

A photograph of a Maersk truck driving on a winding road through a mountainous landscape. The truck is white with a blue Maersk logo and the word 'MAERSK' on the side. The road is paved and has a yellow line. The surrounding area is rugged with steep, rocky mountains and some sparse vegetation. A bridge is visible in the background on the left side.

# Maersk strategy and performance

# On 22nd September 2016 we announced the future Maersk: a strong container shipping, logistics and ports company

## Transport & Logistics

- Managed and operated as an integrated company
- A one company structure with multiple brands
- Growing topline, earnings for our owners, and opportunities for our people



The Maersk Line brand includes Safmarine, Seago Line, SeaLand, Mercosul Line and MCC Transport

## Energy

- Managed and operated as individual business units
- More focused and structurally agile strategies to optimise value
- Intent to separate out of A.P. Møller - Mærsk A/S, creating value for shareholders in the process, before end of 2018



# All of our Transport & Logistics businesses share four strategic “blades” that propel us forward

## **Growth**

- Organic
- Inorganic
- Cross-selling
- New products

## **Great customer experience**

- Leverage insights across our businesses
- Superior products
- Digital interfaces



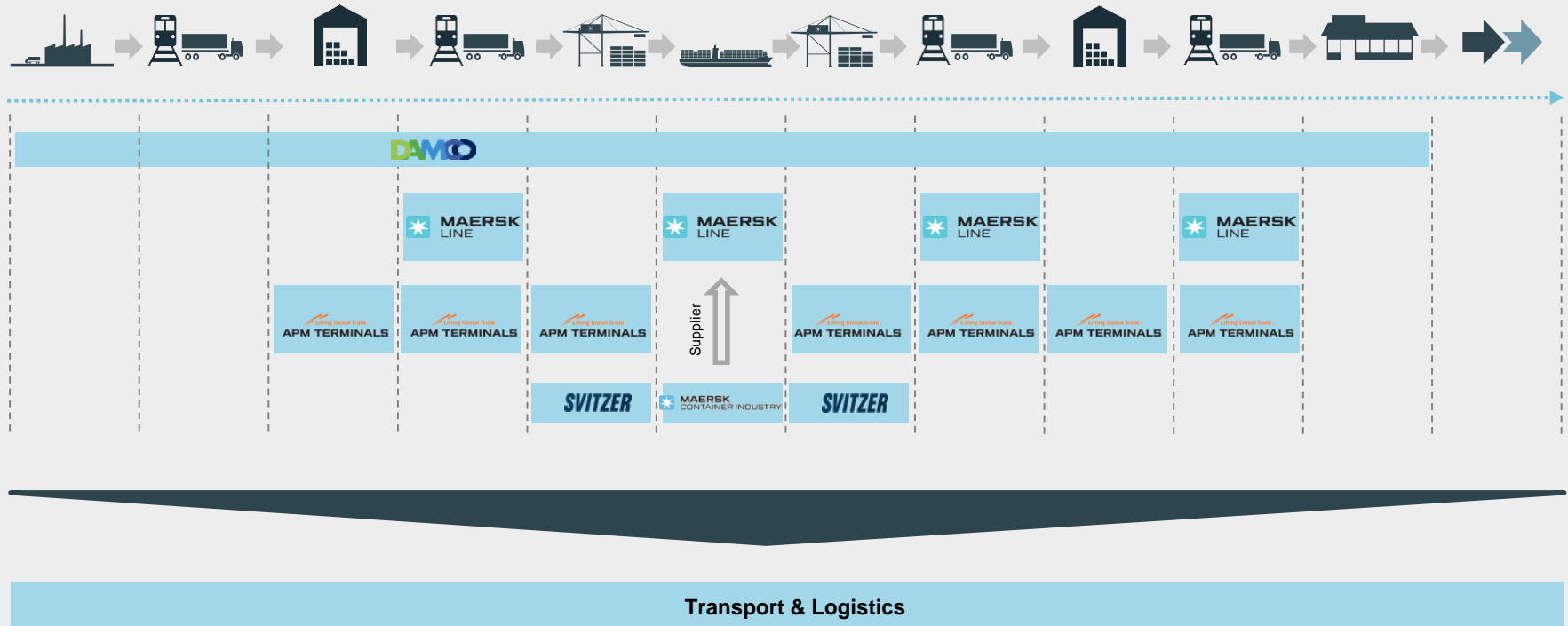
## **Cost leadership**

- In everything we do
- In all our businesses
- “Lowest cost, lower every year” culture
- Exploit synergies

## **Competitive pricing**

- Providing value to our customers
- Enabled by cost leadership and low cost to serve

# Leveraging existing strong positions throughout the value chain



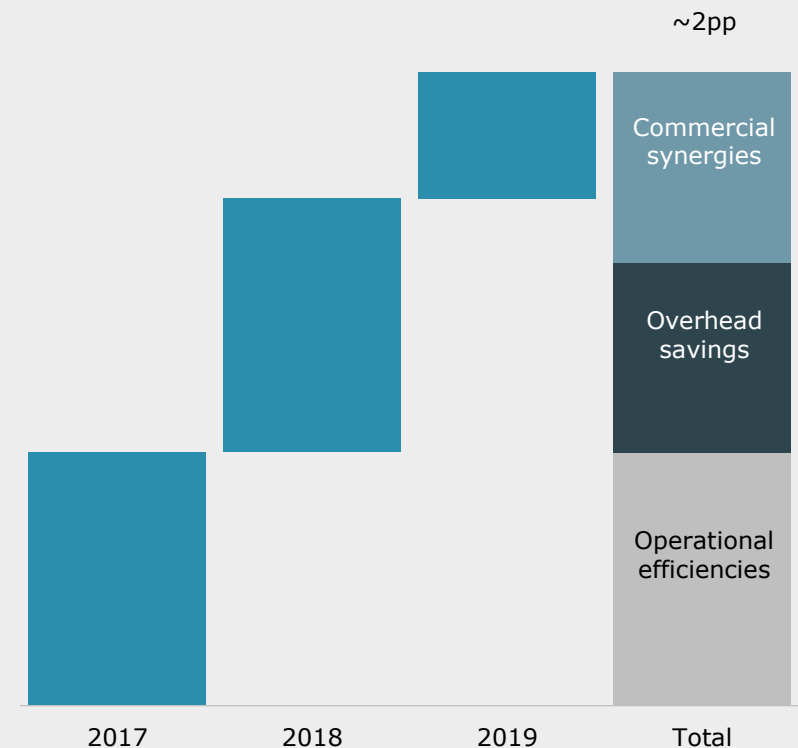
Unique starting point to create a truly integrated Transport & Logistics company

# Unlocking of integration synergies will happen gradually over the coming three years

## Synergies from integration



## Phasing of synergies

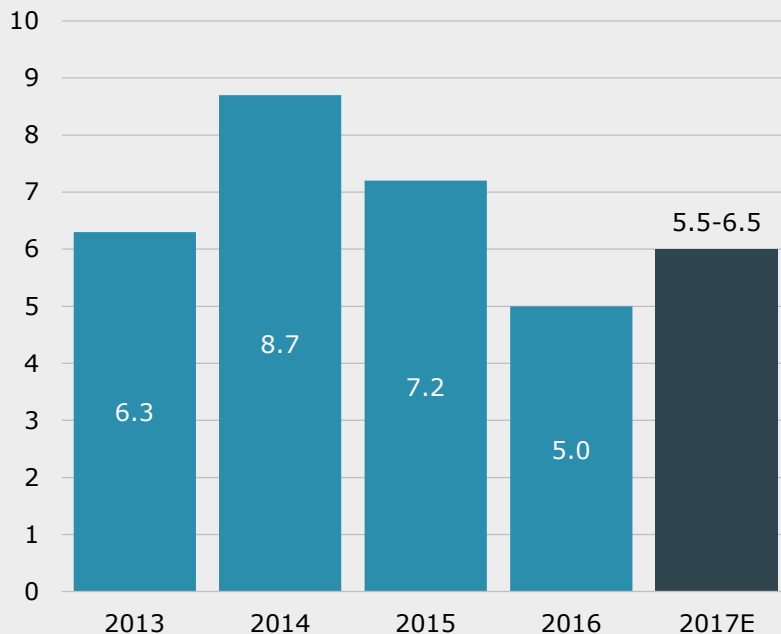


Note: Timing and size of each synergy are illustrative only, as the exact timing and size of each synergy will differ. The overall synergy level of 2pp ROIC is, however, of high certainty.

# Focus on cash flow and capital discipline

## Introducing more disciplined CAPEX approach

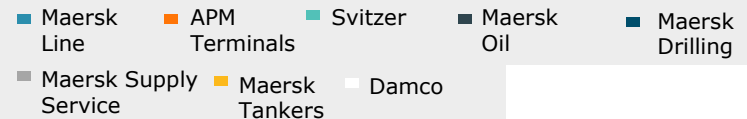
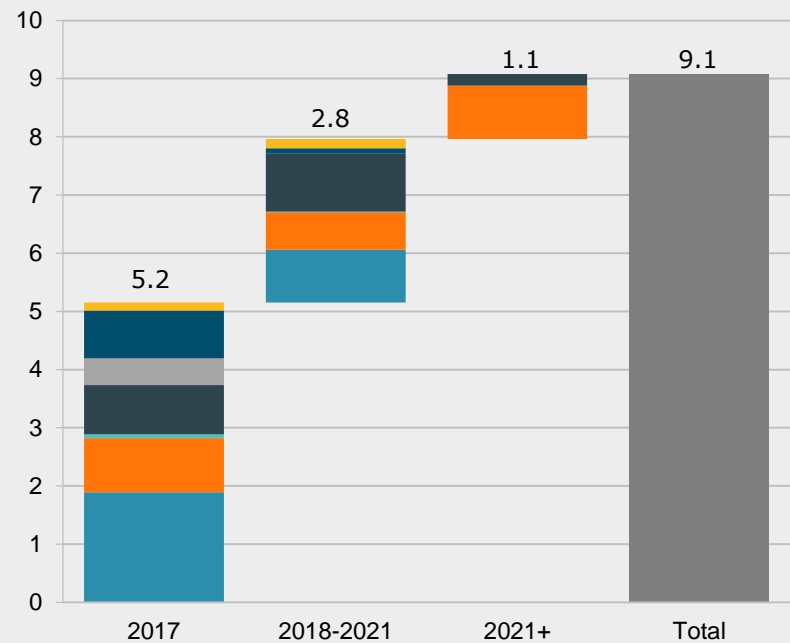
Yearly gross capex (USDbn)



Note: Excluding the acquisition of Hamburg Süd

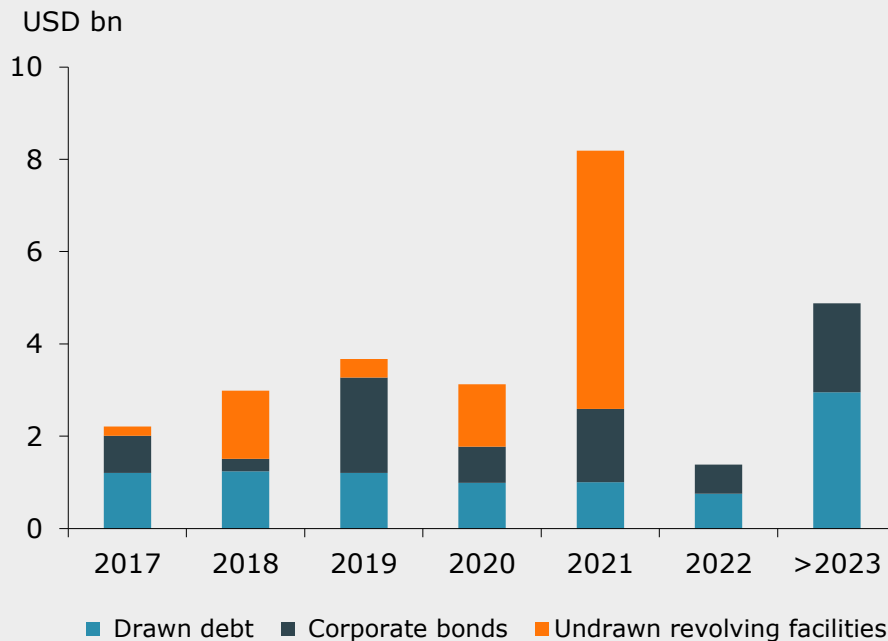
## High degree of flexibility in the future contractual commitment from 2018

USDbn



# Funding in place with liquidity reserve of USD 11.8bn

## Loan maturity profile at the end of Q4 2016

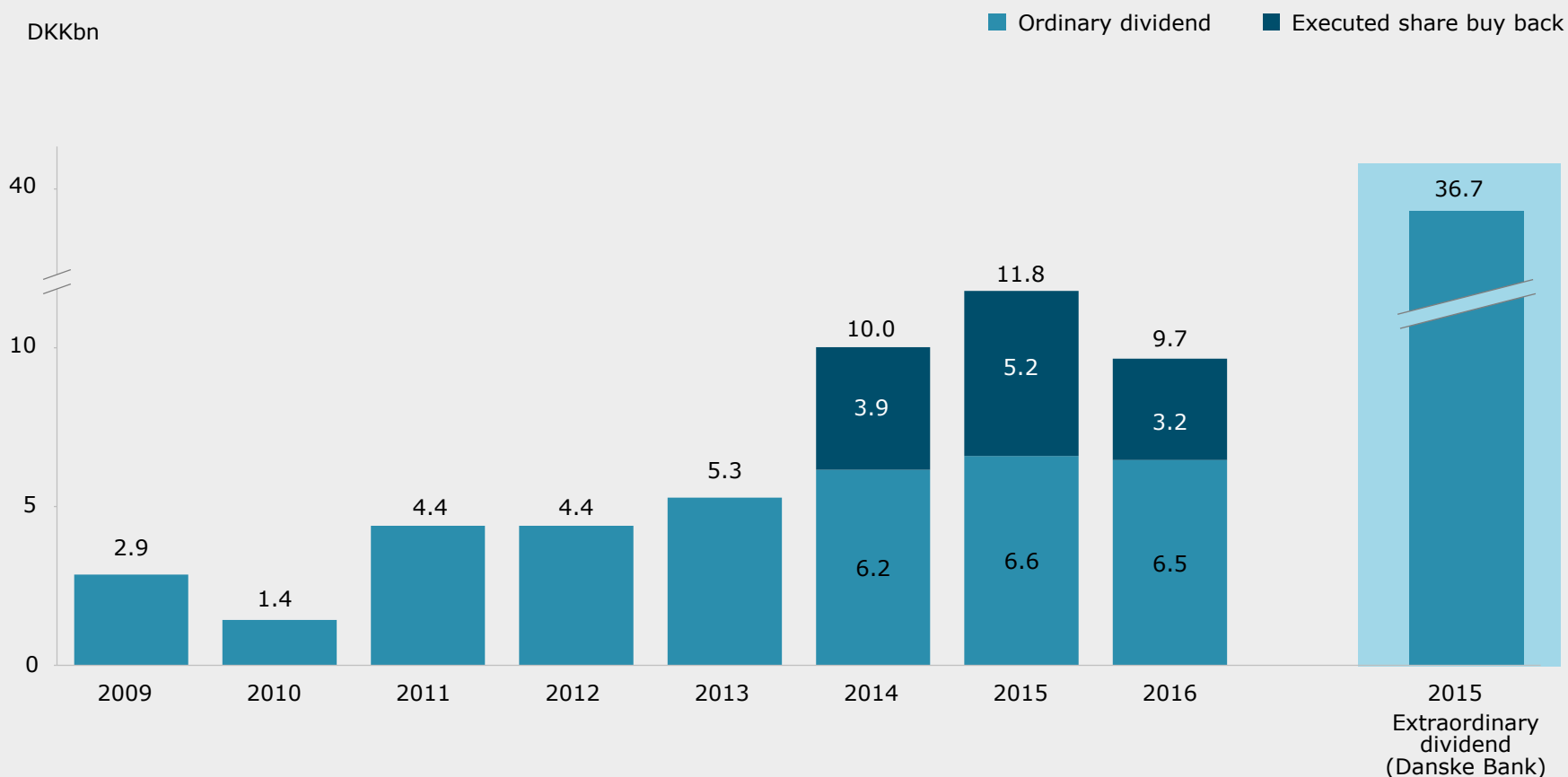


## Funding

- BBB (negative outlook) / Baa2 (negative outlook) credit ratings from S&P and Moody's respectively
- Liquidity reserve of USD 11.8bn as of end Q4 2016\*
- In addition to the liquidity reserve, the Group has USD 2.2bn in committed undrawn investment-specific funding
- Average debt maturity about five years
- Corporate bond programme - 53% of our gross debt (USD 8.1bn)
- Amortisation of debt in coming 5 years is on average USD 2.2bn per year

\*Defined as cash and securities and undrawn committed facilities longer than 12 months less restricted cash and securities

