

**PRESS RELEASE****A.P. Møller - Mærsk A/S grows revenue and underlying profit in year of transformation**

*Growing revenue and improving profit in A.P. Møller - Maersk, primarily driven by Maersk Line. Underlying profit for the continuing operations was USD 356 million, compared to a loss of USD 496 million in 2016. The profit consisted of USD 1 billion related to the transport & logistics business, in line with guidance.*

February 9, 2018

“The past year was unusual for A.P. Møller - Maersk, characterized by a cyber-attack and operational challenges in a few hubs. We succeeded in growing the revenue by 13%, improving cash flow and increasing underlying profits from a low 2016 base. However, the financial result shows that significant improvements are still needed. On the other hand, when we look at the strategic business transformation, progress throughout the year has indeed been satisfactory. We have taken the first steps towards the integration of our container shipping, ports and logistics businesses and our digital transformation is taking shape. At the same time, we have found new owners for part of the energy-related business units,” says Søren Skou, CEO of A.P. Møller - Maersk.

Highlights from 2017 include USD 14 billion worth of M&A transactions, including welcoming Hamburg Süd to the A.P. Møller - Maersk family, agreement to sell Maersk Oil, sale of Maersk Tankers and Mercosul—the Brazilian container line—as well as the sale of the remaining 19% stake in Dansk Supermarked Group. Additionally, structural solutions for Maersk Drilling and Maersk Supply Service are expected before the end of 2018.

Maersk Line and Damco were severely impacted by a cyber-attack in Q3. Maersk Line recovered quickly with strong volume growth and near all-time low unit costs toward the end of the year. Stronger cooperation between Maersk Line and APM Terminals generated the first integration synergies of around USD 0.1bn despite negative impact from the cyber-attack and operational challenges in key hubs.

The acquisition of Hamburg Süd is an important part of the Maersk growth strategy. Together, the two carriers have around 19% global capacity market share, more than 4 million TEUs in container capacity, and an unmatched network of services. The Germany-based carrier will remain an independent brand, with only operational aspects merging with Maersk Line. Cost synergies from the merger are expected to be between USD 350-400 million by 2019, primarily from integrating and optimising the networks as well as standardised procurement.

“After a successful acquisition of Hamburg Süd, the integration is off to a good start, with both carriers growing volumes during the first months. A smooth integration of Hamburg Süd remains a top priority for 2018,” says Skou.

Maersk made progress on the digital transformation of the core business, moving customer transactions online and digitising the way assets are operated. A series of digital initiatives were launched during the year to accelerate the transformation of the industry from legacy paper-based, to digital customer-centric processes and services, enabling new product offerings.

These include the launch of Twill, a digital freight forwarder and Remote Container Management (RCM) for reefer customers; a partnership with Microsoft for cloud computing and digital product development; and a joint-venture with IBM<sup>1</sup> to make trade easier for everyone, by digitising the exchange of information related to trade.

## Highlights 2017

| USD million  | 2017   | 2016   | Change |
|--|--------|--------|--------|
| Revenue  | 30,945 | 27,266 | 13%    |
| Profit before depreciation, amortisation and impairment losses, etc. (EBITDA)    | 3,532  | 2,475  | 43%    |
| Depreciation, amortisation and impairment losses                                 | 3,015  | 2,495  | 21%    |
| Gain on sale of non-current assets, etc., net                                    | 154    | 190    | -19%   |
| Profit/loss before financial items (EBIT)  | 641    | 245    | 162%   |
| Profit/loss before tax   | 25     | -298   | -108%  |
| Profit/loss for the year – continuing operations                                 | -194   | -469   | -59%   |
| Profit/loss for the year – discontinued operations                               | -970   | -1,428 | -32%   |
| Profit/loss for the period   | -1,164 | -1,897 | -39%   |
| Underlying profit/loss   | 356    | -496   | -172%  |
| Cash flow from operating activities  | 2,596  | 1,264  | 105%   |
| Cash flow used for capital expenditure   | -6,187 | -2,073 | 198%   |
| Return on invested capital after tax (ROIC) - continuing operations <sup>1</sup> | 1.6%   | 0.5%   |        |

<sup>1</sup> Excluding Hamburg Süd for comparison purposes.

## Guidance for 2018

A.P. Møller - Maersk expects an underlying profit above 2017 (USD 356m) and earnings before interests, tax, depreciation and amortisation (EBITDA) in the range of USD 4.0-5.0bn (USD 3.5bn).

| Factors                  | Change           | Impact on EBITDA |
|--------------------------|------------------|------------------|
| Container freight rate   | +/-100 USD/FFE   | +/-USD 1.3bn     |
| Container freight volume | +/-100,000 FFE   | +/-USD 0.1bn     |
| Bunker price             | +/-100 USD/tonne | -/+USD 0.5bn     |

[LINK TO THE ANNUAL REPORT 2017](#)

<sup>1</sup> The establishment of the joint venture remains subject to receipt of regulatory approvals. None of the information provided in this announcement should be construed in any way as a commitment and this information is subject to change and represents goals and objectives only.



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The Q1 2018 Interim Report is expected to be announced on 17 May 2018.

Capital Markets Day will be held in Copenhagen on 20 February 2018.