Interim Report Q3 2018

A.P. Møller - Mærsk A/S
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MAERSK

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The Interim Report for Q3 2018 of A.P. Møller - Mærsk A/S (further referred to as A.P. Moller - Maersk as the consolidated group of companies) has been prepared in accordance with IAS 34 "Interim Financial Reporting" as issued by the International Accounting Standards Board (IASB) and as adopted by the EU and Danish disclosure requirements for listed companies.

Change in presentation and comparative figures
As of Q1 2018, A.P. Moller - Maersk changed the reportable segments and presentation of financial items in the cash flow statement. In accordance with IFRS, comparative figures have been restated. Unless otherwise stated, all figures in parenthesis refer to the corresponding figures for the same period prior year.

Forward-looking statements
The interim report contains forward-looking statements. Such statements are subject to risks and uncertainties as numerous factors, many of which are beyond A.P. Moller - Maersk's control, may cause the actual development and results to differ materially from expectations contained in the interim report.

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Directors' report

Highlights Q3 2018

Strong revenue growth, earnings momentum and solid cash flow generation

"**Søren Skou**, CEO of A.P. Moller - Maersk explains:

Well into our transformation, we are progressing with the integration of our business to better serve customers and unlock the full growth potential within Logistics & Services. As a result, I am pleased to see revenue growth in Q3 across the business, including supply chain services. Our profitability and cash flow is improving, positively impacted by the emergency bunker surcharge announced due to the significant increase in bunker price, synergies from Hamburg Süd and strong collaboration between Ocean and our terminal activities."

- Revenue increased by 31% in Q3 2018 to USD 10.1bn (USD 7.7bn), 12% excluding the effect from Hamburg Süd. All segments reported revenue growth with non-Ocean revenue growth of 15% compared to Q3 2017 and contributing to 31% of total revenue.
- Volume growth in Ocean of 5.0%, excluding Hamburg Süd, was above estimated market growth of around 2.7%, however, Q3 2017 was negatively impacted by the cyber-attack. Volume growth was lower than expected. Volume decreased by 1.9% compared to Q2 2018.
- Average freight rate in Ocean was 5.5% higher than same period last year and up 4.8% compared to Q2 2018, partly driven by announced emergency bunker surcharges.
- Revenue in Logistics & Services was up by 7.5% with supply chain management reporting 10% growth in volume and 16% growth in revenue.
- Gateway terminals reported a financially consolidated volume growth of 10% on a like-for-like basis with 7.2% growth from external customers and 17% from Maersk Line and Hamburg Süd reflecting continued synergy impact from the closer collaboration.
- EBITDA improved by 16% to USD 1.1bn (USD 977m) however, negatively impacted by increased bunker costs in Ocean of USD 509m, due to an average bunker price increase of 47%.
- Unit cost at fixed bunker in Ocean was 1,809 USD/FFE, an increase of 1.5% compared to Q2 2018 and an increase of 1.2% compared to Q3 2017. Adjusted for positive impacts from foreign exchange rate and portfolio mix following inclusion of Hamburg Süd unit cost at fixed bunker decreased by 0.6% compared to Q3 2017.
- Average capacity in Ocean decreased by 2.7% compared to Q2 2018 in line with plans to optimise the network.
- Integration of Hamburg Süd is progressing faster than planned with realisation of synergies in Q3 2018 of USD 150m and USD 290m for the first nine months. Total synergies of minimum USD 500m excluding integration cost are expected by 2019.
- The underlying profit in A.P. Moller - Maersk amounted to USD 251m (USD 254m).
- Cash flow from operating activities was USD 1.1bn (USD 744m) corresponding to a cash conversion of 95% (76%), positively impacted by reversal of the negative timing effects on receivables around end Q2 2018.
- Free cash flow was USD 2.1bn (negative USD 478m). The improvement is mainly due to proceeds from sale of Total S.A. shares of USD 1.2bn in 2018, a reduction in capex of USD 691m and the improvement of USD 341m in cash flow from operating activities.
- Net interest-bearing debt amounted to USD 12.4bn, a reduction of USD 1.9bn since end of Q2 2018.

Guidance for 2018

- A.P. Moller - Maersk expects earnings before interests, tax, depreciation and amortisations (EBITDA) in the range of USD 3.6-4.0bn (previously USD 3.5-4.2bn) and a positive underlying profit.

Discontinued operations

- The discontinued operations reported a profit of USD 169m (loss of USD 1.4bn) and a free cash flow of USD 78m (USD 32m).
- Positive fair value adjustment in Maersk Drilling of USD 445m due to improved market outlook and a negative fair value adjustment in Maersk Supply Service of USD 400m related to continued challenging market conditions were recorded in Q3.
- A decision to pursue a listing of Maersk Drilling via a demerger was taken in Q3 and is progressing as planned, while solutions for Maersk Supply Service are being pursued.

A webcast in connection with the Q3 2018 Interim Report will be held on 14 November 2018 at 11.00 a.m. (CET). Dial-in information on investor.maersk.com.

Presentation material for the webcast will be available on the same page.

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The Annual Report for 2018 is expected to be announced on 21 February 2019.

Amounts in USD million

Summary financial information

Income statement	Q3 2018	Q3 2017	9 months 2018	9 months 2017	Full year 2017
Revenue	10,077	7,714	28,837	22,505	30,945
Profit before depreciation, amortisation and impairment losses, etc. (EBITDA)	1,138	977	2,690	2,688	3,532
Depreciation, amortisation and impairment losses, net	781	782	2,452	2,306	3,015
Gain on sale of non-current assets, etc., net	45	8	88	77	154
Share of profit/loss in joint ventures	41	-202	117	-158	-131
Share of profit/loss in associated companies	-78	20	-35	67	101
Profit/loss before financial items (EBIT)	365	21	408	368	641
Financial items, net	-71	-112	-262	-479	-616
Profit/loss before tax	294	-91	146	-111	25
Tax	103	21	260	115	219
Profit/loss for the period – continuing operations	191	-112	-114	-226	-194
Profit/loss for the period – discontinued operations[1]	169	-1,427	3,262	-1,324	-970
Profit/loss for the period	360	-1,539	3,148	-1,550	-1,164
A.P. Møller - Mærsk A/S' share	347	-1,555	3,110	-1,579	-1,205
Profit/loss for the period – continuing operations	191	-112	-114	-226	-194
Adjustments to profit/loss for the period – continuing operations:					
Gain/loss on sale of non-current assets, etc., net	-45	-8	-88	-77	-154
Impairment losses, net	98	374	221	642	641
Transaction and integration cost	7	-	56	-	59
Tax on adjustments	-	-	25	-19	4
Underlying profit/loss – continuing operations[2]	251	254	100	320	356
Balance sheet					
Total assets	61,787	60,260	61,787	60,260	63,227
Total equity	34,116	30,954	34,116	30,954	31,425
Invested capital[3]	46,542	43,346	46,542	43,346	46,297
Net interest-bearing debt[3]	12,416	12,552	12,416	12,552	14,799
Investments in non-current assets – continuing operations	2,518	2,835	2,518	2,835	9,205
Cash flow statement					
Cash flow from operating activities[4]	1,085	744	1,871	2,130	3,113
Gross capital expenditure, excl. acquisitions and divestments (capex)	-401	-1,092	-2,289	-2,661	-3,599
Net cash flow from discontinued operations	32	149	2,221	169	1,251

Financial ratios	Q3 2018	Q3 2017	9 months 2018	9 months 2017	Full year 2017
Revenue growth	31%	11%	28%	11%	13%
Revenue growth excl. Hamburg Süd	12%	11%	9%	11%	12%
EBITDA margin	11%	13%	9%	12%	11%
Cash conversion	95%	76%	70%	79%	88%
Return on invested capital after tax – continuing operations (ROIC)[5]	3.2%	0.0%	0.8%	1.1%	1.6%
Return on equity after tax, annualised	4.3%	-19.4%	12.8%	-6.6%	-3.7%
Equity ratio	55.2%	51.4%	55.2%	51.4%	49.7%
Stock market ratios					
Earnings per share – continuing operations, USD	9	-6	-7	-12	-11
Diluted earnings per share – continuing operations, USD	9	-6	-7	-12	-11
Cash flow from operating activities per share, USD	52	36	90	103	150
Share price (B share), end of period, DKK	9,020	11,960	9,020	11,960	10,840
Share price (B share), end of period, USD	1,401	1,899	1,401	1,899	1,746
Total market capitalisation, end of period, USD m	28,095	38,741	28,095	38,741	35,419

[1] Following the classification of Maersk Oil, Maersk Tankers, Maersk Drilling and Maersk Supply Service as discontinued operations in 2017, the businesses are presented separately on an aggregated level in the income statement, balance sheet and cash flow statements. In accordance with IFRS, the income statement and cash flow statement have both been restated in previous periods, while the balance sheet has not been restated in previous periods. The Maersk Tankers transaction was closed 10 October 2017 and the Maersk Oil transaction was closed 8 March 2018.

[2] Underlying profit/loss is profit/loss for the period from continuing operations adjusted for net gains/losses from sale of non-current assets, etc. and net impairment losses as well as transaction, restructuring and integration costs related to acquisitions/divestments. The adjustments are net of tax and include A.P. Moller - Maersk's share of mentioned items in associated companies and joint ventures.

[3] Compared to prior periods the definition of Net interest-bearing debt was adjusted as of 2018 to include fair value of the derivatives hedging the underlying debt. Comparison figures have been restated.

[4] To better reflect the continuing businesses ability to convert earnings to cash (cash conversion) and prepare for the upcoming implementation of IFRS 16 (leases) in 2019, payments related to financial items have been moved from cash flow from operating activities to cash flow from investing activities (dividends received) and cash flow from financing activities (net financial payments). Comparative figures have been restated.

[5] Excluding Hamburg Süd for comparison purposes end of December 2017.

The interim consolidated financial statements on pages 32-44 have not been subject to audit or review. The interim consolidated financial statements are prepared in accordance with IAS 34 and additional Danish disclosure requirements.

Financial review Q3 2018

A.P. Moller - Maersk reported an increase in revenue of 31% or USD 2.4bn to USD 10.1bn. Excluding Hamburg Süd the revenue growth was 12% with growth in all segments. The non-Ocean revenue growth was 15% compared to Q3 2017 and in line with the growth of 12% in Q2 2018. The non-Ocean revenue contribution was 31% of total revenue.

EBITDA increased by 16% to USD 1.1bn (USD 977m) mainly due to increased earnings in Ocean of USD 125m, despite being negatively impacted by higher bunker costs, which was not fully compensated in the freight rates and by the emergency bunker surcharge implemented end of Q2 2018. The average bunker price was 47% higher than in Q3 2017 and continued to increase throughout the quarter while the average freight rate in Ocean was 5.5% higher.

Overall, EBITDA was negatively impacted by unfavourable foreign exchange rate development in the level of net USD 20m compared to Q3 2017.

Synergies related to the strategic integration of the transport, logistics and port businesses as well as the acquisition of Hamburg Süd are overall realised as planned with positive contribution to the profitability. For the integration of transport, logistics and port businesses, synergies of around USD 240m have been realised since end 2016. The synergy realisation is mainly reflected in the collaboration between Ocean and gateway terminals with reported volume growth like-for-like in the financially consolidated gateway terminals of 10% with the Ocean segment growing 17% and external customers growing 7.2%.

For Hamburg Süd, synergies of around USD 150m have been realised in Q3 2018 within procurement, network optimisation and collaboration with APM Terminals. To date the realised synergies are USD 290m.

The previously announced synergies at the level of USD 600m from the integration of transport, logistics and port businesses are still expected to be realised by end of 2019, while for Hamburg Süd synergies of minimum USD 500m excluding integration cost are expected for 2019 (previously minimum USD 350-400m).

EBIT was USD 365m (USD 21m), with share of net loss in joint ventures and associated companies of USD 37m (loss of USD 182m) following an

The cyber-attack on 27 June 2017 significantly affected the container related businesses; Maersk Line, APM Terminals and Damco, and resulted in a negative development on volumes, utilisation and unit cost performance throughout Q3 2017.

Further, the cyber-attack caused for additional IT costs and had a negative effect on working capital. The explanations on developments year-over-year in the report must be seen in this context.

HIGHLIGHTS Q3

	Revenue		EBITDA		Capex[1]	
USD million	**2018**	2017	**2018**	2017	**2018**	2017
Ocean	7,321	5,543	925	800	324	919
Logistics & Services	1,581	1,471	48	28	11	10
Terminals & Towage	932	890	191	160	97	140
Manufacturing & Others	642	382	0	30	3	11
Unallocated activities, eliminations, etc.	-399	-572	-26	-41	-34	12
A.P. Moller - Maersk consolidated – continuing operations	**10,077**	**7,714**	**1,138**	**977**	**401**	**1,092**

[1] See definition on page 47.

impairment of USD 100m in the RORO business in Q3 2018. An impairment of USD 245m was recorded in APM Terminals in Q3 2017.

Financial expenses, net was USD 71m (net expense of USD 112m), positively impacted by dividends received from the Total S.A. shares of USD 58m and foreign exchange rate development.

A.P. Moller - Maersk reported an underlying profit of USD 251m (USD 254m).

Discontinued operations reported a profit of USD 169m (loss of USD 1.4bn) including net positive fair value adjustment of USD 45m. The result for Q3 2017 was negatively impacted by impairments of USD 1.75bn following the classification of Maersk Drilling as discontinued operations.

Cash flow from operating activities was USD 1.1bn (USD 744m) equal to a cash conversion of 95% (76%), positively impacted by a reversal of the negative timing effects around end Q2 2018, partly offset by increasing inventories impacted by the higher bunker prices.

Gross capital expenditure (capex) amounted to USD 401m (USD 1.1bn), mainly related to previously ordered vessels and containers in Ocean, and development projects in Terminals & Towage. Free cash flow was USD 2.1bn (negative USD 478m).

The contractual capital commitments for the continuing operations have been reduced by USD 3.0bn since year-end 2016 and totalled USD 2.3bn end of Q3, of which USD 455m related to newbuilding programme for vessels, etc. The remainder primarily relates to commitments towards terminal concession grantors. During Q3, USD 80m has been contractually committed for installation of scrubbers and retrofitting on a selected part of the fleet as part of the plan to comply with the new sulphur regulations from January 2020. Continued capex discipline remains a key focus area with no new vessel orders or new major terminal investments expected until at least 2020.

Transformation indicators

As part of the transformation towards becoming one integrated container, port and logistics company a set of key indicators have been defined and is being tracked. The strategic progress for each of the business activities will be based on the following long-term targets:

1) ROIC above 8.5% over the cycle
2) Realisation of yearly synergies worth of around USD 1bn in total by 2019 from integrating the transport, logistics and port businesses as well as the acquired activities from Hamburg Süd
3) Cash conversion above 90%
4) Over the cycle capex at level with depreciation.

Capital structure and credit rating

Net interest-bearing debt amounted to USD 12.4bn while total equity was USD 34.1bn. With an equity ratio of 55.2% and a liquidity reserve of USD 11.8bn, A.P. Moller - Maersk maintains a strong financial position.

A.P. Moller - Maersk remains investment grade-rated, and holds a Baa2 rating from Moody's and a BBB rating from Standard & Poor's. Both ratings remain on review for a possible downgrade since August 2017. A.P. Moller - Maersk remains committed to maintaining its investment grade rating.

As part of the Maersk Oil transaction on 8 March 2018, A.P. Moller - Maersk received 97.5 million shares in Total S.A.

In July 2018, A.P. Moller - Maersk sold 19.2 million Total S.A. shares, generating a cash flow of USD 1.2bn, and thereby reducing the net-interest bearing debt by the same amount. The sale did not affect the income statement. A.P. Moller - Maersk retains 78.3 million shares equal to 2.9% ownership interest of Total S.A.

At 30 September 2018, the Total S.A. share price was EUR 55.84 per share, equal to a total value of the shares of USD 5.1bn. The value adjustments are recognised directly in equity as other comprehensive income while dividends are recognised in the income statement under financial items, net.

Since end of Q3, A.P. Moller - Maersk has sold Total S.A. shares for an aggregated amount of around USD 0.5bn and retains 69.3 million shares in Total S.A. with a current aggregated value of around USD 3.9bn.