# Earnings shared with investors



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



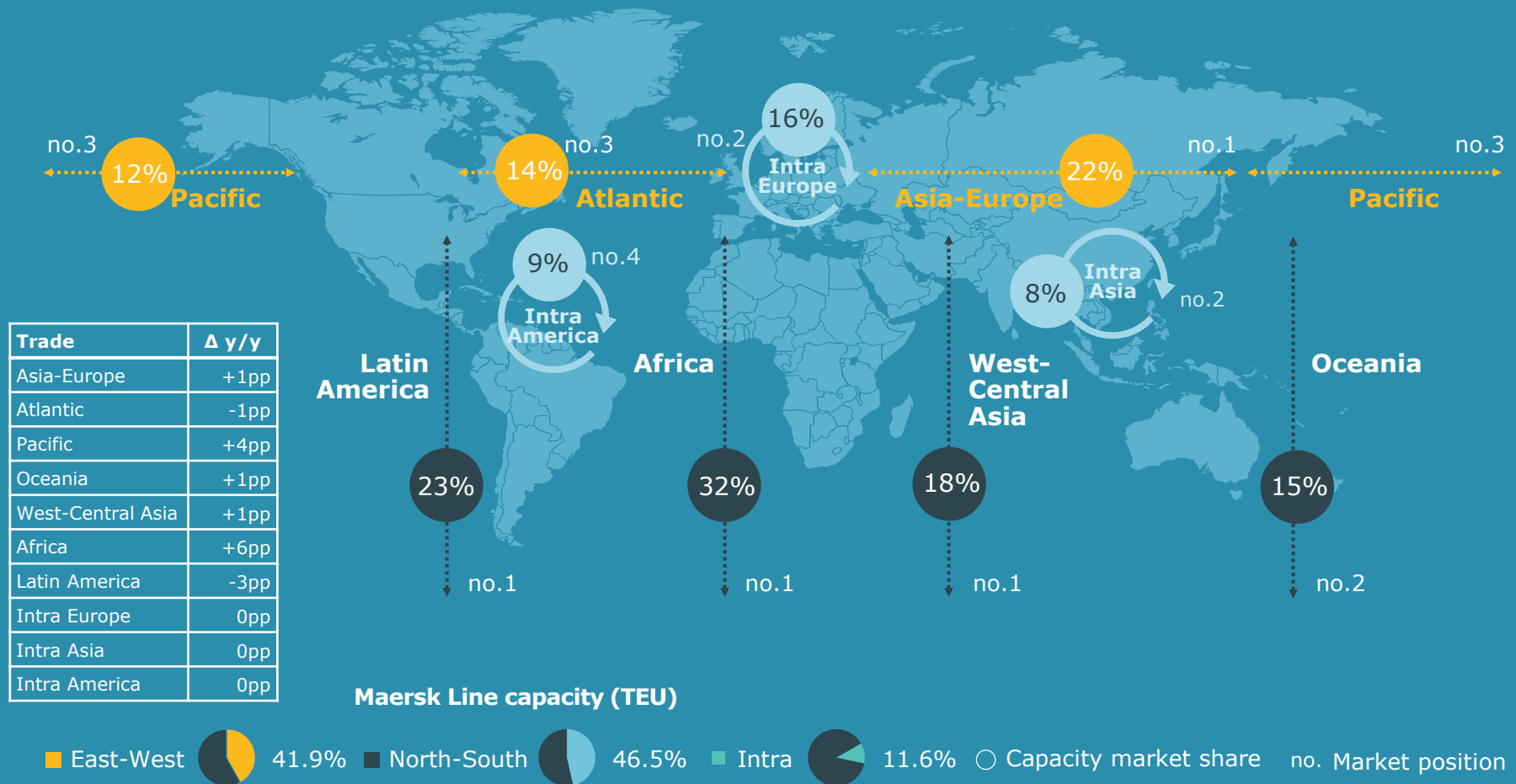
# Underlying profit reconciliation

	Profit for the period		Gain on sale of non-current assets, etc., net <sup>1</sup>		Impairment losses, net <sup>1</sup>		Tax on adjustments		Underlying profit	
USD million	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Maersk Line	-376	1,303	25	40	-17	-17	-	-7	-384	1,287
APM Terminals	438	654	23	15	-10	14	-8	-1	433	626
Damco	31	19	-	5	-	-	-	-1	31	15
Svitzer	91	120	5	5	-3	-	-	-1	89	116
Maersk Oil	477	-2,146	-14	5	-3	-3,131	-3	545	497	435
Maersk Drilling	-694	751	-1	46	-1,510	-27	74	-	743	732
Maersk Supply Services	-1,228	147	-1	30	-1,219	-	36	-	-44	117
Maersk Tankers	62	160	4	5	-	-1	-	-	58	156
Other businesses, unallocated activities and eliminations	-698	-83	142	331	-130	-1	2	-	-712	-413
<b>Maersk total</b>	<b>-1,897</b>	<b>925</b>	<b>183</b>	<b>482</b>	<b>-2,892</b>	<b>-3,163</b>	<b>101</b>	<b>535</b>	<b>711</b>	<b>3,071</b>

<sup>1</sup> Including the Group's share of gains on sale of non-current assets etc., net and impairments, net, recorded in joint ventures and associated companies

# Maersk Line

## Capacity market share by trade

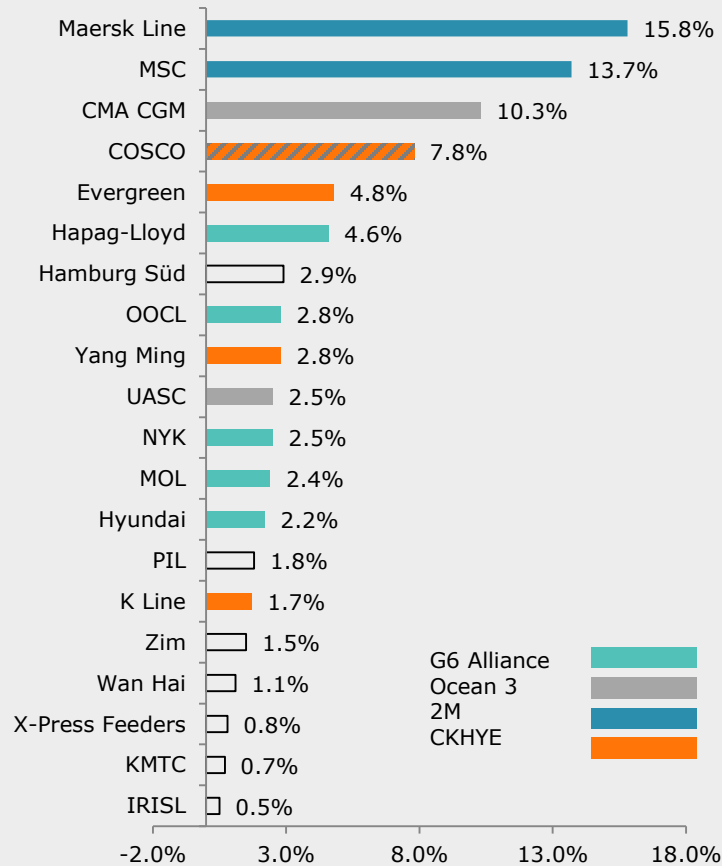


Note: 1) West-Central Asia is defined as import and export to and from Middle East and India. 2) Trades mapped as per ML definition. 3) ML EW market shares calculated as ML accessible capacity based on internal data on ML-MSL allocation split applied to 2M capacity market share (deployed capacity data from Alphaliner)  
 Source: Alphaliner as of 2016 FY (end period), Maersk Line

# The industry is fragmented

but consolidation has increased top liners market share

## Capacity market share (%)



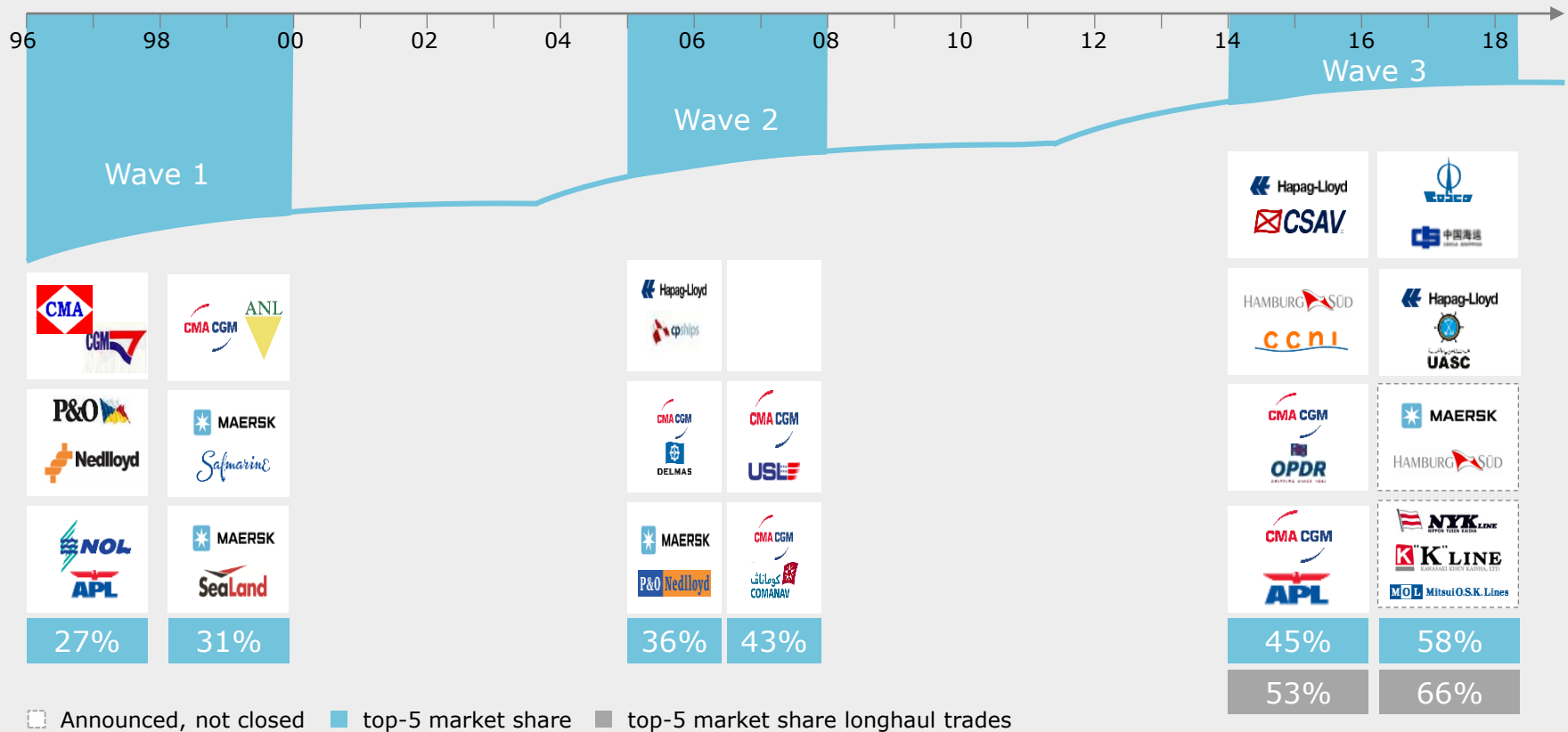
## Future alliances on the East-West trades



Source: Alphaliner, 1 January 2017

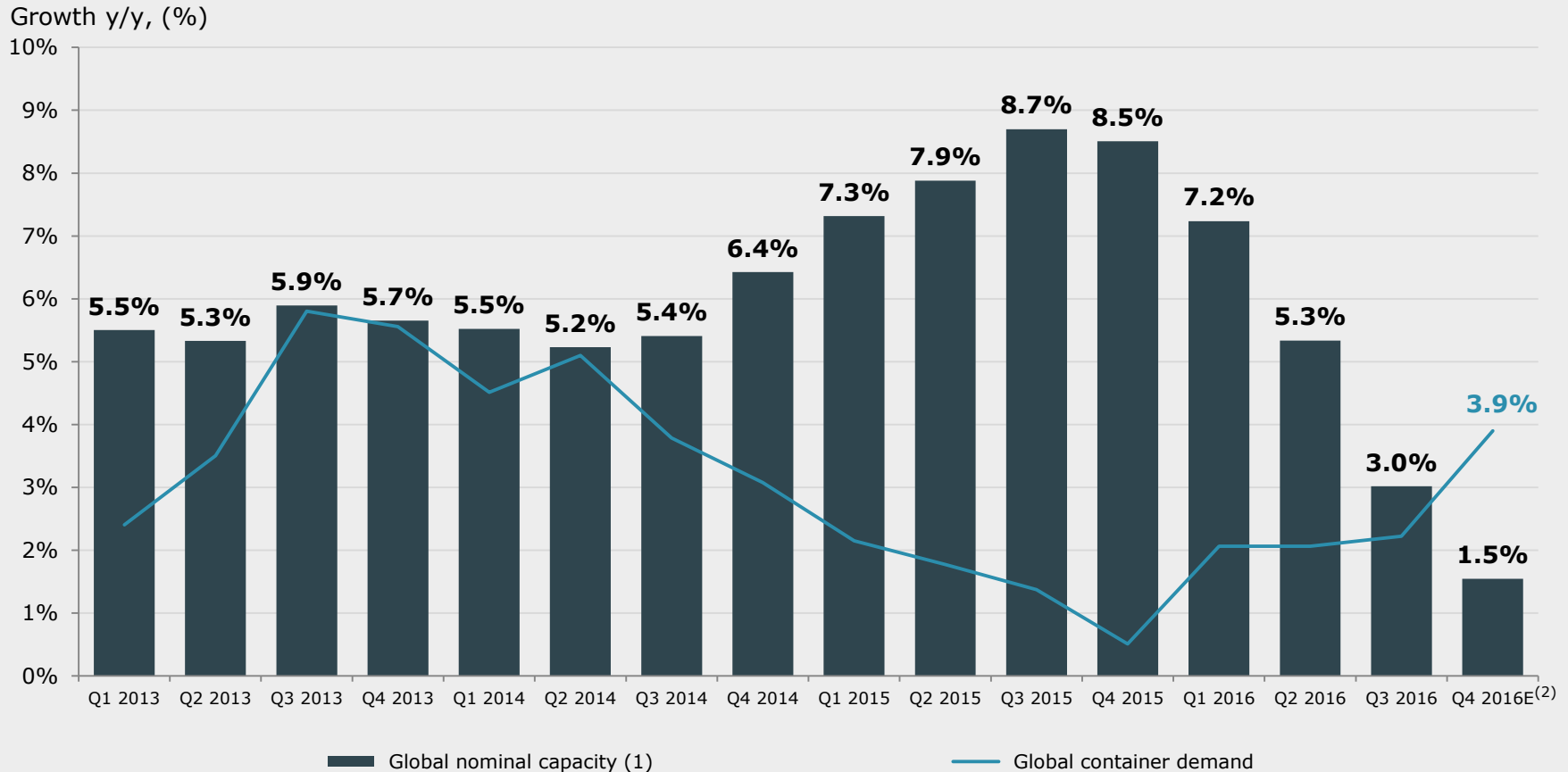
# The liner industry is consolidating and the top 5 share is growing

Consolidation wave is rolling again – 8 top 20 players disappeared in last 2 years



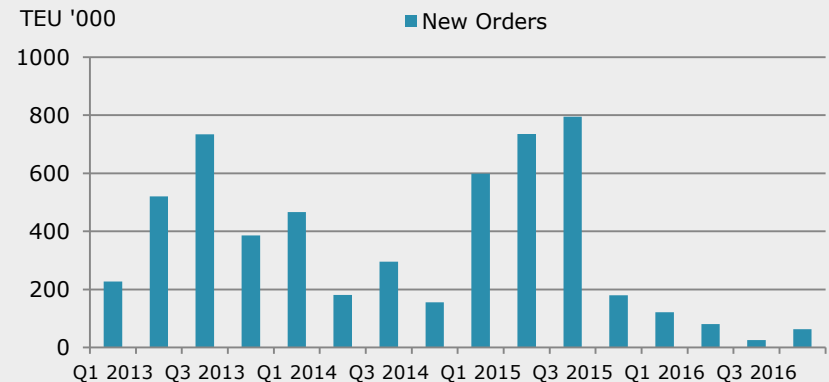
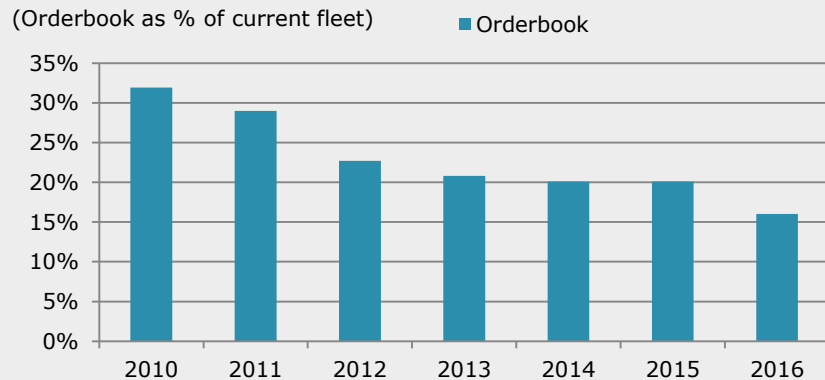
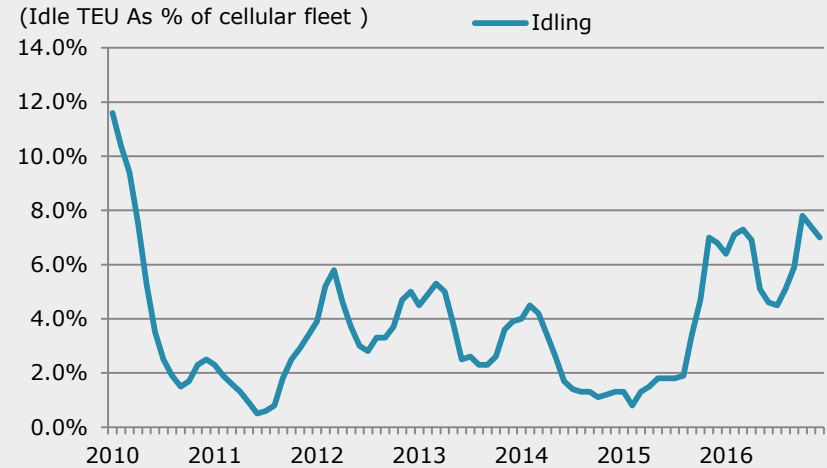
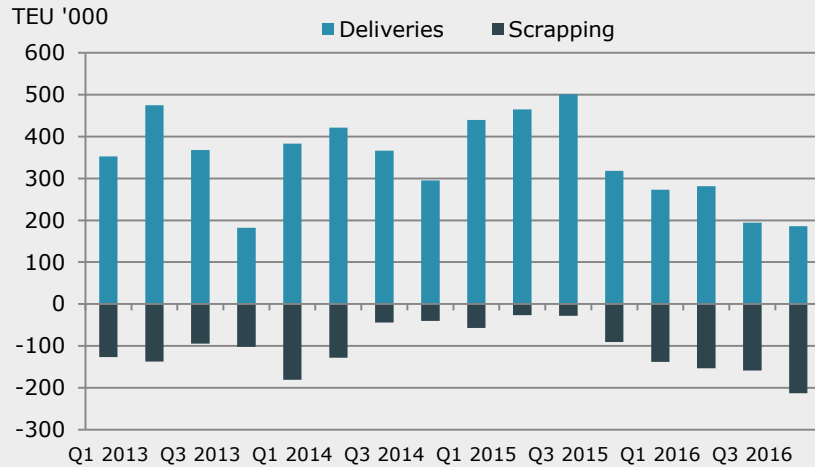
Disclaimer: The proposed acquisition of Hamburg Süd is subject to regulatory approvals and due diligence  
 Note: Long haul trades defined as non-intra-regional trades.  
 Source: Alphaliner

# The widening of the supply/demand gap came to a halt in Q4 2016...



Note: 1) Global nominal capacity is deliveries minus scrappings, 2) Q4 2016E is ML internal estimates where actual data is not available yet  
 Source: Alphaliner, Maersk Line

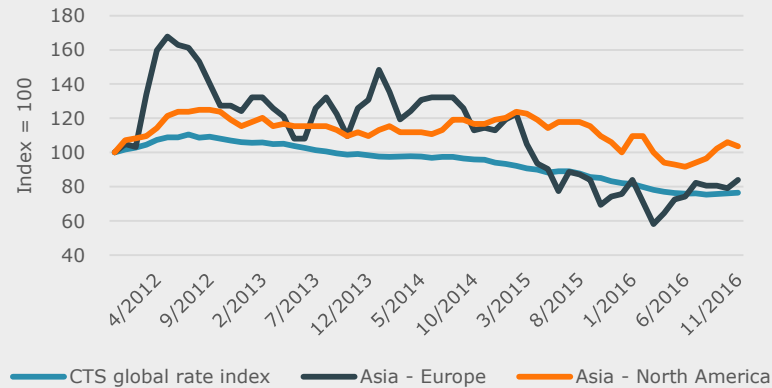
# ... both reflecting fewer deliveries and increased amount of scrapping



