A.P. Møller - Mærsk A/S

Full year 2020 investor and analyst presentation

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Webcast: investor.maersk.com

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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.

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Annual Report 2020 and Q4 2020

Key statements

Key statements

Highlights for FY 2020

Strong performance with significant progress in global integrator strategy

- Significant progress in the strategy to become the integrator of container logistics offering broad services from Ocean and air transport to port services, inland transportation to a broad set of logistical capabilities including warehousing, cold storage and supply chain management.
- The COVID-19 pandemic significantly impacted our business, customer demands and global supply chains throughout the year and demanded a high degree of agility and flexibility in the operations.
- We delivered excellent, value creating results in 2020 with considerable improvement in ROIC and Free Cash Flow, driven by the significant increase in operational performance, particularly in Ocean and Logistics, leading to an underlying EBITDA of USD 8.3bn and by continued capital discipline.
- In 2020 USD 1.3bn has been distributed to shareholders, through dividends and share-buy back and for the financial year 2020 a dividend of DKK 330 per share up from DKK 150/share, is proposed by the Board of Directors to be approved at the AGM on the 23rd March.

Revenue
39.7bn
(2.2%)

EBITDA
8.2bn
(+44%)

CFFO
7.8bn
cash conversion 95%

Free cash flow*
4.6bn
(+99%)

ROIC underlying, LTM
9.6%
(3.2%)

NIBD (USD)
9.2bn
(11.7bn)

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

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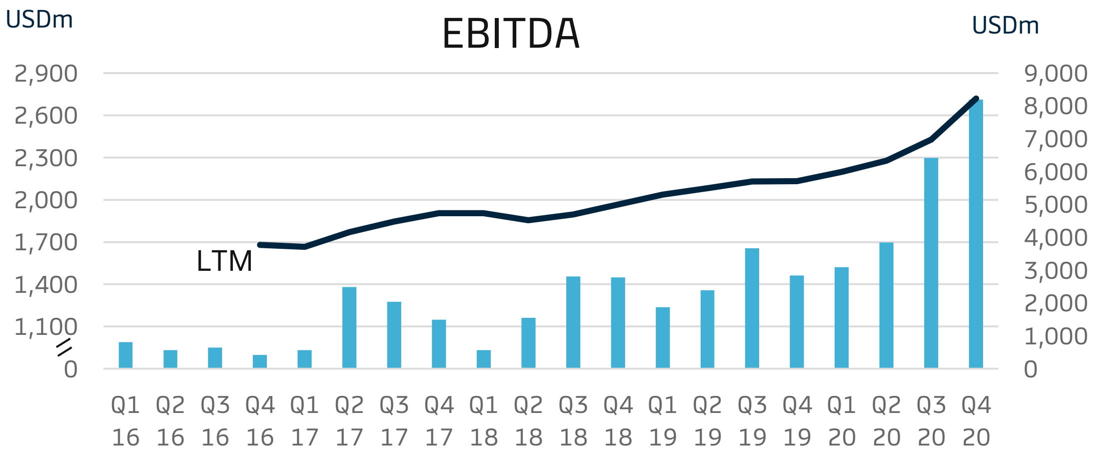
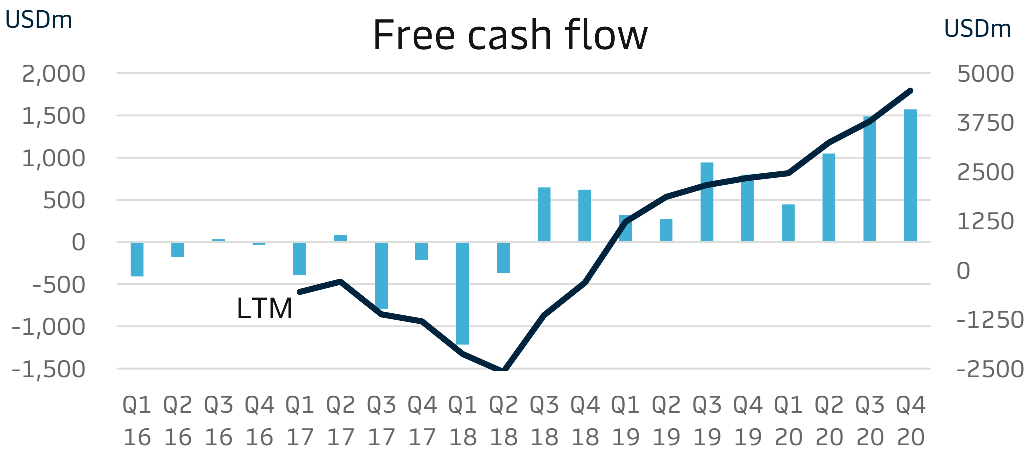
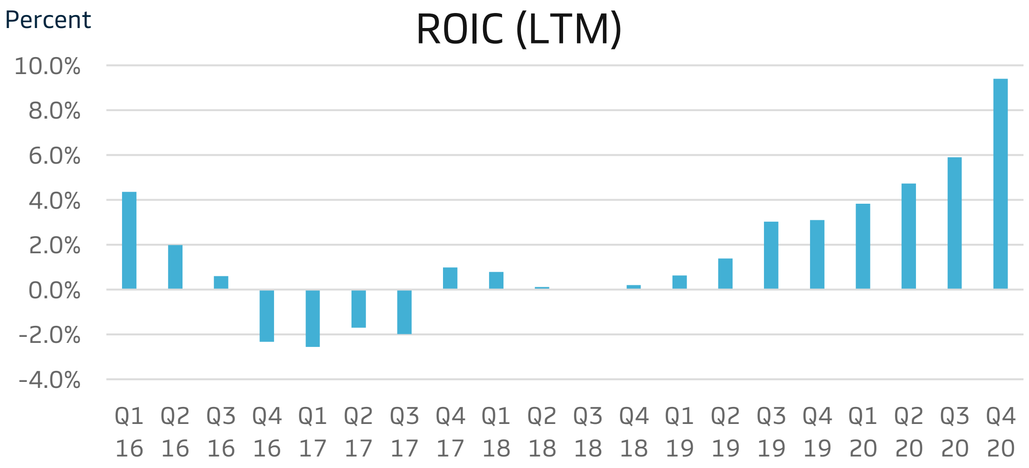
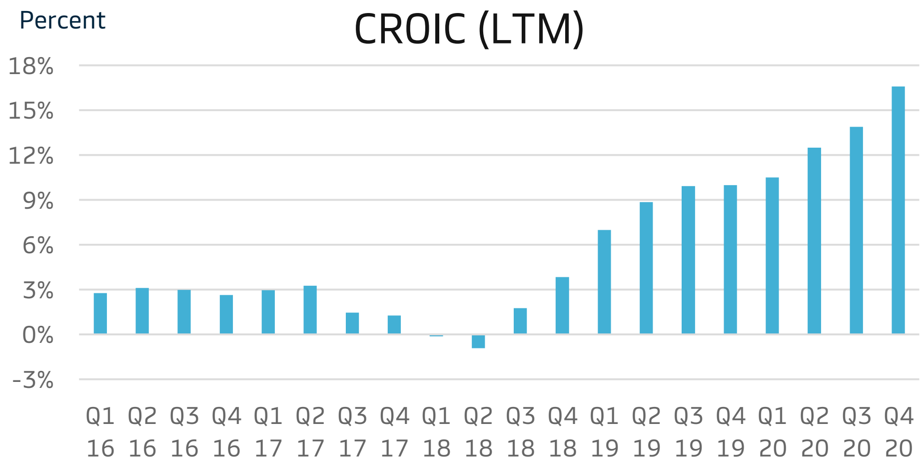
10th consecutive quarterly performance improvement









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

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Key statements

Highlights for Q4 2020

Profitability accelerated driven by exceptional market conditions in Ocean and strong performance in Logistics & Services

- The COVID-19 pandemic continued to impact the global economies, with rapid rebound in consumer goods leading to disrupted supply chains with bottlenecks and equipment shortage, which significantly drove up the short-term freight rates.
- Revenue grew by 16% to USD 11.3bn due to higher demand across the businesses and EBITDA increased to USD 2.7bn reflecting a margin of 24.1%, with Ocean reporting record high earnings impacted by the exceptional higher freight rates.
- Logistics & Services grew revenue both organically and inorganically and crossing a quarterly revenue of USD 2.0bn for the first time, while both Logistics & Services and Terminals realised the highest quarterly EBITDA .
- Free cash flow improved significantly to USD 1.7bn continuing the positive quarterly development seen throughout the year, driven by the significant increase in CFFO and lower CAPEX.

