Interim Report
Q2 2018

A.P. Møller - Mærsk A/S
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MAERSK

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The Interim Report for Q2 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 Q2 2018

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

With revenue up 24% in Q2, we continued to deliver strong growth. The acquisition of Hamburg Süd of course was a positive contributor to growth in our Ocean segment, and we are pleased with the organic growth in non-Ocean. We expect revenue of around USD 40bn in 2018, up almost 50% since 2016. We also delivered a sharp improvement in unit cost in Ocean, after a Q1 that was negatively impacted by inflow of capacity from the acquisition of Hamburg Süd and network issues. Profitability was significantly impacted by higher bunker prices in Q2 and remained at unsatisfactory levels. For the rest of the year we expect improvements in our profitability driven by lower unit cost and higher freight rates.

Top line growth but unsatisfactory profitability

- Revenue increased by 24% in Q2 2018 to USD 9.5bn (USD 7.7bn), 5.7% excluding the effect from Hamburg Süd. All segments reported revenue growth with non-Ocean revenue growth of 12% compared to same period last year.

- Volume growth in Ocean of 4.3%, excluding Hamburg Süd, was in line with estimated market growth of around 4%. Average freight rates were 1.2% lower than same period last year.

- Volume growth in gateway terminals was 8.8% equity-weighted (EqW) like-for-like with 4.4% growth for external customers and 20% from Ocean reflecting synergy impact from collaboration with Maersk Line as well as integration of Hamburg Süd.

- Unit cost at fixed bunker in Ocean was at 1,783 USD/FFE reduced by 5.9% compared to Q1 2018 while total unit cost was reduced by 5.3%. Compared to Q2 2017, unit cost at fixed bunker price improved by 1.4% after adjusting for negative impacts from foreign exchange rate and portfolio mix following inclusion of Hamburg Süd.

- The average capacity in Ocean at 4,154k TEU was reduced by 1.8% compared to Q1 2018. For gateway terminals the capacity utilisation (EqW) increased to 77% from 75% in Q1 2018 and 68% in Q2 2017.

- EBITDA of USD 883m (USD 1.1bn) was negatively impacted by increased bunker costs in Ocean of USD 425m. Average bunker price was 28% higher than same period last year, equal to USD 262m in increased cost.

- Integration of Hamburg Süd is progressing as planned with realisation of synergies in the first half of 2018 of around USD 140m. Total synergies of minimum USD 350-400m are still expected by 2019.

- 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.

- The underlying profit after financial items and tax amounted to USD 88m (USD 205m) while cash flow from operating activities was USD 353m (USD 941m).

- Cash conversion of 40% (88%) was negatively impacted by increased working capital primarily in Ocean following higher receivables due to timing effects as well as inventories impacted by the higher bunker prices. Free cash flow was negative USD 167m (positive USD 536m) given payments related to previously ordered vessels and terminal projects etc. of USD 708m (USD 892m).

- Net interest-bearing debt amounted to USD 14.3bn. In July 2018, 19.25 million Total S.A. shares with a total value of USD 1.2bn were sold in the market to further strengthen the financial position.

Guidance for 2018

- As announced 7 August 2018, A.P. Moller - Maersk expects earnings before interests, tax, depreciations and amortisations (EBITDA) in the range of USD 3.5-4.2bn and a positive underlying profit.

Discontinued operations

- A.P. Moller - Maersk has decided to pursue a separate listing of Maersk Drilling on Nasdaq Copenhagen while the pursuit of a solution for Maersk Supply Service will continue.

- In Q2, the discontinued operations reported a profit of USD 111m (loss of USD 274m) and a free cash flow of negative USD 9m (positive USD 276m).

A webcast in connection with the Q2 2018 Interim Report will be held on 17 August 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 Interim Report for Q3 2018 is expected to be announced on 14 November 2018.

Amounts in USD million

Summary financial information

Income statement	Q2 2018	Q2 2017	6 months 2018	6 months 2017	Full year 2017
Revenue	9,507	7,690	18,760	14,791	30,945
Profit before depreciation, amortisation and impairment losses, etc. (EBITDA)	883	1,073	1,552	1,711	3,532
Depreciation, amortisation and impairment losses, net	903	889	1,671	1,524	3,015
Gain on sale of non-current assets, etc., net	10	54	43	69	154
Share of profit/loss in joint ventures	39	14	76	44	-131
Share of profit/loss in associated companies	17	25	43	47	101
Profit/loss before financial items (EBIT)	46	277	43	347	641
Financial items, net	-71	-234	-191	-367	-616
Profit/loss before tax	-25	43	-148	-20	25
Tax	60	33	157	94	219
Profit/loss for the period – continuing operations	-85	10	-305	-114	-194
Profit/loss for the period – discontinued operations[1]	111	-274	3,093	103	-970
Profit/loss for the period	26	-264	2,788	-11	-1,164
A.P. Møller - Mærsk A/S' share	18	-269	2,763	-24	-1,205
Profit/loss for the period – continuing operations	-85	10	-305	-114	-194
Adjustments to profit/loss for the period – continuing operations:					
Gain/loss on sale of non-current assets, etc., net	-10	-28	-43	-43	116
Impairment losses, net	124	242	123	242	371
Transaction and integration cost	36	-	49	-	59
Tax on adjustments	23	-19	25	-19	4
Underlying profit/loss – continuing operations[2]	88	205	-151	66	356
Balance sheet					
Total assets	61,200	61,310	61,200	61,310	63,227
Total equity	33,588	32,349	33,588	32,349	31,425
Invested capital[3]	47,924	44,202	47,924	44,202	46,297
Net interest-bearing debt[3]	14,290	11,852	14,290	11,852	14,799
Investments in non-current assets – continuing operations	2,007	3,084	2,007	3,084	9,205
Cash flow statement					
Cash flow from operating activities[4]	353	941	786	1,386	3,113
Gross capital expenditure, excl. acquisitions and divestments (capex)	-708	-892	-1,888	-1,569	-3,599
Net cash flow from discontinued operations	-119	203	2,189	20	1,251

Financial ratios	Q2 2018	Q2 2017	6 months 2018	6 months 2017	Full year 2017
Revenue growth	24%	15%	27%	12%	13%
Revenue growth excl. Hamburg Süd	6%	15%	8%	12%	12%
EBITDA margin	9%	14%	8%	12%	11%
Cash conversion	40%	88%	51%	81%	88%
Return on invested capital after tax – continuing operations (ROIC)[5]	-0.1%	3.1%	-0.4%	1.7%	1.6%
Return on equity after tax, annualised	0.3%	-3.3%	17.2%	-0.1%	-3.7%
Equity ratio	54.9%	52.8%	54.9%	52.8%	49.7%
Stock market ratios					
Earnings per share – continuing operations, USD	-5	0	-16	-6	-11
Diluted earnings per share – continuing operations, USD	-5	0	-16	-6	-11
Cash flow from operating activities per share, USD	17	46	38	67	150
Share price (B share), end of period, DKK	7,948	13,090	7,948	13,090	10,840
Share price (B share), end of period, USD	1,243	2,008	1,243	2,008	1,746
Total market capitalisation, end of period, USD m	25,172	40,581	25,172	40,581	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 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 major transactions. The adjustments are net of tax and include A.P. Moller - Maersk's share of mentioned items in associates and joint ventures.

[3] Compared to prior periods the definition of Net interest-bearing debt has been adjusted 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 are prepared in accordance with IAS 34 and has been subject to review by the independent auditor, cf. page 31.

Financial review Q2 2018

A.P. Moller - Maersk reported an increase in revenue of 24% or USD 1.8bn to USD 9.5bn. Excluding Hamburg Süd the revenue growth was 5.7% with growth in all segments. The non-Ocean revenue growth was 12% compared to same period last year and at level with Q1 2018.

EBITDA showed a decline of 18% to USD 883m (USD 1.1bn) mainly related to lower EBITDA in Ocean of USD 202m, negatively impacted by higher bunker costs not being compensated in the freight rates and adverse development in foreign exchange rates. In Q2 2018, the average bunker price was 28% higher than same period last year while the average freight rate in Ocean was 1.2% lower. Consequently, an emergency bunker surcharge was announced effective 1 June for unregulated corridors and 1 July for regulated corridors. The impact from this on average freight rates is expected in the second half of 2018.

Overall, EBITDA was negatively impacted by adverse foreign exchange rate in the level of net USD 50m compared to Q2 2017.

Synergies related to the strategic integration of the transport, logistics and port businesses as well as the acquisition of Hamburg Süd are realised as planned with positive contribution to the profitability. For the integration of transport, logistics and port businesses, synergies of around USD 200m have been realised to date. The synergy realisation is among others reflected in the collaboration between Ocean and gateway terminals with reported equity-weighted volume growth like-for-like in the gateway terminals of 8.8% with the Ocean segment growing 20% and external customers growing 4.4%.

For Hamburg Süd, synergies of around USD 140m have been realised in the first half of 2018 within procurement, network optimisation and collaboration with APM Terminals.

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

EBIT was USD 46m (USD 277m), negatively impacted by write-down of assets of USD 141m and restructuring costs of USD 18m related to the closure of Maersk Container Industry's reefer factory in Chile.

Earnings remain at an unsatisfactory level and several initiatives were implemented in Q2 to restore profitability which will begin to materialise over the second half of 2018. In addition to general cost saving programmes specific initiatives are implemented in Ocean comprising 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 Q2 as part of these plans.

Financial expenses, net was reduced by USD 163m to a net expense of USD 71m (net expense of USD 234m), positively impacted by dividends received from the Total S.A. shares and foreign exchange rate development.

A.P. Moller - Maersk reported an underlying profit of USD 88m (USD 205m), while the discontinued operations reported a profit of USD 111m (loss of USD 274m).

Cash flow from operating activities was USD 353m (USD 941m) equal to a cash conversion of 40% (88%), negatively impacted by increased working capital primarily in Ocean following higher receivables due to timing effects around the balance sheet date as well as inventories impacted by the higher bunker prices. A positive cash flow impact from working capital is expected in Q3 2018.

Gross capital expenditure (capex) amounted to USD 708m (USD 892m), mainly related to previously ordered vessels and containers in Ocean, and development projects in Terminals & Towage. Free cash flow was negative by USD 167m (positive USD 536m).

HIGHLIGHTS Q2

USD million	Revenue 2018	Revenue 2017	EBITDA 2018	EBITDA 2017	Capex[1] 2018	Capex[1] 2017
Ocean	6,952	5,541	674	876	549	752
Logistics & Services	1,489	1,396	28	46	12	11
Terminals & Towage	847	819	178	149	116	156
Manufacturing & Others	636	446	8	37	3	-
Unallocated activities, eliminations, etc.	-417	-512	-5	-35	28	-27
A.P. Moller - Maersk consolidated – continuing operations	**9,507**	**7,690**	**883**	**1,073**	**708**	**892**

[1] See definition on page 47.

The contractual capital commitments for the continuing operations totalled USD 2.6bn end of Q2, of which USD 622m related to newbuilding programme for vessels, etc. The remainder primarily relates to commitments towards terminal concession grantors. Continued capex discipline remains a key focus area, which in Q2 was demonstrated by not exercising the option in the newbuilding contract signed with Hyundai Heavy Industries for the remaining six of eight additional 15.2k TEU capacity vessels.

Capital structure and credit rating

Net interest-bearing debt amounted to USD 14.3bn while total equity amounted to USD 33.6bn. With an equity ratio of 54.9% and a liquidity reserve of USD 10.2bn, 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 following the announcement of the sale of Maersk Oil in August 2017.

As part of the Maersk Oil transaction on 8 March 2018, A.P. Moller - Maersk received 97.5 million shares in Total S.A. equivalent to an ownership interest of 3.7%. The market value of the Total S.A. shares was USD 5.6bn at closing 8 March.

At 30 June 2018, the Total S.A. share price was EUR 52.21 per share, equal to a total value of the shares of USD 5.9bn and an added value of USD 366m compared to closing of the Maersk Oil transaction. The unrealised value adjustments are recognised directly in equity as other comprehensive income while dividends are recognised in the income statement under financial items, net.

For Maersk Drilling it has been decided to pursue a listing on Nasdaq Copenhagen in 2019 which will offer the A.P. Moller - Maersk shareholders the possibility to participate in the value creation opportunity of a globally leading pure play offshore drilling company with long-term development prospects. 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.

A.P. Moller - Maersk remains committed to maintaining its investment grade rating which is demonstrated by increased capital discipline over the last two years combined with maintaining a high financial flexibility. The capital commitments for the continuing businesses have been reduced by USD 2.8bn since year-end 2016 to currently around USD 2.6bn. Further, no vessel orders or new terminal investments are expected until at least 2020. Net cash proceeds to A.P. Moller - Maersk from separation of Maersk Oil, Maersk Tankers and now expected Maersk Drilling is around USD 5bn. Maersk Drilling's separate financing is expected to release cash proceeds of around USD 1.2bn to A.P. Moller - Maersk.

During July 2018, A.P. Moller - Maersk sold Total S.A. shares for an aggregated amount of around USD 1.2bn representing the increase in value since signing of the sale of Maersk Oil in August 2017. A.P. Moller - Maersk retains 78.3 million shares in Total S.A. with a current aggregated value of around USD 5bn.

