A.P. Moller - Maersk

Capital Markets Day
20 February 2018

MAERSK

Our strategy

Søren Skou
Chief Executive Officer

Claus V. Hemmingsen
Vice Chief Executive Officer

MAERSK

In December 2016, we announced our vision: Maersk to become the global integrator of container logistics

MAERSK

Global integrator of container logistics
– connecting and simplifying
our customers' supply chains

Simple end-to-end offering
of products and services

Seamless customer engagement

Superior delivery network end-to-end

Source: Maersk

We are undertaking a transformation at scale, with significant progress one year in

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**, though not satisfactory

Divesting oil and energy related businesses

Source: Maersk

MAERSK

The remaking of A. P. Moller-Maersk will take 3-5 years, repositioning us for future growth and returns in global container logistics

Key financial split of Maersk transformation (2017 FY)

Transport & Logistics[1]

82% Revenue

76% Invested capital

Energy

18% Revenue

24% Invested capital

Hamburg Süd[2]

+15% Revenue

+10% Invested capital

- USD ~14bn of M&A transactions since we started
- Individual transactions strategically important and financially attractive

Note: (1) Transport & Logistics pre-acquisition of Hamburg Süd (2) Hamburg Süd revenue is 15% of the whole (i.e. 15pp on top of the 75% Transport and Logistics revenue pre-acquisition)
Source: Maersk

Building one integrated company to enable our vision, one step at the time

2017	2018
"Integrator vision"	One set of strategic priorities
Acquisition of Hamburg Süd	One company structure
Internal synergies	Internal synergies 2.0 – towards USD ~600m
New Executive Board	New management fora
Alignment of reward structure and incentives	"One bottom-line" financial reporting

Source: Maersk

Integrating our businesses is already unlocking value, supporting efficiency throughout the entire value chain

	Increased terminal utilisation	Improved inland services	Optimised transshipment hub operations	Joint production planning	Cross-selling
Relevant brands	• Maersk Line incl. Hamburg Süd • APM Terminals	• Maersk Line • APM Terminals • Damco	• Maersk Line • APM Terminals	• Maersk Line • Maersk Container Industry	• Maersk Line • APM Terminals • Damco • Svitzer
Synergy examples	Maersk Line and Hamburg Süd volumes increasing utilisation in APM Terminals	Broader offering based on combined capabilities and infrastructure (e.g., warehousing, depots)	Operations stabilised and optimised with joint planning	Balancing of capacity utilisation and joint planning, enabling EBIT improvement	Sale of Damco products on ML.com, joint pilots for integrated E2E solutions

Source: Maersk

MAERSK

We have closed the Hamburg Süd acquisition, further strengthening our offerings and cost competitiveness

Acquisition rationale

- Fuel growth in our globally leading products and services
- Create unique value proposition in Latin America, Oceania and Reefer
- Maintain dual branding
- Realise significant cost synergies
- Deliver growth to APM Terminals

Early integration progress and results

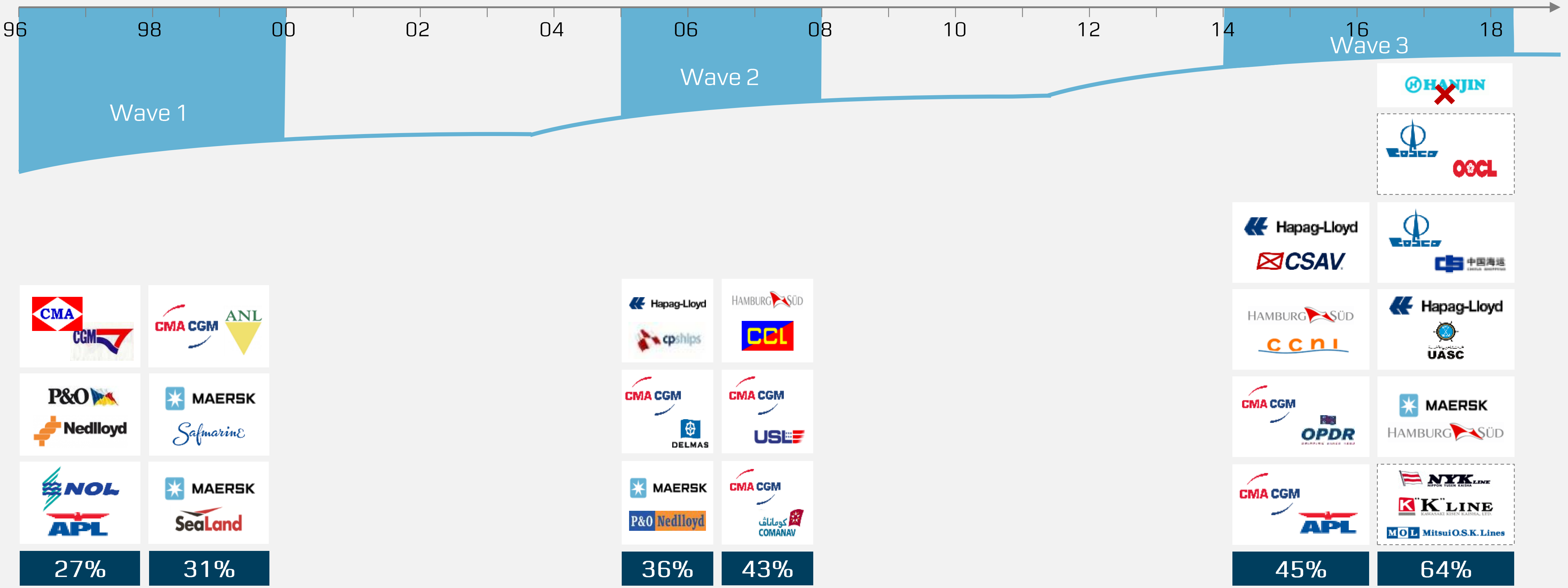
- Smooth transition with no interruptions
- Synergy realisation on track e.g.
  - Many supplier contracts renegotiated
  - First network expansions concluded
  - Transfer of vessel ownership and re-flagging on plan
- Continued Hamburg Süd presence in markets impacted by regulatory requirements – safeguarded via combined networks

Source: Maersk

MAERSK

Continued supply-side consolidation is changing the dynamics and differentiators in the industry

M&A waves in container shipping



Note: Top 5 market share of 64% assumes completion of pending mergers Source: Alphaliner

Top 5 market share Announced, not closed

MAERSK

Digitising and transforming our business is underway

	Improve customer experience	Improve cost and asset productivity	Develop new revenue sources
Illustrative examples	• my.maerskline.com • Twill (www.twill-logistics.com) • Remote Container Management • Customer360	• Spotlanes (www.spotlanes.com) • Pit-stop app • Predictive crane maintenance • Connected vessels	• Global Trade Digitisation Joint Venture with IBM • Trade Finance (fs.maerskline.com) • Cargo insurance

Source: Maersk

MAERSK

We overcame the severe cyber-attack in June 2017 and have since focused on strengthening our cyber-security

What happened

- "NotPetya" attacked our IT systems, not targeted at Maersk
- Maersk Line and APM Terminals were impacted for a few weeks
- Damco was severely impacted
- Impact for customers eased with manual workarounds
- Showed IT and Tech are already core parts of our business

What we have done since

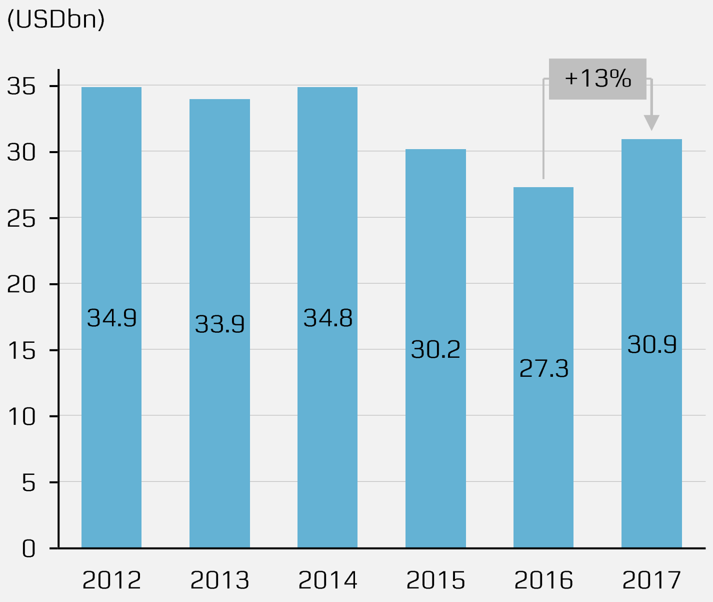
- Built stronger cyber-security defenses
- Improved ability to isolate incidences
- Enabled faster rebuild

Source: Maersk

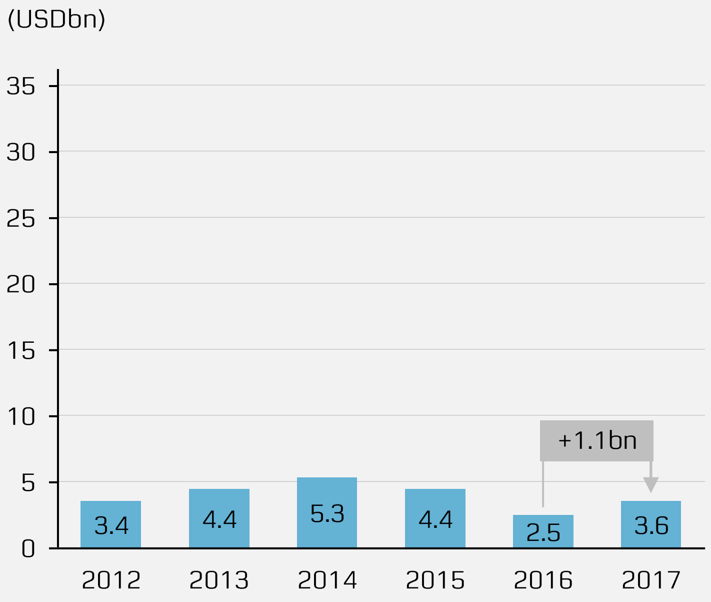
MAERSK

2017 was a challenging year with unsatisfactory performance, yet we have demonstrated improvements

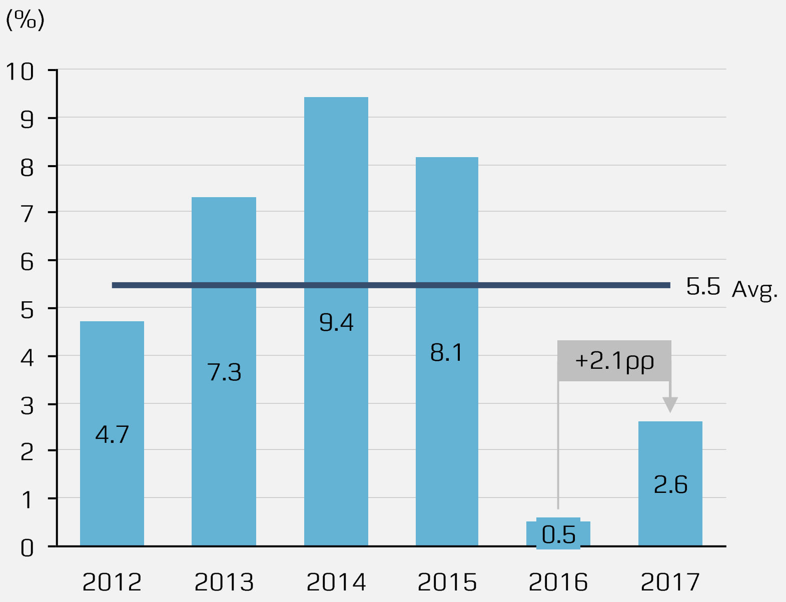
Maersk revenue



Maersk EBITDA



Maersk underlying ROIC



More potential on cost leadership agenda

Operational challenges in our West Mediterranean transshipment hub

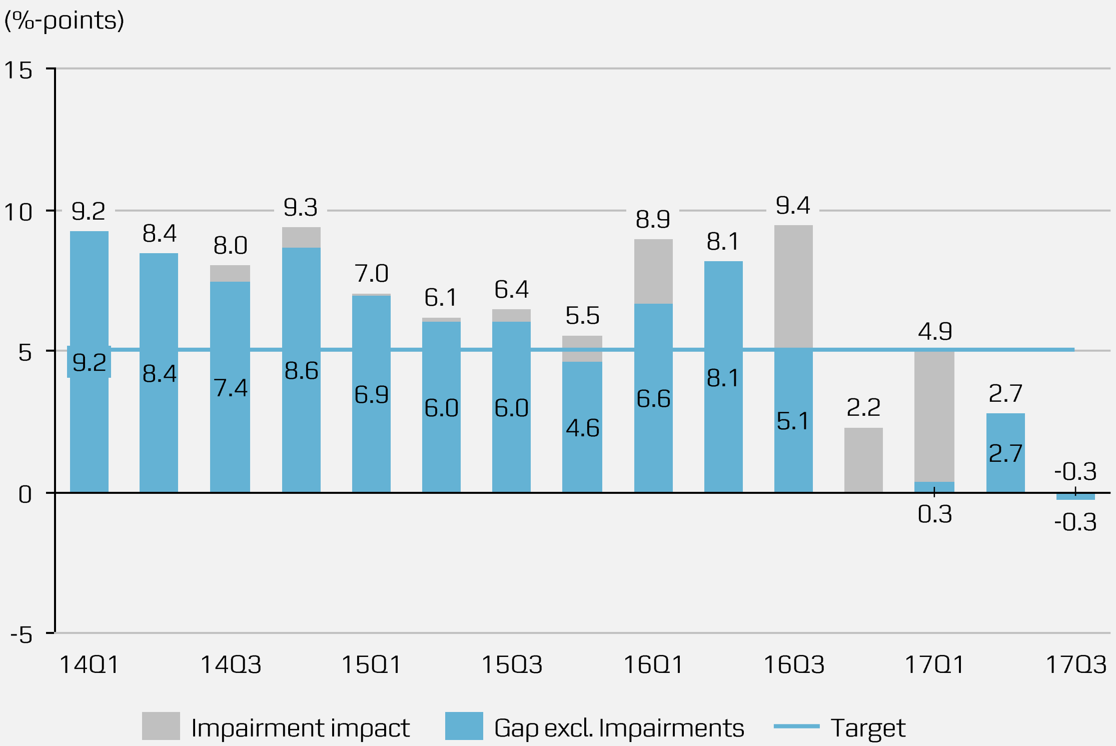
Cyber-attack impacted performance in 2017 H2

Note: Refers to Maersk Transport & Logistics
Source: Maersk

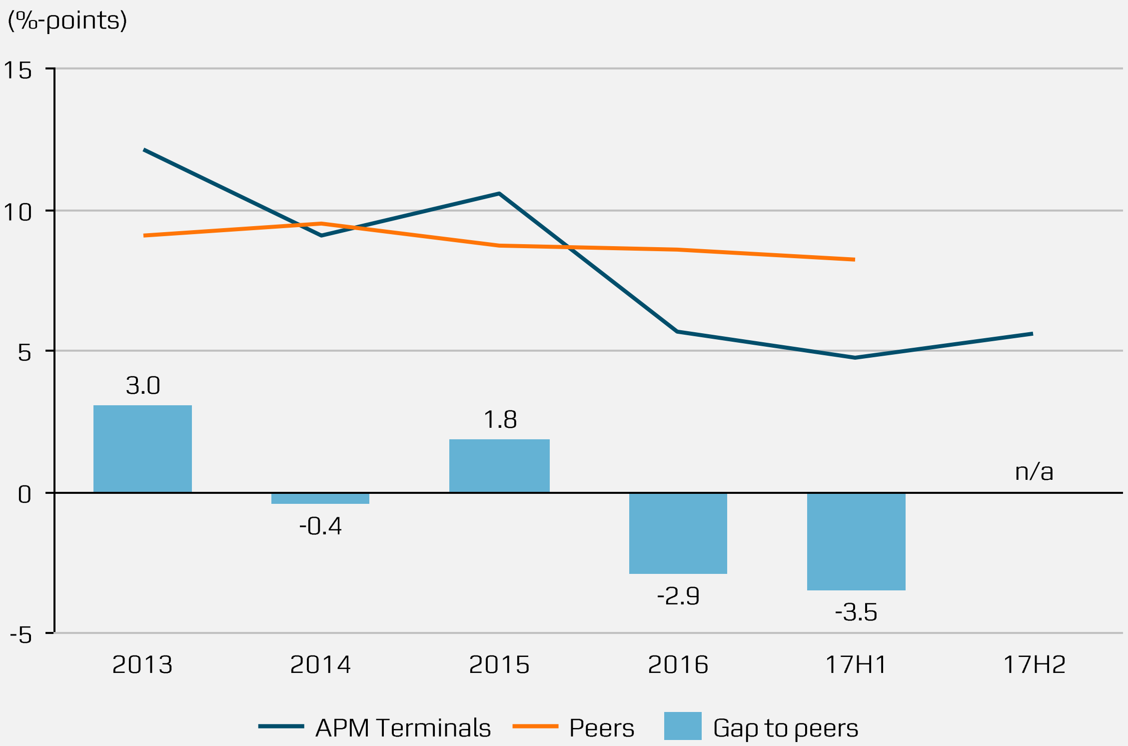
MAERSK

Past performance gaps to our peers need to be restored

Maersk Line EBIT margin gap to peers



APM Terminals underlying ROIC vs. peers



Note to Maersk Line: Peer group includes CMA CGM, APL, Hapag Lloyd, Hanjin, ZIM, Hyundai MM, K Line, CSAV, OOCL, Yang Ming, NYK, MOL, COSCO, CSCL. Peer average is TEU-weighted. EBIT margins are adjusted for gains/losses on sale of assets, restructuring charges, income/loss from associates. Maersk Line's EBIT margin is also adjusted for depreciations to match industry standards (25 years). OOCL and COSCO 17Q3 EBIT margin is estimated based on previous half years' gap to Maersk Line as they do not publish quarterly results.
Note to APM Terminals: ROIC adjusted for impairment impact; Peer group comprises of DPW, PSA, CM Port, HPH, COSCO, ICTSI & Eurogate; Peer group average is equity volume weighted (17H1 weighted using 2016 weights); PSA's 17H1 ROIC is estimated based on its 2016 gap to APMT
Source: Maersk, Company Financials, Drewry

MAERSK

Across our businesses, we will continue to pull all levers to restore performance and bring us forward

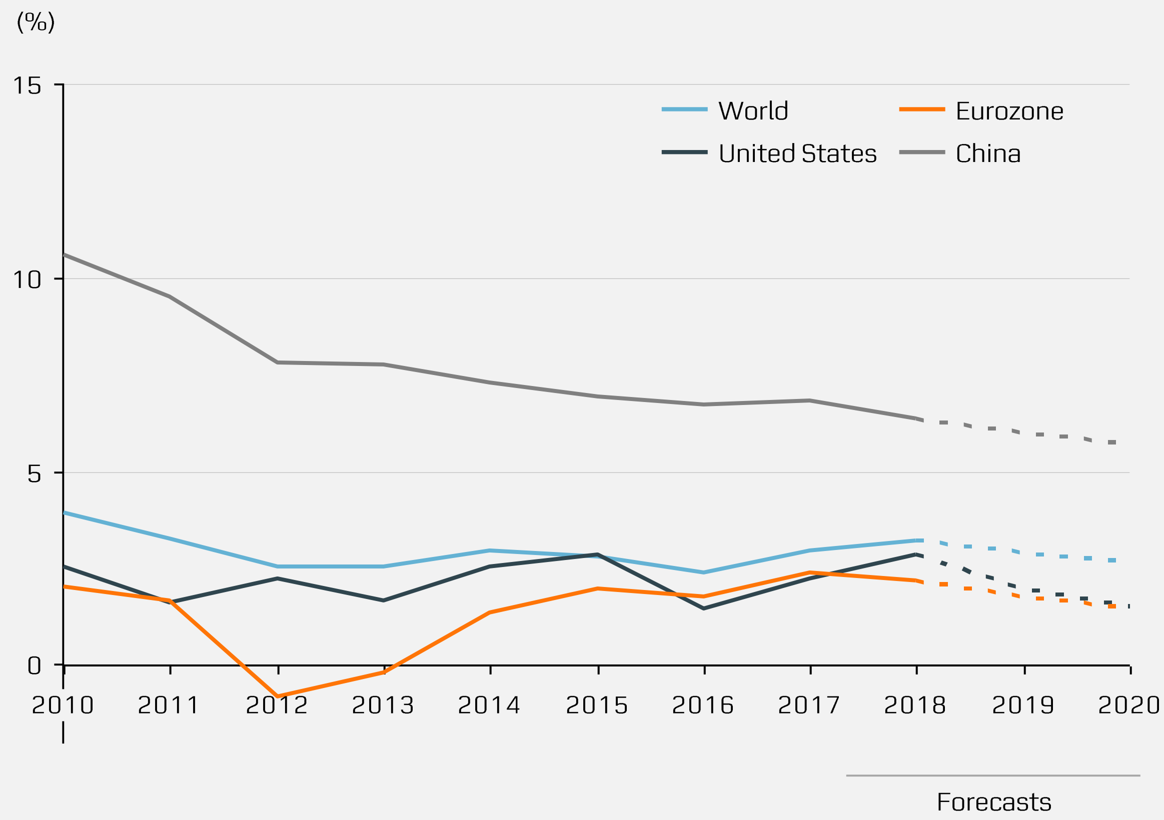
Top-line	Great customer experience	• Leverage insights across our businesses • Superior products • Competitive pricing • Digital interfaces	Growth	• Organic • Inorganic • Cross-selling • New products
Bottom-line	Cost leadership	• In everything we do • In all our businesses • "Lowest cost, lower every year" culture • Exploit synergies • Enable competitive pricing and low cost to serve	Financial discipline	• Discipline in capital allocation and expenditures • Maintaining investment grade on debt

Source: Maersk

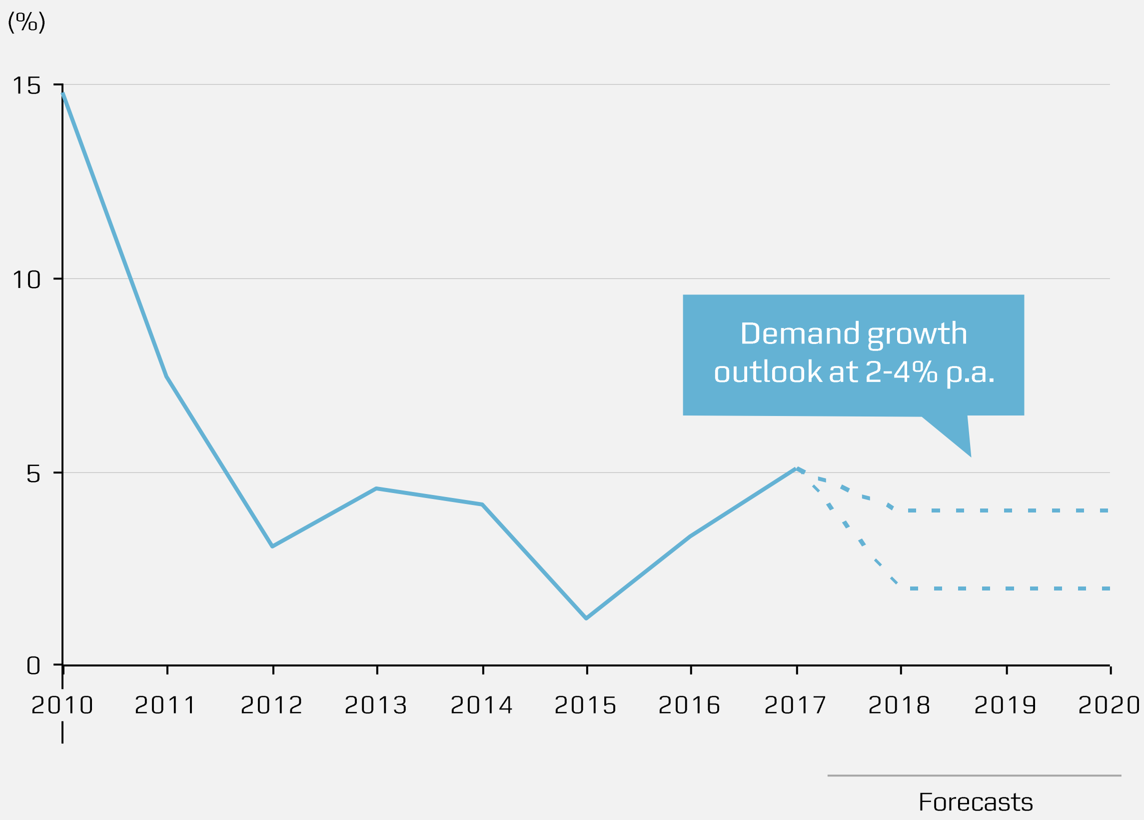
MAERSK

Stable demand outlook driven by broad-based global economic growth

Real GDP growth p.a.



Global container shipping demand growth p.a.

