A.P. Møller-Mærsk A/S
Interim report Q1 2018

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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 A.P. Møller - Mærsk A/S' (APMM) control, may cause actual development and results to differ materially from the expectations contained in this presentation.

Comparative figures

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

Hamburg Süd have been included in the figures as of December 1st 2017. The key figures used are therefore only comparable with the previous year to a limited extent.

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Interim report Q1 2018

Key statements

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Key statements Q1 2018

Financial highlights for Q1

Revenue growth – profit not satisfactory – strong capital discipline

- **Revenue increased 30%** to USD 9.3bn (USD 7.1bn), excluding Hamburg Süd the increase amounted to 10%. The non-ocean businesses all reported revenue growth with Logistics & Services growing revenue by 6% and 11% in Terminals & Towage.
- **EBITDA improved 5% to USD 669m (USD 638m) positively** impacted by Hamburg Süd with USD 88m and strong performance in Terminals & Towage, however negatively impacted by around USD 100m related to rate of exchange.
- **Margins in Ocean were negatively impacted** by higher unit cost among others due to adverse developments in bunker price, and exchange rates. In response to the short-term unsatisfactory performance and challenging market conditions a number of initiatives are being implemented to improve profitability.
- **Underlying result after financial items and tax of negative USD 239m (negative USD 139m),** while reported profit for APMM was 2,762m (USD 253m), including the gain from the Maersk Oil transaction.
- **Operating cash flow** was USD 433m (USD 445m) or a conversion ratio of 95% (70%) adjusted for one-off export VAT payments and **gross capex was as planned USD 1.2**bn (USD 677m)
- **Reiterate guidance for 2018** of underlying profit above 2017 (USD 356m) and EBITDA between USD 4.0-5.0bn (USD 3.5bn), noting increased uncertainties due to geopolitical risks, trade tensions, and other factors impacting freight rates, bunker prices and exchange rates.

Key statements Q1 2018

Update on Energy separation

Maersk Oil transaction closed – Ongoing work on Maersk Drilling and Maersk Supply Service

- **The discontinued operations reported a profit of USD 3.0bn (USD 377m)** including an accounting gain of USD 2.6bn related to the closing of the Maersk Oil transaction in March contributing to a net debt reduction of USD 2.3bn to USD 13.4bn.
- **APMM owns 97.5 million shares in Total S.A.** with a market value 16 May 2018 of USD 6.2bn and reiterates previous statement that subject to meeting its investment grade objective, A. P. Moller – Maersk plans to return a material portion of the value of the received Total S.A. shares to the A.P. Moller – Maersk shareholders during 2018/19 in the form of extraordinary dividend, share buy-back and/or distribution of Total S.A. shares.
- **Continuing the process to identify structural solutions** for Maersk Drilling and Maersk Supply Service before the end of 2018.

Key statements Q1 2018

Strategy and Transformation update

Moving forward in the transformation of APMM

- Introducing a **new financial reporting structure, including transformation metrics,** with effect from Q1 2018 to facilitate transparent insight into the performance of the various business activities, including the non-ocean growth strategy and focus on capital discipline.
- **Revenue of USD 9.3bn was higher than in Q1 2017, including Energy**, with growth across all businesses and disproportionally higher growth in the non-ocean part of the business.
- **Strong collaboration between Ocean and gateway terminals** with reported equity weighted volume growth of 9.8% contributing to the announced synergies of up to USD 600m by 2019
- A **successful start to the integration of Hamburg Süd** with synergies and high level of customer retention contributing to growth. Reaffirming our synergy target of USD 350-400m by 2019
- **Cash conversion of 95% in Q1 2018**, adjusted for special VAT payments and **capital discipline** with no new vessel orders or new terminal projects. End of Q1 2018 the total contractual capex commitments was reduced by USD 2bn and average less than USD 500m per year until 2023.
- **Digital agenda progressing** with uptick in customer activity towards our digital services. As an example 60% of bookings, 84% of quotes and USD 1.3m worth of business every hour are handled through our website my.maerskline.com

Transformation metrics	Q1 2018	Q1 2017	FY 2017
Revenue growth - %	30%	-	13%
Non-Ocean revenue (USD m)	2,985	2,603	10,942
Cash conversion (CFFO to EBITDA)	*) 95%	70%	88%
Capex excl. M&A and divestments (USD m)	-1,180	-677	-3,599
ROIC (Return on Invested Capital) - %	-0.6%	0.2%	1.6%

*) Adjusted for one-off VAT payment, i.e. abolishment of Danish export VAT scheme

