A.P. Møller - Mærsk A/S

Q2 2020 investor and analyst presentation

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Webcast: investor.maersk.com

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Forward-looking statements

This presentation contains forward-looking statements. Such statements are subject to risks and uncertainties as various factors, many of which are beyond the control of A.P. Møller - Mærsk A/S (APMM), may cause actual developments and results to differ materially from the expectations contained in this presentation.

Comparative figures

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

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Q2 2020

Key statements

Key statements

Highlights for Q2 2020

Continued improvement in profitability and solid free cash flow

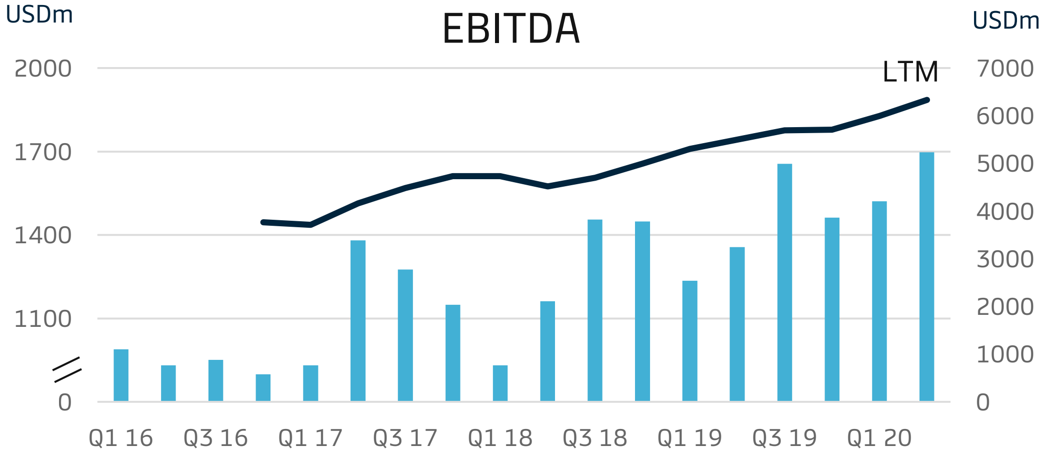
- In the adverse environment from the worldwide impact of COVID-19, our focus remained on the health and well-being of our employees and supporting our customers' supply-chain and businesses with end-to-end logistics solutions, as trade-flows of container improved throughout the quarter.
- Revenue decreased by 6.5% to USD 9.0bn with volumes decreasing approx. 15% due to negative demand impact from COVID-19, while EBITDA increased 25% and the margin improved 4.8 percentage points to 18.9% driven by cost measures across segments and agile capacity deployment in Ocean.
- Operating cash flow increased to USD 1.9bn and focus on capital discipline led to more than a doubling in free cash flow* to USD 1.1bn.
- Reinstating full-year guidance for 2020 with expected EBITDA between USD 6.0bn-7.0bn compared to the initial full-year guidance of an EBITDA around USD 5.5bn. However, significant uncertainties remain on demand growth due to COVID-19, global supply growth and bunker prices.

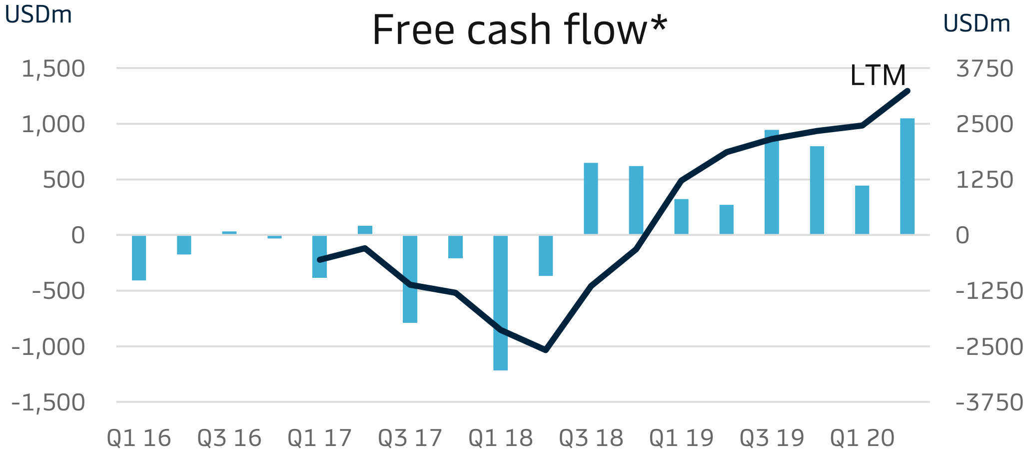
Q2 2020, USD		H1 2020, USD	
Revenue 9.0bn (-6.5%)	EBITDA 1.7bn (+25%)	Revenue 18.6bn (-3.1%)	EBITDA 3.2bn (+24%)
CFFO 1.9bn cash conversion 110%	Free cash flow* 1.1bn	CFFO 3.1bn cash conversion 96%	Free cash flow* 1.5n

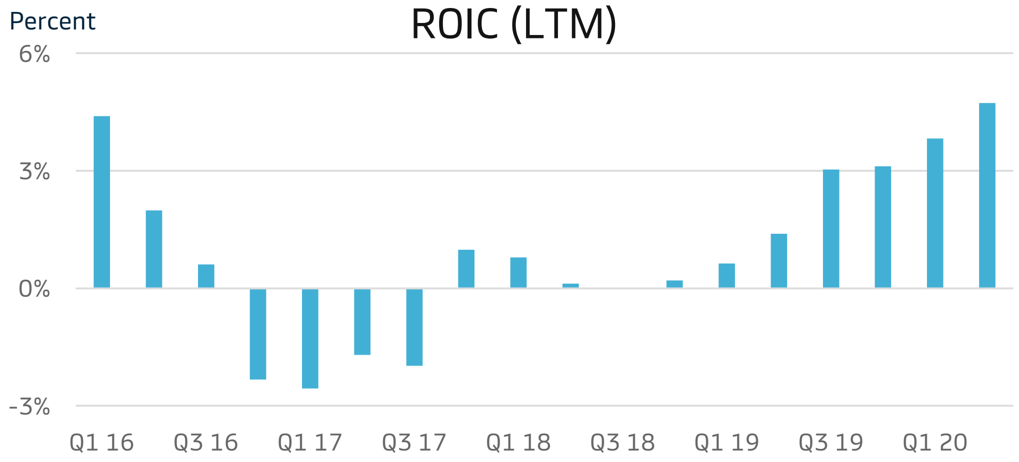
* Free cash flow (FCF) comprise of cash flow from operating activities, purchase/ sale of intangible assets and property, plant and equipment, dividends received, repayments of lease liabilities, financial payments and financial expenses paid on lease liabilities.

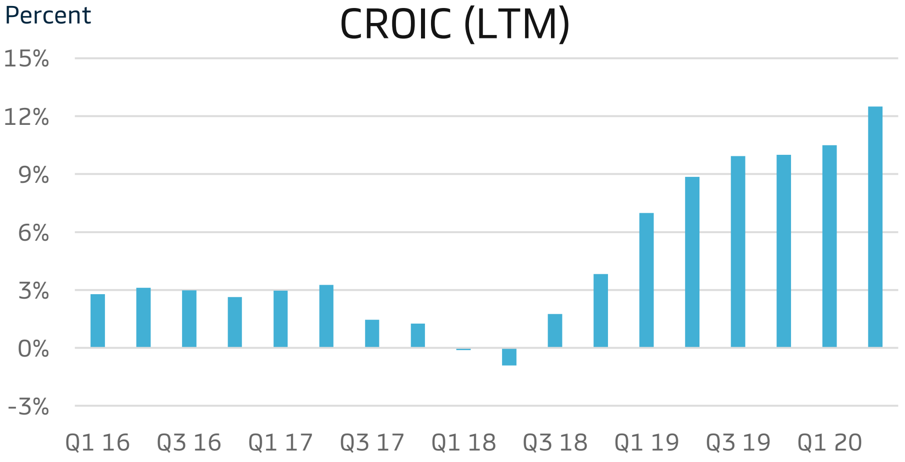
Key statements

Financial metrics reflect focus on higher returns









Note: 2016-2017 IFRS16 adjustments have been simulated based on 2018 and is for reference purposes only. The 2016-2017 adjustment is not audited. LTM = last twelve months.

* Free cash flow (FCF) comprise of cash flow from operating activities, purchase/ sale of intangible assets and property, plant and equipment, dividends received, repayments of lease liabilities, financial payments and financial expenses paid on lease liabilities.

