S&P Global Ratings

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A.P. Moller - Maersk A/S

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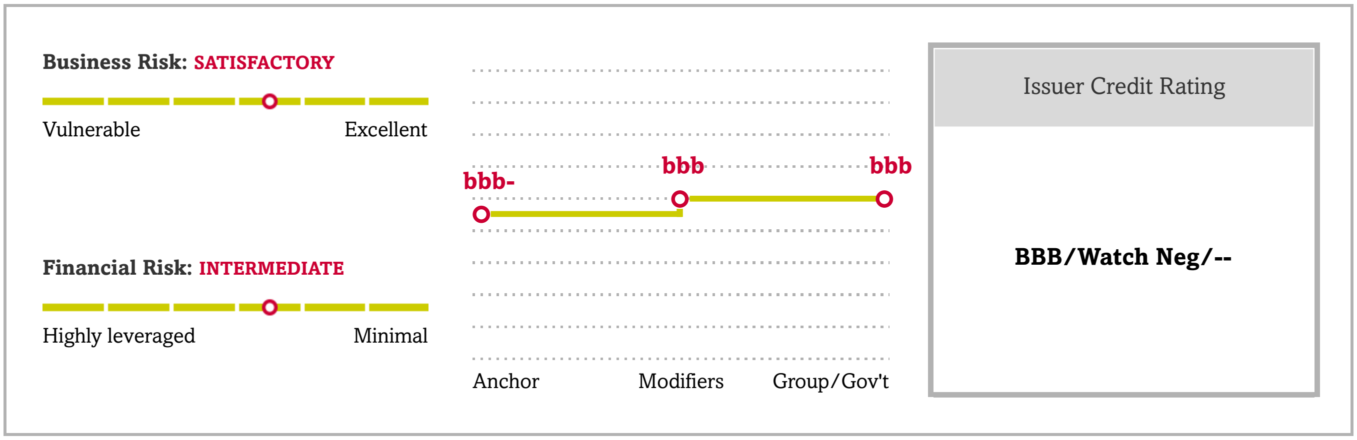

Credit Highlights

Overview

Key Strengths	Key Risks
Presence in infrastructure-like terminal business adds stability to earnings	Exposure to the cyclical, fragmented, and highly competitive container liner industry
Established track record of achieving significant cost savings and industry-leading profitability	Risks related to IMO 2020-regulation, cooling economic growth, and trade disputes
Well-invested asset base and low committed capital investments	Currently weak leverage metrics for the 'BBB' rating
Capacity to reduce debt and improve credit measures in 2019-2020	Uncertainty around Maersk's future financial policy.

Maersk's diverse operations help to navigate the high-risk shipping industry. The container liner industry is a high-risk sector, in our view, due to its cyclicality, capital intensity, and unpredictable swings in bunker prices (the price of fuel to run the ships) and freight rates. Maersk's infrastructure-like terminal ownership and operations, complemented by towage and logistics services (combined contributing about $1 billion of EBITDA to the group) offer more stability than if Maersk were solely dependent on volatile container liner business. This also differentiates Maersk from its competitors, such as Hapag-Lloyd or Wan Hai Lines, which derive the vast majority of their earnings from liner operations. We forecast no major change of proportional contribution from terminal, support services, and logistics segments to Maersk's EBITDA in 2019-2020.

