

A.P. Møller - Mærsk A/S

Q3 2022 Interim Results

Date: 2 November 2022
Conference Call: 11:00 CET
Webcast: investor.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 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. Unless otherwise stated, all figures in parentheses refer to the corresponding figures for the same period prior year

Interim report Q3 2022

Key statements

Key statements

Excellent Q3 2022 results

- New record quarterly results
- Continued successful execution of integrator strategy
- Expected normalisation in Ocean has begun
- Confirm FY 2022 guidance despite deterioration of global economic outlook

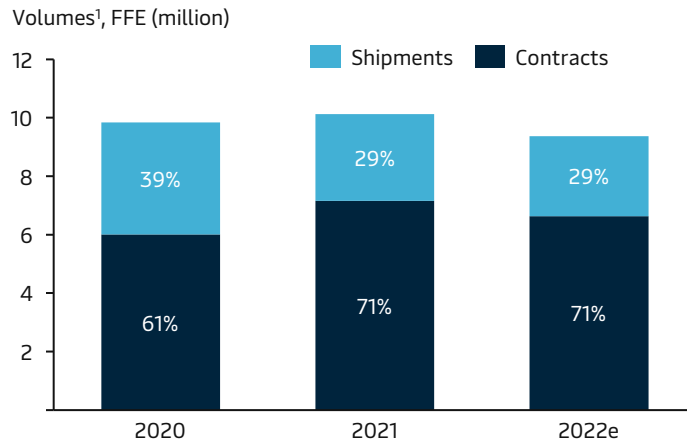


Key statements

Solid progress on strategic transformation

Ocean

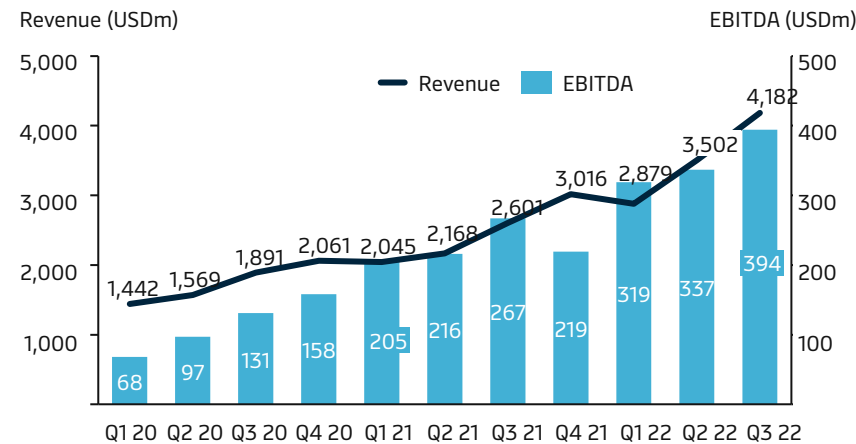
More stable & predictable



- Average contract rate for 2022 expected to be around 1,700 USD/FFE higher than 2021
- Solid contract compliance but lower expectations for contract volumes in H2 2022 driven by lower end-consumer demand

Logistics & Services

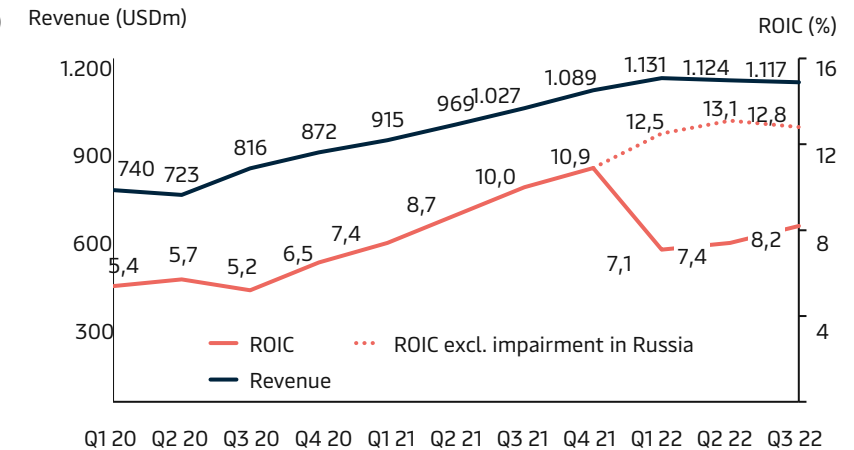
Profitable growth



- Growth trajectory continues in Logistics despite slowdown in global economy
- Strong organic revenue growth of 26%, 80% of which came from top 200 Ocean customers
- Continued execution of M&A roadmap, including successful closing of LF Logistics and announcement of Martin Bencher in Q3

Terminals

Robust, attractive returns



- Resilient performance at a high level driven by storage and volume growth
- ROIC excl. GPI slightly lower but remains above 12%² due to congestion related storage and inflation offsetting tariff increases

Key statements

Delivering on the roadmap for 2021-2025

Continued solid progress on the strategic transformation

	Targets	LTM
APMM: Return on invested capital (ROIC) – (LTM)	Every year >7.5% Average 2021-25 >12.0%	66.6%
Ocean: EBIT margin – under normalised conditions	Above 6%	46.8%
Execute with the existing fleet size	4.1-4.3m TEU	4.3m
Logistics & Services: Organic revenue growth	Above 10%	33%
- hereof from top 200 Ocean customers	Min. 50%	66%
EBIT margin	Above 6%	6%
Terminals: Return on invested capital (ROIC) – (LTM)*	Above 9%	8.2%

Mid-term targets were introduced at the CMD in May 2021

*Including the Q1 impairment of Russian activities. Adjusting for the impairment, Q3 ROIC is 12.8%



Key statements

Completed acquisition of LF Logistics



Acquisition closed August 31, 2022. Integration process successfully started with focus on understanding the LF Logistics customer approach and planning global expansion.



Value creation to come from expanding the LF business model world-wide and introducing to our wider customer base as demonstrated with PT integration in the USA.