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Key statements

Strategic Transformation update

Earnings growth and disciplined capital allocation lead to further improvements in CROIC and ROIC

- Earnings improvements, high cash conversion and strong capital discipline led to the significant increase in CROIC and ROIC.
- Revenue in the Infrastructure and Logistics activities[1] declined, impacted by COVID-19.
- EBITDA in Logistics & Services[2] increased 63%, positively impacted by the integration of Performance Team with USD 11m.
- The intended acquisition of KGH Customs Services will significantly improve our overall offering within customs services through digital solutions and technology, adding significant strategic value to the end-to-end container logistic integrator strategy.

	Q2 2020	Q2 2019	H1 2020	H1 2019	FY 2019
Cash return on invested capital - LTM	**12.5%**	8.9%	**12.5%**	8.9%	**10.0%**
Infrastructure and Logistics revenue[1], USDm	**2,053**	2,285	**4,178**	4,457	**9,201**
Logistics & Services[2] , EBITDA, USDm	**75**	46	**144**	92	**221**
Long-term metric					
Return on invested capital (ROIC) – LTM	**4.7%**	1.4%	**4.7%**	1.4%	**3.1%**
Underlying Return on invested capital (ROIC) - LTM	**4.6%**	2.7%	**4.6%**	2.7%	**3.2%**

[1] Infrastructure and Logistics revenue comprise of Terminals & Towage and Logistics & Services excluding Damco Freight Forwarding
[2] Logistics & Services EBITDA excludes Damco Freight Forwarding

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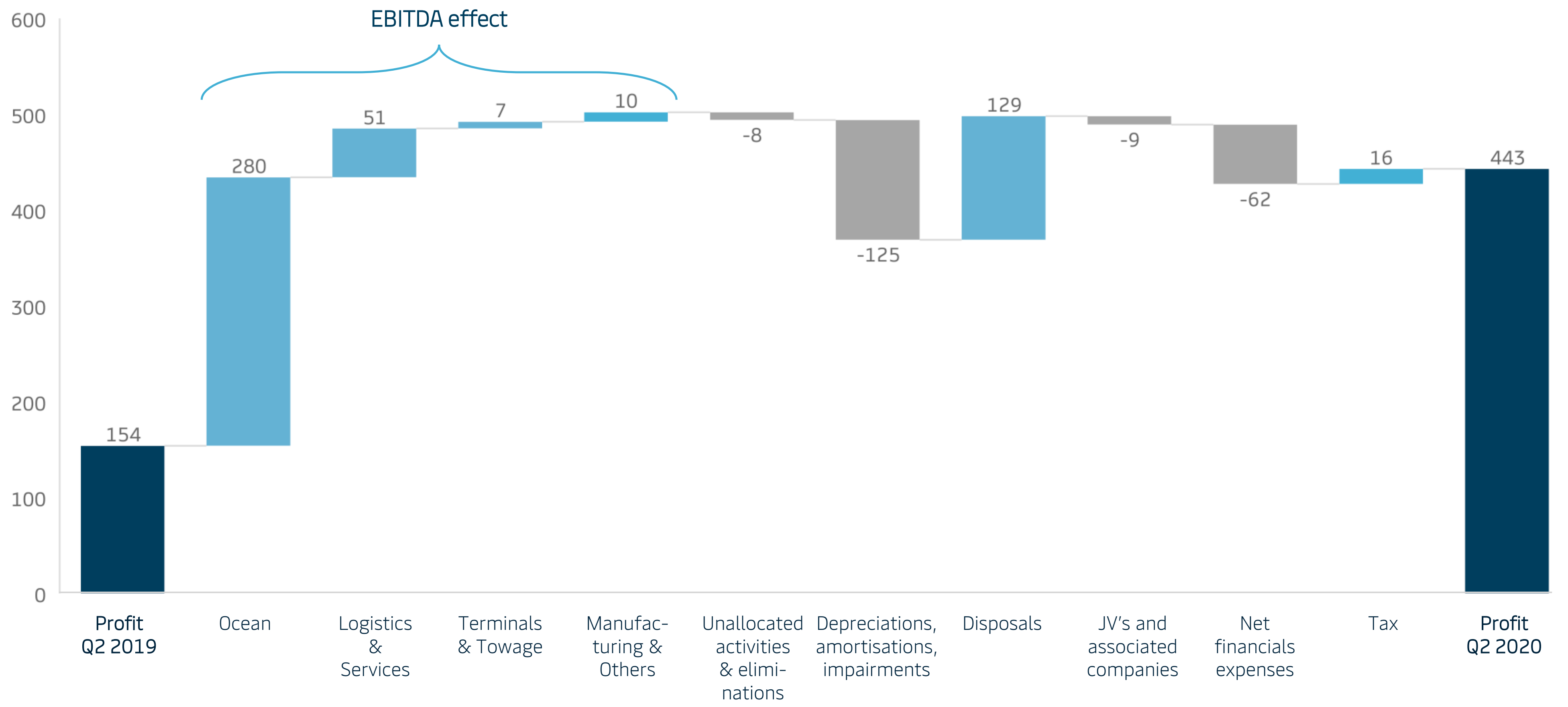
Q2 interim report

Financial highlights

Strong improvements in profitability

Profit/loss result bridge for Q2 2020, USDm



Profitability improved 25%, mainly due to EBITDA increase in Ocean and Logistics & Services leading to an EBITDA margin of 18.9% (14.1%) and an EBIT margin of 8.3% (4.3%).

Net financial expenses increased as lower borrowing costs were offset by a negative FX impact (USD 88m vs Q2 2019).

Profit for Q2 2020 improved to USD 443m as a result of the improvements in profitability.

Underlying result increased to USD 359m (USD 134m), adjusted for disposals and impairments.

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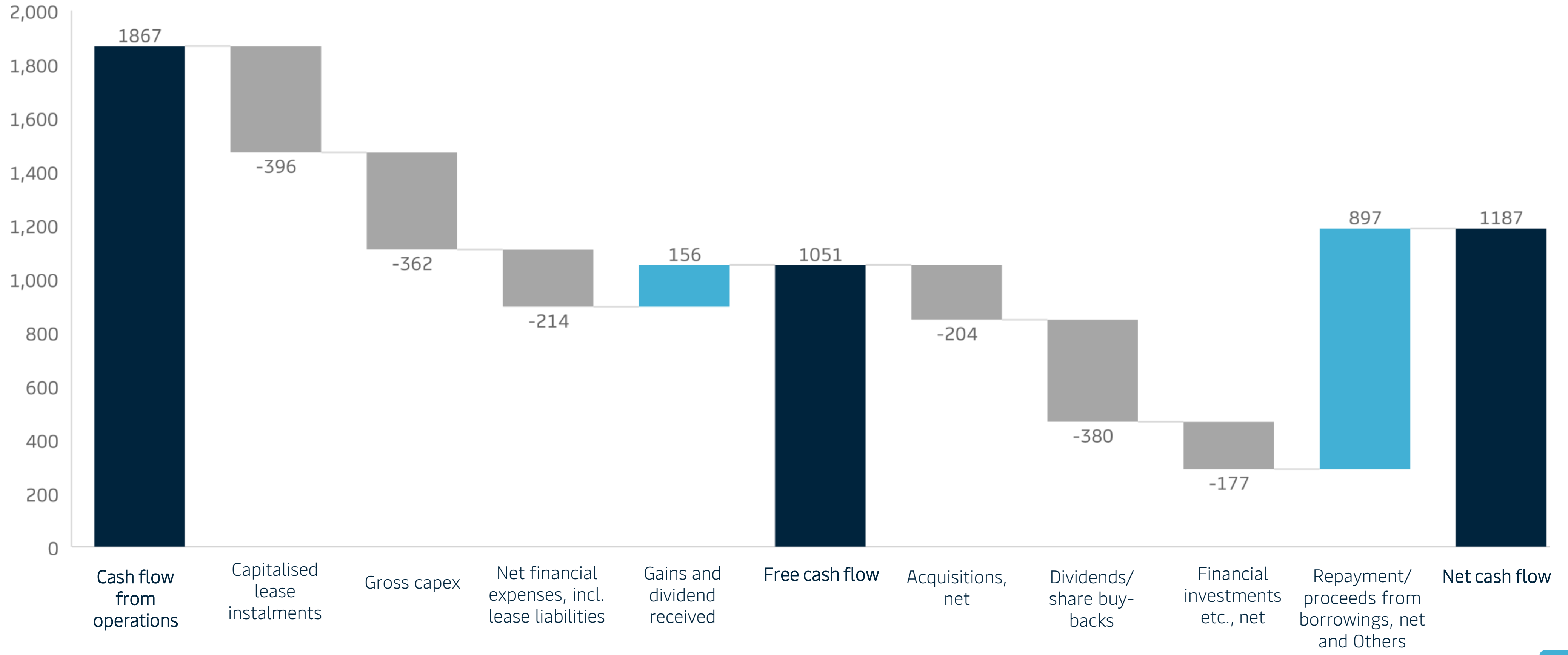
Financial highlights Q2 2020

Increased free cash flow and a strong financial position

Cash flow bridge for Q2 2020, USDm



CFFO of USD 1.9bn reflecting a cash conversion of 110%.

