A.P. Møller - Mærsk A/S

Q1 2020 investor and analyst presentation

Date: 13 May 2020
Conference Call: 11:00 CET
Webcast: investor.maersk.com

MAERSK

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.

From Q1 2020, the reporting segments have been changed, and comparable figures are restated (see Interim Report Q1 for details).

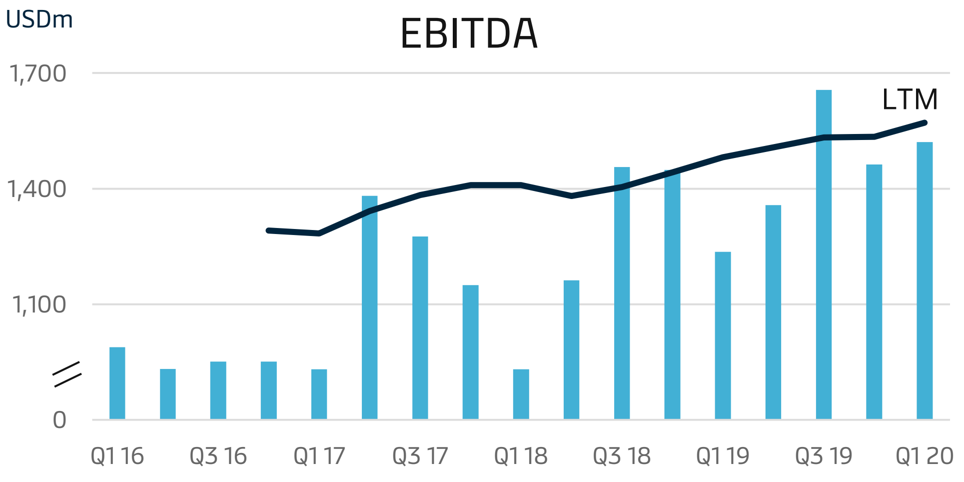
MAERSK

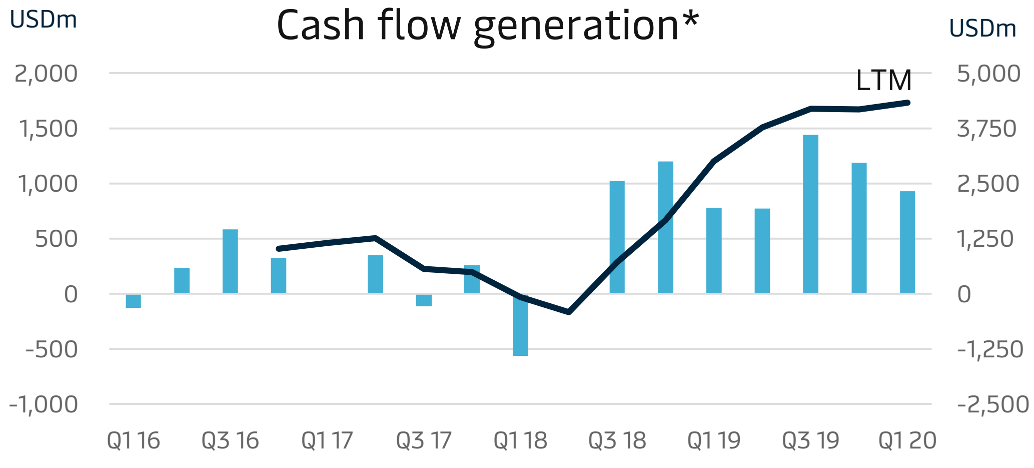
Q1 2020

Key statements

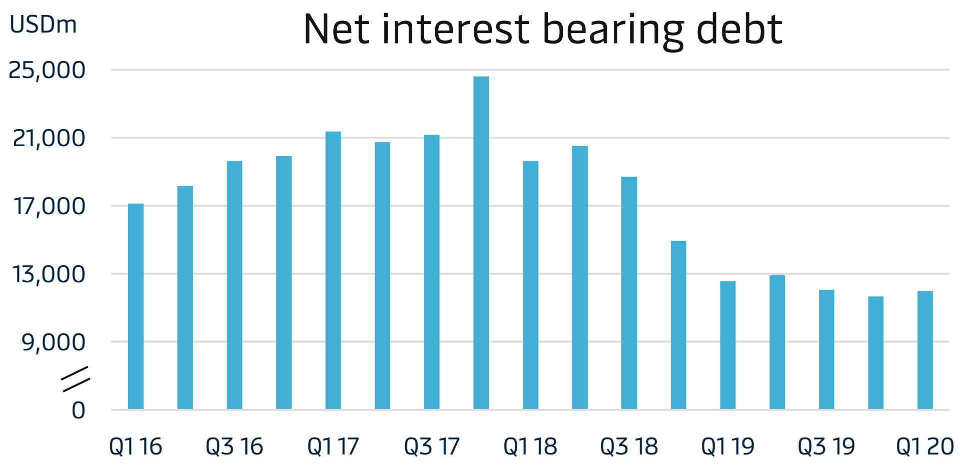
Strategic transformation

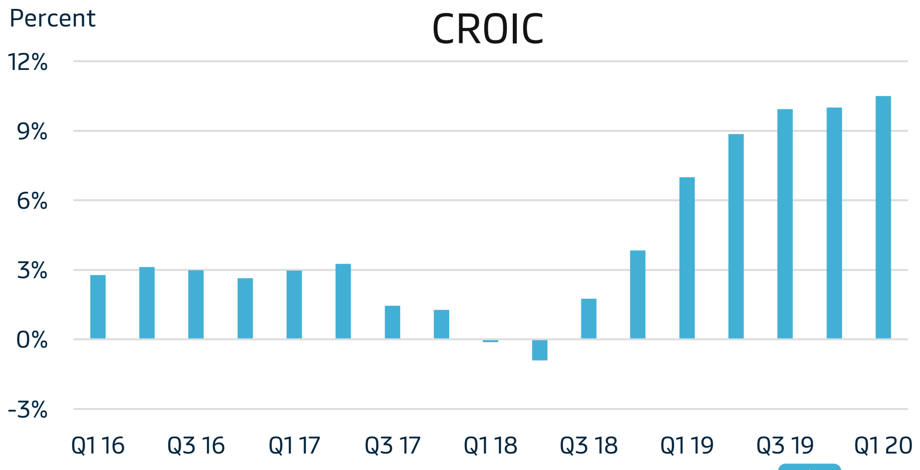
The journey towards higher earnings and cash flow progresses





*) Cash flow generation = CFFO – Capex + dividends received from JV's and associates





Note: 2016-2017 IFRS16 adjustments have been simulated based on 2018 and is for reference purposes only. The 2016-2017 adjustment is not audited. Free cash flow excludes disposals proceeds from Total S.A. shares. LTM = last twelve months.