Subject to maintaining an investment grade rating it is still expected that:

- Maersk Drilling will be demerged via a listing in 2019 with distribution of Maersk Drilling shares to A.P. Moller - Maersk's shareholders. Maersk Drilling's separate financing as part of the demerger is expected to release cash proceeds of around USD 1.2bn to A.P. Moller - Maersk.
- Following the demerger of Maersk Drilling a material part of the value of the remaining Total S.A. shares will be distributed to A.P. Moller - Maersk's shareholders in cash dividends, share buy-backs or as a distribution of the Total S.A shares directly.

Combining ocean products and supply chain services – the next step in the integration

In September, A.P. Moller - Maersk announced the next steps in the integration of the businesses to improve customer experience. To better serve customers and unlock growth potential in the Logistics & Services segment, A.P. Moller - Maersk will combine its offering for ocean products and supply chain services to be able to offer more comprehensive end-to-end logistic solutions for cargo owners. The change will be effective from January 2019 and restructuring costs are expected in Q4 2018.

Further, Damco's freight forwarding business will operate as a separate and independent business under the Damco Freight Forwarding brand and continue to serve customers requiring air freight and/or multi-carrier options in ocean freight.

In addition to these changes, as of October three of A.P. Moller - Maersk's regional carrier brands, MCC Transport, Sealand and Seago Line went to market as "Sealand – A Maersk Company".

Joint usage agreement with A.P. Møller Holding A/S

With the objective to further strengthen the value of the brands, A.P. Moller - Maersk has entered into a joint usage agreement with A.P. Møller Holding A/S regarding the use of commonly used trademarks which historically have benefitted both A.P. Moller - Maersk and A.P. Møller Holding A/S.

A.P. Møller Holding A/S is the controlling shareholder of A.P. Moller - Maersk and is 100% owned by A.P. Møller og Hustru Chastine Mc-Kinney Møllers Fond til almene Formaal.

The joint usage agreement establishes a framework and a branding strategy for the commonly used trademarks and a joint brand board where the parties can cooperate with respect to use of these trademarks.

Guidance for 2018

A.P. Moller - Maersk expects earnings before interests, tax, depreciation and amortisations (EBITDA) in the range of USD 3.6-4.0bn from previously USD 3.5-4.2bn and reiterates the expectations of a positive underlying profit.

The organic volume growth in Ocean is now expected to be in line with the estimated average market growth of 3-4% for 2018 (previously slightly below the estimated average market growth of 2-4%). Guidance is maintained on gross capital expenditures (capex) around USD 3bn and a high cash conversion (cash flow from operations compared with EBITDA).

The guidance continues to be subject to uncertainties due to the current risk of further restrictions on global trade and other factors impacting container freight rates, bunker prices and rate of exchange.

Sensitivities on guidance for 2018

A.P. Moller - Maersk's guidance for 2018 depends on several factors. Based on the expected earnings level and all else being equal, the sensitivities for the rest of 2018 for four key assumptions are listed in the table below:

Factors	Change	Impact on EBITDA Rest of year
Container freight rate	+/-100 USD/FFE	+/-USD 0.3bn
Container freight volume	+/-100,000 FFE	+/-USD 0.1bn
Bunker price (net of expected BAF coverage)	+/-100 USD/tonne	-/+USD 0.1bn
Rate of exchange (net of hedges)	+/-10% change USD	+/- USD 0.1bn

Changes in guidance are versus current guidance.

Market update

Market Developments

Global container trade continued to lose momentum in Q3 2018, with growth down to around 2.7% compared to Q3 2017. Year-to-date, global container trade has increased by 4.2% compared with the same period last year, a much slower pace of growth than the 5.8% recorded in 2017 (chart 1).

Container trade remained fairly weak on the East-West trades, growing by 1.9% in Q3. Growth was driven by European imports from Asia of 2.3%, reflecting descent growth in Germany and Eastern Europe which was counterbalanced by a decline in UK imports and a growth slowdown in Turkey and the Mediterranean Euro Area countries. North American container imports remained robust increasing by 3.7% in Q3, although momentum slowed compared to the very strong 2017. Meanwhile, Asian imports from the USA and Europe (East-West backhaul) declined in Q3 2018, largely because of the restrictions imposed by China on waste and scrap material imports. North-South container trades grew by only 2.1% in Q3, as African import growth remained weak due to macroeconomic challenges, mainly in South Africa. Latin America import growth of 1.1% lost further momentum as container demand has aligned more closely with domestic demand developments, and import growth in the Middle East and Indian subcontinent grew only 1.4% in Q3. Meanwhile, Intra-Regional trades posted solid growth of 4.3% in Q3.

Looking ahead, global container trade is projected to increase by 3-4% in 2018 and in the lower part of 2-4% in 2019. The moderation of container demand growth compared to 2017 mirrors the gradual slowdown in global macroeconomics and global export orders (chart 2). Aside from the cyclical slowing of the global economy, the main risks to global container demand relate to the introduction of additional tariffs and other trade restrictions, and a sharp slowdown in global growth because of tightening US monetary policy and investors taking an increasingly risk-off attitude toward some economies. Emerging economies are particularly vulnerable to fluctuations in the US dollar and to the economic development in the US via their financial leverage. Finally, the outcome of the Brexit negotiations poses a risk to UK container trade.

Trade restrictions between the US and China escalated further during Q3. The US Administration imposed tariffs on imports from China with a value of USD 200bn (traded goods), and China immediately retaliated by imposing tariffs on imports from the US worth of USD 60bn. Together, these new initiatives amount to around 2.6% of global value of traded goods. The impact on global trade remains uncertain, but we estimate that the combined effect of all trade restrictions introduced during 2018 could reduce global container trade by 0.5-2.0% during 2019-2020.

The global container fleet stood at 22m TEU at the end of Q3 2018, 6% higher than in Q3 2017 (chart 3). Deliveries amounted to 276k TEU (40 vessels) during Q3 and were dominated by vessels larger than 10k TEU. Deliveries of large vessels will continue to dominate during 2019 and will be deployed mainly on the Asia-Europe trade. Only 12 vessels were scrapped in Q3 and 31 vessels have been scrapped so far in 2018. This low rate of scrapping is linked to the small number of idled vessels, which in turn reflects the tight market for vessels below 7.5k TEU and has driven up time charter rates.

Alongside, new vessel orders, amounting to 326k TEU (91 vessels) in Q3, have begun to shift toward mainly smaller vessels. The overall order book remains relatively low: year-to-date, new orders amount to 1.2m TEU, corresponding to an orderbook-to-fleet ratio of around 13%, and remains considerably below the 2013-2017 average of 18%. According to Alphaliner, this means the nominal global container fleet will grow by 5.9% in 2018 and 3.9% in 2019.

The International Maritime Organization (IMO) has decided to implement a 0.50% sulphur cap on marine fuel from 2020. While the consequences for container vessel supply are difficult to forecast it could very well lead to retrofitting of a significant part of the global fleet during a three to five years period beginning in 2020. This would likely reduce effective supply, potentially by up to 1% by 2021. Moreover, crack-spreads between fuel types could widen sharply beginning by Q4 2019.

Freight rates, as measured by the China Composite Freight Index (CCFI), were 1.2% lower in Q3 2018 compared to Q3 2017, reflecting softer

CHART 1: GLOBAL, EAST-WEST AND NORTH-SOUTH CONTAINER IMPORTS

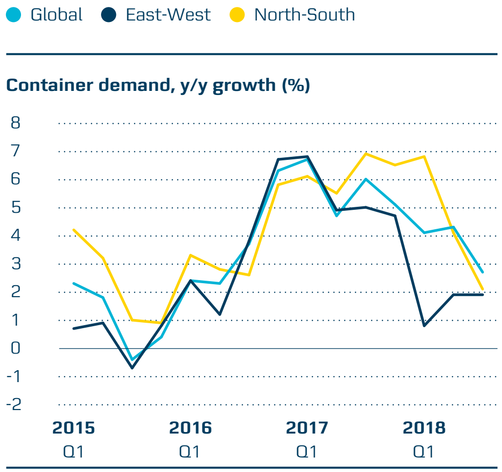
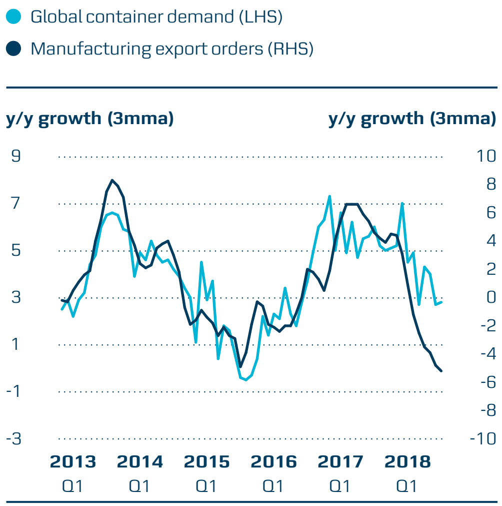


CHART 2: GLOBAL EXPORT ORDERS AND CONTAINER DEMAND



3mma 3 months moving average.

demand-supply fundamentals (chart 4). Freight rates declined on the Asia to North Europe by 3.7%, and Asia to Mediterranean Europe was down by 9.3%, while the Asia to west coast USA trade was up by 11%. Uncertainties relating to the strength of container demand in 2019 pose a downside risk to freight rates in general. Alongside, the delivery of larger vessels on the Asia-Europe trade poses additional specific risk to the demand supply balance on that route.

Time charter rates also softened a bit in Q3 compared to Q2 2018, but remained elevated reflecting a shortage of small- and medium-size vessels, as noted earlier: Clarkson's Time charter rate index increased by 32% compared with Q3 2017, down from a growth rate of 38% in Q2 2018.

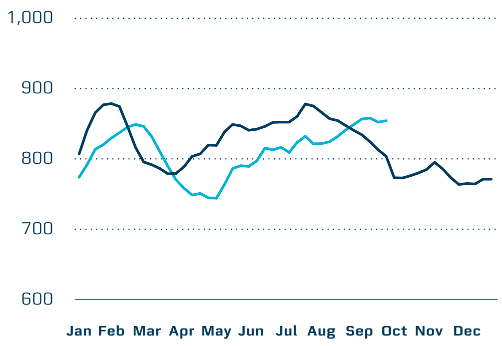
Rotterdam bunker prices were 44% higher in Q3 2018 compared to Q3 2017, and 5.5% higher compared to Q2 2018. Forward markets indicate that bunker prices will increase by a further 4.9% in Q4 2018 compared to Q3 2018. Thereafter, forward market pricing points to a 20% decline in bunker prices by Q4 2019. The anticipated decline is driven by a wider bunker-crude oil spread, reflecting the market's view of the impact of the IMO 2020 sulphur regulations on demand for high sulphur bunker fuels.

The US Dollar was on average 2.4% stronger against Euro in Q3 2018 compared to Q2 2018, bringing it close to the average rate of exchange during the second half of 2017 (1.2% stronger). It is roughly the same level as in Q3 2017 (1.1% stronger), see chart 5.

CHART 4: FREIGHT RATES

CCFI 2018 CCFI 2017

Index 1998 = 100

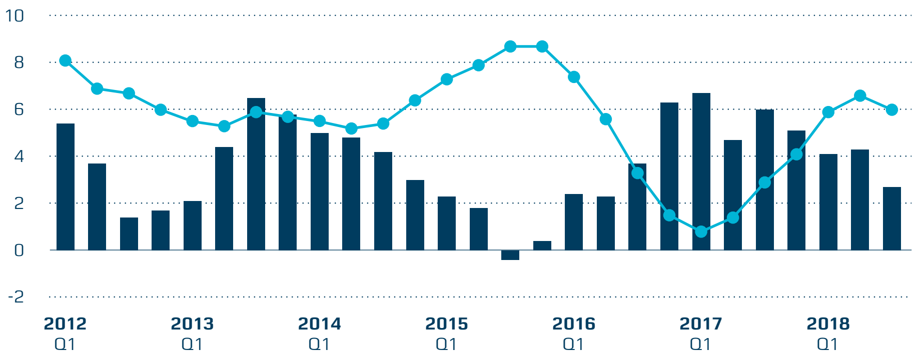


Source CCFI, Shanghai Shipping Exchange.

CHART 3: GLOBAL CONTAINER DEMAND AND NOMINAL SUPPLY GROWTH

Nominal capacity Global container demand

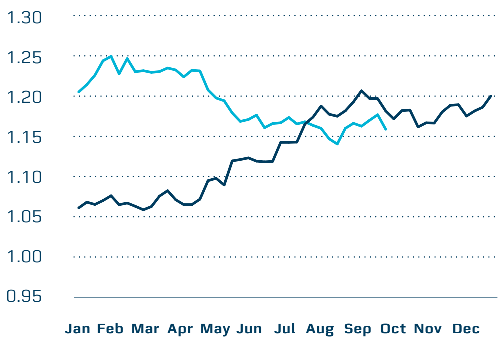
Growth y/y, (%)



Source Demand, internal Maersk and supply, Alphaliner.

CHART 5: USD-EUR EXCHANGE RATE

2018 2017



Source Thomson/Reuters.

Segment review

Maersk Launcher departing San Francisco towing The Ocean Cleanup's System 001 towards the Great Pacific Garbage Patch.

OCEAN SEGMENT

Ocean includes the ocean activities of Maersk Liner Business (Maersk Line, Safmarine and "Sealand – A Maersk Company") together with Hamburg Süd brands (Hamburg Süd and Aliança) as well as strategic transshipment hubs under the APM Terminals brand (Rotterdam, Maasvlakte II, Algeciras, Tangiers, Tangier-Med II (under construction), Port Said and the joint ventures Salalah, Tanjung Pelepas and Bremerhaven). Inland services related to Ocean are included in the Logistics & Services segment.

REVENUE (USD)

7.3bn (5.5bn)

EBITDA (USD)

925m (800m)

Skagen Maersk moored and unloading containers at APM Terminals Lázaro Cárdenas, Mexico.

Ocean

Ocean reported an increase in revenue of 32% to USD 7.3bn (USD 5.5bn) with volume growth of 27%. Excluding Hamburg Süd, the volume growth was 5.0%, above estimated market growth of around 2.7%, however Q3 2017 was negatively impacted by the cyber-attack. Average freight rate increased by 5.5% while average bunker price increased by 47% compared to last year. Total unit cost was 7.1% higher than last year, while unit cost at fixed bunker at 1,809 USD/FFE was 1.2% higher, mainly due to Hamburg Süd portfolio mix effects. EBITDA ended at USD 925m (USD 800m).

Highlights

Global volumes increased compared to last year, however, the demand was weaker than expected, which led to volumes being lower than anticipated. The Asia-Europe trade disappointed the most due to lower import from Asia to UK, Turkey and Mediterranean, but lower than expected volumes were realised on most trades. The volume development was slightly below market growth when adjusting for the cyber-attack in Q3 2017.

The emergency bunker surcharge from end Q2 2018 and tighter supply-demand balance led to an increase in average freight rates in Q3 compared to Q2 2018. However, these developments were not fully reflected in the results as bunker prices continued to increase.

The integration of Hamburg Süd continues to progress positively with synergies to date of around USD 290m realised within procurement, network optimisation and increased volumes in gateway terminals operated by APM Terminals.

Satisfactory progress in customer experience was made during Q3, however, with a slight worsening schedule reliability, largely related to challenging weather conditions, causing port closures and schedule delays. Leading position in the industry was maintained.

Financial and operational performance

Revenue increased by 32% to USD 7.3bn (USD 5.5bn) driven by 27% increase in volumes to 3,334k FFE (2,631k FFE) primarily related to the inclusion of Hamburg Süd. The average freight rate increased by 5.5% to 1,929 USD/FFE (1,829 USD/FFE).

The volume increase was mainly driven by North-South and Intra-regional trades due to Hamburg Süd's position in these markets. The volume growth excluding Hamburg Süd of 5.0% was driven by backhaul volume growth of 5.2% and headhaul volume growth at 4.9%. Despite the positive volume growth, the container demand was weaker than expected, especially on the Asia-Europe trade, hence the volume was lower than expected in Q3. The volume decreased by 1.9% or 65k FFE compared to Q2 2018.

The increase in average freight rate of 5.5% was driven by North-South and East-West trades both up 5.0% while Intra-regional trades increased by 19%. The average freight rate development was positively impacted by the inclusion of Hamburg Süd, which

The cyber-attack on 27 June 2017 impacted Ocean significantly due to temporary loss of business in Q3. Additional cost was incurred to minimise the impact on the customers' cargo. This negatively impacted volumes, utilisation and unit cost performance throughout the quarter; the year-over-year comparisons should be seen in this context.

