

MAERSK

POST 

3 / AUGUST 2015

THEME | INNOVATION FOR GROWTH

Innovation plays an important role in ensuring the sustainable growth of the Group as it faces tough competition and markets. One example of is new propeller blade designs, which have reduced vortexes by enough to cut fuel consumption. "The more you can reduce the vortexes, the better the propeller becomes at pushing water", says Paulo Tonon, Head of Maersk Maritime Technology.

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equally ambitious

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Let your voice
be heard

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Through the New Suez Canal

> Entering the New Suez Canal on 8 August, Ordinary Seaman, Keithmoon Malunjao Parmel, and Cadet, Peter Krogh Jensen, enjoy the view from above the bridge on board *Adrian Mærsk*.

The Suez Canal is the shortest shipping route between Europe and Asia. For Maersk Line the Suez Canal is a strategically important infrastructure and stakeholder. With approximately 1,400 transits per year, Maersk Line is the largest container vessel customer for the Suez Canal. In fact, the Suez Canal is Maersk Line's single largest supplier.

The enlargement of the canal has been completed in one year, and allows more vessels to pass in both directions. The New Suez Canal was officially opened on 6 August and has reduced the southbound transit time from 18 to 11 hours, thereby improving Maersk Line's flexibility. ✦



PHOTO: TOM LINDBOE

Finding the gateways to growth



N.S. Andersen

Nils S. Andersen, Group CEO

► We are constantly looking for ways to grow our business – be it through investments like Maersk Line's programme of new vessels and retrofits, profitable expansion through acquisitions or the creation of ideas that can make a meaningful difference in our daily operations.

Such innovative ideas are created every day across the Maersk Group. The challenging part is to ensure we identify the ones that can contribute to our growth, and that we develop and implement them.

It is just as much about working out better ways of doing business or simple ideas that can improve efficiency, as it is about the brilliant invention.

“Innovation, and the way in which it feeds into defining our future growth, is one of the Group's priorities for this year”

Innovation, and the way in which it feeds into defining our future growth, is one of the Group's priorities for this year and in this issue of Maersk Post you can read about some of the ideas which are bringing benefits across the business – from propellers that give more thrust to ships, to the very promising performance of Maersk Drilling's advanced new hardware and an unconventional partnership that is delivering big benefits in hub ports.

We must be fit for the fight against the very demanding trading conditions across the Group, and have therefore cut our costs and revised our strategy to take the rapid drop in oil prices and other market challenges into account – further details on which you can find in this magazine. At the same time, we must not lose our focus on ensuring that we are in the optimum position for the future in order to ensure the company's growth.

That is why we have decided to give the Innovation Board its own separate budget, which can be used for funding technical ideas that are difficult to manage side-by-side with the daily operations of the individual business units, or that require a longer payback time. This does not mean that the Innovation Board will take on projects that belong in the business units, and it will rigorously review projects with a view to selecting those that are most likely to make a difference and the grade.

The way in which innovation links into our ambitions over the coming years is an important theme for the company, and as we look for ways to grow the business, the Supervisory Board has given its backing to both the business units' traditional capital expenditure plans as well as for additional acquisitions within the core businesses.

We have the ambition and resources to continue our path as a growth company and to seek out the ideas that can carry the Maersk Group forward in the future. ✦

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STAYING SAFE

IN CASE OF EMERGENCY

The Group has rolled out a new programme designed to advise and assist employees on business travel and help the company reach them in the event of a critical situation.