2021 LF revenue confirmed in-line with expectations of USD 1bn and further growth expected in 2022.



Continued expectation of earnings accretion in 2023

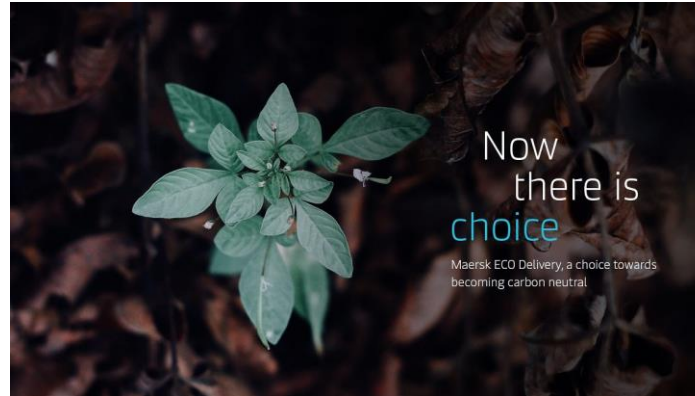


Key statements

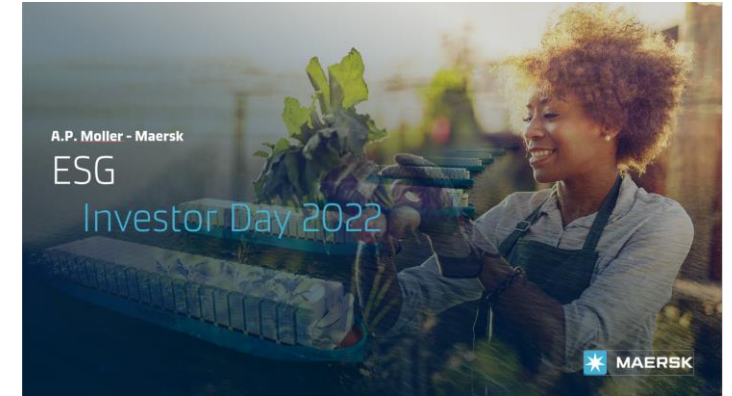
Leading Decarbonisation



- The six new vessels will have a nominal capacity of approx. 17,000 TEU, and will replace existing capacity.
- Maersk dual-fuel orderbook now at a total of 19 vessels with delivery expected between 2023-2025.
- When deployed, the new vessels will generate annual CO2 emissions savings of around 2.3 million tonnes.



- Maersk ECO Delivery product continues strong growth trajectory.
- Q3 2022 ECO Delivery volumes were over 4x higher than in Q3 2021 and represent close to 3% of all Ocean volumes in the quarter.



- Please join us on November 22 at 1:00pm CET as management presents our ESG strategy and how Maersk will lead the decarbonisation of logistics
- Registration link available on our website: [Investor Relations - A.P. Møller - Mærsk A/S \(maersk.com\)](https://www.maersk.com/investor-relations)

Full-year guidance for 2022

- Full year 2022 guidance confirmed for underlying EBITDA of around USD 37.0bn, an underlying EBIT of around USD 31.0bn and a free cash flow (FCF) 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

On the agenda for 2022



Ocean

- Continued high earnings, largely driven by contracts
- Stable, predictable, resilient
- Restore service quality and network reliability



Logistics & Services

- Continued very high organic growth
- Continued focus on profitability with EBIT >6%
- Integration of acquisitions



Terminals

- Improved results driven by high utilisation
- Focus on automation and best practices
- Stable, attractive returns



APMM

- Investments in Logistics & Services growth and ESG
- Procurement of green fuels
- Accelerating the digital transformation
- Strong returns of cash to shareholders

Interim report Q3 2022

Financial highlights

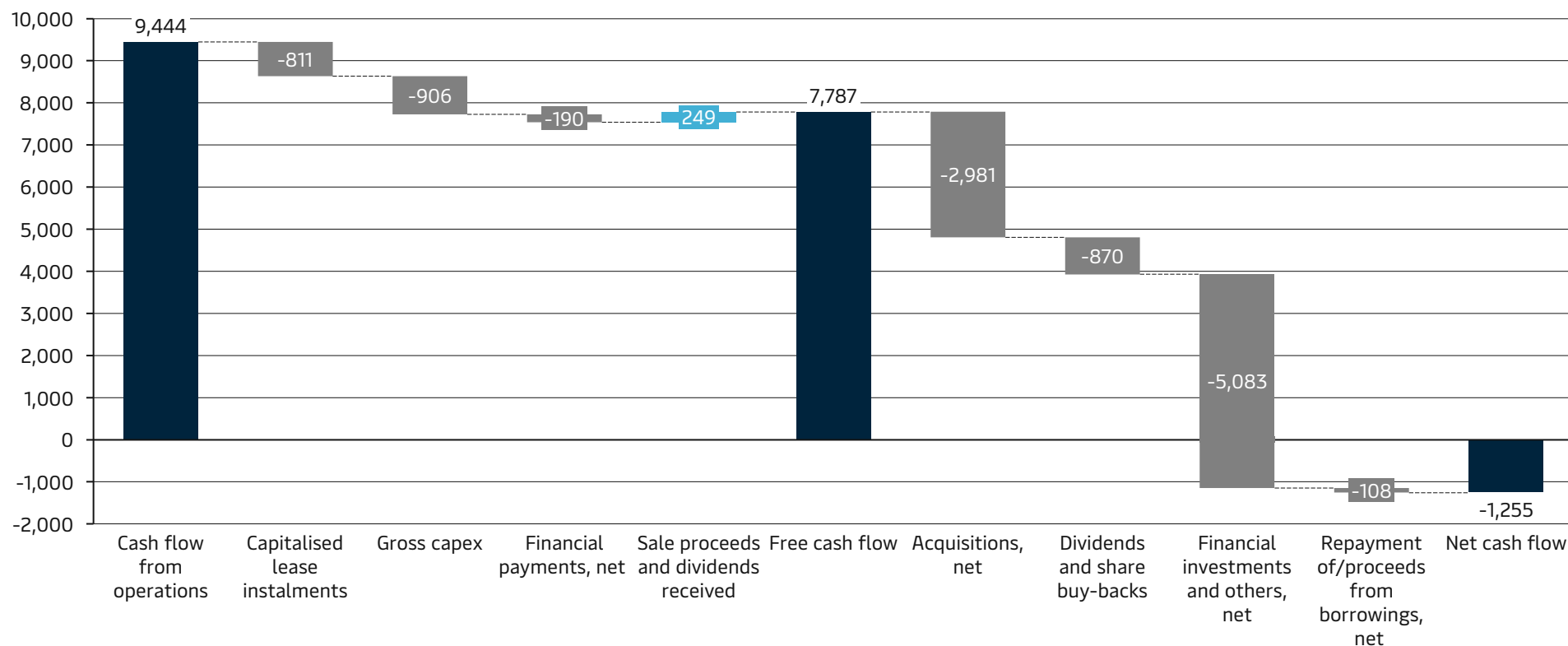
Financial highlights of Q3 2022

- Revenue for APMM increased by 37.1% for the quarter to a record USD 22.8bn, driven primarily by robust rates in Ocean and Terminals as well as higher volumes in Logistics & Services.
- EBITDA increased to USD 10.9bn, reflecting a margin improvement to 47.7%, while EBIT increased to USD 9.5bn reflecting a margin of 41.6%.
- Net profit after tax for the third quarter of 2022 was USD 8.9bn, a new record, leading to a net profit after tax of USD 24.3bn for YTD 22.
- Free cash flow increased to USD 7.8bn, driven by higher operating profit.
- Net cash position increased to USD 6.9bn, despite returning USD 8.9bn to shareholders YTD.
- Significant cash position including term deposits of USD 22.9bn for the quarter.