Subject to maintaining an investment grade rating it is now 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
- Following the demerger of Maersk Drilling a material part 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.

Dividend

The ordinary dividend of DKK 150 per A.P. Møller - Mærsk A/S share of nominally DKK 1,000 (in total equal to USD 517m) declared at the Annual General Meeting 10 April 2018 was paid on 13 April 2018.

Management changes

Carolina Dybeck Happe will take up the position as Chief Financial Officer (CFO) of A.P. Møller - Mærsk A/S no later than 1 January 2019 and will become a member of the Executive Board.

Guidance for 2018

As announced 7 August 2018, A.P. Moller - Maersk expects earnings before interests, tax, depreciations and amortisations (EBITDA) in the range of USD 3.5-4.2bn and a positive underlying profit.

The organic volume growth in Ocean is still expected slightly below the estimated average market growth of 2-4% for 2018. Further, 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 0.7bn
Container freight volume	+/-100,000 FFE	+/-USD 0.1bn
Bunker price (net of expected BAF coverage)	+/-100 USD/tonne	-/+USD 0.2bn
Rate of exchange (net of hedges)	+/-10% change USD	+/- USD 0.1bn

Changes in guidance are versus guidance given at 7 August 2018.

Strategy update

Two years ago, A.P. Moller - Maersk set out a strategic plan for transforming the company from a conglomerate to a focused integrated container logistics company.

Significant steps have been taken to separate out the energy businesses with successful closing of transactions for Maersk Oil and Maersk Tankers.

For Maersk Drilling it has been decided to pursue a separate listing on Nasdaq Copenhagen in 2019. Having evaluated the different options for Maersk Drilling, A.P. Moller - Maersk has concluded that Maersk Drilling as a stand-alone 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. Further details for a listing will be announced at a later stage.

For Maersk Supply Service, the pursuit of a solution will continue. However due to challenging markets, the timing for defining a solution is difficult to predict.

TRANSFORMATION OF A.P. MOLLER - MAERSK

- Moving **from a conglomerate to a focused and integrated** global container logistics company
- **Building the new A.P. Moller - Maersk**: One integrated company, focused on container shipping, ports and logistics
- Acquiring and integrating **Hamburg Süd**
- **Digitising and transforming the new Maersk** to improve customer experience, improve cost and asset productivity, and develop new revenue sources
- While improving **underlying business performance**
- **Divesting energy related business**

Progress so far

A transformation of the magnitude A.P. Moller - Maersk has set out to achieve takes time, yet progress has already been made in several key areas on building the new A.P. Moller - Maersk as one integrated container logistics company.

The ambition of A.P. Moller - Maersk is to again become a growth company delivering a ROIC of more than 8.5% over the cycle based on a more balanced split of earnings between Ocean and non-Ocean.

During 2018, the acquisition and integration of Hamburg Süd has contributed with both revenue and profit growth as planned.

At the beginning of the year new reporting segments were introduced to better support the strategic direction as one integrated company. This new segmentation is a natural next step to realise the synergies related to the integration of the businesses with an increased focus on the non-Ocean part of the business. The synergies were set at USD 600m to be fully realised by 2019 and progress is as planned with realisation of synergies in the level of around USD 200m to date. Main synergies realised so far are in operational optimisation between Maersk Line and APM Terminals (resulting in gateway terminal volume growth and hub terminal productivity) as well as between Maersk Line and Maersk Container Industry (resulting in increased utilisation of container factories).

Further, the integration of Hamburg Süd is progressing as planned with synergies starting to materialise within procurement, network optimisation and in APM Terminals gateway terminals, with a ramp up expected during the second half of the year. To date synergies in the level of USD 140m have been realised. The expectation of synergies worth minimum USD 350-400m by 2019 is maintained.

As A.P. Moller - Maersk strives to integrate the businesses with the customer in the centre it is encouraging to see that the customer experience has improved in most areas during the first half of 2018. A.P. Moller - Maersk has improved reliability to once again being top quartile in the industry – a journey which will continue until A.P. Moller - Maersk reaches a satisfactory level for its customers. The online experience for Maersk Line customers continues to evolve as A.P. Moller - Maersk is currently improving the booking engine, tracking functionalities and overall user friendliness, to mention a few.

Furthermore, A.P. Moller - Maersk has expanded the scope of services available on the ship.maerskline.com platform that was launched in December 2017, due to the good traction with customers. Starting off serving cargo from selected Chinese ports to West and South Africa, as well as East Coast South America, now cargo from select Chinese ports to all Mediterranean destinations is also covered. The platform ensures a mutual commitment at the time of booking by providing secured space at competitive and fixed prices which give customers a stable service delivery.

The digital transformation is also evident by the successful penetration of Remote Container Management (RCM) since its launch September 2017. After ten months in existence, more than 1,900 customers are using RCM on shipments representing more than 63% of Maersk Line's total annual reefer volumes. RCM enhances supply chain visibility for the often-sensitive refrigerated cargo by offering location and cargo condition data.

In Logistics & Services continued investments have been made in developing new customer solutions and roll-out of Twill, which is now operating in 15 countries with the aim to add another 10 countries in the second half of 2018.

Next steps

While the strategic progress shows continuous improvement the short-term underlying business performance has not been satisfactory. Especially Ocean has suffered from continued pressure on freight rates and higher unit costs among others caused by significant increase in bunker prices and adverse changes in foreign exchange rates. Short-term focus is therefore to restore profitability through several operational initiatives, among others changes in network and capacity reductions in trades not yielding the desired profitability. Further initiatives are taken to fund the growth by better use of the assets implying no new vessel orders until at least 2020 and to an increasing extent leasing new dry container as opposed to buying containers.

At the same time, focus is on the long-term strategic transformation towards a seamless customer engagement, including best in class reliability, full-visibility of cargo and 24/7 availability of services and support across the business. The primary focus will be on developing and maturing products with high growth-potential that are fundamental to delivering a seamless end to end container logistics solution. A.P. Moller - Maersk's superior delivery network across the value chain will be connected and digitally enabled – vessels, containers, terminals.

Transformation indicators

As part of the transformation towards becoming one integrated container, port and logistics company less dependent on freight rates focus will over the coming years be on growing the non-Ocean part of the business disproportionally to the Ocean business. The strategic progress will in addition to growth measures for each of the business activities 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 depreciations.

Market update

Market Developments

Global container trade grew by around 4% in Q2 2018 compared to Q2 2017. Container demand growth on the East-West trades remained soft in Q2 by 1%, in part driven by a moderation of imports to North America to 4% after unsustainably high growth in 2017. European import growth also remained weak, reflecting softening retail sales growth. Meanwhile, Asian imports from the USA and Europe stabilised in Q2 2018 after declining by 7% in Q1 because of the restrictions imposed by China on waste and scrap material imports.

Container demand on the North-South trades grew 5% in Q2. Within this, African import growth was weak, and Latin America import growth lost momentum. Looking ahead, global container trade is projected to increase by 2-4% in 2018 and 2019.

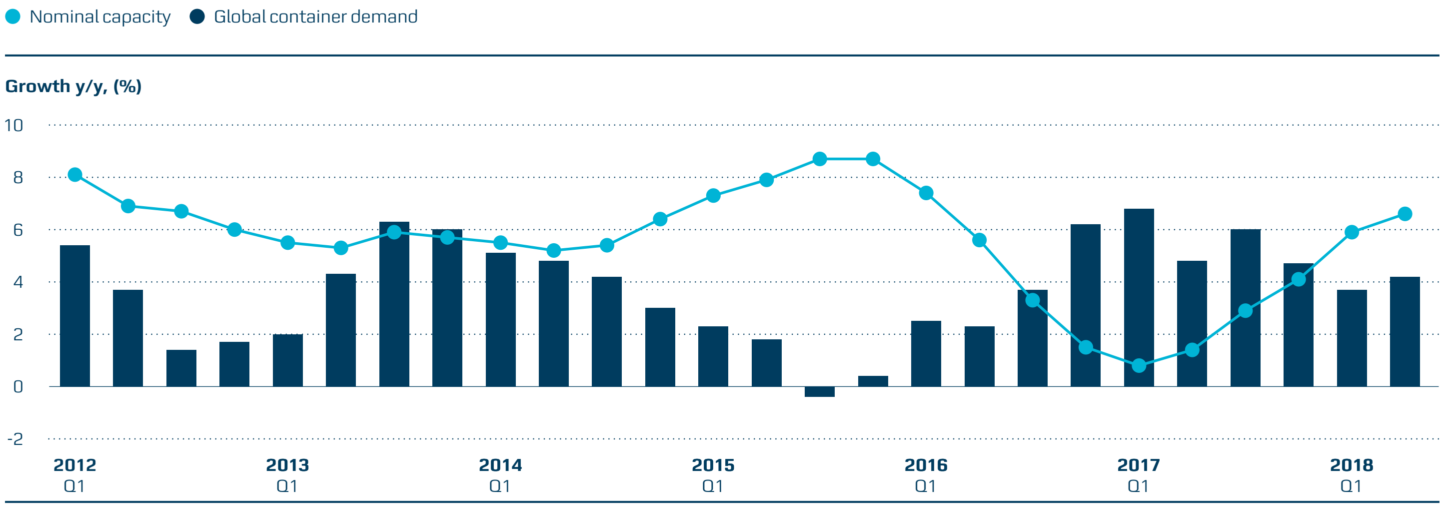
During the first half of 2018, the US Administration imposed a range of tariffs and other trade restrictions, mainly against China, but also against Mexico, the EU and others. So far, the value of traded goods exposed to the newly imposed tariffs is limited, amounting to around USD 160bn, or 0.4% of global trade and 0.2% of global GDP.

The impact of these tariffs on global trade is uncertain and depends on how much of the resulting price increase is absorbed by consumers, how much the US and its trading partners can diversify their imports, and the broader effects on business confidence, investment, and supply chains. According to external analysis, global trade could be reduced by 0.1-0.3%. However, the US-China bilateral trade could be more significantly impacted—US container imports from China could be reduced by up to 4%, while Chinese container imports of US goods might be reduced by up to 6%.

On the contrary, the Chinese and EU authorities agreed in July to intensify bilateral cooperation on trade, investment, and intellectual property protection. In addition, the US and EU authorities recently agreed to ease trade tensions and work towards eliminating transatlantic trade barriers and reforming the WTO.

At the end of Q2 2018, the global container fleet stood at 22m TEU, 7% higher than a year earlier. Deliveries totalled 412k TEU (46 vessels) during Q2, and were dominated by vessels larger than 10k TEU. Six vessels were scrapped in Q2 and so far in 2018 only very few vessels (19) have been scrapped. Idling declined to 1.4% of the fleet in Q2, mainly reflecting the beginning of the peak season. New vessel ordering amounted to 642k TEU (59 vessels) in Q2, resulting in a year-to-date total of 911k TEU orders. This corresponds to an orderbook-to-fleet ratio of around 13%, which remains considerably below the 2013-2017 average of 18%. According to Alphaliner, the nominal global container fleet is projected to grow by 5.9% in 2018 and 3.7% in 2019.

GLOBAL CONTAINER DEMAND AND NOMINAL SUPPLY GROWTH



Source Demand, internal Maersk and supply, Alphaliner.

Reflecting the weakening in the demand-supply balance in Q2 2018, freight rates, as measured by the China Composite Freight Index (CCFI), were 6.4% lower in Q2 2018 compared to Q2 2017, and 4.6% lower compared to Q1 2018. Freight rates declined on the Asia to Europe and Asia to USA trades. The more modest amount of new deliveries in 2019 combined with an anticipated slight increase in idling should be more supportive of freight rates in 2019.

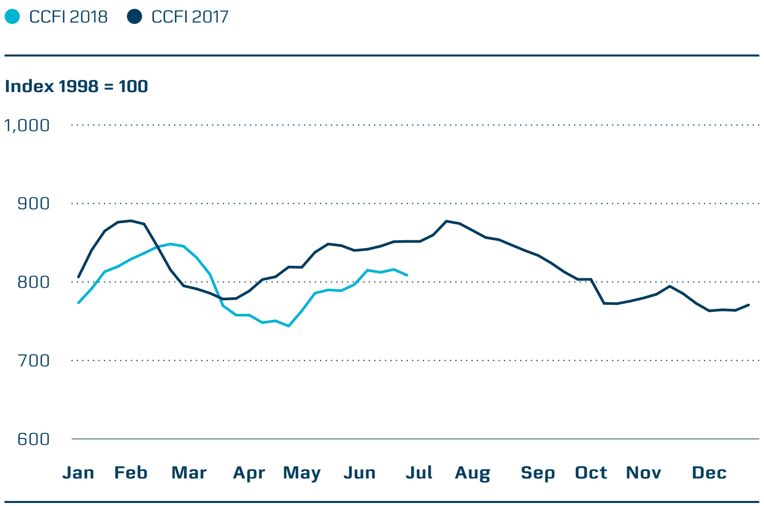
In contrast to the softness in freight rates, time charter rates stayed robust in Q2 2018, reflecting a shortage of small- and medium-size vessels: Clarkson's Time charter rate index increased by 38% compared with Q2 2017, and by 17% compared with Q1 2018.

