



Maersk Group Q3 report 2015

6 November 2015 - Conference call 9.30am CET

webcast available at www.maersk.com

Forward-looking Statements

This presentation contains forward-looking statements. Such statements are subject to risks and uncertainties as various factors, many of which are beyond A.P. Møller - Mærsk A/S' control, may cause actual development and results to differ materially from the expectations contained in the presentation



Barcelona container terminal

APM Terminals has signed agreement to acquire Grup Maritim that will add 11 container terminals to the portfolio

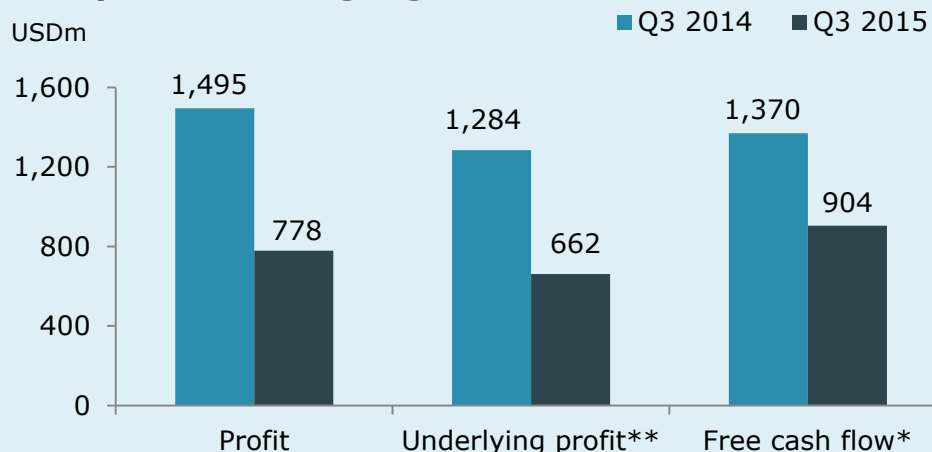
Responses to the current tough market conditions

- The Group is accelerating a number of the already established cost and efficiencies initiatives across all businesses in order to maintain competitiveness
- **Maersk Line** is reducing cost further by SG&A and headcount reductions, while optimising its network and postponing investments in new capacity
- **Maersk Oil** is scaling back exploration costs and aims to reduce opex by 20% by end of 2016 mainly through organisational and process efficiency activities. As part of this, Maersk Oil has reduced its total number of positions by 1,250 in 2015
- **APM Terminals** has launched its Adapt to Market program, which focuses on top line improvement and cost reductions and has delivered USD 150m in bottom line impact in 2015
- **Maersk Drilling** has initiated its cost reduction and efficiency enhancement program to reduce its cost base with a double digit percentage by end of 2016 with focus on opex, yard stays and SG&A. The program has so far reduced costs by more than 10%
- **APM Shipping Services** is executing on cost cutting program with headcount reduction announcement by Maersk Supply Service as the most recent initiative.