Consolidation has reshaped the container shipping industry and should lead to less volatile freight rates. During 2019--after the most recent acquisitions have been integrated, liner networks and customer platforms aligned, and cost synergies realized--we expect to see whether consolidation in the container shipping industry, with capacity management decisions now in hands of fewer players, translates into less volatile freight rates and profitability. The liner industry has been through a few rounds of consolidation over the past several years, as an answer to erratic rate movements and recurring operating losses, including the most recent merger of three Japanese liners Kawasaki Kisen Kaisha, Nippon Yusen Kabushiki Kaisha, and Mitsui O.S.K. Lines into ONE; and acquisitions of Hamburg Süd by Maersk Line, United Arab Shipping Company by Hapag-Lloyd, and Neptune Orient Lines by CMA CGM. The consolidation led to a structural change of container liners' competitive landscape so that the share of the top five players escalated to around 65% in 2018 from 30% around 15 years ago. About half of the top 20 players were either absorbed by mergers or defaulted (Hanjin Shipping), and the gap between the larger and smaller players, as measured by their total carrying capacity, has markedly widened. What's more, it appears that size in this industry matters, as reflected in the above-industry average EBIT margins reported by the largest liners, such as Maersk Line, CMA CGM, and Hapag-Lloyd over recent quarters. We assume in our base case that, notwithstanding the consolidation efforts, the container liner industry will remain volatile because of its asset-intense, operating leverage-heavy, and network-based nature. But cyclical swings could be less pronounced and of shorter duration, and mid-cycle freight rates could trend above the breakeven operating cost.

Maersk reported weak credit ratios in 2018, but we believe it has the capacity to strengthen its financial profile and protect our 'BBB' rating. Separation of energy businesses resulted in Maersk losing the diversification benefits that we previously factored into our rating. That said, we still believe that, if the company were to apply a significant part of the proceeds from the divestments toward net debt reduction and strengthened its financial profile to fully counterbalance the loss of business diversification, and EBITDA appeared to improve gradually, this combined could allow us to affirm the rating, which is currently on CreditWatch negative. Maersk has stated its commitment to maintaining an investment-grade rating. However, we understand the exact allocation between deleveraging and shareholder remuneration has not been determined and will be clarified in August 2019, at the latest, when the company reports its financial results for the second quarter of 2019.

CreditWatch

We intend to resolve the CreditWatch once the listing of Maersk Drilling is complete and we have more clarity on how Maersk will use the proceeds from the sale of energy assets, in particular shares in Total S.A., including the allocation of funds between debt reduction and shareholder remuneration.

We will lower the rating, likely by one notch, if we do not see sufficient deleveraging at Maersk.

We could affirm the rating if the company's credit metrics improve, offsetting the loss of diversification. To remain commensurate with the current rating, we would expect a sustained ratio of adjusted FFO to debt of at least 40% and Maersk generating strong free operating cash flow (FOCF) sufficient to fund likely higher shareholder returns.

Our Base-Case Scenario

Our base-case scenario reflects S&P Global Rating's economic forecast for GDP growth, combined with company-specific factors that we believe will allow Maersk to continue expanding in line with the industry growth at low-single-digit rates.

Assumptions

- We consider the GDP growth of all major contributors to global trade volumes, including GDP growth in the eurozone of 1.6% in 2019 and 2020 (from an estimated 1.9% in 2018). We expect U.S. GDP growth of 2.3% in 2019 and 1.8% in 2020 (from an estimated 2.9% in 2018). Furthermore, we forecast softening GDP growth in China of 6.2% in 2019 and 6.0% in 2020 (from an estimated 6.5% in 2018), and continued slower economic growth in Asia-Pacific of 5.3% in 2019 and 5.3% in 2020 (from an estimated 5.6% in 2018). However, there are evident risks in the demand outlook, most importantly from the ongoing U.S.-China and U.S.-Europe trade disputes.
- Annual growth rates in Maersk Ocean's (container liner segment) transported volumes of 3%-4% in 2019-2020, based on global GDP growth trends.
- Deployed capacity in Maersk Ocean to remain flat at around 4 million twenty-foot equivalent units (TEU; a measure of container-carrying capacity) until 2020.
- Decline in crude oil prices to $55 per barrel (/bbl) in 2019 and $55/bbl in 2020, versus $72/bbl in 2018.
- Bunker fuel expense in Maersk Ocean that we keep fixed in 2019-2020 (in line with $5.0 billion paid in 2018) for the purpose of our base case. This incorporates the aforementioned volume growth offset by an increasingly fuel efficient fleet per TEU. Furthermore, we assume that a future bunker cost increase or decrease (typically closely linked to movement in a crude oil price) will be either passed through or returned to customers via higher or lower freight rates. We assume that Maersk will fully pass through higher IMO 2020 compliance-related bunker costs with a time lag of a few months. Otherwise, we forecast flat fixed-bunker freight rates over 2019-2020, after a low-single-digit freight rate increase this year supported by the consolidation of Hamburg Süd, which has a different trade mix than Maersk Line, particularly on the intra-regional and North-South trades, and hence it generates higher average freight rates than Maersk Line stand-alone.
- Up to 1.0% lower cost per container (at fixed bunker price) over the forecast period 2019-2020. This is a