Rotterdam bunker prices were 43% higher in Q2 2018 compared to Q2 2017, and 13% higher than Q1 2018. Forward market pricing points to bunker prices increasing by a further 2.4% in the second half of 2018 compared to Q2 2018. Thereafter, forward markets point 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 strengthened by 3% against the Euro on average in Q2 2018 compared to Q1 2018, bringing it back into line with the average rate of exchange during the second half of 2017. It nonetheless remained 8% weaker against the Euro compared to Q2 2017.

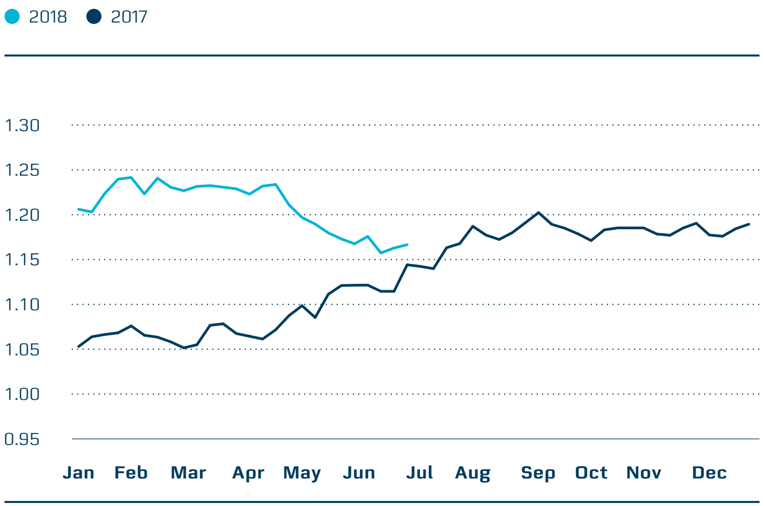
At the end of Q2 2018, COSCO's acquisition of OOCL was approved by the US and Chinese authorities further contributing to the consolidation of the container liner industry. The acquisition brings COSCO's total capacity market share to around 12% (Alphaliner, end of June) being the third largest container carrier in the world.

FREIGHT RATES



Source CCFI, Shanghai Shipping Exchange.

USD-EUR EXCHANGE RATE



Source Thomson/Reuters.

Segment review

Ocean

Ocean reported an increase in revenue of 25% to USD 7.0bn (USD 5.5bn) with volume growth of 26%. Excluding Hamburg Süd the volume growth was 4.3% in line with estimated market growth of around 4%, driven by backhaul volume growth of 7.3% while headhaul volume grew 3.0%. Average freight rate decreased by 1.2%, while average bunker price increased 28%. Unit cost at fixed bunker at 1,783 USD/FFE was 5.9% lower than in Q1 2018 while total unit cost was 5.3% lower. EBITDA ended at USD 674m (USD 876m).

OCEAN SEGMENT

Ocean includes the ocean activities of Maersk Liner Business (Maersk Line, Safmarine, MCC, Seago Line and Sealand) 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, Port Said and the joint ventures Salalah, Tanjung Pelepas and Bremerhaven).

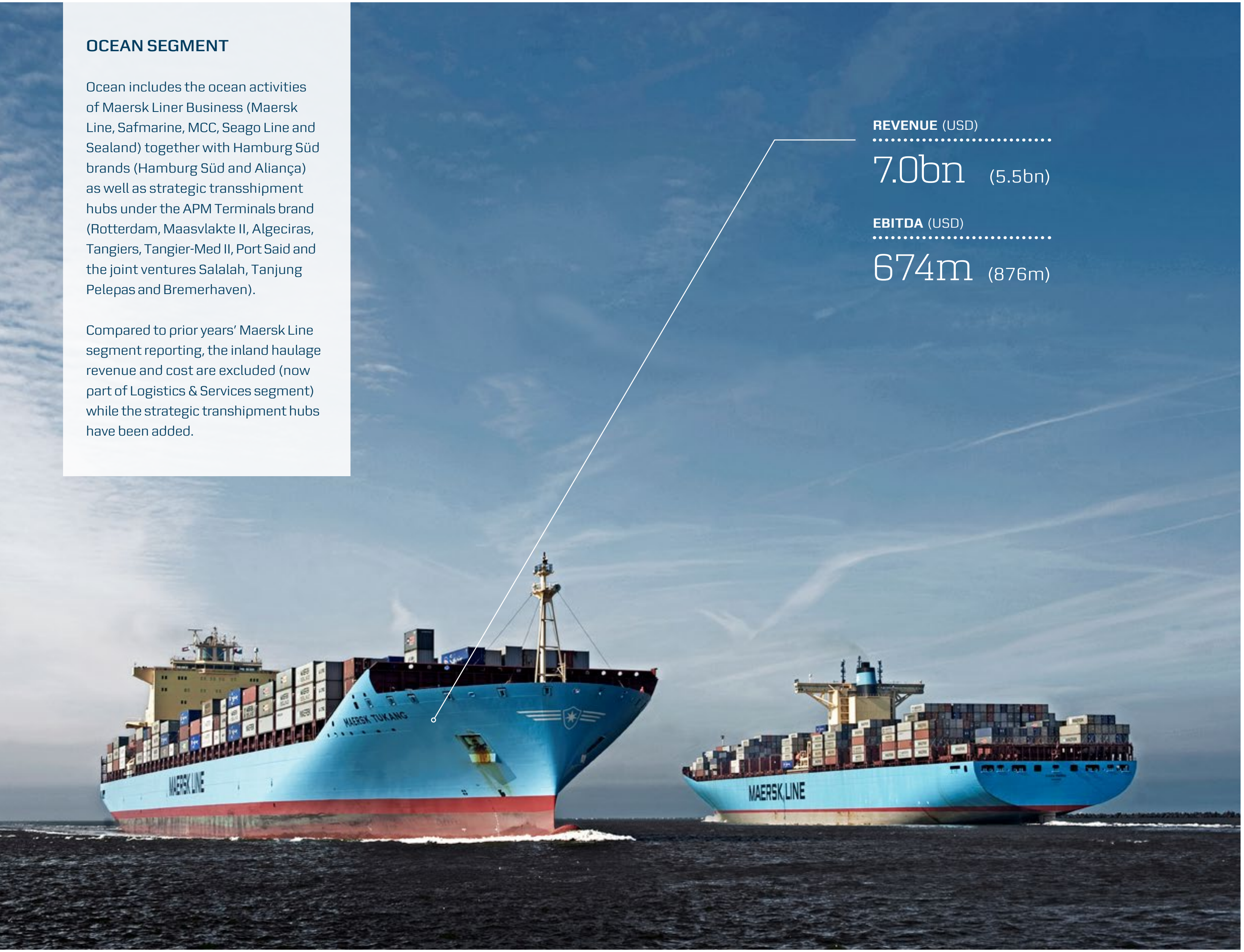
Compared to prior years' Maersk Line segment reporting, the inland haulage revenue and cost are excluded (now part of Logistics & Services segment) while the strategic transhipment hubs have been added.

REVENUE (USD)

7.0bn (5.5bn)

EBITDA (USD)

674m (876m)



Summary

In Q2 2018, customer experience has improved in most areas and reliability has improved to once again being top quartile in the industry.

The challenging market conditions continued in Q2 2018 with a 28% increase in the average bunker price compared to same period last year and an average freight rate 1.2% below last year, on par with Q1 2018 despite the continuous bunker price increases through Q2. Consequently, an emergency bunker surcharge was announced effective 1 June for unregulated corridors and effective 1 July for regulated corridors. The impact of the emergency bunker surcharge is expected in the second half of 2018.

The volume growth excluding Hamburg Süd at 4.3% was in line with estimated market growth of around 4%.

The integration of Hamburg Süd is progressing as planned with synergies to date of around USD 140m realised within procurement, network optimisation and increased volumes in gateway terminals operated by APM Terminals.

Financial and operational performance

Revenue increased by 25% to USD 7.0bn (USD 5.5bn) driven by a 26% increase in volumes to 3,399k FFE (2,700k FFE) primarily related to the inclusion of Hamburg Süd. The average freight rate decreased by 1.2% to 1,840 USD/FFE (1,863 USD/FFE).

The volume increase was driven by North-South and Intra-regional trades due to Hamburg Süd's position in these markets. Excluding Hamburg Süd the volume growth of 4.3% was in line with estimated market growth of around 4%, driven by backhaul volume growth of 7.3% as headhaul volume grew 3.0%.

The decrease in average freight rate of 1.2% was driven by East-West trades by 5.1% and 1.0% on North-South trades while Intra-regional trades increased 19%. The average freight rate development was positively impacted by inclusion of Hamburg Süd which has a different trade mix compared to Maersk Line. Compared to Q1 2018, average freight rate was on par despite the continuing bunker price increases. Consequently, an emergency bunker surcharge was announced effective 1 June for unregulated corridors and effective 1 July for regulated corridors.

Other revenue amounted to USD 783m (USD 614m) supported by increases in demurrage and detention as well as slot sales related to vessel sharing agreements (VSA).

Unit cost at fixed bunker price was at 1,783 USD/FFE, 5.9% lower than in Q1 2018. The improvement was mainly driven by lower network cost, in part due to lower deployment and in part due to

OCEAN HIGHLIGHTS

USD million	Q2 2018	Q2 2017	6 months 2018	6 months 2017	Full year 2017
Revenue	6,952	5,541	13,762	10,491	22,023
Profit/loss before depreciation, amortisation and impairment losses, etc. (EBITDA)	674	876	1,155	1,360	2,777
EBITDA margin	9.7%	15.8%	8.4%	13.0%	12.6%
Gross capital expenditure, excl. acquisitions and divestments (capex)	549	752	1,623	1,220	2,831
Operational and financial metrics					
Other revenue, including hubs (USD m)	783	614	1,613	1,170	2,547
Loaded volumes (FFE in '000)	3,399	2,700	6,619	5,301	10,939
Loaded freight rate (USD per FFE)	1,840	1,863	1,836	1,789	1,788
Unit cost, fixed bunker (USD per FFE incl. VSA income)	1,783	1,732	1,837	1,738	1,752
Hub productivity (PMPH)	79	72	78	73	73
Bunker price, average (USD per tonne)	401	313	391	317	321
Bunker cost (USD m)	1,205	780	2,399	1,562	3,341
Bunker consumption (tonnes in '000)	3,002	2,490	6,131	4,934	10,395
Average nominal fleet capacity (TEU in '000)	4,154	3,311	4,192	3,268	3,456
Fleet, owned (EOP)	346	282	346	282	339
Fleet, chartered (EOP)	396	364	396	364	442

the increase in loaded volume. Further, the reduction was positively impacted by foreign exchange rate development and one-offs. Compared to Q2 2017, unit cost at fixed bunker price was 1.4% lower after adjusting for negative impacts of 1.8% from adverse foreign exchange rate developments and 2.5% from change in portfolio mix following inclusion of Hamburg Süd.

Total unit cost at 1,961 USD/FFE (1,836 USD/FFE) was 6.8% higher than Q2 2017, negatively impacted by a 28% increase in the average bunker price. Compared to Q1 2018, the total unit cost improved by 5.3%. Bunker cost was USD 1.2bn (USD 780m), while bunker efficiency per loaded FFE improved by 4.2% to 886 kg/FFE (922 kg/FFE).

For terminal hubs port moves per hour performance improved by 8.6% compared to Q2 2017 driven by operational synergies and initiatives materialising.

EBITDA ended at USD 674m (USD 876m), equal to an EBITDA margin of 9.7% (15.8%). The lower EBITDA margin was especially driven by bunker price increases not recovered in freight rates as well as adverse development in foreign exchange rates.

TRANSPORTED VOLUMES

FFE ('000)	Q2 2018	Q2 2017	Change	Change %
East-West	1,088	939	149	15.8
North-South	1,632	1,310	322	24.6
Intra-regional	679	451	228	50.6
Total	**3,399**	**2,700**	**699**	**25.9**

AVERAGE LOADED FREIGHT RATES

USD/FFE	Q2 2018	Q2 2017	Change	Change %
East-West	1,782	1,878	-96	-5.1
North-South	2,065	2,087	-22	-1.1
Intra-regional	1,485	1,245	240	19.3
Total	**1,840**	**1,863**	**-23**	**-1.2**

FLEET OVERVIEW END Q2 2018

	TEU		Number of vessels	
	Q2 2018	Q4 2017	**Q2 2018**	Q4 2017
Own container vessels				
0 – 2,999 TEU	122,379	125,281	63	64
3,000 – 4,699 TEU	354,611	343,751	87	84
4,700 – 7,999 TEU	333,930	321,854	54	52
> 8,000 TEU	1,716,990	1,611,814	142	139
Total	**2,527,910**	**2,402,700**	**346**	**339**
Chartered container vessels				
0 – 2,999 TEU	440,612	463,887	225	240
3,000 – 4,699 TEU	310,264	339,628	78	85
4,700 – 7,999 TEU	305,859	395,913	51	67
> 8,000 TEU	441,856	524,698	42	50
Total	**1,498,591**	**1,724,126**	**396**	**442**
Newbuilding programme (own vessels)				
3,000 – 4,699 TEU	14,384	25,172	4	7
> 8,000 TEU	81,472	229,990	5	13
Container vessels total	**95,856**	**255,162**	**9**	**20**

Synergies from the Hamburg Süd acquisition continued to realise as planned with positive contribution to revenue and profitability. In Q2, Hamburg Süd reported volumes of 583k FFE and pro forma EBITDA of USD 155m (Q1 2018 USD 111m) in line with original plans. The pro forma EBITDA is adjusted for time charter costs following transfer of vessels and equipment from Hamburg Süd to the wider Ocean network. In the first half of 2018, synergies of around USD 140m have been realised within procurement, network optimisation and increased volumes in gateway terminals operated by APM Terminals. Total synergies of minimum USD 350-400m are still expected by 2019. Integration costs amounted to USD 18m in Q2 2018.