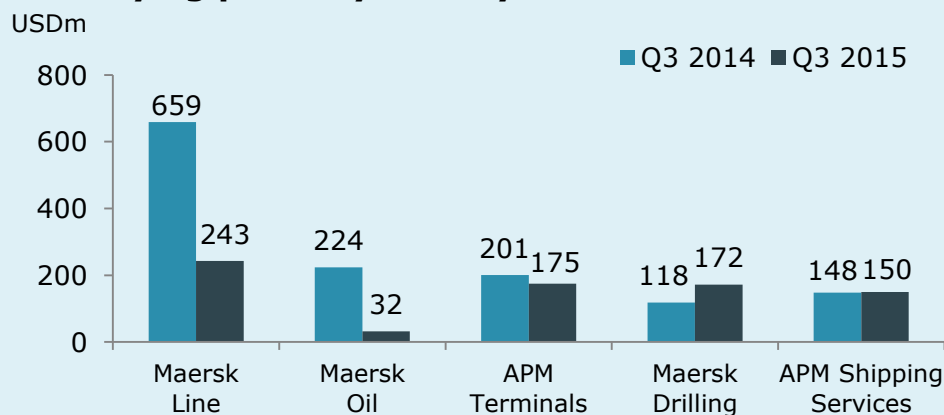


Financial Highlights Q3 2015

Group Financial Highlights



Underlying profit by activity**



*Figures for 2014 relate only to continuing operations

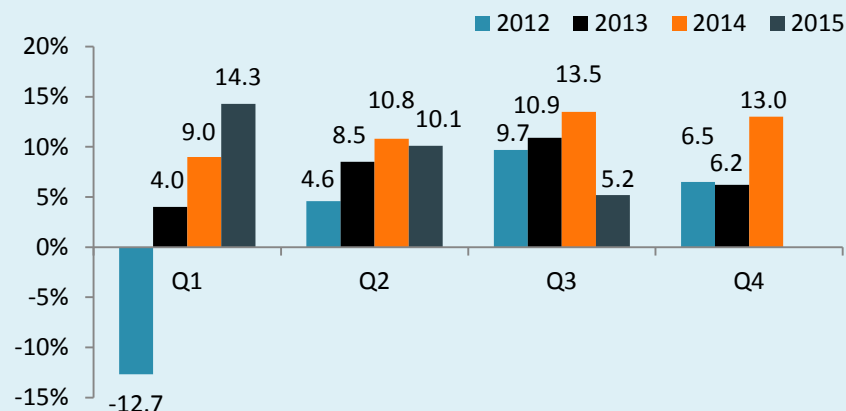
**Continuing businesses excluding net impact from divestments and impairments. Comparative numbers for Q3 2014 has been restated

- The Group delivered a profit in Q3 of USD 778m (USD 1.5bn) negatively impacted by the lower oil price and container freight rates
- Underlying profit declined to USD 662m (USD 1.3bn) driven primarily by lower profits in Maersk Line and Maersk Oil
- ROIC was 7.6% (12.7%)
- Cash flow from operations declined but remained at a high level of USD 2.2bn (USD 2.7bn)
- Net cash flow used for capital expenditure was stable at USD 1.3bn (USD 1.4bn)
- The Group's expectation for the underlying result was adjusted on 23 October to be around USD 3.4bn for 2015 based on an underlying result in Maersk Line of around USD 1.6bn.

Maersk Line results

(USD million)	Q3 2015	Q3 2014	Change	FY 2014
Revenue	6,018	7,074	-15%	27,351
EBITDA	765	1,178	-35%	4,212
Underlying profit	243	659	-63%	2,199
Reported profit	264	685	-61%	2,341
Operating cash flow	694	1,029	-33%	4,119
Volume (FFE '000)	2,427	2,401	1.1%	9,442
Rate (USD/FFE)	2,163	2,679	-19%	2,630
Bunker (USD/tonne)	324	575	-44%	562
ROIC (%)	5.2	13.5	-8.3pp	11.6

ROIC development since Q1 2012



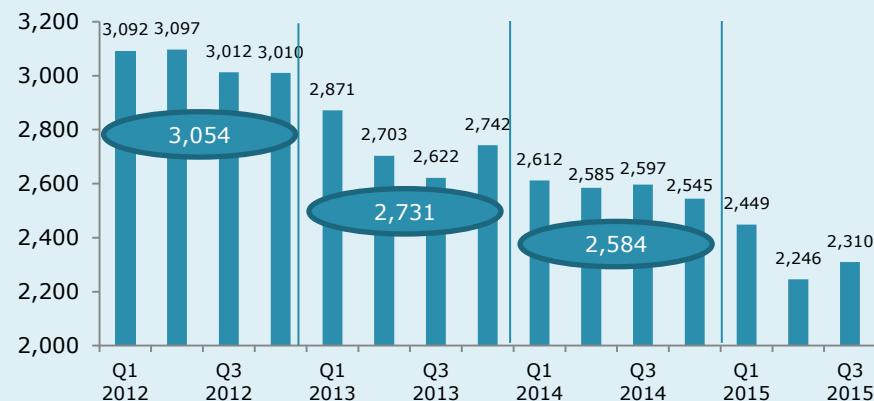
Highlights Q3 2015

- Maersk Line reported an underlying profit of USD 243m (USD 659m) and a ROIC of 5.2% (13.5%)
- Volume increased by 1.1% to 2.4m FFE, while global container demand is estimated to have grown between 0-1% in Q3 2015. The low growth is primarily due to weaker imports into Europe. The global container fleet grew by close to 9%
- Maersk Line's rates declined by 19% and reached historically low levels, where especially the Europe trades were severely impacted
- Network capacity increased by 6.7% Y/Y to 3.0m TEU but declined by 1.7% Q/Q
- Free cash flow generation was USD 159m (USD 546m)
- Maersk Line signed a contract for nine 14,000 TEU vessels to be delivered in 2017. Total order book amounts to 0.4m TEU
- Maersk Line has responded to the poor market conditions by reducing capacity including blanked sailings to improve utilisation.