Free cash flow was USD 1,051m after net interests, capitalised lease payments and gross capex.

Net interest bearing debt decreased by USD 0.4bn from Q1 2020 to USD 11.6bn and by USD 0.1bn from Q4 2019 (USD 11.7bn).

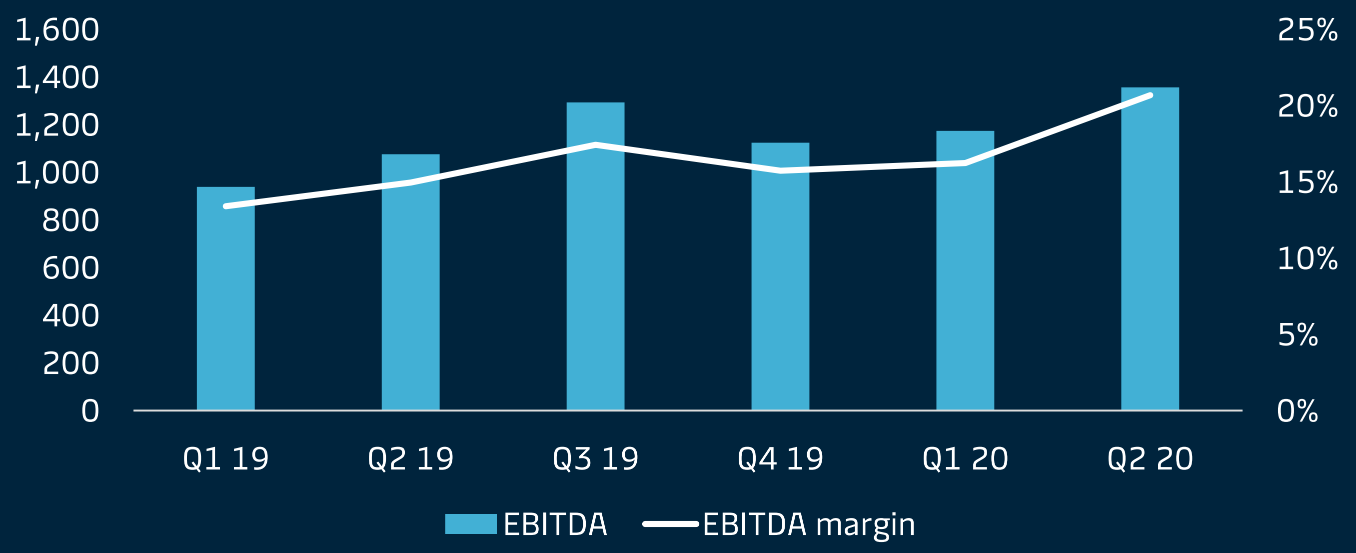
Share buy back programme of USD 1.5bn completed in July 2020.

Highlights Q2 2020

Ocean

- Revenue decreased 8.7% compared to Q2 2019, with volumes declining 16% due to COVID-19; progressively improving over the quarter.
- EBITDA improved 26% with a margin of 20.7% driven by focus on active and agile capacity deployment, lower bunker cost and higher freight rates.
- Maersk Spot gained further traction in the quarter increasing the share of loaded short term volumes from 25% in Q1 to 41% in Q2 2020.

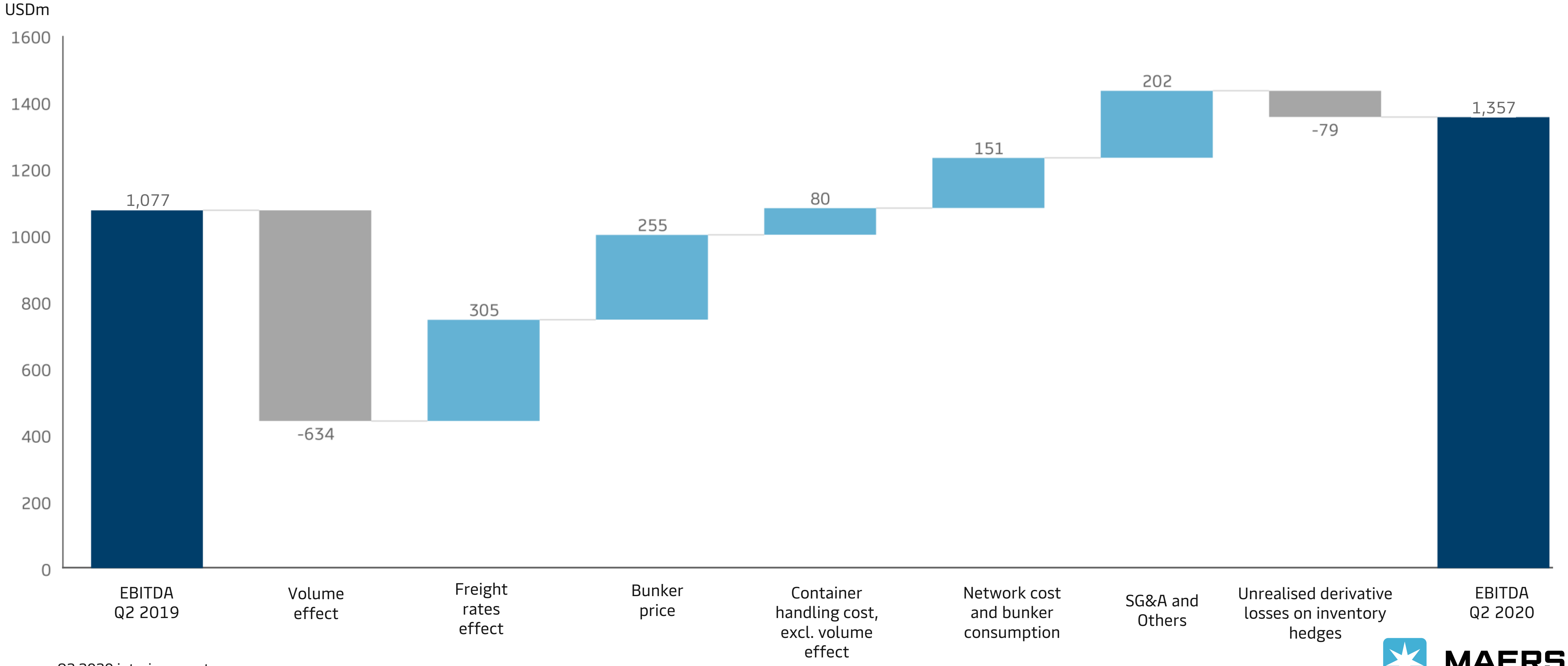
Development in EBITDA and EBITDA margin (%)



	Q2 2020 (USDm)	Q2 2019 (USDm)	H1 2020 (USDm)	H1 2019 (USDm)
Revenue	6,570	7,196	13,800	14,211
EBITDA	1,357	1,077	2,532	2,017
EBITDA margin	20.7%	15.0%	18.3%	14.2%
Gross capital expenditures	208	314	383	783

EBITDA progress driven by cost measures

Volume decline offset by agile capacity adjustments and lower bunker price



Agile capacity deployment partly offset lower volumes

- Focus on agile capacity deployment and cost savings, including lower time-charter rates and lower bunker prices, lead to a decrease in total operating costs of 16% to USD 5.2bn (USD 6.1bn), 15% adjusted for FX.
- Tight capacity deployment with more than 160 sailings blanked in the quarter led to a decline in offered capacity in line with the decline in demand. Capacity was at the lowest in April as offered capacity has increased gradually over the quarter following improvements seen in demand.
- Total bunker cost decreased 37% as the average bunker price decreased 25%.
- The bunker consumption declined 16% from blanked sailings, idle capacity and efficiency improvements.

