

CREDIT OPINION

6 March 2025

Update



RATINGS

A.P. Moller-Maersk A/S

| | |
|------------------|--------------------------------|
| Domicile | Copenhagen, Denmark |
| Long Term Rating | Baa1 |
| Type | LT Issuer Rating - Dom Curr |
| Outlook | Stable |

Please see the [ratings section](#) at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

Contacts

Daniel Harlid +46.8.5179.1271
VP-Senior Credit Officer
daniel.harlid@moodys.com

Andreas Soteriou +46.8.5179.1272
Senior Ratings Associate
andreas.soteriou@moodys.com

Stanislas Duquesnoy +49.69.70730.781
Associate Managing Director
stanislas.duquesnoy@moodys.com

CLIENT SERVICES

Americas 1-212-553-1653
Asia Pacific 852-3551-3077
Japan 81-3-5408-4100
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A.P. Moller-Maersk A/S

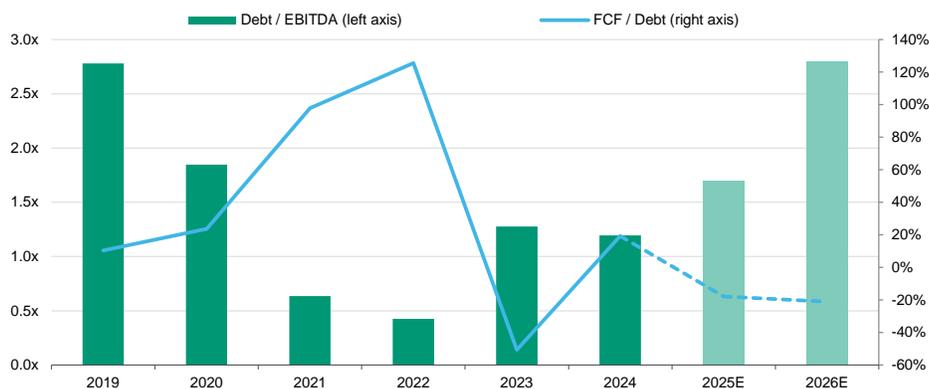
Annual Update

Summary

A.P. Moller-Maersk A/S' (Maersk) Baa1 long-term issuer rating with a stable outlook reflects as positive: (1) one of the largest container shipping and port terminal companies in the world with a growing presence in third-party-logistics (3PL); (2) track record of a more conservative financial policy during the last five years with a strong commitment to maintain an investment-grade rating; (3) stable shareholding and disciplined management; (4) excellent liquidity, supported by our expectations of positive free cash flow (FCF) generation through the cycle and (5) a strong commitment to reduce greenhouse gas emissions already by 2030 and to be net zero across its entire business by 2040.

The rating is constrained by: (1) the historically very volatile market dynamics in global container shipping; (2) a history of volatile and low EBIT margin in percentage terms, although typical for the sector; (3) integration and execution risk with regards to its Logistics and Services (L&S) division as it tries to build out an integrated logistics offering and (4) increased investment need because of its ambitious climate targets.

Exhibit 1
Debt / EBITDA to increase as profitability for the ocean segment has declined



All data based on adjusted financial data, which follow our Financial Statement Adjustments in the Analysis of Nonfinancial Corporations methodology.

LTM = Last 12 months.

Moody's forecasts are Moody's opinion and do not represent the views of the issuer

Sources: *Financial Metrics™* and *Moody's Ratings forecasts*

Credit strengths

- » Status as the second largest container shipping company globally, supported by its stable and profitable terminal business
- » Very strong balance sheet following large debt repayments
- » Strong liquidity, which underpins the clear commitment to an investment-grade rating
- » A supportive shareholder, with a track record of providing support

Credit challenges

- » High reliance on the historically volatile and competitive container shipping industry
- » History of an EBIT margin in the low-single digits in percentage terms, although clearly not the case during the last five years
- » Integration and execution risks related to growth ambitions in logistics segment
- » Increasing investment need as the industry decarbonises