Revenue
11.3bn
(16%)

EBITDA
2.7bn
(+85%)

CFFO
2.6bn
cash conversion 95%

Free cash flow*
1.7bn
(+108%)

ROIC underlying, LTM
9.6%
(+6.4 percentage points)

NIBD (USD)
9.2bn
(11.7bn)

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

Strategic Transformation update FY 2020

Significant improvement in CROIC and ROIC, strong progress in Logistics & Services

- The acceleration of the strategic transformation and focus on cost management combined with the positive market conditions led to improvements across all the transformation metrics.
- Strong improvements in profitability, continued high cash conversion and strong capital discipline led to the significant increase in CROIC and ROIC to 16.6% and 9.6% respectively.
- Revenue in the Infrastructure and Logistics activities[1] increased by 2.5% in 2020, despite negative impact from COVID-19, driven by organic growth and positive contribution from acquisitions in Logistics & Services.
- EBITDA in Logistics & Services[2] increased five fold in Q4 2020, supported by higher profitability in Intermodal and positive contribution from the integration of Performance Team and KGH, and a low base line with negative one-off's impacting in Q4 2019.

	Q4 2020	Q4 2019	FY 2020	FY 2019
Cash return on invested capital - LTM	**16.6%**	10.0%	**16.6%**	10.0%
Infrastructure and Logistics revenue[1], USDm	**2,708**	2,225	**9,428**	9,201
Logistics & Services[2] , EBITDA, USDm	**161**	33	**470**	221
Long-term metric				
Return on invested capital (ROIC) – LTM	**9.4%**	3.1%	**9.4%**	3.1%
Underlying Return on invested capital (ROIC) - LTM	**9.6%**	3.2%	**9.6%**	3.2%

[1] Infrastructure and Logistics revenue comprise of Terminals & Towage and Logistics & Services excluding Damco Freight Forwarding
[2] Logistics & Services EBITDA excludes Damco Freight Forwarding, and excludes restructuring costs of USD 40m in Q3 2020.

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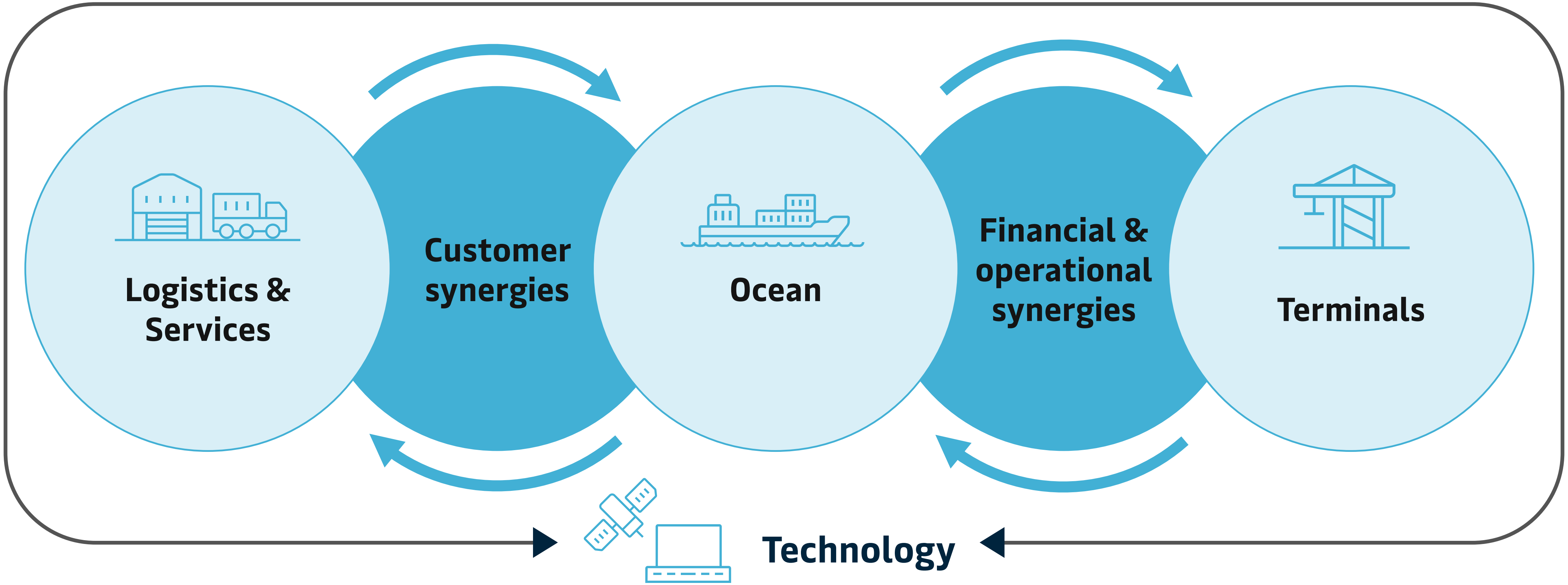
Strategic update – Maersk's strategic value creation model

The value creation logic of the Global Integrator: A strong synergy case revolving around our leadership position in Ocean and strong growth and profitability opportunities in Logistics & Services and Terminals



New strategic transformation metrics 2020-2025

Updating our transformation metrics to accommodate the strategic development

- As we are accelerating the transformation towards becoming the integrator of container logistics, the following five transformation metrics have been set out as leading indicators for the strategic progress over the next five years, measuring our progress on;
- The **overall value creation** from the strategy measured in ROIC.
- **Growing the business** with the focus on the organic growth and profitability in Logistics & Service and organic growth in Gateway Terminals.
- **Progress in the commercial synergies** from the integrator strategy, both organically and inorganically, from the revenue growth between Logistics & Services and the large Ocean customers.
- Progress, on the **commercial digitalisation and the product offering** in Ocean via Maersk SPOT, to be measured in first phase.
- We will report on the metrics on a quarterly basis starting in Q1 2021 and will introduce targets at the Capital Markets Day on 11th of May 2021.

Five-year transformation metrics

- ✓ Return on Invested Capital (ROIC LTM)
- ✓ Organic revenue in Logistics & Services and gateway terminals
- ✓ EBITA in Logistics & Services
- ✓ Logistics & Services revenue with top 200 Ocean customers
- ✓ Maersk SPOT volume share in % of total short-term volumes

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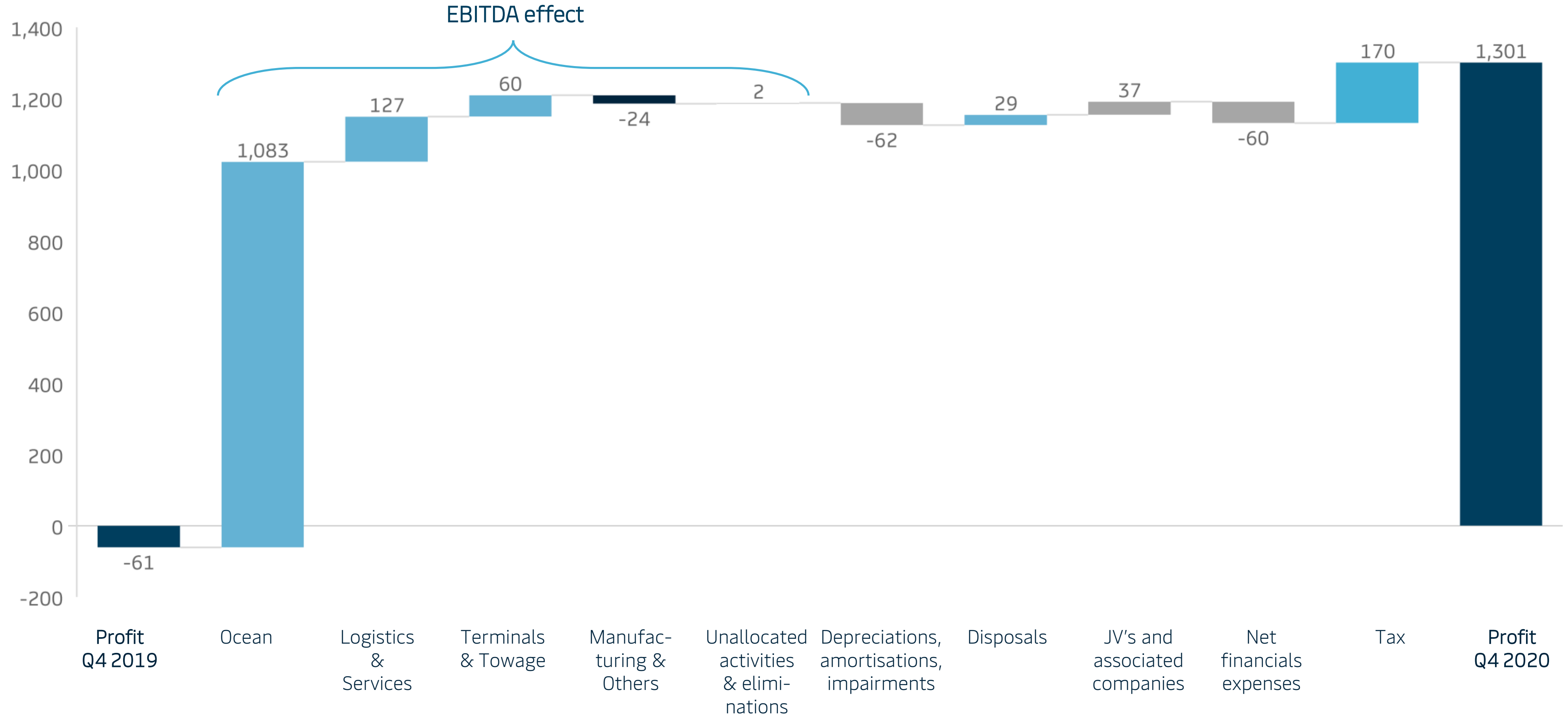
Annual Report 2020

Financial highlights

Financial highlights Q4 2020

Strong improvements in profitability driven by all segments

Profit/loss result bridge for Q4 2020, USDm



Profitability improved in all segments, but particularly in Ocean, reaching an EBITDA margin of 24.1% (15.1%) and an EBIT margin of 14.2% (3.5%).