Unit cost at fixed bunker* increased by 7.3% to 2,021 USD/FFE

Total unit cost was 1,923 USD/FFE (1,872 USD/FFE)

Bunker efficiency improved by 2.4%

Utilisation on the deployed capacity decreased slightly

Bunker cost decreased to USD 0.8bn (USD 1.2bn)

SG&A decreased by USD 67m to USD 630m (USD 697m)

* Fixed bunker price of 450 USD/FFE

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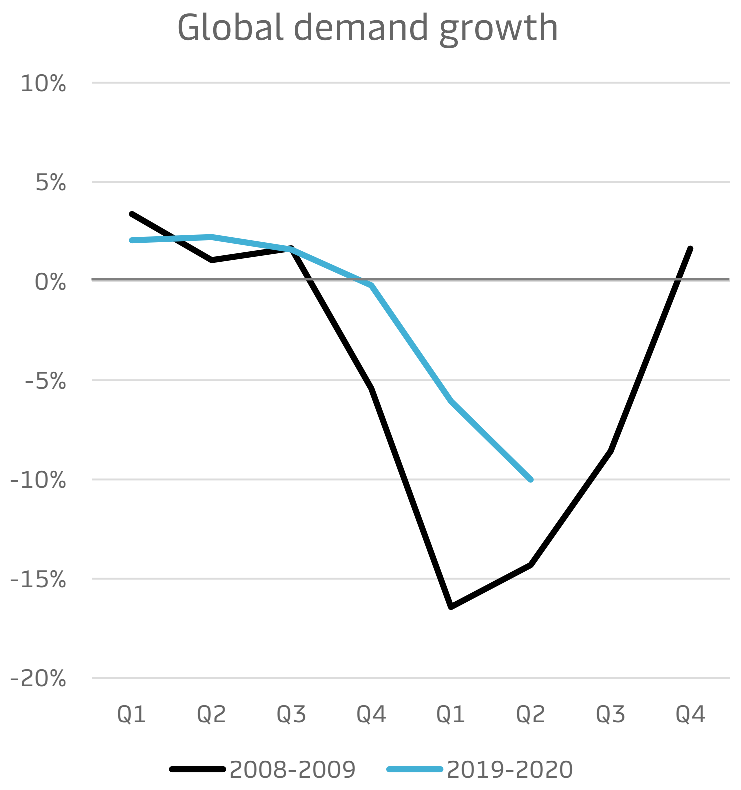
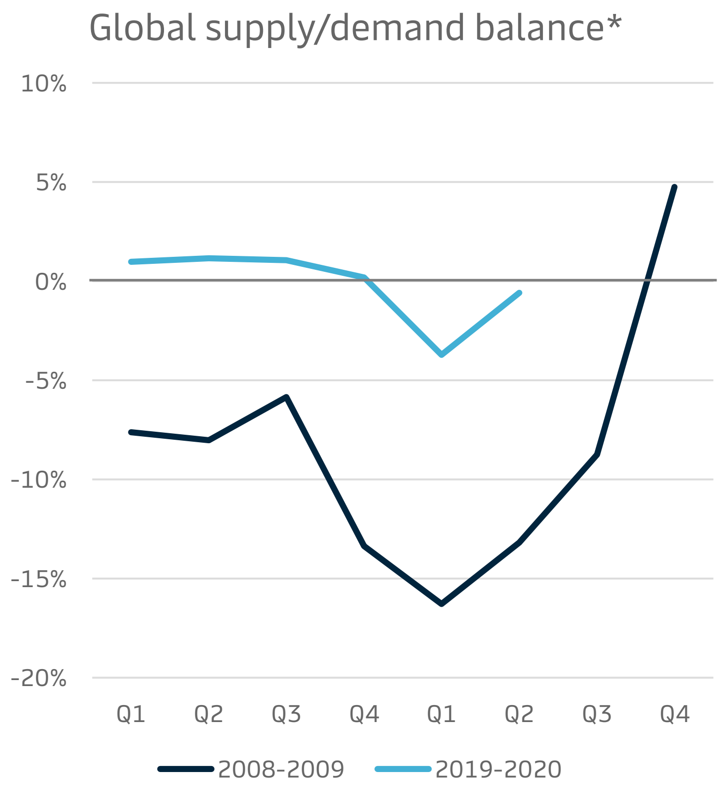
Balancing supply to demand with agility has improved profitability and reduced volatility





*Global head haul demand growth minus global effective supply growth

Ocean - highlights Q2 2020

Freight rates less volatile as demand gradually improved

- Average freight rates increased by 4.5% (6.1% FX-adjusted and 9.8% adjusted for bunker prices) in Q2 2020 compared to previous year, due to higher short-term freight rates, but was sequentially lower due to lower bunker fuel price.
- Total volumes decreased by 16% with headhaul volumes down 17%, contracting across all trades. Backhaul volumes declined 13%.
- Latin America and Intra-Americas were most affected by COVID-19 with volumes down 25% and 21%, respectively.
- Volumes improved throughout the quarter with volumes in June down 9.5% compared to June 2019 and improving further in July allowing for an estimated mid-single digit decrease in Q3 2020.

Average freight rates (USD/FFE)	Q2 2020	Q2 2019	Change	Change %	FY 2019
East-West	1,879	1,736	143	8.2	1,760
North-South	2,449	2,327	122	5.2	2,347
Intra-regional	1,292	1,382	-90	-6.5	1,366
Total	**1,915**	**1,832**	**83**	**4.5**	**1,853**

Loaded volumes ('000 FFE)	Q2 2020	Q2 2019	Change	Change %	FY 2019
East-West	1,390	1,633	-243	-14.9	6,194
North-South	894	1,098	-204	-18.6	4,268
Intra-regional	619	716	-97	-13.5	2,834
Total	**2,903**	**3,447**	**-544**	**-15.8**	**13,296**

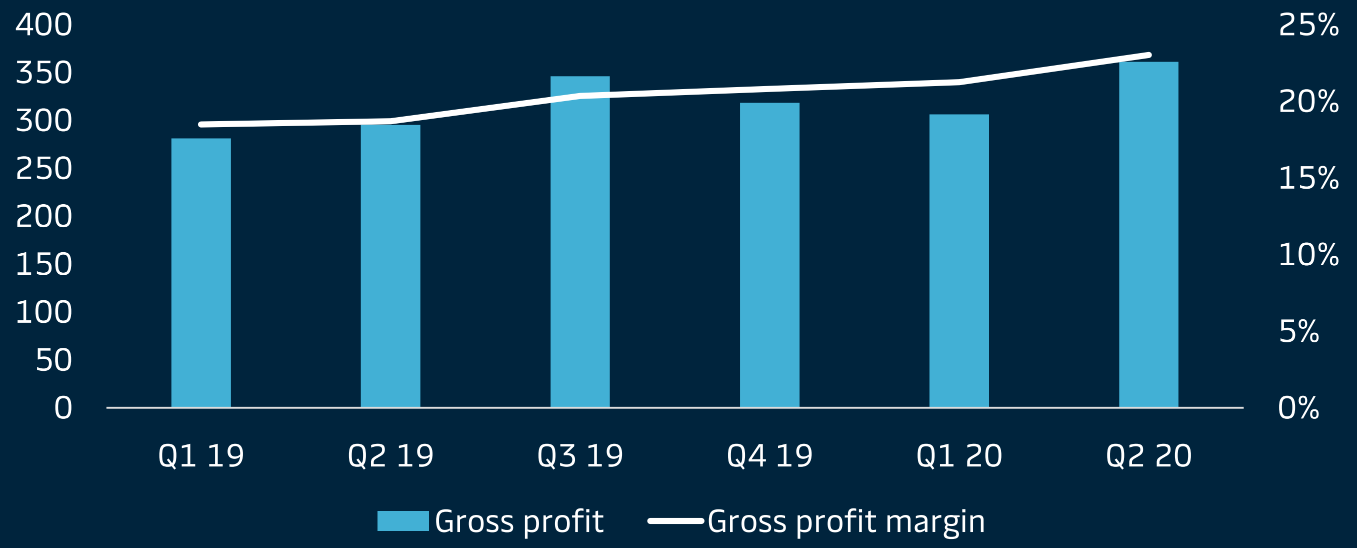
Note: Q1 2020 loaded freight rate adjusted to USD 1,967 per FFE vs. previously reported USD 1,999 per FFE

Highlights Q2 2020

Logistics & Services

- Revenue was on par with last year, with volumes declining due to the challenging market environment, while profitability continued the positive trend.
- Gross profit increased by 22% and EBITDA more than doubled to USD 97m supported by cost measures, margin improvements in intermodal, Performance Team acquisition and favourable market situation in air freight forwarding.
- KGH Customs Services acquisition announced, subject to regulatory approval, will significantly improve overall offering within customs services through digital solutions and technology.

