# A.P. Møller-Mærsk A/S
# Q1 2019 report

| | |
|---|---|
| Date | 24 May 2019 |
| 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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# Interim report Q1 2019
# Key statements

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Key statements Q1 2019

# Highlights for Q1

## Significant uplift in earnings and free cash flow driven by Ocean and Terminals & Towage

- **Solid start to the year** and continuing the positive performance from second half-year of 2018.
- **Revenue increased 2.5%** to USD 9.5bn.
- **Improved profitability** with EBITDA increasing 33% to USD 1.2bn, reflecting a margin of 13.0%.
- **Operating cash flow increased 104% to USD 1.5bn** with a cash conversion ratio of 120%.
- **Net interest bearing debt of USD 12.6bn** reduced by USD 2.4bn since Q4 2018 and by USD 7.1bn since Q1 2018.
- **Return on invested capital (ROIC) improving** to 1.3% from -0.5% in Q1 2018.
- **Unchanged guidance** of EBITDA around USD 5bn incl. IFRS 16 effects due to continuing market uncertainties related to Ocean.

**Revenue USD 9.5bn (+2.5%)**

**EBITDA USD 1.2bn (+33%)**

**CFFO USD 1.5bn (cash conversion 120%)**
(bef. IFRS 16 lease payments)

**Free cash flow USD 3.5bn incl. sale of shares in Total S.A.**
(bef. IFRS 16 lease payments)

**Return on invested capital 1.3%**

**NIBD USD 12.6bn**
(incl. IFRS 16 lease liabilities)

Key statements Q1 2019

# Recap from CMD 2018: Shaping the future

## Our investment case: Cash focus short term, profitable growth long term

### Short term:

- Retain investment-grade rating
- Complete energy separation and distribute proceeds
- Restore profitability
- Capital discipline

= **Improve free cash flow (CROIC)**

### Long term:

- Grow integrated offerings (Ocean and Logistics & Services)
- Grow non-Ocean revenue disproportionately
- Stable, growing earnings
- Reduce capital intensity

= **Improve return on invested capital (ROIC)**

Key statements Q1 2019

# Transformation update

## Significant improvement in free cash flow generation and synergies

- **Non-Ocean revenue declined by -1.1%** in Q1 2019. Adjusted for the closure of production facilities in MCI, revenue grew by **3.8%**.
- **Gross profit for Logistics & Services grew by 2.2%**, positively impacted by intermodal and warehousing.
- Hamburg Süd and Transport & Logistics contributing with **increased synergies of around USD 130m in Q1 2019** accumulating to around USD 870m in total.
- **Significant improvement in the cash return on invested capital (CROIC)** from -5.9% in Q1 2018 to 6.7% in Q1 2019 due to strong free cash flow generation combined with reduced invested capital.

Non-Ocean[1] revenue growth

3.8%

Logistics & Services' gross profit growth

2.2%

Annual synergies by end of 2019 of USD 1bn

USD 0.9bn

Cash return on invested capital

6.7%

[1] Non-Ocean is defined as Logistics & Services, Terminal & Towage and Manufacturing & Others, but excludes Maersk Oil Trading.
Note: the growth is adjusted for the closure of the two factories in MCI.

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Key statements Q1 2019

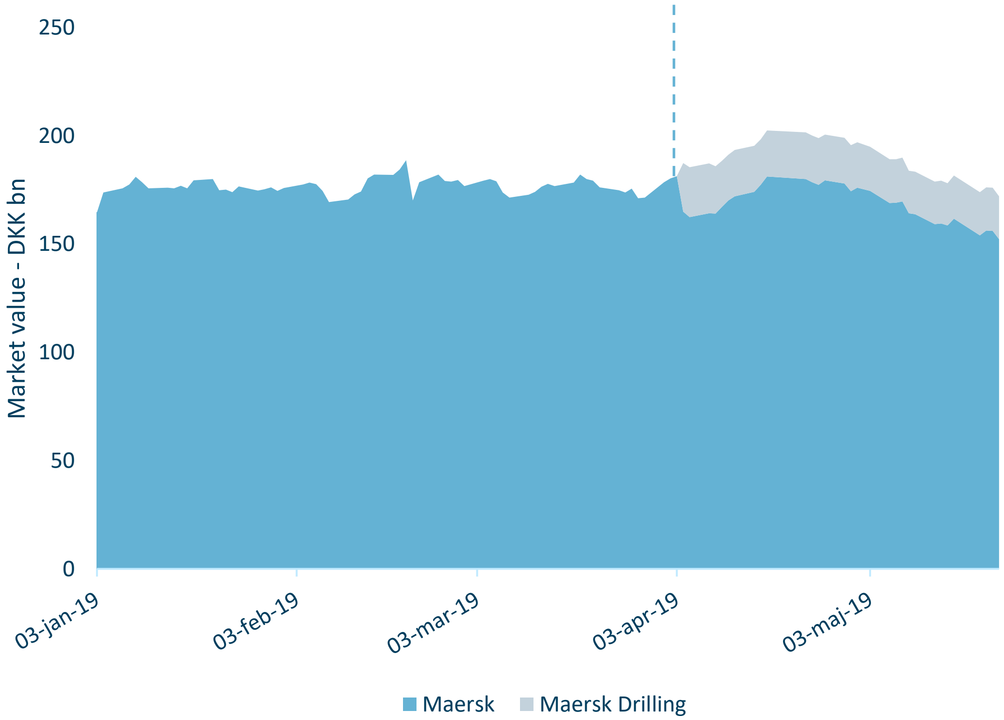
# Completing the separation

## The demerger of Maersk Drilling marks the ending of the separation of the Energy businesses

- **Separation of Energy businesses finalised** with the demerger and listing of Maersk Drilling on 4 April 2019 and reclassification of Maersk Supply Service as continuing business.

- Based on the combined value of A. P. Moller - Maersk and Maersk Drilling on the first day of trading the demerger of Maersk Drilling **contributed with 3.3% or around USD 1bn higher value to the shareholders**.

- **Maersk Drilling is still included as discontinued business in the Q1 report**, and net result impacted by a fair value adjustment between the book value and market value of negative USD 628m.



Key statements Q1 2019

# Distribution of proceeds from Total S.A. shares

Initiating cash distribution through a share buy-back programme of DKK 10bn (around USD 1.5bn)

- The Board of Directors has decided to exercise the authority to **buy back shares with a maximum value of DKK 10bn (around USD 1.5bn).**
- The **strong free cash flow generation and the reduction in debt** have supported the investment-grade rating.
- The share buy-back programme will **run from June 2019 and over a period of up to 15 months.**
- After execution of the announced programme the Board of Directors will **evaluate the capital structure and outlook of APMM with the intention to distribute additional cash** to shareholders, subject to maintaining investment-grade rating.

**Share buy-back of USD 1.5bn to be executed over a period of up to 15 months**

**Intention to distribute additional cash to shareholders, subject to maintaining investment-grade rating**

Key statements Q1 2019

# Dividend policy

## Introducing a new long-term dividend policy to accommodate the new structure and strategic direction

- To **accommodate the announced strategy of A.P. Moller - Maersk** to become the global integrator of container logistics, the Board of Directors has proposed a new dividend policy.
- **The new dividend policy is an annual payout ratio of 30-50% of underlying net result** adjusted for gains, impairments and restructurings.
- **The new dividend policy provides APMM with the flexibility to adjust dividends within the range** to accommodate investment needed to grow non-Ocean disproportionately.
- Medium-term during the strategic phase of balancing the company between Ocean and non-Ocean the annual payout ratio should be **expected at the low to mid-point of the range**.
- The annual payout ratio and distribution will be set from an evaluation of the outlook, cash flow, organic capex and M&A transactions and remain investment grade rated. The policy will be **implemented for the 2019 financial year**.

| (USD m) | 2018A | 2017A | 2016A | 2015A | 2014A |
|---|---|---|---|---|---|
| **Underlying net result** | -69 | 285 | -553 | 1,651 | 2,734 |
| **Dividend** | 517 | 454 | 953 | 6,141 | 1,131 |
| **Share repurchases** | 0 | 0 | 475 | 780 | 653 |
| **Total cash distribution** | **517** | **454** | **1,428** | **6,921** | **1,784** |
| **Payout ratio** | N/A | 159% | N/A | 372% | 41% |
| **Payout ratio (incl. SBB)** | N/A | 159% | N/A | 419% | 65% |

✓ USD 11.1bn distributed in the last five years.

✓ Additional distribution in 2019 of dividends (~USD 500m) and Maersk Drilling (~USD 3.5bn) and share buy-back.

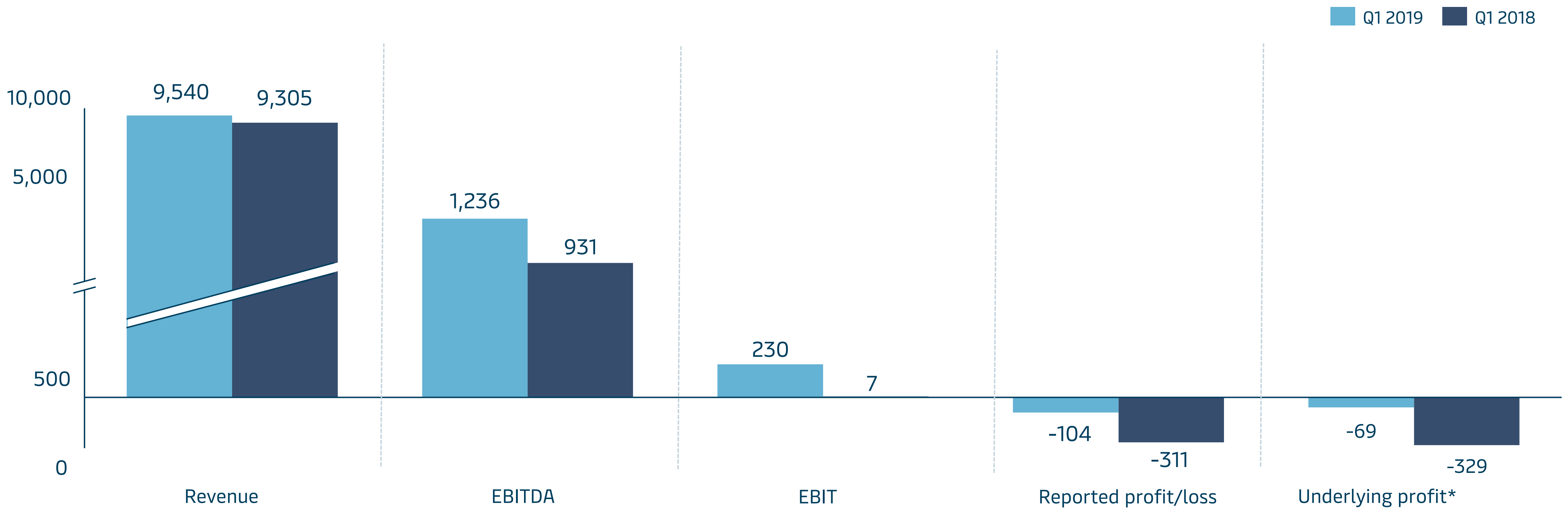
Q1 2019

# Financial highlights

Financial highlights Q1 2019

# **Growing** top and bottom line

**USDm (continuing businesses)** **Financial highlights**




Continuous focus on profitability led to an improvement in EBITDA of 33% or 300bps on the margin.

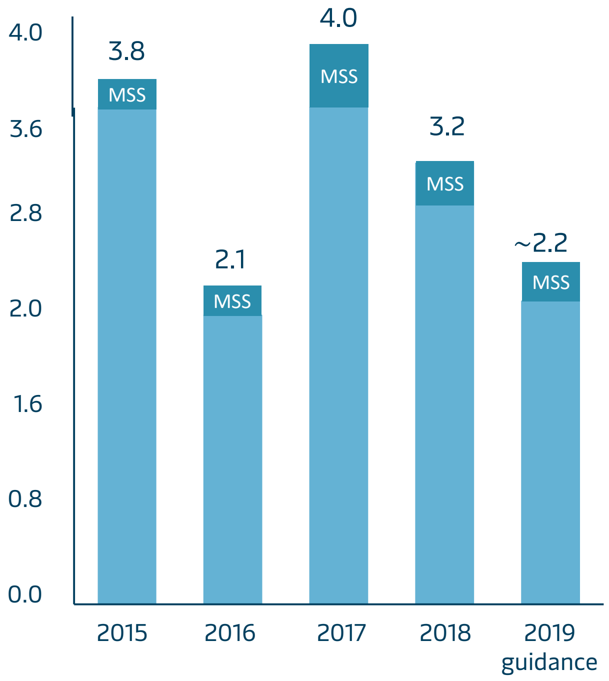
Underlying profit improved by USD 260m to USD -69m, negatively impacted by higher depreciations of USD 62m.

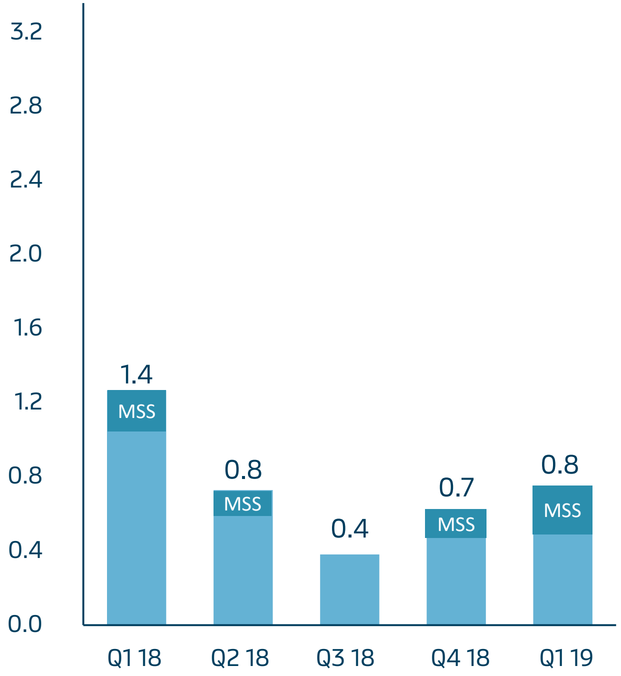
*Underlying profit/loss is equal to the profit/loss for the period adjusted for net gains/losses from sale of non-current assets, etc. and net impairments losses as well as transaction, restructuring and integration costs.

Financial highlights Q1 2019

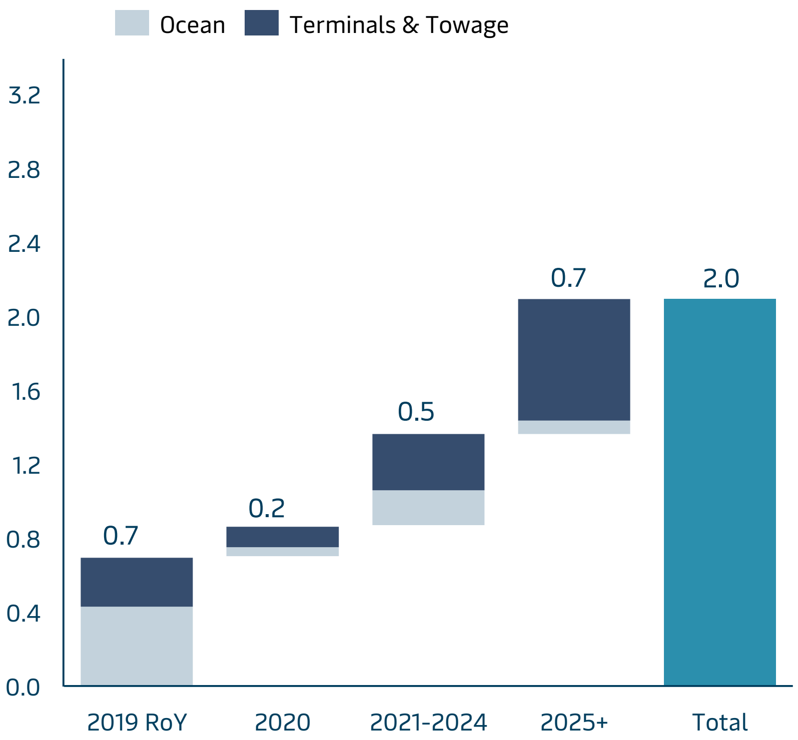
# CAPEX commitments remain at a historically low level

**Capex excluding acquisitions and divestments, USDbn**




**Contractual Capex Commitments, USDbn**




Gross capex guidance for 2019 maintained at around USD 2.2bn, incl. USD 175m from Maersk Supply Service.

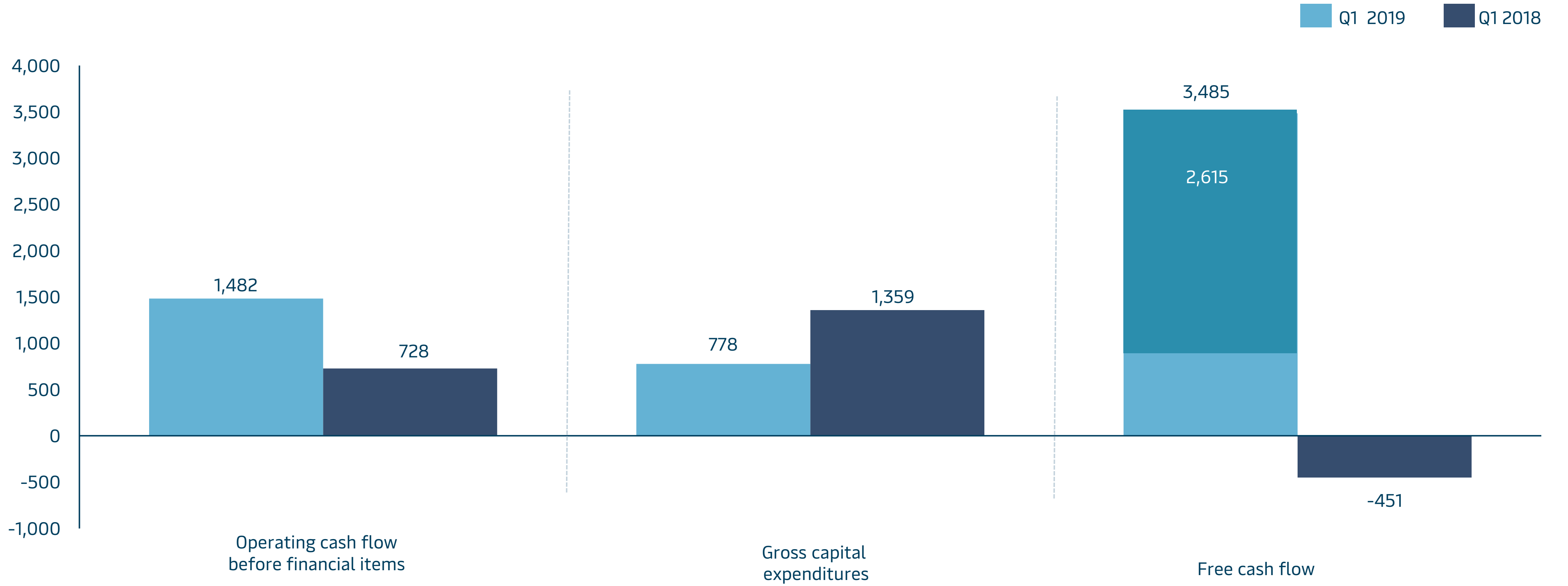
Total contractual capex commitments of USD 2.0bn end Q1 2019.