Operational profitability in Q4 includes cost related to a group wide staff bonus (USD 80m) and negative non-cash effects from oil inventory hedges of USD 96m had a negative impact on earnings in Q4.

Net result for Q4 2020 improved to USD 1,301m as a result of the improvements in profitability, including reduced net tax payments.

FY net result was USD 2.9bn and the proposed dividend of DKK 330 per share reflects a payout ratio of 35%.

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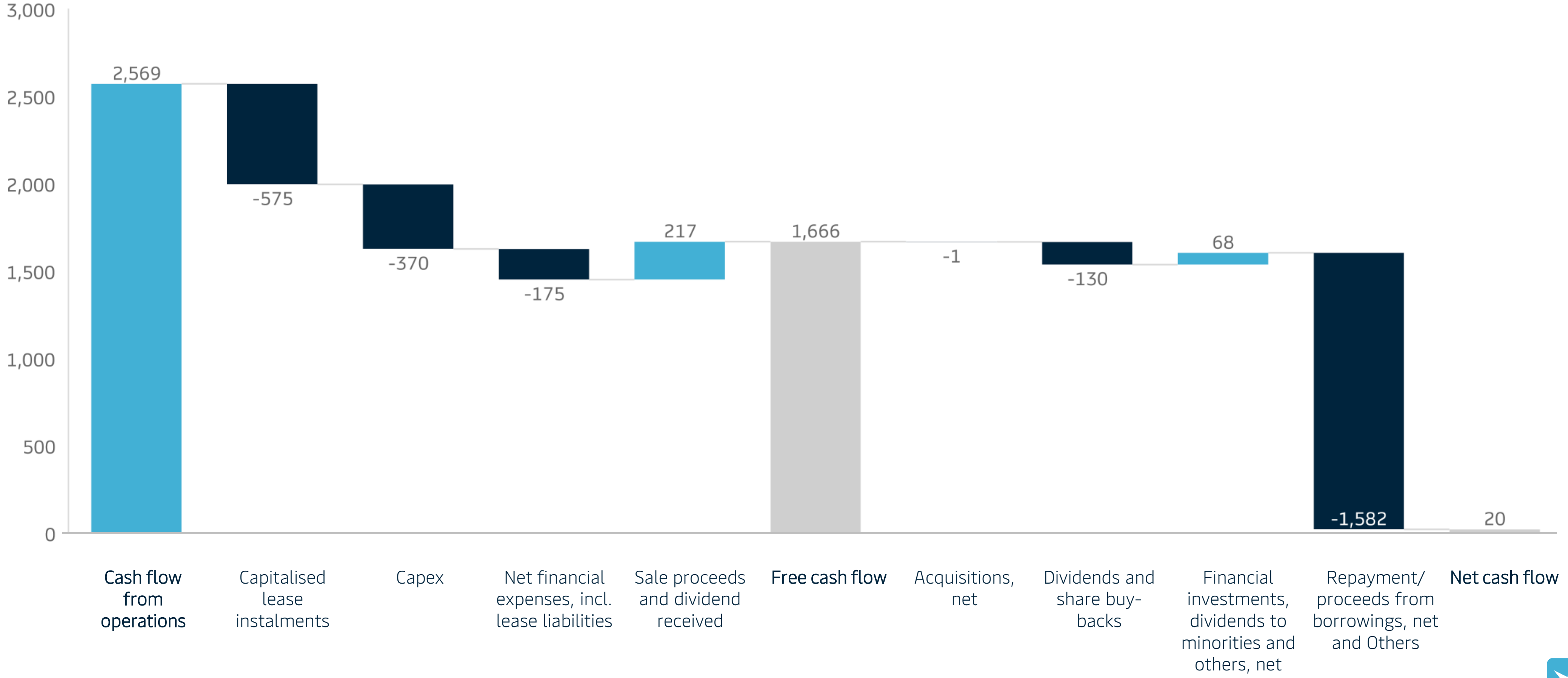
Financial highlights Q4 2020

Strong free cash flow allowing for debt repayments

Cash flow bridge for Q4 2020, USDm



Free cash flow was USD 1.7bn (USD 0.8bn) after net interests, capitalised lease payments and gross capex. Cash conversion was 95%.

Net interest-bearing debt decreased by USD 1.6bn from Q3 2020 to USD 9.2bn and by USD 2.5bn from Q4 2019 (USD 11.7bn).

Excluding lease liabilities, net interest-bearing debt equals USD 0.5bn.

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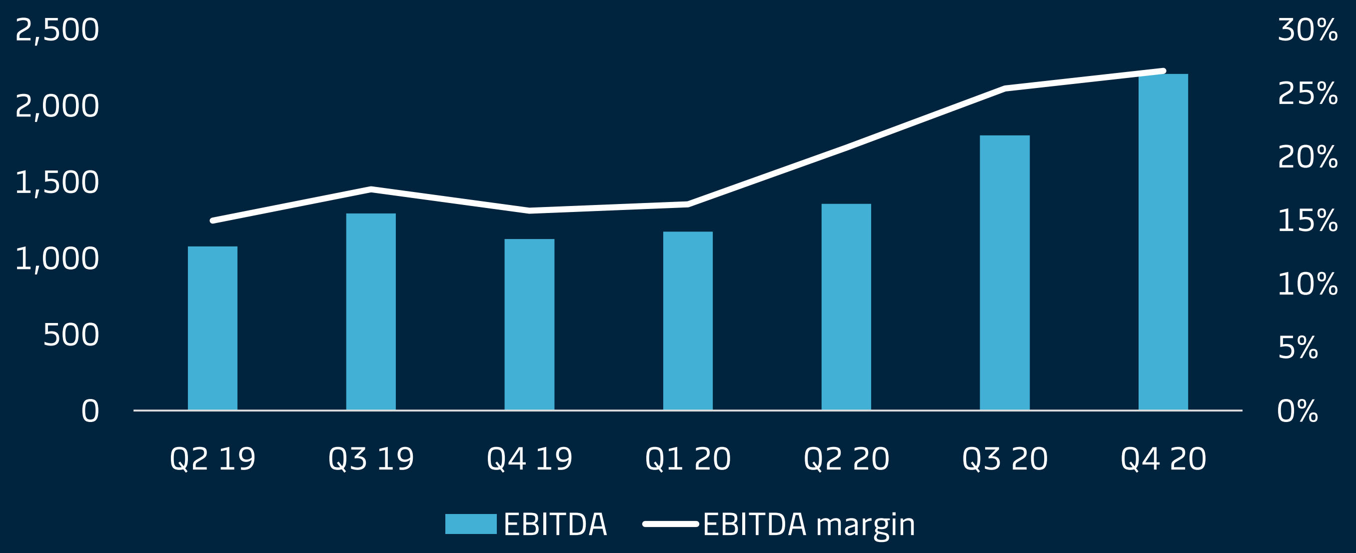
Highlights Q4 2020

Ocean

- The fourth quarter was impacted by volume growth driven by a rebound in demand, leading to disruptions in the supply chain and, as a consequence, significant higher short-term freight rates and lower reliability.
- Revenue grew 16% as volumes grew by 3.2%, while freight rates increased 18%, partly offset by a decline in other revenue.
- EBITDA improved 96% with a margin of 26.7% also driven by lower bunker cost, partly offset by higher operational cost.
- Maersk Spot sustained steady momentum, maintaining a 51% share of the Maersk brand short term volumes, despite the restriction of available capacity.

