

Nils S. Andersen, Group CEO

# Building lasting success

A.P. Moller - Maersk **Capital Markets Day** – 9 October 2012



**MAERSK**

# Difficult times and times of opportunities

## Global economy

- Slow growth
- Capital constraints for industry

## Our position

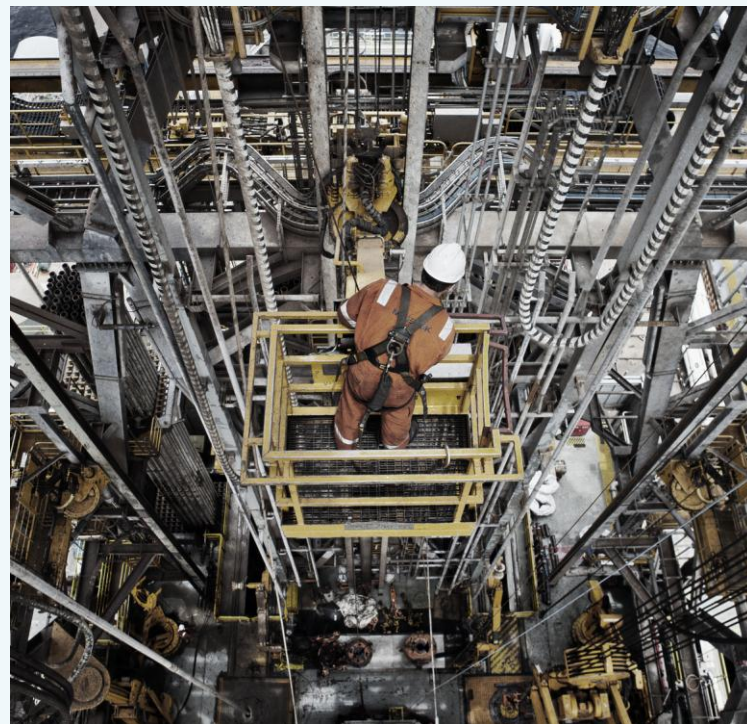
- Strong name
- Strong global relationships
- Strong financial position and cash flow generation



Opportunity to develop

# Many achievements during five years of crisis

- Performance management established with focus on profit growth and competitiveness
- Successfully adjusted to new competitive environment
- Increased earnings from non-shipping businesses
- Portfolio management
- Equity up from USD 24bn to USD 37bn



# Selected divestments

- Maersk Peregrino (FPSO) 2012
  - Maersk Equipment Service Comp. (66,000 chassis' in the US) 2012
  - Odense Steel Shipyard closed in 2012
  - Maersk Ngujima-Yin (FPSO) 2011
  - Maersk LNG 2011
  - Netto Foodstores, UK (retail outlets) 2011
  - Norfolk Holding (RO/PAX and logistics) 2009
  - Rosti (injection-moulded plastic) 2009 and 2010
- Loksa Laevateehase (shipyard) 2009
  - MartinAir (50%) (Dutch Airline) 2008
  - Roadways Container Logistics (UK road haulage) 2008
  - Maersk Car Carriers 2008
  - Volkswerft Stralsund (shipyard) 2007
  - Balti (steel components) 2007
  - Codan Gummi (high-tech rubber) 2007

# Looking five years ahead

## Five years ago

- Maersk Line dominated the Group
- Earnings followed shipping markets
- Maersk Oil as cash provider
- Portfolio broad and performance uneven
- Strongest presence in mature markets



## Today

- Business units are stand-alone businesses
- Most businesses in, or close to, top quartile performance
- Increasing share of profits from less volatile businesses
- >50% of profit in growth markets
- Strong financial position



## Five years ahead

- Active portfolio management
- Operational performance excellence
- Disciplined capital allocation focused on the four strategic core businesses
- Group ROIC > 10% with USD > 1 bn profit contribution from each of the core growth units
- Consistently delivering increasing value and dividends to shareholders





# Building four world class businesses



Maersk Line



Maersk Oil



APM Terminals



Maersk Drilling

Opportunistic core

[Damco](#) | [Svitzer](#) | [Maersk Tankers](#) | [Maersk Supply Service](#)