Delivering further cost reductions

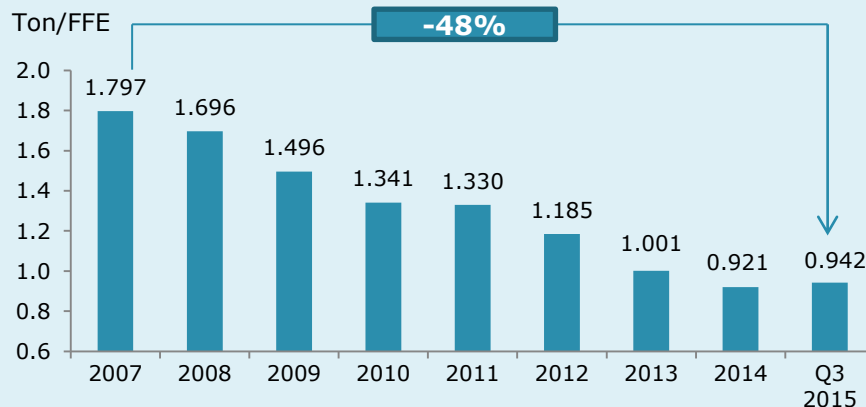
Unit cost including VSA income

USD/FFE



Definition: EBIT cost excl. gain/loss, restructuring cost and incl. VSA income.

Bunker consumption per FFE*



*Does not account for changes in short/ long-haul volume mix

**Excluding gain/loss, restructuring, share of profit/loss from associated companies and incl. VSA income

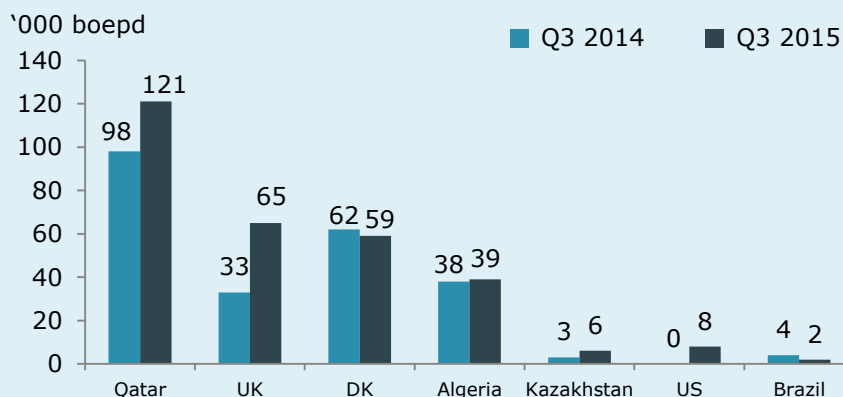
Highlights Q3 2015

- Total cost decreased by 10% (USD 631m)** against a volume increase of 1.1% compared to Q3 2014
- Unit cost decreased by 11% (287 USD/FFE) to 2,310 USD/FFE
- Total bunker cost decreased by 41%. Bunker price declined by 44% and had an impact of 222 USD/FFE on unit cost. Bunker efficiency deteriorated by 2.8% to 942 kg/FFE (916 kg/FFE)
- Unit costs increased slightly when excluding bunker price and FX impact due to lower fleet utilisation, increased terminal and time charter costs.