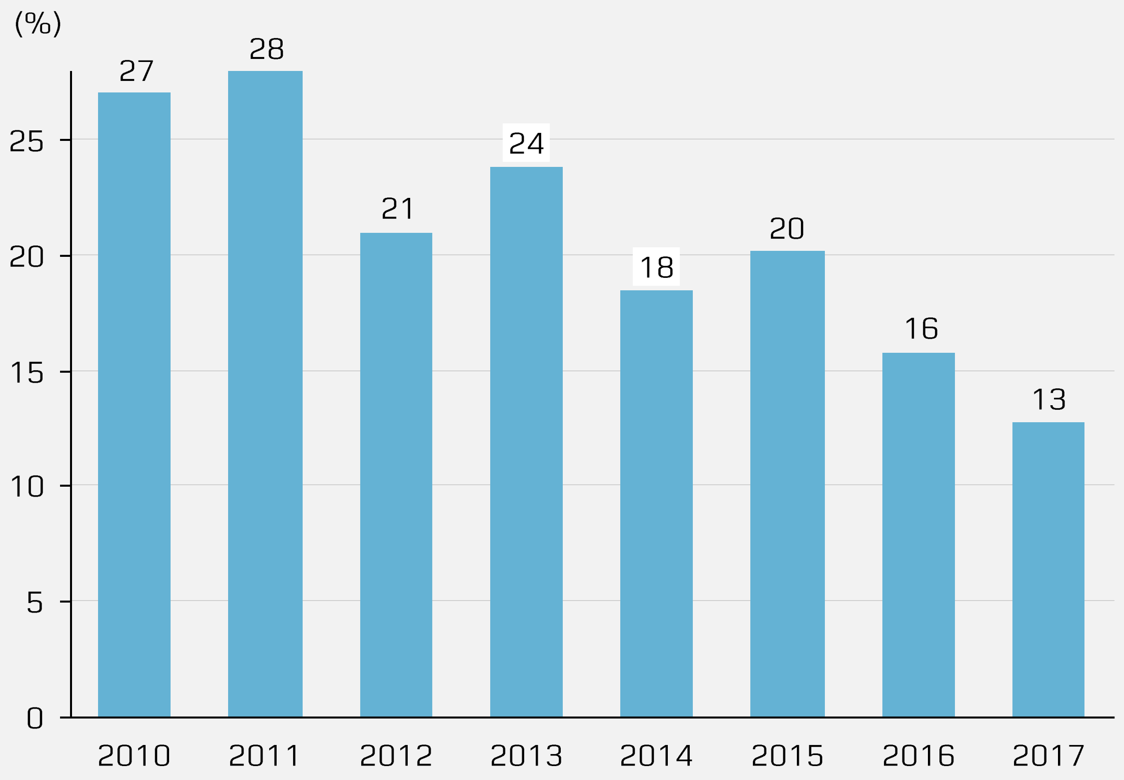


Source: Oxford Economics, Alphaliner, Maersk

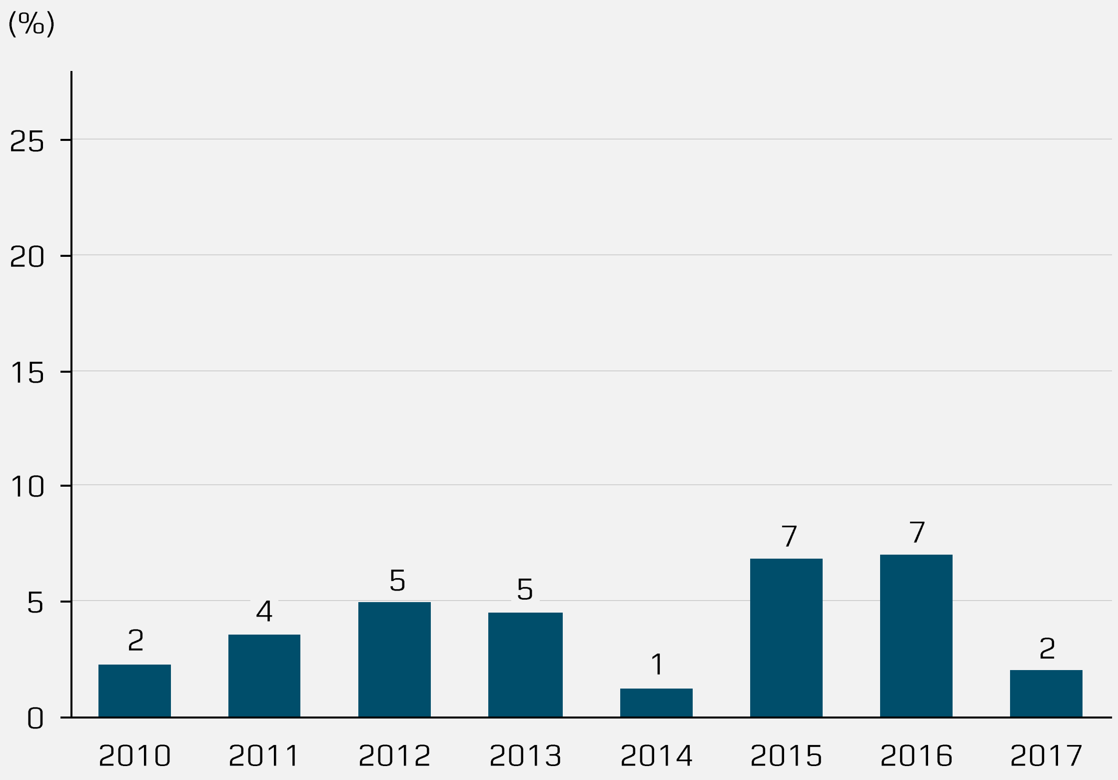
MAERSK

Mid-term supply-side fundamentals are stable with all time low orderbook and low idle fleet in 2017

Global market order book of existing capacity[1]



Global market idle fleet of existing capacity[1]



Note: 1) End of December
Source: Alphaliner

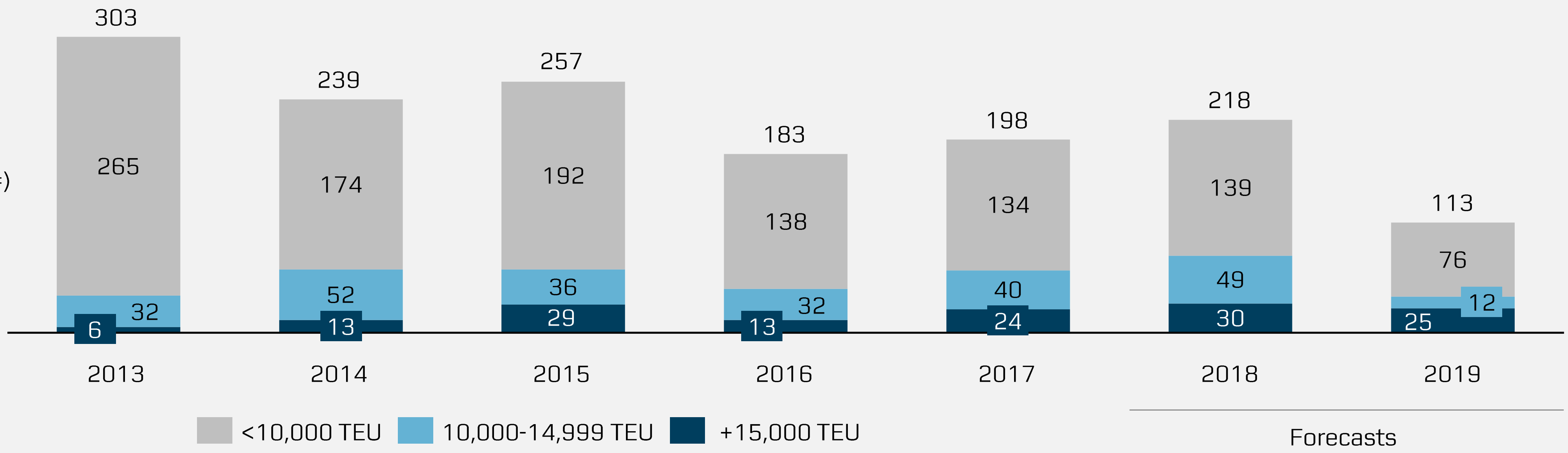
MAERSK

However, short-term supply pressure will most likely persist as a result of new deliveries in 2018

Global market figures

	2013	2014	2015	2016	2017	2018	2019
TEU delivered of existing capacity[1] (%)	8	9	9	5	6	7	4
TEU scrapped of existing capacity[1] (%)	3	2	1	3	2	n/a	n/a

Vessels delivered[2] (#)



Note: 1) Existing capacity at start of period 2) At current orderbook
Source: Alphaliner

MAERSK

Maersk: The global integrator of container logistics

MAERSK

Global integrator of container logistics
– connecting and simplifying
our customers' supply chains

Simple end-to-end offering
of products and services

Seamless customer engagement

Superior delivery network end-to-end

Source: Maersk

We have announced viable structural solutions for two of our Energy Businesses

MAERSK OIL

Total S.A. as new **long-term owner** of Maersk Oil

Strong combination of Total S.A. and Maersk Oil in the North Sea

Attractive valuation as well as continuation of assets and presence in Denmark

MAERSK TANKERS

APM Holding as new **long-term owner** of Maersk Tankers

Focus and commitment of APM Holding to build on **strong name and position**

Market upside provision if product tanker market rebounds significantly

Source: Maersk

Other announced separation solutions

	Dansk Supermarked	EDG
Date of transaction disclosure	7 November 2017	18 December 2017
Transaction description	Sale of the remaining 19% shares in Dansk Supermarked Group to Salling Companies	Sale of 50% shareholding in Egyptian Drilling Company to Egyptian General Petroleum Corporation (EGPC)
Equity value	USD 0.9bn	USD 0.1bn

Source: Maersk

Structural solutions for remaining businesses to be defined before the end of 2018

	MAERSK DRILLING	MAERSK SUPPLY SERVICE
Classification	Moved to assets held for sale (Q3 2017)	Moved to assets held for sale (Q4 2017)
Analyst consensus valuation (January 2018)	USD 4.7bn	USD 0.6bn
Market strategy	Optimising performance and efficiency through data-enabled rigs and innovative business models, reducing customers' time to oil production	Solving customers' challenges by offering safe and efficient offshore solutions – bringing vessels, project management and engineering capabilities
Structural solutions currently investigated	JV, demerger, listing, trade sale	JV, demerger, listing, trade sale
Structural solutions expected to be defined	Before end 2018	Before end 2018

Source: Maersk

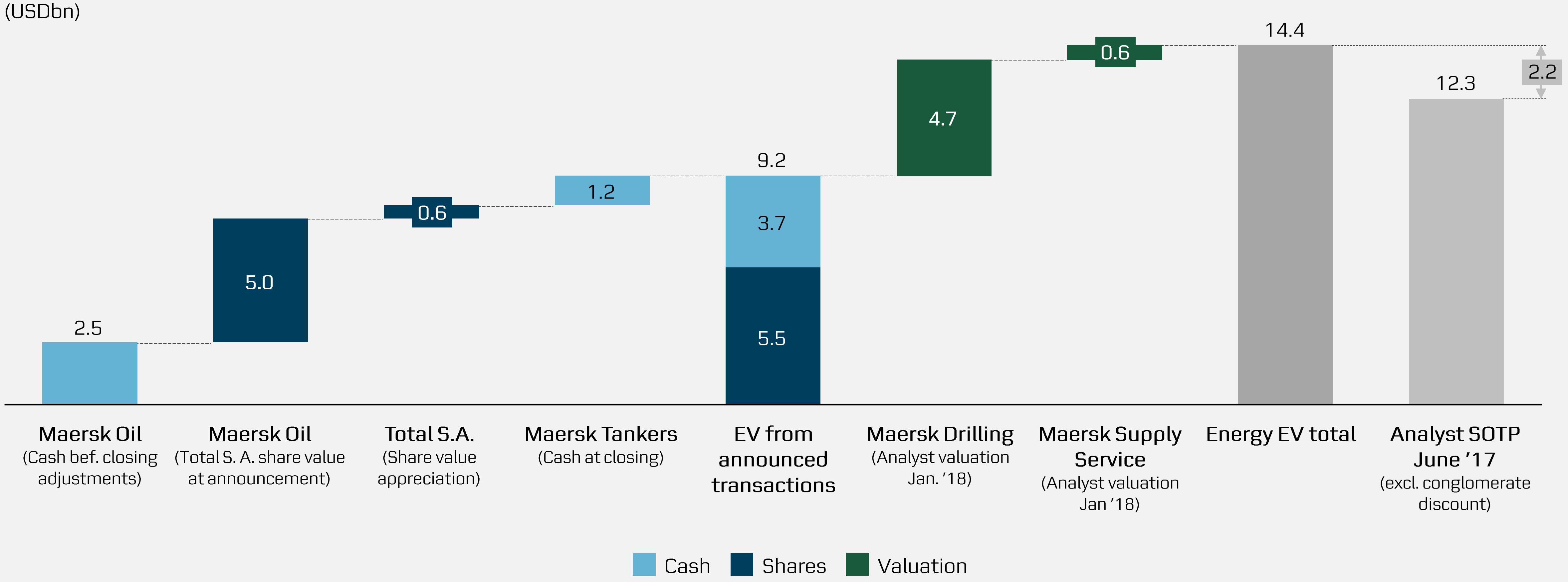
So far, we have realised substantial value of USD 9.2bn from the announced transactions, while exceeding analyst consensus

	MAERSK OIL	MAERSK TANKERS
Consensus EV June 2017	USD 6.3bn	USD 1.4bn
Date of transaction disclosure	21 August 2017	20 September 2017
Transaction EV	USD 7.5bn	USD 1.2bn
Current value of transaction per 20 February 2018	USD 8.0bn[1]	Additional market upside provision of up to USD 0.2bn

Note: 1) as per 14 February 2018
Source: Maersk

MAERSK

Aiming for higher than expected Energy proceeds



Note: Analyst SOTP valuation excluding Maersk Supply Service.
Source: Maersk

MAERSK

Maersk: The global integrator of container logistics

MAERSK

Global integrator of container logistics
– connecting and simplifying
our customers' supply chains

Simple end-to-end offering
of products and services

Seamless customer engagement

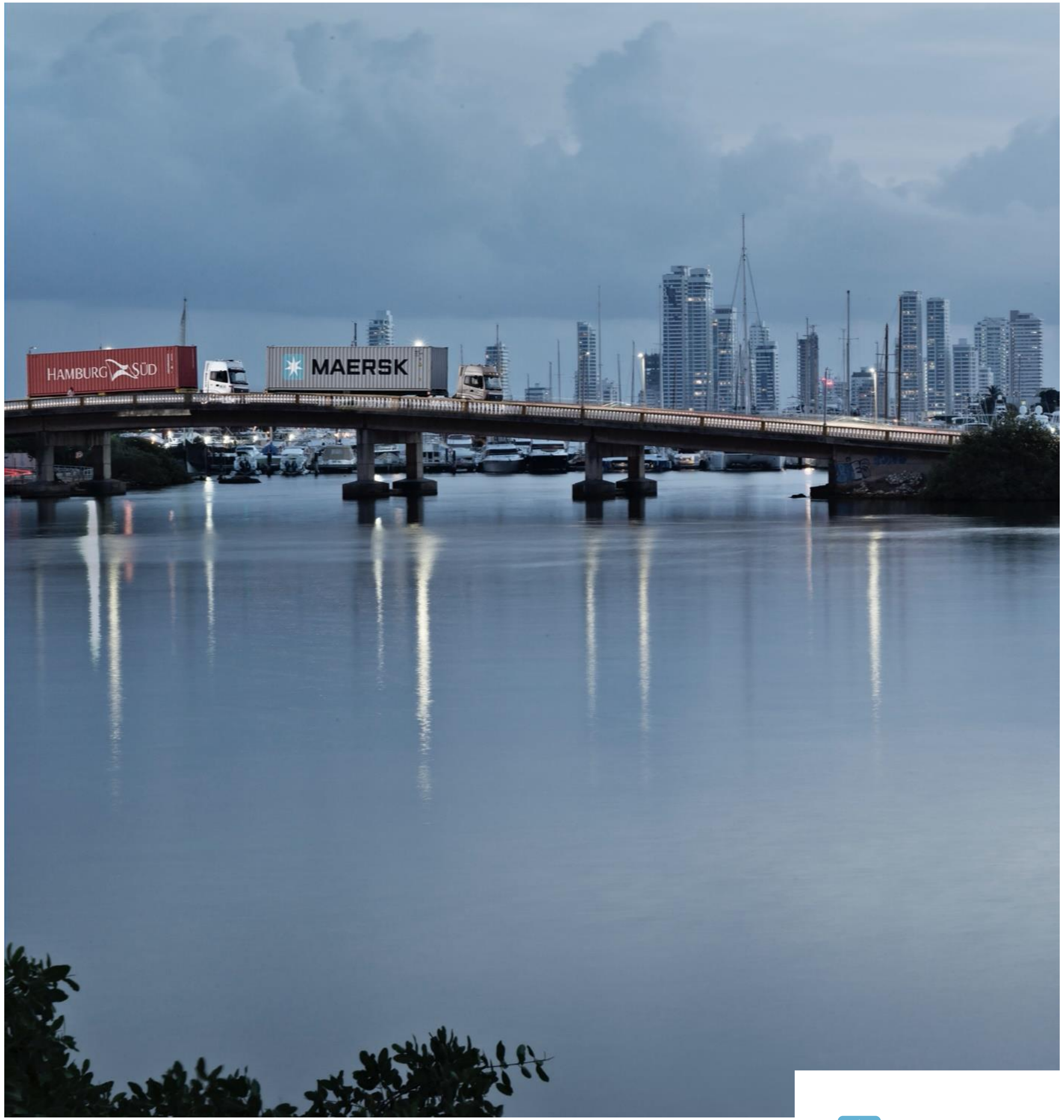
Superior delivery network end-to-end

Source: Maersk

Hamburg Süd

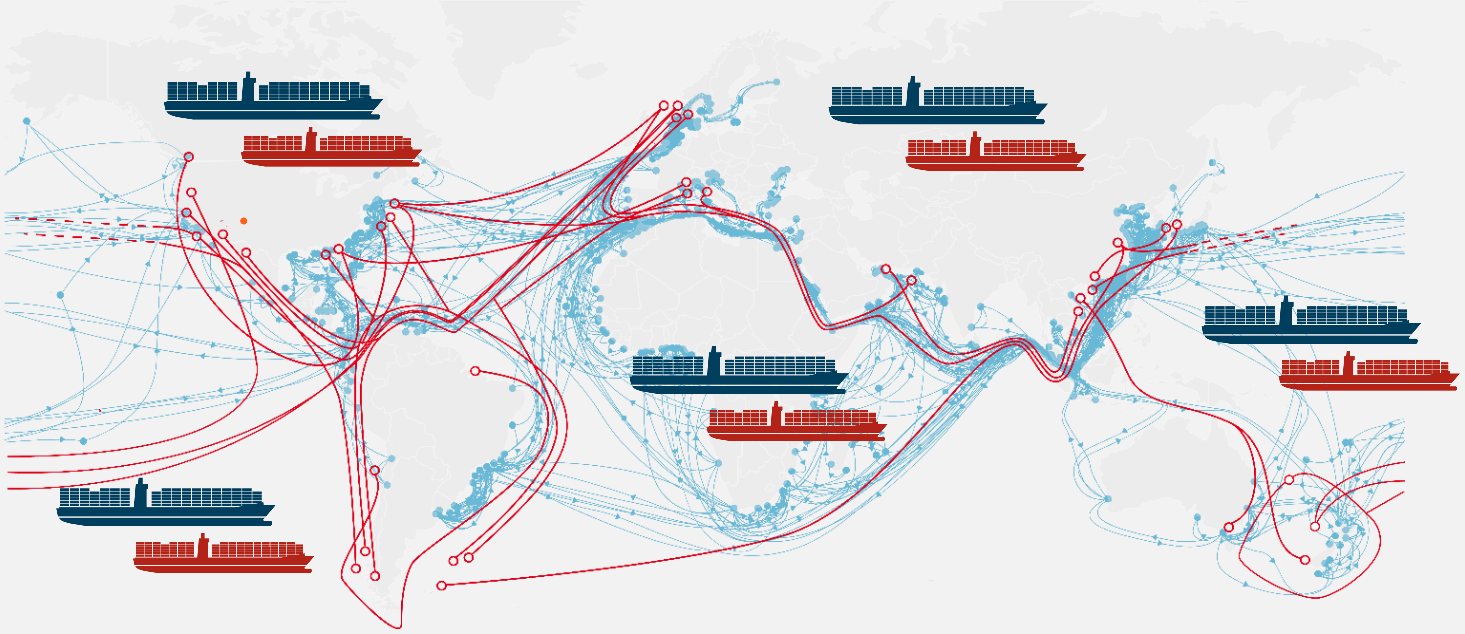
Søren Toft
Chief Operating Officer

Arnt Vespermann
Chief Executive Officer
Hamburg Süd



Hamburg Süd is a strong company with extensive presence in Latin America & Oceania

Hamburg Süd at a glance



116 container vessels
52 owned container vessels
64 chartered container vessels
55 chartered bulkers & tankers

583,000 containers
(dry and reefer)

6,300 employees globally
~¾ ashore
~¼ at sea

Customer centric
culture

+100 years of experience

Note: 2017 figures
Source: Maersk

MAERSK

Hamburg Süd has great experience generating growth through acquisitions

1956
Deutsche Levante Linie

1967
Atlas Levante Linie (ALL)

1986
Deutsche Nah-Ost Linien **(DNOL)**

1989
Ybarra y Cía. Sudamérica S.A. (Ybarra Sud), **50%** stake

1990
- **Furness Withy** Group
- Laser Lines
- **Rotterdam-Zuid Amerika Lijn**
- **Havenlijn**

1998
- **Aliança** Navegação e Logística
- **South Seas Steamship**

1999
- **South Pacific Container Lines**
- **Transroll** (Europe-South America East Cost)

2000
Inter-America services of **Crowley American Transport**

2003
- **Ellerman services** (Mediterranean, India/Pakistan)
- **Kien Hung** (Asia-South America liner services)

2005
Ybarra Sud (**100%** acquisition)

2006
Far Eastern Shipping Company **(FESCO)** (cross-trade activities Australia/New Zealand – Asia and North America)

2007
Liner Services of **Costa Container Lines** (Mediterranean, South America East and North Coast, Central America, the Caribbean)

2015
Liner services of Compañía Chilena de Navigación Interoceánica S.A. **(CCNI)** incl. agency services of Agunsa Agencias Universales S.A.