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Q1 2018

Financial highlights

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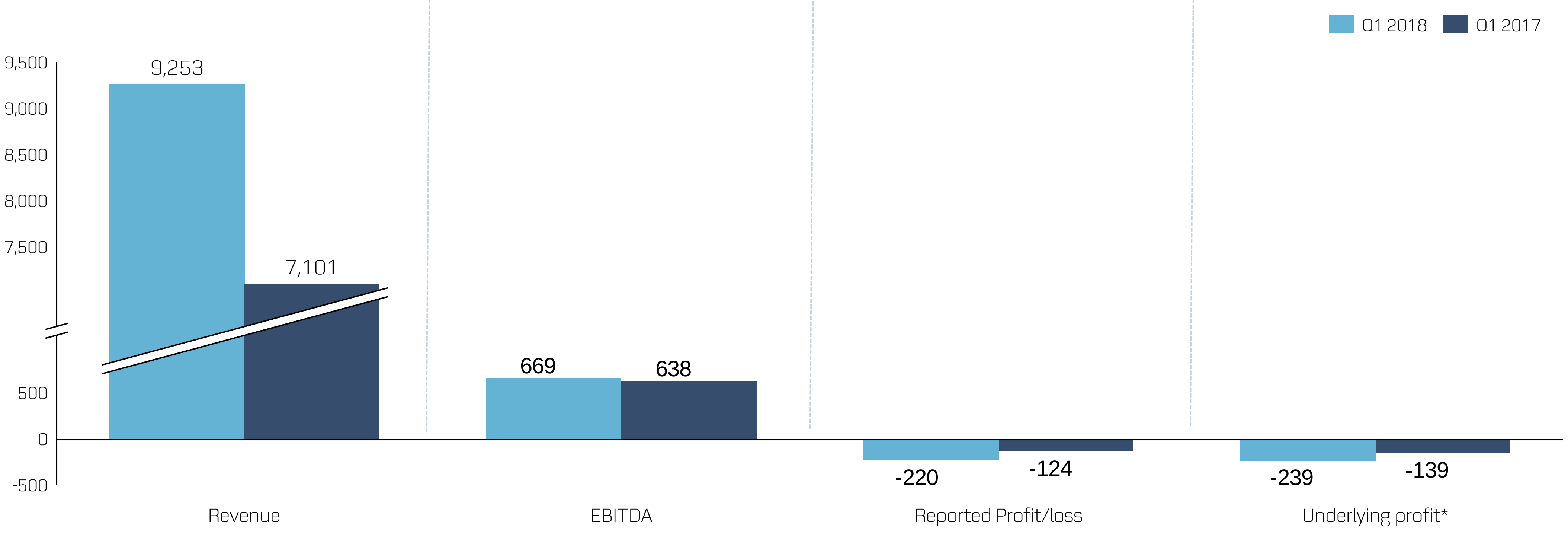
Financial highlights Q1 2018

Strong revenue growth – pressure on margins

USDm (continuing businesses)

Financial highlights



Revenue increased by 30%; mainly driven by higher revenue in Ocean from volumes up 24%, including Hamburg Süd and rates increase of 7%.

Logistics & Services grew revenue by 6%, while revenue in gateway terminals grew by 11% driven by volume increase of 9.3% or 6.9% like-for-like.

EBITDA only improved slightly to USD 669m (USD 638m), including Hamburg Süd, as higher profitability in Terminals & Towage was offset by margin pressure in Ocean and Logistics & Services.

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

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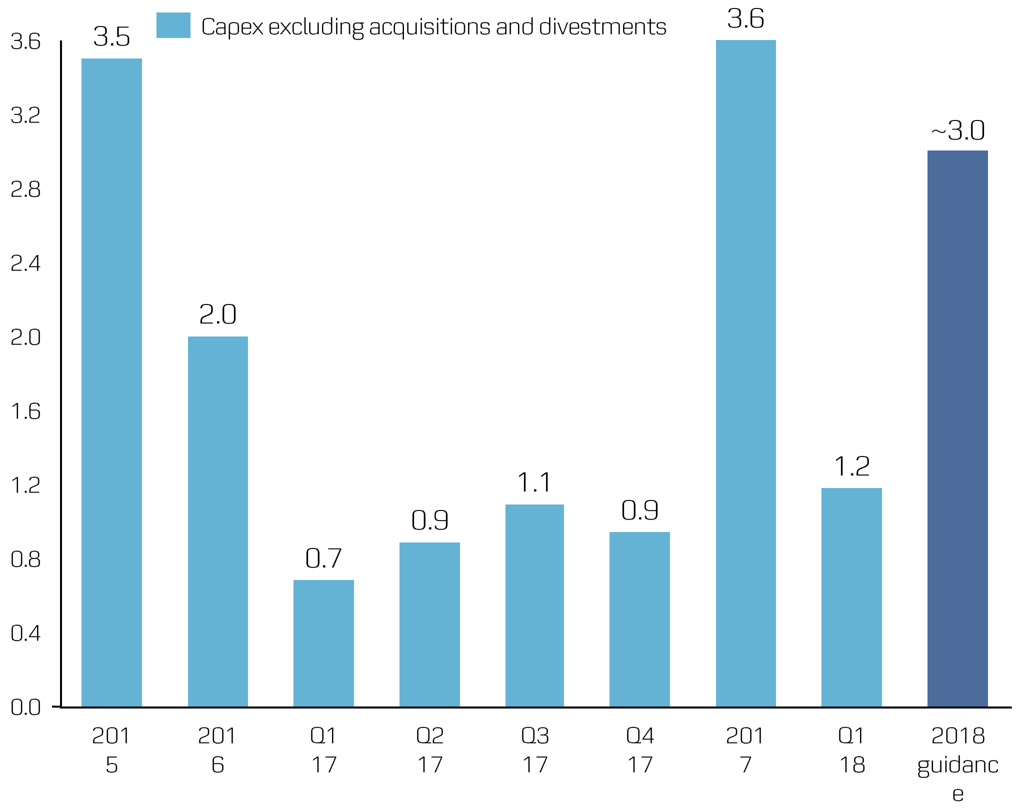
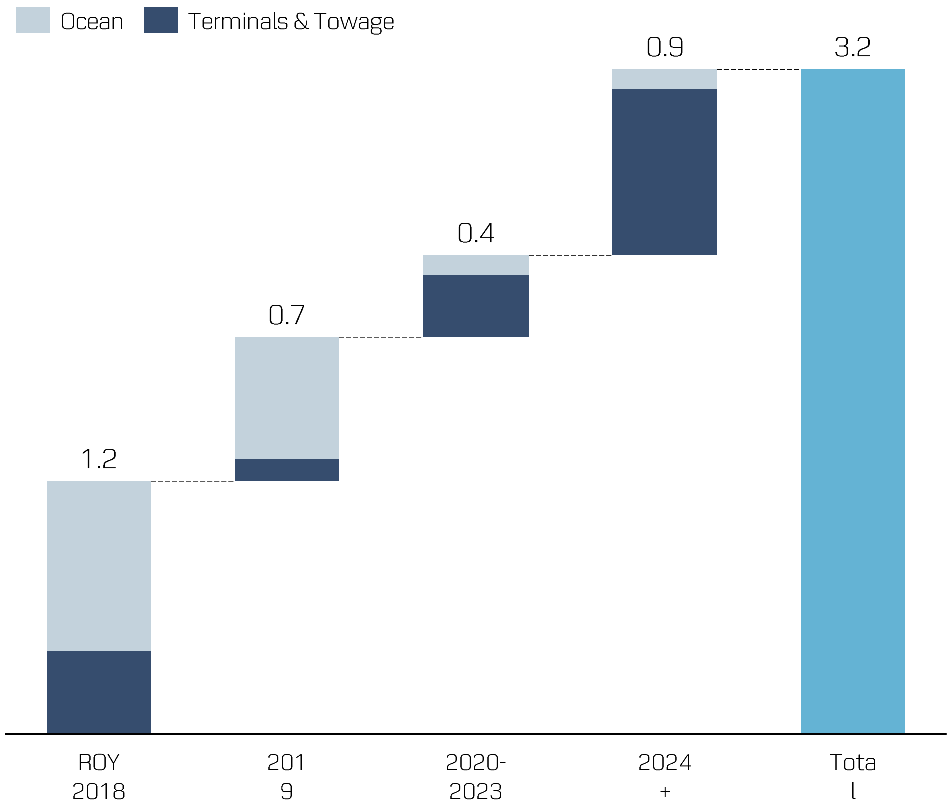
Financial highlights Q1 2018