MAERSK

Financial highlights for Q1 2020

Continued improvement in profitability and solid free cash generation

- **Revenue increased marginally to USD 9.6bn**, despite lower volumes across all segments due to impact from the COVID-19 pandemic, driven by Ocean.
- **Continued improvement in profitability** with EBITDA progressing by 23% to USD 1.5bn leading to an EBITDA margin increase of 3%-points to 15.9%.
- **Free cash flow of USD 0.5bn** after capitalised lease payments with operating cash flow of USD 1.2bn and reduced gross capex of USD 0.3bn.
- **Return on invested capital LTM** improved to 3.8% as result of higher profitability.
- **Flawless** execution on our IMO2020 strategy, with compensation for increased fuel prices and self supply strategy for low sulphur fuel.
- **Q1 2020 shows resilience** towards the negative implications of COVID-19, due to tight capacity management initiatives, reducing capacity more than demand.
- **Full-year guidance for 2020 remains suspended** given continued uncertainty on demand in the next quarters. For Q2 2020 a volume decline of 20-25% is expected across all businesses.

Revenue (USD)
9.6bn
(0.3% increase)

EBITDA (USD)
1.5bn
(23% increase)

CFFO* (USD)
1.2bn
(cash conversion 80%)

Free cash flow* (USD)
1.0bn
(USD 0.5bn after capitalised lease payments)

Return on invested capital LTM
3.8%
(0.6%)

NIBD (USD)
12.0bn
(USD 11.7bn end of Q4 2019)

*Before capitalised lease payments

MAERSK

Strategic Transformation update

Earnings growth and capex discipline lead to further improvements in CROIC and ROIC

- The COVID-19 situation confirms that our integrator strategy is the right one and our role in the global supply chains is even more important in these challenging times.
- **Earnings improvements combined with strong capital discipline led to a CROIC of 10.5% (7.0%)**, confirming the strategic initiatives taken to improve the free cash flow generation.
- **Revenue in the Infrastructure and Logistics activities declined by 6.5% to USD 2.1bn** due a combination of lower volumes related to COVID-19 and lower construction activity in gateway terminals.
- **Profitability in Logistics & Services increased by 50% to USD 69m,** excl. Damco Freight Forwarding, despite the weaker market demand due to the COVID-19 pandemic.
- With effect from 1 April the **acquisition of Performance Team was completed** and the company will from Q2 2020 contribute positively to the revenue and profitability.

	Q1 2020	Q1 2019	FY 2019
Cash return on invested capital - LTM	10.5%	7.0%	**10.0%**
Infrastructure and Logistics revenue[1] , USDm	2,125	2,272	**9,201**
Logistics & Services[2] , EBITDA, USDm	69	46	**221**
Long-term metric			
Return on invested capital (ROIC) – LTM	3.8%	0.6%	**3.1%**
Underlying Return on invested capital (ROIC) - LTM	3.8%	2.4%	**3.2%**

[1] Infrastructure and Logistics revenue includes Gateway Terminals, Towage and Logistics & Services excludes Damco Freight Forwarding
[2] Logistics & Services EBITDA excludes Damco Freight Forwarding

MAERSK

Key statements

COVID-19 update and response

The lockdowns have led to significantly lower demand, affecting all parts of the business in A.P. Moller – Maersk. Cost initiatives are in place across the business to mitigate the negative effects from the declining demand

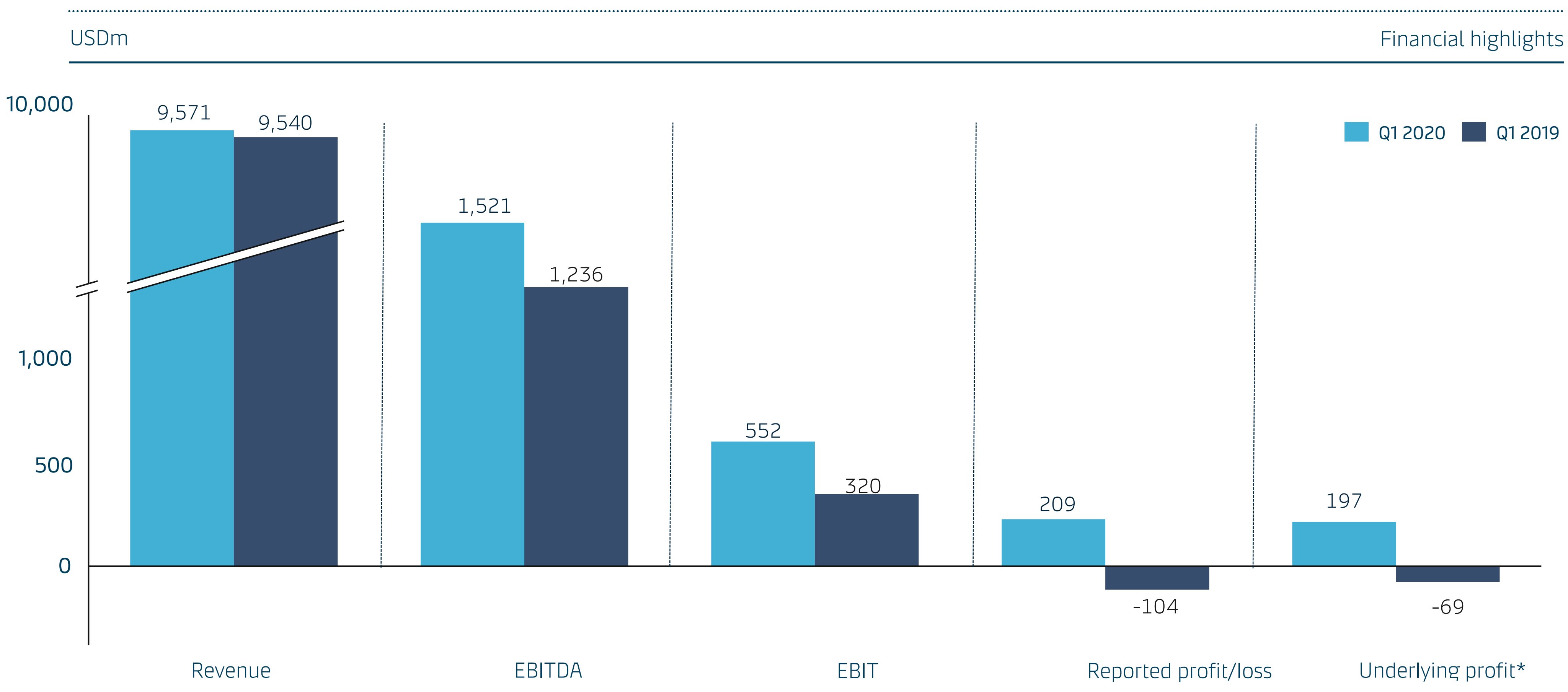
- Main cost levers to mitigate declining demand include:
  - More than 90 sailings cancelled in Q1 2020, especially on East-West, and deployed capacity decreased 3.5%.
  - In Q2 more than 130 blanked sailings are expected with continued and consequent capacity adaption in the coming quarters to match supply and expected demand.
  - SG&A spending closely scrutinised with a number of initiatives started in Q1 combined with ongoing prioritisations.
  - IT spend run rate being reduced.
- Initiatives taken to improve net working capital, which benefits from lower bunker fuel prices from Q2.
- Reducing CAPEX in 2020, most of it phasing into 2021, to protect cash flow in 2020 and support credit rating.
- Strong balance sheet and liquidity profile, with liquidity buffer of USD 9.2bn and LTM EBITDA to net debt of 2.0x supportive in weathering the crisis.
- After Q1 we have taken steps to further increase our liquidity by additional flexible loan arrangements in excess of USD 1.0bn.
- Pro-active management of capacity, capex and costs will continue in order to adapt to the length and depth of the crisis and subsequent recovery.