OCEAN HIGHLIGHTS

USD million	Q3 **2018**	Q3 2017	9 months **2018**	9 months 2017	Full year 2017
Revenue	7,321	5,543	21,083	16,034	22,023
Profit/loss before depreciation, amortisation and impairment losses, etc. (EBITDA)	925	800	2,080	2,160	2,777
EBITDA margin	12.6%	14.4%	9.9%	13.5%	12.6%
Gross capital expenditure, excl. acquisitions and divestments (capex)	324	919	1,947	2,139	2,831
Operational and financial metrics					
Other revenue, including hubs (USD m)	890	643	2,503	1,813	2,547
Loaded volumes (FFE in '000)	3,334	2,631	9,953	7,932	10,939
Loaded freight rate (USD per FFE)	1,929	1,829	1,867	1,802	1,788
Unit cost, fixed bunker (USD per FFE incl. VSA income)	1,809	1,788	1,828	1,755	1,752
Hub productivity (PMPH)	83	73	79	73	73
Bunker price, average (USD per tonne)	452	307	411	313	321
Bunker cost (USD m)	1,318	809	3,717	2,371	3,341
Bunker consumption (tonnes in '000)	2,915	2,636	9,046	7,570	10,395
Average nominal fleet capacity (TEU in '000)	4,042	3,523	4,141	3,354	3,456
Fleet, owned (EOP)	353	285	353	285	339
Fleet, chartered (EOP)	370	383	370	383	442

has a different trade mix compared to Maersk Line, especially on the intra-regional trades. Excluding Hamburg Süd the average freight rate increased 2.5%. Compared to Q2 2018, the average freight rate increased by 4.8% partly due to the implemented emergency bunker surcharge.

Other revenue amounted to USD 890m (USD 643m) mainly driven by higher demurrage and detention and with Hamburg Süd contributing as well.

Unit cost at fixed bunker price at 1,809 USD/FFE was 1.5% higher than Q2 2018. The increase was partly driven by schedule reliability that deteriorated, lower volume, one-offs and normal seasonality. This was partly offset by positive rate of exchange development and utilisation improvement. Unit cost at fixed bunker increased by 1.2% compared to Q3 2017, while decreased by 0.6% after adjusting for positive foreign exchange rate development impact of 0.8% and a negative impact of 2.6% from change in portfolio mix following inclusion of Hamburg Süd.

Total unit cost at 2,029 USD/FFE (1,895 USD/FFE) was 7.1% higher than Q3 2017, negatively impacted by a 47% increase in the average bunker price. Bunker cost was USD 1.3bn (USD 809m). Out of the increase in bunker cost USD 423m was due to higher average bunker prices while the remaining was due to increased consumption mainly due to Hamburg Süd, partly offset by a 13% improvement in bunker efficiency per loaded FFE of 874 kg/FFE (1,002 kg/FFE).

Port moves per hour in hub terminals of 82.8 was 14% higher than Q3 2017 and 5.3% higher versus Q2 2018.

TRANSPORTED VOLUMES

FFE ('000)	Q3 2018	Q3 2017	Change	Change %
East-West	1,079	945	134	14.2%
North-South	1,595	1,287	308	23.9%
Intra-regional	660	399	261	65.4%
Total	**3,334**	**2,631**	**703**	**26.7%**

AVERAGE LOADED FREIGHT RATES

USD/FFE	Q3 2018	Q3 2017	Change	Change %
East-West	1,923	1,831	92	5.0%
North-South	2,133	2,031	102	5.0%
Intra-regional	1,480	1,240	240	19.3%
Total	**1,929**	**1,829**	**100**	**5.5%**

FLEET OVERVIEW END Q3 2018

	TEU		Number of vessels	
	Q3 2018	Q4 2017	Q3 2018	Q4 2017
Own container vessels				
0 – 2,999 TEU	123,843	125,281	63	64
3,000 – 4,699 TEU	358,211	343,751	88	84
4,700 – 7,999 TEU	369,037	321,854	61	52
> 8,000 TEU	1,711,052	1,611,814	141	139
Total	**2,562,143**	**2,402,700**	**353**	**339**
Chartered container vessels				
0 – 2,999 TEU	423,863	463,887	208	240
3,000 – 4,699 TEU	287,532	339,628	73	85
4,700 – 7,999 TEU	265,527	395,913	45	67
> 8,000 TEU	465,404	524,698	44	50
Total	**1,442,326**	**1,724,126**	**370**	**442**
Newbuilding programme (own vessels)				
3,000 – 4,699 TEU	7,192	25,172	2	7
> 8,000 TEU	66,246	229,990	4	13
Container vessels total	**73,438**	**255,162**	**6**	**20**

The improvements were driven by continued operational synergies and initiatives materialising of which Maasvlakte II and Tanjung Pelepas improved the most compared to last year.

EBITDA ended at USD 925m (USD 800m). The lower EBITDA margin of 12.6% (14.4%) was driven by bunker price increases not covered in freight rates.

Synergies from the Hamburg Süd acquisition continued to materialise positively with contribution to revenue and profitability. In Q3, Hamburg Süd reported volumes of 571k FFE and pro forma EBITDA of USD 148m versus USD 155m in Q2 2018. The pro forma EBITDA is adjusted for internal slot charter following transfer of vessels and equipment from Hamburg Süd to the wider Ocean network. Year to date, synergies of around USD 290m have been realised within procurement, network optimisation and increased volumes in gateway terminals operated by APM Terminals. Total synergies of minimum USD 500m excluding integration costs are now expected by 2019 compared to previously minimum USD 350-400m. Synergies up to USD 400m are expected for 2018. Integration costs amounted to USD 7m in Q3 2018 and for the full-year integration costs are expected to be less than USD 100m.

The fleet consisted of 353 owned vessels and 370 chartered vessels end of Q3 2018. The average capacity continued to decrease and ended at 4,042k TEU equal to a decrease of 2.7% compared to Q2 2018, but an increase of 15% compared to Q3 2017. The decrease from Q2 2018 was in line with plans to continuously optimise the fleet whereas the increase compared to last year was mainly related to Hamburg Süd. Idle capacity was 22k TEU (four vessels) compared to 13k TEU (four vessels) end of Q3 2017. Idle capacity corresponds to approximately 4.4% of total idle capacity in the market.

Developments in the quarter

Ocean took delivery of two Baltic Feeder vessels and one 14k TEU vessel. A total of 27 vessels were ordered in 2015 and two vessels in 2017, of which six vessels remain to be delivered until Q2 2019.

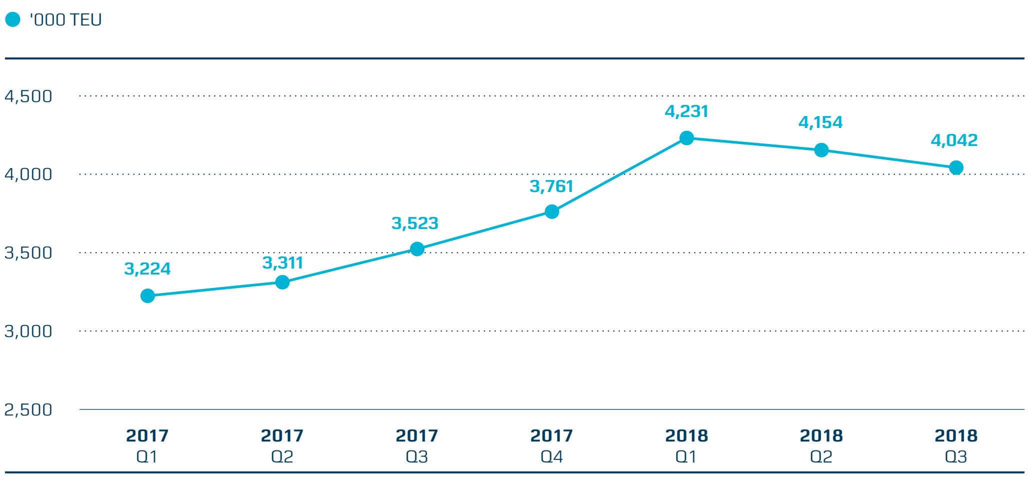
No new orders were placed in the quarter and no new vessel orders are expected before earliest 2020.

In preparation of the new global fuel sulphur cap regulation starting January 2020, Maersk has contractually committed USD 80m for investment in scrubbers and retrofitting to be installed on selected vessels in the fleet. Scrubbers form one element in Ocean's 2020 fuel sourcing strategy. Most of the fleet will rely on compliant low sulphur fuels when the new regulation steps into force.

Ocean announced changes to the current fuel adjustment surcharge. The changed Bunker Adjustment Factor (BAF) is designed to recover increases in fuel costs. It will enable customers to predict, plan and track how changes in fuel price impact their total freight rate. Fuel price volatility is expected to increase when the sulphur cap enters into force in 2020. The estimated extra fuel costs for the fleet could exceed USD 2bn per year.

As communicated in Q1 2018, several initiatives have been implemented to improve the profitability. This includes network changes and capacity reductions in trades not yielding the desired results, improving fuel efficiency and improving the empty cost base and utilisation. Several services were closed by the end of Q3 2018 as part of these plans including a full string on Asia-Europe during slack season in October-November.

AVERAGE NOMINAL CAPACITY



LOGISTICS & SERVICES SEGMENT

The Logistics & Services segment comprises of four main activities:

- **Damco activities** comprise all operating activities under the Damco brand, a provider of logistics, forwarding (air & sea freight) and supply chain management services.
- **APM Terminals inland activities** are operating activities in inland service facilities with main revenue stream being container storage, bonded warehousing, empty depot, local transportation, etc.
- **Inland Haulage activities (intermodal)** are all operating activities under Maersk Line, Safmarine and "Sealand – a Maersk company" brands with the main revenue stream from the transportation of containers from vendors (shippers) to the port of shipment, and from discharge port to the point of offloading (consignee) by truck and/or rail.
- **Trade Finance** is providing export finance solutions as well as post shipment and import finance solutions.

REVENUE (USD)

1.6bn (1.5bn)

EBITDA (USD)

48m (28m)

Maersk reefer container waiting for shipment at an orange plantation in South Africa.

Logistics & Services

Revenue increased by USD 110m to USD 1.6bn (USD 1.5bn) with increases in supply chain management, inland haulage and inland services, whilst gross profit increased to USD 290m (USD 259m). The increase in EBITDA to USD 48m (USD 28m) was positively impacted by supply chain management offset by the developments in inland services and haulage business, however, Q3 2017 was negatively impacted by the cyber-attack.

Highlights

The positive revenue and profitability growth for Q3 must be seen in the context of the negative impact in Q3 2017 from the cyber-attack which comprised a general business impact and loss in productivity as well as additional IT costs for Q3 2017.

Creating enhanced customer solutions continues to be a key priority, and progress was made during the quarter, especially within the supply chain management segment. This is evidenced by volume increase from new customers in the quarter and overall growth in volumes from top customers in 2018.

It remains the ambition to grow and significantly improve the profitability through the increased sale of integrated end-to-end logistic services and digital solutions combined with more efficient operations, a development that still requires continued spend in information technology and systems.

Financial and operational performance

Revenue increased by USD 110m to USD 1.6bn (USD 1.5bn) mainly supported by volume growth from supply chain management and intermodal volumes leading to higher revenue from inland services and haulage. Revenue of USD 1.5bn increased more than 6% versus Q2 2018, mainly in supply chain management as Q3 is the peak season, further supported by ocean. The increase in gross profit to USD 290m (USD 259m) was supported by supply chain management and other Damco activities, offset negatively by inland services and haulage. EBITDA came at USD 48m (USD 28m) with an EBITDA margin improvement to 3.0% (1.9%).

Supply chain management revenue increased to USD 256m (USD 221m) supported by volume growth of 10% to 22,228 kcbm (20,186 kcbm), positively impacted by new customers. Gross profit increased to USD 99m (USD 84m) supported by margins increase by 6.6% to 4.4 USD/cbm (4.2 USD/cbm) and higher volumes.

Inland services revenue increased to USD 147m (USD 136m) despite negative rate of exchange impact of USD 5m. Growth was mainly generated in Latin America, in Peru, Chile and Argentina, but also in India and Thailand. Gross profit decreased marginally to USD 61m (USD 62m).

Ocean freight revenue declined slightly to USD 165m (USD 167m) whilst volumes increased by 2.0% to 171k TEU (167k TEU). The increase in gross profit to USD 28m (USD 25m) was due to the improved margin and higher volumes. Margins improved by 12% to 166 USD/TEU (148 USD/TEU) supported by the focus on positive margin business as part of rolling out global pricing control and last year's margins were impacted by the cyber-attack.

LOGISTICS & SERVICES HIGHLIGHTS

USD million	Q3 2018	Q3 2017	9 months 2018	9 months 2017	Full year 2017
Revenue	1,581	1,471	4,525	4,245	5,772
Profit/loss before depreciation, amortisation and impairment losses, etc. (EBITDA)	48	28	99	106	139
EBITDA margin	3.0%	1.9%	2.2%	2.5%	2.4%
Gross capital expenditure, excl. acquisitions and divestments (capex)	11	10	31	29	54
Operational and financial metrics					
Gross profit (USD m)	290	259	831	777	1,039
EBIT conversion (EBIT/Gross profit - %)	14.7%	7.9%	9.8%	16.2%	14.5%
Ocean volumes (TEU)	170,763	167,467	472,838	501,626	664,448
Supply chain management volumes (cbm in '000)	22,228	20,186	56,875	52,396	69,574
Airfreight volumes (tonnes)	46,057	50,672	130,434	145,812	206,208
Ocean revenue (USD m)	165	167	460	503	666
Supply chain management revenue (USD m)	256	221	656	566	778
Airfreight revenue (USD m)	152	156	440	435	659
Inland haulage revenue (USD m)	653	615	1,924	1,774	2,388
Inland services revenue (USD m)	147	136	445	450	589
Other services revenue (USD m)	208	176	600	517	692

Air freight revenue decreased to USD 152m (USD 156m) with reduced volumes of 9.1% to 46k tonnes (51k tonnes), mostly through customer deselection and industry challenges in the fashion and consumer vertical out of China. Gross profit increased slightly as a reflection of the higher margins to USD 21m (USD 20m). Margins increased by 17% to 451 USD/ton (385 USD/ton) because of the continuous focus on profitable business.

Inland haulage revenue increased by 6.2% to USD 653m (USD 615m) supported by volume growth of 7.2% to 953k FFE (889k FFE). Volume increased in the European region due to the peak season mainly in July, whereas the rate increases were to partly cover the fuel price hikes. The West Central Asia region was driven by higher volumes, amongst others in high revenue corridors in Afghanistan as well as longer corridors in India. Gross profit decreased to USD 10m (USD 15m) mainly due to increased fuel cost which has not fully been compensated by higher rates.

EBIT conversion for Q3 of 15% (7.9%) increased because of improved profitability from supply chain management. Compared to previous quarters, EBIT conversion continuously improved from 6.4% in Q1 2018 and 8.4% in Q2 2018. Several cost management initiatives have been implemented to further improve the profitability including further offshoring of operational and financial processes with expected impact from 2019.

Developments in the quarter

Inland haulage business in Africa and India continued to deliver strong volume and revenue growth during Q3. Rate increases were implemented overall to cover for fuel price increases, and particularly in Europe as it experienced peak season and capacity constraints. Latin America saw the first inland bookings in Puerto Rico and new corridors in Peru, while Mexico was adversely impacted by operational contingencies and regulations affecting the trucking market.

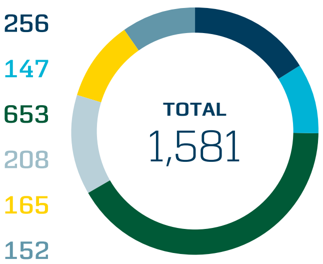
The brand affiliation for Twill, the digital freight forwarder designed to make shipping simple, has changed from 'Damco' to 'Maersk'. This realigning of the brand will make it possible to offer Twill to all Maersk customers, in line with the strategy of becoming a global integrator of container logistics offering end-to-end solutions.

