6.1%

*ROIC annualised
Note. The dividend payable of USD 6.1bn is included in unallocated activities and causes a decrease in the total invested capital for the Group

The Group has the ambition to deliver a ROIC > 10%

Total shareholder return YTD 2015



Source: FactSet, local currency
Synthetic is peer groups weighted with Maersk Group's distribution of invested capital

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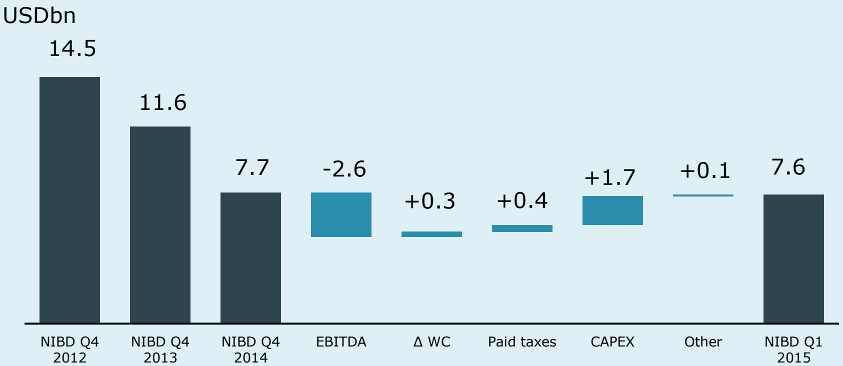
A strong financial framework

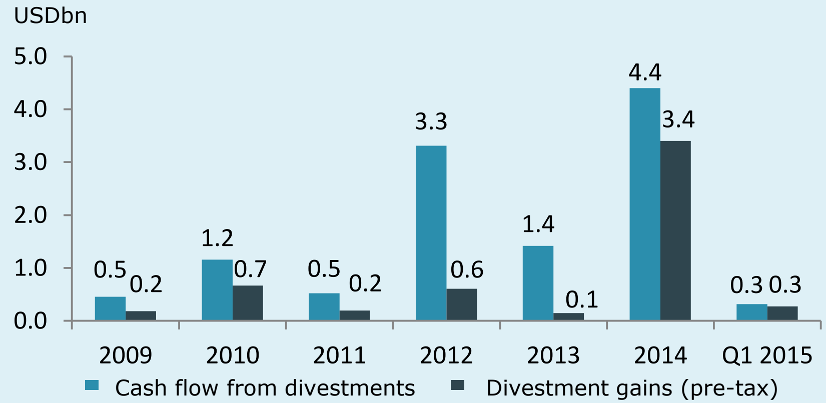
Well capitalised position

Net debt reduction of USD 0.1bn since Q4 2014 and USD 6.9bn since Q4 2012



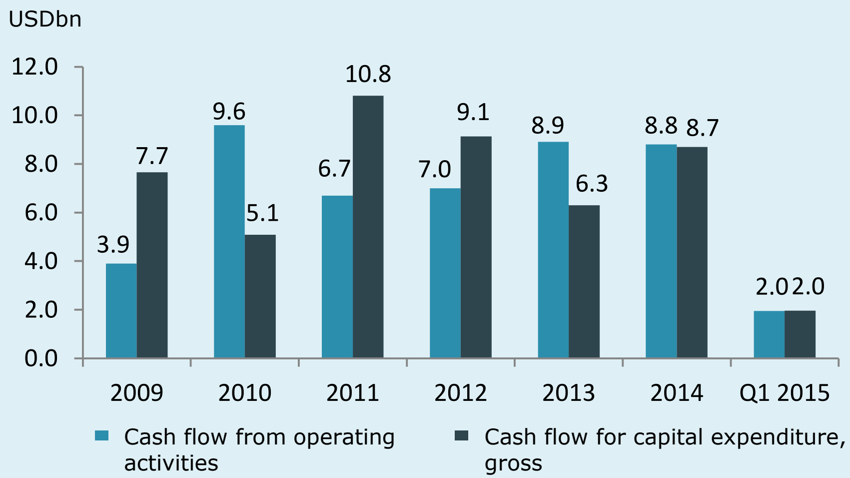
Active portfolio management

Cash flow from divestments has been USD 11.6bn with divestment gains of USD 5.5bn pre-tax 2009 to Q1 2015



