A.P. Møller - Mærsk A/S

Q3 2020 investor and analyst presentation

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Webcast: investor.maersk.com

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Forward-looking statements

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

Comparative figures

Unless otherwise stated, all comparisons refer to y/y changes.

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Q3 2020
Key statements

Key statements

Highlights for Q3 2020

Strong Ocean business and growing Logistics & Services

- Further progress on implementing our integrator strategy with strong new customer offerings and organisational measures.
- The COVID-19 pandemic continued to negatively impact the global demand in the third quarter, with revenue decreasing by 1.4% to USD 9.9bn with organic volumes down across most segments.
- EBITDA increased to USD 2.4bn, before restructuring costs of USD 105m, driven by higher profitability in all segments.
- Free cash flow increased significantly driven by the significant increase in EBITDA and continued capital discipline.
- Full-year expectations for EBITDA is in the range of USD 8.0bn-8.5bn, before restructuring and integration costs, as announced 17 November (previously USD 7.5bn-8.0bn as announced 13 October).
- A new share buy back programme of DKK 10bn (~USD 1.6bn) was announced today with the first tranche to be initiated from 1 Dec. 2020.

Q3 2020, USD		9M 2020, USD	
Revenue 9.9bn (-1.4%)	EBITDA 2.3bn (+39%)	Revenue 28.5bn (-2.5%)	EBITDA 5.5bn (+30%)
CFFO 2.2bn cash conversion 95%	Free cash flow* 1.5bn (+57%)	CFFO 5.3bn cash conversion 95%	Free cash flow* 3.0bn (+94%)

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

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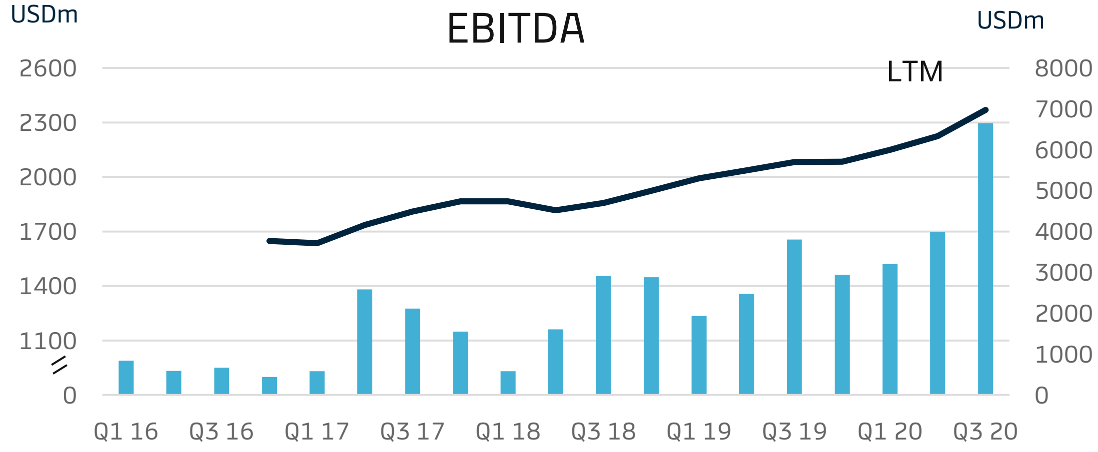
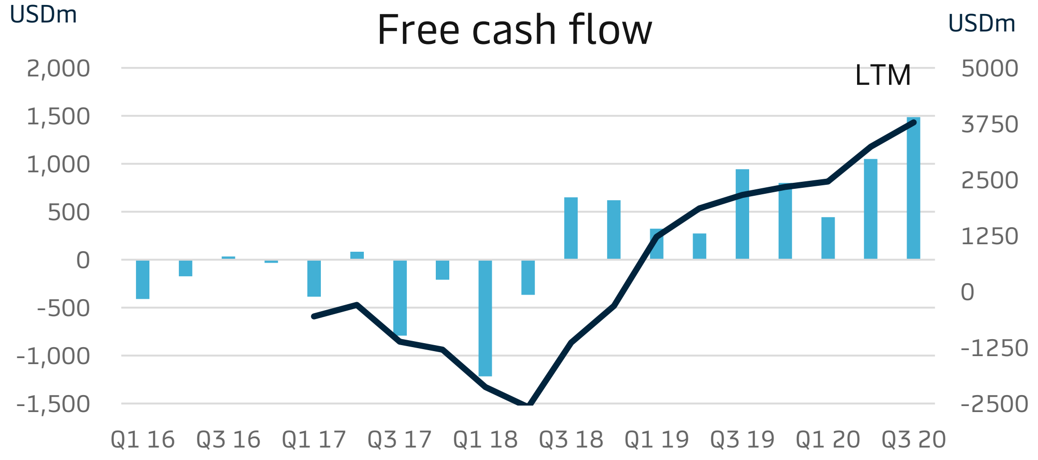
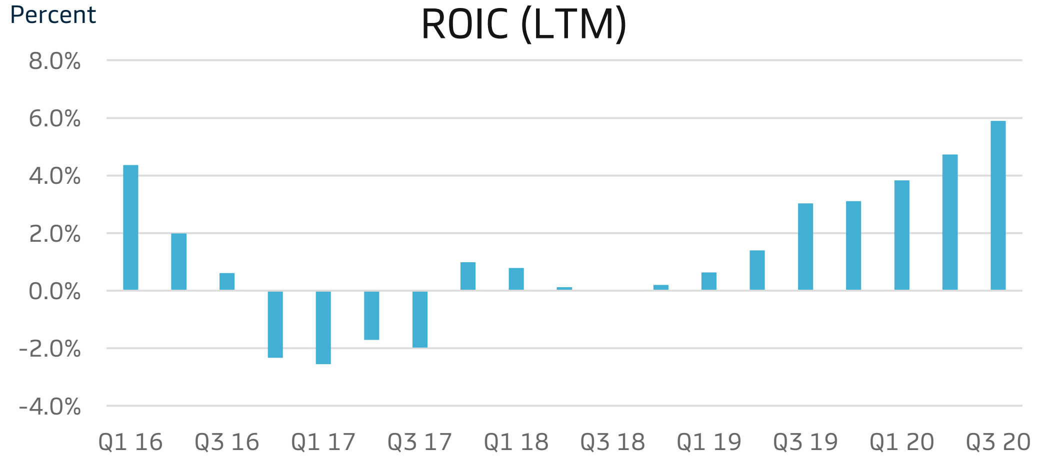
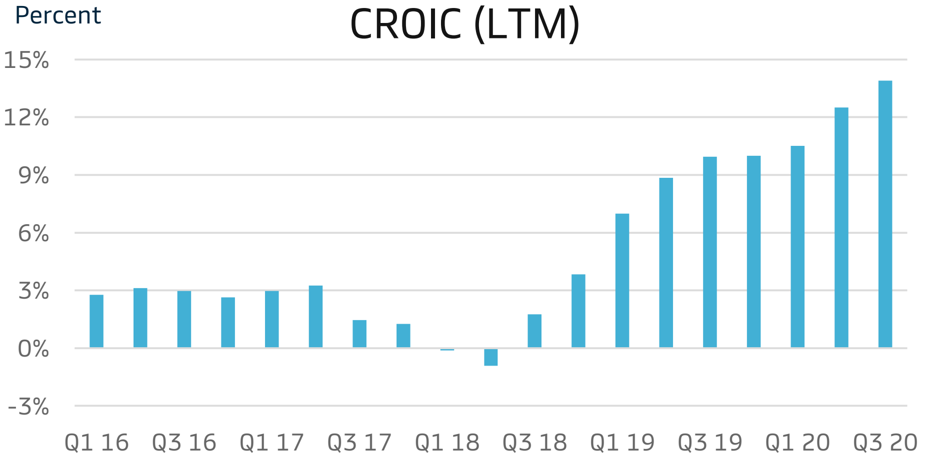
Building a strong track record









Note: 2016-2017 IFRS16 adjustments have been simulated based on 2018 and is for reference purposes only.
The 2016-2017 adjustment is not audited. LTM = last twelve months.
Free cash flow (FCF) comprise of cash flow from operating activities, purchase/ sale of intangible assets and property, plant and equipment, dividends received, repayments of lease liabilities, financial payments and financial expenses paid on lease liabilities.

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Strategic Transformation update

Earnings growth and disciplined capital allocation lead to continued improvements in CROIC and ROIC

- Earnings improvements, a continued high cash conversion and strong capital discipline led to the significant increase in CROIC and ROIC.
- Revenue in the Infrastructure and Logistics activities[1] increased despite being impacted by COVID-19, mainly driven by the acquisition of Performance Team.
- EBITDA in Logistics & Services[2] increased 71%, supported by higher earnings in intermodal and the integration of Performance Team.
- The acquisition of KGH Customs Services was completed in September 2020 and the integration is progressing as planned with a positive EBITDA contribution in September.