Source: Maersk

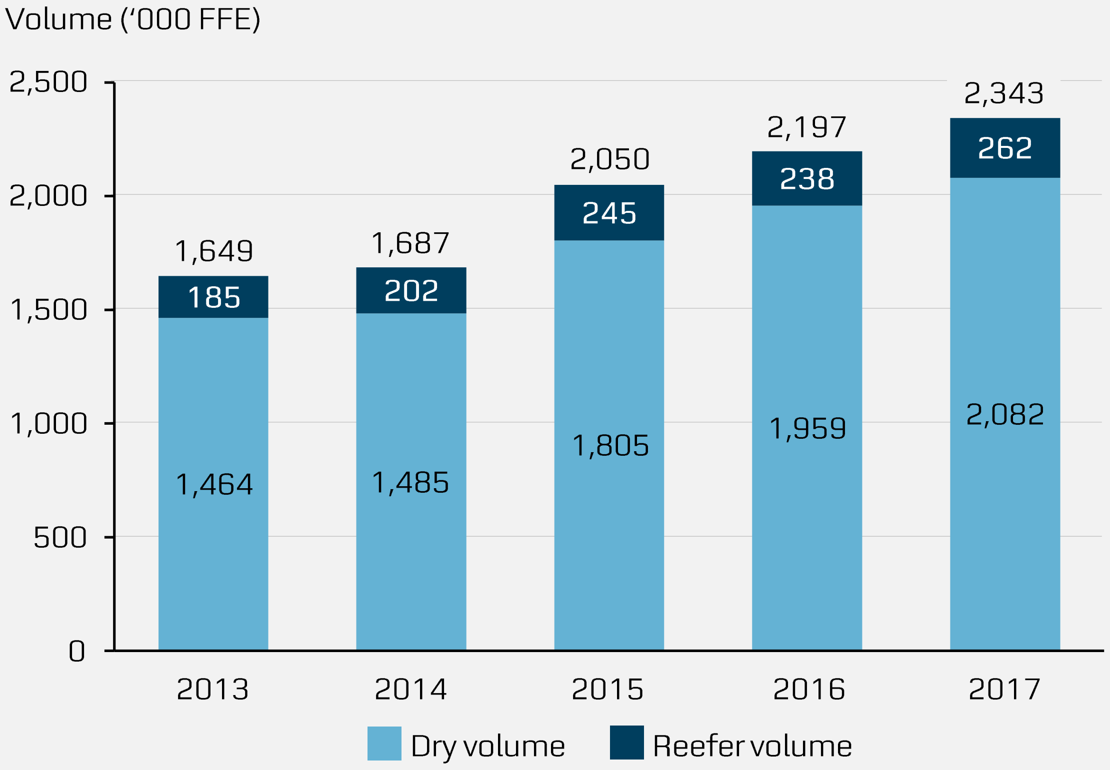
MAERSK

Hamburg Süd has historically delivered strong results

Hamburg Süd PnL[1] excl. tramp business (USDm)

	2013	2014	2015	2016	2017
Revenue	5,509	5,365	5,408	5,021	5,416
EBITDA	**734**	**589**	**493**	**361**	**554**
EBIT	**455**	**279**	**49**	**-84**	**80**
EBIT-margin	*8.3%*	*5.2%*	*0.9%*	*-1.7%*	*1.5%*
NOPAT	408	238	2	-117	51
Underlying NOPAT	**408**	**238**	**2**	**-117**	**85**
Investment cash flow	-602	-337	-603	-60	-262
Revenue per FFE (USD)	3,339	3,180	2,638	2,285	2,312

Volume split in dry and reefer

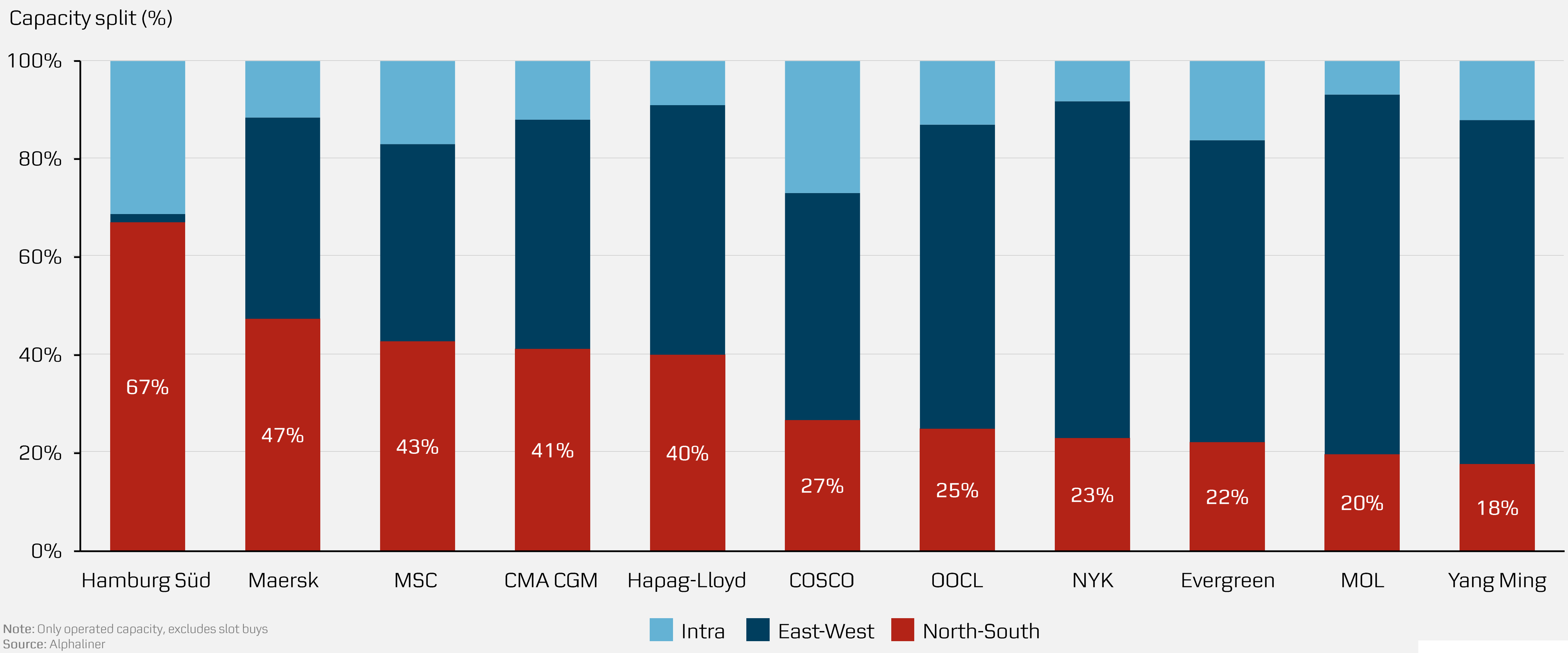


Note: (1) The presented pro forma figures for Hamburg Süd are based on unaudited internal management accounts, adjusted for translation of prior German GAAP accounting figures to IFRS for the most material areas. Due to impracticalities, revenue recognition and functional currency are not fully conformed and given the inherent uncertainty relating to the estimates and assumptions applied, the presented pro forma figures will not necessarily equate to the actual figures had they been prepared fully in accordance with the accounting policies of Maersk Line. Further, 2017 financials include impact from purchase price allocation as if the transaction had been completed on 1 January 2017, hence not directly comparable to 2013-2016. Average revenue is a simple average (total revenue/total volume), and hence it is not the average freight rate. All financials exclude tramp business

Source: Maersk

MAERSK

Hamburg Süd is by far the most North-South focused carrier

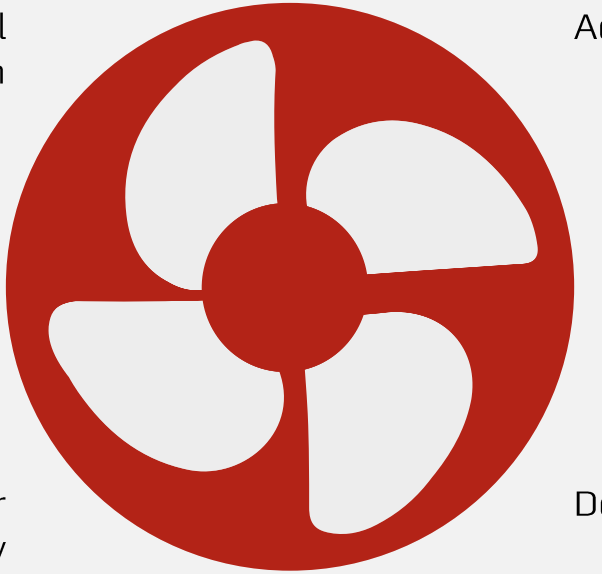


Note: Only operated capacity, excludes slot buys
Source: Alphaliner

MAERSK

Hamburg Süd's strong value proposition to become even stronger

Hamburg Süd's way of doing business



Benefits to Hamburg Süd customers following acquisition

- Greater global coverage
- More frequent sailings
- Lower transit times
- Maersk digital platforms and products

Source: Maersk

We will maintain Hamburg Süd as a strong separate brand

Headquarter remains in Hamburg

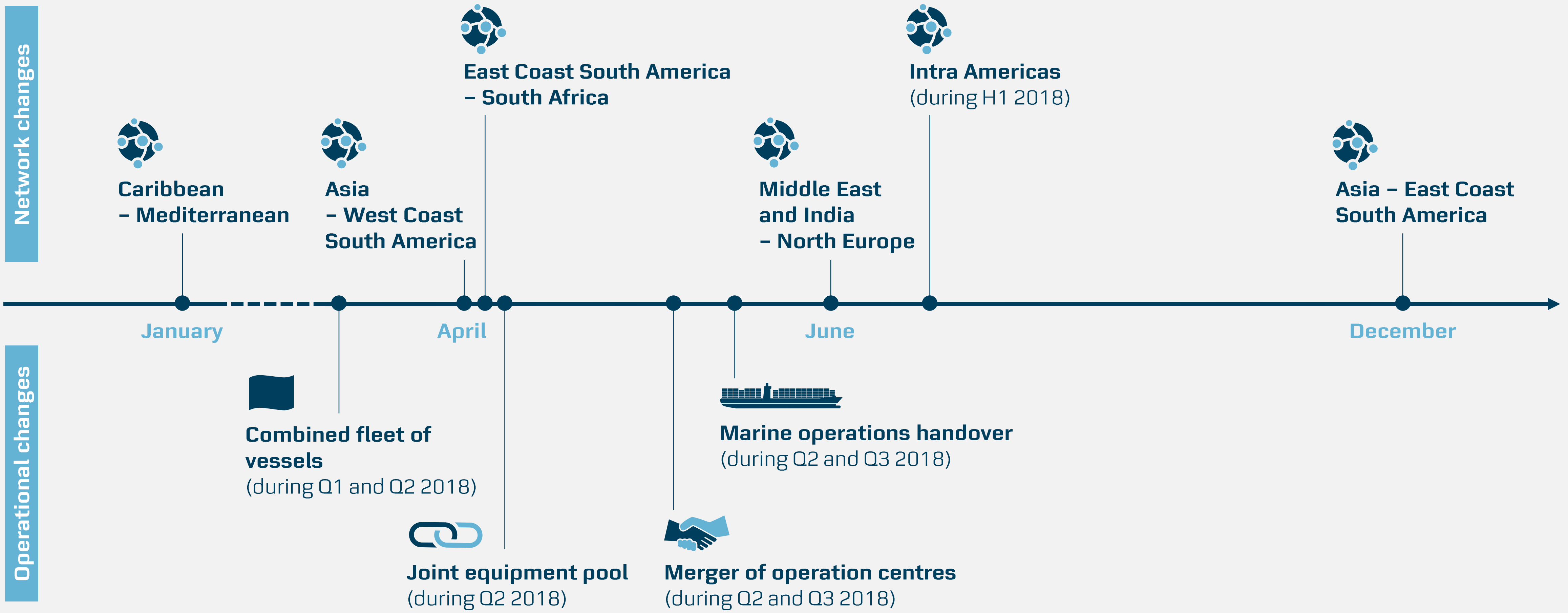
Separate brand maintained

Joint network

Source: Maersk

MAERSK

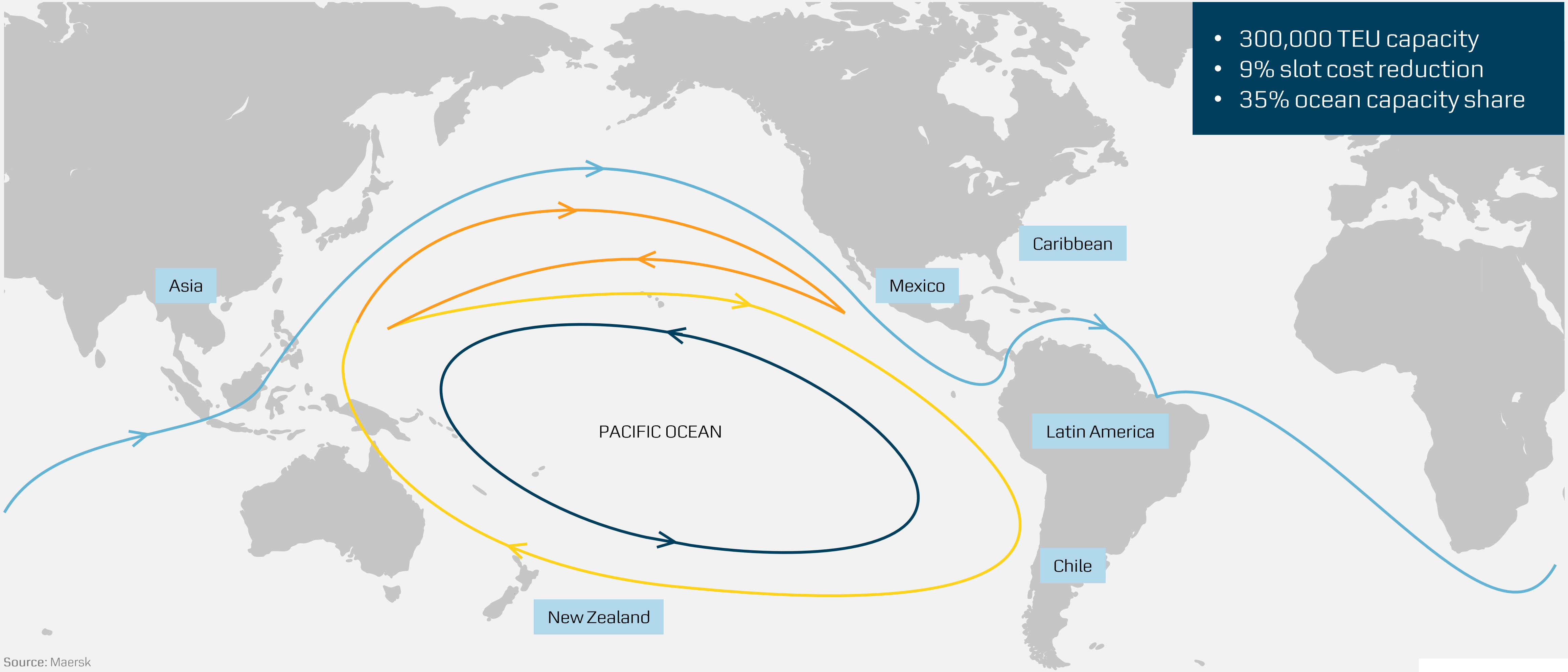
Several changes in 2018 driving customer benefits and synergies



Note: Timeline is subject to change
Source: Maersk

MAERSK

Our Asia to Latin America network to become unrivalled



- 300,000 TEU capacity
- 9% slot cost reduction
- 35% ocean capacity share

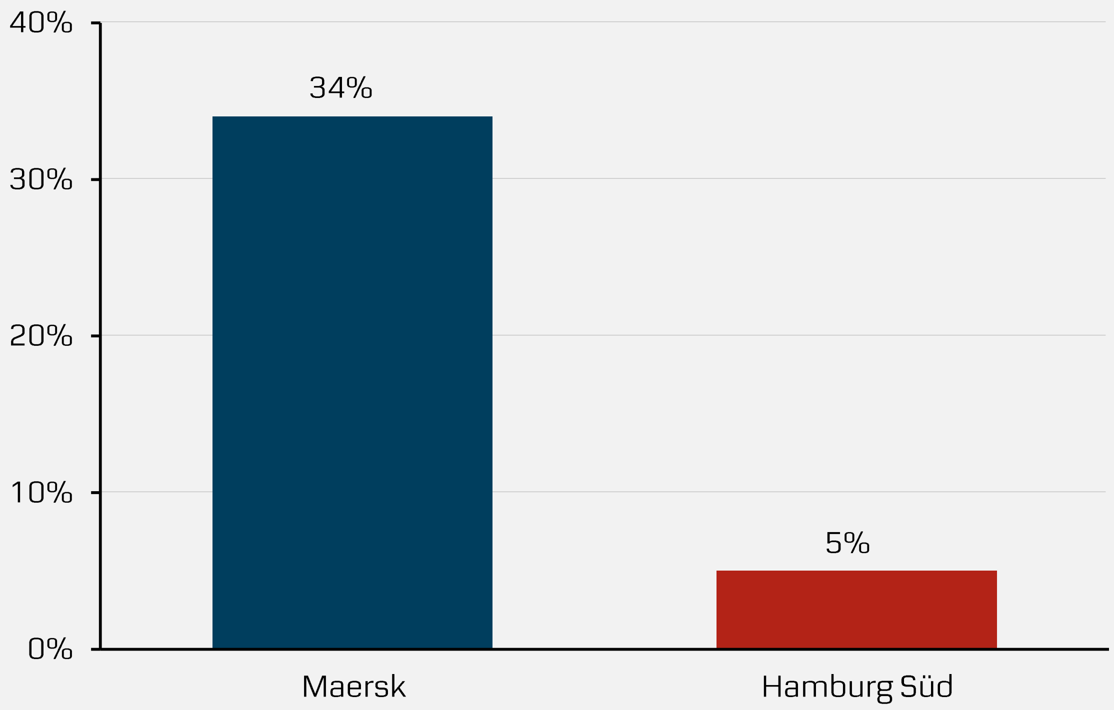
Source: Maersk

MAERSK

The merger will provide volume for APM Terminals

Potential to increase Hamburg Süd volumes in APM Terminals (2017)

Share of volume with APM Terminal (%)



Note: Share of own volume moved with APM Terminals based on non-equity weighted number of moves
Source: Maersk

Example: Lazaro

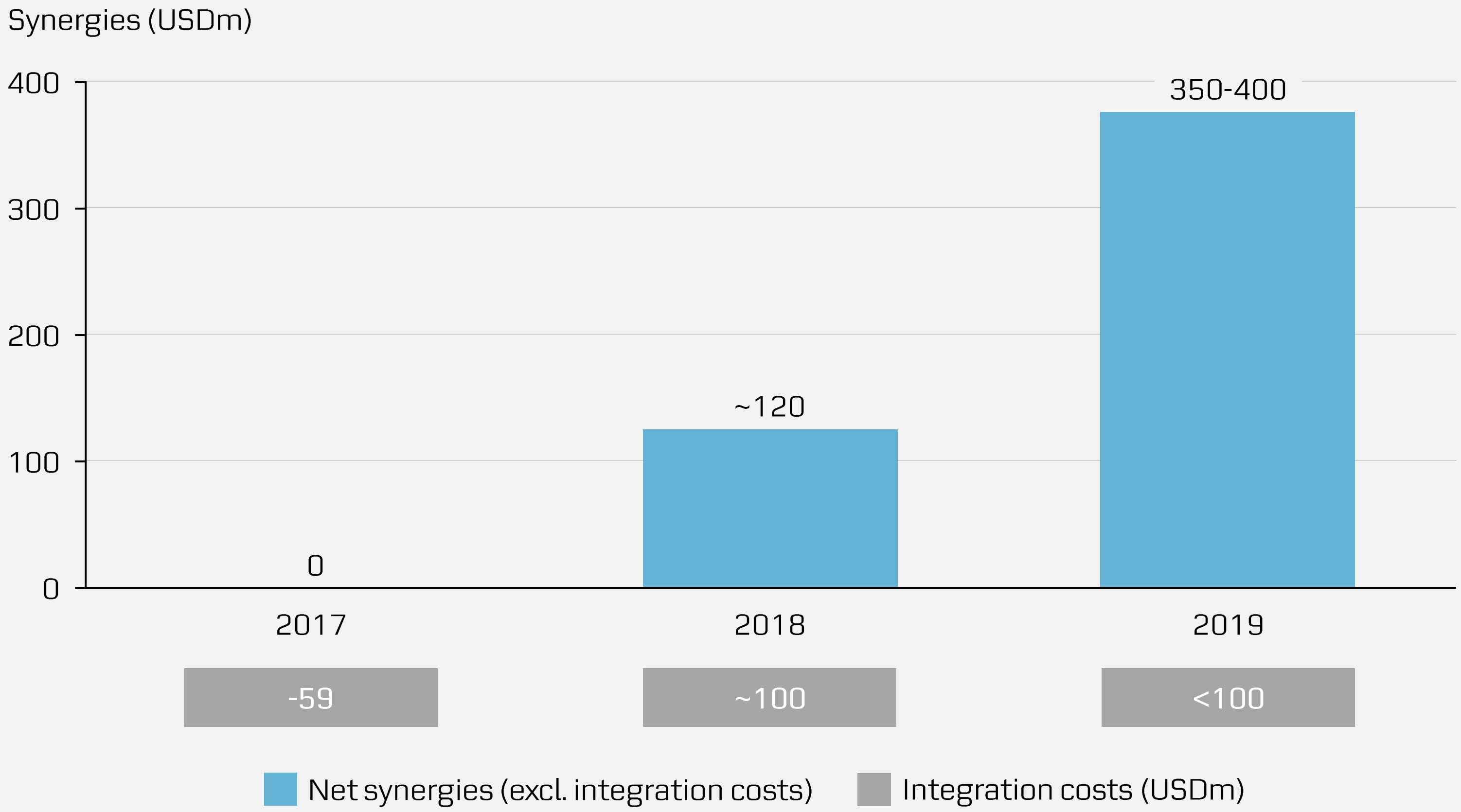
Moving Hamburg Süd volume from 3rd party to **APM Terminals** in Lazaro

Provides **105,000** TEU incremental throughput annually

Increases **terminal utilisation**

MAERSK

We expect synergies of USD 350-400m by 2019



- Network
- OPEX savings
- Terminal volumes
- MCI & Svitzer synergies
- Overhead reductions
- Customer retention

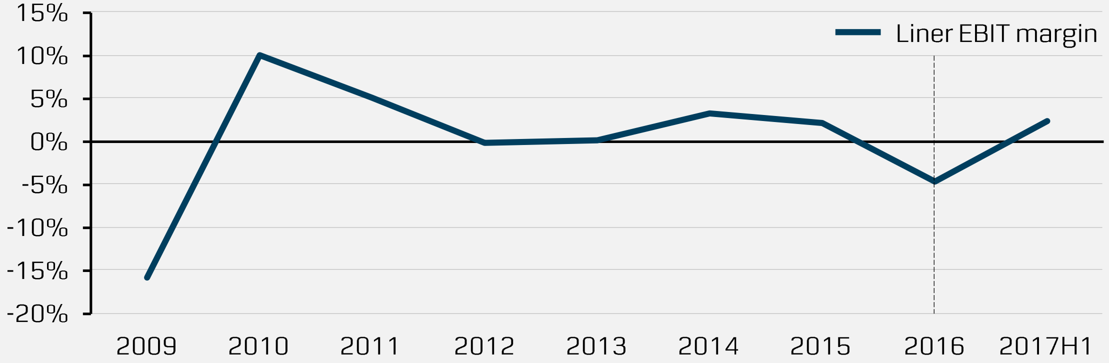
Source: Maersk

MAERSK

A well-timed acquisition

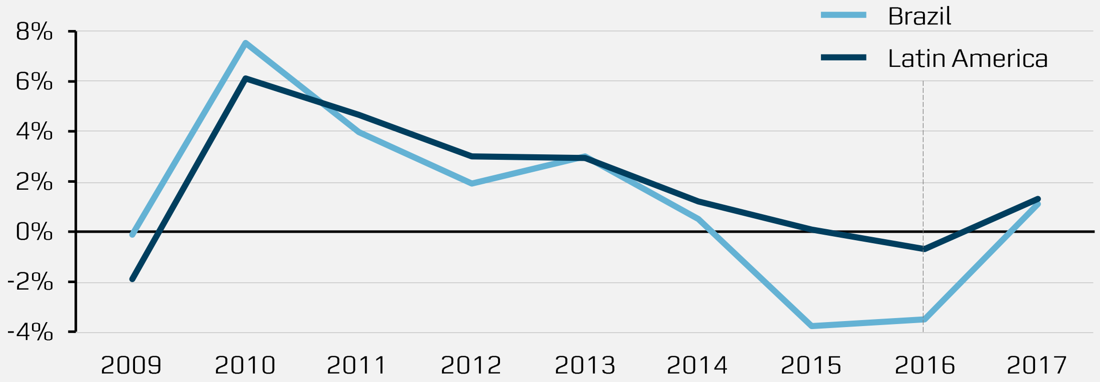
The bottom of the liner cycle

EBIT margin (%)



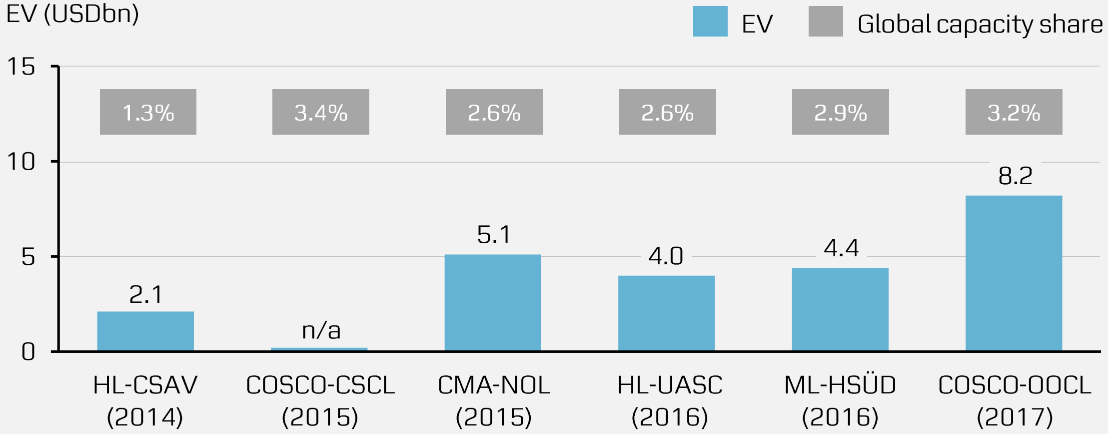
The bottom of the Latin America GDP growth cycle

GDP growth (%)



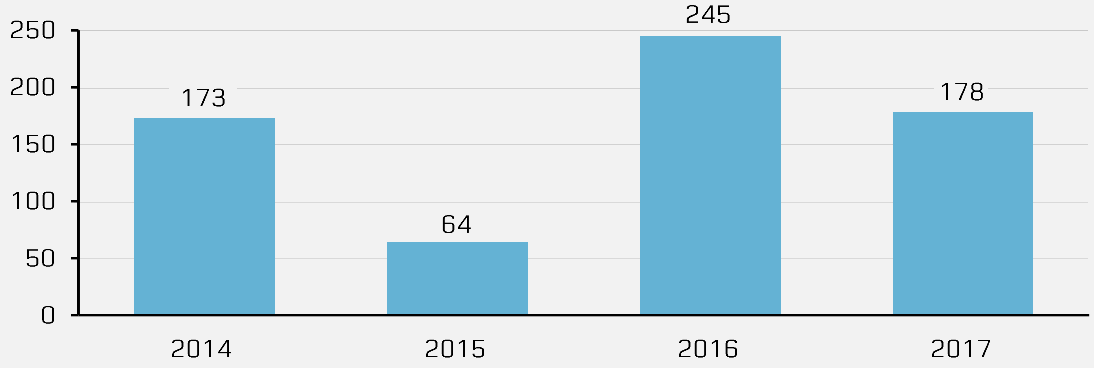
A good time in the consolidation wave

EV (USDbn)



Hamburg Süd being cash generating as standalone

FCF container segment only (USDm)



Note: Global capacity share of target company based on deployed capacity at the time of the merger/acquisition announcement
Source: Maersk, IMF, Alphaliner, company reports

MAERSK

Customer centricity

Vincent Clerc
Chief Commercial Officer

MAERSK

Supply chain seen from a Kenyan flower exporter

1. Farm fills out Phytosanitary Certificate
2. Freight forwarder fills the Certificate of Origin
3. Mombasa port authorities to approve
4. Documents back to Nairobi for archival
5. Documents airfreighted to European freight forwarder
6. Consulting company to prepare and package docs
7. Courier transports documents to Antwerp port
8. If documents ok, truck driver picks up the container
9. Dutch customs control documents and inspects cargo
10. Documents in order? –> Container released