Key Metrics

	2018A	2019E	2020E
Adjusted EBITDA (bil. $)	5.7	5.8-5.9	6.2-6.3
FFO to debt (%)	About 28	35-40	40-45
Debt to EBITDA (x)	2.5	2.0-2.5	About 2.0

A--Actual. E--Estimate. Our leverage and cash flow ratios include several adjustments. In financial 2018, the most significant adjustments to debt were the addition of about $6.75 billion in operating leases and the reduction of debt by about $4.3 billion to reflect surplus cash. Major adjustments to EBITDA come from operating leases adding about $1.45 billion and dividends received adding about 440 million.

bit more conservative than management's guidance of annual unit cost reduction by 1.0%-2.0% and reflects Maersk's cost controls, including the realization of further efficiency gains and synergies from Maersk's transformation and merger with Hamburg Süd, which will counterbalance the inflationary pressures.

- Annual growth in Maersk Terminals' containers handled/terminal moves (weighted with ownership share) of 3%-4% over the forecast period, largely in line with growth in transported volumes.
- Growth in terminal revenue per move largely balancing out the growth in unit cost per move, resulting in a consistent gradual EBITDA growth in terminal operations over the forecast period, supported by better utilization thanks to the closer cooperation with Maersk Line. This will be complemented by moderate and gradual EBITDA expansion in the towage segment (Svitzer).
- Decreasing capital expenditure (capex) to around $2.0 billion in 2019 and 2020 (from $3.0 billion in 2018 and $3.6 billion spent in 2017), which will boost FOCF generation.

Base-case projections

We believe industry-wide freight rate increases will be inevitable from 2020. When low sulfur regulation (IMO 2020) becomes effective and the fuel bill likely increases from January 2020, all liners will seek to recover cost inflation. We assume that Maersk will fully pass through higher IMO 2020 compliance-related bunker costs with a time lag of a few months.

Increased capacity to deleverage over 2019-2020 due to the scaled back capex. Maersk's operating cash flows will outpace the annual capex requirements by an average of about $2 billion in 2019 and 2020. Capex includes payments for the remaining six new containerships on order to be delivered to Maersk Line by 2019 and the drydock and special survey expenses. We believe that the growth in 2019-2020 will come from the investments in the Logistics and Services segment rather that large acquisitions or mergers in the Maersk Ocean and Terminals and Towage segments. Capacity to generate FOCF creates scope for further net debt reduction, but this remains subject to future shareholder remunerations, of which magnitide and timing will be clarified by Maersk's management at the latest in August 2019.

Rising fuel prices, inability to recover IMO 2020-related bunker cost inflation, and cooling economic growth pose risks. Higher oil prices, potentially due to geopolitical tensions; failure to fully pass through IMO 2020-related bunker cost inflation; and cooling economic growth, including effects from potentially escalating trade conflicts, which might depress trade volumes more than we built into our forecast, all seperately or combined pose risk to our base case and the sustainability of our current rating on Maersk.

