



# MAERSK - THE NEW DIRECTION

A.P. Moller - Maersk

Capital Markets Day, 13 December 2016

# THE NEW DIRECTION



**Søren Skou**  
Chief Executive Officer



# On 22<sup>nd</sup> September we announced the future Maersk: a strong container shipping, logistics and ports company

## Transport & Logistics

- Managed and operated as an integrated company
- A one company structure with multiple brands
- Growing topline, earnings for our owners, and opportunities for our people



The Maersk Line brand includes Safmarine, Seago Line, SeaLand, Mercosul Line and MCC Transport

## Energy

- Managed and operated as individual business units
- More focused and structurally agile strategies to optimise value
- Intent to separate out of A.P. Møller - Mærsk A/S, creating value for shareholders in the process



# Two weeks ago we took the first step in realising this ambition



## **Hamburg Süd is a rare opportunity: A quality company with a willing seller**

- In line with communicated consolidation ambition for Maersk Transport and Logistics
- Cement Maersk Line's global leadership position and deliver growth to APM Terminals
- Build a strongly competitive platform in Latin America with dual branding similar to our position in Africa
- Create an unmatched product with a unique customer value proposition in Latin America, Oceania and Reefer segment
- Significant cost synergies by combining networks

Disclaimer: The proposed acquisition of Hamburg Süd is subject to regulatory approvals and due diligence

# Energy is 25% of Group revenues – we plan to replace with organic and inorganic growth in Transport & Logistics

## Maersk Group revenue and invested capital split (2015 FY)

Transport & Logistics

**75%**

Revenue

**67%**

Invested capital



Energy

**25%**

Revenue

**33%**

Invested capital

**+15%**

Hamburg Süd  
revenue

Note: Hamburg Süd revenue is 15% of the whole (i.e. 15pp on top of the 75% Transport and Logistics revenue). Disclaimer: The proposed acquisition of Hamburg Süd is subject to regulatory approvals and due diligence

# Our unique position in Transport & Logistics gives us a solid starting point to build on



The world's biggest carrier, active in both global and intra-regional trades



The world's 4<sup>th</sup> largest container terminal operator with strong Africa, Latin America and East-West hub presence



Outstanding capabilities in Supply Chain Management and solid freight forwarding experience



Excellent port services



Second to none refrigeration technology



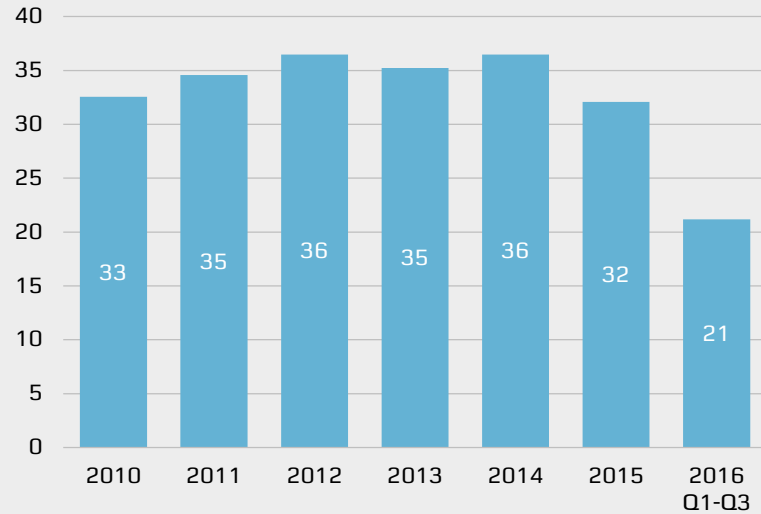
## Transport & Logistics

Revenue, (USDbn)	23.7	4.2	2.7	0.7	0.7	32.1
Invested Capital, (USDbn)	20.1	6.0	0.2	1.1	0.4	27.8
Employees, (FTE)	29,500	22,000	10,800	4,000	5,300	71,600
Offices/countries, (#)	382/130	212/69	224/100+	53/40+	5/3	898/131
Key assets, (#)	620 vessels	72 terminals	n/a	430 tugs	3 factories	n/a

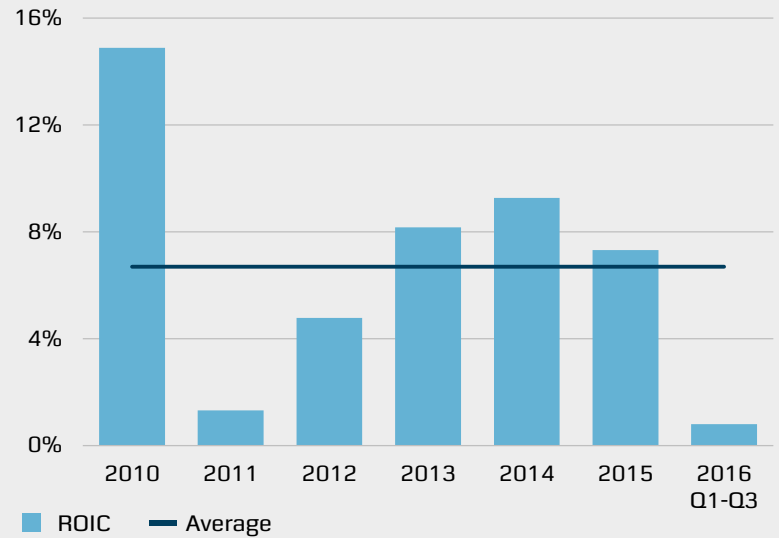
Note: Financial figures are for 2015. Total revenue is not adjusted for inter-company eliminations

# Profitability is volatile with an average of 7% over the cycle, but we lack revenue growth

## Revenue, (USDbn)



## ROIC, (%)



Note: Excludes inter-company eliminations and non-allocated overhead costs

# Integrating also unlocks more immediate synergies across our brands - raising returns

## Increased terminal utilisation



Maersk Line  
APM Terminals

## Improved inland services



Maersk Line  
APM Terminals  
Damco

## Optimised hub operations



Maersk Line  
APM Terminals

## Joint production planning



Maersk Line  
Maersk Container  
Industry

## Cross-selling



Maersk Line  
APM Terminals  
Damco  
Svitzer



# Maersk: The global integrator of container logistics...

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Global integrator of container logistics  
- connecting and simplifying the global  
supply chain

# ...providing global supply chain solutions with a great customer experience



Providing simple  
solutions to our  
customers' complex  
supply chain needs



Elevating the customer  
experience through  
digital innovation



Offering the industry's  
most competitive  
container transport  
network to every market  
in the world

# FOUR FUNDAMENTALS

impact the industries we operate in

01

Market is big and growing



02

Liner industry is changing and we will benefit



03

Low CAPEX need going forward

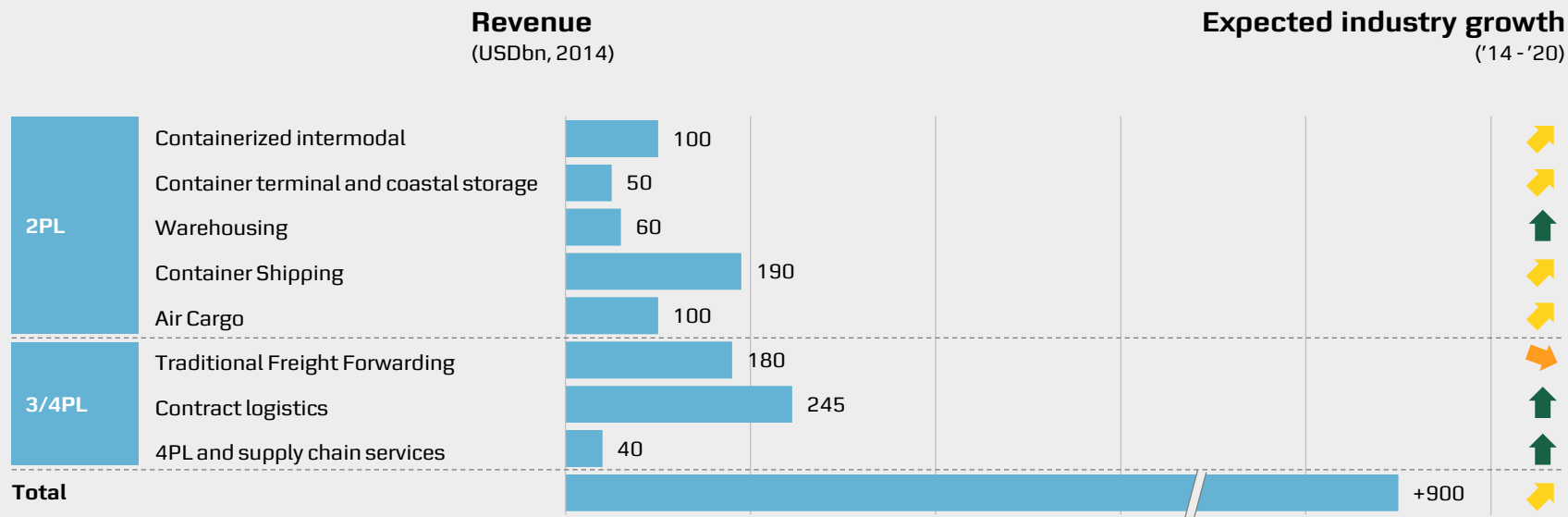


04

Industry is digitising – we are well positioned



# The transportation and logistics markets are big and growing



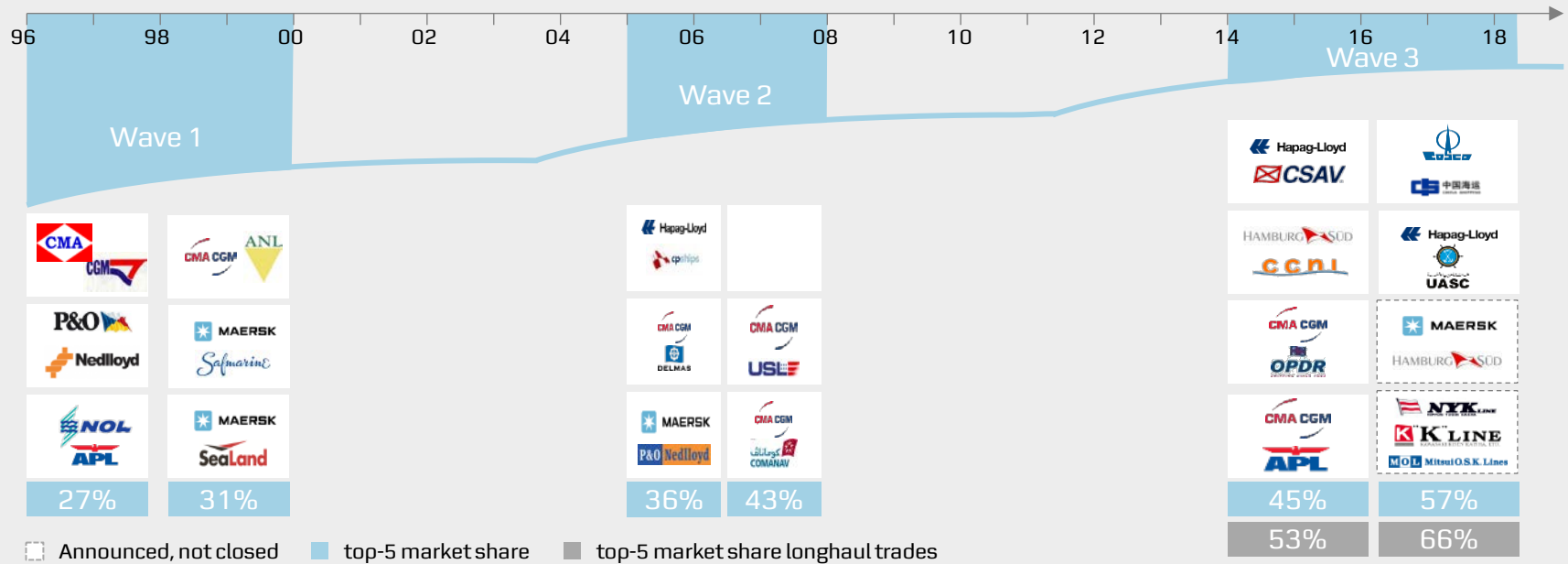
↑ Growth above global GDP growth  
 ↗ Growth in line with global GDP growth  
 ↘ Growth below global GDP growth

Note: Total industry growth is weighted average by revenue

Source: Transport Intelligence; Armstrong & Associates; Clarksons; World Bank; IBIS World; IPC Research; Statista