Key indicators

Exhibit 2

A.P. Møller-Mærsk A/S

| (in \$ millions) | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025E | 2026E |
|---|-------|-------|----------|---------|--------|---------|---------|--------|
| Size of Fleet (Number of Ships) | 708.0 | 706.0 | 738.0 | 707.0 | 672.0 | 707.0 | 718.0 | 723.0 |
| EBIT Margin | 4.9% | 10.3% | 32.2% | 38.0% | 10.1% | 13.9% | 6.3% | -1.1% |
| EBITDA Margin | 15.7% | 21.3% | 39.6% | 45.6% | 23.0% | 25.1% | 18.1% | 11.6% |
| Debt / EBITDA | 2.8x | 1.8x | 0.6x | 0.4x | 1.3x | 1.2x | 1.7x | 2.8x |
| Net debt / EBITDA | 2.0x | 1.2x | -0.1x | -0.3x | -0.3x | -0.5x | -0.3x | 0.2x |
| RCF / Net Debt | 37.0% | 71.6% | -1702.6% | -256.5% | 23.5% | -170.3% | -272.4% | 433.6% |
| FCF / Debt | 10.3% | 23.6% | 97.9% | 125.5% | -50.7% | 19.2% | -17.9% | -21.1% |
| (FFO + Interest Expense) / Interest Expense | 6.3x | 10.0x | 29.2x | 44.7x | 12.1x | 13.3x | 10.2x | 6.6x |

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Rating outlook

The stable rating outlook balances Maersk's financial flexibility and net cash position with the risk of the container shipping market performing even worse than in Moody's base case. Despite the risk of a Moody's-adjusted debt / EBITDA ratio that exceeds the downgrade trigger of 3.0x during the next 12-18 months, this is mitigated by the absence of net debt as cash will continue to be below or slightly above the company's debt level. Nevertheless, Moody's stresses that current geopolitical risks reduces visibility more than what is normal for the container shipping industry.

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the issuer/deal page on <https://ratings.moody.com> for the most updated credit rating action information and rating history.

Factors that could lead to an upgrade

- » Positive ratings pressure would require the company further diversifying its business profile such that non shipping related activities generate a meaningful share of group EBIT. Furthermore, the company is required to sustain a debt / EBITDA ratio below 2.0x while maintaining its very strong liquidity profile. This also includes generating positive free cash flow after shareholder remuneration over the cycle, as well as consistently reporting a high single digit EBIT margin percentage wise.

Factors that could lead to a downgrade

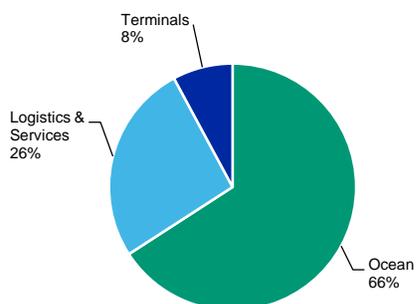
- » Negative ratings pressure could arise if the company's debt/EBITDA ratio increased toward 3.0x. Additionally, RCF/ net debt falling below 35%, negative free cash flow after shareholder remuneration or a weakened liquidity profile would cause negative pressure on ratings, as well as the company's EBIT-margin being below 5% on a sustained basis.

Profile

Headquartered in Copenhagen, Denmark, A.P. Møller-Mærsk A/S (Maersk) is an integrated container logistics company. The company's main business areas encompass container shipping, port terminals and logistics. In 2024 Maersk reported revenue of \$55.5 billion and EBIT of \$6.5 billion.

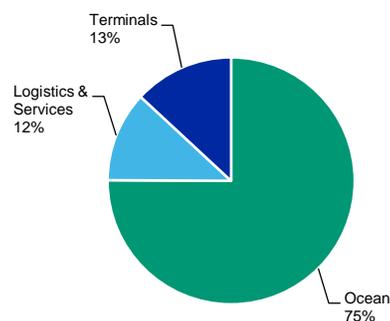
In 1904, the Møller family founded the group, which today is one of the largest Danish companies listed on the Nasdaq-OMX Copenhagen, with a current market capitalization of around DKK194 billion (\$271 billion). The largest shareholder is the A.P. Møller Foundation (A.P. Møller Fonden) which ultimately controls 55% of the capital and 72% of the votes¹

Exhibit 3
Revenue per segment
(2024)



Source: Company Q4 2024 investor presentation

Exhibit 4
EBITDA per segment
(2024)