Maersk Oil results

(USD million)	Q3 2015	Q3 2014	Change	FY 2014
Revenue	1,321	2,174	-39%	8,737
Exploration costs	82	210	-61%	765
EBITDA	641	1,238	-48%	5,116
Underlying profit	32	224	-86%	1,035
Reported profit	32	222	-86%	-861
Operating cash flow	548	726	-25%	2,594
Prod. (boepd '000)	300	238	26%	251
Brent (USD per barrel)	50	102	-51%	99
ROIC (%)	2.1	17.5	-15.4pp	-15.2

Maersk Oil's entitlement share of production



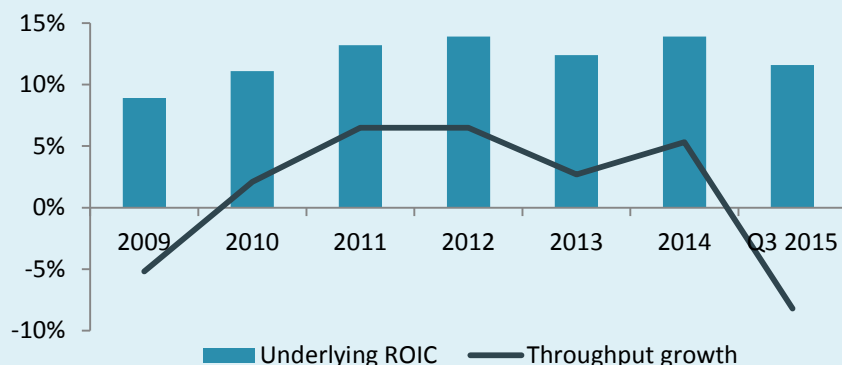
Highlights Q3 2015

- Maersk Oil's underlying profit decreased by 86% to USD 32m (USD 224m) driven by the lower oil price
- Entitlement production increased by 26% to 300,000 boepd (238,000 boepd) due to higher entitlement share to recover costs in Qatar combined with improved operational performance and production from new fields in particular in the UK
- Operating costs excluding exploration reduced by 10% by end of Q3 2015 compared to the 2014 baseline
- Exploration costs decreased by 61%. Maersk Oil continues to evaluate the costs and benefits of exploration activities on the prospects in the portfolio
- Decision of extension of exploration licence or field development for Itaipu and Wahoo, Brazil, is expected by end 2015
- Project maturation progress
 - The development plan for phase 1 of Johan Sverdrup, Norway, and Culzean, UK, were sanctioned by the Norwegian and UK authorities in Q3 2015
 - The 50 wells development project at Al Shaheen, Qatar, is more than 75% completed.

APM Terminals results

(USD million)	Q3 2015	Q3 2014	Change	FY 2014
Revenue	1,046	1,109	-5.7%	4,455
EBITDA	220	256	-14%	1,010
Share of profit:				
- Associated companies	24	25	-4.0%	93
- Joint ventures	40	-31	N/A	-14
Underlying profit	175	201	-13%	849
Reported profit	175	345	-49%	900
Operating cash flow	224	318	-30%	925
Throughput (TEU m)	8.9	9.7	-8.7%	38.3
ROIC (%)	11.6	22.5	-10.9pp	14.7