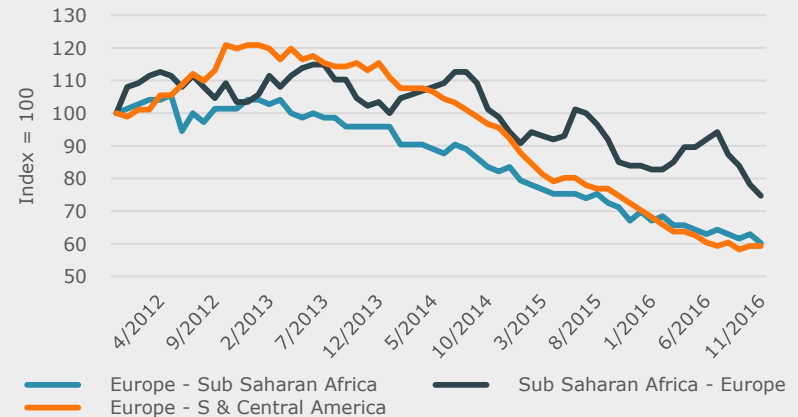
Source: Alphaliner

# Container rates still under pressure on North-South and Intra-regional trades

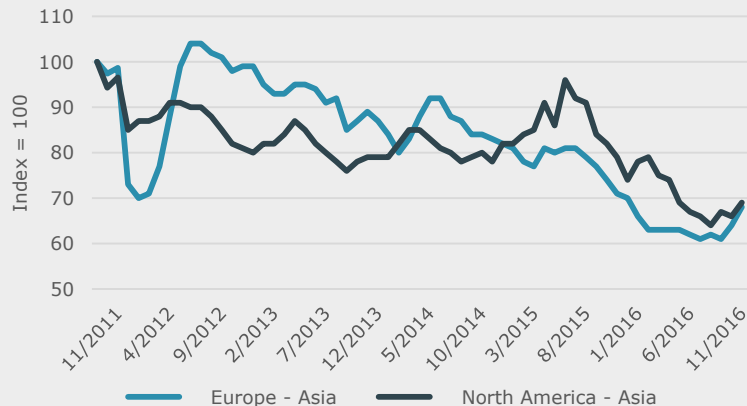
## East – West trades



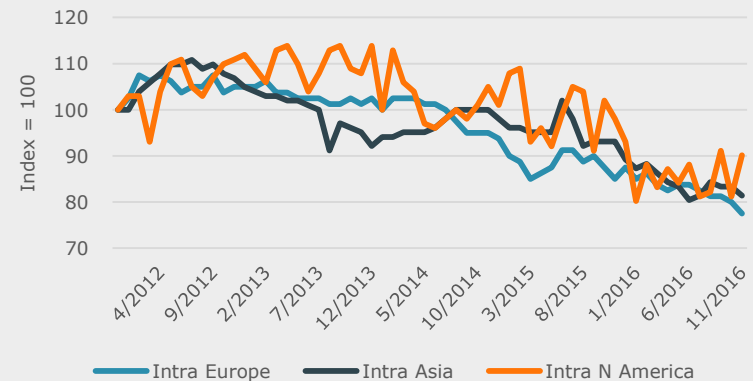
## North-South trades



## Backhaul trades



## Intra-regional trades

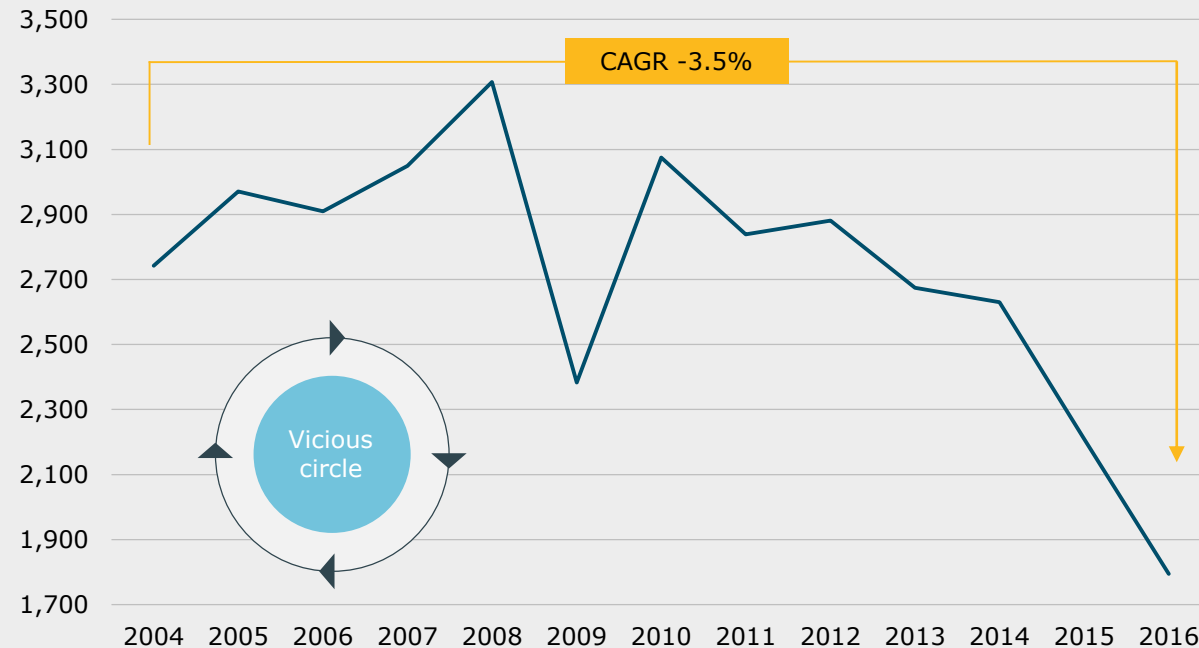


Source: Bloomberg, CTS

# Supply/demand imbalances historically have led to falling rates

**Maersk Line's average freight rate has declined 3.5% p.a. since 2004**

Maersk Line freight rate, (USD/FFE)



Since	CAGR (%)
2004	-3.5
2008	-7.4
2010	-8.6
2012	-11.2
2014	-17.4

Source: Maersk Line



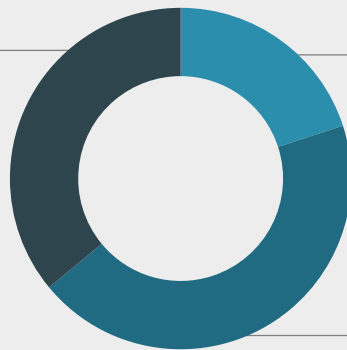
# Maersk Line rates correlate with CCFI but with lower volatility partly due to contracts

## Volume split, 2016

By contract type

**30-40%**

Spot  
(<1 month)



**15-25%**

Short term  
(1-3 months)

**40-60%**

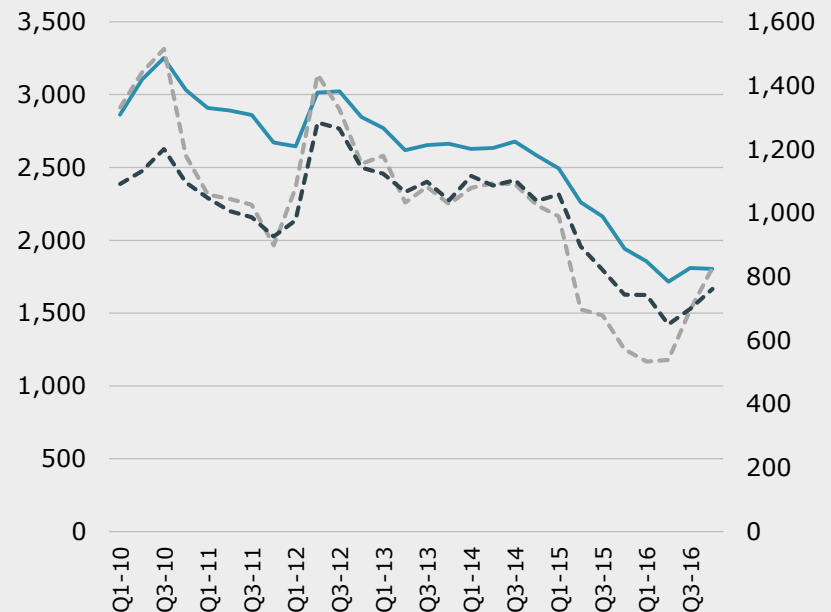
Long term  
(>3 months)

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

## Average rate

USD/FFE

Index<sup>1</sup>



— Maersk Line (USD/FFE)

— SCFI (Index) — CCFI (Index)

# Freight rates out of China have increased in Q4

## Volume split, 2016

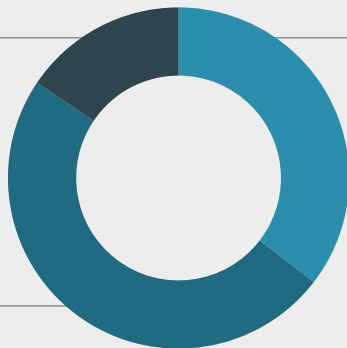
By trade

**15%**

Intra  
region

**49%**

North-South

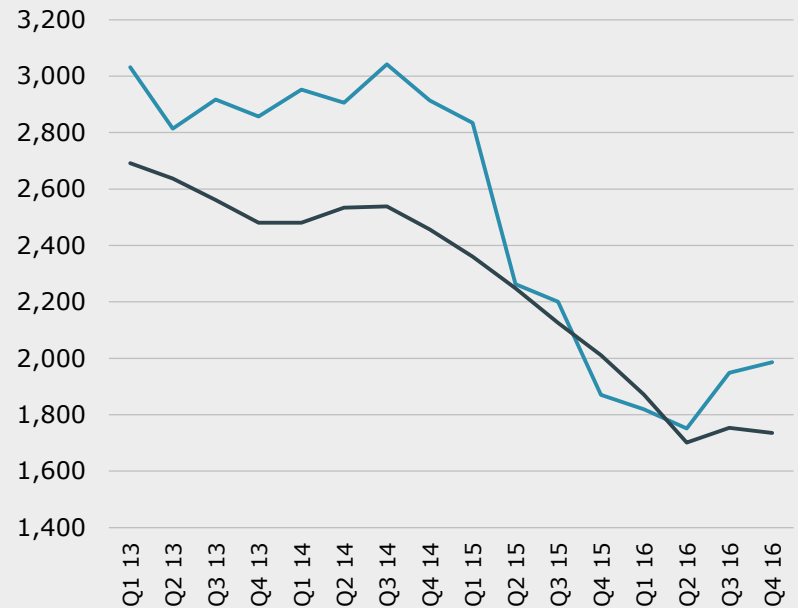


**36%**

East-West

## Average rate

USD/FFE



— China export — Rest of world

# Maersk Line's volumes and freight rate per trade

## Q4 2016

Transported volumes FFE ('000)	Q4 2016	Q4 2015	Change	Change %
East-West	925	825	99	12.0%
North-South	1,330	1,188	143	12.0%
Intra-regional	445	391	55	14.0%
<b>Grand Total</b>	<b>2,701</b>	<b>2,404</b>	<b>297</b>	<b>12.3%</b>

Average freight rate (USD/FFE)	Q4 2016	Q4 2015	Change	Change %
East-West	1,929	1,953	-24	-1.2%
North-South	1,914	2,188	-275	-12.5%
Intra-regional	1,264	1,468	-205	-13.9%
<b>Grand total</b>	<b>1,804</b>	<b>1,941</b>	<b>-138</b>	<b>-7.1%</b>

## Full year 2016

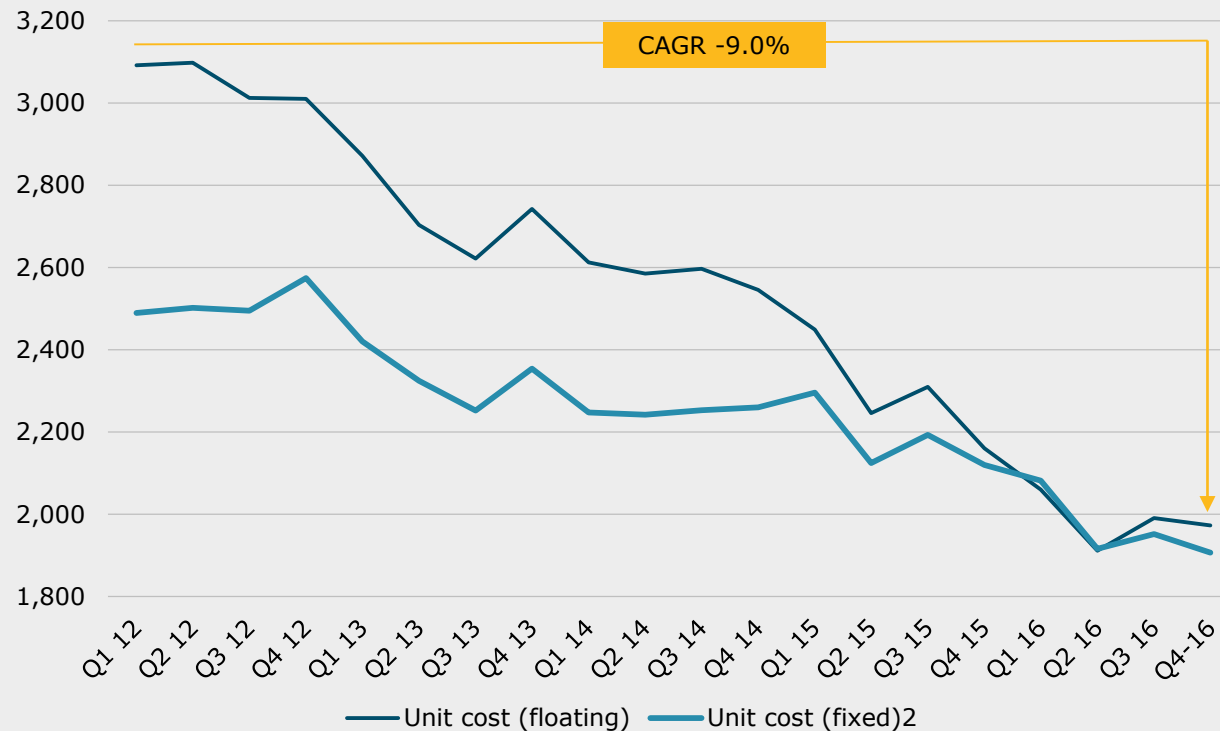
Transported volumes FFE ('000)	2016	2015	Change	Change %
East-West	3,691	3,315	376	11.4%
North-South	5,103	4,740	363	7.6%
Intra-regional	1,621	1,467	154	10.5%
<b>Grand Total</b>	<b>10,415</b>	<b>9,522</b>	<b>893</b>	<b>9.4%</b>

Average freight rate (USD/FFE)	2016	2015	Change	Change %
East-West	1,764	2,190	-426	-19.4%
North-South	1,973	2,445	-472	-19.3%
Intra-regional	1,308	1,492	-184	-12.3%
<b>Grand total</b>	<b>1,795</b>	<b>2,209</b>	<b>-414</b>	<b>-18.7%</b>

# Maersk Line's response to lower rates is to focus on cost...

## Maersk Line's unit cost at floating bunker has declined 9.0% p.a. since Q1 2012

Unit cost<sup>1</sup>, (USD/FFE)



Since	CAGR (%)
Q1 2012	-9.0
Q1 2014	-9.7
Q1 2015	-11.6

Note: 1) Unit cost excluding gain/loss, restructuring, share of profit/loss from associated companies and including VSA income.

2) Fixed at 200 USD/ton

Source: Maersk Line

# ... and will continue to drive cost down with plenty of opportunities



Network rationalisation



Speed equalisation & Slow steaming



Improve utilisation



SG&A



2M



Improve procurement



Inland optimisation



Deployment of larger vessels

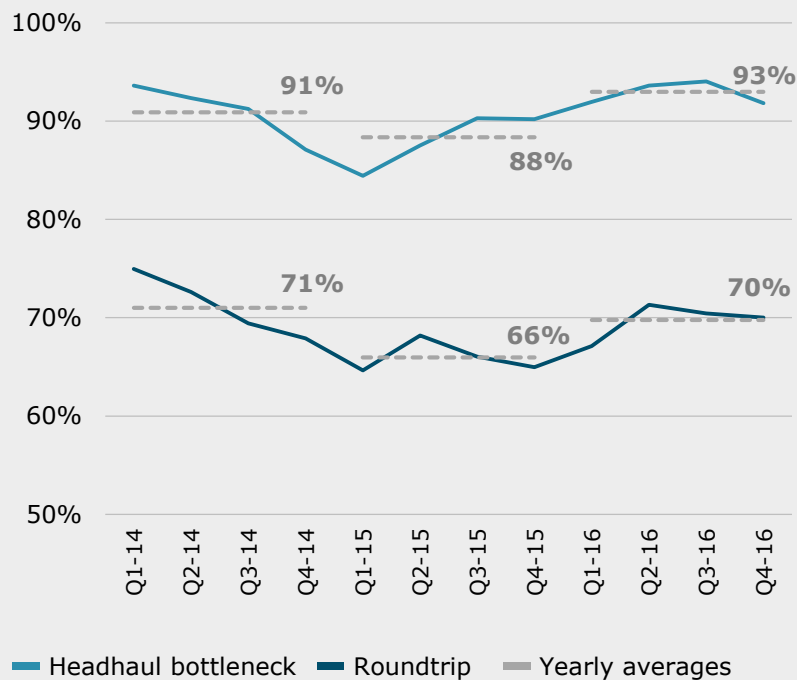


Retrofits

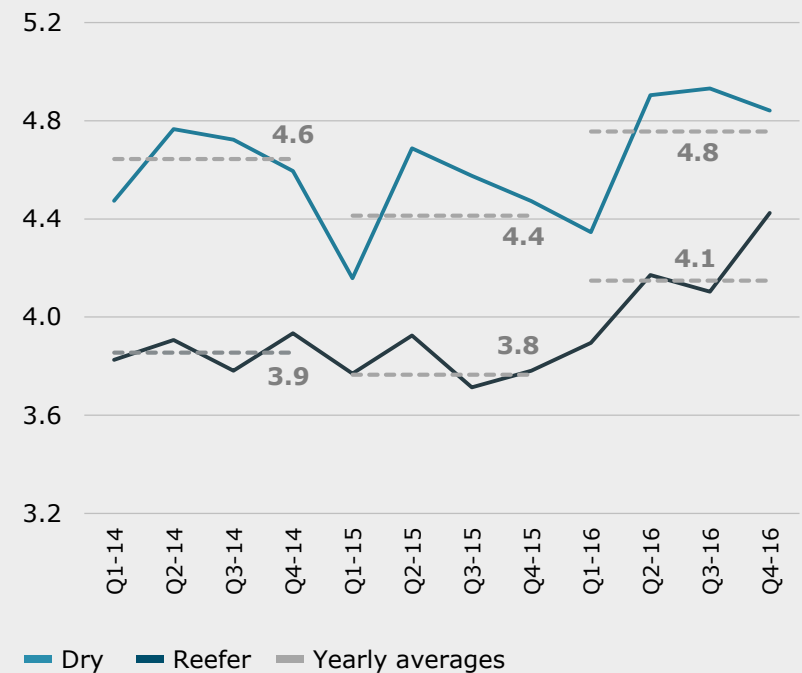
Source: Maersk Line

# Asset utilisation in Maersk Line has improved with record-high headhaul utilisation in 2016

**Vessel utilisation, (%)**



**Container turn, (ratio)**



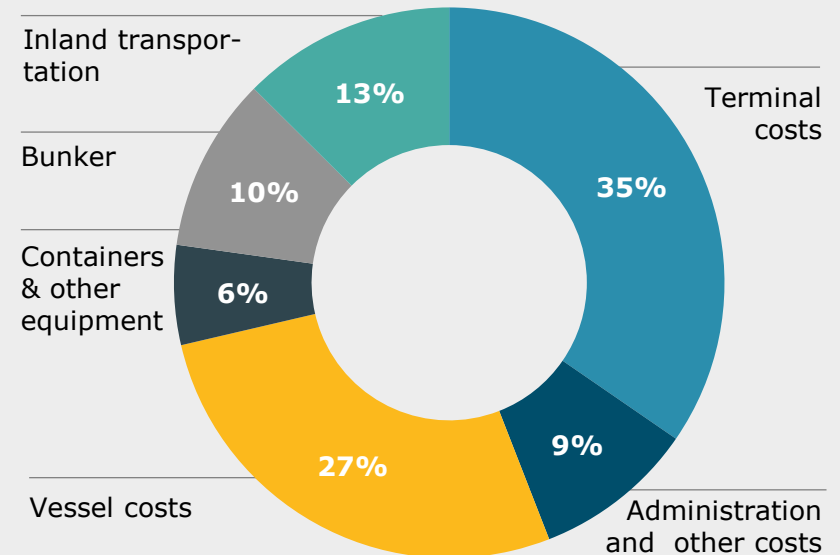
Note: Container turn is average number of times a container is shipped full per year (quarterly data annualised)