	Q3 2020	Q3 2019	9M 2020	9M 2019	FY 2019
Cash return on invested capital - LTM	**13.9%**	9.9%	**13.9%**	9.9%	**10.0%**
Infrastructure and Logistics revenue[1], USDm	**2,543**	2,419	**6,721**	6,976	**9,201**
Logistics & Services[2] , EBITDA, USDm	**164**	96	**309**	188	**221**
Long-term metric					
Return on invested capital (ROIC) – LTM	**5.9%**	3.0%	**5.9%**	3.0%	**3.1%**
Underlying Return on invested capital (ROIC) - LTM	**6.2%**	3.2%	**6.2%**	3.2%	**3.2%**

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

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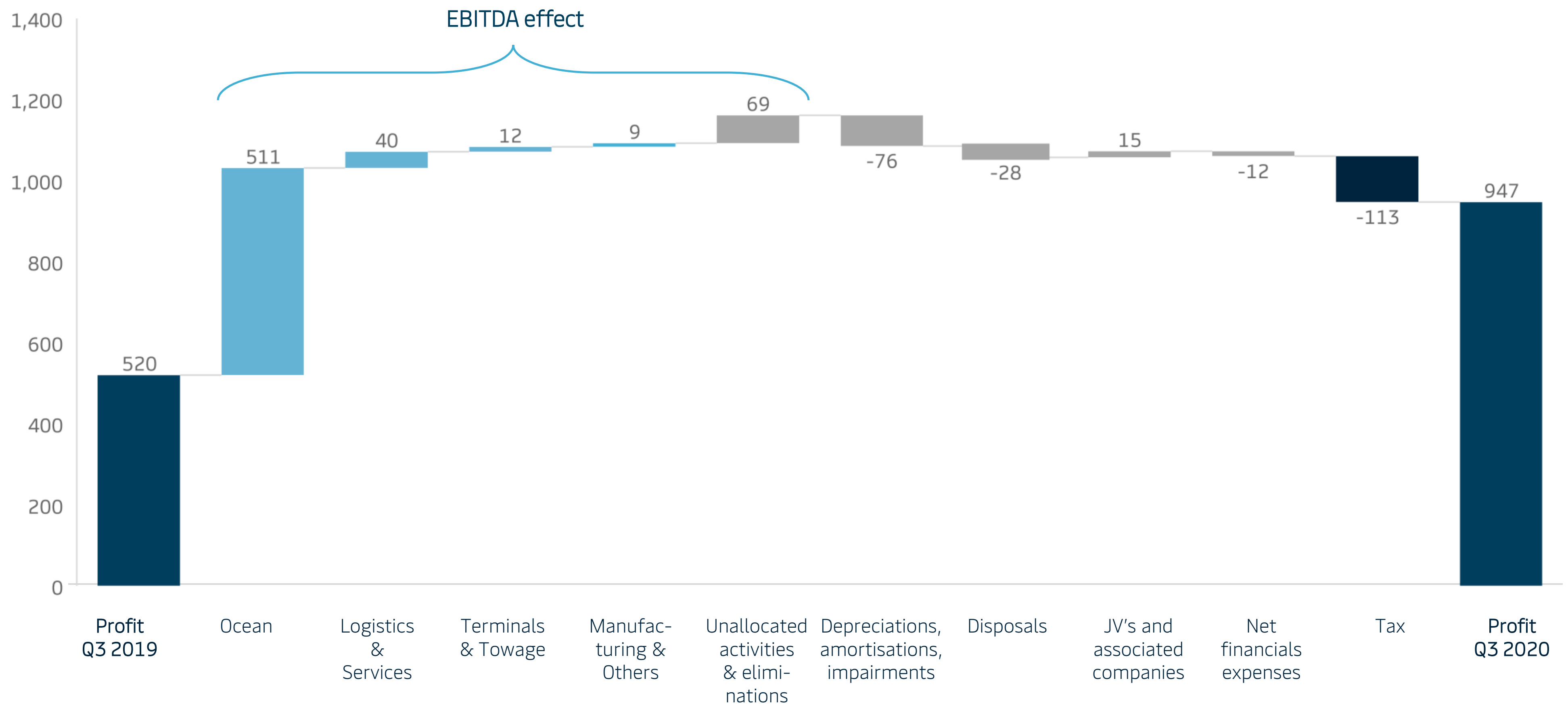
Q3 interim report

Financial highlights

Financial highlights Q3 2020

Strong improvements in profitability driven by all segments

Profit/loss result bridge for Q3 2020, USDm



Profitability continued to improve with an EBITDA margin of 23.2% (16.5%) and an EBIT margin of 13.0% (7.3%), including restructuring costs.

Net financial expenses increased as lower borrowing costs were offset by negative FX impacts.

Net result for Q3 2020 improved to USD 947m as a result of the improvements in profitability.

The underlying net result increased to USD 1,043m (USD 452m), adjusted for restructuring costs, disposals and impairments.

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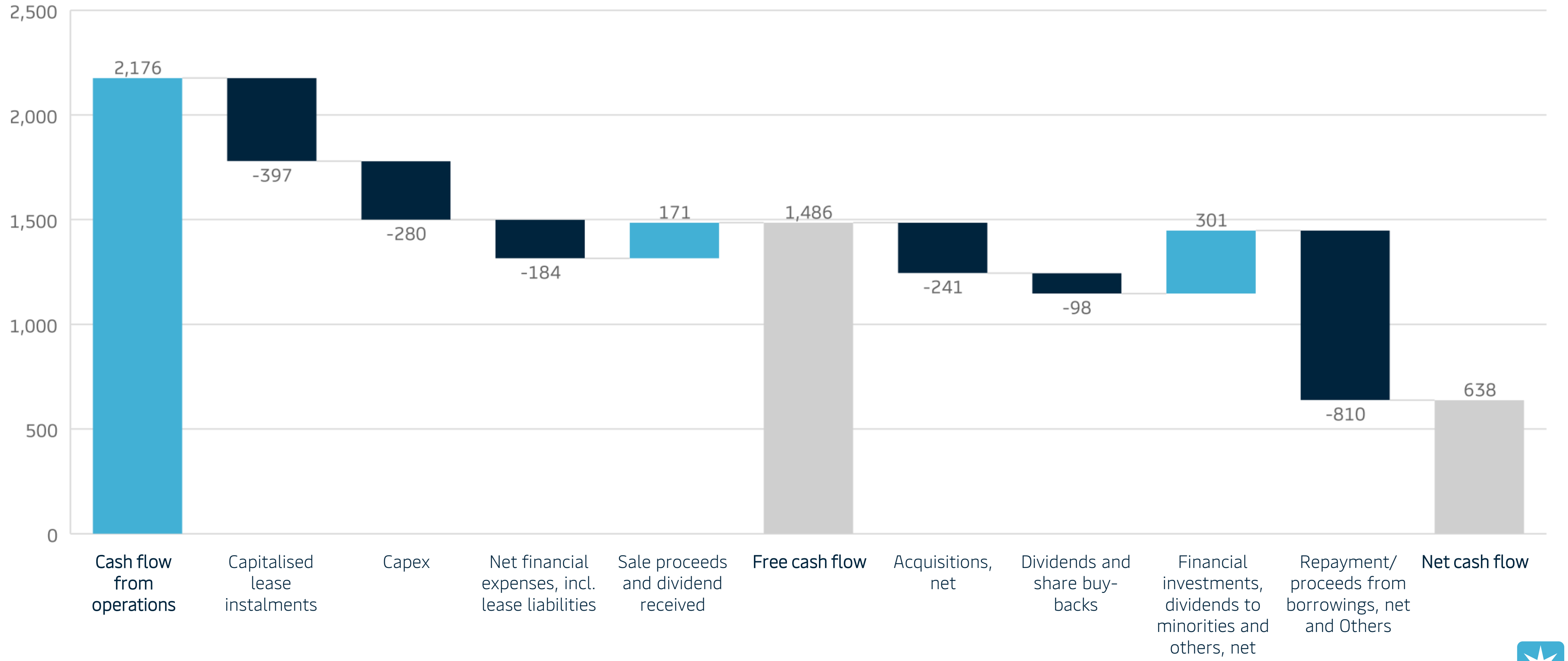
Strong free cash flow allowing for acquisitions and debt repayments

Cash flow bridge for Q3 2020, USDm



Free cash flow was USD 1,486m (USD 946m) after net interests, capitalised lease payments and gross capex. Cash conversion was 95%.