Company Description

Maersk is one of the world's largest transportation companies with the following main operating segments:

- Maersk Ocean (about $3 billion EBITDA in 2018): activities in the Maersk Line business and Hamburg Süd, and seven hub terminals. The world's largest container liner with 18% global market share of capacity. The company operates in over 120 countries around the world and has a fleet of nearly 710 ships, of which (as measured by capacity) 65% is owned and 35% chartered-in from containership owners. Ships sail every major trade lane on the globe. The company offers dry, reefer, and special cargo services.
- Terminals and Towage (about $780 million EBITDA in 2018) with gateway terminals and Svitzer towage services. Provides port and inland infrastructure to drive global commerce. It is currently active in 65 ports and terminals across 58 countries with four new terminals now under construction, along with more than 100 inland services operations across the world. Svitzer provides safety and support at sea since 1833. With a fleet of more than 500 vessels and operations all over the world, Svitzer is the global market leader within towage operations.
- Logistics and Services (about $100 million EBITDA in 2018) including supply chain management and inland activities. World-leading provider of freight forwarding and supply chain management services.
- Manufacturing and Other (about $60 million EBITDA in 2018) including mainly Maersk Container Industry, which develops and manufactures refrigerated containers and StarCool (TM) refrigeration machine to the intermodal industry including shipping lines, fruit multinationals, and leasing companies.

Business Risk: Satisfactory

Maersk's business risk profile weakened within our satisfactory category after the separation of the energy assets. The disposals left Maersk with a narrower business scope, less diversification, and smaller absolute cash flow streams. Maersk's operating performance and profitability have become more volatile because of the group's heavy exposure to the shipping industry's high risk. Positively, and in contrast to peers within the container liner segment, Maersk's business profile benefits from its large and strategic position in the infrastructure-like terminal business (built around a portfolio of 65 ports across 58 countries and four new terminals under construction), complemented by relatively predictable towage operations, which we expect to jointly contribute about $1 billion in annual EBITDA in the coming years and add to earnings' stability at the Maersk group. This is an essential and differentiating rating factor compared with the business risk profiles of rated container liner peers, such as CMA CGM S.A., Hapag-Lloyd, and Wan Hai Lines, which we assess as fair, weak, and weak.

Furthermore, we believe Maersk continues to benefit from its top-tier market positions and global footprint through a broad and strategically located container liner route and port terminal network; attractive fleet profile, supported by a large, young, and diverse fleet; and strong customer and end-market diversification. We also believe that the group's established track record of achieving consistent cost savings and proactive efforts to continuously improve cost efficiencies--combined with unlocked synergies from transformation and merger with Hamburg Süd--will continue to support EBIT margins above the average for the container liner industry.

Peer comparison

Maersk's global market leadership is underpinned by its operation of the world's largest fleet with 710 container ships and a 4 million TEU capacity. The Hamburg Süd acquisition added 100 vessels to Maersk's fleet. The next largest rated liner company, CMA CGM, operates 470 vessels with 2.6 million TEU capacity, followed by Hapag-Lloyd, which runs 222 comparatively large vessels (Hapag-Lloyd has the largest average vessel size in the world) with 1.6 million TEU capacity.

Maersk commands the top three market positions on major trade lanes, similar to CMA CGM, while Hapag-Lloyd has smaller market shares. Well below the industry average of 12.2 years, the average age of Maersk's fleet is about 8.8 years, consistent with the 10 strongest players in the market, and somewhat above Hapag-Lloyd's 7.5 year-old fleet and CMA CGM's 8.0-year-old fleet. Most importantly, Maersk (and similarly CMA CGM and Hapag-Lloyd) has been able to translate market leadership into EBIT margins above the average for the container liner industry for the past few years.

The foremost reason why we assess Maersk's business profile more positively than CMA CGM's and Hapag-Lloyd's lies in its diversity beyond the traditional volatile container liner business. Maersk's more stable and infrastructure-like terminal operations are complemented by port towage services and generate close to $1 billion of relatively stable reported EBITDA. In absolute terms, this compares with a total for CMA CGM of about $1.6 billion (average in 2017-2018) and about $1.2 billion (average in 2017-2018) for Hapag-Lloyd. This contribution supports earnings stability and renders a better profitability assessment for Maersk than peers.