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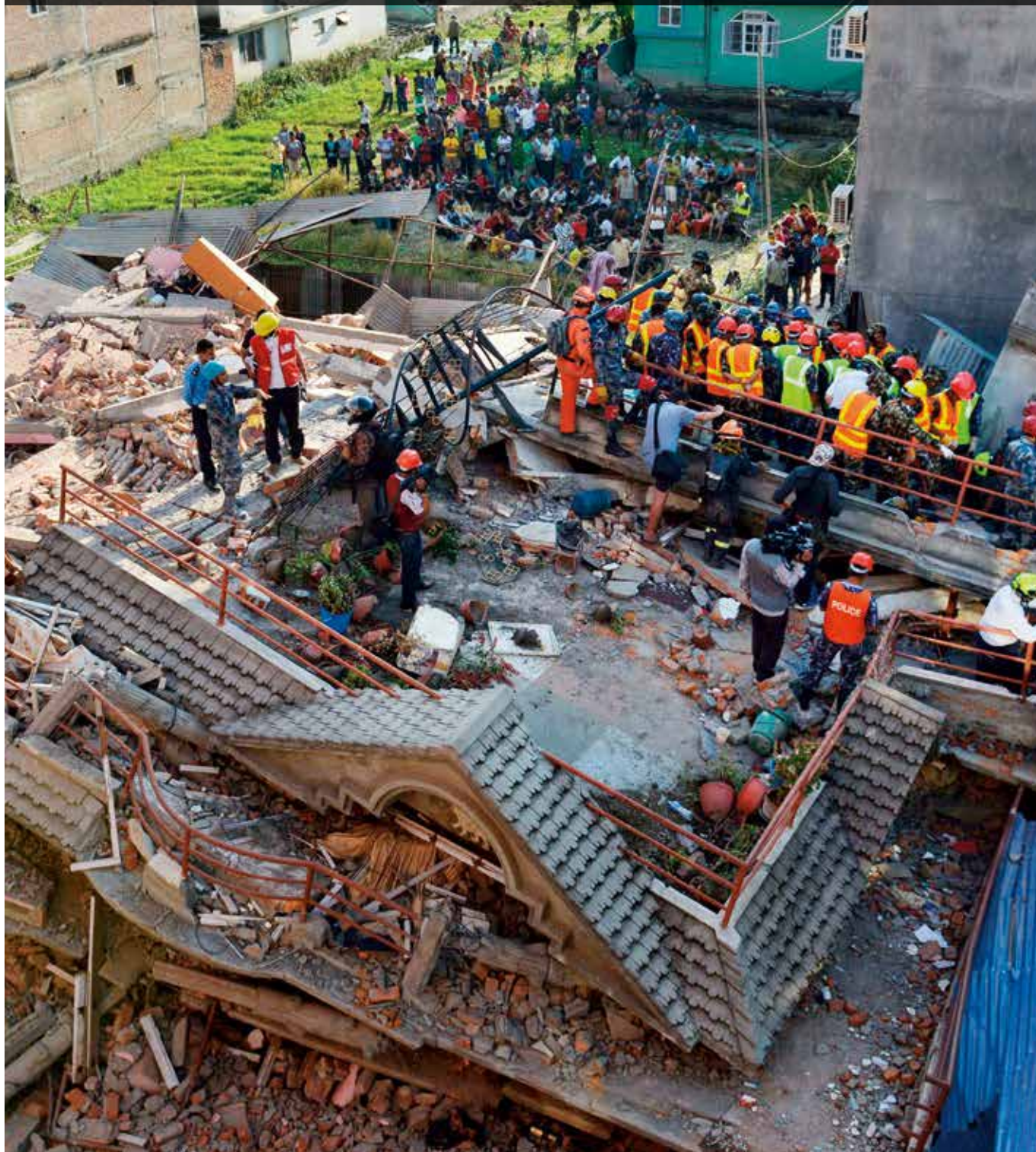


PHOTO: SCAN PIX

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Once a risk, now a leader

OPPORTUNITY TAKEN |

Given a second chance, the Matanuska banana farm in Mozambique jumped at it. In less than five years, technology and vessel service has boosted an up-and-coming farm, turning it into a banana exporting engine. "Mozambique is good for bananas", says Jim Paul Porticos from the farm.