Q3 2022, USD	
Revenue 22.8bn (+37.1%)	EBITDA 10.9bn (+56.4%)
EBIT 9.5bn (+61.8%)	Free cash flow 7.8bn (+47%)
ROIC, LTM 66.6% (32ppts)	NIBD (USD) -6.9bn (improvement of 10bn)

Cash conversion of 87% led to a free cash flow of USD 7.8bn.

Cash flow bridge for Q3 2022, USDm



Slightly lower CAPEX in Q3 compared to Q2 as a result of timing.

Free cash flow was USD 7.8bn (USD 5.3bn).

Q3 FCF was deployed towards the acquisition of LF Logistics (USD 3.2bn) and share buybacks (USD 859m) which leads to YTD spend on acquisitions of USD 4.5bn and YTD spend on share buybacks of USD 2.1bn.

Financial investments of USD 5.0bn is mainly cash placed in short term deposits of +3 months leading to a net cash flow of USD -1.2bn.

Robust balance sheet

Debt & cash position

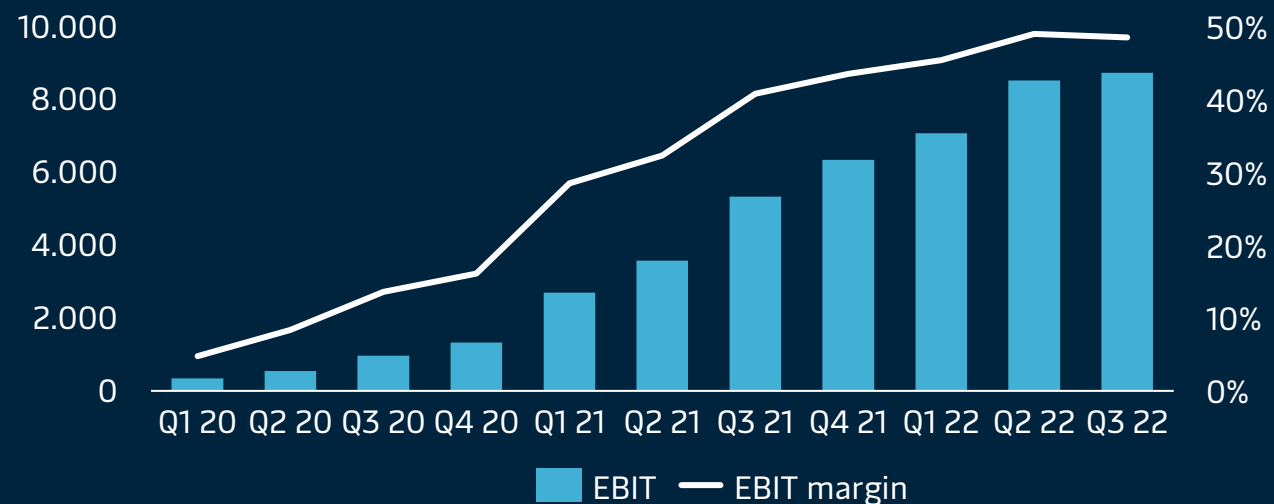
	Q3 2022	Q2 2022	Q3 2021
Borrowings	3,852	4,176	4,934
Lease liabilities	11,672	11,336	10,092
Other	513	352	-26
Total gross debt	16,037	15,684	15,000
Cash and bank balances	8,334	9,729	11,306
Short term deposits	14,558	9,491	571
Total cash and deposits	22,892	19,220	11,877
Net interest-bearing debt	(6,855)	(3,356)	3,123

- We enter a period of normalisation in Ocean and global recessionary environment with a strong balance sheet and cash position.
- Capital allocation will prioritize continued investment in our Integrator strategy, with focus on growth, automation, and decarbonization, despite the worsening economic outlook.
- We reiterate our commitment to shareholder returns, starting with our USD 12bn share buy back program until 2025 and our dividend policy, which is an annual pay-out of 30-50% of underlying net result.

Ocean

- Revenue increased by 38% to USD 18.0bn supported by an average freight rate increase of 42% and partially offset by volume decrease of 7.6%.
- EBITDA improved by USD 3.7bn to USD 9.9bn, with an EBITDA margin of 55.1%.
- EBIT increased by USD 3.4bn to USD 8.7bn driven by the higher revenue, partly offset by higher operating costs due to significant bunker and container handling cost increases.

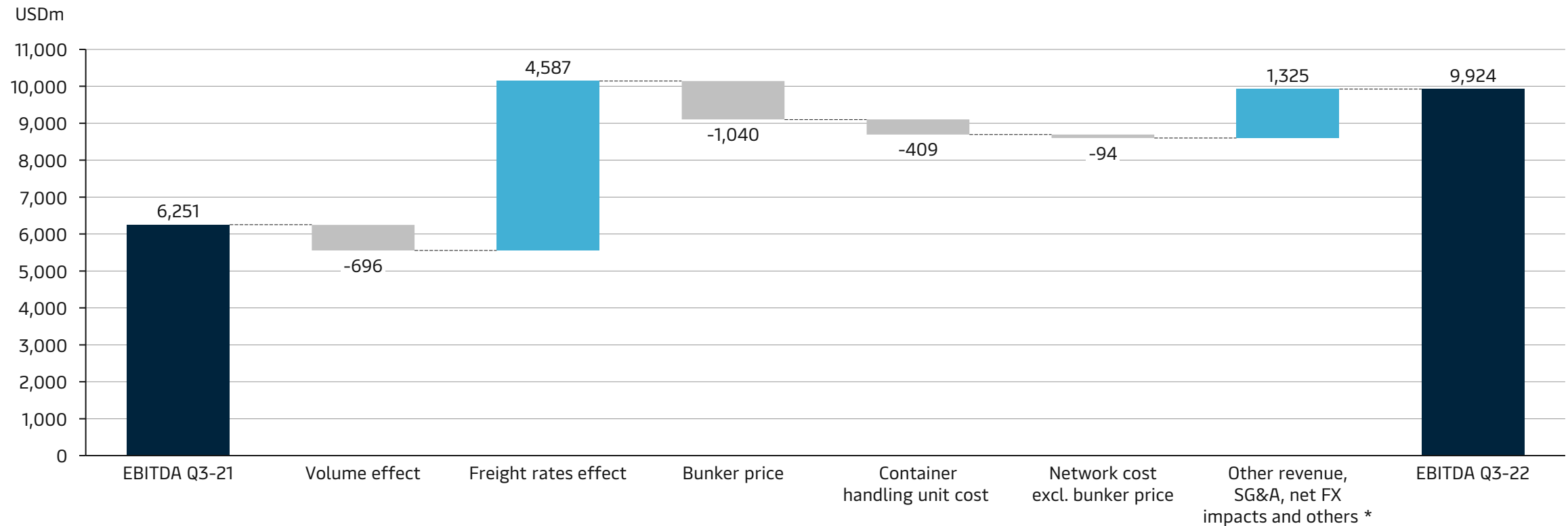
Development in EBIT (USDm) and EBIT margin (%)