Strategic investments

[Dansk Supermarked](#) | [Danske Bank](#)

Assets managed for value

[DFDS](#) | [Höegh Autoliners](#) | [Others](#)

# Maersk Line: From good to best

## Five years ago

- 4th quartile performer
- EBIT margin below peers
- Buying growth and market share
- Volatile returns below WACC



## Today

- 2nd quartile performer
- 3% EBIT margin advantage to peers
- Growing with market after price war
- Returns volatile and below WACC
- High customer satisfaction



## Five years ahead

- Top quartile performer
- EBIT margin 5% above peers
- Growing with market and funded by its own cash flow
- Delivering stable returns above cost of capital
- Getting value premium from customers



# Maersk Oil: Unlocking potentials

## Five years ago

- Producing >400,000 barrels of oil equivalent per day (boepd)
- High returns and low investments
- Depleting reserves and resources
- 'Black box'



## Today

- Producing 265,000 boepd
- Top quartile returns
- Exploration results in Chissonga, Johan Sverdrup and Culzean
- Increasing transparency



## 2020

- Producing >400,000 boepd
- Double digit returns
- Building reserves towards 10 years production
- Strong transparent organisation





# APM Terminals: Continuing profitable growth

## Five years ago

- Below average performer
- Closely linked to Maersk Line
- Diverse geographic focus
- USD 0.3bn annual profit (2006)



## Today

- Top quartile performer
- Independent company; 46% revenue from 3rd party customers
- Investments in growth markets
- USD 0.6bn annual profit (2011)
- Strong project pipeline will secure above market growth



## Five years ahead

- Best port operator in the world
- Strong brand; at least 50% revenue from 3rd party customers
- More attractive terminals in growth markets
- USD >1 bn annual profit (NOPAT)



# Maersk Drilling: Investing to reach relevant size

## Five years ago

- Below average performer
- Active in North Sea + other
- Sub-scale but significant orderbook
- Annual profit of USD 0.2bn (2006)
- 10 rigs



## Today

- Progress towards top quartile performer
- High-end deep water + active in North Sea + other
- Strong new-building programme
- Annual profit of USD 0.5bn (2011)
- 16 rigs



## Five years ahead

- Top quartile performer
- 30 high-end rigs mainly for harsh environment and deep water
- USD >1 bn profit annual (NOPAT)



# Building value across the Group

## **Damco**

Profitable growth

## **Maersk Supply Service**

Build on leadership position

## **Svitzer**

Grow margins and invest in profitable contracts

## **Maersk Tankers**

Protect value during cycle lows

## **Dansk Supermarked**

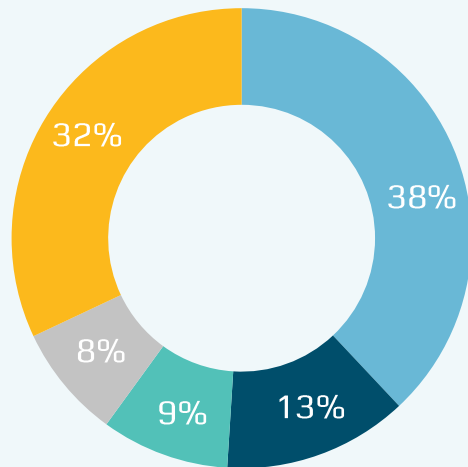
Return to growth in sales and increased profits



# Capital is focused on our strategic growth businesses

## Invested capital 2012

■ Maersk Line ■ Maersk Oil ■ APM Terminals  
■ Maersk Drilling ■ Other



## Our portfolio strategy over the next five years

- At least 75% of the invested capital is within the four core growth businesses
- Maersk Line's share of the Group's invested capital is likely to be reduced towards a 25–30% range
- Maersk Oil, APM Terminals and Maersk Drilling's combined share of the invested capital will increase from 34% towards a 45–50% range
- Growing the business by 30–40%