PHOTO: FELIX SUFFERT

No doubt in big Ghana bet



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MULTI-PURPOSE FACILITY | A USD 1.5 billion investment in Ghana's infrastructure and the port of Tema by APM Terminals and its partners is unconventional in its scope, and will have a major role to play in maintaining the pace of one of the world's fastest growing countries.

Follow your passion

OBJECTIVES MET |

The launch of Sealand has been a success. Also, employees, such as Yenía Abadía in Colombia, have been enabled to pursue leadership roles, directing all the energy of a new organisation towards the customers.



PHOTO: RENE STRANDBYGAARD

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No doubt in big Ghana bet

MULTI-PURPOSE FACILITY | A USD 1.5 billion investment in Ghana's infrastructure by APM Terminals and its partners is unconventional in its scope, and will have a major role to play in maintaining the pace of one of the world's fast growing countries.

BY JOHN CHURCHILL

> Cars and trucks carrying containers and other heavy cargo thunder along the same two roads and stretch of highway connecting the port of Tema and Ghana's capital city of Accra, every day.

Built solidly in the 1960s, this port-road infrastructure handles 70% of Ghana's trade. A USD 1.5 billion investment by APM Terminals and its partners will ensure it can support the country's growth and development for the next 50 years.

"This investment is unusual because of its size and the scope of the project", says Peter Votkjaer Jorgensen, Head of Africa Port Investments for APM Terminals. "This is a long-term investment for us. It is an infrastructure package that will completely renew Ghana's critical infrastructure and help the country support its expected future economic and population growth".

MULTI-PURPOSE AND FUTURE PROOF

The new port build will cost approximately USD 1.5 billion and will be a modern multi-purpose facility located on what today is an undeveloped beach adjacent to the existing port.

It will make room for an initial 3.5 million TEU, have

Public private partners

The USD 1.5 billion investment is a joint venture between partners APM Terminals (35%), Bolloré Africa Logistics (35%) and the Ghana Ports and Harbours Authority (30%) through the Meridian Port Services (MPS) joint venture company.

An attractive market

The International Monetary Fund (IMF) has projected Ghana's economy to expand by 3.5% in 2015 and by 6.4% in 2016. Container shipping industry analysts have estimated that the overall African containerized cargo handling has increased by 7.2% in 2014, as compared with an overall global growth rate of 5.4%. African port container volumes are forecast to continue to increase well above global market volumes.





*Peter Votkjaer Jorgensen:
"We're building a port that
needs to handle the full range
of the country's needs, from
commodities to containers"*

PHOTO: PETER ELMHOLT

allocated space for a variety of terminal operators and eventually boast 17 berths for vessels of all types, including much larger container vessels than those it can handle today.

"We're building a port that needs to handle the full range of the country's needs, from commodities to containers", says Jorgensen. "In terms of vessels, it's important for Tema to remain competitive on trade and transport costs and that means an ability to handle much bigger ships than is possible today. With a new channel and a draft of 16 metres, Tema will be able to handle container ships of at least 13,000 TEUs".

BETTER ACCESS IN AND OUT

The road project, which will require an additional USD 200-300 million in investment, will ensure that as the country's economy grows, the cargo will continue to move smoothly in and out of the port.

This project will include the expansion of the 19 km long Accra-Tema Motorway from four lanes to six, adding an additional lane in each direction as well as new intersections. Meanwhile, the two main roads connecting the port and the highway will also be renovated and upgraded, with new junctions that will ensure the continuous flow of traffic.

"Now it's becoming a necessity, rather than a luxury, to be able to handle the future volume", says Mohamed Samara, CEO of Meridian Port Services, the consortium

that runs the current Tema port and will be running the new one as well. "We are not only operating today. We will also be doing so tomorrow and the day after – and 35 years from now".

PUBLIC PRIVATE PARTNERSHIP

The Tema port project will create 5,000 jobs and be funded entirely by the joint venture partners, i.e. from land reclamation, channel dredging and breakwater construction to the eventual construction of the above ground facilities.