Table 1

A.P. Moller - Maersk A/S -- Peer Comparison

Industry Sector: Shipping				
	A.P. Moller - Maersk A/S	**CMA CGM S.A.**	**Hapag-Lloyd AG**	**Wan Hai Lines Ltd.**
Rating as of March 20, 2019	BBB/Watch Neg/--	B+/Positive/--	B+/Stable/--	BB+/Stable/--
	--Fiscal year ended--			
(Mil. $)	**--Dec. 31, 2018--**		**--Dec. 31, 2017--**	
Revenue	39,019.0	23,476.2	11,976.7	2,042.3
EBITDA	5,712.3	2,807.4	1,657.1	297.9
FFO	4,052.5	1,720.8	1,158.0	271.4
Net income from cont. oper.	(200)	33.9	32.9	86.0
Cash flow from operations	4,175.5	1,928.8	1,125.2	288.7
Capital expenditure	2,817.0	420.8	492.2	152.9
Free operating cash flow	1,358.5	1,508.0	633.0	135.7
Discretionary cash flow	766.5	1,323.6	629.2	105.9
Cash and short-term investments	4,299.0	1,355.2	702.5	789.4
Debt	14,323.2	15,222.4	8,851.1	542.6
Equity	33,439.6	5,525.0	7,275.2	1,148.7
Adjusted ratios				
EBITDA margin (%)	14.6	12.0	14.1	14.7
Return on capital (%)	2.5	4.2	3.8	7.6

Table 1

A.P. Moller - Maersk A/S -- Peer Comparison (cont.)				
EBITDA interest coverage (x)	4.5	2.8	3.6	10.9
FFO cash interest coverage (X)	8.2	6.7	4.5	16.9
Debt/EBITDA (x)	2.5	5.4	5.3	1.8
FFO/debt (%)	28.3	11.3	13.4	50.3
Cash flow from operations/debt (%)	29.2	12.7	13.0	53.4
Free operating cash flow/debt (%)	9.5	9.9	7.4	25.3
Discretionary cash flow/debt (%)	5.4	8.7	7.4	19.8

FFO--Funds from operations.

Financial Risk: Intermediate

We believe that Maersk's application of a significant part of the proceeds from the divestments of its energy businesses toward a permanent, structural net debt reduction and strengthening its financial profile to fully counterbalance the loss of business diversification could allow us to affirm the rating. Maersk has stated its commitment to maintaining an investment-grade rating. However, we understand the exact allocation between deleveraging and shareholder remuneration has not been determined.

The affirmation of the rating will also depend upon our view of whether the prospects for the container shipping industry and the company's ability to restore earnings over 2019-2020 (after lower EBITDA generation in 2018 than we previously expected) support the 'BBB' rating. We believe that debt reduction alone, absent EBITDA improvement, might not be sufficient for Maersk to restore its credit measures in line with the current rating, which include S&P Global-adjusted FFO to debt improving and remaining at 40% or above, and sustained strong FOCF generation.

The overall demand-and-supply conditions are shifting in favor of ocean carriers after a difficult 2018, in which container liners struggled to pass through the elevated bunker prices via higher freight rates, in particular in the first half of 2018. With no incentive to place new orders, in particular for large vessels, as demonstrated by the muted contracting activity since late 2015, the containership order book has reached a near historical low, at currently 11% of the total global fleet. Combined with funding constraints and more stringent regulation to cut sulfur emissions to 0.5% as of January 2020, these factors will likely help to restore the demand-and-supply balance in the containership segment as we progress into 2019-2020.

However, we remain cautious on the freight rates' outlook. We believe that persistent significant deliveries of large containerships with more than 12,000 TEU scheduled in 2019 will constrain rates, in particular on the main Asia-Europe and Transpacific lanes (where these leviathans operate), despite the likely favorable demand-and-supply balance in the industry in general. Risks are also evident in the demand outlook, most importantly from the ongoing U.S.-China trade dispute. Bearing in mind the supply pressure coming from the deliveries of ultra-large containerships, freight rates will ultimately depend upon how prudent the leading container liners are in their capacity management and rate-setting decisions, which are even more important given high bunker fuel prices. Maersk's stringently managed capacity and no plans to order new ships in the next minimum 12 months should support lower volatility in rates, particularly because the company's closest peers will likely follow suit. We would normally expect this behavior from a now more concentrated industry.