The fleet consisted of 346 owned vessels and 396 chartered vessels end of Q2 2018. The average capacity at 4,154k TEU reflected a decrease of 1.8% compared to Q1 2018, and an increase of 25% compared to Q2 2017. The decrease from Q1 2018 is in line with plans to continuously optimise the fleet, while compared to last year the increase is mainly related to Hamburg Süd. Idle capacity was

33.0k TEU (three vessels) versus 2.4k TEU (one vessel) end of Q2 2017. Idle capacity corresponds to around 11% of total idle capacity in the market.

Developments in the quarter

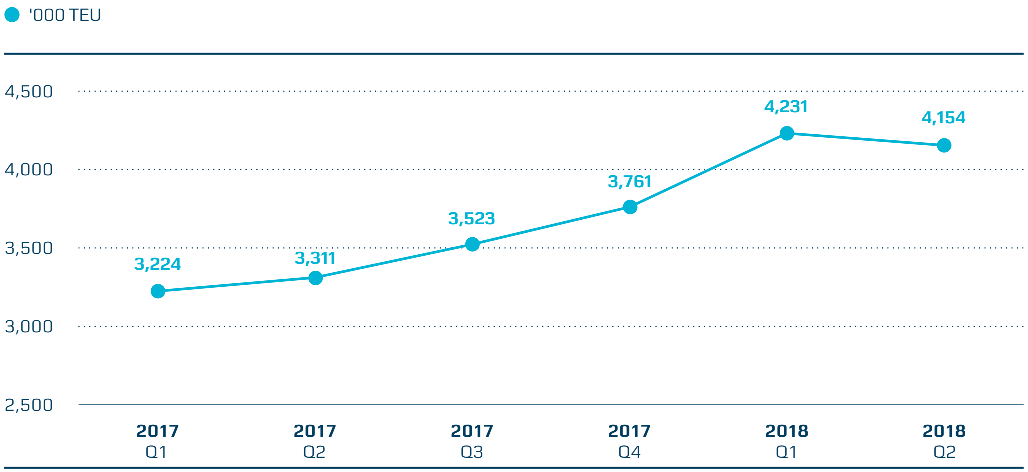
Ocean took delivery of one Triple-E vessel, one 15.2k TEU vessel and two 3.6k TEU Ice class vessels in Q2 2018. A total of 27 vessels were ordered in 2015 and two vessels in 2017, of which remaining nine vessels will be delivered until Q1 2019.

An emergency bunker surcharge was announced in May due to the unsustainable nature of the significant bunker price increases in 2018. Bunker prices reached the highest level since 2014 and the unexpected development prevents recovery of bunker costs through the standard bunker adjustment factors. For non-regulated corridors the surcharge was effective 1 June 2018, while for regulated corridors it will be effective 1 July 2018. The freight rate increases in June have materialised according to plan.

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 Q2 2018 as part of these plans. In addition, the option in the newbuilding contract signed with Hyundai Heavy Industries for the remaining six of eight additional 15.2k TEU capacity vessels was not exercised.

Maersk Line, Mediterranean Shipping Company (MSC) and ZIM recently announced a new strategic cooperation on the Asia – US East Coast trade. The cooperation covers a combined operation of five loops, on which the parties will swap slots. The cooperation will generate cost efficiencies and is scheduled to begin in early September 2018, subject to regulatory approval, and is planned to be in place for four years.

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 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, MCC, Sealand and Seago Line 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)

1.5bn (1.4bn)

EBITDA (USD)

28m (46m)

Logistics & Services

Revenue growth of 6.7% to USD 1.5bn (USD 1.4bn) was positively impacted by supply chain management and inland haulage, whilst gross profit increased by 4.9% to USD 278m (USD 265m). EBITDA decreased by 38% to USD 28m (USD 46m), negatively impacted by higher IT costs including continued investments in new digital solutions and customer implementations and lower profitability in inland services.

Summary

Significant customer wins were realised in Q2 2018, most notably with a large European based fashion customer as well the first significant online retail customer win in China.

Twill continued its expansion with new features on the platform and is now present in 15 countries world-wide.

Damco announced a 10-year lease of a six-building logistics campus within the Los Angeles industrial market.

Despite positive revenue growth, Q2 was challenged by increased costs mainly related to IT spend, increased salary costs in inland services and timing of maintenance costs in Star Air. It is the ambition to significantly improve the profitability through the increased sale of integrated end-to-end digital solutions and more efficient operations, which requires increased IT spending.

Financial and operational performance

Revenue increased by 6.7% to USD 1.5bn (USD 1.4bn) supported by volume growth from supply chain management, higher revenue from inland haulage and with a positive impact from foreign exchange rate of around 2%-points. Gross profit increased by 4.9% to USD 278m (USD 265m) driven by supply chain management and inland haulage, while the impact from foreign exchange rate was immaterial.

EBITDA decreased by 38% to USD 28m (USD 46m) driven by higher IT costs, lower profitability in inland services largely due to increasing salary costs in certain high inflation countries as well as timing impact of maintenance costs in Star Air. The impact from foreign exchange rate on EBITDA was neutral.

Supply chain management revenue increased by 14% to USD 194m (USD 170m) supported by volume growth of 8.9% to 17,672 cbm (16,227 cbm). Margins increased by 8.9% to 4.7 USD/cbm (4.3 USD/cbm) which further supported gross profit increase by 19% to USD 83m (USD 70m).

Inland services revenue increased by 4.1% to USD 154m (USD 148m) and gross profit increased by 2.2% to USD 68m (USD 67m). Adjusted for the divestment of Pentalver in May 2017, revenue grew by 12% and gross profit by 9.2%, supported by volume growth in Latin America.

Ocean revenue declined by 13% to USD 148m (USD 170m) mainly due to a 6.8% decline in volumes to 156k TEU's (168k TEU's). Margins improved further 2.7% to 180 USD/TEU (175 USD/TEU) supported by the continuous focus on deselection of low margin business. Gross profit decreased by 4.3% to USD 28m (USD 29m) as the decline in volumes was only partly offset by the improved margins.

Air revenue declined by 2.6% to USD 147m (USD 151m) due to volumes decreasing by 12% to 44k

LOGISTICS & SERVICES HIGHLIGHTS

USD million	Q2 2018	Q2 2017	6 months 2018	6 months 2017	Full year 2017
Revenue	1,489	1,396	2,944	2,774	5,772
Profit/loss before depreciation, amortisation and impairment losses, etc. (EBITDA)	28	46	51	78	139
EBITDA margin	1.9%	3.3%	1.7%	2.8%	2.4%
Gross capital expenditure, excl. acquisitions and divestments (capex)	12	11	20	19	54
Operational and financial metrics					
Gross profit (USD m)	278	265	540	517	1,039
EBIT conversion (EBIT/Gross profit - %)	8.4%	27.5%	7.4%	20.5%	14.5%
Ocean volumes (TEU)	156,388	167,822	302,075	334,159	664,448
Supply chain management volumes (cbm in '000)	17,672	16,227	34,647	32,210	69,574
Airfreight volumes (tonnes)	44,218	50,138	84,377	95,140	206,208
Ocean revenue (USD m)	148	170	295	336	666
Supply chain management revenue (USD m)	194	170	400	345	778
Airfreight revenue (USD m)	147	151	288	279	659
Inland haulage revenue (USD m)	648	586	1,271	1,159	2,388
Inland services revenue (USD m)	154	148	298	314	589
Other services revenue (USD m)	198	171	392	341	692

tonnes (50k tonnes) mainly due to deselection of low margin business and significant exposure towards China. Margin increased by 16% to 381 USD/tonnes (330 USD/tonnes). Gross profit increased by 1.7% as improved margins were partly offset by lower volumes.

Inland haulage revenue increased by 11% to USD 648m (USD 586m) supported by volume growth of 4.2% to 953k FFE (914k FFE). Gross profit increased to USD 16m (USD 10m) driven by higher volumes in India and Africa, but partly offset by higher fuel costs and trucking rate increases in North America due to a continued truck shortage.

EBIT conversion of 8.4% (27.5%) is unsatisfactory. Several cost management initiatives are being implemented to improve the profitability including offshoring of operational and financial processes with expected financial impact from 2019.

Developments in the quarter

Significant new customer wins continued to be secured throughout Q2 due to intensified and focused sales activities. Damco announced a 10-year lease of a six-building logistics campus within the Los Angeles industrial market. The new facility supports Damco's commitment to servicing growing customer demand for last mile logistics space in the infill Los Angeles market.

The roll out of Twill continued and France, Thailand and Malaysia have successfully been added to the map. India became the first country where the platform handles both import and export. It now operates in 15 countries and aims to add 10 more countries in the second half of 2018. Furthermore, several new features were added to the platform during Q2 co-created with input from customers and includes pre-booking options, self-service reporting feature and a customer care chat function.

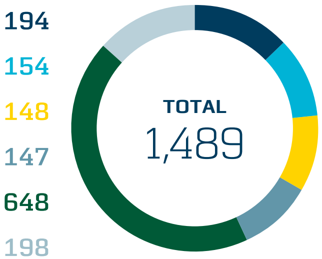
Inland Services continued to develop enhanced customer solutions including adding a new cold chain facility in India, new breakbulk conversion offerings in Africa and providing a dedicated block train connection solution in Chile with upgraded inland facilities.

For Inland haulage, several new corridors were added to the most important inland markets in Africa, India and China. Further, full start up in Egypt was established with volume growth, as well as the development of new store to door products in Latin America and India for large customers.

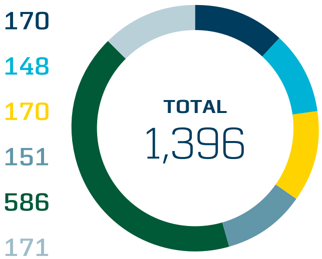
ACTIVITY OVERVIEW

● Supply chain management ● Inland services ● Ocean ● Air ● Inland Haulage ● Other

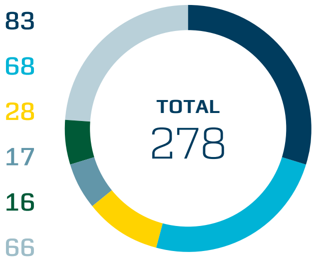
2018 Revenue, USD m



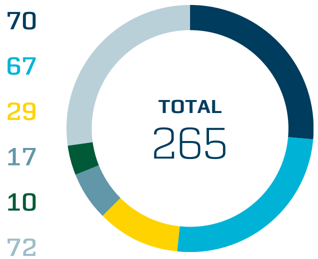
2017 Revenue, USD m



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)

847m (819m)

EBITDA (USD)

178m (149m)

Terminals & Towage

Terminals & Towage reported a 3.4% increase in revenue to USD 847m (USD 819m) and an increase in EBITDA to USD 178m (USD 149m), reflecting robust growth in volumes mainly driven by commercial wins and new terminals as well as lower cost per move in financially consolidated terminals.

Summary

Gateway terminals won nine new contracts, while four contracts were terminated during Q2 2018, with a positive net volume addition impact of 0.3m moves on a full year basis. Equity weighted (EqW) volume growth in moves was 7.6%, like-for-like growth was 8.8%, which resulted in increased capacity utilisation (EqW) of 77% (68%). Growth was driven by 3.5% (4.4% like-for-like) from external customers and 18% (20% like-for-like) from Ocean. According to Drewry the market growth was around 6.5% measured on a TEU basis.

Towage activities remained strong throughout Q2 2018 supported by higher activity in Australia and Europe and port entries in Latin America, which have improved utilisation and profitability in harbour towage. For terminal towage, revenue was positively impacted by towage operations commencing in Bangladesh, while profitability in terminal towage was flat compared to 2017. EBITDA margin improved as a combination of higher activities and various cost initiatives.

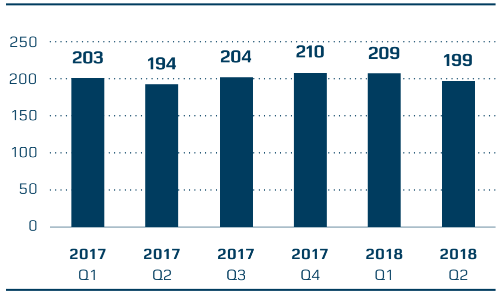
→ Gateway terminals

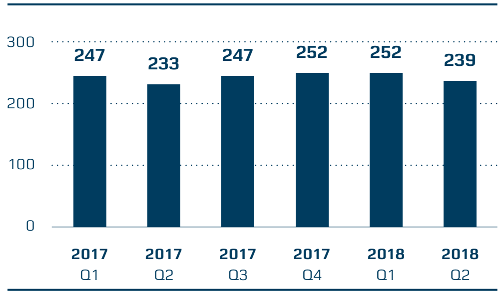
Financial and operational performance

Revenue of USD 671m (USD 661m) was mainly driven by volume increase in Latin American terminals, positively impacted by increased synergies with Maersk Line and integration of Hamburg Süd, partly offset by divested entities and lower construction revenue in terminals under construction.