As planned high capex in Q1 – reduced long-term commitments

USDbn

Gross capex and Contractual Capex Commitments





Gross capex in Q1 2018 was USD 1.2bn related to previously ordered vessels (seven deployed in Q1 18) and terminal commitments

Total contractual capex commitments were USD 3.2bn end of Q1 18, down by USD 2bn since Q1 17.

Commitments related to newbuildings accounts for USD 1.0bn, while the remaining primarily relates to commitments towards terminal concession grantors.

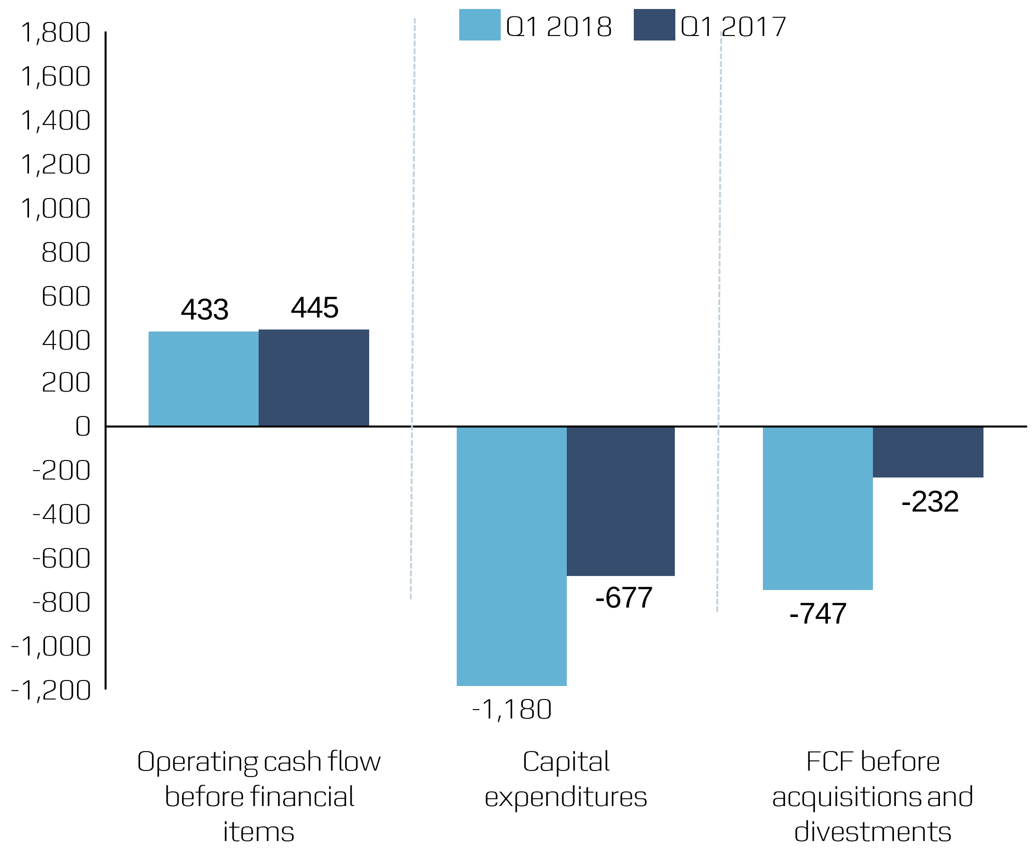
Guidance for gross capex for 2018 is unchanged expected at around USD 3bn.