Development in gross profit and gross profit margin (%)



	Q2 2020 (USDm)	Q2 2019 (USDm)	H1 2020 (USDm)	H1 2019 (USDm)
Revenue	1,569	1,579	3,011	3,100
Gross profit	361	295	667	576
EBITDA	97	46	165	94
EBITDA margin	6.2%	2.9%	5.5%	3.0%
Gross capital expenditures	35	28	58	37

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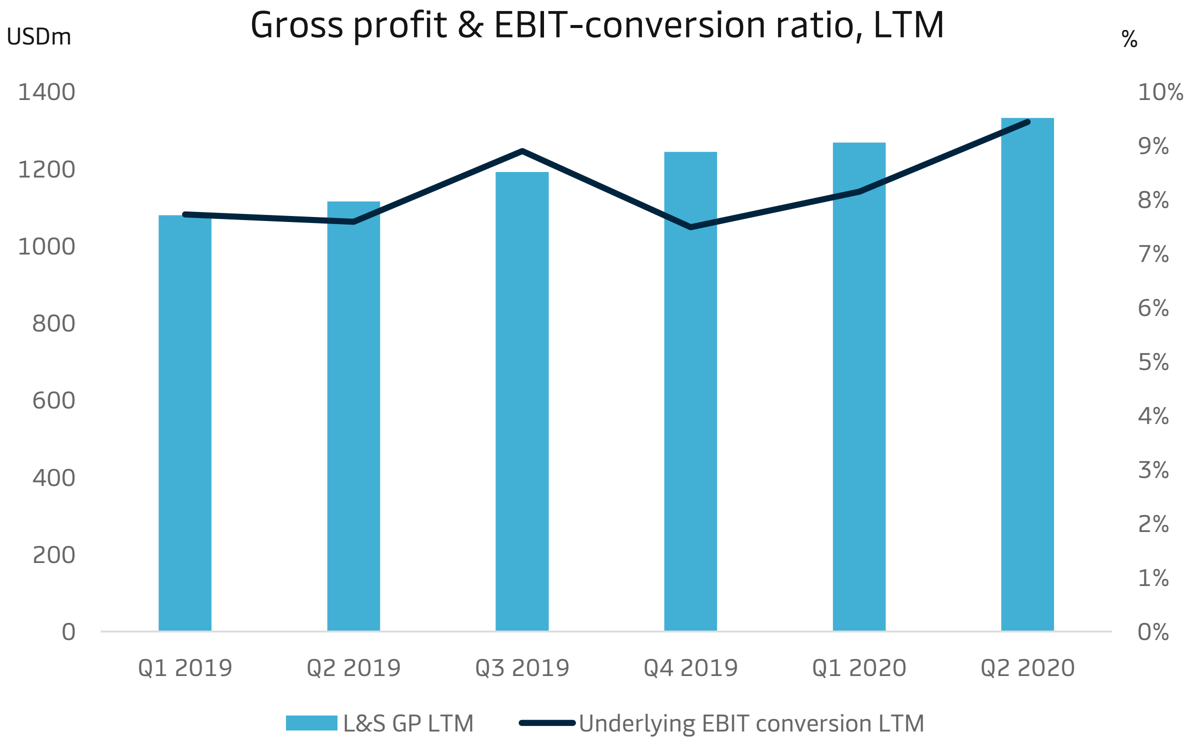
Improved profitability and EBIT conversion

- COVID-19 impacted volumes and revenue across all products.
- The gross profit (GP) margin improved by 4.3%-points to 23.0%, supported by continued margin optimisation in intermodal, Performance Team acquisition and air freight forwarding.
- EBITDA on LTM basis was USD 287m improving USD 100m compared to Q2 2019 supported by margin improvements and cost measures.
- The EBIT conversion improved to 11.6% (4.5%) with positive impact of SG&A cost savings.
- Focus on cost measures to mitigate the negative effects from COVID-19 and to improve overall competitiveness and profitability will be continued.
- Performance Team, contributing USD 41m to GP and USD 11m to EBITDA, negatively impacted by COVID-19, with the integration progressing well.



Note: EBIT conversion ratio = EBIT / Gross profit
Underlying EBIT excludes impairments, restructurings costs, gains/losses on sales of assets and JV adjustments

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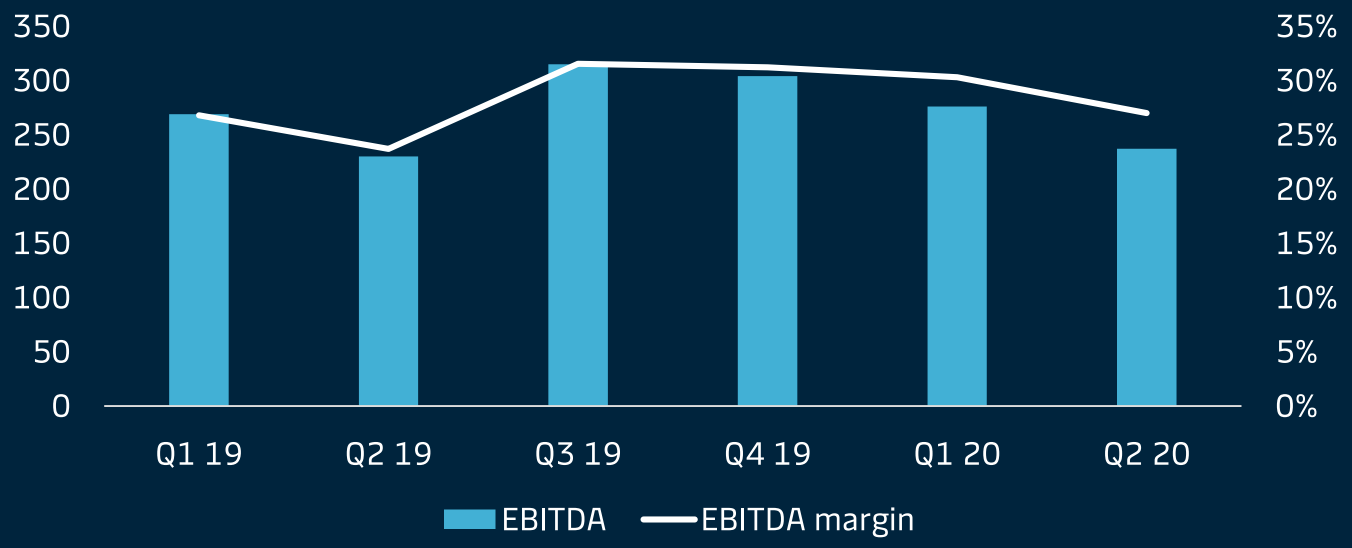
Highlights Q2 2020

Terminals & Towage

- Resilient performance with a 3.0% increase in EBITDA, despite of a 9.6% revenue decline.
- Gateway terminals reported a 10% lower revenue of USD 723m, while strong focus on cost measures resulted in an EBITDA-margin increase of 2.9%-points to 25.7% and an unchanged EBITDA of USD 186m (USD 184m).
- Reported revenue in Towage decreased by -6.4% to USD 160m, with an EBITDA increase to USD 51m (USD 46m) due to focus on cost measures and a negative one-off in Q2 2019.