# The liner industry is consolidating and top 5 share is growing

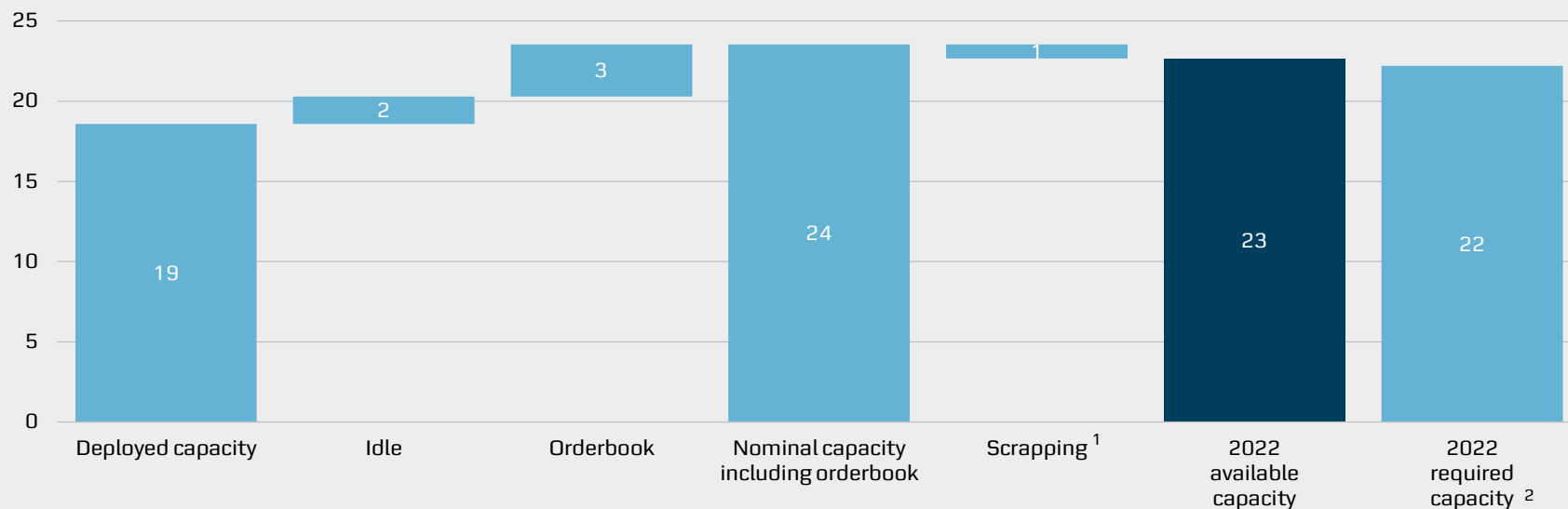
## Consolidation wave is rolling again – 8 top 20 players disappeared in last 2 years



Disclaimer: The proposed acquisition of Hamburg Süd is subject to regulatory approvals and due diligence. Note: Long haul trades defined as non-intra-regional trades. Source: Alphaline

# Current capacity is sufficient to satisfy industry demand in the foreseeable future

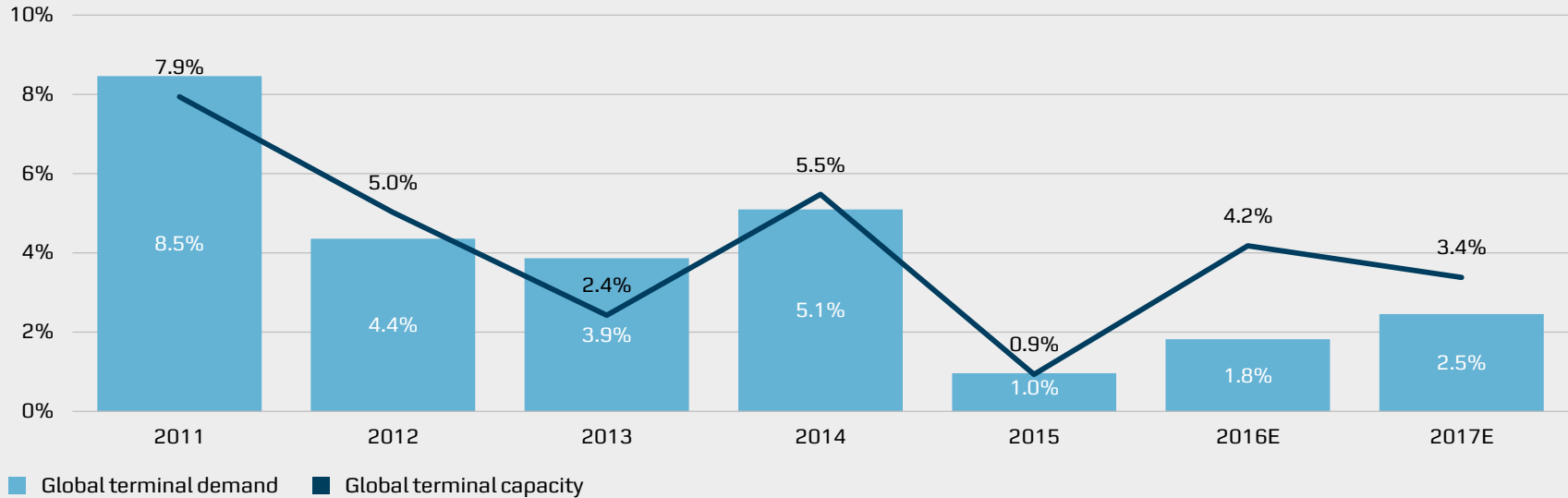
## Industry capacity (TEUm)



Note: 1) Assuming that all vessels of 25+ years of age are scrapped by 2025 2) Assumes constant utilisation and 3% p.a. headhaul demand growth  
Source: Maersk Line, Alphaliner

# Also in the terminal industry overcapacity is emerging

Growth, (y/y, %)<sup>1</sup>



Note: (1) Measured as total port throughput and capacity in TEU incl. empties and transshipments

Source: Drewry

# Digital is changing the industry to the benefit of customers – and we are ready for it

## Digitisation is changing the industry...

Customer experience  
will change

Lower cost to serve

Demarcation lines  
between industry  
participants will  
change

Digital will drive  
asset productivity

...and we are embarking on the digital  
journey from a strong position

We have customers, volumes, and brands

We have already invested heavily in  
digitising our foundation

We are investing in new digital products

We own the data generators  
– the foundation for digitisation



# All of our Transport & Logistics businesses share four strategic “blades” that propel us forward

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## Growth

- Organic
- Inorganic
- Cross-selling
- New products

## Great customer experience

- Leverage insights across our businesses
- Superior products
- Digital interfaces



## Cost leadership

- In everything we do
- In all our businesses
- “Lowest cost, lower every year” culture
- Exploit synergies

## Competitive pricing

- Providing value to our customers
- Enabled by cost leadership and low cost to serve

# We have set a strong management team to deliver on the strategy



# Maersk: The global integrator of container logistics

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**MAERSK**

Global integrator of container logistics  
- connecting and simplifying the global  
supply chain

Providing simple solutions to our  
customers' complex supply chain needs

Elevating the customer experience  
through digital innovation

Extending the industry's most effective  
and efficient delivery network to every  
market in the world

# CUSTOMER EXPERIENCE & GROWTH



**Vincent Clerc**  
Chief Commercial Officer  
Maersk Line



Unlock growth from better

# CUSTOMER EXPERIENCE



In recent years, price has dominated the customer decision...



...digitisation and integrated solutions are game-changers to bring quality back into the equation...

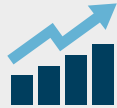


...Maersk is uniquely positioned to increase the quality of the customer experience – a central element to unlock growth

# The customer experience is central to our strategy

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Growth



Cost leadership

Great customer  
experience



Competitive  
pricing



# We are in a strong position to meet customer needs with digitisation and Transport & Logistics solutions

## All customers



### Flow of goods

- Reliability
- Network coverage
- Financial stability



### Flow of information

- Documentation
- Visibility
- Accessibility

## Some customers



### Extended solutions

- Integrated offerings
- New logistics services
- Digital services

Will be transformed by **digitisation**

Traditionally served by carriers

Traditionally served by freight forwarders

**To be served by Maersk**

With our portfolio of digital initiatives, we continue to take the customer experience to new levels



Online  
documentation

**Documentation**



Track  
and trace

**Visibility**



Instant quotes  
and booking  
confirmation

**Accessibility**



New digital  
services

**Digital services**



# With Transport & Logistics we are able to vastly improve the customer offering



Coordinated chain  
of delivery

**Reliability**



Innovation

**New logistics services**



Tailor-made  
solutions

**Integrated offerings**



Expand product  
exposure

# Integrated offerings combine Damco's product range and Maersk Line's large customer base



**Customs House  
Brokerage**



**Cargo Insurance**



**Supply Chain  
solutions**



**Inland transport**

**We will achieve higher share of wallet** from attracting more of customers' total logistics spend e.g., via Damco's supply chain solutions

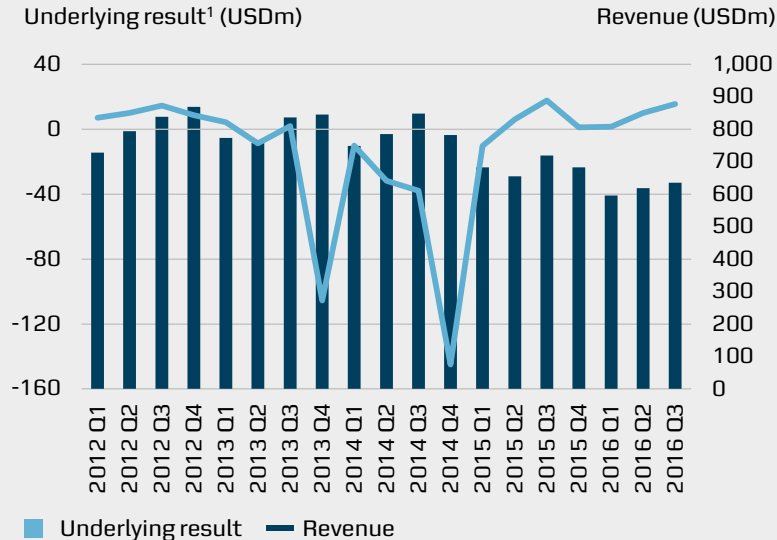
**We will improve customer retention** from capabilities in tailoring solutions and building strategic partnerships

**12%**

of Maersk Line  
volume is today sold  
with inland service  
on top

# Damco is building on positive traction

## Damco has stabilised after a difficult time...



Note: (1) The 2012 figures are excluding tax effect on one-offs  
Source: Maersk

## ...and continues to strengthen the position through a number of focus areas

- Stronger and expanded Supply Chain Solutions core business within selected verticals
- Innovation of product offerings
- Development of e-commerce solutions
- Cross-selling synergies with Maersk Line
- Automation of processes

# To translate better customer experience into growth, we continue to build a strong commercial foundation...

The screenshot shows the Salesforce CRM interface for the account 'BIGMONTY INC'. The top navigation bar includes 'Sales', 'Home', 'Opportunities', 'Leads', 'Tasks', 'Files', 'Notes', 'Accounts', 'Contacts', and 'Campaigns'. The account details section shows the account owner 'John Johnson' and various fields like Segment, Phone, Website, Industry, and Address. Below this, there are sections for 'RELATED' and 'DETAILS'. The 'RELATED' section includes 'Sales Calls (6+)', 'Contacts (5)', 'Cases (9)', 'Cases raised by Non-shipping Party (1)', and 'Opportunities (4)'. The 'DETAILS' section shows a table of sales calls with columns for 'SALES CALL SUBJECT', 'TYPE\*', and 'CONTACT'S ACCOUNT'. One entry is 'Solution Discussion' with a type of 'Sales Call (Face-to-Face)'.



Deepen customer understanding



More focused frontline organisation



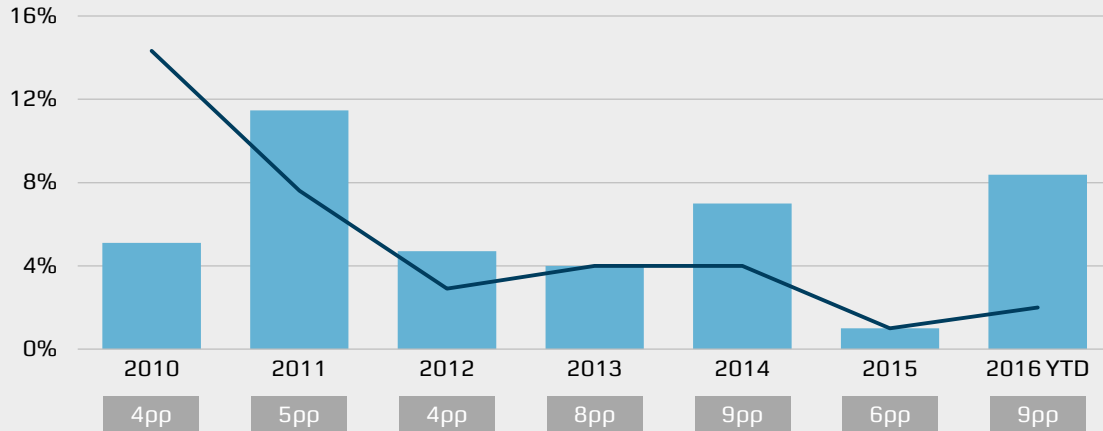
Improved sales coverage



Strengthen sales capabilities

# ...which has enabled us to pick up Maersk Line's organic volume growth – and we will take it further

**We have managed to grow volume beyond industry growth while maintaining our EBIT-margin gap...**



■ Maersk Line volume growth (Y/Y)(%)    
 ■ Maersk Line EBIT-margin gap to peers (%-points)  
— Industry volume growth (Y/Y)(%)

Note: Peer group includes CMA CGM, APL, Hapag Lloyd, Hanjin, ZIM, Hyundai MM, K Line, CSAV, OOCL, NYK, MOL, COSCO, CSCL  
 Source: Maersk Line, company reports

**...and we continue to expand our commercial agenda**



Take prices online



Better customer retention

# Our acquisition of Hamburg Süd will drive growth and bring several benefits to our customers

## The acquisition will drive growth...

	Capacity <sup>1</sup> (TEUm)	Revenue (2015, USDbn)
<b>Maersk Line</b>	~3	~24
<b>Hamburg Süd</b>	~0.6	~6

## ...and benefit customers in different ways

- Access to world's largest network with more direct services
- Better prices for customers from efficiencies
- Strong customer proposition from dual brands
- Unique reefer offering by combining two of the largest players

Source: Maersk Line, Alphaliner, company reports

Note: (1) Maersk Line Q3 2016 interim report, Hamburg Süd 2015 key figures (container ships). Disclaimer: The proposed acquisition of Hamburg Süd is subject to regulatory approvals and due diligence