# Terminal and vessel costs represent the largest components of our cost base

## Cost base, 2016

**USD 20.6bn**  
2016 cost base

**1,982 USD/FFE**  
2016 unit cost

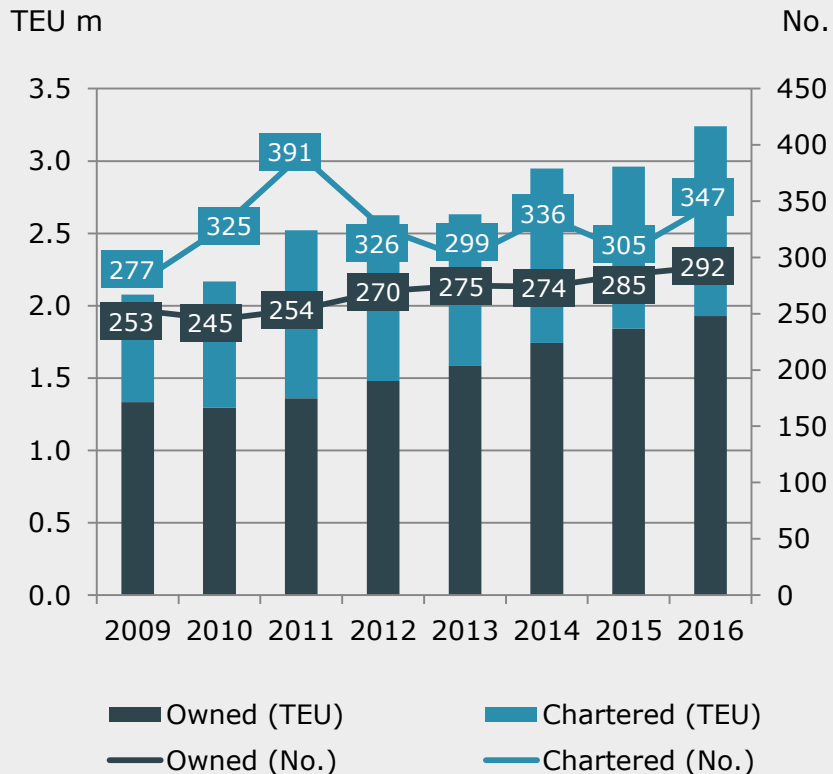


Note: 1) Cost base: EBIT cost adjusted for VSA income, restructuring result from associated companies and gains/losses. Terminal costs: costs related to terminal operation such as moving the containers (mainly load/discharge of containers), container storage at terminal, stuffing (loading) and stripping (unloading) of container content, power for reefer units, etc. Inland transportation: costs related to transport of containers inland both by rail and truck. Containers and other equipment: costs related to repair and maintenance, third party lease cost and depreciation of owned containers. Vessel costs: 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. Bunkers: costs related to fuel consumption. Administration and other costs: cost 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, cargo and commercial claims and bad debt provision. 2) Unit Cost per FFE (incl. VSA income)

Source: Maersk Line

# We continue to optimise the network

## Development in owned vs chartered fleet



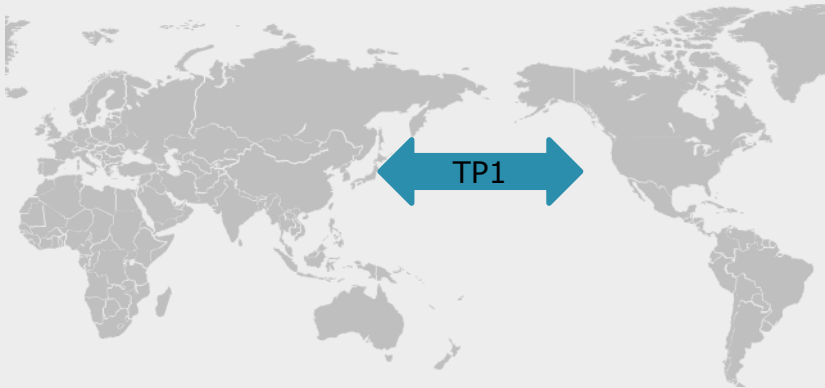
## Maersk Line capacity development

- Maersk Line aims to continuously adjust capacity to match demand and optimise utilisation
- Network capacity by end of Q4 16 increased by 9.4% y/y to 3.2m TEU and increased by 3.2% q/q
- Chartered capacity increased 17.0% y/y while owned capacity increased 4.7% y/y.



# Network rationalisation and initiatives

## Example of network rationalisation...



**WHAT:** Launch new TransPacific Westcoast service (TP1) making product offering sharper into Vancouver, Seattle and Prince Rupert from Asian origins.

**IMPACT:** Improved transit-time for selected origins and destinations done at marginal cost due low time-charter in panamax vessel segment.

## ...and several other during H1 2017

**Far East – India/Pakistan:**  
Improved Network in Q2 2017

**Optimisation Asia – West Africa:**  
Scale Capacity to new market demands

**Far East – North Europe:**  
Improved Network in Q2 2017

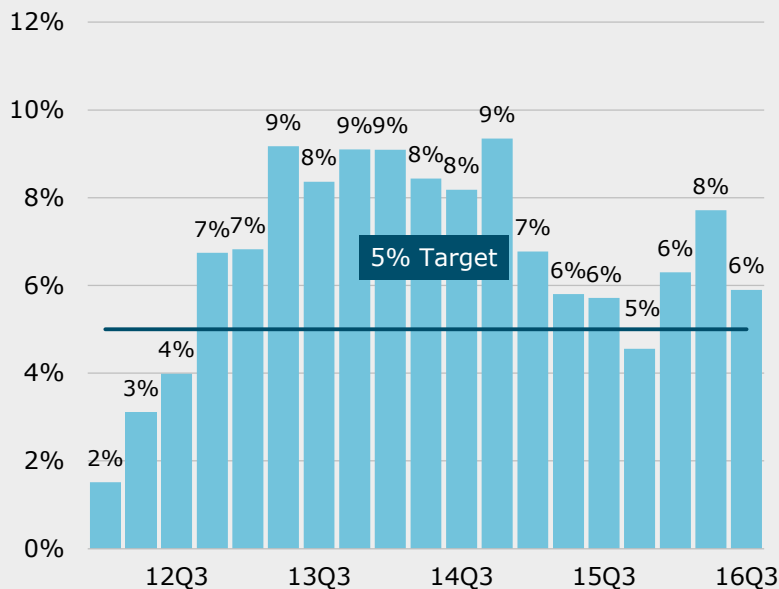
**Far East – US East Coast:**  
Improved Network in Q2 2017

Note: TP1 New Product – Kaohsiung, Yantian, Xiamen, Shanghai, Busan, Vancouver, Seattle, Yokohama and Busan  
Source: ML

# EBIT margin gap target of 5% to peers

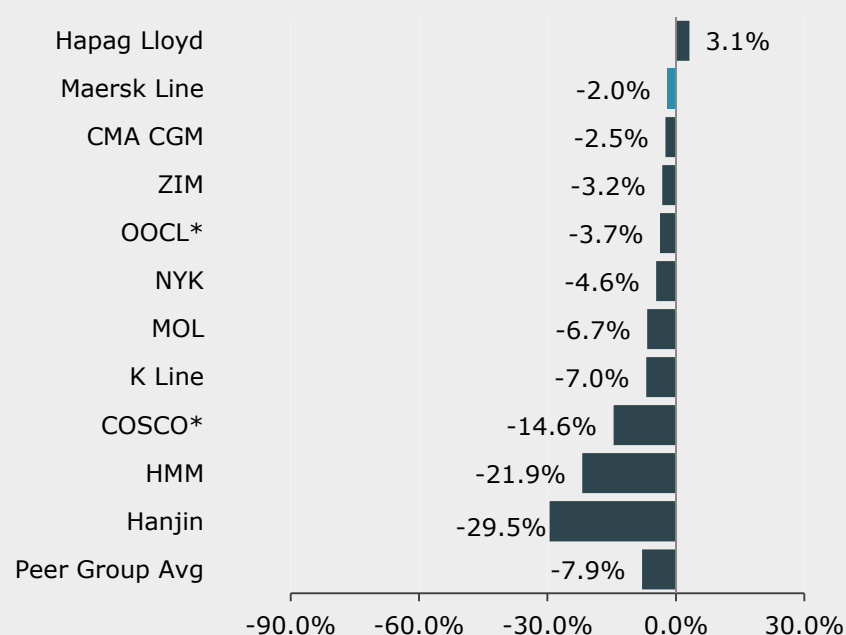
## Gap to peers of around 6% in 16Q3

Core EBIT margin gap, (% pts.)



## While Hapag Lloyd had best performance in 16Q3 Maersk was still top performer

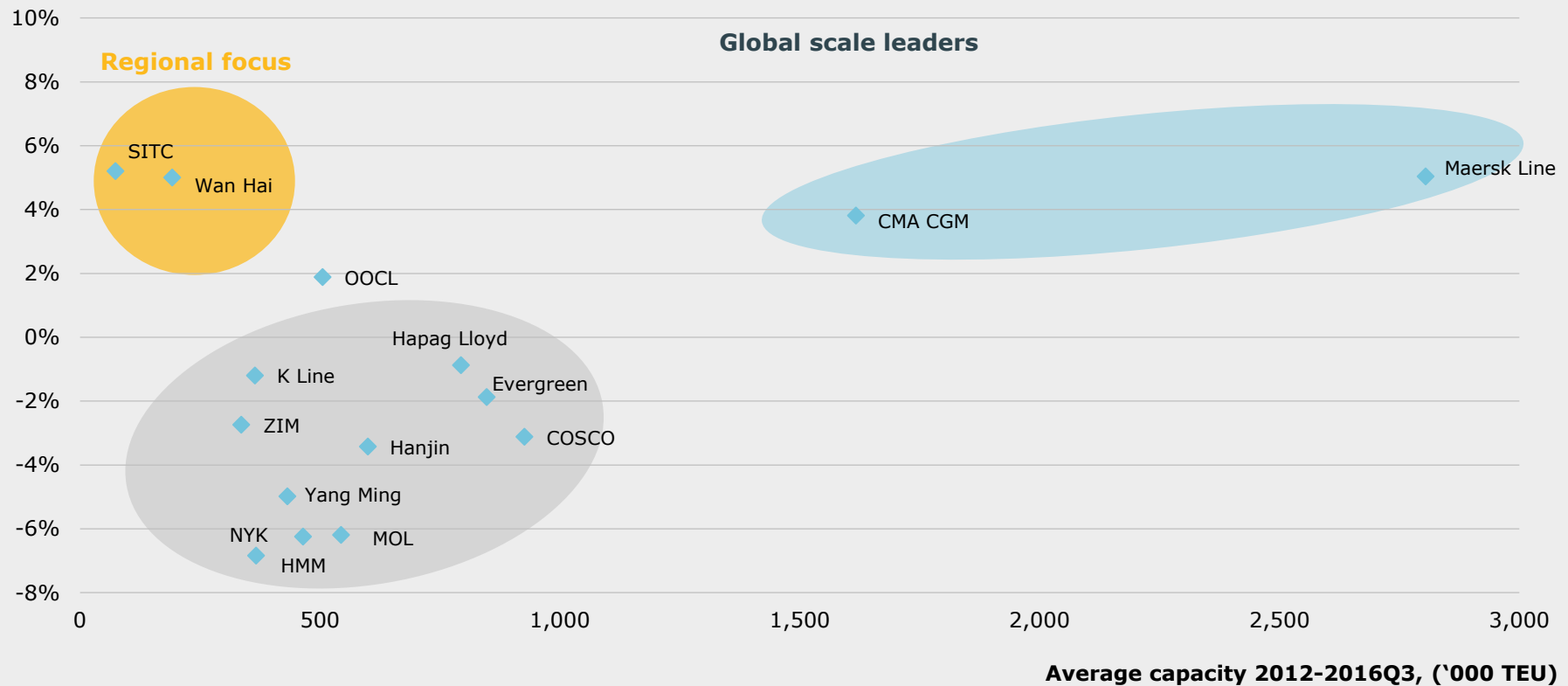
Q3 2016 Core EBIT margin, (%)



Note: \*Included with avg 16H1 gap to MLB as they only report half-yearly. Peer group includes CMA CGM (including APL), Hapag Lloyd, Hanjin, ZIM, Hyundai MM, K Line, NYK, MOL, COSCO (including CSCL) and OOCL. Peer average is TEU-weighted. EBIT margins are adjusted for gains/losses on sale of assets, restructuring charges, income/loss from associates. Maersk Line's EBIT margin is also adjusted for depreciations to match industry standards (25 years). Source: Alphaliner, Company reports, Maersk Line

# Scale is a lever of profitability, which has led to more consolidation

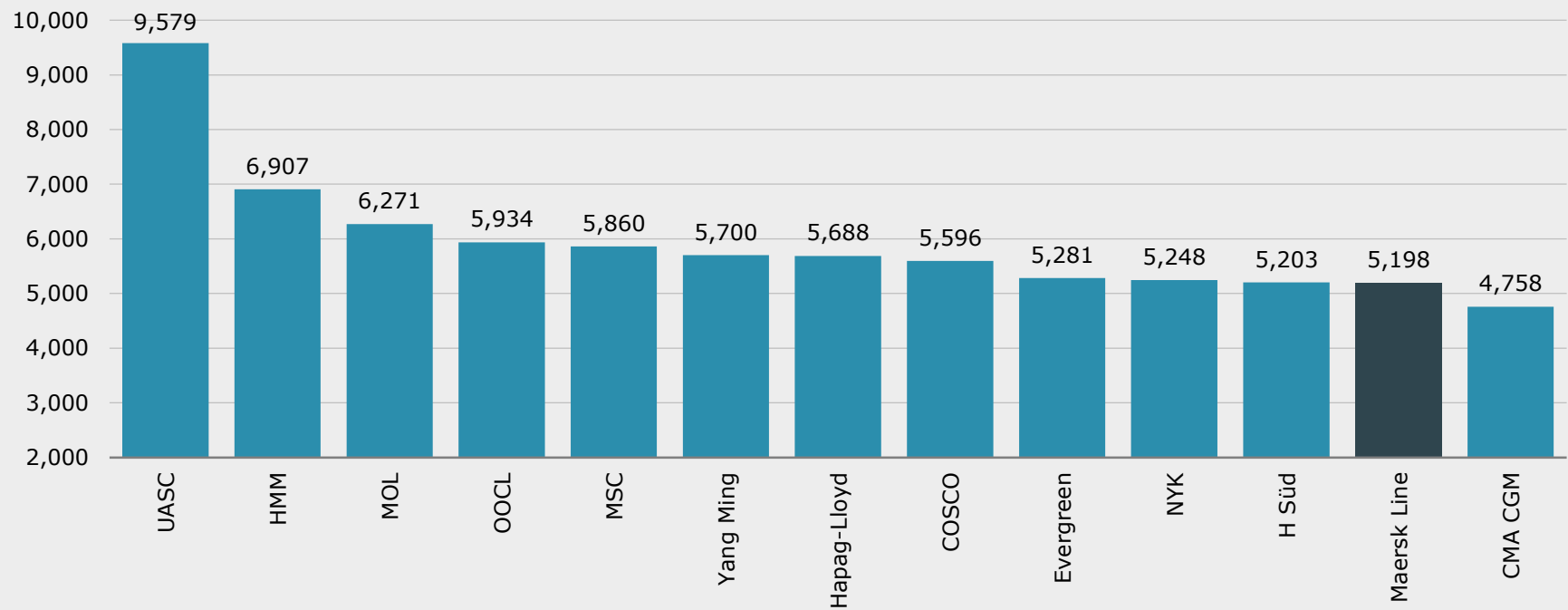
Average EBIT margin 2012-2016Q3, (%)