Twill keeps on working on extending the service offering by creating the 'Origin Controlled booking' which upon its roll out will allow suppliers of goods to be active partners on Twill and interaction between suppliers and importers can change back and forth depending on individual shipments and as such unlock export dominated markets. In the meantime, the global roll out of Twill continued in Europe with the addition of the Nordics (Denmark & Sweden), Slovakia and Germany as well as Australia and China for import to the portfolio. With the realigning of the brand affiliation to Maersk, the further roll out will be accelerated.

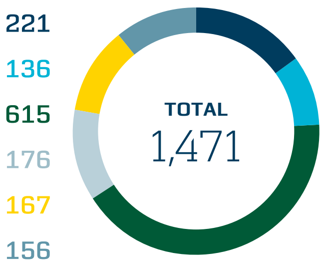
ACTIVITY OVERVIEW

Supply chain management · Inland services · Inland Haulage · Other · Ocean freight · Air freight

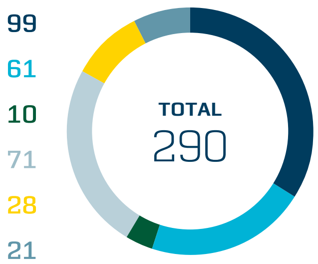
2018 Revenue, USD m



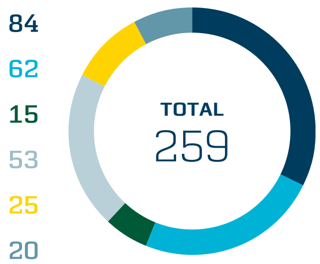
2017 Revenue, USD m



2018 Gross profit, USD m



2017 Gross profit, USD m



TERMINALS & TOWAGE SEGMENT

Terminals & Towage includes gateway terminals involving landside activities being port activities where the customers are mainly the carriers, and towage services under the Svitzer brand.

REVENUE (USD)

932m (890m)

EBITDA (USD)

191m (160m)

Unloading operations of a Hamburg Süd vessel at Port of Itajaí, Brazil.

Terminals & Towage

Terminals & Towage reported a 4.7% increase in revenue to USD 932m (USD 890m) and an increase in EBITDA to USD 191m (USD 160m), reflecting robust growth in volumes mainly driven by synergies from closer collaboration with the Ocean segment, commercial wins and new terminals.

Highlights

Gateway terminals continued to deliver higher than market volume growth in Q3 2018 (Drewry) through collaboration with Maersk Line and Hamburg Süd. Winning new contracts with external customers, resulted in additional net four contracts, adding 0.2m moves on an annual basis. On a like-for-like basis, the growth from Maersk Line, Hamburg Süd and external customers outperformed the market.

The volume growth, supported by higher landside customer income was driving revenue per move up, increased EBITDA by USD 34m, and improved EBITDA margin by 3.4 percentage points compared to Q3 2017.

Towage activities remained strong throughout Q3 2018 supported by higher activity in Australia and port entries in the Americas. This led to improved utilisation in harbour towage, but lower volumes in Europe and pressure on prices negatively impacted profitability. For terminal towage, revenue was positively impacted by a full quarter of towage operations in Bangladesh, which improved profitability in terminal towage compared to 2017.

→ Gateway terminals

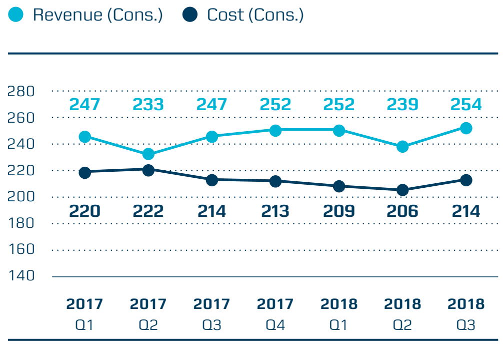
Financial and operational performance

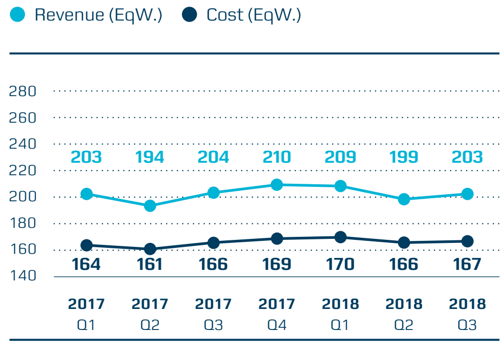
Financially consolidated volume growth in moves was 6.9%, with a like-for-like growth of 10.4%, which resulted in an increase in utilisation to 74% (61%). The increase in volume was driven by a 3.6% (7.2% like-for-like) growth from external customers and a 13.4% (16.5% like-for-like) growth from Maersk Line and Hamburg Süd.

Revenue of USD 768m (USD 716m), was mainly driven by the volume growth in Latin American terminals, mostly in Brazil, Argentina and Mexico, given synergies with Maersk Line and the integration of Hamburg Süd. In North America, the growth was mainly driven by external customers in Los Angeles. The growth was partly offset by divested entities in 2017, Tacoma, Dalian and Zeebrugge and lower construction revenue in terminals under construction.

Revenue per move in financially consolidated terminals increased by 2.8% to USD 254 (USD 247), mainly driven by higher volumes in North and Latin America and higher Landside customers

REVENUE AND COST PER MOVE, USD





TERMINALS & TOWAGE HIGHLIGHTS

	Q3		9 months		Full year
USD million	**2018**	2017	**2018**	2017	2017
Revenue	932	890	2,690	2,533	3,481
Profit/loss before depreciation, amortisation and impairment losses, etc. (EBITDA)	191	160	565	448	639
EBITDA margin	20.5%	18.0%	21.0%	17.7%	18.4%
Gross capital expenditure, excl. acquisitions and divestments (capex)	97	140	314	492	704
Operational and financial metrics					
Terminal volumes – EqW (moves in m)	4.3	4.0	12.5	11.6	15.6
Ocean segment	1.4	1.2	3.9	3.4	4.7
External customers	2.9	2.8	8.6	8.2	10.9
Terminal revenue per move – EqW (USD)	203	204	204	200	203
Terminal unit cost per move – EqW (USD)	167	166	168	163	167
Result from joint ventures and associated companies (USD m)	53	-185	158	-119	-78
Number of operational tug jobs (HT) ('000)	32	31	97	92	123
Annualised EBITDA per tug (TT) (USD in '000)	958	805	920	799	755

revenue, partially offset by negative rate of exchange impact.

Financially consolidated cost per move was stable at USD 214 (USD 214), despite the additional cost from the cyber-attack in Q3 2017. The positive impact from increased utilisation and positive rate of exchange impact was offset by higher labour and concession cost, mainly in North America and Europe, primarily due to cost inflation and higher volumes in terminals with average higher cost per move.

On an equity weighted basis, gateway terminals' volume growth was 6.0%, amounting to 4.3m moves (4.0m moves). The growth and capacity utilisation of 80% (71%) reflect increased benefits of higher Maersk Line collaboration synergies in Latin America and positive impact of Hamburg Süd integration. Volumes in moves increased by 6.0% (7.5% like-for-like), of which external customers grew 2.7% (4.0% like-for-like) and volumes from Maersk Line and Hamburg Süd grew 13.9% (15.6% like-for-like).

Equity weighted revenue per move was stable at USD 203 (USD 204). The positive impact from higher volumes in the Latin and North American terminals, where market rates are higher on average and higher landside customer revenue, mainly in West Africa was offset by negative rate of exchange impact.

Equity weighted cost per move increased slightly to USD 167 (USD 166), mainly driven by similar reasons as for the cost per move in the financially consolidated terminals.

EBITDA increased by 33% to USD 137m compared to Q3 2017. EBITDA margin increased to 17.8% compared to 14.4% in Q3 2017, mainly due to higher revenue per move and stable cost per move. From a regional perspective, EBITDA margin increased by 4.0 percentage points in the Americas, 12.4 percentage points in Latin America mainly due to the growth associated with Maersk Line and Hamburg Sud integration and decreased by 0.1 percentage point in North America mainly due to one-off operational cost, related to implementation of new Terminal Operating System. In Europe, EBITDA margin decreased 1.7 percentage points mainly due to lower volumes. In Africa and Middle East EBITDA margin increased by 0.2 percentage point mainly due to higher storage revenue in the West African terminals, while Asia remained at the same level as Q3 2017.

Results from joint ventures and associated companies

The higher share of profit in joint ventures and associated companies of USD 49m (loss of USD 190m) was mainly driven by one-off impairment of USD 245m in Q3 2017. Excluding the impairment, the results from joint ventures and associated companies decreased by USD 6m compared to Q3 2017, mainly due to lower result in the African joint ventures.

FINANCIALLY CONSOLIDATED VOLUME, TERMINALS

Million moves	Q3 2018	Q3 2017	Growth %
Americas	1.2	0.9	27.0%
Europe, Russia and Baltics	0.6	0.7	-7.9%
Asia	0.6	0.5	0.4%
Africa and Middle East	0.4	0.5	-4.2%
Total	**2.8**	**2.6**	**6.9%**

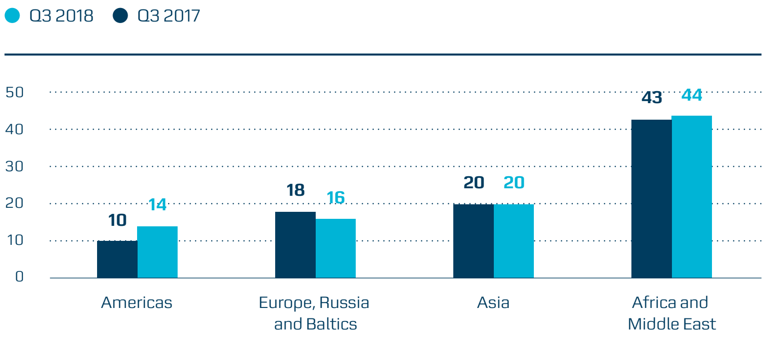
The increase in financial consolidated volume was due to strong volumes in Latin America.

EQUITY-WEIGHTED VOLUME, TERMINALS

Million moves	Q3 2018	Q3 2017	Growth %
Americas	1.2	1.0	28.9%
Europe, Russia and Baltics	0.7	0.7	-5.2%
Asia	1.9	1.8	1.3%
Africa and Middle East	0.5	0.5	-4.7%
Total	**4.3**	**4.0**	**6.0%**

The increase in equity-weighted volume was due to strong development in Latin America partly because of the Hamburg Süd integration and collaboration synergies with Maersk Line.

GATEWAY TERMINALS, FINANCIALLY CONSOLIDATED, EBITDA, %



Developments in the quarter

Gateway terminals continue to unlock integration and collaboration synergies with the Ocean segment which translates into volume growth and higher utilisation as well as operational efficiencies and commercial improvement, as evidenced by top line growth and EBITDA improvement.

In October, APM Terminals reached an agreement to sell its stake in Turkey's Petkim container terminal, Izmir. However, APM Terminals will continue to manage the terminal on a long-term contract. The sale is subject to regulatory approvals and is expected to be finalised in the coming months. Any gain/loss from the sale is immaterial.

There are currently no major changes to planned start of operations for terminals under construction.

TERMINALS

● Q3 2018 ● Q3 2017

15 / 16
Americas

19 / 20
Europe, Russia and Baltics

18 / 19
Asia

13 / 13
Africa and Middle East

4 / 4
Terminals under implementation (opening year):

Moin, Costa Rica (2019)
Tema, Ghana (2019)
Vado, Italy (2019)
Abidjan, Ivory Coast (2021)

→ Towage

Financial and operational performance

Revenue from towage activity decreased by 1.5% to USD 171m (USD 174m) mainly driven by negative currency development in Australian Dollar, price pressure in Europe and Australia and volume decreases in Europe, partly offset by volume increases in Australia and in the Americas. Revenue growth adjusted for currency development was 2.1%. Harbour towage activities measured in tug jobs increased by 3.5% compared to Q3 2017. In Australia, the growth was achieved in existing ports, while growth in the Americas primarily was driven by entries into new ports.

Activity in Europe decreased mainly because of lower activity in the UK. Also, the market share for harbour towage in multi operator ports decreased slightly compared to Q3 2017.

In the Americas, the activity in Argentina increased in Q3 2018, driven by harbour towage activities in Buenos Aires and Necochea and towage services provided in the LNG terminal in Bahia Blanca. In Brazil, towage services grew in both volumes and market share, mainly in the ports of Santos and Rio Grande which were entered during 2017. During Q3 2018, terminal towage operations in Costa Rica continued to ramp up and included spot jobs in Moin.

Revenue in the Asia, Middle East & Africa region increased mainly because of the terminal towage operations in Bangladesh being in full operations throughout Q3 2018.

Overall, revenue per tug job for harbour towage was at a slightly lower level measured in USD, mainly impacted by negative currency development in the Australian Dollar. In Europe, intense competition from consolidation amongst towage providers and an oversupply of tugs also led to lower prices in local currencies.

In terminal towage, annualised EBITDA per tug improved compared to Q3 2017. During 2018, new contracts have started in Australia, Bangladesh and Costa Rica, and the idle fleet has been reduced, both positively impacting EBITDA per tug.

Joint ventures contributed with a positive result of USD 5m (USD 4m).

Developments in the quarter

The existing market portfolio continued to be optimised by focusing on growth in selected markets such as Argentina and Brazil. The towage projects in Moin, Costa Rica and Tangier Med II, Morocco continue to progress as planned with towage operations commencing respectively in 2018 and early 2019. Also, the Caribbean joint venture was awarded a new contract in Saint Lucia with start from early 2019. The ongoing fleet optimisation continued with the disposal of six idle vessels in Q3 2018.

In the harbour towage markets, the activity continued to be stable. In Europe, the consolidation of the industry persists leading to stronger competitors and more intense competition. The strategic focus remains to improve cost levels and productivity while utilising the current fleet as well as expanding the global footprint to ensure closer cooperation with targeted customers.

FLEET OVERVIEW, TOWAGE

	Q3 2018	Q3 2017
Number of vessels		
Owned	340	342
Chartered	24	8
Total	**364**	**350**
Newbuilding		
Delivery within one year	4	3
Delivery after one year	0	9
Total	**4**	**12**

A total of four vessels are on order with delivery of two vessels in 2018 and two vessels in 2019.

REVENUE, TOWAGE

Per region, USD million	Q3 2018	Q3 2017	Growth %
Australia	67	69	-2.7%
Europe	57	60	-4.3%
Americas	25	24	7.5%
Asia, Middle East & Africa	22	21	8.9%
Total	**171**	**174**	**-1.5%**
Per activity, USD million			
Harbour towage	118	119	-1.0%
Terminal towage	56	52	8.2%
Eliminations	-3	3	N/A
Total	**171**	**174**	**-1.5%**

MANUFACTURING & OTHERS SEGMENT

Manufacturing & Others include the activities of Maersk Container Industry with the production and sale of reefer containers and dry containers at factories in China.

Others include third party activities of Maersk Oil Trading and bulk activities taken over as part of the Hamburg Süd transaction.

Maersk Container Industry manufactures refrigerated containers, refrigeration machines and dry containers to customers in the intermodal industry.

REVENUE (USD)

642m (382m)

EBITDA (USD)

0m (30m)

Manufacturing & Others

Revenue increased by 68% to USD 642m (USD 382m) impacted by inclusion of acquired bulk activities from Hamburg Süd and higher level of oil/bunker trading with third parties. EBITDA was USD 0m (USD 30m), negatively impacted by dry container margins under pressure in Maersk Container Industry and lower EBITDA across other businesses. Maersk Container Industry reported revenue of USD 226m (USD 241m) and an EBITDA of USD 5m (USD 21m).

Highlights

Maersk Container Industry continued the closing down of the activities in Chile after the announcement in June to consolidate the reefer manufacturing in China. Where Q2 was negatively impacted by the decision in terms of restructuring costs and write-down of assets, Q3 shows a positive effect on EBITDA from the closing compared to Q3 2017.

Commercially, Maersk Container Industry continued focusing on third-party customers for its reefer containers and reached the highest number of bookings in Q3.

The profitability is significantly impacted by dry container margins continuing being under severe pressure and significantly below the level in 2017.

Other businesses reported significant revenue growth primarily driven by a higher level of oil/bunker trading with third parties as well as bulk activities taken over as part of the Hamburg Süd activities.

Financial and operational performance

Maersk Container Industry reported a revenue of USD 226m (USD 241m) with a decrease of 37% in dry containers due to a combination of lower volumes and especially lower sales prices. Revenue in reefer containers and services increased by 17%, despite the closing of the factory in Chile, driven by higher demand from third-party customers and a slightly different product mix.