No new large vessels are expected to be ordered until earliest 2020 and no new large greenfield terminal projects.

Financial highlights

# Strong free cash flow in Q1 2019

**Development in cash flows, USDm**




CFFO of USD 1.5bn was driven by higher profitability and positive net working capital movements leading to a cash conversion ratio of 120%.

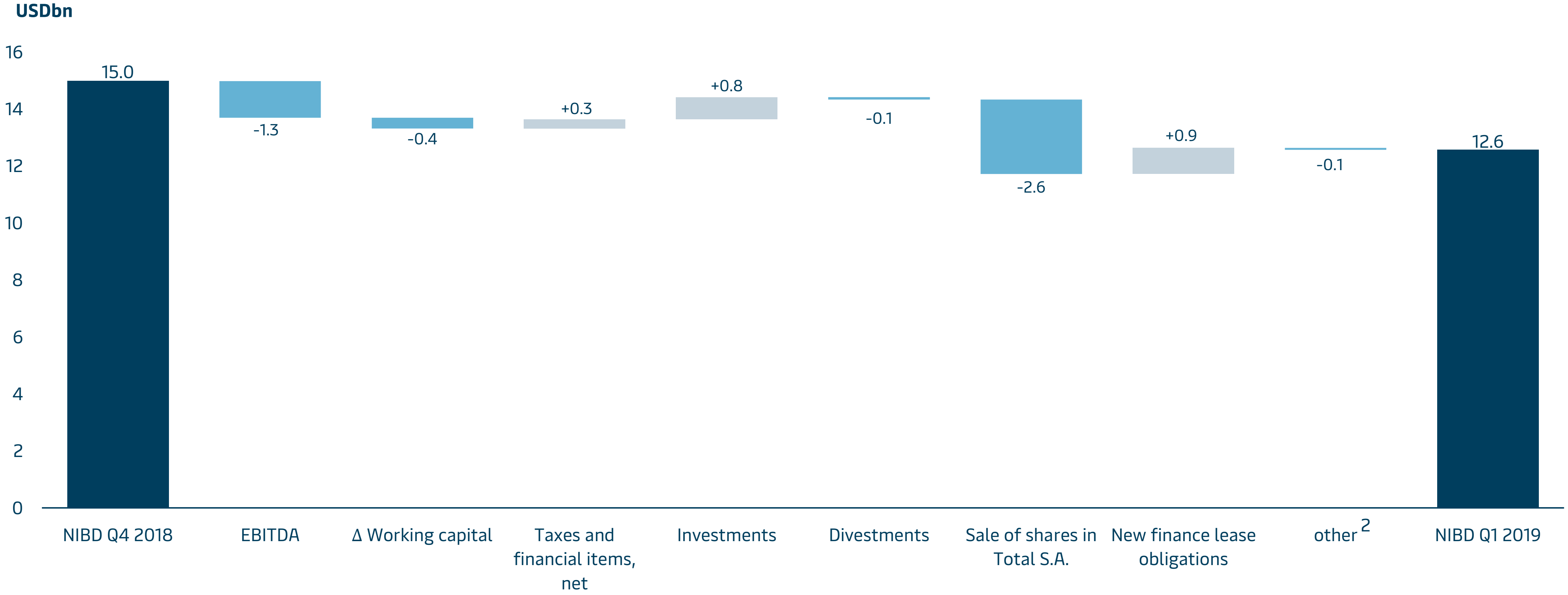
Free cash flow of USD 0.9bn, excluding the sale of shares in Total S.A. of USD 2.6bn, reflecting lower CAPEX.

Adjusted for financial lease payments related to IFRS 16 the free cash flow was USD 0.6bn.

Financial highlights Q1 2019

# **Deleveraging by USD 2.4bn,** driven by free cash flow and sale of Total S.A. shares

## Development in net interest-bearing debt




Year-end 2018 NIBD has been adjusted based on leases adding USD 0.3bn to the NIBD.

Deleveraging continued in Q1 2019 with the USD 2.6bn sale of the remaining Total S.A. shares.

The increase in new finance lease obligations is related to the start-up of the Tangier-Med II hub.

Liquidity reserve[1] of USD 12.3bn by end Q1 2019.

1) Defined as cash and securities and undrawn committed facilities longer than 12 months less restricted cash and securities.
2) Other mainly includes divested NIBD, free cash flow from discontinued operations and dividends received.

Financial highlights Q1 2019

# Consolidated financial information

| Income statement (USDm) (Continuing operations) | Q1 2019 | Q1 2018 (incl. IFRS 16) | FY 2018 (incl. IFRS 16) |
|---|---|---|---|
| Revenue | 9,540 | 9,305 | 39,257 |
| **EBITDA** | **1,236** | **931** | **4,998** |
| **EBITDA margin** | **13.0%** | **10.0%** | **12.7%** |
| Depreciation, impairments etc. | 1,082 | 1,020 | 4,756 |
| Gain on sale of non-current assets, etc., net | 18 | 33 | 166 |
| Share of profit in joint ventures | 24 | 37 | 116 |
| Share of profit in associated companies | 34 | 26 | -115 |
| **EBIT** | **230** | **7** | **409** |
| **EBIT margin** | **2.4%** | **0.1%** | **1.0%** |
| Financial costs, net | -228 | -220 | -766 |
| Profit/loss before tax | 2 | -213 | -357 |
| Tax | 106 | 98 | 398 |
| **Profit/loss – continuing operations** | **-104** | **-311** | **-755** |
| Profit/loss – discontinued operations | -552 | 2,981 | 3,787 |
| **Profit/loss for the period** | **-656** | **2,670** | **3,032** |

| Key figures and financials (USDm) (Continuing operations) | Q1 2019 | Q1 2018 (incl. IFRS 16) | FY 2018 (incl. IFRS 16) |
|---|---|---|---|
| Profit/loss continuing operations | -104 | -311 | -755 |
| Gain/loss on sale of non-current assets etc., net | 18 | 33 | -166 |
| Impairment losses, net. | 21 | -1 | 757 |
| Transaction and integration cost | 31 | 13 | 78 |
| Tax on adjustments | 1 | 3 | 25 |
| **Underlying profit/loss – continuing operations** | **-69** | **-329** | **-61** |
| **Cash flow from operating activities** | **1,482** | **728** | **4,442** |
| **Gross capital expenditures** | **778** | **1,359** | **3,219** |
| **Net interest-bearing debt (APMM total)** | **12,565** | **19,630** | **14,953** |
| Invested capital | 46,491 | 53,794 | 49,255 |
| Total Equity (APMM total) | 32,843 | 34,217 | 33,205 |
| Earnings per share (USD) | -5 | -15 | -37 |

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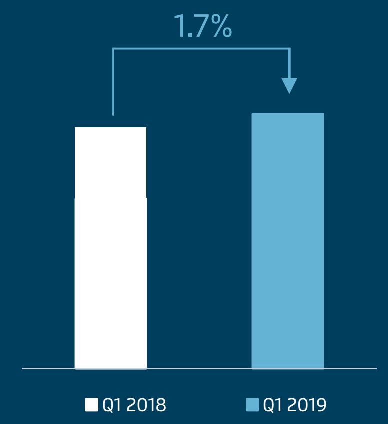
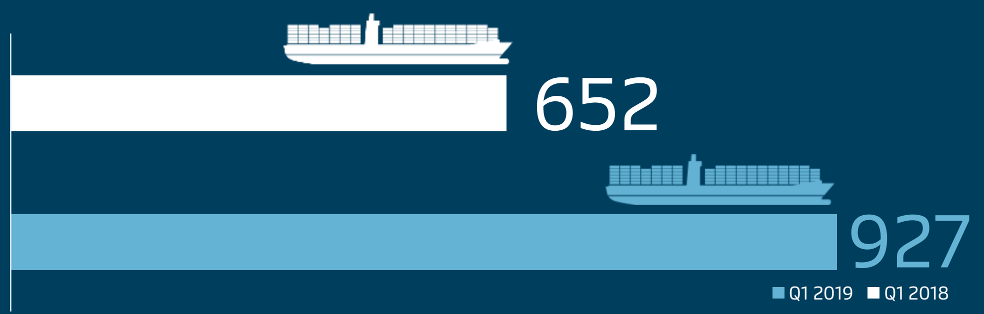
Highlights Q1 2019

# Ocean

- Ocean realised improvements in profitability with EBITDA increased 42% to USD 927m and margin improved 380bps to 13.4%, while revenue continued to grow organically by 1.7%.
- The increase in profit and margins, despite negative volume growth, was driven by higher freight rates, synergies from Hamburg Süd and reduced total cost.
- Other revenue was USD 914m (USD 830m), mainly driven by higher D&D partly due to higher volumes in North America and partly due to port congestions.




| | Q1 2019 (USDm) | Q1 2018 (USDm) | FY 2018 (USDm) |
|---|---|---|---|
| Revenue | 6,929 | 6,810 | 28,366 |
| EBITDA | 927 | 652 | 3,782 |
| EBITDA margin | 13.4% | 9.6% | 13.3% |
| Gross capital expenditures | 469 | 1,074 | 2,276 |

Ocean – highlights Q1 2019

# Freight rates increased 3.9%, volumes declined 2.2%

- Average freight rates increased by 3.9% or 71 USD/FFE to USD 1,903, driven by continued focus on improving the margins and high recovery for fuel price increases.
- Total volumes declined by 2.2% to 3.15 million FFE. Backhaul volumes decreased by 4.1%, while headhaul volumes declined by 1.2%.
- Weaker volumes on North-South trades, driven by weak demand on Latin America and Oceania trades, while the anticipated pre-tariff rush seen in Q4 2018 impacted the volume development negatively in Q1 2019 on North America.
- Q1 2018 was the first full quarter, where Hamburg Süd was included.

**Volumes** were flat on **East-West**

**Freight rates** on **East-West** increased 4.9% USD 1,884/FFE (USD 1,796/FFE)

**Volumes** declined by 5.6% on **North-South**

**Freight rates** on **North-South** increased 4.7% USD 2,113/FFE (USD 2,018/FFE)

**Volumes** increased by 3.0% on **Intra-regional**

**Freight rates** on **Intra-regional** increased 5.0% USD 1,505/FFE (USD 1,433/FFE)

Ocean – highlights Q1 2019

# Total operating costs declined 2.8%

- Total operating costs were impacted by lower container handling costs and network costs, excluding bunker. Lower backhaul volumes led to higher empty positioning cost.
- Unit cost at fixed bunker improved mainly driven by lower terminal costs and network costs, however negatively impacted by declining volumes.
- Bunker cost decreased despite a bunker price increase of 9.2%, due to improvements in bunker efficiency.
- Adjusting for foreign exchange rate, total operating costs decreased by approximately 0.5%.

**Unit cost at fixed bunker** declined to USD 1,882/FFE (1,889 USD/FFE)

**Total unit cost** was USD 2,070/FFE (2,066 USD/FFE)

**Bunker efficiency** improved by 8.9% to 42.8 g/TEU*NM (46.9 g/TEU*NM)*

**Utilisation** was on par with Q1 2018

**Bunker cost** decreased by 4.3% to USD 1.1bn (USD1.2bn)

**SG&A and other operational costs** increased by 4.4% mainly due to hedging effects

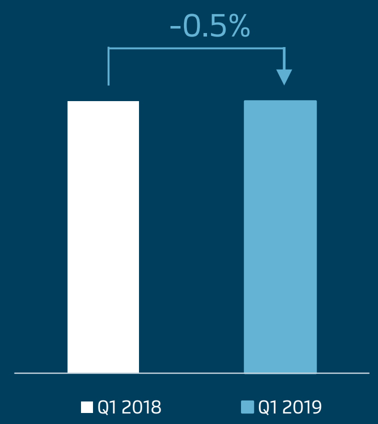
*Measured in gms Fuel / Total TEU x Nm. Total TEU is actual number of full + empties carried on the Ocean network. Nm =nautical miles.

Highlights Q1 2019

# Logistics & Services

- Revenue decreased slightly, mainly due to lower air freight forwarding volumes.
- Gross profit improved by 2.2%, positively impacted by higher intermodal volume in profitable geographical areas and warehousing.
- EBITDA margin of 3.5% improved slightly.
- The merger of the commercial organisations of Logistics & Services and Ocean progressed according to plan during Q1 and is on track.

Revenue




EBITDA (USDm)


| | Q1 2019 (USDm) | Q1 2018 (USDm) | FY 2018 (USDm) |
|---|---|---|---|
| Revenue | 1,448 | 1,455 | 6,082 |
| EBITDA | 51 | 45 | 191 |
| EBITDA margin | 3.5% | 3.0% | 3.1% |
| Gross capital expenditures | 9 | 8 | 49 |

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Logistics & Services - highlights Q1 2019

# Growing supply chain management and intermodal

- Volumes in SCM increased slightly, positively impacted by new customers while margins increased to 4.6 USD/cbm (4.5 USD/cbm).
- Intermodal revenue was up 1.7% supported by growth in the European region and margins were positively impacted by lower empty costs, due to lower flow imbalances.
- Margins in air freight improved by 6.6% per tonne, while sea freight margins decreased by 25% per TEU.
- EBIT conversion ratio of 6.8% (7.0%) decreased mainly because of loss on debtors' provision.

**Gross profit** improved by 2.2% to USD 274m (USD 268m)

**EBIT conversion ratio** decreased to 6.8% (7.0%)

**Volumes in SCM** increased by 1.1% with higher margins

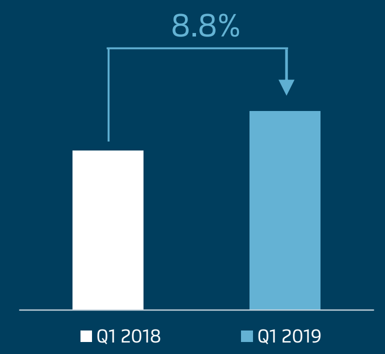
**Volumes in air and sea freight** decreased by 20% and 0.5%, respectively

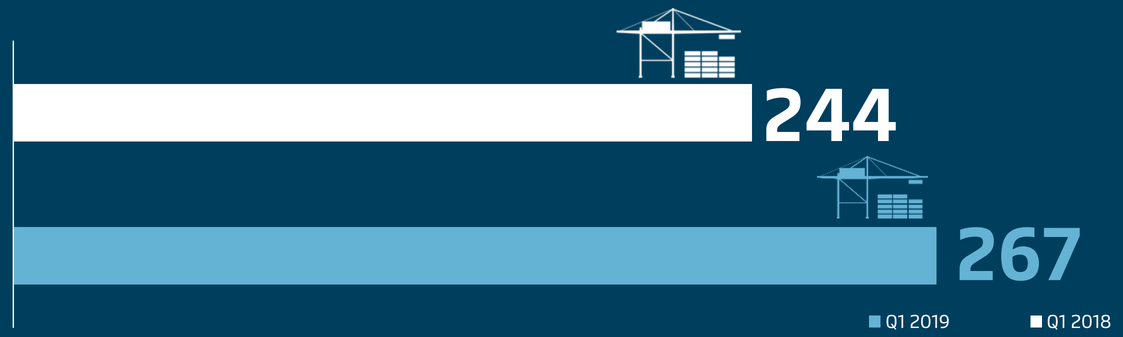
**SG&A and other cost** was USD 223m on par with Q1 2018

**Direct cost** decreased by 1.1% to USD 1,174 (USD 1,187)

Highlights Q1 2019

# Terminals & Towage




| | Q1 2019 (USDm) | Q1 2018 (USDm) | FY 2018 (USDm) |
|---|---|---|---|
| Revenue | 991 | 911 | 3,772 |
| EBITDA | 267 | 244 | 998 |
| EBITDA margin | 26.9% | 26.8% | 26.5% |
| Gross capital expenditures | 121 | 101 | 556 |

- Revenue grew by 9% to USD 991m.
- Gateway terminals reported revenue of USD 824m (USD 736m) and the towage activity reported USD 173m (USD 177m).
- EBITDA in gateway terminals increased 15% supported by volumes growing 3.5% and utilisation increasing to 79% (69%).
- For towage activities EBITDA declined slightly, mainly impacted by negative currency development.

Terminals & Towage - highlights Q1 2019

# Continuing to grow ahead of the market

- Revenue per move was driven by higher revenue from storage in West Africa and Latin America and positive mix effect.
- Cost per move was driven by higher volumes in higher cost locations and operational challenges in Port Elizabeth.
- Utilisation was positively impacted by volume growth and impact of exits from Izmir, Turkey, and Kobe, Japan.
- Harbour towage activities grew by 2.3%, however revenue was impacted by negative currency developments and volume decreases in Australia.
- For terminal towage, annualised EBITDA per tug improved with a positive impact from contracts commenced during 2018.

**Like-for-like throughput** grew 3.0% (2.0% from external customers and 4.9% from Ocean)

**Utilisation** grew by 10pp

79% (69%)

**Revenue per move** increased by 7.5%

USD 271 (USD 252)

**Cost per move** increased by 8.9%

USD 225 (USD 207)

**Harbour towage** activities grew by 2.3%.

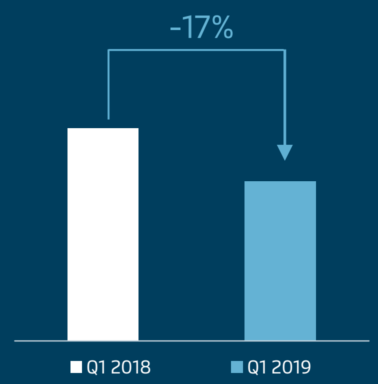
**Terminal towage** improved EBITDA per tug by 15%.