Source: Maersk Line, Company Reports, Alphaliner

# Outperformance not caused by average vessel size




Avg. vessel size, (TEU)<sup>1</sup>



<sup>1</sup> As of end-Dec 2016  
Source: Alphaliner, Maersk Line

# Maersk Line's order book

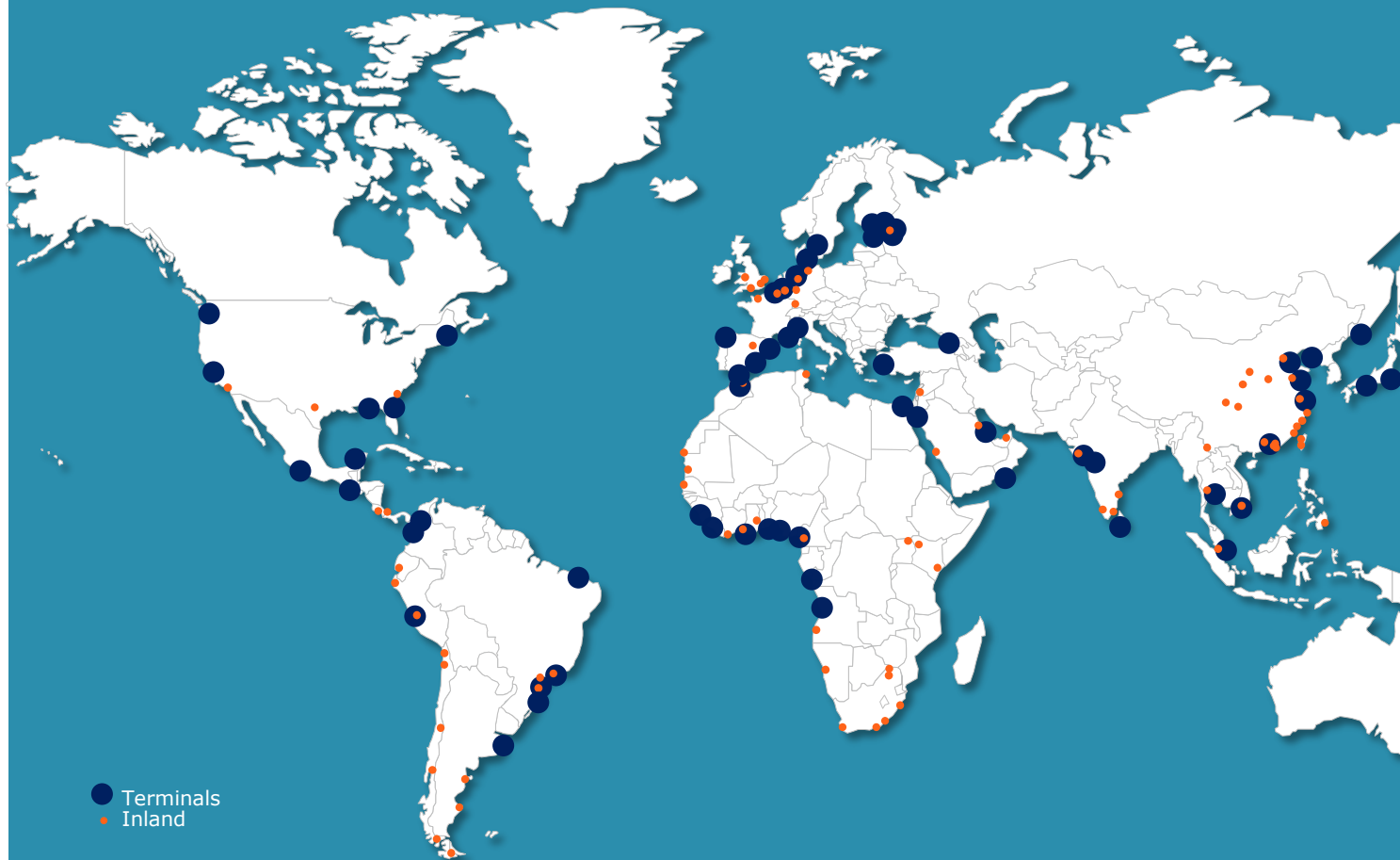
Maersk Line's total order book corresponds to 11% of current fleet, compared to industry order book of around 16%<sup>1</sup>

	<b>Vessel size</b>	<b>Number of vessels</b>	<b>Total TEU</b>	<b>Delivery year</b>
	3,600 TEU	7	25,200 TEU	2017
	19,630 TEU	11	215,930 TEU	2017-2018
	14,000 TEU	9	126,000 TEU	2017-2018

<sup>1</sup> Industry orderbook of top 100 excluding Maersk Line  
 Note: Orderbook as of ultimo December 2016  
 Source: Maersk Line

# APM Terminals

## Portfolio overview



**9.7m TEUs**  
(equity)

**19.6m TEUs**  
(gross)

**60** shipping lines  
served

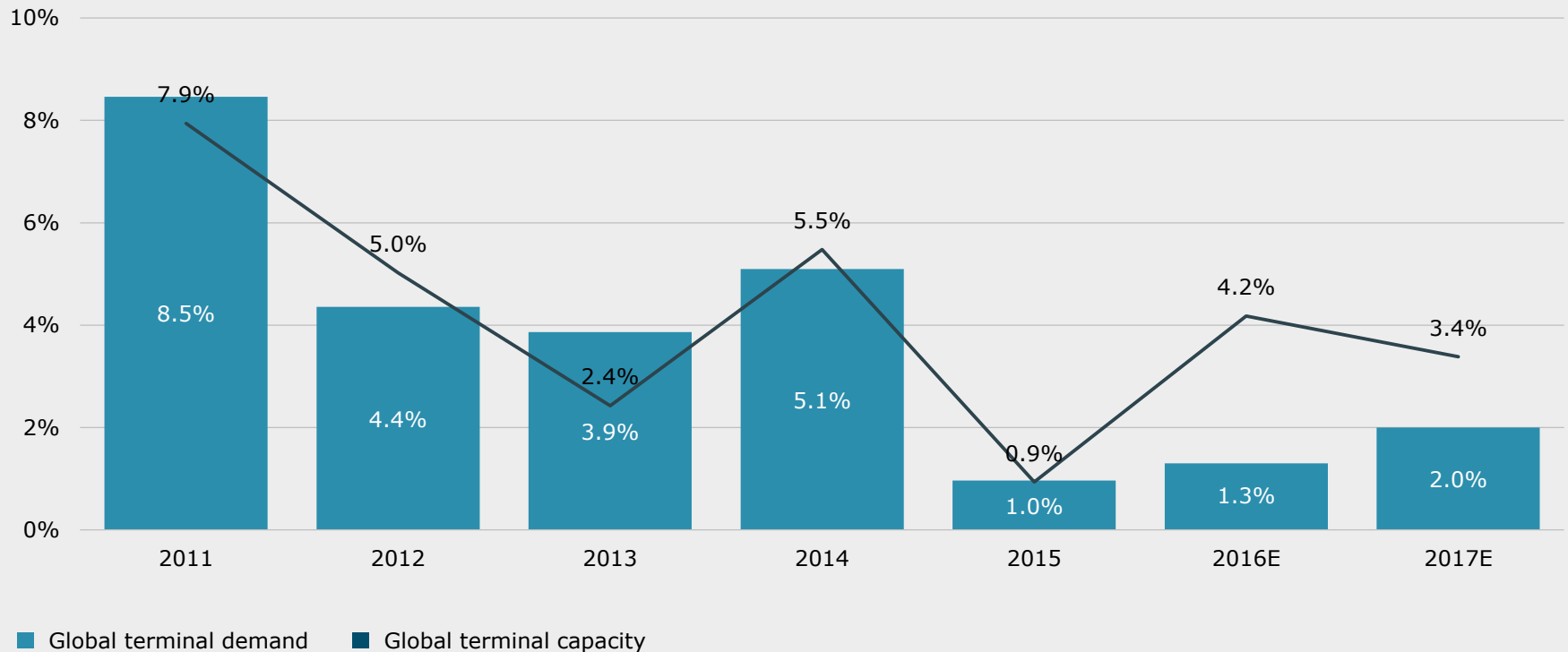
**73** operating ports  
8 new port projects  
10 expansion projects  
**140** inland locations

**22,000** employees  
in 69 countries

Note: Volume figures per Q4 2016

# The terminal industry is facing overcapacity

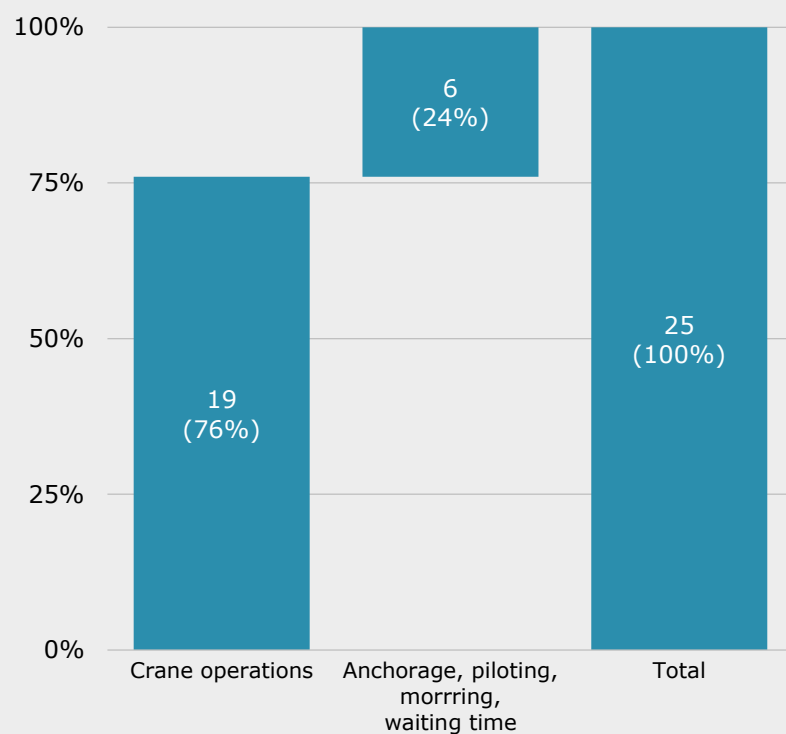
**Growth, (y/y, %)<sup>1</sup>**



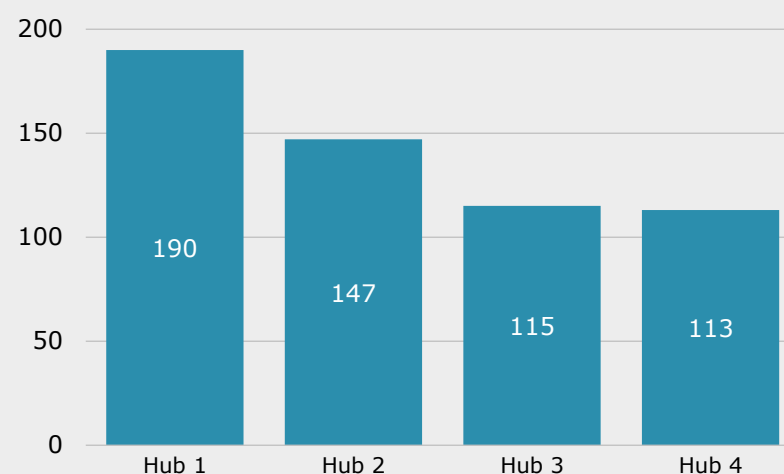
Note: (1) Measured as total port throughput and capacity in TEU incl. empties and transshipments  
Source: Drewry

# Time is money – terminal performance as a source of strategic advantage

**Average port stay, (hours)**



**Crane productivity in key transshipment hubs for EEE vessels, (moves/hr)**



**300,000**

Hours of non-crane time per year



# APM Terminals to benefit from Maersk Line's growth and VSA partnerships



## 32%

of Maersk Line's  
moves are with  
APM Terminals

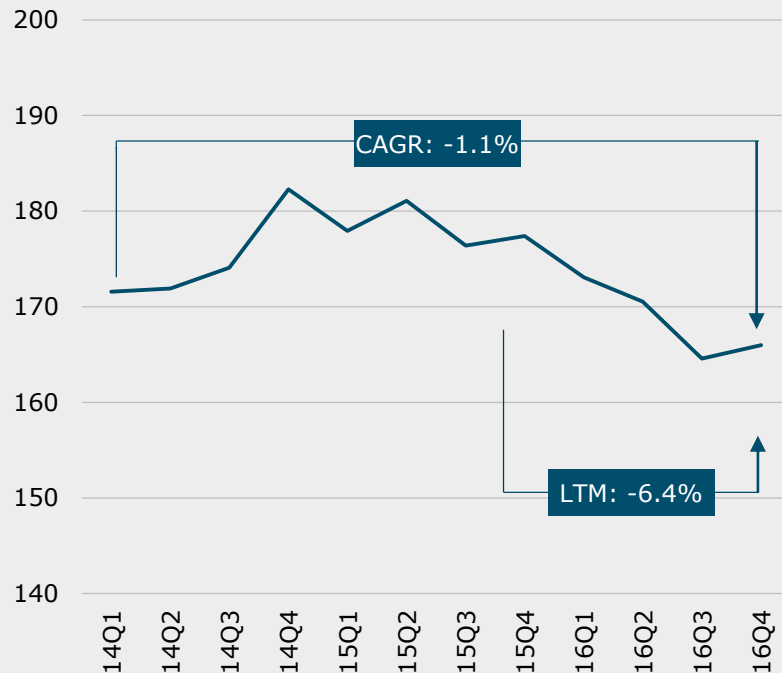
- Grow APM Terminals' share of Maersk Line's volume
- Maersk Line's vessel sharing agreements supporting APM Terminals volume growth
- Impact from Hamburg Süd (from 2018)

Disclaimer: The proposed acquisition of Hamburg Süd is subject to regulatory approvals and due diligence

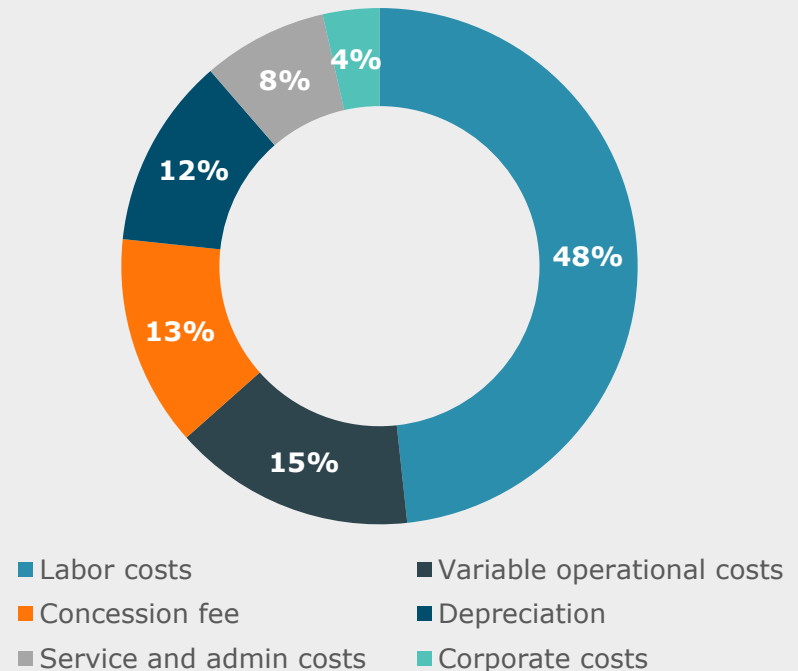
# APM Terminals has started the cost reduction journey

## Terminal cost per move<sup>1</sup>

USD/move



## Cost break down<sup>2</sup> (FY 2016)

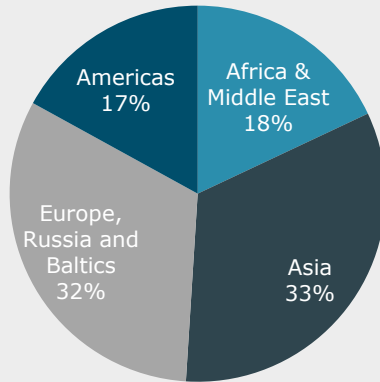


Note: (1) Cost per move for controlled terminals only, excluding terminals under implementation  
 (2) Cost breakdown for all controlled terminal entities