+200 documents

+20 parties

Separate cargo and paper flow

Timely and costly

Risk of delays

Source: Maersk

MAERSK

Currently, complexity only increases with scale

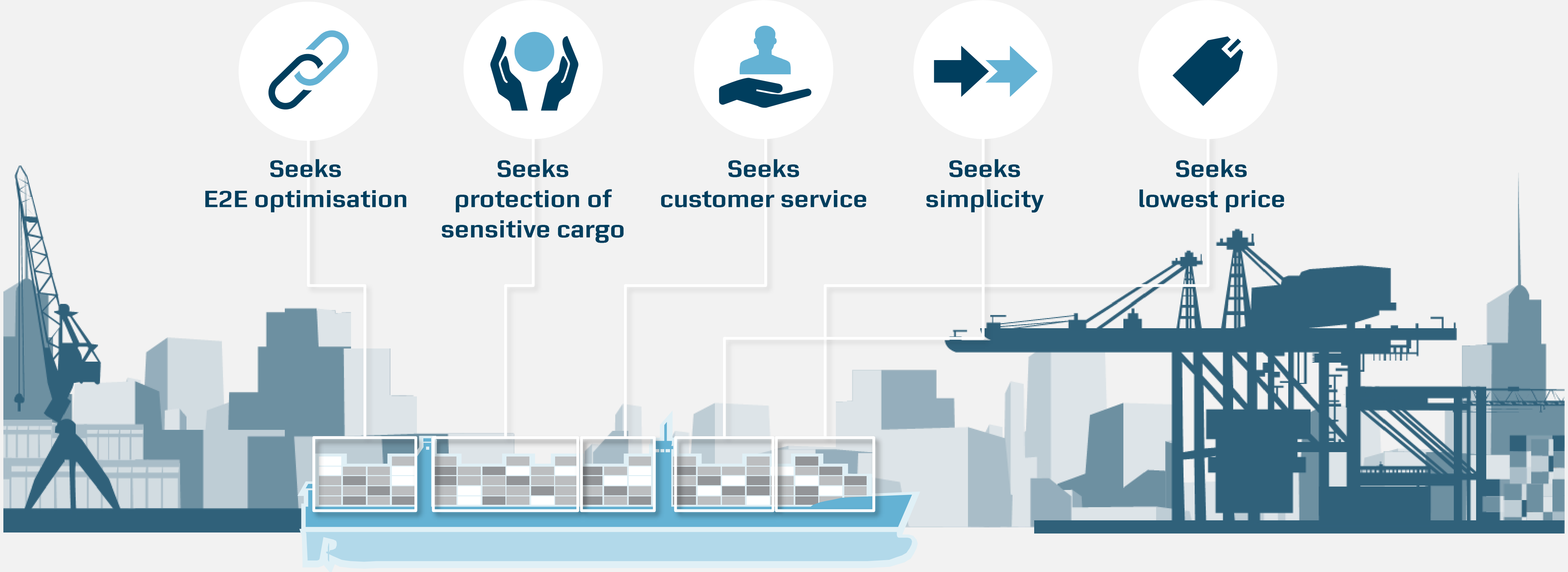
Large retailer

+2,000 sales points	30 regional warehouses	70 external vendors	+80,000 purchase orders	12 ocean carriers	43 days of inventory	Sourcing from +30 countries

Source: Maersk

MAERSK

Customers choose to deal with the challenge in five different ways



Source: Maersk

MAERSK

The case for the integrator

From

- Complex
- Manual
- Commoditised
- Shipping
- Product centric
- Fragmented

To

- Simple
- Digitised
- Value creating
- Logistics
- Customer centric
- Integrated

The integrator of container logistics

Coordinated chain of delivery	Digital innovation	Tailor-made solutions	Expand product exposure
Reliability	**New services**	**Integrated offerings**	

Data

Source: Maersk

MAERSK

Multiple initiatives to improve customer experience, some of them for all customers, some of them catering to specific segments

Illustrative examples

Improve customer experience

- my.maerskline.com
- **Twill (twill-logistics.com)**
- **Remote Container Management**
- Customer360

Improve cost and asset productivity

- Spot lanes
- Pit-stop app
- Predictive crane maintenance
- Connected vessel

Develop new revenue sources

- **Global Trade Digitisation JV with IBM**
- Trade Finance
- Cargo insurance

Disclaimer: The establishment of the joint venture remain subject to receipt of regulatory approvals. None of the information provided in this document should be construed in any way as a representation or undertaking with regard to the position to be adopted by Maersk or IBM

Source: Maersk

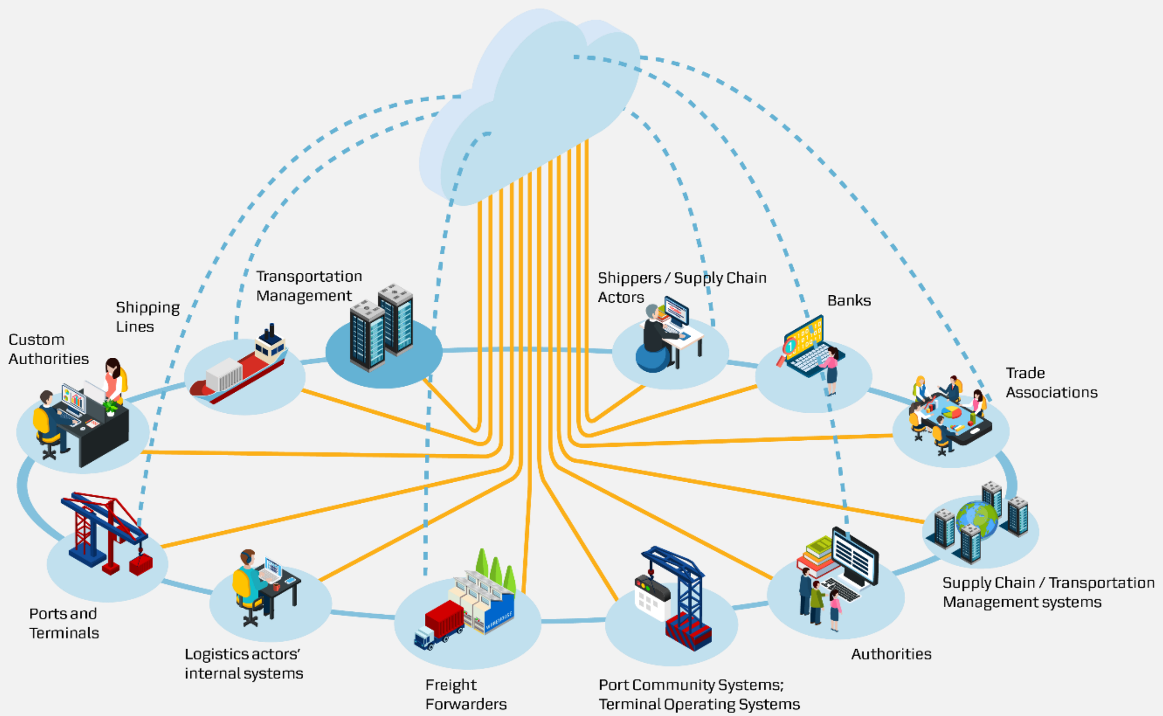
Example 1

Global Trade Digitisation

GTD

MAERSK

A blockchain based ecosystem



Customer benefits

Secure and instant data visibility

Ease of documentation flow

Assurance of document authenticity

Lower administrative expenses

Disclaimer: The establishment of the joint venture remain subject to receipt of regulatory approvals. None of the information provided in this document should be construed in any way as a representation or undertaking with regard to the position to be adopted by Maersk or IBM

Source: Maersk

Example 2

Shipping made simple

How does Twill solve the customers' problems?

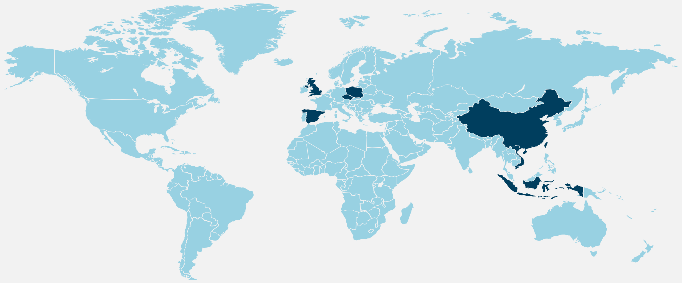
Instant quotation and booking

Milestone transparency

Simplified paperwork

Proactive customer care

Current offering



From China, Taiwan, Hong Kong, Indonesia, Vietnam to U.K., Spain, Poland and Czech Republic

Ocean full containers

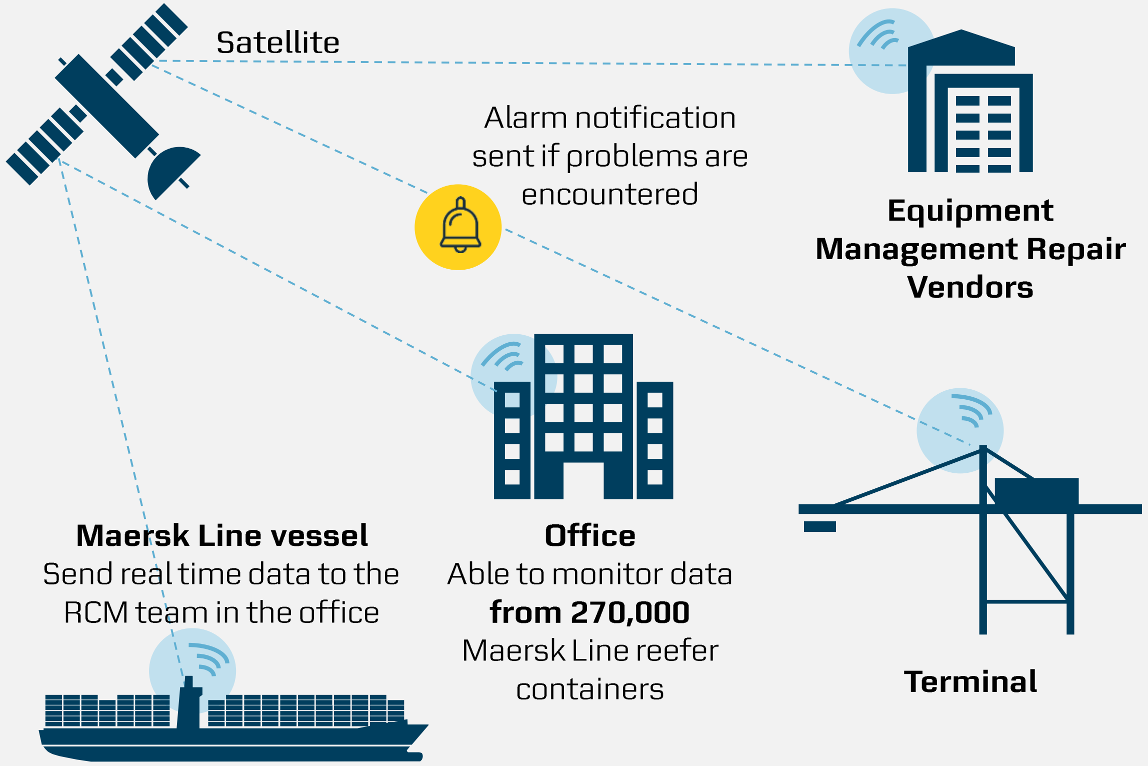
From port of origin to end destination

Source: Maersk

Example 3

Remote container management of reefer containers improves ability to trade perishable goods

RCM in short

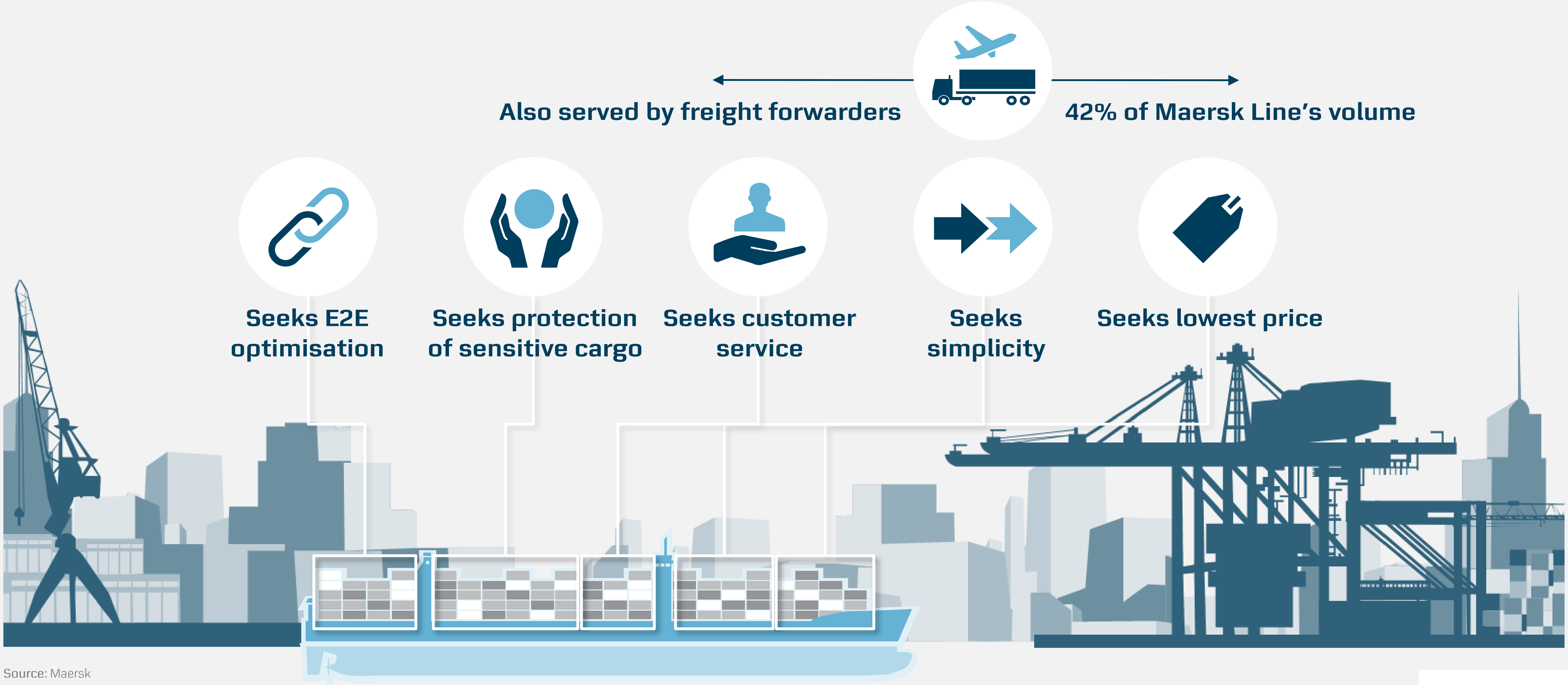


What the customer gets

Source: Maersk

MAERSK

Forwarders serve some of the same customer segments as we do – our offerings supplement each others

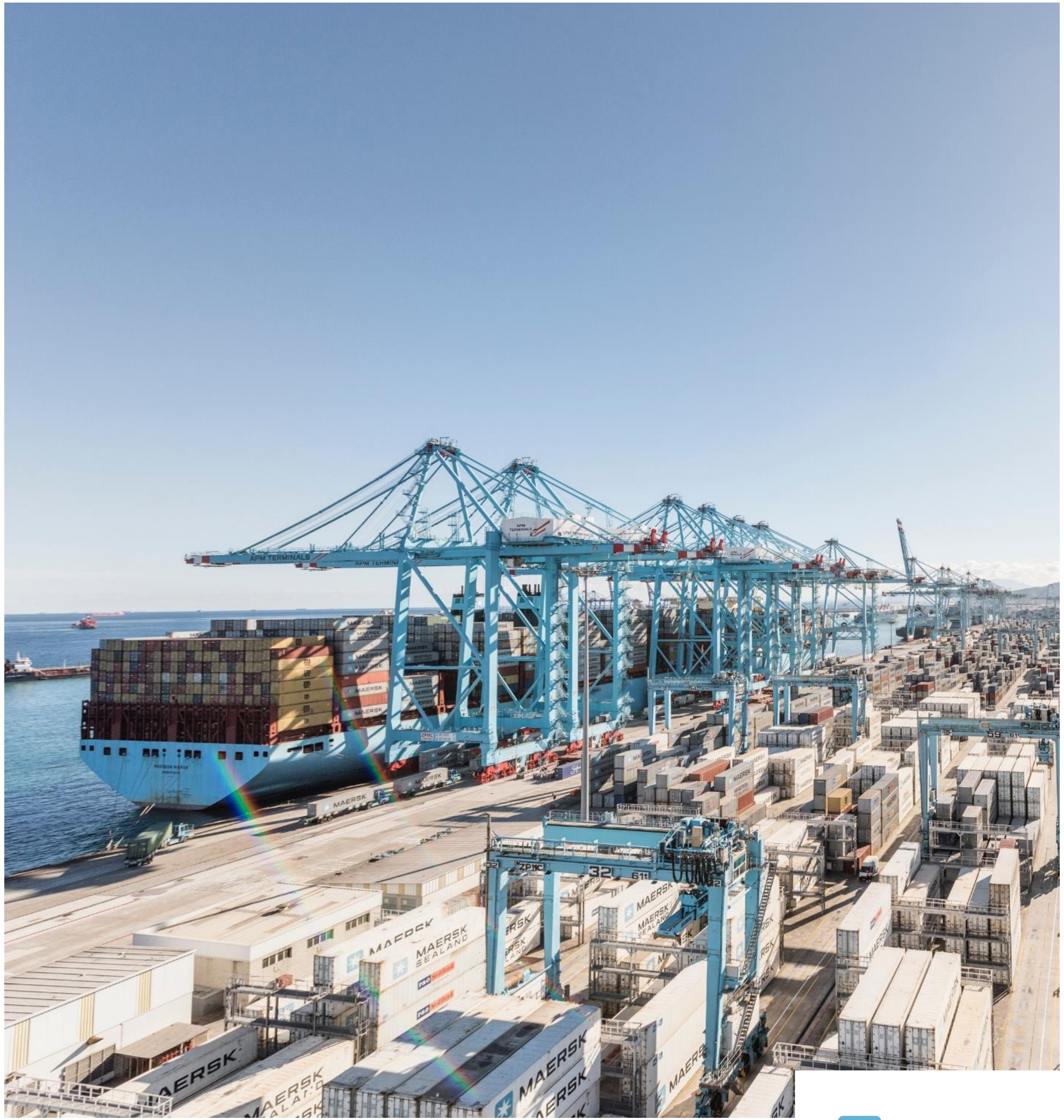


Source: Maersk

Digitisation

Adam Banks
Chief Information Officer

Ibrahim Gokcen
Chief Digital Officer



MAERSK

Why digitisation – removing barriers to global trade

More than **USD 4 trillion** value of goods are shipped each year

Over **80%** of international world trade is transported by sea

By reducing barriers within the international supply chain, global trade could increase by nearly **15%**, boosting economies and creating jobs

Estimated costs to all parties in the supply chain arising from limited visibility and lack of standardisation averages **one-fifth** of the overall cost of goods

Source: "Enabling Trade – Valuing Growth Opportunities", industry report by World Economic Forum. "Trade Cost", research paper by Anderson & Wincoop

Recap of our ambition: We want to help drive the digital transformation of the transport & logistics industry

What we set out to do	What we have done
Transforming our company into the digital leader of container logistics	Integrated technology across all brands
Building the required capabilities	Partnered up with world class players to work alongside our own teams
Improving online experience	My.maerskline.com improved & launched mobile apps
Building a portfolio of digital products	Launched Twill, GTD, and other digital solutions

Source: Maersk

MAERSK

Digital businesses face new types of threats

Impact of cyber attack

49,000
Laptops infected

2,200
Applications were inaccessible or destroyed

File shares
Unavailable

Seizing the opportunity

Global Windows 10 roll-out in three weeks, implementing legacy server replacement programme

Highly-standardised modern estate, leading to 70% less downtime

Moving to cyber-security as competitive advantage

Source: Maersk

MAERSK

We are driving the transformation internally and together with world-class technology partners and have invested in excess of USD100m since 2016[1]

We are investing in building internal delivery and operations capabilities...

Digital centres of excellence
Including UX design, Agile transformation, Data Science and Machine Learning and technology startups

DevOps
Ability to provision development environments in seconds (down from weeks)

Test factory
Infrastructure enabling automated testing to rapidly reduce development lead-time

Operations command center
High availability infrastructure achieved through real-time monitoring of server status and health

...as well as partnering with world-class technology partners

Microsoft

IBM

Note: By increasing IT OPEX spent from USD ~800m in 2016 to over 900m USD in 2017
Source: Maersk

MAERSK

Our pipeline includes a broad selection of digital initiatives

	Improve customer experience	Improve cost and asset productivity	Develop new revenue sources
Examples	• **my.maerskline.com** • Twill (twill-logistics.com) • Remote Container Management • **Customer360**	• Spotlanes • **Pit stop app** • **Predictive crane maintenance** • Connected vessel	• **Global Trade Digitisation JV with IBM** • Trade Finance • Cargo insurance

Disclaimer: The establishment of the joint venture remain subject to receipt of regulatory approvals. None of the information provided in this document should be construed in any way as a representation or undertaking with regard to the position to be adopted by Maersk or IBM
Source: Maersk

Example 1

A better customer experience on my.maerskline.com

What's new

Simplified quoting

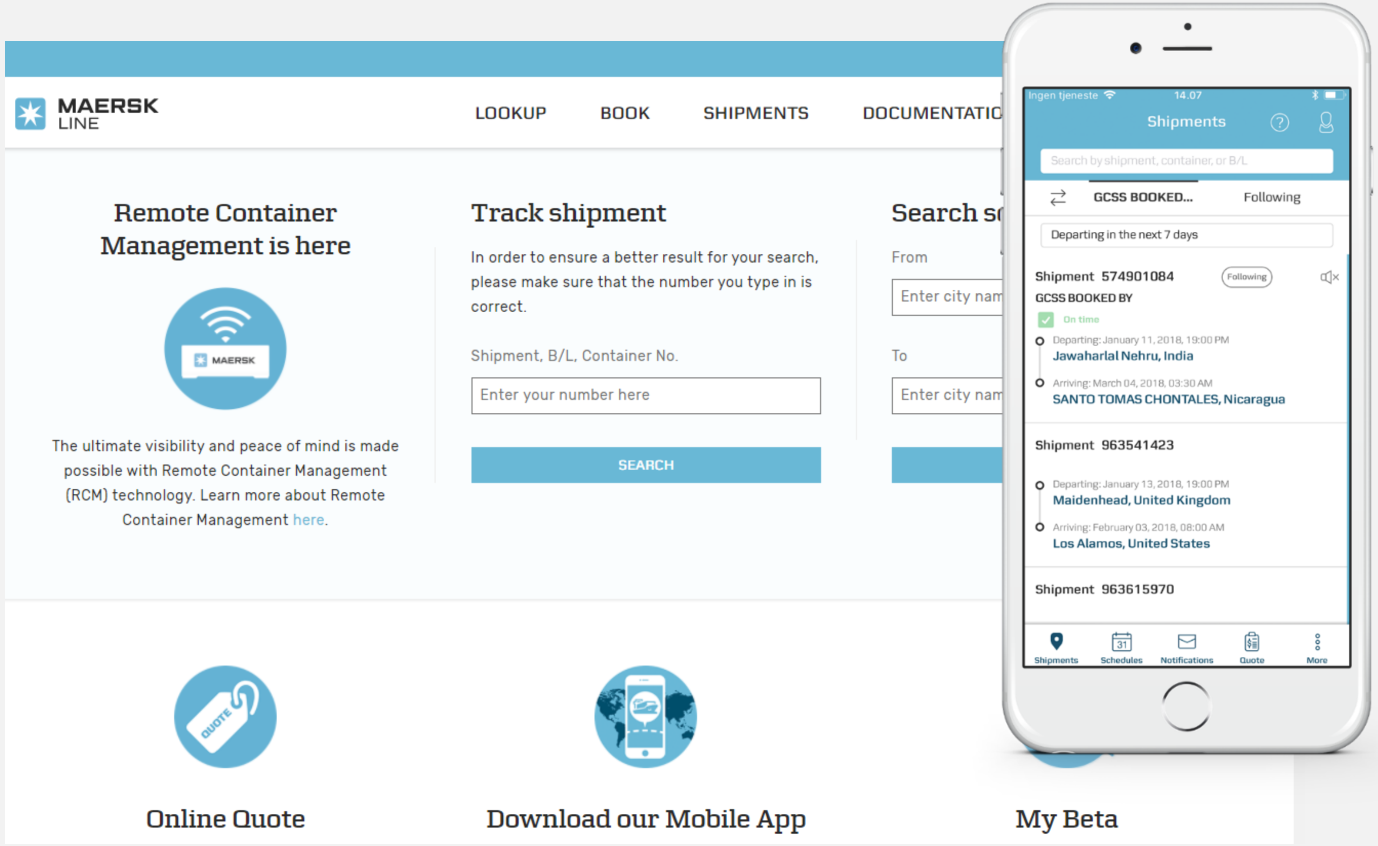
Ability to request a quote online and receive it in as little as 15 minutes

More integrated sales flow for value adding services

Ability to buy Customs Clearance while booking online

Improved transparency

Providing customers with proactive notifications of shipping events



Source: Maersk

MAERSK

Example 2

Reducing waste during port calls through real-time ship-to-shore information sharing