Trond Westlie, Group CFO

# Financing lasting success

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**MAERSK**



# Agenda

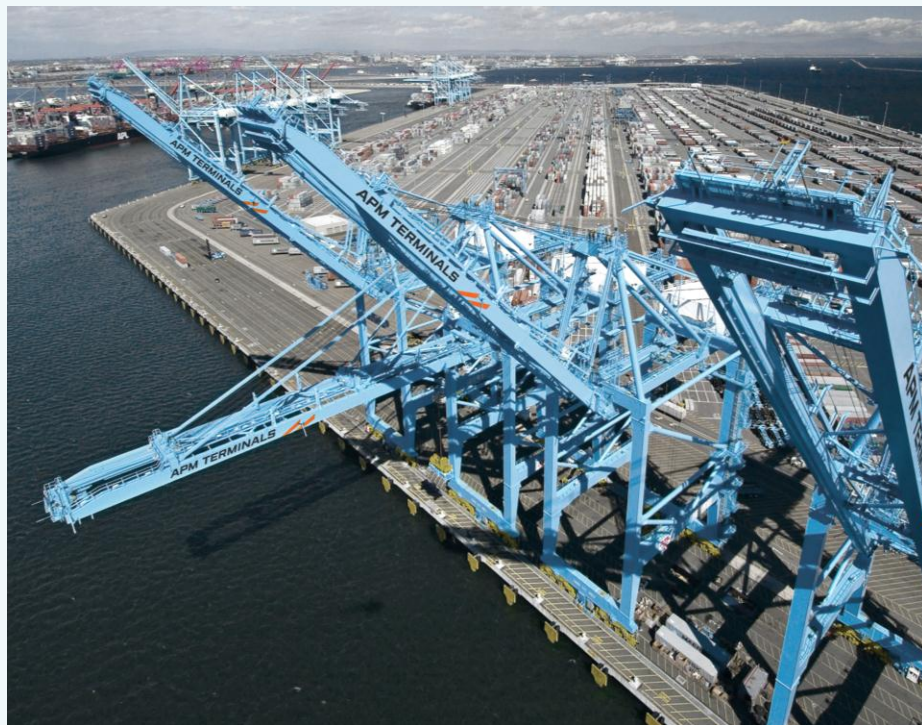
- Improved financial disclosure
- Performance and cash generation
- Commitments and funding