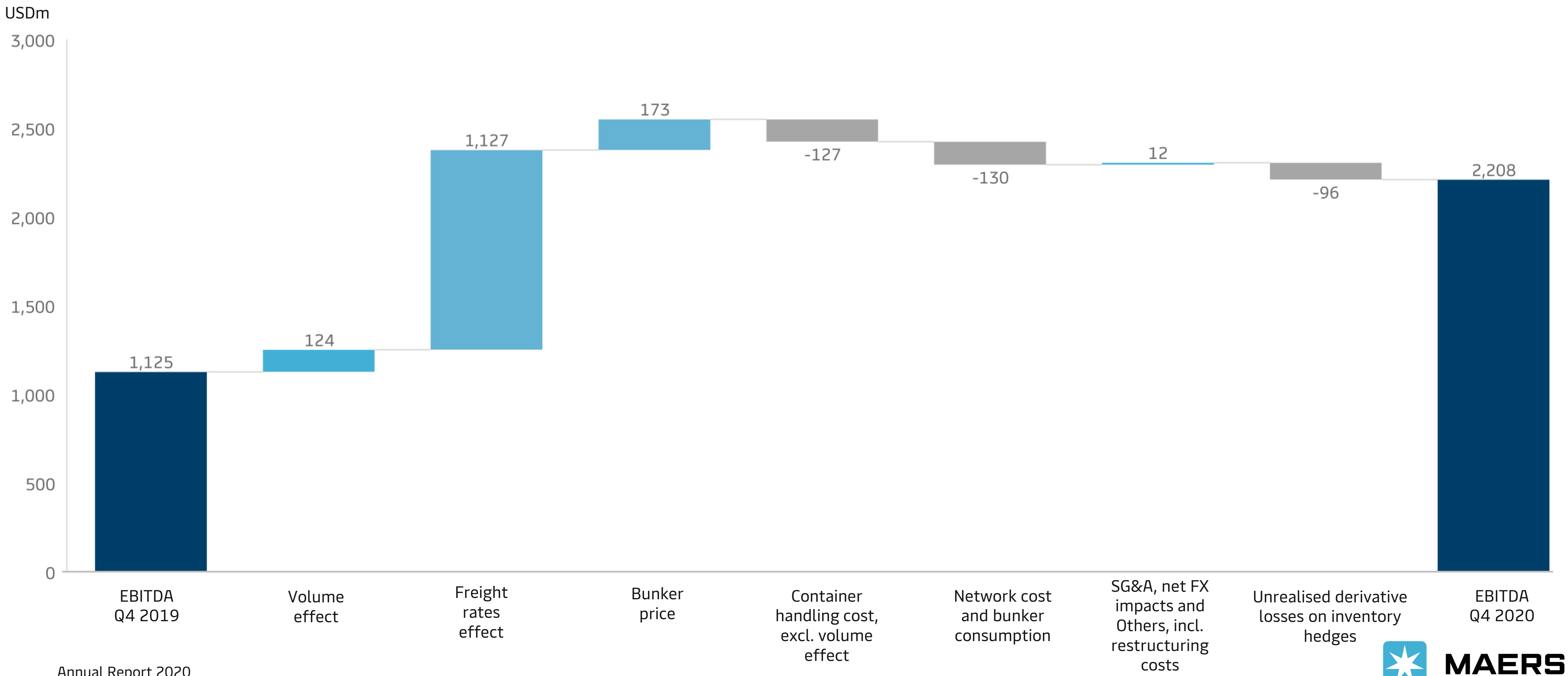
Development in EBITDA and EBITDA margin (%)



	Q4 2020 (USDm)	Q4 2019 (USDm)	FY 2020 (USDm)	FY 2019 (USDm)
Revenue	8,257	7,148	29,175	28,782
EBITDA	2,208	1,125	6,545	4,436
EBITDA margin	26.7%	15.7%	22.4%	15.4%
Gross capital expenditures	123	180	653	1,172

Solid EBITDA progress in the quarter

Quarter impacted significantly by higher freight rates, lower bunker price and increase in the operational cost



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Increases on both freight rates and volumes

- Average freight rates increased by 18% (20% adjusted for bunker prices), due to higher short-term freight rates, driven by demand surges from recovery especially in China-US trades combined with exceptional market conditions, leading to bottlenecks across the supply chain including vessel and equipment shortage.
- In line with our strategy, we continued to focus on facilitating our long-term customers' supply chains by alleviating bottlenecks and by increasing the capacity allocated to long term contracts.
- Total volumes in Q4 increased by 3.2% with headhaul volumes increasing by 4.6% driven by a 19% increase in North America and lower volumes on North-South. Backhaul volumes was nearly unchanged.

Average freight rates (USD/FFE)	Q4 2020	Q4 2019	Change	Change %	FY 2020	FY 2019
East-West	2,243	1,769	474	26.8	2,008	1,760
North-South	2,746	2,375	371	15.6	2,529	2,347
Intra-regional	1,443	1,359	84	6.2	1,345	1,366
Total	**2,192**	**1,862**	**330**	**17.7**	**2,000**	**1,853**

Loaded volumes ('000 FFE)	Q4 2020	Q4 2019	Change	Change %	FY 2020	FY 2019
East-West	1,588	1,494	94	6.3	5,948	6,194
North-South	1,034	1,065	-31	-2.9	3,900	4,268
Intra-regional	778	735	43	5.9	2,786	2,834
Total	**3,400**	**3,294**	**106**	**3.2**	**12,634**	**13,296**

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Operational challenges led to higher cost

- Container handling costs increased due to higher volumes and bottlenecks in the supply chains, particular in the terminals, which led to a slight increase in total operating cost, to USD 6.0bn, partly offset by lower bunker cost and lower SG&A.
- Unit cost at fixed bunker increased by 2.1% mainly driven by higher container handling costs, one-offs and adverse FX effects.
- Total bunker cost decreased 14% as the average bunker price decreased 16% to USD 323 per ton and bunker consumption increased 2.2% impacted by higher volumes and less efficiency in the network and increase in average speed.

Unit cost at fixed bunker* increased by 2.1% to 1,987 USD/FFE

Unit cost at floating bunker price was 1,881 USD/FFE (1,890 USD/FFE)

Bunker efficiency worsened by 0.2%

Utilisation on the deployed capacity increased to a record level of close to 96%

Bunker cost decreased to USD 0.9bn (USD 1.1bn)

SG&A decreased by USD 42m to USD 750m (USD 792m)

* Fixed bunker price of 450 USD/FFE

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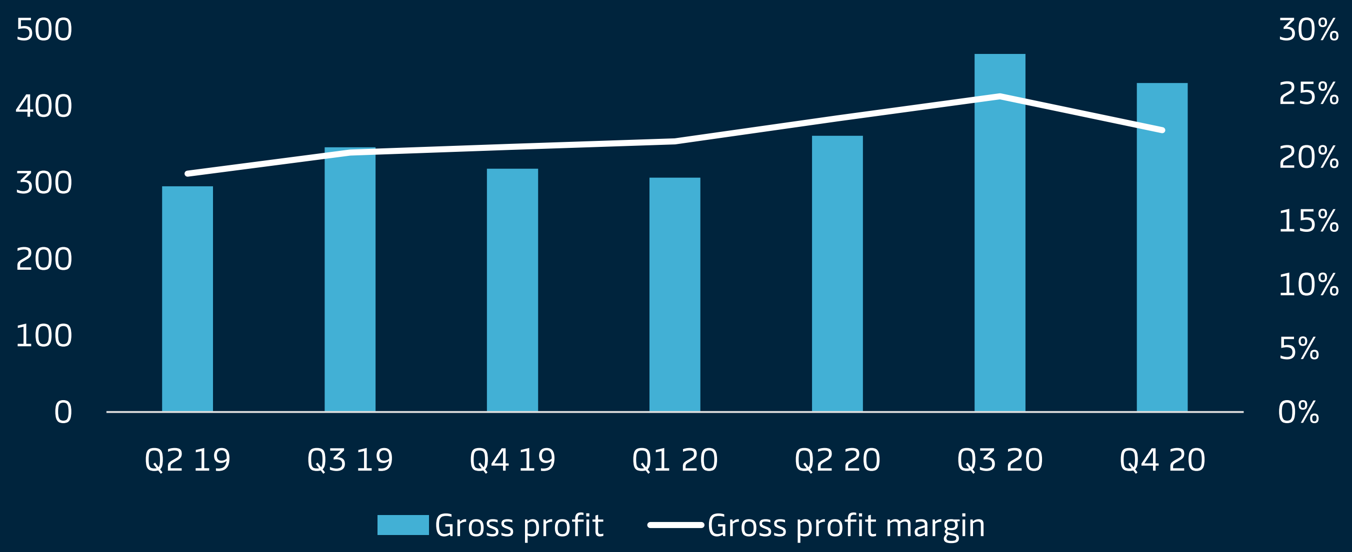
Highlights Q4 2020

Logistics & Services

- Revenue continued the positive momentum and increased 35% to a quarterly record level of USD 2.1bn.
- Revenue was driven by supply chain management, airfreight forwarding, intermodal and positive contribution from the acquisitions of Performance Team and KGH.
- Profitability increased significantly with 57% improvement in gross profit to USD 500m and EBITDA improved more than five times, from a low basis, reflecting a margin of 7.7%, driven by operational leverage from higher revenue and focus on increasing margins.

