



PROFITABILITY AND GROWTH

Maersk Line

Maersk Group Capital Markets Day, 9 September 2015

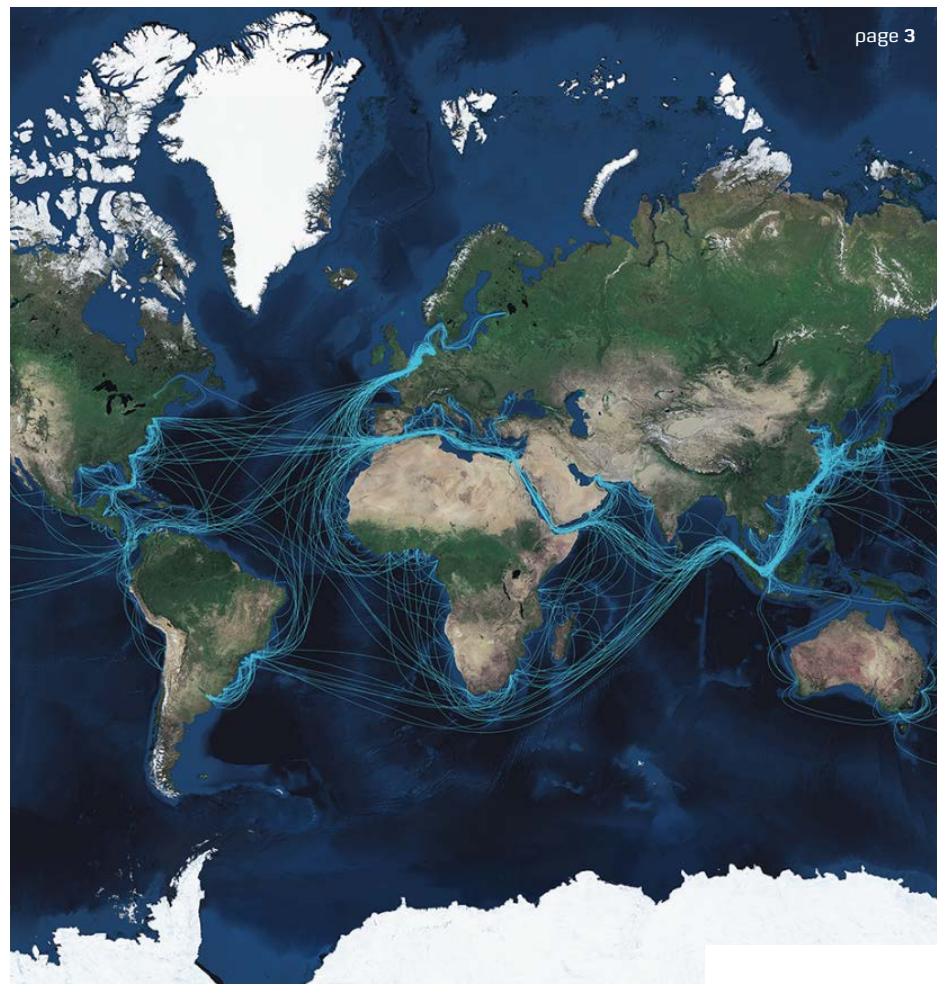
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INTRODUCTION



Søren Skou
Chief Executive Officer





AGENDA

1. Key highlights since last Capital Markets Day
 2. Our performance
 3. Industry analysis and outlook
 4. Our response
-

01

We have done what we outlined last year

02

We continue to deliver on our financial objectives

03

We have build a resilient company in a tough industry

04

We continue to deliver value

We have executed what we outlined at Capital Markets Day last year...

COST CUT FURTHER



Unit cost reduced 4.9% from Q2 2014 to q2 2015¹

2M APPROVED AND IMPLEMENTED



Implemented according to plan and on track to deliver USD 350m annual savings²

NORTH / SOUTH SHARE PROTECTED



Capacity share of 20% maintained across North / south trades³

GROWTH INITIATIVES



Sealand successfully launched Kotahi contract implemented successfully

Note: 1) At fixed bunker 2) Compared to not implementing 2M 3) North / South definition include Intra America
Source: Maersk Line

...and we have invested in new capacity
for the future growth

2015 MAERSK LINE INVESTMENTS



27 vessels

367K TEU
(12% of current capacity)

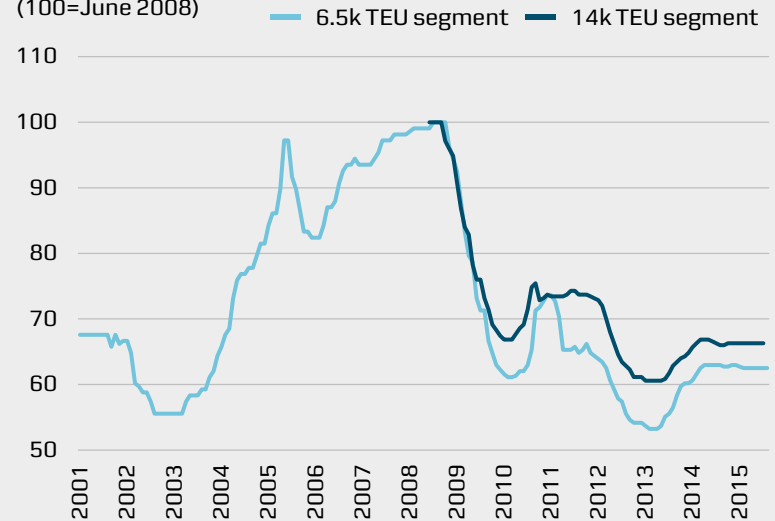
8.6K USD/TEU
Investment

2017
delivery of first vessels

Source: Maersk Line

Current new build price are close to historically low

New building price per TEU index,
(100=June 2008)



We continue to deliver on all our medium term objectives

MEDIUM TERM OBJECTIVES

	2012 H1	2013 H1	2014 H1	2015 H1
Profitability: ROIC above 8.5%	-3.8%	+6.2%	+9.9%	+12.2%
EBIT-margin 5%-points above peer average	3% points	8% points	9% points	6% points
Growing with the market	Yes	Yes	Yes	Yes
Funded by own free cash flow	USD -2,348m	USD +762m	USD +727m	USD +781m

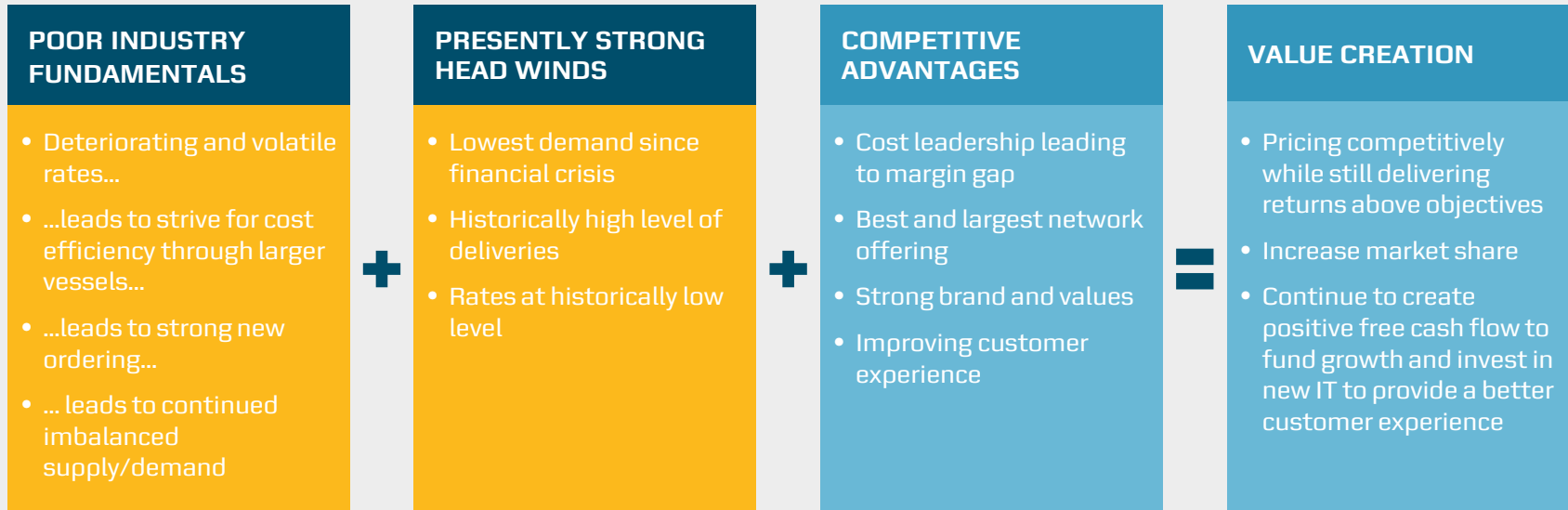
Source: Maersk Line

Having achieved cost leadership, we are now a much more resilient company

MARKET	'09 H1	'15 H1	Delta	
Freight rates (USD/FFE)	2,288	2,370	+4%	Almost identical market conditions
Bunker prices (USD/Ton)	272	346	+27%	
RESULTS	'09 H1	'15 H1	Delta	
NOPAT (USDm)	-995	1,221	+2,216	But distinctively different performance
ROIC, (%) ¹	-11.0%	12.2%	+23.2pts	

Note: (1)2009 Includes Damco, however not material
Source: Maersk Line

In a tough industry and a difficult market environment we see opportunities for Maersk Line