Net interest bearing debt decreased by USD 0.8bn from Q2 2020 to USD 10.8bn and by USD 0.9bn from Q4 2019 (USD 11.7bn). Excluding lease liabilities, net interest-bearing debt equals USD 2.0bn

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

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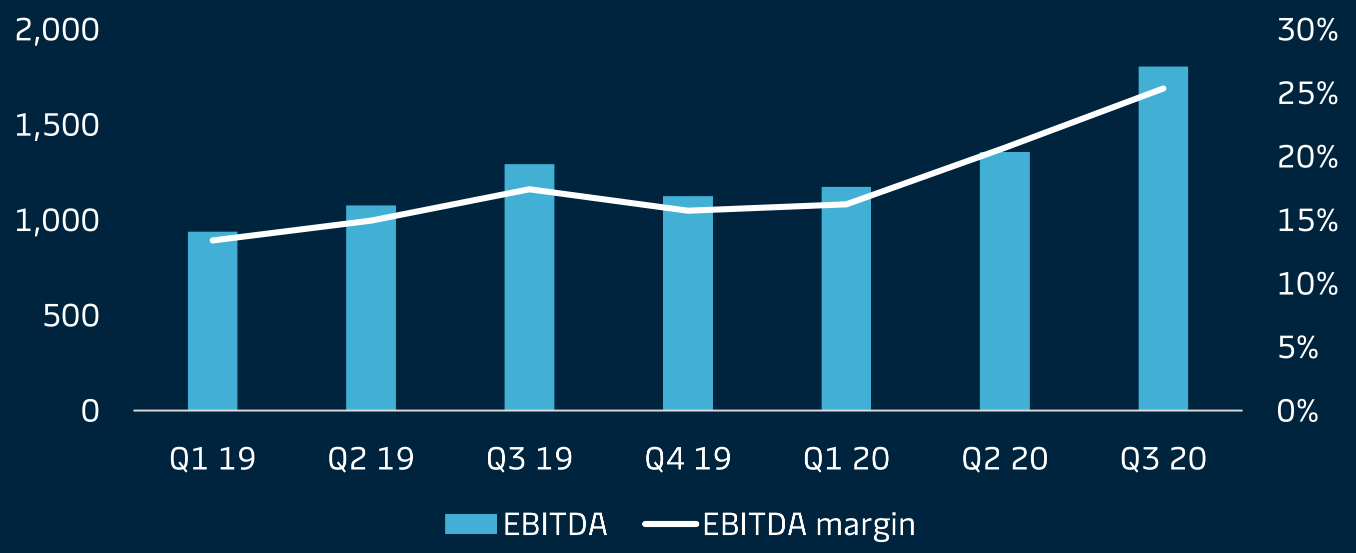
Highlights Q3 2020

Ocean

- Revenue decreased 4.1% as volumes declined 3.6% due to impacts from COVID-19.
- EBITDA improved 39% with a margin of 25.4% driven by continued focus on cost from agile capacity deployment, lower bunker cost and higher freight rates partly driven by a strong momentum in demand on certain routes.
- A restructuring cost of USD 65m was recognised as the organisational structure was simplified as a further step in our integrator strategy.
- The digital guaranteed short term booking product Maersk Spot gained further traction in the quarter increasing the share of loaded short term volumes.

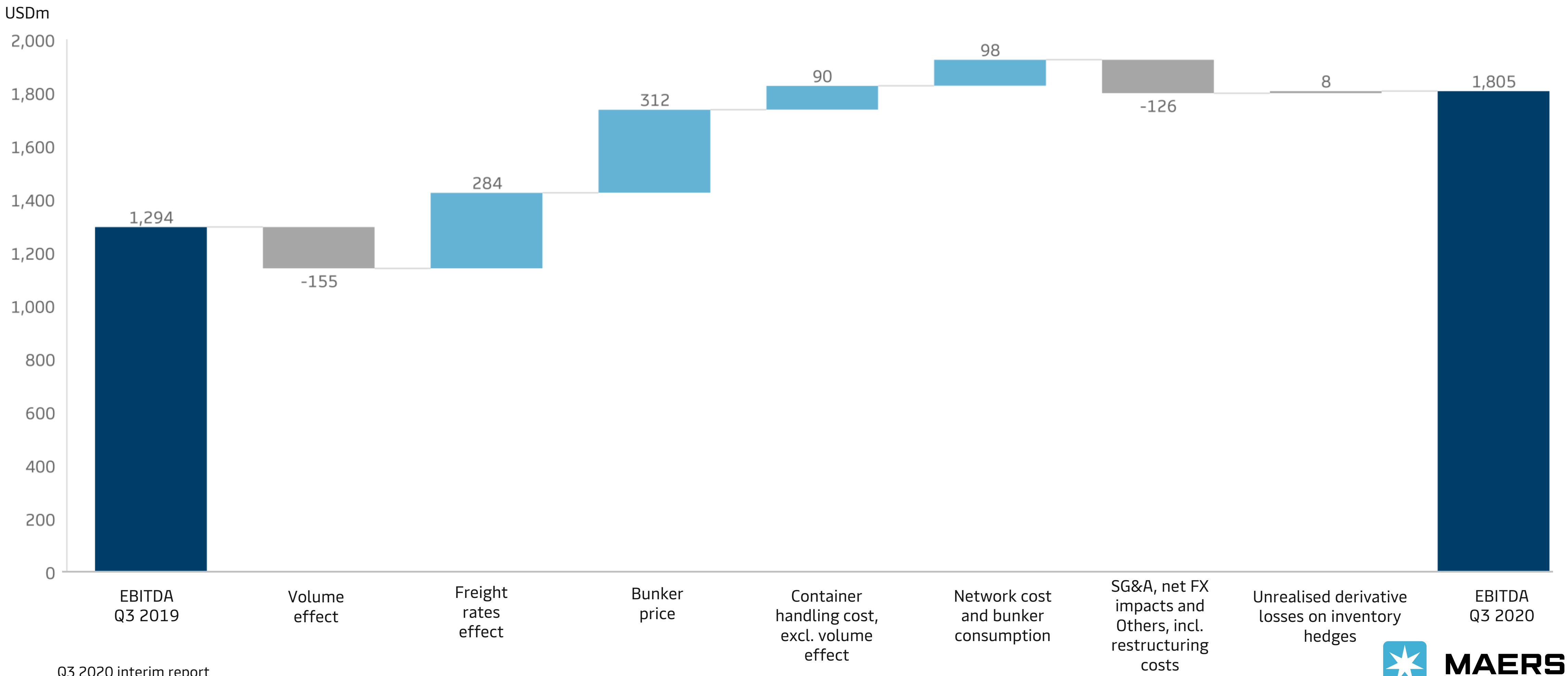
Development in EBITDA and EBITDA margin (%)



	Q3 2020 (USDm)	Q3 2019 (USDm)	9M 2020 (USDm)	9M 2019 (USDm)
Revenue	7,118	7,423	20,918	21,634
EBITDA	1,805	1,294	4,337	3,311
EBITDA margin	25.4%	17.4%	20.7%	15.3%
Gross capital expenditures	147	209	530	992

Solid EBITDA progress in the quarter

Volume decline offset by agile capacity adjustments, strong freight rates and lower bunker price



Higher freight rates more than mitigated lower volumes

- Average freight rates increased by 4.4% (4.8% FX-adjusted and 10% adjusted for bunker prices), due to higher short-term freight rates, driven by demand recovery especially in China-US trades combined with vessel and equipment shortage.
- Freight rates declined compared to Q2 due to the adjustments to the long-term contracts linked to the lower bunker fuel price and the exposure to trades with less positive market developments, such as Latin America and intra regional trades.
- In line with our strategy we focused on facilitating our customers supply chains, especially customers with long-term contracts to meet their requirements.
- Total volumes decreased by 3.6% with headhaul volumes declining by 0.1%, contracting across all trades, except North America. Backhaul volumes declined 11%.
- While volumes recovered strongly from Q2 2020, particular on the Pacific, Latin America continued to be very negatively affected by COVID-19 with volumes declining 13%.

Average freight rates (USD/FFE)	Q3 2020	Q3 2019	Change	Change %	FY 2019
East-West	1,995	1,746	249	14.3	1,760
North-South	2,382	2,318	64	2.8	2,347
Intra-regional	1,227	1,314	-87	-6.6	1,366
Total	**1,909**	**1,828**	**81**	**4.4**	**1,853**

Loaded volumes ('000 FFE)	Q3 2020	Q3 2019	Change	Change %	FY 2019
East-West	1,553	1,561	-8	-0.5	6,194
North-South	1,011	1,118	-107	-9.6	4,268
Intra-regional	719	726	-7	-1.0	2,834
Total	**3,283**	**3,405**	**-122**	**-3.6**	**13,296**

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Lower cost from agile capacity deployment and lower bunker cost

- Focus on agile capacity deployment as volumes recovered combined and lower bunker cost led to a decrease in total operating cost of 13% to USD 5.3bn (USD 6.1bn).
- Keeping an agile capital deployment strategy meant that capacity was allocated to the right trades to facilitate the changing demand. The increased demand compared to Q2 meant that very few vessels were idled by the end of the quarter.
- Despite the negative development in volumes compared to last year, the unit cost at fixed bunker decreased by 2.9% as result of tight capacity deployment in line with the decline in volumes leading to a higher utilisation.
- The volatility in demand led to a decrease in reliability.
- Total bunker cost decreased 34% as the average bunker price decreased 29% to USD 290 per ton.
- The bunker consumption declined 6.5% impacted by blanked sailings and idle capacity.