MAERSK
Microsoft

Pit stop

Benefits

A game-changer in port planning

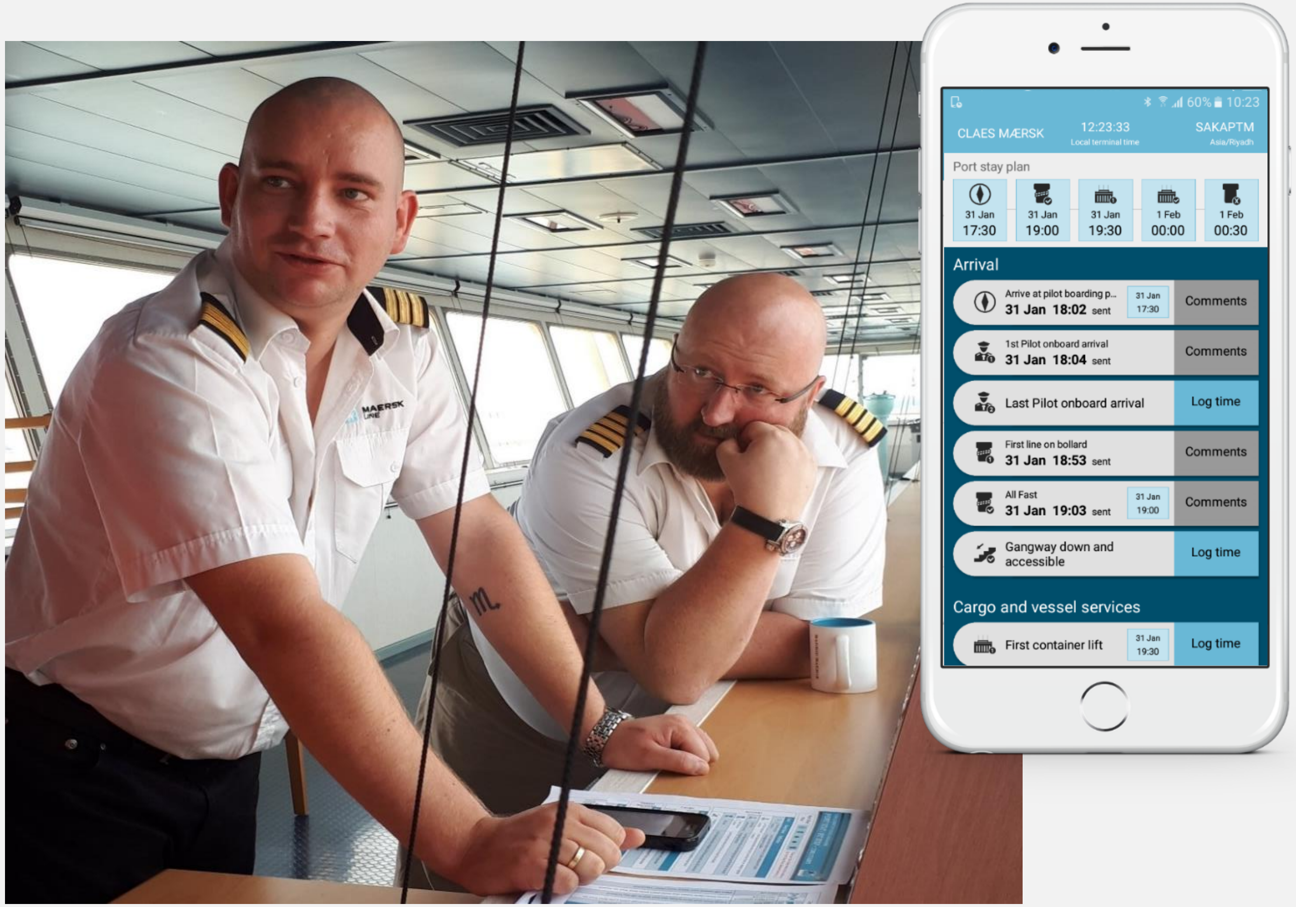
Real-time information sharing takes port planning to new levels of efficiency

Real-time situational awareness

Standardise and digitise port stay planning, execution, and follow-up

Removes operational waste

Reduces waste in port stays, reduces bunker consumption through better ETA communication and improves terminal utilisation



Source: Maersk

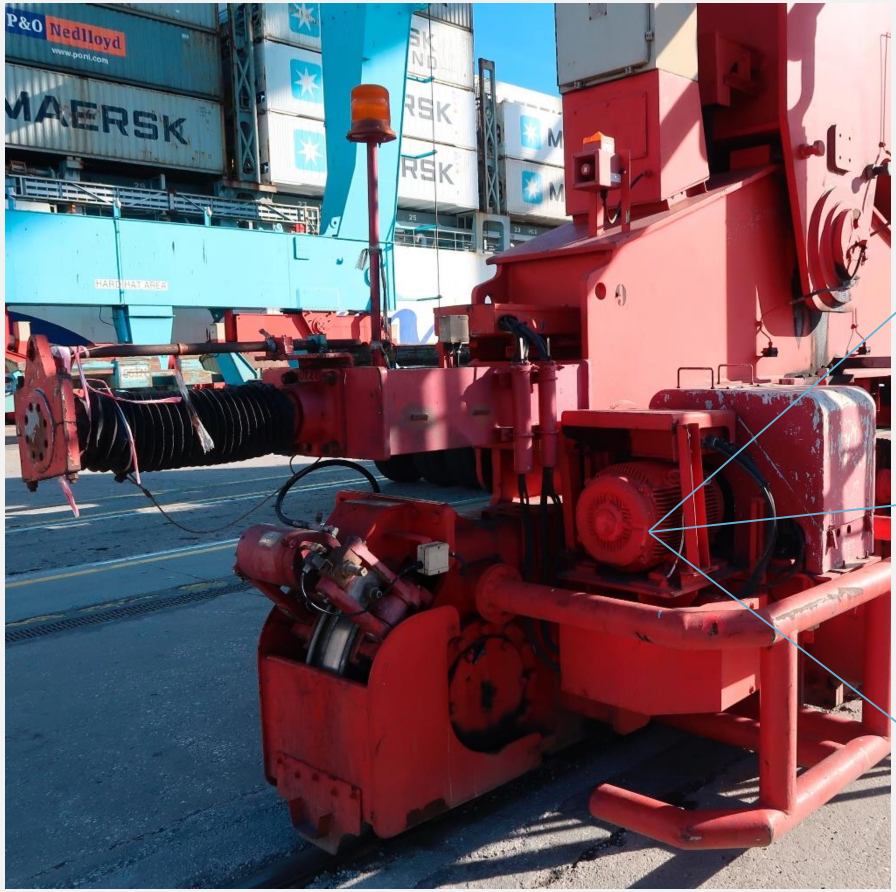
Example 3

Improving terminal crane performance through smarter use of data

MAERSK

Microsoft

PCM



Asset component sending data to data lake

Algorithm monitoring health of component and identifying vulnerabilities

Sending notifications with details of expected failure if need for maintenance

Benefits

Improved service delivery (uptime)
Reducing amount of unexpected breakdowns the service reliability will improve

Better predictive maintenance resulting in lower CAPEX
By aligning maintenance and component replacement to exact need

Increased productivity
Through better visibility and tracking of asset performance

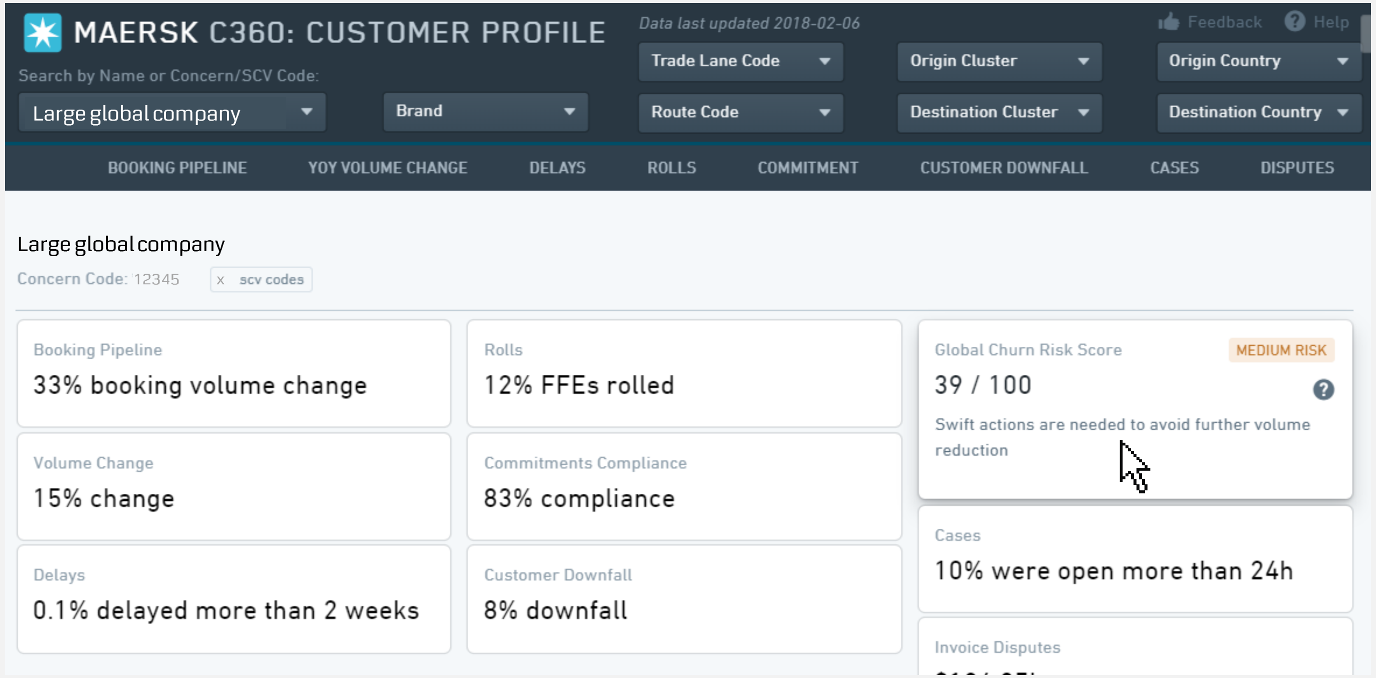
Source: Maersk

MAERSK

Example 4

Holistic customer view through Customer360 makes staff able to better serve customers

C360 dashboard



Source: Maersk

What it allows us to do today

Faster follow-up

New case management module allows employees to better manage open cases

Proactive outreach

With few clicks it is possible to identify customer pain points, such as high rollings, and proactively address

Digital feedback loops

Applying analytics to usage patterns help drive continuous improvement of C360 solutions

MAERSK

Global Trade Digitisation – a new industry platform

MAERSK

IBM

GTD

Two initial products being built on the platform

A shipment information pipeline

Will provide end-to-end supply chain visibility of shipping events in real-time for all actors involved

Paperless trade

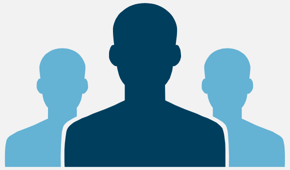
Will digitise and automate paperwork filings for import and export of goods

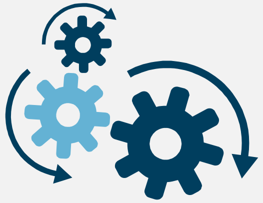
Blockchain changes the game by addressing underlying challenges in collaboration

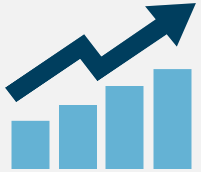
- Shared ledger
- Smart contracts
- Traceability
- Trust

Disclaimer: The establishment of the joint venture remain subject to receipt of regulatory approvals. None of the information provided in this document should be construed in any way as a representation or undertaking with regard to the position to be adopted by Maersk or IBM.
Source: Maersk

More initiatives in the pipeline







	Improve customer experience	Improve cost and asset productivity	Develop new revenue sources
Further areas under development	• Supply chain management • Cargo control • Feedback loops	• Vessel performance • Port performance • Inland performance • Network optimisation	• Data monetisation • Trade platforms • Payment solutions

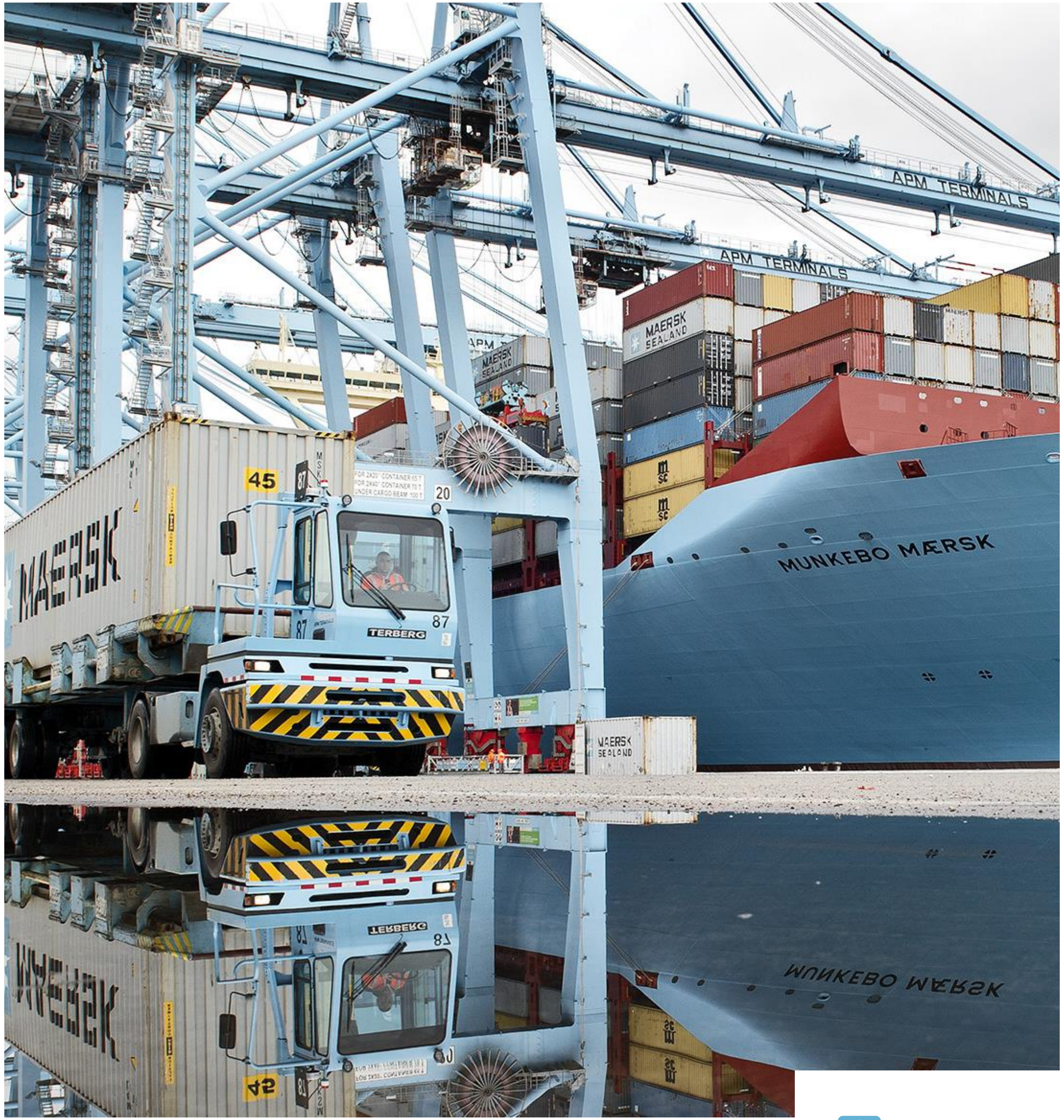
Source: Maersk

MAERSK

Maersk performance & synergies

Søren Toft
Chief Operating Officer

Morten Engelstoft
Chief Executive Officer
APM Terminals

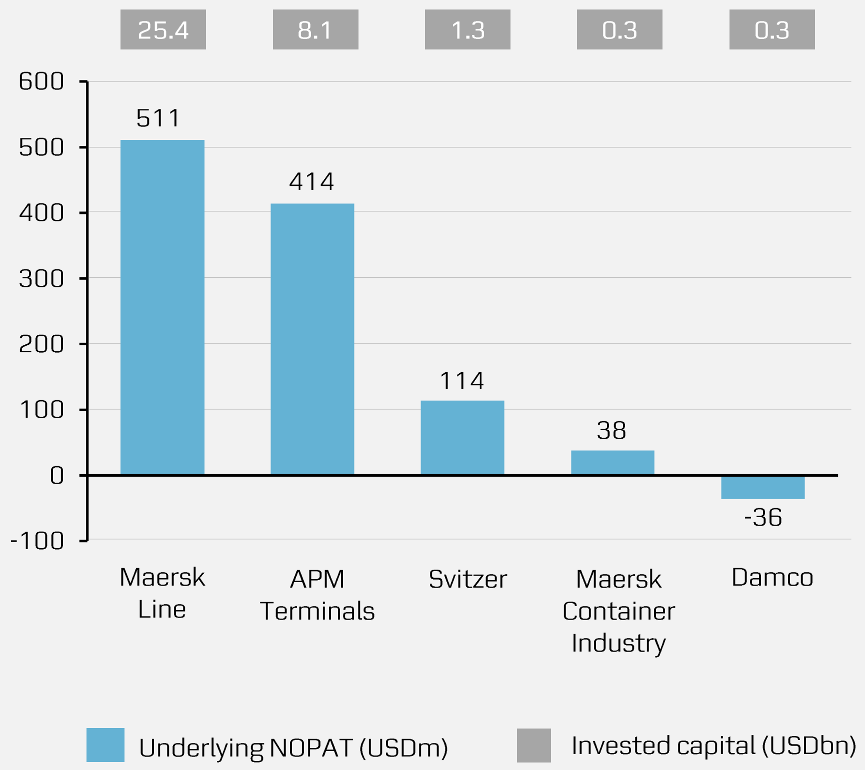


Our financial results improved; however, we are not satisfied with our performance

- Low volume growth and utilisation
- Transshipment hub disruptions
- Cyber-attack
- Terminal price pressure

2017 Underlying NOPAT

(USDm)



Revenue
USD 30.9bn

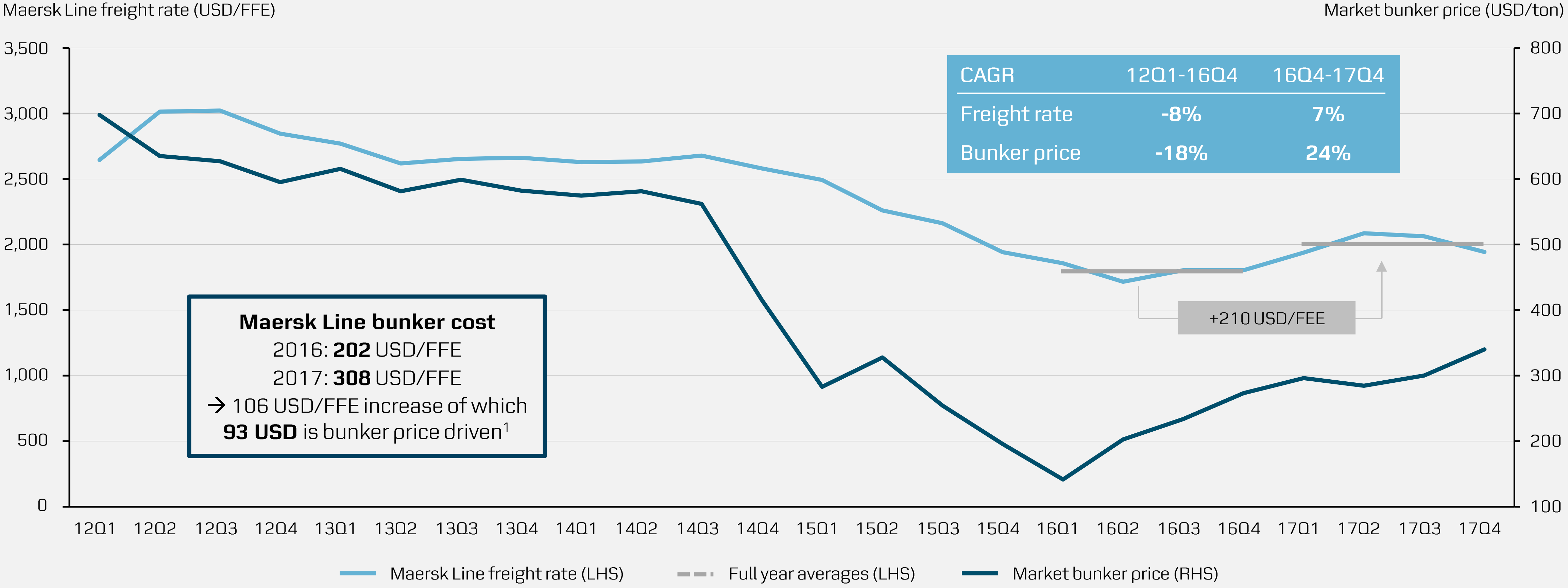
Underlying NOPAT
USD 1.0bn

Underlying
ROIC 2.6%

Note: Underlying NOPAT relates to Transport & Logistics business. Invested capital is end of period.
Source: Maersk

MAERSK

Freight rates have been decreasing, but in 2017 they reversed also ahead of bunker cost



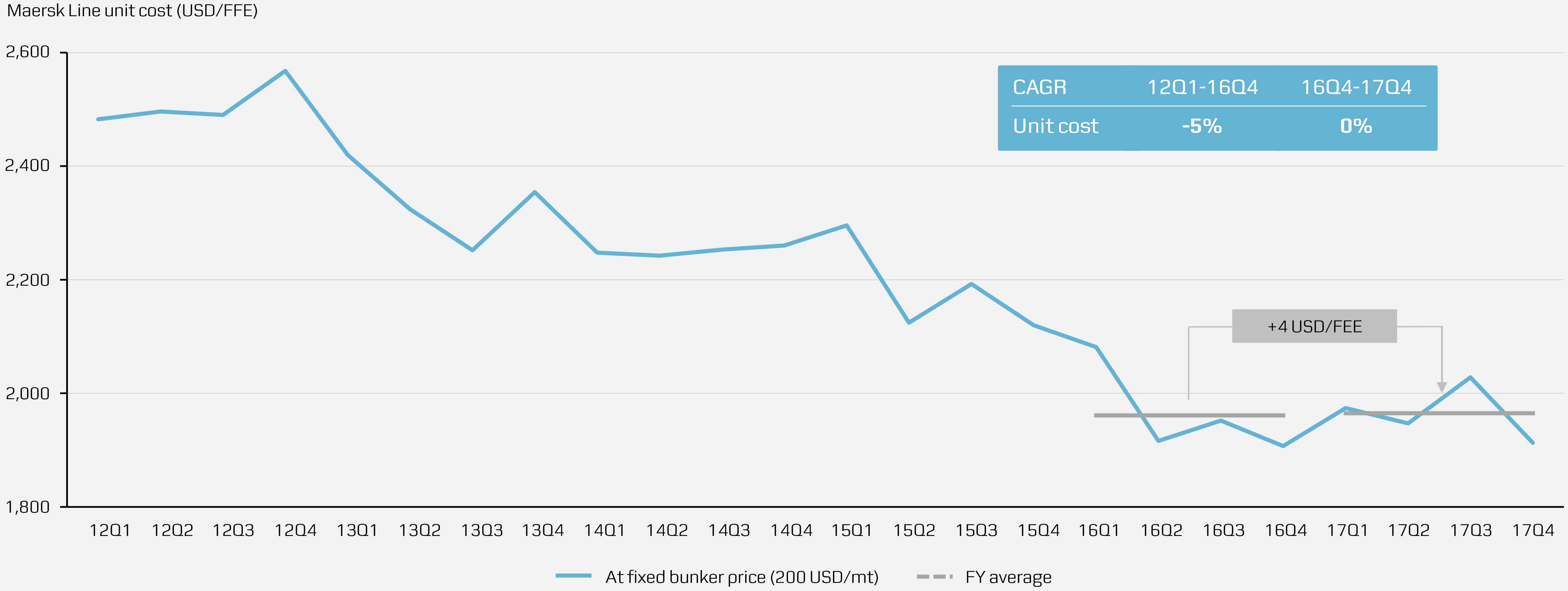
CAGR	12Q1-16Q4	16Q4-17Q4
Freight rate	**-8%**	**7%**
Bunker price	**-18%**	**24%**

Maersk Line bunker cost
2016: **202** USD/FFE
2017: **308** USD/FFE
→ 106 USD/FFE increase of which **93 USD** is bunker price driven[1]

Note: (1) Rest is bunker consumption driven. Maersk Line freight rates excludes Hamburg Süd. Bunker price is 380cst Rotterdam
Source: Maersk, Clarkson

MAERSK

2017 was a missed year on cost, particularly impacted by cyber-attack and transshipment hub disruptions...