Source: Maersk Line

A COMPETENT LEADERSHIP TEAM

Today's speaker



Søren Skou

Chief Executive Officer

- Joined Maersk in 1983
- Various positions globally
- CEO of Maersk Tankers from 2001-11
- CEO of Maersk Line since Jan. 2012
- Executive board of Maersk Group since 2006

Today's speaker



Jakob Stausholm

Chief Strategy & Transformation Officer

- Joined Maersk in 2012
- Shell, 19 years in various positions in EU, Latin America and Asia
- ISS, 4 years as CFO
- Board of directors of Statoil since 2009

Today's speaker



Pierre Danet

Chief Financial Officer

- Joined Maersk in 2015
- Procter & Gamble for 19 years in different financial leadership roles
- HP, 4 years most recently as CFO of HP's Printing & Personal Systems division for EMEA



Søren Toft

Chief Operating Officer

- Joined Maersk in 1994
- Various positions in Denmark, Europe and Asia
- Prior to current position, Head of Network Planning



Vincent Clerc

Chief Trade & Marketing Officer

- Joined Maersk in 1997
- Various positions in USA and Europe
- Prior to current position, Head of Transpacific & Asia Europe service



Stephen Schueler

Chief Commercial Officer

- Joined Maersk in 2013
- Microsoft, head of sales & marketing
- 20 years in Procter & Gamble latest as Head of Retail Operations



Michael Chivers

Chief Human Resource Officer

- Joined Maersk in 2012
- Sony Ericsson, 17 years in various positions ending as Head of Global HR

Source: Maersk Line

OUR PERFORMANCE



Pierre Danet
Chief Financial Officer



01

Improved
already strong
results

02

Adding to an
already
established
track record

03

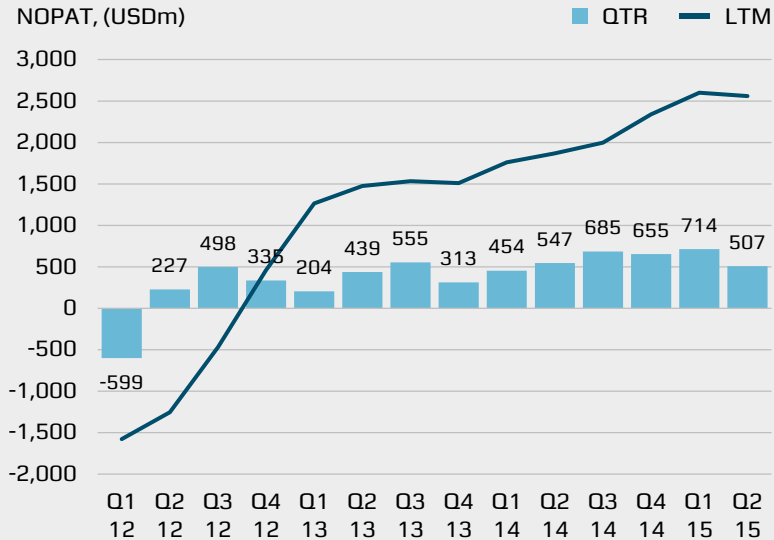
Driven by strong
cost and
balance sheet
fundamentals

04

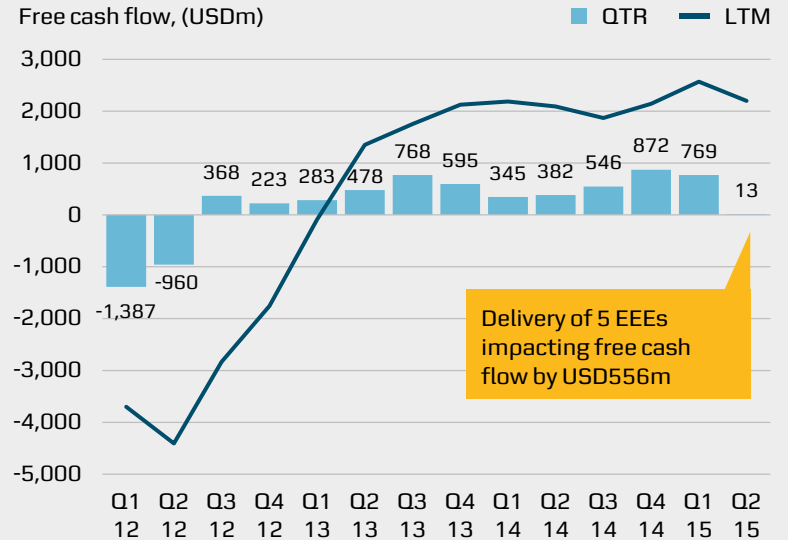
We have build a
resilient
company in a
tough industry

The continued strong financial performance enables self funding of new investments

Continued strong NOPAT...

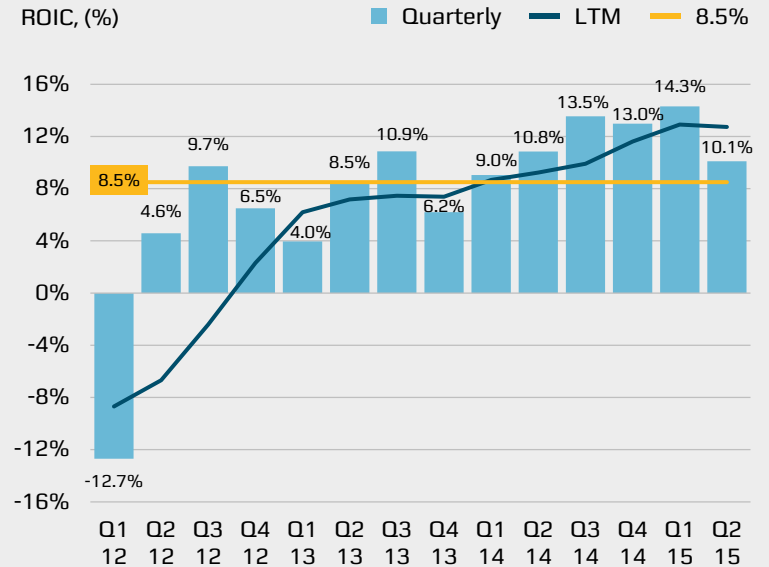


...and free cash flow allowing for extraordinary delivery of EEEs in Q2



Source: Maersk Line

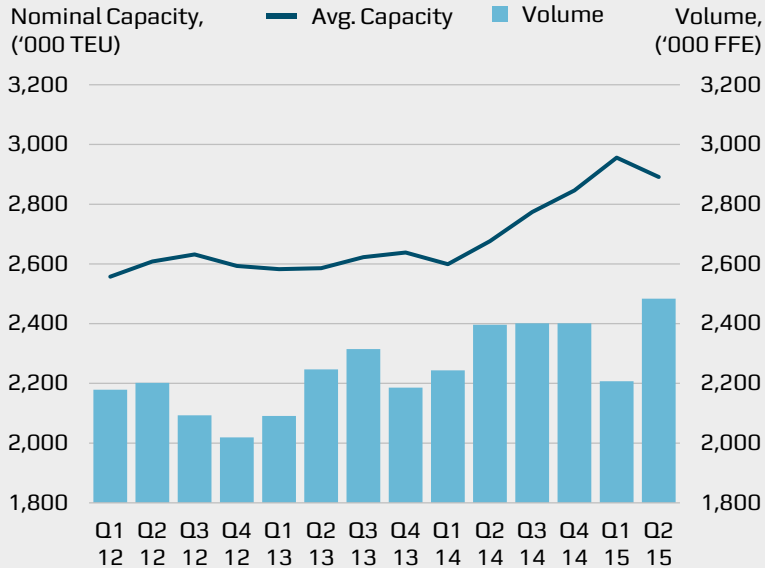
For 6 consecutive quarters we have delivered ROIC above medium term target



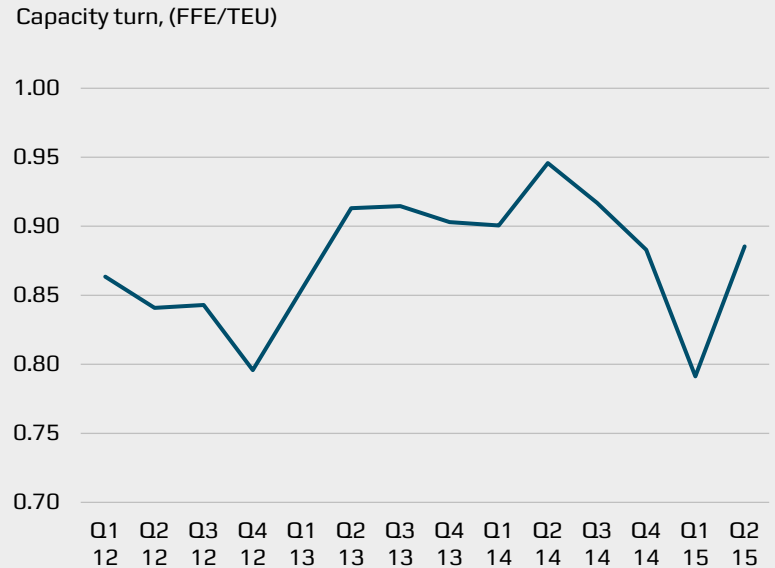
Source: Maersk Line

Volumes recovered in Q2 improving utilization

Volumes improved in Q2...