Source: Company Q4 2024 investor presentation

Detailed credit considerations

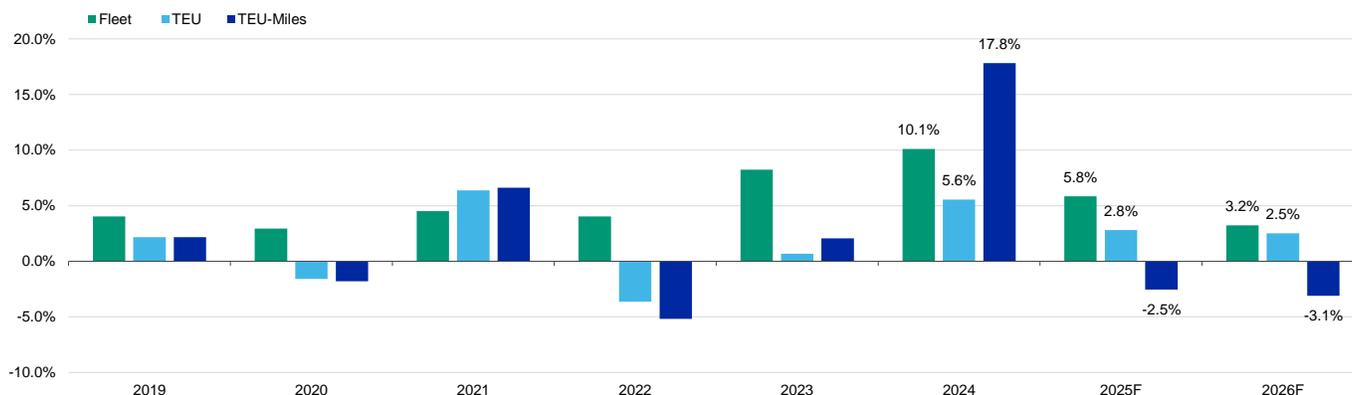
Yet another exceptional year for container shipping on the back of elevated geopolitical risks and rising protectionism

[The expected weak market environment for container shipping that we anticipated one year ago for 2024](#) did not materialise as the increasing number of attacks on vessels transiting the Red Sea forced carriers to instead route vessels via the Cape of Good Hope on the Asia - Europe trade lane. According to data from third party research firm Clarksons Research, over 20% of the global container trade was done through the Suez Canal in 2023; traveling from Asia to North Europe via the Cape of Good Hope instead of the Suez Canal extends the voyage by around 25%. Coupled with unusually strong demand in 2024, the industry has been faced with a shortage of shipping capacity despite the global container shipping fleet growing by 19% between Dec. 2022 and Dec. 2024. Exhibit 5 illustrates that although the container shipping fleet expanded by 10.1% in 2024, outpacing volume growth of 5.6%, longer sailing times resulted in an effective capacity shortage of almost 8%.

Exhibit 5

Longer sailing times in 2024 has led to shipping capacity shortage despite record high inflow of new vessels

Annual growth



TEU = Twenty-foot equivalent unit, a common measurement of container size

Source: Moody's Ratings and Clarksons Research

Our base case for the current and next year incorporates gradual return of the global fleet to the Red Sea. This will most certainly put negative pressure on freight rates as the shorter distance required to sail means a substantial increase in available container shipping capacity. If this materialises, we expect freight rates to fall by around 50% to levels similar to those of the third quarter of 2023, when rates fell significantly in anticipation of an oversupplied market in 2024.

One of the largest container shipping companies with growing presence in logistics

