A.P. Møller - Mærsk A/S

Interim Report Q2 2017

Esplanaden 50, DK-1098 Copenhagen K / Registration no. 22756214

MAERSK

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The Interim Report for Q2 2017 of A.P. Møller - Mærsk A/S (further referred to as A.P. Moller - Maersk as the consolidated group of companies) has been prepared in accordance with IAS 34 Interim Financial Reporting, as adopted by the EU and additional Danish disclosure requirements for interim financial reporting of listed companies.

Comparative figures

Unless otherwise stated, all figures in parenthesis refer to the corresponding figures for the same period prior year.

Forward-looking statements

The Interim Report contains forward-looking statements. Such statements are subject to risks and uncertainties as various factors, many of which are outside A.P. Moller - Maersk's control, may cause actual development and results to differ materially from expectations contained in the Interim Report.

Directors' report

HIGHLIGHTS Q2 2017

A.P. Moller - Maersk delivered an underlying profit of USD 389m (USD 134m) based on an improvement of USD 517m in Transport & Logistics and a decline of USD 136m in Energy. Market fundamentals continued to improve within Transport & Logistics where Maersk Line reported a positive ROIC of 6.7% (negative 3.0%) as a consequence of significantly increased freight rates. The decline in Energy compared to last year was primarily related to Maersk Drilling, where a large number of rigs were idle, and where old contracts at higher day rates have expired, partly offset by higher oil price for Maersk Oil in 2017.

THE CONSOLIDATED FINANCIALS

A.P. Moller - Maersk reported a loss of USD 264m (profit of USD 118m), negatively impacted by post-tax impairments of USD 732m (USD 123m) primarily relating to lower asset valuations in Maersk Tankers and a few commercially challenged terminals in APM Terminals. The return on invested capital (ROIC) was negative 0.3% (positive 2.0%). Gross cash flow used for capital expenditure was USD 1.2bn (USD 751m). The free cash flow was USD 619m (USD 326m).

Revenue increased by USD 743m to USD 9.6bn with a significant increase of USD 1.0bn or 21% in Maersk Line and an increase of USD 90m in Maersk Oil, partly offset by a decrease of USD 217m in Maersk Drilling and USD 75m in APM Terminals.

Operating expenses increased by USD 456m to USD 7.5bn mainly reflecting an increase of USD 545m in Maersk Line due to 61% higher bunker price and 1.7% increase in volumes, and an increase of USD 44m in Maersk Oil, partly offset by a decrease of USD 42m in Maersk Drilling, stemming from cost saving initiatives across all cost categories. Focus on cost efficiency across all businesses remains high.

Cash flow from operating activities increased to USD 1.4bn (USD 940m) primarily due to higher earnings. Net working capital increased in Q2 2017 due to increasing revenue. Net cash flow used for capital expenditure was USD 784m (USD 614m), mainly related to vessels and containers in Maersk Line, and development projects in Maersk Oil and APM Terminals. This was partly offset by divestment of vessels, etc.

With an equity ratio of 52.8% (52.5% at 31 December 2016) and a liquidity reserve of USD 11.3bn (USD 11.8bn at 31 December 2016), A.P. Moller - Maersk maintains its strong financial position.

TRANSPORT & LOGISTICS

Transport & Logistics is progressing towards operating as one integrated division and delivering the expected synergies estimated to create a ROIC improvement of two percentage points by the end of 2019. Maersk Line's volume growth of approximately 7-8% (equity weighted) at APM Terminals and the stronger results reported by Maersk Container Industry are examples of those synergies.

The announced acquisition of Hamburg Süd is progressing as planned. The transaction remains subject to regulatory approval, with an expected closing in Q4 2017. The announced agreement to divest Mercosul Line will facilitate the authority approval process in Brazil.

Transport & Logistics reported a consolidated revenue of USD 7.7bn (USD 6.7bn), an increase of 15% compared to same quarter last year. The increased underlying profit of USD 442m (loss of USD 75m) was largely driven by improving container freight rates. Transport & Logistics generated a free cash flow of USD 252m (USD 8m).

Maersk Line reported a profit of USD 339m (loss of USD 151m) with a positive ROIC of 6.7% (negative 3.0%). The underlying result was a profit of USD 327m (loss of USD 139m).

Market fundamentals continued to improve in Q2 as demand growth of 4% outgrew nominal supply growth of 1.4%. The improvement in market fundamentals in past quarters has started to reflect in the freight rate, which increased 22% compared to Q2 2016 and 7.6% compared to Q1 2017. Freight rates increased by 36% on East-West trades and 17% on North-South trades. Transported volumes increased by 1.7% compared to Q2 2016. Volume grew on headhaul by 5.2%, however, offset by a decrease on backhaul by 5.6% as backhaul cargo was less attractive on some trades.

APM Terminals reported a loss of USD 100m (profit of USD 112m) and a negative ROIC of 5.0% (positive 5.8%). The result was impacted by impairments of USD 250m (USD 8m) in a few commercially challenged terminals, partially offset by divestment gain of USD 34m. The underlying profit of USD 98m (USD 109m) was negatively impacted by loss of customers in a few terminals.

Damco reported a break-even result of USD 0m (profit of USD 10m) with a ROIC of 1.0% (18.5%). The underlying result was at break-even of USD 0m (profit of USD 10m), negatively impacted by increased product investments and lower ocean margins, positively offset mainly by supply chain management volumes, air freight volumes growth and productivity improvements.

Svitzer reported a profit of USD 19m (USD 24m) and a ROIC of 5.8% (7.8%), negatively impacted by USD 12m impairment on 11 idle vessels marketed for sale due to fleet optimisation and by USD 6m impairment on investment in Ardent, the 50% owned salvage company. The underlying profit amounted to USD 33m (USD 23m), positively impacted by a USD 10m increase in deferred tax asset due to increasing terminal towage activities.

Maersk Container Industry reported a profit of USD 15m (loss of USD 21m) and a positive ROIC of 18.0% (negative 19.6%). The underlying profit was USD 15m (loss of USD 21m), positively impacted by higher volumes, increased efficiencies and higher market prices of dry containers.

ENERGY

Energy is progressing as planned on finding structural solutions for its businesses before the end of 2018.

Maersk Oil reported a profit of USD 191m (USD 131m) with a ROIC of 18.5% (12.1%) at an average oil price of USD 50 (USD 46)

Highlights Q2

USD million	Revenue 2017	Revenue 2016	Profit/loss 2017	Profit/loss 2016	Underlying result 2017	Underlying result 2016	Free cash flow 2017	Free cash flow 2016	Cash flow used for capital expenditure 2017	Cash flow used for capital expenditure 2016	Invested capital 2017	Invested capital 2016	ROIC, annualised 2017	ROIC, annualised 2016
Maersk Line	6,100	5,061	339	-151	327	-139	209	-20	-579	-109	20,343	20,002	6.7%	-3.0%
APM Terminals	989	1,064	-100	112	98	109	61	-10	-70	-173	8,028	7,815	-5.0%	5.8%
Damco	631	619	0	10	0	10	-6	16	-	-3	264	213	1.0%	18.5%
Svitzer	162	162	19	24	33	23	33	-27	1	-57	1,301	1,233	5.8%	7.8%
Maersk Container Industry	285	108	15	-21	15	-21	10	9	1	-4	333	413	18.0%	-19.6%
Other businesses, unallocated and eliminations	-496	-324	-26	32	-31	-57	-55	40	-72	-5	1,229	1,283	11.4%	4.5%
Transport & Logistics	**7,671**	**6,690**	**247**	**6**	**442**	**-75**	**252**	**8**	**-719**	**-351**	**31,498**	**30,959**	**3.1%**	**0.1%**
Maersk Oil	1,368	1,278	191	131	184	130	151	184	-259	-330	4,159	4,302	18.5%	12.1%
Maersk Drilling	349	566	28	164	28	164	142	-91	-8	-220	6,510	8,044	1.7%	8.3%
Maersk Supply Service	74	102	-10	-106	-11	-8	-50	-10	-33	-17	775	1,727	-5.4%	-24.0%
Maersk Tankers	206	226	-483	28	-17	26	26	13	10	-58	1,197	1,663	-133.1%	6.9%
Other businesses, unallocated and eliminations	-19	6	-2	4	-2	6	11	-3	-1	-2	48	55	11.7%	21.3%
Energy	**1,978**	**2,178**	**-276**	**221**	**182**	**318**	**280**	**93**	**-291**	**-627**	**12,689**	**15,791**	**-8.5%**	**5.6%**
Financial items, net after tax	**-**	**-**	**-235**	**-109**	**-235**	**-109**	**87**	**225**	**226**	**364**	**-286**	**-324**	**-**	**-**
Eliminations	**-45**	**-7**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-2**	**-2**	**-**	**-**
A.P. Moller - Maersk Consolidated	**9,604**	**8,861**	**-264**	**118**	**389**	**134**	**619**	**326**	**-784**	**-614**	**43,899**	**46,424**	**-0.3%**	**2.0%**

per barrel. The underlying profit of USD 184m (USD 130m) was positively impacted by the higher oil price, cost reductions, and one-off income totaling USD 66m related to tax and provisions, partly offset by lower production.

Entitlement production of 284,000 boepd (331,000 boepd) was mainly impacted by lower production in Qatar due to cost reduction, unplanned shutdowns and the higher oil price meaning fewer barrels for cost recovery, and lower year-on-year production from mature assets in the UK.

The exit from Qatar by mid-July progressed as planned. The economic finalisation of the exit is still subject to review; however, Maersk Oil does not expect any adverse impact from this.

Maersk Drilling reported a profit of USD 28m (USD 164m) generating a ROIC of 1.7% (8.3%). The underlying profit was USD 28m (USD 164m), reflecting that ten of Maersk Drilling's rigs were fully or partly idle during the quarter, and that old contracts at higher day rates have expired. The result was furthermore impacted negatively by temporary downtime on two rigs during the quarter. The result was positively impacted by cost reductions.

Maersk Supply Service reported a loss of USD 10m (loss of USD 106m) and a ROIC of negative 5.4% (negative 24.0%). The result for Q2 2016 was negatively impacted by an impairment of USD 97m. The underlying loss was USD 11m (loss of USD 8m), due to the overcapacity in the global offshore industry.

Maersk Tankers reported a loss of USD 483m (profit of USD 28m) and a negative ROIC of 133.1% (positive 6.9%). The result was negatively impacted by impairments of USD 464m (USD 0m) due to an expected continuation of the lower asset valuations. The underlying loss was USD 17m (profit of USD 26m), negatively impacted by declining spot market rates, which was the main driver for Maersk Tankers' average Time Charter Equivalent (TCE) earnings declining by 27%.

UNALLOCATED ACTIVITIES

Unallocated activities comprise activities, which are not attributable to reportable segments, including financial items as well as centralised purchasing and resale of bunker and lubricating oil to companies in A.P. Moller - Maersk. Financial expenses, net after tax were USD 235m (USD 109m) primarily impacted by adverse currency movements and higher interest rate.

CREDIT RATING

A.P. Moller - Maersk remains investment grade rated and holds a Baa2 rating from Moody's and a BBB rating from Standard & Poor's, both with negative outlook.

CYBER-ATTACK

On Tuesday 27 June, A.P. Moller - Maersk was one of many global companies to be hit by a malware later known as NotPetya. The malware was distributed through a Ukrainian accounting software called MeDoc, used for filing tax returns in Ukraine. The MeDoc software contained backdoors into the networks of users of the software, which were used by the malware to enter via the software's automatic update system.

As soon as A.P. Moller - Maersk became aware that systems had been affected, action to respond was initiated including closing down infected networks. The malware was contained to only impact the container related businesses of A.P. Moller - Maersk, and therefore six out of nine businesses, including all Energy businesses, could uphold normal operations. A.P. Moller - Maersk also remained in full control of all vessels throughout the situation, and all employees were safe. For Maersk Line, APM Terminals and Damco, systems had to be shut down for a period for precautionary measures, as they have global interfaces across businesses and partners.

These system shutdowns resulted in significant business interruption during the shutdown period, with limited financial impact in Q2, while the impact in Q3 is larger, due to temporary lost revenue in July (see guidance for 2017). While the businesses were significantly affected by this cyber-attack, no data breach or data loss to third-parties has occurred.

The attack was contained on Wednesday 28 June and A.P. Moller - Maersk began implementing the technical recovery plan with key IT partners and global cyber security agencies. On Thursday 29 June, Maersk Line was able to accept bookings from customers with existing accounts.

A.P. Moller - Maersk gradually progressed to more normalised operations for Maersk Line, Damco and APM Terminals during the week of 3 July to 9 July. To reinstate services safely and without further disruption, A.P. Moller - Maersk began to systematically bring back users and applications in 500 locations.

Information security has a high business priority at A.P. Moller - Maersk. This cyber-attack was a previously unseen type of malware, and updates and patches applied to both the Windows systems and antivirus were not an effective protection in this case. In response to this new type of malware, A.P. Moller - Maersk has put in place different and further protective measures and is continuing to review its systems to defend against attacks.

GUIDANCE FOR 2017

A.P. Moller - Maersk's expectation of an underlying profit above 2016 (USD 711m) is unchanged despite expected negative impact from the June cyber-attack. Gross capital expenditure for 2017 is still expected to be USD 5.5-6.5bn (USD 5.0bn).

The guidance for 2017 excludes the acquisition of Hamburg Süd.

Copenhagen, 16 August 2017

Contacts

Søren Skou, CEO – tel. +45 3363 1912
Jakob Stausholm, CFO – tel. +45 3363 3106

Changes in guidance are versus guidance given at Q1 2017. All figures in parenthesis refer to full year 2016.

The Interim Report for Q3 is expected to be announced on 7 November 2017.

Transport & Logistics reiterates the expectation of an underlying profit above USD 1bn, despite expected negative result impact from the June cyber-attack estimated at a level of USD 200-300m, of which the majority relates to lost revenue in July. The vast majority of the impact of the cyber-attack was in Maersk Line.

Maersk Line reiterates the expectation of an improvement in excess of USD 1bn in underlying profit compared to 2016 (loss of USD 384m) mainly due to improvements in freight rates and partly increasing volumes. Global demand for seaborne container transportation is still expected to increase 2-4%, but in the upper end of the range.

The remaining businesses (**APM Terminals, Damco, Svitzer and Maersk Container Industry**) in Transport & Logistics still expect an underlying profit around 2016 (USD 500m).

Energy maintains an expectation of an underlying profit around USD 0.5bn, with Maersk Oil being the main contributor.

The entitlement production is still expected at a level of 215,000-225,000 boepd (313,000 boepd) for the full-year and around 150,000-160,000 boepd for the second half of the year after exit from Qatar mid-July. Exploration costs in Maersk Oil are now expected to be below the 2016 level (USD 223m).

Net financial expenses for A.P. Moller - Maersk are still expected around USD 0.5bn.

SENSITIVITY GUIDANCE

A.P. Moller - Maersk's guidance for 2017 is subject to considerable uncertainty, not least due to developments in the global economy, the container freight rates and the oil price.

A.P. Moller - Maersk's expected underlying result depends on a number of factors. Based on the expected earnings level and all other things being equal, the sensitivities for the rest of 2017 for four key value drivers are listed in the table below:

Factors	Change	Effect on the Group's underlying profit Rest of year
Oil price for Maersk Oil[1]	+/-10 USD/barrel	+/-USD 0.1bn
Bunker price	+/-100 USD/tonne	-/+USD 0.2bn
Container freight rate	+/-100 USD/FFE	+/-USD 0.6bn
Container freight volume	+/-100,000 FFE	+/-USD 0.1bn

[1] Sensitivity estimated on the current oil price level.

