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Webcast: [investor.maersk.com](https://investor.maersk.com)

# A.P. Møller - Mærsk A/S Q1 2021 Interim Results



# Forward-looking statements

This presentation contains forward-looking statements. Such statements are subject to risks and uncertainties as various factors, many of which are beyond the control of A.P. Møller - Mærsk A/S (APMM), may cause actual developments and results to differ materially from the expectations contained in this presentation.

## **Comparative figures**

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

# Interim report Q1 2021

## Key statements

# Highlights for Q1 2021

## Record high profit and continued progress in global integrator strategy

- Revenue grew by 30% to USD 12.4bn driven by higher demand across most segments and significantly higher freight rates in Ocean. Revenue in Logistics & Services increased by 42% and by 24% in Terminals.
- EBITDA increased to USD 4.0bn reflecting a margin of 32.5% and EBIT increased to USD 3.1bn contributing with a margin of 24.9%, mainly driven by Ocean and with good progress in Logistics & Services and Terminals.
- Free cash flow increased to USD 2.4bn, driven by the significant increase in CCFO related to the higher profit and the continued low CAPEX.
- Following the strong Q1 2021, the full-year guidance for 2021 for underlying EBITDA is between USD 13.0-15.0bn and underlying EBIT between 9.0-11.0bn and free cash flow of minimum USD 7bn as announced on 26 April 2021.
- The remaining share buy back program will be accelerated to be completed in September and will be followed by a new, additional, share buy back programme of approx. USD 5bn over 24 months.

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Revenue  
**12.4bn**  
(+30%)

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EBITDA  
**4.0bn**  
(+166%)

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EBIT  
**3.1bn**  
(+461%)

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Free cash flow\*  
**2.4bn**  
(+433%)

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ROIC, LTM  
**15.7%**  
(3.8%)

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NIBD (USD)  
**7.7bn**  
(12.0bn)

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\* Free cash flow (FCF) comprises of cash flow from operating activities, purchase/sale of intangible assets and property, plant and equipment, dividends received, repayments of lease liabilities, financial payments and financial expenses paid on lease liabilities.

# Transformation dashboard for Q1 2021

## Significant improvement in ROIC, and strong progress in Logistics & Services and Terminals

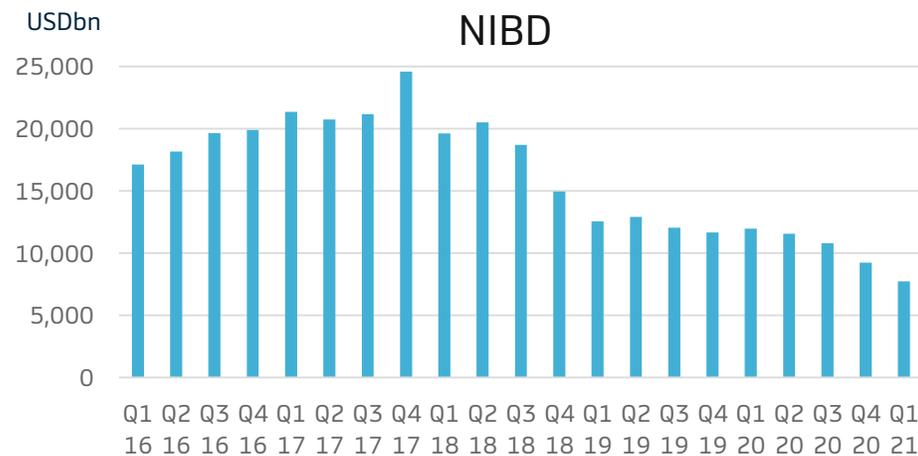
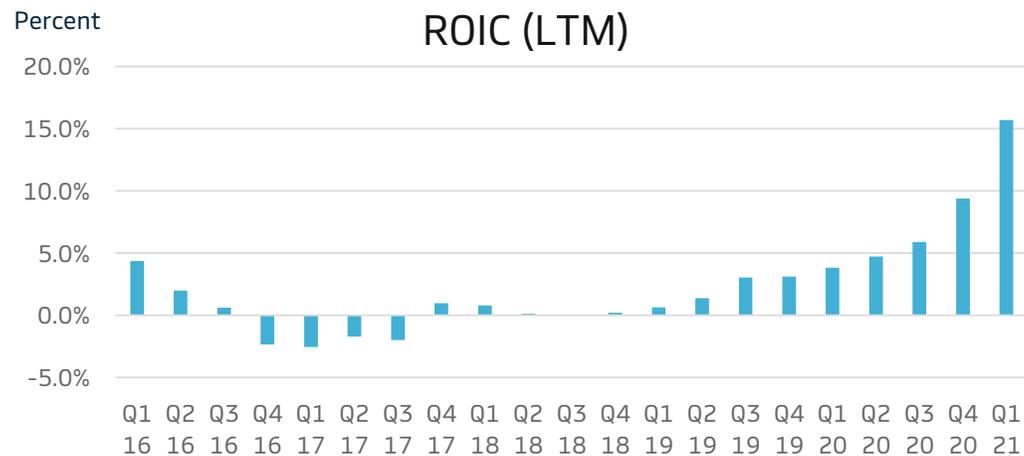
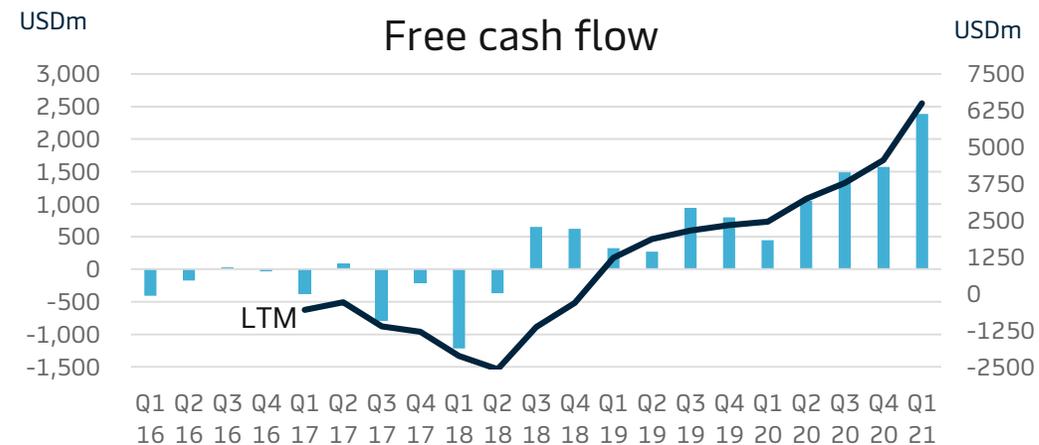
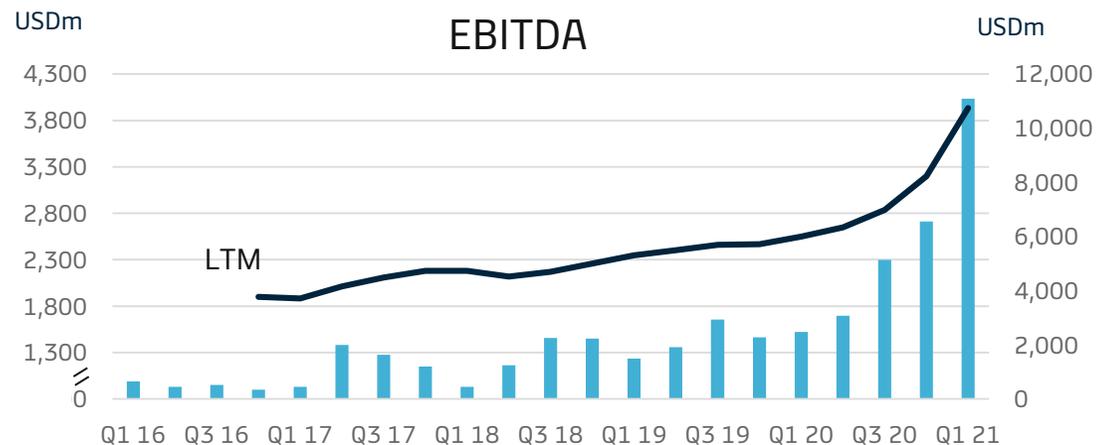
- Growing the business is measured by the focus on *growth* in organic revenue in Logistics & Services and Terminals, which increased by 26% to USD 2.8bn.
- *Profitability* in Logistics & Services measured by EBITA, increased to USD 150m.
- Progress in *commercial synergies*, both organically and inorganically, from the revenue growth between Logistics & Services and top 200 Ocean customers increased 68% to USD 893m.
- Progress on the *commercial digitalisation and product offering in Ocean*, is in the first phase measured via Maersk SPOT volume share of total short-term volumes, which came at 36% in Q1, unchanged compared to Q4 2020.