Unconventional as it is, it is necessary. Like several other African countries, Ghana has experienced some economic bumps recently. Supported by the International Monetary Fund (IMF), the government is trying to build a more sustainable and diversified economy. One aspect of this consists of encouraging more private investment, especially in infrastructure, such as power, roads and ports.

"We have been in Ghana for nearly ten years now, operating the current Tema port together with our partner Bolloré Africa Logistics. In that time we've developed a good relationship with the government, so they know how we do business and that they can expect us to not only deliver

a world class port, but also operate it, professionally", says Peder Sondergaard, Head of the Africa-Middle East region for APM Terminals. 🇳🇵



*Mohamed Samara, CEO
of Meridian Port Services,
the consortium that runs
the current Tema port and
will be running the new one
as well: "We are not only
operating today. We will
also be doing so tomorrow
and the day after – and 35
years from now".*

More flexible, equally am

STRATEGY UPDATE | While overall ambitions are intact, the Group's strategy update, announced with the Q2 results, takes dramatic market developments into account and provides flexibility for the Group to take advantage.

BY ANDERS
ROSENDAHL

➤ Maersk's Q2 result of USD 1.1 billion sees a resilient Group performing in volatile markets. A strong balance sheet allows for a USD 1 billion share buy-back, while still leaving muscle to pursue acquisitions. Nevertheless, a strategy update was deemed necessary, particularly in light of ongoing oil price turbulence.

"We are confident that we will continue delivering solid earnings, and we are maintaining our guidance for the year. The new oil price environment is a challenge, but being a conglomerate with highly competitive business units we are in a situation where we do not have to make dramatic changes. We will of course pursue cost-savings, but we can also afford to look into the market and take advantage of the opportunities that the volatility may bring", says Group CEO Nils S. Andersen.

While growth and profit targets for Maersk Oil, APM Terminals, Maersk Drilling and APM Shipping Services will be replaced by plans adapted to the current environment, Group targets will remain the same.

GROUP TARGETS INTACT

"We still want to deliver a 10% return on invested capital, we still want to grow, we still want to grow underlying dividends and maintain a strong financial profile. This remains unchanged", Andersen says.

"We will need new targets for business units impacted by the oil price, i.e. ones that are not tied to specific earnings or growth ambitions. Maintaining the Group objectives and taking away the individual business unit targets will give us more flexibility to take advantage of opportunities that we see in the markets".

Nevertheless, the targets have served the Group well.

Take Maersk Drilling and APM Terminals for example. These businesses have moved from posting annual earnings of less than USD 200 million prior to the financial crisis to becoming significant contributors to the Group's profit. The targets have also served as a point of orientation for the Group.

"During the past years, we have focused the Group. Selling a number of businesses, it was also important to underline that we did that in order to invest in building our world class businesses. That's still what we want to do", Andersen explains.

RETAINING MARKET LEADERSHIP

Adjustments to Maersk Line's strategy reflect the growing strength of the company as well as the dynam-

Key take-aways from the Maersk Group Strategy Update

The Maersk Group is executing on the strategy to become a premium conglomerate based on top-quartile performance in all business units.

The Group is delivering on its financial ambition of above 10% ROIC over the cycle with a ROIC creation of 12.0% in the first six months of 2015 and 14.3% for the same period in 2014. The Group is focused on active portfolio and performance management, disciplined capital allocation and delivering on its financial strategy.

Maersk Line continues to improve its competitiveness through cost leadership. Maersk Line maintains its medium term ambition of an EBIT margin gap to peers of more than 5% points, which Maersk Line has delivered every quarter since Q4 2012.

Maersk Oil is executing on reducing operating expenses by 20% compared to 2014 towards end-2016 in response to the lower oil price.

APM Terminals will continue to build on its track record for delivering double-digit returns based on disciplined investments in terminals and other port infrastructure, operational efficiencies and portfolio optimisation.

Maersk Drilling has successfully implemented seven of eight rigs in the newbuild programme with high uptime and good safety performance. Maersk Drilling is taking steps to reduce its cost base with a double digit percentage saving by end 2016.