SUMMARY FINANCIAL INFORMATION

AMOUNTS IN USD MILLION

INCOME STATEMENT	Q2 2017	Q2 2016	6 months 2017	6 months 2016	Full year 2016
Revenue	9,604	8,861	18,567	17,400	35,464
Profit before depreciation, amortisation and impairment losses, etc. (EBITDA)	2,059	1,779	3,765	3,376	6,767
Depreciation, amortisation and impairment losses, net	1,852	1,294	2,964	2,456	7,265
Gain on sale of non-current assets, etc., net	53	111	105	122	178
Share of profit/loss in joint ventures	17	36	49	59	149
Share of profit/loss in associated companies	25	24	47	45	-55
Profit/loss before financial items (EBIT)	302	656	1,002	1,146	-226
Financial items, net	-241	-154	-367	-275	-617
Profit/loss before tax	61	502	635	871	-843
Tax	325	384	646	529	1,054
Profit/loss for the period	-264	118	-11	342	-1,897
A.P. Møller - Mærsk A/S' share	-269	101	-24	312	-1,939
Underlying result	389	134	590	348	711

BALANCE SHEET	Q2 2017	Q2 2016	6 months 2017	6 months 2016	Full year 2016
Total assets	61,310	63,299	61,310	63,299	61,118
Total equity	32,349	34,718	32,349	34,718	32,090
Invested capital	43,899	46,424	43,899	46,424	42,808
Net interest-bearing debt	11,550	11,706	11,550	11,706	10,737
Investments in property, plant and equipment and intangible assets	3,084	4,040	3,084	4,040	6,748

CASH FLOW STATEMENT	Q2 2017	Q2 2016	6 months 2017	6 months 2016	Full year 2016
Cash flow from operating activities	1,403	940	2,280	1,190	4,326
Cash flow used for capital expenditure	-784	-614	-2,037	-2,477	-4,355

FINANCIAL RATIOS	Q2 2017	Q2 2016	6 months 2017	6 months 2016	Full year 2016
Return on invested capital after tax (ROIC), annualised	-0.3%	2.0%	1.6%	2.4%	-2.7%
Return on equity after tax, annualised	-3.3%	1.3%	-0.1%	1.9%	-5.6%
Equity ratio	52.8%	54.8%	52.8%	54.8%	52.5%

STOCK MARKET RATIOS	Q2 2017	Q2 2016	6 months 2017	6 months 2016	Full year 2016
Earnings per share (EPS), USD	-13	5	-1	15	-93
Diluted earnings per share, USD	-13	5	-1	15	-93
Cash flow from operating activities per share, USD	68	45	110	57	208
Share price (B share), end of period, DKK	13,090	8,705	13,090	8,705	11,270
Share price (B share), end of period, USD	2,008	1,299	2,008	1,299	1,597
Total market capitalisation, end of period, USD m	40,581	26,438	40,581	26,438	32,215

GROUP BUSINESS DRIVERS	Q2 2017	Q2 2016	6 months 2017	6 months 2016	Full year 2016
Maersk Line					
Transported volumes (FFE in '000)	2,700	2,655	5,300	5,017	10,415
Average freight rate (USD per FFE)	2,086	1,716	2,014	1,782	1,795
Unit cost (USD per FFE incl. VSA income)	2,051	1,911	2,069	1,981	1,982
Average fuel price (USD per tonne)	313	194	317	186	223
Maersk Line fleet, owned	282	283	282	283	292
Maersk Line fleet, chartered	364	347	364	347	347
Fleet capacity (TEU in '000)	3,400	3,143	3,400	3,143	3,239
APM Terminals					
Containers handled (measured in million TEU and weighted with ownership share)	9.8	9.4	19.2	18.1	37.3
Number of terminals	76	72	76	72	73
Maersk Oil					
Average share of oil and gas production (thousand barrels of oil equivalent per day)	284	331	279	341	313
Average crude oil price (Brent) (USD per barrel)	50	46	52	40	44
Maersk Drilling					
Operational uptime	95%	98%	97%	98%	98%
Contracted days	1,293	1,686	2,553	3,369	6,307
Revenue backlog (USD bn)	3.1	4.7	3.1	4.7	3.7

The interim consolidated financial statements is prepared in accordance with IAS 34 and has been subject to review by the independent auditor, cf. page 32.

Financial review

Transport & Logistics

Maersk Line / APM Terminals / Damco / Svitzer

MAERSK LINE

Maersk Line reported a profit of USD 339m (loss of USD 151m) and a positive ROIC of 6.7% (negative 3.0%) with both East-West trades and North-South trades being profitable in Q2. The market fundamentals continued to improve as demand growth of 4% outgrew nominal supply growth of 1.4%. Maersk Line's average freight rate increased by 22% and revenue improved by 21% compared to Q2 2016.

Revenue of USD 6.1bn was 21% higher than Q2 2016. The development was mainly driven by a 22% increase in the average freight rate to 2,086 USD/FFE (1,716 USD/FFE) and partly by a 1.7% increase in volumes to 2,700k FFE (2,655k FFE).

The improvement in the market fundamentals in the past quarters started to reflect in the freight rates in Q2 2017. Freight rates mainly increased on East-West trades by 36%, however, supported by a solid improvement of 17% on the North-South trades.

The increase on East-West trades was driven by the trades from Asia to Europe and the Pacific trades. The improvement on North South trades was driven by all trades, however, especially West Central Asia. Recognised freight revenue was USD 5.5bn (USD 4.5bn) and other revenue was USD 588m (USD 539m).

Volumes grew on headhaul by 5.2%, however, offset by a decrease on backhaul by 5.6% as market dynamics made backhaul cargo less attractive on some trades. Volumes primarily

				USD MILLION
		Q2		6 months
MAERSK LINE HIGHLIGHTS	**2017**	2016	**2017**	2016
Revenue	6,100	5,061	11,593	10,035
Profit/loss before depreciation, amortisation and impairment losses, etc. (EBITDA)	**859**	**365**	**1,295**	**851**
Depreciation, amortisation and impairment losses, net	495	493	987	968
Gain on sale of non-current assets, etc., net	12	5	26	10
Profit/loss before financial items (EBIT)	**376**	**-123**	**334**	**-107**
Tax	37	28	61	7
Net operating profit/loss after tax (NOPAT)	**339**	**-151**	**273**	**-114**
Underlying result	**327**	**-139**	**247**	**-107**
Cash flow from operating activities	788	89	816	131
Cash flow used for capital expenditure	-579	-109	-662	-78
Invested capital	20,343	20,002	20,343	20,002
ROIC, annualised	6.7%	-3.0%	2.7%	-1.1%
Transported volumes (FFE in '000)	2,700	2,655	5,300	5,017
Average freight rate (USD per FFE)	2,086	1,716	2,014	1,782
Unit cost (USD per FFE incl. VSA income)	2,051	1,911	2,069	1,981
Average fuel price (USD per tonne)	313	194	317	186
Maersk Line fleet, owned	282	283	282	283
Maersk Line fleet, chartered	364	347	364	347
Fleet capacity (TEU in '000)	3,400	3,143	3,400	3,143

increased on the West Central Asia trades and Intra Asia trades mainly driven by increasing demand.

Total unit cost of 2,051 USD/FFE (1,911 USD/FFE) was 7.3% higher than Q2 2016 while unit cost at fixed bunker price was 1.6% above same period last year. Unit cost at fixed bunker was negatively impacted by lower utilisation and less backhaul volumes, however, partly offset by lower charter rates. Total unit cost was further negatively impacted by a 61% increase in the bunker price. Compared to Q1 2017 total unit cost decreased 1.7% and unit cost at fixed bunker price decreased 1.4%. Bunker cost was USD 780m (USD 452m) while bunker efficiency deteriorated by 5.2% to 923 kg/FFE (877 kg/FFE).

Maersk Line's EBIT margin gap to peers is estimated to be around 6%-points, above the ambition of a 5%-points gap. Excluding competitor impairments, the EBIT-margin gap was around 1%-point, still negatively impacted by trade mix, especially Maersk Line's high exposure to North-South trades.

Cash flow from operating activities was USD 788m (USD 89m) primarily due to higher earnings, partly offset by increased receivables due to higher revenue. Cash flow used for capital expenditure was USD 579m (USD 109m) as vessel investment of USD 312m, container investments of USD 254m and other investments of USD 47m were partly offset by divestment cash flow of USD 34m primarily related to scrapping of four vessels. Maersk Line recorded a positive free cash flow of USD 209m (negative USD 20m).

Maersk Line's fleet consisted of 282 owned vessels (1,935k TEU) and 364 chartered vessels (1,464k TEU) with a total capacity of 3,400k TEU by the end of Q2, an increase of 8.2% compared to Q2 2016. Capacity increased 5.1% compared to Q1 2017 as more capacity was deployed to accommodate the incoming volumes from the slot purchase agreement signed with Hamburg Süd and Hyundai Merchant Marine in Q1 2017. Idle capacity at the end of Q2 was 2k TEU (1 vessels) versus 44k TEU (4 vessels) at the end of Q2 2016, corresponding to 0.5% of total idle capacity in the market.

Maersk Line took delivery of two out of eleven second generation Triple-E's ordered in 2015 and recycled four vessels. By the end of Q2, Maersk Line had 25 vessels in the order book (347k TEU) for delivery in 2017 and 2018. This consists of nine 20.6k TEU second generation Triple-E, nine 15.2k TEU vessels and for the intra-European market seven 3.6k TEU ice-class vessels. Maersk Line's total order book corresponds to 9.9% of current fleet compared to an industry order book of around 13.1% (Alphaliner). Maersk Line has a continued focus on managing capacity and the new vessels will replace older and less efficient vessels.

Developments in the quarter

In June, Maersk Line and CMA CGM announced an agreement for CMA CGM to acquire Mercosul Line subject to Brazilian regulatory approval and the closing of Maersk Line's acquisition of Hamburg Süd. The transaction will ensure that the cabotage sector in Brazil remains competitive and that customers continue to benefit from a comprehensive choice of carriers.

The market

Global container demand grew around 4% in Q2 compared to same quarter last year. While growth was below Q1 2017 it was still high compared to the growth in the past couple of years. The growth on East-West trades was driven by continued high imports into North America together with European import growth from the Far East. Container imports to the Far East began to slow down, following very strong growth in the preceding quarters, which negatively affected the East-West backhaul trades. Container demand on the North-South trades remained solid, as mainly South American imports growth continued, following the contraction in recent years, partly driven by higher commodity prices. Moreover, both African imports and exports showed solid growth rates.

The global container fleet capacity stood at 20.6m TEU at the end of Q2, an increase of 1.4% compared to same quarter last year. However, adjusting for the decline in the idle fleet from 4.6% to 2.6% of global nominal capacity, the offered capacity grew in line with container demand growth at around 4%. During Q2, 332k TEU (40 vessels) were delivered and 86k TEU

Average freight rates

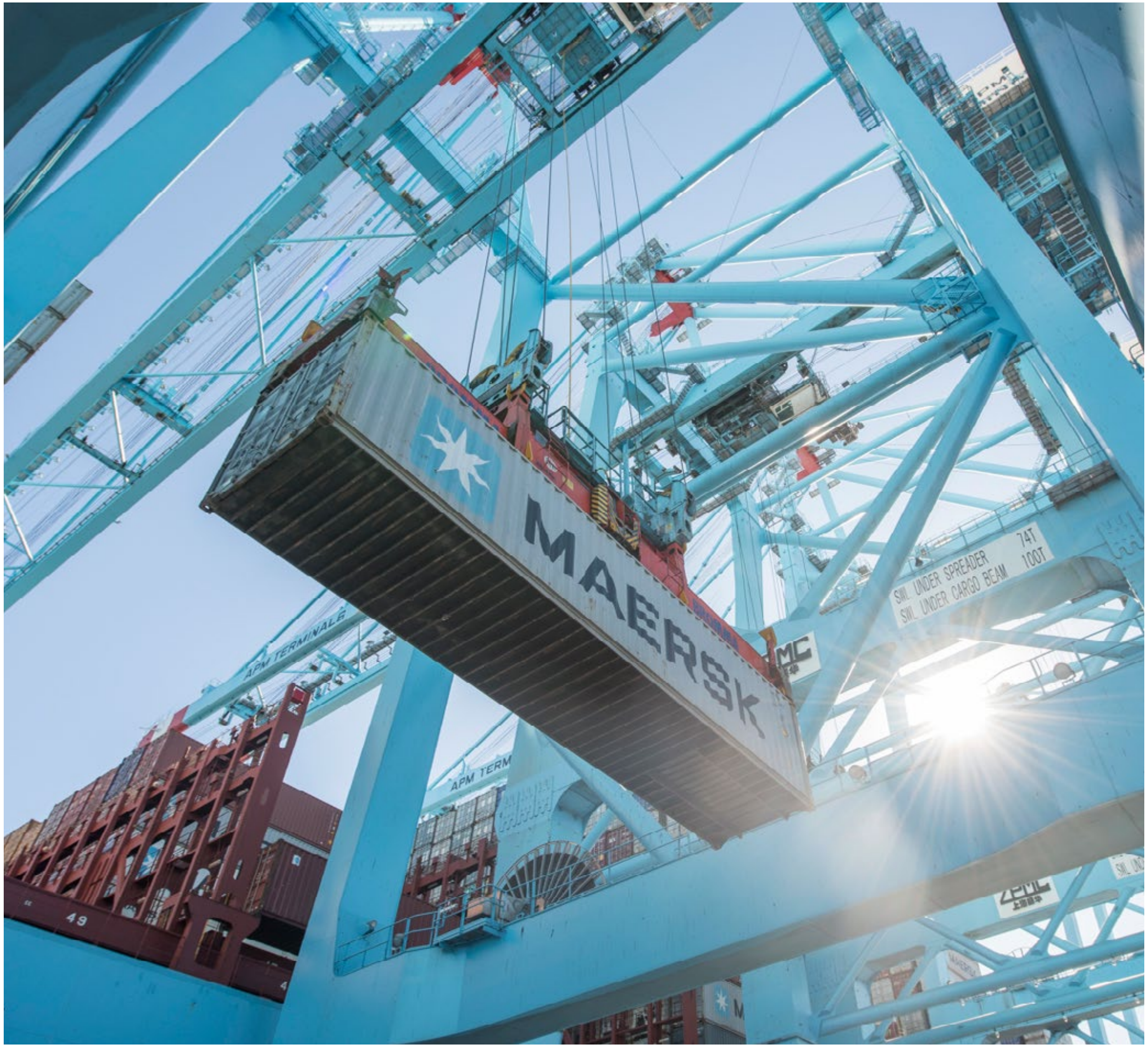
USD/FFE	Q2 2017	Q2 2016	Change	Change %
East-West	2,229	1,642	587	35.8
North-South	2,259	1,938	321	16.5
Intra-regional	1,349	1,320	29	2.2
Total	**2,086**	**1,716**	**370**	**21.6**

Transported volumes

FFE ('000)	Q2 2017	Q2 2016	Change	Change %
East-West	939	951	-12	-1.3
North-South	1,309	1,294	15	1.1
Intra-regional	452	410	42	10.1
Total	**2,700**	**2,655**	**45**	**1.7**

Newbuilding programme

Newbuilding programme (own vessels)	TEU		Number of vessels	
	Q2 2017	Q4 2016	Q2 2017	Q4 2016
3,000 – 4,699 TEU	25,172	25,172	7	7
> 8,000 TEU	322,146	363,282	18	20
Container vessels total	**347,318**	**388,454**	**25**	**27**



(36 vessels) were scrapped. The modest number of scrapped vessels followed high scrapping rates in the preceding quarters. No new vessels above +10,000 TEU were ordered.