EBITDA of USD 5m (USD 21m) was negatively impacted by the profitability on dry containers that continues to be under severe pressure. EBITDA margin ended at 2.4% (8.6%) with margins on dry containers decreasing significantly whereas reefer containers and services showed an increase driven by the higher revenue and the closing of the activities in Chile.

In Chile, a minimum level of staff is retained to handle the decommissioning of the factory. There are no additional restructuring costs included in Q3 and no additional write-downs.

For other businesses, revenue ended at USD 416m (USD 141m) impacted by a higher level of oil/bunker trading with third parties as well as the inclusion of bulk activities acquired as part of the Hamburg Süd transaction. EBITDA was negative USD 5m (positive USD 9m).

Developments in the quarter

Both the dry and the reefer factory in China have been running near full capacity throughout Q3 with a Maersk Line demand of 23% of the revenue versus 89% in Q3 2017.

Maersk Container Industry continues focusing on volumes from a broad customer base and the bookings achieved in Q3 is the highest number of third-party bookings within a quarter. The Q3 bookings will be produced and invoiced in Q4 and the share of third-party revenue will continue to increase in the last part of the year.

MANUFACTURING & OTHERS HIGHLIGHTS

USD million	Q3 2018	Q3 2017	9 months 2018	9 months 2017	Full year 2017
Revenue	642	382	1,897	1,229	1,689
Profit/loss before depreciation, amortisation and impairment losses, etc. (EBITDA)	0	30	37	108	173
EBITDA margin	0.0%	7.9%	2.0%	8.8%	10.2%
Gross capital expenditure, excl. acquisitions and divestments (capex)	3	11	12	16	23
Maersk Container Industry, share of third party customers (%)	77%	11.0%	54%	14%	18%

Discontinued operations

After the sale of Maersk Tankers to A.P. Moller Holding and Maersk Oil to Total S.A. respectively, the Energy division consists of two business units, Maersk Drilling and Maersk Supply Service. As announced 17 August 2018, A.P. Moller - Maersk has decided to pursue a demerger via a separate listing of Maersk Drilling on Nasdaq Copenhagen in 2019. While Maersk Supply Service's strategy to diversify its business into new markets progressed in Q3, Maersk Supply Service remains impacted by the continued industry and market challenges. The pursuit of a solution for Maersk Supply Service is continuing.

The profit for Maersk Drilling and Maersk Supply Service was USD 169m (loss of USD 1.4bn), positively impacted by cessation of depreciation from classification as discontinued operations, while Q3 2017 was negatively impacted by impairments of USD 1.75bn.

Free cash flow from the discontinued operations was USD 78m (USD 32m).

In Q3, Maersk Drilling was awarded a one-year contract for the ultra-harsh environment jack-up Maersk Integrator by Aker BP.

Listing of Maersk Drilling

Following evaluation of the different options available for Maersk Drilling, A.P. Moller - Maersk has concluded that Maersk Drilling as a standalone company presents the most optimal and long-term prospects for its shareholders. This will offer shareholders the possibility to participate in the value creation opportunity of a global, leading pure play offshore drilling company with long-term development prospects. Details on the demerger and separate listing will be announced at a later stage.

In Q3, Maersk Drilling made the planned progress to ensure that the entity is ready for a demerger next year with the ambition of being both organisationally and financially ready to operate as an independent entity in due time before a listing.

All key management positions relevant for the demerger preparation were filled or confirmed during Q3, with the new CFO being announced in August and the positions as Head of Treasury and Head of Investor Relations being filled effective from September. The process to establish an independent Board of Directors for Maersk Drilling, as well as an independent governance structure, has also been initiated.

As part of the preparation for the separation, debt financing of USD 1.5bn from a consortium of international banks has been secured for Maersk Drilling to ensure a solid capital structure after a listing. Of the committed debt financing around USD 1.2bn will be released as cash proceeds to A.P. Moller - Maersk.

In February 2019, Maersk Drilling will present a consolidated annual report for 2018 with the specific release date being communicated in due time.

→ Maersk Drilling

In a continued difficult market, Maersk Drilling reported a revenue of USD 351m (USD 380m), while EBITDA was USD 156m (USD 202m), negatively impacted by lower day rates because of expiring legacy contracts.

Solid cash conversion from an operational cash flow of USD 166m (USD 183m) and limited maintenance capex.

The strong operational performance across the fleet resulted in an average operational uptime of 99% (98%) for the jack-up rigs and 98% (98%) for the deepwater rigs.

Due to improved market outlook a positive fair value adjustment of USD 445m was recognised in Q3 2018.

Developments in the quarter

Maersk Drilling signed four new contracts during Q3 2018, adding 1,201 days and USD 237m to the backlog. This included the first contract with Aker BP, for the Maersk Integrator, as part of the alliance agreement entered in late 2017, which has shared incentive models to focus on reducing waste and lowering the cost per barrel, maximising value for all parties involved. By the end of Q3 2018 Maersk Drilling's total revenue backlog amounted to USD 2.6bn (USD 2.8bn) with forward contract coverage of 69% for 2018, 48% for 2019 and 34% for 2020.

The market

Oil prices continued their recent upward trend in Q3 2018 growing by 1.3% on average compared to Q2, and ending September above USD 80 per barrel, driven by robust demand and a series of geopolitical events impacting supply. Global rig demand continues to rise, albeit at a slow pace. Oversupply is still a factor keeping utilisation and day rates at moderate though improving levels. Total utilisation for both floaters and jack-ups are now above 60%. Four jack-up rigs and five floaters were scrapped in Q3, bringing the 2018 year-to-date attrition figures to 33 jack-up rigs and 15 floaters. Scrapping activity remains limited to relatively older rigs, as contractors are optimistic about a coming rebound in demand. Sector consolidation continued in Q3 with several M&A transactions announced amongst peers, leading to additional scrapping.

Maersk Supply Service vessels carrying out the hook up of the Ailsa Floating Storage and Offloading unit at the Culzean Field in the North Sea.

→ Maersk Supply Service

Maersk Supply Service reported a 23% increase in revenue to USD 76m (USD 62m) reflecting higher utilisation primarily driven by high project activity resulting in an EBITDA of USD 8m (USD 2m) which was negatively impacted by increased project cost.

Cash flow used for capital expenditure decreased to USD 4m (USD 101m) due to no (one) delivery of newbuildings during Q3.

A negative fair value adjustment of USD 400m was recognised in Q3 to reflect management's revised expectations of a fair value of Maersk Supply Service due to continued challenging market conditions.

Developments in the quarter

Important contract wins and extensions were secured in Canada, Angola, Brazil and Indonesia ensuring utilisation of vessels. However, rates remain under pressure.

The transportation and hook up of the Floating Storage and Offloading unit in the Culzean field in the North Sea was completed during Q3, marking the last step of the installation under the project management of Maersk Supply Service. Over the course of the project, eight vessels and Maersk Supply Service crew carried out the marine operations.

Maersk Supply Service project managed the decommissioning of the Leadon subsea field in the North Sea. The recovery of the towhead was completed by a newbuild subsea support vessel (SSV).

Maersk Supply Service's strategy to diversify its business into new markets has progressed, demonstrating the versatility of its fleet. Within the offshore wind industry, Maersk Supply Service has deployed a newbuild SSV performing walk-to-work duties which is the first job within this important market. In addition, Maersk Supply Service deployed two vessels to The Ocean Cleanup, a non-profit organisation, for the installation of the world's first clean-up system in the North Pacific to rid the oceans of plastic.

Maersk Supply Service remains committed to reducing idle time and running costs, through initiatives such as improving the energy efficiency of its vessels which in turn lowers total cost for the customer.

The market

The industry continues to be characterised by oversupply, financial restructurings and consolidation and Maersk Supply Service expects market outlook for the industry to remain subdued in the near and mid-term. Tender activity is rising; however, day rates remain under significant pressure and the offshore supply vessel industry has approximately 30% of vessels laid up globally, including Maersk Supply Service with 11 (13) vessels laid up end of Q3 corresponding to 24%. When including both laid up and idle vessels, the industry percentage increases to approximately 42%.

Maersk Decom Joint Venture

The joint venture between Maersk Supply Service and Maersk Drilling to provide decommissioning services was announced in April 2018. The joint venture continues preparations to be fully functional as a stand-alone company. The organisation is now in place and actively pursuing opportunities in the market.

Financial review for the first nine months of 2018

A.P. Moller - Maersk reported an increase in revenue of 28% to USD 28.8bn (USD 22.5bn). Excluding Hamburg Süd the revenue growth was 9% with growth in all segments. The non-Ocean revenue amounted to 32% of total revenue.

EBITDA was USD 2.7bn (USD 2.7bn) with a decline in Ocean of 3.7% to USD 2.1bn (USD 2.2bn), negatively impacted by higher unit costs caused by adverse changes in bunker prices and foreign exchange rates which was partly offset by emergency bunker surcharge from end Q2 2018, while EBITDA in Terminals & Towage increased by 26% to USD 565m (USD 448m).

EBITDA was in total negatively impacted by foreign exchange rate development due to the weakened USD at the level of net USD 170m compared to the first nine months of 2017. Integration costs related to Hamburg Süd amounted to USD 38m.

EBIT was USD 408m (USD 368m), positively impacted by share of net gain in joint ventures and associated companies of USD 82m (loss of USD 91m) following an impairment of USD 100m in the RORO business in 2018 versus and impairment of USD 245m in an APM Terminals joint venture in 2017.

Financial expenses, net amounted to USD 262m (USD 479m), positively impacted by net foreign exchange rate developments and dividends from the Total S.A. shares of USD 204m offset by higher net interest expenses because of higher average debt.

Net profit including discontinuing operations for the first nine months was USD 3.1bn (loss of USD 1.6bn) positively impacted by an accounting gain of USD 2.6bn from the closing of the Maersk Oil transaction. The result for the continuing operations was a loss of USD 114m (loss of USD 226m).

The underlying result for continuing operations after financial items and tax was USD 100m (USD 320m).

Discontinued operations reported a profit of USD 3.3bn (loss of USD 1.3bn) reflecting the accounting gain from the closing of the Maersk Oil transaction. The gain is comprised of the original gain calculated on 30 June 2017 of USD 2.8bn reduced by the profit recognised in the period from 1 July 2017 until closing 8 March 2018 of USD 1.0bn and addition of locked-box interest and positive Total S.A. share price development totalling USD 0.8bn.

Cash flow from operating activities was USD 1.9bn (USD 2.1bn) equal to a cash conversion of 77% (79%) adjusted for one-off effect of USD 200m from abolishment of the export VAT scheme in Denmark in January 2018.

Gross capital expenditure (capex) amounted to USD 2.3bn (USD 2.7bn), mainly related to previously ordered vessels and containers in Ocean, and development projects in Terminals & Towage. Free cash flow was USD 1.4bn (USD 142m).

HIGHLIGHTS 9 MONTHS

	Revenue		EBITDA		Capex[1]	
USD million	**2018**	2017	**2018**	2017	**2018**	2017
Ocean	21,083	16,034	2,080	2,160	1,947	2,139
Logistics & Services	4,525	4,245	99	106	31	29
Terminals & Towage	2,690	2,533	565	448	314	492
Manufacturing & Others	1,897	1,229	37	108	12	16
Unallocated activities, eliminations, etc.	-1,358	-1,536	-91	-134	-15	-15
A.P. Moller - Maersk consolidated – continuing operations	**28,837**	**22,505**	**2,690**	**2,688**	**2,289**	**2,661**

[1] See definition on page 47.

Capital structure and issue of bonds

Net interest-bearing debt decreased to USD 12.4bn (USD 14.8bn at 31 December 2017), positively impacted by cash flow related to the proceeds from the Maersk Oil transaction in Q1 2018 in addition to the sale of USD 1.2bn of Total S.A. shares in Q3 2018 and a positive operating cash flow, partly offset by gross investments and payment of dividend.

Total equity was USD 34.1bn (USD 31.4bn at 31 December 2017), positively impacted by the accounting gain on the sale of Maersk Oil of USD 2.6bn. With an equity ratio of 55.2% (49.7% at 31 December 2017) and a liquidity reserve of USD 11.8bn (USD 9.6bn at 31 December 2017), A.P. Moller - Maersk maintains a strong financial position.

A.P. Moller - Maersk issued EUR 750m 8-year bonds in the Euro market in March 2018, its first bond issue since 2016, and concurrently repurchased a total notional amount of EUR 500m of its two outstanding Euro bonds maturing in 2019, thereby extending its debt maturity profile.

Segments

Ocean

Ocean reported a revenue increase of 31% to USD 21.1bn (USD 16.0bn). Other revenue amounted to USD 2.5bn (USD 1.8bn) supported by increases in demurrage and detention as well as slot sales related to vessel sharing agreements. EBITDA decreased to USD 2.1bn (USD 2.2n) and USD 1.7bn excluding Hamburg Süd.

The performance in the first nine months was driven by a 25% higher volume and a 3.6% higher average freight rate, partly offset by 8.4% higher unit cost significantly impacted by higher bunker prices and unfavourable foreign exchange rate developments. Volume increased to 9,953k FFE (7,932k FFE) mainly driven by intra-regional and North-South trades due to Hamburg Süd's presence on these trades. Excluding Hamburg Süd, volumes grew 3.8% driven by backhaul volume growth of 4.8% and headhaul growth of 3.4%. The estimated global market growth for the first nine months was 4.2%.

Unit cost at fixed bunker price increased by 4.2% compared to the same period last year, while increased by 0.1% after adjusting for a negative impact of 2.8% from portfolio mix following inclusion of Hamburg Süd and a negative foreign exchange rate development impact of 1.3%.

Synergies of USD 290m in the first nine months from the Hamburg Süd acquisition progressed positively with contributions to revenue and EBITDA. Total synergies of minimum USD 500m are now expected by 2019 compared to previously minimum USD 350-400m.

Logistics & Services

Revenue increased to USD 4.5bn (USD 4.2bn), positively impacted by supply chain management and inland haulage. Gross profit was USD 831m (USD 777m) driven by both higher supply chain management and inland haulage volumes as well as margin improvements in supply chain management and freight forwarding products.

EBITDA was USD 99m (USD 106m). The positive gross profit contribution is offset by higher IT costs related to development of new customer solutions as well as increasing salary costs.

Supply chain management revenue increased to USD 656m (USD 566m) supported by volume growth to 56,875 kcbm (52,396 kcbm). Margins increased to 4.6 USD/cbm (4.2 USD/cbm) and gross profit increased to USD 259m (USD 221m) due to both higher volumes and improving margins.

Inland services revenue came at USD 445m (USD 450m) with a gross profit of USD 192m (USD 198m). Adjusted for the divestment of Pentalver in 2017, revenue increased by 10.5% and gross profit by 6.8%.

Ocean revenue decreased to USD 460m (USD 503m) due to a decline in volumes to 473k TEU (502k TEU). Margins at 179 USD/TEU (161 USD/USD) improved mainly due to the continuous focus on deselection of low margin business in combination with stringent controls and consequently gross profit increased to USD 85m (USD 81m).

Air revenue increased to USD 440m (USD 435m) despite volumes decreasing to 130k tonnes (146k tonnes). Margins increased to USD 397 USD/tonnes (USD 350 USD/tonnes) and gross profit increased to USD 52m (USD 51m), as improved margins were more than offset by lower volumes.

Inland haulage revenue increased to USD 1.9bn (USD 1.8bn) supported by volume growth to 2,793k FFE (2,679 FFE). Growth was generated in the West Central Asia region through new store door locations in India, the launch of the Nepal rail service and volumes in high revenue corridors to Afghanistan. In Europe, new setups have been established in Turkey and Egypt whereas volume and rate increases in mature markets contributed to the overall revenue increase. Also, the Africa region shows higher contribution. Gross profit decreased to USD 33m (USD 35m) because of higher cost. Additional fuel expenses and unit cost increases in the US due to trucking rate increases because of shortage and operational challenges added to the cost side.

Terminals & Towage

Revenue increased to USD 2.7bn (USD 2.5bn) and EBITDA increased to USD 565m (USD 448m).