Gateway terminals' volume growth (EqW) was 7.6% ending at 4.2m moves (3.9m moves). The growth and capacity utilisation (EqW) of 77% (68%) reflect positive development in Latin America mainly because of the Hamburg Süd integration and collaboration synergies with Maersk Line. Adjusted for divested terminals, volumes increased by 8.8%, of which 3.5% (4.4% like-for-like) related to external customers and 18% (20% like-for-like) to Maersk Line and Hamburg Süd.

REVENUE, USD





Revenue per move (EqW) amounted to USD 199 (USD 194), reflecting higher volumes in North American and Latin American terminals, where market rates are higher on average as well as positive effect from one-offs. Excluding one-offs revenue per move (EqW) was USD 197 for Q2 2018. Revenue per move in financially consolidated

TERMINALS & TOWAGE HIGHLIGHTS

USD million	Q2 2018	Q2 2017	6 months 2018	6 months 2017	Full year 2017
Revenue	847	819	1,758	1,643	3,481
Profit/loss before depreciation, amortisation and impairment losses, etc. (EBITDA)	178	149	374	288	639
EBITDA margin	21.0%	18.2%	21.3%	17.5%	18.4%
Gross capital expenditure, excl. acquisitions and divestments (capex)	116	156	217	352	704
Operational and financial metrics					
Terminal volumes – EqW (moves in m)	4.2	3.9	8.2	7.6	15.6
Ocean segment	1.3	1.2	2.6	2.2	4.7
External customers	2.9	2.7	5.6	5.4	10.9
Terminal revenue per move – EqW (USD)	199	194	204	198	203
Terminal unit cost per move – EqW (USD)	166	161	168	162	167
Result from joint ventures and associated companies (USD m)	51	32	105	66	-78
Number of operational tug jobs (HT) ('000)	32	30	65	61	123
Annualised EBITDA per tug (TT) (USD in '000)	956	1,026	846	938	755

terminals increased by 2.7% mainly driven by higher volumes in Americas where rates are higher on average.

Cost per move (EqW) increased to USD 166 (USD 161) mainly impacted by increasing cost in certain joint ventures, partly offset by effects from volume increases. Cost per move in financially consolidated terminals was reduced by 7% compared to Q2 2017 due to volume growth in Latin America and positive effects from cost saving initiatives.

EBITDA margin improved in Latin America, due to volume increase and ramp up of newly operated terminals in Mexico and Guatemala in 2017, as well as new services in Argentina. EBITDA margin in North America improved compared to Q2 2017, positively impacted by volume growth and one-off settlement. In Europe, EBITDA margin decreased mainly because of pressure on revenue per move in Northern Europe. In Africa and Middle East EBITDA margin decreased mainly due to higher cost in certain African terminals, partly due to rate of exchange, while Asia saw an increase compared to Q2 2017 from positive revenue per move effects.

Results from joint ventures and associated companies

The higher share of profit in joint ventures and associated companies of USD 47m (USD 36m) was mainly related to joint ventures in Latin America and China, as well as improvements in the Russian market. Excluding new terminals, the profit is USD 8m higher than in Q2 2017.

Developments in the quarter

The Hamburg Süd integration and collaboration synergies with the Ocean segment contributed to volume growth and the transformation journey to become a best in class terminal operator continues to progress as evidenced by decreasing cost per move in financially consolidated terminals.

For terminals under construction, no changes to the expected go-live dates since Q1 2018.

EQUITY-WEIGHTED VOLUME, TERMINALS

Million moves	Q2 2018	Q2 2017	Growth %
Americas	1.1	0.9	31.0%
Europe, Russia and Baltics	0.8	0.7	3.7%
Asia	1.8	1.8	-1.0%
Africa and Middle East	0.5	0.5	5.0%
Total	**4.2**	**3.9**	**7.6%**

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.

FINANCIALLY CONSOLIDATED VOLUME, TERMINALS

Million moves	Q2 2018	Q2 2017	Growth %
Americas	1.1	0.8	28.7%
Europe, Russia and Baltics	0.7	0.7	1.1%
Asia	0.5	0.5	1.0%
Africa and Middle East	0.5	0.5	3.9%
Total	**2.8**	**2.5**	**10.6%**

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

TERMINALS

Q2 2018 Q2 2017

15 / 16
Americas

19 / 20
Europe, Russia and Baltics

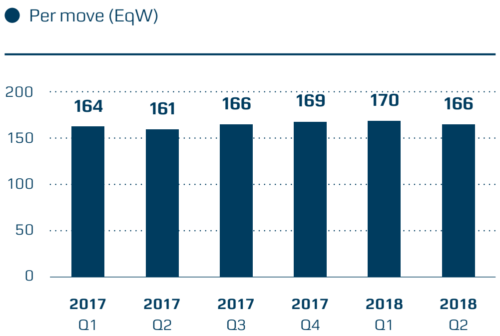
18 / 19
Asia

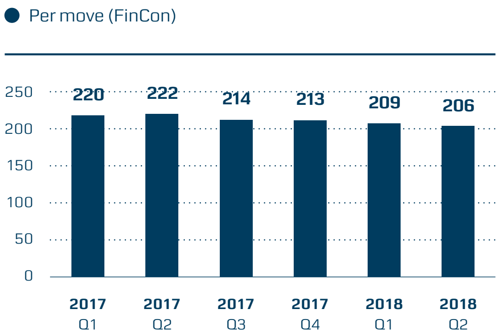
13 / 13
Africa and Middle East

4 / 4
Terminals under implementation:

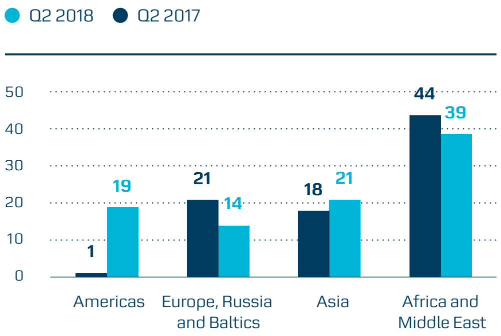
Moin, Costa Rica
Vado, Italy
Abidjan, Ivory Coast
Tema, Ghana

COST, USD





EBITDA, %



→ Towage

Financial and operational performance

Revenue from towage activity increased by 10% to USD 179m (USD 162m) driven by volume increases in Australia, Europe and in the Americas. Revenue growth adjusted for currency development was 7.1%. Harbour towage activities measured in tug jobs increased by 7.8% compared to Q2 2017. In Australia and Europe, the growth was achieved in existing ports, while growth in the Americas primarily was driven by entries into new ports.

Activity in Europe improved mainly because of higher activity in the UK, Portugal and Scandinavia. Also, the market share for harbour towage in multi operator ports increased compared to Q2 2017.

In Americas, the activity in Argentina increased in Q2 2018, driven by towage services provided in the LNG terminal in Bahia Blanca and harbour towage activities in Buenos Aires and Necochea. 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 Q2, an agreement for towage services to Maersk Line in three Brazilian ports was concluded and terminal towage operations in Costa Rica partially commenced.

Revenue in the Asia, Middle East & Africa region increased as the terminal towage project in Bangladesh went into operations during Q2 2018.

Overall, revenue per tug job for harbour towage was at a slightly higher level measured in USD, mainly supported by positive currency development, but also impacted by entries into ports with higher than average prices. In Europe, intense competition from consolidation amongst towage providers and an oversupply of tugs led to lower prices in local currencies.

In terminal towage, annualised EBITDA per tug remained at the same level as same period last year. Since Q2 2017, new contracts have been added in Australia, Argentina, Bangladesh and Costa Rica, and the idle fleet has been reduced.

Joint ventures contributed with a positive result of USD 5m (negative USD 3m), with Q2 2017 impacted by an impairment of USD 6m in Ardent, the 50% owned salvage company.

Developments in the quarter

The existing towage market portfolio continued to be optimised by focusing on growth in selected markets such as Argentina and Brazil. Furthermore, operations in Poti, Georgia and in Bangladesh have commenced in 2018. The towage projects Moin, Costa Rica and Tangier Med II, Morocco continue to progress as planned with towage operations commencing respectively in 2018 and early 2019. The ongoing fleet optimisation has continued with the disposal of seven idle vessels in the first half of 2018.

In the harbour towage markets, the activity continues to be stable. In Europe, the consolidation of the industry continues 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 within towage activity to ensure closer cooperation with targeted customers.

FLEET OVERVIEW, TOWAGE

	Q2 2018	Q2 2017
Number of vessels		
Owned	345	340
Chartered	25	7
Total	**370**	**347**
Newbuilding		
Delivery within one year	7	10
Delivery after one year	-	9
Total	**7**	**19**

The towage fleet increased by 23 vessels to 370 vessels, with 345 owned and 25 chartered at the end of June 2018. A total of seven vessels are on order and all will be delivered in 2018.

REVENUE, TOWAGE

Per region, USD million	**Q2 2018**	Q2 2017	Growth %
Australia	71	65	8.6%
Europe	64	55	16.8%
Americas	23	22	2.7%
Asia, Middle East & Africa	21	20	5.4%
Total	**179**	**162**	**10.2%**
Per activity, USD million			
Harbour towage	124	113	9.9%
Terminal towage	55	54	2.6%
Eliminations	-	-5	N/A
Total	**179**	**162**	**10.2%**

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.

Manufacturing & Others

Revenue increased 43% to USD 636m (USD 446m) impacted by inclusion of acquired bulk activities from Hamburg Süd and higher level of oil/bunker trading with third parties. EBITDA decreased to USD 8m (USD 37m), negatively impacted by restructuring costs in Maersk Container Industry and dry container margins under pressure. Maersk Container Industry reported revenue of USD 249m (USD 285m) and a negative EBITDA of USD 6m (positive USD 28m). Adjusted for restructuring costs EBITDA was USD 12m. Revenue for other businesses ended at USD 387m (USD 161m) with an EBITDA of USD 14m (USD 9m).

Summary

In Q2 2018, Maersk Container Industry decided to consolidate the reefer container manufacturing in Qingdao, China and consequently the facility in San Antonio, Chile was ceased in June. The financial performance in Q2 is impacted by the closure with restructuring costs of USD 18m and write down of assets of USD 141m.

Commercially, Maersk Container Industry concluded its largest ever third-party order of reefer containers in Q2 and continues the focus on increased volumes from a broad customer base.

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

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

Financial and operational performance

Revenue in Maersk Container Industry decreased by 13% to USD 249m (USD 285m) primarily driven by lower output from the factory in Chile which was closed-down in June 2018.

After careful review, Maersk Container Industry concluded that the consolidation of the reefer activities at one plant will provide a strengthened capacity utilisation and a more competitive cost structure. In the past several years, the reefer container market has changed fundamentally towards heavy overcapacity. At the same time, it has been challenging for Maersk Container Industry to develop a localised supply chain base of raw materials and key components to support its Chile factory. As a result, manufacturing at the facility has shown not to be competitive in the global market.

Maersk Container Industry is committed to the contractual and human obligations of all the impacted employees.

The closing will have no impact on Maersk Container Industry's customer deliveries for 2018 and all customers will continue to be serviced with new products and services.

The negative EBITDA of USD 6m (positive USD 28m) is negatively impacted by the closing of the factory in Chile with USD 18m in restructuring costs. Adjusted for the restructuring cost, EBITDA ended at USD 12m (USD 28m) equal to an EBITDA margin of 4.8% (9.9%). EBITDA margin on reefer containers and services showed a slight increase, whereas the margins on dry containers decreased significantly.

The cost of steel in dry containers comprises a sizable proportion of the sales price and therefore seen over the longer term the cost of steel and the dry container sales price are correlated. However, in 2017 the sales prices increased independently from the steel price due to a change in demand, resulting in a significant increase in margins. In December 2017, steel prices started to increase significantly and that continued into Q2 2018, but the sales prices have not increased correspondingly, and margins are again being compressed and moving towards the level before 2017.

For other businesses, revenue ended at USD 387m (USD 161m) impacted by the inclusion of acquired bulk activities as part of the Hamburg Süd transaction as well as a higher level of oil/bunker trading with third parties. EBITDA was USD 14m (USD 9m).

Developments in the quarter

Both the dry and the reefer factory in China have been running near full capacity throughout Q2 and produced containers to both Maersk Line and third-party customers. The Maersk Line demand accounted for approximately 40% of the revenue versus 96.5% in Q2 2017, which is expected to be further reduced following increased volumes from third party customers in the second half of 2018.

MANUFACTURING & OTHERS HIGHLIGHTS

USD million	Q2 2018	Q2 2017	6 months 2018	6 months 2017	Full year 2017
Revenue	636	446	1,255	847	1,689
Profit/loss before depreciation, amortisation and impairment losses, etc. (EBITDA)	8	37	37	78	173
EBITDA margin	1.3%	8.3%	2.9%	9.2%	10.2%
Gross capital expenditure, excl. acquisitions and divestments (capex)	3	-	9	5	23
Maersk Container Industry, share of third party customers (%)	60%	3.5%	44%	15%	18%

Discontinued operations

The process to identify structural solutions for Maersk Drilling and Maersk Supply Service has progressed during Q2 2018. For Maersk Drilling it has been decided to pursue a separate listing in 2019. The pursuit of a solution for Maersk Supply Service is continuing, however the timing for defining a solution is difficult to predict due to the challenging markets.