APM Shipping Services is successfully executing on initiatives to improve profitability.

PHOTO: RICKY JOHN MALLOY

Read the strategy update in full here: <http://www.maersk.com/en/the-maersk-group/about-us/year-in-review/2015/q2-2015-interim-report/q2-2015-maersk-group-strategy-update>

bitious

ics of a competitive environment.

"Maersk Line has established itself in a situation where it should be able to deliver 10% over the cycle, but we also have to accept volatility in the results depending on the competitive situation. Therefore, the annual return on invested capital is set to 8.5%-12%", Nils S. Andersen says.

And as for the adjustment of the growth ambition from "growing in line with the market" to "growing at least with the market to defend its market leading position":

"Being the market leader, it is quite natural to say that we will defend our position. As some of our competitors choose to be aggressive at times in the market, growing ahead of the average of the industry, we will have to open up to also doing that, so that we do not gradually lose our leading position", he continues.

AMBITIONS UNCHANGED

In terms of the competitive and relative performance of the Group's

business units, the targets will not change.

"All business units are met with the target of being top quartile performance-wise. That is a relative measure similar to Maersk Line's target of staying ahead of the industry by 5% on EBIT margin and this will continue", Nils S. Andersen says.

The current impact on the Group's oil related industries, and to a certain extent container freight rates, can be compared to what was seen during the financial crisis back in 2009. The difference is the strength of the Group. Hard work has paid off, and the Group is ready to seize the opportunities:

"We can afford to go into the markets with quite a bit of confidence and focus our time on growth opportunities rather than firefighting. I am optimistic that we can use this to strengthen the Group going forward and I wish to thank our leaders and employees around the world for their strong contribution bringing us here", says Group CEO Nils S. Andersen. 📌



News in brief

Building the next generation of ships and rigs

Maersk has struck an agreement with Discovery Communications for a new television series that will show the Group's energy supply chain. It follows a previous series about construction of Triple-E vessels, which reached more than 34 million people.

Ocean Masters will be a 6 x 60 minute documentary-style series following in the steps of Maersk experts and subcontractors, as they design and build the next generation of ships and drilling rigs.

The series will highlight how Maersk can create value, develop its employees and maintain its focus on safety, while providing insights into the possibilities within the Group. Discovery Communications is the world's number 1 pay-TV programmer and its global television brands include Discovery Channel, TLC and Discovery Science.

"Ocean Masters showcases mechanical feats unlike anything our viewers have seen before, transporting them into some of the deepest, toughest waters of today's world", says Elizabeth McIntyre, Vice President, Head of Production and Development, Factual for Discovery Networks International (Western Europe).

"Not only does the series follow skilled engineers creating super machines, it also reveals the core desire for innovation and success among dedicated workers around the world", she continues.

How to scan a QR code



THEME | INNOVATION FOR GROWTH

The Group is constantly looking for ways to grow its business. Innovation and the way in which it feeds into defining the future growth is one of the Group's priorities for this year and in this theme you can read about some of the ideas which are bringing benefits across the business.

GIVING SPACE FOR BRIGHT IDEAS TO

PURSUING INNOVATION | Innovation plays an important role in ensuring sustainable growth for the Maersk Group as it faces tough competition and markets.

PHOTO: PETER ELMHOLT





OR TO GROW

Experiments with several new propeller blade designs, i.e. with sharper blades, different blade angles and the use of a second, smaller propeller, have reduced vortexes by enough to cut fuel consumption by 5.4%. "The more you can reduce the vortexes, the better the propeller becomes at pushing water", says Paulo Tonon, Head of Maersk Maritime Technology, which aims to support the competitiveness of the Group's business units through sustainable and cost-effective ideas and results.