	Q3 2022 (USDm)	Q3 2021 (USDm)
Revenue	18,018	13,093
EBITDA	9,924	6,251
EBITDA margin	55.1%	47.7%
EBIT	8,734	5,337
EBIT margin	48.5%	40.8%
Gross capital expenditures	520	454

EBITDA increase continues to be driven by freight rates

EBITDA bridge for Ocean for Q3 2022, USDm



Average rates peaked in Q3

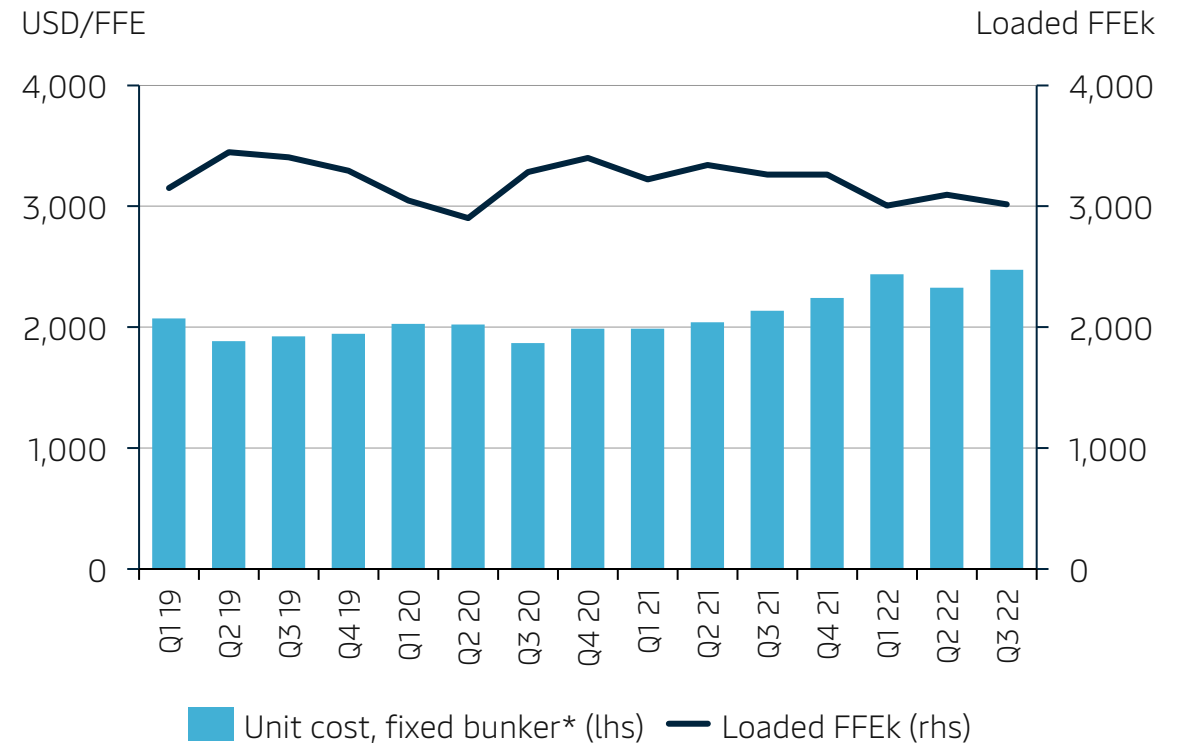
- Average freight rates increased y/y by 42% (32% adjusted for bunker prices), from both contracts and shipment rates, although the latter began to decline in the second half of the quarter.
- Similar to previous quarters, although capacity was 2.1% higher than in Q3 21, weakening demand and congestions meant that loaded volumes declined by 7.6% to 3,016k FFE.
- Our long-haul volume contract splits continue to be in-line with our 2022 expectations.
- Q3 saw a stable volumes on multi-year contracts at 1.9m FFE.

	Q3 2022	Q2 2022	Q/Q change	Q3 2021	Y/Y change
Average freight rate (USD/FFE)	5,046	4,983	+1.3%	3,561	+41.7%
Operated capacity ('000 TEU)	4,298	4,282	+0.4%	4,210	+2.1%
Loaded volumes ('000 FFE)	3,016	3,095	-2.6%	3,263	-7.6%

Long Haul Volume Contract Split	2020	2021	2022e
Contracts	61%	71%	71%
Shipments	39%	29%	29%

Operating cost primarily driven by bunker

- Operating costs increased by 21% due to higher bunker price, storage and transportation cost of containers, slot charter cost and time charter equivalent cost.
- Total bunker cost increased 69% to USD 2.4bn, driven by a 78% increase in average bunker price to USD 895 per ton, and offset by a decrease in bunker consumption of 4.8%.
- Operating costs without bunker increased by 7.9% to 5.8bn, which combined with 7.6% lower volumes led to a unit cost at fixed bunker of USD 2,474 equivalent to an increase of 16%.
- While we expect some reduction in costs as congestion recedes, we expect inflationary pressures to compensate for this decline.

