A.P. Møller-Mærsk A/S

Q3 2017 report

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Webcast	www.investor.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' (APMM) control, may cause actual development and results to differ materially from the expectations contained in the presentation.

Comparative figures

Unless otherwise stated, all comparisons refer to y/y changes

Q3 2017

Key Statements

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Key Statements Q3 2017

Highlights Q3

Executing on the separation strategy

- Entered into an **agreement to divest Maersk Oil** to Total SA for USD 7.45bn in a combined **share and debt transaction.** The transaction is expected to **close Q1 2018**
- Agreed **to divest Maersk Tankers** to APM Holding A/S for **USD 1.17bn in an all-cash transaction.** The deal was **closed October 10th 2017**
- **Maersk Drilling has also been classified as discontinued operations** as a structural solution within the next 12 months is expected, which triggered an **accounting impairment of USD 1.750bn**
- On November 7th, we announced that the Salling Companies will **acquire the remaining 19% stake in Dansk Supermarked A/S for DKK 5.53bn (USD 861m).**

Significant disturbance from cyber-attack

- **Revenue growth of 14%** in Q3 and **underlying result of USD 248m** improved from a loss of USD 42m
- The reported result for APMM was **negatively impacted** by **impairments in APMT of USD 374m**
- **Cyber-attack** had a **significant impact on the operations in Transport & Logistics,** with a **financial impact** of USD 250-300m, the vast **majority related to Maersk Line**
- APMM now expects a **positive underlying profit** (loss of USD -546m), previously above 2016. **Transport & Logistics** now expects an underlying profit **around USD 1bn** and the improvement in **Maersk Line's underlying profit** is now expected to be **around USD 1bn**.

Solid demand growth, weak performance

- **Market fundamentals remained positive with global container volumes** growing 5% and increase in nominal **supply of 3%** in Q3. Higher deployment of new capacity was seen at the end of the quarter
- **Maersk Line reported a profit** of **USD 220m** and a **ROIC of 4.3%**, mainly driven by freight rates up 14% y/y with freight rate up across all trades
- **Volumes declined by 2.5%,** while **unit cost increased by 3.9% at fixed bunker price.** Adjusted for the cyber-attack impact both would have been **around flat for the quarter**
- Maersk Line has currently **no plans for new orders of vessels**

*Guidance for APMM adjusted for discontinued operations, i.e. Maersk Oil, Maersk Tankers and Maersk Drilling.

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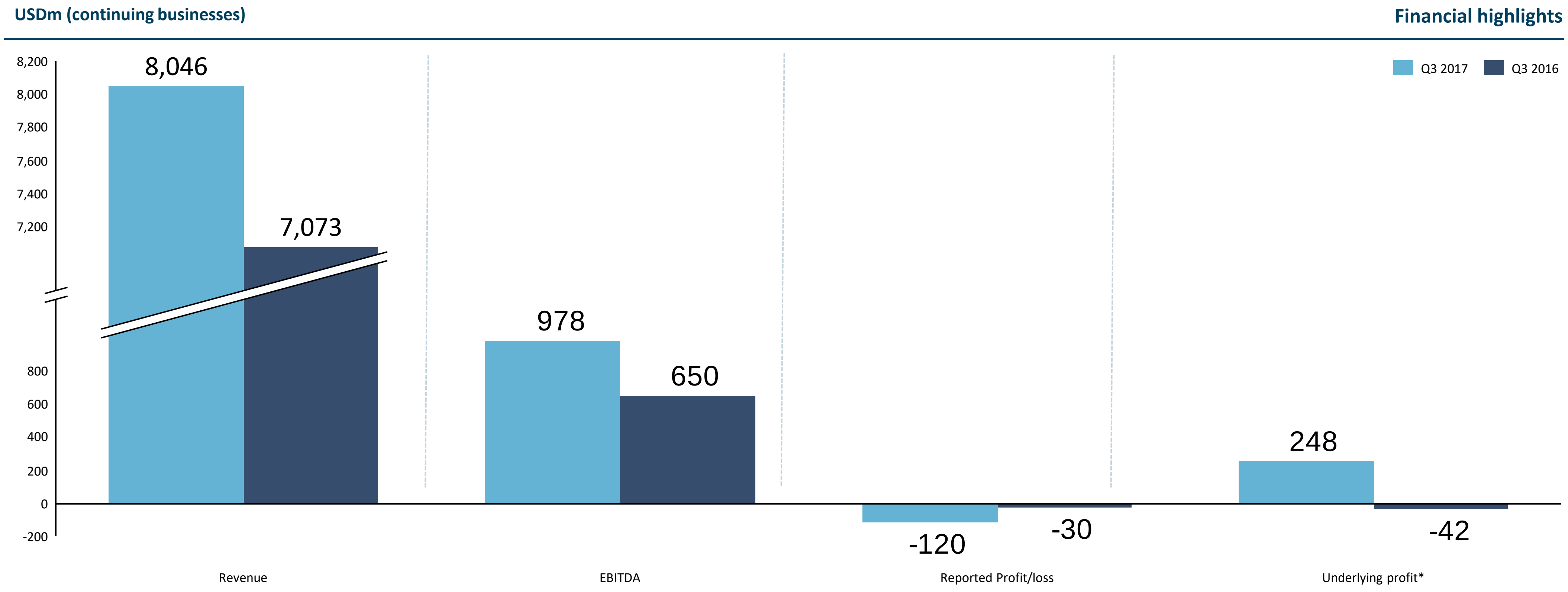
Q3 2017

Financial Highlights

Financial Highlights Q3 2017

Revenue and earnings **continued to growth**



Revenue increased by 14% mainly driven by higher revenue in Maersk Line.