Unit cost at fixed bunker* decreased by 2.9% to 1,868 USD/FFE

Unit cost at floating bunker price was 1,740 USD/FFE (1,890 USD/FFE)

Bunker efficiency worsened by 0.8%

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

Bunker cost decreased to USD 0.8bn (USD 1.2bn)

SG&A increased by USD 27m to USD 689m (USD 662m) mainly due to restructuring costs of USD 65m

* Fixed bunker price of 450 USD/FFE

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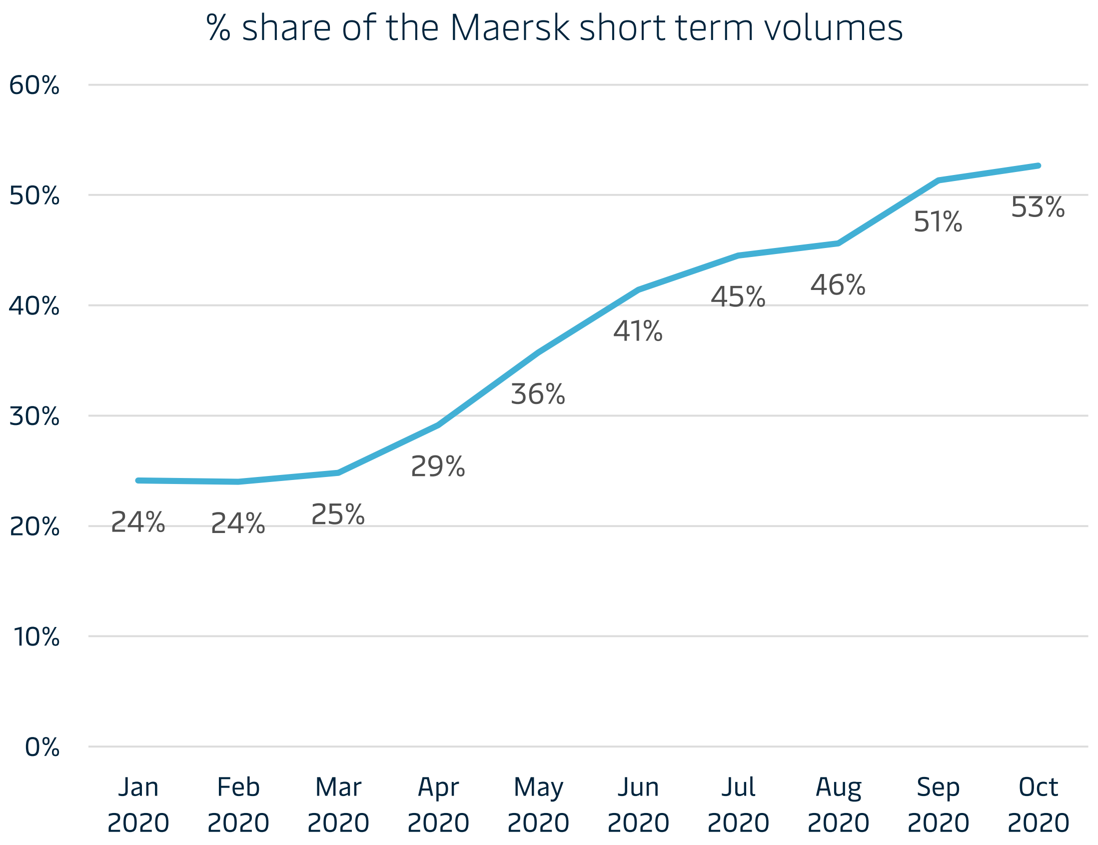
Maersk SPOT continues to grow

- Maersk SPOT continues to expand in Q3, and now accounts for 53% (end of October) on a four-weeks basis, from 24% in January, of the Maersk Brand short term businesses.
- Maersk SPOT provides space and equipment guaranteed at price fixed at the time of booking. This combined with its digital engagement model allows in particular forwarders to serve their customers effectively and efficiently. More than 80% of the volume is booked by forwarders, followed by commodity shippers.
- We will continue to expand into more markets and segments. Most recently SPOT went live in FMC regulated trades and met with strong support.



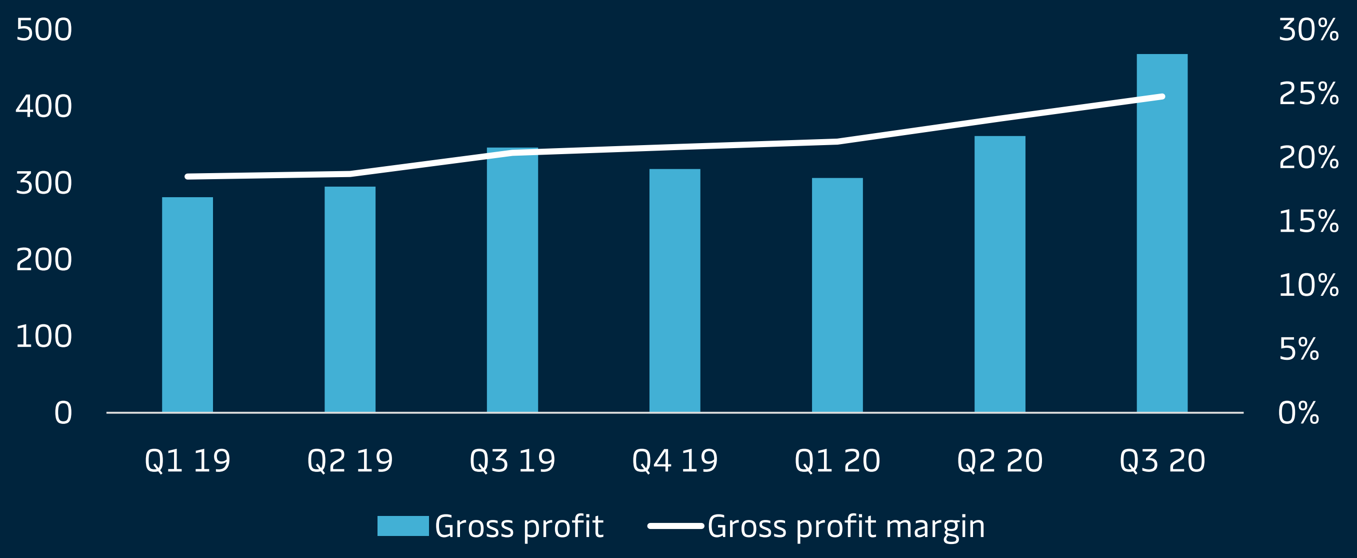
Note: Maersk Spot % of all Maersk brands, excluding Sealand and Hamburg Süd

Highlights Q3 2020

Logistics & Services

- Revenue increased 11%, driven by supply chain management and Performance Team.
- Gross profit increased by 35% and EBITDA increased by 44% driven by intermodal, air freight forwarding and warehousing and distribution.
- Implementing our integrator strategy to further strengthen customer offerings and to improve overall competitiveness have led to the initiative to close Damco Freight Forwarding and merge air freight forwarding and LCL into the Maersk brand.
- KGH Customs Services acquisition was closed in September and the integration is progressing as planned.