Gateway Terminals start showing higher results from the Hamburg Süd integration, collaboration synergies with Maersk Line and increased operational efficiency, which shows through higher revenue as well as deflationary cost per move in financially consolidated terminals. Volume (EqW) increased by 7.6%, reaching 12.5m moves mainly due to higher volume in the Latin and North American terminals. Excluding newly operated terminals and divested terminals in 2018, like-for-like EqW volume (moves) increased by 6.3%, compared to 5.0% growth in the overall container market (TEU) (Drewry). Hence, capacity utilisation increased to 78% (69%), mainly due to terminals in ramp up phase and higher volume mainly in North and Latin America because of increased collaboration synergies.

Towage reported a revenue of USD 527m (USD 493m) reflecting improved utilisation and new terminal towage contracts in Australia, Bangladesh and Costa Rica.

During 2018, towage activities have been positively impacted by further cooperation with other Maersk businesses. These synergies have generated additional volumes in various ports in Brazil, in Buenos Aires, Argentina and in Bremerhaven, Germany.

Manufacturing & Others

Revenue was USD 1.9bn (USD 1.2bn) with an EBITDA of USD 37m (USD 108m).

Maersk Container Industry reported a revenue of USD 763m (USD 769m) and an EBITDA of USD 31m (USD 76m) impacted by higher commodity prices and an increased pressure on margins on dry containers. Further, the closing of the factory in Chile in June impacted negatively by USD 18m in restructuring costs.

For other businesses revenue ended at USD 1.1bn (USD 460m) impacted by the inclusion of acquired bulk activities as part of the Hamburg Süd transaction as well as higher level of oil/bunker trading activity with third parties. EBITDA amounted to USD 6m (USD 32m).

Discontinued operations

Maersk Drilling reported a revenue growth of 2% to USD 1.1bn (USD 1.1bn). EBITDA was at a lower level of USD 481m (USD 528m) negatively impacted by several idle rigs and lower contracted day rates combined with higher costs for the planned separation. High operational uptime, more contracted days and a positive one-off impact from reversal of accruals had a positive effect on the EBITDA.

Because of improved market outlook a positive fair value adjustment of USD 445m was recognised in Q3 2018.

Maersk Supply Service reported a 12% increase in revenue to USD 206m (USD 184m) reflecting higher utilisation. EBITDA was at an unchanged level of USD 7m (USD 7m). Cash flow used for capital expenditure increased to USD 257m (USD 242m) due to payment of three (two) newbuildings.

Due to continuing challenging market conditions a negative fair value adjustment of USD 400m was recognised in Q3 2018 to reflect management's revised expectations of a fair value of Maersk Supply Service.

Statement of the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the Interim Report of A.P. Møller - Mærsk A/S for the period 1 January 2018 to 30 September 2018.

The interim consolidated financial statements of A.P. Møller - Mærsk A/S have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU and additional Danish disclosure requirements for interim financial reporting of listed companies. In our opinion, the interim consolidated financial statements (pages 32-44) give a true and fair view of A.P. Moller - Maersk's consolidated assets, liabilities and financial position at 30 September 2018 and of the result of A.P. Moller - Maersk's consolidated operations and cash flows for the period 1 January to 30 September 2018. Furthermore, in our opinion the Directors' report (pages 3-30) includes a fair review of the development in A.P. Moller - Maersk's operations and financial conditions, the result for the period, cash flows and financial position as well as the most significant risks and uncertainty factors that A.P. Moller - Maersk faces.

Copenhagen, 14 November 2018

Executive Board

Søren Skou — CEO

Claus V. Hemmingsen — Vice CEO

Vincent Clerc

Morten Engelstoft

Søren Toft

Board of Directors

Jim Hagemann Snabe — Chairman

Ane Mærsk Mc-Kinney Uggla — Vice Chairman

Dorothee Blessing

Niels Bjørn Christiansen

Arne Karlsson

Jan Leschly

Thomas Lindegaard Madsen

Robert Routs

Jacob Andersen Sterling

Robert Mærsk Uggla

Financials Q3 2018

(In parenthesis, the corresponding figures for 2017)

Interim consolidated financial statements Q3 2018

- Condensed income statement
- Condensed statement of comprehensive income
- Condensed balance sheet
- Condensed cash flow statement
- Condensed statement of changes in equity
- Notes to the consolidated financial statements

Amounts in USD million

Condensed income statement

Note		Q3 2018	Q3 2017	9 months 2018	9 months 2017	Full year 2017
1	Revenue	10,077	7,714	28,837	22,505	30,945
1	**Profit before depreciation, amortisation and impairment losses, etc. (EBITDA)**	**1,138**	**977**	**2,690**	**2,688**	**3,532**
	Depreciation, amortisation and impairment losses, net	781	782	2,452	2,306	3,015
	Gain on sale of non-current assets, etc., net	45	8	88	77	154
	Share of profit/loss in joint ventures	41	-202	117	-158	-131
	Share of profit/loss in associated companies	-78	20	-35	67	101
	Profit/loss before financial items	**365**	**21**	**408**	**368**	**641**
	Financial items, net	-71	-112	-262	-479	-616
	Profit/loss before tax	**294**	**-91**	**146**	**-111**	**25**
	Tax	103	21	260	115	219
	Profit/loss for the period – continuing operations	**191**	**-112**	**-114**	**-226**	**-194**
2	Profit/loss for the period – discontinued operations	169	-1,427	3,262	-1,324	-970
	Profit/loss for the period	**360**	**-1,539**	**3,148**	**-1,550**	**-1,164**
	Of which:					
	Non-controlling interests	13	16	38	29	41
	A.P. Møller - Mærsk A/S' share	**347**	**-1,555**	**3,110**	**-1,579**	**-1,205**
	Earnings per share – continuing operations, USD	**9**	**-6**	**-7**	**-12**	**-11**
	Diluted earnings per share – continuing operations, USD	**9**	**-6**	**-7**	**-12**	**-11**
	Earnings per share, USD	**17**	**-75**	**150**	**-76**	**-58**
	Diluted earnings per share, USD	**17**	**-75**	**150**	**-76**	**-58**

Maersk Oil, Maersk Tankers, Maersk Drilling and Maersk Supply Service were classified as discontinued operations in 2017, and the businesses are presented separately on an aggregated level in the income statement, balance sheet and cash flow statement. In accordance with IFRS, the income statement and cash flow statement have both been restated in previous periods, while the balance sheet has not been restated.

Condensed statement of comprehensive income

Note		Q3 2018	Q3 2017	9 months 2018	9 months 2017	Full year 2017
	Profit/loss for the period	**360**	**-1,539**	**3,148**	**-1,550**	**-1,164**
	Translation from functional currency to presentation currency	-110	91	-346	380	425
	Cash flow hedges	22	17	-22	414	316
	Tax on other comprehensive income	-3	-7	-23	-26	-32
	Share of other comprehensive income of joint ventures and associated companies, net of tax	1	1	2	2	2
	Total items that have been or may be reclassified subsequently to the income statement	**-90**	**102**	**-389**	**770**	**711**
	Other equity investments	328	53	689	116	138
	Actuarial gains/losses on defined benefit plans, etc.	-	-1	-	2	159
	Tax on other comprehensive income	-68	-	-140	-	-11
	Total items that will not be reclassified to the income statement	**260**	**52**	**549**	**118**	**286**
	Other comprehensive income, net of tax	**170**	**154**	**160**	**888**	**997**
	Total comprehensive income for the period	**530**	**-1,385**	**3,308**	**-662**	**-167**
	Of which:					
	Non-controlling interests	8	21	26	40	47
	A.P. Møller - Mærsk A/S' share	**522**	**-1,406**	**3,282**	**-702**	**-214**

Amounts in USD million

Condensed balance sheet at 30 September

Note		30 September 2018	30 September 2017	Full year 2017
	Intangible assets	4,293	2,783	4,365
	Property, plant and equipment	30,759	28,065	31,071
	Financial non-current assets, etc.	3,221	3,845	3,408
	Deferred tax	282	262	302
	Total non-current assets	**38,555**	**34,955**	**39,146**
	Inventories	1,218	746	974
	Receivables, etc.	6,059	6,035	5,946
	Equity investments, etc.	5,064	1	1
	Cash and bank balances	4,295	2,936	2,171
2	Assets held for sale	6,596	15,587	14,989
	Total current assets	**23,232**	**25,305**	**24,081**
1	**Total assets**	**61,787**	**60,260**	**63,227**

Note		30 September 2018	30 September 2017	Full year 2017
	Equity attributable to A.P. Møller - Mærsk A/S	33,352	30,121	30,609
	Non-controlling interests	764	833	816
	Total equity	**34,116**	**30,954**	**31,425**
	Borrowings, non-current	13,510	12,909	15,076
	Other non-current liabilities	1,932	1,488	1,969
	Total non-current liabilities	**15,442**	**14,397**	**17,045**
	Borrowings, current	3,621	2,907	2,437
	Other current liabilities	7,794	7,247	7,598
2	Liabilities associated with assets held for sale	814	4,755	4,722
	Total current liabilities	**12,229**	**14,909**	**14,757**
1	**Total liabilities**	**27,671**	**29,306**	**31,802**
	Total equity and liabilities	**61,787**	**60,260**	**63,227**

Condensed cash flow statement

Note		9 months 2018	9 months 2017	Full year 2017
	Profit/loss before financial items	408	368	641
	Non-cash items, etc.	2,393	2,337	2,928
	Change in working capital	-649	-375	-282
	Cash flow from operating activities before tax	2,152	2,330	3,287
	Taxes paid	-281	-200	-174
	Cash flow from operating activities	**1,871**	**2,130**	**3,113**
	Purchase of intangible assets and property, plant and equipment (capex)	-2,289	-2,661	-3,599
	Sale of intangible assets and property, plant and equipment	309	416	435
	Acquisition/sale of subsidiaries and activities, financial investments etc., net	1,235	99	-3,023
	Dividends received	268	106	213
	Purchase/sale of securities, trading portfolio	-10	52	52
	Cash flow used for investing activities	**-487**	**-1,988**	**-5,922**
	Repayment of/proceeds from loans, net	-337	-327	822
	Financial payments, net	-463	-676	-730
	Dividends distributed	-517	-454	-454
	Dividends distributed to non-controlling interests	-52	-49	-62
	Other equity transactions	-71	16	19
	Cash flow from financing activities	**-1,440**	**-1,490**	**-405**
	Net cash flow from continuing operations	**-56**	**-1,348**	**-3,214**
2	Net cash flow from discontinued operations	2,221	169	1,251
	Net cash flow for the period	**2,165**	**-1,179**	**-1,963**
	Cash and cash equivalents 1 January	2,268	4,077	4,077
	Currency translation effect on cash and bank balances	-67	157	154
	Cash and cash equivalents, end of period	4,366	3,055	2,268
	Of which classified as assets held for sale	-102	-171	-109
	Cash and cash equivalents, end of period	**4,264**	**2,884**	**2,159**
	Cash and cash equivalents			
	Cash and bank balances	4,295	2,936	2,171
	Overdrafts	31	52	12
	Cash and cash equivalents, end of period	**4,264**	**2,884**	**2,159**

Cash and bank balances include USD 1.0bn (USD 1.2bn) relating to cash and bank balances in countries with exchange control or other restrictions. These funds are not readily available for general use by the parent company or other subsidiaries.

As of Q1 2018, A.P. Moller - Maersk has changed the presentation of financial items in the cash flow statement. Comparative figures have been restated (please refer to note 6).

Amounts in USD million

Condensed statement of changes in equity

	A.P. Møller - Mærsk A/S							
	Share capital	**Translation reserve**	**Reserve for other equity investments**	**Reserve for hedges**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
Equity 1 January 2018	3,774	-286	26	26	27,069	30,609	816	31,425
2018								
Other comprehensive income, net of tax	-	-333	549	-46	2	172	-12	160
Profit/loss for the period	-	-	-	-	3,110	3,110	38	3,148
Total comprehensive income for the period	**-**	**-333**	**549**	**-46**	**3,112**	**3,282**	**26**	**3,308**
Dividends to shareholders	-	-	-	-	-517	-517	-52	-569
Value of share-based payment	-	-	-	-	10	10	-	10
Acquisition of non-controlling interests	-	-	-	-	-30	-30	-30	-60
Capital increases and decreases	-	-	-	-	-	-	4	4
Transfer of gain/loss on disposal of equity investments to retained earnings[1]	-	-	-107	-	107	-	-	-
Other equity movements	-	-	-	-	-2	-2	-	-2
Total transactions with shareholders	**-**	**-**	**-107**	**-**	**-432**	**-539**	**-78**	**-617**
Equity 30 September 2018	**3,774**	**-619**	**468**	**-20**	**29,749**	**33,352**	**764**	**34,116**
Equity 1 January 2017	3,774	-706	-232	-255	28,677	31,258	832	32,090
								-
Other comprehensive income, net of tax	-	368	117	390	2	877	11	888
Profit/loss for the period	-	-	-	-	-1,579	-1,579	29	-1,550
Total comprehensive income for the period	**-**	**368**	**117**	**390**	**-1,577**	**-702**	**40**	**-662**
Dividends to shareholders	-	-	-	-	-454	-454	-49	-503
Value of share-based payment	-	-	-	-	7	7	-	7
Sale of non-controlling interests	-	-	-	-	1	1	4	5
Sale of own shares	-	-	-	-	14	14	-	14
Capital increases and decreases	-	-	-	-	-	-	6	6
Other equity movements	-	-	-	-	-3	-3	-	-3
Total transactions with shareholders	**-**	**-**	**-**	**-**	**-435**	**-435**	**-39**	**-474**
Equity 30 September 2017	**3,774**	**-338**	**-115**	**135**	**26,665**	**30,121**	**833**	**30,954**

[1] To reduce the net interest-bearing debt, A.P. Moller - Maersk sold 19.25m Total S.A. shares in July 2018, generating a cash flow of USD 1.2bn. The cumulated gain, net of tax, of USD 86.7m has been transferred within equity.

Notes

Amounts in USD million

Note 1

Segment information

	Ocean	Logistics & Services	Terminals & Towage	Manu-facturing & Others	Total
Q3 2018					
External revenue	7,219	1,539	732	579	10,069
Inter-segment revenue	102	42	200	63	407
Total segment revenue	**7,321**	**1,581**	**932**	**642**	**10,476**
Unallocated and eliminations					-399
Total revenue	**-**	**-**	**-**	**-**	**10,077**
Segment profit/loss before depreciation, amortisation and impairment losses, etc. (EBITDA)	**925**	**48**	**191**	**-**	**1,164**
Unallocated items					-32
Eliminations					6
Consolidated profit/loss before depreciation, amortisation and impairment losses, etc. (EBITDA)					**1,138**[1]
Gross capital expenditures, excl. acquisitions and divestments (capex)	324	11	97	3	435

	Ocean	Logistics & Services	Terminals & Towage	Manu-facturing & Others	Total
Q3 2017					
External revenue	5,446	1,410	699	165	7,720
Inter-segment revenue	97	61	191	217	566
Total segment revenue	**5,543**	**1,471**	**890**	**382**	**8,286**
Unallocated and eliminations					-572
Total revenue	**-**	**-**	**-**	**-**	**7,714**
Segment profit/loss before depreciation, amortisation and impairment losses, etc. (EBITDA)	**800**	**28**	**160**	**30**	**1,018**
Unallocated items					-45
Eliminations					4
Consolidated profit/loss before depreciation, amortisation and impairment losses, etc. (EBITDA)					**977**[1]
Gross capital expenditures, excl. acquisitions and divestments (capex)	919	10	140	11	1,080

	Ocean	Logistics & Services	Terminals & Towage	Manu-facturing & Others	Total
9 months 2018					
External revenue	20,807	4,380	2,113	1,508	28,808
Inter-segment revenue	276	145	577	389	1,387
Total segment revenue	**21,083**	**4,525**	**2,690**	**1,897**	**30,195**
Unallocated and eliminations					-1,358
Total revenue	**-**	**-**	**-**	**-**	**28,837**
Segment profit/loss before depreciation, amortisation and impairment losses, etc. (EBITDA)	**2,080**	**99**	**565**	**37**	**2,781**
Unallocated items					-95
Eliminations					4
Consolidated profit/loss before depreciation, amortisation and impairment losses, etc. (EBITDA)					**2,690**[1]
Gross capital expenditures, excl. acquisitions and divestments (capex)	1,947	31	314	12	2,304

	Ocean	Logistics & Services	Terminals & Towage	Manu-facturing & Others	Total
9 months 2017					
External revenue	15,763	4,093	2,070	554	22,480
Inter-segment revenue	271	152	463	675	1,561
Total segment revenue	**16,034**	**4,245**	**2,533**	**1,229**	**24,041**
Unallocated and eliminations					-1,536
Total revenue	**-**	**-**	**-**	**-**	**22,505**
Segment profit/loss before depreciation, amortisation and impairment losses, etc. (EBITDA)	**2,160**	**106**	**448**	**108**	**2,822**
Unallocated items					-115
Eliminations					-19
Consolidated profit/loss before depreciation, amortisation and impairment losses, etc. (EBITDA)					**2,688**[1]
Gross capital expenditures, excl. acquisitions and divestments (capex)	2,139	29	492	16	2,676

[1] Reference is made to the condensed income statement for a reconciliation from EBITDA to profit/loss.