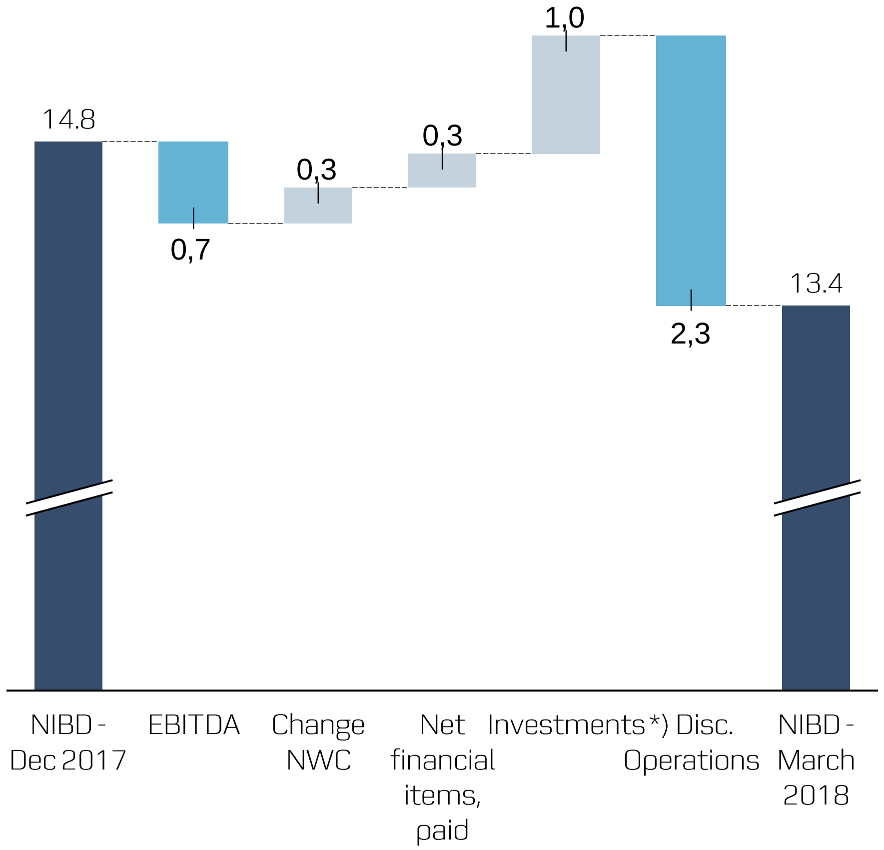
Financial highlights Q1 2018

Cash flow impacted by delivery of vessels

USDm

Development in cash flows and net interest bearing debt





Cash flow from operations of USD 433m was slightly lower due to abolishment of the export VAT scheme

Net interest bearing debt decreased to USD 13.4bn, despite a negative FCF of USD -747m for the quarter due to positive cash flow from discontinued operations, including USD 2.0bn from closing of the Maersk Oil transaction.

Funding in place with a liquidity reserve of USD 10.5bn by end of Q1 2018.

Committed to maintain investment grade rated

*Free cash flow in discontinued operations is mainly related to the proceeds of the sale of Maersk Oil

A.P. Moller - Maersk

Consolidated financial information

Income statement (USDm) (Continuing operations)	Q1 2018	Q1 2017	Change %	FY 2017
Revenue	9,253	7,101	30%	30,945
EBITDA	669	638	5%	3,532
Depreciation, impairments etc.	768	635	21%	3,015
Gain on sale of non-current assets, etc. net	33	15	120%	154
Share of profit in joint ventures	37	30	23%	-131
Share of profit in associated companies	26	22	18%	101
EBIT	-3	70	N/A	641
Financial costs, net	-120	-133	-10%	-616
Profit/loss before tax	**-123**	**-63**	**-95%**	**25**
Tax	97	61	59%	219
Profit/loss – continuing operations	**-220**	**-124**	**-77%**	**-194**
Profit/loss – discontinued operations	2,982	377	N/A	-970
Profit/loss for the period	**2,762**	**253**	**N/A**	**-1,164**
Underlying profit/loss – continuing operations	**-239**	**-139**	**-72%**	**356**

Key figures (USDm) (Continuing operations)	Q1 2018	Q1 2017	Change %	FY 2017
Cash flow from operating activities	433	445	-3%	3,113
Capital expenditure, excl. acquisitions and divestments	-1,180	-677	74%	-3,599
Net interest bearing debt (APMM total)	13,395	12,212	-10%	14,799
Earnings per share (USD)	-11	-6	-83%	-11
ROIC (%)	-0.6%	0.2%	N/A	1.6%

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Highlights Q1 2018

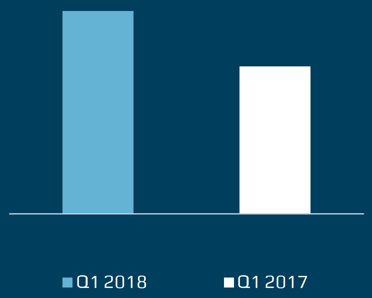
Ocean

The Ocean segment reported a revenue of USD 6.8bn (USD 5bn) or a growth of 38% driven by a combination of higher volumes and rates. Excluding Hamburg Süd revenue increased by 9%.