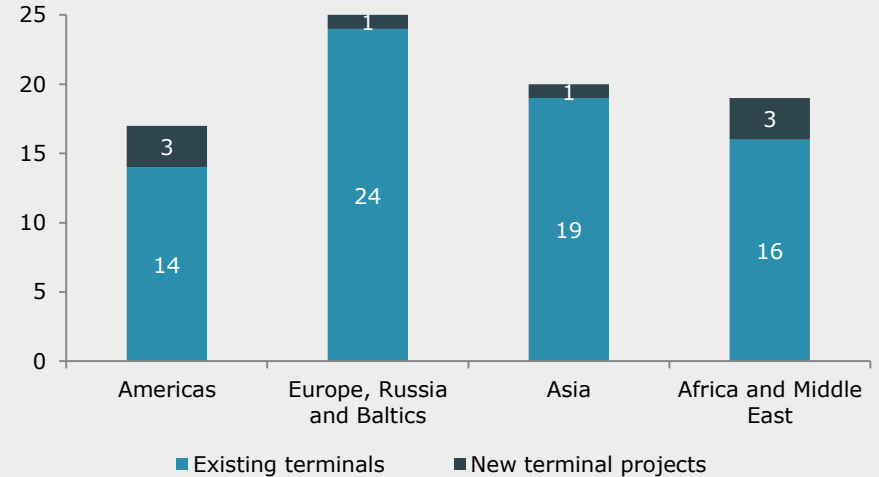
# Diversified Global Portfolio

**Container throughput by geographical region (equity weighted crane lifts, %)**

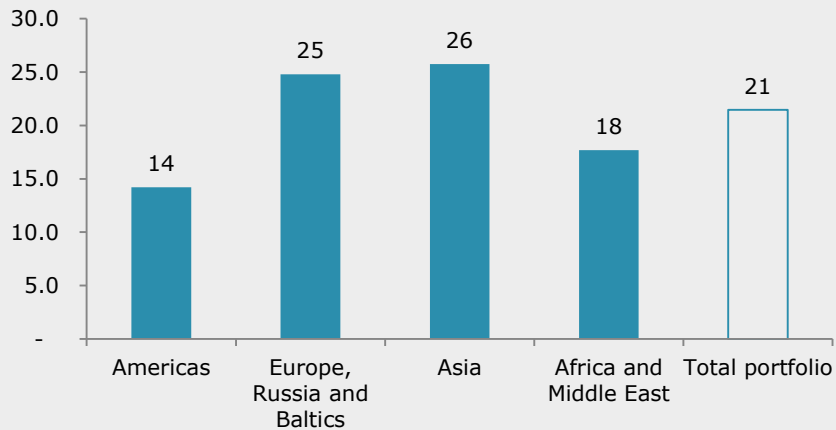
Total throughput of 9.7m TEU in Q4 2016



**Geographical split of terminals (number of terminals)**

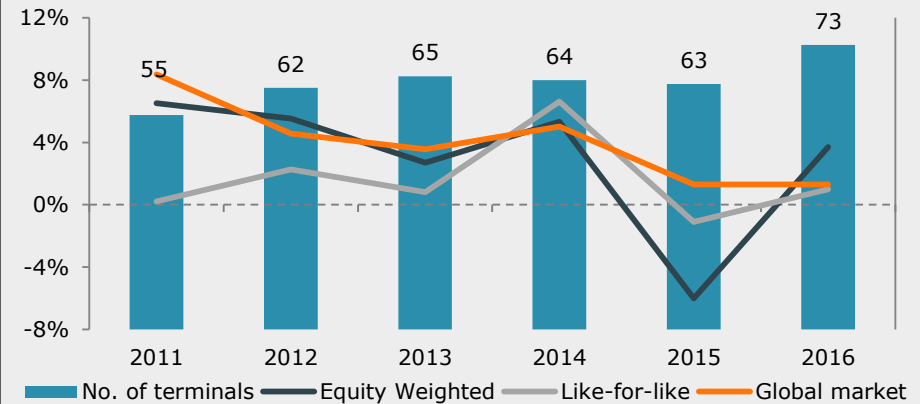


**Average remaining concession length in years**



Note: Average concession lengths as of Q4 2016, arithmetic mean

**Port Volume growth development (%)**



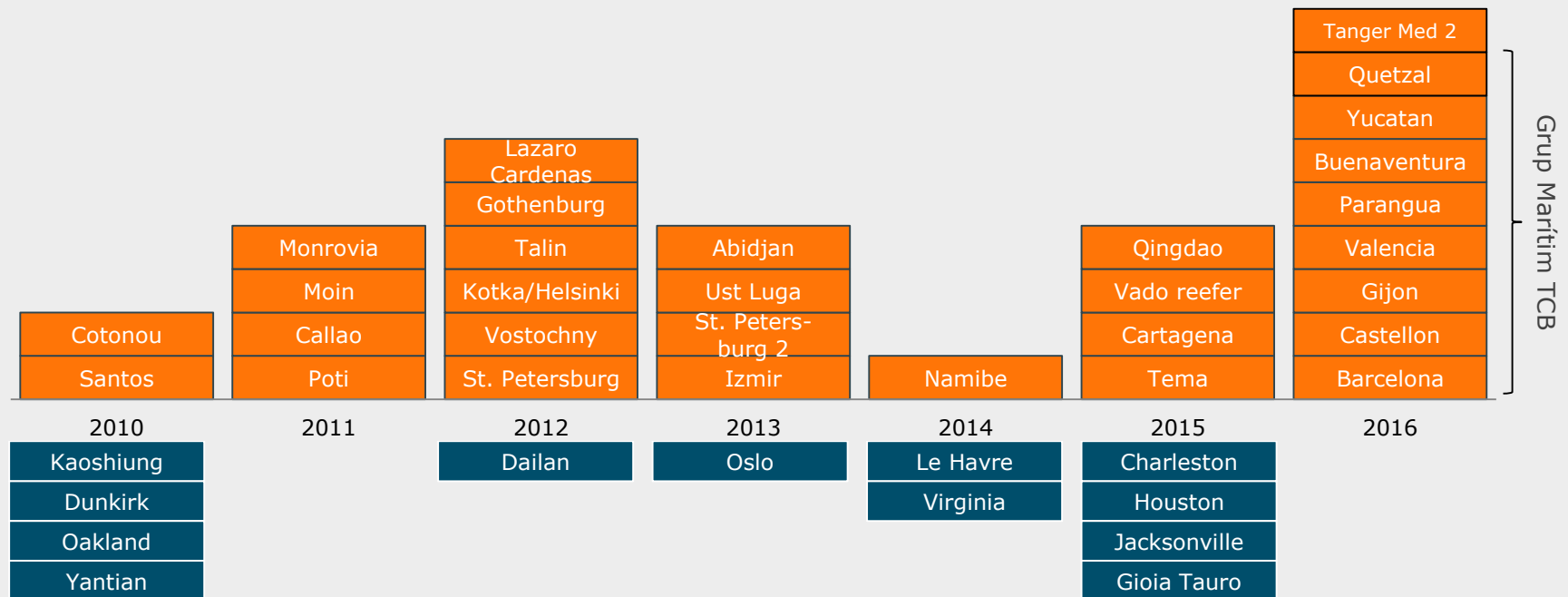
Note: Like for like volumes exclude divestments and acquisitions

# APM Terminals – Project progress

Project	Opening	Details	Investment
Lázaro Cárdenas, Mexico (TEC2)	2017	<ul style="list-style-type: none"> <li>Signed 32-year concession for design, construction and operation of new deep-water terminal</li> <li>Will add 1.2 million TEUs of annual throughput capacity and projected to become fully operational in early 2017</li> </ul>	USD 0.9bn
Ningbo, China (MIICT, Meishan Island International Container Terminal)	2017	<ul style="list-style-type: none"> <li>Major gateway port in Eastern China and Zhejiang Province.</li> <li>67%/33% (Ningbo Port Group/APM Terminals) share to jointly invest and operate</li> </ul>	USD 0.7bn
Izmir, Turkey	2016	<ul style="list-style-type: none"> <li>The terminal commenced commercial operations in December 2016 with Maersk Line.</li> </ul>	USD 0.4bn
Moin, Costa Rica	2018	<ul style="list-style-type: none"> <li>33-year concession for the design, construction and operation of new deep-water terminal</li> <li>The terminal will have an area of 80 hectares, serving as a shipping hub for the Caribbean and Central America</li> </ul>	USD 1.0bn
Vado, Italy	2018	<ul style="list-style-type: none"> <li>50-year concession for the design, construction, operation and maintenance of a new deep-sea gateway terminal</li> <li>Joint venture agreement with China COSCO Shipping Ports (40%) and Qingdao Port International Development (9.9%); APMT (50.1%)</li> </ul>	USD 0.4bn
Abidjan, Ivory Coast	2020	<ul style="list-style-type: none"> <li>Terminal will be the second in one of the busiest container ports in West Africa</li> <li>New facility will be able to accommodate vessels of up to 8,000 TEU in size (existing facility 0.75 million TEU)</li> </ul>	USD 0.6bn
Tema, Ghana	2019	<ul style="list-style-type: none"> <li>Joint venture with existing partner Bolloré (42.3%) and the Ghana Ports &amp; Harbours Authority (15.4%)</li> <li>Will add 3.5 million TEUs of annual throughput capacity</li> <li>Greenfield project located outside the present facility that includes an upgrade to the adjacent road network</li> </ul>	USD 0.8bn
TM2, Tangier	2019	<ul style="list-style-type: none"> <li>Tangier-Med is the second-busiest container port on the African continent after Port Said, Egypt. TM2 will have an annual capacity of 5 million TEUs</li> <li>Concession signing for a 30-year concession took place on 30 March 2016 and opening is targeted for October 2019</li> </ul>	USD 0.9bn

# Crystallising value through active portfolio management

## Acquisitions and secured Projects



## Divestments

# Operating businesses ROIC of 7.8% in Q4 16

Q4 2016 USDm	Consolidated businesses	JV & Associates	Operating businesses	Implementations incl TCB	Total
Throughput (TEU m)	5.4	3.7	9.1	0.6	9.7
Revenue	942	-	942	146	1,088
EBITDA	223	-	223	-9	214
EBITDA margin (%)	23.7	-	23.7	-6.2	19.7
Underlying profit	69	45	114	-24	91
<b>Reported profit</b>	<b>66</b>	<b>46</b>	<b>111</b>	<b>-24</b>	<b>87</b>
Underlying ROIC (%)	7.4	9.1	8.0	-4.2	4.5
<b>ROIC (%)</b>	<b>7.0</b>	<b>9.1</b>	<b>7.8</b>	<b>-4.2</b>	<b>4.4</b>
Average Invested capital	3,732	1,993	5,725	2,276	8,001

Note: Implementations include terminals currently under construction (Vado, Italy; Moin, Costa Rica; Izmir, Turkey; Lazaro Cardenas, Mexico; Tangier Med Port II, Morocco) and all TCB entities



# Consolidated businesses

- The result was lower than Q4 2015 due to end year adjustment
- The result excluding end-year adjustments was in line with Q3 2016

USDm	Q4 2016	Q4 2015	Q4 '16 /Q4 '15
Throughput (TEUm)	5.4	5.0	6.9%
Revenue	942	985	-4.3%
EBITDA	223	212	6%
EBITDA margin (%)	<b>23.7%</b>	<b>21.5%</b>	<b>2.2pp</b>
Underlying profit	69	109	-34%
<b>Reported profit</b>	<b>66</b>	<b>114</b>	<b>-43%</b>
Underlying ROIC (%)	7.4%	11.4%	-4.4pp
<b>ROIC (%)</b>	<b>7.0%</b>	<b>10.7%</b>	<b>-3.7pp</b>
Average Invested capital	3,732	3,885	4.9%

Note: Consolidated businesses includes terminals and inland services that are financially consolidated.

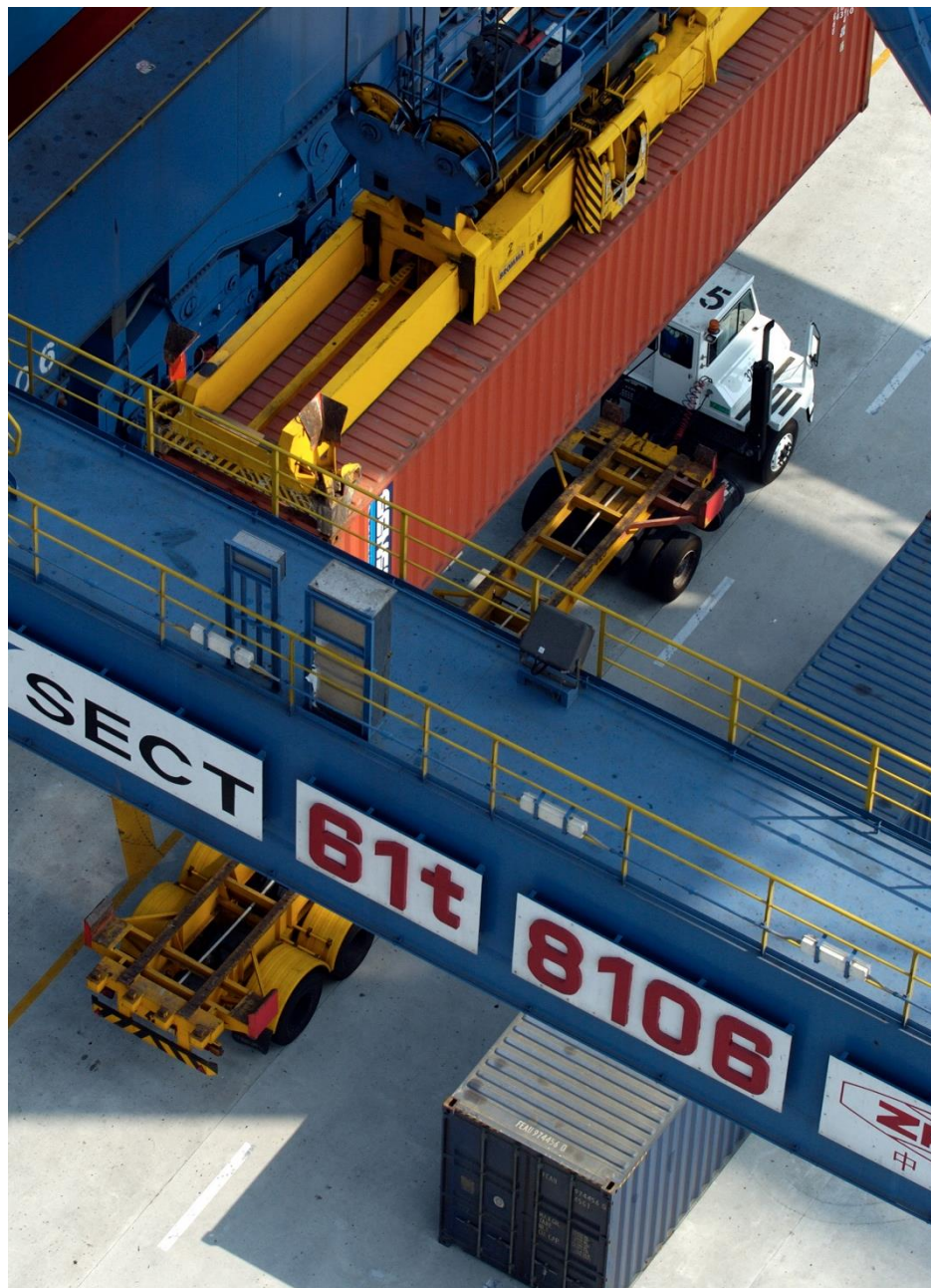


# JV and Associates

- Result higher than Q4 '15 due to Global Ports result

USDm	Q4 2016	Q4 2015	Q4 '16 /Q4 '15
Throughput (TEUm)	3.7	3.8	-0.7%
Revenue	-	0	n.a.
EBITDA	-	0	n.a.
EBITDA margin (%)	-	-	n.a.
Underlying profit	45	18	150%
<b>Reported profit</b>	<b>46</b>	<b>22</b>	<b>108%</b>
Underlying ROIC (%)	9.1%	5.1%	4.0pp
<b>ROIC (%)</b>	<b>9.1%</b>	<b>6.2%</b>	<b>2.9pp</b>
Average Invested capital	1,993	1,423	40%

- Note: Includes joint venture and associate companies in the portfolio. 2015 figures include the divested Gioia Tauro terminal.





# Implementations and TCB

USDm	Q4 2016	Q4 2015	Q4 '16 / Q4 '15
Throughput (TEUm)	0.6	-	n.a.
Revenue	146	40	266%
EBITDA	(9)	(12)	-25%
EBITDA margin (%)	<b>-6.2%</b>	<b>-30.0%</b>	<b>24pp</b>
Underlying profit	(24)	(10)	139%
<b>Reported profit</b>	<b>(24)</b>	<b>(10)</b>	<b>139%</b>
Underlying ROIC (%)	-4.2%	-6.3%	2.1pp
<b>ROIC (%)</b>	<b>-4.2%</b>	<b>-6.3%</b>	<b>2.1pp</b>
Average Invested capital	2,276	635	258%

Note: Implementations include terminals that are under construction and all TCB entities; TCB result added since March 2016



# Maersk Oil's portfolio

## The value chain

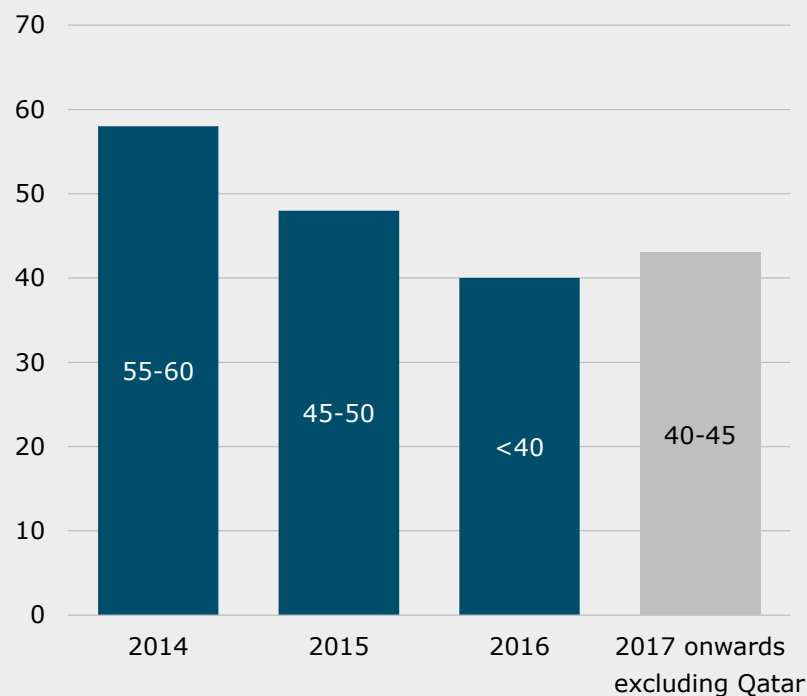
Exploration → Appraisal → Development → Primary production → Mature field → EOR¹ → Abandonment



1) Enhanced Oil Recovery




# Competitiveness improved in response to falling oil prices

## Break-even price per barrel of oil<sup>1</sup> (USD/barrel)



## Reduced break-even

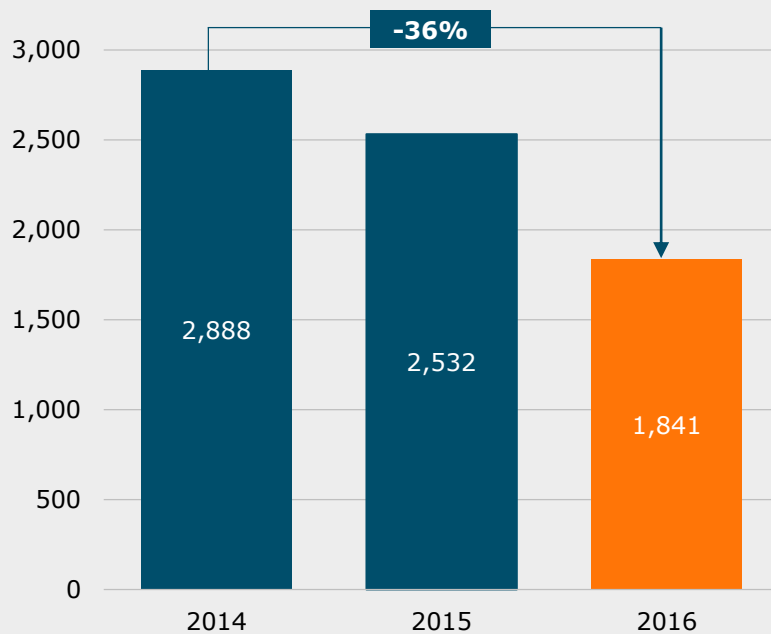
### Decisive response to price downturn<sup>2</sup>:

-  Operating efficiency increased
-  Strategic reduction of exploration activity
-  ~30% OPEX reduction (2014-2016)

1: Average price at which underlying result is 0, not taking impairments into account. 2015 further adjusted for one-off tax benefits in UK and reversal of impairment in Kazakhstan. Without this adjustment, break-even for 2015 is lower than shown. 2: Entitlement production in Qatar increased from oil price fall, further contributing to decreased break-even  
Sources: Internal calculations