BY SAM CAGE AND JOHN CHURCHILL

> When a propeller turns in the water, it not only propels the ship forward but also creates vortexes. Beautiful as they are, these helix-shaped flows of water that spin out from the centre and tips of a propeller are an indication of wasted energy. Getting rid of them has been an area of focus for Maersk Maritime Technology.

"Every time you run a propeller in the water, it creates vortexes, and that's why we've taken a closer look at how we can affect these", says Paulo Tonon, Head of Maersk Maritime Technology, which aims to support the competitiveness of the Group's business units through sustainable and cost-effective ideas and results. "The more you can reduce the vortexes, the better the propeller becomes at pushing water".

Experiments with several new propeller blade designs, i.e. with sharper blades, different blade angles and the use of a second, smaller propeller, have reduced vortexes by enough to cut fuel consumption by 5.4%. Several Maersk vessels now have mini-propellers called "boss cap fins" attached to the centre of their main propellers.

ENSURING FUTURE GROWTH

The project at hand is one example of a wide variety of innovation developments taking place across the Maersk Group. From technical innovation like propeller design, to process innovation like Maersk Line's efforts to digitise the paper trail resulting from trade, to business innovation like Maersk Oil's close collaboration with academic institutions and APM Terminals' giant port project in Tema, Ghana.

Be they technical or otherwise, the goal is always the same: to improve business, thereby ensuring success in the tough markets all businesses face, and to strengthen the Group's core competences for future growth. In 2015, Maersk executives decided with this in mind that the current infrastructure supporting technical innovation was in special need of strengthening.

Business units will continue to fund and control their own technical innovation pursuits, just as they have always done. After all, business units, such as Maersk Line, for example, have made tremendous efficiency gains over the last ten years by pursuing short-term technical innovation projects with clear business cases. The bulbous bow of the Triple-E vessels, designed for slow steaming, is one example.

NURTURING 'EARLY STAGE' TECHNICAL INNOVATION

But, what about the ideas that take the long view? Or, ideas with uncertain outcomes that are strategic but could also require more research and development?

"The businesses have carried out a lot of incremental technical innovation successfully that has contributed to the bottom line. However, that success has come somewhat at the expense of early-stage innovation. With the new innovation setup we can fill that gap", says Morten Engelseft, CEO of APM Shipping Services and Chairman of the Maersk Group Technical Innovation Board.

The new setup he is referring to, and which was





PHOTO: PETER ELMHOLT

Experiments with several new propeller blade designs, i.e. with sharper blades, different blade angles and the use of a second, smaller propeller, have reduced vortexes by enough to cut fuel consumption by 5.4%.

> approved by Maersk executives earlier this year, includes a revised mandate for the Maersk Group Technical Innovation Board that reflects this early-stage focus; a USD 10 million annual budget; and the creation of an Innovation Services Team.

While each business unit will continue to pursue and fund its own innovation projects, the USD 10 million annual budget is reserved for the most promising 'early-stage' ideas with less certain or longer payback times than those the business units can afford to pursue, or for ideas that may have Group or cross-business relevance.

The Innovation Services Team has been placed within Maersk Maritime Technology and will coordinate with the innovation communities in each business unit, to help develop the tools and processes necessary to ensure that best practices are used and to provide expertise from within, or from outside if needed, in order to support the business units.

The Board – which, will include senior management from all business units and selected Group representatives – is to approve and prioritise initiatives and allocate spending to the most strategically relevant projects, meeting every two months and providing the Executive Board with regular updates.

"Innovation cannot only be a 2015 priority", says Engelstoft. "Having it as a 2015 priority, however, allowed us to kick off some discussions and make some decisions, but of course it has to be part of our longer term focus on growth".

IDEAS ARE LIKE KIDS

For Gary Pisano, a professor of business administration at Harvard who is presenting at the Maersk Group's

2015 leadership conference in Istanbul, Turkey, there are many ways of innovating. Amongst others, by applying a radically new technology to transform an existing product, developing a new business model or by making incremental improvements to existing products and processes. While reducing costs and driving efficiency rarely attract a lot of attention, they can also create a lot of value. There is no single best way to innovate, he says.