The results for Maersk Drilling and Maersk Supply Service for Q2 2018 amounted to a profit of USD 111m (loss of USD 274m), positively impacted by cessation of depreciation as from classification as discontinued operations.

Free cash flow from the discontinued operations was negative USD 9m (positive USD 276m).

Listing of Maersk Drilling

A.P. Moller - Maersk has decided to pursue a separate listing of Maersk Drilling on Nasdaq Copenhagen in 2019.

Having evaluated the different options available for Maersk Drilling, A.P. Moller - Maersk has concluded that Maersk Drilling as a stand-alone 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. Further details for a listing will be announced at a later stage.

→ Maersk Drilling

Maersk Drilling reported a revenue growth of 4.9% to USD 366m (USD 349m) in Q2 2018, while EBITDA increased by 2.3% to USD 159m (USD 155m), positively impacted by slightly more contracted days, high operational uptime and general cost savings across the fleet including a positive one-off impact from reversal of accruals. EBITDA was however negatively impacted by several idle rigs and higher costs for the planned separation.

The operational performance across the fleet resulted in an average operational uptime of 99% (97%) for the jack-up rigs and 96% (90%) for the deepwater rigs.

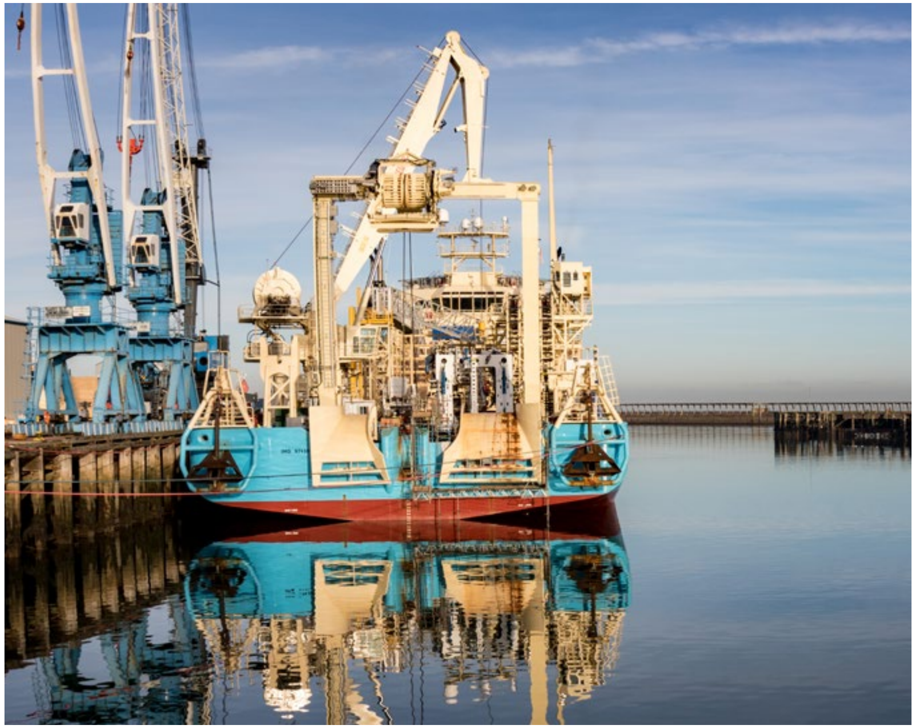
Developments in the quarter

Maersk Drilling signed four contract extensions and three new contracts during Q2 2018, adding approximately 1,180 days and USD 105m to the backlog. By the end of Q2, Maersk Drilling's total revenue backlog amounted to USD 2.7bn (USD 3.1bn) with forward contract coverage of 66% for 2018, 41% for 2019 and 29% for 2020.

The market

Oil prices continued their recent upward trend in Q2 2018 growing by 11% on average compared to Q1 2018, 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 rate at moderate levels, with floaters below and jack-up rigs slightly above 60%. In Q2, 17 jack-up rigs were scrapped, bringing the 2018 year-to-date attrition figures to 27 jack-up rigs and six floaters. Scrapping activity remains limited to relatively older rigs, as contractors are optimistic about a coming rebound in demand.

Estimates for 2018 Greenfield capital commitment for offshore projects was revised upward to slightly over USD 110bn in Q2, from a Q1 estimate of USD 84bn. The industry continues to target cost reduction through operational efficiency improvements, integrated alliances and partnerships, financial restructuring and mergers and acquisitions.



→ Maersk Supply Service

Maersk Supply Service reported a revenue of USD 70m (USD 74m) reflecting a stabilisation despite the continued challenging market conditions. The low rates continue to affect profitability with Maersk Supply Service reporting a negative EBITDA of USD 3m (positive USD 10m).

Cash flow used for capital expenditure increased to USD 78m (USD 35m) due to the delivery of two newbuilds where payment for one newbuild has been postponed to 2019.

Developments in the quarter

Maersk Supply Service's strategy to diversify its business into new markets has progressed with the announcement of an innovation partnership with Vestas Wind Systems A/S aiming at lowering the logistics and installation cost within sustainable wind turbine solutions. The first step in the partnership is the development of a crane solution for both onshore and offshore wind turbines. Another milestone was achieved when the first deep sea mineral offshore study began in the Pacific Ocean with the objective of harvesting minerals which can be used for electronics materials as well as batteries for renewable technologies.

Long term contracts and important extensions were secured in Brazil, Australia and the North Sea adding to the revenue backlog. Four vessels began the tow of the Ailsa FSO destined for the Culzean field in the North Sea where the hook-up and mooring will take place.

Maersk Supply Service remains focused on reducing idle time and cost by focusing on lowering total cost for the customer by improving the energy efficiency of its vessels.

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 (ten) vessels laid up end of Q2 corresponding to 24%. When including both laid up and idle vessels, the industry percentage increases to approximately 45%.

Maersk Supply Service initiated a divestment programme in 2016 as a response to vessels in lay-up, limited trading opportunities and the global over-supply of offshore supply vessels in the industry. The divestment programme is considered completed with three vessels divested during Q2 and a total of 19 vessels divested since the programme began. The fleet will continuously be monitored in accordance with the market situation.

Maersk Decom Joint Venture

The joint venture between Maersk Supply Service and Maersk Drilling to provide decommissioning services, which was announced in April 2018, has been named Maersk Decom. With the management team in place, the company will pursue the market interest both in the North Sea and the global market.

Financial review for the first six months of 2018

A.P. Moller - Maersk reported an increase in revenue of 27% to USD 18.8bn (USD 14.8bn). Excluding Hamburg Süd the revenue growth was 8% with growth in all segments. The non-Ocean revenue amounted to 32% of total revenue.

EBITDA showed a decline of 9.3% to USD 1.6bn (USD 1.7bn) mainly due to Ocean declining 15% to USD 1.2bn (USD 1.4bn), negatively impacted by higher unit costs caused by adverse changes in bunker prices and foreign exchange rates.

EBITDA was in total negatively impacted by foreign exchange rate due to the weakened USD at the level of net USD 150m compared to the first six months of 2017. The closing of Maersk Container Industry's reefer factory in Chile had a negative effect of USD 18m on EBITDA from restructuring costs, while integration costs related to Hamburg Süd amounted to USD 31m.

EBIT was USD 43m (USD 347m), negatively impacted by write-down of assets of USD 141m related to the closure of Maersk Container Industry's factory in Chile.

Financial expenses, net amounted to USD 191m (USD 367m), positively impacted by net foreign exchange rate developments and dividends from the Total S.A. shares of USD 146m.

The net profit for both continuing and discontinuing operations for the first six months was USD 2.8bn (loss of USD 11m) 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 305m (loss of USD 114m).

The underlying result for continuing operations after financial items and tax was a loss of USD 151m (profit of USD 66m).

The discontinued operations reported a profit of USD 3.1bn (USD 103m) 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 786m (USD 1.4bn) equal to a cash conversion of 51% (81%) 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 1.9bn (USD 1.6bn), mainly related to previously ordered vessels and containers in Ocean, and development projects in Terminals & Towage. Free cash flow was negative USD 736m (positive USD 620m).

Capital structure and issue of bonds

Net interest-bearing debt decreased to USD 14.3bn (USD 14.8bn at 31 December 2017), positively impacted by cash flow related to the proceeds from the Maersk Oil transaction and a positive operating cash flow, partly offset by gross investments and payment of dividend.

Total equity was USD 33.6bn (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 54.9% (49.7% at 31 December 2017) and a liquidity reserve of USD 10.2bn (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.

HIGHLIGHTS 6 MONTHS

USD million	Revenue 2018	Revenue 2017	EBITDA 2018	EBITDA 2017	Capex[1] 2018	Capex[1] 2017
Ocean	13,762	10,491	1,155	1,360	1,623	1,220
Logistics & Services	2,944	2,774	51	78	20	19
Terminals & Towage	1,758	1,643	374	288	217	352
Manufacturing & Others	1,255	847	37	78	9	5
Unallocated activities, eliminations, etc.	-959	-964	-65	-93	19	-27
A.P. Moller - Maersk consolidated – continuing operations	**18,760**	**14,791**	**1,552**	**1,711**	**1,888**	**1,569**

[1] See definition on page 47.

Segments

Ocean

Ocean reported a revenue increase by 31% to USD 13.8bn (USD 10.5bn). Other revenue amounted to USD 1.6bn (USD 1.2bn) supported by increases in demurrage and detention as well as slot sales related to vessel sharing agreements. EBITDA decreased to USD 1.2bn (USD 1.4bn) and USD 1.0bn excluding Hamburg Süd.

The performance in the first six months was driven by 25% higher volume and 2.6% higher average freight rate, partly offset by 9.1% higher unit cost significantly impacted by higher bunker prices and unfavourable foreign exchange rate developments. Volume increased to 6,619k FFE (5,301k FFE), mainly driven by Intra-regional and North-South trades. Excluding Hamburg Süd, volumes grew 3.3% driven by backhaul volume growth of 4.5% and headhaul volume growth of 2.7%. The estimated global market growth for the first six months was around 4%.

Synergies from the Hamburg Süd acquisition materialised as planned in the first six months with positive contribution to revenue and EBITDA. The expectation remains at USD 350-400m by 2019.

Logistics & Services

Revenue growth of 6.1% to USD 2.9bn (USD 2.8bn) was positively impacted by supply chain management and inland haulage as well as positive impact from foreign exchange rate of 3.4%-points. Gross profit increased by 4.4% to USD 540m (USD 517m) driven by both higher volumes and increasing margins from supply chain management as well as positive foreign exchange rate of USD 7m.

EBITDA decreased to USD 51m (USD 78m) due to higher IT costs related to development of new customer solutions as well as lower profitability in inland services largely due to increasing salary costs.

Supply chain management revenue increased by 16% to USD 400m (USD 345m) supported by volume growth of 7.6% to 34,647 cbm (32,210 cbm). Margins increased by 8.4% to 4.6 USD/CBM and gross profit increased by 17% to USD 160m (USD 137m) due to both higher volumes and improving margins.

Inland services revenue decreased to USD 298m (USD 314m) and gross profit decreased by 3.6% to USD 131m (USD 136m). Adjusted for the divestment of Pentalver in 2017, revenue increased by 12% and gross profit by 11% supported by volume growth in Latin America, partly offset by higher salary costs.

Ocean revenue decreased to USD 295m (USD 336m) due to a 9.6% decline in volumes to 302k TEU (334k TEU). Margins improved by 12% to 187 USD/TEU (167 USD/USD) mainly due to the continuous focus on deselection of low margin business, and consequently gross profit was unchanged at USD 56m (USD 56m).

Air revenue increased to USD 288m (USD 279m) despite volumes decreasing by 11% to 84k tonnes (95k tonnes). Margins improved by 11% to USD 367 USD/tonnes (USD 331 USD/tonnes) mainly due to deselection of low margin business and significant exposure towards China. Gross profit decreased to USD 31m (USD 32m) as improved margins were more than offset by lower volumes.

Inland haulage revenue increased to USD 1.3bn (USD 1.2bn) supported by volume growth of 2.8% to 1,840k FFE (1,790k FFE). Gross profit increased by 16% to USD 23m (USD 20m) supported by increasing volumes in India and Africa, partly offset by increasing costs related to higher fuel charges and trucking shortage in North America.

Terminals & Towage

Revenue increased to USD 1.8bn (USD 1.6bn) and EBITDA increased to USD 374m (USD 288m).

Gateway Terminals reported a higher revenue of USD 1.4bn (USD 1.3bn), mainly due to volume increase in Latin America and newly operated terminals, starting up in 2017, despite lower construction revenue from terminals under construction. Volume (EqW) increased by 8.5%, reaching 8.2m moves mainly due to volume increase in Latin American terminals and in North America. Excluding newly operated terminals and divested terminals in 2018, like-for-like volumes in moves increased by 6.6%, compared to 6.5% growth in the overall container market. Capacity utilisation increased to 76% (68%).