Container demand continued to outgrow the global container fleet in Q2, yet the decline in idling and network optimisations in the industry limited the improvement in the supply/demand gap. Freight rates out of China increased by 31% compared to Q2 2016 (China Composite Freight Index (CCFI)).

MAERSK LINE
Cargo being offloaded in the port of Algeciras, Spain.

APM TERMINALS

APM Terminals reported a loss of USD 100m (profit USD 112m) and a negative ROIC of 5.0% (positive 5.8%). The result was impacted by impairments of USD 250m due to a few commercially challenged terminals, partially offset by divestment gain of USD 34m. The underlying result of USD 98m (USD 109m) was negatively impacted by loss of customers in a few terminals.

Operating business generated an underlying profit of USD 116m (USD 127m), while projects under implementation realised an underlying loss of USD 18m (loss of USD 18m) stemming from start-up costs.

Total revenue was USD 989m (USD 1.1bn), negatively impacted by loss of liner services in a few terminals and rate pressure due to liner consolidation and overcapacity as well as continued low import volumes and adverse currency developments in oil dependent markets. Furthermore, 2016 was positively impacted by a significantly higher construction revenue on new terminals.

APM Terminals' volume was 9.8m TEU (9.4m TEU) weighted by the share of equity in each terminal, 4.3% higher than 2016 mainly due to newly operated terminals and strong volume in joint venture terminals in China. Adjusting for newly operated entities, like-for-like volume increased by 3.3%.

The average port revenue per move declined by 10% from USD 198 per move to USD 178 per move mostly due to adverse currency developments in West African countries and partly due to lower rates offered to attract volume in key terminals. APM Terminals' volume growth was slightly lower than the

				USD MILLION
		Q2		**6 months**
APM TERMINALS HIGHLIGHTS	**2017**	2016	**2017**	2016
Revenue	989	1,064	1,997	2,026
Profit/loss before depreciation, amortisation and impairment losses, etc. (EBITDA)	**147**	**187**	**315**	**351**
Depreciation, amortisation and impairment losses, net	340	108	440	193
Gain on sale of non-current assets, etc., net	34	15	34	16
Share of profit/loss in joint ventures	13	22	36	40
Share of profit/loss in associated companies	28	25	49	50
Profit/loss before financial items (EBIT)	**-118**	**141**	**-6**	**264**
Tax	+18	29	3	44
Net operating profit/loss after tax (NOPAT)	**-100**	**112**	**-9**	**220**
Underlying result	**98**	**109**	**189**	**216**
Cash flow from operating activities	131	163	382	361
Cash flow used for capital expenditure	-70	-173	-233	-1,133
Invested capital	8,028	7,815	8,028	7,815
ROIC, annualised	-5.0%	5.8%	-0.2%	6.0%
Containers handled (measured in million TEU and weighted with ownership share)	9.8	9.4	19.2	18.1
Number of terminals	76	72	76	72

estimated global port volume growth in Q2. Average terminal utilisation was 64% (68%). Excluding newly operated terminals in Europe and Latin America which are still ramping up, utilisation was 67% (68%).

Cost per move decreased 3% to USD 168 (USD 174), driven by currency developments and scale benefits from volume increases, as well as cost savings from operational efficiency improvement projects and procurement efforts, partly offset by cost inflation.

The share of profit in joint ventures and associated companies was USD 41m (USD 47m). The underlying result from joint ventures and associated companies improved significantly across several regions, driven mainly by improving or stabilising economic conditions in Russia and Africa. This positive development was, however, more than offset by impairment in one joint venture terminal.

Tax was positive USD 18m (negative USD 29m) due to reversal of tax provisions. The reversal is not part of the underlying result.

Cash flow from operating activities was USD 131m (USD 163m) and cash flow used for capital expenditures including net proceeds from Pentalver of USD 100m was USD 70m (USD 173m). Capital expenditure was mainly related to Moin, Costa Rica and Lazaro Cardenas, Mexico.

Developments in the quarter
APM Terminals completed 18 agreements for new volume while five existing agreements discontinued during 2017, adding to net positive volume growth.

The divestment of Pentalver, the UK based provider of container transport and other related service, was finalised in Q2 with a gain of USD 35m.

The market
The consolidation of container carriers through acquisitions and alliances continue to create competitive pressure on terminal operators. While APM Terminals lost some services following the formation of THE and Ocean Alliance, volumes were positively impacted by the slot purchase agreements signed in Q1 with HMM and Hamburg Süd which give them access to certain services on the 2M network. Further consolidation of the carriers is ongoing with the announced formation of ONE and the merger of Cosco with OOCL.

Shipping industry analysts are projecting growth recovery in global container traffic in 2017. Drewry's forecast for global port throughput growth is 4.0% for Q2 2017 and 4.1% for full year 2017, with a positive and higher growth forecast in almost all regions compared to 2016. Strong improvements are expected in Latin America, where growth is expected to increase from negative 1.6% to positive 4.1%, and West Africa with growth forecast up from negative 4.9% to positive 2.0%.

APM TERMINALS ▸
APM Terminals Tangier celebrates 10 years in Morocco with the Munich Maersk, the largest ship calling an African port.

DAMCO

Damco reported a break-even result of USD 0m (profit of USD 10m) and a ROIC of 1.0% (18.5%), negatively impacted by increased product investments and lower ocean margins, positively offset mainly by supply chain management and air freight volumes growth and productivity improvements.

Revenue was USD 631m (USD 619m), 2% up versus last year, mainly driven by 7% supply chain management and 6% air freight volumes growth, whilst ocean controlled volumes ended 4% below last year due to a shift in commercial strategy.

Damco freight forwarding margins remained below last year, impacted by challenging market conditions on the trade lanes where Damco is predominantly exposed. Damco expects to see improvements in freight forwarding margins in the second half of the year coming from improved pricing processes and carrier management systems implementation. Underlying supply chain management margins were at the same level as last year.

Cost saving initiatives and productivity improvements supported overall overhead reduction, although investments in new products and digital solutions significantly increased. Damco will continue to invest in digitisation, as well as improving products, commercial effectiveness and sales deployment.

Cash flow from operating activities was negative USD 6m (positive USD 19m), mainly driven by development in net working capital influenced by increased revenue from Q1.

Developments in the quarter

Damco continued to strengthen the supply chain management products and capabilities, whilst improving competitiveness in forwarding through the development of a carrier management tool, a global pricing system and rolling out the digital platform Twill. Damco signed up new global customers on its 4PL Orchestrator solution and won new business within supply

				USD MILLION
		Q2		6 months
DAMCO HIGHLIGHTS	**2017**	2016	**2017**	2016
Revenue	631	619	1,243	1,215
Profit/loss before depreciation, amortisation and impairment losses, etc. (EBITDA)	**9**	**23**	**9**	**33**
Depreciation, amortisation and impairment losses, net	5	7	10	14
Share of profit/loss in joint ventures	2	3	4	5
Profit/loss before financial items (EBIT)	**6**	**19**	**3**	**24**
Tax	6	9	11	12
Net operating profit/loss after tax (NOPAT)	**0**	**10**	**-8**	**12**
Underlying result	**0**	**10**	**-8**	**12**
Cash flow from operating activities	-6	19	-35	4
Cash flow used for capital expenditure	0	-3	-1	-6
Invested capital	264	213	264	213
ROIC, annualised	1.0%	18.5%	-6.3%	10.9%

chain management, which will be implemented during the second half of 2017. Additional progress is being made on reinforcing Damco's base improving its core operational IT platform and standardising and simplifying global processes.

Product

Q2 volumes	2017	2016
Supply Chain Management (SCM) ('000 cbm)	16,227	15,181
Ocean (OCE) (TEU), Controlled	138,185	144,525
AIR (Tonnes)	50,138	47,312

DAMCO
Damco continues to invest in developing digital solutions.

SVITZER

Svitzer reported a profit of USD 19m (USD 24m) negatively impacted by an impairment of USD 12m on 11 idle vessels marketed for sale and by an impairment of USD 6m on investment in Ardent, the 50% owned salvage company. ROIC was 5.8% (7. 8%).

Svitzer faced increased commercial pressure due to the combined effect of low commodity prices, and overcapacity in the towage industry, and as a result identified 11 vessels with low probability of being deployed on viable commercial terms. These vessels are being marketed for sale and have been valued at expected market value, resulting in an impairment of USD 12m.

Underlying profit was USD 33m (USD 23m), positively impacted by USD 10m recognition of deferred tax asset due to increasing terminal towage activities and reduction of crew and administration costs.

Revenue amounted to USD 162m (USD 162m), mainly impacted by USD 7m increase in revenue in Australia from new terminal towage contract offset by USD 8m decrease in revenue in Europe.

Cash flow from operating activities amounted to USD 32m (USD 30m) and cash flow used for capital expenditure was positive USD 1m (negative USD 57m) driven by sale of four idle vessels and fewer instalments on new vessels.

Svitzer's harbour towage activity increased by 5% compared to Q2 2016, mainly due to increased activity in Australia. Activity in Europe remained stable, but with more intense competition in ports in the UK. Market share for harbour towage in competitive ports in Australia was 95% which was slightly lower than Q2 2016. In line with Q1 2017, volumes in Australia improved because of increased export of commodities. Market share for harbour towage in Europe was 56% which was at level with Q2 2016.

				USD MILLION
		Q2		**6 months**
SVITZER HIGHLIGHTS	**2017**	2016	**2017**	2016
Revenue	162	162	319	325
Profit/loss before depreciation, amortisation and impairment losses, etc. (EBITDA)	**46**	**42**	**90**	**89**
Depreciation, amortisation and impairment losses, net	33	22	54	42
Gain on sale of non-current assets, etc., net	3	1	4	3
Share of profit/loss in joint ventures	-3	-	-2	3
Profit/loss before financial items (EBIT)	**13**	**21**	**38**	**53**
Tax	+6	+3	+3	2
Net operating profit/loss after tax (NOPAT)	**19**	**24**	**41**	**51**
Underlying result	**33**	**23**	**54**	**48**
Cash flow from operating activities	32	30	67	66
Cash flow used for capital expenditure	1	-57	-66	-111
Invested capital	1,301	1,233	1,301	1,233
ROIC, annualised	5.8%	7.8%	6.4%	8.6%

In Americas, Argentina is still facing commercial challenges as well as legal challenges imposed by competitors. Brazil shows increased activity partly driven by entry into new ports, but is still not profitable. As part of the plan to trim the portfolio, Svitzer has in June 2017 ceased its harbour towage operation in the Port of Montreal and has divested three vessels from the Canada operations.

Two new terminal towage projects continue to progress as planned in Australia and Costa Rica and will commence operations in early 2018. During Q2 2017, the terminal towage contract for Wheatstone in Australia commenced.

Ardent maintained its market share, but continues to suffer from historically low activity in both emergency response and wreck removal markets.

Svitzer had 347 vessels in its fleet by end Q2 2017 of which seven are chartered and the remaining are owned. A total of 19 vessels are on order with 10 to be delivered in 2017 and nine to be delivered in 2018. In comparison, Svitzer had 342 vessels by Q2 2016 of which 11 were chartered. In total 19 vessels were on order by Q2 2016 of which nine were delivered in 2016.

The Market

The activity in the harbour towage markets where Svitzer is present remains stable. For harbour towage in Europe, consolidation of the industry is ongoing, leading to stronger competitors and more intense competition.

Svitzer's strategic response is to continue the efforts to improve cost levels and productivity while utilising its global footprint to ensure closer cooperation with targeted customers. Svitzer will further develop the cooperation with the other Transport & Logistics businesses to harvest synergies through improved operational optimisation, collaboration and scaling across ports and regions.

The market for terminal towage remains negatively impacted by the current oil price environment where oil companies continue to postpone projects. Due to the challenging economic environment and excess supply of tugs, several oil and gas customers are seeking rate reductions, particularly in the Middle East. Svitzer continues to work with customers to identify mutually beneficial solutions.

SVITZER
Svitzer Oden assisting Ebba Maersk in the port of Gothenburg, Sweden.

Financial review
Energy

Maersk Oil / Maersk Drilling / Maersk Supply Service / Maersk Tankers

MAERSK OIL

Maersk Oil reported a profit of USD 191m (USD 131m) and a ROIC of 18.5% (12.1%). Free cash flow came at USD 151m (USD 184m) and the entitlement production was 284,000 boepd (331,000 boepd).

Maersk Oil recorded an underlying profit of USD 184m (USD 130m) driven by a higher average oil price of USD 50 per barrel versus USD 46 per barrel in Q2 2016, lower costs and one-off income totaling USD 66m related to tax and provisions. The result was partly offset by the lower entitlement production.

Maersk Oil reduced operating expenses excluding exploration costs and costs related to purchase of oil and gas for resale, by 3%, to USD 452m (USD 468m).

Cash flow from operating activities was USD 410m (USD 514m) negatively impacted by changes in working capital and higher taxes paid offset by higher EBITDA. Cash flow used for capital expenditure was USD 259m (USD 330m) primarily directed at the Culzean, UK and Johan Sverdrup, Norway developments.

The reduced entitlement production of 284,000 boepd (331,000 boepd) was due to Qatar, where cost reduction and higher oil price led to fewer entitlement barrels for cost recovery in addition to unplanned production losses lowering the gross production. Lower year-on-year production from mature assets in the UK also contributed. In Denmark, Kazakhstan, US, Algeria and Iraqi Kurdistan, production was in line with or slightly higher than same period last year due to good operational performance offsetting natural decline.

				USD MILLION
		Q2		6 months
MAERSK OIL HIGHLIGHTS	**2017**	2016	**2017**	2016
Revenue	1,368	1,278	2,743	2,310
Profit/loss before depreciation, amortisation and impairment losses, etc. (EBITDA)	**801**	**755**	**1,660**	**1,176**
Depreciation, amortisation and impairment losses, net	323	337	629	685
Gain on sale of non-current assets, etc., net	-	1	36	1
Profit/loss before financial items (EBIT)	**478**	**419**	**1,067**	**492**
Tax	287	288	548	390
Net operating profit/loss after tax (NOPAT)	**191**	**131**	**519**	**102**
Underlying result	**184**	**130**	**476**	**101**
Cash flow from operating activities	410	514	961	342
Cash flow used for capital expenditure	-259	-330	-541	-1,084
Invested capital	4,159	4,302	4,159	4,302
ROIC, annualised	18.5%	12.1%	25.1%	5.0%
Exploration costs	16	47	36	104
Average share of oil and gas production (thousand barrels of oil equivalent per day)	284	331	279	341
Average crude oil price (Brent) (USD per barrel)	50	46	52	40

Maersk Oil has adapted its portfolio, organisation and cost level to the lower oil price environment and the lower entitlement production post the Qatar exit. This has allowed Maersk Oil to improve the NOPAT break-even oil price from USD 55-60 per barrel in 2014 to below USD 40 per barrel in 2016 and with a target of USD 40-45 per barrel for 2017 onwards excluding Qatar.