# We can only achieve our full growth potential when we continuously meet the customer needs

**Taking growth to new levels depends on our ability to meet customer needs...**



**Digitisation**



**Transport & Logistics**

**...while we actively grow the foundation of our business – the container volume**



**Commercial foundation**



**Acquisitions**

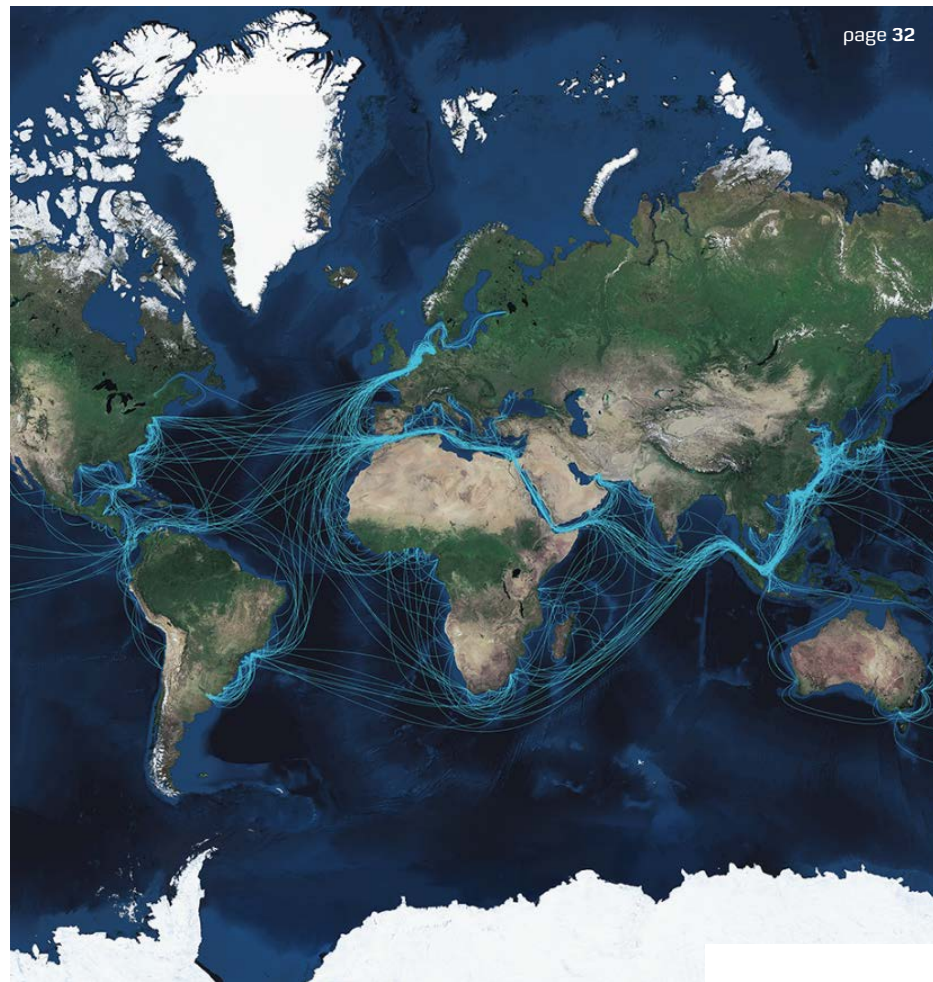
# OPTIMISED NETWORK



**Søren Toft**  
Chief Operating  
Officer  
Maersk Line



**Morten Engelstoft**  
Chief Executive  
Officer  
APM Terminals





# COST LEADERSHIP

is the foundation  
for growing our business...

Enables price  
**competiveness**



Enables **organic**,  
profitable growth

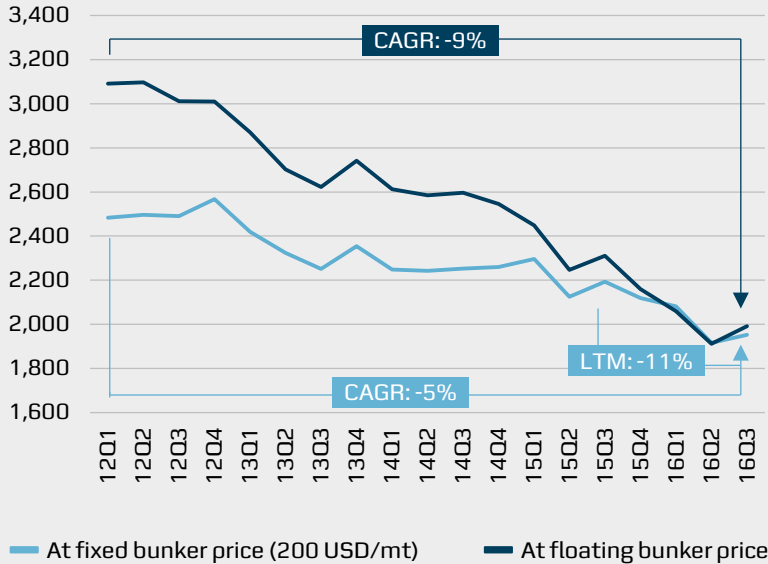


Makes **inorganic**  
growth value  
creating



# ...and Maersk Line continues significant cost reductions

## Maersk Line unit cost, (USD/FFE)



## The cost toolbox



Network rationalisation



SG&A



Inland optimisation



Speed equalisation & Slow steaming



2M



Deployment of larger vessels



Improve utilisation



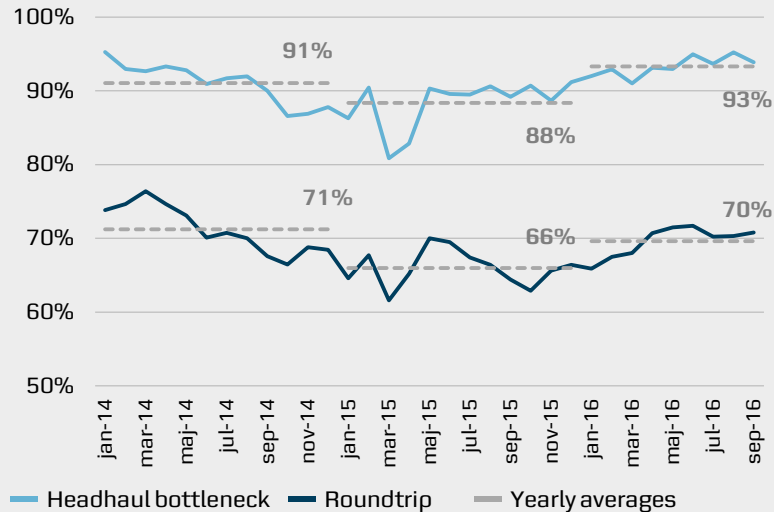
Improve procurement



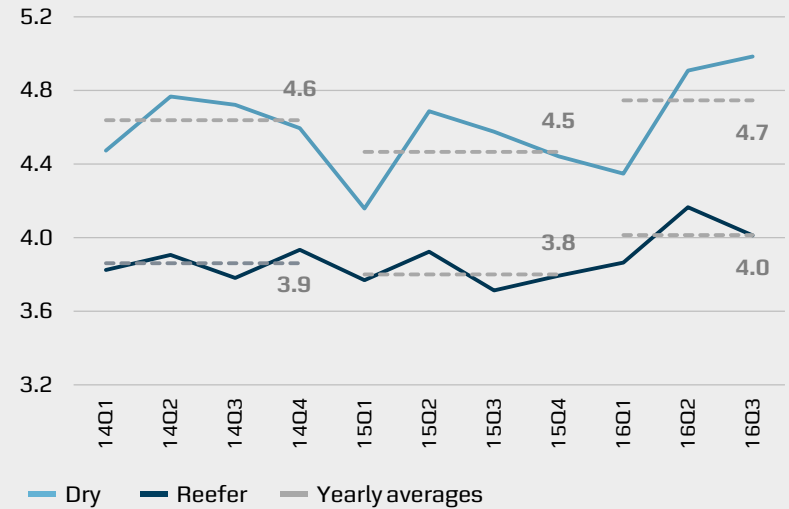
Retrofits

# Asset utilisation in Maersk Line has improved

## Vessel utilization, (%)



## Container turn, (ratio)



**Volume: +8% (y/y)**

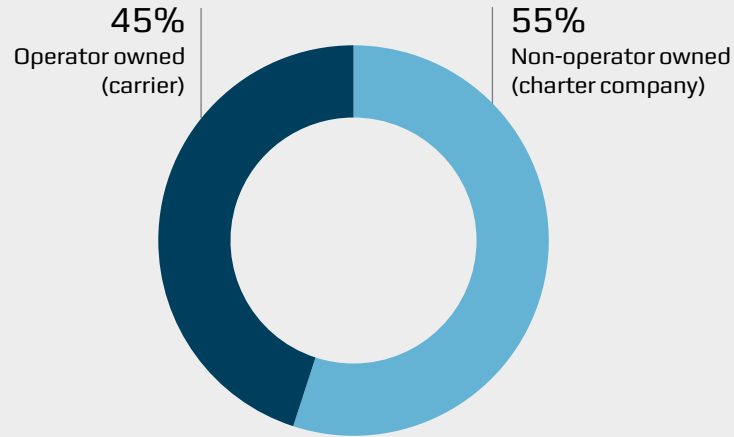
**Deployed capacity: +4% (y/y)**

**Invested capital: -2% (y/y)**

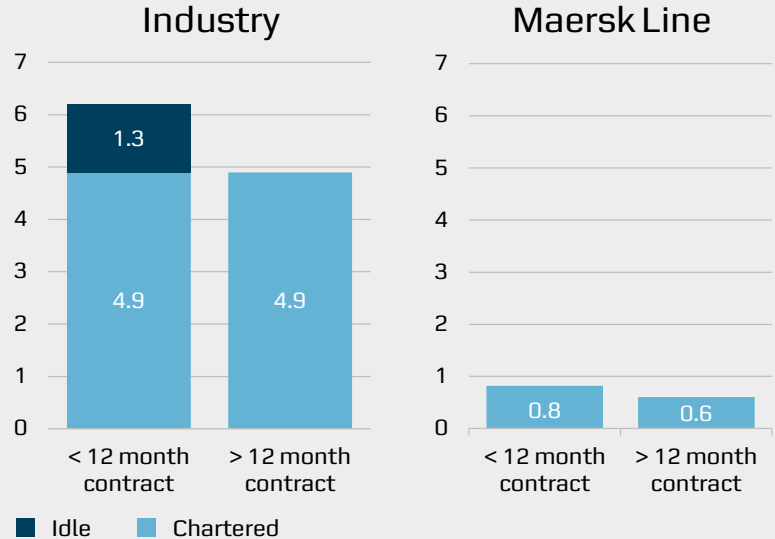
Note: Container turn is average number of times a container is shipped full per year (quarterly data annualised), volume, deployed capacity, invested capital are 16Q3 vs. 15Q3

# Maersk Line's large proportion of short duration charter contracts enables capacity flexibility

## Industry capacity split by owner type (%)



## Charter contract durations (TEUm)



Source: Alphaliner, Internal estimates

# To lead and remain competitive requires new levers across Maersk



Digital assets

**Connected vessel  
Intelligent containers**



Scale

**Hamburg Süd**



Joint planning

**Maersk Container  
Industry**

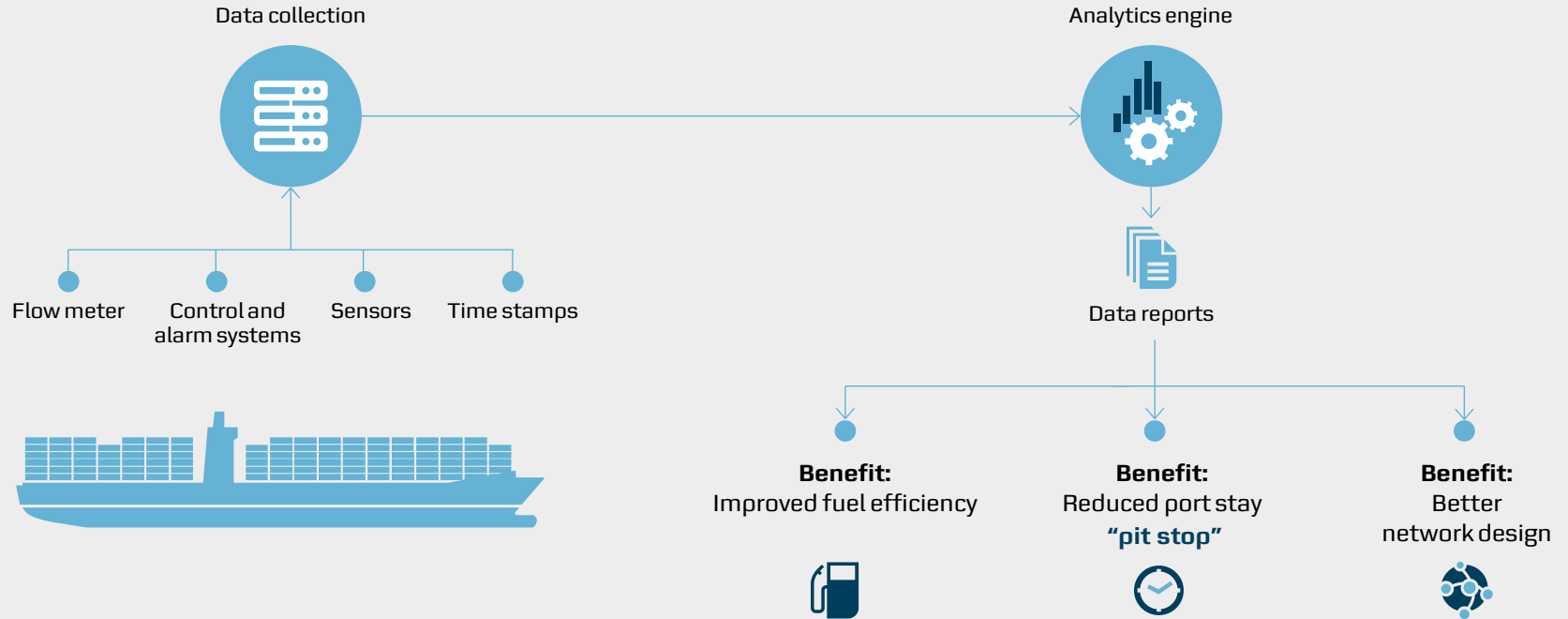


Hub operations

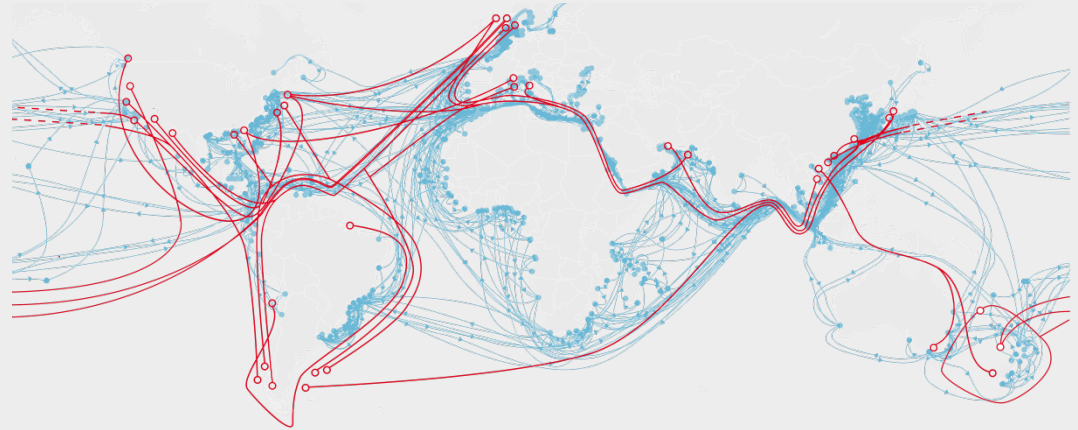
**APM Terminals**

Disclaimer: The proposed acquisition of Hamburg Süd is subject to regulatory approvals and due diligence