Note 1 — continued

Segment information

As part of the A.P. Moller - Maersk strategy of becoming the global integrator of container logistics, the reportable segments have been reorganised as of Q1 2018 in Ocean, Logistics & Services, Terminals & Towage and Manufacturing & Others.

The Ocean segment includes Maersk Line and Hamburg Süd ocean revenue as well as APM Terminals' transhipment hubs. For Hamburg Süd the revenue related to inland haulage has not yet been separated from Ocean due to lack of required information. As part of the integration work such information will be obtained and numbers will be restated.

Terminals & Towage segment includes APM Terminals' gateway terminals and Svitzer.

Logistics & Services segment includes Damco, trade finance, inland haulage and other logistics services.

Manufacturing & Others segment includes Maersk Container Industry and others.

The segment disclosures provided above reflect the information which the Executive Board receives monthly in its capacity as 'chief operating decision maker' as defined in IFRS 8. The allocation of resources and the segment performance are evaluated based on revenue and profitability measured on earnings before interest, taxes, depreciation and amortisation (EBITDA).

			Q3		9 months	Full year
USD million	**Types of revenue**	**2018**	2017	**2018**	2017	2017
Ocean	Freight	6,431	4,900	18,580	14,221	19,476
	Other ocean	890	643	2,503	1,813	2,547
Logistics & Services	Ocean	165	167	460	503	666
	Supply chain management	256	221	656	566	778
	Air freight	152	156	440	435	659
	Inland haulage	653	615	1,924	1,774	2,388
	Inland services	147	136	445	450	589
	Other services	208	176	600	517	692
Terminals & Towage[1]	Terminal services	768	716	2,175	2,046	2,830
	Towage services	171	174	527	493	659
Manufacturing & Others	Sale of containers and spare parts	226	241	763	769	1,016
	Other services	416	141	1,134	460	673
Unallocated activities and eliminations[1]		**-406**	**-572**	**-1,370**	**-1,542**	**-2,028**
Total revenue		**10,077**	**7,714**	**28,837**	**22,505**	**30,945**

[1]Including revenue eliminations between terminal services and towage services.

Note 2

Discontinued operations and assets held for sale

		9 months	Full year
	2018	2017	2017
Profit/loss for the period – discontinued operations			
Revenue	1,847	5,255	6,555
Expenses	1,017	2,542	3,097
Gains/losses on sale of assets and businesses	2,636	34	16
Depreciation and amortisation	-	1,276	1,295
Impairment losses	400	2,164	2,413
Reversal of impairment losses	445	235	236
Profit/loss before tax, etc.	**3,511**	**-458**	**2**
Tax[1]	249	866	972
Profit/loss for the period – discontinued operations	**3,262**	**-1,324**	**-970**
A.P. Møller Mærsk A/S' share of profit/loss	3,262	-1,321	-967
Earnings per share	157	-64	-47
Diluted earnings per share	157	-64	-47
Cash flows from discontinued operations			
Cash flow from operating activities	744	1,706	2,024
Cash flow used for investing activities	1,558	-1,528	-579
Cash flow from financing activities	-81	-9	-194
Net cash flow from discontinued operations	**2,221**	**169**	**1,251**

[1]Tax relates to the profit from the ordinary activities of discontinued operations. There is no tax related to the gain on sale of Maersk Oil and Maersk Tankers. The gain on sale of Maersk Oil was USD 2.6bn in 2018 and the gain on sale of Maersk Tankers was USD 3m in 2017.

Discontinued operations include Maersk Oil up to closing in March 2018, Maersk Tankers up to closing in October 2017 as well as Maersk Drilling and Maersk Supply Service, where A.P. Moller - Maersk will pursue a demerger via a separate listing for Maersk Drilling in 2019. A structural solution for Maersk Supply Service is expected within 12 months. The results of the discontinued operations are presented in one separate line in the income statement, cash flow statement and balance sheet. Both the income statement and cash flow statement have been restated in previous periods, while the balance sheet has not been restated.

A.P. Moller - Maersk executed on the strategy to separate out its energy businesses in 2017 with an agreement for Total S.A. to acquire Maersk Oil for USD 7,450m in a combined share and debt transaction, and A.P. Moller Holding to acquire Maersk Tankers for USD 1.2bn in an all-cash transaction. The Maersk Tankers transaction closed in October 2017, while the Maersk Oil transaction closed in Q1 2018.

Amounts in USD million

Note 2 — continued

Discontinued operations and assets held for sale

In the consolidated financial statements, the results for Maersk Oil up to closing in March 2018, Maersk Tankers up to closing in October 2017, Maersk Drilling and Maersk Supply Service are classified under discontinued operations with a net profit of USD 3.3bn (loss of USD 1.3bn), positively impacted by gain of USD 2.6bn on sale of Maersk Oil. The cash flow from operating activities was USD 744m (USD 1.7bn), while the cash flow from investing activities, including the net cash proceeds from the Maersk Oil transaction amounted to USD 1.6bn (negative USD 1.5bn). Total cash flow from the discontinued business amounted to USD 2.2bn (USD 169m).

	30 September 2018	30 September 2017	31 December 2017
Balance sheet items comprise:			
Intangible assets	96	872	875
Property, plant and equipment	5,702	12,217	11,911
Deferred tax assets	13	313	244
Other assets	76	685	491
Non-current assets	**5,887**	**14,087**	**13,521**
Current assets	709	1,500	1,468
Assets held for sale	**6,596**	**15,587**	**14,989**
Provisions	147	3,218	3,059
Deferred tax liabilities	76	282	226
Other liabilities	591	1,255	1,437
Liabilities associated with assets held for sale	**814**	**4,755**	**4,722**

Intangible assets held for sale amounts to USD 92m for Maersk Drilling and USD 4m for Maersk Supply Service. Property plant and equipment held for sale mainly consists of Maersk Drilling by USD 4.8bn and Maersk Supply Service by USD 808m.

Maersk Drilling

In the first nine months of 2018, Maersk Drilling reported a profit of USD 862m (loss of USD 1.6bn), impacted by positive fair value adjustment of USD 445m recognised in Q3 2018 due to improved market outlook and no depreciation being recognised after classification as discontinued businesses in Q3 2017. The first nine months of 2017 was negatively impacted by an impairment of USD 1.8bn following classification as discontinued operations.

Maersk Supply Service

In the first nine months of 2018, Maersk Supply Service reported a loss of USD 409m (loss of USD 51m), impacted by negative fair value adjustment of USD 400m recognised in Q3 2018 due to continued challenging market conditions. The result was positively impacted by no depreciation being recognised after classification as discontinued businesses in Q4 2017.

Maersk Oil

On 21 August 2017, A.P. Moller - Maersk announced the sale of Maersk Oil to Total S.A. The transaction, which was based on a locked box mechanism from 30 June 2017, closed on 8 March 2018 with an accounting gain of USD 2.6bn. In addition to the net cash proceeds of USD 2.0bn after closing adjustments and free cash flow of USD 0.3bn up to closing. A.P. Moller - Maersk received USD 97.5m shares in Total S.A. equivalent to an ownership interest of 3.7%. The market value of Total S.A. shares was USD 5.6bn at closing 8 March 2018. The accounting gain comprises of the original gain calculated on 30 June 2017 of USD 2.8bn reduced by the profit recognised in the period from 1 July 2017 up to closing of USD 1.0bn and addition of the locked-box interest and positive Total S.A. share price development totalling USD 0.8bn.

Period ended 8 March 2018:

Maersk Oil reported a profit of USD 148m (profit of USD 312m), The gain and cash flow from closing the transaction is summarised below where comparative figures relate to the sale of Maersk Tankers in 2017:

Cash flow from sale	2018	9 months 2017	Full year 2017
Carrying amount			
Intangible assets	779	0	6
Property, plant and equipment	6,750	0	1,159
Financial assets - non-current	433	0	10
Deferred tax asset	233	0	0
Current assets	1,338	0	420
Provisions	-2,767	0	-10
Liabilities	-3,831	0	-1,011
Net assets sold	**2,935**	**0**	**574**
Non-controlling interests	0	0	0
A.P. Møller - Mærsk A/S' share	**2,935**	**0**	**574**
Gain/loss on sale	2,632	0	3
Repayment of loan[1]	2,500	0	760
Locked box interest received	156	0	0
Total consideration	**8,223**	**0**	**1,337**
Shares in Total S.A. received	-5,567	0	0
Contingent considerations asset	0	0	-28
Cash and bank balances transferred at closing	-633	0	-91
Cash flow from sale of subsidiaries and activities	**2,023**	**0**	**1,218**

[1] The USD 2.5bn relates to a pre-closing debt push down.

Amounts in USD million

Note 2 — continued

Discontinued operations and assets held for sale

Secondary decommissioning liability

As part of the divestment of Mærsk Olie & Gas A/S (MOGAS) to Total S.A., A.P. Møller - Mærsk A/S (APMM) has assumed a secondary liability related to the decommissioning of the offshore facilities in Denmark by issuance of a declaration. APMM assesses the risk of economic outflows because of this secondary liability as very remote.

The potential beneficiaries of the declaration of secondary liability are the other participants in Dansk Undergrunds Consortium (DUC) and the Danish state. The declaration covers decommissioning costs related to DUC's offshore facilities in Denmark which existed as at 28 February 2018. The secondary liability is limited to decommissioning costs related to MOGAS's participating interest in DUC at that point in time (which was 31.2%). At closing 8 March 2018, MOGAS's provision for these decommissioning costs amounted to USD 1.2bn. APMM's secondary liability will be reduced as facilities are decommissioned at the cost of Dansk Undergrunds Consortium.

The payment obligation under the declaration of secondary liability is triggered towards the other participants in DUC if: a) MOGAS or a potential successor of MOGAS does not perform its payment obligations in respect of decommissioning costs, b) the non-defaulting DUC participants have exhausted the special remedies in the joint operating agreement; and c) payment of the full amount under the guarantee(s) issued by or on behalf of MOGAS has not been made upon receipt of a payment request. The payment obligation is triggered towards the Danish state if the Danish state has paid the decommissioning costs and MOGAS, a potential successor or a guarantor does not pay in full its share of the costs upon receipt of a payment request.

In case APMM is held liable under the secondary liability described above APMM will have full recourse for such liability against Total S.A. (the buyer of MOGAS).

Listing of Maersk Drilling

A.P. Moller - Maersk has decided to pursue a demerger via a separate listing of Maersk Drilling Holding A/S (Maersk Drilling) on Nasdaq Copenhagen in 2019.

Having evaluated the different options for Maersk Drilling, A.P. Moller - Maersk has concluded that Maersk Drilling as a standalone company presents the most optimal and long-term prospects for its shareholders, offering them the possibility to participate in the value creation opportunity of a globally leading pure play offshore drilling company with long-term development prospects.

The process has been initiated to ensure that Maersk Drilling is operationally and organisationally ready for a listing in 2019. As part of the preparation, debt financing of USD 1.5bn from a consortium of international banks has been secured for Maersk Drilling to ensure a strong capital structure after a listing. Maersk Drilling's separate financing is expected to release cash proceeds of around USD 1.2bn to A.P. Moller - Maersk. Further details for a listing will be announced at a later stage.

Amounts in USD million

Note 3

Financial risks, etc.

Except of the below, the financial risks, etc. are not significantly different from those described in note 17 of the consolidated financial statements for 2017, to which reference is made.

Share price risk on shares in Total S.A.

The value of the shares in Total S.A. as per 30 September 2018 was USD 5,063m (Level 1). A 10% change in the share price will affect the Group's equity, excluding tax, positively/negatively by USD 506m. Changes in share price will not affect the Group's profit as value adjustments are recognised directly in equity (other comprehensive income). The shares are denominated in EUR and are measured at the EUR/USD spot rate. The underlying business of the shares is based on the USD. Dividends from these shares amount to USD 204m.

Liquidity risk	30 September 2018	30 September 2017	31 December 2017
Borrowings	17,131	15,816	17,513
Net interest-bearing debt	12,416	12,552	14,799
Liquidity reserve[1]	11,832	10,646	9,649

[1] Liquidity reserve is defined as undrawn committed revolving facilities with more than one year to expiry, securities and cash and bank balances, excluding securities and balances in countries with exchange control or other restrictions and excluding shares in Total S.A.

In addition to the liquidity reserve, the Group has USD 0.4bn undrawn committed loans which are dedicated to financing of specific assets, part of which will therefore only become available at certain times in the future.

Based on the liquidity reserve, loans for the financing of specific assets, the maturity of outstanding loans, and the current investment profile, the Group's financial resources are deemed satisfactory. The average term to maturity of loan facilities in the Group was about four years (about four years at 31 December 2017).

In March 2018, the Group issued EUR 750m 8-year bonds in the Euro market, its first bond issue since 2016, and concurrently repurchased a total notional amount of EUR 500m of its two outstanding Euro bonds maturing in 2019, thereby extending the debt maturity profile.

Note 4

Commitments – continuing operations

Operating lease commitments

At 30 September 2018, the net present value of operating lease commitments totalled USD 9.3bn using a discount rate of 6%, in line with the NPV and discount rate at 31 December 2017.

Operating lease commitments at 30 September 2018 are divided into the following main segments:

- Ocean of USD 5.7bn
- Logistics & Services of USD 0.5bn
- Terminals & Towage of USD 2.1bn
- Manufacturing & Others of USD 1.0bn.

About 35% of the time charter payments in Maersk Line are estimated to relate to operating costs for the assets.

Capital commitments	Ocean	Logistics & Services	Terminals & Towage	Manu-facturing & Others	Total
30 September 2018					
Capital commitments relating to acquisition of non-current assets	758	18	250	8	1,034
Commitments towards concession grantors	289	-	1,000	-	1,289
Total capital commitments	**1,047**	**18**	**1,250**	**8**	**2,323**
31 December 2017					
Capital commitments relating to acquisition of non-current assets	2,027	3	267	17	2,314
Commitments towards concession grantors	399	-	1,141	-	1,540
Total capital commitments	**2,426**	**3**	**1,408**	**17**	**3,854**

USD 0.5bn of the total capital commitments are related to the newbuilding programme for ships etc. at a total contract price of USD 0.6bn including owner-furnished equipment. The remaining capital commitments of USD 1.8bn relate to investments mainly within Ocean and Terminals & Towage segments.

The capital commitments will be financed by cash flow from operating activities as well as existing and new loan facilities.

Amounts in USD million

Note 4 — continued

Commitments – continuing operations

Newbuilding programme at 30 September 2018	2018	No 2019	Total
Container vessels	1	5	6
Tugboats	2	2	4
Total	**3**	**7**	**10**

Capital commitments relating to the newbuilding programme at 30 September 2018	2018	USD million 2019	Total
Container vessels	31	415	446
Tugboats	2	7	9
Total	**33**	**422**	**455**

Note 5

Acquisition/sale of subsidiaries and activities

Acquisitions during the first nine months 2018

No acquisitions of subsidiaries or activities, were undertaken in the first nine months of 2018.

Hamburg Südamerikanische Dampfschifffahrts-Gesellschaft KG (Hamburg Süd)

In Q3 2018, certain changes were made to the provisional purchase price allocation regarding Hamburg Süd, prepared at closing 30 November 2017, resulting in a reduction of the calculated goodwill by USD 63m to USD 326m. The changes were primarily related to working capital balances and had no impact on the profitability for Q3 2018. The accounting for the business combination is still considered provisional at 30 September 2018 due to follow up on certain contingencies, indemnities, etc. existing at the acquisition date.

Acquisitions during the first nine months 2017

No acquisitions of subsidiaries or activities, were undertaken in the first nine months of 2017.