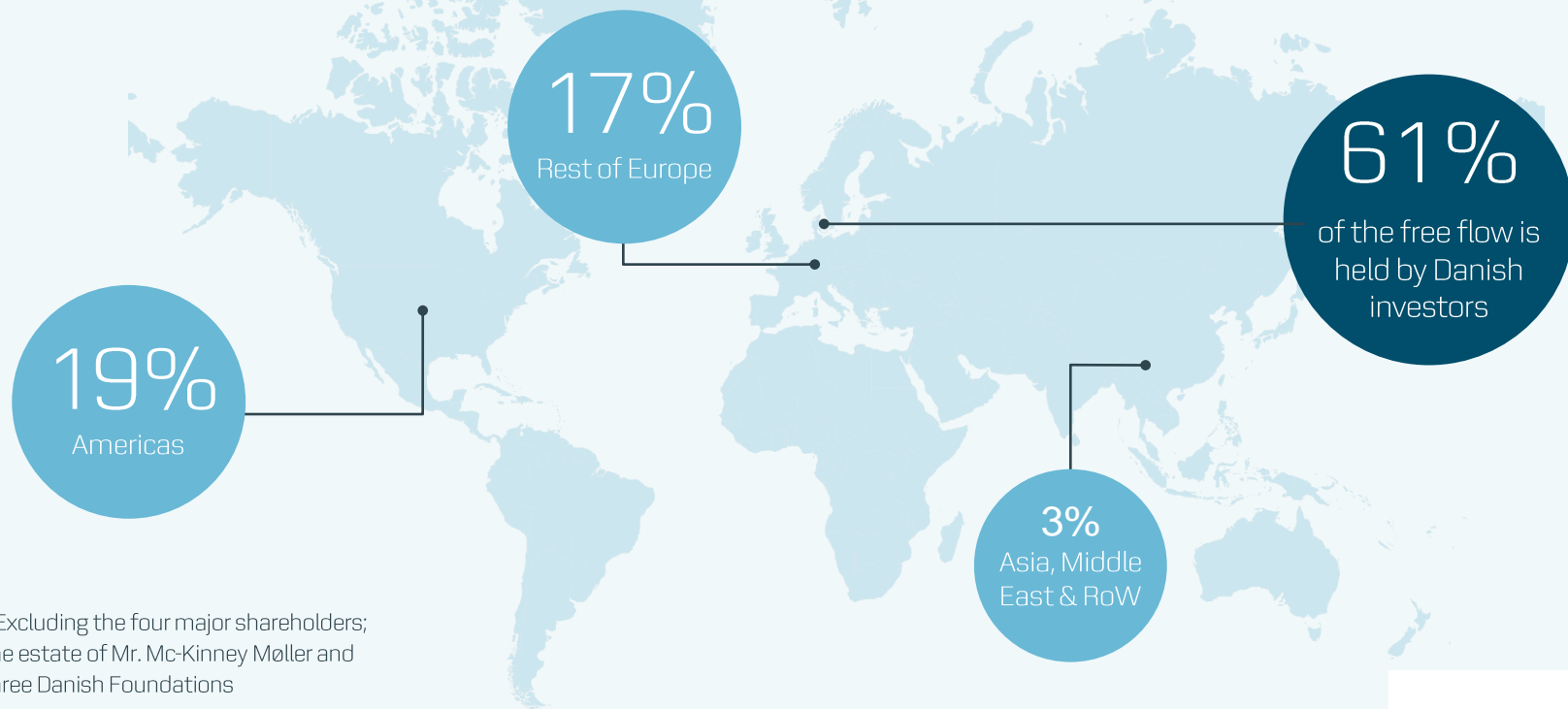


# Improved financial disclosure

- Gradually modernised communication from the Group, including updates on:
  - Group strategy
  - Business Unit ambitions
  - Dividends and financial gearing
- Quarterly reporting implemented from Q3 2011
- Focus on performance
- Today's Capital Markets Day is a natural next step