Development in gross profit and gross profit margin (%)



	Q4 2020 (USDm)	Q4 2019 (USDm)	FY 2020 (USDm)	FY 2019 (USDm)
Revenue	2,061	1,529	6,963	6,331
Gross profit	500	318	1,635	1,240
EBITDA	158	31	454	216
EBITDA margin	7.7%	2.0%	6.5%	3.4%
Gross capital expenditures	28	66	109	126

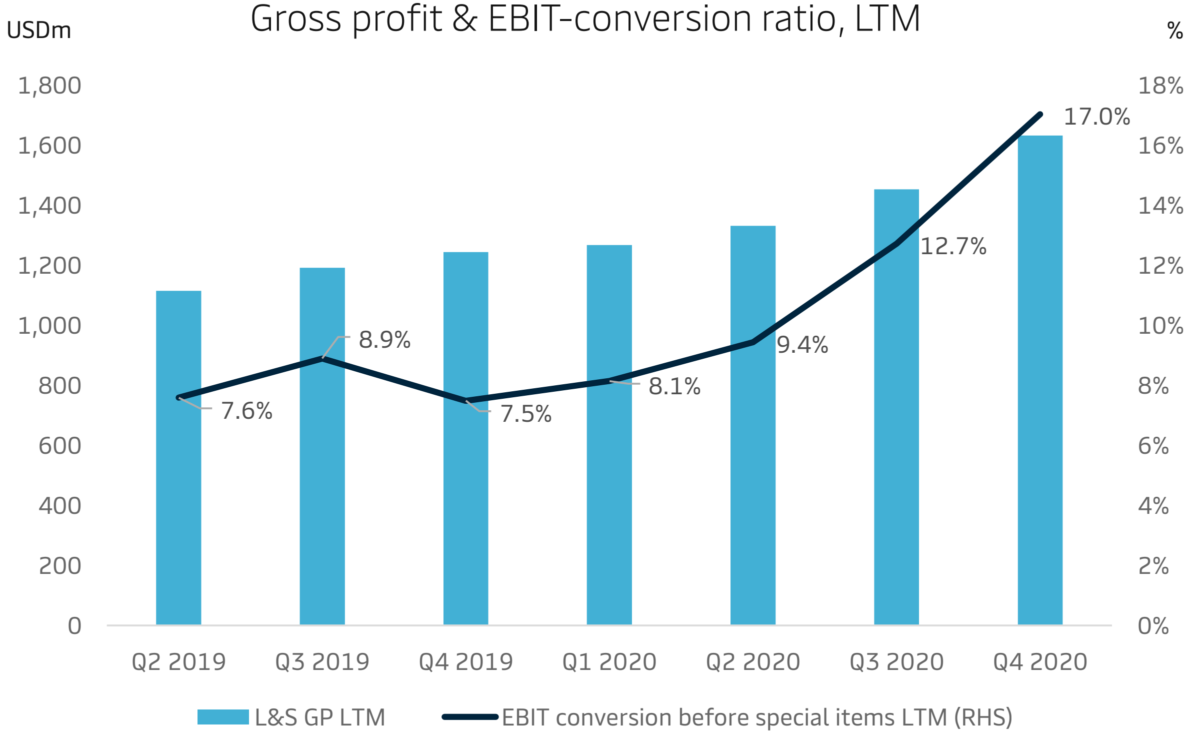
Significant growth and profitability improvement

- The gross profit (GP) margin improved by 3.5%-points to 24.3%, supported by continued margin optimisation in intermodal, air freight forwarding and warehousing and distribution, led by the Performance Team acquisition.
- The acquisitions contributed positively to the revenue growth and increase in profitability and the integrations are progressing successfully.

USDm	Q4 19	M&A effect	Organic growth	Q4 20
Revenue	1,529	197	335	2,061
Growth %		13%	22%	35%
EBITDA	31	27	99	157

- The EBIT conversion improved to 18.7%, lifting the LTM EBIT conversion to 17% with positive impact from higher volumes and improved mix of activities.

Gross profit & EBIT-conversion ratio, LTM



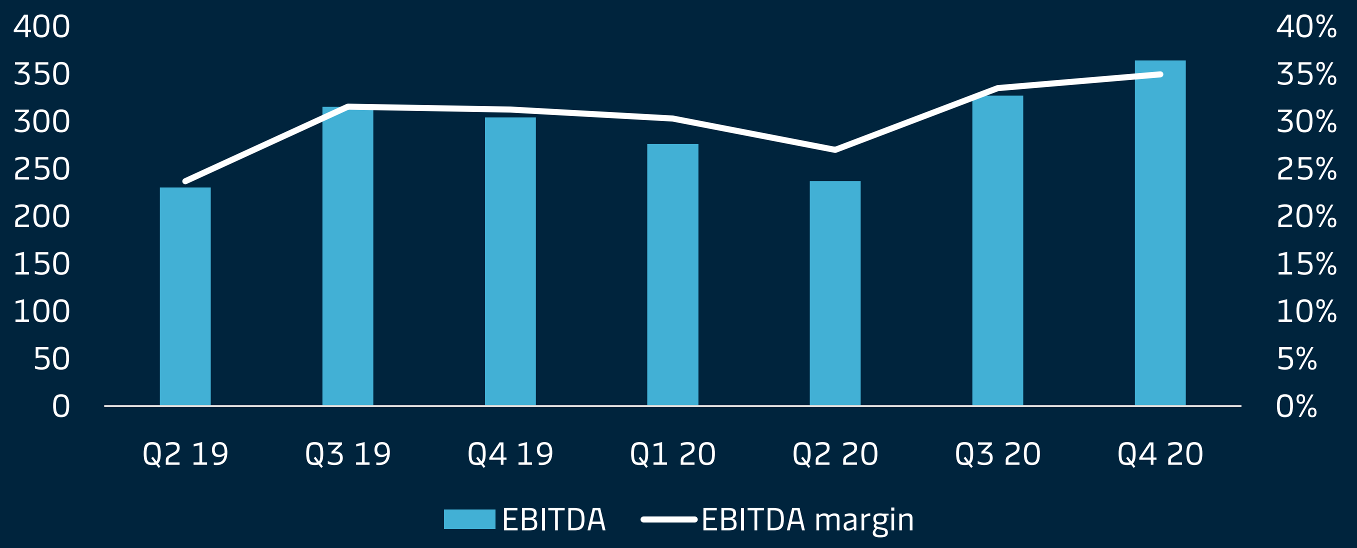
Note: EBIT conversion before restructuring and integration costs ratio = EBIT / Gross profit
EBIT before restructuring and integration costs excludes impairments, restructurings costs, gains/losses on sales of assets and JV adjustments

Highlights Q4 2020

Terminals & Towage

- Terminals & Towage continued the resilient performance from the recent quarters with EBITDA increasing 20% to USD 364m, mainly from gateway terminals.
- Gateway terminals reported 8.8% higher revenue of USD 872m, and EBITDA increased to USD 316m.
- The EBITDA margin went up by 4.8%-points to 36.3% as a result of higher volumes and one-off's leading to the best quarterly EBITDA to date.
- Revenue in Towage decreased by 1.7% to USD 175m (USD 178m) as activities remained subdued, while EBITDA decreased to USD 47m (USD 51m) due to restructuring costs in Australia partly offset by lower costs.