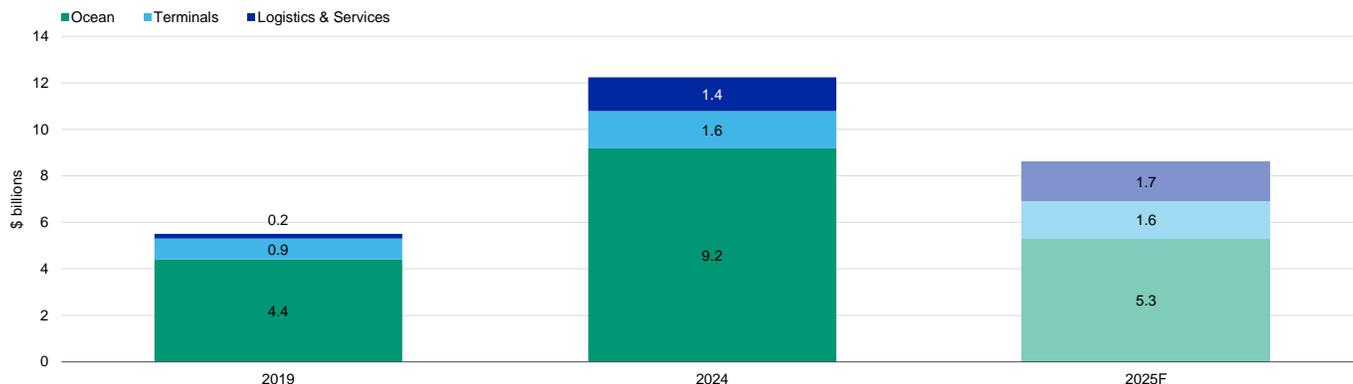
With a total fleet of 707 vessels (56% of nominal capacity is owned by the company and the remainder is leased), which carried around 25 million ton equivalent units (TEUs) in 2024, Maersk is the second largest container shipping company in the world. According to Clarksons Research, the company holds the second largest market share on both the Far East - Europe trade lane and the Transpacific trade lane. Together, these two trade lanes accounted for over 25% of global container volumes in 2024. Through APM terminals, the company operates one of the largest port terminal businesses in the world, with 53 terminals across 28 countries. In 2023, the division reported revenue of \$4.5 billion and EBIT of \$1.3 billion, making them the fourth largest terminal operator in the world after [DP World Limited](#) (Baa2 Stable), [PSA International Pte. Ltd.](#) (Aa1 Stable) and [Shanghai International Port \(Group\) Co., Ltd](#) (A1 Negative).

Over the last four years, Maersk has built up a sizeable logistics business consisting of hinterland and air transport, contract logistics and value adding services such as customs clearance. As seen in exhibit 5, EBITDA for the division grew to \$1.4 billion in 2024 from \$200 million in 2019 and we expect the share of group EBITDA to hover around 20% in 2025.

Exhibit 6

Logistics EBITDA has grown significantly following multiple acquisition over the last four years

Reported EBITDA per division



We have excluded the Towage division (Svitzer) as it was spun off from Maersk during the second quarter of 2024.

Projections are Moody's opinion and do not represent the views of the issuer

Source: Company annual reports and Moody's Ratings forecasts

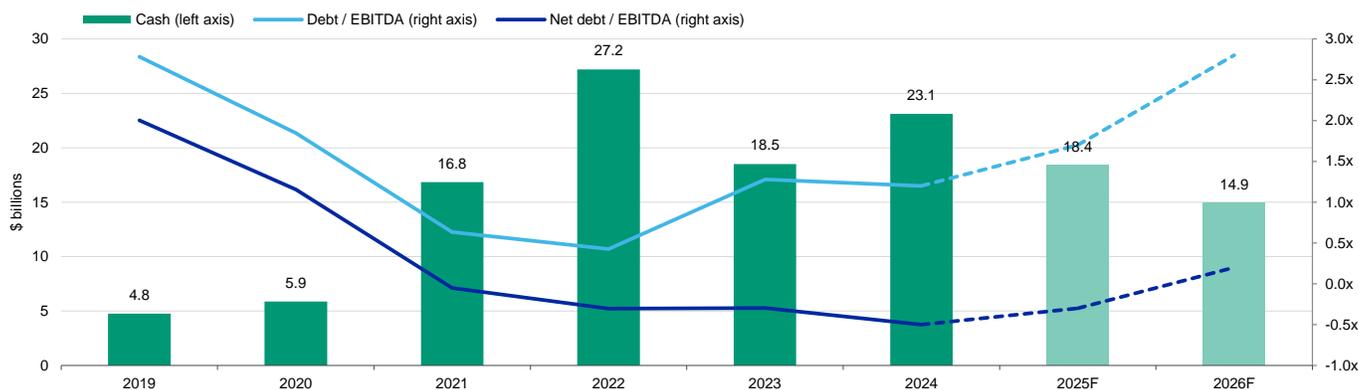
The driver of this strategy has been to increase the share of wallet with its largest ocean customers by offering what the company calls integrated logistics — transporting and handling its customers' goods from factory to end customer instead of simply transporting a container from one port to another. With this strategy the company aspires to position itself as a logistics provider rather than a container shipping company whose core offering is perceived as being highly commoditised and undifferentiated.

Rating underpinned by prudent balance sheet and liquidity management

Although risks are plenty for Maersk and the container shipping industry, the company's continued focus on preserving a conservative balance sheet and a substantial liquidity buffer positions its rating strongly in the Baa1 rating category. As of 31 December 2024, the company had total cash and cash equivalent of \$23.0 billion (net of restricted cash) against a Moody's-adjusted debt load of \$16.7 billion. As seen in exhibit 7, we expect Moody's-adjusted debt / EBITDA to increase to around 1.7x in 2025 as a result of continued downward pressure on freight rates but at the same time the company will still be more or less net debt free. This incorporates our forecast of Maersk's Ocean division showing negative EBIT during 2026.