USDm	Q1 2021	Q1 2020	FY 2020
<b>Growth</b> Organic revenue in Logistics & Services and Terminals	<b>2,756</b>	2,182	<b>9,624</b>
<b>Profitability</b> EBITA in Logistics & Services	<b>150</b>	30	<b>289</b>
<b>Commercial synergies</b> Logistics & Services revenue with top 200 Ocean customers	<b>893</b>	531	<b>2,647</b>
<b>Commercial digitalisation and product offering in Ocean</b> Maersk SPOT volume share in % of total short-term volumes*	<b>36%</b>	15%	<b>36%</b>
<b>Long-term metric</b>			
Return on invested capital (ROIC) – LTM	<b>15.7%</b>	3.8%	<b>9.4%</b>
Underlying Return on invested capital (ROIC) - LTM	<b>15.9%</b>	3.8%	<b>9.6%</b>

\*Maersk SPOT volume share of total short-term volumes of all brands is based on the last 4 week of the period shown.

Key statements

# Consistent progress continued



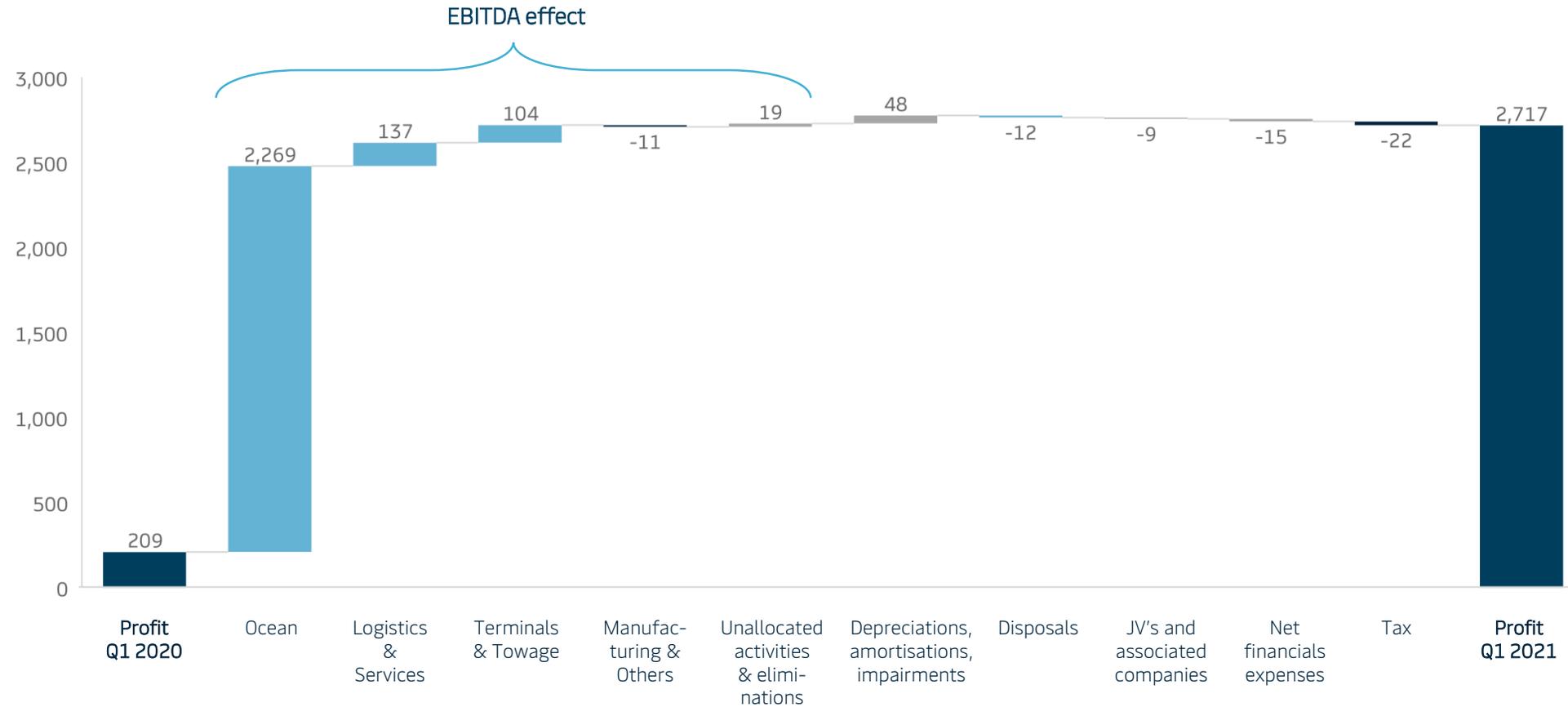
Note: 2016-2017 IFRS16 adjustments have been simulated based on 2018 and is for reference purposes only. The 2016-2017 adjustment is not audited. LTM = last twelve months.