# Digital is changing the way we operate our assets



# Hamburg Süd is a great match for network and terminals



Network synergies



Procurement synergies



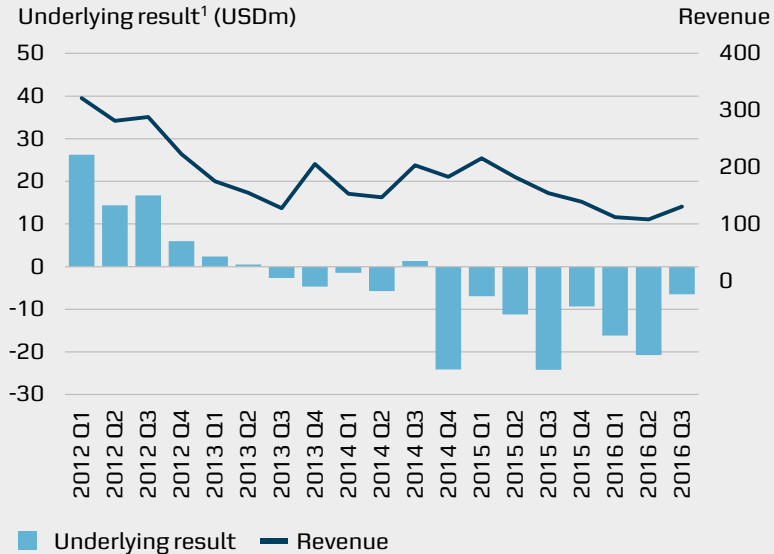
Terminal volumes

Note: Illustrative network.

Disclaimer: The proposed acquisition of Hamburg Süd is subject to regulatory approvals and due diligence

# Maersk Container Industry in need of a turnaround while joint planning with Maersk Line drives value

## Maersk Container Industry is financially challenged



Note: (1) The 2012 figures are excluding tax effect on one-offs  
Source: Maersk

## Focus areas

- Turnaround
- Joint planning
- 3rd party reefer market share growth
- After sales – basis growing installed base



# APM Terminals to benefit from Maersk Line's growth and VSA partnerships



## 32%

of Maersk Line's moves are with APM Terminals

- Grow APM Terminals' share of Maersk Line's volume
- Maersk Line's vessel sharing agreements supporting APM Terminals volume growth
- Impact from Hamburg Süd (from 2018)

Disclaimer: The proposed acquisition of Hamburg Süd is subject to regulatory approvals and due diligence

# Hub terminals are essential to operating a reliable and cost effective network

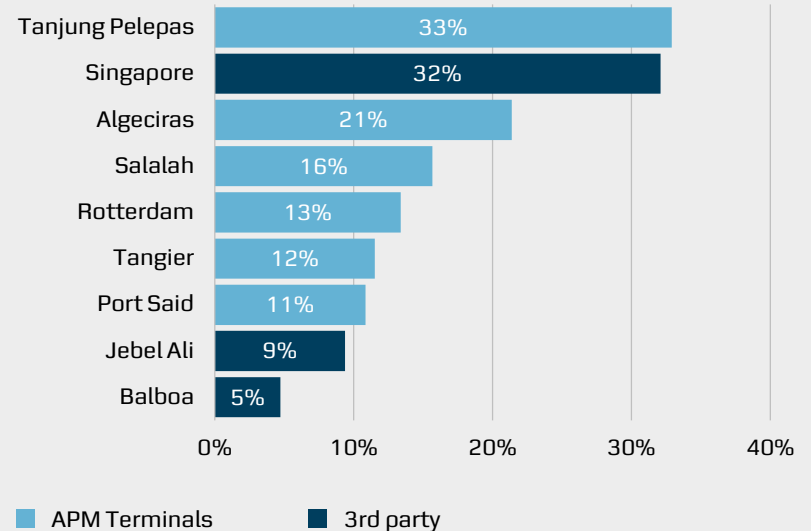
## 43%

of Maersk Line's moves are transshipment moves

## 48%

of Maersk Line's transshipment moves are with APM Terminals

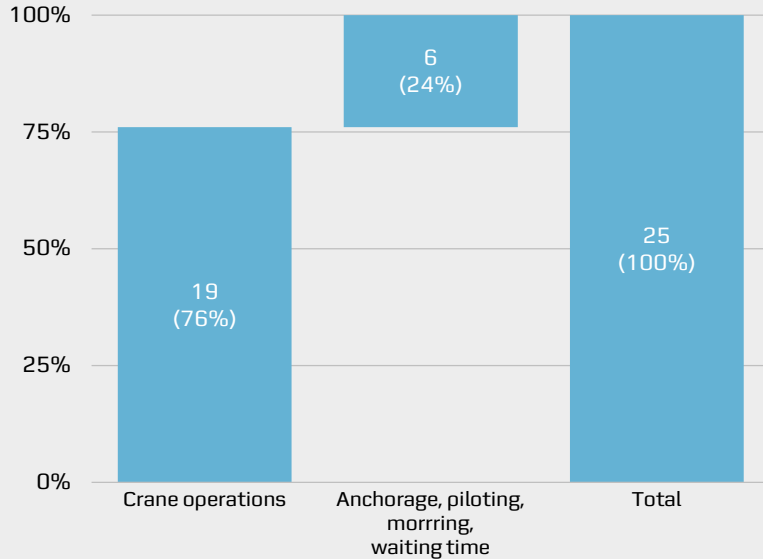
## Share of global Maersk Line volume that pass through key hubs 2016Q1-Q3 (%)



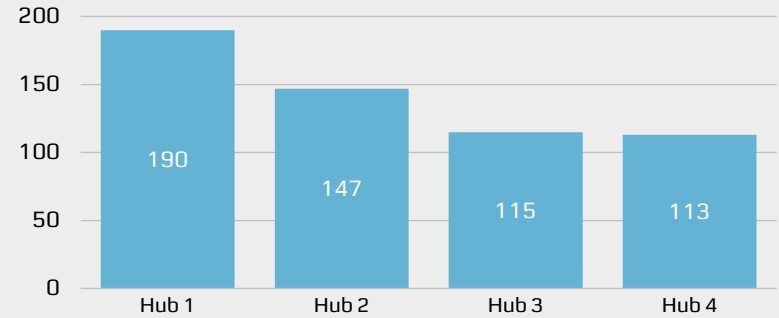
Note: Total moves include empty and full container moves. Pass through includes loadings, discharges and containers that stay on the vessel during the port stay. Pass through numbers are not additive as a container can pass through several hubs on same journey

# Time is money – terminal performance as a source of strategic advantage

## Average port stay, (hours)



## Crane productivity in key transshipment hubs for EEE vessels, (moves/hr)



**300,000**

Hours of non-crane time per year

# APM Terminals is adapting to new reality

A shift in focus and approach is required:

**From**

**Capex led growth**



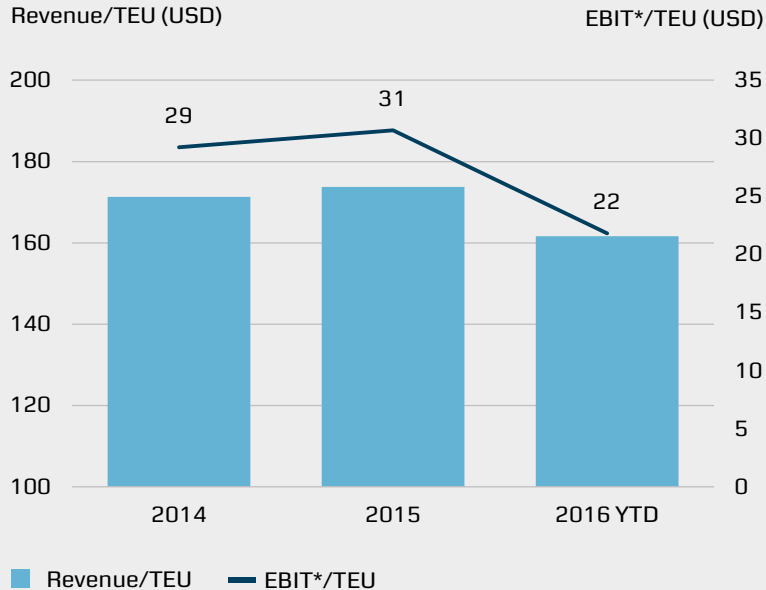
**To**

**Cost leadership**

**Asset utilisation**

# Cost leadership is required to win

## We are under pressure...



\* Consolidated terminals, excluding gains

## ...and taking action



Improve utilisation



Decrease Cycle Times



Decrease Non-Productive Moves



Standardisation



Limit capex growth



Digitisation



Reduce Operating cost base



Improve procurement

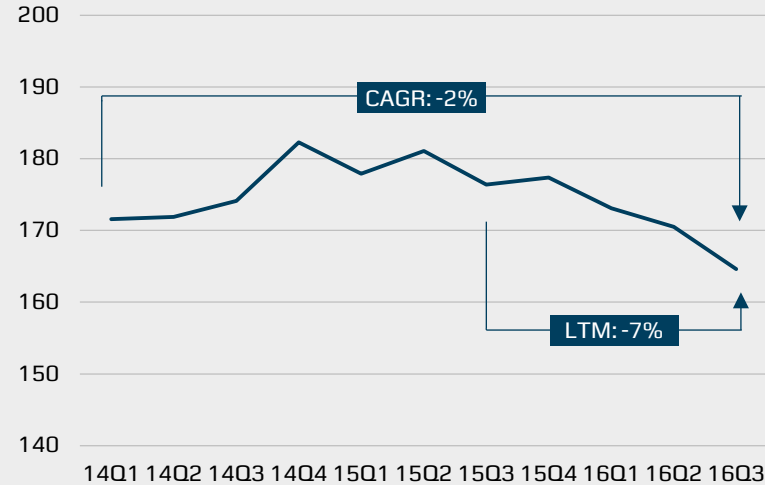


SG&A

# APM Terminals has started the cost reduction journey

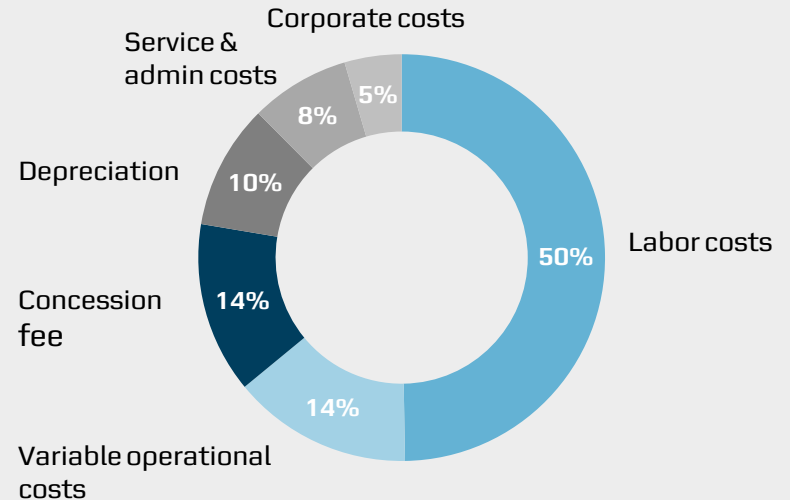
## Cost per move

USD/move



Note: (1) Cost breakdown for controlled terminal entities only

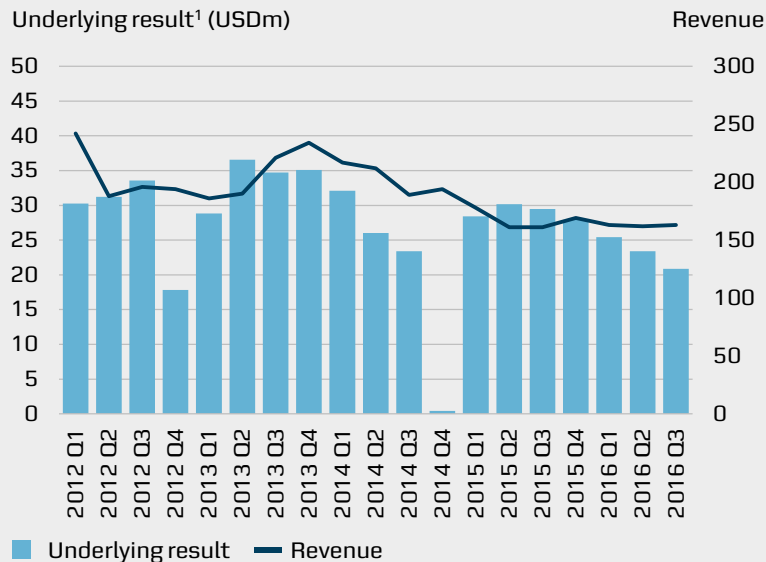
## Cost break down<sup>1</sup> (FY 2015)