Pisano – who studies the role of innovation, technology and intellectual property in business – says companies need to be clear about what kinds of innovation they want to emphasise, and then design a system for innovation that is aligned with those priorities.

Allocating specific resources is an important step as new ideas can mistakenly look like bad ones in the traditional process. A budget that is separate, yet small enough to encourage a small degree of experimentation allows such ideas to be pursued. In the meantime, it is important to ensure that the company keeps the value, rather than allowing it to be captured by key input suppliers.

"It's not about going out and spending USD 80-100 million on some new venture. But you do need to fence in those resources and to have a group that's responsible for them", he says. "You can allow ideas to incubate when they're small, yet have to give them space to grow. They're like kids".



Gary Pisano: "You can allow ideas to incubate when they're small, yet have to give them space to grow. They're like kids".

Big lessons from a little blender

OPERATIONAL PERFORMANCE | Penniless and unwanted after the financial crisis, Maersk Fluid Technology's recent success is instructive for future innovation pursuits.

BY JOHN
CHURCHILL

➤ "It started purely from a desire to reduce the cost of lubricant for the Maersk fleet. But, what we have today as a result is a whole lot more, including greater knowledge of our engines, vessel maintenance and fuel efficiency, not to mention a profitable little company". So says Niels Henrik Lindegaard, Chairman of Maersk Fluid Technology and Head of Maersk Oil Trading (the Group's fuel buying arm).

When the Triple-E vessel, Marit Maersk, pulls into the port of Rotterdam in September, 'BoB' will be brought on board. Small and otherwise unimpressive to look at, BoB comes with a skill most commercial vessels, regardless of size, are willing to pay for these days, namely, operational performance at a lower cost.

This is also why more than 169 Maersk Line vessels will have BoB on board by the end of 2015, and why a number of other external shipping lines have placed orders.

A SMALL MACHINE

BoB stands for 'SEA-Mate Blending-on-Board' and is the creation and core product of Maersk Fluid Technology. It is a small machine and not an engineer, of course. After almost ten years of struggling, the small business unit is finally enjoying some success with BoB and its other products. The company's long and difficult path to success holds many valuable lessons for the Group, as it encourages and supports innovation within the many business units.

BoB, by the numbers

BoB was installed on Emma Maersk in 2012. Since then, Maersk Line estimates cost savings from reduced lubricant and fuel consumption for Emma Maersk in excess of USD 100,000 per year.

The total operating savings from the BoBs installed on 169 Maersk Line ships is in excess of USD 17 million per year, with each vessel saving different amounts depending on the size of the ship, engine type, operating parameters and other factors.



PHOTO: PETER ELMHOLT

BoB stands for 'SEA-Mate Blending-on-Board' and is the creation and core product of Maersk Fluid Technology.

"The last 12 months, or so, have been a commercial breakthrough for us, which has been exciting. It has been a long journey to get here", says Jens Byrgesen, Managing Director of Maersk Fluid Technology. "Much of that time was necessary, of course, for the research and testing we conducted in collaboration with Maersk Line. But some of our growing pains can definitely be instructive for similar ventures within Maersk".

AMBITION AND STUBBORN PERSISTENCE

It all started in 2005, roughly, with a market observation: Maersk Line's own fleet of 250 ships was paying





PHOTO: PETER ELMHOLT

The total operating savings resulting from the installation of BoBs on 169 Maersk Line ships is expected to be between more than USD 17 million per year.

USD 60-80 million per year for the 45-55 million litres of engine lubricant it required. Moreover, even though the supply came from several manufacturers, the quality was inconsistent and only a few of them made a product that Maersk Line found performed well.

"We realised that we were dependent on this handful of good manufacturers and that the others had no interest in improving their product to make the market more cost competitive for buyers like us", says Niels Henrik Lindegaard.