# Effective control of OPEX has contributed significantly to improved competitiveness

## Total OPEX (USDm)



Headcount reduced by  
~30% from 2014



Renegotiation of contracts

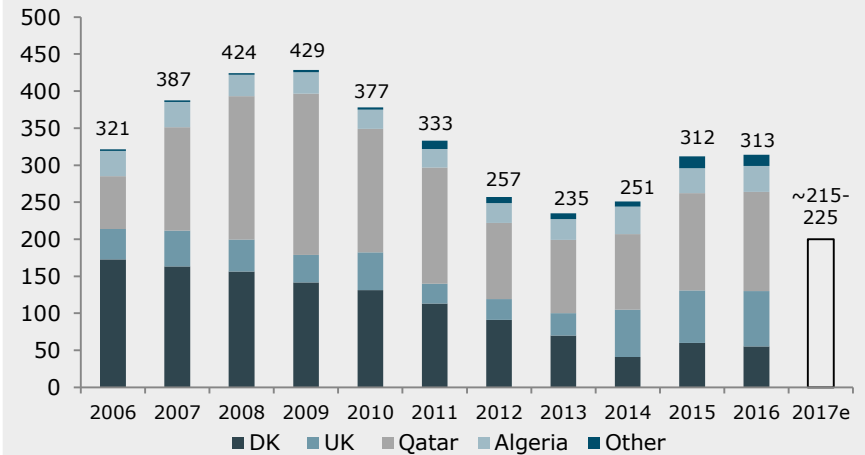


Improved maintenance  
planning and management  
of late life assets

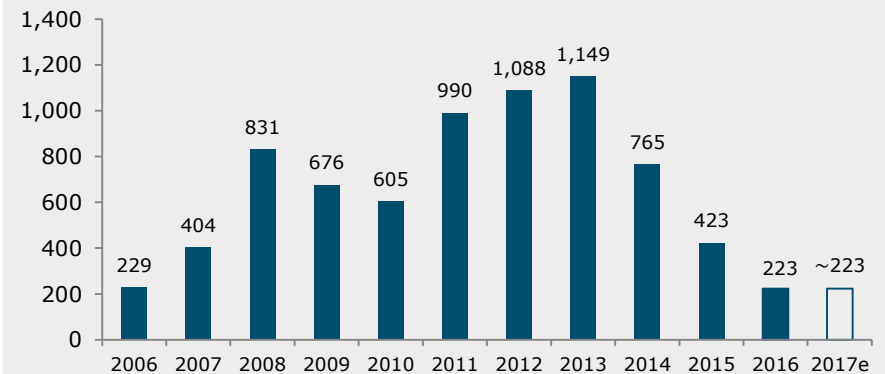
Source: Maersk Oil internal financials. Some adjustments have been made to ensure comparability across years (including e.g. adjusting for foreign exchange impact)

# Maersk Oil's share of Production and Exploration Costs

## Maersk Oil's share of production ('000 boepd)



## Maersk Oil's exploration costs\* (USDm)



\*All exploration costs are expensed directly unless the project has been declared commercial

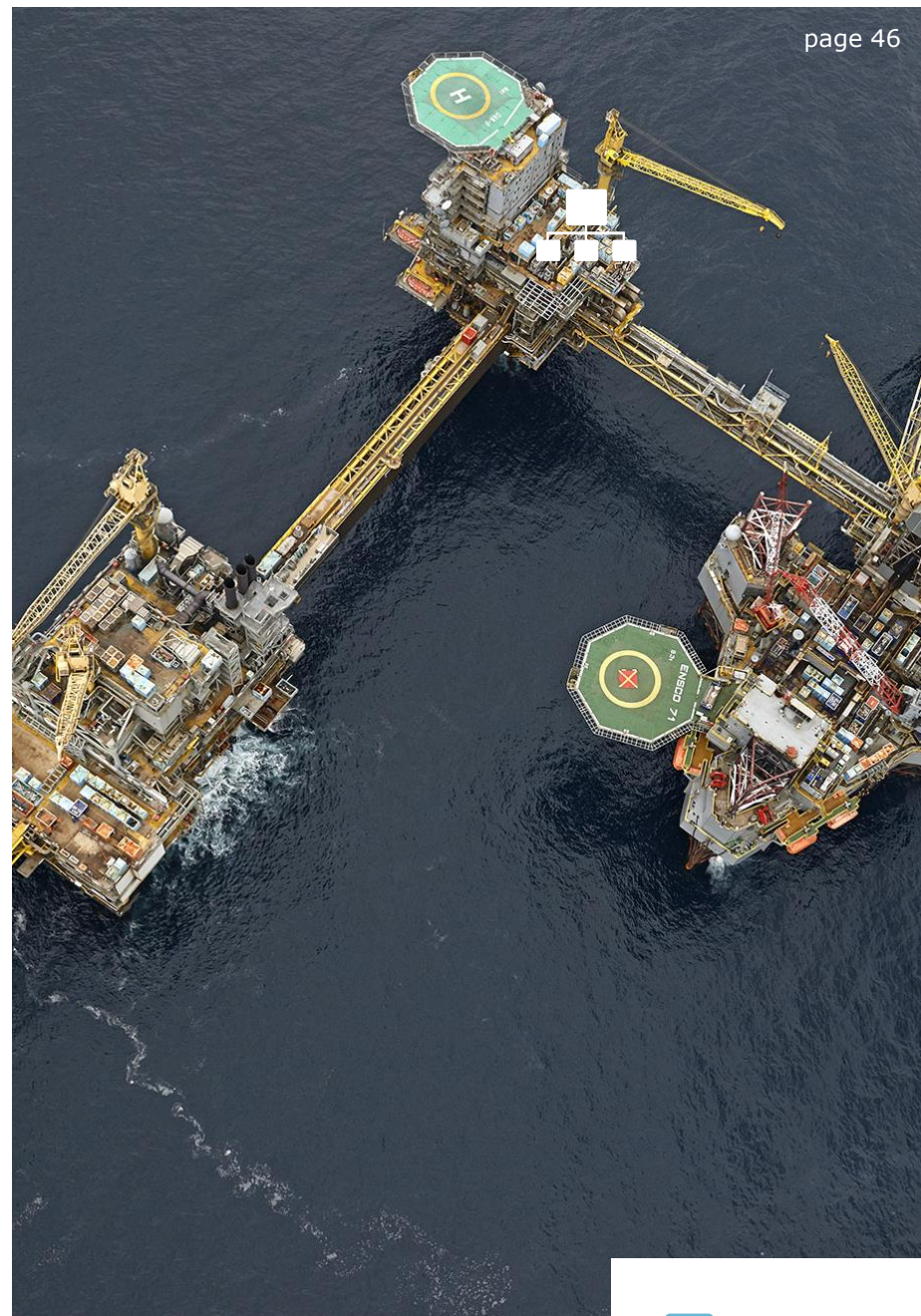


# Reserves and resources

(million boe)	End 2015	End 2014
Proved reserves (1P)	408	327
Probable reserves (2P <sub>increment</sub> )	241	183
Proved and Probable reserves (2P)	649	510
Contingent resources (2C)	492	801
<b>Reserves &amp; resources (2P + 2C)</b>	<b>1,141</b>	<b>1,311</b>

## 2015 Highlights

- 1P Reserves Replacement Ratio (RRR) increased to 171% with 114m boe entitlement production in 2015 (RRR 2014: 30%)
- Significant 2P reserves additions, mainly from Johan Sverdrup and Culzean, of close to 300m boe
- 2P + 2C reserves and resources decreased 13% due to production and revision of projects mainly caused by lower oil price
- No Qatar reserves or resources included post mid-2017.



# Maersk Oil's Key Projects

## Sanctioned development projects

Project	First Production	Working Interest	Net Capex (USD Billion)	Plateau Production (Entitlement, boepd)	Operator
Swara Tika (Iraqi Kurdistan)	2015	18%	0.1	6,000	HKN Energy
Flyndre <sup>1)</sup> (UK/Norway)	2017	73.7%	~0.5	7,000	Maersk Oil
Johan Sverdrup Phase 1 (Norway)	Late 2019	8.44%	1.8	29,000	Statoil
Culzean (UK)	2019	49.99%	2.3	30-45,000	Maersk Oil

## Major discoveries under evaluation (Pre-Sanctioned Projects<sup>2)</sup>)

Project	First Production Estimate	Working Interest	Net Capex Estimate (USD Billion)	Plateau Production Estimate (Entitlement, boepd)
South Lokichar (Kenya)	2021	25%	TBD	TBD
Chissonga (Angola)	TBD	65%	TBD	TBD

1) The Cawdor project, originally co-developed with Flyndre, is currently deemed sub-economic and has been recycled into the Assess stage

2) Significant uncertainties about time frames, net capex estimates and production forecast

# Maersk Drilling

## Rig fleet overview



Note: As per end Q4 2016

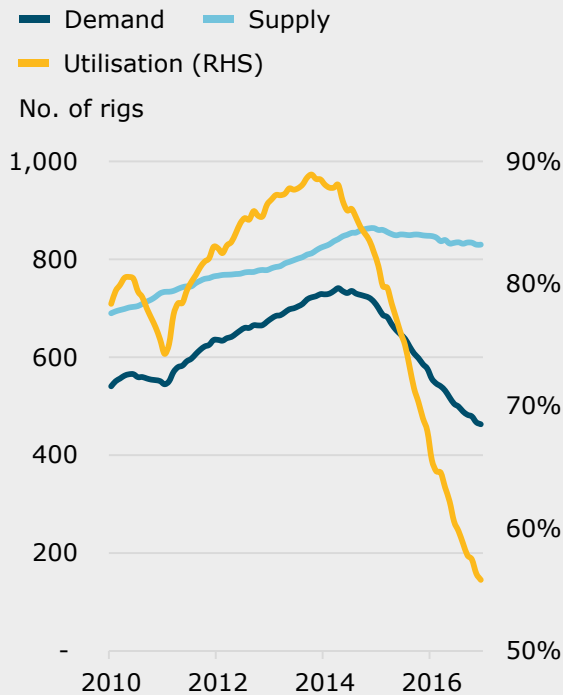
<sup>(1)</sup>Maersk Guardian converted to accommodation rig. Rig contracted with Maersk Oil in Denmark.



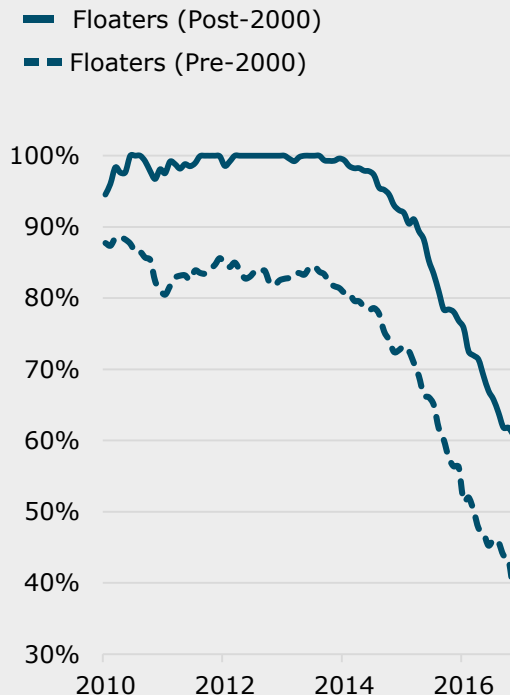
# Drop in oil price has led to...

...reduced rig demand, lower utilisation levels, while modern rigs retain competitive advantage, and decreasing dayrates

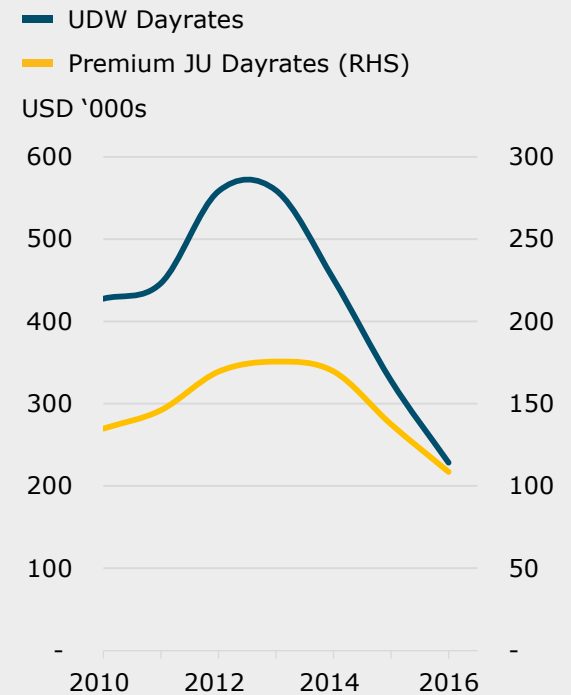
## Global rig utilisation decreasing as supply outpaces demand



## Continued bifurcation in utilisation for rigs delivered before and after 2000



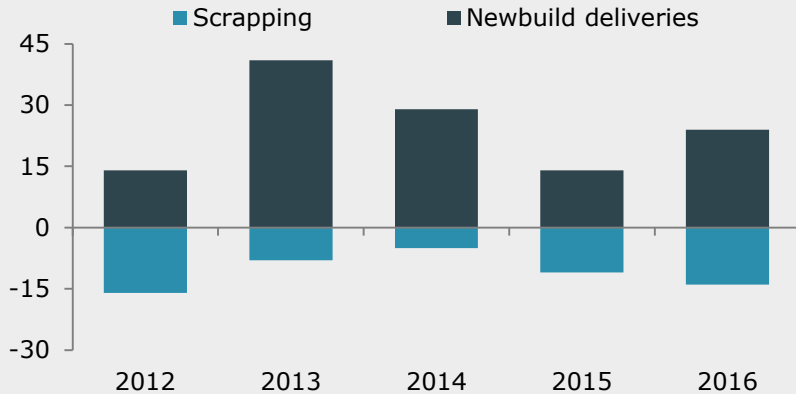
## Dayrates decline as a reaction to the rig supply-demand imbalance



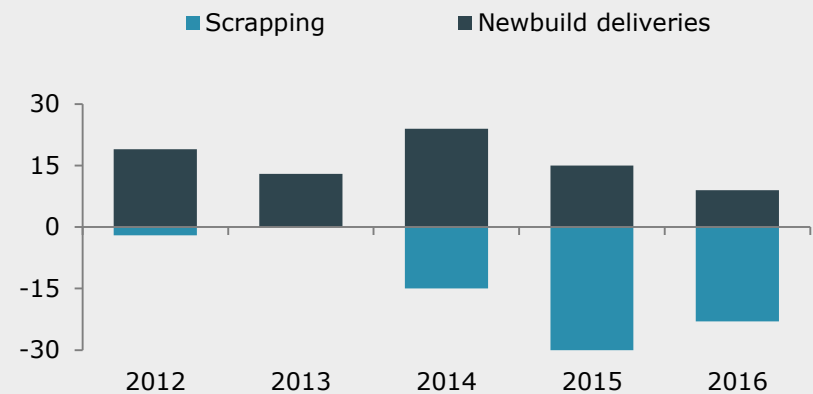
Source: IHS Petrodata, Maersk Drilling

# Low levels of scrapping activity and a large orderbook of uncontracted rigs

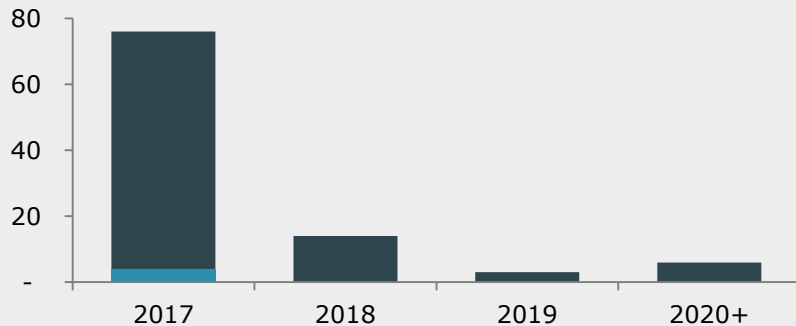
## Jack-up rigs



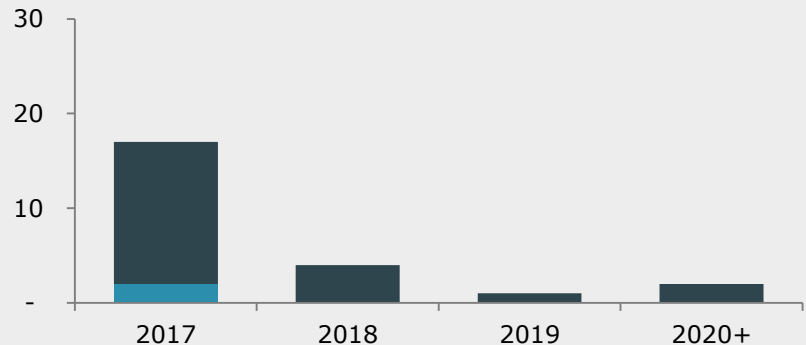
## Floater rigs



## Orderbook - Contracted



## Orderbook - Contracted



Source: IHS Petrodata

# Maersk Drilling's fleet

A modern state-of-the-art rig fleet offers true competitive advantage during adverse market conditions

## FLOATERS

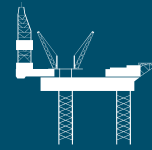


Maersk Voyager (2015)  
 Maersk Valiant (2014)  
 Maersk Venturer (2014)  
 Maersk Viking (2014)  
 Mærsk Deliverer (2010)  
 Maersk Discoverer (2009)  
 Mærsk Developer (2009)  
 Maersk Explorer (2003)

Average Age

**6** Years

## JACK-UPS



Maersk Invincible (2017)  
 Maersk Highlander (2016)  
 Maersk Integrator (2015)  
 Maersk Interceptor (2014)  
 Maersk Intrepid (2014)  
 Maersk Reacher (2009)  
 Maersk Resolve (2009)  
 Maersk Resilient (2008)  
 Maersk Resolute (2008)  
 Maersk Convincer (2008)  
 Maersk Completer (2007)  
 Mærsk Inspirer (2004)  
 Mærsk Innovator (2003)  
 Mærsk Gallant (1993)  
 Mærsk Giant (1986)  
 Maersk Guardian (1986)<sup>1</sup>

Average Age

**10** Years

## FINANCIAL INVESTMENT



Egyptian Drilling Company (EDC)  
 (50/50 Joint Venture)

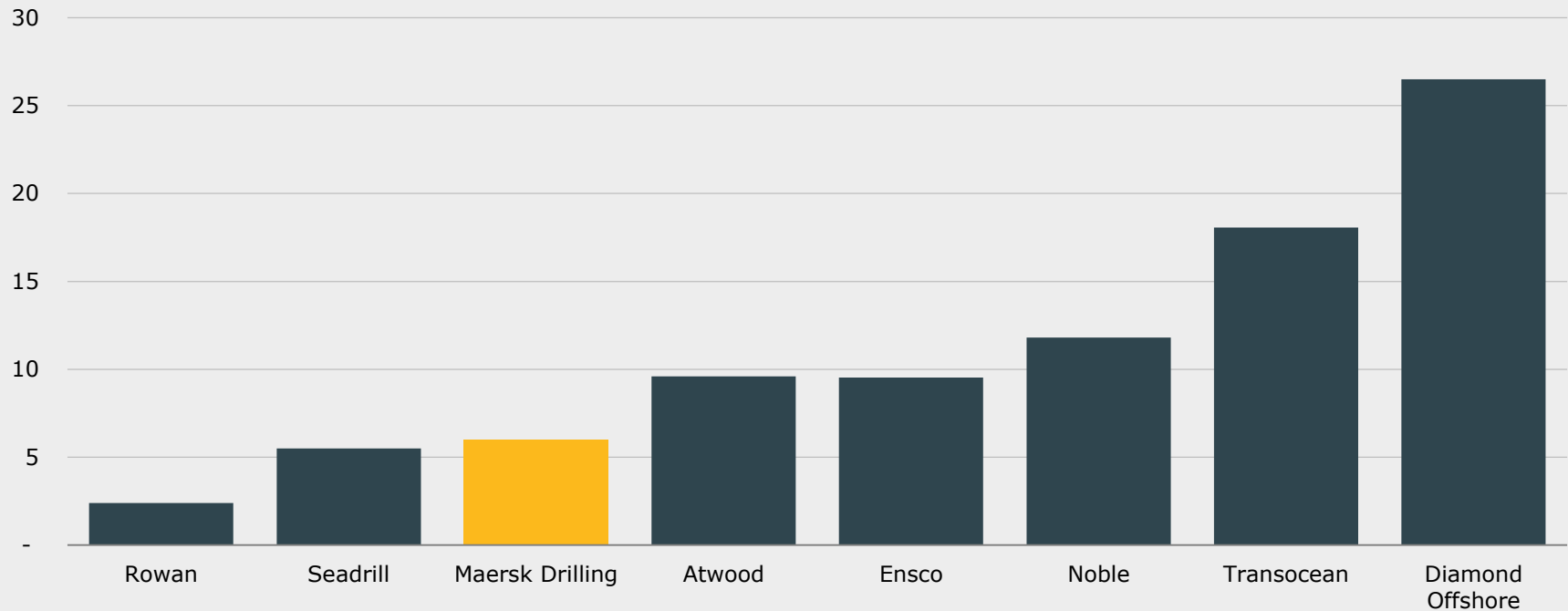
Onshore rigs: 61

Offshore rigs: 5/3<sup>2</sup>

Note 1: Maersk Guardian converted to accommodation rig. Excluded from jack-up average age calculation  
 Note 2: EDC owns and operates 61 onshore rigs and 5 offshore rigs, and leases and manages 3 offshore rigs  
 Source: Maersk Drilling