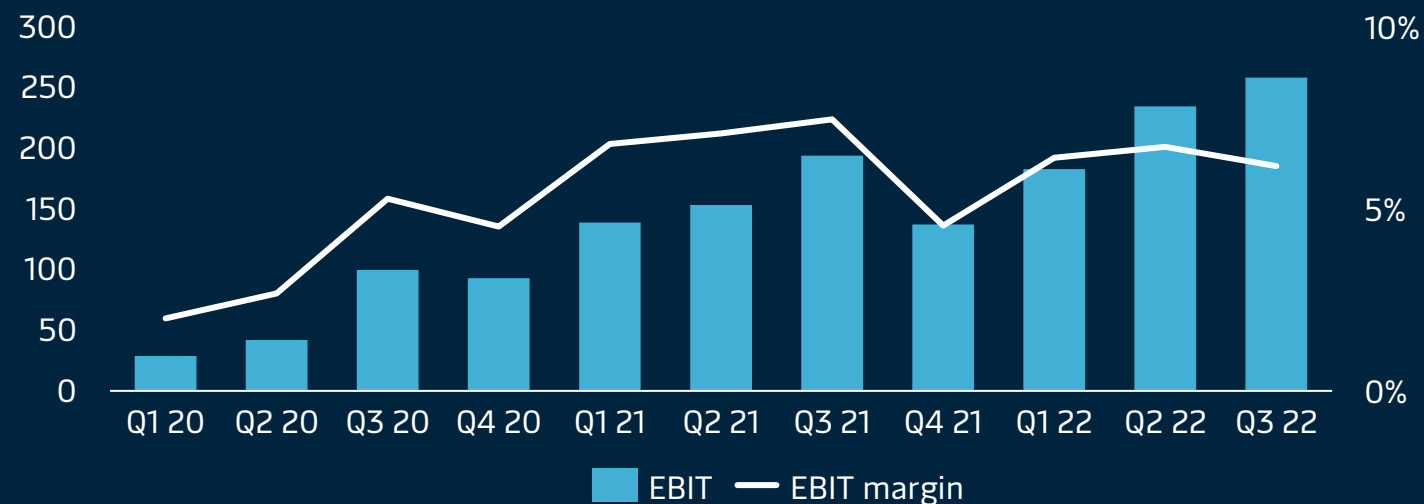


* Fixed bunker price of 450 USD/FFE

Logistics & Services

- Revenue growth of 61% to USD 4.2bn (USD 2.6bn) was driven by higher volumes and increased rates, especially within Transported by Maersk and acquisitions.
- LF Logistics financials were consolidated for the first time in Q3 2022.
- EBIT increased by 33% to USD 258m
- Capex increased to USD 163m (USD 57m) due to investments in new warehouses and aircraft.

Development in EBIT (USDm) and EBIT margin (%)



	Q3 2022 (USDm)	Q3 2021 (USDm)
Revenue	4,182	2,601
Gross Profit	1,020	641
EBITDA	394	267
EBITDA margin	9.4%	10.3%
EBIT	258	194
EBIT margin	6.2%	7.5%
Gross capital expenditures	163	57

All segments support growth trajectory

- **Managed by Maersk** revenue increased by USD 258m (+60%), driven by lead logistics where volumes increased as a result of new business wins. EBITA margin was 10% (14%).
- **Fulfilled by Maersk** revenue was up by USD 405m (+67%), driven by increased warehousing footprint from 21 new warehouses in Q3 2022, equal to 373k sqm, as well as 3.1m sqm from LF Logistics. EBITA margin was 3% (6%) as a result of weakening demand in e-commerce.
- **Transported by Maersk** revenue increased by USD 918m (+59%), driven by an increase in intermodal rates as well as the addition of Pilot financials. Revenue also increased driven by Air as a result of higher rates and higher volumes driven by the addition of Senator. EBITA margin was 8% (7%).

Revenue, USDm	Q3 2022	Q3 2021
Managed by Maersk	691	433
- <i>growth %</i>	<i>60%</i>	
Fulfilled by Maersk	1,011	606
- <i>growth %</i>	<i>67%</i>	
Transported by Maersk	2,480	1,562
- <i>growth %</i>	<i>59%</i>	
Total	4,182	2,601
- <i>growth %</i>	<i>61%</i>	

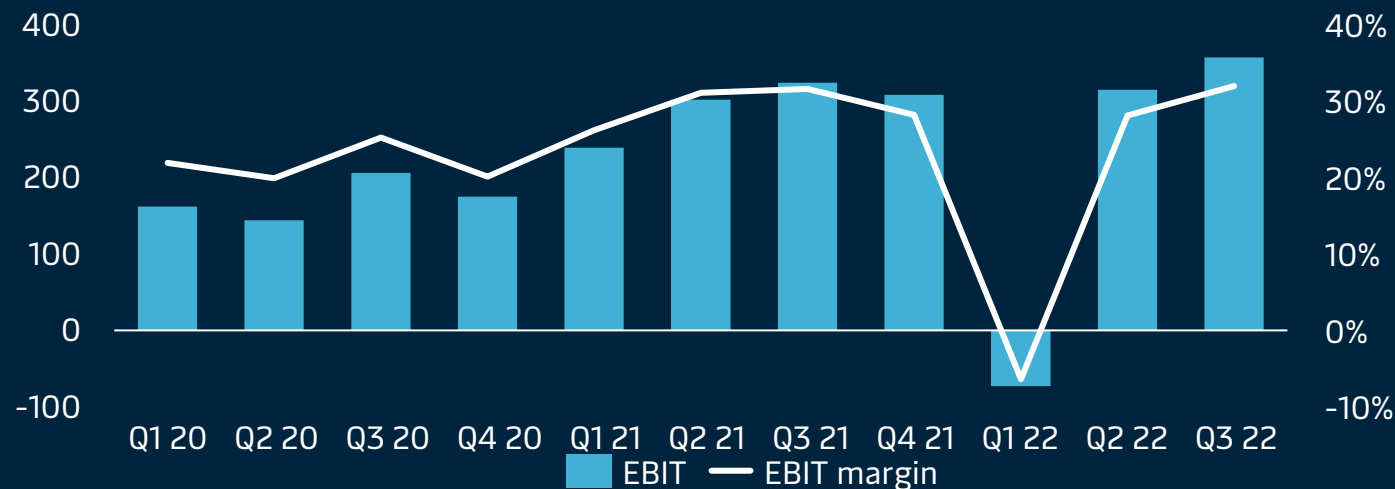
Q3 Acquisition Highlights

USDm	Q3 2021	M&A impact	Organic impact	Q3 2022
Revenue	2,601	906	675	4,182
Growth %		35%	26%	
EBITA	209	51	35	295

Terminals

- Revenue increased 9% to USD 1.1bn driven by higher rates and storage income, with 1.5% volume growth.
- EBIT increased to USD 357m (USD 325m) mainly driven by higher storage and inflation offsetting price increases and one-offs including the sale of the GPI participation.
- Gross CAPEX increased to USD 199m (USD 59m) mainly due to a terminal modernization project in Los Angeles, USA.
- ROIC (LTM) in Terminals was 8.2% (10.0%) in Q3 2022. Adjusted for the impairment in GPI (Russia) was 12.8%.