Exhibit 7

Despite our expectations of very weak market fundamentals for container shipping, net debt stays around zero



All data based on adjusted financial data, which follow our Financial Statement Adjustments in the Analysis of Nonfinancial Corporations methodology.

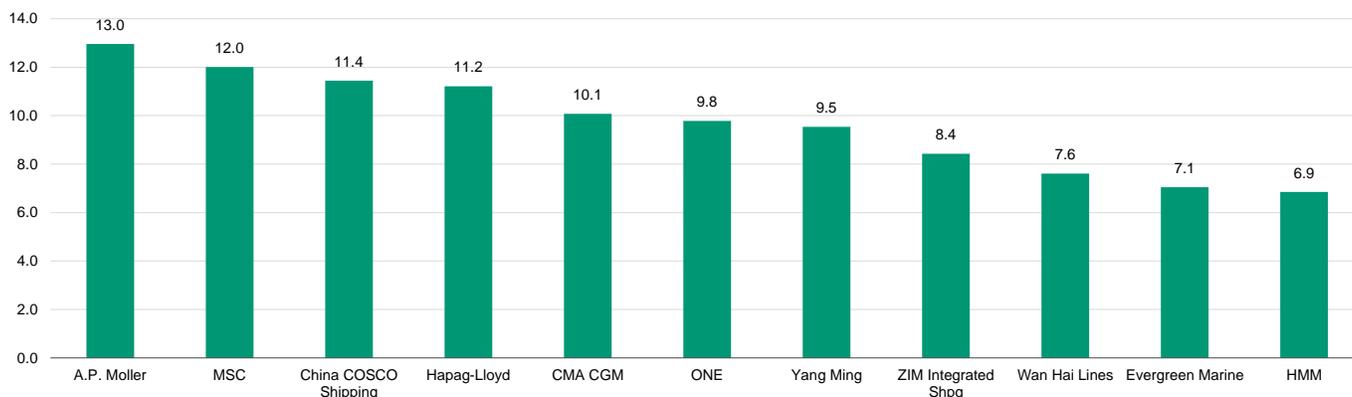
LTM = Last 12 months.

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Sources: Financial Metrics™ and Moody's Ratings forecasts

This substantial liquidity buffer is not only a result, however, of Maersk's conservative financial policy. Maersk has been somewhat slow in renewing its fleet compared with some of its peers. When looking at its total fleet (owned and leased), 40% of the capacity is today older than 15 years and 12% was older than 20 years. Typically, older vessels are less energy-efficient and more greenhouse gas intensive. The absence of new ships entering its fleet over the last years has increased the age of its operated fleet (on a capacity weighted basis) to the highest among its peers (exhibit 8).

Exhibit 8
The average age of Maersk's operated fleet is oldest in the industry
 Capacity-weighted age of the largest container shipping companies