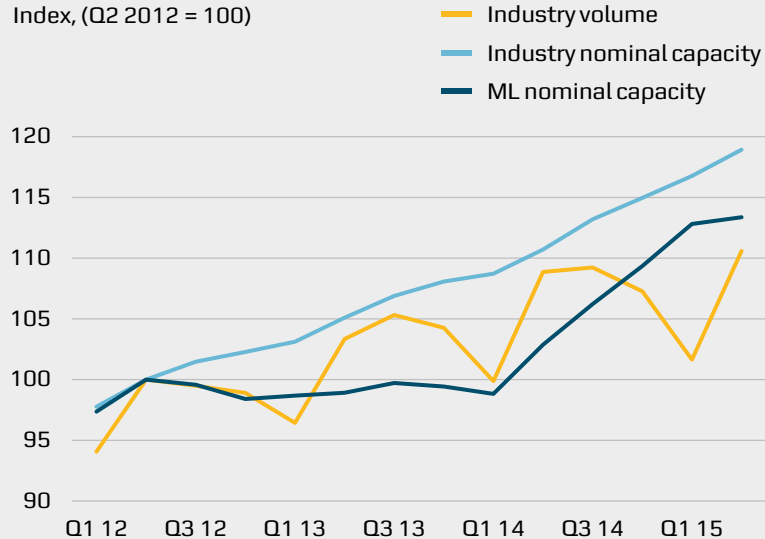
...resulting in utilization recovering



Notes: Capacity turn = Volume / Nominal capacity adj. for idling and vessels added for slow steaming
Source: Maersk Line, Alphaliner

We have increased capacity much less than industry

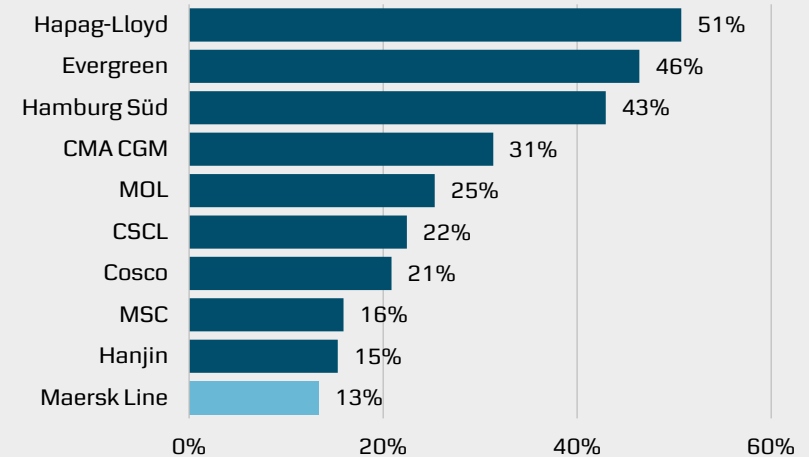
Growing capacity less than industry...



Note: 1) Top 10 carriers based on July '15 capacity market share
Source: Maersk Line, Alphaliner

...also compared to top 10 carriers¹

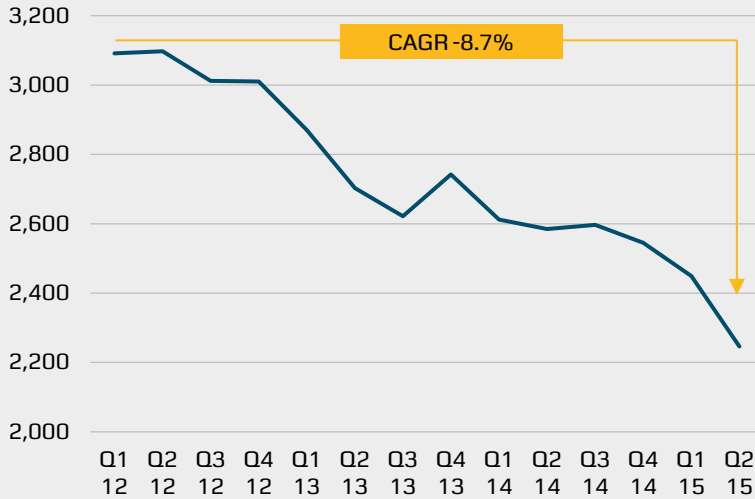
Nominal capacity growth, (Q2 2012 – Q2 2015)



We are continuously taking out costs

We continue to take out costs...

Unit cost, (USD/FFE)

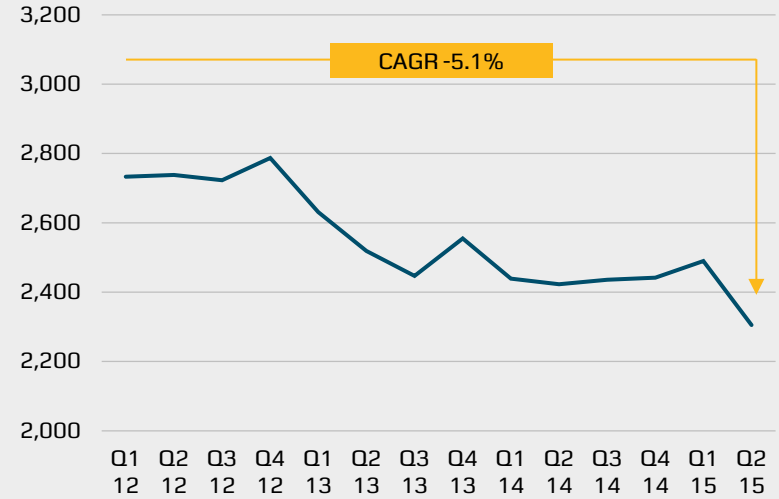


Note: Unit cost excluding gain/loss, restructuring, share of profit/loss from associated companies and including VSA income. Unit cost at fixed bunker price calculated based on 400 USD/Ton all years.

Source: Maersk Line

... and are at an all time low on unit cost

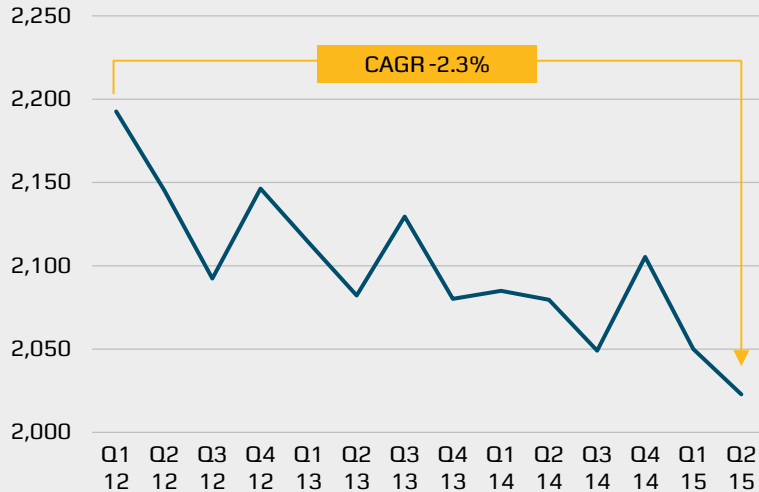
Unit cost at fixed bunker price, (USD/FFE)



Continued focus on SG&A capturing scale benefits

Declining SG&A trend...

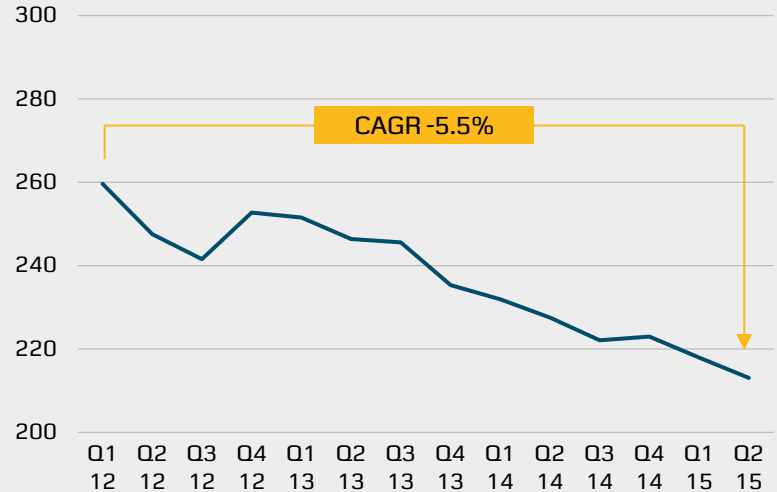
Quarter based LTM SG&A cost, (USDm)