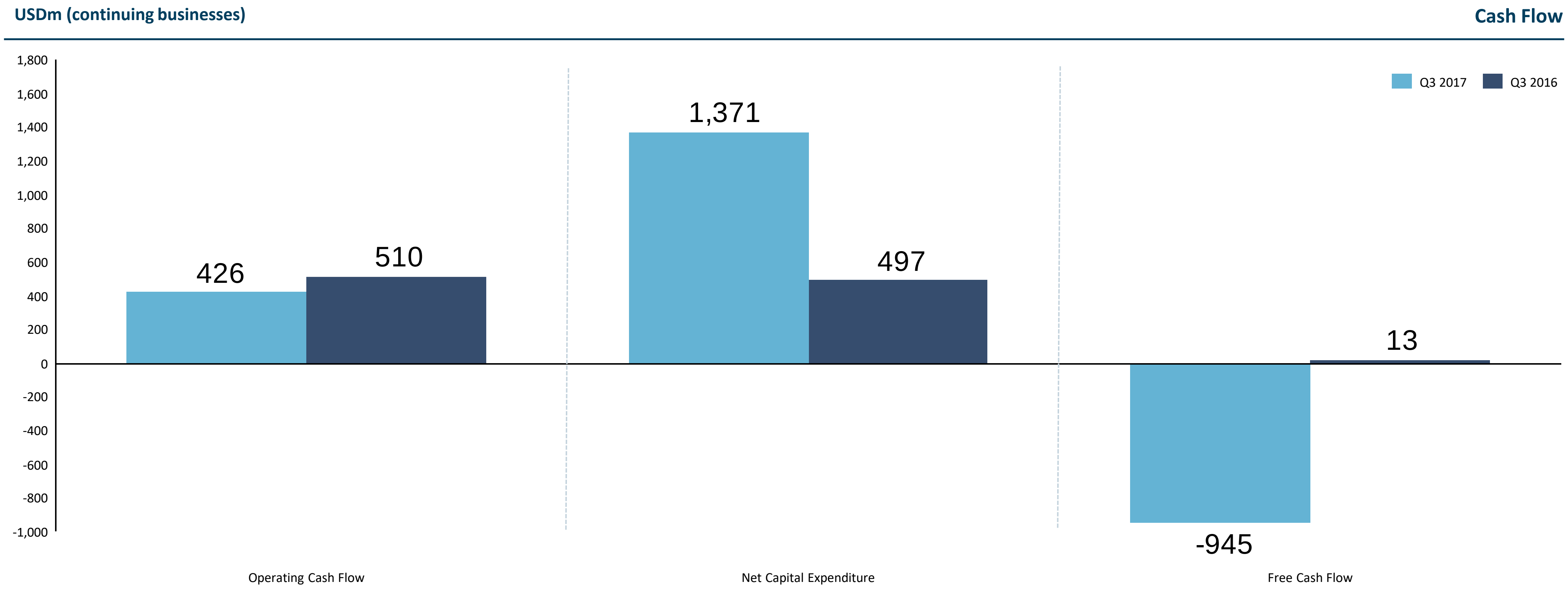
Reported loss of USD 120m was negatively impacted by impairments amounting to USD 374m in APM Terminals.

Underlying profit improved USD 290m due to improved underlying result in Maersk Line and despite negative impact from the cyber-attack of USD 250-300m in Transport & Logistics.

*Underlying profit is equal to the profit or loss for the period excluding net impact from divestments and impairments.

Financial Highlights Q3 2017

Cash flow impacted by delivery of vessels



Cash flow from operating activities decreased compared to last year due to negative impact from the cyber-attack.

Net capital expenditure was USD 1,371m (USD 497m) mainly related to delivery of 5 new vessels and container investments in Maersk Line as well as development projects in APM Terminals.