In the UK North Sea, the Culzean gas field development is progressing within budget and ahead of schedule towards production start in 2019. With the High Pressure High Temperature drilling commencing in July, a major milestone has been reached. Overall, the project completion rate was 55% vs planned 48% by the end of Q2.

In Norway, Maersk Oil participates in the development of the Johan Sverdrup oil field with planned production start by the end of 2019. Fabrication and construction of all major topsides and jackets are progressing per plan. Pre-drilling of the first water injector well was completed ahead of plan. Overall, the project is progressing per plans with a completion rate of 52% versus planned 51% by the end of Q2.

Following the Danish government's new terms for the oil industry, progress by partners in the Danish Underground Consortium (DUC) on a full redevelopment plan for the Tyra facilities towards project sanction by the end of 2017, continues. The agreement with the Danish Government is subject to Danish parliamentary approval.

Maersk Oil exited Qatar in July after 25 years, having safely produced more than 1.75bn barrels of oil from the Al Shaheen field. The exit from Qatar by mid-July progressed as planned. The economic finalisation of the exit is still subject to review; however, Maersk Oil does not expect any adverse impact from this.

In Kenya, five wells from the eight well drilling campaign have now been completed, including two exploration wells and three appraisal wells. Oil discoveries were made in two of the exploration wells. Work is ongoing with partners to establish a development plan for the South Lokichar field.

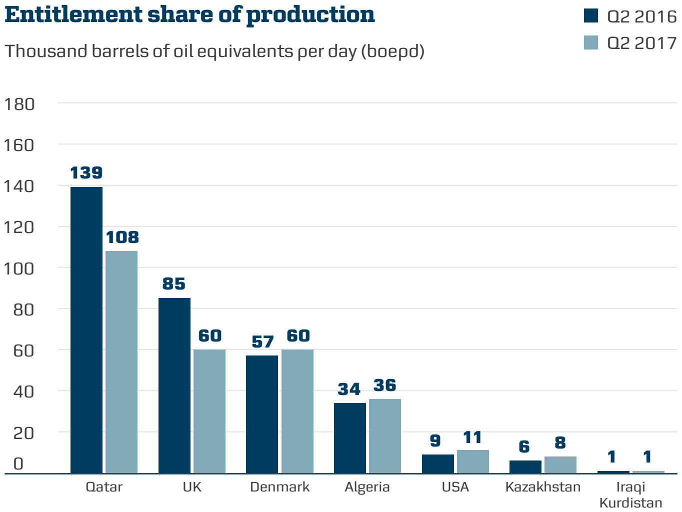
In the US Gulf of Mexico, drilling of the first Jack Phase II well was completed, proving up additional reserves.

The Market

The oil price is impacted by the prolonged OPEC production cuts agreed in May 2017 and was within a range of USD 44-55 (USD 40-50) per barrel in Q2. Global supply surplus appears to extend also into 2018, however, significant uncertainty remains in the oil price outlook.

Entitlement share of production

Thousand barrels of oil equivalents per day (boepd)



MAERSK OIL

All three platform jackets installed on the Maersk Oil operated Culzean field in the UK North Sea.

MAERSK DRILLING

Maersk Drilling reported a profit of USD 28m (USD 164m) and a ROIC of 1.7% (8.3%). The result was impacted by ten of Maersk Drilling's rigs being fully or partly idle during the quarter, and old contracts at higher day rates that have expired. Underlying profit was USD 28m (USD 164m).

The economic utilisation of the fleet was 64% (83%), adversely affected by the ten idle rigs. The operational performance across the fleet resulted in an average operational uptime of 97% (98%) for the jack-up rigs and 90% (99%) for the deepwater rigs. The operational uptime was negatively affected by temporary equipment issues on the drillship Maersk Viking and on the jack-up Maersk Invincible.

By the end of Q2 2017, Maersk Drillings' forward contract coverage was 61% for 2017, 46% for 2018 and 25% for 2019. The total revenue backlog by the end of Q2 amounted to USD 3.1bn (USD 4.7bn). During the quarter, 236 contract days were added to the backlog with a value of USD 29m.

To optimise profitability and cash flows, Maersk Drilling continues to identify and drive cost savings and improve efficiency. Maersk Drilling reduced costs further by 3% compared to Q2 2016, and more than 20% compared to the baseline in 2014, excluding exchange rate effects and savings from stacked rigs. By the end of Q2, a total of nine rigs were idle of which one, Maersk Resolve, was being prepared for contract commencement in Q3. Maersk Drilling continues to evaluate stacking on a case-by-case and to date, all idle rigs have been warm stacked providing a better potential for market re-entry.

Cash flow from operating activities was USD 150m (USD 129m). Cash flow used for capital expenditures was USD 8m (USD 220m), where Q2 2016 included the purchase of Maersk Highlander.

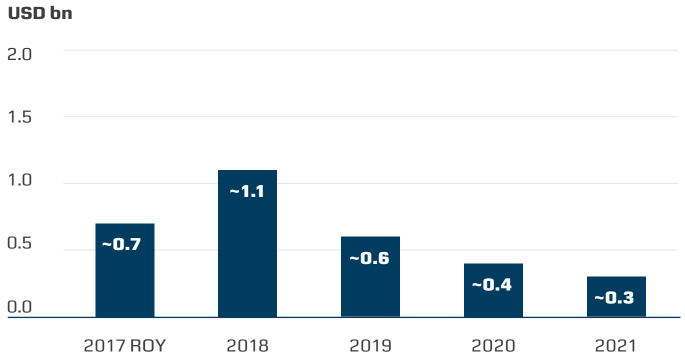
				USD MILLION
		Q2		6 months
MAERSK DRILLING HIGHLIGHTS	**2017**	2016	**2017**	2016
Revenue	349	566	693	1,220
Profit/loss before depreciation, amortisation and impairment losses, etc. (EBITDA)	**155**	**330**	**326**	**737**
Depreciation, amortisation and impairment losses, net	123	148	241	293
Share of profit/loss in joint ventures	3	8	5	7
Profit/loss before financial items (EBIT)	**35**	**190**	**90**	**451**
Tax	7	26	14	65
Net operating profit/loss after tax (NOPAT)	**28**	**164**	**76**	**386**
Underlying result	**28**	**164**	**76**	**387**
Cash flow from operating activities	150	129	294	556
Cash flow used for capital expenditure	-8	-220	-458	-231
Invested capital	6,510	8,044	6,510	8,044
ROIC, annualised	1.7%	8.3%	2.3%	9.8%
Operational uptime	95%	98%	97%	98%
Contracted days	1,293	1,686	2,553	3,369
Revenue backlog (USD bn)	3.1	4.7	3.1	4.7

Exploring new business models
Together with a selected few of the major international oil companies Maersk Drilling continues to explore new business models based on more collaboration with the aim of reducing the total value chain costs and ultimately bringing down the cost per barrel of oil. In line with this, Maersk Drilling has launched a new customer engagement model that effectively integrates early customer engagement and technical solutions enabling high efficiency operations and industry leading customer service. Maersk Drilling also continues to execute on its ambition to use digitisation as a key enabler in realising cost optimisation, improving asset performance, and facilitating a more effective value chain integration. In line with this, Maersk Drilling recently extended its partnership with GE, focused on applying digital solutions to enhance drilling productivity and enable predictive maintenance.

Contract coverage per segment

Segment	2017 ROY	2018
Jack-up rigs	67%	50%
Ultra deepwater and midwater rigs	48%	38%
Total	**61%**	**46%**

Revenue backlog, end Q2 2017



Contracts secured with Wintershall Noordzee and ExxonMobil
Maersk Drilling signed a contract extension as well as one new contract in Q2. The drillship Maersk Viking received a 150-days contract extension from ExxonMobil. The original contract was scheduled to end in July 2017 and with the extension, Maersk Viking will now be in operation for ExxonMobil until December 2017. Furthermore, Maersk Resolve was awarded a contract for the drilling of one well in the UK sector of the North Sea for Wintershall; commencing in June with a duration of 86 days, and with further options included. The combined value of the two contracts amounts to USD 29m.

In June 2017, Maersk Drilling reactivated the warm-stacked jack-up Maersk Resolute, which was awarded a contract with Petrogas in Q1 2017 for 95 days with an option for up to five additional wells. In May 2017, newbuild XLE Jack-Up Maersk Invincible commenced its five-year firm contract with Aker BP for plug and abandonment work on the Valhall field.

The offshore drilling industry remains financially challenged although tender activity improved
The current oil price remains below levels required to support sustainable economic returns for the offshore drilling market. Maersk Drilling does not expect to see sufficient financial improvements from an increase in offshore rig demand until the market reaches a stable oil price above USD 60 per barrel or until industry cost levels adjust further to a lower oil price.

The offshore drilling sector continues to hold significant excess capacity, as approximately 130 floaters and 220 jack-up rigs remain stacked, while the newbuild order book still comprises approximately 40 floaters and 100 jack-up rigs, the clear majority of which do not have contracts. Approximately half of the idle floater rigs and one-third of the idle jack-up rigs are cold stacked with limited contracting ability.

The offshore drilling market showed continued signs of a marginal recovery in jack-up rig demand during Q2 2017, buoyed by an increase in tendering and contracting activity toward the end of 2016. Tendering activity for floater rigs improved moderately, and further moderate market recovery is expected in the next 6 to 12 months.

Day rates are expected to remain soft due to the significant excess supply of drilling rigs. The day rates currently being tendered are typically close to or below operating cost. Furthermore, the contracts are short in length, leading to idle periods between contracts and higher operating costs due to repeated mobilisation, start-up and ramp-down.

The industry continues to reduce costs while engaging in refinancing through equity offerings and demonstrating flexibility with creditors and shipyards. Consensus of reaching or approaching the bottom of the market has led to further M&A transactions for rigs during the second quarter. Moreover, the industry is showing increased interest in integrated alliances and partnerships as a means for differentiation and cost saving synergies.

MAERSK SUPPLY SERVICE

Maersk Supply Service reported a loss of USD 10m (loss of USD 106m) and a ROIC of negative 5.4% (negative 24.0%). The result for Q2 2016 was negatively impacted by an impairment of USD 97m. The underlying loss was USD 11m (loss of USD 8m).

Revenue decreased to USD 74m (USD 102m) following lower utilisation. Total operating costs decreased to USD 64m (USD 71m) due to fewer operating vessels, partly offset by higher idling costs.

Cash flow from operating activities decreased to negative USD 17m (positive USD 7m) reflecting a lower result and an increase in net working capital. Cash flow used for capital expenditure increased to USD 33m (USD 17m) relating to assets under construction.

Going into Q3, contract coverage was 26% for 2017 and 15% for 2018. Gross utilisation was 56% for Q2 2017 (61%). Maersk Supply Service sold one vessel in Q2 leaving the total fleet at 43 vessels and is planning to reduce its fleet by further six vessels over the coming nine months.

Optimised New-building delivery schedule

Maersk Supply Service has concluded agreements to postpone delivery of the five remaining Starfish Anchor Handling new-buildings at Kleven Yard in Norway and the four Stingray Subsea Support Vessel new-buildings at Cosco, Dalian in China. The CAPEX postponement of the deferred delivery is approximately USD 400m in 2017.

Market outlook remains subdued

The market demand remains low due to the low activity in the offshore industry given the low oil price and Maersk Supply Service expects the general market outlook for the industry to remain subdued in the near and mid-term. The industry continues to be characterised by oversupply, financial restructurings and consolidation. In line with market decline, the offshore supply vessel industry continues to see 25% of vessel lay-ups

				USD MILLION
		Q2		6 months
MAERSK SUPPLY SERVICE HIGHLIGHTS	**2017**	2016	**2017**	2016
Revenue	74	102	122	212
Profit/loss before depreciation, amortisation and impairment losses, etc. (EBITDA)	**10**	**31**	**5**	**67**
Depreciation, amortisation and impairment losses, net	17	135	35	172
Gain on sale of non-current assets, etc., net	1	-1	1	-1
Profit/loss before financial items (EBIT)	**-6**	**-105**	**-29**	**-106**
Tax	4	1	3	2
Net operating profit/loss after tax (NOPAT)	**-10**	**-106**	**-32**	**-108**
Underlying result	**-11**	**-8**	**-33**	**-10**
Cash flow from operating activities	-17	7	5	29
Cash flow used for capital expenditure	-33	-17	-141	-74
Invested capital	775	1,727	775	1,727
ROIC, annualised	-5.4%	-24.0%	-9.1%	-12.1%

globally, including Maersk Supply Service that had ten vessels laid up at the end of Q2.

Integrated Solutions

Maersk Supply Service's newly launched Integrated Solutions business continues to show good progress. The company has secured a contract with Maersk Oil to project manage the complete towing, mooring installation and hook up service scopes for the Culzean Project in the North Sea in the UK. The work scopes will utilise the company's own vessels and crews throughout the project and it is Maersk Supply Service's fourth contract providing both vessels and integrated services.

High-profile contracts secure revenue

Maersk Supply Service has been awarded a contract in Mexico with a firm duration from late 2018 until mid-2020. The award secures contract coverage in a new market for Maersk Supply Service and is the first long-term contract for one of the four Stingray Subsea Support Vessel new-buildings arriving in 2017 and 2018.

In June 2017, Maersk Supply Service successfully completed the tow of the Hebron drilling and production platform, generating significant revenue for Maersk Supply Service in Q2. Six Maersk Supply Service vessels safely transported the 750,000 tonnes heavy platform, one of the largest offshore structures ever built.

MAERSK SUPPLY SERVICE

During Q2 Maersk Supply Service was awarded a long-term contract with Blue Marine Group in Mexico securing utilisation of one of the company's four Stingray Subsea Support Vessel New-buildings.

MAERSK TANKERS

Maersk Tankers reported a loss of USD 483m (profit of USD 28m) and a negative ROIC of 133.1% (positive 6.9%). The result was negatively impacted by impairments of USD 464m (USD 0m) due to an expected continuation of the lower asset valuations.

The underlying loss was USD 17m (profit of USD 26m), negatively impacted by declining spot market rates, which was the main driver for Maersk Tankers' average Time Charter Equivalent (TCE) earnings declining by 27%.

Average spot market declined 21% compared to Q2 2016, maintaining pressure on the industry. The decline in freight rates was due to a high influx of new vessels growing the global product tanker fleet by 1.3% and further increased refinery maintenance, particularly in East Asia. Additionally, drawdowns of oil inventories continue to lower demand for transportation of refined oil products. Freight rates West of the Suez declined less than in the East, however, rates declined in both geographical markets.

Maersk Tankers' average TCE declined by 27% compared to Q2 2016. This was driven both by the weaker spot markets and Maersk Tankers' fleet of vessels that was not positioned to take full advantage of regional and temporary spikes.

The vessels' daily running costs were reduced by 3%, equal to USD 1m. The savings were achieved through lower repair and maintenance costs, crewing efficiencies and procurement optimisations.

Cash flow from operating activities was USD 16m (USD 71m), negatively impacted by the lower result. Cash flow used for capital expenditure was positive USD 10m (negative USD 58m) driven by the sale of two vessels, partly offset by newbuilding instalments.