Under our base case, we estimate Maersk to reach reported EBITDA of $4.3 billion-$4.4 billion in 2019 and $4.7 billion-$4.8 billion in 2020, an improvement on $3.8 billion reported EBITDA in 2018. We added about $1.45 billion of operating lease component and $0.44 billion dividends received to arrive at S&P Global Ratings-adjusted EBITDA of $5.7 billion in 2018. In our base case for 2019-2020, the corresponding adjustments are $1.2 billion (in line with the expected impact from implementation of International Financial Reporting Standard 16) and $0.25 billion-$0.3 billion. Based on these underlying operating assumptions and--even allowing for material distribution of the value from the sale of energy businesses to the shareholders--we believe that Maersk has the capacity to achieve adjusted FFO to debt of 40% or higher, underpinned by its well-invested asset base and prudent capex plan.

Financial summary

Table 2

A.P. Moller - Maersk A/S -- Financial Summary

Industry Sector: Shipping

	--Fiscal year ended Dec. 31--				
	2018	**2017**	**2016**	**2015**	**2014**
Rating history	BBB/Watch Neg/--	BBB/Watch Neg/--	BBB/Negative/--	BBB+/Stable/--	BBB+/Stable/--
(Mil. $)					
Revenue	39,019.0	30,945.0	35,464.0	40,308.0	47,569.0
EBITDA	5,712.3	5,040.7	8,568.9	11,174.0	14,615.6
FFO	4,052.5	3,787.1	7,035.9	8,853.9	9,895.3
Net income from continuing operations	(200)	(235)	(1,939)	791.0	2,159.0
Cash flow from operations	4,175.5	3,442.1	5,254.9	9,058.9	9,804.3
Capital expenditure	2,817.0	3,536.0	4,236.0	6,973.0	8,404.0
Free operating cash flow	1,358.5	(93.9)	1,018.9	2,085.9	1,400.3
Discretionary cash flow	766.5	(609.9)	12.9	(4,152.1)	121.3
Cash and short-term investments	4,299.0	1,172.0	3,057.0	3,569.0	2,886.0
Debt	14,323.2	23,196.9	20,327.1	17,435.7	18,038.0
Equity	33,439.6	31,470.2	32,153.2	35,797.1	42,225.0
Adjusted ratios					
EBITDA margin (%)	14.6	16.3	24.2	27.7	30.7
Return on capital (%)	2.5	1.9	0.2	2.9	9.1
EBITDA interest coverage (x)	4.5	4.7	8.2	11.9	13.5
FFO cash interest coverage (x)	8.2	5.3	9.7	22.5	13.9
Debt/EBITDA (x)	2.5	4.6	2.4	1.6	1.2
FFO/debt (%)	28.3	16.3	34.6	50.8	54.9
Cash flow from operations/debt (%)	29.2	14.8	25.9	52.0	54.4
Free operating cash flow/debt (%)	9.5	(0.4)	5.0	12.0	7.8
Discretionary cash flow/debt (%)	5.4	(2.6)	0.1	(23.8)	0.7

FFO--Funds from operations.

Liquidity: Exceptional

We assess Maersk's liquidity as exceptional. We forecast that Maersk's liquidity sources will cover its uses by around 3.5x over the 12 months started Jan. 1, 2019, and remain above 3.0x in the following 12 months. Maersk's liquidity sources on hand, such as cash balance and liquid shares in Total S.A., supplemented with several committed credit lines maturing beyond 12 months, provide an ample liquidity cushion. We expect Maersk to continue having uninterrupted access to capital markets. In our view, management has a proactive approach toward financing planned capital investments and Maersk's debt maturities are well distributed. Furthermore, Maersk benefits from flexibility through its large unencumbered asset pool and well-established sound banking relationships. We understand that there are no financial covenants in any corporate loan documentations.