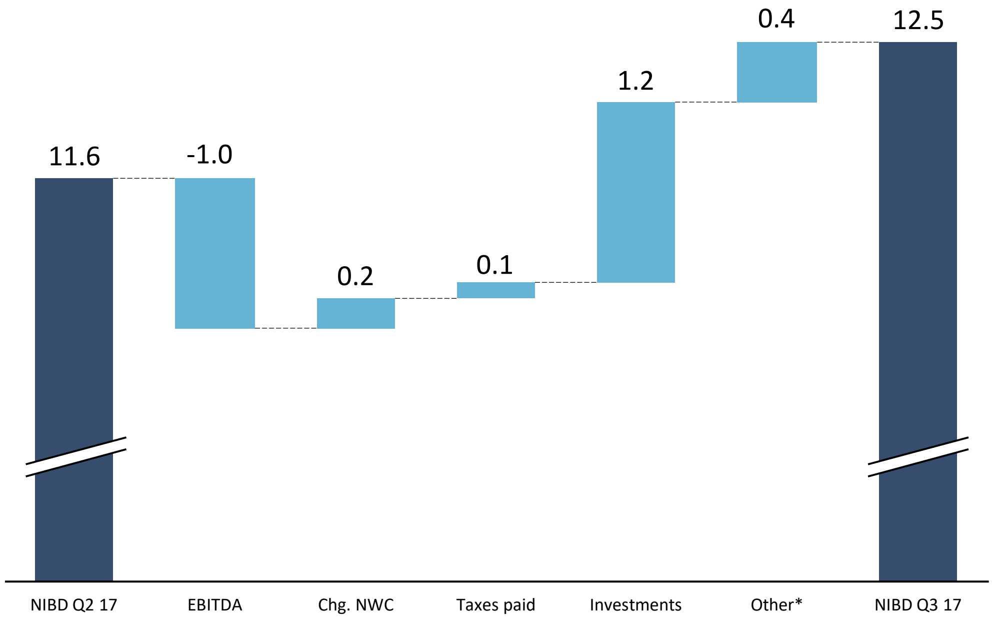
Financial Highlights Q3 2017

Reduced contractual capex commitments

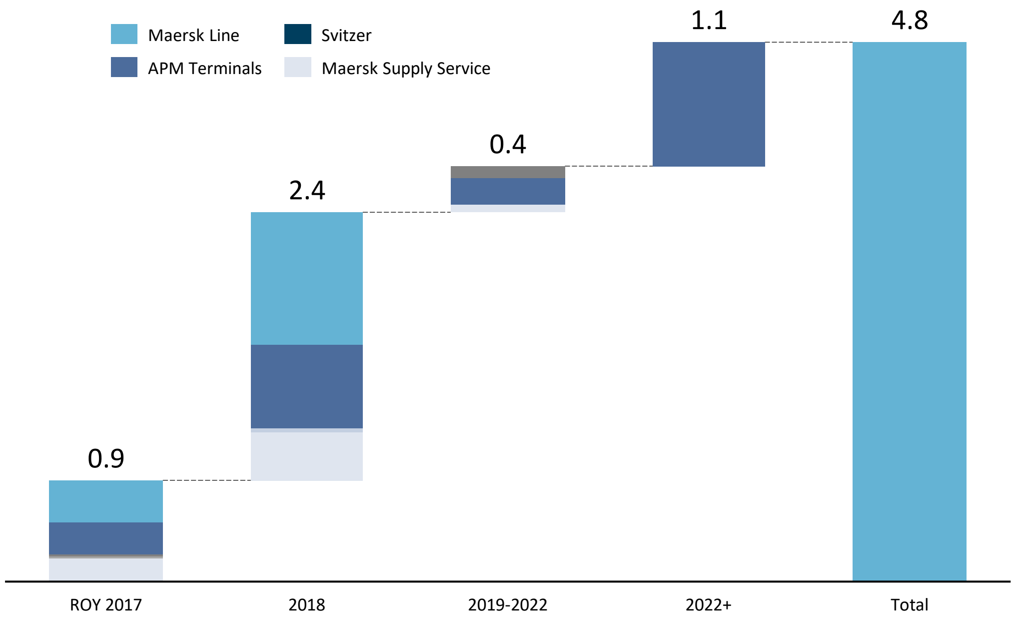
USDbn

Net Debt and Contractual Capex Commitments

Net debt USD 11.6bn in Q2 2017 to USD 12.5bn end of Q3 2017



High degree of flexibility in the future contractual commitment from 2018



A.P. Moller-Maersk is committed to remain investment grade rated and well capitalised.

Funding in place with a liquidity reserve of USD 10.6bn by end of Q3 2017.

Total contractual commitments was USD 4.8bn with USD 4.1bn in Transport & Logistics and USD 0.7bn in Energy.

Compared to end 2016 the total future contractual commitments in Transport & Logistics are reduced by USD 1.3bn.

*Other includes currency adjustments, financial items and impact from discontinued operations

*Excluding the acquisition of Hamburg Süd.

A.P. Moller - Maersk

Consolidated financial **information**

Income Statement (USDm)	Q3 2017	Q3 2016	Change	FY 2016
Revenue	8,046	7,073	14%	27,646
EBITDA	978	650	50%	2,579
Depreciation, impairments etc.	798	646	24%	3,851
Gain on sale of non-current assets, etc. net	6	10	-40%	189
Share of profit in joint ventures	-202	38	N/A	130
Share of profit in associated companies	20	20	0%	-55
EBIT	**4**	**72**	**-94%**	**-1,008**
Financial costs, net	-105	-64	-64%	-549
Profit/loss before tax	**-101**	**8**	**N/A**	**-1,557**
Tax	19	38	-50%	146
Profit/loss – continuing operations	**-120**	**-30**	**N/A**	**-1,703**
Profit/loss – discontinued operations	-1,419	468	N/A	-194
Profit/loss for the period	**-1,539**	**438**	**-N/A**	**-1,897**
Underlying profit/loss	**248**	**-42**	**N/A**	**-546**

Key figures (USD million) (Continuing operations)	Q3 2017	Q3 2016	Change	FY 2016
Cash flow from operating activities	426	510	-16%	1,327
Cash flow used for capital expenditure	-1,371	-497	-176%	-2,176
Net interest bearing debt (APMM total)	12,475	11,390	10%	10,737
Earnings per share (USD)	-7	-1	N/A	-84
ROIC (%)	-0.2%	1.1%	N/A	-3.4%

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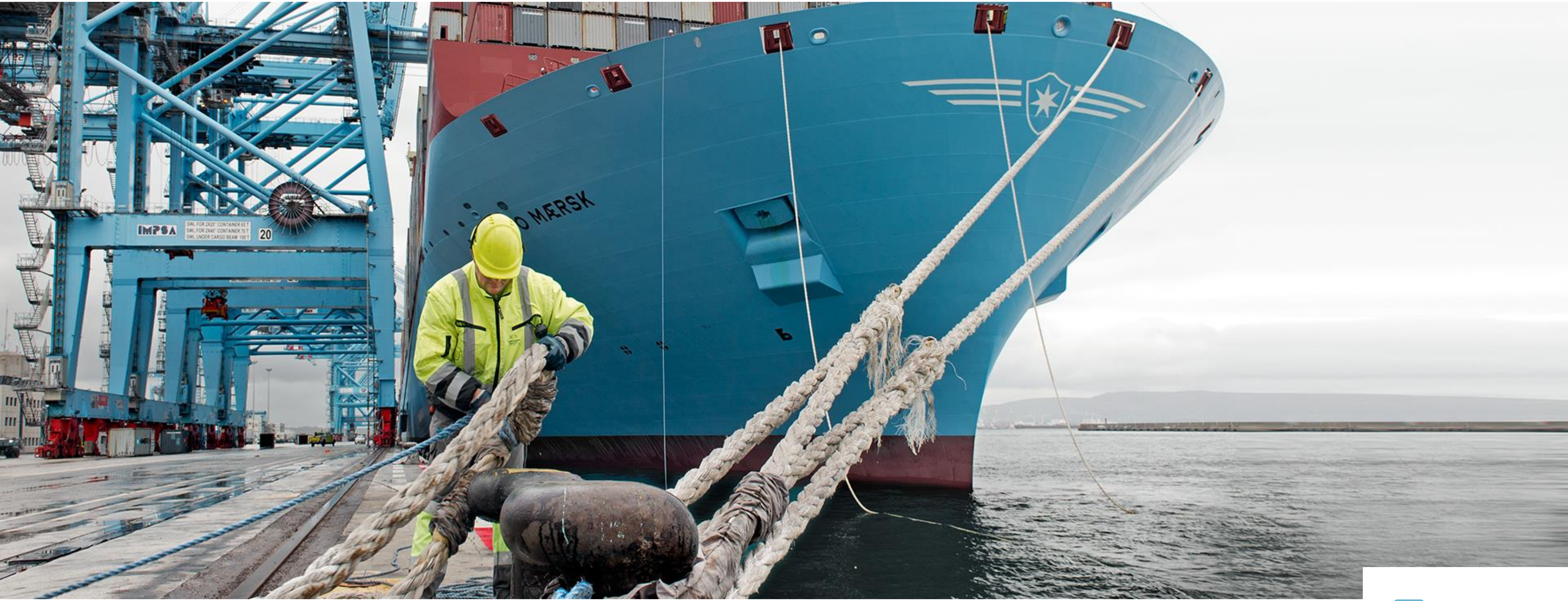
TRANSPORT & LOGISTICS