Maersk Tankers has established an Aframax pool with vessels operating globally. The Aframax pool consisted of five

MAERSK TANKERS HIGHLIGHTS	**Q2 2017**	Q2 2016	**6 months 2017**	6 months 2016
				USD MILLION
Revenue	206	226	434	471
Profit/loss before depreciation, amortisation and impairment losses, etc. (EBITDA)	**19**	**61**	**62**	**139**
Depreciation, amortisation and impairment losses, net	500	35	534	68
Gain on sale of non-current assets, etc., net	-2	2	-1	4
Profit/loss before financial items (EBIT)	**-483**	**28**	**-473**	**75**
Tax	-	-	-	+1
Net operating profit/loss after tax (NOPAT)	**-483**	**28**	**-473**	**76**
Underlying result	**-17**	**26**	**-8**	**72**
Cash flow from operating activities	16	71	33	139
Cash flow used for capital expenditure	10	-58	-22	-82
Invested capital	1,197	1,663	1,197	1,663
ROIC, annualised	-133.1%	6.9%	-59.8%	9.2%

commercially managed vessels at the end of the quarter, bringing the total fleet of third party service vessels to 55.

Maersk Tankers is working to deliver improved commercial performance through optimised vessel positioning, cost savings and additional income from its third-party service, enabled by digital solutions.

At the end of the quarter, Maersk Tankers operated 160 product tanker vessels across four segments: Intermediate, Handy, Medium Range (MR) and Long Range 2 (LR 2). Of these, Maersk Tankers owned 81, chartered 24 and 55 were on commercial management.

The order book totalled nine MR newbuildings and an option for 10 LR2 product tankers, which are part of a planned investment programme to maintain an efficient fleet. One MR newbuilding will be delivered in Q3 2017, one in Q4 2017 and the last seven in 2018.

MAERSK TANKERS ▸
Maersk Tangier at sea in Singapore; one of the vessels in Maersk Tankers' newbuilding programme, totalling 19 MR newbuildings.

HIGHLIGHTS

For the first six months of 2017

THE CONSOLIDATED FINANCIALS

A.P. Moller - Maersk delivered a loss for the first six months of USD 11m (profit of USD 342m) negatively impacted by post-tax impairments of USD 732m (USD 123m) primarily related to Q2 for Maersk Tankers by USD 464m (USD 0m) and APM Terminals by USD 250m (USD 8m).

The underlying profit improved to USD 590m (USD 348m) positively impacted by an improvement of USD 437m in Transport & Logistics, partly offset by a decline of USD 43m in Energy and an increase in net financial expenses after tax of USD 152m related to adverse currency movements and higher interest rates. Maersk Line reported an improved underlying profit of USD 247m (loss of USD 107m) and Maersk Oil an improved underlying profit of USD 476m (USD 101m), partly offset by decreased underlying results in Maersk Drilling with an underlying profit of USD 76m (USD 387m) and Maersk Tankers with an underlying loss of USD 8m (profit of USD 72m).

The return on invested capital (ROIC) was 1.6% (2.4%). Gross cash flow used for capital expenditure was USD 2.9bn (USD 2.9bn). The free cash flow was USD 243m (negative USD 1.3bn).

Revenue increased to USD 18.6bn (USD 17.4bn), predominantly due to higher average container freight rates and higher volumes and a 30% higher average oil price, partly offset by lower entitlement production and the impact from low activity and lower earnings in the offshore industry. Operating expenses increased by USD 775m mainly due to higher bunker prices countered by the continuous focus on cost efficiency.

Cash flow from operating activities increased to USD 2.3bn (USD 1.2bn) impacted by the higher underlying profit and a lower net working capital and a one-off dispute settlement in Maersk Oil in Q1 2016. Cash flow used for capital expenditure was USD 2.0bn (USD 2.5bn).

Net interest-bearing debt increased to USD 11.5bn (USD 10.7bn at 31 December 2016) mainly due to dividend payments of USD 483m and new finance leases of USD 171m, partly offset by free cash flow of USD 243m.

Total equity was USD 32.3bn (USD 32.1bn at 31 December 2016), positively impacted by other comprehensive income of USD 734m, partly offset by dividend paid of USD 483m.

TRANSPORT & LOGISTICS

Maersk Line reported a profit of USD 273m (loss of USD 114m) and a positive ROIC of 2.7% (negative 1.1%). The result was driven by higher average freight rates and higher volumes partly offset by higher unit cost primarily due to higher bunker price. Volumes increased by 5.7% to 5,300k FFE (5,017k FFE) and average freight rate increased by 13% to 2,014 USD/FFE (1,782 USD/FFE).

Cash flow from operating activities was USD 816m (USD 131m) and cash flow used for capital expenditure was USD 662m (USD 78m) leaving a free cash flow of USD 154m (USD 53m).

APM Terminals reported a loss of USD 9m (profit of USD 220m) and a negative ROIC of 0.2% (positive 6.0%). The result was impacted by impairments of USD 250m in a few commercially challenged terminals, partially offset by divestment gain of USD 52m, including reversal of tax provision. Volume, weighted by APM Terminals ownership percentage, increased by 6.2% compared to 2016, reaching 19.2m TEU (18.1m TEU). The increase was mainly due to TCB terminals. Excluding these, like-for-like volumes increased by 3.3%, whereas the overall global container market grew by 6.2% (Drewry).

Cash flow from operating activities was USD 382m (USD 361m) and cash flow used for capital expenditure was USD 233m (USD 1.1bn) impacted by positive cash flow of USD 100m from the Pentalver divestment.

Damco reported a loss of USD 8m (profit of USD 12m) and a negative ROIC of 6.3% (positive 10.9%). The result was negatively impacted by lower ocean margins, impact from cyber-attack and increased investments in new products and solutions. This was partially offset by stronger supply chain management volumes, airfreight volumes and increased productivity.

Cash flow from operating activities was negative USD 35m (positive USD 4m) due to the negative result development, and higher net working capital mainly resulting from increased revenues. Cash flow used for capital expenditure was USD 1m (USD 6m).

Svitzer delivered a profit of USD 41m (USD 51m) and a ROIC of 6.4% (8.6%). Profit was negatively impacted by an impairment of USD 12m on 11 idle vessels marketed for sale due to fleet optimisation and by an impairment of USD 6m on investment in Ardent due to low activity. This was partly offset by USD 10m recognition of deferred tax asset due to increasing terminal towage activities.

Cash flow from operating activities was USD 67m (USD 66m) and cash flow used for capital expenditure was USD 66m (USD 111m).

Maersk Container Industry reported a profit of USD 29m (loss of USD 37m) and a positive ROIC of 17.0% (negative 17.7%). The underlying profit was USD 29m (loss of USD 37m) positively impacted by improved efficiencies and significantly higher volumes in both dry and reefer. Further, the cost down programs in Qingdao and Dongguan over the past couple of years are coming alive and visible when operating at full capacity. Cash flow from operating activities was USD 55m (negative USD 49m) and cash flow used for capital expenditure was USD 3m (USD 9m).

Highlights 6 months

	Revenue		Profit/loss		Underlying result		Free cash flow		Cash flow used for capital expenditure		Invested capital		ROIC, annualised	
USD million	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016
Maersk Line	11,593	10,035	273	-114	247	-107	154	53	-662	-78	20,343	20,002	2.7%	-1.1%
APM Terminals	1,997	2,026	-9	220	189	216	149	-772	-233	-1,133	8,028	7,815	-0.2%	6.0%
Damco	1,243	1,215	-8	12	-8	12	-36	-2	-1	-6	264	213	-6.3%	10.9%
Svitzer	319	325	41	51	54	48	1	-45	-66	-111	1,301	1,233	6.4%	8.6%
Maersk Container Industry	528	220	29	-37	29	-37	52	-58	-3	-9	333	413	17.0%	-17.7%
Other businesses, unallocated and eliminations	-917	-630	-65	-39	-70	-128	36	-103	-124	1	1,229	1,283	12.9%	4.4%
Transport & Logistics	**14,763**	**13,191**	**261**	**93**	**441**	**4**	**356**	**-927**	**-1,089**	**-1,336**	**31,498**	**30,959**	**1.7%**	**0.6%**
Maersk Oil	2,743	2,310	519	102	476	101	420	-742	-541	-1,084	4,159	4,302	25.1%	5.0%
Maersk Drilling	693	1,220	76	386	76	387	-164	325	-458	-231	6,510	8,044	2.3%	9.8%
Maersk Supply Service	122	212	-32	-108	-33	-10	-136	-45	-141	-74	775	1,727	-9.1%	-12.1%
Maersk Tankers	434	471	-473	76	-8	72	11	57	-22	-82	1,197	1,663	-59.8%	9.2%
Other businesses, unallocated and eliminations	-44	11	0	3	0	4	15	-5	4	-4	48	55	18.6%	7.1%
Energy	**3,948**	**4,224**	**90**	**459**	**511**	**554**	**146**	**-410**	**-1,158**	**-1,475**	**12,689**	**15,791**	**1.4%**	**5.9%**
Financial items, net after tax	**-**	**-**	**-362**	**-210**	**-362**	**-210**	**-259**	**50**	**210**	**334**	**-286**	**-324**	**-**	**-**
Eliminations	**-144**	**-15**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-2**	**-2**	**-**	**-**
A.P. Moller - Maersk Consolidated	**18,567**	**17,400**	**-11**	**342**	**590**	**348**	**243**	**-1,287**	**-2,037**	**-2,477**	**43,899**	**46,424**	**1.6%**	**2.4%**

ENERGY

Maersk Oil made a profit of USD 519m (USD 102m) positively impacted by an average oil price of USD 52 USD/barrel, 30% higher than for the same period in 2016, lower costs due to the cost reduction efforts, lower exploration costs, and one-off income of USD 108m related to tax and provisions. The result was negatively impacted by a lower average entitlement production of 279,000 boepd (341,000 boepd). ROIC was 25.1% (5.0%).

The decreased entitlement production was primarily the result of a lower production share in Qatar where the increased oil price and lower costs give fewer barrels for cost recovery.

Cash flow from operating activities was USD 961m (USD 342m), 181% higher than last year mainly due to the higher earnings and 2016 being negatively affected by a one-off dispute settlement. Cash flow used for capital expenditure was USD 541m (USD 1.1bn) mainly directed at the ongoing developments in the UK, Culzean and in Norway, Johan Sverdrup and the activities in African exploration licences acquired in 2016.

Maersk Drilling made a profit of USD 76m (USD 386m), negatively impacted by an increased number of idle rigs, and that old contracts at higher day rates have expired. The result was positively impacted by high operational uptime and cost savings. Furthermore, the first half of 2016 was positively impacted by termination fee of USD 40m. ROIC was 2.3% (9.8%).

Cash flow from operating activities was USD 294m (USD 556m) and cash flow used for capital expenditure was USD 458m (USD 231m) mainly due to last instalments paid for the Maersk Invincible delivered beginning of 2017.

Maersk Supply Service made a loss of USD 32m (loss of USD 108m) impacted by lower utilisation and lower average rates. The result for 2016 was negatively impacted by an impairment of USD 97m. ROIC was negative 9.1% (negative 12.1%).

Cash flow from operating activities was USD 5m (USD 29m) and cash flow used for capital expenditure was USD 141m (USD 74m) mainly due to the delivery of Maersk Master.

Maersk Tankers reported a loss of USD 473m (profit of USD 76m) and a negative ROIC of 59.8% (positive 9.2%), negatively impacted by impairments of USD 464m (USD 0m) due to an expected continuation of the lower asset valuations.

Cash flow from operating activities was USD 33m (USD 139m) and cash flow used for capital expenditure was USD 22m (USD 82m).

UNALLOCATED ACTIVITIES

Unallocated activities comprise activities, which are not attributable to reportable segments, including financial items as well as centralised purchasing and resale of bunker and lubricating oil to companies in A.P. Moller - Maersk. Financial expenses, net after tax were USD 362m (USD 210m) primarily impacted by adverse currency movements and higher interest rates.

STATEMENT OF THE BOARD OF DIRECTORS AND THE MANAGE-MENT BOARD

The Board of Directors and the Management Board have today discussed and approved the Interim Report of A.P. Møller - Mærsk A/S for the period 1 January 2017 to 30 June 2017.

The interim consolidated financial statements of A.P. Møller - Mærsk A/S has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU and additional Danish disclosure requirements for interim financial reporting of listed companies. In our opinion the interim consolidated financial statements (pages 33-49) give a true and fair view of A.P. Moller - Maersk's consolidated assets, liabilities and financial position at 30 June 2017 and of the result of A.P. Moller - Maersk's consolidated operations and cash flows for the period 1 January to 30 June 2017. Furthermore, in our opinion the Directors' report (pages 3-30) includes a fair review of the development in A.P. Moller - Maersk's operations and financial conditions, the result for the period, cash flows and financial position as well as the most significant risks and uncertainty factors that A.P. Moller - Maersk faces.

Copenhagen, 16 August 2017

MANAGEMENT BOARD

Søren Skou — Group CEO

Claus V. Hemmingsen — Group Vice CEO

Jakob Stausholm — Group CFO

BOARD OF DIRECTORS

Jim Hagemann Snabe — Chairman

Niels Jacobsen — Vice Chairman

Ane Mærsk Mc-Kinney Uggla — Vice Chairman

Dorothee Blessing

Niels B. Christiansen

Renata Frolova-Hammer

Arne Karlsson

Jan Leschly

Palle Vestergaard Rasmussen

Robert Routs

Robert Mærsk Uggla

INDEPENDENT AUDITOR'S REVIEW REPORT ON INTERIM CONSOLIDATED FINANCIAL STATEMENTS

To the shareholders of A.P. Møller - Mærsk A/S

We have reviewed the interim consolidated financial statements of A.P. Møller - Mærsk A/S for the period 1 January 2017 – 30 June 2017 comprising condensed income statement, condensed statement of comprehensive income, condensed balance sheet, condensed cash flow statement and condensed statement of changes in equity as well as selected explanatory notes, including summary of significant accounting policies (pages 33-49).

The Board of Directors' and the Management Board's responsibility for the interim consolidated financial statements

The Board of Directors and the Management Board are responsible for the preparation of interim consolidated financial statements in accordance with IAS 34, Interim Financial Reporting, as adopted by the EU and additional Danish disclosure requirements for interim financial reporting of listed companies, and for such internal control as Management determines is necessary to enable the preparation of interim consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the interim consolidated financial statements based on our review. We conducted our review in accordance with the International Standard on Review of Interim Financial Information Performed by the Independent Auditor of the Entity and additional requirements under Danish Auditor regulation. This requires us to conclude whether anything has come to our attention that causes us to believe that the interim consolidated financial statements, taken as a whole, are not prepared in all material respects in accordance with the applicable financial reporting framework. This also requires us to comply with ethical requirements.

A review of interim consolidated financial statements in accordance with the International Standard on Review of Interim Financial Information Performed by the Independent Auditor of the Entity is a limited assurance engagement. The auditor performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on the interim consolidated financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim consolidated financial statements for the period 1 January 2017 – 30 June 2017 are not prepared in all material respects in accordance with IAS 34, Interim Financial Reporting, as adopted by the EU and additional Danish disclosure requirements for interim financial reporting of listed companies.