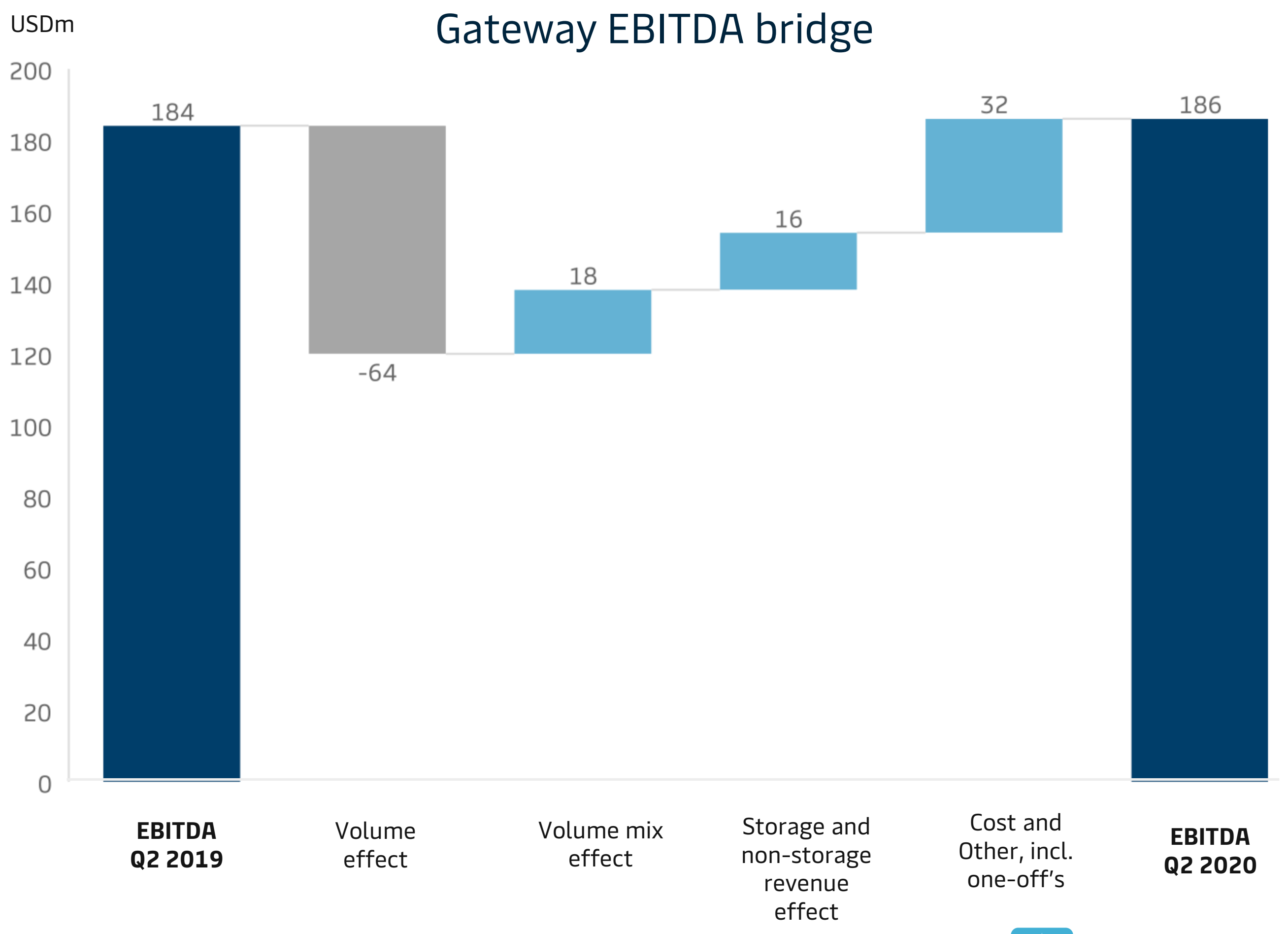
Development in EBITDA and EBITDA margin (%)



	Q2 2020 (USDm)	Q2 2019 (USDm)	H1 2020 (USDm)	H1 2019 (USDm)
Revenue	878	971	1,789	1,975
EBITDA	237	230	513	499
EBITDA margin	27.0%	23.7%	28.7%	25.3%
Gross capital expenditures	112	86	215	207

Margin improvements from strong focus on cost efficiencies

- Gateway terminals volumes declined 14% (like-for- like -16%), driven by COVID-19 impacts, with significant variations across regions.
- Volumes from external customers decreased by 17%, while volumes from Ocean decreased by 7.1%, leading to a 15%-points decrease in utilisation to 64%.
- Revenue per move increased 4.5% to USD 278 mainly driven by higher storage income, while cost per move increased 4.0% to USD 251 due to lower volumes, as total operating cost declined 14%.
- In Towage the Harbour towage activities decreased driven by lower activity in Australia and UK, while EBITDA was significantly improved.



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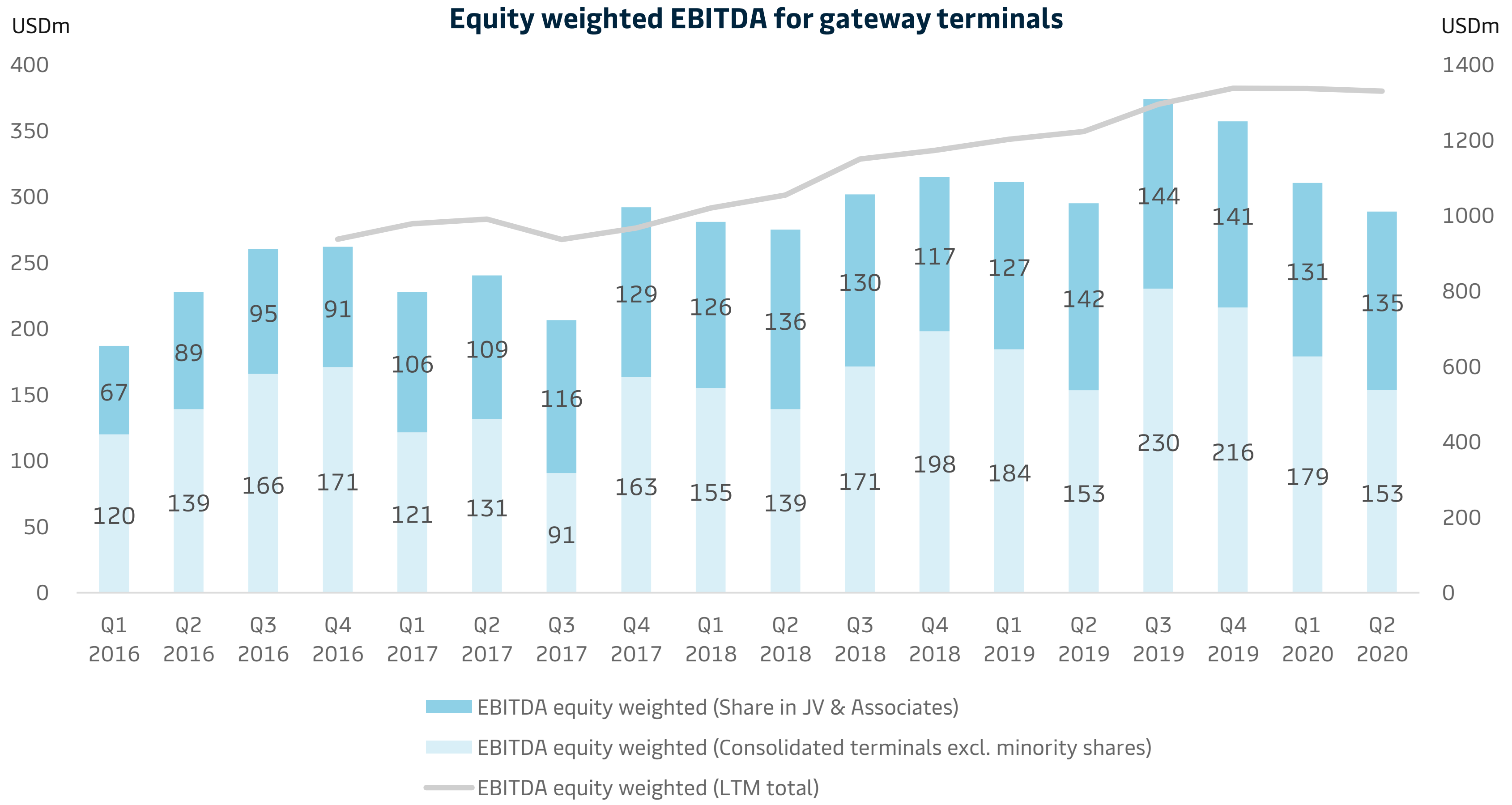
Terminals & Towage - highlights Q2 2020

Stable earnings and cash contribution from JV's and Associates

- The equity weighted EBITDA was largely unchanged.
- In the last twelve months the JVs and Associates have generated USD 551m to the Equity weighted EBITDA of USD 1,330m.
- The cash contribution through dividends the last twelve months has been USD 161m, or 29% of the EBITDA with a pay-out ratio of 87% of the net result.



Note: 2016-2017 IFRS16 adjustment is a high level estimate for comparability use only. The estimate does not take into account differences in internal discount rate nor remaining length of concessions, but simply extrapolates numbers back from 2018. The 2016-2017 adjustment is not audited and no full restatement of figures to adjust for IFRS16 has been conducted prior to 2018. 2018 onwards all the numbers are restated with segment changes.