Highlights Q1 2019

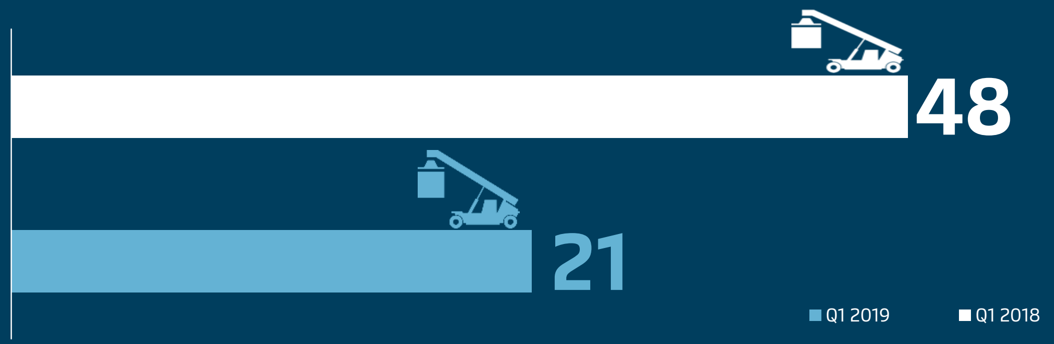
# Manufacturing & Others

- Revenue in Maersk Container Industry decreased to USD 140m (USD 288m), impacted by the exit from the dry business and 30% lower revenue in reefer business. EBITDA of USD -15m (USD 32m), was impacted by restructuring cost of USD 31m from closing of the dry factory.
- Maersk Supply Service is reclassified as continuing operations as of 1 January 2019. Revenue increased 15% to USD 69m, reflecting higher rates in the Subsea Supply Vessel segment while EBITDA was USD 5m (USD 3m).
- Revenue for other businesses ended at USD 350m (USD 324m). EBITDA was USD 31m (USD 13m).

Revenue




EBITDA (USDm)




| | Q1 2019 (USDm) | Q1 2018 (USDm) | FY 2018 (USDm) |
|---|---|---|---|
| Revenue | 558 | 672 | 2,787 |
| EBITDA | 21 | 48 | 163 |
| EBITDA margin | 3.8% | 7.1% | 5.8% |
| Gross capital expenditures | 177 | 184 | 358 |

# 2019
# Guidance

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Guidance

# **Guidance** for 2019

(Based on IFRS 16)

A.P. Moller - Maersk reiterates its guidance, still expecting earnings before interest, tax, depreciation and amortisation (EBITDA) of around USD 5.0bn.

The organic volume growth in Ocean is still expected to be in line with the estimated average market growth of 1-3% for 2019.

Guidance on gross capital expenditures (CAPEX) is maintained around USD 2.2bn (FY 2018 USD 3.2bn) and a high cash conversion (cash flow from operations compared to EBITDA).

The guidance continues to be subject to considerable uncertainties due to the current risk of further restrictions on global trade and other external factors impacting container freight rates, bunker prices and foreign exchange rates.

## Sensitivity guidance

A.P. Moller - Maersk's guidance for 2019 depends on several factors. Based on the expected earnings level and all else being equal, the sensitivities for the rest of 2019 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 1.0bn |
| Container freight volume | + / - 100,000 FFE | + / - USD 0.1bn |
| Bunker price (net of expected BAF coverage) | + / - 100 USD/tonne | - / + USD 0.3bn |
| Rate of exchange (net of hedges) | + / - 10% change in USD | + / - USD 0.1bn |

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# Appendix

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# Table of contents



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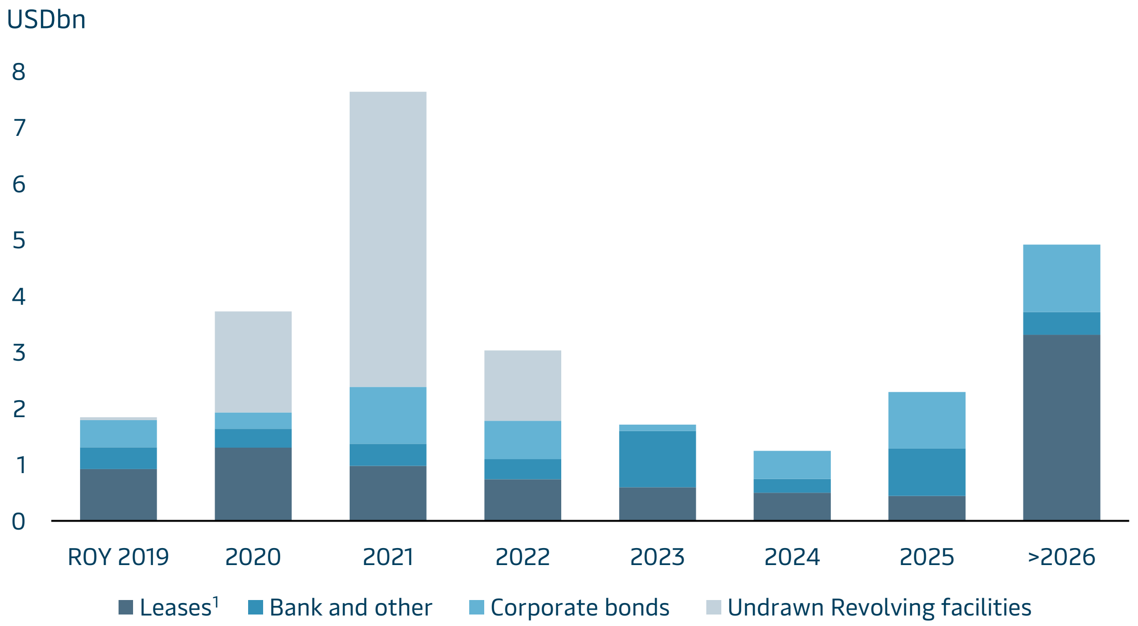
## FINANCIAL HIGHLIGHTS FY 2018

| | REVENUE | | EBITDA | | CAPEX | |
|---|---|---|---|---|---|---|
| **USD million** | **Q1 2019** | **Q1 2018** | **Q1 2019** | **Q1 2018** | **Q1 2019** | **Q1 2018** |
| Ocean | 6,929 | 6,810 | 927 | 652 | 469 | 1,074 |
| Logistics & Services | 1,448 | 1,455 | 51 | 45 | 9 | 8 |
| Terminals & Towage | 991 | 911 | 267 | 244 | 121 | 101 |
| Manufacturing & Others | 558 | 672 | 21 | 48 | 177 | 184 |
| Unallocated activities and eliminations, etc. | -386 | -543 | -30 | -57 | 2 | -8 |
| A. P. Moller - Maersk Consolidated – continuing operations | **9,540** | **9,305** | **1,236** | **931** | **778** | **1,359** |

# Funding in place with liquidity reserve of USD 12.3bn

**Debt maturity profile at the end of Q1 2019**




## Funding

- BBB (credit watch negative) / Baa3 credit ratings from S&P and Moody's respectively
- Liquidity reserve of USD 12.3bn as of end Q1 2019[2]
- In addition to the liquidity reserve, there is USD 0.5bn[3] in committed undrawn investment-specific funding in place
- Average debt maturity about five years
- Corporate bond programme ~30% of our gross debt (USD 5.3bn)
- Amortisation of debt in coming 5 years is on average USD 1.9bn per year

**1)** Leases only include principal repayments
**2)** Defined as cash and securities and undrawn committed facilities longer than 12 months less restricted cash and securities.
**3)** As of March 31st 2019

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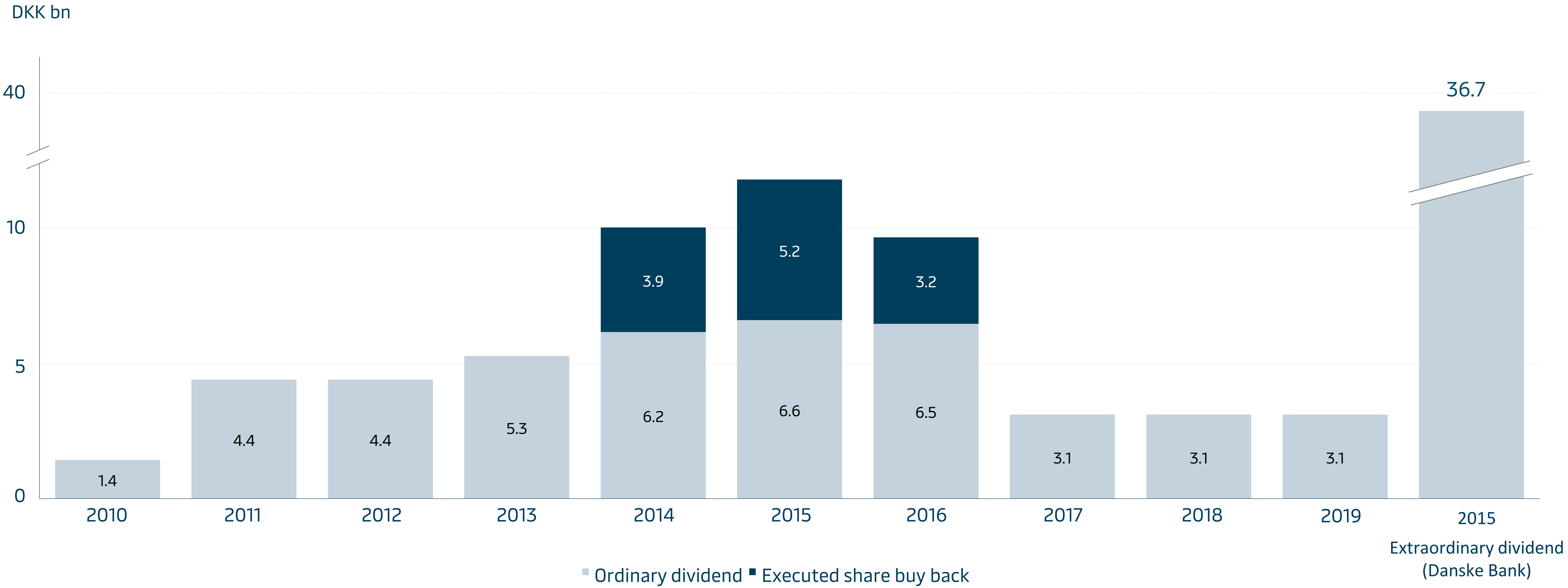
# Earnings distribution to shareholders

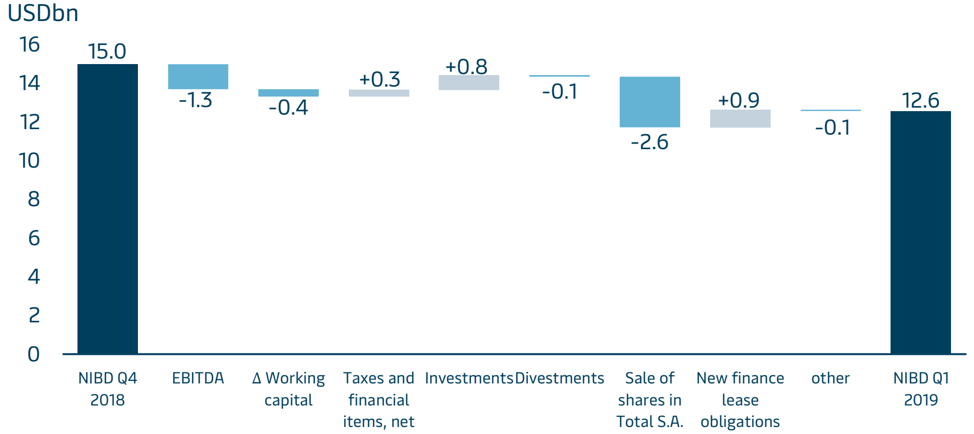



**Note**: Dividend and share buy back in the paid year. The second share buy back of USD USD ~1bn was completed in Q1 2016.

# A strong financial position

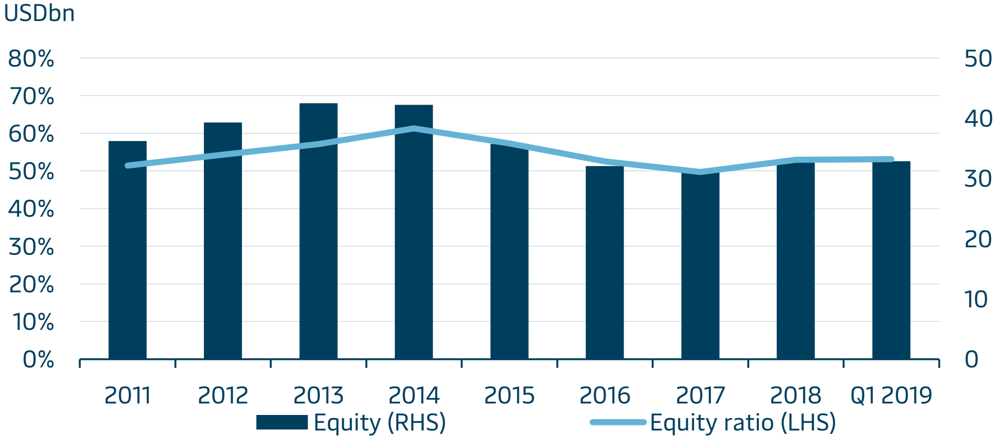
## Well capitalised position

Net debt decreased from USD 15.0bn in Q4 2018 to USD 12.6bn in Q1 2016



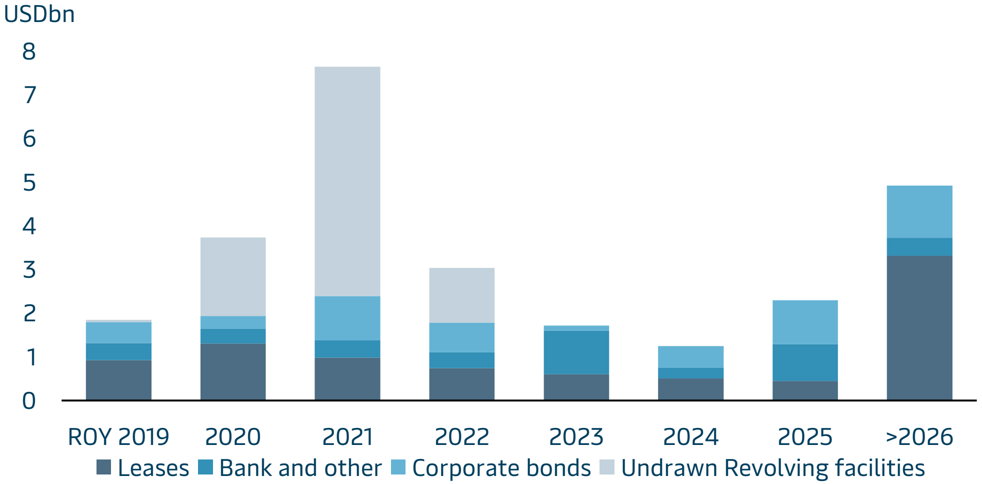

## High equity ratio**

Equity ratio of 53% by year end 2018



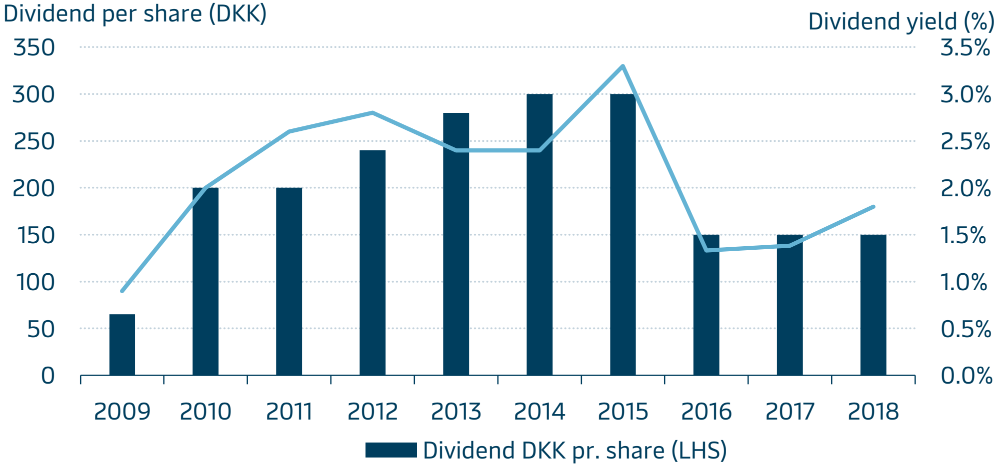

## Well balanced debt structure

Funding in place with liquidity reserve of USD 12.3bn




## Ordinary dividends*

Ambition to increase dividend per share supported by underlying earnings growth




* Adjusted for bonus shares issue

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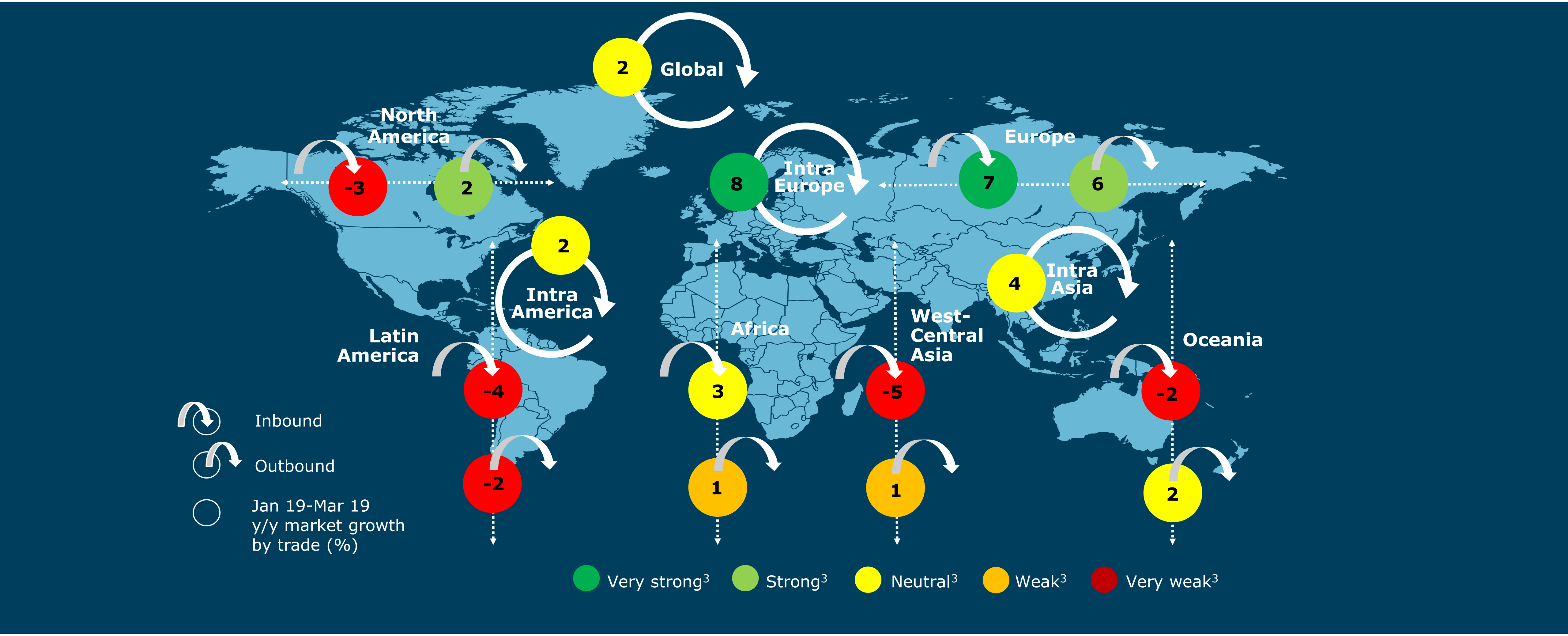
# Global container trade grew to around 1.7% in 2019 Q1




**Source:** Internal market volume estimations as of May 2019.
**Note**: 1) Actuals available until March 2019. 2) Figures reported refer to the last available 3-month moving average of market growth. 3) Colours embed information on the current dynamics relative to the 2012-17 average. 4) West-Central Asia is defined as import and export to and from Middle East and India.