Copenhagen, 16 August 2017

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR no. 33 77 12 31

Mogens Nørgaard Mogensen
State Authorised Public Accountant

Gert Fisker Tomczyk
State Authorised Public Accountant

Financials

(In parenthesis the corresponding figures for 2016)

Interim consolidated financial statements Q2 2017

CONDENSED INCOME STATEMENT

AMOUNTS IN USD MILLION

Note		Q2 2017	Q2 2016	6 months 2017	6 months 2016	Full year 2016
1	Revenue	9,604	8,861	18,567	17,400	35,464
	Profit before depreciation, amortisation and impairment losses, etc.	**2,059**	**1,779**	**3,765**	**3,376**	**6,767**
4	Depreciation, amortisation and impairment losses, net	1,852	1,294	2,964	2,456	7,265
	Gain on sale of non-current assets, etc., net	53	111	105	122	178
	Share of profit/loss in joint ventures	17	36	49	59	149
	Share of profit/loss in associated companies	25	24	47	45	-55
	Profit/loss before financial items	**302**	**656**	**1,002**	**1,146**	**-226**
	Financial items, net	-241	-154	-367	-275	-617
	Profit/loss before tax	**61**	**502**	**635**	**871**	**-843**
	Tax	325	384	646	529	1,054
1	**Profit/loss for the period**	**-264**	**118**	**-11**	**342**	**-1,897**
	Of which:					
	Non-controlling interests	5	17	13	30	42
	A.P. Møller - Mærsk A/S' share	**-269**	**101**	**-24**	**312**	**-1,939**
	Earnings per share, USD	**-13**	**5**	**-1**	**15**	**-93**
	Diluted earnings per share, USD	**-13**	**5**	**-1**	**15**	**-93**

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

AMOUNTS IN USD MILLION

	Q2 2017	Q2 2016	6 months 2017	6 months 2016	Full year 2016
Profit/loss for the period	**-264**	**118**	**-11**	**342**	**-1,897**
Translation from functional currency to presentation currency	75	-160	289	-45	-330
Other equity investments	52	30	63	66	-27
Cash flow hedges	216	-118	397	-48	33
Tax on other comprehensive income	-10	27	-19	36	16
Share of other comprehensive income of joint ventures and associated companies, net of tax	1	-1	1	-2	3
Total items that have been or may be reclassified subsequently to the income statement	**334**	**-222**	**731**	**7**	**-305**
Actuarial gains/losses on defined benefit plans, etc.	3	-	3	-9	-96
Tax on actuarial gains/losses on defined benefit plans, etc.	-	-	-	-	-
Total items that will not be reclassified to the income statement	**3**	**-**	**3**	**-9**	**-96**
Other comprehensive income, net of tax	**337**	**-222**	**734**	**-2**	**-401**
Total comprehensive income for the period	**73**	**-104**	**723**	**340**	**-2,298**
Of which:					
Non-controlling interests	-20	1	19	24	54
A.P. Møller - Mærsk A/S' share	**93**	**-105**	**704**	**316**	**-2,352**

CONDENSED BALANCE SHEET

AMOUNTS IN USD MILLION

Note		2017	30 June 2016	31 December 2016
	Intangible assets	3,644	3,614	3,620
	Property, plant and equipment	41,227	43,668	41,496
	Financial non-current assets, etc.	4,494	4,497	4,269
	Deferred tax	651	794	590
	Total non-current assets	**50,016**	**52,573**	**49,975**
	Inventories	998	793	862
	Receivables, etc.	6,435	6,019	6,021
	Securities	11	738	52
	Cash and bank balances	3,644	3,158	4,105
	Assets held for sale	206	18	103
	Total current assets	**11,294**	**10,726**	**11,143**
1	**Total assets**	**61,310**	**63,299**	**61,118**

Note		2017	30 June 2016	31 December 2016
	Equity attributable to A.P. Møller - Mærsk A/S	31,523	33,984	31,258
	Non-controlling interests	826	734	832
	Total equity	**32,349**	**34,718**	**32,090**
	Borrowings, non-current	13,443	13,676	13,320
	Other non-current liabilities	4,679	5,619	4,975
	Total non-current liabilities	**18,122**	**19,295**	**18,295**
	Borrowings, current	2,207	1,853	2,015
	Other current liabilities	8,583	7,433	8,702
	Liabilities associated with assets held for sale	49	-	16
	Total current liabilities	**10,839**	**9,286**	**10,733**
1	**Total liabilities**	**28,961**	**28,581**	**29,028**
	Total equity and liabilities	**61,310**	**63,299**	**61,118**

CONDENSED CASH FLOW STATEMENT

AMOUNTS IN USD MILLION

		6 months	Full year
	2017	2016	2016
Profit/loss before financial items	1,002	1,146	-226
Non-cash items, etc.	2,624	1,708	6,357
Change in working capital	-210	-675	-265
Cash from operating activities before financial items and tax	3,416	2,179	5,866
Financial payments, net	-415	-287	-385
Taxes paid	-721	-702	-1,155
Cash flow from operating activities	**2,280**	**1,190**	**4,326**
Purchase of intangible assets and property, plant and equipment	-2,835	-2,450	-4,373
Sale of intangible assets and property, plant and equipment	490	389	494
Acquisition/sale of subsidiaries and activities, etc., net	100	-696	-694
Other financial investments, net	208	280	218
Cash flow used for capital expenditure	-2,037	-2,477	-4,355
Purchase/sale of securities, trading portfolio	41	11	754
Cash flow used for investing activities	**-1,996**	**-2,466**	**-3,601**
Repayment of/proceeds from loans, net	-380	1,963	1,369
Purchase of own shares	-	-475	-475
Dividends distributed	-454	-953	-953
Dividends distributed to non-controlling interests	-29	-45	-53
Other equity transactions	17	1	-32
Cash flow from financing activities	**-846**	**491**	**-144**
Net cash flow for the period	**-562**	**-785**	**581**
Cash and cash equivalents 1 January	4,077	3,996	3,996
Currency translation effect on cash and cash equivalents	88	-136	-500
Cash and cash equivalents, end of period	3,603	3,075	4,077
Of which classified as assets held for sale	-	-	-19
Cash and cash equivalents, end of period	**3,603**	**3,075**	**4,058**

		6 monts	Full year
	2017	2016	2016
Cash and cash equivalents			
Cash and bank balances	3,644	3,158	4,105
Overdrafts	41	83	47
Cash and cash equivalents, end of period	**3,603**	**3,075**	**4,058**

Cash and bank balances include USD 1.2bn (USD 1.1bn at 31 December 2016) that relates to cash and bank balances in countries with exchange control or other restrictions. These funds are not readily available for general use by the parent company or other subsidiaries.

CONDENSED STATEMENT OF CHANGES IN EQUITY

AMOUNTS IN USD MILLION

	A.P. Møller - Mærsk A/S							
	Share capital	**Translation reserve**	**Reserve for other equity investments**	**Reserve for hedges**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
Equity 1 January 2017	3,774	-706	-232	-255	28,677	31,258	832	32,090
Other comprehensive income, net of tax	-	281	63	380	4	728	6	734
Profit for the period	-	-	-	-	-24	-24	13	-11
Total comprehensive income for the period	**-**	**281**	**63**	**380**	**-20**	**704**	**19**	**723**
Dividends to shareholders	-	-	-	-	-454	-454	-35	-489
Value of share-based payment	-	-	-	-	5	5	-	5
Sale of non-controlling interests	-	-	-	-	-1	-1	3	2
Sale of own shares	-	-	-	-	14	14	-	14
Capital increases and decreases	-	-	-	-	-	-	7	7
Other equity movements	-	-	-	-	-3	-3	-	-3
Total transactions with shareholders	**-**	**-**	**-**	**-**	**-439**	**-439**	**-25**	**-464**
Equity 30 June 2017	**3,774**	**-425**	**-169**	**125**	**28,218**	**31,523**	**826**	**32,349**
Equity 1 January 2016	3,906	-381	-205	-301	32,068	35,087	652	35,739
Other comprehensive income, net of tax	-	-23	66	-29	-10	4	-6	-2
Profit for the period	-	-	-	-	312	312	30	342
Total comprehensive income for the period	**-**	**-23**	**66**	**-29**	**302**	**316**	**24**	**340**
Dividends to shareholders	-	-	-	-	-953	-953	-45	-998
Value of share-based payment	-	-	-	-	9	9	-	9
Acquisition of non-controlling interests	-	-	-	-	-1	-1	65	64
Purchase of own shares	-	-	-	-	-475	-475	-	-475
Capital increases and decreases[1]	-132	-	-	-	132	-	38	38
Other equity movements	-	-	-	-	1	1	-	1
Total transactions with shareholders	**-132**	**-**	**-**	**-**	**-1,287**	**-1,419**	**58**	**-1,361**
Equity 30 June 2016	**3,774**	**-404**	**-139**	**-330**	**31,083**	**33,984**	**734**	**34,718**

[1] At the Annual General Meeting of A.P. Møller - Mærsk A/S on 12 April 2016, the shareholders decided on the cancellation of treasury shares, whereby the share capital has decreased by a transfer of reserves to retained earnings.

NOTES

NOTE 1 SEGMENT INFORMATION

AMOUNTS IN USD MILLION

	Maersk Line[1]	APM Terminals[1]	Damco[1]	Svitzer[1]	Maersk Container Industry	Other Businesses	Unallocated	Eliminations	Transport & Logistics
Q2 2017									
External revenue	6,008	683	631	152	10	72	113	-	7,669
Inter-segment revenue	92	306	-	10	275	3	87	-771	2
Total revenue	**6,100**	**989**	**631**	**162**	**285**	**75**	**200**	**-771**	**7,671**
Profit/loss before depreciation, amortisation and impairment losses, etc.	**859**	**147**	**9**	**46**	**28**	**22**	**-12**	**-23**	**1,076**
Depreciation and amortisation	495	110	5	21	8	9	1	-3	646
Impairment losses	-	230	-	12	-	-	-	-	242
Gain/loss on sale of non-current assets, etc., net	12	34	-	3	-	-	5	-	54
Share of profit/loss in joint ventures	-	13	2	-3	-	-	-	-	12
Share of profit/loss in associated companies	-	28	-	-	-	-3	-	-	25
Profit/loss before financial items (EBIT)	**376**	**-118**	**6**	**13**	**20**	**10**	**-8**	**-20**	**279**
Financial items, net	-	-	-	-	-	-	-	-	-
Tax	37	+18	6	+6	5	2	5	1	32
Profit/loss for the period	**339**	**-100**	**-**	**19**	**15**	**8**	**-13**	**-21**	**247**
Gain/loss on sale of non-current assets, etc., net[2]	12	34	-	3	-	-	5	-	54
Impairment losses, net[2]	-	-250	-	-18	-	-	-	-	-268
Tax on adjustments	-	18	-	1	-	-	-	-	19
Underlying result	**327**	**98**	**-**	**33**	**15**	**8**	**-18**	**-21**	**442**
Cash flow from operating activities	788	131	-6	32	9	13	-65	69	971
Cash flow used for capital expenditure	-579	-70	-	1	1	-4	-	-68	-719
Free cash flow	**209**	**61**	**-6**	**33**	**10**	**9**	**-65**	**1**	**252**
Investments in non-current assets[3]	**725**	**199**	**1**	**32**	**2**	**4**	**-**	**-27**	**936**

[1] Reportable segments.

[2] Including the Group's share of gains on sale of non-current assets.etc, net and impairments, net, recorded in joint ventures and associated companies.

[3] Comprise additions of intangible assets and property, plant and equipment, including additions from business combinations.

NOTE 1 SEGMENT INFORMATION — CONTINUED

AMOUNTS IN USD MILLION

	Maersk Oil[1]	Maersk Drilling[1]	Maersk Supply Service[1]	Maersk Tankers[1]	Other Businesses	Unallocated	Eliminations	Energy	Eliminations and financial items	Total Group
Q2 2017										
External revenue	1,327	328	74	204	13	-	-11	1,935	-	9,604
Inter-segment revenue	41	21	-	2	2	-	-23	43	-45	-
Total revenue	**1,368**	**349**	**74**	**206**	**15**	**-**	**-34**	**1,978**	**-45**	**9,604**
Profit/loss before depreciation, amortisation and impairment losses, etc.	**801**	**155**	**10**	**19**	**3**	**-5**	**-**	**983**	**-**	**2,059**
Depreciation and amortisation	323	123	17	36	2	-	-1	500	-	1,146
Impairment losses	-	-	-	464	-	-	-	464	-	706
Gain/loss on sale of non-current assets, etc., net	-	-	1	-2	-	-	-	-1	-	53
Share of profit/loss in joint ventures	-	3	-	-	2	-	-	5	-	17
Share of profit/loss in associated companies	-	-	-	-	-	-	-	-	-	25
Profit/loss before financial items (EBIT)	**478**	**35**	**-6**	**-483**	**3**	**-5**	**1**	**23**	**-**	**302**
Financial items, net	-	-	-	-	-	-	-	-	-241	-241
Tax	287	7	4	-	-	-	1	299	+6	325
Profit/loss for the period	**191**	**28**	**-10**	**-483**	**3**	**-5**	**-**	**-276**	**-235**	**-264**
Gain/loss on sale of non-current assets, etc., net[2]	-	-	1	-2	-	-	-	-1	-	53
Impairment losses, net[2]	-	-	-	-464	-	-	-	-464	-	-732
Tax on adjustments	7	-	-	-	-	-	-	7	-	26
Underlying result	**184**	**28**	**-11**	**-17**	**3**	**-5**	**-**	**182**	**-235**	**389**
Cash flow from operating activities	410	150	-17	16	16	-4	-	571	-139	1,403
Cash flow used for capital expenditure	-259	-8	-33	10	-1	-	-	-291	226	-784
Free cash flow	**151**	**142**	**-50**	**26**	**15**	**-4**	**-**	**280**	**87**	**619**
Investments in non-current assets[3]	**410**	**13**	**42**	**13**	**-**	**-**	**-**	**478**	**-**	**1,414**

[1] Reportable segments.

[2] Including the Group's share of gains on sale of non-current assets.etc, net and impairments, net, recorded in joint ventures and associated companies.

[3] Comprise additions of intangible assets and property, plant and equipment, including additions from business combinations.