Volume growth and underlying ROIC development*



*Excluding net impact from divestments and impairments

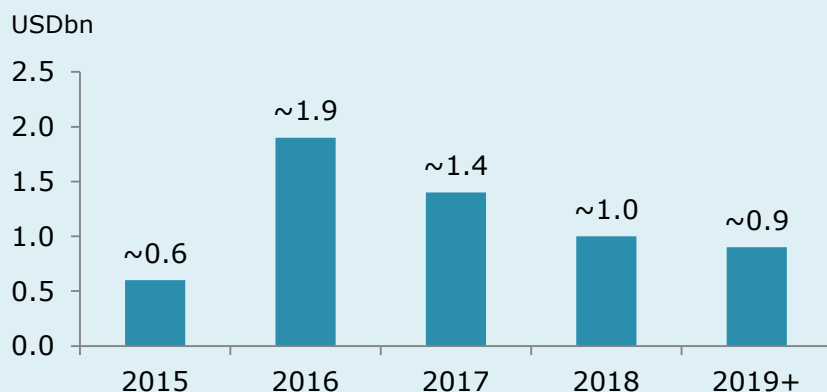
Highlights Q3 2015

- APM Terminals delivered an underlying profit of USD 175m (USD 201m) and a ROIC of 11.6% (22.5%)
- Throughput declined by 8.7% due to divestments and less import volumes in West Africa, Russia and Brazil. Like for like throughput declined by 4.4%
- EBITDA margin declined by 2.1%-points, where 1.0%-points related to the underlying operations, 0.5%-points to FX, 0.3%-points to the divestments and 0.3%-points related to IFRIC 12 construction revenue
- Revenue improvements and cost savings initiatives have delivered approximately USD 50m to the bottom line in Q3 2015
- APM Terminals signed an agreement to acquire 100% of Grup Maritim TCB with eleven terminals located in Europe and Latin America. The acquisition has an implied enterprise value of USD 1.1bn and will add an additional 3.5m TEU in estimated annual throughput. The acquisition of the TCB portfolio will have a negative impact on ROIC of approximately 1%-point due to the increased asset base and the amortisation of terminal rights.

Maersk Drilling results

(USD million)	Q3 2015	Q3 2014	Change	FY 2014
Revenue	646	525	23%	2,102
EBITDA	369	227	63%	903
Underlying profit	172	118	46%	471
Reported profit	184	192	-4.2%	478
Operating cash flow	382	127	201%	701
Fleet (units)	22	19	3	21
Contracted days	1,834	1,603	231	6,275
ROIC (%)	9.0	10.7	-1.7pp	7.1

Revenue backlog end Q3 2015



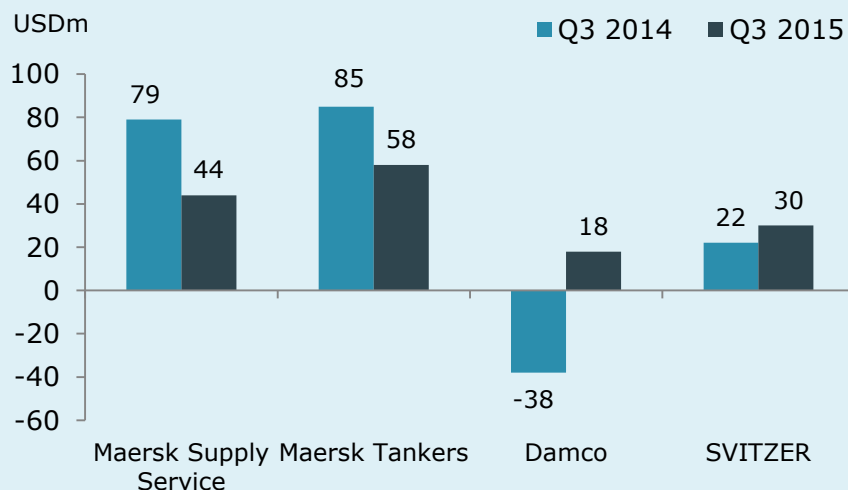
Highlights Q3 2015

- Maersk Drilling increased the underlying profit by 46% to USD 172m (USD 118m) positively impacted by cost savings, fleet growth, and strong operational performance
- ROIC was 9.0% (10.7%)
- The initiated cost reduction program delivered savings of more than 10% compared to Q3 2014
- The average operational uptime was 97% (97%) for the jack-up rigs and 98% (96%) for the floating rigs
- Maersk Drilling's forward contract coverage was 85% for the remaining part of 2015, 70% for 2016 and 49% for 2017
- Two new contracts and four contract extensions added USD 1.1bn to the revenue backlog in Q3 2015
- The total revenue backlog amounted to USD 5.8bn (USD 6.6bn)
- Maersk Drilling decommissioned its oldest jack-up rig.

APM Shipping Services results

(USD million)	Q3 2015	Q3 2014	Change	FY 2014
Revenue	1,307	1,536	-15%	5,926
EBITDA	251	259	-3.1%	641
Underlying profit	150	148	1.4%	185
Reported profit	154	119	29%	-230
Operating cash flow	255	95	168%	590
ROIC (%)	13.1	8.7	4.4pp	-4.2

Underlying profit by activity*



*Continuing businesses excluding net impact from divestments and impairments. Comparative numbers for Q3 2014 has been restated

Highlights Q3 2015

APM Shipping Services reported an underlying profit of USD 150m (USD 148m) and a ROIC of 13.1% (8.7%)

Maersk Supply Service

Result impacted by lower rates and lower utilisation which was only partly mitigated by cost reductions