Cost per move (EqW) increased to USD 168 (USD 162), while financially consolidated cost per move decreased compared to first half 2017.

Towage reported a revenue of USD 356m (USD 319m) reflecting improved utilisation and new terminal towage contracts in Australia, Argentina, Bangladesh and Costa Rica.

Manufacturing & Others

Revenue came at USD 1.3bn (USD 847m) with an EBITDA of USD 37m (USD 78m).

Maersk Container Industry reported a revenue of USD 537m (USD 528m) and an EBITDA of USD 26m (USD 55m) impacted by higher commodity prices and an increased pressure on margins especially 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 718m (USD 319m) 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 11m (USD 23m).

Discontinued operations

Maersk Drilling reported a revenue growth of 7.1% to USD 742m (USD 693m). EBITDA was at an unchanged level of USD 325m (USD 326m), positively impacted by slightly more contracted days, high operational uptime and general cost savings across the fleet including a positive one-off impact from reversal of accruals. EBITDA was however negatively impacted by several idle rigs and higher costs for the planned separation.

Maersk Supply Service reported a revenue of USD 130m (USD 122m) reflecting the challenging market conditions also seen in the reported EBITDA of USD 0m (USD 5m). Cash flow used for capital expenditure increased to USD 253m (USD 146) due to the delivery of four (one) newbuilds.

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 June 2018.

The interim consolidated financial statements of A.P. Møller - Mærsk A/S has 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 June 2018 and of the result of A.P. Moller - Maersk's consolidated operations and cash flows for the period 1 January to 30 June 2018. Furthermore, in our opinion the Directors' report (pages 3-29) 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, 17 August 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

Independent Auditor's Review Report on interim consolidated financial statements

To the shareholders of A.P. Møller - Mærsk A/S

We have reviewed the interim consolidated financial statements of A.P. Møller - Mærsk A/S for the period 1 January 2018 – 30 June 2018 comprising condensed income statement, condensed statement of comprehensive income, condensed balance sheet, condensed cash flow statement and condensed statement of changes in equity as well as selected explanatory notes, including summary of significant accounting policies (pages 32-44).

The Board of Directors' and the Management Board's responsibility for the interim consolidated financial statements

The Board of Directors and the Management Board are responsible for the preparation of interim consolidated financial statements 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, and for such internal control as Management determines is necessary to enable the preparation of interim consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the interim consolidated financial statements based on our review. We conducted our review in accordance with the International Standard on Review of Interim Financial Information Performed by the Independent Auditor of the Entity and additional requirements under Danish Auditor regulation. This requires us to conclude whether anything has come to our attention that causes us to believe that the interim consolidated financial statements, taken as a whole, are not prepared in all material respects in accordance with the applicable financial reporting framework. This also requires us to comply with ethical requirements.

A review of interim consolidated financial statements in accordance with the International Standard on Review of Interim Financial Information Performed by the Independent Auditor of the Entity is a limited assurance engagement. The auditor performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on the interim consolidated financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim consolidated financial statements for the period 1 January 2018 – 30 June 2018 are not prepared in all material respects 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.

Copenhagen, 17 August 2018

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab
CVR no. 33 77 12 31

Mogens Nørgaard Mogensen
State Authorised Public Accountant
mne21404

Gert Fisker Tomczyk
State Authorised Public Accountant
mne9777

Financials Q2 2018

(In parenthesis, the corresponding figures for 2017)

Interim consolidated financial statements Q2 2018

Amounts in USD million

Condensed income statement

Note		Q2 2018	Q2 2017	6 months 2018	6 months 2017	Full year 2017
1	Revenue	9,507	7,690	18,760	14,791	30,945
1	**Profit before depreciation, amortisation and impairment losses, etc. (EBITDA)**	**883**	**1,073**	**1,552**	**1,711**	**3,532**
	Depreciation, amortisation and impairment losses, net	903	889	1,671	1,524	3,015
	Gain on sale of non-current assets, etc., net	10	54	43	69	154
	Share of profit/loss in joint ventures	39	14	76	44	-131
	Share of profit/loss in associated companies	17	25	43	47	101
	Profit/loss before financial items	**46**	**277**	**43**	**347**	**641**
	Financial items, net	-71	-234	-191	-367	-616
	Profit/loss before tax	**-25**	**43**	**-148**	**-20**	**25**
	Tax	60	33	157	94	219
	Profit/loss for the period – continuing operations	**-85**	**10**	**-305**	**-114**	**-194**
2	Profit/loss for the period – discontinued operations	111	-274	3,093	103	-970
	Profit/loss for the period	**26**	**-264**	**2,788**	**-11**	**-1,164**
	Of which:					
	Non-controlling interests	8	5	25	13	41
	A.P. Møller - Mærsk A/S' share	**18**	**-269**	**2,763**	**-24**	**-1,205**
	Earnings per share – continuing operations, USD	**-5**	**0**	**-16**	**-6**	**-11**
	Diluted earnings per share – continuing operations, USD	**-5**	**0**	**-16**	**-6**	**-11**
	Earnings per share, USD	**0**	**-13**	**133**	**-1**	**-58**
	Diluted earnings per share, USD	**0**	**-13**	**133**	**-1**	**-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 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.

Condensed statement of comprehensive income

Note		Q2 2018	Q2 2017	6 months 2018	6 months 2017	Full year 2017
	Profit/loss for the period	**26**	**-264**	**2,788**	**-11**	**-1,164**
	Translation from functional currency to presentation currency	-347	75	-236	289	425
	Cash flow hedges	-128	216	-44	397	316
	Tax on other comprehensive income	4	-10	-20	-19	-32
	Share of other comprehensive income of joint ventures and associated companies, net of tax	1	1	1	1	2
	Total items that have been or may be reclassified subsequently to the income statement	**-470**	**282**	**-299**	**668**	**711**
	Other equity investments	352	52	361	63	138
	Actuarial gains/losses on defined benefit plans, etc.	-	3	-	3	159
	Tax on other comprehensive income	-72	-	-72	-	-11
	Total items that will not be reclassified to the income statement	**280**	**55**	**289**	**66**	**286**
	Other comprehensive income, net of tax	**-190**	**337**	**-10**	**734**	**997**
	Total comprehensive income for the period	**-164**	**73**	**2,778**	**723**	**-167**
	Of which:					
	Non-controlling interests	-	-20	18	19	47
	A.P. Møller - Mærsk A/S' share	**-164**	**93**	**2,760**	**704**	**-214**

Amounts in USD million

Condensed balance sheet at 30 June

Note		2018	30 June 2017	31 December 2017
	Intangible assets	4,304	3,644	4,365
	Property, plant and equipment	31,144	41,227	31,071
	Financial non-current assets, etc.	3,298	4,494	3,408
	Deferred tax	280	651	302
	Total non-current assets	**39,026**	**50,016**	**39,146**
	Inventories	1,161	998	974
	Receivables, etc.	5,997	6,435	5,946
3	Equity investments, etc.	5,934	11	1
	Cash and bank balances	2,613	3,644	2,171
2	Assets held for sale	6,469	206	14,989
	Total current assets	**22,174**	**11,294**	**24,081**
	Total assets	**61,200**	**61,310**	**63,227**

Note		2018	30 June 2017	31 December 2017
	Equity attributable to A.P. Møller - Mærsk A/S	32,826	31,523	30,609
	Non-controlling interests	762	826	816
	Total equity	**33,588**	**32,349**	**31,425**
	Borrowings, non-current	15,182	13,443	15,076
	Other non-current liabilities	1,940	4,679	1,969
	Total non-current liabilities	**17,122**	**18,122**	**17,045**
	Borrowings, current	2,169	2,207	2,437
	Other current liabilities	7,512	8,583	7,598
2	Liabilities associated with assets held for sale	809	49	4,722
	Total current liabilities	**10,490**	**10,839**	**14,757**
	Total liabilities	**27,612**	**28,961**	**31,802**
	Total equity and liabilities	**61,200**	**61,310**	**63,227**

Condensed cash flow statement

Note		2018	6 months 2017	Full year 2017
	Profit/loss before financial items	43	347	641
	Non-cash items, etc.	1,579	1,357	2,928
	Change in working capital	-653	-186	-282
	Cash flow from operating activities before tax	969	1,518	3,287
	Taxes paid	-183	-132	-174
	Cash flow from operating activities	**786**	**1,386**	**3,113**
	Purchase of intangible assets and property, plant and equipment (capex)	-1,888	-1,569	-3,599
	Sale of intangible assets and property, plant and equipment	88	388	435
	Acquisition/sale of subsidiaries and activities, financial investments etc., net	57	305	-3,023
	Dividends received	221	69	213
	Purchase/sale of securities, trading portfolio	-	41	52
	Cash flow used for investing activities	**-1,522**	**-766**	**-5,922**
	Repayment of/proceeds from loans, net	-80	-410	822
	Financial payments, net	-296	-325	-730
	Dividends distributed	-517	-454	-454
	Dividends distributed to non-controlling interests	-19	-29	-62
	Other equity transactions	-63	17	19
	Cash flow from financing activities	**-975**	**-1,201**	**-405**
	Net cash flow from continuing operations	**-1,711**	**-581**	**-3,214**
2	Net cash flow from discontinued operations	2,189	20	1,251
	Net cash flow for the period	**478**	**-561**	**-1,963**
	Cash and cash equivalents 1 January	2,268	4,077	4,077
	Currency translation effect on cash and bank balances	-33	87	154
	Cash and cash equivalents, end of period	2,713	3,603	2,268
	Of which classified as assets held for sale	-116	-	-109
	Cash and cash equivalents, end of period	**2,597**	**3,603**	**2,159**
	Cash and cash equivalents			
	Cash and bank balances	2,613	3,644	2,171
	Overdrafts	16	41	12
	Cash and cash equivalents, end of period	**2,597**	**3,603**	**2,159**

Cash and bank balances include USD 1.0bn (USD 1.0bn) 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 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	-	-227	289	-64	-1	-3	-7	-10
Profit/loss for the period	-	-	-	-	2,763	2,763	25	2,788
Total comprehensive income for the period	**-**	**-227**	**289**	**-64**	**2,762**	**2,760**	**18**	**2,778**
Dividends to shareholders	-	-	-	-	-517	-517	-47	-564
Value of share-based payment	-	-	-	-	7	7	-	7
Acquisition of non-controlling interests	-	-	-	-	-31	-31	-29	-60
Capital increases and decreases	-	-	-	-	-	-	2	2
Transfer of gain/loss on disposal of equity investments to retained earnings	-	-	-21	-	21	-	-	-
Other equity movements	-	-	-	-	-2	- 2	2	-
Total transactions with shareholders	**-**	**-**	**-21**	**-**	**-522**	**-543**	**-72**	**-615**
Equity 30 June 2018	**3,774**	**-513**	**294**	**-38**	**29,309**	**32,826**	**762**	**33,588**
Equity 1 January 2017	3,774	-706	-232	-255	28,677	31,258	832	32,090
								-
Other comprehensive income, net of tax	-	281	63	380	4	728	6	734
Profit/loss for the period	-	-	-	-	-24	-24	13	-11
Total comprehensive income for the period	**-**	**281**	**63**	**380**	**-20**	**704**	**19**	**723**
Dividends to shareholders	-	-	-	-	-454	-454	-35	-489
Value of share-based payment	-	-	-	-	5	5	-	5
Sale of non-controlling interests	-	-	-	-	-1	-1	3	2
Sale of own shares	-	-	-	-	14	14	-	14
Capital increases and decreases		-	-	-	-	-	7	7
Other equity movements	-	-	-	-	-3	-3	-	-3
Total transactions with shareholders	**-**	**-**	**-**	**-**	**-439**	**-439**	**-25**	**-464**
Equity 30 June 2017	**3,774**	**-425**	**-169**	**125**	**28,218**	**31,523**	**826**	**32,349**

Notes

Amounts in USD million

Note 1

Segment information

	Ocean	Logistics & Services	Terminals & Towage	Manu-facturing & Others	Total
Q2 2018					
External revenue	6,872	1,434	670	523	9,499
Inter-segment revenue	80	55	177	113	425
Total segment revenue	**6,952**	**1,489**	**847**	**636**	**9,924**
Unallocated and eliminations					-417
Total revenue	-	-	-	-	**9,507**
Segment profit/loss before depreciation, amortisation and impairment losses, etc. (EBITDA)	**674**	**28**	**178**	**8**	**888**
Unallocated items					-10
Eliminations					5
Consolidated profit/loss before depreciation, amortisation and impairment losses, etc. (EBITDA)					**883**[1]
Gross capital expenditures, excl. acquisitions and divestments (capex)	549	12	116	3	680

	Ocean	Logistics & Services	Terminals & Towage	Manu-facturing & Others	Total
Q2 2017					
External revenue	5,449	1,362	695	167	7,673
Inter-segment revenue	92	34	124	279	529
Total segment revenue	**5,541**	**1,396**	**819**	**446**	**8,202**
Unallocated and eliminations					-512
Total revenue	-	-	-	-	**7,690**
Segment profit/loss before depreciation, amortisation and impairment losses, etc. (EBITDA)	**876**	**46**	**149**	**37**	**1,108**
Unallocated items					-12
Eliminations					-23
Consolidated profit/loss before depreciation, amortisation and impairment losses, etc. (EBITDA)					**1,073**[1]
Gross capital expenditures, excl. acquisitions and divestments (capex)	752	11	156	-	919

	Ocean	Logistics & Services	Terminals & Towage	Manu-facturing & Others	Total
6 months 2018					
External revenue	13,588	2,841	1,381	929	18,739
Inter-segment revenue	174	103	377	326	980
Total segment revenue	**13,762**	**2,944**	**1,758**	**1,255**	**19,719**
Unallocated and eliminations					-959
Total revenue	-	-	-	-	**18,760**
Segment profit/loss before depreciation, amortisation and impairment losses, etc. (EBITDA)	**1,155**	**51**	**374**	**37**	**1,617**
Unallocated items					-63
Eliminations					-2
Consolidated profit/loss before depreciation, amortisation and impairment losses, etc. (EBITDA)					**1,552**[1]
Gross capital expenditures, excl. acquisitions and divestments (capex)	1,623	20	217	9	1,869

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

	Ocean	Logistics & Services	Terminals & Towage	Manu-facturing & Others	Total
6 months 2017					
External revenue	10,317	2,683	1,371	389	14,760
Inter-segment revenue	174	91	272	458	995
Total segment revenue	**10,491**	**2,774**	**1,643**	**847**	**15,755**
Unallocated and eliminations					-964
Total revenue	-	-	-	-	**14,791**
Segment profit/loss before depreciation, amortisation and impairment losses, etc. (EBITDA)	**1,360**	**78**	**288**	**78**	**1,804**
Unallocated items					-70
Eliminations					-23
Consolidated profit/loss before depreciation, amortisation and impairment losses, etc. (EBITDA)					**1,711**[1]
Gross capital expenditures, excl. acquisitions and divestments (capex)	1,220	19	352	5	1,596

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

Amounts in USD million

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 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, inland services and other logistics services.