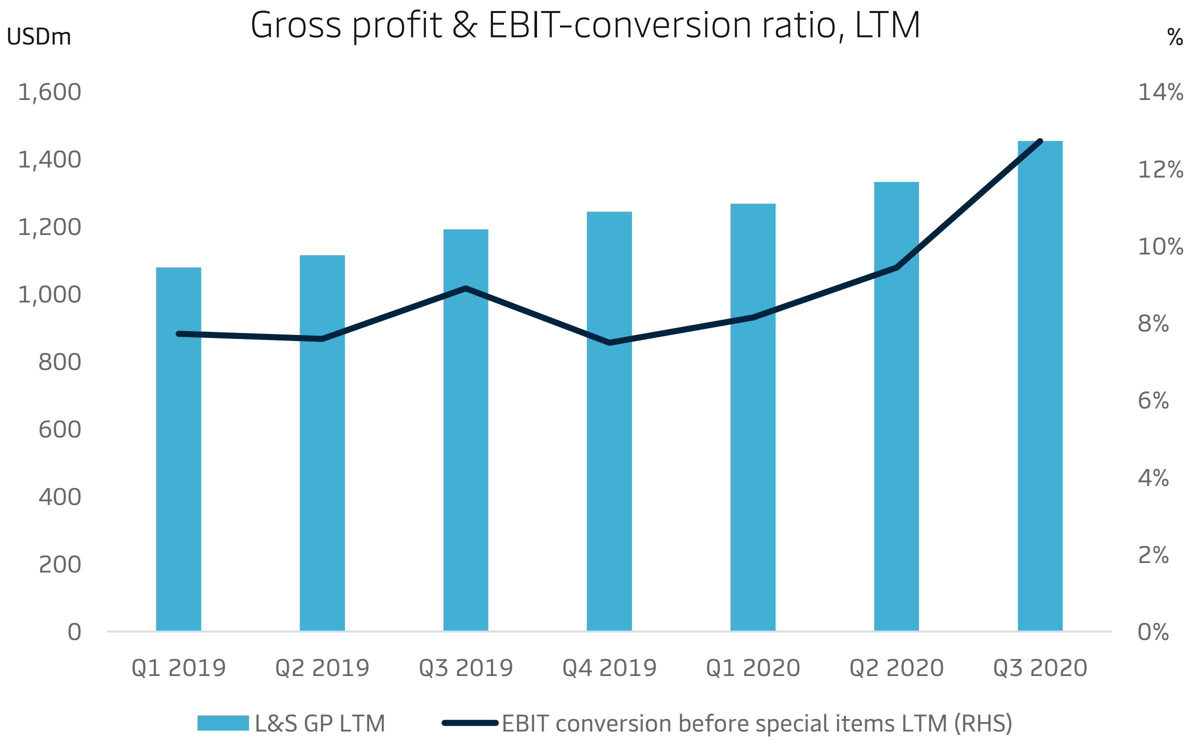
Development in gross profit and gross profit margin (%)



	Q3 2020 (USDm)	Q3 2019 (USDm)	9M 2020 (USDm)	9M 2019 (USDm)
Revenue	1,891	1,702	4,902	4,802
Gross profit	468	346	1,135	922
EBITDA	131	91	296	185
EBITDA margin	6.9%	5.3%	6.0%	3.8%
Gross capital expenditures	23	23	81	60

Significant growth and profitability improvement

- COVID-19 continued to impact volumes and revenue across all products and solutions.
- The gross profit (GP) margin improved by 4.4%-points to 24.7%, supported by continued margin optimisation in intermodal, air freight forwarding and warehousing and distribution, led by the Performance Team acquisition.
- The EBIT conversion improved to 21.3% (16.1%) with positive impact of SG&A cost savings and optimised cost base.
- USD 40m restructuring costs was recognised as the Damco Freight Forwarding brand was closed and air freight and LCL were integrated into Maersk Logistics & Services.
- The integration of Performance Team is on track and it contributed USD 58m to GP and USD 24m to EBITDA.



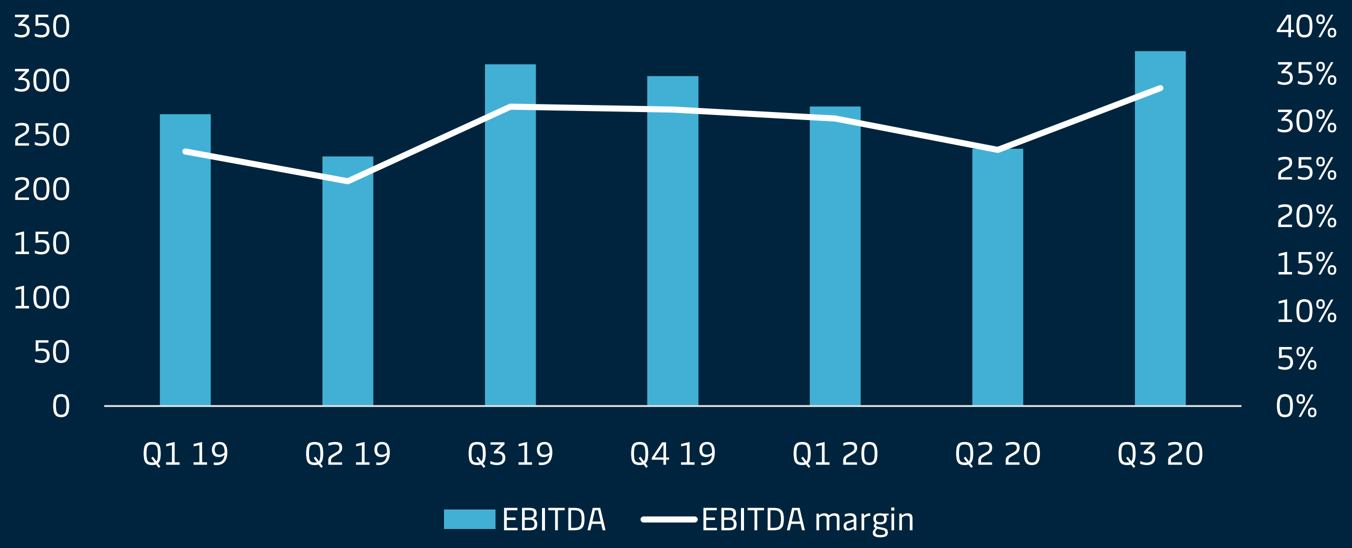
Note: EBIT conversion before special items ratio = EBIT / Gross profit
EBIT before special items excludes impairments, restructurings costs, gains/losses on sales of assets and JV adjustments

Highlights Q3 2020

Terminals & Towage

- EBITDA increased 4.1% to USD 328m, despite of a 2.3% revenue decline.
- Gateway terminals reported a 2.0% lower revenue of USD 816m, while focus on cost measures resulted in an EBITDA-margin increase of 2.0%-points to 33.6% and 4.2% increase in EBITDA to USD 274m (USD 263m).
- Revenue in Towage decreased by 2.9% to USD 167m (USD 172m), with EBITDA increasing to USD 54m (USD 52m) due to lower costs.

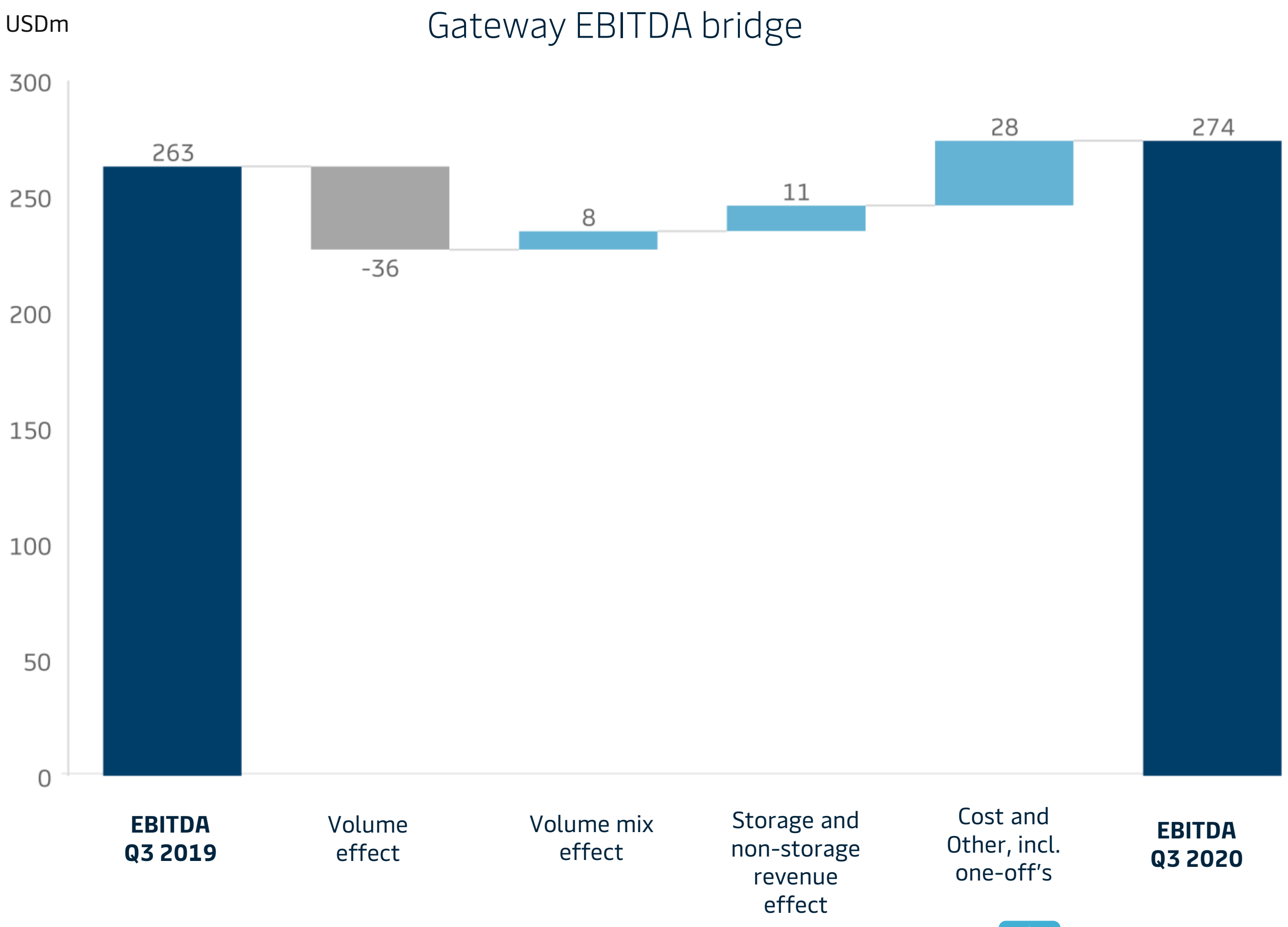
Development in EBITDA and EBITDA margin (%)