# Integrated planning with Svitzer will deliver synergies for Maersk Line and APM Terminals

**SVITZER**

## Svitzer is a stable business...



Note: (1) The 2012 figures are excluding tax effect on one-offs

Source: Maersk

## ...and is a vital part of the port call value chain

- Direct supplier to shipping lines and terminals
- Value from bringing Svitzer into existing APM Terminals facilities
- Unique opportunity to collaborate on new projects
- An important part of our customers overall port experience

# APM Terminals is adapting to new reality

A shift in focus and approach is required:

**From**

**Capex led growth**



**To**

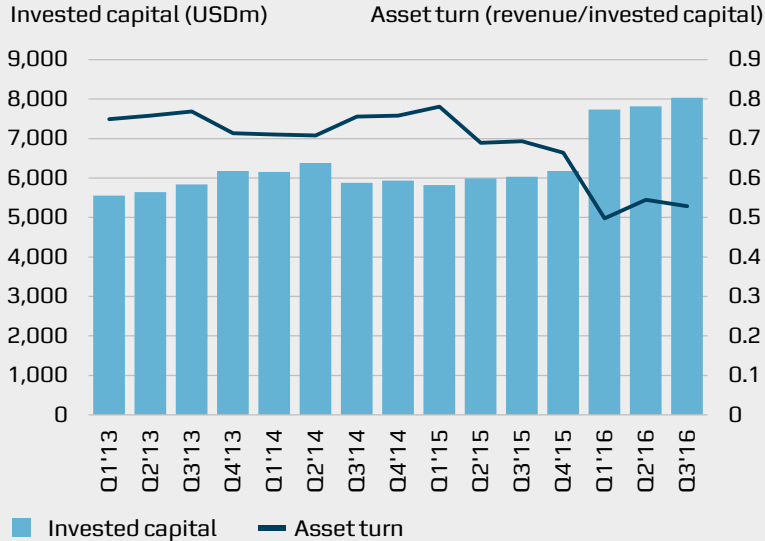
**Cost leadership**

**Asset utilisation**



# Our key challenge is asset utilisation

## Invested capital has outpaced topline ...



## ...but we have opportunities to improve



Maersk Line and Hamburg Süd



Other shipping line customers



Land side customers

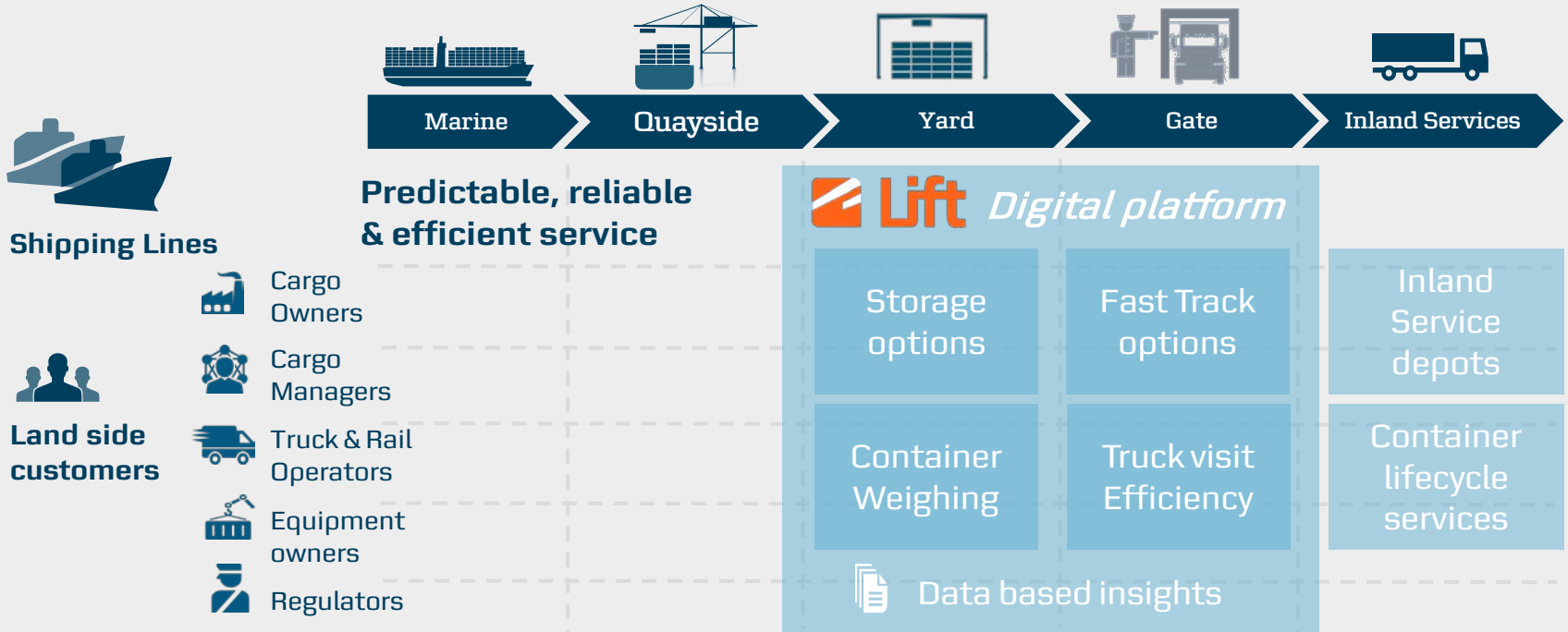
Disclaimer: The proposed acquisition of Hamburg Süd is subject to regulatory approvals and due diligence

# Strategic partnerships with shipping line customers remain vital for APM Terminals



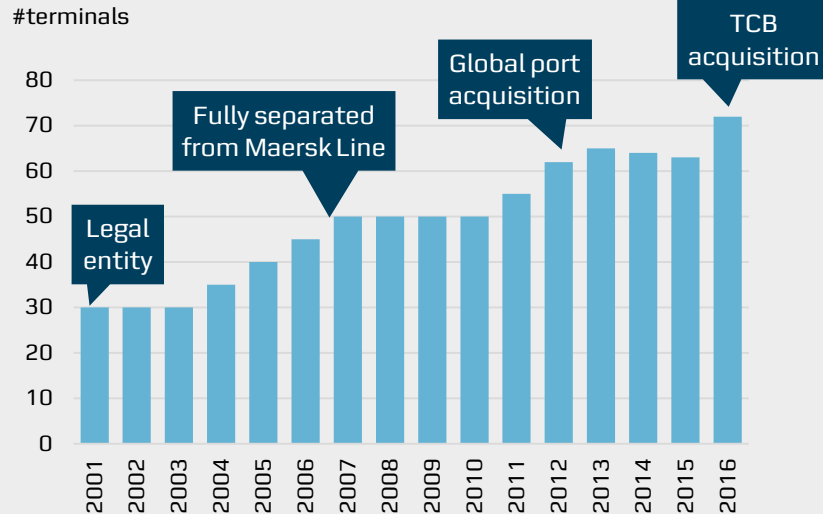
- Increased focus on customer experience – investments in technology and efficiency
- Ambition to grow market share through increased utilisation
- Partnering for value and joint growth
- Commercial independence with equal focus on growing business with all shipping line customers

# Creating and sharing value for our land side customers through new products and services



# Achieving growth through disciplined approach to invested capital

## From period of heavy investments in new capacity...



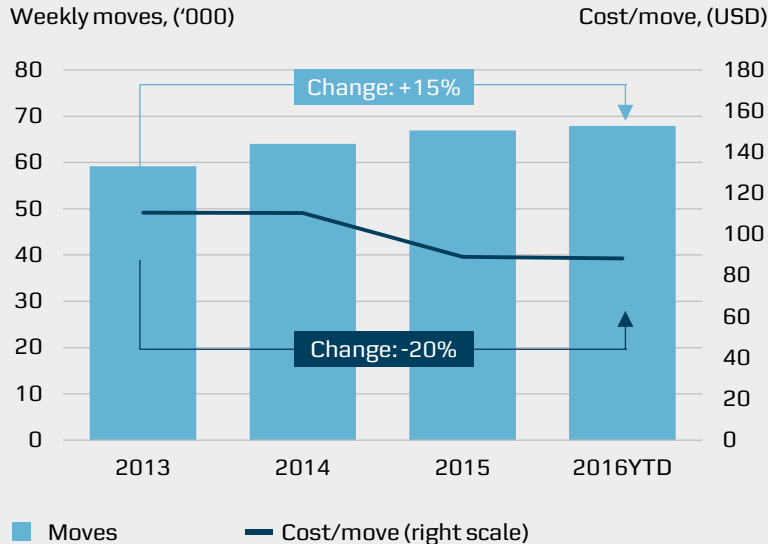
## ...to maximise what we have

- No new greenfield investments
- No increase in invested capital beyond what already is committed (approx. USD 2bn)
- Non-strategic divestments to invest for increased T&L value
- Derive value from portfolio management

Source: Maersk, Drewry

# Integrated operations in West Med has shown 15% throughput increase with low CAPEX

## Large improvements in Algeciras and Tangier...



## ...driven by joint Maersk Line and APM Terminals operations

- Collaboration project initiated in 2013
- Operates at 109% of design capacity achieved by integrating operational processes
- Port productivity up 14% ytd achieved through joint planning of berth windows and stowage
- Improvements achieved with limited capex

# APM Terminals is taking action to best manage cost and growth

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A shift in focus and approach :

**From**

**Capex led growth**



**To**

**Cost leadership**

**Asset utilisation**



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### 我們講中文

– Wir sprechen Deutsch, 我们说中文, ...



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# DIGITISATION



**Jakob Stausholm**  
Chief Financial, Strategy &  
Transformation Officer

# Transforming a 100+ year old company is not easy – requires a fit for purpose IT setup



## Transport & Logistics IT organisation



Annual IT spend USD ~800m



~1,900 people employed in IT



5 key IT centres in UK, Denmark, US,  
Netherlands and India



Accessing the right competences by  
establishing an IT centre in Maidenhead, UK  
(Thames Valley) in 2013

## IT center in Maidenhead, UK





# Maersk Line has already invested significantly in improving the IT foundation



## Started a number of key projects



Fixing and re-implementing back bone software



Replacing legacy systems



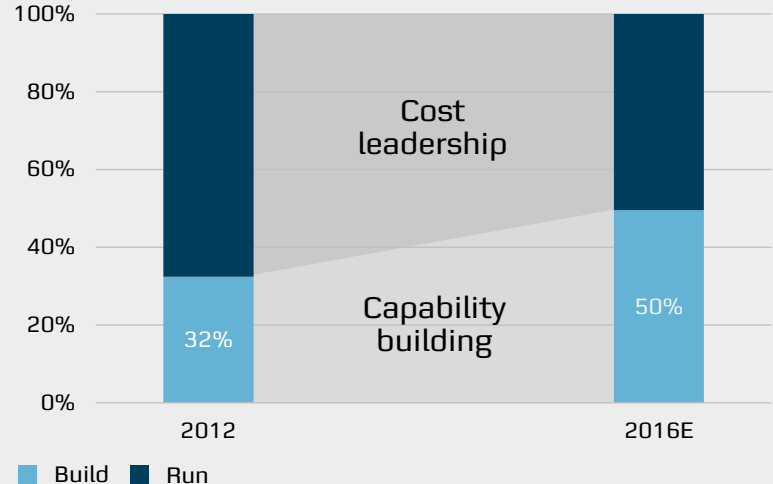
Moving infrastructure to public/private hybrid cloud

Simplification

Implementing major IT and process transformation program

## Reduced IT run budget to free up money for building

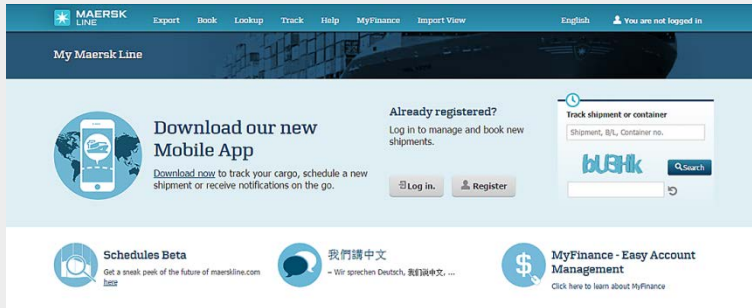
Split of IT budget\*



Note: \* Maersk Line only

# Radically changing the customer experience – making my.maerskline.com one of the largest B2B transaction sites

## Easier to do business online with Maersk Line...



### Examples of improvements:

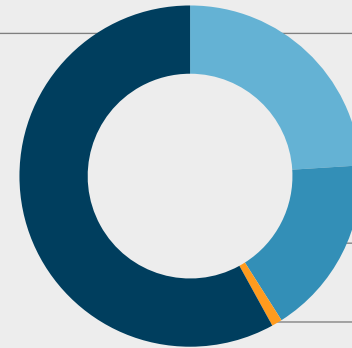
	2014	Today	2018
Easier to become customer:	from 2-3 days	▶ 2 hours*	▶ 2-3 minutes
Faster to book:	from +2 hours	▶ 22 minutes	▶ 5 seconds
Faster to amend:	from +1 hour	▶ 25 minutes	▶ seconds