Transport & Logistics

Transport & Logistics

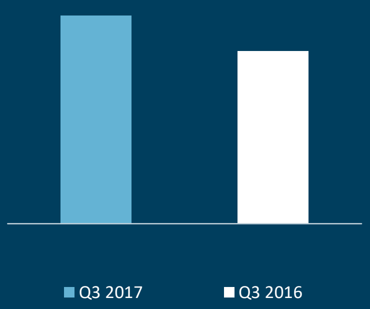
Transport & Logistics grew revenue by 14% to USD 8bn and reported a profit of USD 6m, negatively impacted by impairments in APM Terminals of USD 374m

The underlying profit of USD 372m improved by USD 290m, which was mainly driven by Maersk Line positively impacted by increased rates of 14%

The cyber attack had a negative impact of USD 250-300m with a vast majority related to Maersk Line

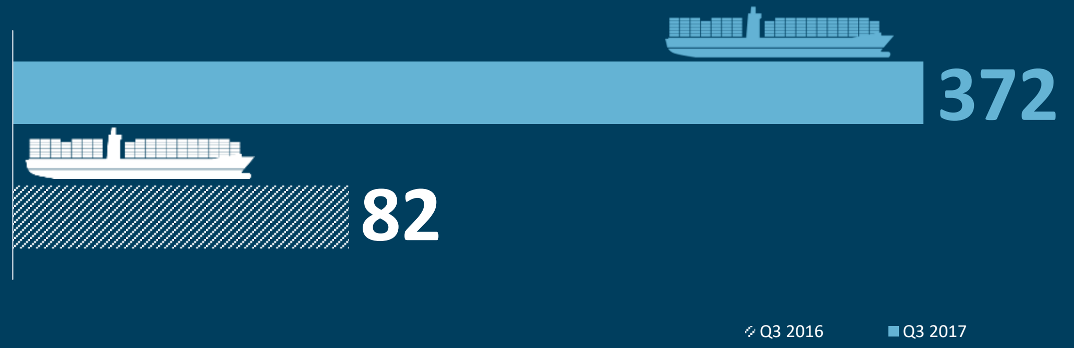
The regulatory approval process of Hamburg Süd is progressing as planned with expected closing in Q4 2017

Revenue



Revenue increased by 14% compared to Q3 2016, mainly driven by Maersk Line and Maersk Container Industry, partly offset by APM Terminals and Damco.

Underlying profit (USD m)



	Q3 2017 (USD m)	Q3 2016 (USD m)
Revenue	7,963	6,969
EBITDA	984	627
Operating cash flow	776	752
ROIC (%)	0.1	1.2

Transport & Logistics

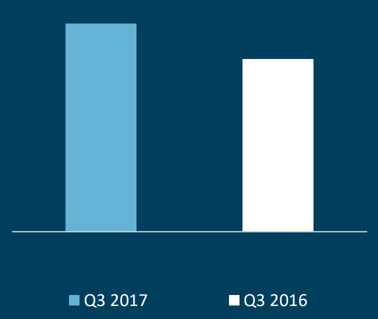
Maersk Line

Maersk Line reported a profit of USD 220m with a ROIC of 4.3%. Underlying profit improved by USD 333m compared to Q3 16, including negative impact from cyber-attack.

Market demand grew 5% compared to Q3 2016, while nominal supply grew 3%, pointing to continued robust market fundamentals. However the low idling and reduced scrapping lead to higher growth in the effective capacity during the quarter.

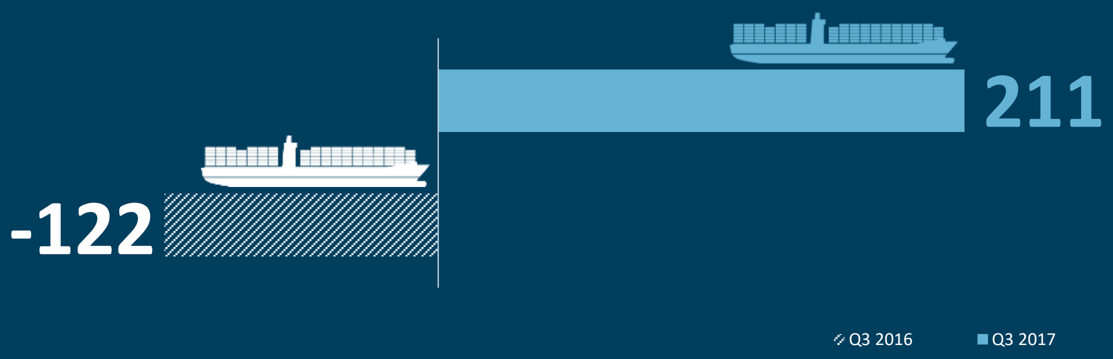
Contingencies related to recovery after the cyber-attack resulted in a negative development on volumes and unit cost performance throughout the quarter.

Revenue



Revenue increased by 14% compared to Q3 2016, primarily driven by an increase in average freight rate of 14%

Underlying Profit/loss (USD m)



	Q3 2017 (USD m)	Q3 2016 (USD m)
Revenue	6,130	5,359
EBITDA	755	325
Operating cash flow	702	368
ROIC (%)	4.3	-2.3

Maersk Line

Strong freight rates, not fully captured in earnings, partly due to cyber attack

Average freight rates increased by 14% compared to Q3 2016, and decreased 1.1% compared to Q2 2017. Rates on all three main trades increased y/y. At the end of the quarter we recognized some pressure on freight rates.

Maersk Lines volumes declined by 2.5%, with headhaul on the main trades increasing by 0.6%, which was more than offset by a decrease on the backhaul trades of 8.8%.