	Q3 2020 (USDm)	Q3 2019 (USDm)	9M 2020 (USDm)	9M 2019 (USDm)
Revenue	976	999	2,765	2,974
EBITDA	328	315	841	814
EBITDA margin	33.6%	31.5%	30.4%	27.4%
Gross capital expenditures	104	106	319	313

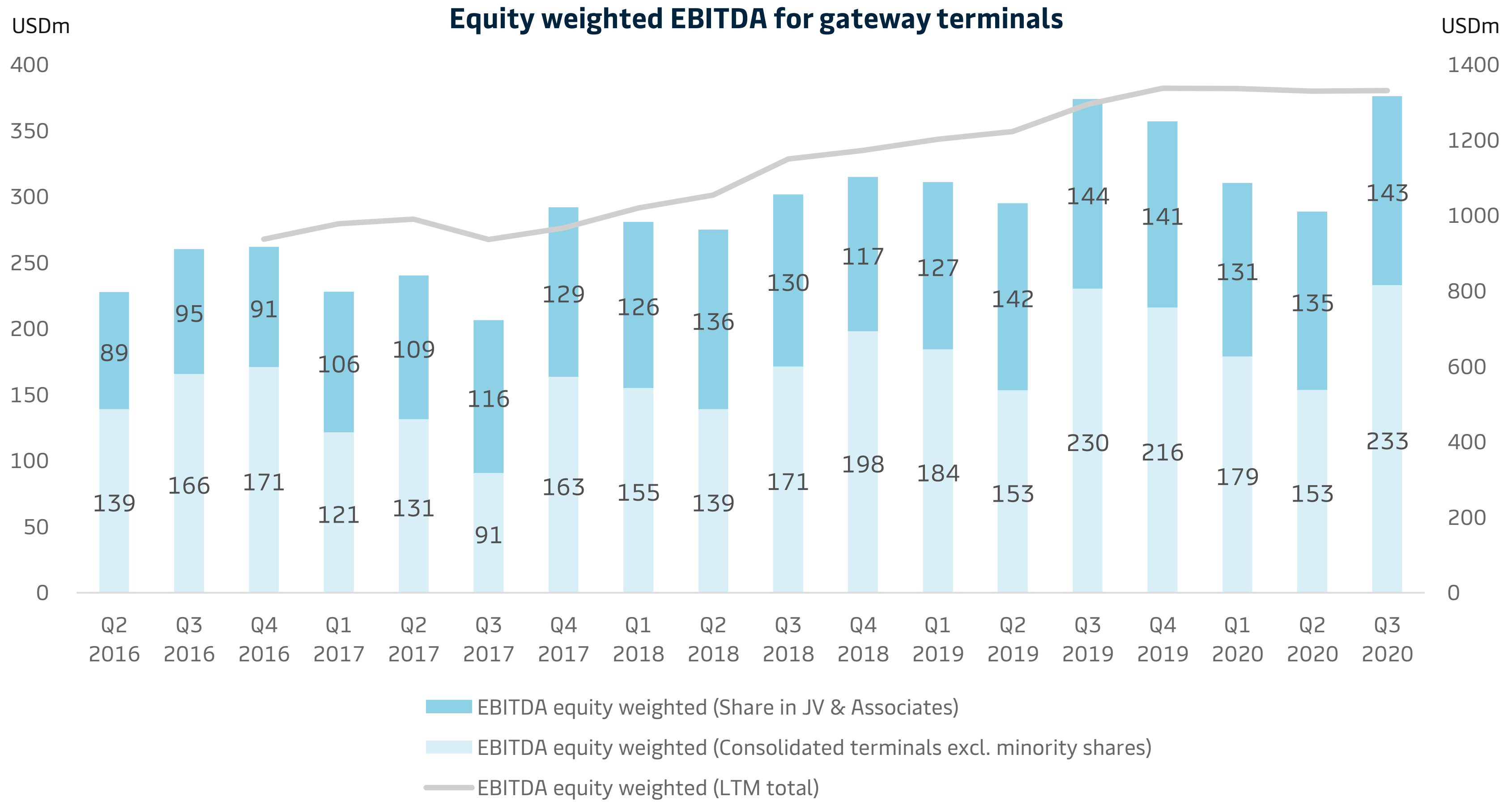
Margin improvements from strong focus on cost efficiencies

- Gateway terminals volumes declined by 3.7% (like-for-like 7.8%), driven by COVID-19 impacts, with significant variations across regions and supported by the consolidation of the Pipavav, India terminal.
- Volumes from external customers decreased by 5.7%, while volumes from Ocean was on par, which coupled with increase capacity in selected ports led to a 13%-points decrease in utilisation to 71%.
- Revenue per move increased by 2.8% to USD 277 mainly driven by mix changes, while cost per move increased 4.0% to USD 229 due to lower volumes and mix effect, as total operating cost declined 3.3%.
- In Towage, the Harbour towage activities was on par with last year, driven by positive impacts from the consolidation of Port Towage Amsterdam, partly offset by lower activity in Australia, UK and Scandinavia.



Stable earnings and cash contribution from JV's and Associates

- The equity weighted EBITDA was largely unchanged.
- In the last twelve months the JVs and Associates have generated USD 551m to the Equity weighted EBITDA of USD 1,331m.
- The cash contribution through dividends the last twelve months has been USD 189m, or 34% of the EBITDA with a pay-out ratio of 95% of the net result.



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

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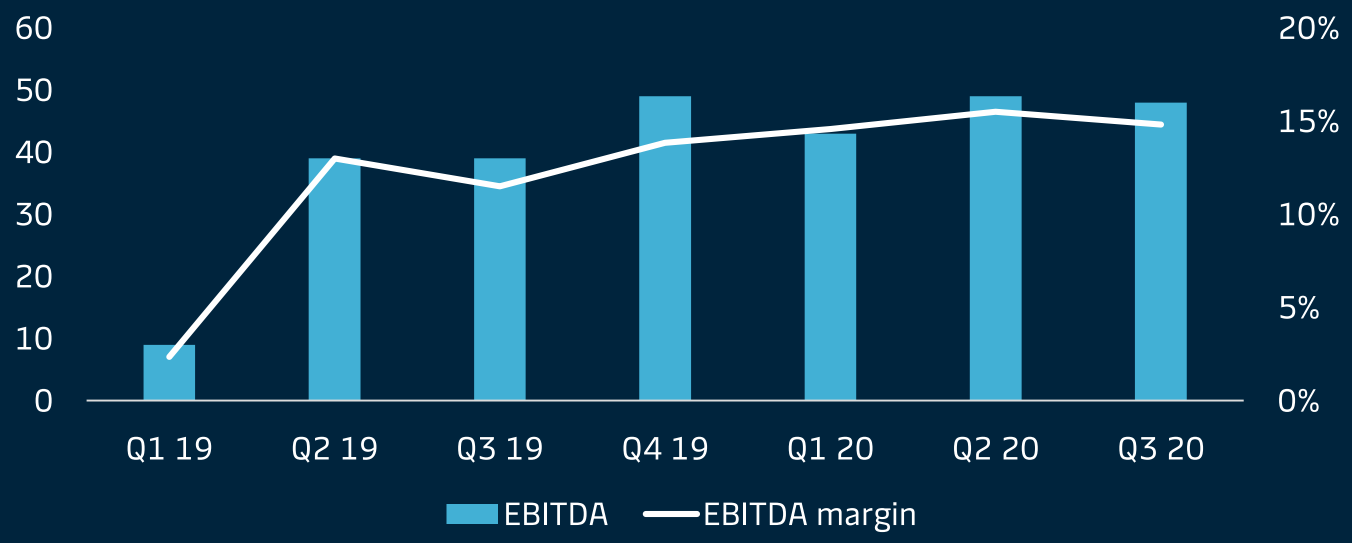
Highlights Q3 2020

Manufacturing & Others

- Revenue in Maersk Container Industry increased to USD 153m (USD 150m), and EBITDA increased to USD 17m (USD 14m) positively impacted by higher activity and lower cost.
- Maersk Supply Service reported lower revenue at USD 65m (USD 81m), while EBITDA improved to USD 13m (USD 4m), reflecting lower activity offset by significant cost reductions.