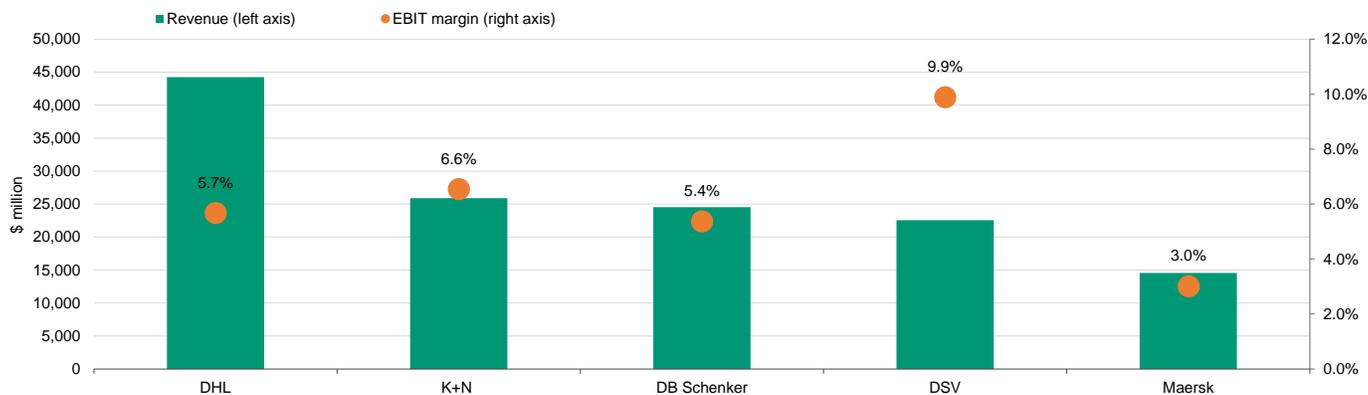


Source: Clarksons Research, Moody's Ratings

Risks are high but so are rewards when Maersk challenges an entrenched business model

Maersk has already come a long way with its logistics offering and is moving aggressively with head-to-head competition with its own customers (freight forwarders), already offering customers a one-stop-shop in managing companies' transport and logistics value chains. Part of the strategy rests on tying customers closer to the company and reducing dependency on the freight forwarders; effectively this means competing with its own customers. This has never really been tested before and thus it needs to balance its two different divisional targets - maintaining a fleet size of 4.1 – 4.3 million TEUs for its Ocean division and at the same time ensuring enough capacity to deliver a 10% organic growth rate for its Logistics & Services division. Also the size of its logistics franchise is relatively small and less profitable than the likes of [Deutsche Post AG](#) (A2 stable), [Deutsche Bahn AG's](#) (Aa1 stable) Schenker, [DSV A/S](#) (A3 stable) and Kuehne + Nagel as seen in exhibit 9.

Exhibit 9
Maersk Logistics & Services still significantly smaller than peers
 Reported revenue and EBIT (LTM Sep-24)



Source: Company interim reports

Although Maersk's logistics business is small compared with the largest peers, the third-party-logistics (3PL) industry is highly fragmented and regionalised. Also, we believe Maersk will continue to add scale by acquisitions as has been the case historically. We note positively that penetration rate among its largest 200 Ocean customers — how many customers in container shipping that also do business with the L&S division — is very high.

Business profile benefits from one of the largest networks of port terminal in the world

Maersk's Terminals division, APM Terminals, owns 53 terminals across 28 countries as well as operating an additional seven hub terminals reported under the Ocean segment. This includes marquee assets such as the Pier 400 terminal in the port of Los Angeles. Maersk's terminal is the largest container port terminal in the Western Hemisphere and has a capacity to handle around 4.4 million TEUs annually. Furthermore, its Maasvlakte II terminal in the port of Rotterdam is the second largest in the port with a handling capacity of 2.7 million TEUs. Over the past four years, the division has been able to obtain 90% of the targeted long-term concession extensions (one unsuccessful).

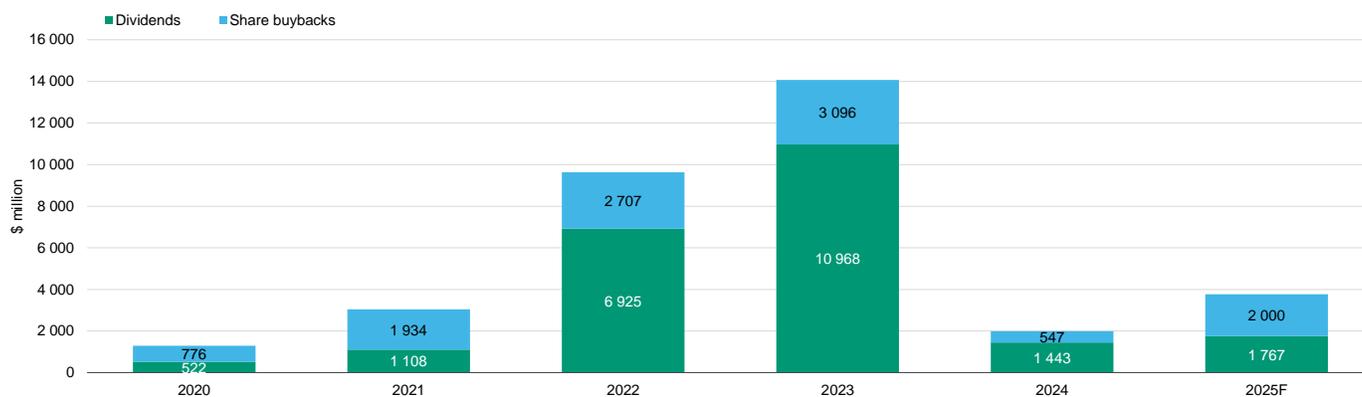
Maersk differentiates itself from its European peers through its network of hub and gateway terminals, which provides the company with control over traffic prioritisation. This control likely contributes to Maersk's industry-leading service reliability, as the company has a better overview of container flow because of its control over both transport and handling. This is an important cornerstone of its strategy to grab a higher share of its customers' logistics wallets as supply chain visibility serves as a unique selling point. The Ocean segment has consistently accounted for approximately 35% of Maersk's volume over the past five years (however 32% in 2024).