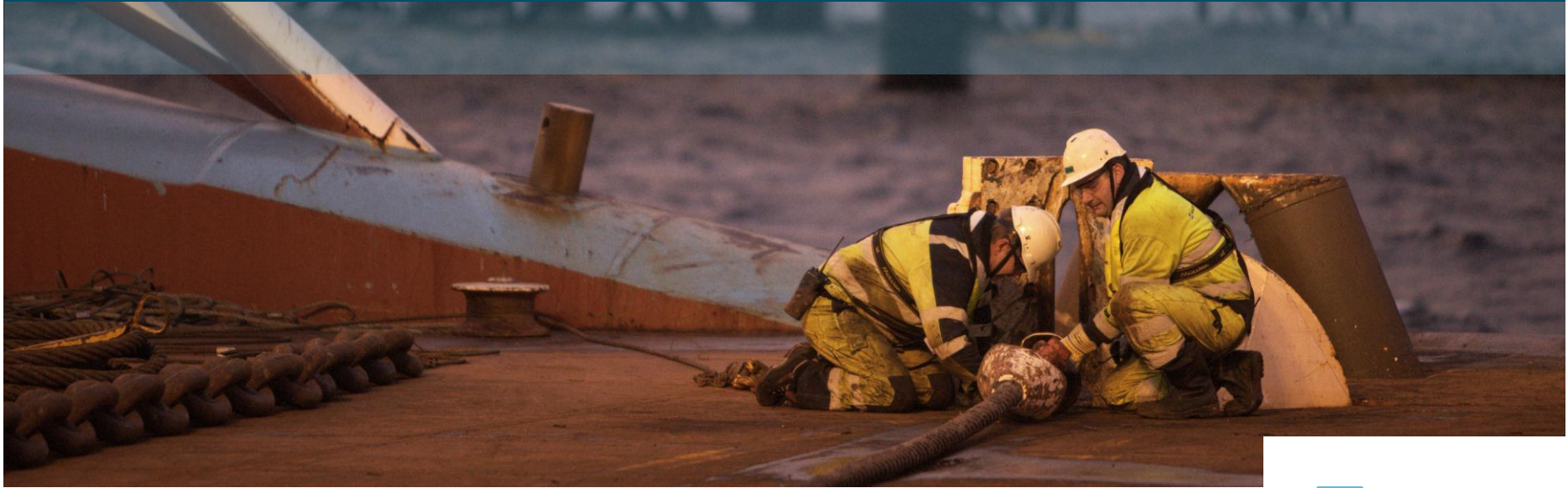


## Our shareholder map – Geographic distribution of free flow\*



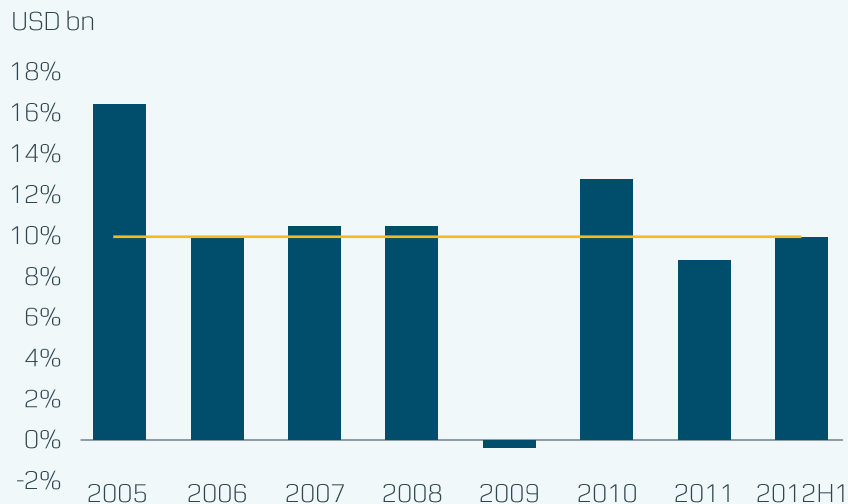
# Agenda

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# Focus on performance

## Group ROIC annually 2005–2012 H1\*



Ambition going forward is >10% ROIC

## Breakdown of ROIC by business

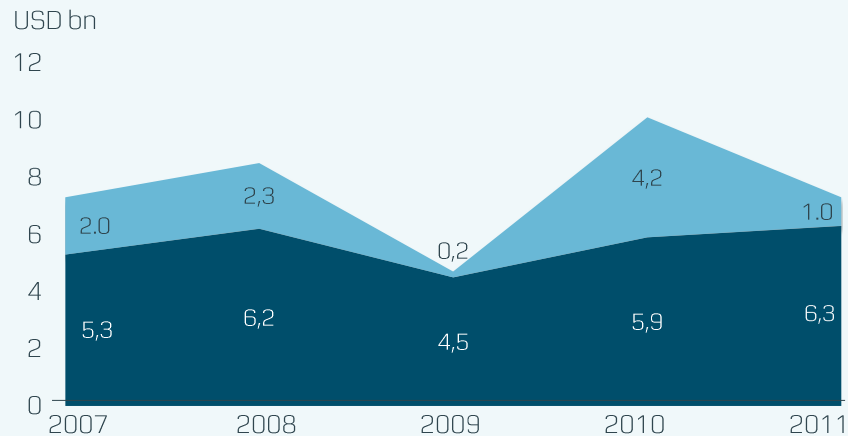
Business	Invested capital USDm	ROIC % H1 2012*	ROIC % 2011
A.P. Moller – Maersk Group	53,767	9.5	8.3
Maersk Line	20,404	-3.8	-3.4
Maersk Oil	7,070	52.2	36.3
APM Terminals	5,022	15.6	13.1
Maersk Drilling	4,266	10.8	12.7
Maersk Supply Service	2,168	6.8	11.3
Maersk Tankers	4,083	-1.9	-4.2
Damco	434	18.4	25.8
SVITZER	1,626	8.2	7.0
Maersk FPSOs (+Maersk LNG)	1,212	6.9	0.3
Dansk Supermarked Group	2,707	7.3	36.8
Other	5,344	6.4	4.5

\* H1 2012 ROIC annualised

# Strong cash generation through the cycle...

## Cash flow from operations

- Cash flow of USD 5–7bn annually from “stable” businesses
- Maersk Line and Maersk Tankers contribute annually with cash flow of USD 0–4bn