# Interim report Q1 2021

## Financial highlights

# Record high profit driven by exceptional situation in Ocean

Profit/loss result bridge for Q1 2021, USDm



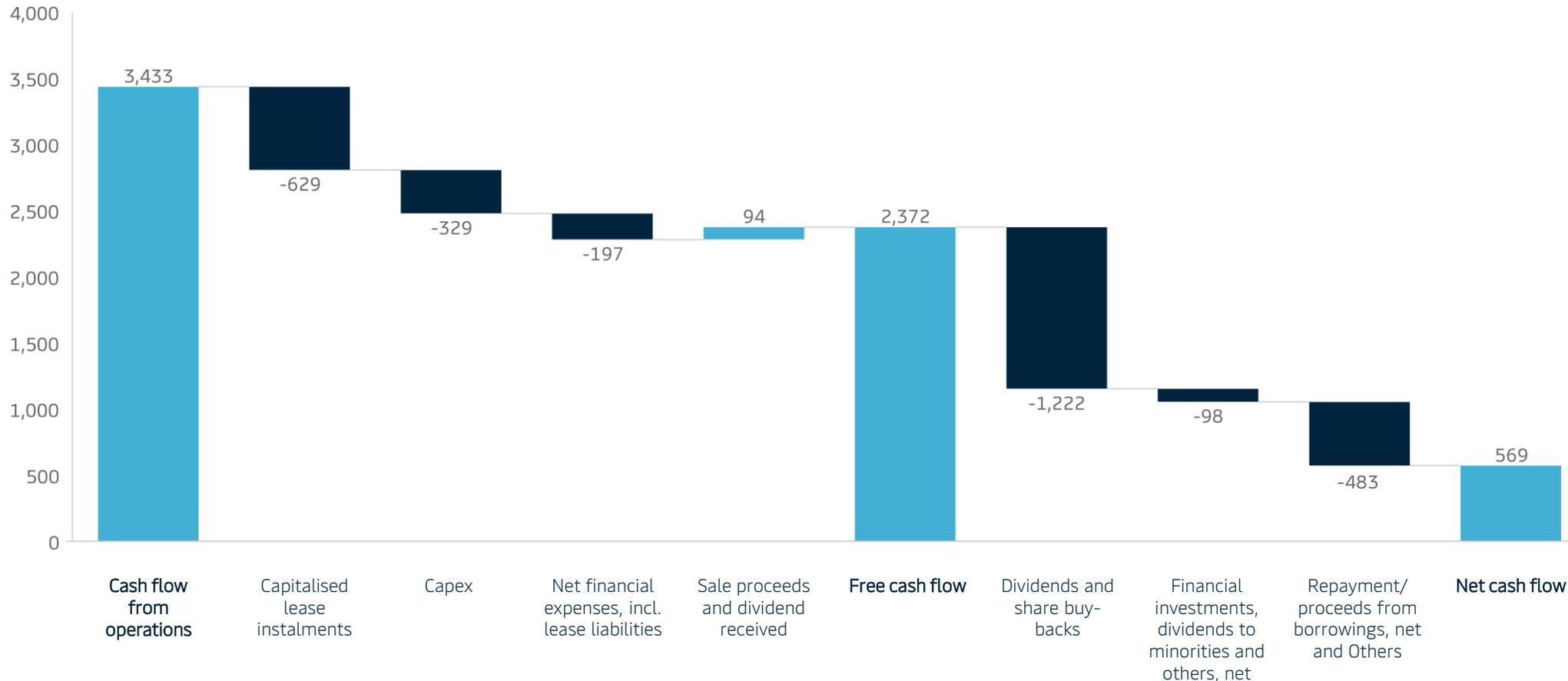
Profitability improved substantially in most segments, and particularly in Ocean driven by the exceptional market conditions, with an estimated effect of USD 2bn in Q1 2021.

Depreciations are positively impacted by USD 0.1bn due to the change in lifetime on the containers from 12 years to 15 years.

Underlying profit increased to USD 2.7bn up from USD 209m in Q1 2020.

# Free cash flow covering FY dividends, SBB and debt repayments

Cash flow bridge for Q1 2021, USDm



Free cash flow was USD 2.4bn (USD 0.4bn) after net interests, capitalised lease instalments and gross capex. Cash conversion was 85% (80%).

Dividends of USD 0.9bn, SBB of USD 0.3bn, loan repayment of USD 0.5bn.

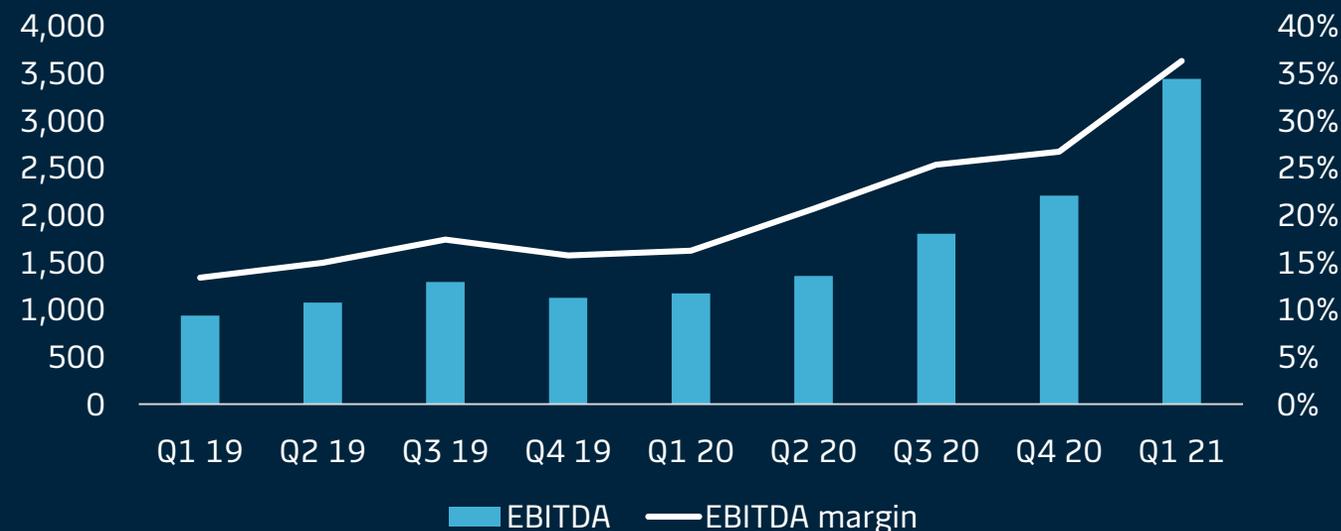
Net interest-bearing debt decreased by USD 1.5bn from Q4 2020 to USD 7.7bn (USD 9.2bn).