Other revenue amounted to USD 830m (553m) supported by increases in demurrage and detention as well as slot sales.

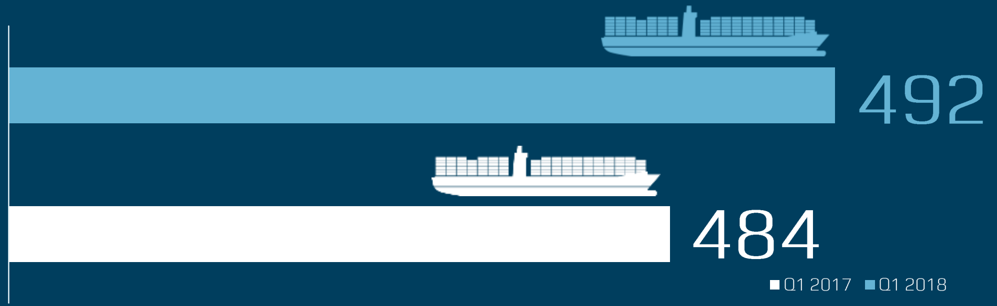
EBITDA was USD 492m (USD 484m), including USD 88m from Hamburg Süd. Profitability was negatively impacted by exchange rates, higher bunker prices, and higher terminal and feedering costs.

Revenue



Revenue increased by 38% compared to Q1 2017 driven by an increase in average freight rate of 7% and volume growth of 24%

EBITDA (USD m)



	Q1 2018 (USD m)	Q1 2017 (USD m)	FY 2017 (USD m)
Revenue	6,810	4,950	22,023
EBITDA	492	484	2,777
EBITDA margin	7%	10%	13%
Gross capital expenditures	-1,074	-468	-2,831

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Ocean – highlights Q1 2018

High volume growth from Hamburg Süd

Ocean volumes increased 24% including Hamburg Süd, primarily driven by north-south and intra-regional trade.

Excluding Hamburg Süd, volumes grew by 2.2% which was slightly lower than the global market growth estimated at around 3-4%. The growth is in line with our guidance for the year. Headhaul volume increased by 2.4% and backhaul by 1.9%.

Average freight rates increased by 7%, driven by improvements on north-south (9.5%) and intra-regional (21%) trades, while east-west decreased slightly (0.9%).

Compared to Q4 2017, the average freight rate increased by 4.7%, however in a bunker price inflated environment.

Average freight rate (USD/FFE)	Q1 2018	Q1 2017	Change, USD	Change, %
East-west	1,796	1,813	-17	-0.9
North-south	2,018	1,843	175	9.5
Intra-regional	1,433	1,184	249	21.0
Total	**1,832**	**1,713**	**119**	**7.0**

Loaded volumes ('000 FFE)	Q1 2018	Q1 2017	Change, FFE	Change, %
East-west	975	918	57	6.2
North-south	1,607	1,257	350	27.9
Intra-regional	638	426	212	49.9
Total	**3,220**	**2,601**	**619**	**23.8**

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Ocean – highlights Q1 2018

Increasing unit cost in Ocean

Unit cost increased by 12% or 214 USD/FFE to 2,072 USD/FFE.

On a fixed bunker price, unit cost increased by 8.6% to 1,895 USD/FFE of which 2.5% was related to adverse exchange rates developments and 3.4% to change in portfolio mix following inclusion of Hamburg Süd. Remaining increase was mainly driven by higher terminal and feedering costs.

Bunker cost increased by 52.7% to USD 1,194m y/y partly due to bunker price increase of 19%, while bunker efficiency deteriorated by 3.4% y/y to 972 kg/FFE (940 kg/FFE). Part of the deterioration is explained by the increased capacity committed to carrying volumes from the slot purchase agreements, which are not counted for as volumes.

Average capacity in Q1 2018 increased as planned by 31% compared to Q1 2017, mainly related to Hamburg Süd and around 6% to accommodate the slot purchase agreements.

USD million	Q1 2018	Q1 2017	Change %	FY 2017
Other revenue, including hubs (USD m)	830	556	49.3%	2,547
Unit cost, fixed bunker (USD/FFE incl. VSA income)	1,895	1,745	8.6%	1,752
Hub productivity (PMPH)	75	73	2.7%	73
Bunker price, average (USD per tonne)	382	320	19.4%	321
Bunker cost (USD m)	1,194	782	52.7%	3,341
Bunker consumption (tonnes in '000)	3,129	2,444	28.0%	10,395
Average nominal fleet capacity (TEU in '000)	4,231	3,224	31.2%	3,456
Fleet, owned (EOP)	346	284	21.8%	339
Fleet, chartered (EOP)	430	355	21.1%	442

