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PRESS RELEASE

A.P. Moller – Maersk continues the record streak with strong Q3 results

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A.P. Moller - Maersk (Maersk) delivered strong results in Q3 2022 with higher earnings in its three main businesses; Ocean, Logistics & Services and Terminals, compared to the same quarter last year. Revenue increased by 37%, and both EBITDA and EBIT increased around 60% compared to Q3 2021. Continued momentum in the strategic transformation, growth in Logistics, and Ocean contract rates above the previous year were the main drivers of improved performance.

"Our third quarter result was another record and the 16th quarter in a row with year-on-year earnings growth. Ocean freight rates, which have driven the exceptional results we have delivered in 2022, were again up both year-on-year and compared to the second quarter. However, it is clear that freight rates have peaked and started to normalize during the quarter, driven by both decreasing demand and easing of supply chain congestion. As anticipated all year, earnings in Ocean will come down in the coming periods. Our overall transformation momentum remained very strong as we continue to grow our Logistics business rapidly. For the first time, revenue in Logistics exceeded USD 4bn in one quarter, and we expect to continue to outgrow the market in Logistics based on new customer wins", says Søren Skou, CEO of A.P. Moller - Maersk.

Revenue for Q3 increased to USD 22.8bn, EBITDA increased to USD 10.9bn and EBIT increased to USD 9.5bn. Profit was USD 8.9bn for Q3 and USD 24.2bn for the first nine months. Return on invested capital (ROIC) was at 66.6 pct. for the past 12 months.

"With the war in Ukraine, an energy crisis in Europe, high inflation, and a looming global recession there are plenty of dark clouds on the horizon. This weighs on consumer purchasing power which in turn impacts global transportation and logistics demand. While we expect a slow-down of the global economy to lead to a softer market in Ocean, we will continue to pursue the growth opportunities within our Logistics business. As a trusted partner, we are ready to support our customers in rethinking their supply chain needs through what is likely to be a period of a more volatile business environment", says Søren Skou.

In Ocean, revenue increased over the quarter to USD 18bn and EBIT rose to USD 8.7bn mainly driven by significantly higher freight rates on contract and shipment on routes from Asia to Europe and to North America, partly offset by a decrease in volumes and by higher costs related to bunker, container handling and network.

In Logistics & Services, Maersk continued to invest in its portfolio and capabilities. The acquisition of LF Logistics was completed, the intended acquisition of Martin Bencher Group was announced, and the warehouse, distribution center and cold storage footprint was significantly expanded with 21 incremental facilities across key markets like Latin America, Europe and India. Revenue in Logistics grew 60pct. to USD 4.2bn and EBIT increased to USD 258m mainly due to added revenue from acquisitions and higher volumes, in particular among Maersk's existing top 200 customers.

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In Terminals, revenue grew to USD 1.1bn and EBIT increased to USD 357m, mainly driven by higher volumes and prices as well as the completion of the divestment of the Terminal's share in Global Ports Investments in Russia.

Market situation

Demand for logistics services moderated across global supply chains in Q3 2022. Supply-side bottlenecks continued to pose challenges, but there are signs of easing as demand slows and COVID 19-related restrictions in China diminish. Freight and charter rates declined in Q3 2022 relative to the previous quarter as the expected normalisation gained momentum through the quarter. Global container volumes are estimated to have declined –3% year-on-year in Q3 while global air cargo volumes, measured in CTKs, dropped by 9% in July/August (IATA). As a result of slowing economic activity, global container demand is expected to contract between –2 and –4% in 2022.

Guidance for 2022

Full year guidance confirmed for underlying EBITDA of around USD 37.0bn, an underlying EBIT of around USD 31.0bn and a free cash flow above USD 24.0bn. Given the unfolding economic slowdown, which is also expected to continue into the coming year, APMM has lowered its outlook for the growth of 2022 global container demand to between –2/-4% decline from previously the lower end of the +1-/1% range. Capex guidance for 2022-2023 remains unchanged at USD 9.0-10.0bn.

Financial highlights

Highlights Q3

USD million

	Revenue		EBITDA		EBIT		CAPEX	
	2022	2021	2022	2021	2022	2021	2022	2021
Ocean	18,018	13,093	9,924	6,251	8,734	5,337	520	454
Logistics & Services	4,182	2,601	394	267	258	194	163	57
Terminals	1,117	1,027	391	378	357	325	199	59
Towage & Maritime Services	591	486	127	81	100	35	58	42
Unallocated activities, eliminations, etc.	-1,141	-595	26	-34	28	-32	-34	-2
A.P. Moller - Maersk consolidated	**22,767**	**16,612**	**10,862**	**6,943**	**9,477**	**5,859**	**906**	**610**

Sensitivity guidance

Financial performance for A.P. Moller - Maersk for 2022 depends on several factors and is subject to uncertainties related to the situation in Russia and Ukraine, COVID-19, bunker fuel prices and freight rates, given the uncertain macroeconomic conditions.

All else being equal, the sensitivities for 2022 for four key assumptions are listed in the table below:

Factors	Change	Effect on EBIT (midpoint of guidance) Rest of year
Container freight rate	+/- 100 USD/FFE	+/- USD 0.3bn
Container freight volume	+/- 100,000 FFE	+/- USD 0.2bn
Bunker price (net of expected BAF coverage)	+/- 100 USD/tonne	+/- USD 0.1bn
Foreign exchange rate (net of hedges)	+/- 10% change in USD	+/- USD 0.0bn

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About A.P. Moller - Maersk.
A.P. Moller - Maersk is an integrated logistics company working to connect and simplify its customers' supply chains. As a global leader in shipping services, the company operates in more than 130 countries and employs over 100,000 people world-wide. Maersk is aiming to reach net zero emissions by 2040 across the entire business with new technologies, new vessels, and green fuels.