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# IMO2020

## IMO 2020 regulation status

**Global sulphur cap to enter into force on 1st January 2020**
- The date is set in stone
- No grace or testing period to delay the start date

**Carriage ban on fuel with S>0.5% will enter into force in March 2020**

**There will be enough compliant fuel for the industry to comply with the new regulations - however, with uncertainties regarding price levels**

## Maersk positioning by January 2020

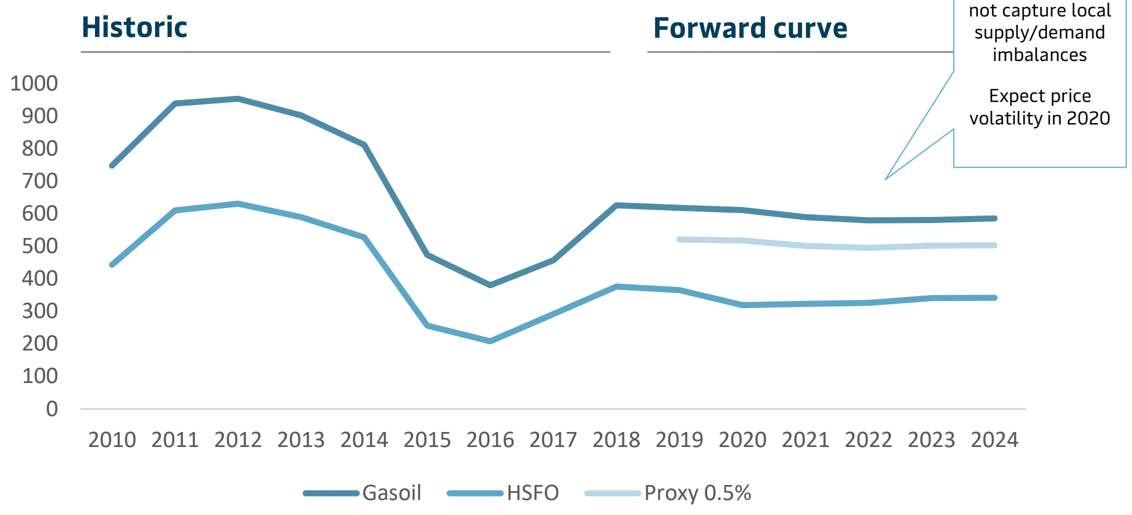
**Low sulphur fuel**
- The vast majority of our vessels will comply with the sulfur cap using low sulfur fuels
- A joint initiative with Vopak on a 0.5% Rotterdam bunker facility will cater for apx 20% of our consumption

**Scrubber capex comitted around USD 260m**
- Scrubber technology is only one element of our 2020 sulfur cap fuel sourcing strategy. The purpose of the strategy is to mitigate the risk of fuel price uncertainty in 2020

**New BAF introduced to contracts with effect from January 2019**

## The bunker cost could increase by more than USD 2bn

Historic prices and forward curves
USD/ton, ARA region (as of 19/2/2019)




| USD / MT | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|
| **0.1 Gasoil** | 611 | 590 | 580 | 580 | 585 |
| **HSFO** | 318 | 323 | 326 | 340 | 341 |
| **LNG** | 430 | 415 | 407 | 405 | 406 |
| **Proxy 0.5%** | 518 | 501 | 495 | 502 | 503 |
| | | | | | |
| **Spread Gasoil – Proxy 0.5** | 93 | 89 | 85 | 79 | 82 |
| **Spread Proxy 0.5% - HSFO** | 199 | 178 | 169 | 161 | 161 |

*Forward curves as of May 14, 2019; LNG expressed as HSFO equivalent; 2019 rest of year forward curve*

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# Progressing on digitisation

## Global Instant Quote

Available since March 9th

Industry Leading ability for customers to get instant quotes online and the ability to immediately book on them.

## Customs House Brokerage

**Currently available in**

| | |
|---|---|
| Spain | Poland |
| United Kingdom | Netherlands |
| Germany | France |
| Denmark | Sealand, a Maersk Company (Europe) |

- with 17 additional countries being added by end of Q4-2019

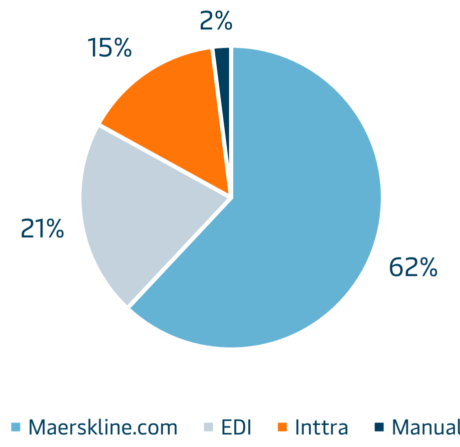
**7,973*** Online Quotes / Day

**18,490*** Online Bookings / Day

**Note**: Online bookings include bookings via maerskline.com, EDI and Inttra representing 98% of total bookings as per 31. December 2018.

## 98% of all bookings are done electronic

Booking Channels




## EDI in numbers

EDI is responsible for 21% of the global bookings for Maersk, and over 50% of the global shipping instructions processed.

**178 Million+** monthly EDI transactions equating to **5,930,000+** transactions per day from **870+** global partners

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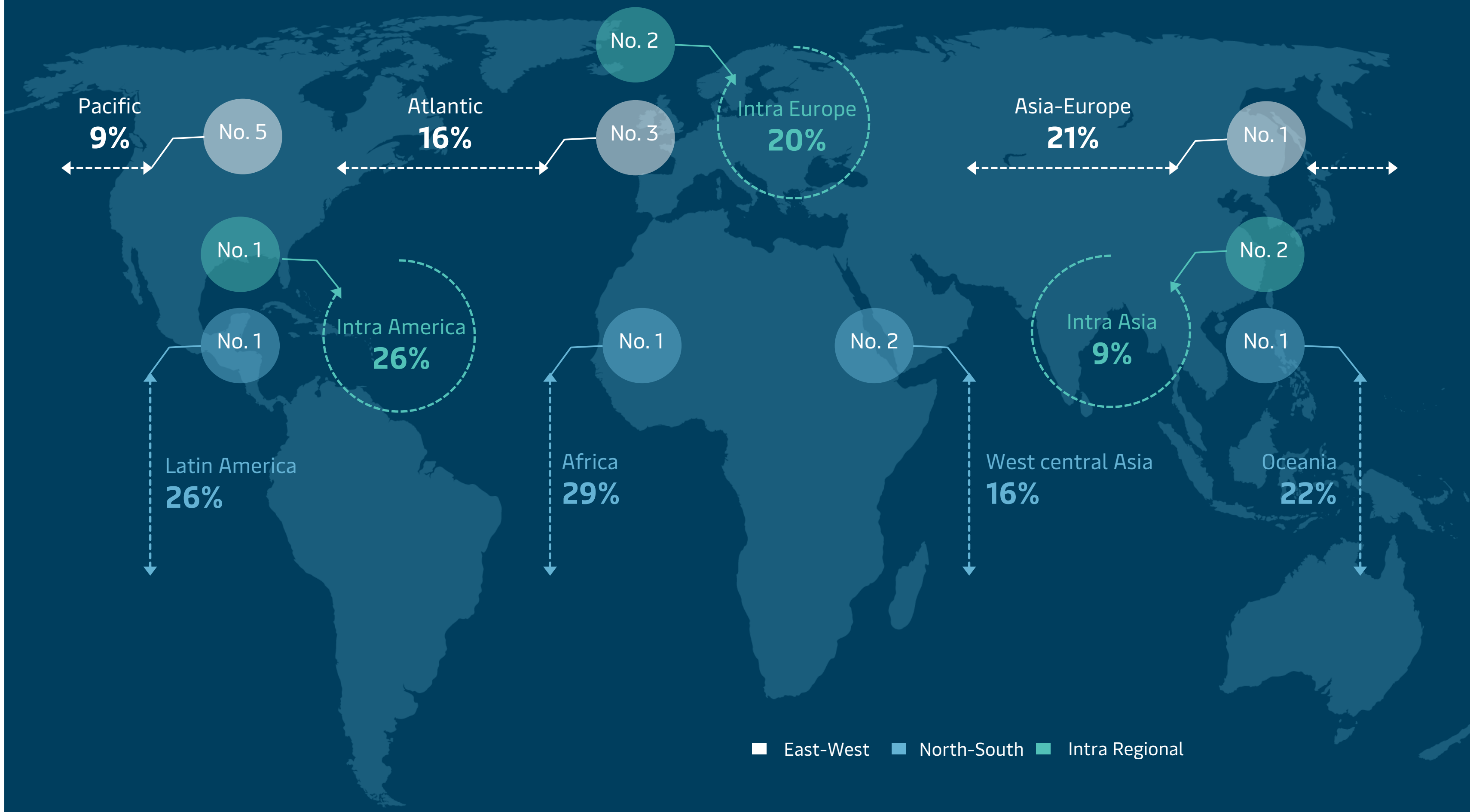
# Ocean

Capacity market share by trade

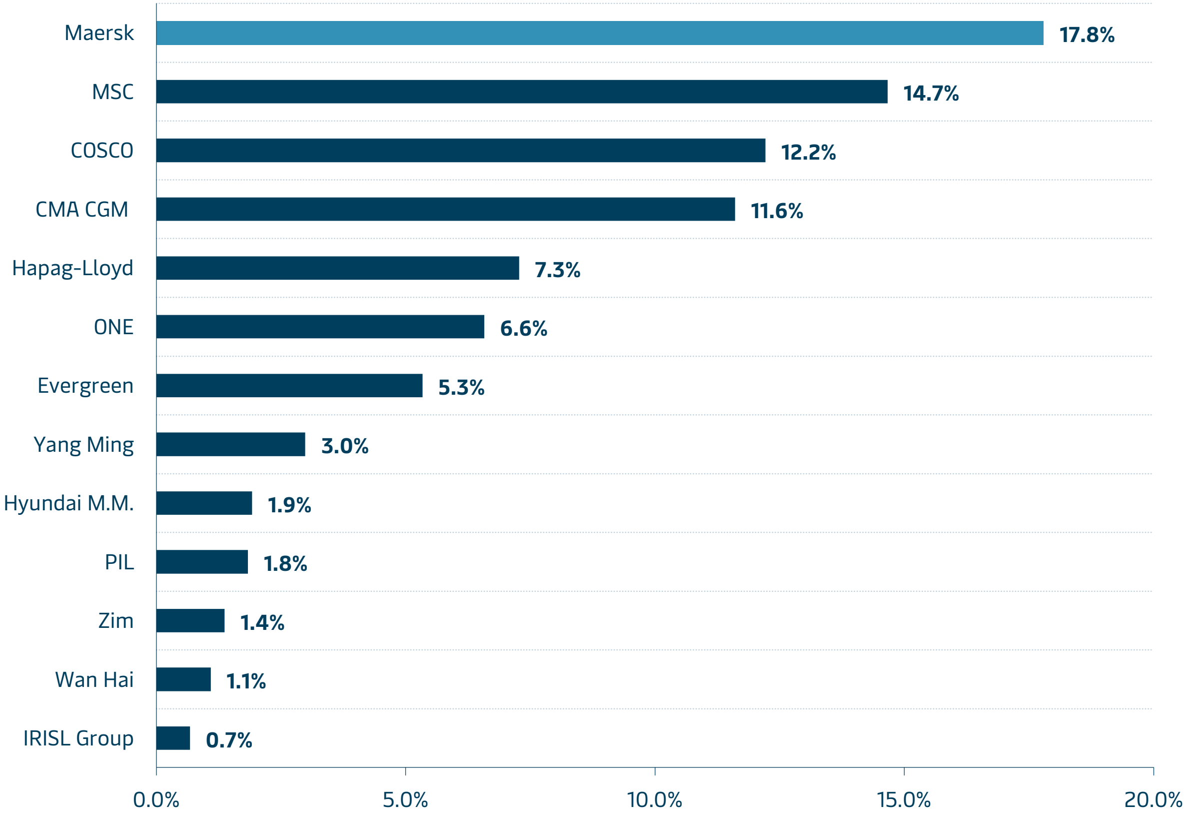



Ocean activities in Maersk (Maersk, Safmarine, Sealand – A Maersk Company) together with Hamburg Süd brands (Hamburg Süd and Aliança) as well as strategic transshipment hubs under the APM Terminals brand.