Q1 interim report

Financial highlights

Financial highlights Q1 2020

Improvements on all financials



Despite headwinds from weaker global demand, incl. COVID-19 effects impacting the businesses and the implementation of IMO 2020 leading to higher fuel prices, profitability improved with an EBITDA margin of 15.9% (12.9%)

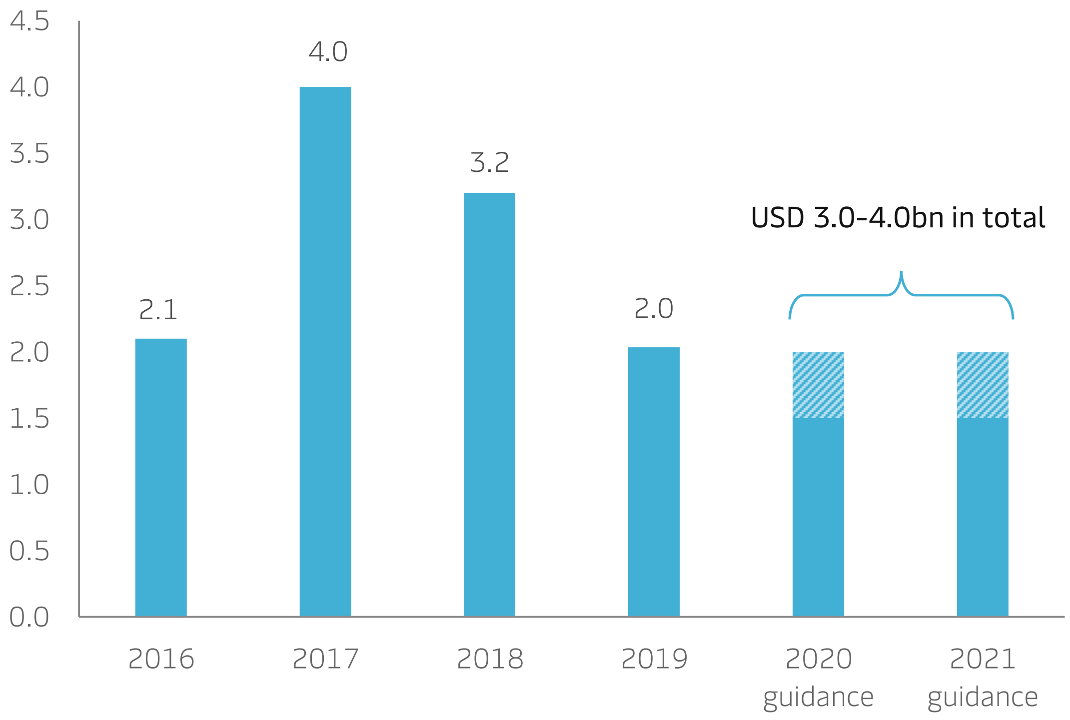
EBIT improved to USD 551m and a margin of 5.8% (2.4%), while the underlying profit of USD 197m improved significantly.

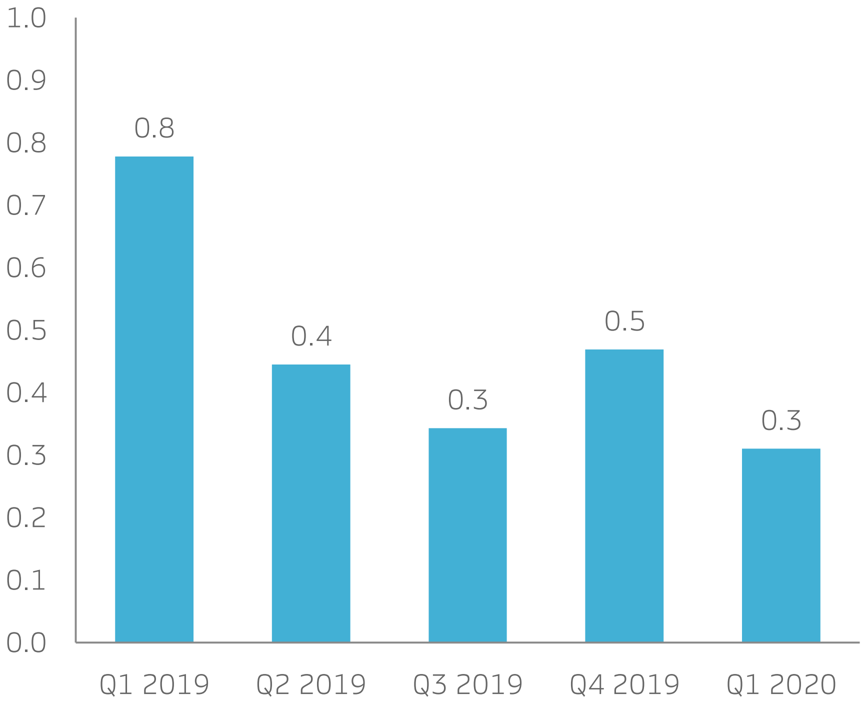
*Underlying profit/loss is profit/loss for the year from continuing operations adjusted for net gains/losses from sale of non-current assets, etc. and net impairment losses as well as transaction, restructuring and integration costs related to major transactions. The adjustments are net of tax and include A.P. Moller - Maersk's share of mentioned items in joint ventures and associated companies.

Financial highlights Q1 2020

CAPEX reduced significantly

Capex excluding acquisitions and divestments, USDbn





CAPEX for Q1 2020 was USD 0.3bn down from USD 0.8bn in Q1 2019, driven by the strong capital discipline.

For 2020 and 2021 the accumulated CAPEX guidance remains at USD 3.0-4.0bn, but initiatives have been taken to reduce capex for 2020.