Note: 1) Selling, general & administrative expenses
Source: Maersk Line

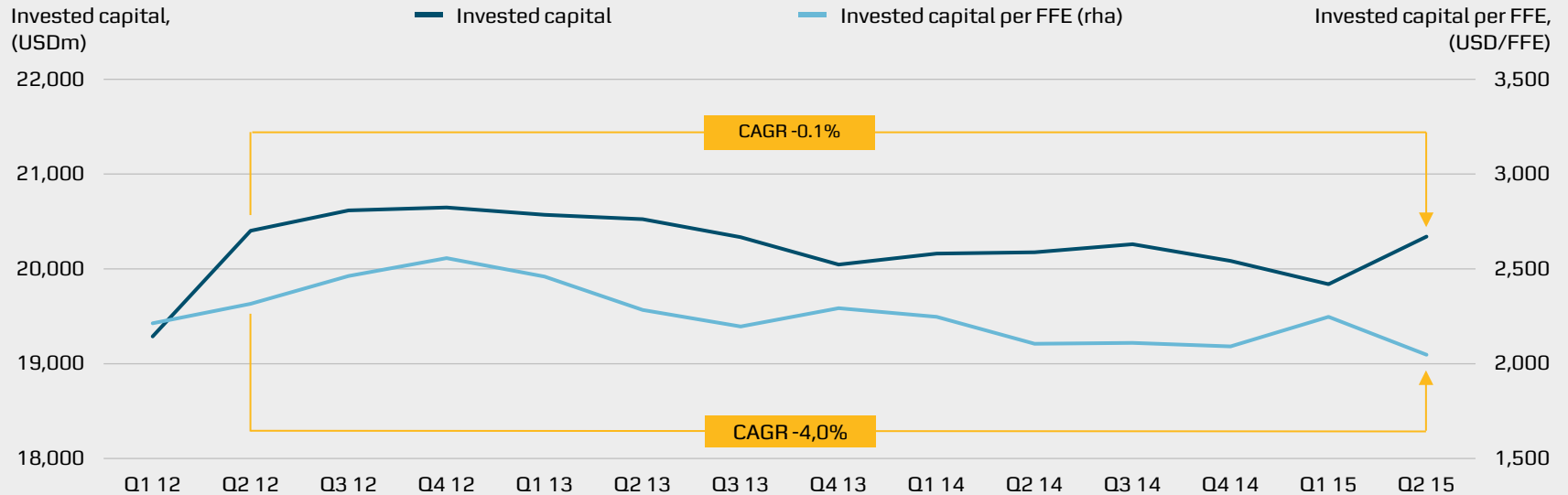
...significant improvement per FFE

Quarter based LTM SG&A unit cost, (USD/FFE)



Keeping the balance sheet fit despite growing volumes

Decline in invested capital since Q2 2012



Note: Volumes are annualized. Invested capital ultimo period.
Source: Maersk Line

Key financial disclosures

Financial Performance	Q2 2015	Q2 2014	Change	%-change
Revenue (USDm)	6,263	6,902	-638	-9.2%
Total cost (USDm)	5,756	6,355	599	-9.4%
NOPAT (USDm)	507	547	-39	-7.2%
Underlying result¹	499	542	-43	-8.0%
Volume ('000 FFE)	2,484	2,396	88	3.7%
Average freight rate (USD/FFE)	2,261	2,634	-373	-14.1%
Unit cost at floating bunker prices (USD/FFE)	2,246	2,585	-338	-13.1%
Unit cost at fixed bunker prices ² (USD/FFE)	2,305	2,423	-118	-4.9%
Invested capital ³ (USDm)	20,340	20,176	164	0,8%
ROIC (%)	10.1%	10.8%	n.a.	-0.7%

Note: 1. Underlying result is equal to the result of continuing business excluding net impact from divestments and impairments

2. Unit cost at fixed bunker price of 400 USD/ton and including VSA income, 3. Invested capital avg. of period

Source: Maersk Line

INDUSTRY ANALYSIS & OUTLOOK



Jakob Stausholm
Chief Strategy &
Transformation Officer



01

Adverse business environment leads to deflationary freight rate development

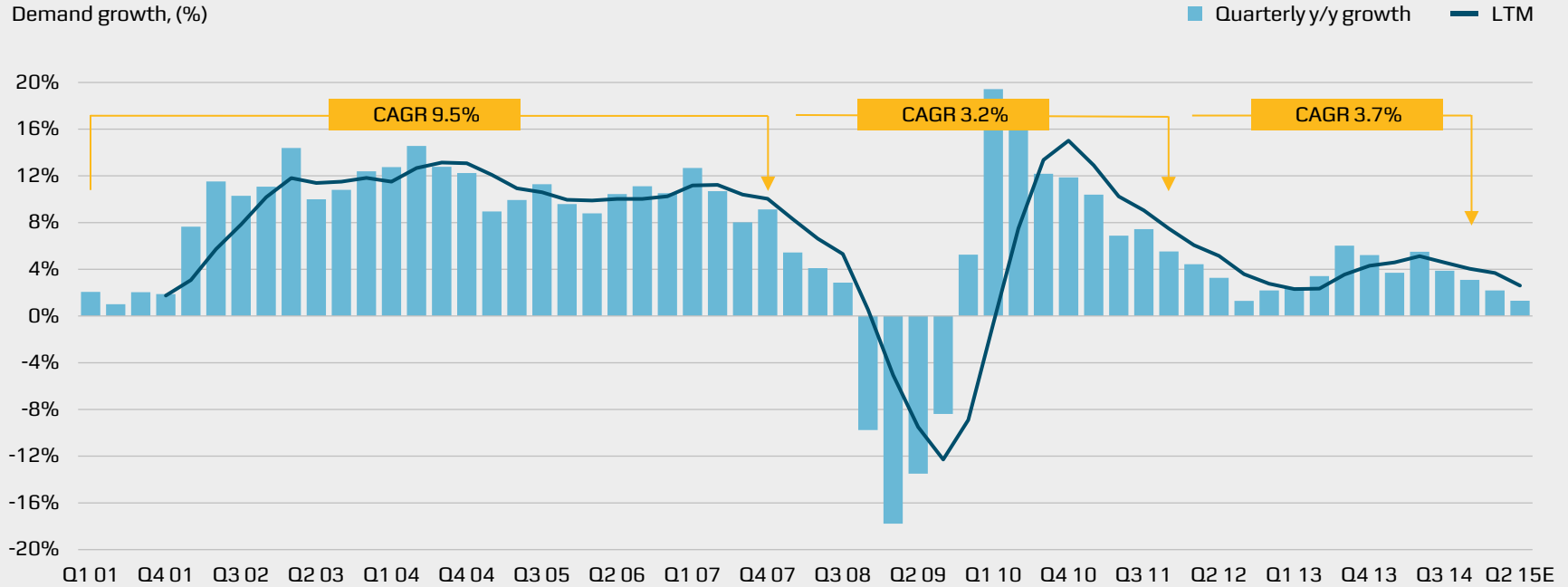
02

Fragmented industry where scale matters

03

Competitive results

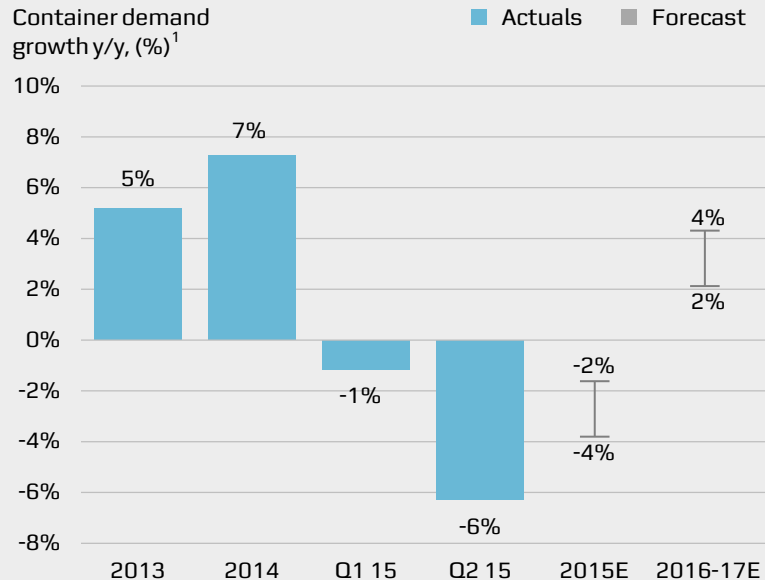
Industry demand growth at its lowest since the financial crisis



Note: LTM based on last 4 quarters
 Source: Maersk Line

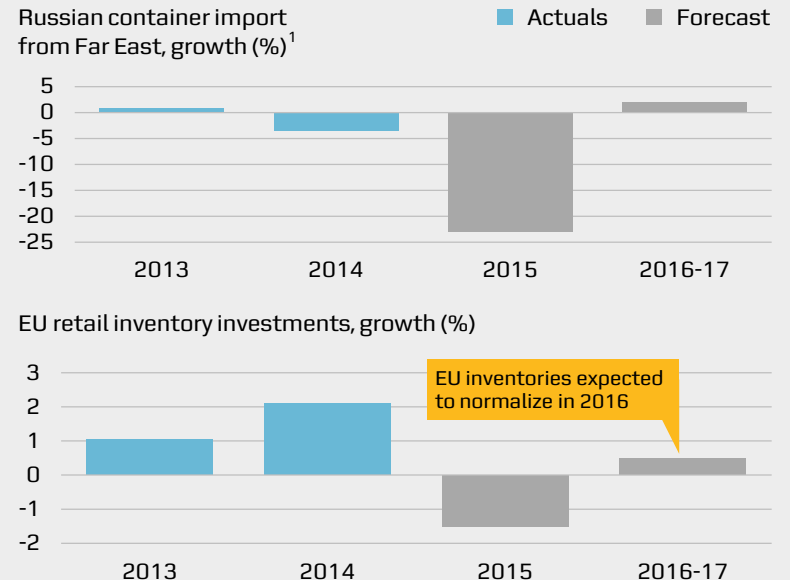
Recent drop in European import from Far East expected to bounce back from Russia and re-stocking improvements

2015 drop in European imports from Far East...