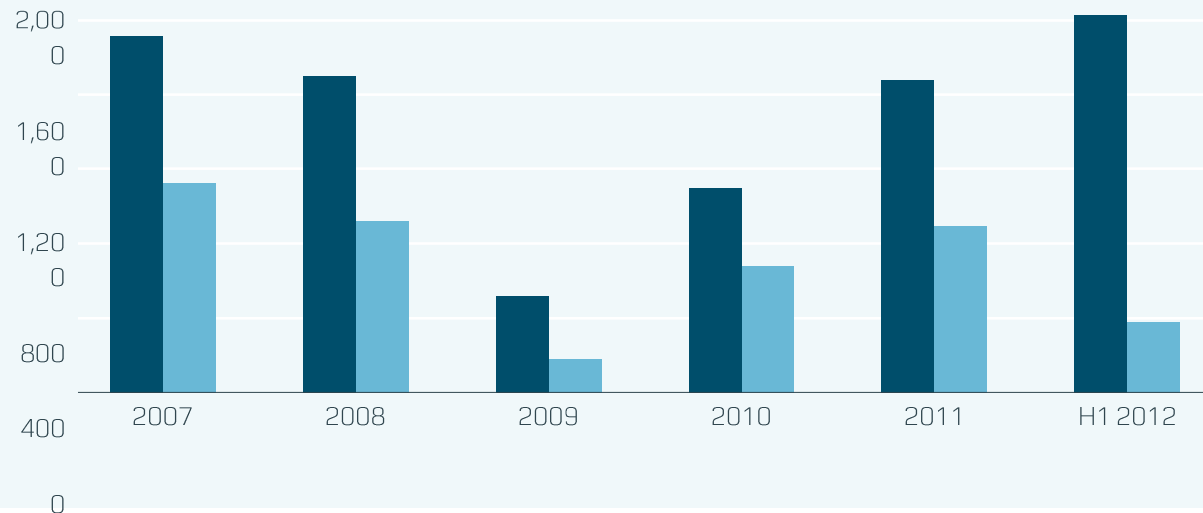


# ...supported by active portfolio management

## Cash flow and gains from divestments

■ Cash flow from divestments ■ Divestment gains

USD m



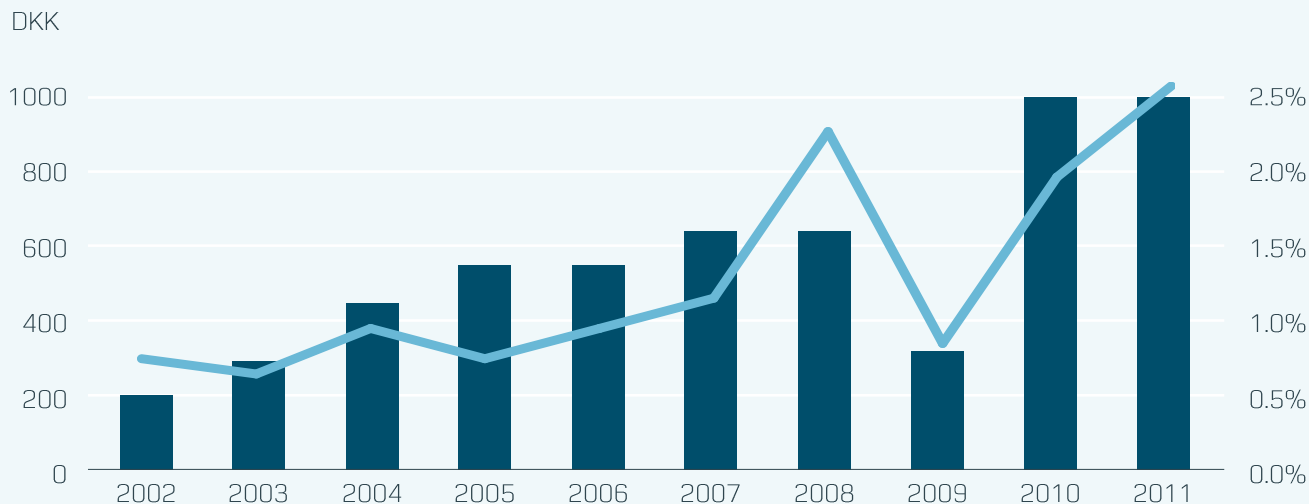
Cash flow from divestments of USD 9bn since 2007 with a pre-tax gain of USD 4.1bn since 2007