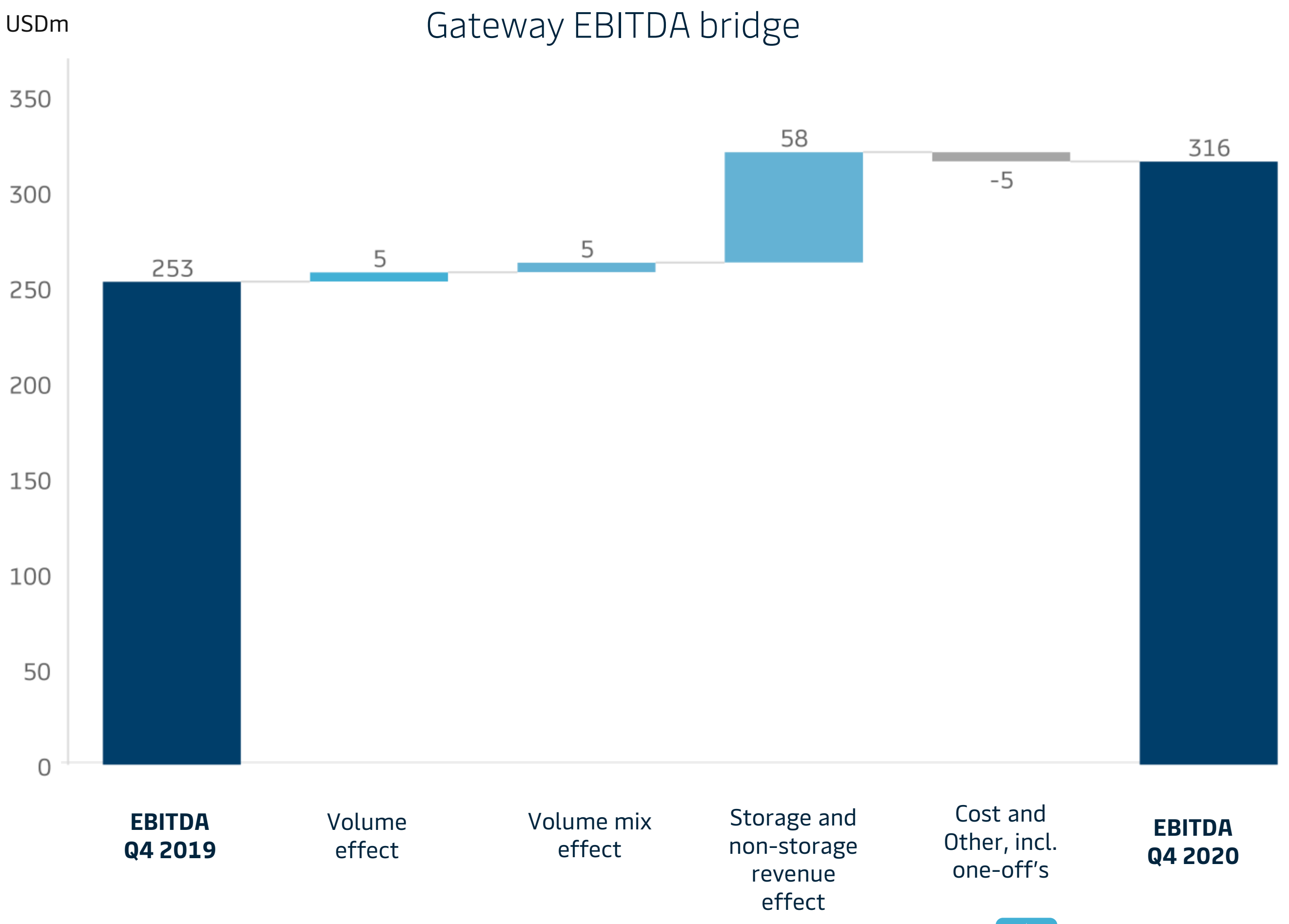
Development in EBITDA and EBITDA margin (%)



	Q4 2020 (USDm)	Q4 2019 (USDm)	FY 2020 (USDm)	FY 2019 (USDm)
Revenue	1,042	974	3,807	3,948
EBITDA	364	304	1,205	1,118
EBITDA margin	34.9%	31.2%	31.7%	28.3%
Gross capital expenditures	138	219	457	532

Margin improvements from higher revenue growth

- Gateway terminals volumes increased by 4.8% (like-for-like 1.0%), mainly driven by the consolidation of the Pipavav, India terminal as volumes rebounded after the decline in the previous quarters.
- As capacity increased in selected ports, utilisation decreased by 2%-points to 76%.
- Revenue per move increased by 1.9% to USD 279 mainly driven by higher revenue in North America, including higher storage income.
- Cost per move decreased by 4.6% to USD 220 mainly driven by a positive one-off and the increase in volumes.

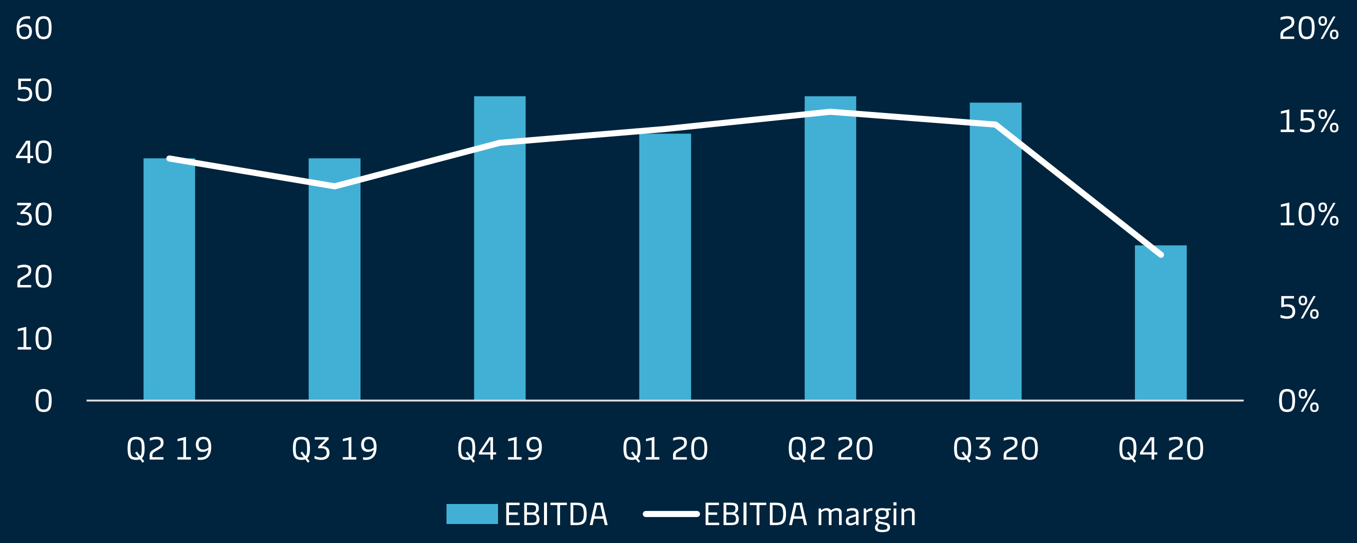


Highlights Q4 2020

Manufacturing & Others

- Revenue in Maersk Container Industry decreased to USD 156m (USD 164m), and EBITDA increased to USD 18m (USD 14m) mainly due to higher service sales and foreign rate of exchange.
- Maersk Supply Service reported lower revenue at USD 61m (USD 86m), and an EBITDA of negative USD 3m (USD 14m), reflecting lower activity partly offset by cost reductions.

Development in EBITDA and EBITDA margin (%)



	Q4 2020 (USDm)	Q4 2019 (USDm)	FY 2020 (USDm)	FY 2019 (USDm)
Revenue	319	354	1,254	1,376
EBITDA	25	49	165	136
EBITDA margin	7.8%	13.8%	13.2%	9.9%
Gross capital expenditures	13	10	33	204

2021

Full-year guidance

Full-year guidance for 2021

Given the current outlook and high degree of uncertainty related to the continued impact from COVID-19 on the economic growth and global demand patterns, A.P. Moller - Maersk expects for the full-year 2021:

- Underlying EBITDA in the range of USD 8.5-10.5bn compared to USD 8.3bn in 2020
- Underlying EBIT in the range of USD 4.3-6.3bn compared to USD 4.2bn in 2020
- Free cash flow (FCF) above USD 3.5bn compared to USD 4.6bn in 2020

As part of the full-year guidance for 2021 A.P. Moller - Maersk expects the current exceptional situation with the demand surge leading to bottlenecks in the supply chain and equipment shortage, which contributed approximately USD 1.5bn to EBIT in 2020, to continue in Q1 and normalise thereafter. Consequently, A.P. Moller - Maersk expects profitability in the first quarter 2021 to be above Q4 2020.

Ocean is expected to grow in line with the global container demand at an expected 3-5% in 2021, with the highest growth seen in the first half-year.

For the years 2021-2022 the accumulated CAPEX is still expected to be USD 4.5-5.5bn.

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

Sensitivity guidance

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

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

Factors	Change	Effect on EBIT (Full-year 2021)
Container freight rate	+/- 100 USD/FFE	+/- USD 1.3bn
Container freight volume	+/- 100,000 FFE	+/- USD 0.1bn
Bunker price (net of expected BAF coverage)	+/- 100 USD/tonne	-/+ USD 0.4bn
Rate of exchange (net of hedges)	+/- 10% change in USD	+/- USD 0.2bn

Questions and answers

To ask a question, please press 01

Final remarks

- In 2020, we significantly improved our financial performance, certainly driven by some favorable market condition late in the year but more importantly by the acceleration of the strategy.
- Profitability in Ocean in Q4 supported by exceptional market conditions and lower bunker prices, but also negative affected by higher operational cost.
- Continued strong momentum in revenue growth and profitability in Logistic & Services, driven both from organic and successful integration of acquisitions.
- Resilient performance in the infrastructure activities in Terminals & Towage, despite lower volumes.
- For the full-year 2021 we expect to improve earnings, while expecting a normalisation in the market conditions from Q2 2021 onwards.
- We look forward to accelerate our strategy in 2021 and the years ahead, by further progressing in offering integrated solutions to our customers and by gaining momentum in sustainability agenda. We look forward to inviting you to our capital markets day on May 11th.