Principal Liquidity Sources	Principal Liquidity Uses
We calculate the following cash sources for the 12 months started Jan. 1, 2019: • Cash and bank balances of $1.85 billion, excluding $1 billion of restricted cash. • About $2.45 billion in liquid shares in Total S.A. • About $8.5 billion of undrawn credit facilities with maturity beyond 12 months. • Unadjusted FFO (less working capital outflow) of about $3.6 billion-$3.7 billion.	For the same period, we calculate the following cash needs: • Short-term debt of about $2.0 billion. • Capex of about $2.0 billion. • Cash dividends of $0.5 billion.

Other Credit Considerations

We assess Maersk's anchor at 'bbb-'. We then adjust our anchor upward by one notch to reflect our base-case forecast, which points to the company achieving financial ratios that are, in aggregate, commensurate with the higher end of our intermediate financial risk profile, such as adjusted FFO to debt of at least 40% and debt to EBITDA below 2.5x.

Environmental, Social, And Governance

Maersk is well placed strategically and financially to meet more stringent environmental regulations requiring sulfur emissions to be reduced to 0.5% from January 2020 (versus 3.5% currently). Maersk will run the vast majority of its fleet on a more expensive low sulfur fuel but we expect it to recover the cost inflation via higher freight rates, as per its newly introduced bunker adjustment factor, which is a similar approach its closest peers CMA CGM and Hapag-Lloyd take. We note that the entire industry is similarly hit by the new emissions limit, and it will be in all ship owners' interests to recover the higher fuel costs. In addition, Maersk will invest in scrubbers and retrofitting on selected vessels. We do not expect these compliance-related capex to have a rating impact, given Maersk's strong financial flexibility.

In our view, a reliable, safe, and economic fleet is key to handling regulatory risks and public opinion. The company boasts no history of significant environmental incidents (such as oil spills). However, it has experienced a number of fatal accidents in recent years, although these were not a material factor for the rating. Consequently, board of directors has approved a fundamentally new approach to safety, and it has been rolled out across the entire organization in 2019 with the aim of ensuring Maersk is a safe place to work.

We assess Maersk's management and governance as satisfactory, underpinned by the highly reputable team of industry experts running the company. We also note the company's consistent operating track record and high standard for operating performance, as reflected in an all-time high customer satisfaction score in Maersk Ocean in 2018 and generally positive employee relations.

Issue Ratings - Subordination Risk Analysis

Capital structure

Our rating takes into consideration Maersk's capital structure, which as of Dec. 31, 2018, consisted of about $4.25 billion of secured and unsecured bank debt, about $5.37 billion of unsecured bonds, and about $2.26 billion of finance leases.

Analytical conclusions

We rate Maersk's unsecured notes 'BBB', in line with the issuer credit rating, as no significant elements of subordination risk are present in the capital structure.

Reconciliation

Table 3

Reconciliation Of A.P. Moller - Maersk A/S Reported Amounts With S&P Global Ratings' Adjusted Amounts (Mil. $)