Stable shareholding and disciplined financial policy

Maersk is indirectly owned (through A.P. Møller Holding A/S) by the Foundation headed by the Møller family. Historically, the Foundation has been linked to the stability and long-term security of Maersk's operations, adjusting the group's leverage and corporate development with respect to changes in the economic environment. The company's dividend policy stipulates the company distributing between 30-50% of the underlying net result to shareholders in dividend. Furthermore, the company has from time to time initiated and executed share buyback programs; since the end of 2020, the company's share repurchases have amounted to \$8.6 billion as seen in exhibit 10. Balancing these shareholder-friendly actions is the very supportive shareholder and the company's public commitment to maintaining an investment-grade rating.

Exhibit 10

Despite a total net profit of \$60 billion during 2020-2024, shareholder remuneration has remained disciplined



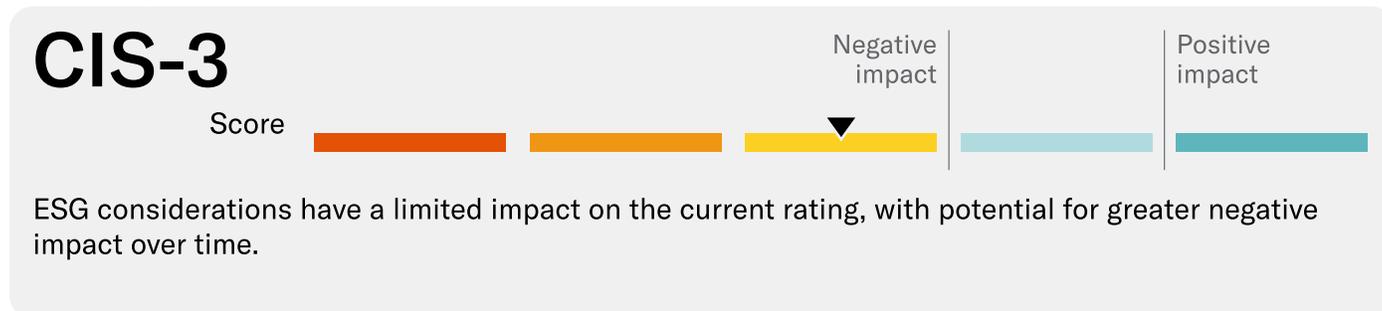
Source: Company annual reports

ESG considerations

A.P. Moller-Maersk A/S' ESG credit impact score is CIS-3

Exhibit 11

ESG credit impact score

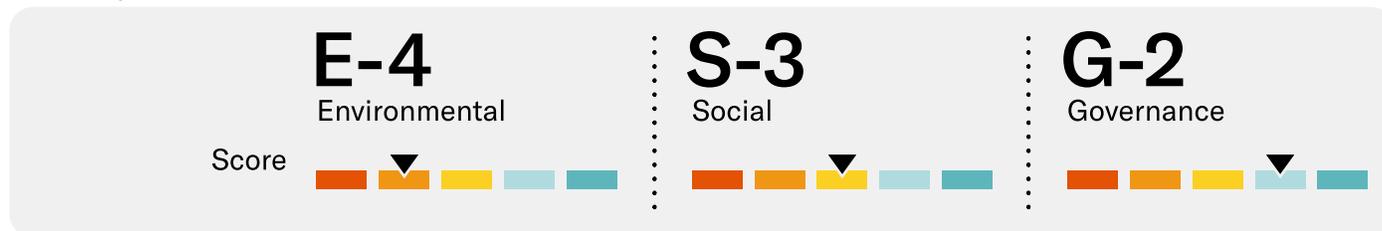


Source: Moody's Ratings

CIS-3 indicates that ESG considerations have a limited impact on Maersk's current credit rating with potential for greater negative impact over time. This is mainly driven by risks related to the environment in general and carbon transition in particular. Stricter environmental regulations on both a global as well as on a regional level will continue to increase which will force shipping companies to invest in its fleet to ultimately eliminate greenhouse gas emissions from its operation.