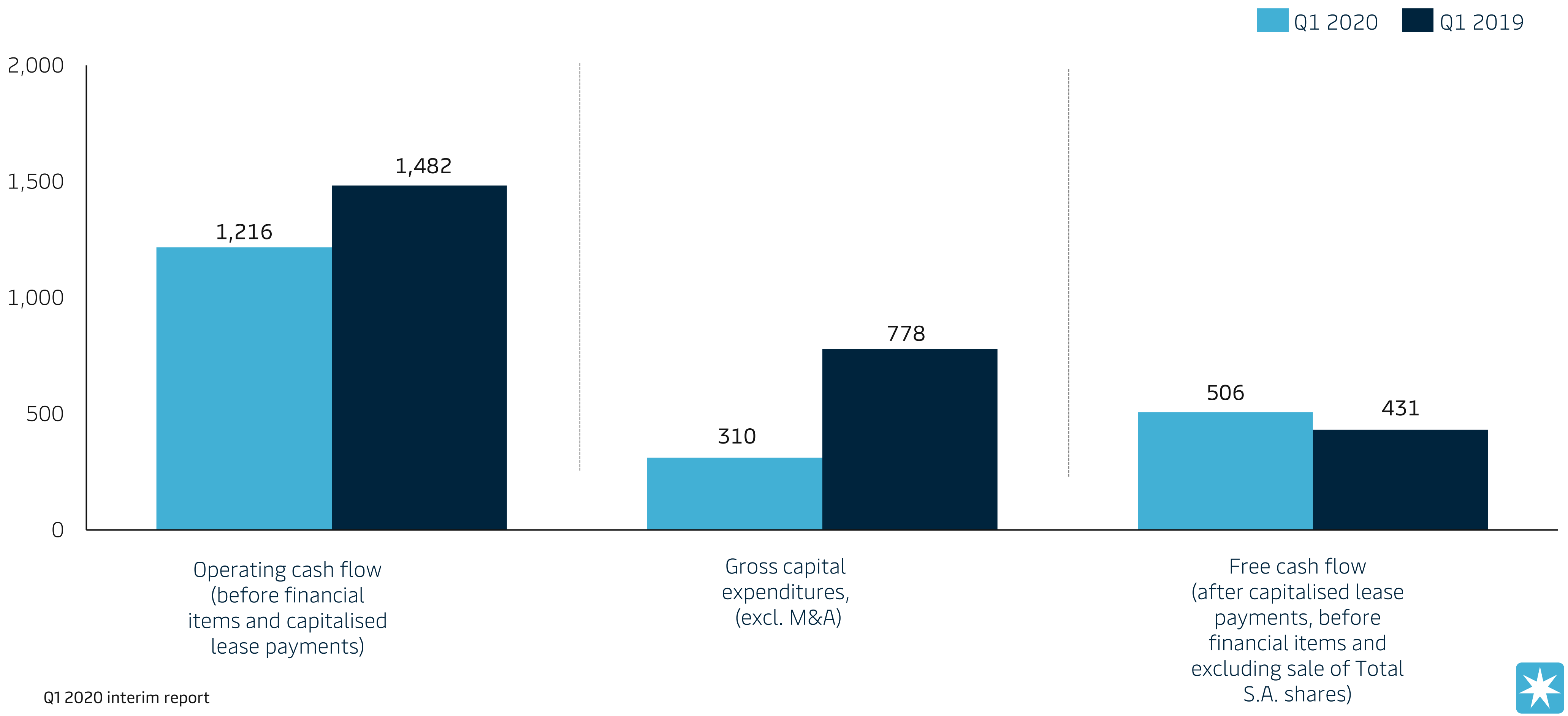
Total contractual capex commitments of USD 1.6bn end Q1 2020, down from USD 2.0bn end Q1 2019.

MAERSK

Financial highlights Q1 2020

Increased free cash flow due to lower CAPEX

Development in cash flow, USDm



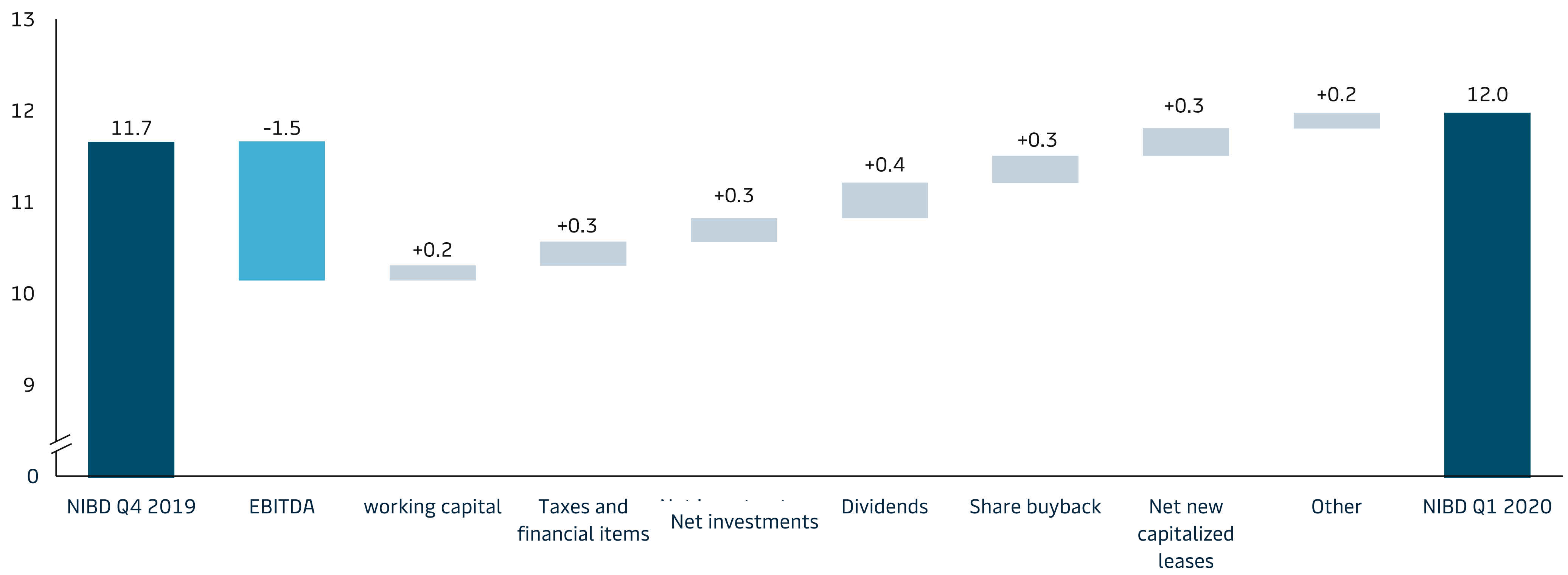
CFFO of USD 1.2bn reflecting a cash conversion of 80% was negatively impacted by an increase in net working capital.

Free cash flow was USD 506m, after capitalised lease payments of USD 455m (USD 438m).

Financial highlights Q1 2020

Net debt increased slightly after dividend and share buy backs

Development in net interest-bearing debt, USDbn



Net interest bearing debt of USD 12.0bn includes lease liabilities of USD 8.4bn down from USD 8.6bn in Q4 2019.

Liquidity reserve[1] of USD 9.2bn by end Q1 2020.

Investment grade credit rating of BBB (negative outlook) from S&P and Baa3 (negative outlook) from Moody's, both affirmed in April.

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

MAERSK

Consolidated financial information

Income statement (USDm)	Q1 2020	Q1 2019	FY 2019
Revenue	9,571	9,540	38,890
EBITDA	**1,521**	**1,236**	**5,712**
EBITDA margin	**15.9%**	**13.0%**	**14.7%**
Depreciation, impairments etc.	1,073	1,082	4,287
Gain on sale of non-current assets, etc., net	19	18	71
Share of profit in joint ventures	37	24	93
Share of profit in associated companies	48	34	136
EBIT	**552**	**230**	**1,725**
EBIT margin	**5.8%**	**2.4%**	**4.4%**
Financial costs, net	-215	-228	-758
Profit/loss before tax	337	2	967
Tax	128	106	458
Profit/loss – continuing operations	**209**	**-104**	**509**
Profit/loss – discontinued operations	-	-552	-553
Profit/loss for the period	**209**	**-656**	**-44**