	--Fiscal year ended Dec. 31, 2018--							
A.P. Moller - Maersk A/S reported amounts								
	Debt	**Shareholders' equity**	**EBITDA**	**Operating income**	**Interest expense**	**EBITDA**	**Cash flow from operations**	**Capex**
	11,885.0	32,621.0	3,952.0	627.0	738.0	3,952.0	3,225.0	2,876.0
S&P Global Ratings' adjustments								
Interest expense (reported)	--	--	--	--	--	(738.0)	--	--
Interest income (reported)	--	--	--	--	--	69.0	--	--
Current tax expense (reported)	--	--	--	--	--	(449.0)	--	--
Operating leases	6,752.2	--	1,456.3	476.5	476.5	979.8	979.8	--
Postretirement benefit obligations/deferred compensation	--	47.6	(2.0)	(2.0)	--	(8.4)	29.6	--
Surplus cash	(4,299.0)	--	--	--	--	--	--	--
Capitalized interest	--	--	--	--	59.0	(59.0)	(59.0)	(59.0)
Share-based compensation expense	--	--	13.0	--	--	13.0	--	--
Dividends received from equity investments	--	--	439.0	--	--	439.0	--	--
Non-operating income (expense)	--	--	--	308.0	--	--	--	--
Non-controlling Interest/Minority interest	--	771.0	--	--	--	--	--	--
Debt - Fair value adjustments	(15.0)	--	--	--	--	--	--	--
EBITDA - Income (expense) of unconsolidated companies	--	--	(2.0)	(2.0)	--	(2.0)	--	--
EBITDA - Gain/(Loss) on disposals of PP&E	--	--	(144.0)	(144.0)	--	(144.0)	--	--
EBIT - Income (expense) of unconsolidated companies	--	--	--	2.0	--	--	--	--
Total adjustments	2,438.2	818.6	1,760.3	638.5	535.5	100.5	950.5	(59.0)
S&P Global Ratings' adjusted amounts								
	Debt	**Equity**	**EBITDA**	**EBIT**	**Interest expense**	**FFO**	**Cash flow from operations**	**Capex**
	14,323.2	33,439.6	5,712.3	1,265.5	1,273.5	4,052.5	4,175.5	2,817.0

Capex--Capital expenditure. FFO--Funds from operations.

Ratings Score Snapshot

Issuer Credit Rating

BBB/Watch Neg/--

Business risk: Satisfactory

- **Country risk:** Intermediate
- **Industry risk:** Moderately high
- **Competitive position:** Satisfactory

Financial risk: Intermediate

- **Cash flow/Leverage:** Intermediate

Anchor: bbb-

Modifiers

- **Diversification/Portfolio effect:** Neutral (no impact)
- **Capital structure:** Neutral (no impact)
- **Financial policy:** Neutral (no impact)
- **Liquidity:** Exceptional (no impact)
- **Management and governance:** Satisfactory (no impact)
- **Comparable rating analysis:** Positive (+1 notch)

Stand-alone credit profile : bbb

Related Criteria

- Criteria - Corporates - General: Reflecting Subordination Risk In Corporate Issue Ratings, March 28, 2018
- Criteria - Corporates - General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16, 2014
- Criteria - Corporates - Industrials: Key Credit Factors For The Railroad And Package Express Industry, Aug. 12, 2014
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- General Criteria: Group Rating Methodology, Nov. 19, 2013
- General Criteria: Methodology: Industry Risk, Nov. 19, 2013
- Criteria - Corporates - General: Corporate Methodology: Ratios And Adjustments, Nov. 19, 2013

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Business And Financial Risk Matrix

Business Risk Profile	Financial Risk Profile					
	Minimal	Modest	**Intermediate**	Significant	Aggressive	Highly leveraged
Excellent	aaa/aa+	aa	a+/a	a-	bbb	bbb-/bb+
Strong	aa/aa-	a+/a	a-/bbb+	bbb	bb+	bb
Satisfactory	a/a-	bbb+	**bbb/bbb-**	bbb-/bb+	bb	b+
Fair	bbb/bbb-	bbb-	bb+	bb	bb-	b
Weak	bb+	bb+	bb	bb-	b+	b/b-
Vulnerable	bb-	bb-	bb-/b+	b+	b	b-

Ratings Detail (As Of March 20, 2019)

A.P. Moller - Maersk A/S	
Issuer Credit Rating	BBB/Watch Neg/--
Senior Unsecured	BBB/Watch Neg
Issuer Credit Ratings History	
23-Aug-2017	BBB/Watch Neg/--
14-Nov-2016	BBB/Negative/--
05-Jul-2016	BBB+/Watch Neg/--
19-Feb-2016	BBB+/Negative/--

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.

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