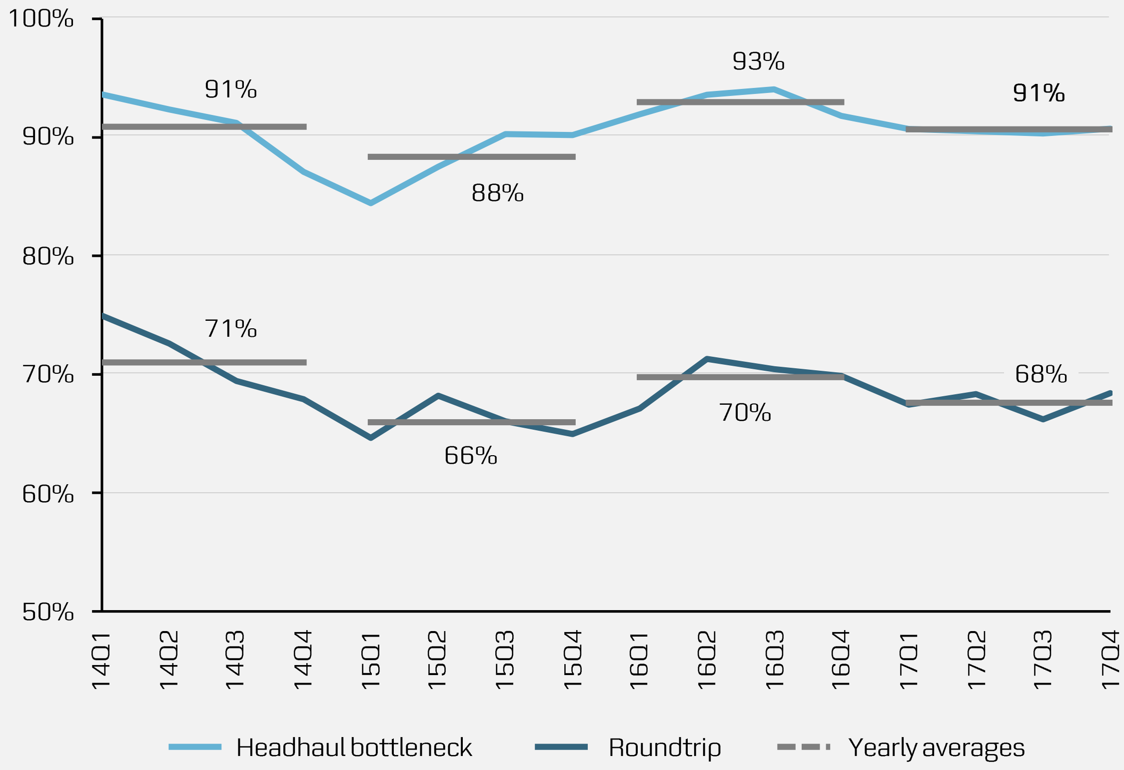
CAGR	12Q1-16Q4	16Q4-17Q4
Unit cost	**-5%**	**0%**

Note: Unit cost is incl. VSA income and excludes Hamburg Süd. Average unit cost is calculated as a volume weighted average
Source: Maersk

MAERSK

...and our utilisation came down from the high level of 2016

Maersk Line vessel utilisation, excl. Hamburg Süd



Volume and capacity growth, excl. Hamburg Süd (Y/Y)

3%
Total volume

10%
Deployed capacity[1]

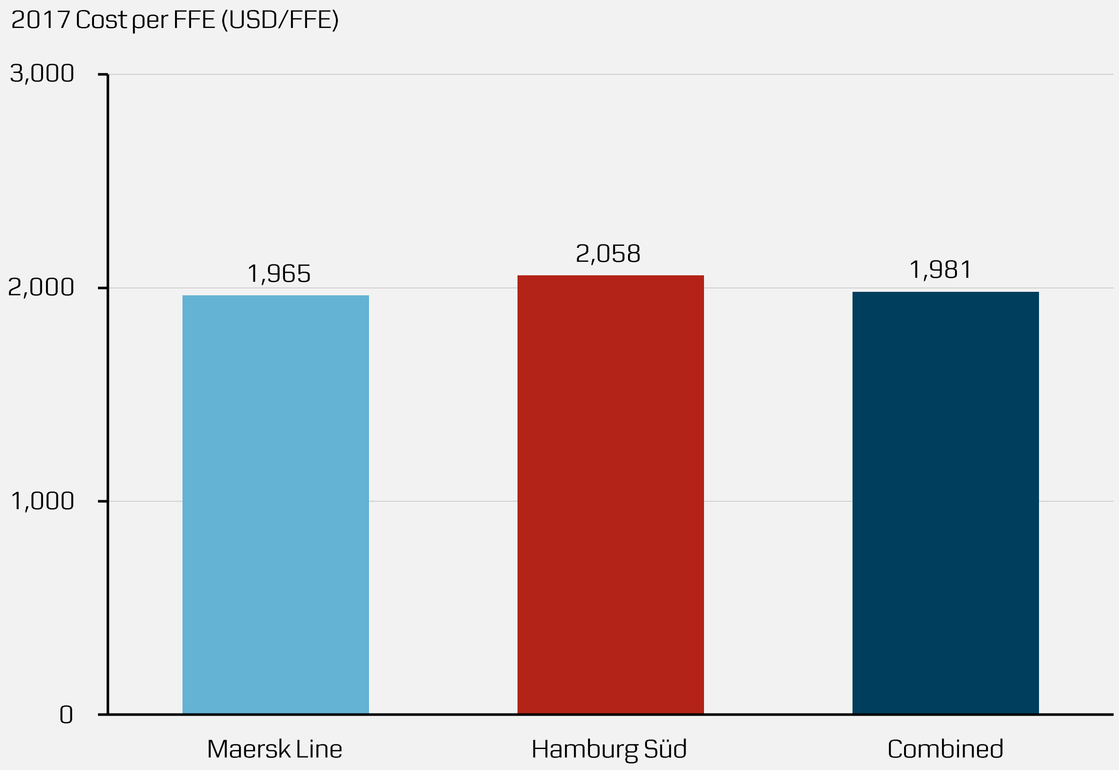
4%
Deployed capacity net of 3rd party slot sales

Note: (1) Deployed capacity is ultimo 2017 vs. ultimo 2016
Source: Maersk

MAERSK

Expecting deflationary unit cost development, despite change in mix from Hamburg Süd

Hamburg Süd's unit cost higher than Maersk Line's



Targeting deflationary unit cost

Mix impact from Hamburg Süd increases unit cost and average revenue

Some support from T&L and Hamburg Süd synergies in 2018, but more from 2019

Cost cutting toolbox

Note: Hamburg Süd and Combined numbers are on a pro forma basis. Unit cost is at fixed bunker (200 USD/mt) and includes VSA income for Maersk Line.
Combined unit cost is calculated as a volume weighted average.
Source: Maersk

Our cost cutting toolbox

Network rationalisation	Hamburg Süd synergies	Improve utilisation
SG&A	Digital assets	Retrofits
Inland optimisation	Deployment of larger vessels	Improve procurement

Source: Maersk

MAERSK

Example

2M network optimisation

A leaner Asia-Europe 2M network

Benefits

Fewer port calls per service
(Reduction of 15-20 ports across 10 strings)

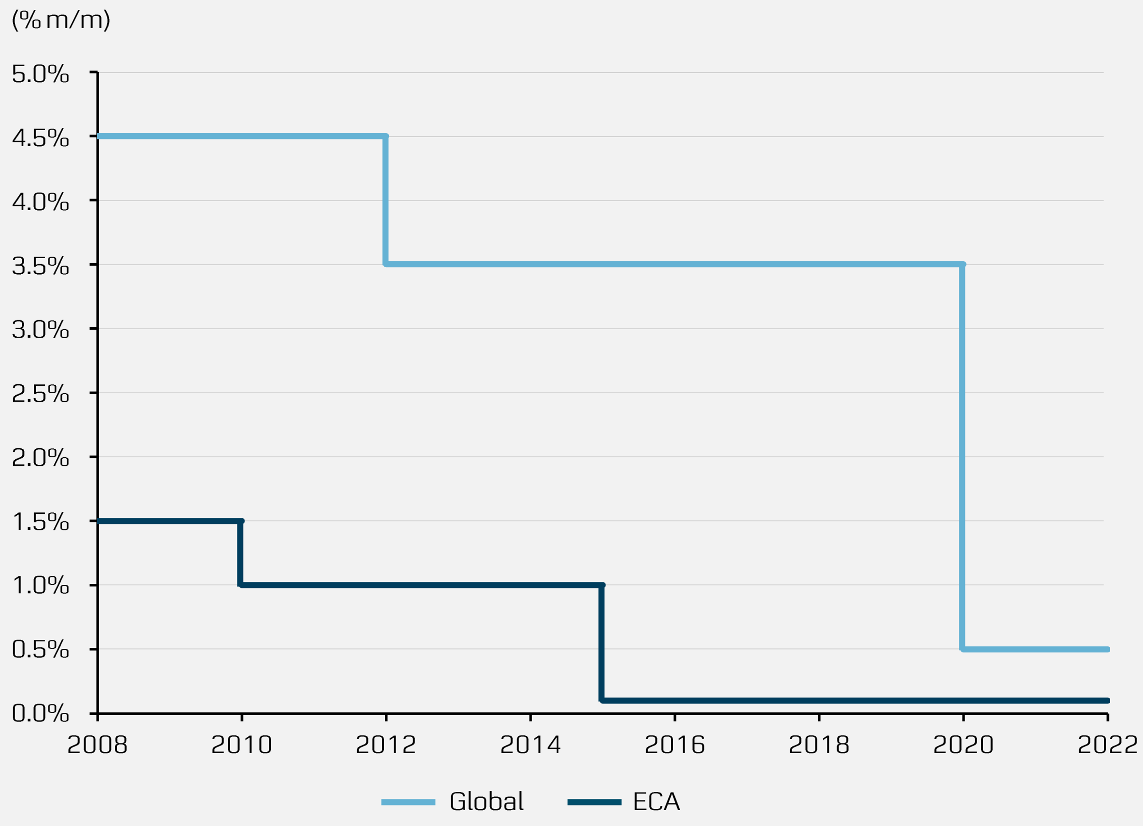
Higher reliability
(Significant improvement)

Lower bunker consumption
(0.5-1.0 knot speed reduction)

Source: Maersk

Global 0.5% sulphur cap regulations in effect from 2020 – several options exist

Sulphur content limit



Note: Emission Control Areas (ECAs) are sea areas in which stricter controls have been established to minimise airborne emissions
Source: Maersk

Options

Low sulphur bunker at higher OPEX
(USD 150-200 per ton spread today)

Technological developments

Scrubbers using CAPEX
(USD 5-10m per vessel)

MAERSK

We prefer non-scrubber solutions and support regulatory enforcement of the sulphur limits

Scrubbers: Pros and cons

- ✓ Low cost fuel price
- ✗ Environmental footprint
- ✗ CAPEX
- ✗ Regulatory uncertainties
- ✗ Time frame for installation

Success of low sulphur bunker solutions depends on three factors

- Broad industry support
- Shipping and refinery technological developments
- Enforcement

Source: Maersk

MAERSK

MAERSK

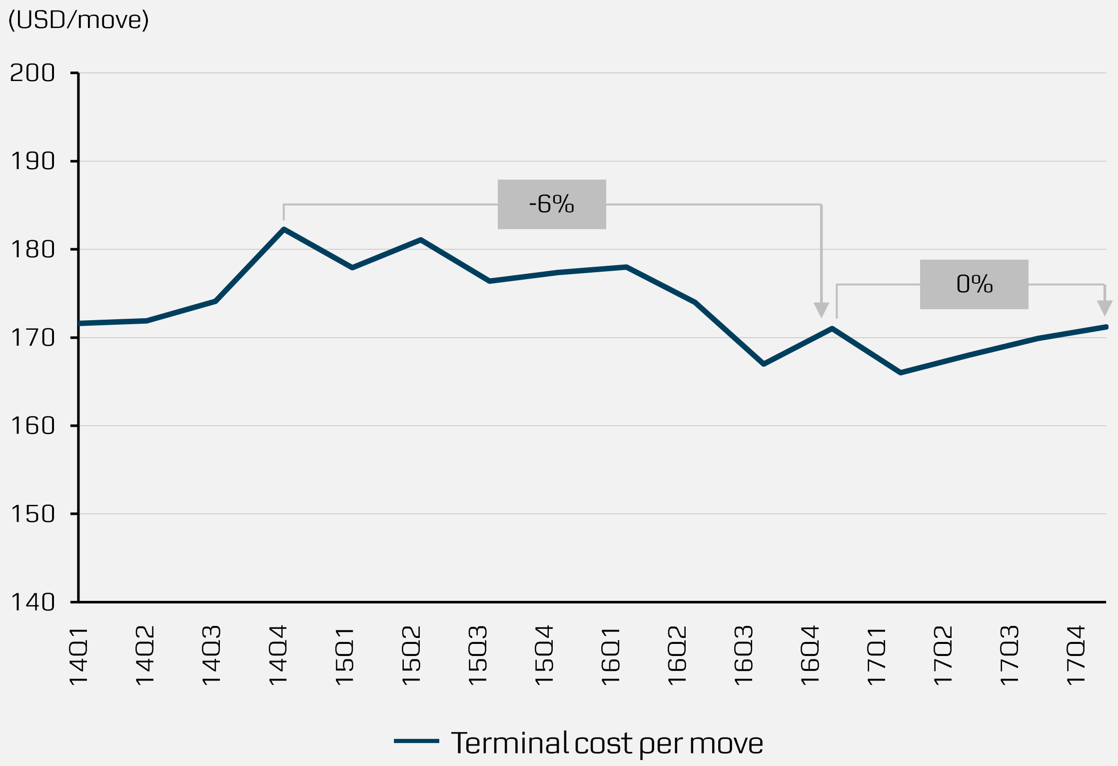
We apply five levers to address APM Terminals' challenges and opportunities

Cost leadership	Customer centricity	Portfolio optimisation	CAPEX discipline	T&L synergies

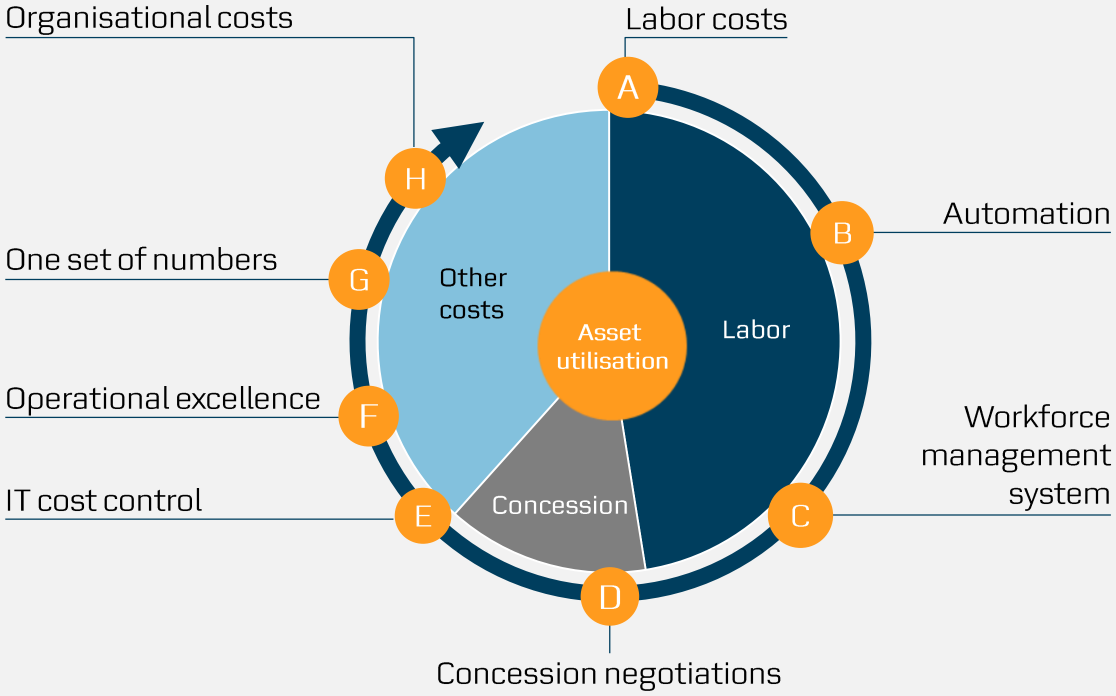
Source: Maersk

Cost leadership is our license to operate

Cost per move[1]



Terminal cost in 2017 of USD 2.9bn



Inflationary pressure: ~3%

Note: (1) Financially consolidated terminals
Source: Maersk,

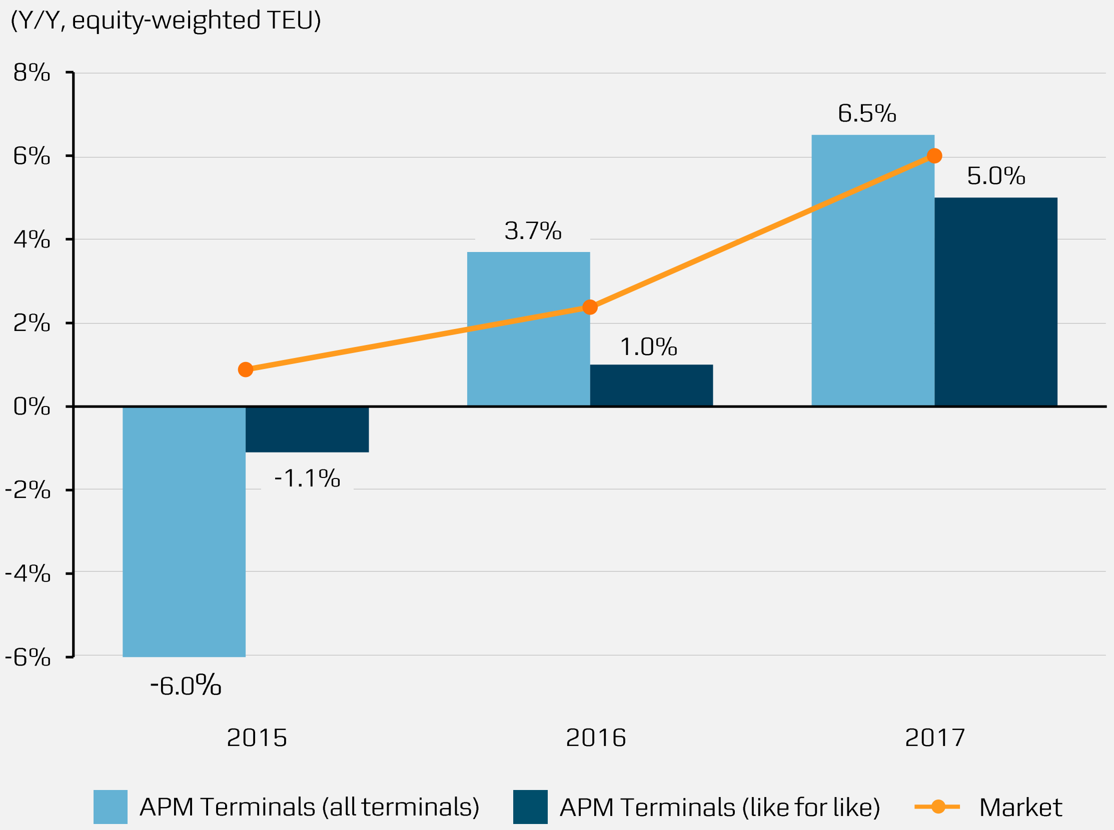
MAERSK

Customer centricity enabling multiple deals won

In 2017, 29 deals won and eight lost

Region	Won deals	Lost deals
Global	1	-
Africa & Middle East	7	-
Asia	3	-
Europe	7	4
Latin America	7	1
North America	4	3
Total	**29**	**8**

Volume growth



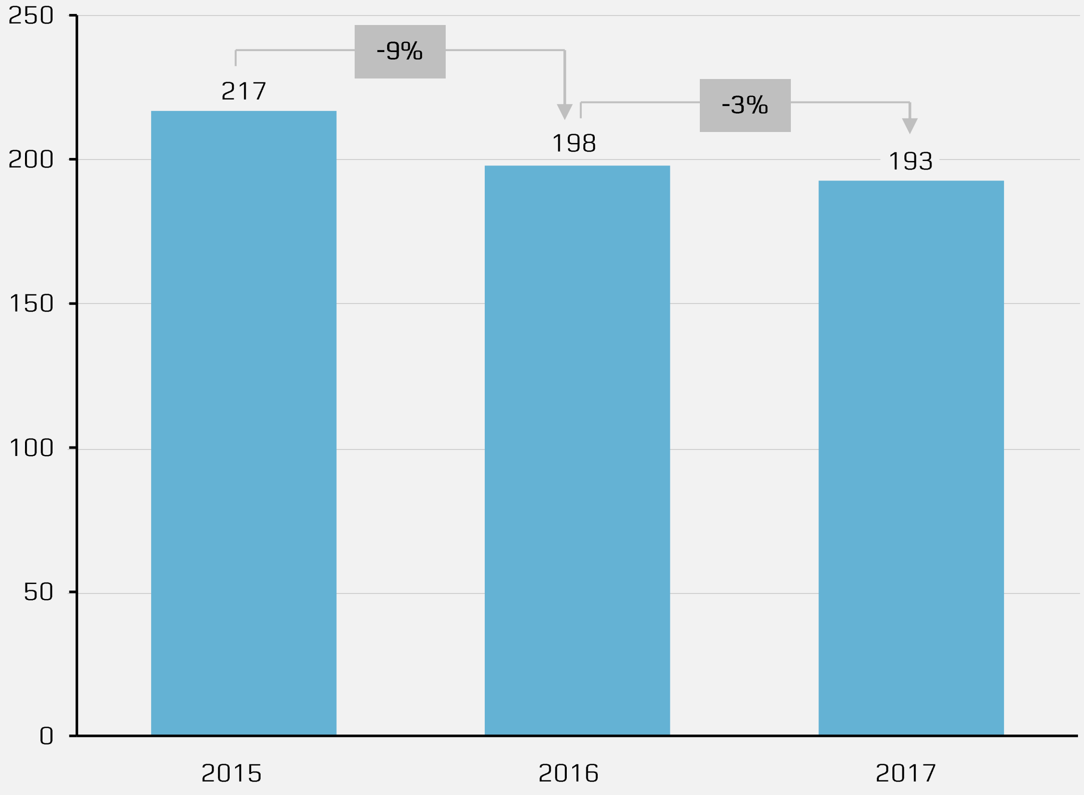
Source: Maersk, Drewry

MAERSK

Continuous, but weaker, price pressure

Global APM Terminals revenue

(USD/move)



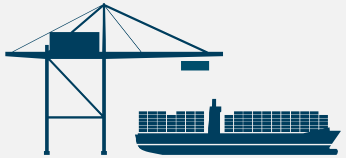
Source: Maersk

MAERSK

We are considering our strategic options in multiple terminal locations to optimise our terminal portfolio

74 terminals worldwide

Potential for portfolio optimisation



Multiple terminals are financially weak

Monetisation of minority share in high value terminals

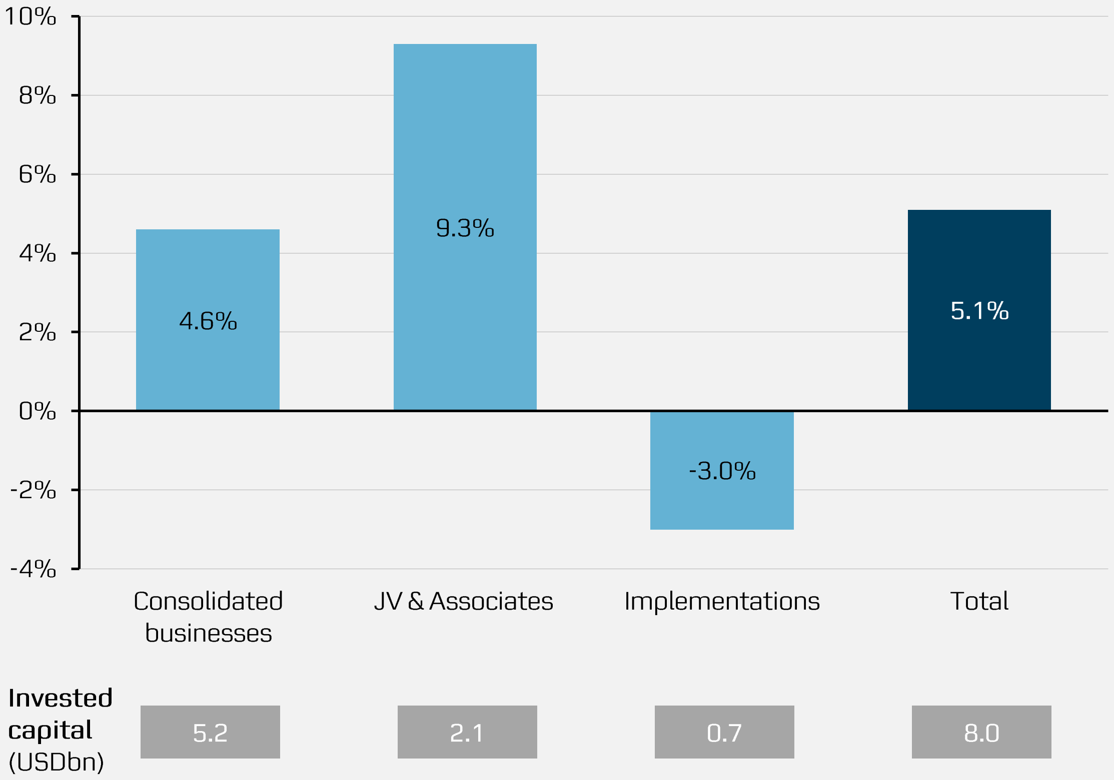
Source: Maersk

MAERSK

Terminals under implementation drag down APM Terminals' ROIC

Project	Opening	APM Terminals' share of total investment
Moin, Costa Rica	2019	USD 1.0bn
Tema, Ghana	2019	USD 0.3bn
TM2, Tangier	2019	USD 0.7bn
Vado, Italy	2020	USD 0.2bn
Abidjan, Ivory Coast	2020	USD 0.3bn

APM Terminals underlying ROIC split (2017)