Manufacturing & Others segment includes Maersk Container Industry, Maersk Oil Trading 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).

		Q2		6 months		Full year
USD million	**Types of revenue**	**2018**	2017	**2018**	2017	2017
Ocean	Freight	6,169	4,927	12,149	9,321	19,476
	Other ocean	783	614	1,613	1,170	2,547
Logistics & Services	Ocean	148	170	295	336	666
	Supply chain management	194	170	400	345	778
	Air freight	147	151	288	279	659
	Inland haulage	648	586	1,271	1,159	2,388
	Inland services	154	148	298	314	589
	Other services	198	171	392	341	692
Terminals & Towage[2]	Terminal services	671	661	1,407	1,330	2,830
	Towage services	179	162	356	319	659
Manufacturing & Others	Sale of containers and spare parts	249	285	537	528	1,016
	Other services	387	161	718	319	673
Unallocated activities and eliminations[2]		**-420**	**-516**	**-964**	**-970**	**-2,028**
Total revenue		**9,507**	**7,690**	**18,760**	**14,791**	**30,945**

[2] Revenue eliminations between terminal services and towage services are included under Unallocated activities and eliminations.

Note 2

Discontinued operations and assets held for sale

	6 months		Full year
	2018	2017	2017
Profit/loss for the period – discontinued operations			
Revenue	1,423	3,776	6,555
Expenses	752	1,718	3,097
Gains/losses on sale of assets and businesses	2,636	36	16
Depreciation and amortisation	-	976	1,295
Impairment losses	-	464	2,413
Reversal of impairment losses	-	-	236
Profit/loss before tax, etc.	**3,307**	**654**	**2**
Tax[1]	214	551	972
Profit/loss for the period – discontinued operations	**3,093**	**103**	**-970**
A.P. Møller Mærsk A/S' share of profit/loss	3,092	105	-967
Earnings per share	149	5	-47
Diluted earnings per share	149	5	-47
Cash flows from discontinued operations			
Cash flow from operating activities	606	1,307	2,024
Cash flow used for investing activities	1,618	-1,161	-579
Cash flow from financing activities	-35	-126	-194
Net cash flow from discontinued operations	**2,189**	**20**	**1,251**

[1] The 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 structural solutions are expected before end of 2018. 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 3.1bn (USD 103m), positively impacted by gain of USD 2.6bn on sale of Maersk Oil. The cash flow from operating activities was USD 606m (USD 1.3bn), while the cash flow from investing activities, including the net cash proceeds from the Maersk Oil transaction amounted to USD 1.6bn (negative USD 1.2 bn). Total cash flow from the discontinued operations amounted to USD 2.2bn (USD 20m).

	2018	30 June 2017	31 December 2017
Balance sheet items comprise:			
Intangible assets	96	-	875
Property, plant and equipment	5,580	128	11,911
Deferred tax assets	-	17	244
Other assets	72	15	491
Non-current assets	**5,748**	**160**	**13,521**
Current assets	721	46	1,468
Assets held for sale	**6,469**	**206**	**14,989**
Provisions	131	10	3,059
Deferred tax liabilities	53	-	226
Other liabilities	625	39	1,437
Liabilities associated with assets held for sale	**809**	**49**	**4,722**

Property plant and equipment held for sale is mainly impacted by Maersk Drilling by USD 4.3bn and Maersk Supply Service by USD 1.2bn.

Maersk Drilling

In H1 2018, Maersk Drilling reported a profit of USD 293m (USD 86m), positively impacted by high operational uptime and general cost savings across the fleet, however negatively impacted by several idle rigs and the expiration of legacy contracts at higher day rates. Further, the profit in H1 2018 was positively impacted by no depreciation being recognised after classification as discontinued operations in Q3 2017.

Maersk Supply Service

For Maersk Supply Service, revenue has stabilised despite the continuing challenging market conditions in the offshore supply vessel industry. In H1 2018, Maersk Supply Service reported a loss of USD 9m (loss of USD 42m), impacted by low rates. The result was positively impacted by no depreciation being recognised after classification as discontinued operations in Q4 2017.

Maersk Oil

On 21 August 2017, A.P. Moller - Maersk announced the sale of Maersk Oil to Total SA. The transaction, which was based on a locked box mechanism from 30th June 2017, closed on 8 March 2018 with an accounting gain of USD 2.6bn. In addition to the net cash proceeds of USD2.0bn 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 before elimination of internal interests. The gain and cash flow from closing the transaction is summarised below (comparative figures relate to the sale of Maersk Tankers in 2017):

Cash flow from sale	2018	6 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	-632	0	-91
Cash flow from sale of subsidiaries and activities	**2,024**	**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).

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 June 2018 was USD 5,933m (Level 1). A 10% change in the share price will affect the Group's equity, excluding tax, positively/negatively by USD 593m. 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 received amount to USD 146m.

Liquidity risk	**2018**	**30 June** 2017	**31 December** 2017
Borrowings	17,351	15,650	17,513
Net interest-bearing debt	14,290	11,852	14,799
Liquidity reserve[1]	10,157	11,311	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 2.3bn 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.

Amounts in USD million

Note 4

Commitments – continuing operations

Operating lease commitments

At 30 June 2018, the net present value of operating lease commitments totalled USD 9.1bn (USD 8.8bn) using a discount rate of 6%, in line with the NPV and discount rate applied at 31 December 2017.

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

- Ocean of USD 5.6bn
- Logistics and Services of USD 0.5bn
- Terminals & Towage of USD 2.1bn
- Manufacturing & Others of USD 0.8bn

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 June 2018					
Capital commitments relating to acquisition of non-current assets	908	2	305	10	1,225
Commitments towards concession grantors	316	19	1,037	-	1,372
Total capital commitments	**1,224**	**21**	**1,342**	**10**	**2,597**
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 0.6bn of the total capital commitments are related to the newbuilding program for ships, rigs, etc. at a total contract price of USD 0.8bn including owner-furnished equipment. The remaining capital commitments of USD 2.0bn (commitments less newbuilds) 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.

Newbuilding programme at 30 June 2018		No	
	2018	2019	Total
Container vessels	4	5	9
Tugboats	6	1	7
Total	**10**	**6**	**16**

Capital commitments relating to the newbuilding programme at 30 June 2018		USD million	
	2018	2019	Total
Container vessels	182	415	597
Tugboats	19	6	25
Total	**201**	**421**	**622**

Amounts in USD million

Note 5

Acquisition/sale of subsidiaries and activities

Acquisitions during the first six months 2018

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

Hamburg Südamerikanische Dampfschifffahrts-Gesellschaft KG (Hamburg Süd)

In H1 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 57m to USD 331m. The changes were primarily related to working capital balances and had no impact on the profitability for H1 2018. The accounting for the business combination is still considered provisional at 30 June 2018 due to follow up on certain contingencies, indemnities, etc. existing at the acquisition date.

Acquisitions during the first six months 2017

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

Sales during the first six months 2018 and 2017

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

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, MCC, Sealand, Seago Line 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 (D&D), 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, 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.

Amounts in USD million

Note 6 — continued

Accounting policies, judgements and significant estimates

Logistics & Services

- *Damco activities*, defined as all operating activities under the Damco brand, a provider of logistics, freight forwarding and supply chain management services.
- *Inland haulage activities (intermodal)*, defined as all operating activities under Maersk Line, Safmarine, MCC, Sealand and Seago Line 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.
- *Maersk Oil Trading*, dedicated to source marine fuels and lubricants for APMM'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 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.

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	**6 months 2018**	6 months 2017	FY 2017
Cash flow from operating activities	+75	+391	+517
Cash flow from investing activities	+221	+69	+213
Cash flow from financing activities	-296	-460	-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 are not been restated.

Note 6 — continued

Accounting policies, judgements and significant estimates

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 June 2018, A.P. Moller - Maersk has non-cancellable operating lease commitments for continuing operations of USD 12bn (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. The fair value estimates for Maersk Drilling and Maersk Supply Service are subject to uncertainties given the overcapacity in the drilling and offshore markets which keeps day-rates at a continued low level.

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.

Note 7

Subsequent events

Partial sale of Total S.A. shareholding
In July 2018, A.P. Moller - Maersk sold 19,250,000 Total S.A. shares (approximately 20% of the initial shareholding), generating a cash flow of USD 1.2bn, and thereby reducing the net-interest bearing debt by the same amount. Further, the share price risk is now reduced by approx. 20% compared to 30 June. The sale will not affect the Income Statement. A.P. Moller - Maersk retains 2.9% ownership share of Total S.A.

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.

Additional information

Amounts in USD million

Quarterly summary

Income statement	2018 Q2	2018 Q1	2017 Q4	2017 Q3	2017 Q2	2017 Q1
Revenue	9,507	9,253	8,174	7,980	7,690	7,101
Profit before depreciation, amortisation and impairment losses, etc. (EBITDA)	883	669	844	977	1,073	638
Depreciation, amortisation and impairment losses, net	903	768	709	782	889	635
Gain on sale of non-current assets, etc., net	10	33	77	8	54	15
Share of profit/loss in joint ventures	39	37	27	-202	14	30
Share of profit/loss in associated companies	17	26	34	20	25	22
Profit/loss before financial items (EBIT)	46	-3	273	21	277	70
Financial items, net	-71	-120	-137	-112	-234	-133
Profit/loss before tax	-25	-123	136	-91	43	-63
Tax	60	97	104	21	33	61
Profit/loss for the period – continuing operations	-85	-220	32	-112	10	-124
Profit/loss for the period – discontinued operations	111	2,982	354	-1,427	-274	377
Profit/loss for the period	26	2,762	386	-1,539	-264	253
A.P. Møller - Mærsk A/S' share	18	2,745	374	-1,555	-269	245
Underlying profit/loss	88	-239	36	254	205	-139
Balance sheet						
Total assets	61,200	61,639	63,227	60,260	61,310	60,428
Total equity	33,588	34,313	31,425	30,954	32,349	32,316
Invested capital	47,924	47,819	46,297	43,346	44,202	44,507
Net interest-bearing debt	14,290	13,395	14,799	12,552	11,852	12,212
Investments in non-current assets – continuing operations	2,007	1,179	9,205	2,835	1,751	815
Cash flow statement						
Cash flow from operating activities	353	433	983	744	941	445
Gross capital expenditure, excl. acquisitions and divestments (capex)	-708	-1,180	-938	-1,092	-892	-677
Net cash flow from discontinued operations	-119	2,308	1,082	149	203	-183
Financial ratios						
Revenue growth	24%	30%	16%	14%	15%	9%
Revenue growth excl. Hamburg Süd	6%	10%	9%	14%	15%	9%
EBITDA margin	9%	7%	10%	12%	14%	9%
Cash conversion	40%	65%	116%	76%	88%	70%
Return on invested capital after tax – continuing operations (ROIC)	-0.1%	-0.6%	2.9%	0.0%	3.1%	0.2%
Stock market ratios						
Share price (B share), end of period, DKK	7,948	9,344	10,840	11,960	13,090	11,570
Share price (B share), end of period, USD	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
Is 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 the equity divided by total assets.

FFE
Forty Foot Equivalent unit container.

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)
Are 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 Equivalent Unit container.

Total market capitalisation
Is the 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

Board of Directors, A.P. Møller - Mærsk A/S

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Ane Mærsk Mc-Kinney Uggla, Vice Chairman
Dorothee Blessing
Niels Bjørn Christiansen
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