Average freight rate (USD/FFE)	Q3 2017	Q3 2016	Change, USD	Change, %
East-West	2,186	1,825	361	19.8
North-South	2,211	1,942	269	13.8
Intra-regional	1,361	1,273	88	6.9
Total	**2,063**	**1,811**	**252**	**13.9**

Loaded volumes (‘000 FFE)	Q3 2017	Q3 2016	Change, FFE	Change, %
East-West	946	963	-18	-1.9
North-South	1,287	1,337	-50	-3.8
Intra-regional	399	397	2	0.5
Total	**2,632**	**2,698**	**-66**	**-2.5**

Maersk Line

Increasing bunker cost and lower utilisation

Bunker cost increased by 37% to USD 809m y/y due to bunker price increased of USD 63 per tonne y/y or 26%, while bunker efficiency deteriorated by 11.4% y/y to 1.002 kg/FFE (900 kg/FFE), which was driven by slot purchase agreements, lower utilisation on the headhaul and less volumes on the backhaul.

Maersk Line's average capacity increased by 10.7% compared to Q3 2016, and 6.2% compared to Q2 2017, partly due to capacity being deployed to accommodate the slot purchase agreements with Hamburg Süd and HMM and ad hoc capacity added as a result of the cyber-attack.

USD million	Q3 2017	Q3 2016	Change	FY 2016
Revenue	6,130	5,359	14%	20,715
EBITDA	755	325	132%	1,525
Reported Profit/loss	220	-116	N/A	-376
Underlying Profit/loss	**211**	**-122**	**N/A**	**-384**
Operating cash flow	702	368	91%	1,060
Capital expenditures	-924	-176	N/A	-586
Volume (FFE '000)	2,632	2,698	-2.5%	10,415
Rate (USD/FFE)	2,063	1,811	14%	1,795
Bunker (USD/tonne)	307	244	26%	223
ROIC (%)	4.3	-2.3	6.6pp	-1.9

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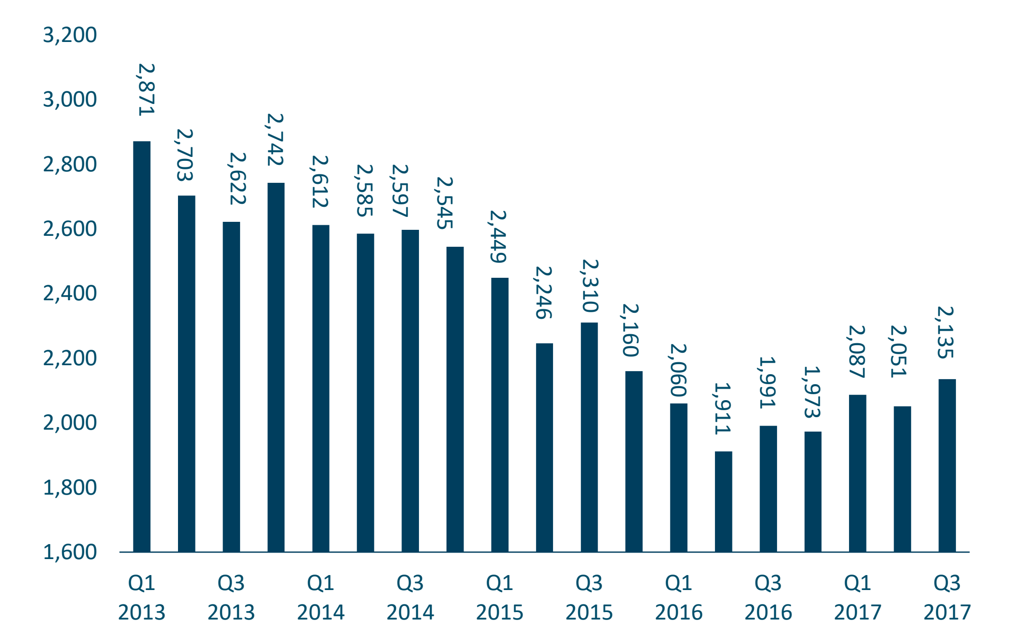
Maersk Line

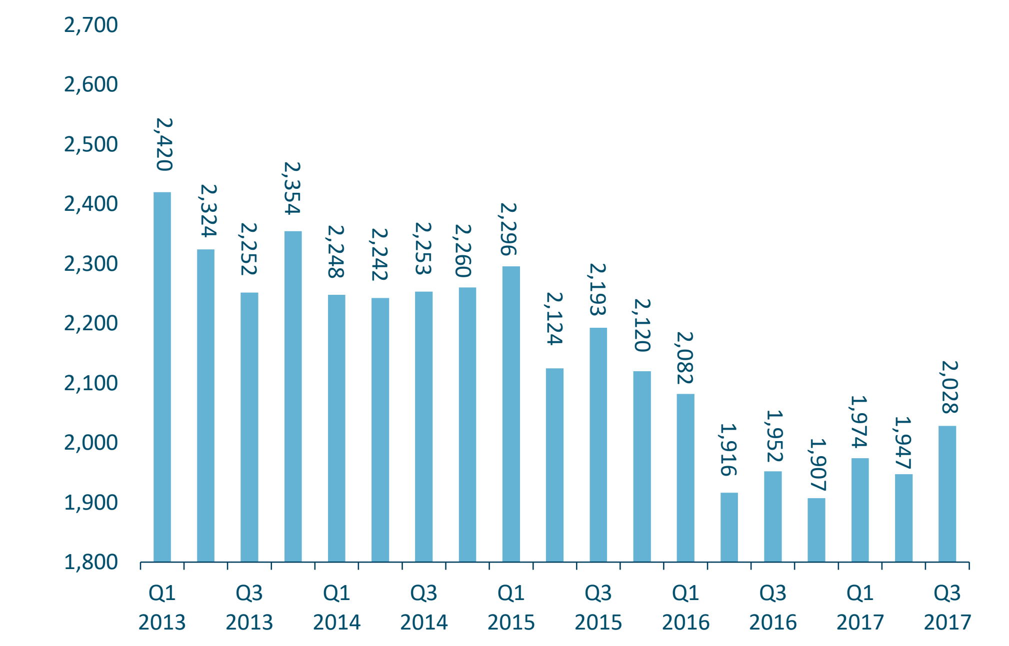
Unit cost increased compared to Q2 2017

USD/FFE **Unit cost including VSA income, floating bunker**



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

USD/FFE **Unit cost including VSA income, fixed bunker[1]**



1 Fixed at 200 USD/ton

Unit cost was 7.3% (144 USD/FFE) higher y/y and 4.1% higher q/q (84 USD/FFE) partly driven by a 26% increase in bunker price.