Excluding lease liabilities, the net cash position was USD 677m.

# Ocean

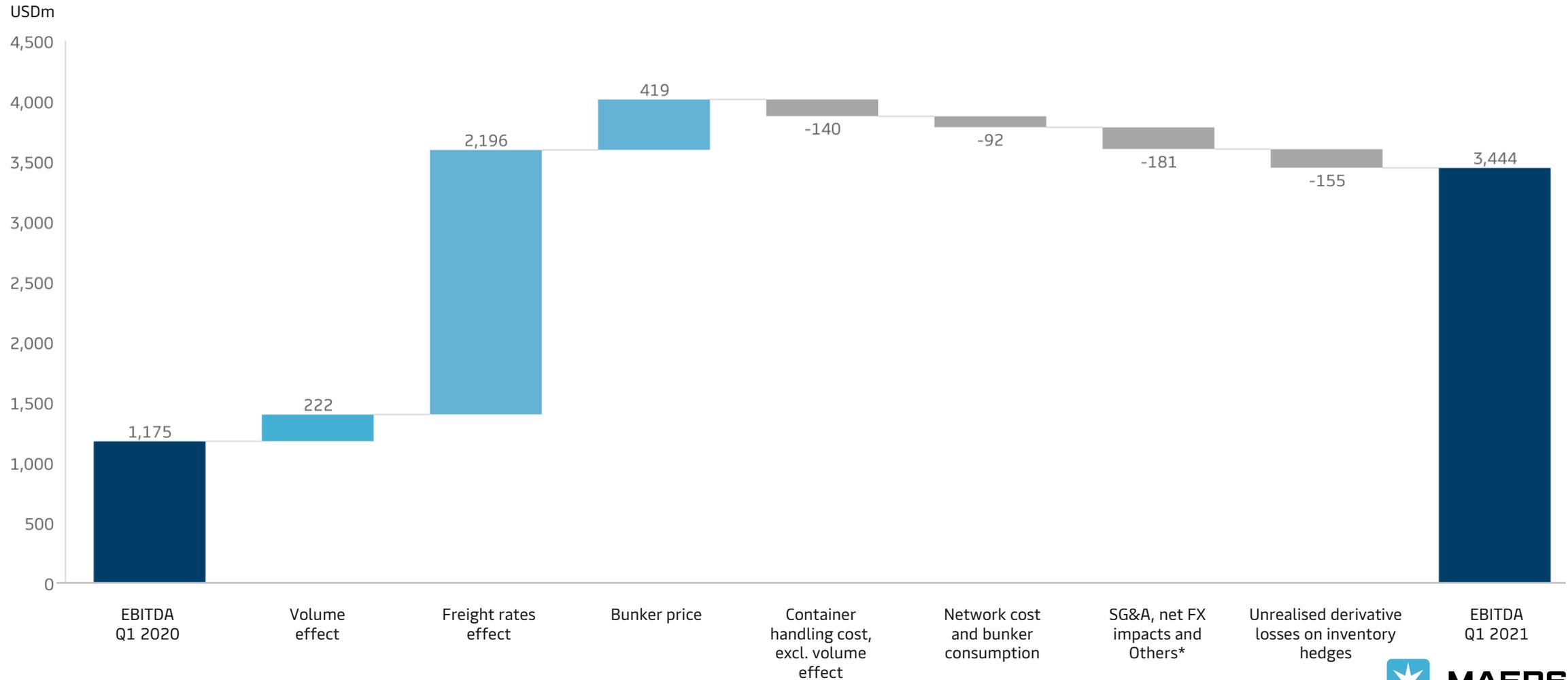
- Ocean was impacted demand surge and exceptional tightness of the supply chains, which drove up the short-term freight rates significantly, and negatively impacted the cost base.
- Revenue increased by 36% as volumes grew by 5.7% and freight rates increased 35%.
- EBITDA almost tripled to USD 3.4bn with a margin of 36.3% also driven by lower bunker cost, partly offset by higher operational cost.
- EBIT increased by USD 2.7bn with a margin of 28.5%, driven by the positive impact from higher earnings.
- Effects from the current extraordinary market conditions of around USD 2bn.

Development in EBITDA and EBITDA margin (%)



	Q1 2021 (USDm)	Q1 2020 (USDm)	FY 2020 (USDm)
Revenue	9,478	7,230	29,175
EBITDA	3,444	1,175	6,545
EBITDA margin	36.3%	16.3%	22.4%
EBIT	2,700	348	3,196
Invested Capital	27,059	28,494	26,969
Gross capital expenditures	193	175	653

# Significant EBITDA increase in the quarter



# Increased freight rates and volumes

- Average freight rates increased by 35% (44% adjusted for bunker prices), especially driven by rates out of Asia.
- The total volume increased was driven by an 8.3% increase in headhaul volumes, whereas backhaul volumes remained flat.
- Container handling costs increased due to bottlenecks, particular in terminals.
- Unit cost at fixed bunker decreased due to higher volumes, only partly offset by higher container handling costs.
- Total bunker cost decreased 22% as the average bunker price decreased 28% to USD 398 per ton.