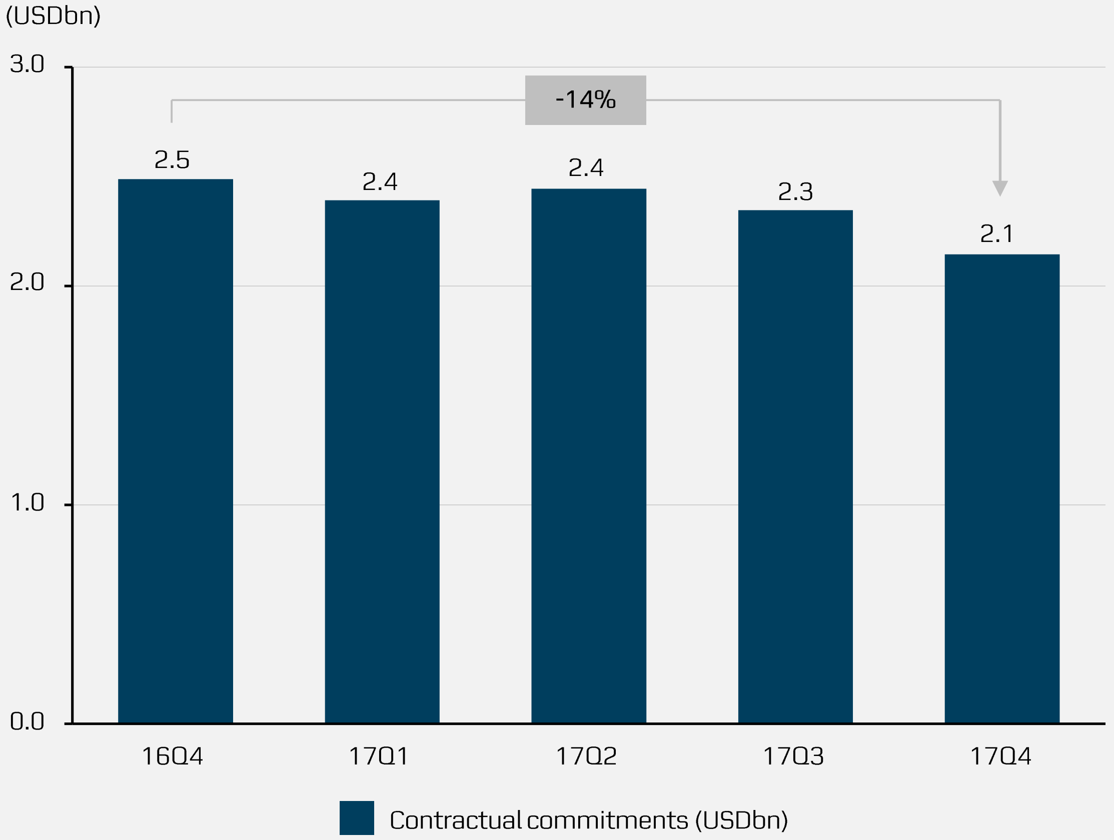


Source: Maersk

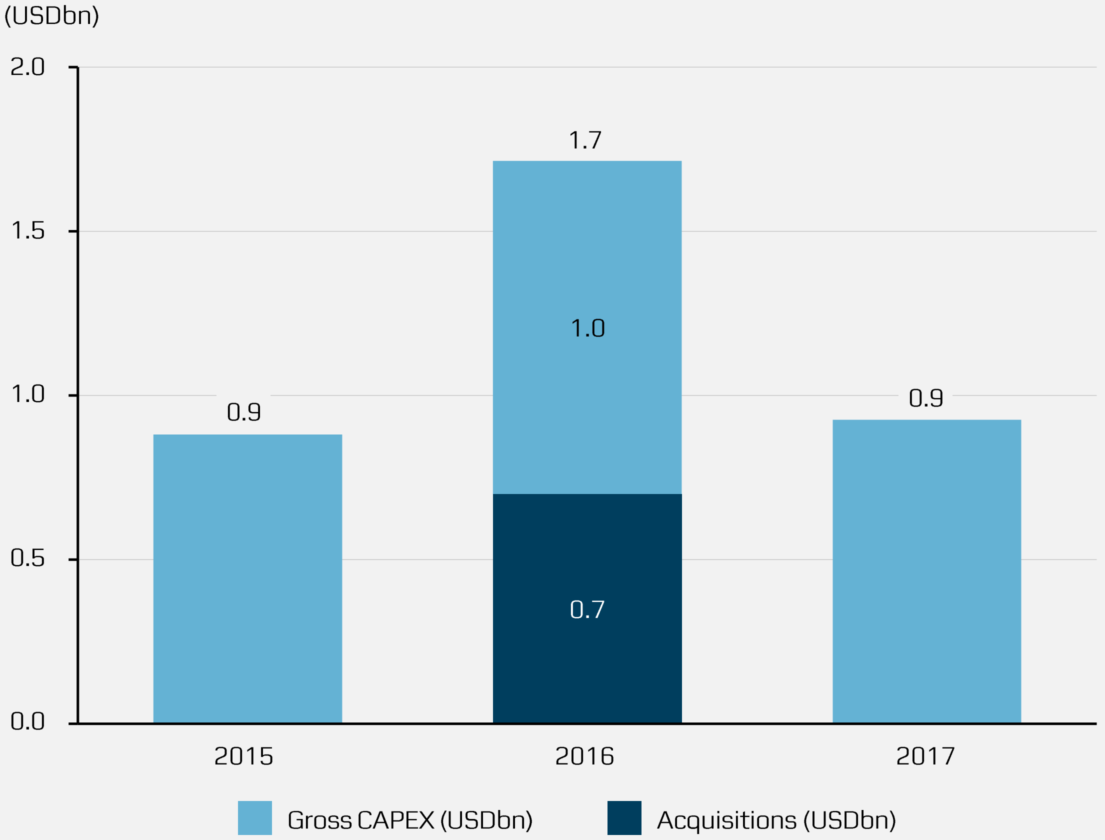
MAERSK

CAPEX discipline reflected through reduced contractual commitments

APM Terminals' contractual commitments



APM Terminals' gross CAPEX



Note: Gross capex excludes acquisitions
Source: Maersk

MAERSK

We are seeing some progress on our T&L synergies...

Synergy impact

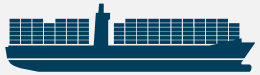
USD
0.6bn

2019 target

USD
0.1bn

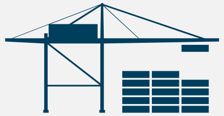
2017 achievement

2017 synergy drivers



11% volume growth from Maersk Line to APM Terminals controlled terminals

APM Terminals winning key Maersk Line VSA partners



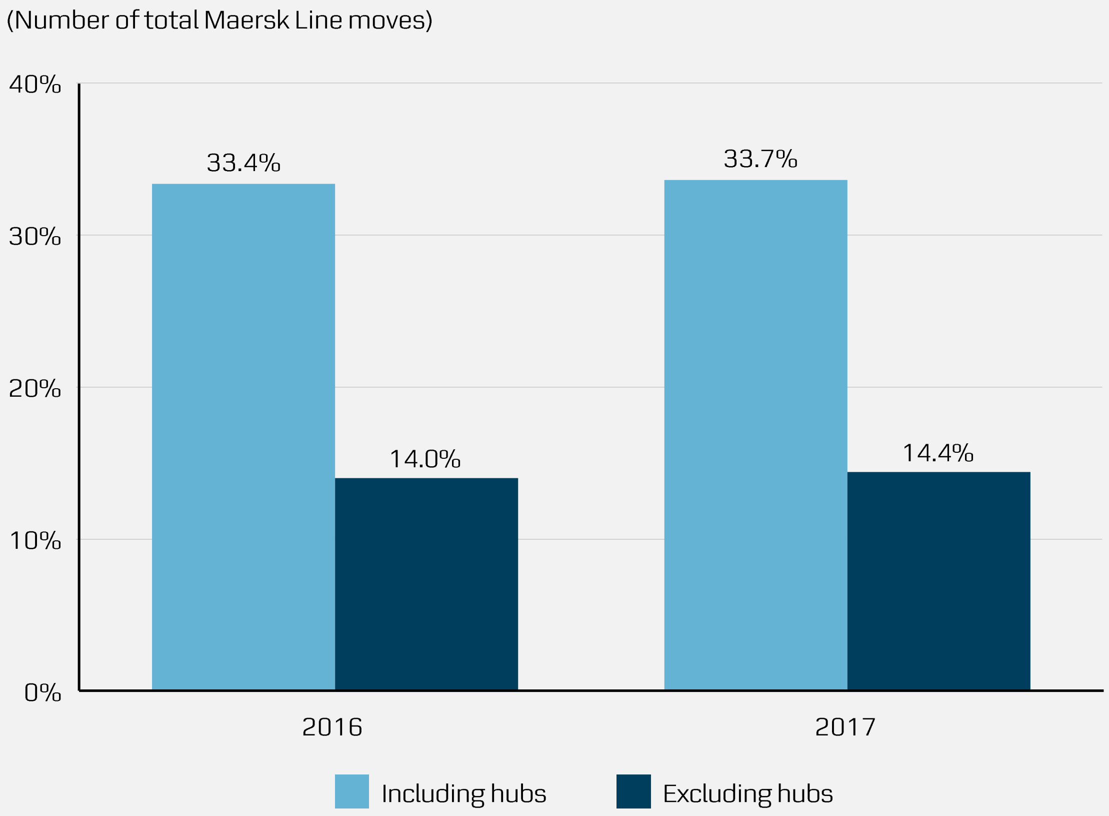
Improved transshipment hub operations, but with significant disruptions

Note: Controlled terminals refers to financially controlled terminals
Source: Maersk

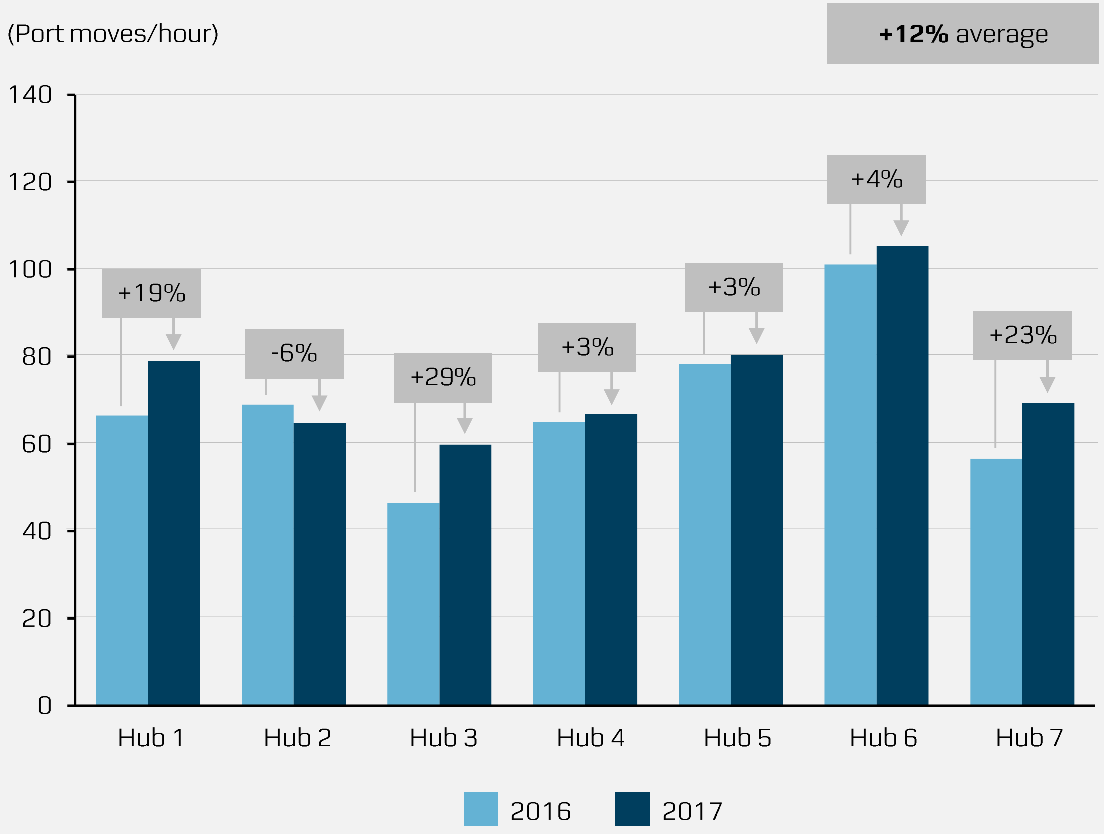
MAERSK

...with more Maersk Line volume in APM Terminals and improved transshipment hub productivity

Maersk Line moves with APM Terminals



Terminal productivity in our transshipment hubs



Note: At Capital Markets Day 2016 we disclosed 32% of Maersk Line moves with APM Terminals, which was only for Q3 2016.
Source: Maersk

MAERSK

Our West-Med transshipment hubs were challenged in 2017, but the situation has improved

Challenges in Algeciras and Tangiers in 2017

- Labour strikes
- Cyber-attack
- Crane breakdowns

Impact in 2017

- Terminal congestion
- Reduced network reliability
- Contingency costs

Actions taken in 2017

- Volumes diverted
- Tighter volume control
- Relocated equipment

Actions to be taken in 2018

- New labour agreement
- Operational excellence programme
- Additional equipment relocation

Source: Maersk

MAERSK

We apply five levers to address APM Terminals' challenges and opportunities

Cost leadership	Customer centricity	Portfolio optimisation	CAPEX discipline	T&L synergies

Source: Maersk

MAERSK

Financial outlook & disclosures

Jakob Stausholm
Chief Finance,
Strategy & Transformation Officer

MAERSK

Our investment case:
Cash focus short term, profitable growth long term

Short term

- ✓ Retain investment grade
- ✓ Complete energy separation and distribute proceeds
- ✓ Restore profitability
- ✓ Capital discipline
- ↳ Improve free cash flow

Long term

- ✓ Grow integrated offerings
- ✓ Grow non-ocean revenue disproportionately
- ✓ Stable, growing earnings
- ✓ Reduce capital intensity

New disclosures

2017: Energy businesses reclassified
2018: One profit and loss statement and EBITDA guidance
2019: Disclose off-balance sheet commitments (IFRS 16)

Source: Maersk

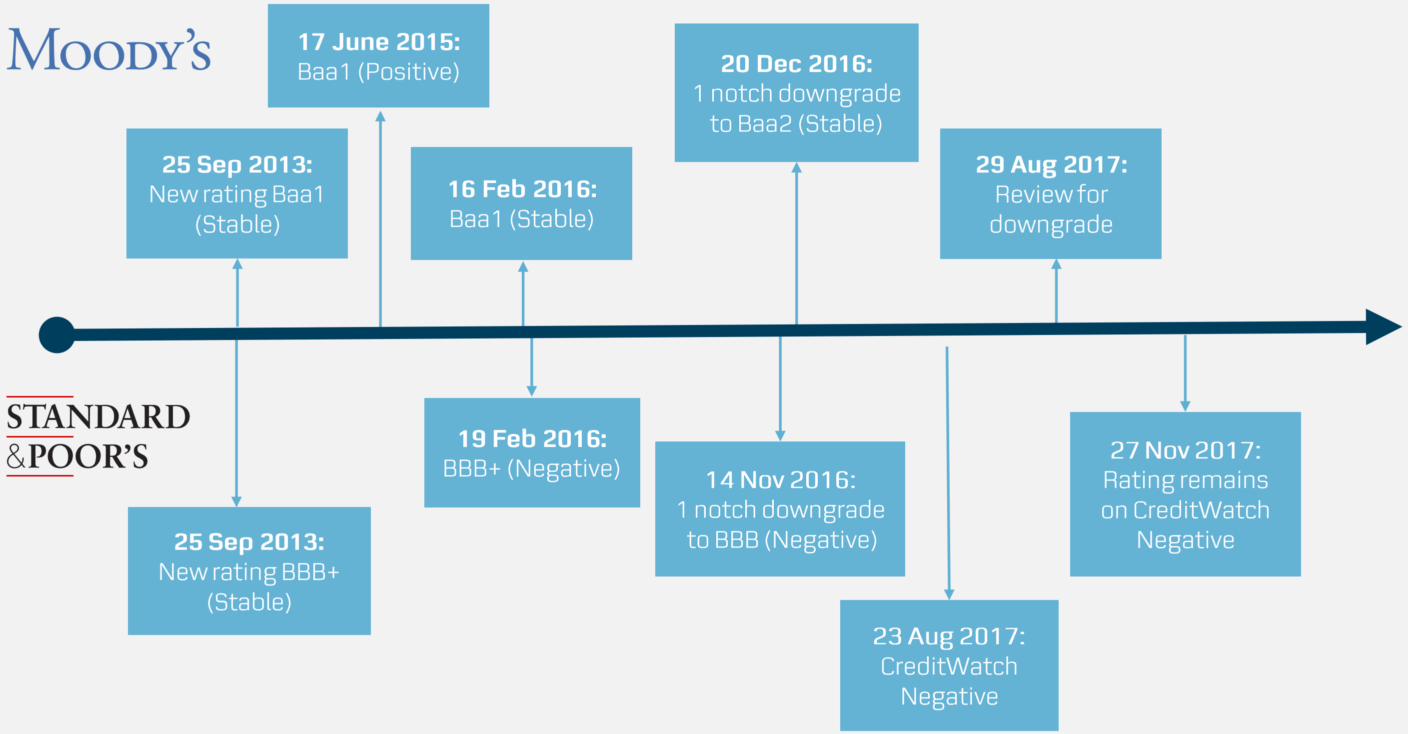
MAERSK

Investment grade rating kept unchanged during a year of transformation

APMM's financial policy

"We are committed to remain investment grade rated and will take the required measures to defend our investment grade rating"

Credit rating history

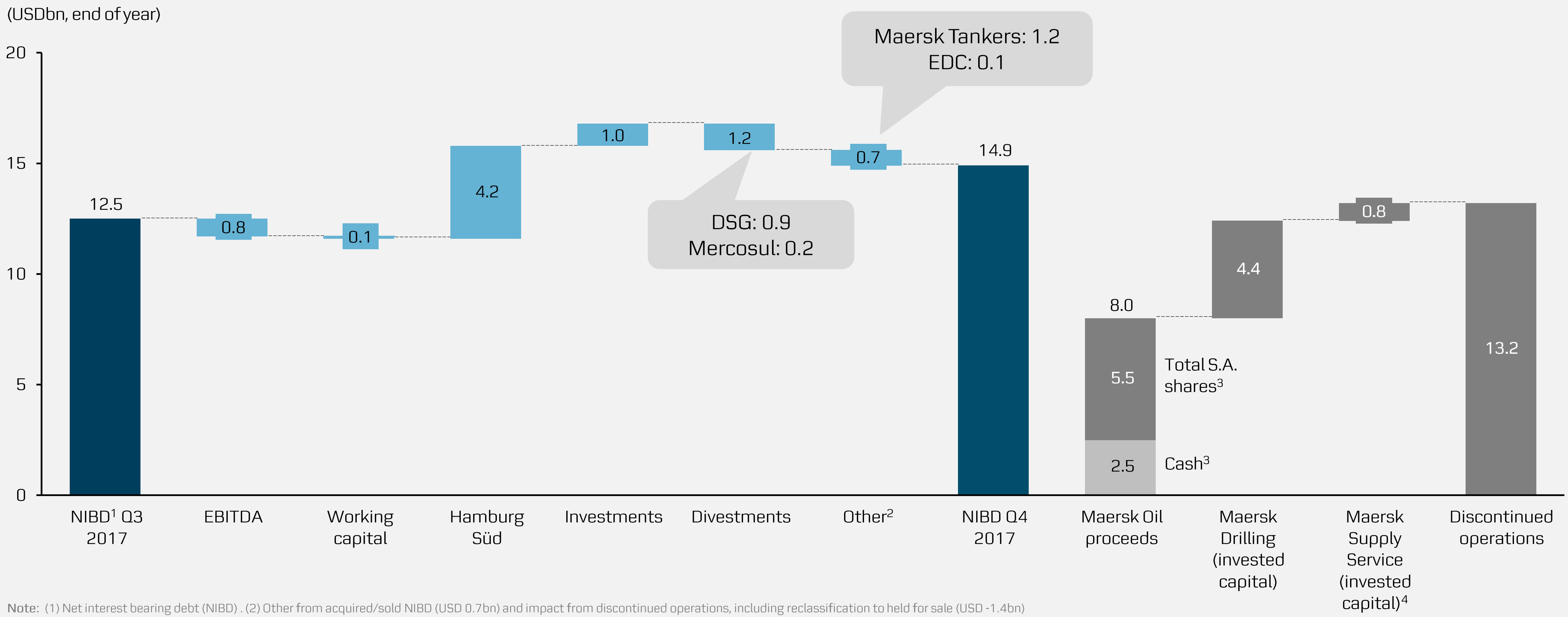


Source: Maersk

MAERSK

Short term

Deleveraging from Energy separation

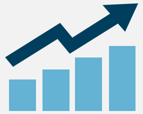


Note: (1) Net interest bearing debt (NIBD) . (2) Other from acquired/sold NIBD (USD 0.7bn) and impact from discontinued operations, including reclassification to held for sale (USD -1.4bn)
(3) Value of shares in Total S.A. based on 15th February 2018 and cash before closing adjustments. (4) Invested capital for Maersk Drilling and Maersk Supply Service based on end full-year 2017.
Source: Maersk

MAERSK

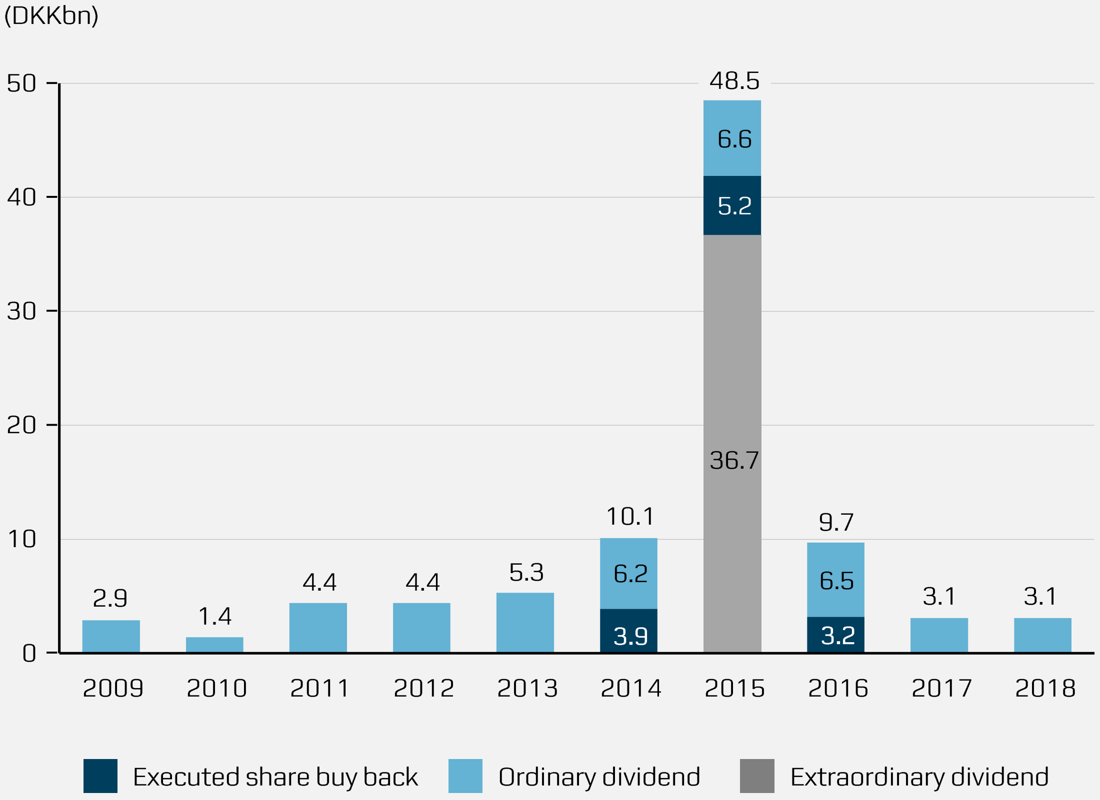
Subject to our investment grade objective we plan to distribute proceeds from Energy separation

Distribution of proceeds from Energy separation



"Subject to meeting our investment grade objective APMM plans to return a material portion of the value of the received Total S.A. shares to the APMM shareholders during the course of 2018/19 in the form of extraordinary dividend, share buyback and/or distribution of Total S.A. shares"