Development in EBITDA and EBITDA margin (%)



	Q3 2020 (USDm)	Q3 2019 (USDm)	9M 2020 (USDm)	9M 2019 (USDm)
Revenue	324	339	935	1,022
EBITDA	48	39	140	87
EBITDA margin	14.8%	11.5%	15.0%	8.9%
Gross capital expenditures	5	7	20	194

2020

Full-year guidance

Guidance

Given the current momentum in the different businesses, A.P. Moller - Maersk expects earnings before interest, taxes, depreciation and amortisation (EBITDA) before restructuring and integration costs in the range of USD 8.0bn-8.5bn as announced on 17 November 2020 from previously between USD 7.5bn-8.0bn as announced 13 October 2020

The global demand growth for containers is expected to contract by 4-5% in 2020 due to COVID-19.

Organic volume growth in Ocean is now expected to be slightly below the average market growth from previously in line with or slightly below the market.

For 2020 the guidance on capital expenditures (CAPEX) is now expected to be USD 1.5bn, and with the expectation of a high cash conversion (cash flow from operations compared to EBITDA).

For the years 2021-2022 the accumulated CAPEX is expected to be USD 4.5-5.5bn with the expectation of a high cash conversion. The previous guidance on accumulated CAPEX for 2020-2021 was between USD 3.0-4.0bn.

Sensitivity guidance

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

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

Factors	Change	Effect on EBITDA (Rest of year)
Container freight rate	+ / - 100 USD/FFE	+ / - USD 0.3bn
Container freight volume	+ / - 100,000 FFE	+ / - USD 0.1bn
Bunker price (net of expected BAF coverage)	+ / - 100 USD/tonne	- / + USD 0.1bn
Rate of exchange (net of hedges)	+ / - 10% change in USD	+ / - USD 0.0bn

Questions and answers

To ask a question, please press 01

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Final remarks

- We continued to improve profitability driven by strong cost performance across all our business
- Ocean supported by agile capacity deployment, cost measures, lower bunker prices, higher freight rates and the introduction of digital solutions.
- Positive impacts to profitability in Logistic & Services, partly from acquisitions
- Resilient performance in the infrastructure activities in Terminals & Towage, despite lower volumes
- Strong free cash flow performance continues and CROIC increased by 4.0 percentage points to 13.9%
- The strong financial performance enabled us to upgrade our full-year guidance for 2020 EBITDA to be in the range of USD 8.0bn-8.5bn
- Finally, we have today announced a new share buy-back programme of DKK 10bn

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Appendix

Financial highlights

Consolidated financial information

Income statement (USDm)	Q3 2020	Q3 2019	FY 2019
Revenue	9,917	10,055	38,890
EBITDA	**2,297**	**1,656**	**5,712**
EBITDA margin	**23.2%**	**16.5%**	**14.7%**
Depreciation, impairments etc.	1,097	1,021	4,287
Gain on sale of non-current assets, etc., net	8	36	71
Share of profit in joint ventures and associates	81	66	229
EBIT	**1,289**	**737**	**1,725**
EBIT margin	**13.0%**	**7.3%**	**4.4%**
Financial items, net	-160	-148	-758
Profit/loss before tax	1,129	589	967
Tax	182	69	458
Profit/loss – continuing operations	947	520	**509**
Profit/loss – discontinued operations	-	-	-553
Profit/loss for the period	947	520	**-44**

Key figures and financials (USDm)	Q3 2020	Q3 2019	FY 2019
Profit/loss continuing operations	947	520	509
Gain/loss on sale of non-current assets etc., net	-8	-36	-71
Impairment losses, net.	-1	-42	29
Transaction and integration cost	105	10	78
Tax on adjustments	-	-	1
Underlying profit/loss – continuing operations	**1,043**	**452**	**546**
Cash flow from operating activities	**2,176**	**1,732**	**5,919**
Gross capital expenditures	**280**	**343**	**2,035**
Net interest-bearing debt	**10,804**	**12,056**	**11,662**
Invested capital	40,404	40,938	40,555
Total Equity (APMM total)	29,547	28,879	28,837
Earnings per share (USD)	48	24	23

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Consolidated financial information

Income statement (USDm)	9M 2020	9M 2019	FY 2019
Revenue	28,485	29,222	38,890
EBITDA	**5,515**	**4,249**	**5,712**
EBITDA margin	**19.4%**	**14.5%**	**14.7%**
Depreciation, impairments etc.	3,319	3,127	4,287
Gain on sale of non-current assets, etc., net	172	70	71
Share of profit in joint ventures and associates	224	191	229
EBIT	**2,592**	**1,383**	**1,725**
EBIT margin	**9.1%**	**4.7%**	**4.4%**
Financial items, net	-607	-546	-758
Profit/loss before tax	1,985	837	967
Tax	386	267	458
Profit/loss – continuing operations	1,599	570	**509**
Profit/loss – discontinued operations	-	-553	-553
Profit/loss for the period	1,599	17	**-44**

Key figures and financials (USDm)	9M 2020	9M 2019	FY 2019
Profit/loss continuing operations	1,599	570	509
Gain/loss on sale of non-current assets etc., net	-172	-70	-71
Impairment losses, net.	41	-50	29
Transaction and integration cost	105	65	78
Tax on adjustments	26	2	1
Underlying profit/loss – continuing operations	**1,599**	**517**	**546**
Cash flow from operating activities	**5,259**	**4,384**	**5,919**
Gross capital expenditures	**952**	**1,566**	**2,035**
Net interest-bearing debt	**10,804**	**12,056**	**11,662**
Invested capital	40,404	40,938	40,555
Total Equity (APMM total)	29,547	28,879	28,837
Earnings per share (USD)	79	26	23

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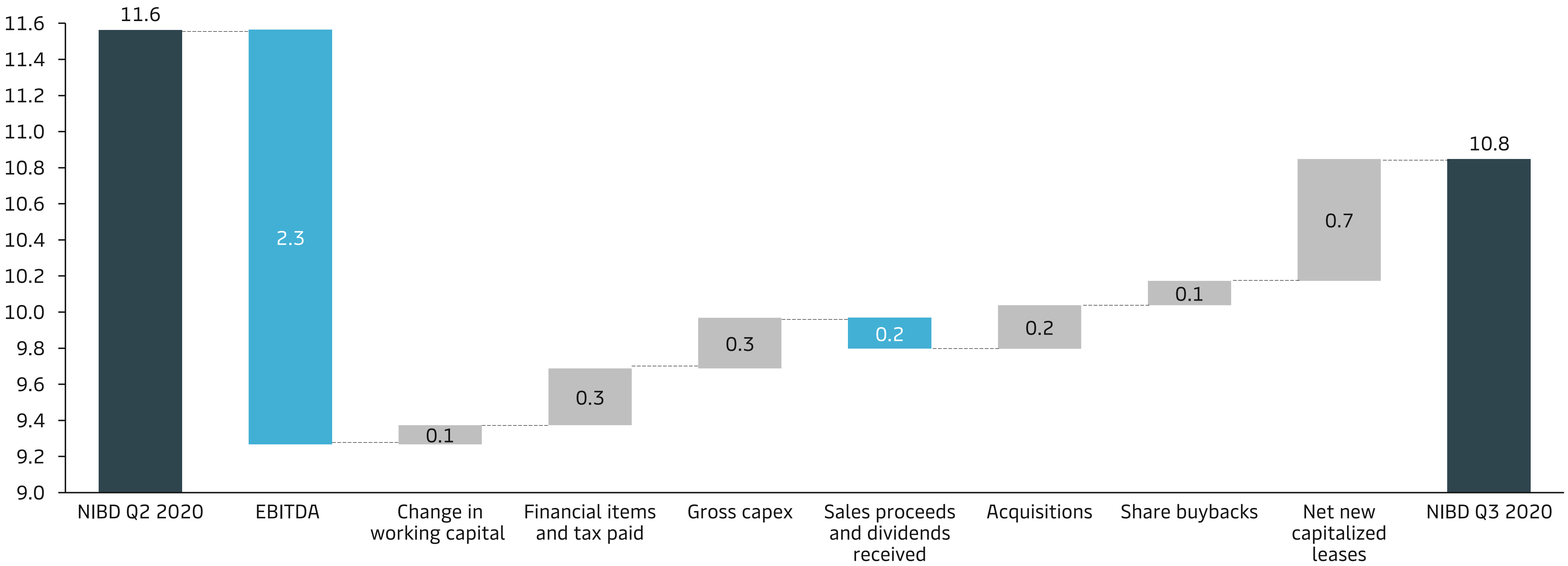
Net interest bearing debt decreased further

Development in net interest-bearing debt, USDbn



Liquidity reserve[1] of USD 10.9bn by end Q3 2020.