Note: \* May take longer due to local procedures and legislation

## ...drives online transactions

Booking channel, 2016 YTD

58%  
Website



24%  
EDI

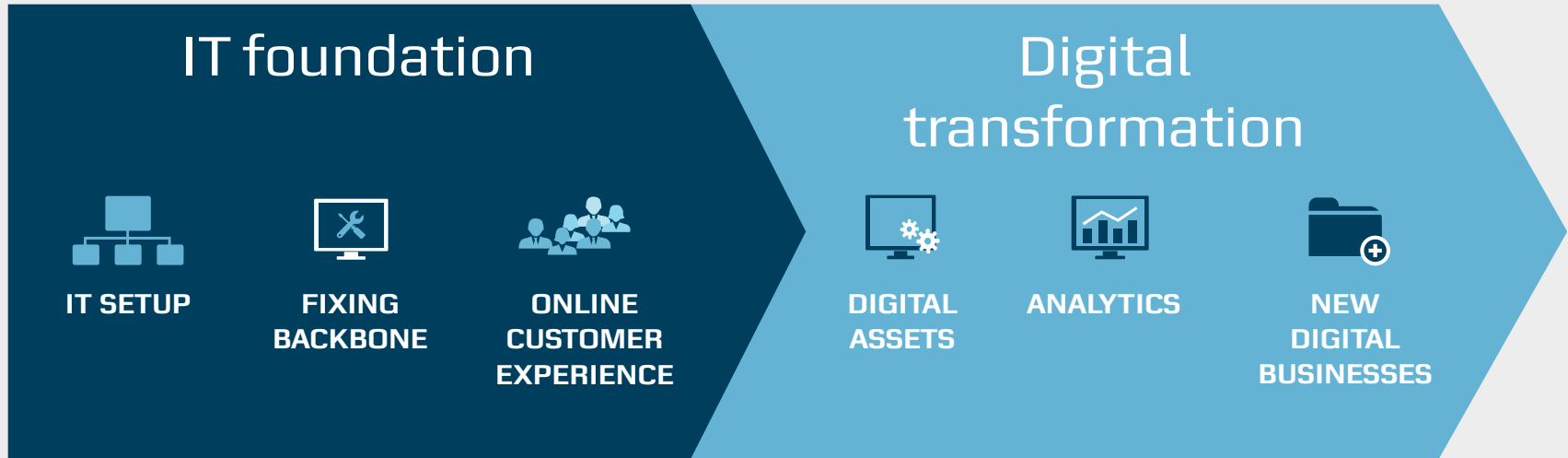
17%  
3rd party portals

1%  
Manual



**Manual transactions reduced by a  
factor of 30x over last 4 years**

# Improving the IT foundation is just the first step



# We are building the required capabilities within digital technology and changing the way we work



## Capabilities & people

Mixing a new breed of talent with our world class shipping people – hired numerous PhDs and Post docs in fields such as Machine Learning, Applied Mathematics, and Operational Research



## Culture

Training and using Scrum methodology; created Design Centre for facilitating agile working methods



## Organisation

Separate IT and Digital organisations working directly with business product owners to unlock value



## Infrastructure

All digital product development will take place on one common platform





# Advanced analytics opens up a whole new playground of opportunities supporting our strategy

## Examples

### Operational optimisation



Real time network optimisation for bunker savings



Automated stowage



Container repairs and empty moves



Predictive maintenance – vessels and containers

### Commercial decision-making



Which customers to target – how to reach



How to optimise cargo mix within restrictions



Generate lead pipeline



Intelligent pricing engine

### Selling services



Logistics chain advisory



Aggregating and selling trade data



Weather data from vessels



# Accurate forecasting for empty container repositioning will save millions of dollars

## Example



USD 2.1bn spend per year on repositioning empty containers\*



Difficult to forecast need for containers per location due to high fluctuation in demand



Accuracy of existing model was poor – business lost trust



Improving existing model through advanced analytics

**x15** | increase in accuracy

Note: \* Maersk Line only



# We are building a portfolio of digital products through various innovation methods and rapid prototyping



## Innovation/ Idea generation

Various methods:

- Partnerships
- Internal innovation
- Start-up incubation
- External events



## Prototyping

~15 prototypes at the moment



## Industrialisation

Outcomes:

- Add to existing business
- New revenue streams



Prototyping

# Spotlanes.com creating opportunities in inland transport

## Example

**SPOTLANES**  
Powered by Maersk

Not a Spotlanes trucker yet? [SIGN UP](#) here [LOGIN](#)

### WELCOME TO SPOTLANES

Spotlanes is built to make it easier for you to find container cargo for your trucks. You can bid on the loads that suit your business and schedule - and get instant confirmation. You should never have to haul air!

**THE BEST LOADS FOR YOU**

Find and bid on the loads that best suit your business - based on your location and where you want to drive

**PLAN AHEAD**

See when and where loads will be available, so that you can plan your drivers' schedules well in advance

**GROW YOUR BUSINESS**

Use Spotlanes over time to lock down lanes for longer periods or gain access to tenders

[SIGN UP](#) Sign up here, and start getting loads today!



Online reverse auction place for inland transport\*. Increases ability to sell inland products to our end-customers



Transparent prices, simple process and improved planning



100+ trucking companies on-boarded since August



Promising results in short time, potential for exponential growth

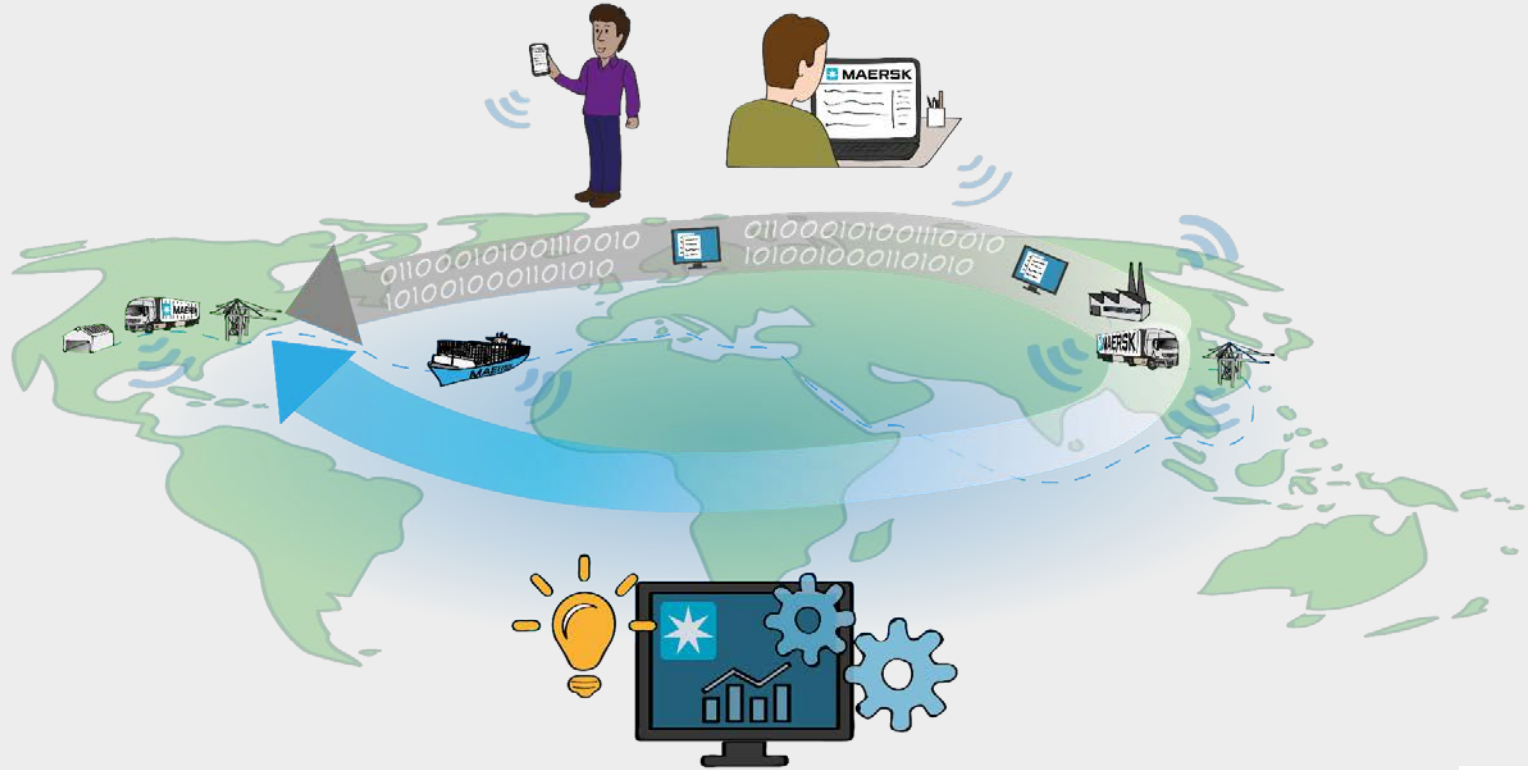


First step in making end-to-end shipping a seamless experience

Note: \* Currently being piloted in North America for trucking only



# Our intent: Create a digital world of logistics



# TRANSPORT & LOGISTICS PERFORMANCE



**Jakob Stausholm**  
Chief Finance,  
Strategy & Transfor-  
mation Officer



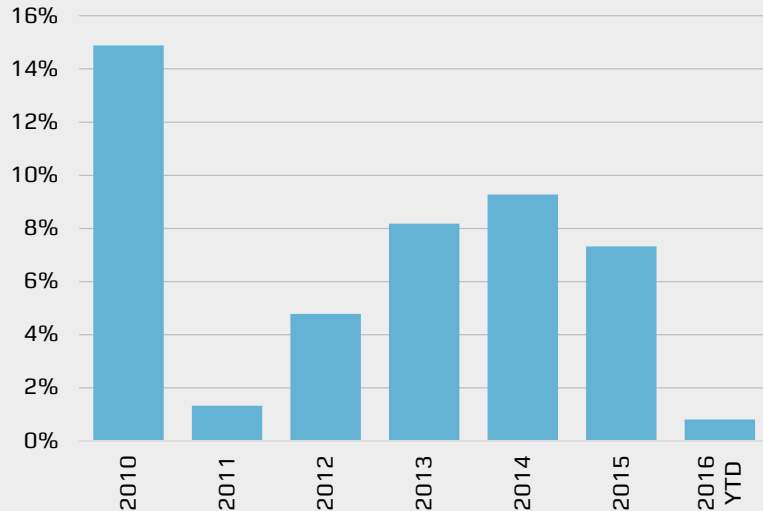
**Vincent Clerc**  
Chief Commercial  
Officer  
Maersk Line



**Morten Engelstoft**  
Chief Executive  
Officer  
APM Terminals



# Historical returns for combined companies have been reasonable



7%

Average annual ROIC  
2010-2016YTD

USD  
1.8bn

Average annual NOPAT  
2010-2016YTD

Aggregate of main businesses in Transport & Logistics  
excluding residual activities and overheads

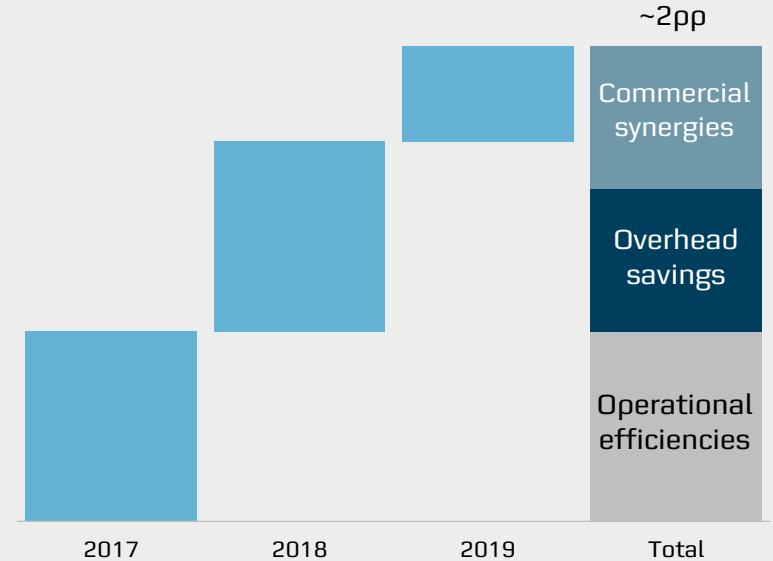
Note: Figures are excluding allocations and eliminations.  
Source: Maersk

# Unlocking of integration synergies will happen gradually over the coming three years

## Synergies from integration



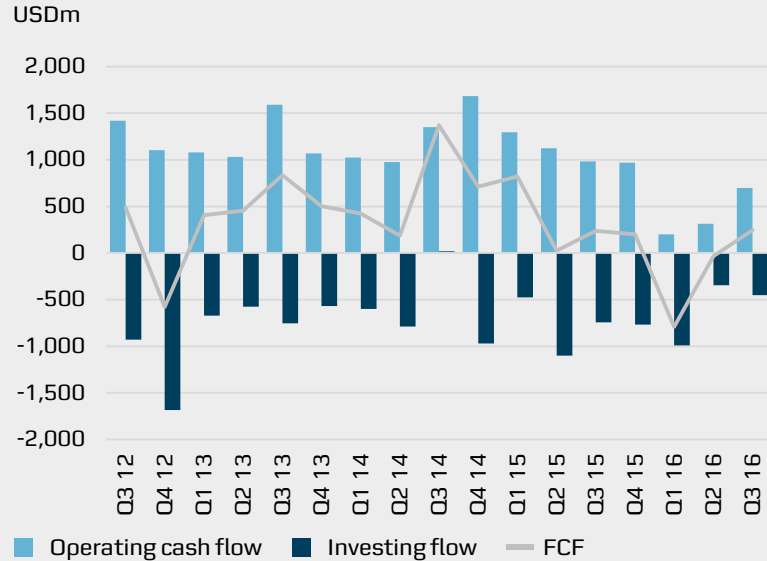
## Phasing of synergies



Note: Timing and size of each synergy are illustrative only, as the exact timing and size of each synergy will differ. The overall synergy level of 2pp ROIC is, however, of high certainty.