Note: 1) Westbound container demand on trades E1 and E2
Source: CTS, European Commission and Maersk internal calculations

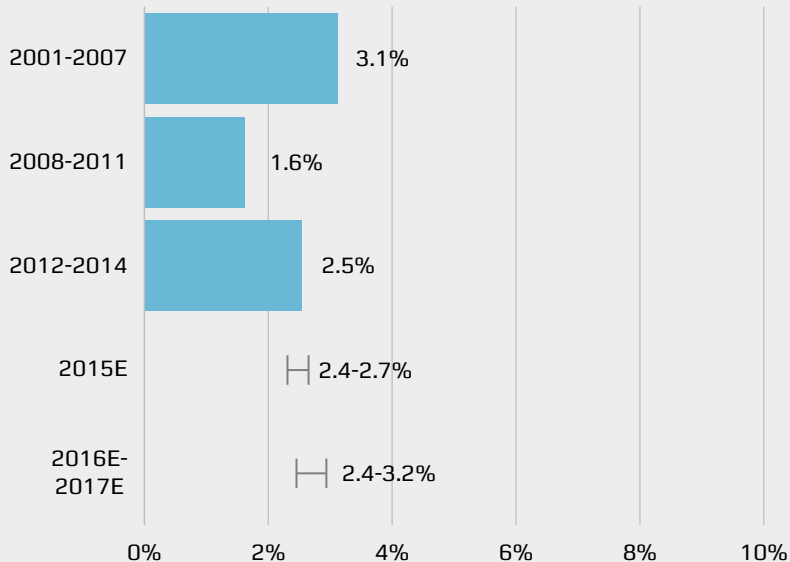
... due to Russia and EU retail inventories



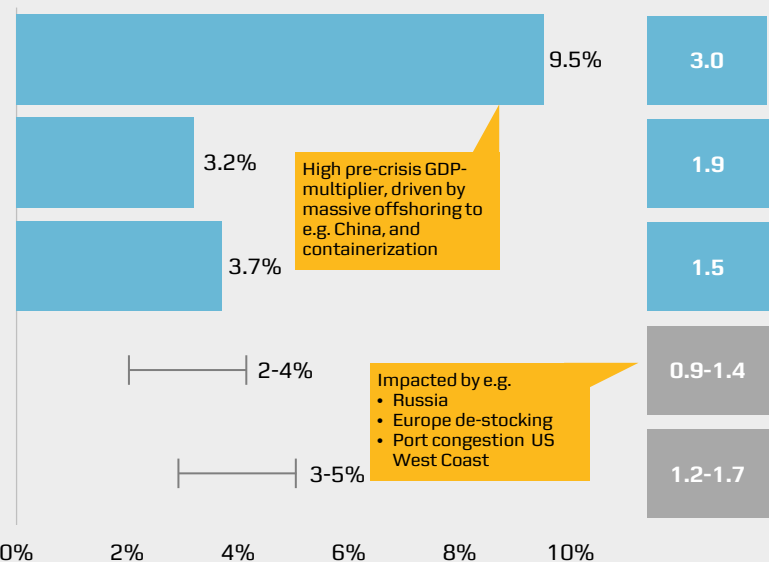
Container demand is likely to recover as GDP-multiplier expected to normalize from historically low 2015 level

Global GDP growth, (%)

Actual Forecast



Global Container demand, (%)

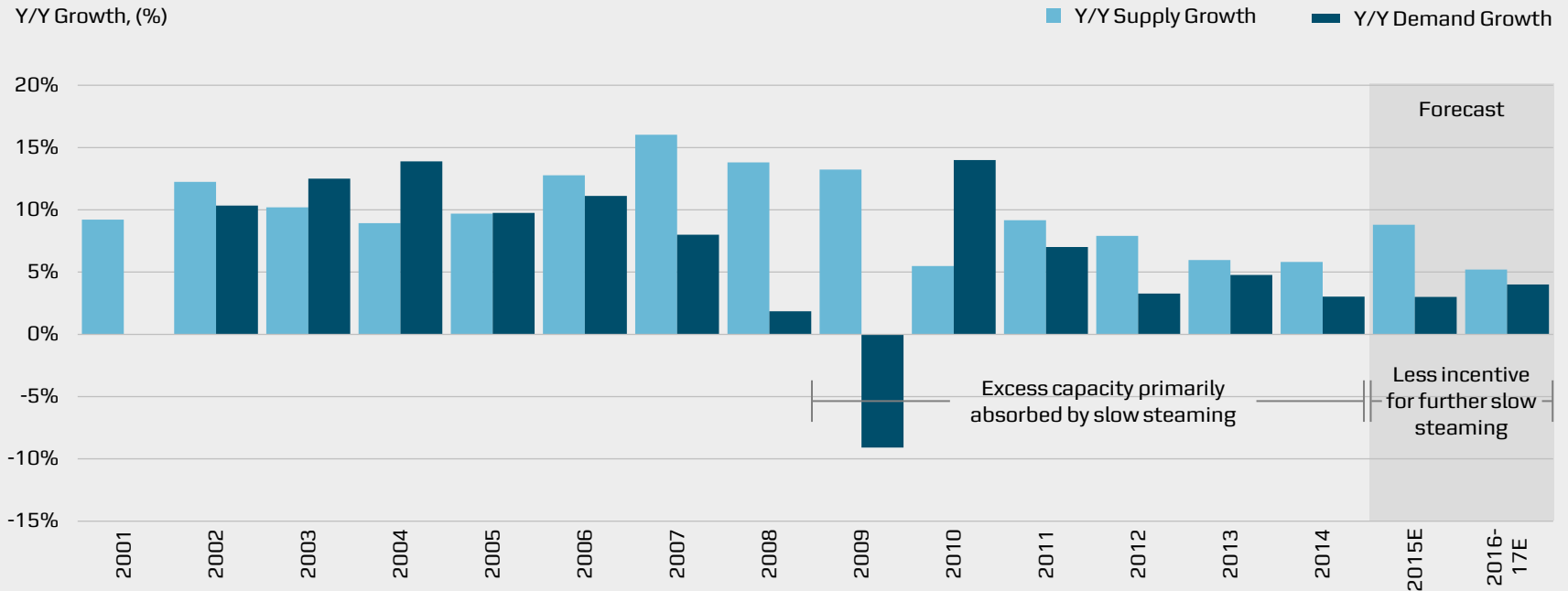


GDP Multiplier



Source: Focus Economics, IMF and Maersk internal calculations

Supply has outgrown demand past 9 years except for 2010 and trend expected to continue



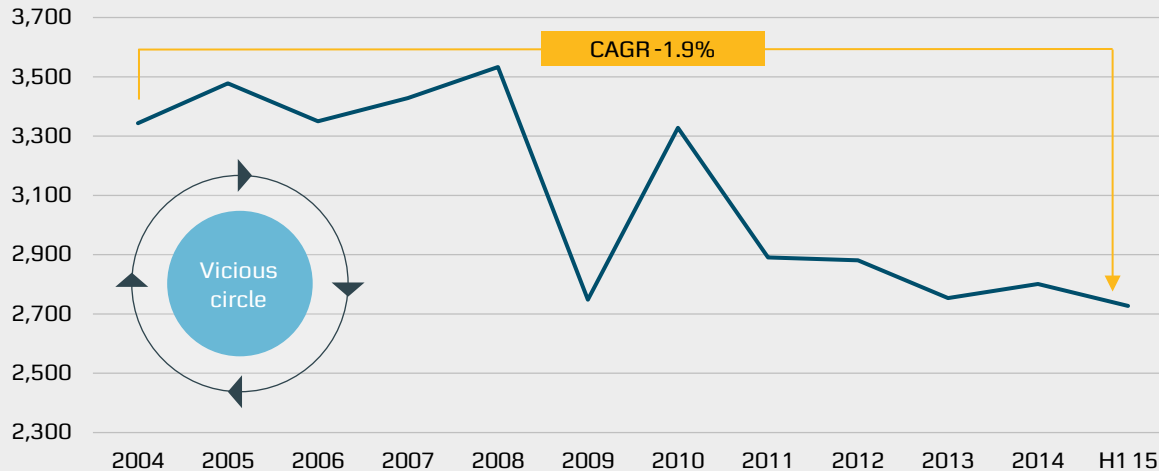
Note: Capacity growth compares standing container vessel capacity beginning of year to end of year, while demand growth compares total amount of containers in two consecutive years. Capacity forecast assumes no additional slow steaming, as the low oil price gives less incentive to slow down vessel speed. Also, idling is assumed to remain broadly unchanged. Forecast demand growth is for illustration purpose shown as midpoint for the expected interval.