**Source**: Alphaliner, end-March 2019.

# The industry is moving towards more consolidation

**Capacity market share, %**




**2M**

MAERSK, MSC

**Ocean Alliance**

OOCL, EVERGREEN, CMA CGM, COSCO

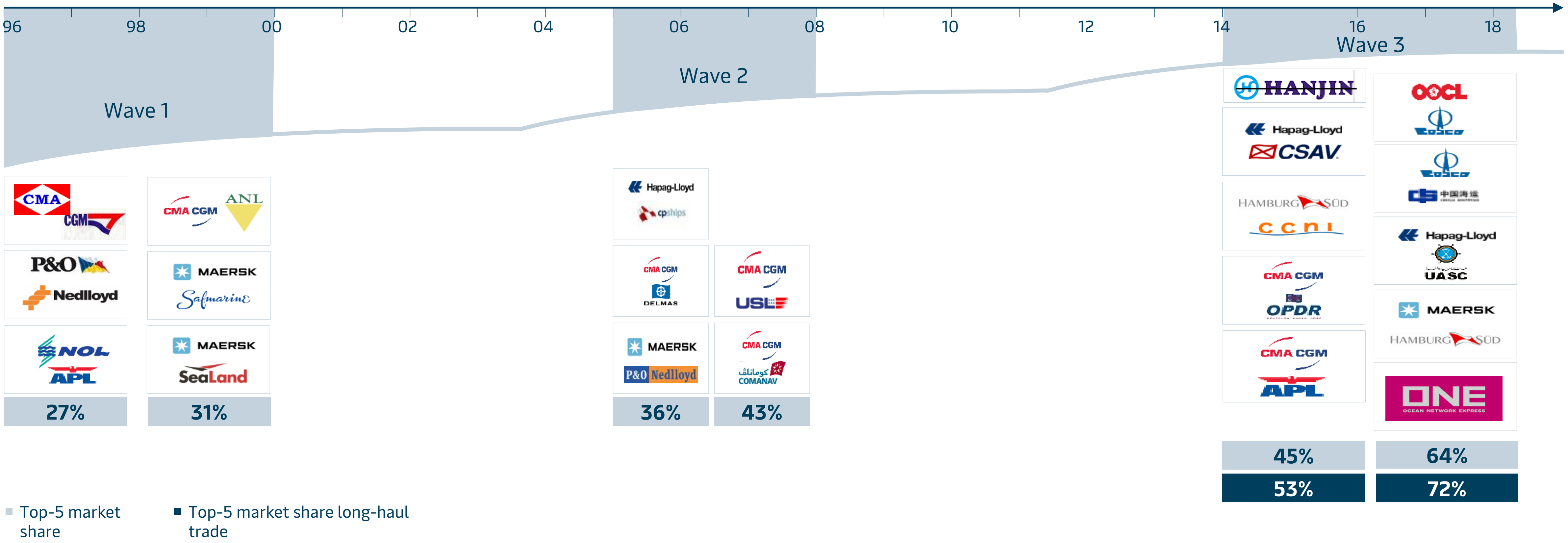
**The Alliance**

Hapag-Lloyd, YANG MING, ONE OCEAN NETWORK EXPRESS

**Note:** As at 31st March 2019
**Source**: Alphaliner

# The liner industry is consolidating and top 5 share is growing

**Consolidation wave is rolling again – 8 top 20 players disappeared in the last 4 years**

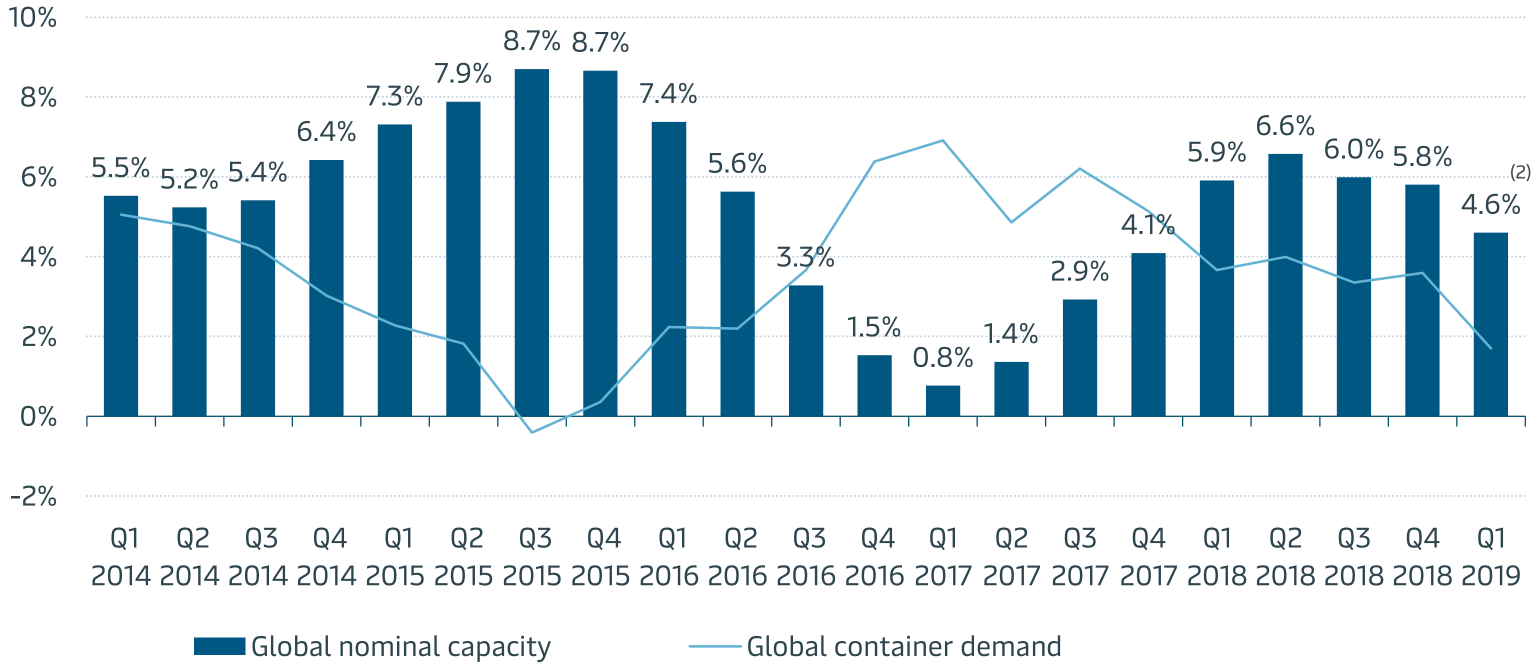



**Note**: Long haul trades defined as non-intra-regional trades.
**Source**: Alphaliner

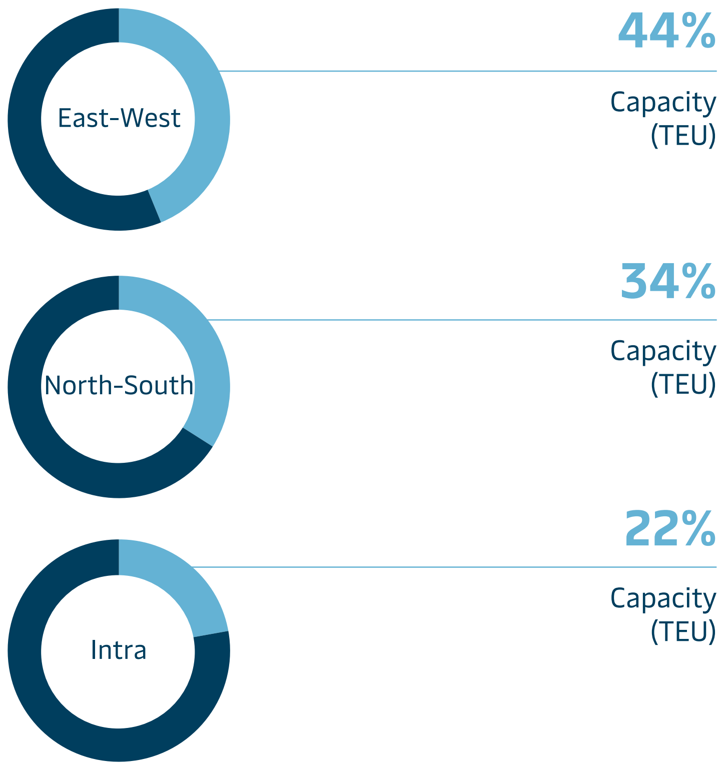
# Industry nominal supply growth decreasing in Q1 2019

Growth y/y, (%)

**Global nominal supply and demand growth(1)**




**Industry capacity (TEU)**

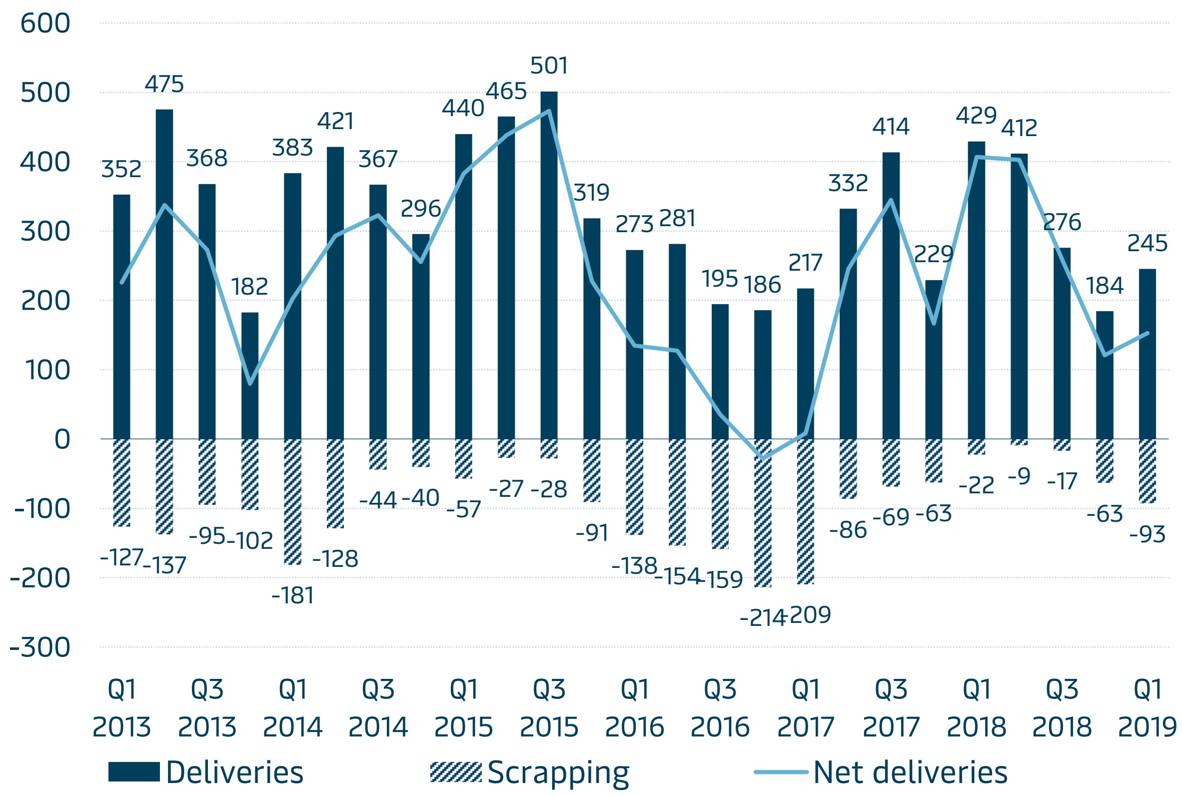



**Note:** 1). Global nominal capacity is deliveries minus scrapping's 2). Q1 2019 is Maersk internal estimates where actual data is not available yet.
**Source**: Alphaliner, Maersk

# Low net delivery along with comparatively stable idling balanced effective capacity in Q1 2019

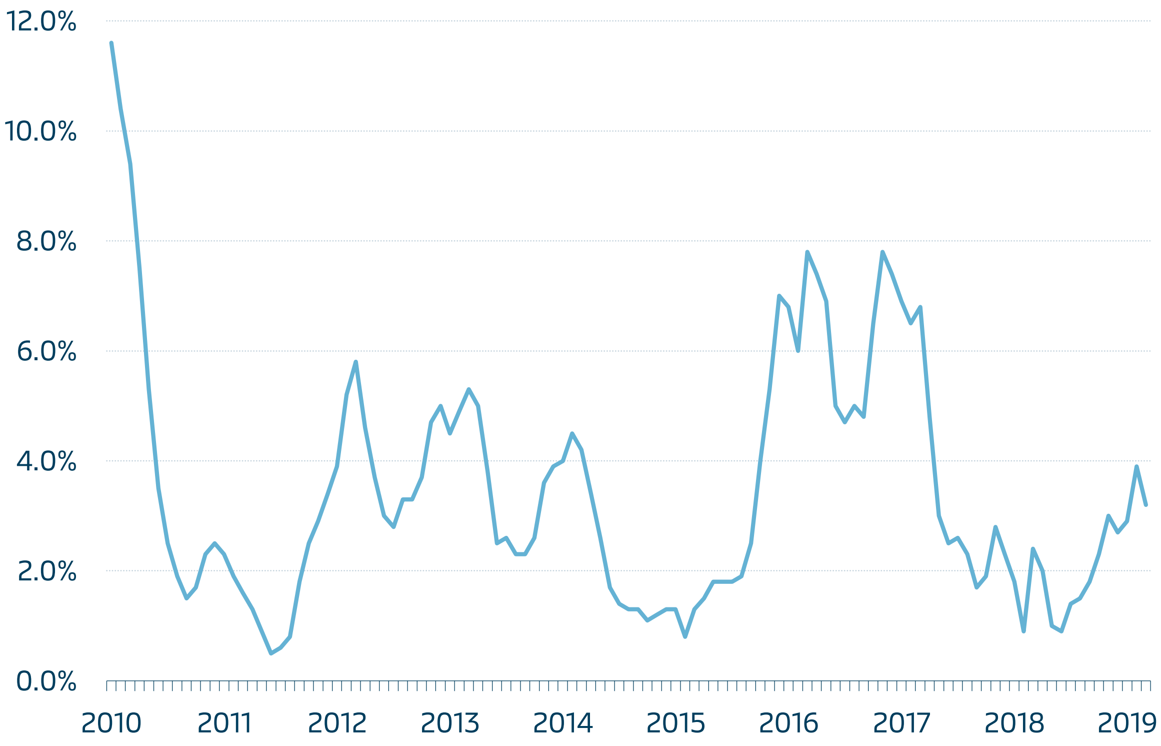
**Net deliveries**

TEU '000



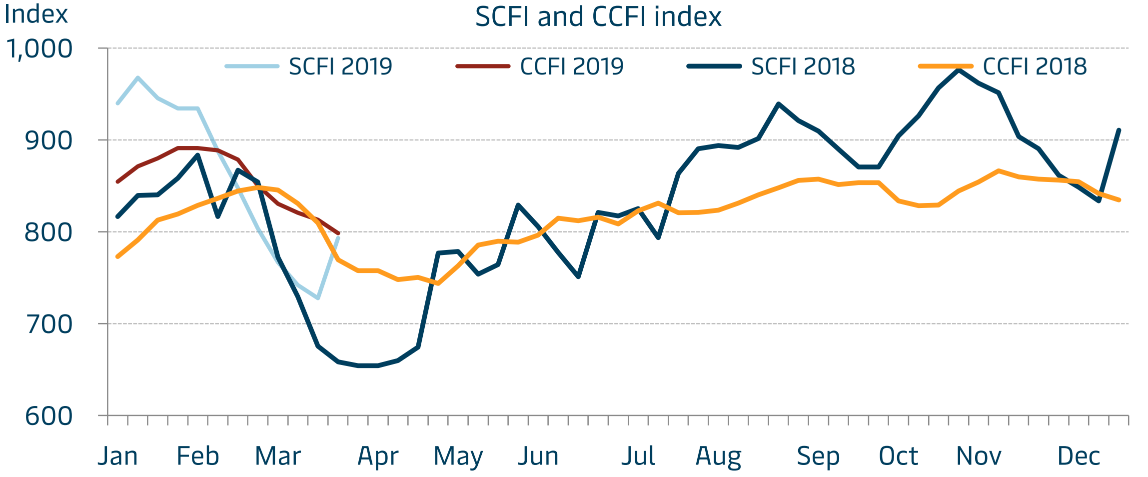

**Idling**

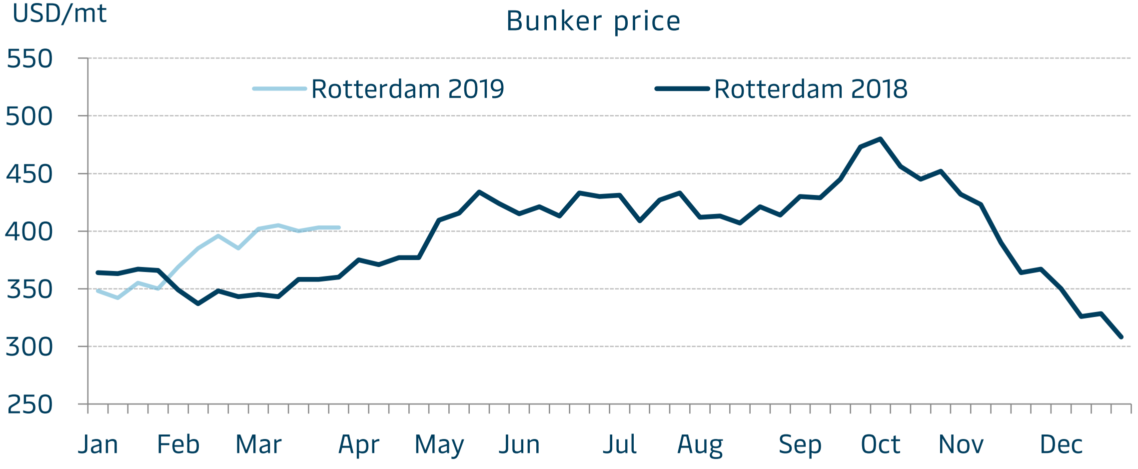
Idle TEU as % of cellular fleet

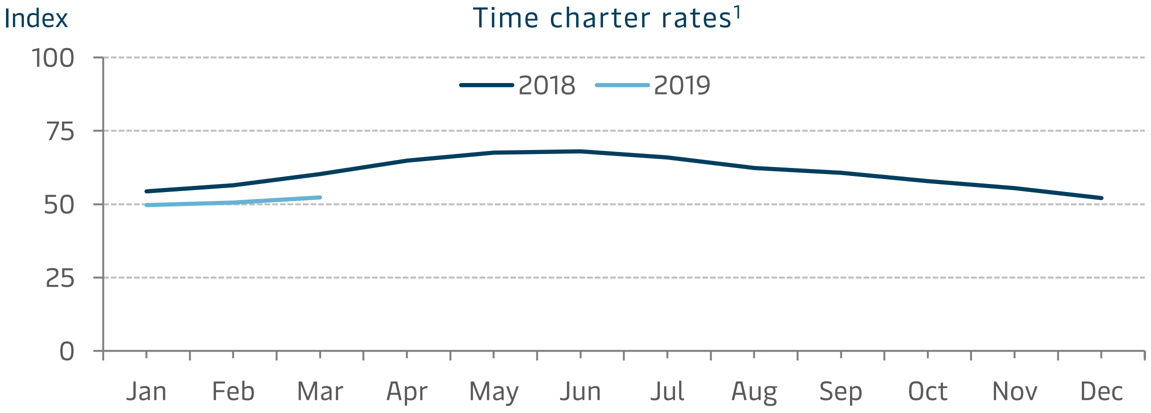


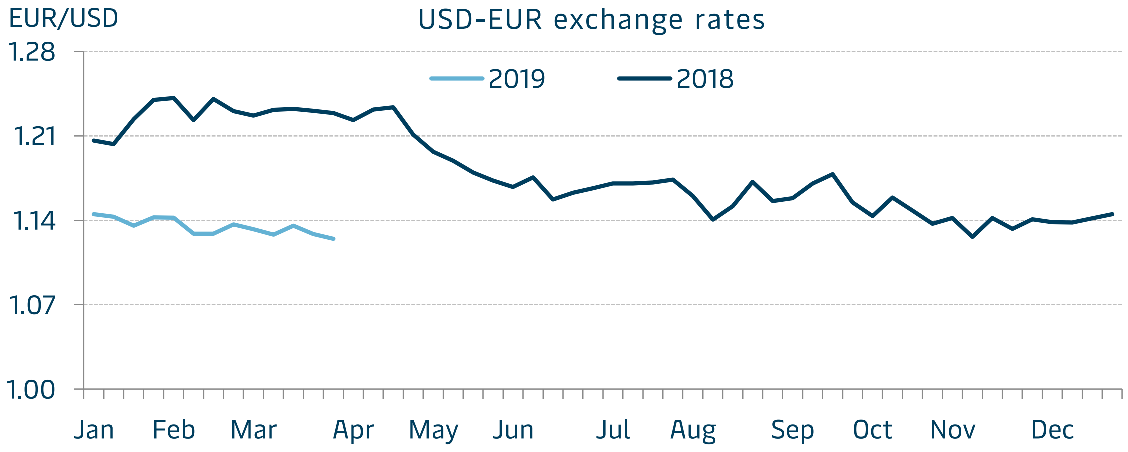

**Note:** As at 31st March 2019
**Source:** Alphaliner

# External factors continue to be volatile



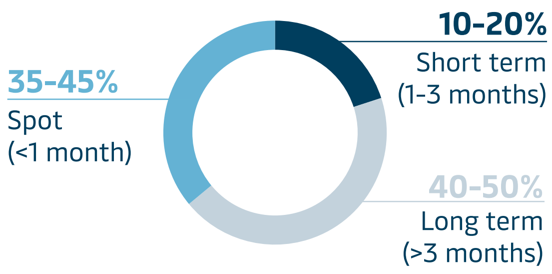




**Note:** 1. Containership Time charter Rate Index, 1993 = 100. Source: Clarkson Research

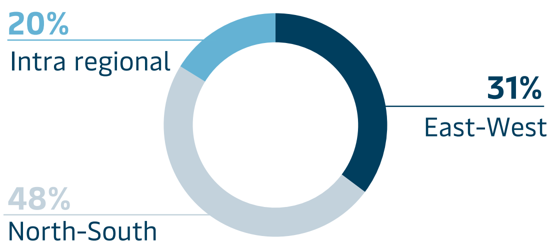
# Lower volatility in rates due to contract coverage