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Hamburg Süd update

Strong start to the integration

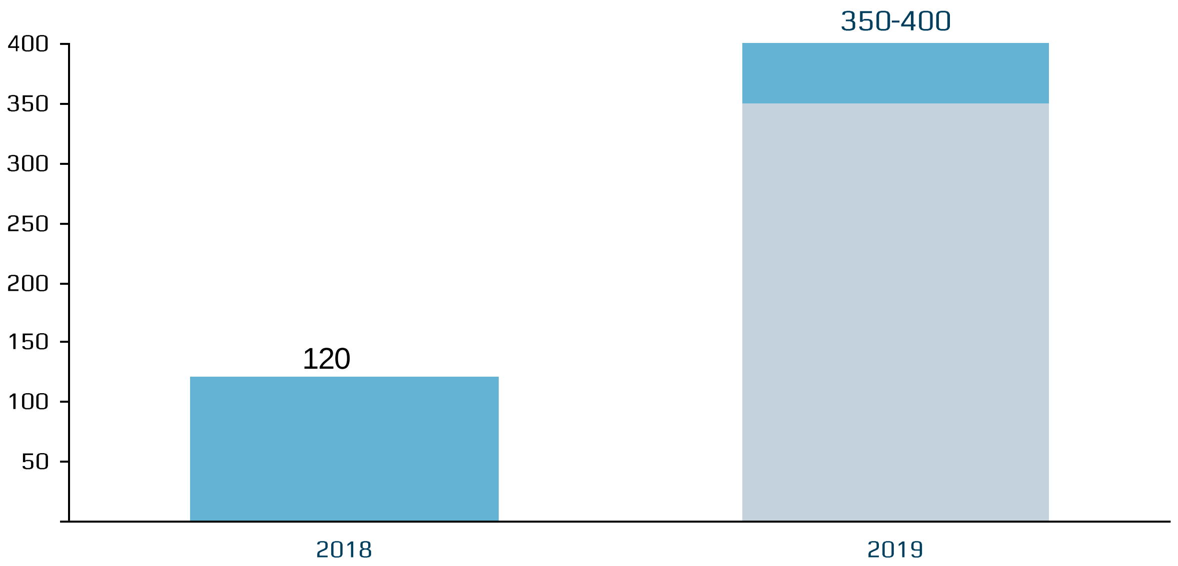
The integration of Hamburg Süd of to a good start, successfully protecting volume and contributing both to growth in revenue and EBITDA. Both Hamburg Süd and Maersk Line reported positive organic volume growth on key trades in Latin America and Oceania.

In Q1 2018 Hamburg Süd contributed with 563,000 FFE or 21.6% growth in volume and with an EBITDA of USD 88m, including integration costs of USD 13m.

Synergies from acquisition are realised as planned; in the first quarter realised within procurement, increased volumes in Gateway Terminals operated by APM Terminals and minor adjustments to the network

Reiterates synergy expectations of around USD 120m in 2018 and USD 350-400m in 2019, excluding integration costs.

Synergies from Hamburg Süd (USD m)



Note. Excluding integration cost

Hamburg Süd figures	Q1 2018
Volume ('000 FFE)	563
Integration costs	-13
EBITDA (USD m)	88

Highlight Q1 2018

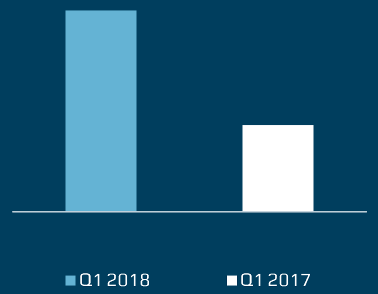
Logistics & Services

Revenue in Logistics & Services grew by 6% to USD 1,455m (USD 1,378m) positively impacted by volume and revenue growth in supply chain management (SCM) and inland haulage.

Deselection of low margin business as well as slow demand growth after Chinese New Year, led to declining volumes in both Air and Ocean.

While gross profit improved by USD 10m to 263m positively impacted by product mix and exchange rates. Margin in SCM increased by 8% and in Air and Ocean by 5% and by 22%, respectively.

Revenue



Revenue increased by 6%, mainly driven by growth in supply chain management and inland haulage.

EBITDA (USD m)

	Q1 2018 (USD m)	Q1 2017 (USD m)	FY 2017 (USD m)
Revenue	1,455	1,378	5,772
EBITDA	23	32	139
EBITDA margin	2%	2%	2%
Gross capital expenditures	-8	-8	-54

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Logistics & Services - highlights Q1 2018

EBITDA lower due to investments and rate of exchange

Despite higher gross profit in the quarter EBITDA decreased by USD 9m to USD 23m due to higher cost related to continued investment in new customer solutions, including digital platform, and higher SG&A cost due to adverse effect from exchange rates.

Consequently, the EBIT conversion ratio decreased from 13.1% to 6.4%. Several cost management initiatives are being implemented to improve profitability.

Continued improvements in the cash conversion cycle resulted in significantly improved working capital and positive cash flow development.

USD million or units	Q1 2018	Q1 2017	Change %	FY 2017
Gross profit (USD m)	263	253	4.0%	1,039
EBIT conversion (EBIT/Gross profit - %)	6.4%	13.1%	-6.7pp	14.5%
Ocean volumes (TEU)	145,687	166,337	-12.4%	664,448
Supply chain management ('000 cbm)	16,975	15,983	6.2%	69,574
Airfreight volumes (tonnes)	40,159	45,002	-10.8%	206,208
Ocean revenue (USD m)	147	166	-11.4%	666
Supply chain management revenue (USD m)	206	175	17.7%	778
Airfreight revenue (USD m)	141	128	10.2%	659
Inland haulage revenue (USD m)	623	573	8.7%	2,388
Container inland services revenue (USD m)	144	166	-13.3%	589
Other services revenue (USD m)	194	170	14.8%	692

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Highlights Q1 2018

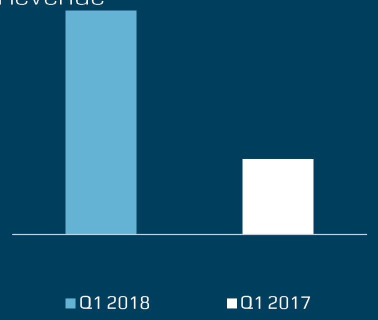
Terminals & Towage

Terminals & Towage reported a growth in revenue of 11% with revenue from gateway terminals of USD 736m (USD 669m) and USD 177m (USD 157m) from towage activity.