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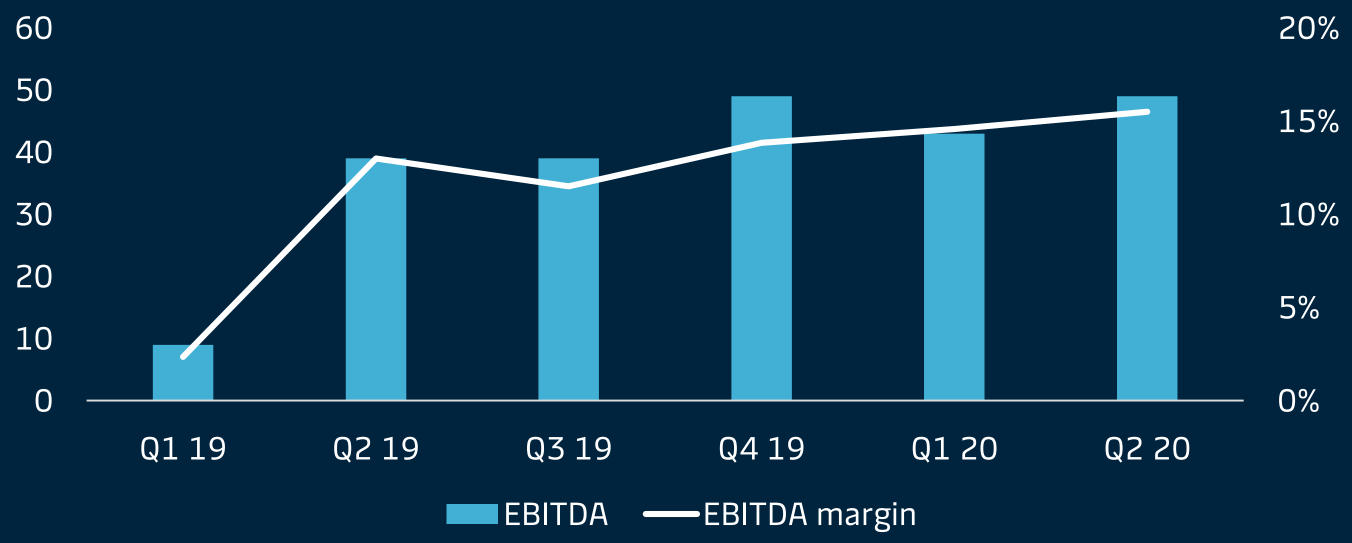
Highlights Q2 2020

Manufacturing & Others

- Revenue in Maersk Container Industry increased to USD 154m (USD 132m), and EBITDA increased to USD 28m (USD 15m) from higher activity and lower cost.
- Maersk Supply Service reported lower revenue and a negative EBITDA of 4m (positive USD 5m), reflecting lower activity in the oil and gas industry and restructuring cost from redundancies.

Development in EBITDA and EBITDA margin (%)



	Q2 2020 (USDm)	Q2 2019 (USDm)	H1 2020 (USDm)	H1 2019 (USDm)
Revenue	316	300	611	683
EBITDA	49	39	92	48
EBITDA margin	15.5%	13.0%	15.1%	7.7%
Gross capital expenditures	7	10	15	187

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2020

Full-year guidance

Guidance for 2020

A.P. Moller - Maersk suspended the full-year guidance for 2020 (EBITDA before restructuring and integration costs of around USD 5.5bn) on 20 March 2020 due to the COVID-19 pandemic, given material uncertainties and lack of visibility related to the global demand for container transport and logistics.

Despite the uncertainties related to COVID-19, A.P. Moller – Maersk reinstates its full-year guidance for 2020 and expects earnings before interest, tax, depreciation and amortisation (EBITDA) to be between USD 6.0bn-7.0bn before restructuring and integration costs.

The global demand growth for containers is still expected to contract in 2020 due to COVID-19 and for Q3 2020 volumes are expected to progressively recover with a current expectation of a mid-single digit contraction. Organic volume growth in Ocean is expected to be in line with or slightly lower than the average market growth.

The outlook and guidance for 2020 is subject to significant uncertainties related to the COVID-19 pandemic and does not take into consideration a material second lockdown phase. The guidance is also subject to uncertainties related to freight rates, bunker prices and other external factors.

The accumulated guidance on gross capital expenditures excl. acquisitions (CAPEX) for 2020-2021 is still expected to be USD 3.0-4.0bn, with steps being taken to reduce CAPEX in 2020. High cash conversion (cash flow from operations compared to EBITDA) is still expected for both years.

Sensitivity guidance

A.P. Moller - Maersk's financial performance for the full-year 2020 depends on several factors and is subject to uncertainties related to COVID-19, bunker fuel prices and freight rates combined with the weaker macroeconomic conditions and other external factors.

Based on the expected earnings level and all else being equal, the sensitivities for the rest of 2020 for four key assumptions are listed in the table below:

Factors	Change	Effect on EBITDA (Rest of year)
Container freight rate	+ / - 100 USD/FFE	+ / - USD 0.6bn
Container freight volume	+ / - 100,000 FFE	+ / - USD 0.1bn
Bunker price (net of expected BAF coverage)	+ / - 100 USD/tonne	- / + USD 0.2bn
Rate of exchange (net of hedges)	+ / - 10% change in USD	+ / - USD 0.1bn

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Questions and answers

To ask a question, please press 01

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Final remarks

- Profitability in Ocean enhanced by active and agile capacity deployment, cost measures, lower bunker prices and higher freight rates
- Positive impacts to profitability in Logistic & Services from Performance Team
- Strong free cash flow performance and continued focus on capital discipline
- Acquisition of KGH Customs Services will further strengthen the end-to-end strategy
- Reinstating full-year guidance for 2020 with EBITDA expected to be between USD 6.0bn-7.0bn
- Finally, APMM will give a strategy update, including financial targets and update on the capital structure at latest as part of the full-year report for 2020 in February 2021

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Appendix

Financial highlights

Consolidated financial information

Income statement (USDm)	Q2 2020	Q2 2019	FY 2019
Revenue	8,997	9,627	38,890
EBITDA	**1,697**	**1,357**	**5,712**
EBITDA margin	**18.9%**	**14.1%**	**14.7%**
Depreciation, impairments etc.	1,149	1,024	4,287
Gain on sale of non-current assets, etc., net	145	16	71
Share of profit in joint ventures and associates	58	67	229
EBIT	**751**	**416**	**1,725**
EBIT margin	**8.3%**	**4.3%**	**4.4%**
Financial items, net	-232	-170	-758
Profit/loss before tax	519	246	967
Tax	76	92	458
Profit/loss – continuing operations	443	154	509
Profit/loss – discontinued operations	-	-1	-553
Profit/loss for the period	443	153	-44

Key figures and financials (USDm)	Q2 2020	Q2 2019	FY 2019
Profit/loss continuing operations	443	153	509
Gain/loss on sale of non-current assets etc., net	-160	-16	-71
Impairment losses, net.	50	-29	29
Transaction and integration cost	-	24	78
Tax on adjustments	26	1	1
Underlying profit/loss – continuing operations	**359**	**134**	**546**
Cash flow from operating activities	**1,867**	**1,170**	**5,919**
Gross capital expenditures	**362**	**445**	**2,035**
Net interest-bearing debt	**11,564**	**12,910**	**11,662**
Invested capital	40,186	41,910	40,555
Total Equity (APMM total)	28,569	28,997	28,837
Earnings per share (USD)	21	7	23

Financial highlights

Consolidated financial information

Income statement (USDm)	H1 2020	H1 2019	FY 2019
Revenue	18,568	19,167	38,890
EBITDA	**3,218**	**2,593**	**5,712**
EBITDA margin	**17.3%**	**13.5%**	**14.7%**
Depreciation, impairments etc.	2,222	2,106	4,287
Gain on sale of non-current assets, etc., net	164	34	71
Share of profit in joint ventures and associates	143	125	229
EBIT	**1,303**	**646**	**1,725**
EBIT margin	**7.0%**	**3.4%**	**4.4%**
Financial items, net	-447	-398	-758
Profit/loss before tax	856	248	967
Tax	204	198	458
Profit/loss – continuing operations	652	50	**509**
Profit/loss – discontinued operations	-	-553	-553
Profit/loss for the period	652	-503	**-44**

Key figures and financials (USDm)	H1 2020	H1 2019	FY 2019
Profit/loss continuing operations	652	50	509
Gain/loss on sale of non-current assets etc., net	-179	-34	-71
Impairment losses, net.	57	-8	29
Transaction and integration cost	-	55	78
Tax on adjustments	26	2	1
Underlying profit/loss – continuing operations	**556**	**65**	**546**
Cash flow from operating activities	**3,083**	**2,652**	**5,919**
Gross capital expenditures	**672**	**1,223**	**2,035**
Net interest-bearing debt	**11,564**	**12,910**	**11,662**
Invested capital	40,186	41,910	40,555
Total Equity (APMM total)	28,569	28,997	28,837
Earnings per share (USD)	31	2	23