Appendix

Consolidated financial information

Income statement (USDm)	Q4 2020	Q4 2019	FY 2020
Revenue	11,255	9,668	39,740
EBITDA	**2,711**	**1,463**	**8,226**
EBITDA margin	**24.1%**	**15.1%**	**20.7%**
Depreciation, impairments etc.	1,222	1,160	4,541
Gain on sale of non-current assets, etc., net	30	1	202
Share of profit in joint ventures and associates	75	38	299
EBIT	**1,594**	**342**	**4,186**
EBIT margin	**14.2%**	**3.5%**	**10.5%**
Financial items, net	-272	-212	-879
Profit/loss before tax	1,322	130	3,307
Tax	21	191	407
Profit/loss – continuing operations	1,301	**-61**	**2,900**
Profit/loss – discontinued operations	-	-	-
Profit/loss for the period	**1,301**	**-61**	**2,900**

Key figures and financials (USDm)	Q4 2020	Q4 2019	FY 2020
Profit/loss continuing operations	1,301	-61	2,900
Gain/loss on sale of non-current assets etc., net	-30	-1	-202
Impairment losses, net.	108	79	29
Transaction and integration cost	-7	13	78
Tax on adjustments	-11	-1	1
Underlying profit/loss – continuing operations	**1,361**	**29**	**2,960**
Cash flow from operating activities	**2,569**	**1,535**	**7,828**
Gross capital expenditures	**370**	**469**	**1,322**
Net interest-bearing debt	**9,231**	**11,662**	**9,232**
Invested capital	40,121	40,555	40,121
Total Equity (APMM total)	30,854	28,837	30,854
Earnings per share (USD)	66	-3	145

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Financial highlights

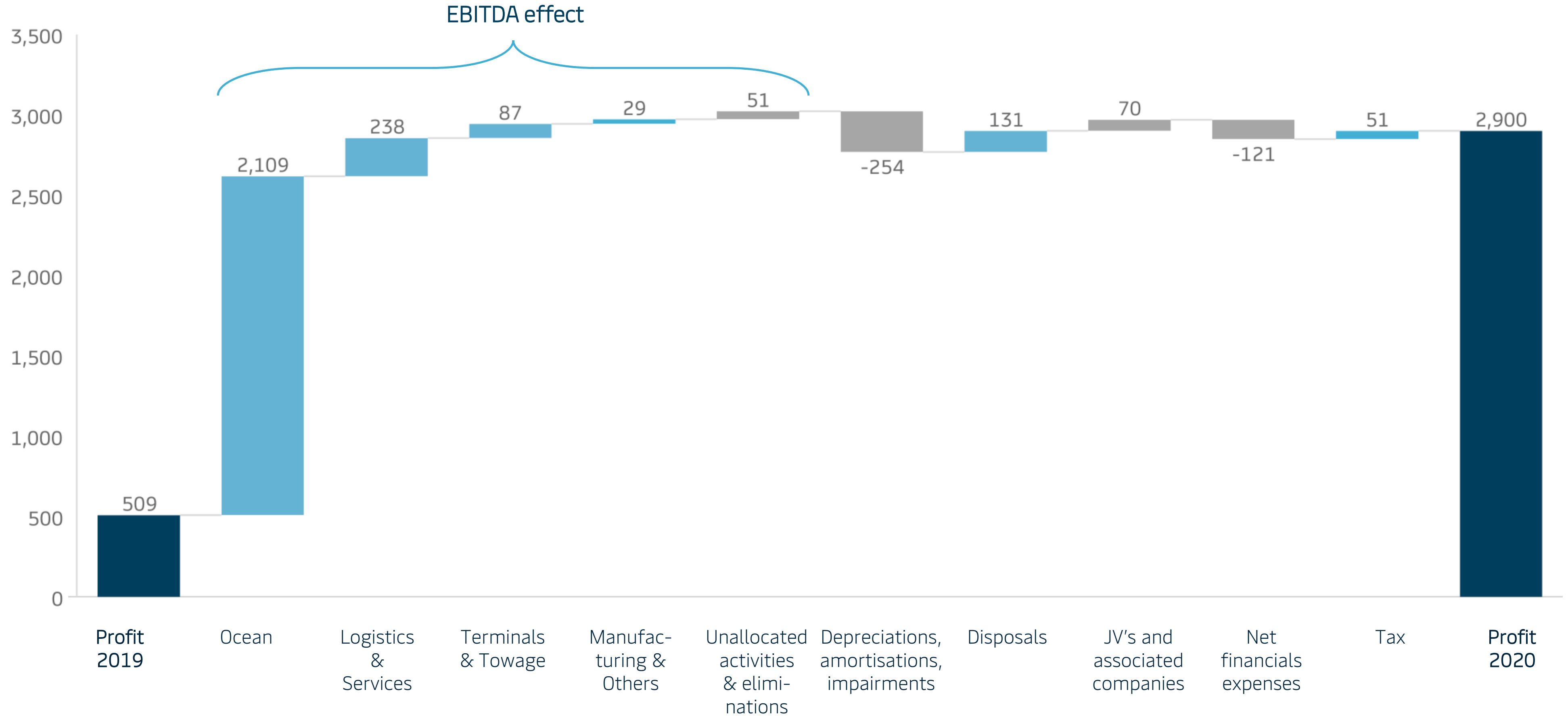
Consolidated financial information

Income statement (USDm)	FY 2020	FY 2019
Revenue	39,740	38,890
EBITDA	**8,226**	**5,712**
EBITDA margin	**20.7%**	**14.7%**
Depreciation, impairments etc.	4,541	4,287
Gain on sale of non-current assets, etc., net	202	71
Share of profit in joint ventures and associates	299	229
EBIT	**4,186**	**1,725**
EBIT margin	**10.5%**	**4.4%**
Financial items, net	-879	-758
Profit/loss before tax	3,307	967
Tax	407	458
Profit/loss – continuing operations	**2,900**	**509**
Profit/loss – discontinued operations	-	-553
Profit/loss for the period	**2,900**	**-44**

Key figures and financials (USDm)	FY 2020	FY 2019
Profit/loss continuing operations	2,900	509
Gain/loss on sale of non-current assets etc., net	-202	-71
Impairment losses, net.	149	29
Transaction and integration cost	98	78
Tax on adjustments	15	1
Underlying profit/loss – continuing operations	**2,960**	**546**
Cash flow from operating activities	**7,828**	**5,919**
Gross capital expenditures	**1,322**	**2,035**
Net interest-bearing debt	**9,232**	**11,662**
Invested capital	40,121	40,555
Total Equity (APMM total)	30,854	28,837
Earnings per share (USD)	145	23

Strong improvements in profitability driven by all segments

Profit/loss result bridge for 2020, USDm



Profitability continued to improve with an EBITDA margin of 20.7% (14.7%) and an EBIT margin of 10.5% (4.4%).

Net financial expenses were negatively impacted by foreign exchange rates and costs related to prepayment of borrowings.

Net result for FY 2020 improved to USD 2,900m as a result of the improvements in profitability.

The underlying net result increased to USD 2,960m (USD 546m), adjusted for restructuring costs, disposals and impairments.

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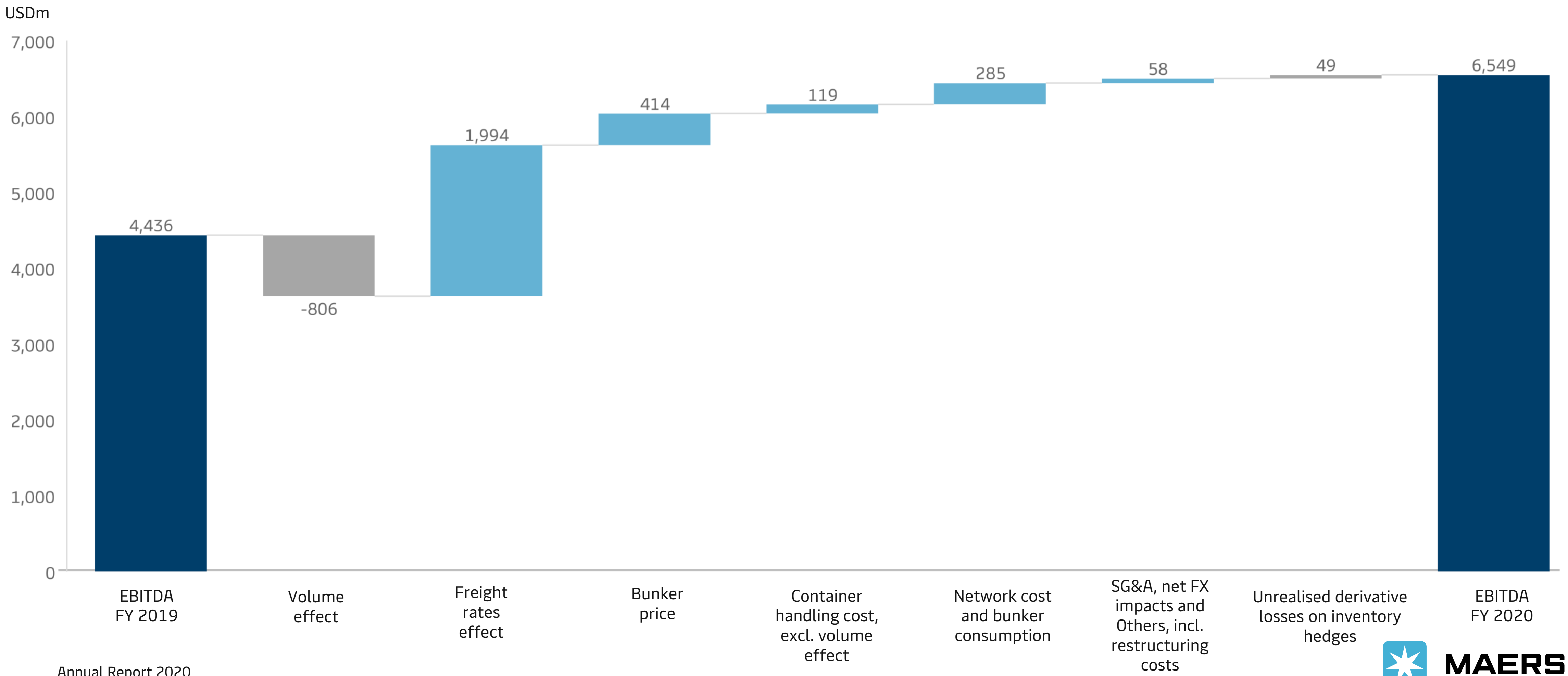
Significant EBITDA increase