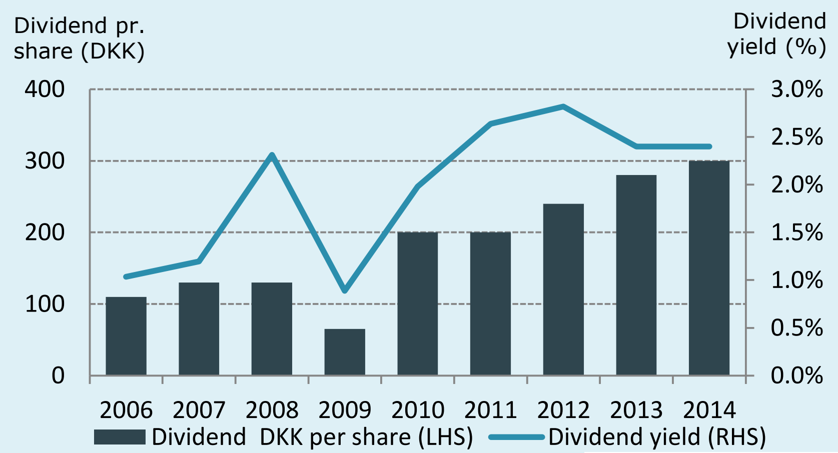
Investment in growth

Growth ambitions will result in significant investments funded primarily from own cash flow



Increased ordinary dividends*

Ambition to increase dividend per share supported by underlying earnings growth



*Adjusted for bonus shares issue

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Consolidated financial information

Income statement (USD million)	Q1 2015	Q1 2014	Change	FY 2014
Revenue	10,547	11,736	-10%	47,569
EBITDA	2,570	3,017	-15%	11,919
Depreciation, etc.	1,101	937	18%	7,008
Gain on sale of non-current assets, etc. net	275	23	1100%	600
EBIT	**1,823**	**2,237**	**-19%**	**5,917**
Financial costs, net	-71	-154	-54%	-606
Profit before tax	1,752	2,083	-16%	5,311
Tax	180	953	-81%	2,972
Profit for the period – continuing operations	**1,572**	**1,130**	**39%**	**2,339**
Profit for the period – discontinuing operations	-	77	NA	2,856
Profit for the period	**1,572**	**1,207**	**30%**	**5,195**

Key figures (USD million)	Q1 2015	Q1 2014	Change	FY 2014
Cash Flow from operating activities[1]	1,950	1,874	4.1%	8,761
Cash Flow used for capital expenditure[1]	-1,643	-1,848	-11%	-6,173
Net interest-bearing debt	7,630	9,309	-18%	7,698
Earnings per share (USD)	72	53	36%	230
ROIC (%)	13.8	10.0	3.8pp	11.0
Dividend per share (DKK)				300
Extraordinary dividend per share (DKK)				1,671

[1]Figures for 2014 relate only to continuing operations

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Guidance for 2015

The Group expects an underlying result around USD 4.0bn (USD 4.1bn excluding Danske Bank). Gross cash flow used for capital expenditure is unchanged expected to be around USD 9bn in 2015 (USD 8.7bn), while cash flow from operating activities is expected to develop in line with the result.

Maersk Line continues to expect a higher underlying result than for 2014 (USD 2.2bn). Global demand for seaborne container transportation is expected to increase by 3-5% and Maersk Line aims to grow with the market.

Maersk Oil expects a small positive underlying result for 2015 (USD 1.0bn) as a consequence of cost savings as well as deferred tax income in the UK at oil prices in the range 55-60 USD per barrel.

Maersk Oil's entitlement production is now expected to be above 265,000 boepd (251,000 boepd). The exploration expenses are still expected to be around USD 0.7bn (USD 765m) for the year.

APM Terminals now expects the underlying result to be below 2014 (USD 849m) due to weaker business in oil dependent markets.

Maersk Drilling's expectation of a higher underlying result than in 2014 (USD 471m) due to more rigs in operation, high forward contract coverage as well as impact from the initiated profit optimisation program, is unchanged.

APM Shipping Services continues to expect the underlying result for 2015 to be above the 2014 result (USD 185m).

SENSITIVITY GUIDANCE

The Group's guidance for 2015 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 result depends on a number of factors. Based on the expected earnings level and all other things being equal, the sensitivities on calendar 2015 for four key value drivers are listed in the table below.