Exhibit 12

ESG issuer profile scores



Source: Moody's Ratings

Environmental

E-4. Maersk faces environmental risks that mainly relates to carbon transition and waste and pollution, which are high for the global shipping industry in terms of stricter regulations not just on CO2 emissions but also NOX and SOX as well as ballast water. These challenges are mitigated by shipping companies through a combination of new orders for more energy-efficient vessels as well as investments in technologies aimed to reduce greenhouse gas emissions for existing fleets.

Social

S-3. Maersk's exposure to social risks mainly stems from health and safety for its crew living at sea as well as increasing environmental awareness among its customers and growing demand for green transport solutions.

Governance

G-2. Maersk's exposure to governance risks mainly relates to a concentrated ownership in the A.P. Moller Foundation ultimately controlled by the Moller family. In addition, only 6 out of 10 members of the board are considered independent. This is balanced by a conservative financial policy and strong management track record.

Liquidity analysis

Maersk's liquidity is excellent, with total available liquidity of \$29.0 billion as of Dec. 31, 2024, and was composed of (i) cash of \$5.6 billion (excluding \$930 million in restricted cash), (ii) term deposits longer than three months of \$15.7 billion and (iii) \$6.0 billion of revolving credit facilities (all undrawn). Maturity of the facilities are between 2027 and 2030. In addition, 97% of its vessels and

containers are unencumbered, which can be used as a source of liquidity if needed. Maersk's current guidance on gross capital spending is \$10.0-\$11.0 billion in total during 2025-26, driven by an increased order book of new container ships.

Rating methodology and scorecard factors

The principal methodology used in rating Maersk is the [Shipping Methodology](#), published in June 2021. The assigned rating of Baa1 is one notch lower than the scorecard-indicated outcome in our forward view. The difference can be explained by very high uncertainty on how the container shipping industry will cope with the expected very difficult market over the next 18 months.

Exhibit 13

Rating factors

A.P. Moller-Maersk A/S

| Shipping Industry Scorecard [1][2] | | | Current FY 12/31/2024 | | Moody's 12-18 Month Forward View As of 2/19/2025 | |
|---|---------|-------|--------------------------|-------|---|-------|
| Factor | Measure | Score | Measure | Score | Measure | Score |
| Factor 1 : Scale (10%) | | | | | | |
| a) Size of fleet (number of ships) | 707 | A | 707 | A | | |
| Factor 2 : Business Profile (20%) | | | | | | |
| a) Business Profile | Baa | Baa | Baa | Baa | | |
| Factor 3 : Profitability and Efficiency (5%) | | | | | | |
| a) EBIT Margin | 13.9% | Ba | -1% - 6% | Ca | | |
| Factor 4 : Leverage and Coverage (45%) | | | | | | |
| a) Debt / EBITDA | 1.2x | A | 1.7x - 2.8x | Baa | | |
| b) RCF / Net Debt | -170.3% | Aaa | -272.4% - 433.6% | Aaa | | |
| c) (FFO + Interest Expense) / Interest Expense | 13.3x | A | 7x - 10x | A | | |
| d) Unencumbered Assets | Aaa | Aaa | Aaa | Aaa | | |
| Factor 5 : Financial Policy (20%) | | | | | | |
| a) Financial Policy | Baa | Baa | Baa | Baa | | |
| Rating: | | | | | | |
| a) Scorecard-Indicated Outcome | | A2 | | A3 | | |
| b) Actual Rating Assigned | | | | | | Baa1 |

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Sources: *Financial Metrics™* and *Moody's Ratings forecasts*

Ratings

Exhibit 14

| Category | Moody's Rating |
|-------------------------------|----------------|
| A.P. MOLLER-MAERSK A/S | |
| Outlook | Stable |
| Issuer Rating - Dom Curr | Baa1 |
| Senior Unsecured | Baa1 |

Source: Moody's Ratings

Endnotes

- 1 The A.P. Moller Foundation directly controls 9.8% of the capital and 14.5% of the votes and indirectly an additional 41.5% of the capital and 51.5% of the votes through its 100% ownership in A.P. Møller Holding A/S as well as 4.1% of the capital and 6.6% of the votes through Den A.P. Møllerske Støttefond.

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