Source: Alphaliner, Maersk Line

Rates will continue to be under pressure from supply/demand imbalance

Maersk Line's average freight rate has declined 1.9% p.a. since 2004

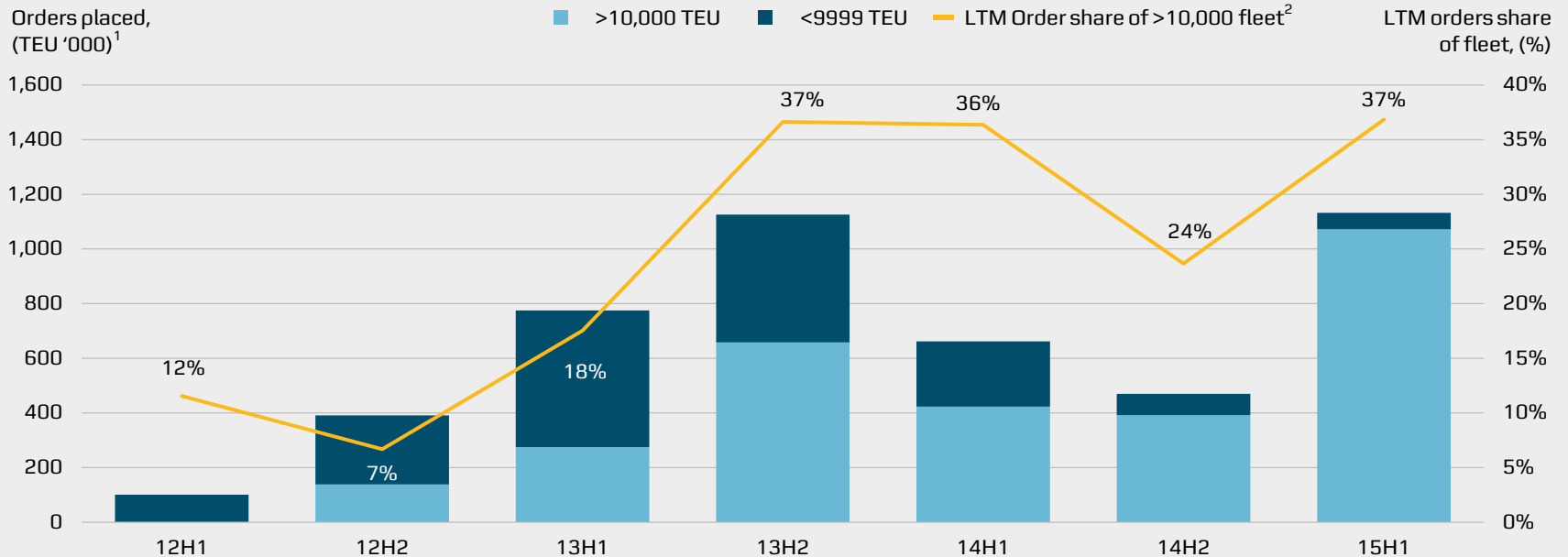
Maersk Line freight rate – fixed bunker, (USD/FFE)



Since	CAGR (%)
2004	-1.9
2008	-3.9
2010	-4.3
2012	-2.2
2014 – H1 15	-5.2

Notes: Bunker price fixed at 2012 level of 662 USD/FFE. Comparison of freight rate with 2004, 2008 and 2010 based on yearly freight rate average.
Source: Maersk Line

Significant orders placed in the first half of 2015 with increasing ordering of largest vessels

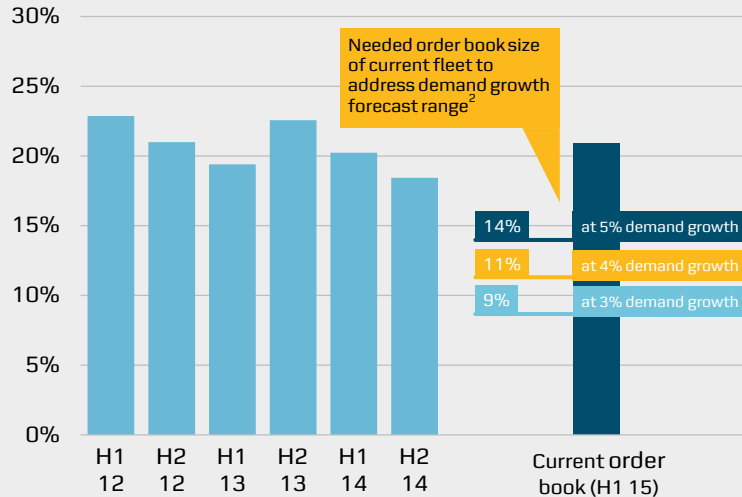


Note: LTM based on half years. 1) Orders placed as percent of fleet based on capacity in given years, 2) >10,000 orders share of >10,000 TEU fleet, 3) <10,000 orders share of <10,000 TEU fleet
Source: Maersk Line, Alphaliner

Current order book is large, and will worsen supply/demand imbalance

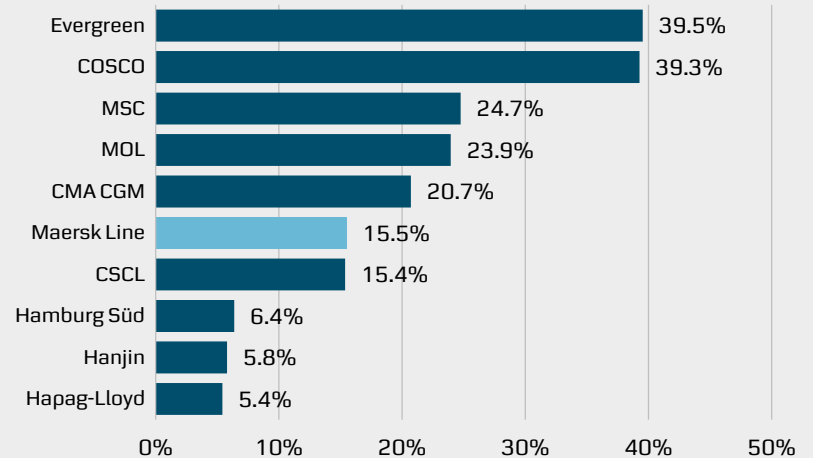
Open orders firmly exceed demand growth expectations

Industry order book share of fleet¹, (%)



Competition order to grow capacity at faster pace

Current order book share of carrier fleet for top 10 carriers³, (%)



Note: 1) Fleet at given period ultimo, 2) Expected duration of an order book is 2.5 years with 1,1% expected scrapings per year based on historical period 2000 onwards; 3) Capacity and order book as of ultimo July
Source: Maersk Line, Alphaliner

Our tonnage plan is robust and value creating even in adverse market conditions

We need capacity to grow	We order vessels where no alternative
Small investments compared to network size	2M enable us to utilize major vessels



Even in adverse market scenarios, newly ordered vessels create value...
... with recent orders we can now plan ahead

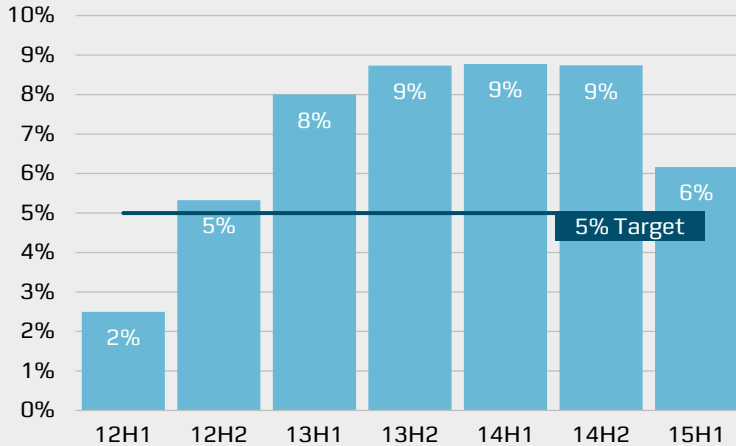
Source: Maersk Line



As the largest carrier we have delivered sustainable EBIT margin gap

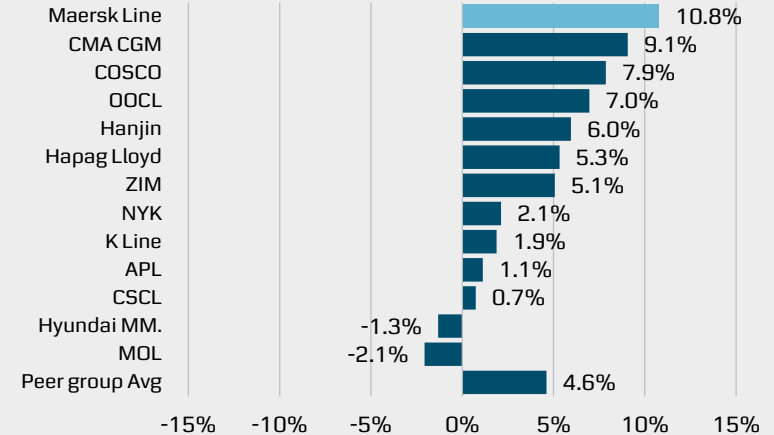
Gap to peers above target...

Core EBIT margin gap, (% pts.)



...also when peers have improved results

H1 2015 Core EBIT margin, (%)

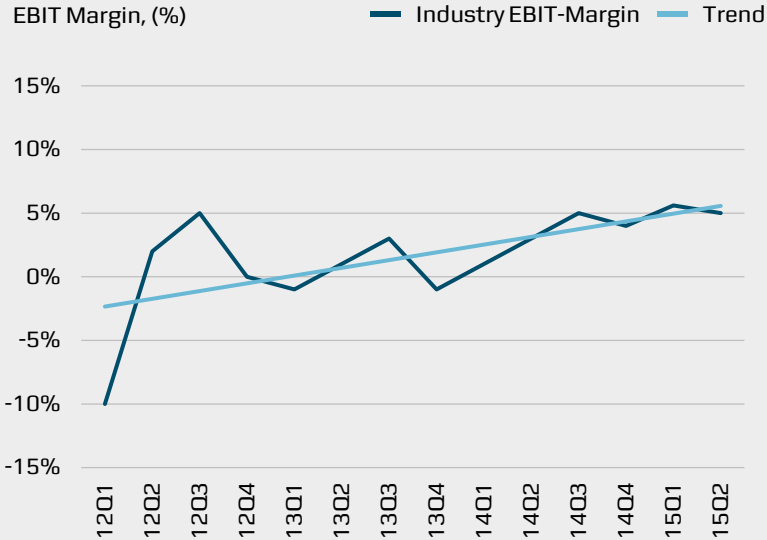


Note: Peer group includes CMA CGM, APL, Hapag Lloyd, Hanjin, ZIM, Hyundai MM, K Line, CSAV, OOCL, NYK, MOL, COSCO, CSCL. Peer average is TEU-weighted. EBIT margins are adjusted for gains/losses on sale of assets, restructuring charges, income/loss from associates. Maersk Line' EBIT margin is also adjusted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