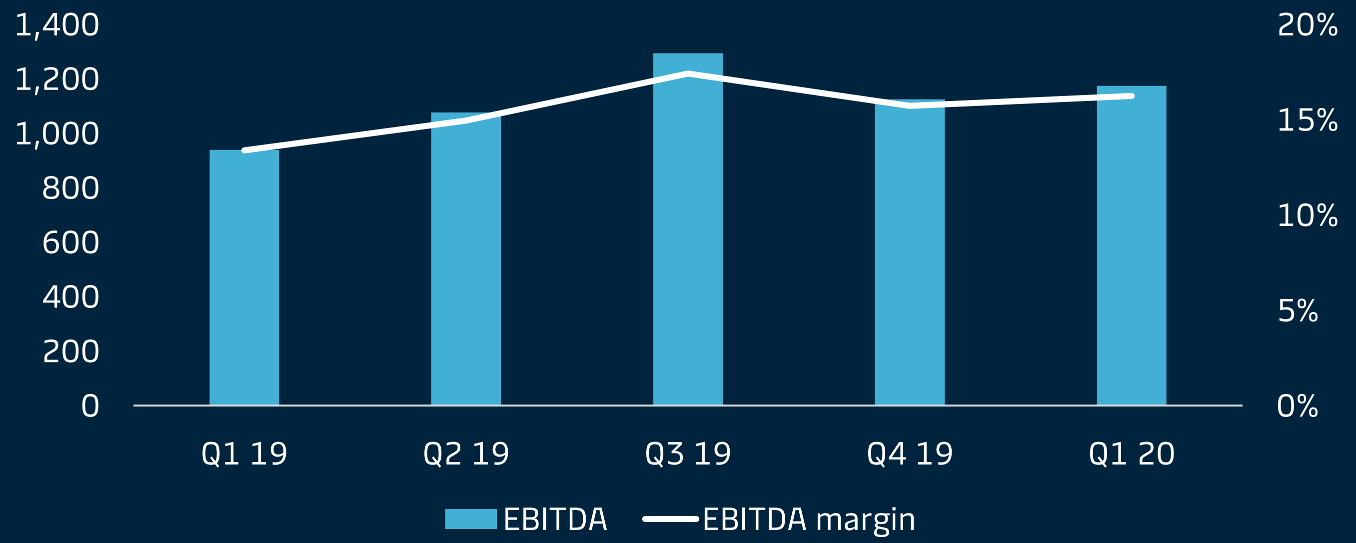
Key figures and financials (USDm)	Q1 2020	Q1 2019	FY 2019
Profit/loss continuing operations	209	-104	509
Gain/loss on sale of non-current assets etc., net	-19	-18	-71
Impairment losses, net.	7	21	29
Transaction and integration cost	-	31	78
Tax on adjustments	-	1	1
Underlying profit/loss – continuing operations	**197**	**-69**	**546**
Cash flow from operating activities	**1,216**	**1,482**	**5,919**
Gross capital expenditures	**310**	**778**	**2,035**
Net interest-bearing debt	**11,978**	**12,565**	**11,662**
Invested capital	39,977	46,491	40,535
Total Equity (APMM total)	27,945	32,843	28,837
Earnings per share (USD)	10	-5	23

Highlights Q1 2020

Ocean

- Revenue increased 3.1% compared to Q1 2019, mainly due to higher freight rates offset by lower volumes.
- Volumes declined 3.2% mainly due to COVID-19 effects.
- EBITDA improved 25% driven by capacity adjustments as a response to COVID-19, offsetting the volume decline, and higher freight rates mitigating increased bunker cost.
- IMO 2020 implementation executed successfully both considering contract negotiations and self supply of compliant fuel.

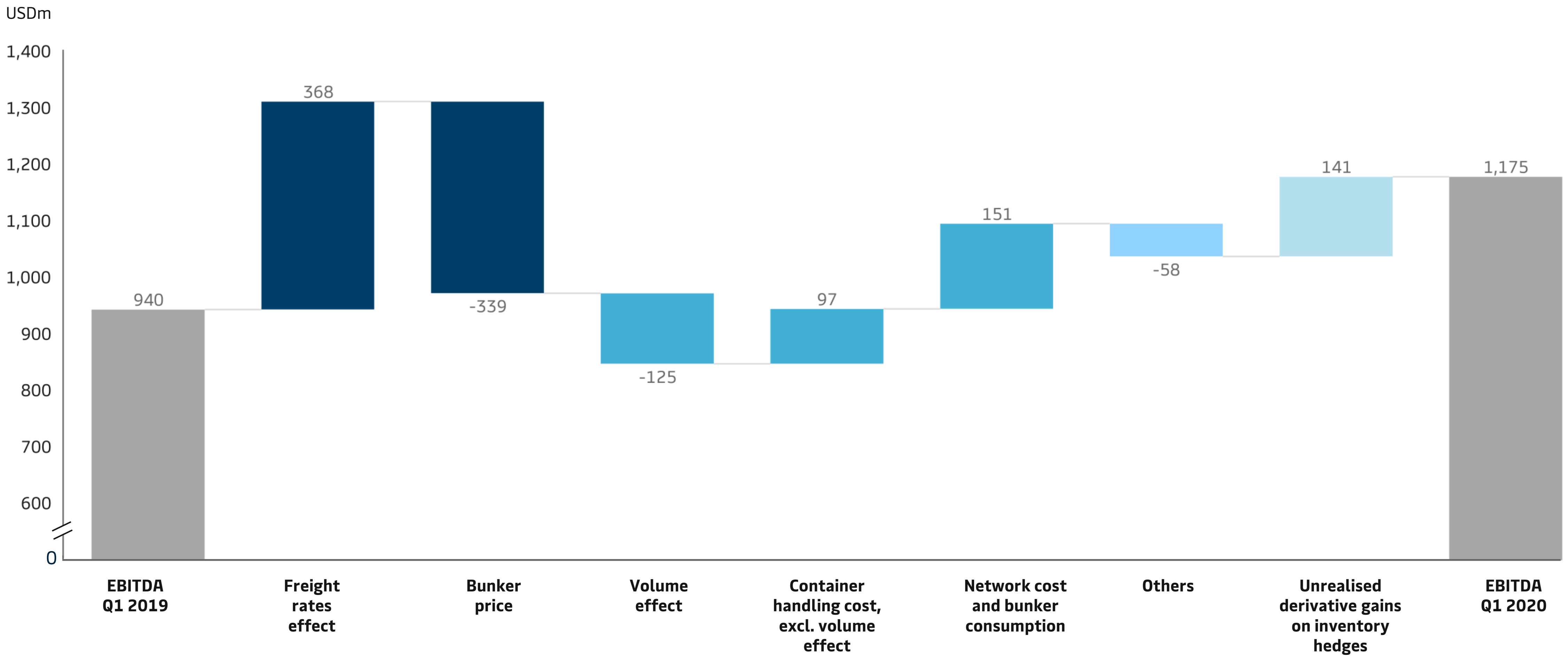
Development in EBITDA and EBITDA margin (%)



	Q1 2020 (USDm)	Q1 2019 (USDm)	FY 2019 (USDm)
Revenue	7,230	7,015	28,782
EBITDA	1,175	940	4,436
EBITDA margin	16.3%	13.4%	15.4%
Gross capital expenditures	175	469	1,172

MAERSK

Higher fuel prices and volume decline fully mitigated



MAERSK

Higher freight rates compensated increases in bunker prices

- Freight rates increased in Q1 2020 in an effort to compensate for the more expensive IMO 2020 compliant fuel.
- Average freight rates increased by 5.7% (6.7% FX-adjusted), driven by North-South and East-West from focus on operational optimisation of capacity and utilisation, including network re-design.
- Adjusted for the increase in bunker price the average freight rates decreased 0.7%.
- Total volumes decreased by 3.2%. Headhaul volumes declined 4.6% and backhaul volumes declined 0.4%.
- The North-South volume decrease was driven by weakness in Latin American and Oceania, but volumes increased in Africa from Asia and Middle East.
- The East-West decrease was driven by significant decrease in headhaul volumes predominantly as a result of COVID-19 impact of production slowdown in China.
- Intra-regional volume growth was led by intra-Asia growth of 7.3%.