At a fixed bunker price, the unit cost was 3.9% (76 USD/FFE) higher y/y and 4.2% (81 USD/FFE) higher q/q.

The increase was driven by lower utilisation, less backhaul volumes, higher SG&A cost partly due to the cyber attack, impacts from rate of exchange and deployment of 5 new-buildings during the quarter.

Transport and Logistics

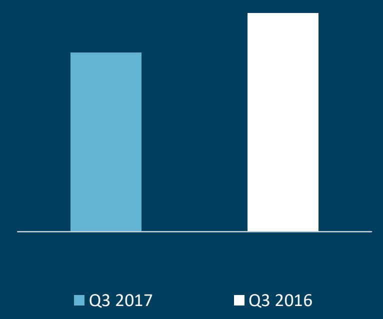
APM Terminals

APM Terminals reported an underlying result of USD 110m, but due to an impairment of USD 374m a loss of USD 267m was reported for Q3 2017. Excluding impairments ROIC in Q3 17 was 5.2% (6.6%) annualized.

With the alliances in place, the customer landscape have stabilised , and volumes were positively impacted by the extension of 2M with HMM and Hamburg Süd participation on some services.

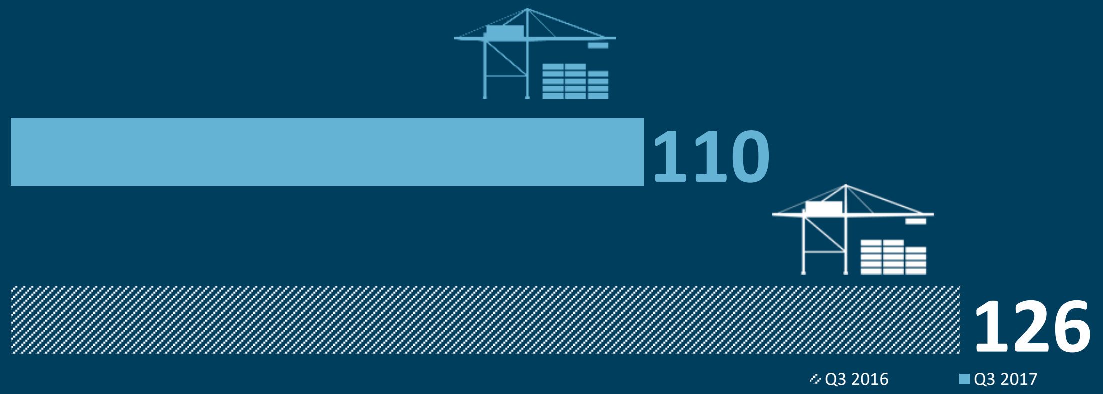
6 commercial agreements has been won, while 2 contracts were lost, adding 103k moves on annualized basis.

Revenue



Revenue declined by 4%, negatively impacted by loss of service, and thereby changing the volume mix

Underlying Profit/loss (USD m)



	Q3 2017 (USD m)	Q3 2016 (USD m)
Revenue	1,024	1,062
EBITDA	178	199
Operating cash flow	182	259
ROIC (%)	-13.3	6.6

APM Terminals

Growing ahead of the market

Revenue per move increased by 1%, mainly due to yearly performance bonusses received, and higher margin services in West African terminals, while unit cost increased by 2%, mainly driven by new operating terminals, as well as cost related to the cyber-attack.

Capex discipline remains a key focus and declined to USD 193m (USD 230m) in Q3 2017.

Equity weighted throughput increased by 6.5% in Q3, mainly due to newly operated terminals and strong volumes in joint ventures. Global port volume grew 5.7% in Q3 (Drewry).

Like for like throughput increased by 4.4% in Q3 2017.

USD million	Q3 2017	Q3 2016	Change	FY 2016
Revenue	1,024	1,062	-4%	4,176
EBITDA	178	199	-11%	764
Share of profit:				
- Associated companies	29	29	0%	92
- Joint ventures	-211	28	N/A	101
Reported Profit/loss	-267	131	N/A	438
Underlying Profit/loss	**110**	**126**	**-13.0%**	**433**
Operating cash flow	182	259	-30%	819
Capital expenditures	-193	-230	16%	-1,549
Throughput (TEU m)	10.2	9.5	6.5%	37.3
Revenue per move	197	195	1%	198
Unit cost per move	170	167	2%	172
ROIC (%)	-13.3	6.6	-19.9pp	5.7

Transport and Logistics

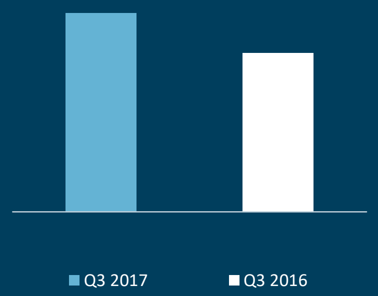
DAMCO

Damco increased revenue by 8.3% to USD 688m, but reported a loss of USD 6m, negatively impacted by a decline in freight forwarding margin on ocean volumes and the cyber-attack in June, partly offset by an improvement in air freight margins. Margins in supply chain management was in line with last year.

Damco continues to invest in digitalisation, as well as improving products.

Volumes in supply chain management grew by 5% and remained flat in air freight, while ocean controlled volumes decreased 3%, due to reduction in loss making volumes.

Revenue



Revenue increased by 8%, mainly driven by growth in supply chain management and air freight volumes.