## Volume split, 2018

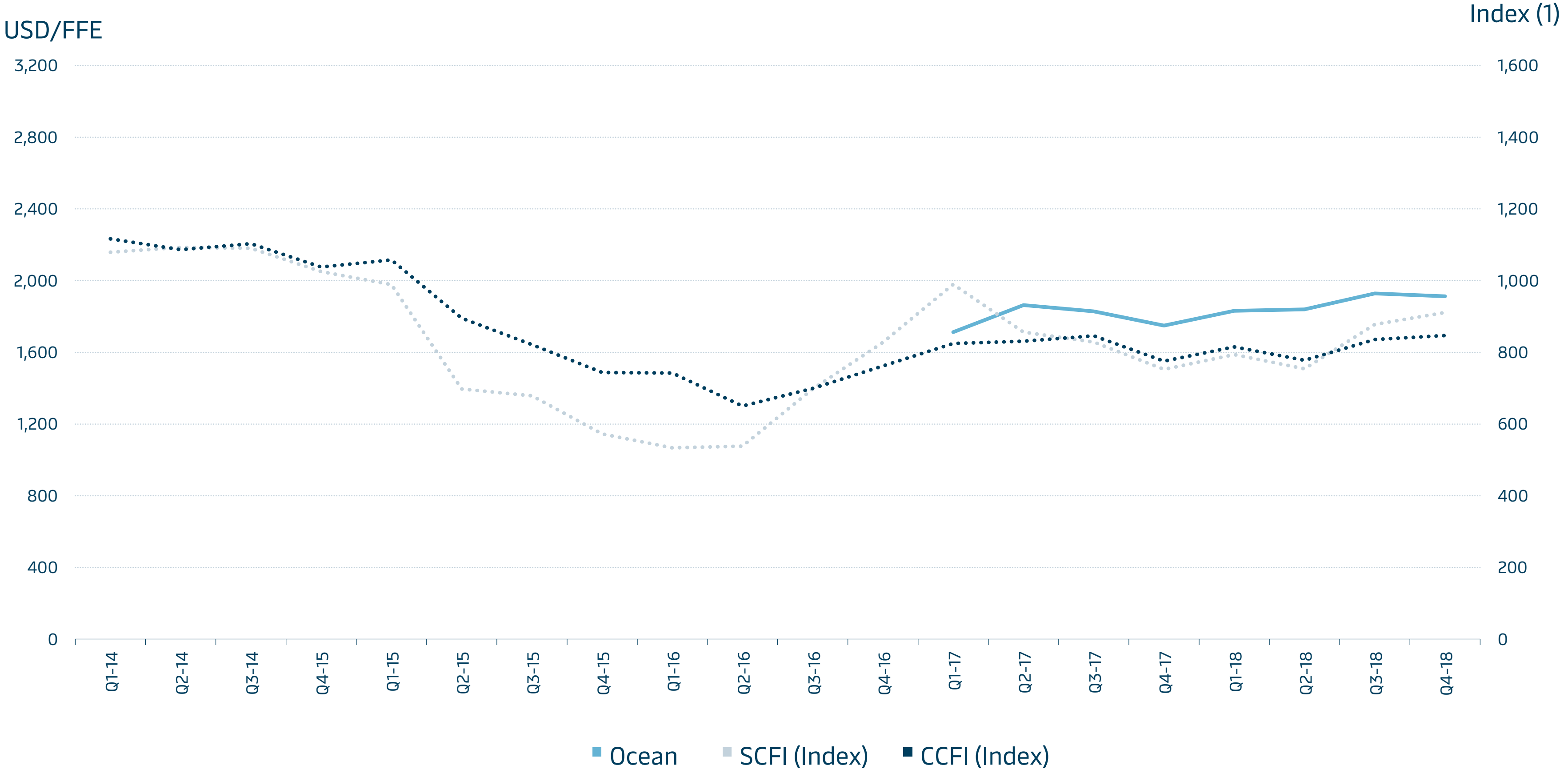
By contract type




By trade

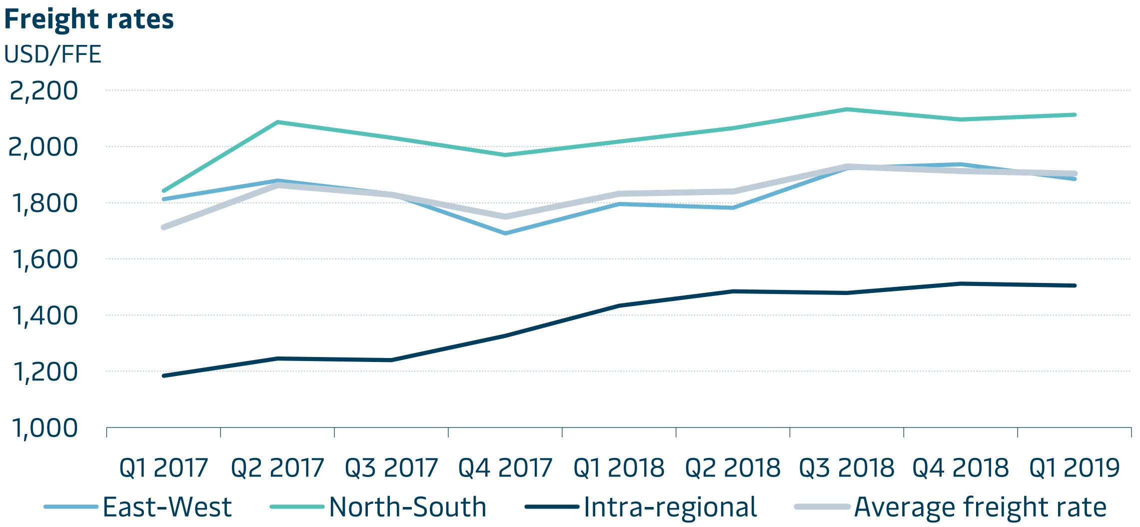


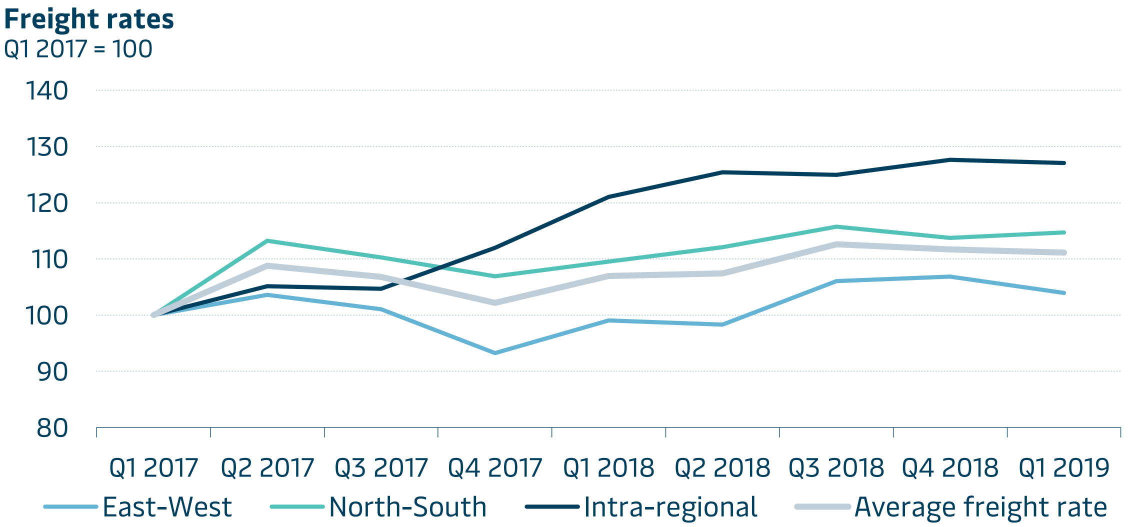

## Average freight rate




**Note:** 1. Oct 2009 = 1000 for SCFI, January 1998 = 1000 for CCFI.
**Source**: Maersk

# Ocean average freight rate up 3.9% compared to Q1 2018




| Average freight rate (USD/FFE) | Q1 2018 | Q1 2019 | Change | Change % | FY 2018 |
|---|---|---|---|---|---|
| East-West | 1,796 | 1,884 | 88 | 4.9 | 1,860 |
| North-South | 2,018 | 2,113 | 95 | 4.7 | 2,078 |
| Intra-regional | 1,433 | 1,505 | 72 | 5.0 | 1,478 |
| **Average freight rate** | **1,832** | **1,903** | **71** | **3.9** | **1,879** |

# Volume decline of 2.2% partly offsets the freight rate increase

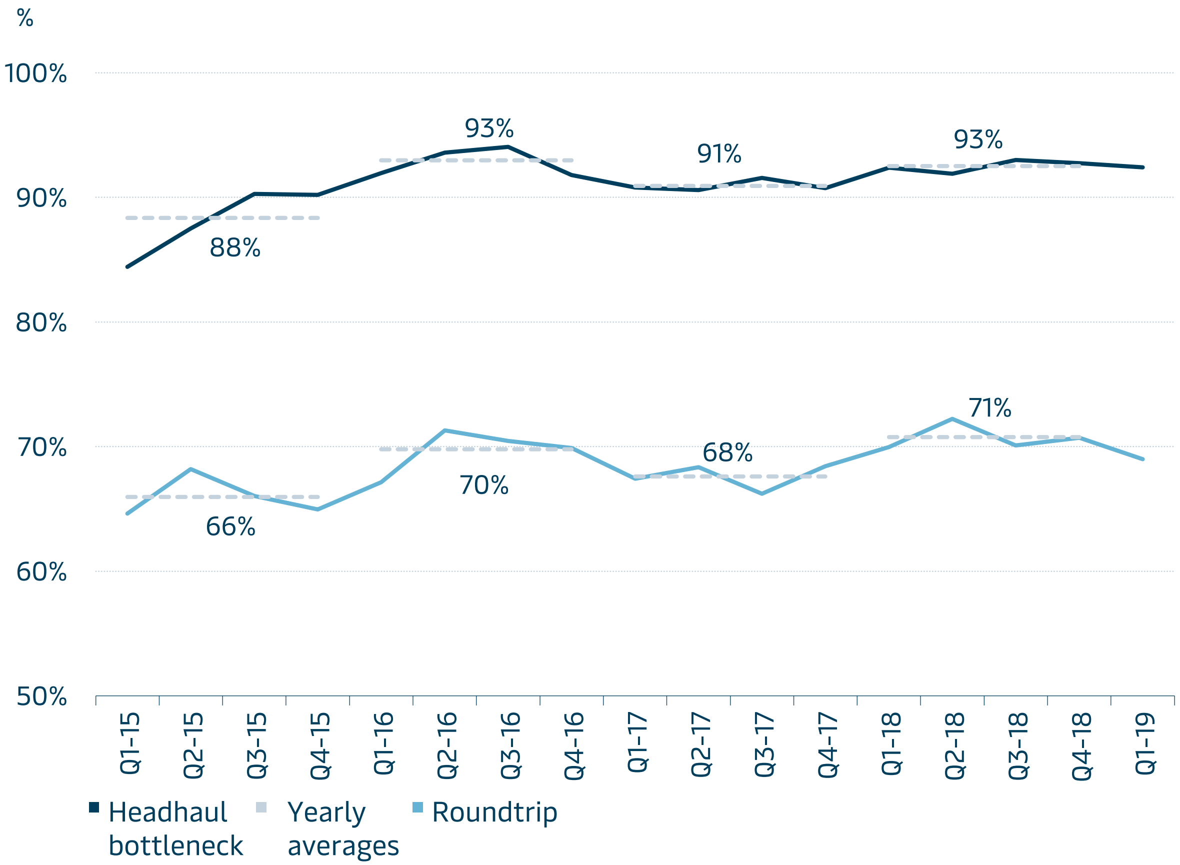
- Total volumes declined 2.2% mainly driven by North-South trades due to weak demand on Latin America and Oceania trades.
- Total backhaul volumes decreased by 4.1% while headhaul was down 1.2%. The anticipated pre-tariff rush seen in Q4 2018 impacted the volume development negatively in Q1 2019.
- Average freight rates increased 3.9% or 71 USD/FFE, driven by continued focus on improving the margins including compensation for increases in fuel prices.

| Average freight rate (USD/FFE) | Q1 2019 | Q1 2018 | Change | Change % | FY 2018 |
|---|---|---|---|---|---|
| East-West | 1,884 | 1,796 | 88 | 4.9 | 1,860 |
| North-South | 2,113 | 2,018 | 95 | 4.7 | 2,078 |
| Intra-regional | 1,505 | 1,433 | 72 | 5.0 | 1,478 |
| **Average freight rate** | **1,903** | **1,832** | **71** | **3.9** | **1,879** |

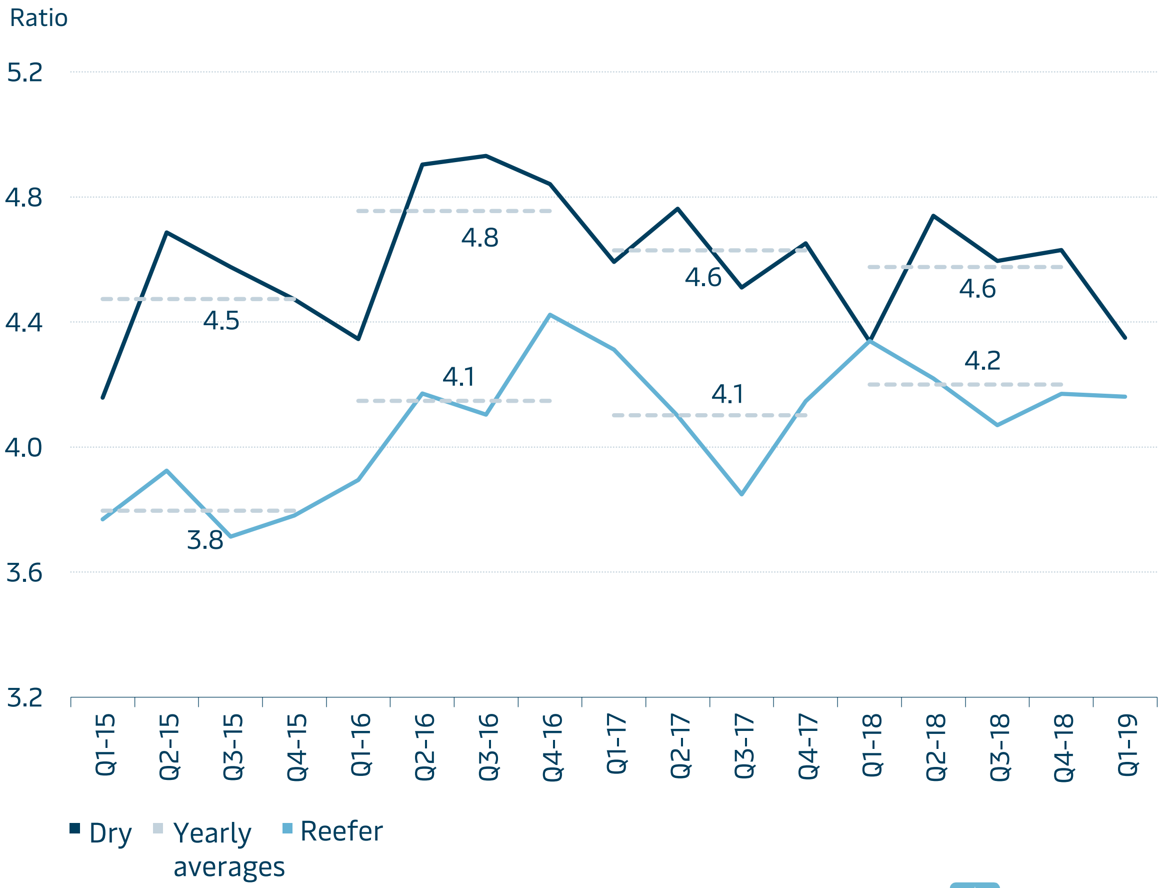
| Loaded volumes ('000 FFE) | Q1 2019 | Q1 2018 | Change | Change % | FY 2018 |
|---|---|---|---|---|---|
| East-West | 976 | 975 | 1 | -0.1 | 4,186 |
| North-South | 1,517 | 1,607 | -90 | -5.6 | 6,450 |
| Intra-regional | 657 | 638 | 19 | 3.0 | 2,670 |
| **Average freight rate** | **3,150** | **3,220** | **-70** | **-2.2** | **13,306** |