Average loaded freight rates (USD/FFE)	Q1 2020	Q1 2019	Change	Change %	FY 2019
East-West	1,924	1,790	134	7.5	1,760
North-South	2,560	2,374	186	7.8	2,347
Intra-regional	1,398	1,415	-17	-1.2	1,366
Total	**1,999**	**1,892**	**107**	**5.7**	**1,853**

Loaded volumes ('000 FFE)	Q1 2020	Q1 2019	Change	Change %	FY 2019
East-West	1,417	1,506	-89	-5.9%	6,194
North-South	961	987	-26	-2.6%	4,268
Intra-regional	670	657	13	2.0%	2,834
Total	**3,048**	**3,150**	**-102**	**-3.2%**	**13,296**

Agile capacity management mitigated lower volumes

- Total operating costs increased 5.2% to USD 6.4bn (USD 6.0bn), 6.1% adjusted for FX, mainly due to higher bunker prices and cost of goods sold of bunkering fuels.
- Tight capacity management with 93 blank sailings led to a 3.5% decline in deployed capacity, leading to lower container handling cost and network cost.
- Total bunker cost increased 22% as the average bunker price increased 32% due to IMO 2020 compliant fuel.
- The bunker consumption declined 7.5% as a result of blanked sailings and efficiency improvements.
- The unit cost at fixed bunker decreased by 2.3%, thus mitigating the effect from lower volumes.

Unit cost at fixed bunker* decreased by 2.3% to 2,026 USD/FFE (2,073 USD/FFE)

Total unit cost was 2,110 USD/FFE (2,044 USD/FFE)

Bunker efficiency improved by 1.9%

Utilisation on the deployed capacity improved compared to Q1 2019

Bunker cost increased to USD 1.4bn (USD 1.1bn)

SG&A decreased by 1.0%

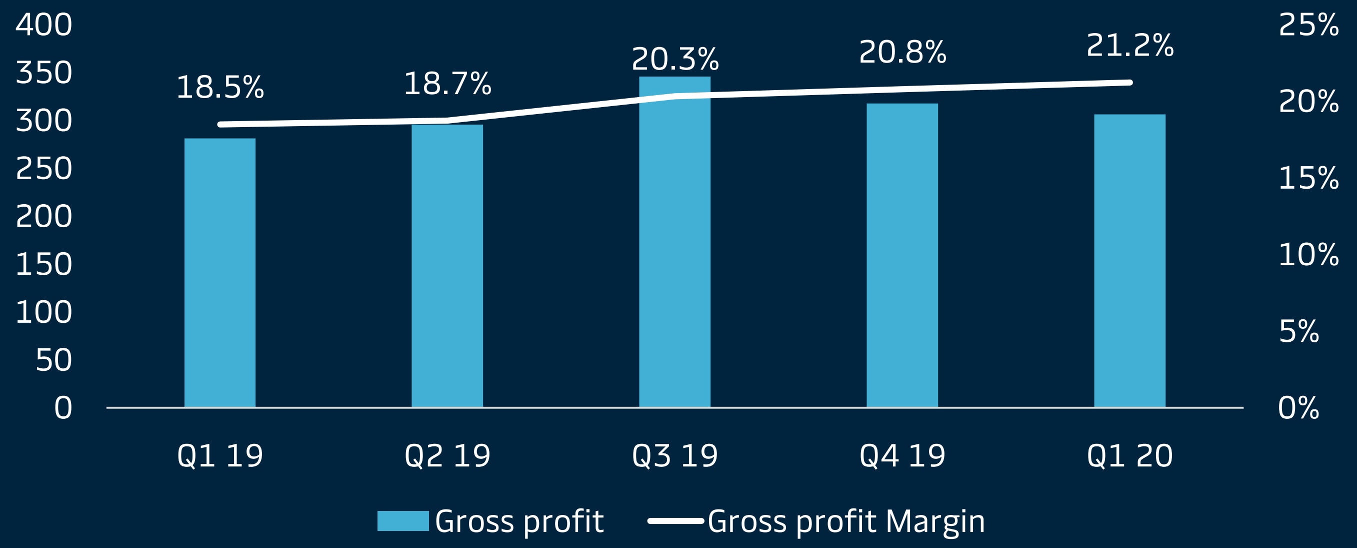
* Fixed bunker price of 450 USD/FFE

Highlights Q1 2020

Logistics & Services

- Revenue declined 5.1% mainly due to lower revenue in intermodal and sea freight forwarding.
- Gross profit increased by 8.9% supported by intermodal and warehousing and distribution, partly offset by supply chain management and sea freight forwarding activities.
- EBITDA of USD 68m increased by 42% and margin improved to 4.7% (3.1%).
- The acquisition of Performance Team closed on 1 April 2020, which more than doubles the combined warehousing and distribution presence in North America, enhancing scale and expertise for our customers.

Development in gross profit and gross profit margin (%)



	Q1 2020 (USDm)	Q1 2019 (USDm)	FY 2019 (USDm)
Revenue	1,442	1,521	6,331
Gross profit	306	281	1,240
EBITDA	68	48	216
EBITDA margin	4.7%	3.1%	3.4%
Gross capital expenditures	23	9	126

MAERSK

Improved gross profit and EBIT conversion

- The gross profit margin improved by 2.7%-points to 21.2%, supported by growth in profitable regions and the continued margin optimisation in intermodal and higher profitability in warehousing and distribution facilities in North America.
- The improvement in gross profit was partly offset by declining profitability in supply chain management and in sea freight forwarding negatively impacted by lower volumes caused by COVID-19.
- The EBIT conversion improved to 9.4% (6.1%) with positive impact of SG&A cost savings, partly offset by tax and legal provisions.