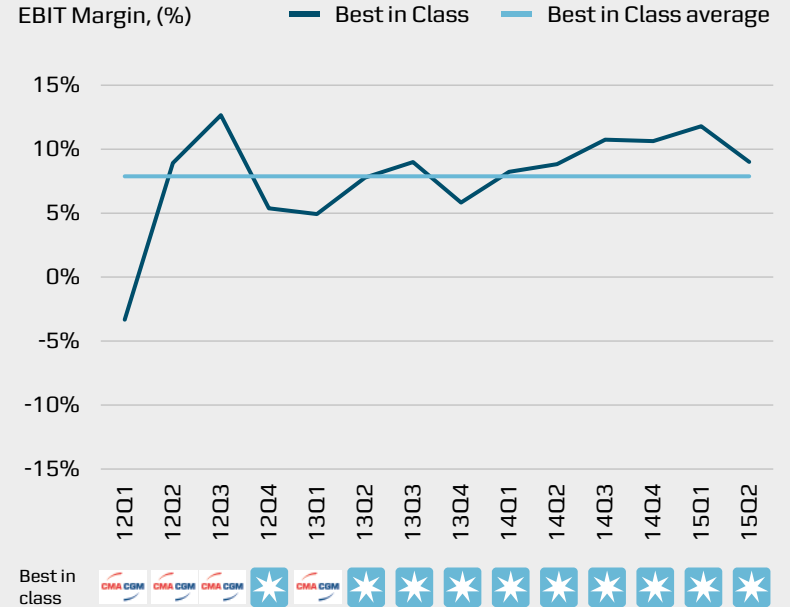
Source: Alphaliner, Company reports, Maersk Line

We are on average operating in an unhealthy industry, but large carriers can earn a decent profit

On average an unhealthy industry...



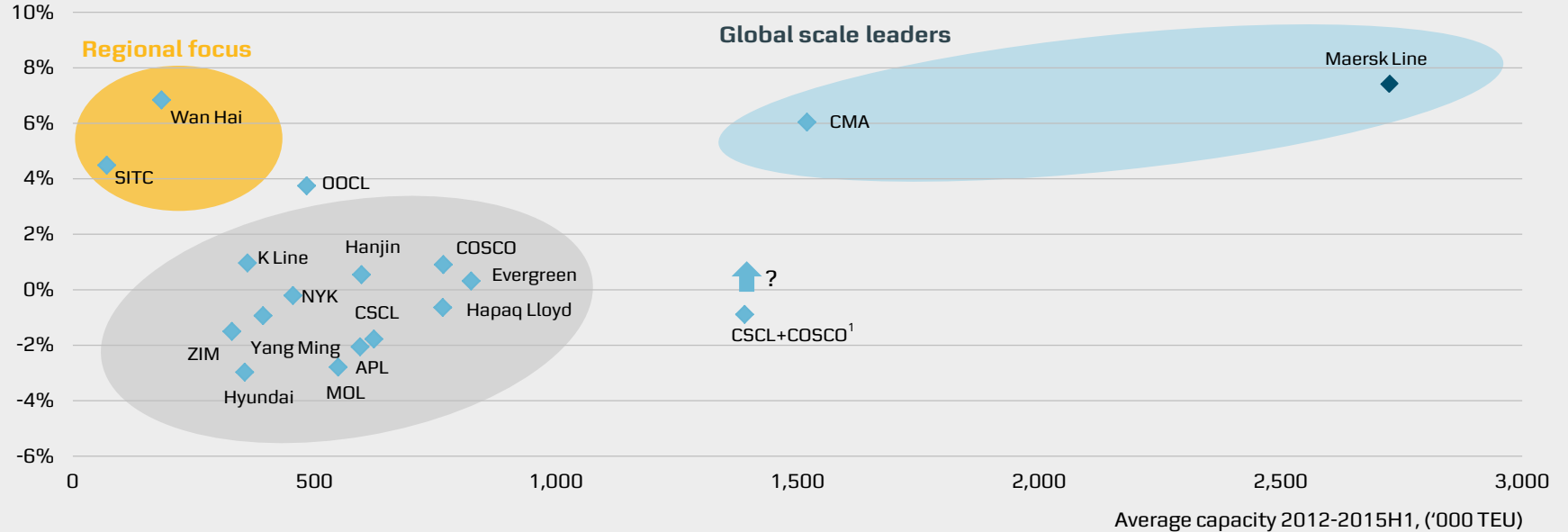
...however large carriers can earn profits



Source: Maersk Line

Scale is a lever of profitability

Average EBIT-margin 2012-2015H1, (%)

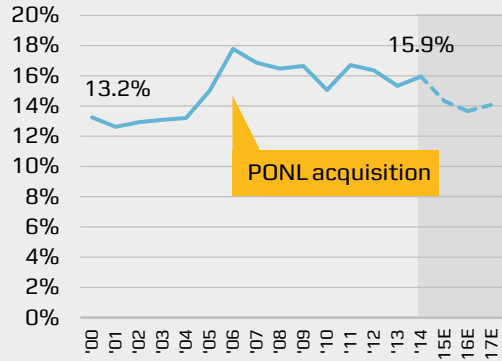


Note: 1) Post-merger scenario based on weighted EBIT-margin and combined volume
 Source: Maersk Line, Company Reports, Alphaliner

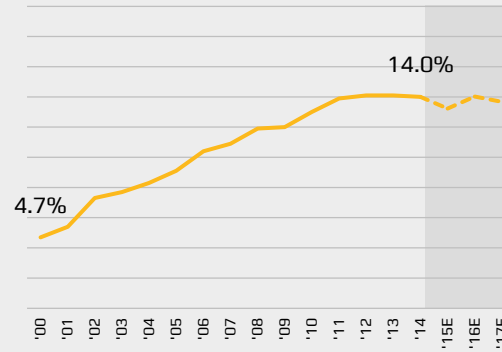
The three largest carriers have historically grown very differently

Capacity market share (%)

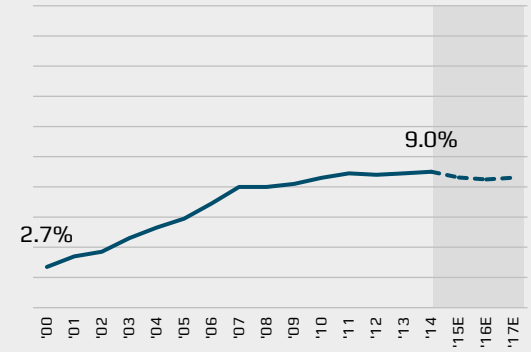
Maersk Line



MSC



CMA CGM



	MLB			MSC			CMA CGM		
TEU CAGR	1995-04	2005-14	2015-17	1995-04	2005-14	2015-17	1995-04	2005-14	2015-17
	20.8%	9.3%	4.4%	26.4%	14.0%	7.9%	27.3%	13.9%	7.0%
Growth strategy	Organic + M&A ('big')			Pure organic			Organic + M&A (multiple smaller)		

Note: Forecast based on current order book
Source: Maersk Line, Alphaliner

A deflationary mindset continue to be key while defending market leader position

Forward looking statements

	2003-2013	2013	2014	2015E	2016E
Industry demand (CAGR growth, %)	7%	4%	4%	2-4%	3-5%
Industry nominal capacity (CAGR growth, %)	10%	6%	6%	9%	~5%
Cost (Maersk Line)	Deflationary mindset: Continue to drive cost reductions				
Market share (Maersk Line)	Growing at least with the market to defend our market leading position				
Investments (Maersk Line) CFFI (Net), USD bn	2.3	1.6	2.0	----- Avg. 2.5 p.a. -----	

Adjusted since 2014 capital markets day



We expect to invest on average USD ~3 bn p.a. (vessels, containers, retrofits and other investments) until 2020

Notes: Nominal capacity growth is expected deliveries less expected scrappings. Investments from 2003-2013 are an avg. for the period and includes Damco, Maersk Container Industry and Container Inland Services from 2003-08, while APM Terminals is excluded. The P&O Nedlloyd acquisition in 2005 is included. Investments include committed investments, approved but not committed investments and non-approved investments.

Source: Maersk Line, Alphaliner.