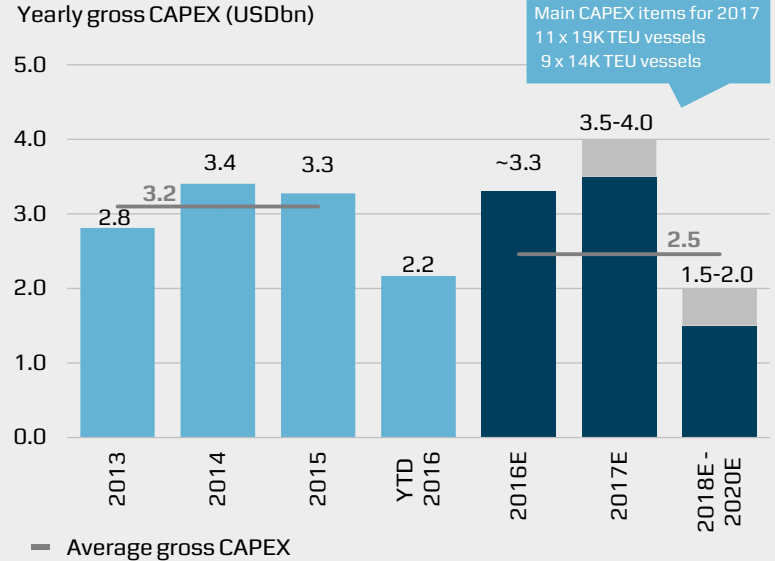
# We have generated free cash flow and we are implementing strict capital discipline

## Transport & Logistics has generated FCF of USD 5.5bn over the last four years



Source: Maersk

## Lower future CAPEX in Transport & Logistics

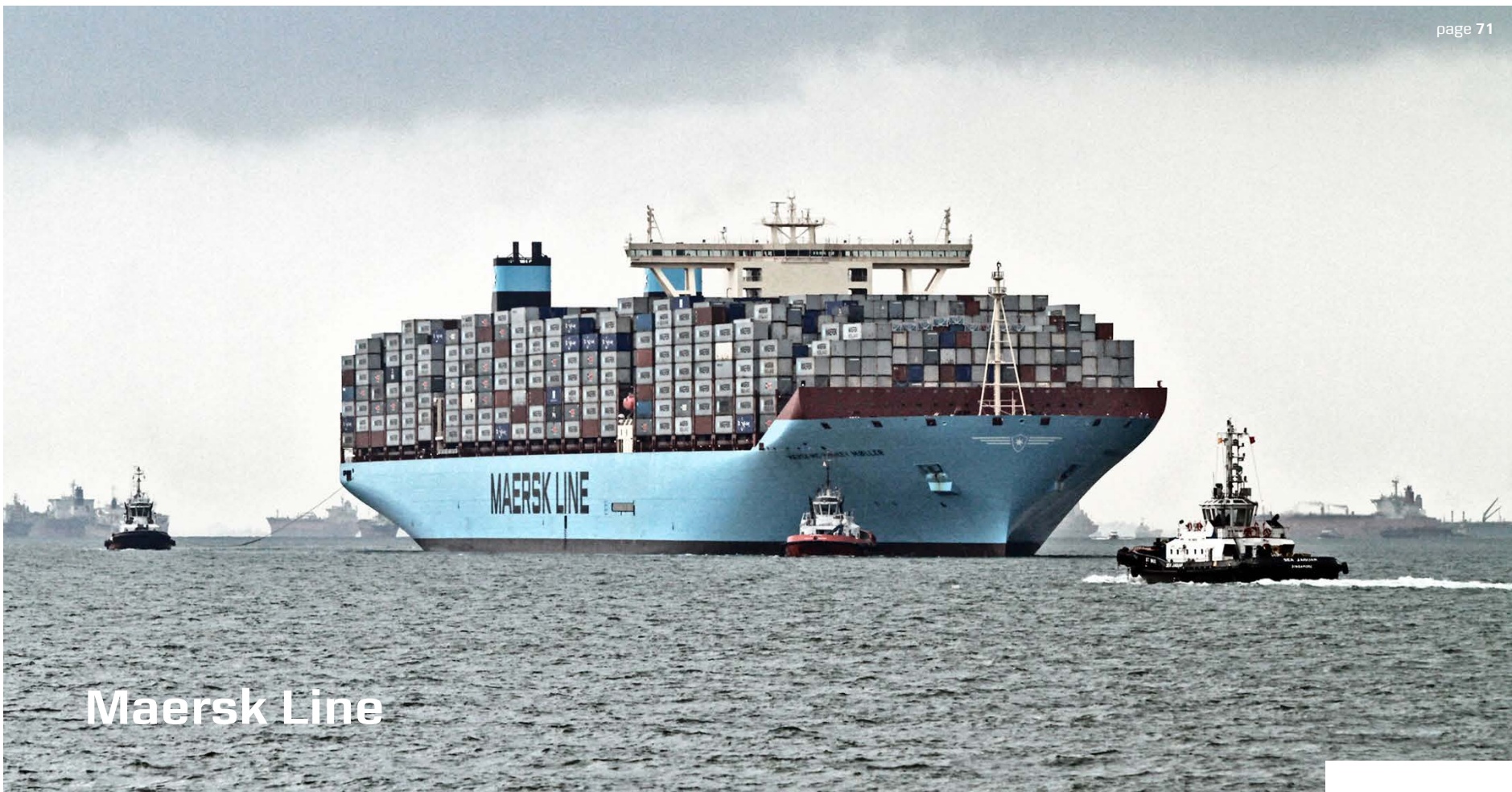


Note: Excluding the acquisition of Hamburg Süd

# Key financials

		Jan-Sep 2016		Jan-Sep 2015		Segment variance
		Segment result	ROIC	Segment result	ROIC	
Maersk Line	To be covered in the following sections	-230	-2%	1,485	10%	-1,715
APM Terminals		351	6%	526	12%	-175
Damco		27	17%	18	8%	9
Svitzer		73	8%	91	11%	-18
MCI		-44	-14%	-42	-15%	-2
<b>Transport &amp; Logistics total</b>		<b>117</b>		<b>2,078</b>		<b>-1,901</b>

Note: Figures are excluding allocations and eliminations.  
Source: Maersk



Maersk Line

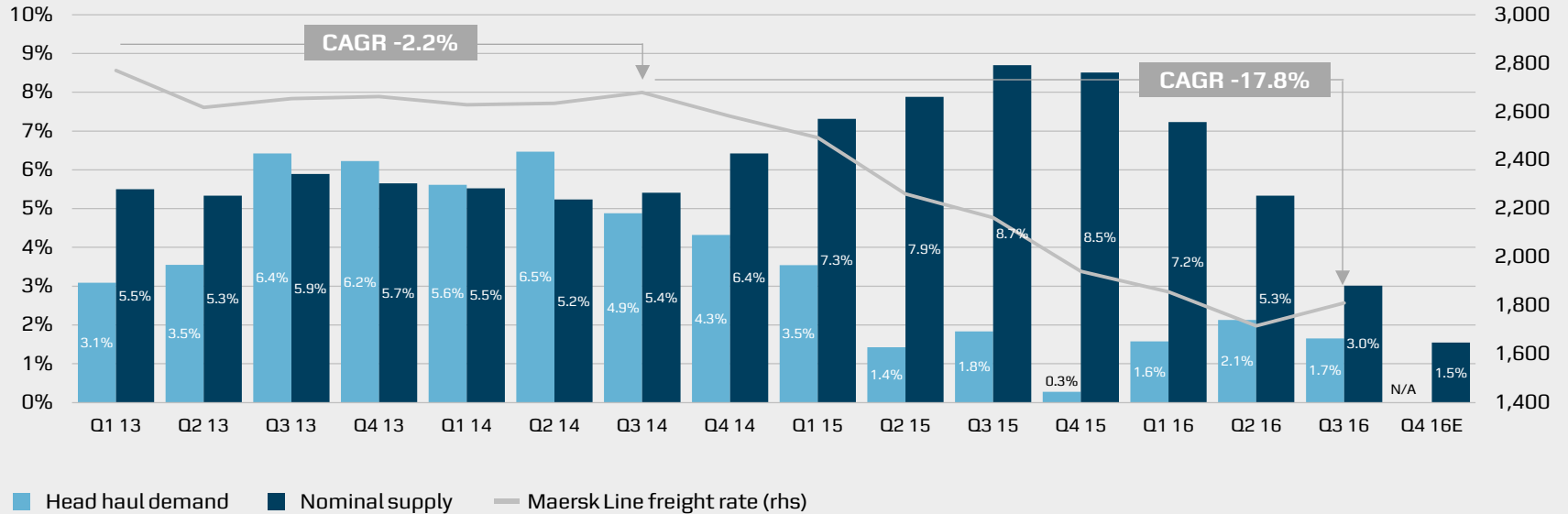
# Freight rate has been under pressure from tough market conditions...

## Growth

(y/y %)

## Freight rate,

(USD/FFE)



Source: Maersk Line, Alphaliner



# ...which has driven down our profitability

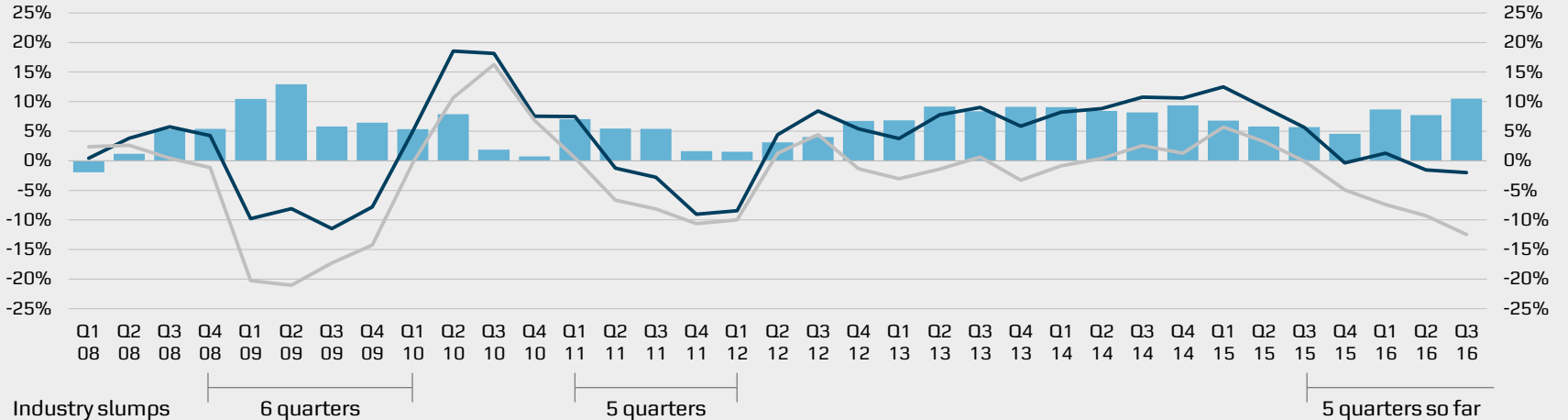
## – relative still ahead of industry

### Core EBIT-margin

(%)

### Gap to peers

(%-pts)



■ Gap to peers (rhs)    — Maersk Line    — Peer group

Note: Peer group includes CMA CGM, APL, Hapag Lloyd, Hanjin, ZIM, Hyundai MM, K Line, CSAV, OOCL, NYK, MOL, COSCO, CSCL. Peer average is TEU-weighted. EBIT margins are adjusted for gains/losses on sale of assets, restructuring charges, income/loss from associates. Maersk Line' EBIT-margin is also adjusted for depreciations to match industry standards (25 years). OOCL and COSCO Q3 2016 EBIT-margin is estimated based on previous half years' gap to Maersk Line as they do not publish quarterly results.