# Development in dividend payout

## Historical dividend

■ Dividend per share ■ Dividend yield (RHS)



Continue historical trend of increasing dividends per share supported by underlying earnings growth

# Agenda

- Improved financial disclosure
- Performance and cash generation
- Commitments and funding



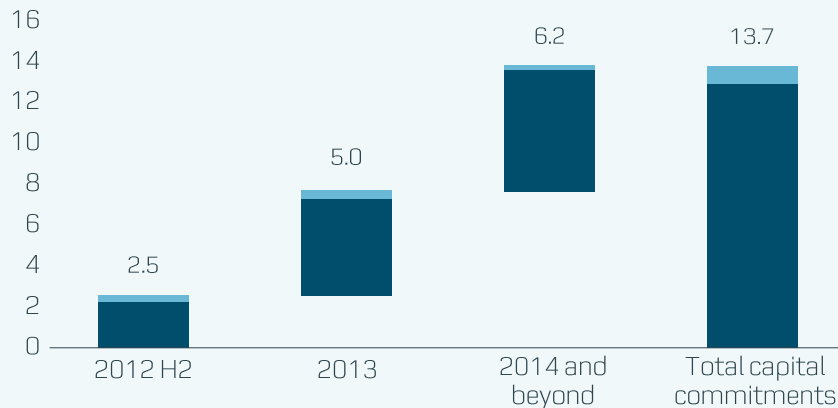
# Capital commitments for growth

- Track record for growth – the cash flow used for capital expenditure has been USD 42bn accumulated for the past five years
- The Group has entered into USD 13.7bn capital commitments per 30 June 2012, where USD 2.0bn is paid instalments
- 97% of all outstanding instalments or USD 13.3bn is heading for the four core growth businesses
- Our growth ambitions will result in significant investments

## Capital commitments

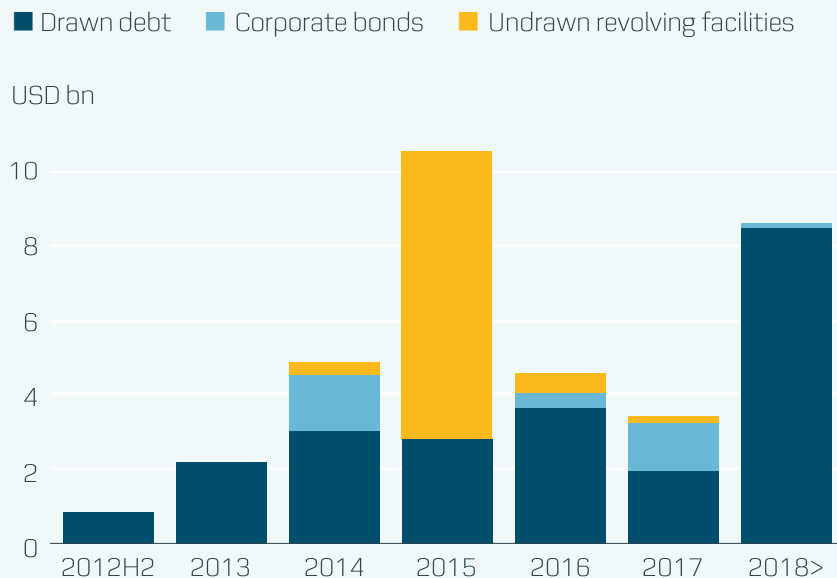
■ Four core growth ■ All other

USD bn



# Funding in place with liquidity buffer of USD 10.7bn

## Loan profile for APMM Group end Q2



## Funding

- APMM is committed to maintaining a conservative capital structure and funding profile matching that of a strong investment-grade company over the cycle
- Level of leverage inside historic levels (Net debt / EBITDA at 1.04 (2011) – historic range: 0.5–1.5x)
- Liquidity buffer of USD 10.7bn end Q2 2012
- Average debt maturity above five years
- Corporate bond program 10% of our funding (USD 2.7bn)
- APMM has issued a euro 750m bond (≈ USD 950) in Q3
- Pledges: ships, containers etc. with a carrying amount of USD 9.5bn at end 2011, corresponding to 13.5% of total assets
- No immediate refinancing needs