**Unit cost at fixed bunker\*** decreased by 1.9% to 1,988 USD/FFE

**Unit cost** at floating bunker price was 1,944 USD/FFE (2,110 USD/FFE)

**Bunker cost** decreased to USD 1.1bn (USD 1.4bn)

**Utilisation** on deployed capacity remained at 93%

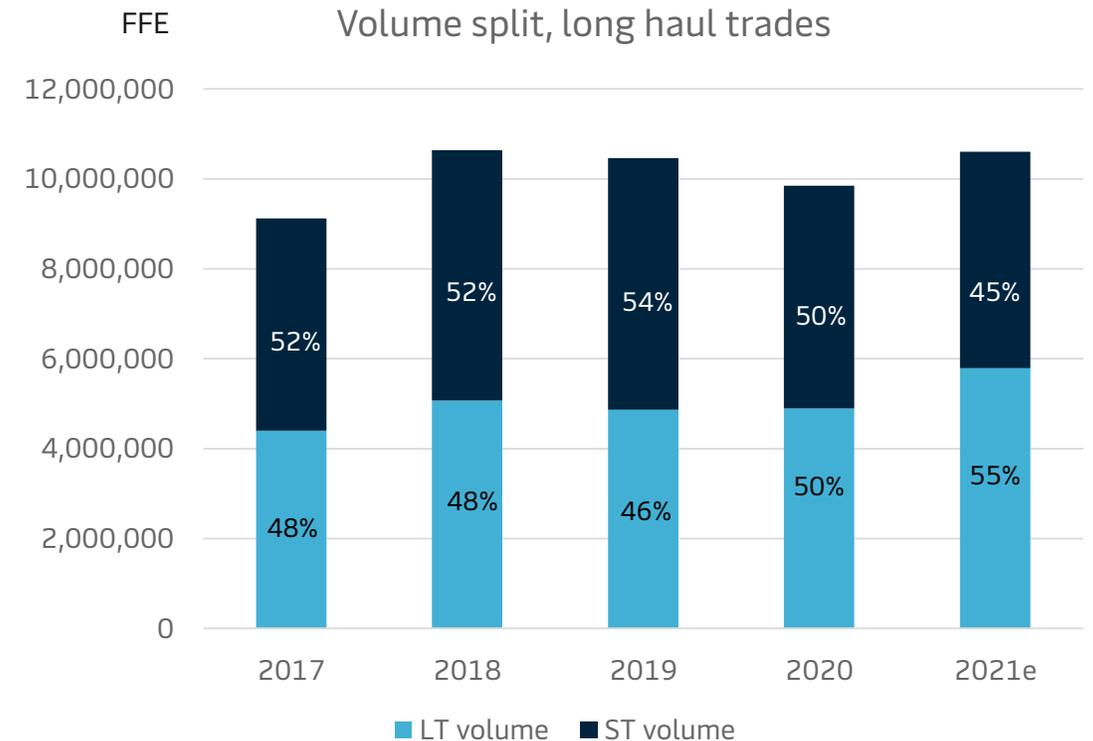
Average freight rates (USD/FFE)	Q1 2021	Q1 2020	Change %	FY 2020
East-West	2,668	1,887	41.4	2,008
North-South	3,356	2,525	32.9	2,529
Intra-regional	1,876	1,405	33.5	1,345
<b>Total</b>	<b>2,662</b>	<b>1,967</b>	<b>35.3</b>	<b>2,000</b>

Loaded volumes ('000 FFE)	Q1 2021	Q1 2020	Change %	FY 2020
East-West	1,535	1,417	8.4	5,948
North-South	974	961	1.4	3,900
Intra-regional	712	670	6.3	2,786
<b>Total</b>	<b>3,222</b>	<b>3,048</b>	<b>5.7</b>	<b>12,634</b>

\*USD 450 per FFE

# Strong long-term contract commitment

- We continued focusing on facilitating our long-term customers' supply chains in Q1 by alleviating bottlenecks and by increasing capacity to long term contracts.
- As of 5<sup>th</sup> May, we have closed more than 80% of the contract season with only few parts of Pacific remaining.
- We expect to increase the long-term contract volume by 20% to around 6m FFE in 2021 in line with our integrator strategy and thus keep increasing our share of long-term contracts.
- This will lead to a positive financial impact of approx. USD 550 per FFE on long-term contracts for Maersk for 2021.
- We have signed up more than 1m FFE at multi-year contracts, ensuring predictability and stability of our earnings and the service to customers.



# Logistics & Services

- The positive momentum continued in Q1, and revenue increased 42% to USD 2.0bn, driven by Lead Logistics from Supply chain management, and by Contract Logistics in warehouse and depots.
- Profitability increased significantly with 67% improvement in gross profit to USD 511m and EBITDA more than tripled, reflecting a margin of 10.0%, driven by growth and higher margins in Landside Transportation and increased profitability in Contract Logistics.
- The high growth rates validate our strategy to grow with our Ocean customers and increase our capabilities to cover more of our customer's logistics needs.

Development in gross profit and gross profit margin (%) 

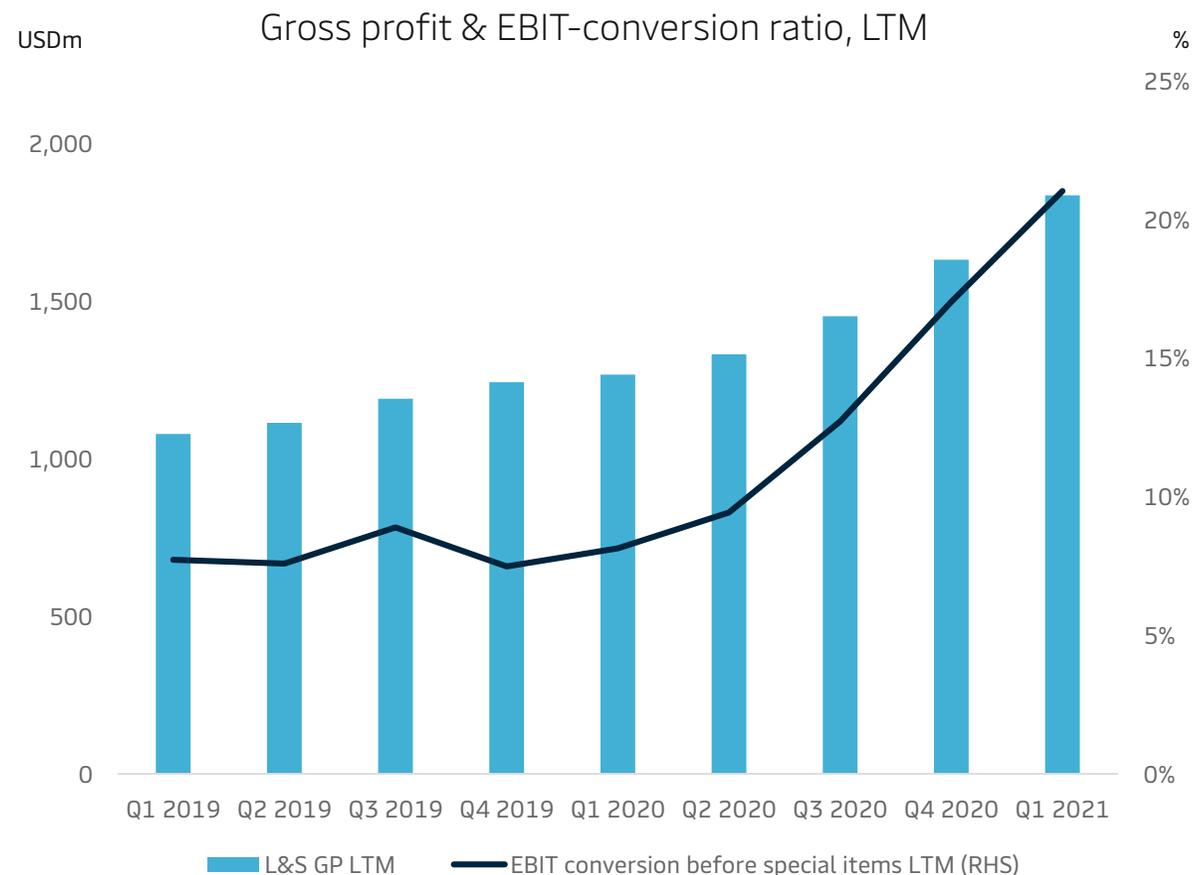


	Q1 2021 (USDm)	Q1 2020 (USDm)	FY 2020 (USDm)
Revenue	2,045	1,442	6,963
Gross profit	511	306	1,635
EBITDA	205	68	454
EBITDA margin	10.0%	4.7%	6.5%
EBIT	139	29	264
Invested Capital	1,692	783	1,773
Gross capital expenditures	21	23	109