Source: Maersk Line, company reports

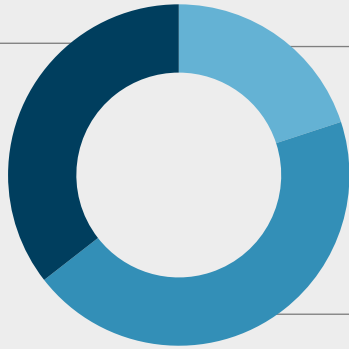
# Maersk Line rates correlate with SCFI/CCFI but with lower volatility partly due to contracts

## Volume split, Jan to Sep 2016

By contract type

**36%**

Spot  
(<1 month)



**20%**

Short term  
(1-3 months)

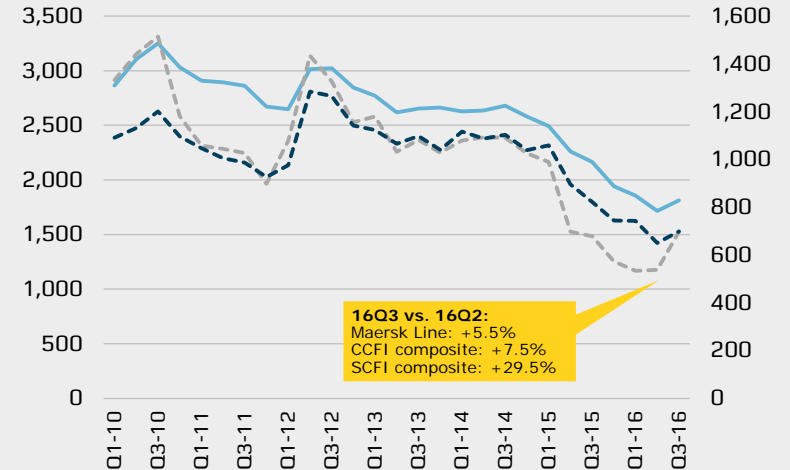
**45%**

Long term  
(>3 months)

## Average rate

USD/FFE

Index<sup>1</sup>



— Maersk Line (USD/FFE)

— SCFI (Index)

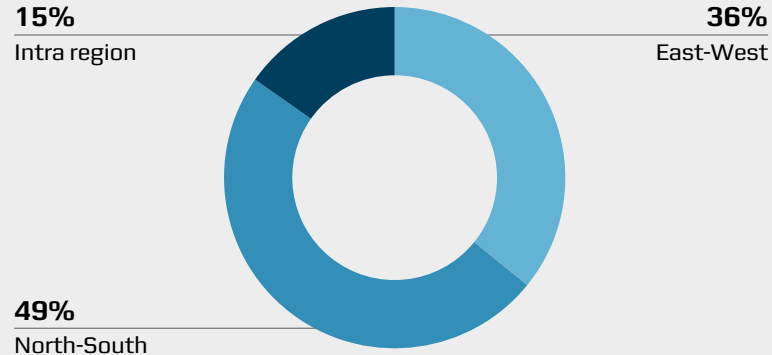
— CCFI (Index)

Note: 1. Oct 2009 = 1000 for SCFI, January 1998 = 1000 for CCFI  
 Source: Maersk

# Freight rates out of China have bottomed out versus rest of the world in Q3

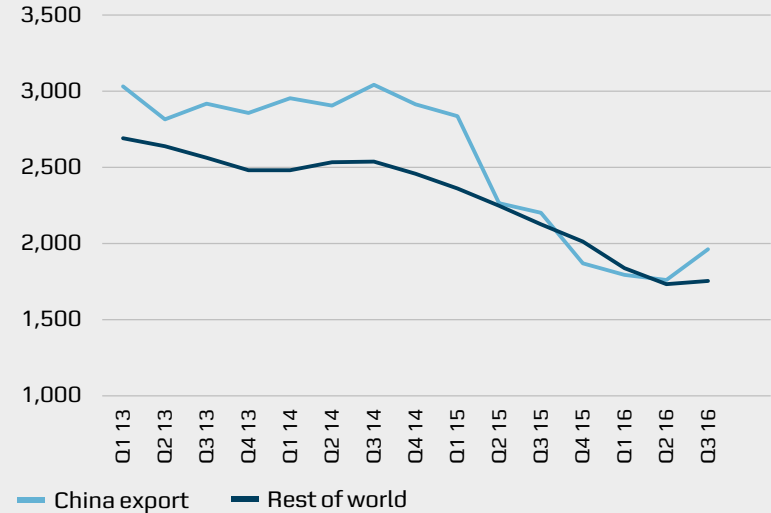
## Volume split, Jan to Sep 2016

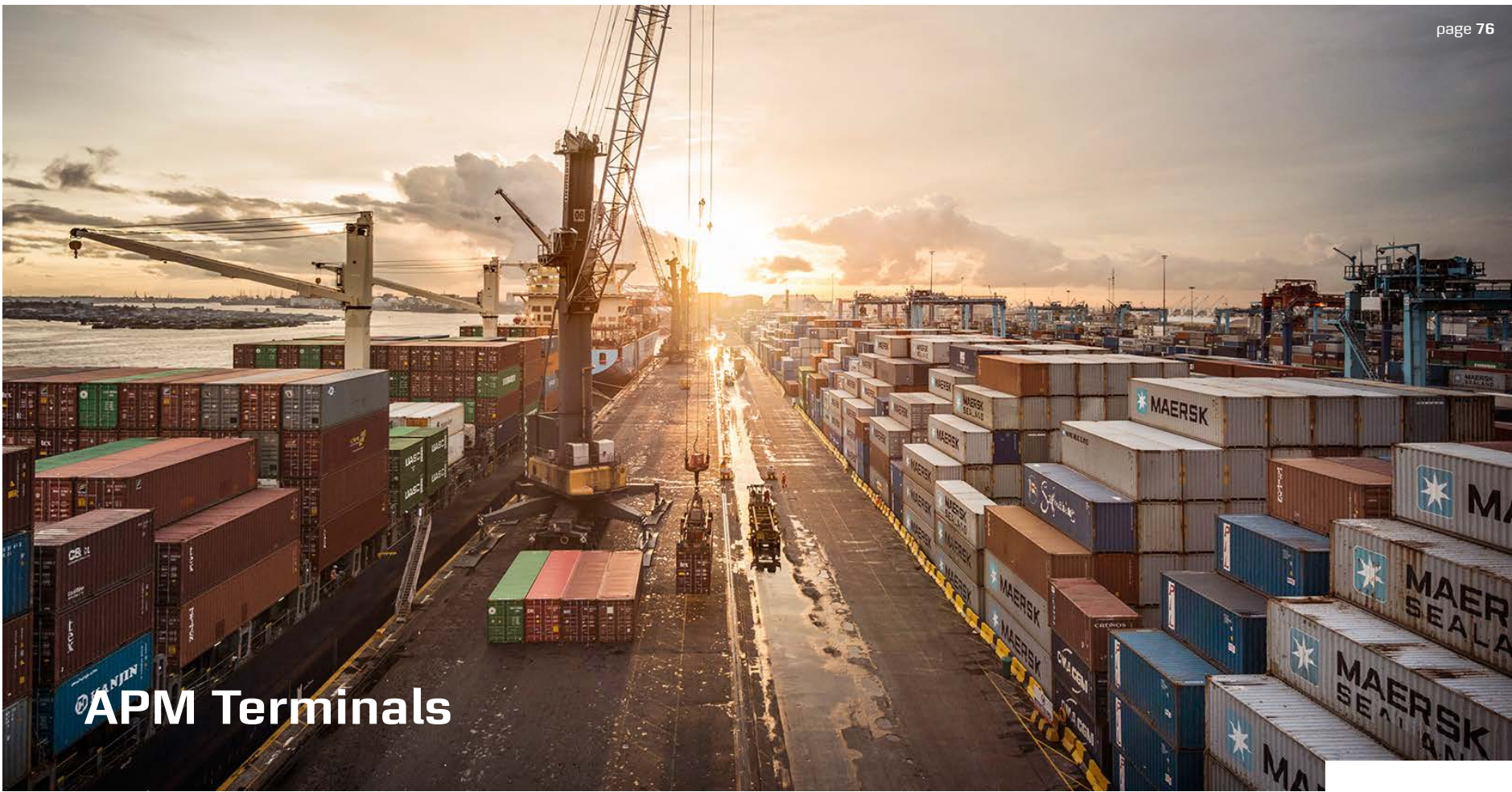
By trade



## Freight rate

USD/FFE



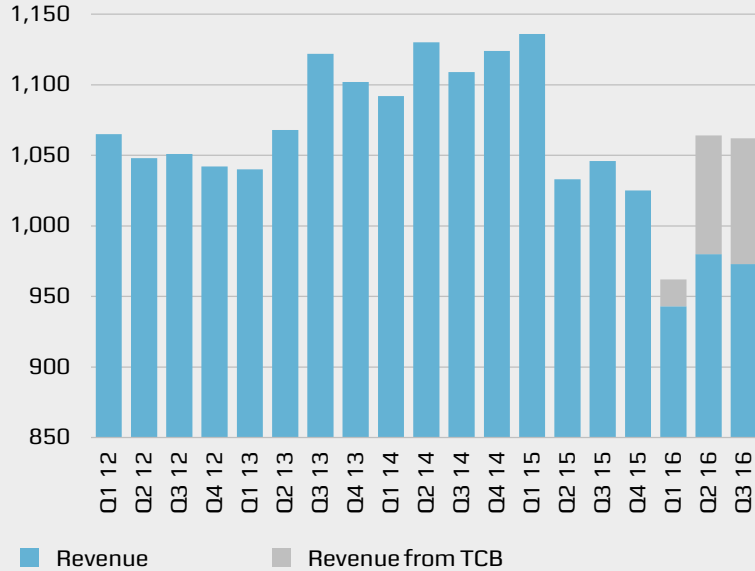


# APM Terminals

# Revenue under pressure

## Total revenue

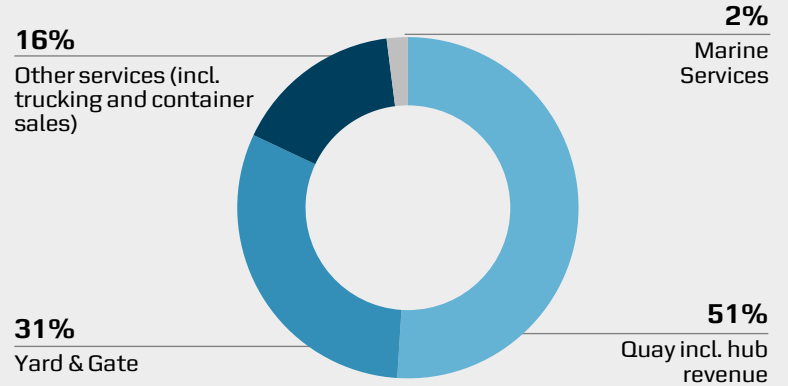
(USDm)



Source: APM Terminals

## APM Terminals revenue model

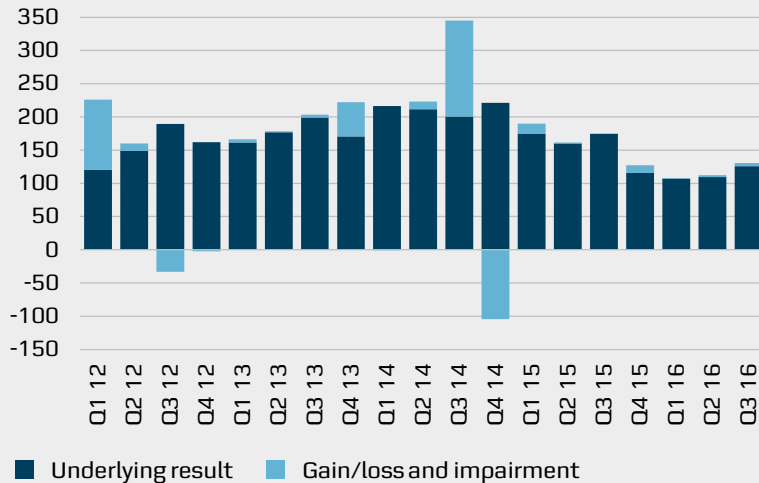
Revenue split



# Despite reduced segment result, existing terminals deliver 8-10% ROIC

## Profits have declined with new industry fundamentals...

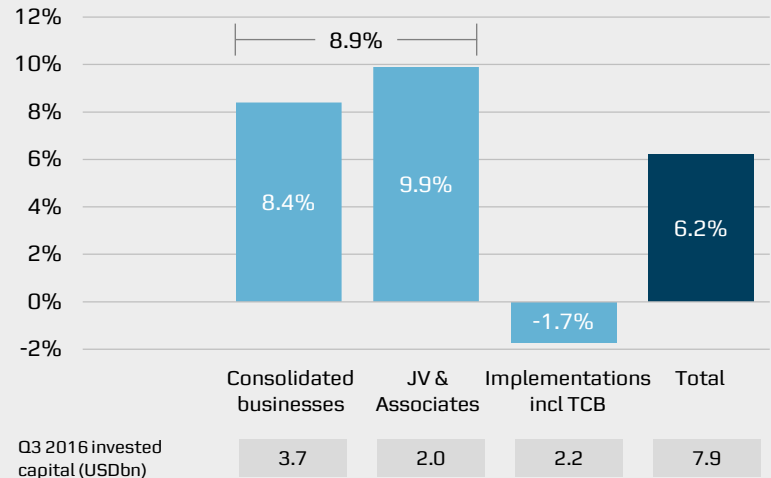
Segment result, (USDm)



Source: APM Terminals

## ...operating terminals continue to deliver well but burdened by projects

ROIC, (2016 Q3 YTD, %)



# APM Terminals' implementation projects

Project	Opening	Details	Investment (100% share)
Lázaro Cárdenas, Mexico	2017	<ul style="list-style-type: none"> <li>Signed 32-year concession agreement for new deep-water</li> <li>Will add 1.2m TEU in annual throughput</li> </ul>	USD 0.9bn
Ningbo, China	2016	<ul style="list-style-type: none"> <li>Major gateway port</li> <li>67%/33% (Ningbo Port Group/APM Terminals) share of investment and operation</li> </ul>	USD 0.7bn
Izmir, Turkey	2016	<ul style="list-style-type: none"> <li>New 1.5m TEU deep-water container and general cargo terminal</li> </ul>	USD 0.4bn
Moin, Costa Rica	2018	<ul style="list-style-type: none"> <li>Signed 33-year concession for new deep-water terminal</li> </ul>	USD 1.0bn
Savona-Vado, Italy	2017	<ul style="list-style-type: none"> <li>Signed 50-year concession agreement for new deep-sea gateway terminal</li> </ul>	USD 0.4bn
Abidjan, Ivory Coast	2018	<ul style="list-style-type: none"> <li>Is expected to be the second most busy container terminal in West Africa</li> </ul>	USD 0.6bn
Tema, Ghana	TBD	<ul style="list-style-type: none"> <li>Will add 3.5m TEU of annual throughput</li> <li>JV project with Bolloré (42.3%) and Ghana Ports &amp; Harbours Authority (15.4%)</li> </ul>	USD 0.8bn
TM2, Tangier	2019	<ul style="list-style-type: none"> <li>Signed 30-year concession agreement</li> <li>Will add 5m TEU</li> </ul>	USD 0.9bn

Note: TEU and investment numbers are 100% of the projects



Thank you