EBITDA improved by 41% to USD 196m (USD 139m) driven by higher activity level in both businesses.

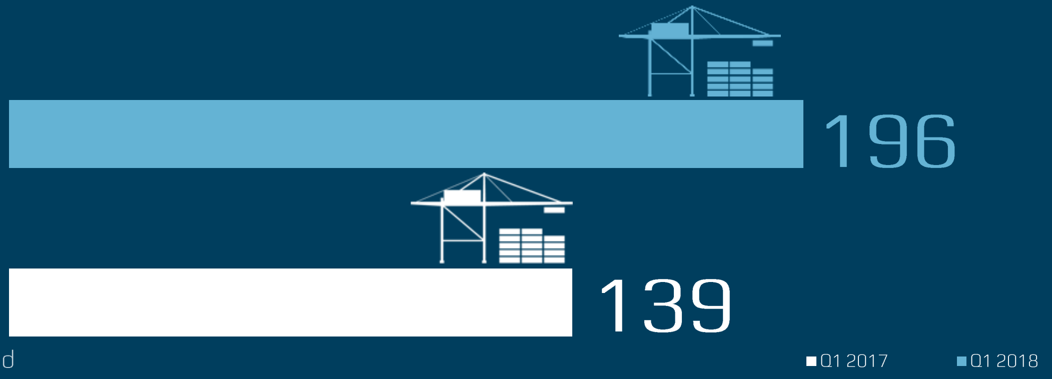
Income from joint-ventures and associated terminals improved by USD 20m to USD 54m.

Revenue



Revenue increased by 11%, positively impacted by newly operated terminals and organic growth in towage activity

EBITDA (USD m)



	Q1 2018 (USD m)	Q1 2017 (USD m)	FY 2017 (USD m)
Revenue	911	824	3,481
EBITDA	196	139	639
EBITDA margins	22%	17%	18%
Gross capital expenditures	-101	-196	-704

Terminals & Towage - highlights Q1 2018

Growing above the market

Equity weighted throughput moves increased by 9.3% in Q1, mainly due to strong volumes in Latin America and Europe through the 2M partnership with Hamburg Süd and stronger collaboration with Maersk Line.

Like for like throughput increased by 6.9% in Q1 2018; higher than the estimated global port throughput growth of 4.6% (Drewry).

Revenue per move in gateway terminals, adjusted for currency impact, was slightly down, due to unfavorable cargo mix.

Unit cost per move, excluding exchange rates, was on par with Q1 2017, which is partly due to cost saving initiatives and higher utilization in Latin America.

Harbour towage activities measured by tug jobs increased 7% y/y, partly driven by organic growth and partly from entering new ports.

USD million	Q1 2018	Q1 2017	Change %	FY 2017
Revenue	911	824	10.6%	3,481
EBITDA	196	139	41.0%	639
Capital expenditures	-101	-196	-48.5%	-704
Terminal volumes, EqW	4.0	3.7	9.3%	15.6
Terminal revenue per move, EqW (USD)	209	203	3.0%	203
Terminal unit cost, EqW (USD)	170	164	3.7%	167
Result from joint ventures and associated companies (USD m)	54	34	58.8%	-78
Operational tug jobs (number '000)	33	31	6.5%	123
EBITDA per tug equivalent (annualized – USD m)	747	635	17.6%	755

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Highlights Q1 2018

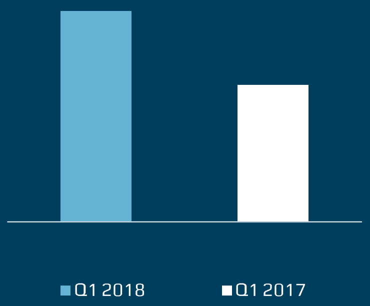
Manufacturing & Others

Maersk Container Industry reported a revenue of USD 288m (USD 243), equal to a growth of 18% due to higher volumes and increase in sales for reefer containers. External volumes accounted for 30% and is expected to increase due to lower demand from Maersk Line and Hamburg Süd.

Maersk Container Industry improved EBITDA to USD 32m (USD27m), despite increasing commodity prices, reflecting a higher volume growth.

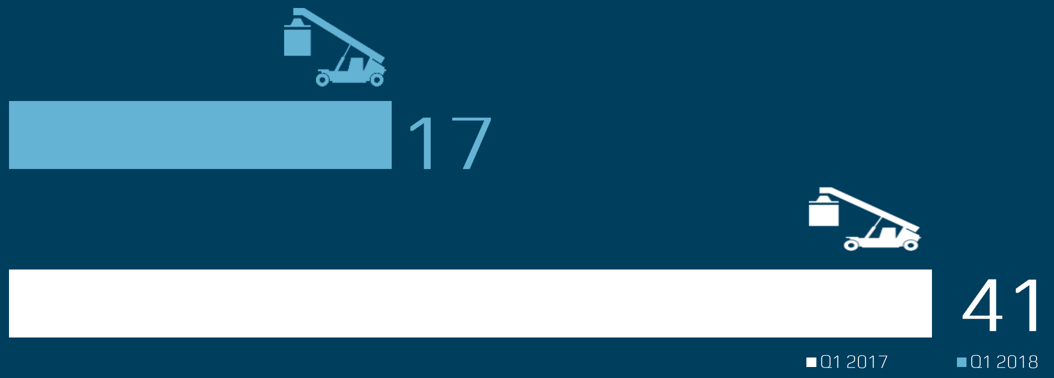
Revenue for other businesses ended at USD 331m (USD 158m) with a negative EBITDA of USD 15m (positive USD 14m) because of unrealised losses on oil/bunker trading instruments hedging physical positions in future periods in Maersk Oil Trading.