Maersk Tankers

Result positively impacted by improved rates across all the product segments

Damco

Continued productivity improvements and growth in supply chain management and warehousing activities improved the result. Additionally, Q3 2014 was impacted by significant one-off costs not repeated in 2015

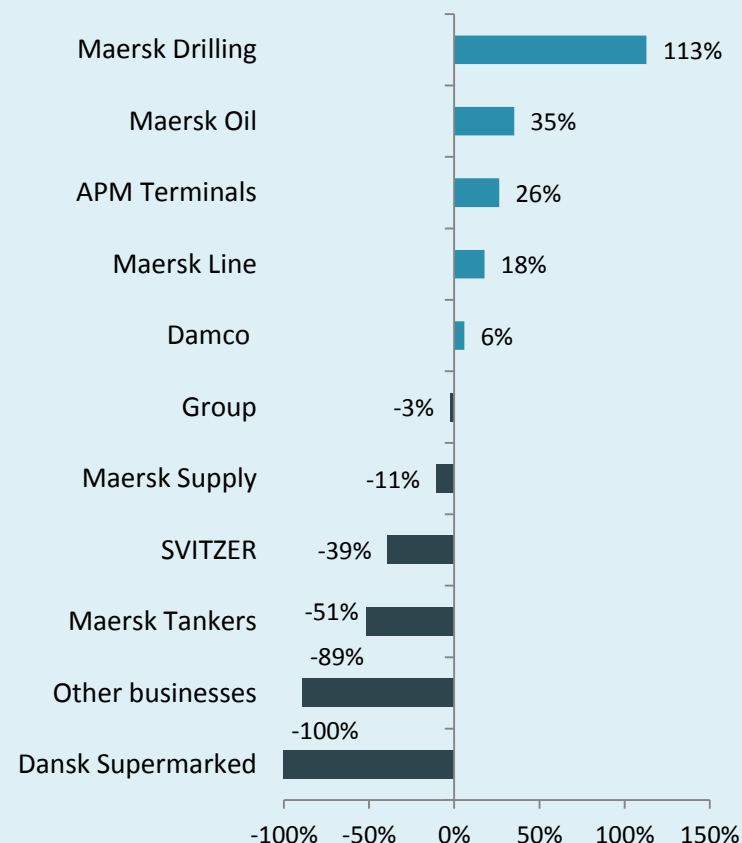
SVITZER

Operating margins in harbour towage improved through pricing, productivity and cost saving initiatives despite facing industry overcapacity in Europe and Australia, and a slowdown in the bulk trades.

Invested capital and ROIC

Business	Invested capital (USDm)	ROIC % Q3 2015	ROIC % Q3 2014	ROIC % FY 2014
Group	46,584	7.6%	12.7%	11.0%
Maersk Line	20,383	5.2%	13.5%	11.6%
Maersk Oil	5,965	2.1%	17.5%	-15.2%
APM Terminals	6,033	11.6%	22.5%	14.7%
Maersk Drilling	8,092	9.0%	10.7%	7.1%
APM Shipping Services	4,758	13.1%	8.7%	-4.2%
<i>Maersk Supply Service</i>	1,754	10.4%	18.5%	11.9%
<i>Maersk Tankers</i>	1,655	14.6%	19.1%	6.8%
<i>Damco</i>	248	30.0%	-53.0%	-63.2%
<i>SVITZER</i>	1,101	10.8%	6.5%	-19.2%
Other Businesses	831	32.2%	9.6%	6.1%

Development in invested capital since Q3 2010



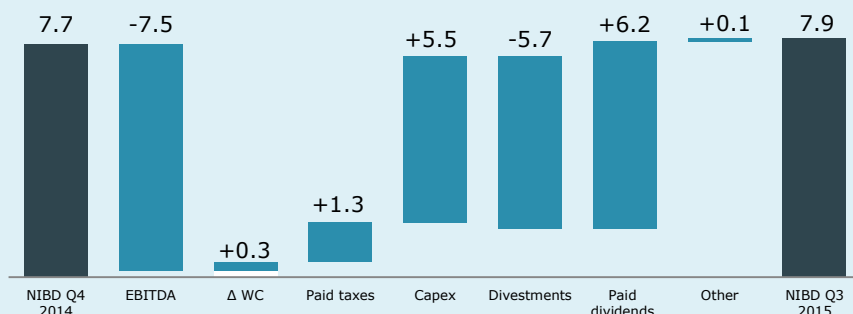
Note. Development since Q3 2010. The 2010 numbers have not been restated with the changed consolidation method for joint ventures in 2013