# Significant growth and profitability improvement

- The gross profit margin improved by 3.8%-points to 25.0%, driven by growth and higher margins in Landside Transportation and increased profitability in Contract Logistics.
- The EBIT conversion improved to 27%, lifting the LTM EBIT conversion to 21% with positive impact from higher volumes and improved mix of activities.
- The significant improvement of Revenue and EBITA margin, which increased from 2.1% to 7.3% came from both the development of the organic business and the successful integration of PT and KGH.

USD	Q1 2020	M&A effects	Organic growth	Q1 2021
Revenue	1,442	177	425	2,045
Growth %		12%	30%	42%
EBITA	30	16	104	150



# Managed, Fulfilled and Transported by Maersk

- From Q1 a new reporting structure has been introduced with products and services split into *Managed by Maersk*, *Fulfilled by Maersk* and *Transported by Maersk* to reflect our progress on the integrator strategy.
- Managed by Maersk revenue was driven by an increase in Lead Logistics Supply Chain Management volumes due to strong performance in Asia Pacific. EBITA margin was around 13.2%.
- The Fulfilled by Maersk revenue was driven by Contract Logistics and a growing footprint from the acquisition of Performance Team. The growth in Contract Logistics is 38% organic and 62% inorganic. EBITA margin was around 5.7%.
- The Transported by Maersk revenue was driven by an increase in Air freight forwarding volumes and Landside Transportation Intermodal volumes. EBITA margin was around 6.3%.
- EBITA margin for Logistics & Services increased from 2.1% to 7.3%, driven by the improved margins.

Revenue, USDm	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021
Managed by Maersk	220	201	292	301	348
Fulfilled by Maersk	221	317	434	485	457
Transported by Maersk	1,001	1,051	1,165	1,275	1,240
<b>Total</b>	<b>1,442</b>	<b>1,569</b>	<b>1,891</b>	<b>2,061</b>	<b>2,045</b>

# Terminals & Towage

- Terminals & Towage continued the strong performance from the recent quarters with EBITDA increasing 38% to USD 380m, driven by Terminals.
- Terminals reported 24% higher revenue of USD 915m, and EBITDA increased to USD 323m.
- The EBITDA margin in Terminals increased by 6.6%-points to 35.3% as a result of higher volumes and higher storage income.
- Revenue in Towage increased to USD 181m (USD 178m) and activities remained subdued, hence EBITDA decreased to USD 57m (USD 64m).

Development in EBITDA and EBITDA margin (%)

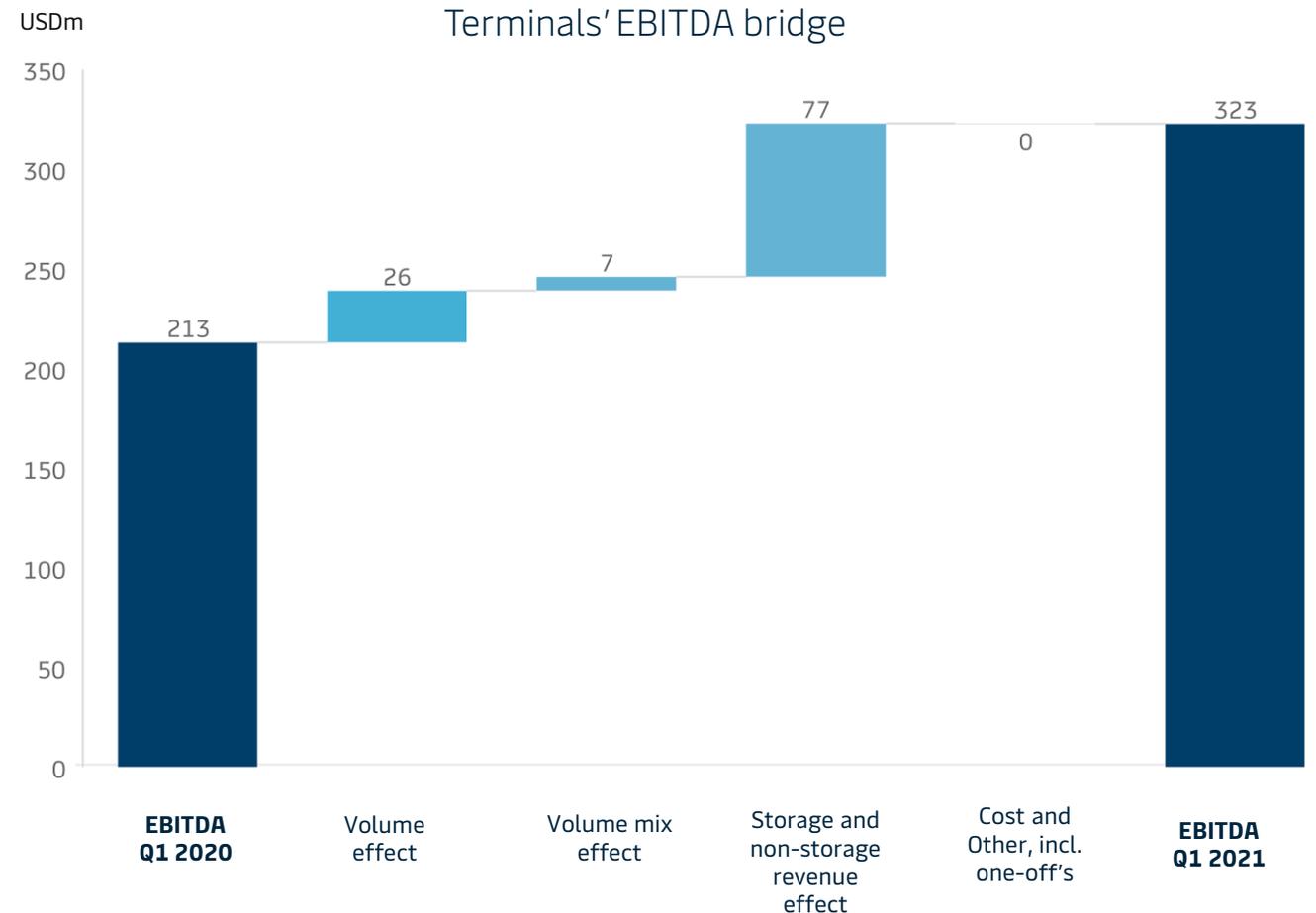


	Q1 2021 (USDm)	Q1 2020 (USDm)	FY 2020 (USDm)
Revenue	1,089	911	3,807
EBITDA	380	276	1,205
EBITDA margin	34.9%	30.3%	31.7%
EBIT	272	197	828
Invested Capital	10,216	9,417	10,389
Gross capital expenditures	91	103	457