# Key messages from the CFO

- Disclosure and user friendliness improved
- Transparency in strategy, priority in capital allocation and target levels
- The Group is facing significant investments to grow our businesses and has undrawn facilities of USD 10bn
- The Group can fund the growth from its own cash generation and maintain the gearing level
- We are a capital intensive company where buying, operating and selling assets are a natural part of our business





A wide-angle photograph of a busy container port. In the foreground, there are large stacks of colorful shipping containers (blue, red, white, and yellow). Behind them, several large gantry cranes are visible, extending over the water. The cranes are blue and white, with some having red accents. The water is calm, and the sky is overcast. The overall scene depicts a major hub for international trade.

Final remarks



# Critical to Maersk Line's success

- Maintain customer satisfaction and price the value we provide
- Further cost reductions
- Establish EBIT margin leadership by 5% and achieve rate leadership



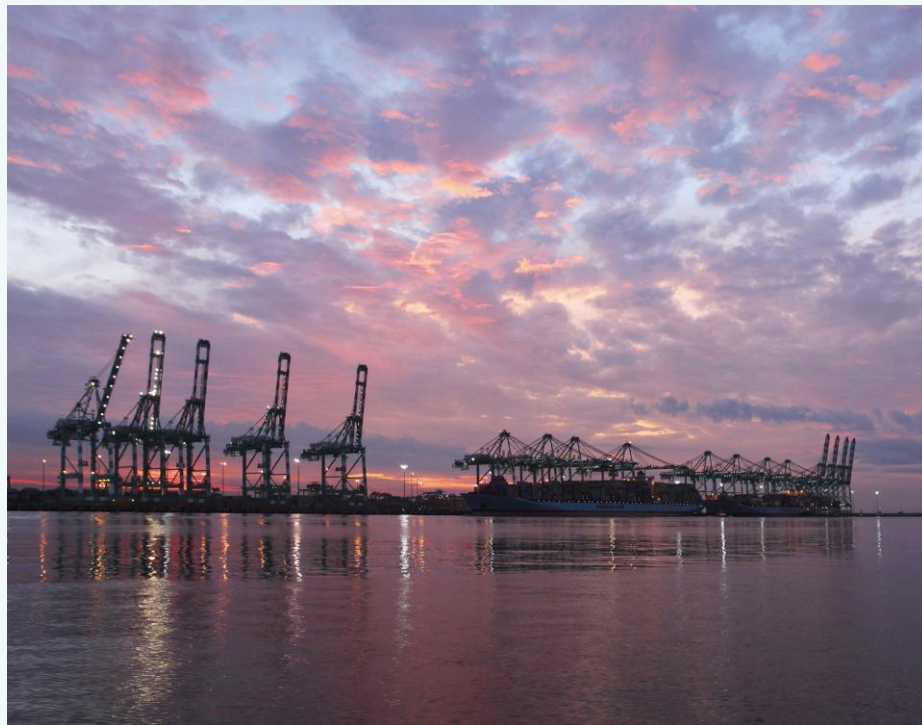
# Critical to Maersk Oil's success

- World class execution
  - Al-Shaheen
  - Chissonga
  - Johan Sverdrup
  - Culzean
- Continued success in exploration
- Safety



# Critical to APM Terminals' success

- Get the attractive projects in growth markets and continually optimise the portfolio
- Project implementation on time and on budget
- Lift productivity by applying best practice across the portfolio
- Safety



# Critical to Maersk Drilling's success

- Secure successful delivery and start-up of new rigs
- Obtain 1st class up-time and production performance
- Get attractive contracts
- Attract the right people
- Safety





# Critical to the Group's success

- Performance management of Business Units
- Disciplined capital allocation
- Active portfolio management both at Group level and within Business Units
- Agile HQ utilising economies of scale
- Building our name