A strong financial framework

Well capitalised position

Net debt has increased USD 0.2bn since Q4 2014

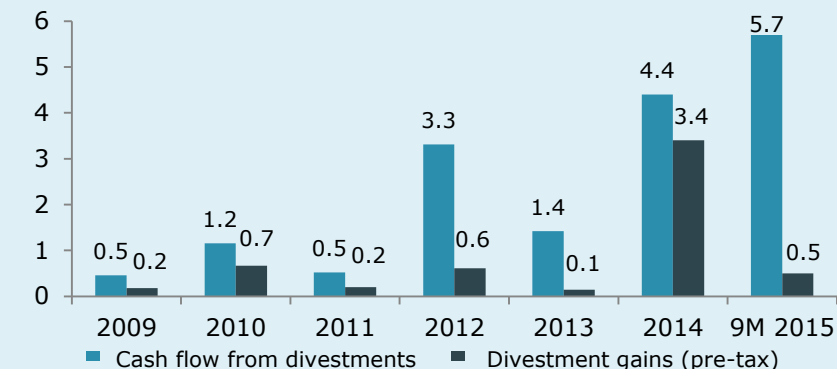
USDbn



Active portfolio management

Cash flow from divestments has been USD 17bn with divestment gains of USD 5.7bn pre-tax 2009 to Q3 2015

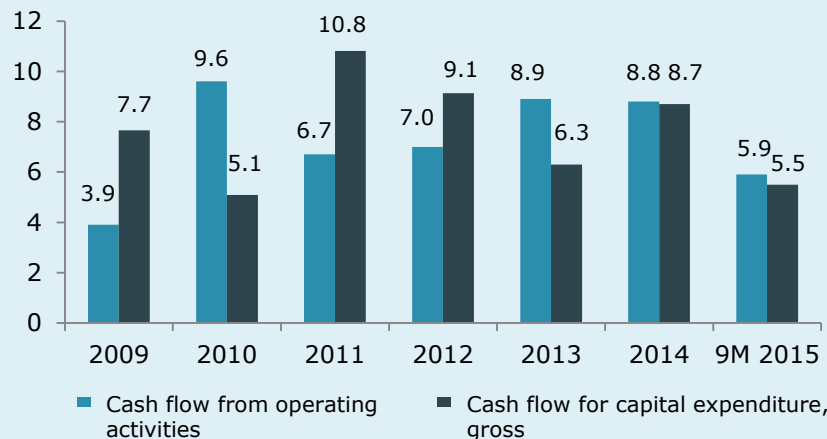
USDbn



Investment in growth

Growth ambitions will result in significant investments funded primarily from own cash flow

USDbn

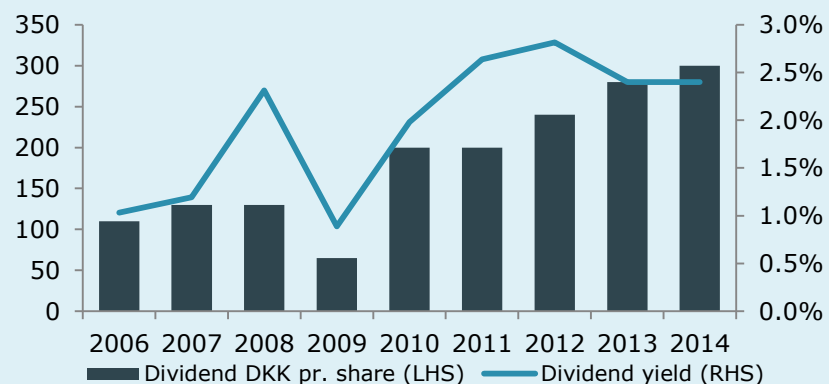


Increased ordinary dividends*

Extraordinary dividend of 1,671 DKK per share distributed in 2015 equivalent to 12% yield on top of the ordinary dividend

Dividend pr. share (DKK)

Dividend yield (%)