Gross profit improved 8.9% to USD 306m (USD 281m)

EBIT conversion ratio was 9.4% (6.1%)

Volumes in SCM decreased by 11%

Air and sea freight forwarding volumes both declined 18%

SG&A and other cost increased to USD 238m (USD 233m)

Direct cost declined to USD 1,136m (USD 1,240m)

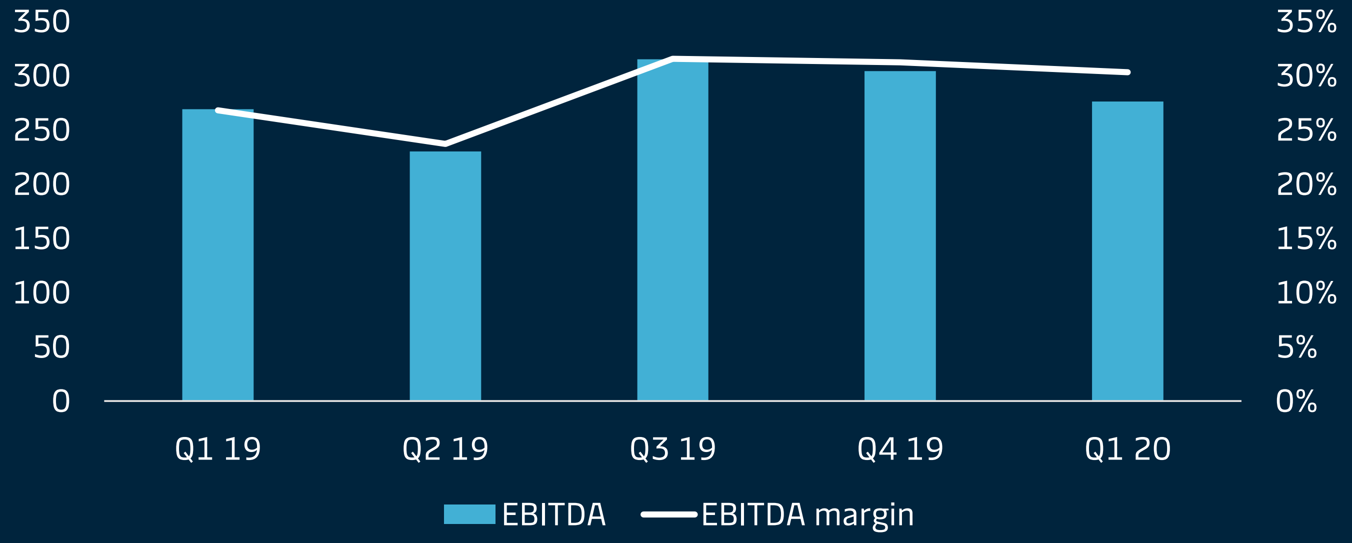
EBIT conversion ratio = EBIT / Gross profit

Highlights Q1 2020

Terminals & Towage

- Revenue declined by 9.3%, while EBITDA increased by 2.6% with a margin of 30.3%.
- Gateway terminals reported revenue of USD 740m (USD 837m), while towage reported revenue of USD 178m (USD 173m).
- EBITDA in gateway terminals was on par with last year at USD 213m and the EBITDA-margin increased by 3.3%-points to 28.7%.
- Lower construction revenue (IFRIC12) related to Moin of USD 43m compared to Q1 2019 contributed to higher margins.
- EBITDA in towage increased 14% to USD 64m, mainly due to higher activity, early termination fee in Angola and the newly acquired Port Towage Amsterdam in the Netherlands.

Development in EBITDA and EBITDA margin (%)



	Q1 2020 (USDm)	Q1 2019 (USDm)	FY 2019 (USDm)
Revenue	911	1,004	3,948
EBITDA	276	269	1,118
EBITDA margin	30.3%	26.8%	28.3%
Gross capital expenditures	103	121	532

Margin improvements despite lower volumes

- Gateway terminals volumes declined 1.6% (declined 2.0% like-for-like), as volume in North America decreased by 15%, due to COVID-19 impacts and high tariff-preponement related volumes in Q1 2019 in Los Angeles, while volume in Asia decreased by 6.0% related to Yokohama.
- Latin American volume increased 13% from ramp up of Moin.
- Volumes from external customers decreased by 0.2%, while volumes from Ocean decreased 4.4%.
- Utilisation decreased 8.6%-points due to lower volumes and further increase in capacity in Moin and Port Elizabeth.
- Revenue per move was mainly driven by lower storage income in West African terminals, while cost per move was driven by operational challenges in Port Elizabeth in Q1 2019.
- In Towage the Harbour towage activities increased driven by increased activity in Europe, partly offset by challenges in Australia following the bushfires.

Like-for-like throughput declined 2.0% (-0.2% from external customers and -5.4% from Ocean)

Utilisation declined by 8.6%-points to 70% (79%)

Revenue per move decreased by 4.2% to USD 267 (USD 279), adj. for FX, etc. it decreased by 1.1%

Cost per move decreased by 3.5% to USD 233 (USD 241), adj. for FX, etc. it decreased by 0.9%

Harbour towage activities grew by 9.6%

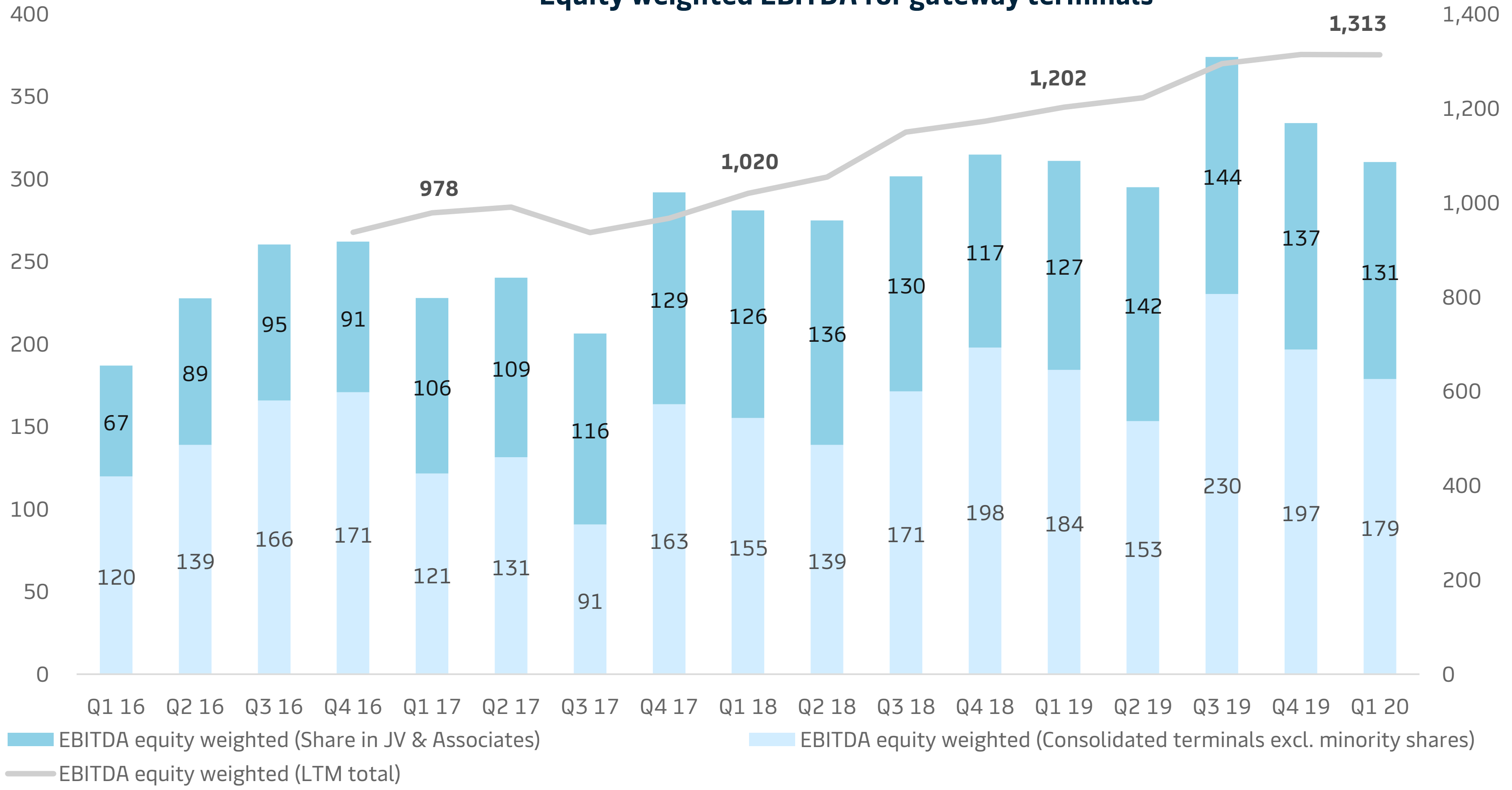
Terminal towage annualised EBITDA per tug increased 18%