Shareholder proceeds

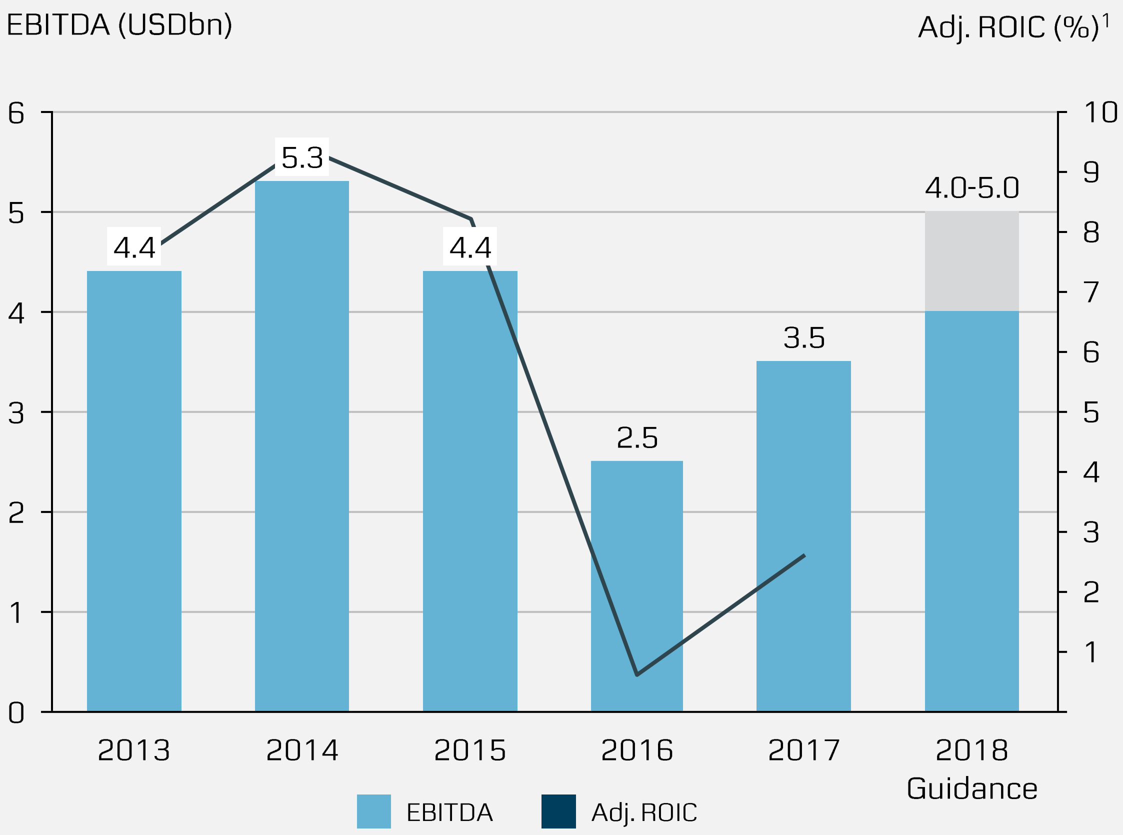


Note: Dividend and share buyback in the paid year. 2015 extraordinary dividend relates to sale of shares in Danske Bank
Source: Maersk

MAERSK

Targeting EBITDA improvements through cost reductions and synergies

EBITDA and adj. ROIC for continuing operations



Note: (1) Adjusted for impairments
Source: Maersk

Drivers of short term profitability

Cost leadership

T&L synergies worth 2pp on ROIC or USD 600m by 2019

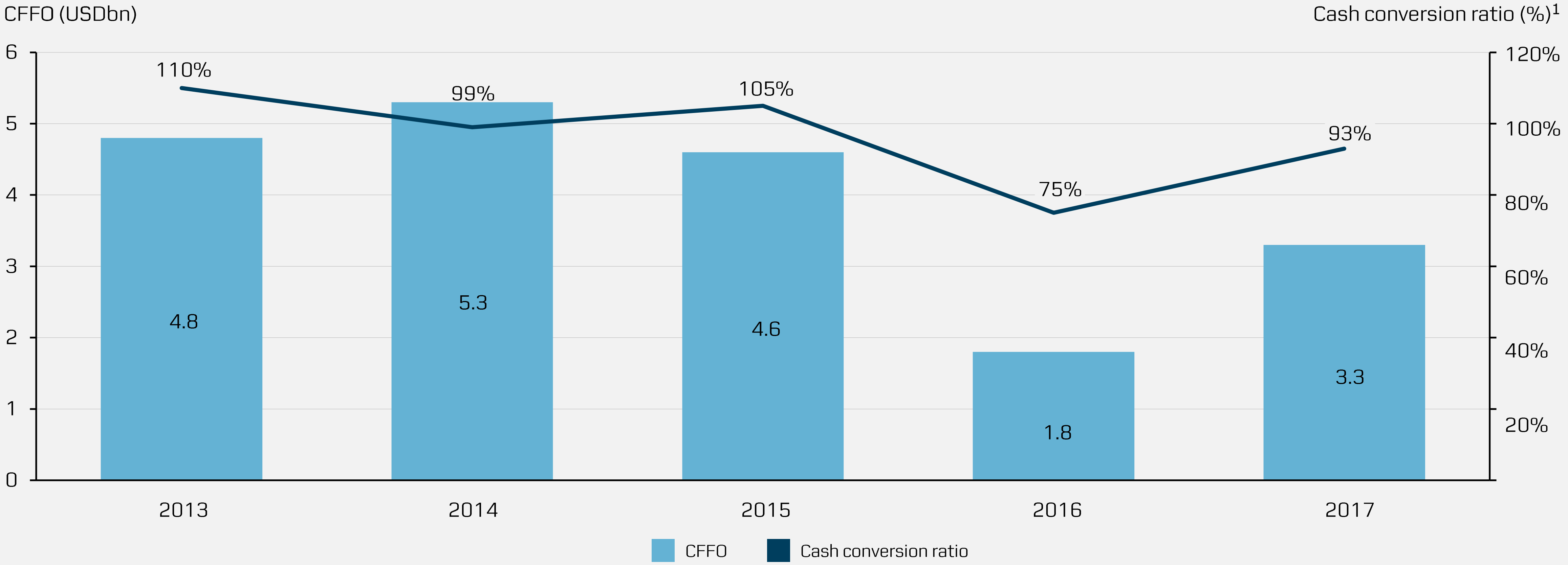
Hamburg Süd synergies of USD 350-400m by 2019

Main uncertainties:
- Freight rates
- Bunker fuel price

Short term

High conversion of EBITDA to operating cash flow

CFFO and cash conversion ratio for continuing operations



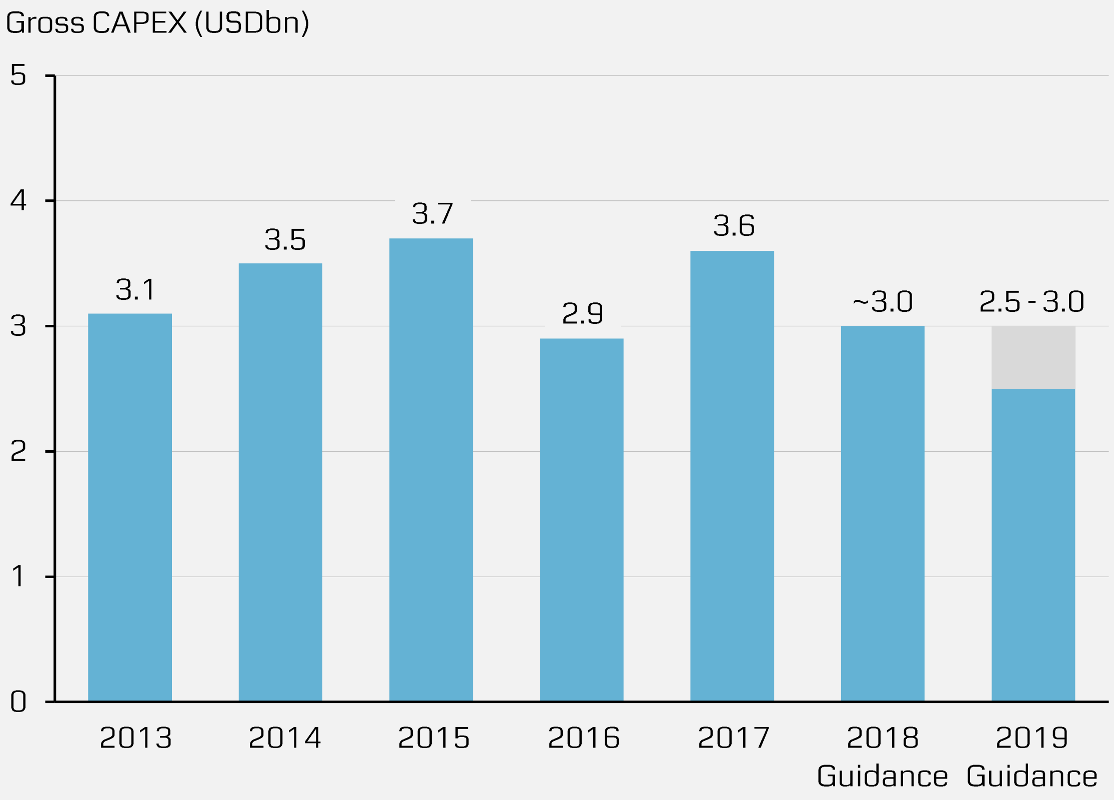
Note: (1) Cash conversion ratio is cash flow from operations (CFFO) excluding net financial items divided by EBITDA
Source: Maersk

MAERSK

Short term

Capital expenditures on a downwards trend

Gross CAPEX for continuing operations



Note: Gross CAPEX excludes Hamburg Süd acquisition and excludes divestments of non-current assets
Source: Maersk

Drivers of CAPEX reductions

Few remaining vessel deliveries and historical high ownership share

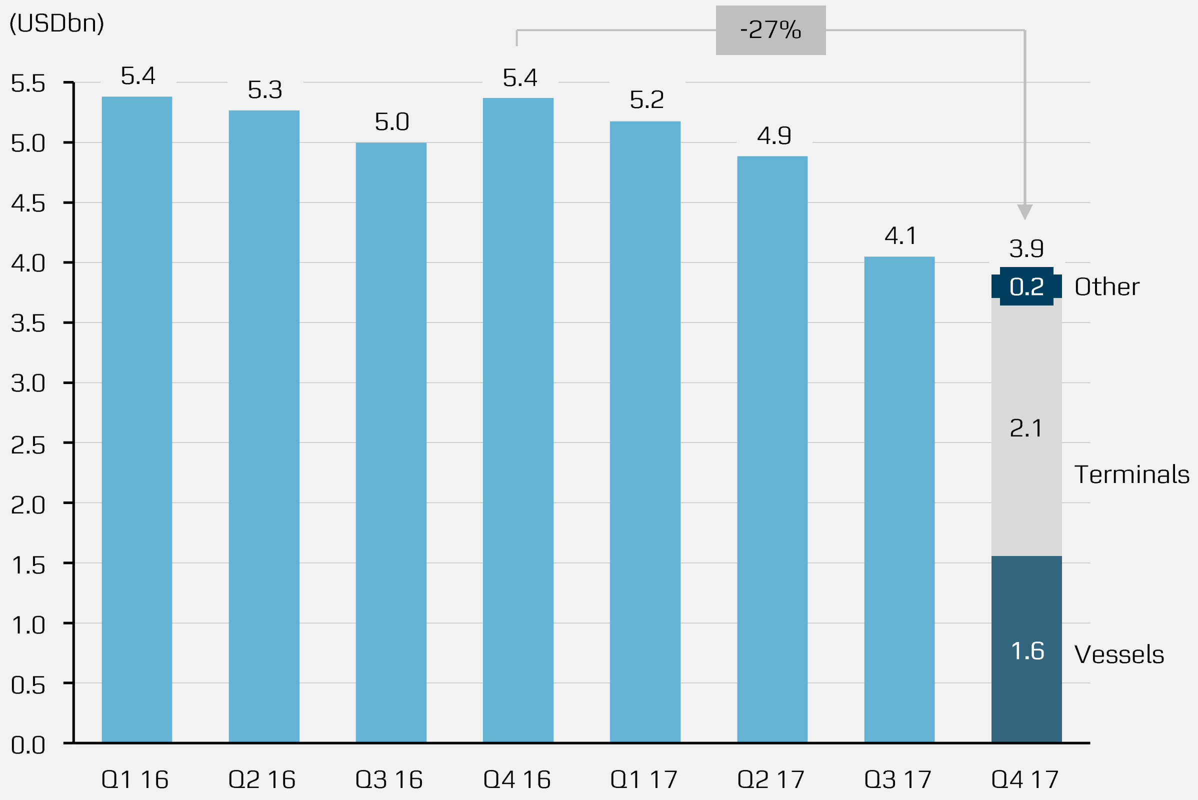
No new greenfield terminal projects

Improved asset utilisation

MAERSK

CAPEX commitments reduced by USD 1.5bn over the past 12 month

Contractual CAPEX commitments for continuing operations



Source: Maersk

Current commitments from 2018 to 2023+

Last deliveries of EEE vessels in 2018

CAPEX for remaining five container terminals under construction

MAERSK

Measures in place to improve free cash flow

Continuing business cash flows

USDbn	2016	2017	2018 Guidance
EBITDA	2.5	3.5	4.0-5.0
Cash flow from operations	1.8	3.3	
Gross capital expenditures	(2.1)	(3.7)	~3.0
Free cash flow before acquisitions and divestments	(0.3)	(0.4)	
Acquisitions	(0.8)	(4.2)	
Divestments	0.9	1.7	
Free cash flow (before financing)	(0.2)	(2.9)	

- Grow slightly below market
- Hamburg Süd
- Synergies
- Lower unit costs

High cash conversion

Capital discipline

Note: Cash flow from operations (CFFO) excluding net financials. Gross capital expenditures excluding acquisitions
Source: Maersk

MAERSK

Our investment case: Cash focus short term, profitable growth long term

Short term

- ✓ Retain investment grade
- ✓ Complete energy separation and distribute proceeds
- ✓ Restore profitability
- ✓ Capital discipline
- ↳ Improve free cash flow

Long term

- ✓ Grow integrated offerings
- ✓ Grow non-ocean revenue disproportionately
- ✓ Stable, growing earnings
- ✓ Reduce capital intensity

New disclosures

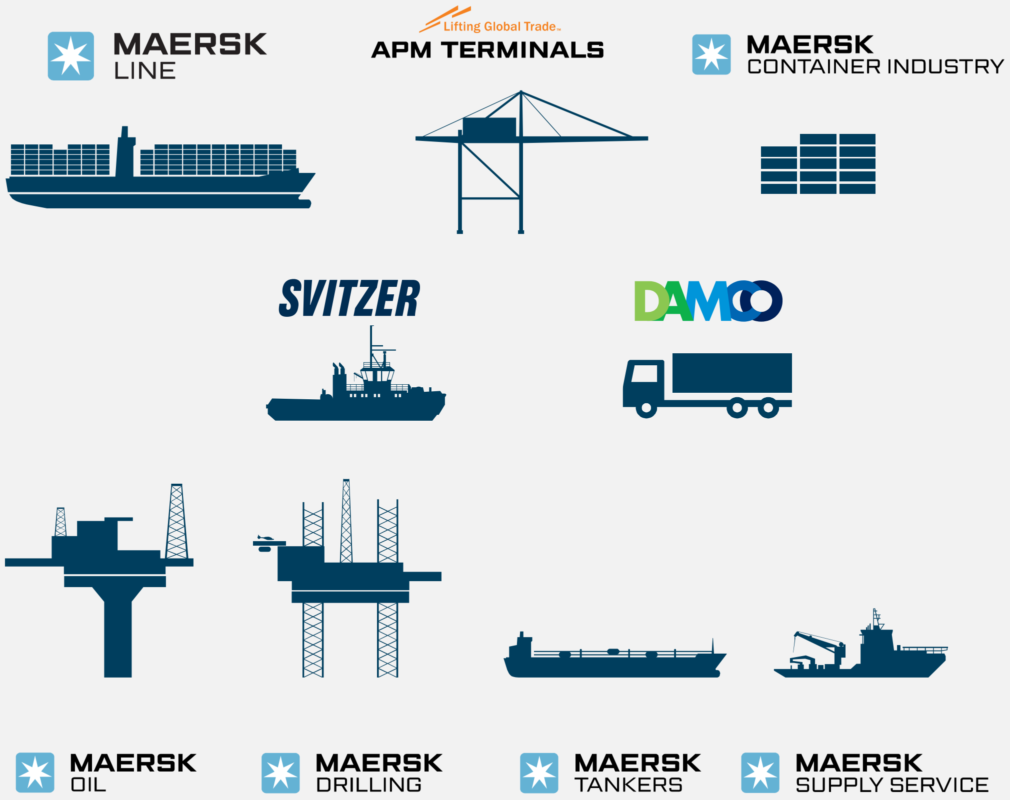
2017: Energy businesses reclassified
2018: One profit and loss statement and EBITDA guidance
2019: Disclose off-balance sheet commitments (IFRS 16)

Source: Maersk

MAERSK

At an inflection point in our transformation

From conglomerate



To integrated

MAERSK

Global integrator of container logistics – connecting and simplifying our customers´ supply chain

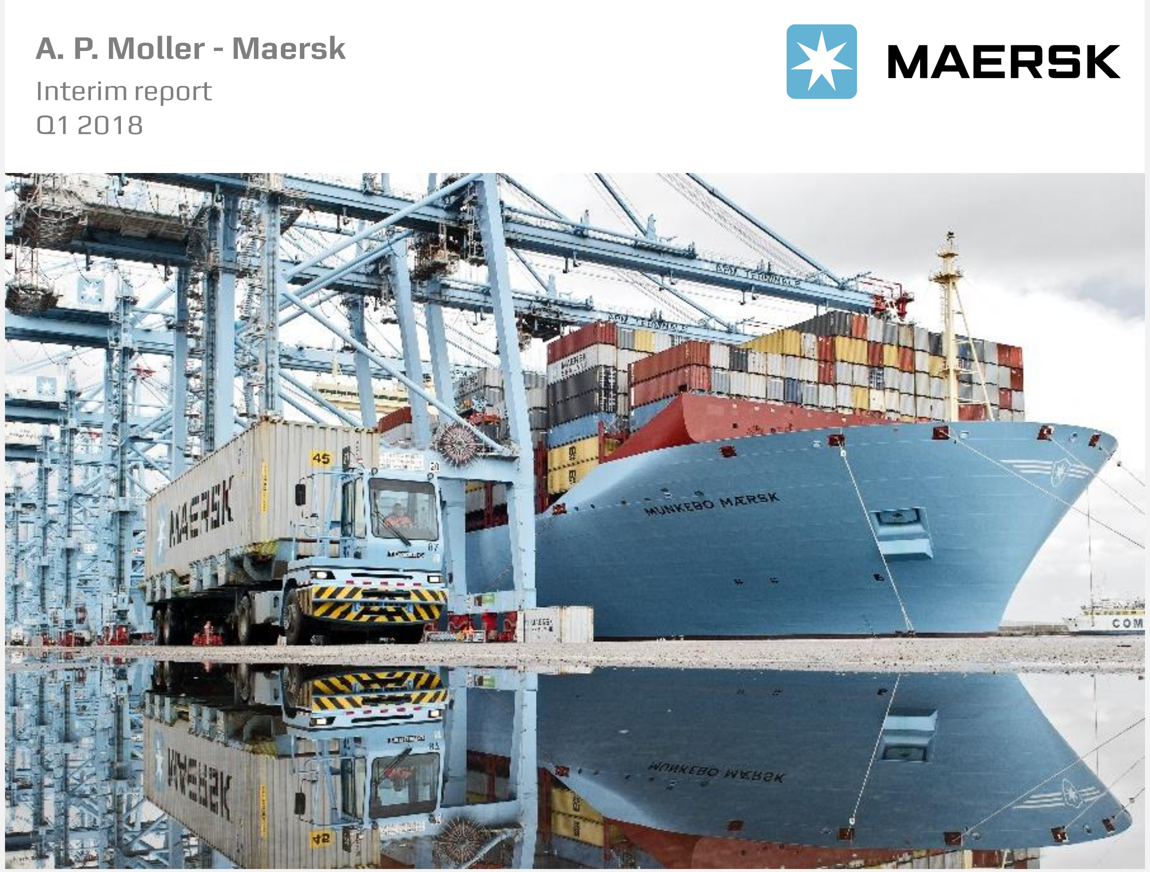
Source: Maersk

Long term

We are therefore changing the way we report

Why we are changing

- ✓ No longer a conglomerate hence only one bottom line
- ✓ New segments support the strategic direction and how we run our business
- ✓ A natural step in the journey towards becoming the integrator
- ✓ Implemented early (from 2018 Q1) to be a catalyst for integration



Source: Maersk

Long term

One profit and loss statement – four segments

Disclosure from first quarter 2018

Consolidated financials
- One profit and loss statement
- One balance sheet
- One cash flow statement

Segment details
- Revenue
- EBITDA
- Key operational metrics

Segments from first quarter 2018

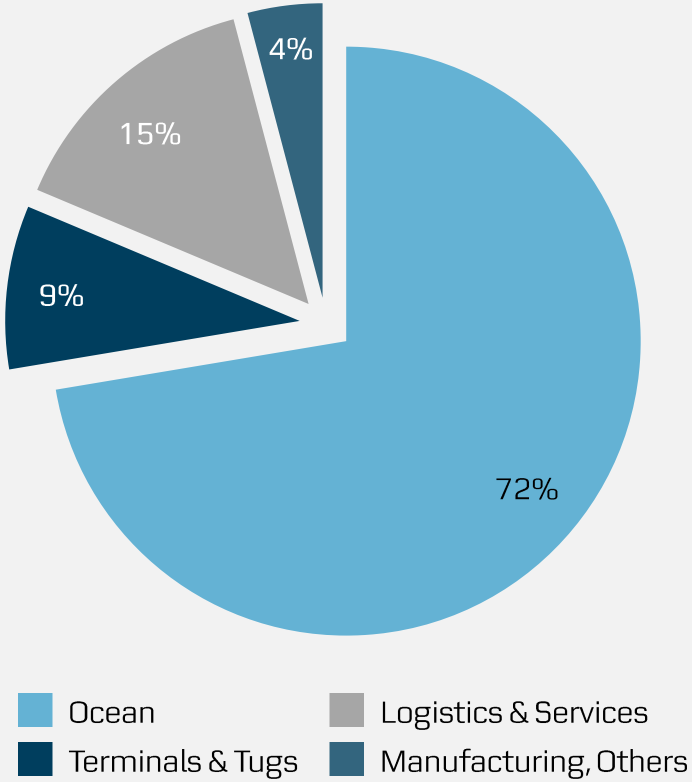
Segment	Definition
Ocean	Maersk Line ocean revenue, Hamburg Süd ocean revenue, APM Terminal transhipment hubs
Terminals & Tugs	APM Terminal gateways, Svitzer
Logistics & Services	Damco, trade finance, inland haulage & other logistics services
Manufacturing, Others	Maersk Container Industry, others

Source: Maersk

MAERSK

Higher revenue growth in non ocean segments

2017 segment revenue split incl. Hamburg Süd pro forma[1]



Why we want to grow non-ocean revenue

- There is demand from customers for a more integrated solution
- Revenue potential is higher than ocean
- Non-ocean revenue is asset light and leverages our existing network
- Successful implementation should maximise revenue growth, provide more stable returns, and reduce capital intensity

>8.5% ROIC over the cycle and growing revenue

Note: (1) Excluding unallocated revenue and eliminations
Source: Maersk

Our investment case:
Cash focus short term, profitable growth long term

Short term

- ✓ Retain investment grade
- ✓ Complete energy separation and distribute proceeds
- ✓ Restore profitability
- ✓ Capital discipline
- ↳ Improve free cash flow

Long term

- ✓ Grow integrated offerings
- ✓ Grow non-ocean revenue disproportionately
- ✓ Stable, growing earnings
- ✓ Reduce capital intensity

New disclosures

2017: Energy businesses reclassified
2018: One profit and loss statement and EBITDA guidance
2019: Disclose off-balance sheet commitments (IFRS 16)

Source: Maersk

MAERSK

Appendices

2018 financial Guidance and long term targets

2018 Guidance

EBITDA in the in the range of USD 4.0 – 5.0bn (USD 3.5bn)

Underlying result above last year (USD 356m)

High cash conversion ratio (Cash flow from operations to EBITDA)

Gross capital expenditures around USD 3.0bn (USD 3.6bn excluding Hamburg Süd)

Organic volume growth in Maersk Line slightly below the average market growth

Long term targets

More than **8.5% ROIC** over the cycle

Growing revenue especially non ocean revenue

Note: See definitions in Annual report 2017 – figures in parenthesis refers to the financial year 2017
Source: Maersk

MAERSK

Free cash flow impacted by the energy separation

	USD bn	2016	2017	2018 Guidance
Continuing business	EBITDA	2.5	3.5	4.0-5.0
	Cash flow from operations	1.8	3.3	
	Gross capital expenditures	-2.1	-3.7	~3.0
	Free cash flow before acquisitions and divestments	**-0.3**	**-0.4**	
	Acquisitions	-0.8	-4.2	
	Divestments	0.9	1.7	
	Free cash flow before discontinued businesses and financing	**-0.2**	**-2.9**	
Discontinued businesses	Free cash flow Maersk Supply Service	0.0	-0.4	
	Free cash flow Maersk Drilling	1.0	0.4	
	Free cash flow Maersk Oil incl. transaction	-0.2	0.3	
	Free cash flow Maersk Tankers incl. transaction	0.0	1.2	
	Free cash flow before financing	**0.6**	**-1.5**	
A.P. Moller-Maersk	Financial costs (net of tax)	-0.6	-0.7	
	Dividends	-1.0	-0.5	-0.5
	Share repurchases	-0.5	-	
	Free cash flow after financial items	**-1.5**	**-2.7**	

Note: Cash flow from operations (CFFO) excluding net financials. Gross capital expenditures excluding acquisitions
Source: Maersk

MAERSK

IFRS 16 from January 1, 2019 will impact our income statement and balance sheet significantly – no cash flow effect

Revenue		**No changes**
Cost	*Decrease*	*Decrease as lease expenses to be recognized as depreciation and interest cost*
EBITDA		**Significant increase due to lower cost (elimination of lease expenses)**
Depreciation & amortisation	*Increase*	*Increase due to new depreciation of capitalized operating-lease-assets*
EBIT		**Minor EBIT increases as interest element separated from lease expense**
Financial items	*Increase*	*Minor Increase due to interest cost*
Income taxes		*No material changes*
Net result		**Whilst neutral over time, timing effect due to higher interest during first years**
Net debt		**Net interest bearing debt increases due to capitalisation of charters and concessions (estimated to USD 6-8bn)**

Source: Maersk

MAERSK

MAERSK