\*Calculated assuming a tax rate of 16%

# Margin improvements from volume growth and storage income

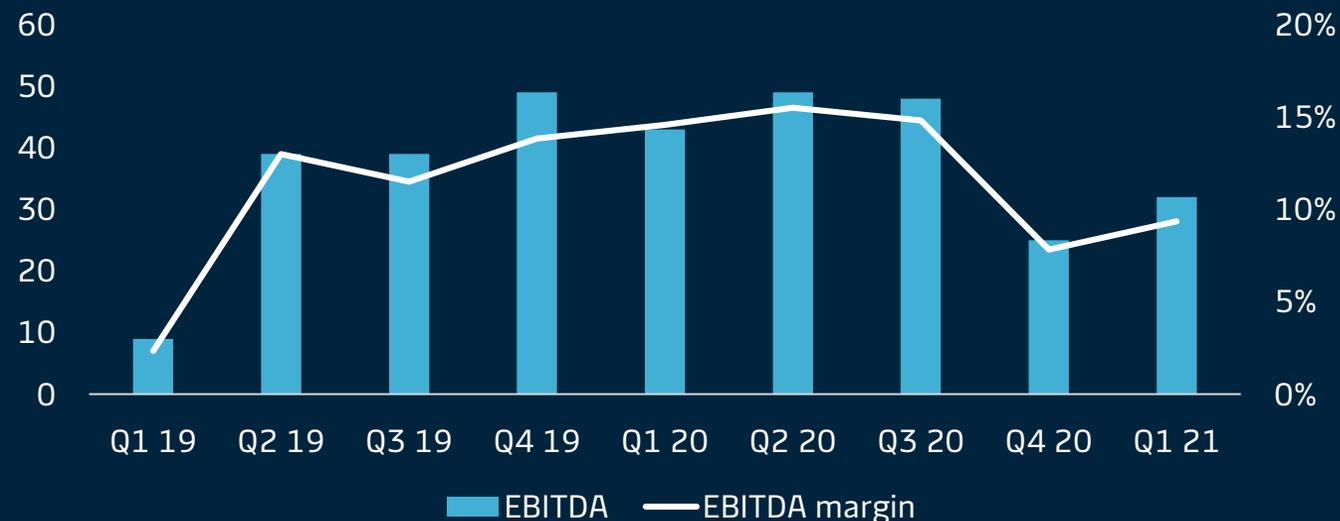
- Terminals' volumes increased by 10% (like-for-like 5.6%), mainly driven by North America and the consolidation of the Pipavav, India terminal.
- Utilisation increased to 73% (70%) driven by higher volumes, partly offset by capacity increases.
- Revenue per move increased by 11% to USD 298 mainly driven by higher revenue in North America and higher storage income.
- Cost per move increased by 1.5% to USD 236 mainly driven by a higher volumes in high-cost terminals in North America.
- Productivity increased in the automated part of the terminal in Los Angeles and it is ramping up operation with 3,500 automated moves per week towards the end of the quarter.



# Manufacturing & Others

- Revenue in Maersk Container Industry increased to USD 199m (USD 124m), and EBITDA increased to USD 25m (USD 14m) mainly due to both maintenance services and higher business development and order intake.
- Maersk Supply Service reported lower revenue at USD 54m (USD 70m), and an EBITDA of negative USD 9m (USD 14m), reflecting sluggish market conditions, especially in the first months of the quarter.

Development in EBITDA and EBITDA margin (%)



	Q1 2021 (USDm)	Q1 2020 (USDm)	FY 2020 (USDm)
Revenue	342	295	1,254
EBITDA	32	43	165
EBITDA margin	9.4%	14.6%	13.2%
EBIT	7	18	69
Invested Capital	1,001	1,169	986
Gross capital expenditures	8	27	33

\*Calculated assuming a tax rate of 16%

2021

Full-year guidance

# Full-year guidance for 2021

Given the Q1 2021 result and the revised expectations that the exceptional market situation will continue well into the Q4 2021 - vs. the previous expectations that the situation would continue in Q1 and normalise thereafter – the full-year guidance has been revised upwards on 26 April 2021 to:

- Underlying EBITDA in the range of USD 13.0-15.0bn (previously USD 8.5-10.5bn) compared to USD 8.3bn in 2020
- Underlying EBIT in the range of USD 9.0-11.0bn (previously USD 4.3-6.3bn) compared to USD 4.2bn in 2020
- Free cash flow (FCF) of minimum USD 7.0bn (previously above USD 3.5bn) compared to USD 4.6bn in 2020.

Ocean is still expected to grow in line with global container demand, which is now expected to grow 5-7% in 2021 (previously 3-5% in 2021), primarily driven by the export volumes out of China to the USA..

For the years 2021-2022, the accumulated CAPEX is now expected to be around USD 7.0bn (previously USD 4.5-5.5bn).

## Sensitivity guidance

Financial performance for A.P. Moller - Maersk for 2021 depends on several factors and is subject to uncertainties related to COVID-19, bunker fuel prices and freight rates, given the uncertain macroeconomic conditions.

All else being equal, the sensitivities for the full-year 2021 for four key assumptions are listed in the table below:

Factors	Change	Effect on EBIT (midpoint of guidance) (rest of year)
Container freight rate	+/- 100 USD/FFE	+/- USD 1.0bn
Container freight volume	+/- 100,000 FFE	+/- USD 0.1bn
Bunker price (net of expected BAF coverage)	+/- 100 USD/tonne	-/+ USD 0.3bn
Rate of exchange (net of hedges)	+/- 10% change in USD	+/- USD 0.1bn

**Underlying EBITDA:** Earnings before interest, taxes, depreciation and amortisation adjusted for restructuring and integration costs

**Underlying EBIT:** Operating profit before interest and taxes adjusted for restructuring and integration costs, net gains/losses from sale of non-current assets and net impairments

# Questions and answers

To ask a question, please press 01

# Final remarks

- Continued strong progress in our strategy
- Record strong Q1 profit, mainly caused by freight rates driven by bottlenecks and equipment shortages
- Accelerating share buy-back programme and initiating new USD 5bn programme in September
- Building up future stability in Ocean by signing up more long-term contracts
- Continued strong improvement in Logistics & Services
- ROIC in Terminals & Towage in line with their cost of capital
- We look forward to the Capital Markets Day on the 11 May 2021 where we will be diving further into the integrator strategy.