Sensitivities for 2015

Factors	Change	Effect on the Group's profit rest of year
Oil price for Maersk Oil	+ / - 10 USD/barrel	+ / - USD 0.25bn
Bunker price for Maersk Line	+ / - 100 USD/tonne	- / + USD 0.2bn
Container freight rate for Maersk Line	+ / - 100 USD/FFE	+ / - USD 0.8bn
Container freight volume for Maersk Line	+ / - 100,000 FFE	+ / - USD 0.1bn

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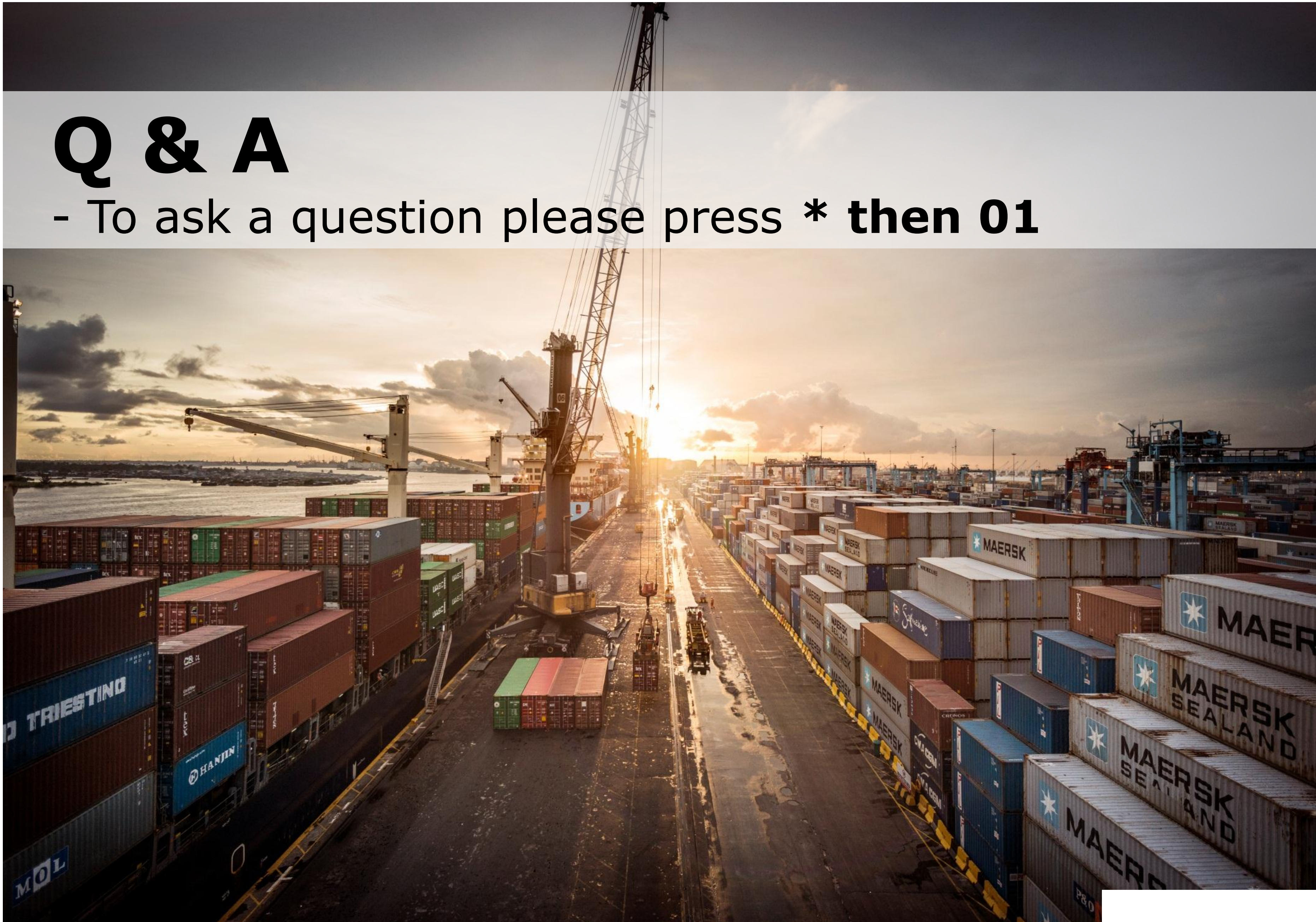
Q & A

- To ask a question please press *** then 01**



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