MAERSK

Stable earnings and cash contribution from JV's and Associates

- The equity weighted EBITDA was on par with Q1 2019, with a negative impact from Apapa, lower volumes in North America and China and exit from Douala, offset by ramp-up of Moin and Tema.
- In the last twelve months the JV's and Associates have generated USD 554m to the Equity weighted EBITDA of USD 1,313m.
- The cash contribution through dividends from JV's and Associates in the last twelve months has been USD 176m, or 32% of the EBITDA with a pay-out ratio of 86% of the net result.

Equity weighted EBITDA for gateway terminals



Note: 2016-2017 IFRS16 adjustment is a high level estimate for comparability use only. The estimate does not take into account differences in internal discount rate nor remaining length of concessions, but simply extrapolates numbers back from 2018. The 2016-2017 adjustment is not audited and no full restatement of figures to adjust for IFRS16 has been conducted prior to 2018. 2018 onwards all the numbers are restated with segment changes.

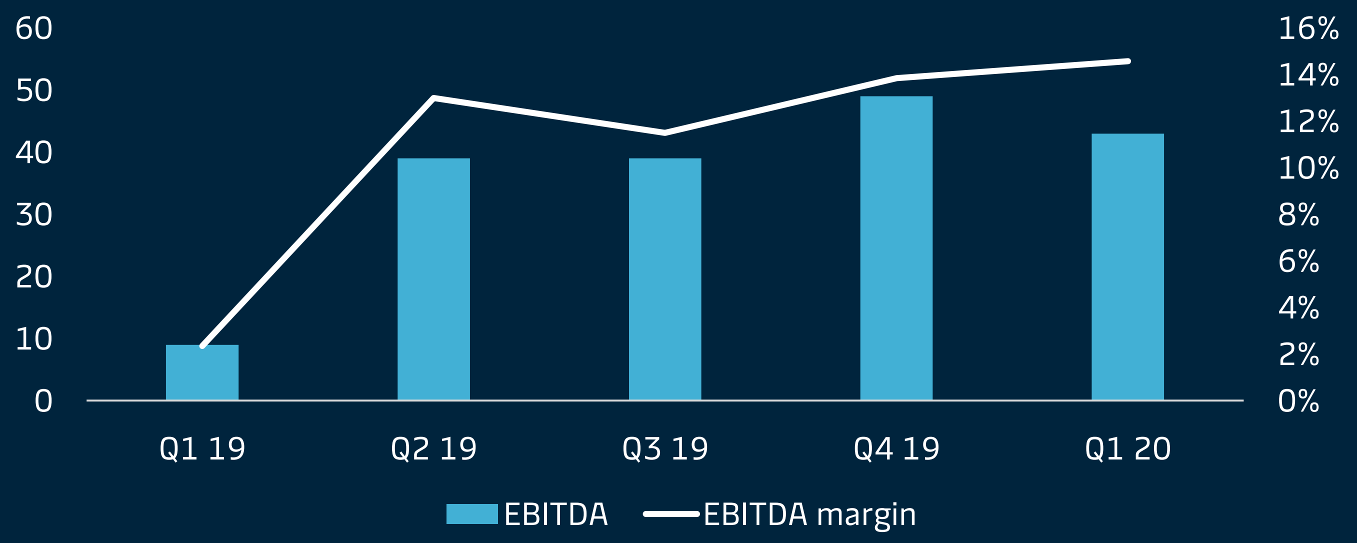
MAERSK

Highlights Q1 2020

Manufacturing & Others

- Revenue in Maersk Container Industry decreased to USD 124m (USD 140m), due to required shut-down of the factory in Qingdao because of COVID-19, however, EBITDA in increased to USD 14m (USD -15m) with EBITDA for Q1 2019 negatively impacted by restructuring costs of USD 31m.
- Maersk Supply Service improved EBITDA to USD 14m (USD 5m), reflecting higher rates and cost initiatives. Restructuring initiatives has been announced, as the low oil price has negative impact on the overall activity.

Development in EBITDA and EBITDA margin (%)



	Q1 2020 (USDm)	Q1 2019 (USDm)	FY 2019 (USDm)
Revenue	295	383	1,376
EBITDA	43	9	136
EBITDA margin	14.6%	2.3%	9.9%
Gross capital expenditures	8	177	204

MAERSK

2020

Full-year guidance

Guidance for 2020 still suspended

A.P. Moller - Maersk suspended the full-year guidance for 2020 (EBITDA before restructuring and integration costs of around USD 5.5bn) on 20 March 2020 due to the COVID-19 pandemic, which is leading to material uncertainties and lack of visibility related to the global demand for container transport and logistics.

The high uncertainties related to the outlook and impact from COVID-19 still persist and therefore the suspension of the full year guidance on EBITDA remains.

Significant contraction in global demand is expected for Q2, with volumes expected to decrease by 20-25% across all businesses affecting both the profitability and cash flow in the quarter.

The global market growth in demand for containers is expected to contract in 2020 due to COVID-19 (previously between 1-3% growth). Organic volume growth in Ocean is expected to be in line with or slightly lower than the average market growth.

The accumulated guidance on gross capital expenditures excl. acquisitions (CAPEX) for 2020-2021 is still expected to be USD 3.0-4.0bn, with steps being taken to reduce CAPEX in 2020. High cash conversion (cash flow from operations compared to EBITDA) is expected for both years.

Sensitivity guidance

A.P. Moller - Maersk's financial performance for the full-year 2020 depends on several factors and are subject to uncertainties related to the COVID-19, bunker fuel prices and freight rates combined with the weaker macroeconomic conditions and other external factors.

Based on the expected earnings level and all else being equal, the sensitivities for the rest of 2020 for four key assumptions are listed in the table below:

Factors	Change	Effect on EBITDA (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

Questions and answers

To ask a question, please press 01

MAERSK

Final remarks

- Profitability in Ocean was protected through successful implementation of IMO 2020, operational efficiencies and agile capacity management leading to significant cost savings
- Positive development in free cash flow and CROIC driven by continued lower capex
- Strong capital structure and low contractual capex commitments
- Expect significant lower volumes across businesses in Q2 2020 due to the lock-down effects in Europe and the US from COVID-19
- Cost and cash flow improving initiatives are being taken to mitigate the negative impact from lower volumes

MAERSK