NOTE 1 SEGMENT INFORMATION — CONTINUED

AMOUNTS IN USD MILLION

	Maersk Line[1]	APM Terminals[1]	Damco[1]	Svitzer[1]	Maersk Container Industry	Other Businesses	Unallocated	Eliminations	Transport & Logistics
6 MONTHS 2017									
External revenue	11,419	1,349	1,243	299	78	152	218	-	14,758
Inter-segment revenue	174	648	-	20	450	6	135	-1,428	5
Total revenue	**11,593**	**1,997**	**1,243**	**319**	**528**	**158**	**353**	**-1,428**	**14,763**
Profit/loss before depreciation, amortisation and impairment losses, etc.	**1,295**	**315**	**9**	**90**	**55**	**40**	**-67**	**-22**	**1,715**
Depreciation and amortisation	987	210	10	42	17	16	3	-5	1,280
Impairment losses	-	230	-	12	-	-	-	-	242
Gain/loss on sale of non-current assets, etc., net	26	34	-	4	-	-	5	-	69
Share of profit/loss in joint ventures	-	36	4	-2	-	-	-	-	38
Share of profit/loss in associated companies	-	49	-	-	-	-2	-	-	47
Profit/loss before financial items (EBIT)	**334**	**-6**	**3**	**38**	**38**	**22**	**-65**	**-17**	**347**
Financial items, net	-	-	-	-	-	-	-	-	-
Tax on financial items	61	3	11	+3	9	4	-	1	86
Profit/loss for the period	**273**	**-9**	**-8**	**41**	**29**	**18**	**-65**	**-18**	**261**
Gain/loss on sale of non-current assets, etc., net[2]	26	34	-	4	-	-	5	-	69
Impairment losses, net[2]	-	-250	-	-18	-	-	-	-	-268
Tax on adjustments	-	18	-	1	-	-	-	-	19
Underlying result	**247**	**189**	**-8**	**54**	**29**	**18**	**-70**	**-18**	**441**
Cash flow from operating activities	816	382	-35	67	55	31	14	115	1,445
Cash flow used for capital expenditure	-662	-233	-1	-66	-3	-5	-4	-115	-1,089
Free cash flow	**154**	**149**	**-36**	**1**	**52**	**26**	**10**	**-**	**356**
Investments in non-current assets[3]	**1,322**	**368**	**3**	**73**	**7**	**4**	**-**	**-27**	**1,750**
Intangible assets	-	2,632	86	17	6	1	-	-	2,742
Property, plant and equipment	21,510	3,574	66	1,106	229	191	81	-40	26,717
Investments in joint ventures	-	1,513	29	89	-	1	-	-	1,632
Investments in associated companies	-	697	-	15	-	194	-	-	906
Other non-current assets	160	216	31	69	31	-	834	-46	1,295
Assets held for sale	153	13	-	23	-	1	5	-1	194
Other current assets	3,665	854	576	147	379	94	1,398	-1,719	5,394
Total non-interest bearing assets	**25,488**	**9,499**	**788**	**1,466**	**645**	**482**	**2,318**	**-1,806**	**38,880**
Non-interest bearing liabilities	5,145	1,471	524	165	312	178	1,366	-1,779	7,382
Invested capital, net	**20,343**	**8,028**	**264**	**1,301**	**333**	**304**	**952**	**-27**	**31,498**

[1] Reportable segments.

[2] Including the Group's share of gains on sale of non-current assets.etc, net and impairments, net, recorded in joint ventures and associated companies.

[3] Comprise additions of intangible assets and property, plant and equipment, including additions from business combinations.

NOTE 1 SEGMENT INFORMATION — CONTINUED

AMOUNTS IN USD MILLION

	Maersk Oil[1]	Maersk Drilling[1]	Maersk Supply Service[1]	Maersk Tankers[1]	Other Businesses	Unallocated	Eliminations	Energy	Eliminations and financial items	Total Group
6 MONTHS 2017										
External revenue	2,611	633	113	428	24	-	-	3,809	-	18,567
Inter-segment revenue	132	60	9	6	5	-	-73	139	-144	-
Total revenue	**2,743**	**693**	**122**	**434**	**29**	**-**	**-73**	**3,948**	**-144**	**18,567**
Profit/loss before depreciation, amortisation and impairment losses, etc.	**1,660**	**326**	**5**	**62**	**4**	**-7**	**-**	**2,050**	**-**	**3,765**
Depreciation and amortisation	629	241	35	70	5	-	-2	978	-	2,258
Impairment losses	-	-	-	464	-	-	-	464	-	706
Gain/loss on sale of non-current assets, etc., net	36	-	1	-1	-	-	-	36	-	105
Share of profit/loss in joint ventures	-	5	-	-	6	-	-	11	-	49
Share of profit/loss in associated companies	-	-	-	-	-	-	-	-	-	47
Profit/loss before financial items (EBIT)	**1,067**	**90**	**-29**	**-473**	**5**	**-7**	**2**	**655**	**-**	**1,002**
Financial items, net	-	-	-	-	-	-	-	-	-367	-367
Tax	548	14	3	-	+1	-	1	565	+5	646
Profit/loss for the period	**519**	**76**	**-32**	**-473**	**6**	**-7**	**1**	**90**	**-362**	**-11**
Gain/loss on sale of non-current assets, etc., net[2]	36	-	1	-1	-	-	-	36	-	105
Impairment losses, net[2]	-	-	-	-464	-	-	-	-464	-	-732
Tax on adjustments	7	-	-	-	-	-	-	7	-	26
Underlying result	**476**	**76**	**-33**	**-8**	**6**	**-7**	**1**	**511**	**-362**	**590**
Cash flow from operating activities	961	294	5	33	17	-6	-	1,304	-469	2,280
Cash flow used for capital expenditure	-541	-458	-141	-22	4	-	-	-1,158	210	-2,037
Free cash flow	**420**	**-164**	**-136**	**11**	**21**	**-6**	**-**	**146**	**-259**	**243**
Investments in non-current assets[3]	**668**	**464**	**145**	**57**	**-**	**-**	**-**	**1,334**	**-**	**3,084**
Intangible assets	790	101	5	6	-	-	-	902	-	3,644
Property, plant and equipment	6,201	6,154	939	1,173	50	-	-3	14,514	-4	41,227
Investments in joint ventures	-	159	-	1	-	-	-	160	-	1,792
Investments in associated companies	-	-	-	-	-	-	-	-	-	906
Other non-current assets	816	15	-	-	3	-	1	835	112	2,242
Assets held for sale	-	-	-	6	-	-	-	6	-	200
Other current assets	838	620	102	174	21	-	-33	1,722	83	7,199
Total non-interest bearing assets	**8,645**	**7,049**	**1,046**	**1,360**	**74**	**-**	**-35**	**18,139**	**191**	**57,210**
Non-interest bearing liabilities	4,486	539	271	163	23	1	-33	5,450	479	13,311
Invested capital, net	**4,159**	**6,510**	**775**	**1,197**	**51**	**-1**	**-2**	**12,689**	**-288**	**43,899**

[1] Reportable segments.

[2] Including the Group's share of gains on sale of non-current assets.etc, net and impairments, net, recorded in joint ventures and associated companies.

[3] Comprise additions of intangible assets and property, plant and equipment, including additions from business combinations.

NOTE 1 SEGMENT INFORMATION — CONTINUED

AMOUNTS IN USD MILLION

	Maersk Line[1]	APM Terminals[1]	Damco[1]	Svitzer[1]	Maersk Container Industry	Other Businesses	Unallocated	Eliminations	Transport & Logistics
Q2 2016									
External revenue	4,996	730	619	154	42	81	63	-	6,685
Inter-segment revenue	65	334	-	8	66	3	-	-471	5
Total revenue	**5,061**	**1,064**	**619**	**162**	**108**	**84**	**63**	**-471**	**6,690**
Profit/loss before depreciation, amortisation and impairment losses, etc.	**365**	**187**	**23**	**42**	**-21**	**10**	**-21**	**17**	**602**
Depreciation and amortisation	476	100	7	22	8	2	2	-2	615
Impairment losses	17	8	-	-	-	-	-	-	25
Gain/loss on sale of non-current assets, etc., net	5	15	-	1	-	1	88	-	110
Share of profit/loss in joint ventures	-	22	3	-	-	-	-	-	25
Share of profit/loss in associated companies	-	25	-	-	-	-1	-	-	24
Profit/loss before financial items (EBIT)	**-123**	**141**	**19**	**21**	**-29**	**8**	**65**	**19**	**121**
Financial items, net	-	-	-	-	-	-	-	-	-
Tax	28	29	9	+3	+8	3	57	-	115
Profit/loss for the period	**-151**	**112**	**10**	**24**	**-21**	**5**	**8**	**19**	**6**
Gain/loss on sale of non-current assets, etc., net[2]	5	17	-	1	-	1	88	-	112
Impairment losses, net[2]	-17	-8	-	-	-	-	-	-	-25
Tax on adjustments	-	-6	-	-	-	-	-	-	-6
Underlying result	**-139**	**109**	**10**	**23**	**-21**	**4**	**-80**	**19**	**-75**
Cash flow from operating activities	89	163	19	30	13	83	-61	23	359
Cash flow used for capital expenditure	-109	-173	-3	-57	-4	-	30	-35	-351
Free cash flow	**-20**	**-10**	**16**	**-27**	**9**	**83**	**-31**	**-12**	**8**
Investments in non-current assets[3]	**178**	**231**	**3**	**60**	**3**	**4**	**2**	**13**	**494**

[1] Reportable segments.

[2] Including the Group's share of gains on sale of non-current assets.etc, net and impairments, net, recorded in joint ventures and associated companies.

[3] Comprise additions of intangible assets and property, plant and equipment, including additions from business combinations.

NOTE 1 SEGMENT INFORMATION — CONTINUED

AMOUNTS IN USD MILLION

	Maersk Oil[1]	Maersk Drilling[1]	Maersk Supply Service[1]	Maersk Tankers[1]	Other Businesses	Eliminations	Energy	Eliminations and financial items	Total Group
Q2 2016									
External revenue	1,278	554	101	226	11	6	2,176	-	8,861
Inter-segment revenue	-	12	1	-	4	-15	2	-7	-
Total revenue	**1,278**	**566**	**102**	**226**	**15**	**-9**	**2,178**	**-7**	**8,861**
Profit/loss before depreciation, amortisation and impairment losses, etc.	**755**	**330**	**31**	**61**	**-**	**-**	**1,177**	**-**	**1,779**
Depreciation and amortisation	337	148	38	35	-	-2	556	-	1,171
Impairment losses	-	-	97	-	1	-	98	-	123
Gain/loss on sale of non-current assets, etc., net	1	-	-1	2	-1	-	1	-	111
Share of profit/loss in joint ventures	-	8	-	-	3	-	11	-	36
Share of profit/loss in associated companies	-	-	-	-	-	-	-	-	24
Profit/loss before financial items (EBIT)	**419**	**190**	**-105**	**28**	**1**	**2**	**535**	**-**	**656**
Financial items, net	-	-	-	-	-	-	-	-154	-154
Tax	288	26	1	-	+2	1	314	+45	384
Profit/loss for the period	**131**	**164**	**-106**	**28**	**3**	**1**	**221**	**-109**	**118**
Gain/loss on sale of non-current assets, etc., net[2]	1	-	-1	2	-1	-	1	-	113
Impairment losses, net[2]	-	-	-97	-	-1	-	-98	-	-123
Tax on adjustments	-	-	-	-	-	-	-	-	-6
Underlying result	**130**	**164**	**-8**	**26**	**5**	**1**	**318**	**-109**	**134**
Cash flow from operating activities	514	129	7	71	-1	-	720	-139	940
Cash flow used for capital expenditure	-330	-220	-17	-58	-2	-	-627	364	-614
Free cash flow	**184**	**-91**	**-10**	**13**	**-3**	**-**	**93**	**225**	**326**
Investments in non-current assets[3]	**393**	**207**	**18**	**81**	**2**	**-**	**701**	**-**	**1,195**

[1] Reportable segments.

[2] Including the Group's share of gains on sale of non-current assets.etc, net and impairments, net, recorded in joint ventures and associated companies.

[3] Comprise additions of intangible assets and property, plant and equipment, including additions from business combinations.

NOTE 1 SEGMENT INFORMATION — CONTINUED

AMOUNTS IN USD MILLION

	Maersk Line[1]	APM Terminals[1]	Damco[1]	Svitzer[1]	Maersk Container Industry	Other Businesses	Unallocated	Eliminations	Transport & Logistics
6 MONTHS 2016									
External revenue	9,895	1,393	1,215	308	108	152	110	-	13,181
Inter-segment revenue	140	633	-	17	112	7	-	-899	10
Total revenue	**10,035**	**2,026**	**1,215**	**325**	**220**	**159**	**110**	**-899**	**13,191**
Profit/loss before depreciation, amortisation and impairment losses, etc.	**851**	**351**	**33**	**89**	**-31**	**21**	**-75**	**18**	**1,257**
Depreciation and amortisation	951	185	14	42	16	4	3	-4	1,211
Impairment losses	17	8	-	-	-	-	-	-	25
Gain/loss on sale of non-current assets, etc., net	10	16	-	3	-	1	88	-	118
Share of profit/loss in joint ventures	-	40	5	3	-	-	-	-	48
Share of profit/loss in associated companies	-	50	-	-	-	-5	-	-	45
Profit/loss before financial items (EBIT)	**-107**	**264**	**24**	**53**	**-47**	**13**	**10**	**22**	**232**
Financial items, net	-	-	-	-	-	-	-	-	-
Tax	7	44	12	2	+10	4	80	-	139
Profit/loss for the period	**-114**	**220**	**12**	**51**	**-37**	**9**	**-70**	**22**	**93**
Gain/loss on sale of non-current assets, etc., net[2]	10	18	-	3	-	1	88	-	120
Impairment losses, net[2]	-17	-8	-	-	-	-	-	-	-25
Tax on adjustments	-	-6	-	-	-	-	-	-	-6
Underlying result	**-107**	**216**	**12**	**48**	**-37**	**8**	**-158**	**22**	**4**
Cash flow from operating activities	131	361	4	66	-49	86	-206	16	409
Cash flow used for capital expenditure	-78	-1,133	-6	-111	-9	-7	24	-16	-1,336
Free cash flow	**53**	**-772**	**-2**	**-45**	**-58**	**79**	**-182**	**-**	**-927**
Investments in non-current assets[3]	**504**	**1,935**	**6**	**88**	**9**	**10**	**8**	**20**	**2,580**
Intangible assets	1	2,589	96	17	-	-	-	-	2,703
Property, plant and equipment	21,219	3,448	75	1,046	246	167	86	-22	26,265
Investments in joint ventures	-	1,486	29	79	-	1	-	-	1,595
Investments in associated companies	1	588	-	14	-	341	-	-	944
Other non-current assets	251	180	31	56	42	19	914	-128	1,365
Assets held for sale	2	16	-	-	-	-	-	-1	17
Other current assets	3,100	850	510	152	229	74	1,139	-1,348	4,706
Total non-interest bearing assets	**24,574**	**9,157**	**741**	**1,364**	**517**	**602**	**2,139**	**-1,499**	**37,595**
Non-interest bearing liabilities	4,572	1,342	528	131	104	244	1,201	-1,486	6,636
Invested capital, net	**20,002**	**7,815**	**213**	**1,233**	**413**	**358**	**938**	**-13**	**30,959**

[1] Reportable segments.

[2] Including the Group's share of gains on sale of non-current assets.etc, net and impairments, net, recorded in joint ventures and associated companies.

[3] Comprise additions of intangible assets and property, plant and equipment, including additions from business combinations.