# Q1 2019 vessel utilisation and container turn follow normal seasonality

**Vessel utilisation**




**Container turn**



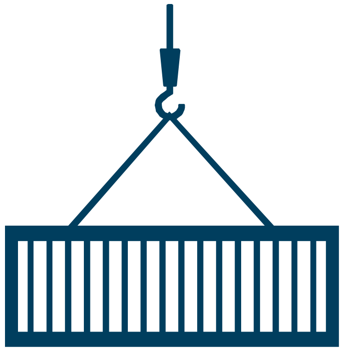

**Note:** Container turn is average number of times a container is shipped full per year (quarterly data annualised).

# Container handling & equipment cost and network cost represent the majority of our cost base

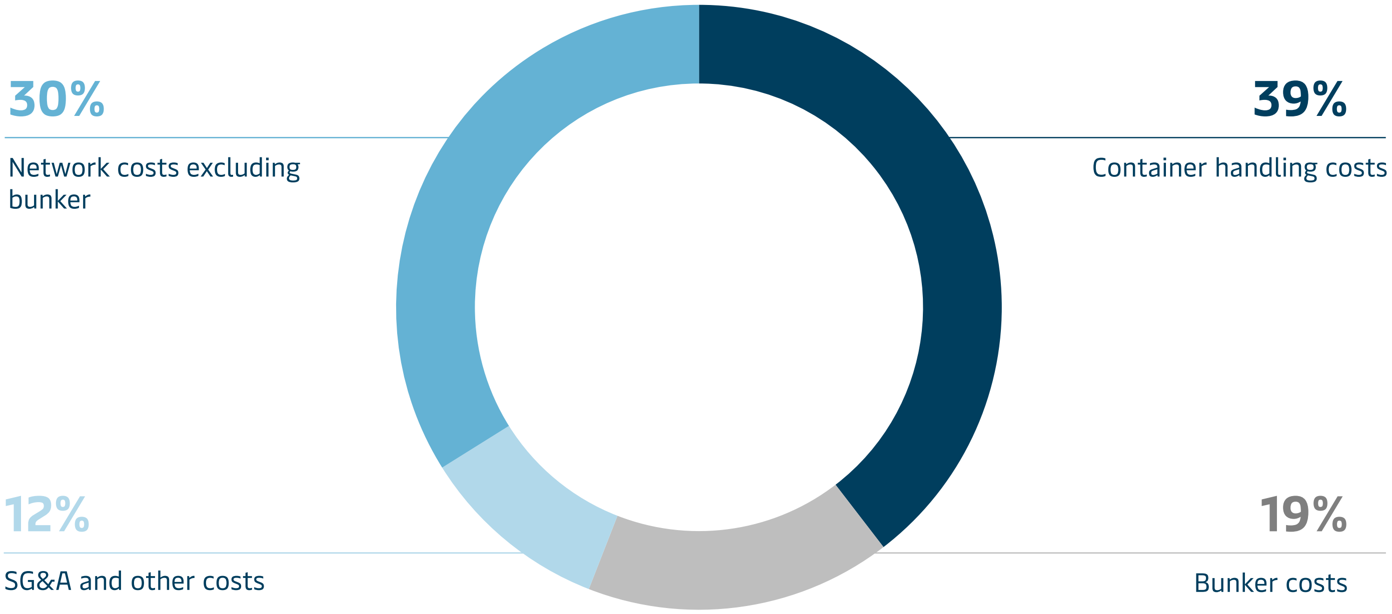
**Unit cost base, 2018**

# 2,008 USD/FFE

2018 unit base



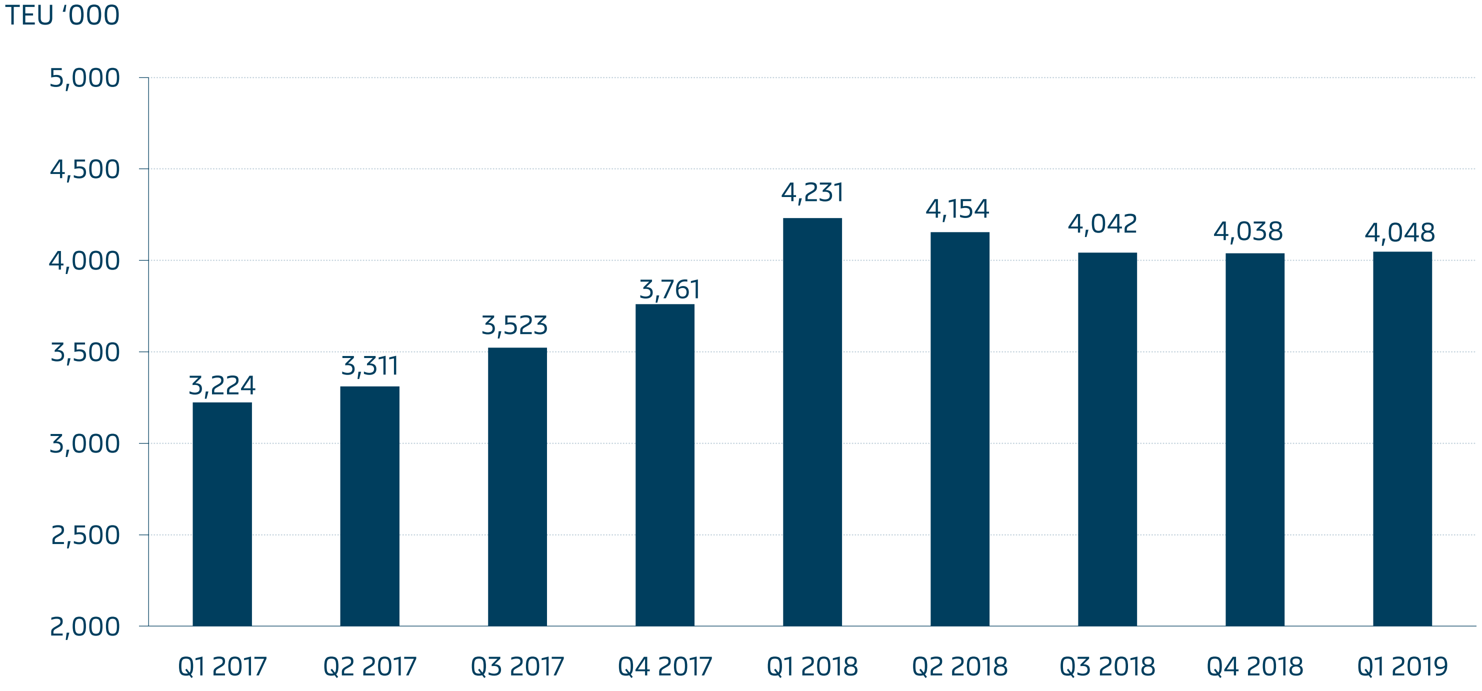
**Unit cost base, 2018**




**Note: Unit cost base**: EBIT costs including VSA income and Hub income and adjustments for restructuring costs, result from associated companies and gains/losses. **Container handling costs**: Includes costs related to terminal operation (excluding hubs and depreciation); inland empty positioning costs related to Ocean; container leasing, deprecation and repair costs; Hamburg Süd Intermodal costs. **Network costs excluding bunker**: Includes hub cost, transhipment costs and terminal depreciation; vessel costs related to port and canal fees (Suez and Panama), running costs and crewing of owned vessels, depreciation of owned vessels, time charter of leased vessels, cost of slot (capacity) purchases and vessel sharing agreements (VSA) with partners. **Bunker costs**: Includes costs related to fuel consumption. **SG&A and other costs:** Includes costs related to own and third party agents in countries, liner operation centers, vessel owning companies, onshore crew and ship management, service centers and headquarters; administration cost types such as staff, office, travel, training, consultancy, IT, legal and audit, etc.; other costs covering currency cash flow hedge and non-operational provisions and amortization of intangible assets.

# We continue to optimise the network

### Development in average nominal capacity and number of vessels




| | Q1 2017 | Q2 2017 | Q3 2017 | Q4 2017 | Q1 2018 | Q2 2018 | Q3 2018 | Q4 2018 | Q1 2019 |
|---|---|---|---|---|---|---|---|---|---|
| # of vessels, end of period | 639 | 646 | 668 | 781 | 776 | 742 | 723 | 710 | 713 |
| # of owned vessels | 274 | 285 | 292 | 339 | 298 | 298 | 298 | 303 | 305 |
| # of chartered vessels | 336 | 305 | 347 | 442 | 478 | 444 | 425 | 407 | 408 |

### Ocean average nominal vessel capacity

- Ocean segment aims to continuously adjust capacity to match demand and optimise utilisation
- Average nominal network capacity in Q1 2019 decreased by 4.3% y/y and increased by 0.2% q/q to 4,048k TEU

Prior to the implementation of IFRS 16, only operating leased vessels were included in the chartered container vessel section while finance leased vessels were presented together with owned to match the classification on the balance sheet. With IFRS 16, majority of the Ocean leased vessels are classified as finance leases on the balance sheet. All leased vessels are now presented in the chartered container vessel section. Q4 2018 figures have been restated.

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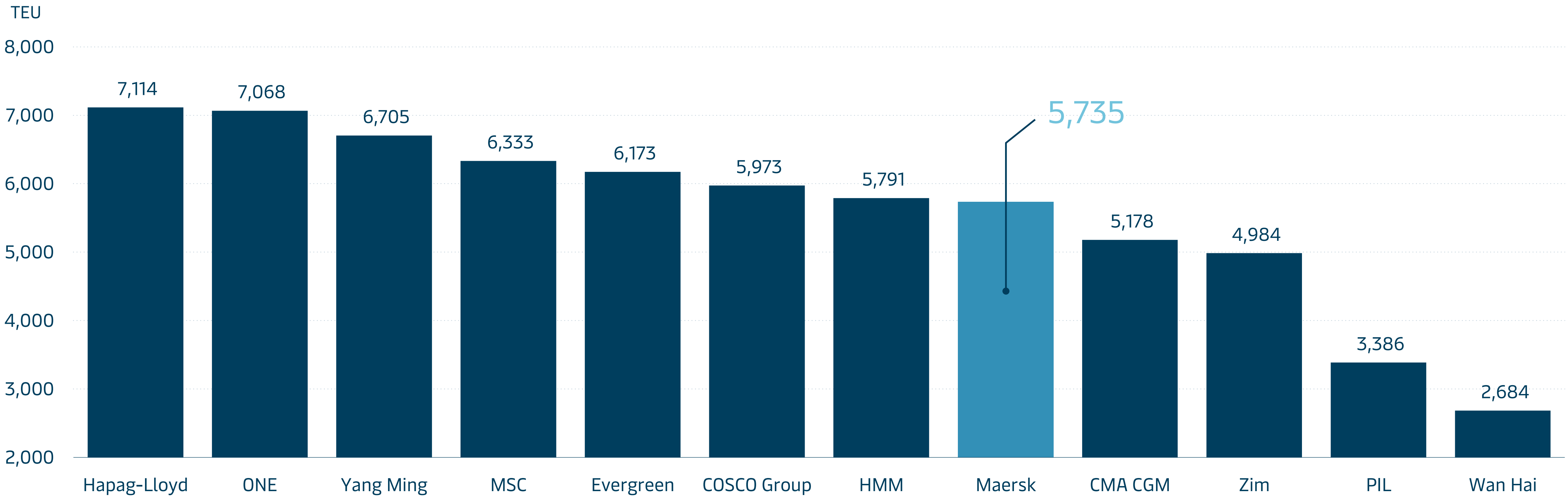
# Industry average vessel size

**Average vessel size**




**Note:** As at 31st March 2019
**Source**: Alphaliner

# The newbuilding programme from 2017/2018 are coming to an end with the last two deliveries expected in Q2 2019

The Ocean segment order book end-March 2019 corresponded to **0.8%** of current fleet, compared to industry order book of **11.7%**

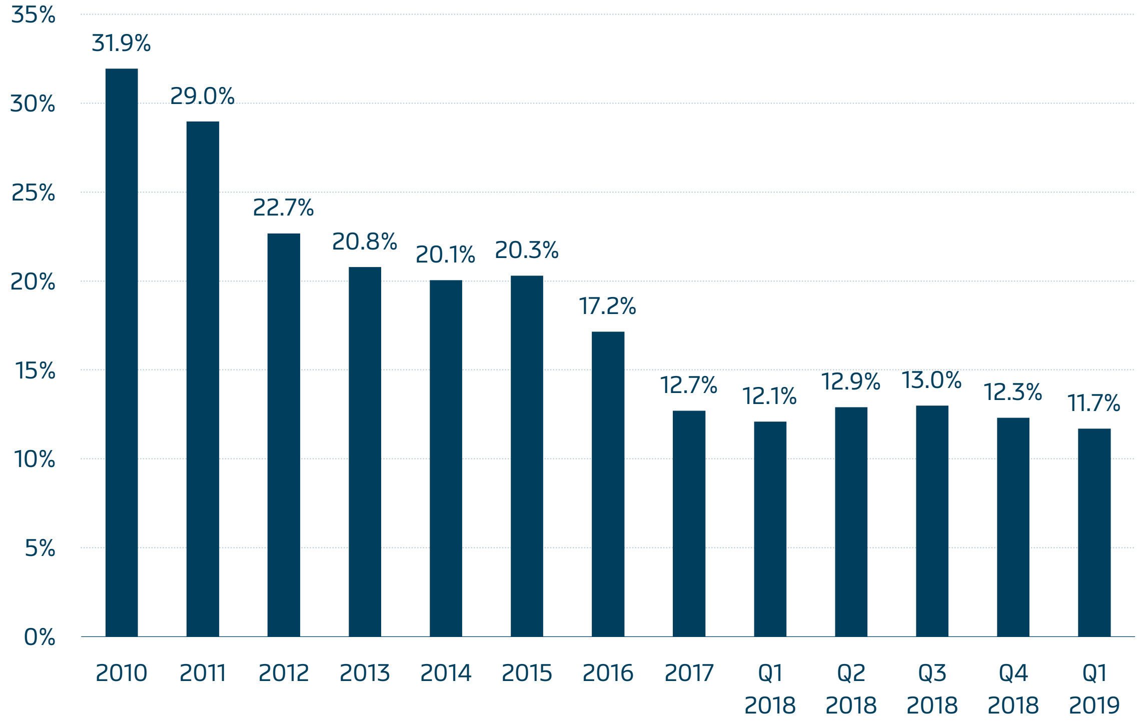
| Vessel size | Number of vessels | Total TEU | Delivery year |
|---|---|---|---|
| 15,226 TEU | 2 | 30,452 TEU | 2019 |

**Source**: Own order book end-March 2019 & Alphaliner as at 31 March 2019

# Industry orderbook still at a low level, even with the latest new orders

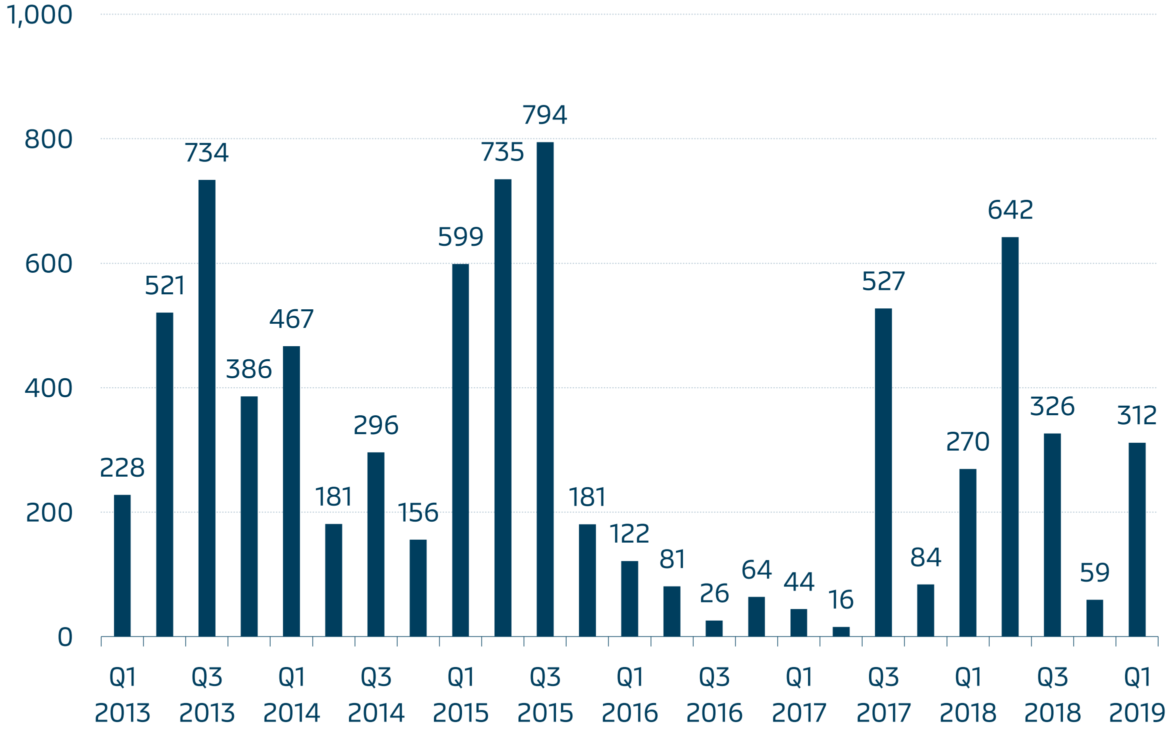
## Industry orderbook

Orderbook as % of current fleet




## New orders

TEU '000




**Note:** As at 31st March 2019
**Source**: Alphaliner

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# Combining ocean products and supply chain services

**The next step in integrating the business to improve customer experience and unlock growth potential**

DAMCO

Focused freight forwarding

MAERSK

Supply chain services and ocean products

DAMCO

MAERSK LINE

# Growth in supply chain management

| Financial metrics | Q1 2019 | Q1 2018 | Change, % | 2018 |
|---|---|---|---|---|
| Gross profit (USD m) | 274 | 268 | 2.2% | 1,121 |
| EBIT conversion (EBIT/Gross profit - %) | 6.8% | 7.0% | -0.2pp | 6.8% |
| Supply chain management ('000 cbm) | 17,155 | 16,975 | 1.1% | 75,309 |
| Supply chain management  revenue (USDm) | 201 | 206 | -2.5% | 867 |

| Freight forwarding metrics | Q1 2019 | Q1 2018 | Change, % | 2018 |
|---|---|---|---|---|
| Airfreight volumes ('tonnes) | 32,086 | 40,159 | -20% | 175,502 |
| Sea freight volumes (TEU) | 144,917 | 145,687 | 0.5% | 639,132 |
| Airfreight revenue (USDm) | 101 | 141 | -28% | 608 |
| Sea freight revenue (USDm) | 146 | 147 | -0.7% | 646 |

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# Terminals & Towage

Portfolio Overview


Gateway terminals, including landside activities being port activities where the customers are mainly the carriers, and towage services under the Svitzer brand.