Underlying Profit/loss (USD m)

	Q3 2017 (USD m)	Q3 2016 (USD m)
Revenue	688	635
EBITDA	-5	26
Operating cash flow	-38	20
ROIC (%)	-9.4	29.7

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Transport and Logistics

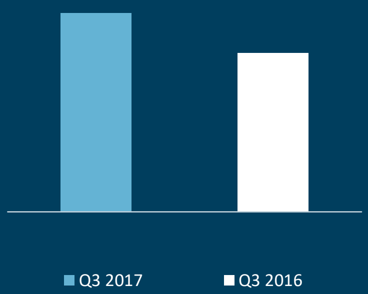
Svitzer

Svitzer reported a profit of USD 35m, with a ROIC of 10.6%, positively affected by increased towage activities in Australia and Americas, portfolio and fleet optimisation, and reduction of operating and administration costs.

Towage activity increased by 7% compared to Q3 2016, mainly due to increased activity in Australia and Americas.

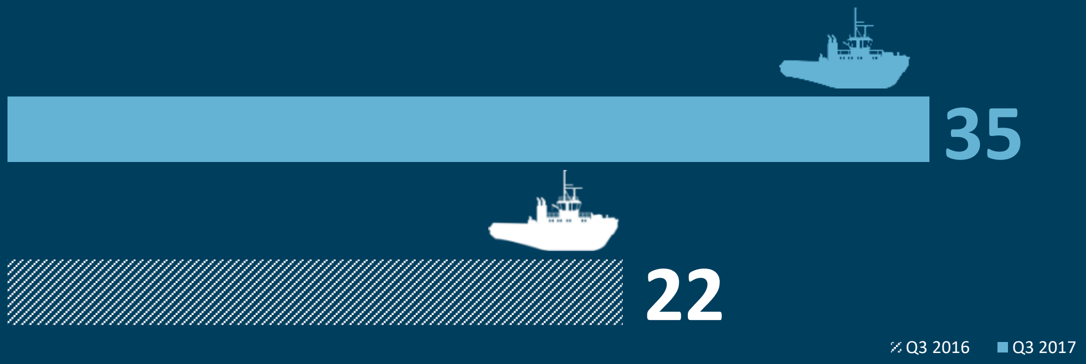
The activity in Europe remained flat, although consolidation in the industry is leading to increased competition in ports in the UK.

Revenue



Revenue increased by 7% compared to Q3 2016, impacted by an increase in activity by 7% mainly in Australia and Americas.

Underlying Profit/loss (USD m)



	Q3 2017 (USD m)	Q3 2016 (USD m)
Revenue	174	163
EBITDA	58	41
Operating cash flow	46	52
ROIC (%)	10.6	6.9

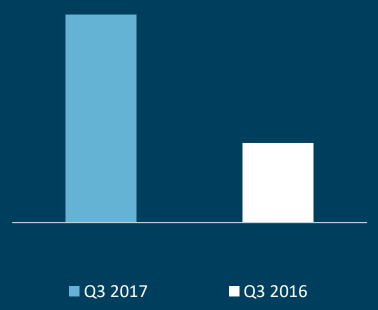
Transport and Logistics

Maersk Container Industry

Maersk Container Industry reported a profit of USD 8m and a ROIC of 11.0%, driven by increased prices and higher volumes in dry containers which was operated on one shift during Q3 2016 against two shifts in Q3 2017.

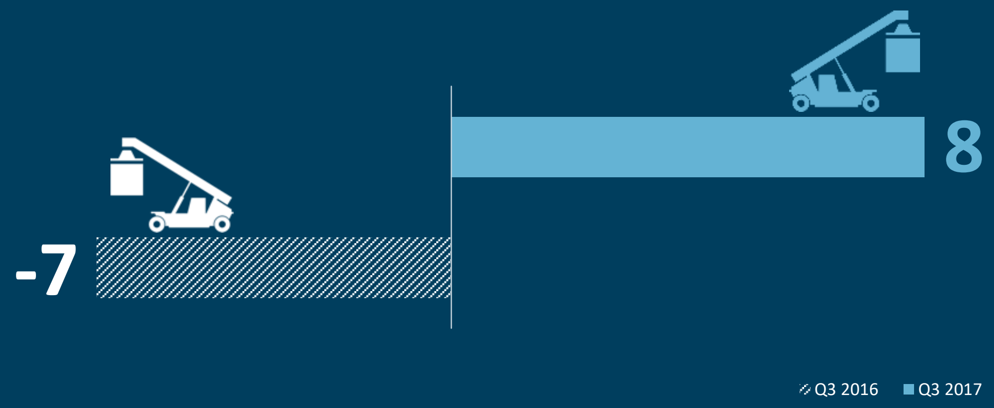
The refrigerated segment came out slightly better in Q3 2017 compared to Q3 2016, due to improved efficiencies and increased volumes in Chile.

Revenue



Revenue increased by 84% positively impacted by higher sales and higher market price in dry containers.

Underlying Profit/loss (USD m)



	Q3 2017 (USD m)	Q3 2016 (USD m)
Revenue	241	131
EBITDA	21	-4
Operating cash flow	73	-4
ROIC (%)	11.4	-6.2

ENERGY DIVISION

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Energy Division

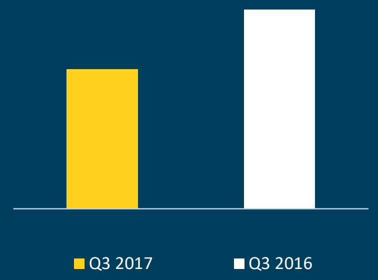
Maersk Supply Service

Maersk Supply Service reported a loss of USD 16m and a negative ROIC of 8.3%.

Total operating cost decreased to USD 60m (USD 73m) primarily due to fewer operating vessels. A total of 12 vessels have been divested during the past 12 month. Cash flow used for capital expenditures increased due to the delivery of Maersk Mariner.

Maersk Supply Service has successfully secured contracts in key markets during the quarter, albeit at relatively low rates.