NOTE 1 SEGMENT INFORMATION — CONTINUED

AMOUNTS IN USD MILLION

	Maersk Oil[1]	Maersk Drilling[1]	Maersk Supply Service[1]	Maersk Tankers[1]	Other Businesses	Eliminations	Energy	Eliminations and financial items	Total Group
6 MONTHS 2016									
External revenue	2,310	1,196	209	470	21	13	4,219	-	17,400
Inter-segment revenue	-	24	3	1	6	-29	5	-15	-
Total revenue	**2,310**	**1,220**	**212**	**471**	**27**	**-16**	**4,224**	**-15**	**17,400**
Profit/loss before depreciation, amortisation and impairment losses, etc.	**1,176**	**737**	**67**	**139**	**-**	**-**	**2,119**	**-**	**3,376**
Depreciation and amortisation	685	293	75	68	3	-2	1,122	-	2,333
Impairment losses	-	-	97	-	1	-	98	-	123
Gain/loss on sale of non-current assets, etc., net	1	-	-1	4	-	-	4	-	122
Share of profit/loss in joint ventures	-	7	-	-	4	-	11	-	59
Share of profit/loss in associated companies	-	-	-	-	-	-	-	-	45
Profit/loss before financial items (EBIT)	**492**	**451**	**-106**	**75**	**-**	**2**	**914**	**-**	**1,146**
Financial items, net	-	-	-	-	-	-	-	-275	-275
Tax	390	65	2	+1	+2	1	455	+65	529
Profit/loss for the period	**102**	**386**	**-108**	**76**	**2**	**1**	**459**	**-210**	**342**
Gain/loss on sale of non-current assets, etc., net[2]	1	-	-1	4	-	-	4	-	124
Impairment losses, net[2]	-	-	-97	-	-1	-	-98	-	-123
Tax on adjustments	-	-1	-	-	-	-	-1	-	-7
Underlying result	**101**	**387**	**-10**	**72**	**3**	**1**	**554**	**-210**	**348**
Cash flow from operating activities	342	556	29	139	-1	-	1,065	-284	1,190
Cash flow used for capital expenditure	-1,084	-231	-74	-82	-4	-	-1,475	334	-2,477
Free cash flow	**-742**	**325**	**-45**	**57**	**-5**	**-**	**-410**	**50**	**-1,287**
Investments in non-current assets[3]	**1,053**	**209**	**73**	**121**	**4**	**-**	**1,460**	**-**	**4,040**
Intangible assets	794	95	19	3	-	-	911	-	3,614
Property, plant and equipment	6,275	7,659	1,718	1,699	61	-6	17,406	-3	43,668
Investments in joint ventures	-	143	-	1	3	-	147	-	1,742
Investments in associated companies	-	-	-	-	-	-	-	-	944
Other non-current assets	849	20	6	-	5	-	880	102	2,347
Assets held for sale	1	-	-	-	-	-	1	-	18
Other current assets	1,061	784	136	141	23	-20	2,125	312	7,143
Total non-interest bearing assets	**8,980**	**8,701**	**1,879**	**1,844**	**92**	**-26**	**21,470**	**411**	**59,476**
Non-interest bearing liabilities	4,678	657	152	181	31	-20	5,679	737	13,052
Invested capital, net	**4,302**	**8,044**	**1,727**	**1,663**	**61**	**-6**	**15,791**	**-326**	**46,424**

[1] Reportable segments.

[2] Including the Group's share of gains on sale of non-current assets.etc, net and impairments, net, recorded in joint ventures and associated companies.

[3] Comprise additions of intangible assets and property, plant and equipment, including additions from business combinations.

NOTE 1 SEGMENT INFORMATION — CONTINUED

AMOUNTS IN USD MILLION

	Q2 2017	Q2 2016	6 months 2017	6 months 2016
REVENUE				
Reportable segments	9,879	9,078	19,144	17,814
Other businesses	375	207	715	406
Unallocated activities	200	63	353	110
Eliminations	-850	-487	-1,645	-930
Total	**9,604**	**8,861**	**18,567**	**17,400**
PROFIT/LOSS FOR THE PERIOD				
Reportable segments	-16	212	387	625
Other businesses	26	-13	53	-26
Financial items, net	-241	-154	-367	-275
Unallocated tax	+1	12	+5	15
Other unallocated items	13	+65	72	+10
Eliminations	-21	20	-17	23
Total	**-264**	**118**	**-11**	**342**

	30 June 2017	30 June 2016
ASSETS		
Reportable segments	55,341	57,240
Other businesses	1,201	1,211
Unallocated activities	2,318	2,139
Eliminations and financial items	-1,650	-1,114
Total non-interest bearing assets	**57,210**	**59,476**
Interest bearing assets	4,100	3,823
Total	**61,310**	**63,299**
LIABILITIES		
Reportable segments	12,764	12,241
Other businesses	513	379
Unallocated activities	1,367	1,201
Eliminations and financial items	-1,333	-769
Non-interest bearing liabilities	**13,311**	**13,052**
Interest bearing liabilities	15,650	15,529
Total	**28,961**	**28,581**

NOTE 2 FINANCIAL RISKS, ETC.

AMOUNTS IN USD MILLION

The financial risks, etc. are not significantly different from those described in note 16 of the consolidated financial statements for 2016, to which reference is made.

Liquidity risk

	2017	30 June 2016	31 December 2016
Borrowings	15,650	15,529	15,335
Net interest-bearing debt	11,550	11,706	10,737
Liquidity reserve[1]	11,311	11,509	11,842

[1] Liquidity reserve is defined as undrawn committed revolving facilities with more than one year to expiry, securities and cash and bank balances, excluding securities and balances in countries with exchange control or other restrictions.

In addition to the liquidity reserve, the Group has committed financing for the Hamburg Süd acquisition as well as USD 1.5bn committed loans which are dedicated to financing of specific assets and therefore will only become available at certain times in the future.

Based on the liquidity reserve, loans for the financing of specific assets, the maturity of outstanding loans, and the current investment profile, the Group's financial resources are deemed satisfactory.

The average term to maturity of loan facilities in the Group was about four years (about five years at 31 December 2016).

NOTE 3 COMMITMENTS

AMOUNTS IN USD MILLION

Operating lease commitments

At 30 June 2017, the net present value of operating lease commitments totalled USD 6.5bn using a discount rate of 6%, a decrease from USD 7.0bn at 31 December 2016.

Operating lease commitments at 30 June 2017 are divided into the following main business units:

- APM Terminals of USD 3.6bn
- Maersk Line of USD 2.2bn
- Other of USD 0.7bn

About 40% of the time charter payments in Maersk Line are estimated to relate to operating costs for the assets.

Capital commitments	Maersk Line	APM Terminals	Maersk Oil	Maersk Supply Service	Maersk Drilling	Other	Total
30 JUNE 2017							
Capital commitments relating to acquisition of non-current assets	2,349	868	1,375	787	4	351	5,734
Commitments towards concession grantors	-	1,575	61	-	-	-	1,636
Total	**2,349**	**2,443**	**1,436**	**787**	**4**	**351**	**7,370**
31 DECEMBER 2016							
Capital commitments relating to acquisition of non-current assets	2,798	1,004	1,975	919	460	381	7,537
Commitments towards concession grantors	-	1,484	66	-	-	-	1,550
Total	**2,798**	**2,488**	**2,041**	**919**	**460**	**381**	**9,087**

Newbuilding programme at 30 June 2017	2017	2018	No. 2019	Total
Container vessels	10	15	-	25
Tanker vessels	2	7	-	9
Anchor handling vessels and tugboats, etc.	13	14	1	28
Total	**25**	**36**	**1**	**62**

Capital commitments relating to the newbuilding programme at 30 June 2017	2017	2018	USD million 2019	Total
Container vessels	883	1,248	-	2,131
Tanker vessels	73	183	-	256
Anchor handling vessels and tugboats, etc.	307	462	97	866
Total	**1,263**	**1,893**	**97**	**3,253**

USD 3.3bn of the total capital commitments is related to the newbuilding programme for ships, rigs, etc. at a total contract price of USD 4.3bn including owner-furnished equipment. The remaining capital commitments of USD 4.1bn relate to investments mainly within APM Terminals and Maersk Oil.

The capital commitments will be financed by cash flow from operating activities as well as existing and new loan facilities.

In addition, Maersk Line will acquire Hamburg Sud for EUR 3.7bn on a cash and debt free basis (enterprise value). A syndicated loan facility has been established to fully finance the acquisition.

NOTE 4 SIGNIFICANT ACCOUNTING POLICIES, JUDGEMENTS AND ESTIMATES

The interim consolidated financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting' as issued by the International Accounting Standards Board (IASB) and as adopted by the EU and additional Danish disclosure requirements for interim financial reporting of listed companies.

The significant accounting policies, judgements and estimates are consistent with those applied in the consolidated financial statements for 2016 in notes 22 and 23 of the Annual Report, to which reference is made, apart from changes described below.

SEGMENT INFORMATION

In line with the internal management reporting, the activities of A.P. Moller - Maersk are grouped into Transport & Logistics or Energy, except for Financial items and Net interest-bearing debt, which are reported outside Transport & Logistics and Energy. The reportable segments are as follows:

Maersk Line[1]	Global container shipping activities
APM Terminals[1]	Container terminal activities and inland container services
Damco[1]	Freight forwarding and supply chain management services
Svitzer[1]	Towing and related marine activities
Maersk Oil[2]	Oil and gas production and exploration activities
Maersk Drilling[2]	Offshore drilling activities as well as operation of land-rigs through 50% ownership of Egyptian Drilling Company
Maersk Supply Service[2]	Global offshore marine services
Maersk Tankers[2]	Tanker shipping of refined oil products

[1] Transport & Logistics Division
[2] Energy Division

In addition, A.P. Moller - Maersk comprises other businesses, which neither individually nor in aggregate constitute reportable segments. These include, inter alia, Maersk Container Industry, Maersk Aviation, Maersk Training, Maersk FPSOs and Höegh Autoliners (associated company). Maersk Container Industry is reported individually in the segment reporting, to reflect the management reporting. Maersk Training and Maersk FPSO are reported under Energy, whereas the remaining other businesses are reported within Transport & Logistics.

The reportable segments do not comprise costs in group functions. In addition, oil hedging activities in Maersk Oil Trading and the results of Maersk Oil Trading's activity in the form of purchasing bunker and lubricating oil on behalf of entities in A.P. Moller - Maersk are not allocated to reportable segments. These functions are reported as unallocated activities within Transport & Logistics. Unallocated reported within Energy comprises the costs for the Energy headquarter functions responsible for finding structural solutions for the Energy business.

Sales of products and services between segments are based on market terms.

Segment profit/loss (NOPAT defined as net operating profit/loss after tax), free cash flow and invested capital comprise items directly related to or which can be allocated to segments. Financial assets, liabilities, income and expenses and cash flows from these items are not attributed to reportable segments. With no effect on A.P. Moller - Maersk's results or financial position, long-term agreements between Maersk Line and APM Terminals on reserved terminal facilities are treated as operating leases, which under IFRS would be classified as finance leases.

IFRS 9 – Financial Instruments

As stated in the Annual Report 2016, A.P. Moller - Maersk has decided to adopt IFRS 9 from 1 January 2017.

The implementation of IFRS 9 has not affected the classification and measurement of the Group's financial instruments, and the new standard does not fundamentally change the hedging relationships.

Management has elected to classify the 19% shareholding in Dansk Supermarked Group as fair value through other comprehensive income. The accumulated loss at 1 January 2016 of USD 235m recognised in other comprehensive income will as a consequence remain in equity as will any future value adjustments related to this investment. The remaining equity investments previously classified as assets available for sale have also been classified as fair value through other comprehensive income. The accumulated amount recognised in other comprehensive income for the remaining equity investments is not material.

The effect of the change from the 'incurred loss' model in IAS 39 to the 'expected credit loss' model in IFRS 9 is considered immaterial due to the low credit risk in the Group.

Due to immaterial effects from implementing IFRS 9, the 2016 financial statements have not been restated. The effects as at end of 2016 have been recognised in Q1 2017.

As of 1 January 2017, the following changes to accounting standards are effective, but are not endorsed by the EU.

- Recognition of Deferred Tax Assets for Unrealised Losses (amendments to IAS 12)
- Disclosure initiative (amendments to IAS 7)
- Annual Improvements 2014-2016 (amendments to IFRS 12)

The amendments encompass various guidance and clarifications, which would not have had material effect on the financial statements in the period if endorsed by the EU.

Impairments in Maersk Tankers and APM Terminals

In Q2, Management's assessment led to an impairment of USD 464m related to vessels in Maersk Tankers due to an expected continuation of the lower asset valuations, and an impairment of USD 250m related to a few commercially challenged terminals in APM Terminals. The impaired vessels in Maersk Tankers have been measured at estimated fair value, whereas the impaired terminals in APM Terminals have been measured at the value in use.

In the current market conditions, predicting the value and future income streams from assets remains uncertain.

Additional information

DEFINITION OF TERMS

Technical terms, abbreviations and definitions of key figures and financial ratios.

Alphaliner
Alphaliner is a worldwide provider of container shipping data and analysis.

Backlog
The value of future contract coverage (revenue backlog).

boepd
Barrels of oil equivalent per day.

Break-even oil price
The break-even oil price is defined as the average price for a barrel of Brent oil at which Maersk Oil would be generating neither an underlying profit nor a loss in a given period, all other things equal.

Brent
Sweet light crude oil produced in the North Sea.

Bunker
Type of oil used in ship engines.

Contract coverage
Percentage indicating the part of ship/rig days that are contracted for a specific period.

Drewry
Drewry is a leading international provider of research and consulting services to the maritime and shipping industry.

EBIT margin gap to peers
Peer group includes CMA CGM, APL, Hapag Lloyd, ZIM, Hyundai MM, K Line, OOCL, NYK, MOL, COSCO and CSCL. Peer average is TEU-weighted.
EBIT margins are adjusted for gains/losses on sale of assets, restructuring charges and income/loss from associates. Maersk Line's EBIT margin is also adjusted for depreciation to match industry standards (25 years).

Economic utilisation
The number of contracted days in percentage of total days in the calendar year.

Energy
From 2017, Energy consists of Maersk Oil, Maersk Drilling, Maersk Supply Service and Maersk Tankers, as well as other businesses (Maersk Training and FPSOs) and unallocated Energy headquarter costs.

Equity ratio
Is calculated as the equity divided by total assets.

FFE
Forty Foot Equivalent unit container.

Idle period
A period of time when a unit is not being used but could be (non-productive time).

Jack-up rig
A drilling rig resting on legs that can operate in waters of 25–150 metres.

Net interest-bearing debt (NIBD)
Equals interest-bearing debt less cash and bank balances less other interest-bearing assets.

NOPAT
Net operating profit or loss after tax.

Product tanker
Vessel transporting refined oil products.

Return on invested capital after tax (ROIC)
Is the profit (loss) for the year before financial items but after calculated tax, divided by the quarterly average invested capital (equity plus net interest-bearing debt).

TEU
Twenty Foot Equivalent Unit container.

Segments' return on invested capital after tax (ROIC)
Is net operating profit/loss after tax (NOPAT) divided by the quarterly average invested capital, net (segment assets less liabilities).

Time charter
Hire of a vessel for a specified period.

Time Charter Equivalent (TCE)
TCE is a shipping industry standard used to calculate the average daily revenue performance of a vessel. Time charter equivalent is calculated by taking voyage revenues, subtracting voyage expense and then dividing the entire total by the round-trip voyage duration in days. It gives shipping companies a tool to measure period-to-period changes.

Transport & Logistics
From 2017, Transport & Logistics consists of all A.P. Moller - Maersk activities except unallocated financial items and those activities allocated to Energy.

Triple-E
Triple-E stands for Economy of scale, Energy efficiency and Environmentally improved.

Underlying result
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. The adjustments are net of tax and include A.P. Moller - Maersk's share of mentioned items in associates and joint ventures.
Underlying segment and division result also excludes unallocated financial items.

Uptime
A period of time when a unit is functioning and available for use.

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Editors
Jesper Cramon
Stig Frederiksen
Finn Glismand

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A.P. MØLLER - MÆRSK A/S

Esplanaden 50
DK-1098 Copenhagen K
Tel. +45 33 63 33 63
www.maersk.com
investorrelations@maersk.com

Incorporated in Denmark under
registration no. 22756214