# Appendix

## Financial highlights

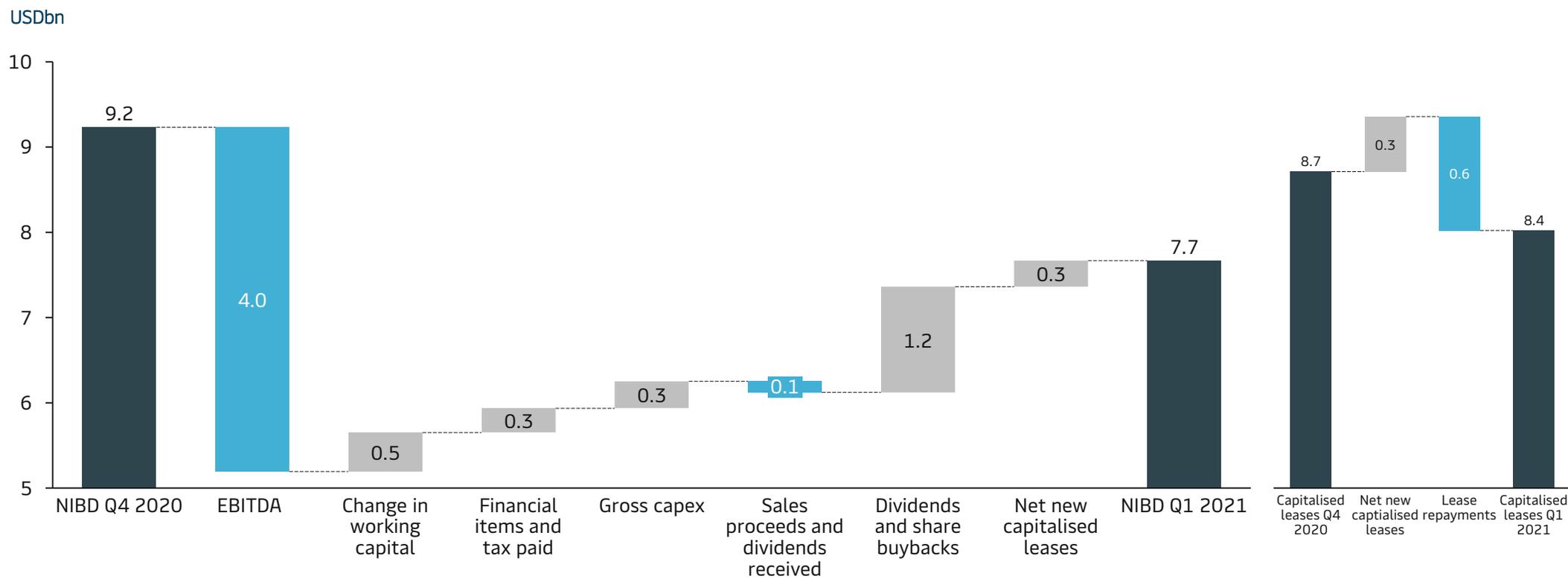
# Consolidated financial information

Income statement (USDm)	Q1 2021	Q1 2020	FY 2020
Revenue	12,439	9,571	39,740
<b>EBITDA</b>	<b>4,039</b>	<b>1,521</b>	<b>8,226</b>
<b>EBITDA margin</b>	<b>32.5%</b>	<b>15.9%</b>	<b>20.7%</b>
Depreciation, impairments etc.	1,025	1,073	4,541
Gain on sale of non-current assets, etc., net	7	19	202
Share of profit in joint ventures and associates	76	85	299
<b>EBIT</b>	<b>3,097</b>	<b>552</b>	<b>4,186</b>
<b>EBIT margin</b>	<b>24.9%</b>	<b>5.8%</b>	<b>10.5%</b>
Financial items, net	-230	-215	-879
Profit/loss before tax	2,867	337	3,307
Tax	150	128	407
<b>Profit/loss for the period</b>	<b>2,717</b>	<b>209</b>	<b>2,900</b>

Key figures and financials (USDm)	Q1 2021	Q1 2020	FY 2020
Profit/loss for the period	2,717	209	2,900
Gain/loss on sale of non-current assets etc., net	-7	-19	-202
Impairment losses, net.	2	7	149
Transaction and integration cost	-	-	98
Tax on adjustments	-	-	15
<b>Underlying profit/loss – continuing operations</b>	<b>2,712</b>	<b>197</b>	<b>2,960</b>
<b>Cash flow from operating activities</b>	<b>3,433</b>	<b>1,216</b>	<b>7,828</b>
<b>Gross capital expenditures</b>	<b>329</b>	<b>310</b>	<b>1,322</b>
<b>Net interest-bearing debt</b>	<b>7,746</b>	<b>11,978</b>	<b>9,232</b>
Invested capital	39,829	39,977	40,121
Total Equity (APMM total)	31,905	27,945	30,854
Earnings per share (USD)	139	10	145

# Net interest bearing debt decreased further leading to positive net debt when excluding capitalised leases

## Development in net interest-bearing debt



Liquidity reserve<sup>1</sup> of USD 11.4bn by end Q1 2021.

Investment grade credit rating of BBB (positive) from S&P and Baa2 (stable) from Moody's.

USD 8.4bn of net interest bearing debt (NIBD) (USD 8.8bn at year-end) is composed of capitalized leases

1) Defined as cash and securities, time deposits, and undrawn committed facilities longer than 12 months less restricted cash and securities.

# New reporting to reflect the integrator solutions

Product families	Details	Strategic rationale
Managed by Maersk	Lead Logistics (SCM and 4PL) Cold Chain logistics Customs Services Tradelens	<p>Integrated management solutions enable customers to control or outsource part or their entire supply chain.</p> <p>Combining transport and fulfilment solutions with digital platforms, we give end to end visibility, actionability and control.</p>
Fulfilled by Maersk	Contract logistics (WND and depot) E-commerce	<p>Integrated fulfillment solutions improve customer consolidation and storage down to order level.</p> <p>Whether E-commerce or cold storage, our solutions connect seamlessly to our transportation network, optimizing inventory flow and precision to deliver individual orders precisely and on time.</p>
Transported by Maersk	Insurance Landside transportation (intermodal and intercontinental train) Air & LCL Star Air FCL FFW Others	<p>Integrated transportation solutions facilitate supply chain control across our assets.</p> <p>Our solutions are modular, providing customers end to end services with higher reliability, speed and accountability.</p>