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

USD 8.8bn of NIBD are capitalised leases.

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

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New share buy back programme

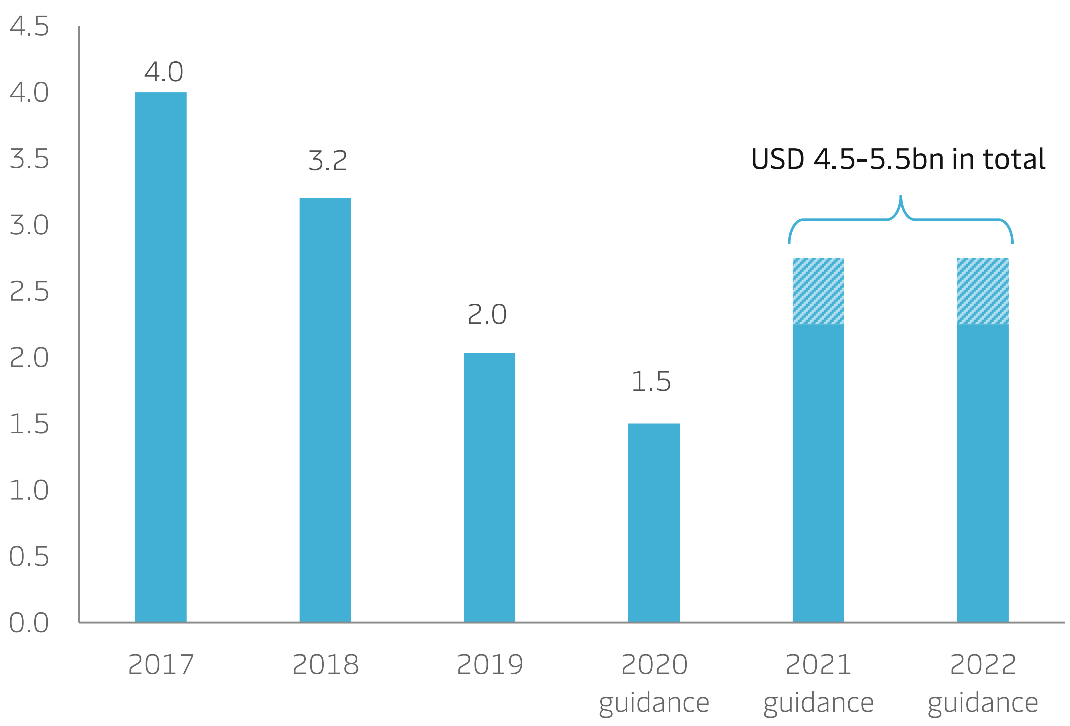
DKK 10bn or around USD 1.6bn share buy back to be initiated on the 1 December 2020

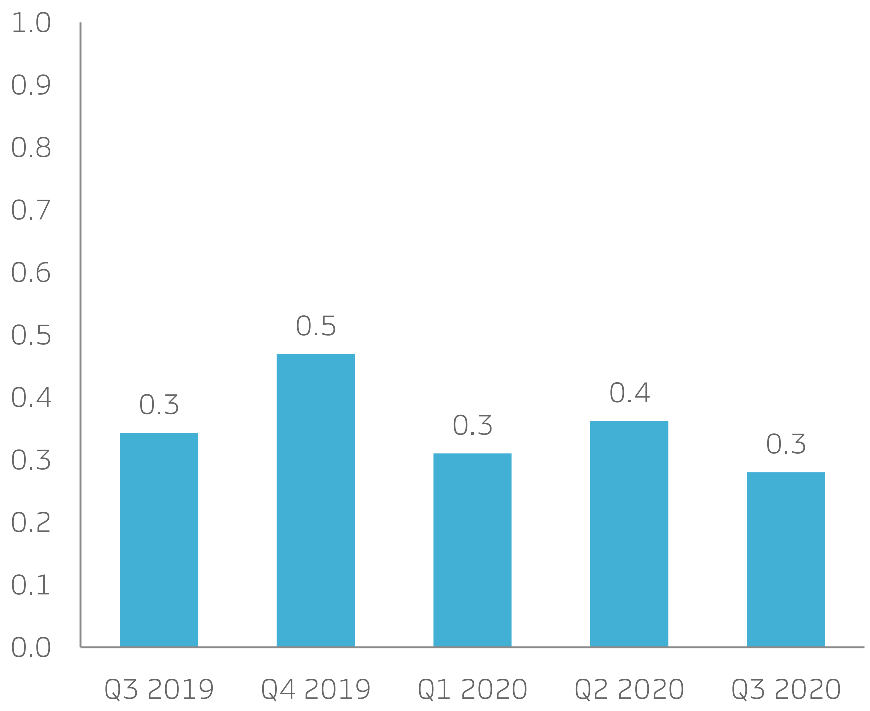
- The Board of Directors of A.P. Møller - Mærsk A/S (APMM) has decided to exercise the authority given at the Annual General Meeting in April 2019 of acquiring up to 15% of the share capital over two years to initiate a share buy-back programme of up to DKK 10 billion (around USD 1.6 billion) and a maximum of 3.12 million shares to be acquired over a period of up to 15 months.
- The authority expires in April 2021, hence a new a new authority needs to be obtained at the AGM in March 2021.
- The share buy-back will be carried out in several phases. The first phase of the share buy-back programme of DKK 3.3 billion (~USD 500m) is expected to run from 1th of December 2020 until April 2021. The remaining part of the programme will be initiated after approval by the Annual General Meeting in March 2021 of the proposed prolongation of the authority to acquire own shares.
- This will conclude the distribution associated with the sale of Maersk Oil and any further distribution to shareholders will come from the continuous business activities.

Financial highlights

CAPEX reduced significantly

Capex excluding acquisitions and divestments, USDbn





CAPEX for Q3 2020 was USD 280m down from USD 343m in Q3 2019, driven by the strong capital discipline and focus on generating free cash flow.

For 2020 the guidance on capital expenditures now expected to be USD 1.5bn.

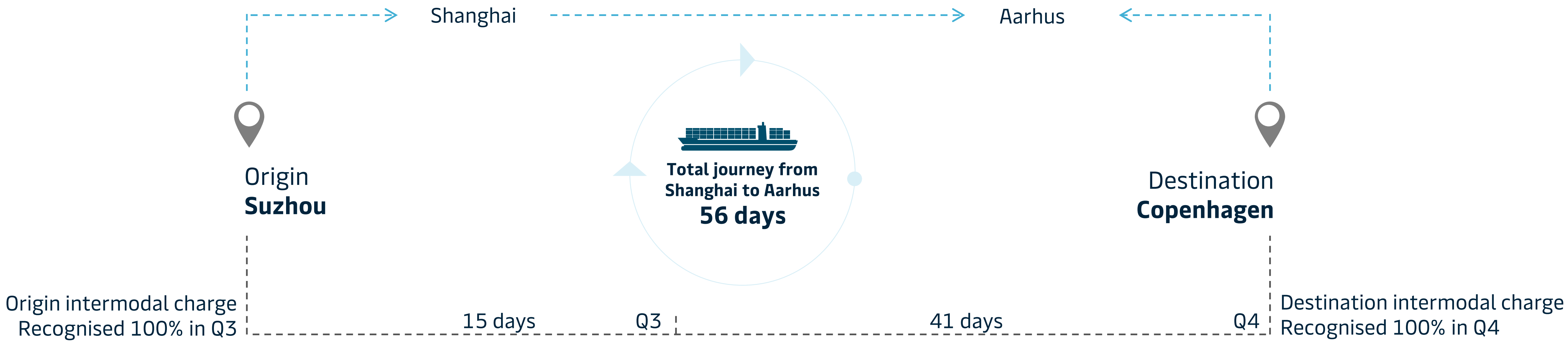
For 2021 and 2022 the accumulated CAPEX is expected to be between USD 4.5-5.5bn.

Total contractual capex commitments totalled USD 1.5bn end Q3 2020.

MAERSK

Revenue recognition

Revenue is recognised based on the voyage days – Example of a container from Suzhou to Copenhagen



Q3 revenue recognised = 15 days/56 days * Ocean freight revenue
Q4 revenue recognised = 41 days/56 days * Ocean freight revenue