Revenue



Revenue decreased 34% compared to Q3 2016, which is mainly a result of lower utilisation and rates

Underlying Profit/loss (USD m)

	Q3 2017 (USD m)	Q3 2016 (USD m)
Revenue	62	94
EBITDA	2	21
Operating cash flow	-3	38
ROIC (%)	-8.3	-2.5

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DISCONTINUED OPERATIONS

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Discontinued Operations – Held for sale

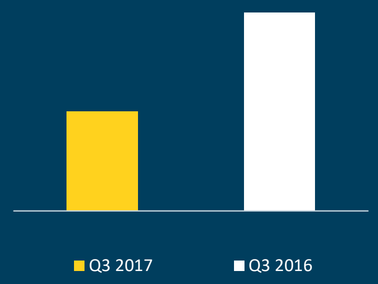
Maersk Drilling

Maersk Drilling reported a loss of USD -1,669m, negatively impacted by impairments of USD 1,750bn. Underlying profit in Q3 2016 was positively impacted by early termination fee of USD 210m from Maersk Valiant

For Q3 Maersk Drilling generated an operating cash flow of USD 183m and a free cash flow of USD 165m.

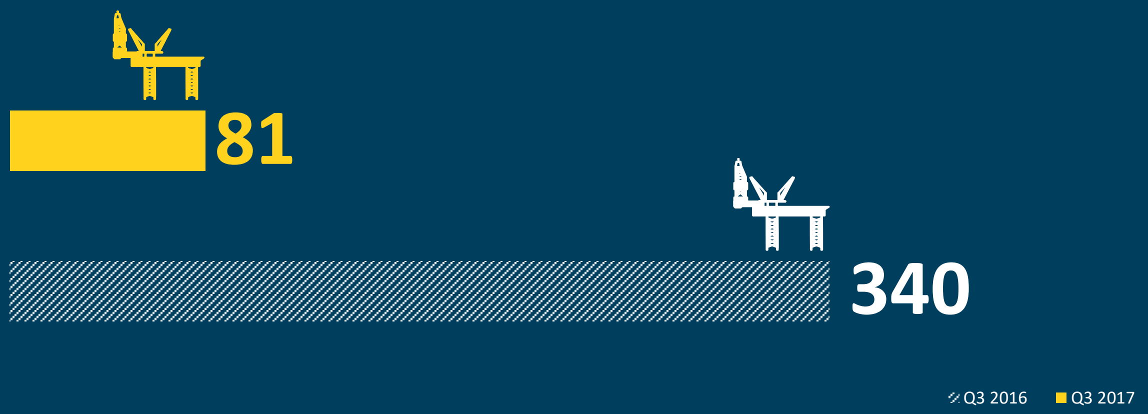
Maersk Drilling remains committed to increasing efficiencies for customers and ultimately reducing the offshore oil production cost.

Revenue



Revenue declined by -48% compared to Q3 2016, negatively impacted by significantly lower day-rates and lower economic utilisation.

Underlying Profit/loss (USD m)



	Q3 2017 (USD m)	Q3 2016 (USD m)
Revenue	380	733
EBITDA	202	501
Operating cash flow	183	630
ROIC (%)	5.0	17.2

Maersk Drilling

Signs of recovery, but day rates remain low

The offshore drilling industry has seen improving tender activity during the quarter, but with day rates still at a low level.

Two contract extensions as well as two new contracts with a total value of USD 59m, adding more than 14 months to the backlog, were announced in Q3. The total revenue backlog amounted to USD 2.8bn by the end of Q3.

The economic utilisation decreased to 72% (75%) reflecting that 8 rigs were idle by the end of Q3. During the quarter two rigs have come on contract, while another one, was being prepared for contract commencement in Q4.

Average operational uptime was 98% (99%) for the jack-up rigs and 98% (98%) for the floating rigs.

USD million	Q3 2017	Q3 2016	Change	FY 2016
Revenue	380	733	-48%	2,297
EBITDA	202	501	-60%	1,390
Reported Profit/loss	-1,669	340	N/A	-694
Underlying Profit/loss	**81**	**340**	**-76%**	**743**
Operating cash flow	183	630	-71%	1,345
Capital expenditures	-18	-43	N/A	-315
Fleet	24	23	+1	23
Contracted days	1,388	1,564	-11%	6,307
ROIC (%)	N/A	17.2	N/A	-9.0

Q3 2017
Guidance

Guidance

Guidance for 2017

Changes in guidance are versus guidance given at Q2 2017. All figures in parenthesis refer to full-year 2016.

A.P. Moller - Maersk now expects a positive underlying profit (loss of USD -546m), previously above 2016. Gross capital expenditure for 2017 is now expected to be around USD 4.5bn (USD 3.1bn). Both adjusted for the discontinued operations of Maersk Oil, Maersk Tankers and Maersk Drilling.

The guidance for 2017 excludes the acquisition of Hamburg Süd.

The Transport & Logistics now expects an underlying profit around USD 1bn (previously an underlying profit above USD 1bn), including negative impact from the June cyber-attack at a level of USD 250-300m, of which the vast majority relates to temporary lost business in July and August.

Maersk Line now expects an improvement around USD 1bn in underlying profit (previously in excess of USD 1bn) compared to 2016 (loss of USD 384m). The change relates to expected continuing higher cost to recover services and reliability after the cyber-attack combined with increasing bunker cost. Global demand for seaborne container transportation is expected to increase 4-5%.

The remaining businesses **(APM Terminals, Damco, Svitzer and Maersk Container Industry)** in the Transport & Logistics still expect an underlying profit around 2016 (USD 500m).

Energy, excluding the discontinued operations of Maersk Oil, Maersk Tankers and Maersk Drilling, expects an underlying loss of around USD 100m. Before reclassification, the Energy businesses reported an underlying profit of USD 754m for the first nine months; in excess of the guidance of USD 500m for the full-year

Net financial expenses **for A.P. Moller - Maersk** are now expected slightly above USD 0.5bn (previously around USD 0.5bn).

Sensitivity Guidance

A.P. Moller - Maersk's guidance for 2017 is subject to considerable uncertainty, not least due to developments in the global economy and the container freight rates. A.P. Moller - Maersk's expected underlying profit depends on a number of factors. Based on the expected earnings level and all other things being equal, the sensitivities for the rest of 2017 for three key value drivers are listed in the table below:

Factors	**Change**	**Effect on A.P. Moller - Maersk's underlying profit rest of year**
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

Q&A

To ask a question please press 01

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