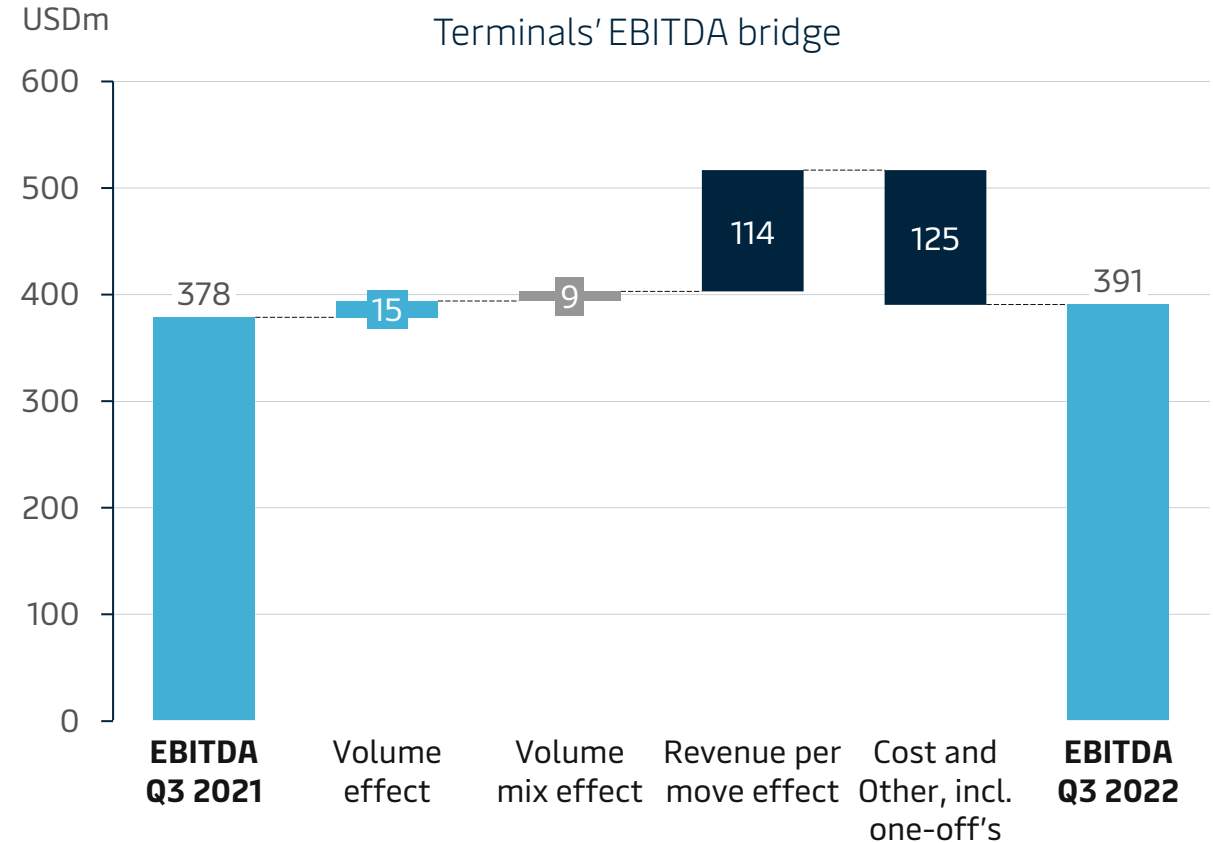
Development in EBIT (USDm) and EBIT margin (%)



	Q3 2022 (USDm)	Q3 2021 (USDm)
Revenue	1,117	1,027
EBITDA	391	378
EBITDA margin	35.0%	36.8%
EBIT	357	325
EBIT margin	32.0%	31.6%
Gross capital expenditures	199	59

Continued strong performance in Terminals

- Terminals' volume increased by 1.5% (2.8% like for like), mainly driven strong demand in the Europe and Asia. This increased volume resulted an upward shift in utilization to 81% (78%).
- Revenue per move increased by 7% (13% like for like) to USD 335, mainly driven by CPI-related tariff increases and higher global congestion related storage revenue.
- Cost per move increased by 8% (12% like for like) to USD 256 mainly due to increased labor costs, IT & admin cost and higher energy costs.

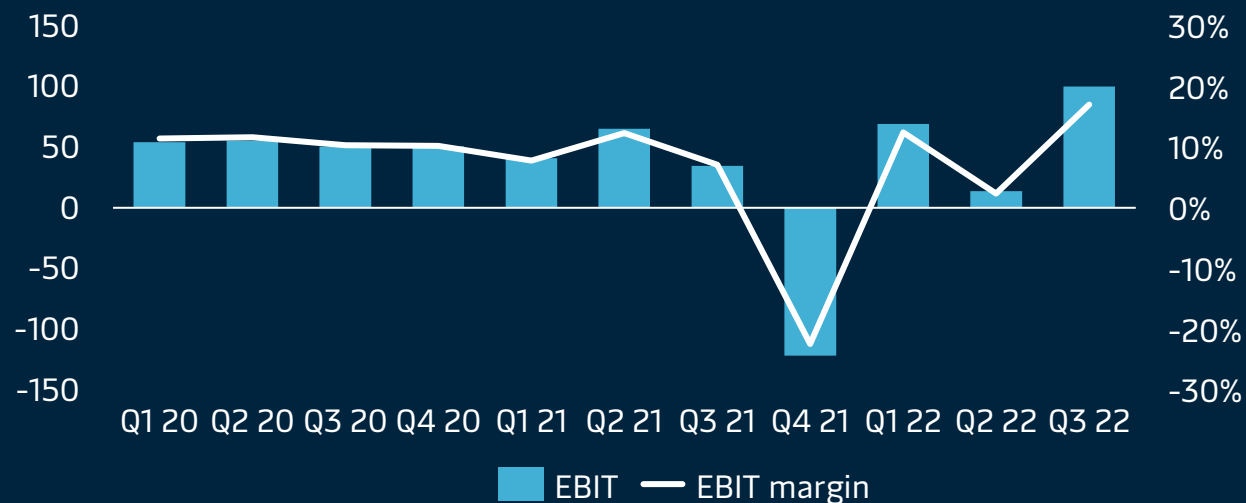


Highlights Q3 2022

Towage & Maritime Services

- Revenue increased to USD 591m (USD 486m) driven by increased project activity and rates at Maersk Supply Services.
- EBIT increased to USD 100m (35m) driven primarily by higher revenue and reversal of impairments.
- Capex rose to USD 58m (USD 42m) driven by installment payments for Svitzer newbuild tugs in Brazil and UK.

Development in EBIT (USDm) and EBIT margin (%)



	Q3 2022 (USDm)	Q3 2021 (USDm)
Revenue	591	486
EBITDA	127	81
EBITDA margin	21.5%	16.7%
EBIT	100	35
EBIT margin	16.9%	7.2%
Gross capital expenditures	58	42

Questions and answers

To ask a question, please press 01

 Reminder: **ONE** question per turn



Improving life
for all
by integrating
the world

Final remarks

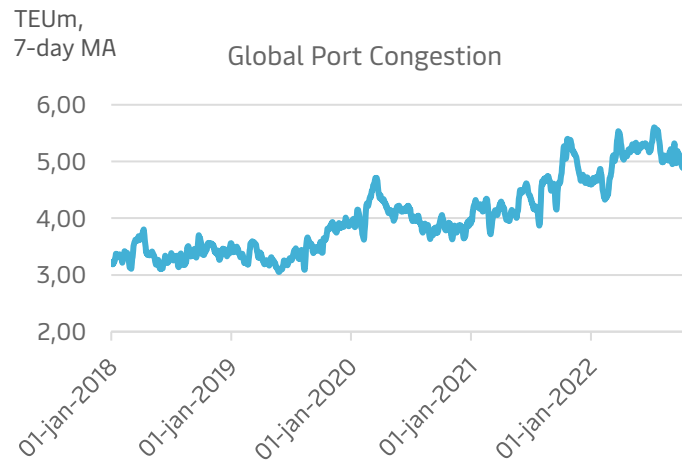
- Record quarterly financial results driven by continued exceptional market conditions and success in strategic transformation
- We have seen peak Ocean rates and the expected normalisation has begun
- We are entering a challenging period in the years ahead with a strong balance sheet
- We remain committed to our integrator, growth, and decarbonisation strategy