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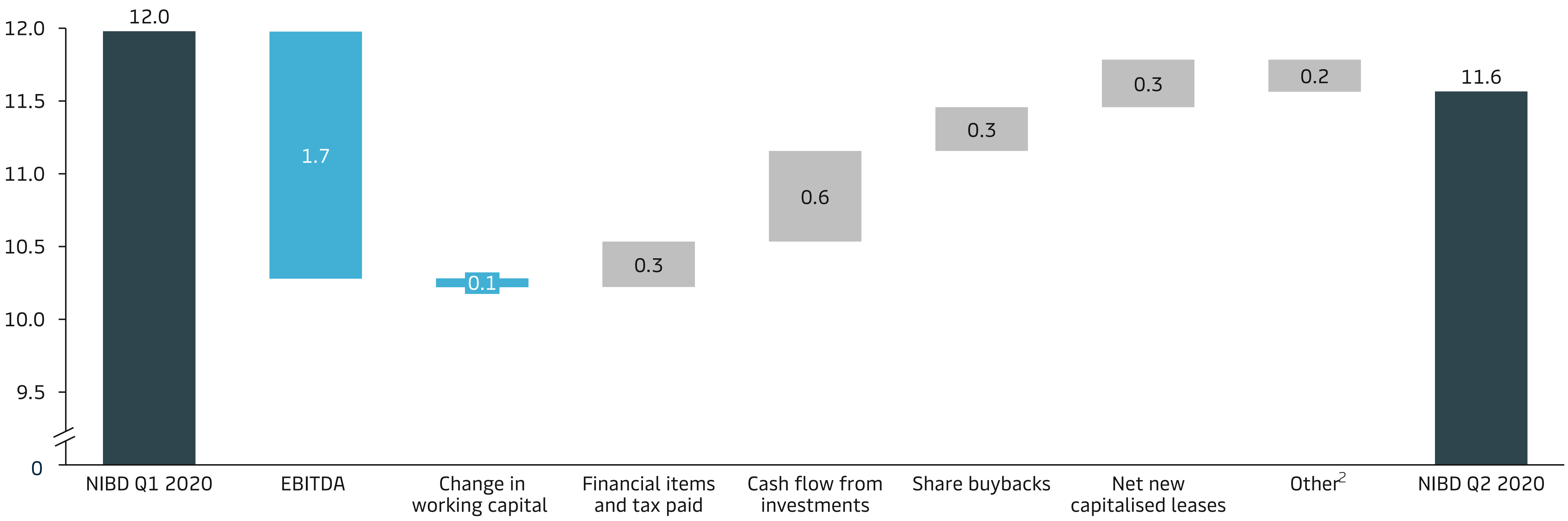
Net interest bearing debt decreased

Development in net interest-bearing debt, USDbn



Liquidity reserve[1] of USD 10.5bn by end Q2 2020.

Investment grade credit rating of BBB (negative) from S&P and Baa3 (negative) from Moody's.

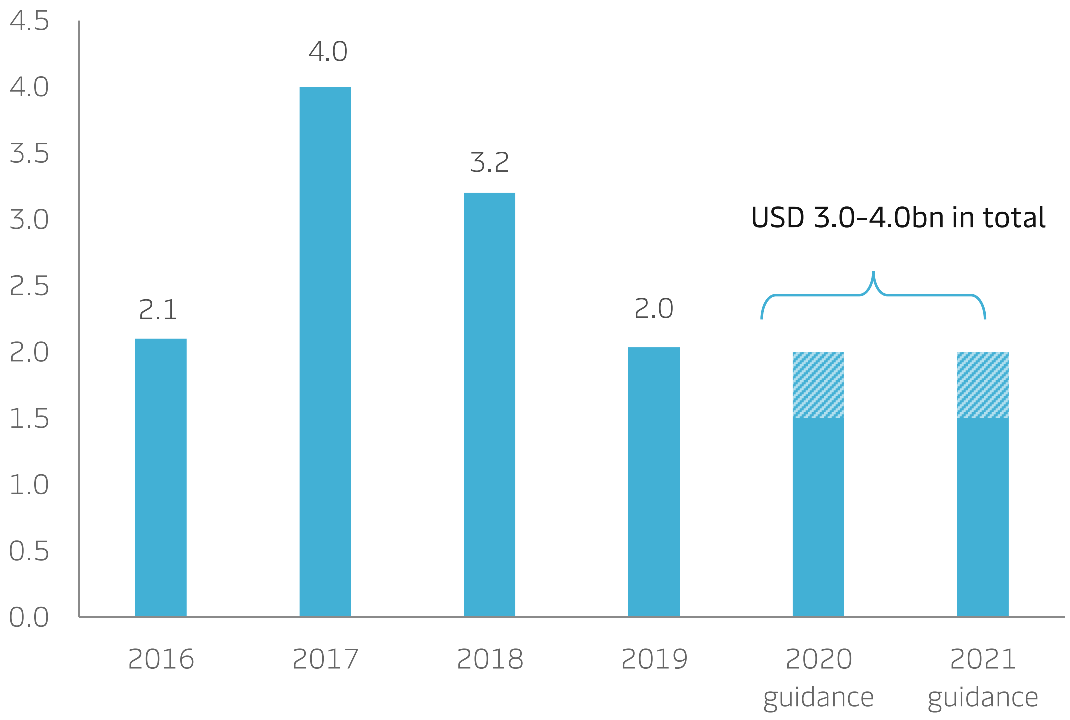
USD 8.5bn of NIBD are capitalised leases.

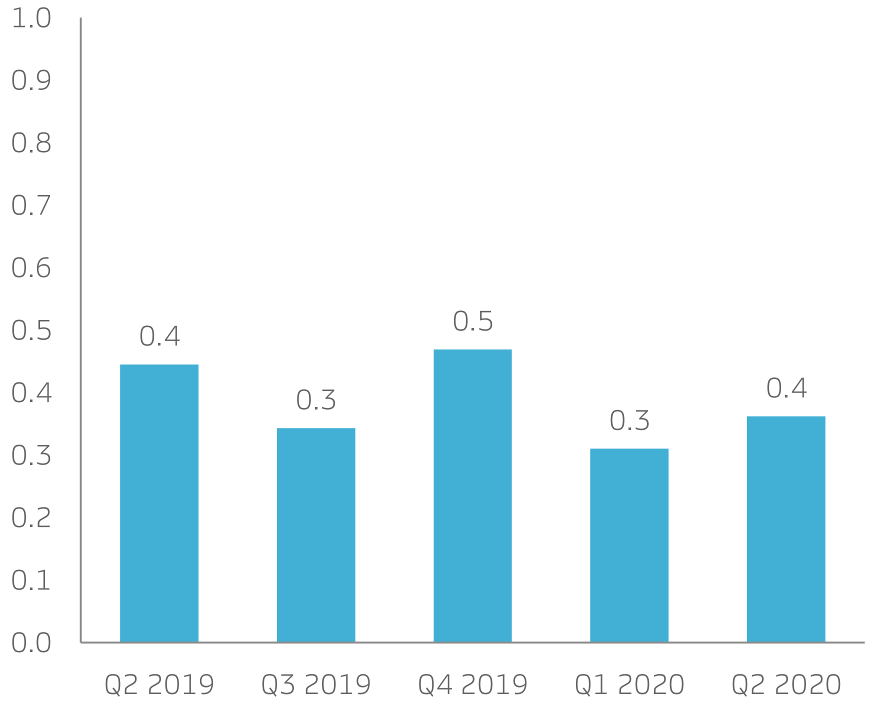
1) Defined as cash and securities, term deposit greater than 3 months, and undrawn committed facilities longer than 12 months less restricted cash and securities.
2) Other mostly driven by change in provisions, unrealized gains and losses on derivatives, dividends paid to non-controlling interest and withholding tax on APMM dividends paid in Q2

Financial highlights Q2 2020

CAPEX reduced significantly

Capex excluding acquisitions and divestments, USDbn





CAPEX for Q2 2020 was USD 362m down from USD 445m in Q2 2019, driven by the strong capital discipline and focus on generating free cash flow

For 2020 and 2021 the accumulated CAPEX guidance remains at USD 3.0-4.0bn.

Total contractual capex commitments remain at USD 1.6bn end Q2 2020.

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