*Adjusted for bonus shares issue

Consolidated financial information

Income statement (USD million)	Q3 2015	Q3 2014	Change	9M 2015	9M 2014	Change	FY 2014
Revenue	10,110	12,169	-17%	31,183	35,854	-13%	47,569
EBITDA	2,245	3,199	-30%	7,446	9,301	-20%	11,919
Depreciation, etc.	1,238	1,108	12%	3,562	4,851	-27%	7,008
Gain on sale of non-current assets, etc. net	118	454	-74%	461	534	-14%	600
EBIT	1,204	2,688	-55%	4,566	5,458	-16%	5,917
Financial costs, net	-127	-188	-32%	-278	-527	-47%	-606
Profit before tax	1,077	2,500	-57%	4,288	4,931	-13%	5,311
Tax	299	1,005	-70%	852	2,781	-69%	2,972
Profit for the period – continuing operations	778	1,495	-48%	3,436	2,150	60%	2,339
Profit for the period – discontinuing operations	-	-	N/A	-	2,856	N/A	2,856
Profit for the period	778	1,495	-48%	3,436	5,006	-31%	5,195
Key figures (USD million)	Q3 2015	Q3 2014	Change	9M 2015	9M 2014	Change	FY 2014
Cash Flow from operating activities ¹	2,194	2,722	-19%	5,921	6,345	-6.7%	8,761
Cash Flow used for capital expenditure ¹	-1,290	-1,352	-4.6%	142	-4,601	N/A	-6,173
Net interest-bearing debt	7,941	8,053	-1.4%	7,941	8,053	-1.4%	7,698
Earnings per share (USD)	36	67	-46%	157	223	-30%	230
ROIC (%)	7.6	12.7	-5.1pp	10.5	13.8	-3.3pp	11.0
Dividend per share (DKK)							300
Extraordinary dividend per share (DKK)							1,671

¹Figures for 2014 relate only to continuing operations

Guidance for 2015

Changes in guidance are versus guidance given at Q2 2015. All figures in parenthesis refer to full year 2014.

The Group expects an underlying result of around USD 3.4bn which is unchanged from the result adjustment published on 23 October. Gross cash flow used for capital expenditure is now expected to be around USD 7bn (USD 8.7bn) from previously around USD 8bn, while cash flow from operating activities is still expected to develop in line with the result.

In line with the 23 October announcement **Maersk Line expects** an underlying result of around USD 1.6bn (USD 2.2bn). Global demand for seaborne container transportation is revised to an expected increase of 1-3% versus previously by 2-4%.

Maersk Oil continues to expect a positive underlying result for 2015 significantly below 2014 (USD 1.0bn) at oil prices in the range of 45-55 USD from previously 55-60 USD per barrel. The low oil price is somewhat offset by the effect of cost savings, strong production performance and deferred tax income in the UK.

Maersk Oil's entitlement production is now expected at around 295,000 boepd (251,000 boepd) from previously around 285,000 boepd. The exploration costs are expected to be around USD 500m (USD 765m) from previously approximately USD 700m for the year due to the reduction of the exploration activity level.

APM Terminals maintains the expectation for the underlying result to be significantly below 2014 (USD 849m) due to continued weak business climate in oil dependent markets.

Maersk Drilling maintains the expectation of a significantly higher underlying result than in 2014 (USD 471m) due to more rigs in operation, high forward contract coverage as well as impact from the initiated profit optimisation programme.

APM Shipping Services still expects the underlying result for 2015 to be significantly above the 2014 result (USD 185m) due to better performance.

SENSITIVITY GUIDANCE

The **Group's** guidance for 2015 is subject to considerable uncertainty, not least due to developments in the global economy, the container freight rates and the oil price. The Group's 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 the calendar year 2015 for four key value drivers are listed in the table below.

Sensitivities for 2015

Factors	Change	Effect on the Group's underlying profit rest of year
Oil price for Maersk Oil	+ / - 10 USD/barrel	+ / - USD 0.09bn
Bunker price for Maersk Line	+ / - 100 USD/tonne	- / + USD 0.1bn
Container freight rate for Maersk Line	+ / - 100 USD/FFE	+ / - USD 0.2bn
Container freight volume for Maersk Line	+ / - 100,000 FFE	+ / - USD 0.1bn



Q&A

To ask a question please press **01**