2020 was significantly impacted by higher freight rates, lower bunker price and lower operational costs



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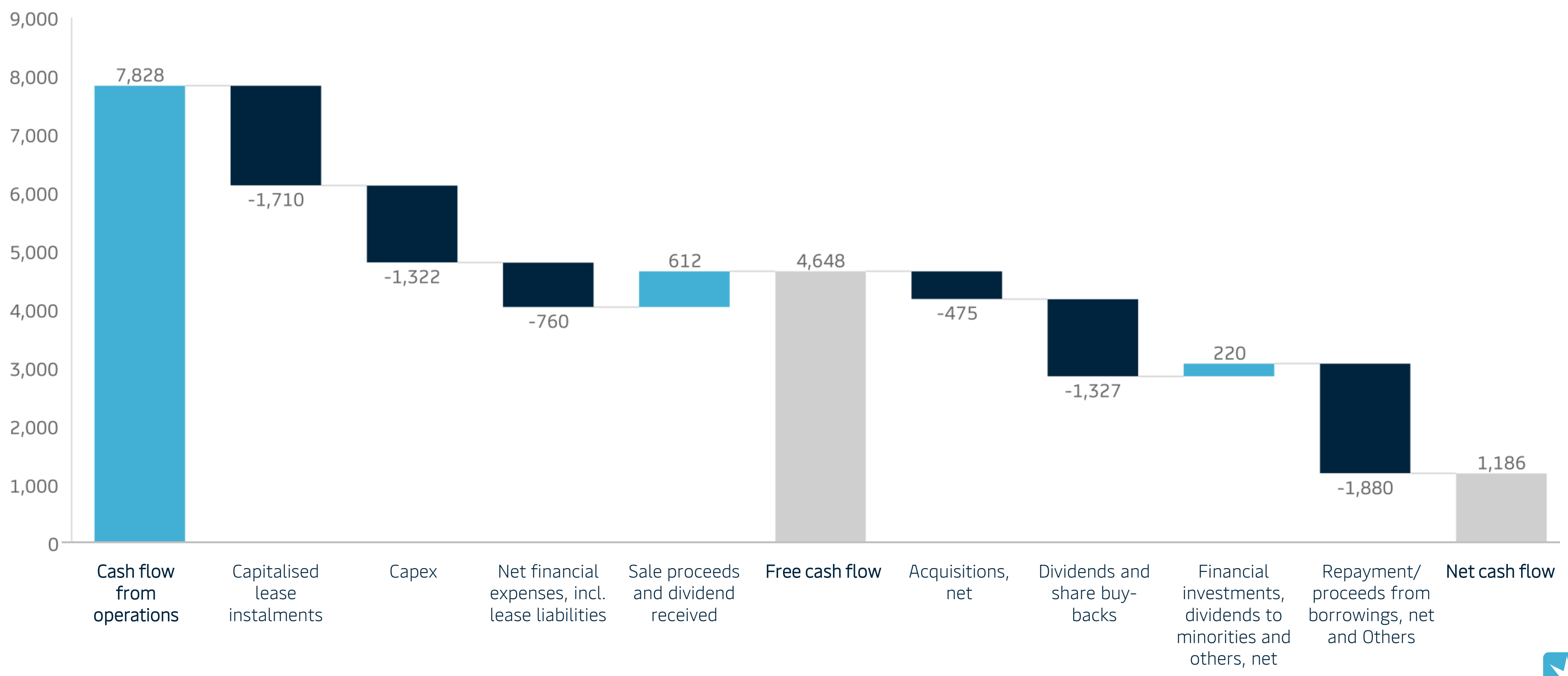
Financial highlights FY 2020

Strong free cash flow allowing for acquisitions and debt repayments

Cash flow bridge for FY 2020, USDm



Free cash flow was USD 4.6bn (USD 2.3bn) after net interests, capitalised lease payments and gross capex. Cash conversion was 95%.

CAPEX was USD 1.3bn, which was lower than guidance of USD 1.5bn, while lease payments increased to USD 1.7bn.

S&P and Moody's have both lifted their outlook on the credit rating to positive outlook.

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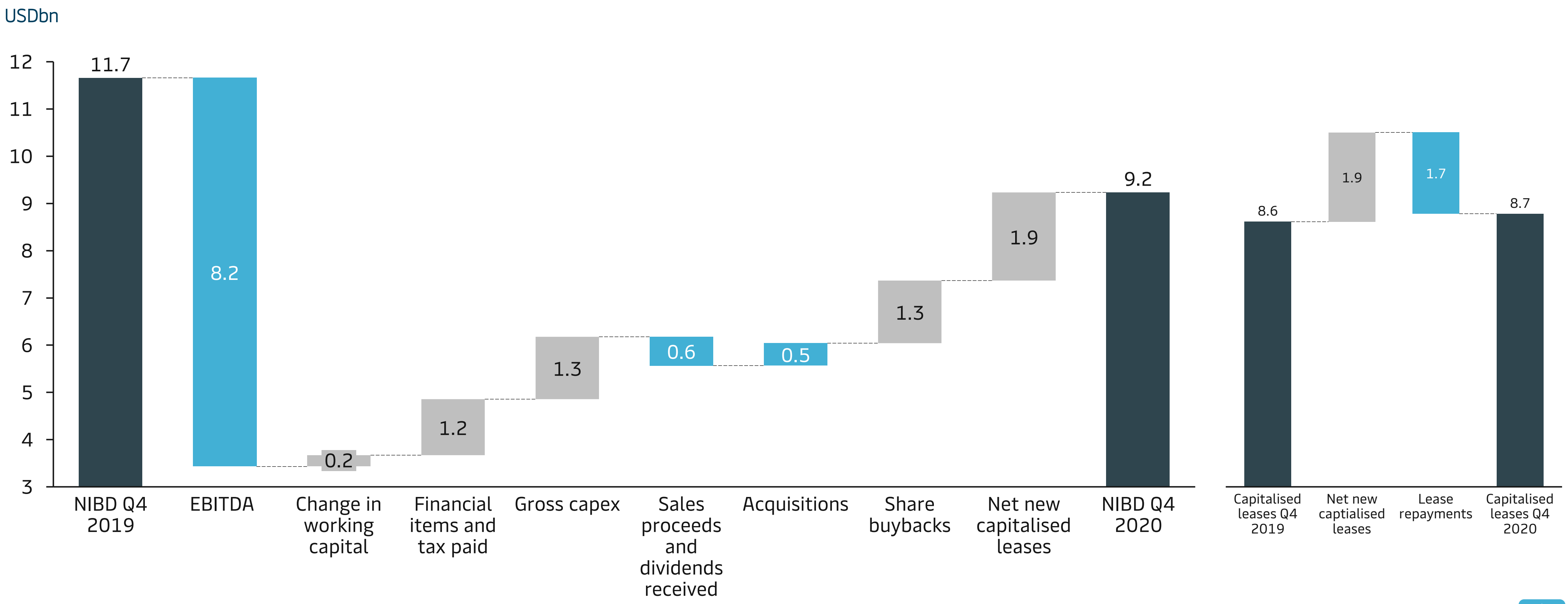
Net interest bearing debt decreased further with net debt mostly composed of capitalised leases

Development in net interest-bearing debt



Liquidity reserve[1] of USD 11.0bn by end Q4 2020.

Investment grade credit rating of BBB (positive) from S&P and Baa3 (positive) from Moody's.

USD 8.8bn of net debt is composed of capitalized leases

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

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