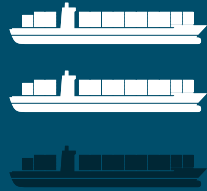
OUR RESPONSE



Søren Skou
Chief Executive Officer



Our short term response to current tough market conditions



+30 blanked sailings
August-October 2015
(vs. 15 same period
2014)



2M network
reductions
as already
communicated



Additional 2-4 larger
string reductions
planned in Q4 2015
to adjust capacity to
demand

We will continue to drive cost out and have plenty of opportunities

We have a toolbox for cost cutting



Network rationalization



SG&A



Inland optimization



Speed equalization & Slow steaming



2M



Deployment of larger vessels



Improve utilization



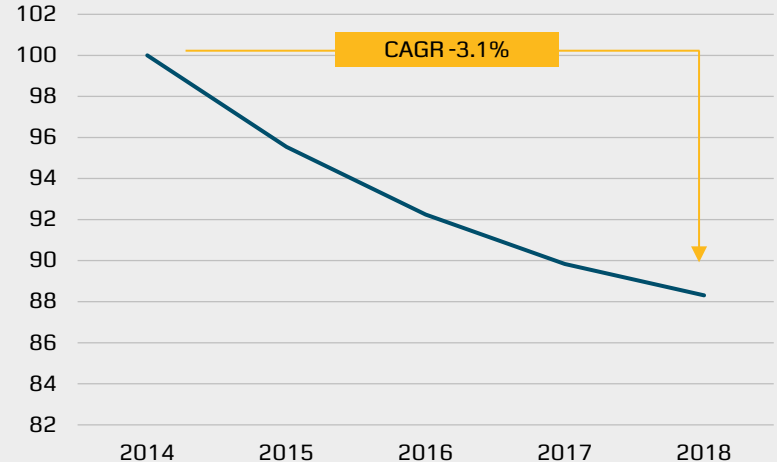
Improve procurement



Retrofits

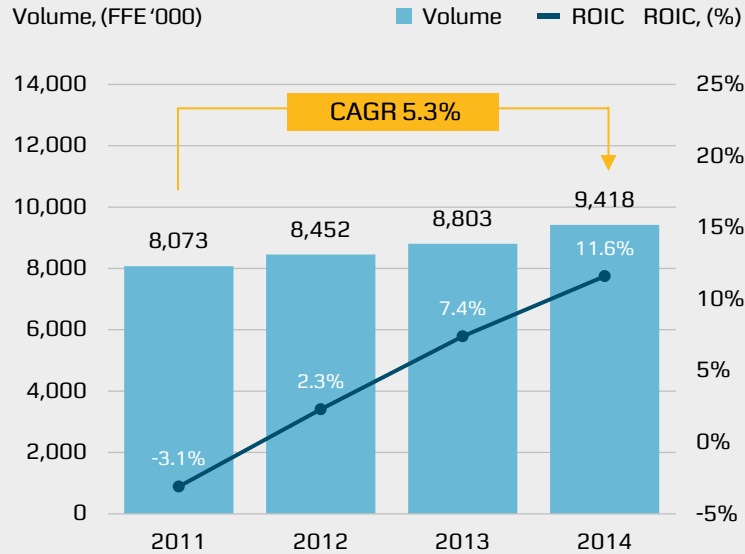
Tonnage plan impact on slot cost Example: Asia - North Europe

Slot cost index 2014 = 100, (USD/TEU)



Source: Maersk Line

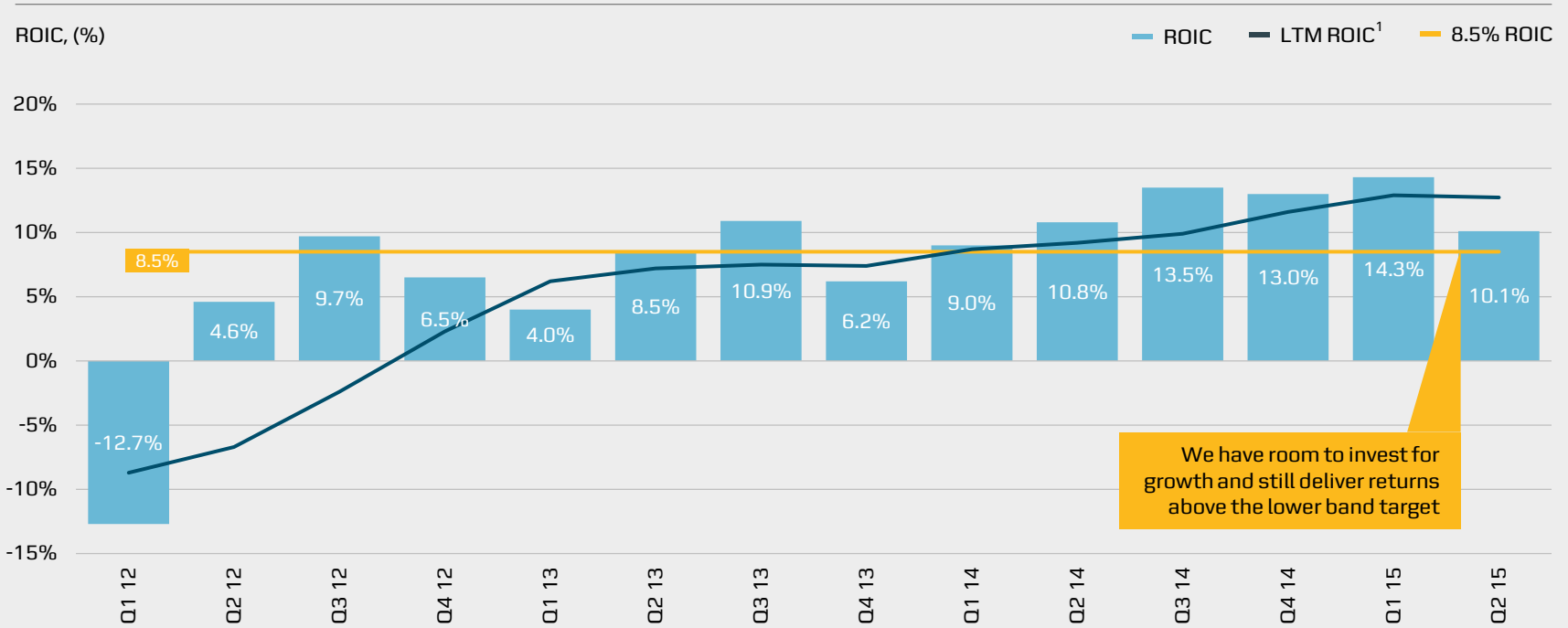
Having cost leadership has enabled us to grow both volume and margins



Source: Maersk Line



...and with returns consistently above objectives, growth create value



Note: 1) LTM ROIC based on quarterly figures
Source: Maersk Line

Maersk Line's new objectives

Revised objective

Top quartile performer¹

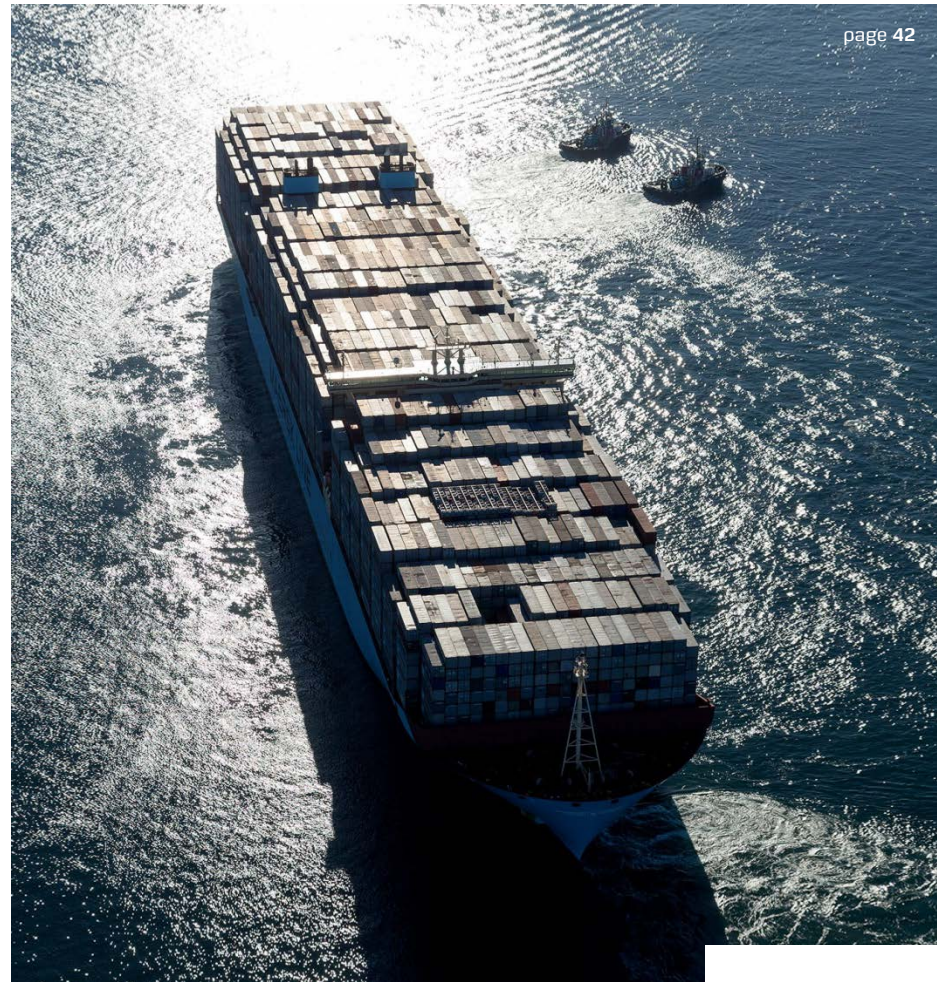
EBIT-margin 5%-points above peer average

Growing at least with the market to defend our market leading position

Funded by own cash flow

Average returns of 8.5-12.0% (ROIC)

Note: 1) Performance rank based on EBIT margin
Source: Maersk Line



We have a toolbox for growth with various paths

E-W

Grow based on cost leadership and best network proposition

N-S

Protect strong position, grow with market

INTRA

Grow MCC, Seago, and Sealand

REEFER

Pursue conversion projects

Source: Maersk Line

01

We have done what we outlined last year

02

We continue to deliver on our financial objectives

03

We have build a resilient company in a tough industry

04

We continue to deliver value

Thank you

