

PRESS RELEASE

A.P. Moller - Maersk reports robust Q2 financial results in difficult market conditions

Copenhagen, Denmark – A.P. Moller – Maersk (Maersk) reports a second quarter of 2023 ahead of expectations, while the ongoing market normalisation continued through the quarter leading to lower volumes and lower rates. Revenue stood at USD 13.0bn compared to USD 21.7bn in Q2 2022 while profitability was strong at 12.4% although significantly lower compared to the extraordinarily strong Q2 2022. Reflecting the strong first half performance, Maersk raises its financial outlook and now expects underlying EBITDA of USD 9.5 - 11.0bn (previously USD 8.0 – 11.0bn), underlying EBIT of USD 3.5 - 5.0bn (previously USD 2.0 - 5.0bn) despite a weakened second half market outlook.

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“The Q2 result contributed to a strong first half of the year, where we responded to sharp changes in market conditions prompted by destocking and subdued growth environment following the pandemic fuelled years. Our decisive actions on cost containment together with our contract portfolio cushioned some of the effects of this market normalisation. Cost focus will continue to play a central role in dealing with a subdued market outlook that we expect to continue until end year. While we step this agenda further up, we are unwavering in our transformation and continue to invest in and deliver truly integrated logistics solutions to our customers and amplify their supply chain resilience for the uncertain times ahead,” says Vincent Clerc, CEO of Maersk.

Ocean revenue decreased to USD 8.7bn from USD 17.4bn driven by a decrease in freight rates and loaded volumes. While the volume and rate environment stabilized at a lower level during Q2, Ocean continued to be impacted by lower demand, driven by a significant inventory correction in particular in North America and Europe. A strong cost management allowed to partially offset the top line impact on financial performance in Ocean.

Revenue in Logistics & Services was USD 3.4bn compared to USD 3.5bn. The segment was also impacted by lower volumes due to the continued destocking and weaker consumer demand, as well as low rates. As in Ocean, market demand is expected to continue to be subdued as long as the inventory correction is ongoing.

Revenue in Terminals decreased to USD 950m from USD 1.1bn and was influenced by the normalisation of storage revenue and lower volumes amid lower consumer demand and less congestion in North America. Strong cost control contributed to a continued solid financial performance.

Financial guidance for 2023

The inventory correction observed since Q4 2022 appears to be prolonged and is now expected to last through year end. Based on the continued destocking, A.P. Moller – Maersk

now sees global container volume growth in the range of -4% to -1% compared to -2.5% to +0.5% previously. Ocean expects to grow in-line with the market.

For the full-year 2023, A.P. Moller – Maersk raises its financial guidance as seen in the table below.

A.P. Moller – Maersk now expects CAPEX to be at the lower end of the previously communicated ranges of USD 9.0 – 10.0bn for 2022-2023 and USD 10.0 - 11.0bn for 2023-2024.

USDbn		
EBITDA Underlying (Previously: 8.0-11.0)	EBIT Underlying (Previously: 2.0-5.0)	Free cash flow at least (Previously: 2.0)
9.5-11.0	3.5-5.0	3.0
CAPEX guidance 2022-2023	CAPEX guidance 2023-2024	
9.0-10.0	10.0-11.0	

Cash distribution to shareholders

A total distribution of cash to shareholders of USD 2.4bn took place during Q2 2023 through dividend withholding taxes paid of USD 1.5bn and share buy-backs of USD 868m.

Financial highlights

Highlights Q2	USD million							
	Revenue		EBITDA		EBIT		CAPEX	
	2023	2022	2023	2022	2023	2022	2023	2022
Ocean	8,703	17,412	2,259	9,598	1,205	8,526	314	517
Logistics & Services	3,386	3,502	311	337	115	234	223	286
Terminals	950	1,124	331	400	269	316	97	105
Towage & Maritime Services	504	579	59	81	71	16	99	93
Unallocated activities, eliminations, etc.	-555	-967	-55	-89	-53	-104	5	7
A.P. Moller - Maersk consolidated	12,988	21,650	2,905	10,327	1,607	8,988	738	1,008

Sensitivity guidance

Financial performance for A.P. Moller - Maersk for 2023 depends on several factors subject to uncertainties related to the given uncertain macro-economic conditions, bunker fuel prices and freight rates. All else being equal, the sensitivities for 2023 for four key assumptions are listed below:

Factors	Change	Effect on EBIT (Rest of 2023)
Container freight rate	+/- 100 USD/FFE	+/- USD 0.6bn
Container freight volume	+/- 100,000 FFE	+/- USD 0.1bn
Bunker price (net of expected BAF coverage)	+/- 100 USD/tonne	+/- USD 0.2bn
Foreign exchange rate (net of hedges)	+/- 10% change in USD	+/- USD 0.1bn

About Maersk:

A.P. Moller - Maersk is an integrated logistics company working to connect and simplify its customers' supply chains. As a global leader in logistics services, the company operates in more than 130 countries and employs over 110,000 people world-wide. Maersk is aiming to reach net zero emissions by 2040 across the entire business with new technologies, new vessels, and green fuels.

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