Sales during the first nine months 2018 and 2017

In continuing operations, no sales of subsidiaries or activities were undertaken in the first nine months of 2018. In 2017 APM Terminals sold Pentalver for a consideration of USD 126m.

Amounts in USD million

Note 6

Accounting policies, judgements and significant estimates

The interim consolidated financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting' as issued by the International Accounting Standards Board (IASB) and as adopted by the EU and Danish disclosure requirements for interim financial reports of listed companies.

The accounting policies, judgements and significant estimates are consistent with those applied in the consolidated financial statements for 2017 in notes 23 and 24 of the Annual Report, to which reference is made, apart from changes described below.

New segment structure

The allocation of business activities into segments reflects A.P. Moller - Maersk's character as an integrated container logistics business and is in line with the internal management reporting. The reportable segments are as follows:

Ocean	Global container shipping activities including strategic transhipment hubs
Logistics & Services	Freight forwarding, supply chain management, inland haulage, inland services and other logistic services
Terminals & Towage	Gateway terminal activities, towage and related marine activities
Manufacturing & Others	Production of reefer and dry containers, trading and sale of bunker oil and other businesses

The reportable segments comprise mainly of:

Ocean

Ocean activities, defined as operating activities under Maersk Line, Safmarine and 'Sealand – A Maersk Company', and Hamburg Süd brands with 'Ocean container freight' being the main revenue stream. Ocean container freight is defined as the cost-per-weight measure of transporting goods on board of a container vessel across the ocean, including demurrage and detention, terminal handling, documentation services, container services as well as container storage.

Hub activities, defined as operating activities under the APM Terminal brand generating revenue by providing port services only in major transhipment ports such as Rotterdam, Maasvlakte II, Algeciras, Tangiers, Tangier-Med II (under construction), Port Said and joint ventures Salalah, Tanjung Pelepas and Bremerhaven. The respective terminals are included under the Ocean segment as the primary purpose of those ports is to provide transhipment services to Maersk's Ocean business whereas third-party volumes sold in those locations are considered secondary.

Logistics & Services

Damco activities, defined as all operating activities under the Damco brand, a provider of logistics, forwarding (air and sea freight) and supply chain management services.

Inland haulage activities (intermodal), defined as all operating activities under Maersk Line, Safmarine and 'Sealand – A Maersk Company' brands with main stream of revenue deriving from the transportation of containers from vendors (shippers) to the port of shipment, and from discharge port to the point of stripping (consignee) by truck and/or rail. Inland haulage activities operating under the Hamburg Süd brand are still part of the Ocean activity.

APM Terminals inland activities, defined as operating activities in inland service facilities fully or partially controlled by APM Terminals, with main revenue stream being inland services such as full container storage, bonded warehousing, empty depot, local transportation, etc.

Trade Finance, a function providing export finance solutions, post-shipment and import finance solutions.

Star Air activities, operator of cargo aircrafts on behalf of UPS.

Terminals & Towage

Terminals activities, defined as operating activities in ports fully or partially controlled by the APM Terminals brand, with main revenue stream being port activities and not considered hub activity as described above.

Towage activities, defined as all operating activities under the Svitzer brand, a provider of offshore towage and salvage services.

Manufacturing & Others

Maersk Container Industry, a container manufacturer that produces dry containers and reefer containers.

Others include:

Maersk Oil Trading, dedicated to source marine fuels and lubricants for A.P. Moller - Maersk's fleet in addition to refinery activities and sale to external parties incl. Maersk Tankers.

Hamburg Süd tramp activity, bulk and tanker activity acquired as part of the Hamburg Süd acquisition.

Other businesses consisting of Maersk Training, a provider of training services to maritime, oil & gas, offshore wind and crane industries.

The reportable segments do not comprise costs in A.P. Moller - Maersk's corporate functions. These functions are reported as unallocated item.

Revenue between segments is limited except for the Terminal & Towage segment where a large part of the services is delivered to the Ocean segment as well as the sale of containers from Maersk Container Industry to the Ocean segment. Sales of products and services between segments are based on market terms.

Maersk Oil, Maersk Drilling and Maersk Supply were classified as discontinued operations during 2017.

Amounts in USD million

Note 6 — continued

Accounting policies, judgements and significant estimates

Cash flow statement

As of Q1 2018, A.P. Moller - Maersk has changed the presentation of the cash flow statement. Net financial payments are included in cash flow from financing activities and dividends received are included in cash flow from investing activities. These items were previously included in cash flow from operating activities. Comparison figures have been restated.

The effect of the changes on the cash flow statement are as follows:

USD million	9 months 2018	9 months 2017	FY 2017
Cash flow from operating activities	+195	+570	+517
Cash flow from investing activities	+268	+106	+213
Cash flow from financing activities	-463	-676	-730

Other equity investments, current

The shares in Total S.A. received at the sale of Maersk Oil on 8 March 2018 have been classified as equity investments at fair value through other comprehensive income. Subject to meeting its investment grade objective, it is the plan to return a material portion of the value of the received shares to the A.P. Moller - Maersk shareholders during 2018/2019, and therefore the shares have been classified under current assets. Dividends are presented in the income statement under financial items.

New financial reporting requirements

A number of changes to accounting standards are effective from 1 January 2018 and endorsed by EU. Those of relevance to A.P. Moller - Maersk are:

- Revenue from contracts with customers (IFRS 15)
- Foreign currency transactions and advance consideration (IFRIC 22)
- Classification and Measurement of Share-based Payment Transactions (amendments to IFRS 2)
- Annual Improvements 2014-2016 (amendments to IFRS 1 and IAS 28).

IFRS 15 – Revenue from contracts with customers

A.P. Moller - Maersk's current practice for recognising revenue has shown to comply, in all material aspects, with the concepts and principles encompassed by the new standard.

For IFRS 15 the modified retrospective approach has been applied which entails that any cumulative effects are recognised in retained earnings as of 1 January 2018 and comparison period have not been restated.

IFRS 16 Leases

The new requirement in IFRS 16 to recognise a right-of-use asset and a related lease liability is expected to have a material impact on the amounts recognised in the consolidated financial statements.

A.P. Moller - Maersk will adopt IFRS 16 on 1 January 2019, applying the following main transition options:

- No reassessment of lease definition compared to the existing IAS 17 and IFRIC 4
- Application of the simplified approach with no restatement of comparative figures for prior periods.

As at 30 September 2018, A.P. Moller - Maersk has non-cancellable operating lease commitments for continuing operations of USD 13bn (USD 12bn) on an undiscounted basis and including payments for service components and variable lease payments which will be recognised under IFRS 16 as an expense in the income statement, on a straight-line basis.

A preliminary assessment of the potential impact on the consolidated financial statements of implementing IFRS 16 shows that a lease liability in the range of USD 6-8bn must be recognised. This preliminary assessment is based on a number of estimates and assumptions which by nature are subject to significant uncertainty. The actual impact of applying IFRS 16 at 1 January 2019 will, among other factors, depend on future economic conditions, including the composition of the lease portfolio at that date as well as the level of time charter rates, incremental borrowing rates, etc.

Valuation of discontinued operations

According to IFRS 5 discontinued operations are valued at fair value less cost to sell.

A.P. Moller - Maersk has decided to pursue listing of Maersk Drilling via a demerger in 2019. In Q3 2018, A.P. Moller - Maersk recognised a positive fair value adjustment of USD 445m in relation to Maersk Drilling following an improved market outlook as well as increased oil price and share prices of listed peers. The fair value of Maersk Drilling recognised at 30 September is USD 5.0bn. Similar to 31 December 2017, the fair value is based on a discounted cash flow model. Change in assumptions relates to expected increase in day-rates and utilisation in the midterm in line with external analysts' and peers' expectations in addition to a decrease in discount rate of 0.5% to reflect the assumed leverage of Maersk Drilling post a demerger. The fair value estimate using the discounted cash flow model is highly uncertain due to the character of the assets and few transactions. The calculation is sensitive to expected future day rates, the risks of idle periods and the applied discount rate.

In Q3 2018, A.P. Moller - Maersk recognised a negative fair value adjustment of USD 400m in relation to Maersk Supply Service to reflect management's revised expectations of a fair value of the business, based on received external value indications and in line with trading levels of listed peers. The fair value of Maersk Supply Service recognised at 30 September is USD 0.6bn. The fair value estimate for Maersk Supply Service is subject to uncertainties given the overcapacity in the offshore markets which keeps day-rates at a continued low level in addition to the limited number of transactions in the offshore business.

Closing of factory in Chile

Maersk Container Industry decided to consolidate manufacturing of reefer containers at the facility in Qingdao, China and consequently ceased operation at the facility in San Antonio, Chile. In addition to restructuring costs of USD 18m with effect on EBITDA the closing resulted in write-down of assets of USD 141m in Q2 2018.

Additional information

- Quarterly summary
- Definition of terms

Amounts in USD million

Quarterly summary

Income statement	2018 Q3	2018 Q2	2018 Q1	2017 Q4	2017 Q3	2017 Q2	2017 Q1
Revenue	10,077	9,507	9,253	8,440	7,714	7,690	7,101
Profit before depreciation, amortisation and impairment losses, etc. (EBITDA)	1,138	883	669	844	977	1,073	638
Depreciation, amortisation and impairment losses, net	781	903	768	709	782	889	635
Gain on sale of non-current assets, etc., net	45	10	33	77	8	54	15
Share of profit/loss in joint ventures	41	39	37	27	-202	14	30
Share of profit/loss in associated companies	-78	17	26	34	20	25	22
Profit/loss before financial items (EBIT)	365	46	-3	273	21	277	70
Financial items, net	-71	-71	-120	-137	-112	-234	-133
Profit/loss before tax	294	-25	-123	136	-91	43	-63
Tax	103	60	97	104	21	33	61
Profit/loss for the period – continuing operations	191	-85	-220	32	-112	10	-124
Profit/loss for the period – discontinued operations	169	111	2,982	354	-1,427	-274	377
Profit/loss for the period	360	26	2,762	386	-1,539	-264	253
A.P. Møller - Mærsk A/S' share	347	18	2,745	374	-1,555	-269	245
Underlying profit/loss	251	88	-239	36	254	205	-139
Balance sheet							
Total assets	61,787	61,200	61,639	63,227	60,260	61,310	60,428
Total equity	34,116	33,588	34,313	31,425	30,954	32,349	32,316
Invested capital	46,542	47,924	47,819	46,297	43,346	44,202	44,507
Net interest-bearing debt	12,416	14,290	13,395	14,799	12,552	11,852	12,212
Investments in non-current assets – continuing operations	2,518	2,007	1,179	9,205	2,835	1,751	815
Cash flow statement							
Cash flow from operating activities	1,085	353	433	983	744	941	445
Gross capital expenditure, excl. acquisitions and divestments (capex)	-401	-708	-1,180	-938	-1,092	-892	-677
Net cash flow from discontinued operations	32	-119	2,308	1,082	149	203	-183
Financial ratios							
Revenue growth	31%	24%	30%	19%	11%	15%	9%
Revenue growth excl. Hamburg Süd	12%	6%	10%	13%	11%	15%	9%
EBITDA margin	11%	9%	7%	10%	13%	14%	9%
Cash conversion	95%	40%	65%	116%	76%	88%	70%
Return on invested capital after tax – continuing operations (ROIC)	3.2%	-0.1%	-0.6%	2.9%	0.0%	3.1%	0.2%
Stock market ratios							
Share price (B share), end of period, DKK	9,020	7,948	9,344	10,840	11,960	13,090	11,570
Share price (B share), end of period, USD	1,401	1,243	1,556	1,746	1,899	2,008	1,662

Definition of terms

Technical terms, abbreviations and definitions of key figures and financial ratios.

Backlog
The value of future contract coverage (revenue backlog).

Bunker Adjustment Factor (BAF)
A surcharge applied to freight rates to compensate unexpected fuel oil price variations as an element in the contracts with customers.

Bunker
Type of oil used in vessel engines.

Capex
Cash payments for intangible assets and property, plant and equipment, excluding acquisitions and divestments.

Cash flow from operating activities per share
A.P. Moller - Maersk's operating cash flow from continuing operations divided by the number of shares (of DKK 1,000 each), excluding A.P. Moller - Maersk's holding of own shares.

Cash conversion
Cash flow from operations to EBITDA ratio.

Contract coverage
Percentage indicating the part of vessel/rig days that are contracted for a specific period.

Discontinued operations
Discontinued operations are a major line of business (disposal group) that is either held for sale or has been sold in previous periods. The disposal group is reported separately in a single line in the income statement and cash flow statement. Comparison figures are restated. In the balance sheet assets and liabilities are classified and disclosed separately on an aggregate level as assets held for sale and liabilities associated with assets held for sale. In the balance sheet comparison figures are not restated. Maersk Oil, Maersk Tankers, Maersk Drilling and Maersk Supply Service were classified as discontinued operations and assets held for sale in 2017.

Drewry
Drewry is a leading international provider of research and consulting services to the maritime and shipping industry.

EBITDA
Earnings before Interest, Taxes, Depreciation and Amortisation (EBITDA).

Equity ratio
Calculated as equity divided by total assets.

FFE
Forty Foot container Equivalent unit.

Jack-up rig
A drilling rig resting on legs that can operate in waters of 25-150 metres.

Logistics & Services, EBIT conversion (%)
Earnings before interest and tax/gross profit.

Logistics & Services, gross profit (USDm)
Gross profit is the sum of revenue less variable costs and loss on debtors.

Net interest-bearing debt (NIBD)
Equals interest-bearing debt, including fair value of derivatives hedging the underlying debt, less cash and bank balances as well as other interest-bearing assets.

Ocean, hub productivity (PMPH)
Productivity is calculated as the average of the gross moves per hour for each call. Gross moves per hour for a single vessel call is defined as the total container moves (on load, off load and repositioning) divided by the number of hours for which the vessel is at berth.

Ocean, loaded freight rate (USD per FFE)
Average freight rate per FFE for all the Maersk containers loaded in the period in either Maersk Line or Hamburg Süd vessels or third parties (excluding intermodal). Hamburg Süd is not excluding intermodal.

Ocean, loaded volumes (FFE in '000)
Maersk containers that are loaded in the period in either a Maersk Line or Hamburg Süd vessel or third parties.

Ocean, unit cost, fixed bunker (USD per FFE incl. VSA income)
Cost per FFE assuming a bunker price at USD 200/tonne excluding intermodal but including Hubs and TC income. Hamburg Süd is not excluding intermodal.

Return on equity
Is calculated as the profit/loss for the period divided by the average equity.

Return on invested capital after tax (ROIC)
Is calculated as profit/loss before financial items for the period (EBIT) less tax on EBIT divided by the average Group invested capital.

Terminals & Towage, annualised EBITDA per tug (TT) (USD in '000)
Annualised EBITDA per tug equivalent (pilot boats and others count for 0.5).

Terminals & Towage, number of operational tug jobs (HT) ('000)
Those tug jobs on which Svitzer performs the physical job, which both include those that Svitzer have the commercial contract on with the customer as well as those Svitzer receive from the competitor through overflow or other agreements.

Terminals & Towage, terminal revenue per move – equity-weighted (USD/move)
Terminal revenue per move multiplied with the ownership.

Terminals & Towage, terminal unit cost per move – equity-weighted (USD/move)
Terminal cost per move including headquarter costs multiplied with the ownership, excluding costs related to terminals under construction.

Terminals & Towage, terminal volumes – equity-weighted (moves in m)
Terminal volume in moves weighted on terminal ownership percentages includes all entities (subsidiaries and joint ventures and associates).

TEU
Twenty foot container Equivalent Unit.

Total market capitalisation
Total number of shares – excluding A.P. Moller - Maersk's holding of own shares – multiplied by the end-of-period price quoted by NASDAQ OMX Copenhagen.

Underlying profit/loss
Underlying profit/loss is profit/loss for the period from continuing operations adjusted for net gains/losses from sale of non-current assets, etc. and net impairment losses as well as transaction, restructuring and integration costs related to major transactions. The adjustments are net of tax and include A.P. Moller - Maersk's share of mentioned items in associates and joint ventures.

Uptime
A period when a unit is functioning and available for use.

Colophon

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Ane Mærsk Mc-Kinney Uggla, Vice Chairman
Dorothee Blessing
Niels Bjørn Christiansen
Arne Karlsson
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Thomas Lindegaard Madsen
Robert Routs
Jacob Andersen Sterling
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