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# Continuing to grow ahead of the market

| Operational and financial metrics | Q1 2019 | Q1 2018 | Change, % (like-for-like, %) | 2018 |
|---|---|---|---|---|
| Terminal volumes – Financially consolidated (moves in m) | 2.8 | 2.7 | 3.5 (3.0) | 11.4 |
| Ocean segment | 1.0 | 0.9 | 2.5 (4.9) | 4.1 |
| External customers | 0.2 | 0.2 | 4.1 (2.0) | 7.3 |
| Terminal volumes – EqW (moves in m) | 4.2 | 4.0 | 4.9 (4.5) | 17.0 |
| Terminal revenue per move – (USD) | | | | |
| Financially consolidated | 271 | 252 | 7.5 | 252 |
| Terminal cost per move – (USD) | | | | |
| Financially consolidated | 225 | 207 | 8.9 | 211 |
| Result from joint ventures and associated companies (USDm) | 51 | 54 | -3 | 164 |
| No. of operational tug jobs (HT) ('000) | 33 | 33 | 0.0 | 131 |
| Annualised EBITDA per tug (TT) (USD in '000) | 918 | 797 | 121 | 892 |

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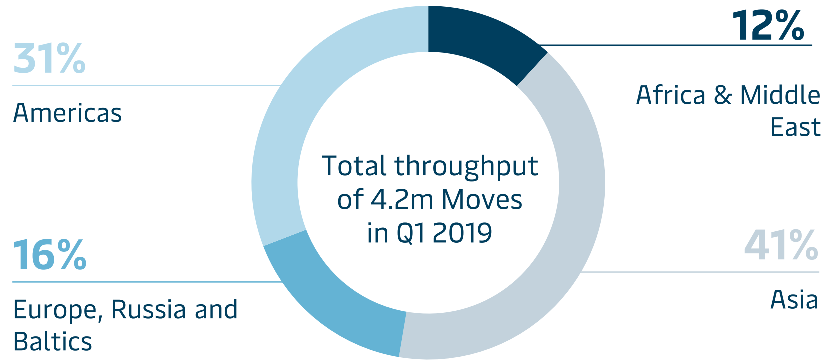
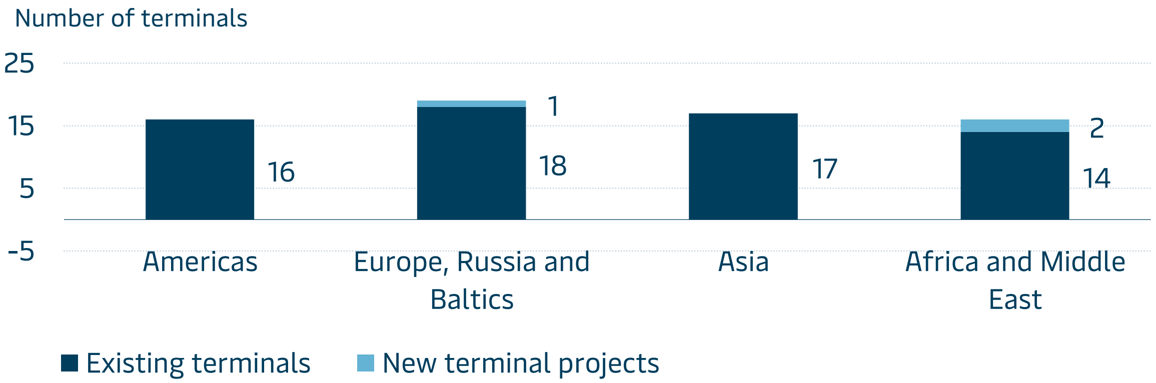
# Diversified gateway terminal Portfolio

### Container throughput by geographical region

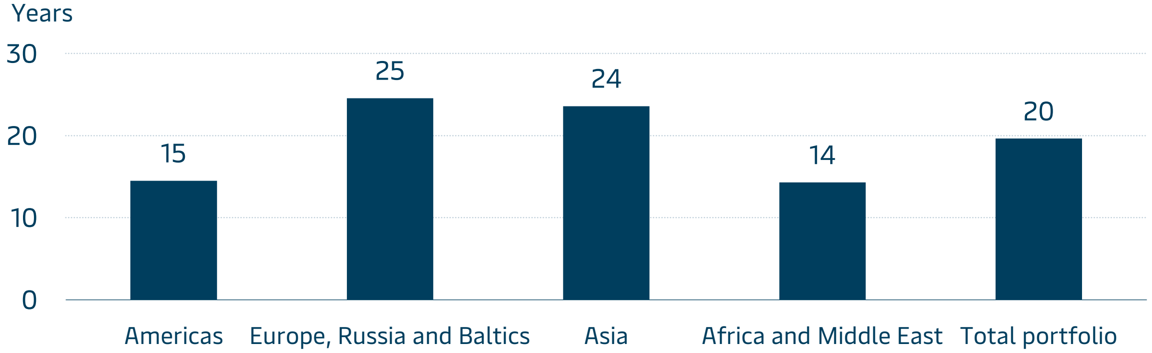
Equity weighted crane moves, %




### Geographical split of terminals

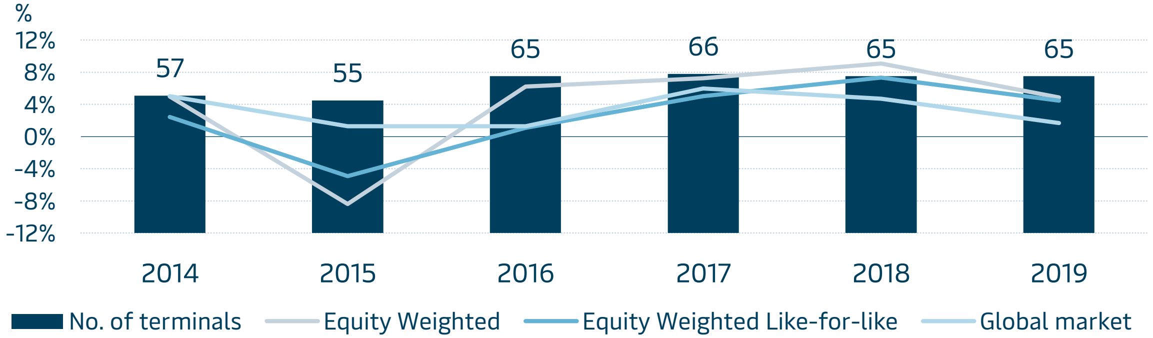



### Average remaining concession length in years




**Note**: Average concession lengths as of Q1 2019, arithmetic mean.

### Port Volume growth development




**Note**: Like for like volumes exclude divestments and acquisitions.

# Gateway terminals – Project progress

| Project | Opening | Details | Investment |
|---|---|---|---|
| **Vado, Italy** | 2019 | • 50-year concession for the design, construction, operation and maintenance of a new deep-sea gateway terminal<br>• Joint venture agreement with China COSCO Shipping Ports (40%) and Qingdao Port International Development (9.9%); APMT (50.1%) | USD 0.4bn |
| **Abidjan, Ivory Coast** | 2021 | • Terminal expected to be the second in one of the busiest container ports in West Africa<br>• New facility will be able to accommodate vessels of up to 8,000 TEU in size (existing facility 0.75 million TEU) | USD 0.6bn |
| **Tema, Ghana** | 2019 | • Joint venture with existing partner Bolloré (70%) and the Ghana Ports & Harbours Authority (30%)<br>• Will add 3.5 million TEUs of annual throughput capacity<br>• Greenfield project located outside the present facility that includes an upgrade to the adjacent road network | USD 0.8bn |

**Note**: TEU and investment numbers are 100% of the projects.

# Active portfolio management – gateway terminals

**Acquisitions and secured Projects**

| 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Tangier Med 2 | | | |
| | | | | | | Quetzal | | | |
| | | | | | | Yucatan | | | |
| | | Lazaro Cardenas | | | | Buenaventura | | | |
| | | Gothenburg | | | | Paranagua | | | |
| | Monrovia | Talin | Abidjan | | Qingdao | Valencia | | | |
| | Moin | Kotka / Helsinki | Ust Luga | | Vado reefer | Gijon | | | |
| Cotonou | Callao | Vostochny | St. Petersburg 2 | | Cartagena | Castellon | | | |
| Santos | Poti | St. Petersburg | Izmir | Namibe | Tema | Barcelona | Itapoa | TB - Congo | |

Grup Marítim TCB

| 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|---|---|---|---|---|---|---|---|---|
| Kaoshiung | | Dailan | Oslo | Le Havre | Charleston | | Pentalver | Paranagua | Kobe |
| Dunkirk | | | | Virginia | Houston | | Tacoma | Izmir | |
| Oakland | | | | | Jacksonville | | Zeebrugge | | |
| Yantian | | | | | Gioia Tauro | | Dalian | | |

**Divestments/ stop operation**

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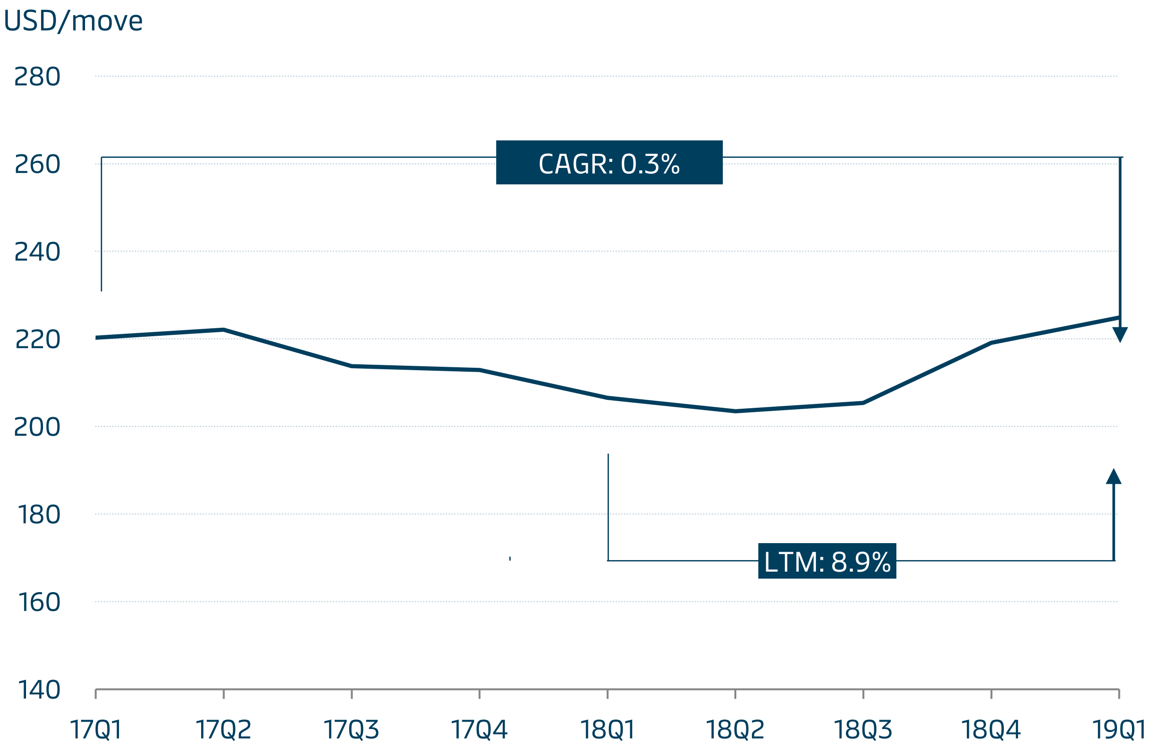
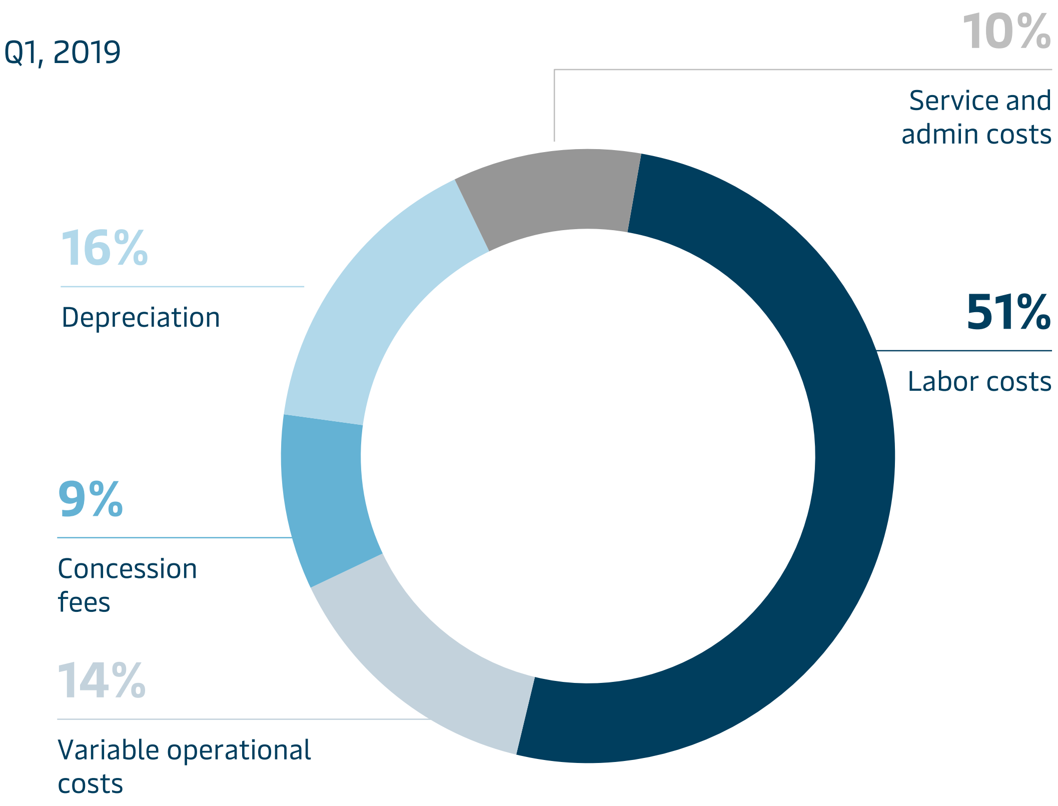
# Focusing on lower cost and higher efficiency

### Gateway terminal cost per move, Fin.Con (1)




### Gateway terminal Cost break down (2)




**1)** Gateway terminal Cost per move for all operating terminals on financial consolidated basis; terminals under implementation are excluded.
**2)** Cost breakdown for all gateway terminals on financial consolidated basis.

# Gateway terminals operating businessess of 25.9% EBITDA margin

| Q1 2019, USDm | Consolidated businesses | JV & Associates | Operating businesses | Implementations | Total |
|---|---|---|---|---|---|
| Throughput (Moves m, equity weighted) | 2.4 | 1.8 | 4.2 | 0.0 | 4.2 |
| Throughput (Moves m, financially consolidated) | 2.8 | - | 2.8 | 0.0 | 2.8 |
| Revenue | 824 | - | 824 | 0.1 | 824 |
| EBITDA | 213 | - | 213 | -3 | 210 |
| EBITDA margin (%) | 25.9 | - | 25.9 | n.a. | 25.5 |

**Note**: Gateway terminals Implementations include terminals currently under construction (Vado, Italy; Abidjan (TC2), Ivory coast)

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# Consolidated gateway terminals

| USDm | Q1 2019 | Q1 2018 | Q1 2019/Q1 2018 |
|---|---|---|---|
| Throughput (Moves m, equity weighted) | 2.4 | 2.3 | 5.3% |
| Throughput (Moves m, financially consolidated) | 2.8 | 2.7 | 3.5% |
| Revenue | 824 | 700 | 17.6% |
| EBITDA | 213 | 191 | 11.5% |
| EBITDA margin (%) | 25.9 | 27.3 | -1.41pp |

**Note**: Consolidated businesses includes gateway terminals that are financially consolidated.

# Gateway terminals - JV and Associates

| USDm | Q1 2019 | Q1 2018 | Q1 2019/Q1 2018 |
|---|---|---|---|
| Throughput (Moves m, equity weighted) | 1.8 | 1.7 | 4.8% |

# Gateway terminals under implementation

| USDm | Q1 2019 | Q1 2018 | Q1 2019/Q1 2018 |
|---|---|---|---|
| Throughput (Moves m, equity weighted) | 0.0 | 0.0 | n.a. |
| Throughput (Moves m, financially consolidated) | 0.0 | 0.0 | n.a. |
| Revenue | 0.1 | 36[1] | -99.7% |
| EBITDA | -3 | -7 | -64% |
| EBITDA margin (%) | n.a. | -20.7 | n.a. |

**Note**: Implementations include terminals currently under construction (Vado , Italy; Abidjan (TC2), Ivory coast). Q1 2018 Implementations include Vado & Vado reefer, Italy; Moin, Costa Rica; Abidjan (TC2), Ivory coast

Note 1: USD 31m related to IFRIC 12 construction revenue.

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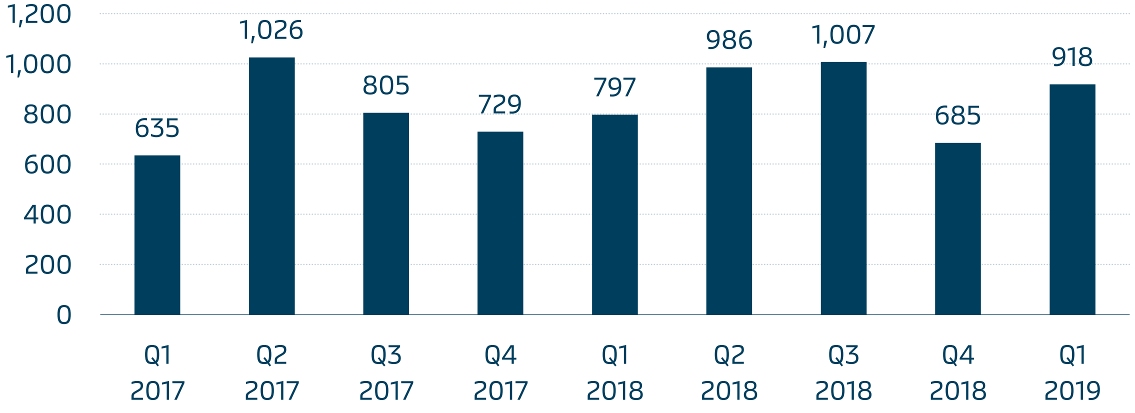
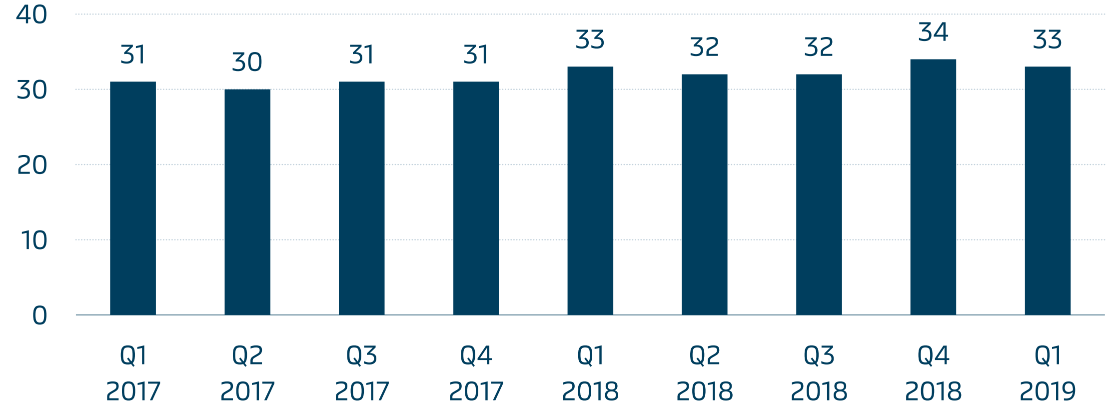
# Terminal towage vs harbour towage

Annualised EBITDA per tug - Terminal towage (USD)




Note: 2017 numbers are without IFRS 16 effects

No. of operational tug jobs – Habour towage ('000)




## Terminal towage

- Terminal towage is a one-customer contract, typically with a fixed day rate for the duration of the contract
- The customer is a port, a terminal or owner of an offshore facility
- The contract is for specific vessels and the customer determines the work of the vessel as long as it is within the work scope of the contract
- The customer pays for the fuel
- Annualised EBITDA per tug measure is relevant

## Harbour towage

- Harbour towage is a multi-customer operation in a common user facility
- The customers are vessel owners and operators either contracted for 1-3 years or booked call by call
- Revenue is generated for each vessel berthing and unberthing
- Typically harbour towage does not have an end date
- Number of operational tug jobs (utilisation) is relevant

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