Revenue



Revenue in Maersk Container Industry increased by 18% to USD 288m, while revenue in Others grew by USD 173m to USD 331m.

EBITDA (USD m)



	Q1 2018 (USD m)	Q1 2017 (USD m)	FY 2017 (USD m)
Revenue	619	401	1,689
EBITDA	17	41	173
EBITDA margin (%)	3%	10%	10%
Gross capital expenditures	-6	-5	-23

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DISCONTINUED OPERATIONS

Discontinued operations - held for sale

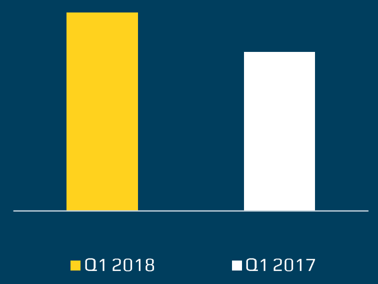
Maersk Drilling

Maersk Drilling reported a net profit of USD 160m (USD 48m) in Q1 2018, mainly due to no depreciations included after reclassified as discontinued business in Q3 2017.

The financial performance was positively impacted by fewer rigs being idle compared to Q1 2017 and continued cost savings across the fleet, however negatively impacted by lower operational uptime on both jack-ups and deepwater rigs.

For Q1 Maersk Drilling generated an operating cash flow of USD 178m and a free cash flow of USD 150m.

Revenue (USD m)



Revenue increased by 9% compared to Q1 2017.

EBITDA (USD m)

	Q1 2018 (USD m)	Q1 2017 (USD m)
Revenue	376	344
EBITDA	166	171
Operating cash flow	178	144
Free cash flow	150	-306

Maersk Drilling – highlights Q1 2018

Activity in the market increasing due to higher oil price

Maersk Drilling during the quarter contracted new backlog with a value of USD 17m and approximately 99 days.

The total revenue backlog amounted to USD 3.0bn (USD 3.4bn) by the end of Q1. Maersk Drilling's forward contract coverage was 62% for 2018, 35% for 2019, and 25% for 2020.

Average operational uptime was 97% (100%) for the jack-up rigs and 99% (97%) for the floating rigs.

USD million	Q1 2018	Q1 2017	Change	FY 2017
Revenue	376	344	9%	1,443
EBITDA	166	171	-3%	675
Reported profit/loss	160	48	233%	-1,519
Operating cash flow	178	144	25%	712
Capital expenditures	-27	-450	N/A	-508
Fleet	24	24	N/A	24
Invested capital	4,490	6,624	-32%	4,464
Contracted days	1,423	1,260	13%	5,264

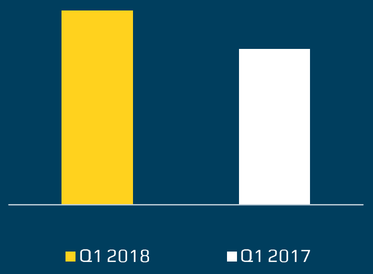
Discontinued operations - held for sale

Maersk Supply Service

Maersk Supply Service reported an EBITDA of USD 3m, positively impacted by higher activity and more efficient utilisation.

Cash flow used for capital expenditure increased due to the delivery of two new buildings, which are both planned for work scopes on integrated solutions projects.

Revenue (USD m)



Revenue increased by 25% compared to Q1 2017, driven by higher activity.

EBITDA (USD m)

	Q1 2018 (USD m)	Q1 2017 (USD m)
Revenue	60	48
EBITDA	3	-5
Operating cash flow	14	22
Free cash flow	-161	-88

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2018
Guidance

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Guidance

Guidance for 2018

A.P. Moller - Maersk reiterates its expectations for 2018 of an underlying profit above 2017 (USD 356m) and earnings before interests, tax, depreciations and amortisations (EBITDA) in the range of USD 4.0-5.0bn (USD 3.5bn), however noting increased uncertainties due to geopolitical risks, trade tensions and other factors impacting container freight rates, bunker prices and rate of exchange.

The organic volume growth in Ocean is still expected slightly below the estimated average market growth of 2-4% for 2018. Further, guidance is maintained on gross capital expenditures (capex) around USD 3bn and a high cash conversion (88%) (Cash flow from operations compared with EBITDA).

Sensitivity Guidance

A.P. Moller - Maersk's guidance for 2018 depends on several factors. Based on the expected earnings level and all else being equal, the sensitivities for the rest of 2018 for four key assumptions are listed in the table below:

Factors	Change	Impact on EBITDA for the rest of the 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 0.4bn
Rate of exchange (net of hedges)	+ / - 10% change in USD	+ / - USD 0.3bn

Q&A

To ask a question please press 01

Stig Frederiksen
Head of Investor Relations

Stig.frederiksen@maersk.com
+45 3363 3106

Maja Schou-Jensen
Senior Investor Relations Officer

Maja.schou-jensen@maersk.com
+45 3363 3639

Jytte Resom
Investor Relations Officer

Jytte.resom@maersk.com
+45 3363 3622

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