Appendix

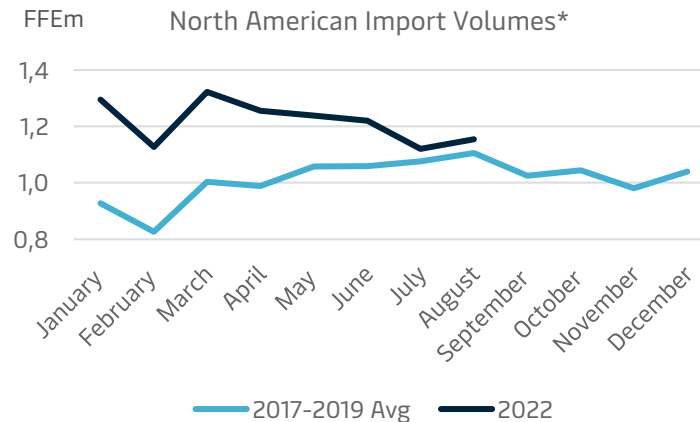
Global Port Congestion

Beginning to ease, but remains at a high level

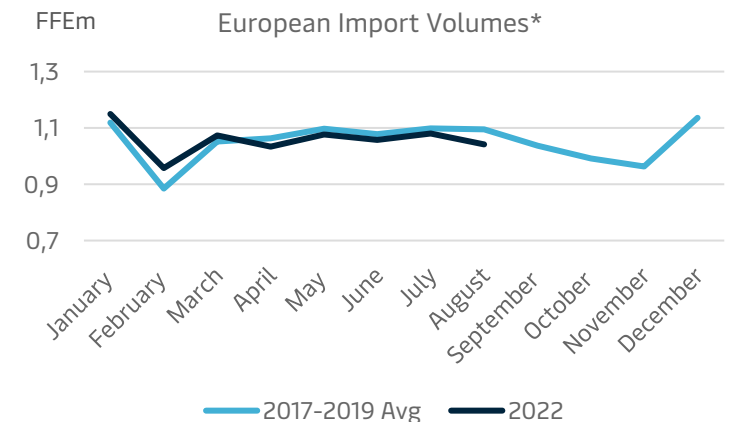
- Supply chain congestion is still at elevated levels but is receding as demand is cooling.
- Congestion is driven by continued labor issues and landside bottlenecks.
- We expect the lower demand will allow supply chain congestion to recover to a normal level.
- We continue to work with our clients to provide flexible strategies and ensure timely delivery.



Source: Clarkson's NA EC/WC, N Eur & China port congestion data



Source: Maersk estimates including CTS Data



Source: Maersk estimates including CTS Data

Financial highlights Q3 2022

USD million	Revenue		EBITDA		EBIT		CAPEX	
	Q3 2022	Q3 2021	Q3 2022	Q3 2021	Q3 2022	Q3 2021	Q3 2022	Q3 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 and 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

Financial highlights

Consolidated financial information

Income statement (USDm)	Q3 2022	Q3 2021	YTD 2022	9M 2021
Revenue	22,767	16,612	63,709	43,281
EBITDA	10,862	6,943	30,273	16,046
EBITDA margin	47.7%	41.8%	47.5%	37.1%
Depreciation, impairments etc.	1,649	1,206	4,574	3,318
Gain on sale of non-current assets, etc., net	4	27	68	46
Share of profit in joint ventures and associates	260	95	-29	266
EBIT	9,477	5,859	25,738	13,040
EBIT margin	41.6%	35.3%	40.4%	30.1%
Financial items, net	-303	-185	-800	-601
Profit/loss before tax	9,174	5,674	24,938	12,439
Tax	-263	-213	-598	-515
Profit/loss for the period	8,911	5,461	24,340	11,924

Key figures and financials (USDm)	Q3 2022	Q3 2021	YTD 2022	9M 2021
Profit/loss for the period	8,911	5,461	24,340	11,924
Gain/loss on sale of non-current assets etc., net	-4	-27	-68	-46
Impairment losses, net.	-79	11	519	11
Transaction and integration cost	-10	0	49	-
Tax on adjustments	-	3	-	3
Underlying profit/loss	8,818	5,448	24,840	11,892
Earnings per share (USD)	488	287	1,318	620
Lease liabilities (IFRS 16)	11,672	10,092	11,672	10,092
Net interest-bearing debt	6,855	-3,123	6,855	-3,123
Invested capital	53,386	42,876	53,386	42,876
Total Equity (APMM total)	60,231	39,771	60,231	39,771
Total market capitalisation	32,099	49,637	32,099	49,637