# Maersk Drilling has one of the most modern fleets of floaters in the competitive landscape

## Floater fleet average age, years

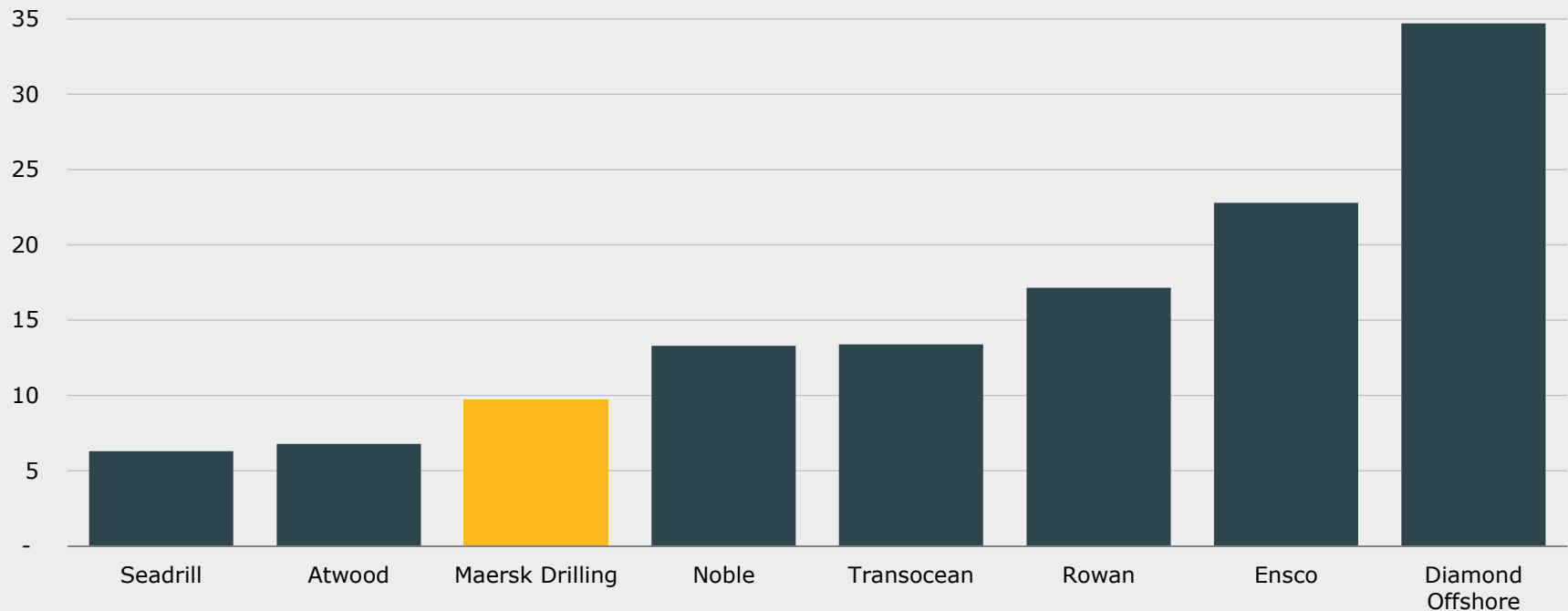


Industry average (floaters) = 16 years

Source: IHS Petrodata, Maersk Drilling

# Maersk Drilling rigs also compete well in the jack-up segment

## Jack-up fleet average age, years

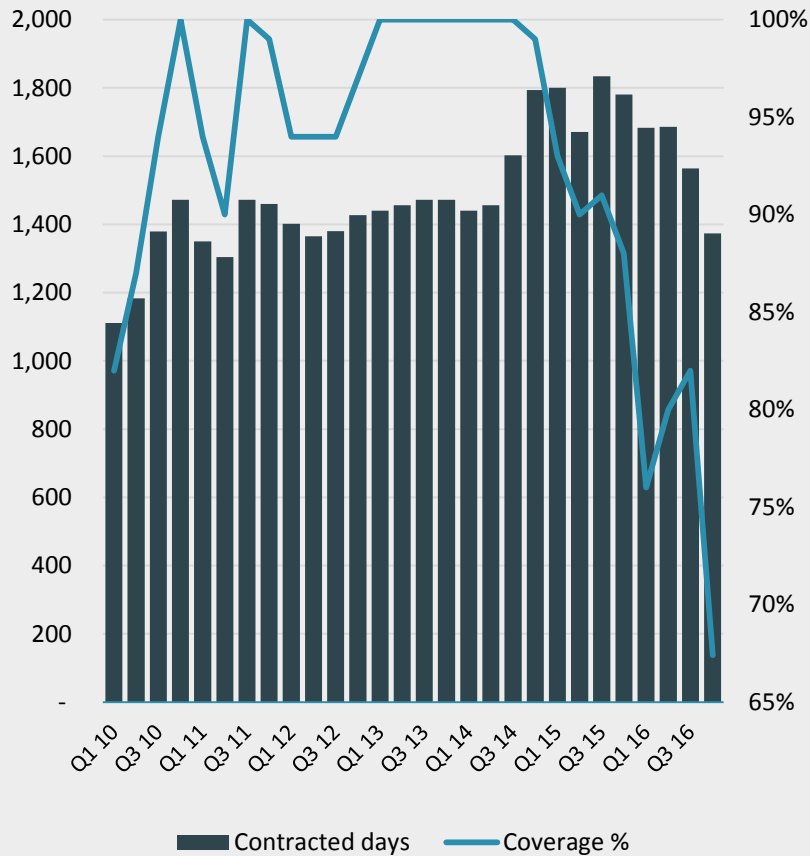


Industry average (jack-ups) = 22 years

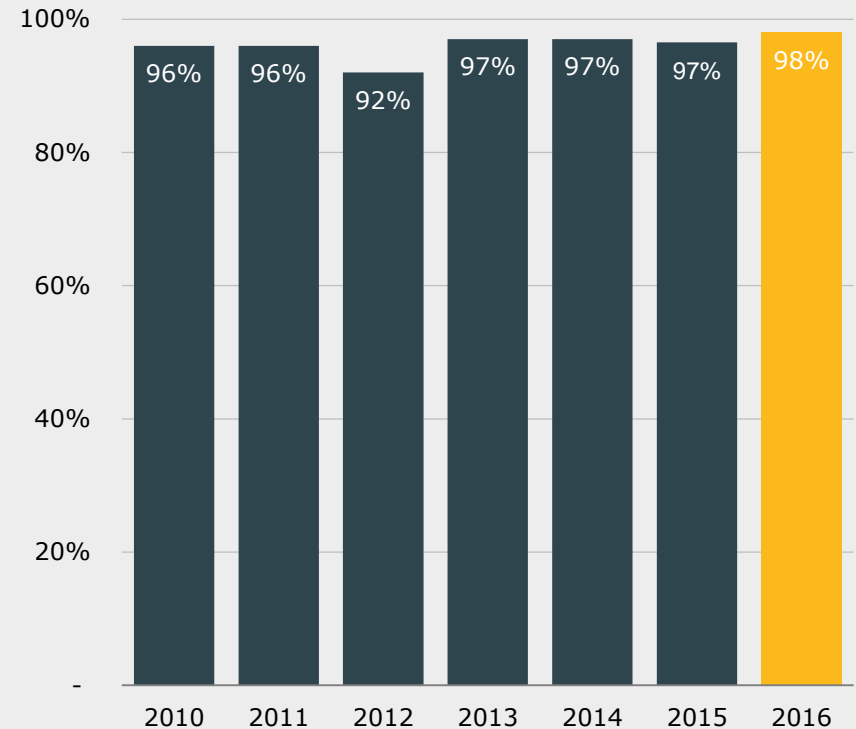
Note: Maersk Guardian (accommodation rig) not included jack-up average age calculation  
Source: IHS Petrodata, Maersk Drilling

# Utilisation adversely impacted by idle rigs but continued strong operational uptime

Contracted days (left) and coverage % (right)



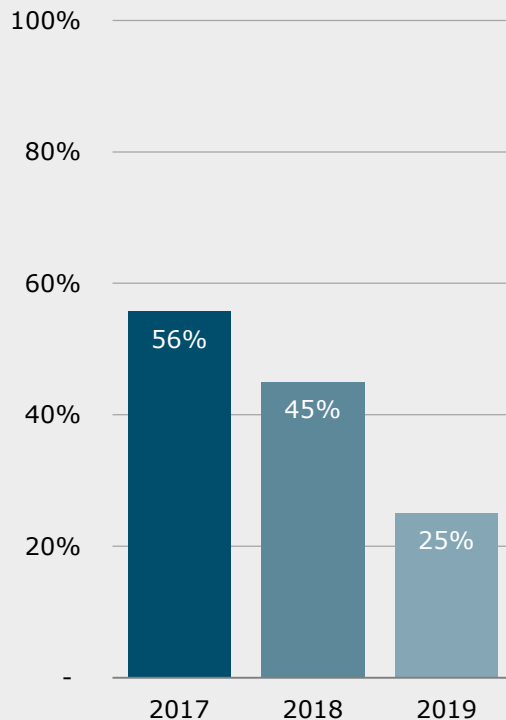
Operational uptime<sup>(1)</sup>



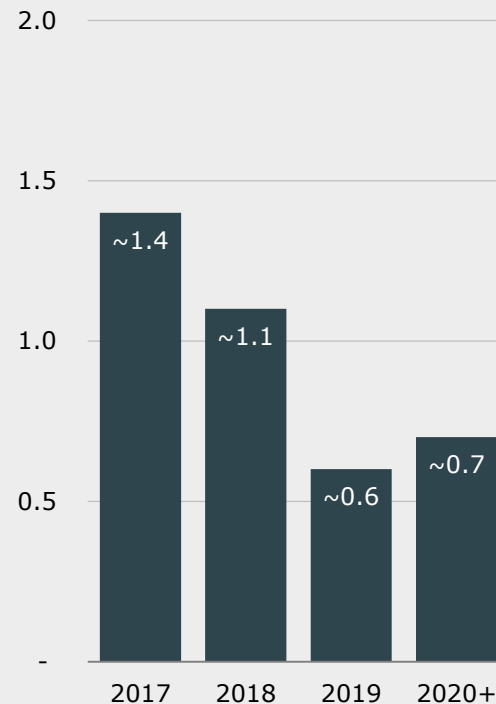
Source: Maersk Drilling  
Note: (1) Operational availability of the rig

# Strong forward coverage with backlog providing revenue visibility

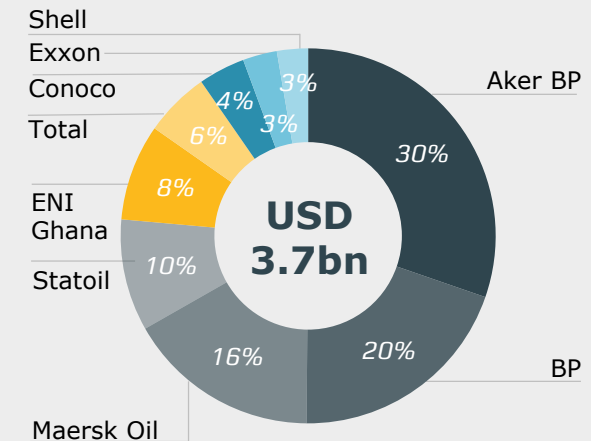
## Contract coverage



## Revenue backlog, USDbn



## Revenue backlog by customer



Source: Maersk Drilling

# Fleet status – jack-ups

Jack-ups	Delivery year	Customer	Contract start	Contract end	Country	Comments
Mærsk Innovator	2003	ConocoPhillips	Feb 2010	Jun 2018	Norway	1 x 1 year option
Mærsk Inspirer	2004					Available
Maersk Intrepid	2014	Total	Aug 2014	Sep 2018	Norway	4 x 1 year options
Maersk Interceptor	2014	Det norske	Dec 2014	Dec 2019	Norway	Up to 2 years options
Maersk Integrator	2015	Statoil	Jun 2015	Jun 2019	Norway	2 x 1 year options
Maersk Highlander	2016	Maersk Oil	Sep 2016	Sep 2021	UK	2 x 1 year options
Mærsk Gallant	1993	Maersk Oil	Feb 2017	Sep 2017	UK	
Mærsk Giant	1986					Available
Maersk Guardian	1986	Maersk Oil	Nov 2016	Nov 2021	Denmark	2 x 1 year options
Maersk Reacher	2009					Available
Maersk Resolute	2008					Available
Maersk Resolve	2009					Available
Maersk Resilient	2008	Maersk Oil	Oct 2015	Oct 2018	Denmark	
Maersk Completer	2007	BSP	Nov 2014	Oct 2018	Brunei	3 x 1 year options
Maersk Convincer	2008					Available
Maersk Invincible	2017	Aker BP	Apr 2017	Apr 2022	Norway	5 x 1 year options

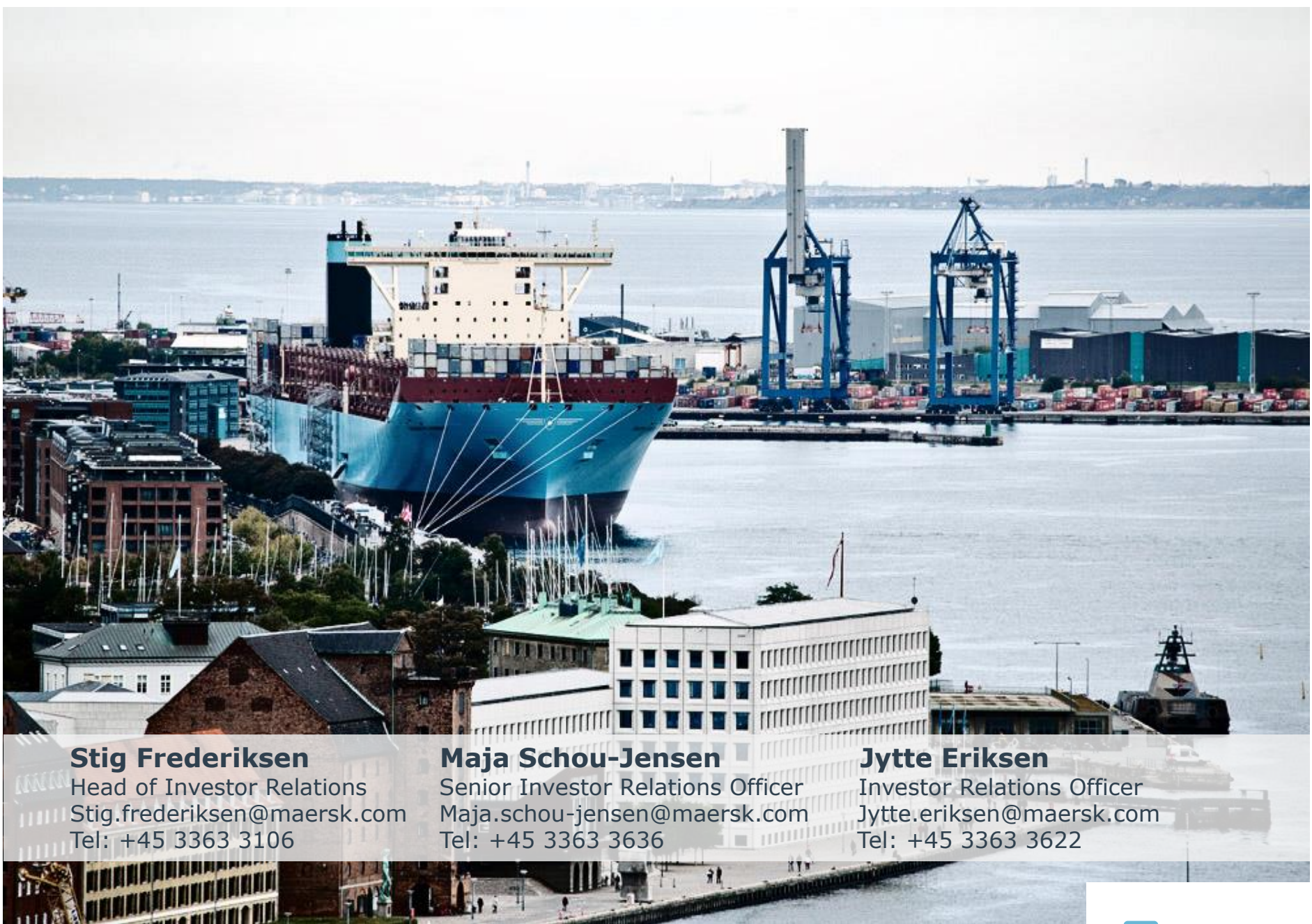
Note: As of January 2017



# Fleet status – floaters

Semisubmersibles	Delivery year	Customer	Contract start	Contract end	Country	Comments
Mærsk Developer	2009	Repsol	Apr 2017	May 2017	Colombia	
Mærsk Deliverer	2010					Available
Maersk Discoverer	2009	BP	Jul 2012	Aug 2019	Egypt	
Maersk Explorer	2003	BP	Sep 2012	May 2021	Azerbaijan	
<b>Drillships</b>						
Maersk Viking	2014	ExxonMobil	May 2014	Jun 2017	USA	
Maersk Valiant	2014					Available
Maersk Venturer	2014					Available
Maersk Voyager	2015	Eni	Jul 2015	Dec 2018	Ghana	1 x 1 year option

Note: As of January 2017



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