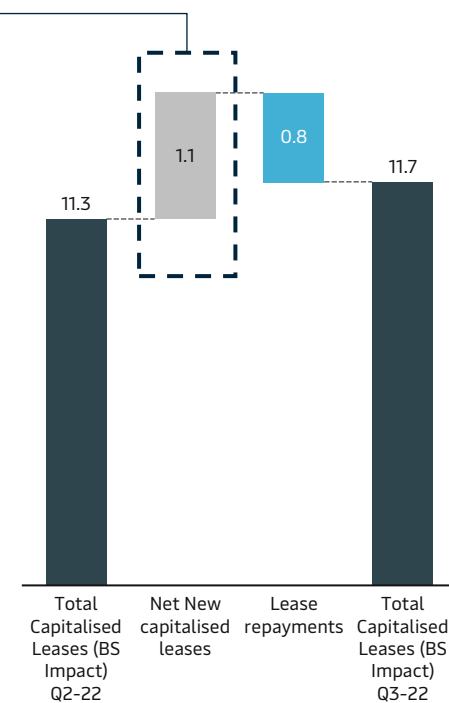
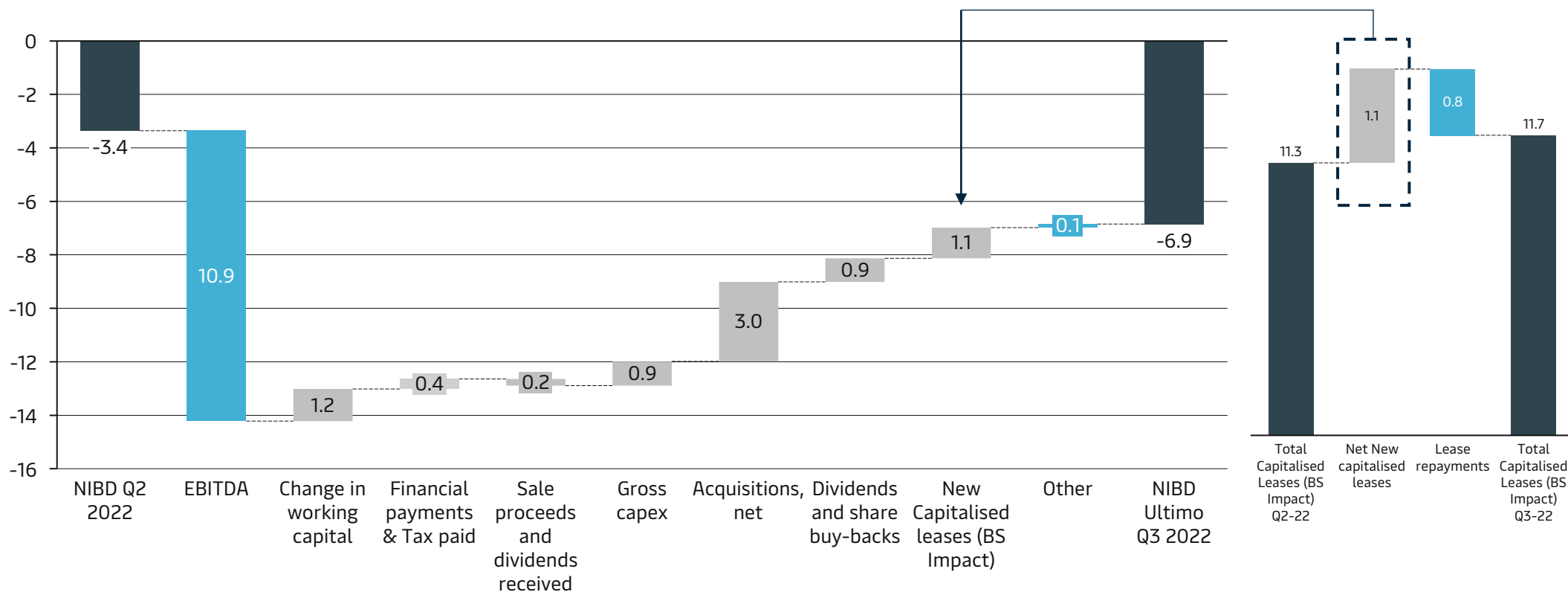
Financial highlights

Consolidated financial information

Cash flow statement (USDm)	Q3 2022	Q3 2021	YTD 2022	9M 2021
Profit/loss before financial items	9,477	5,859	25,738	13,040
Non-cash items, etc.	1,354	1,208	4,582	3,166
Change in working capital	-1,207	-366	-3,486	-1,711
Taxes paid	-180	-129	-558	-353
Cash flow from operating activities (CFFO)	9,444	6,572	26,276	14,142
CAPEX	-906	-610	-3,268	-1,391
Capital lease instalments – repayments of lease liabilities	-811	-611	-2,219	-1,693
Financial expenses paid on lease liabilities	-135	-114	-377	-342
Financial payments, net	-56	-83	-267	-179
Sale proceeds and dividends received	251	144	500	363
Free cash flow (FCF)	7,787	5,298	20,645	10,900
Acquisitions, net (incl. sales)	-3,211	-715	-4,707	-749
Dividends and share buy-backs	-870	-782	-8,955	-2,621
Repayments of/proceeds from borrowings, net	-105	-288	-752	-1,753

Strong free cash flow of USD 7.8bn decreasing NIBD despite LF Logistics acquisition

Development in net interest-bearing debt Q3 2022



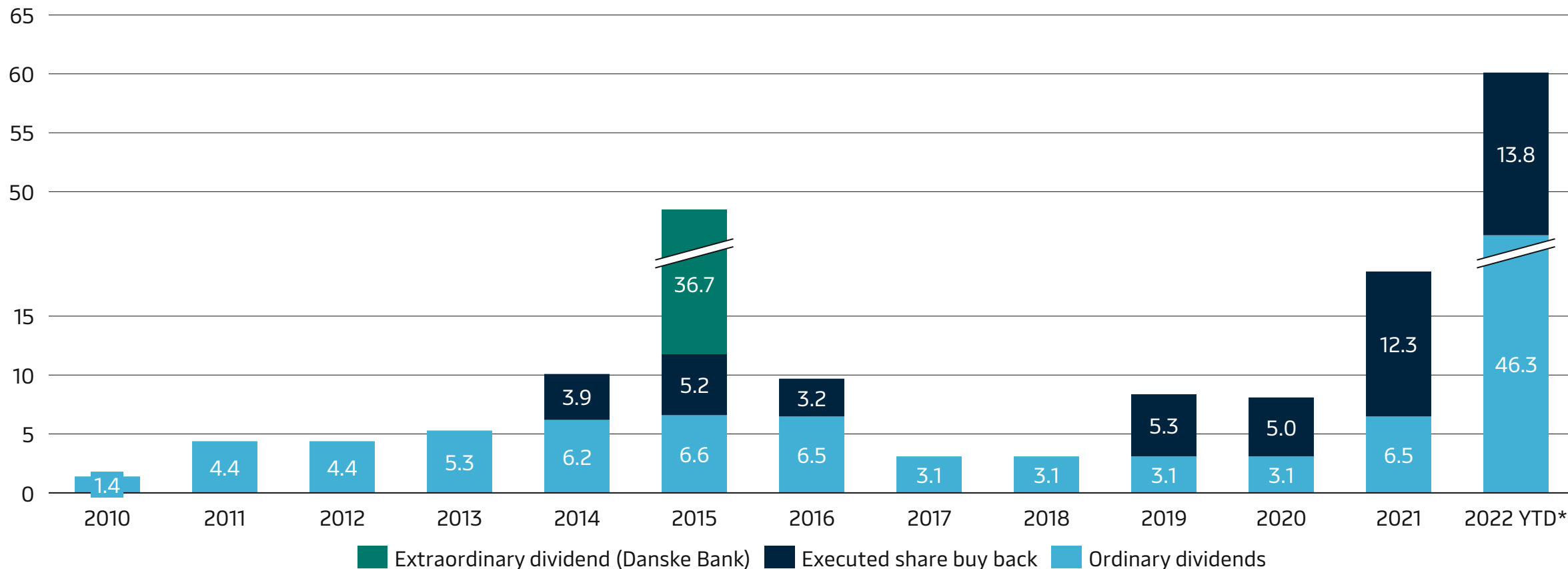
Liquidity reserve¹ of USD 27.2bn by end Q3 2022.

Investment grade credit rating of BBB+ (stable) from S&P and Baa2 (positive outlook) from Moody's.

USD -6.9bn of net interest-bearing debt (NIBD) of which USD 11.7bn is capitalised leases, net cash position of USD 18.5bn (excl. capitalised leases)

Earnings distribution to shareholders

DKK bn



*SBB excluding long-term incentive programme shares



Thank You

Sarah Spray
Head of Investor Relations

Sarah.Spray@maersk.com
+45 3147 4170