Therefore, Maersk Oil Trading, Maersk Maritime Technology and Maersk Line decided to pursue their own solution. They proceeded slowly to allow sufficient hours for research and testing and to meet the safety and operational requirements of the engine manufacturers as well as of Maersk Line's own vessels, which were used as laboratories.

A START-UP STRUGGLES TO START

The research and testing of 'BoB' were slow by design; the rest of the process was not. While a viable product moved closer to production, important ques-

tions were emerging about the governance of Maersk Fluid Technology, the intellectual property strategy, funding, and other legal and tax related issues. With no official support structure in place for this kind of project, these issues proved time-consuming to resolve.

"We knew we would end up with a product and a company, but the question of how best to pursue the development of both at once was a complicated task and we were feeling our way, as best we could, while carrying on with our 'other' jobs", recalls Lindegaard.

The paperwork involved turned out to be just as time consuming as the product trials – and just as significant. For example, a friendly discussion with a large oil company and prospective partner early in the process turned out to be a costly lesson about the timing of patent filings.

BOB NEARLY GETS THE BOOT

One of the first iterations of BoB arrived in 2007. One of the collaborating partners, Maersk Line, became the first customer by ordering 21 units. Within the next 12 months, the global economy began to crash and Maersk Line had to cancel all non-business-critical projects. With only 21 BoBs sold, Maersk Fluid Technology was put on ice and soon after prepped for sale.

Fortunately for everyone, Maersk Fluid Technology was not sold. Instead, Jens Byrgesen joined as Managing Director and fought to keep the company up and running together with Technical Manager, Henrik Weimar, and the company's former partner, Maersk Line. A course of new tests even proved BoB's other benefits, i.e. those of reduced engine wear and improved fuel efficiency, adding significantly to the market value of the product and the overall value of the project in the process.

"If we take the technical knowledge we gained from the journey we have been on with Maersk Fluid Technology, it is quite impressive; the process was not. With the new Innovation Board, good ideas will get the structure, funding and commitment they need if they are to succeed in creating results", says Lindegaard.

What does BoB do?

Two-stroke marine engines need two main kinds of lubricants to function: system oil and cylinder oil. Cylinder oil is burned off rapidly and requires a constant feed of new oil, while system oil is recirculated and must be kept clean and is regularly replenished with new system oil.

'BoB the blender' will reduce the total lubricant consumption by 20% by collecting the used system oil from the vessel's main engines and blending it with an additive. The properties of the blended cylinder oil are adjusted for each vessel, engine type, etc. to create custom-made cylinder oil on board the vessel.

The end result is a cleaner engine with less wear over time and a 0.5% increase in fuel efficiency.

Uncorking Algeciras

SHARED VALUE | In a handful of critical 'hub' ports where delays can impact reliability across Maersk Line's entire vessel network, an unconventional partnership with APM Terminals is delivering big benefits to both companies.



PHOTO: RENE STRANDBYGAARD

BY JOHN CHURCHILL

➤ A unique partnership between Maersk Line and APM Terminals has changed Algeciras, Spain and Tangier, Morocco from a story of operational liability to one of success.

Shared value measured in millions

- The Hub Partnership Programme was rolled out in Algeciras, Spain (covering Tangier) in 2013. Subsequently, it was introduced in the ports of Rotterdam, Singapore and Tanjung Pelepas in 2014.
- In 2014, the total savings generated from the programme to the Group was USD 70 million. In addition, the ports of Tangier and Algeciras have increased their container handling capacity by 20% each (with no investment).

This year, the expectation is to save more than USD 80 million.

"Both terminals and shipping lines are focused on lowering costs, and with competing business interests it is difficult to find that acceptable middle ground", says Alberto Fernandez, a vessel berth planning coordinator for Maersk Line in the port of Algeciras, Spain. "That's why what our two companies have built in Algeciras it's so exciting".

COSTLY STATUS QUO

The port of Algeciras, Spain and the port of Tangier, Morocco are two of Maersk Line's European 'hub' ports. More than 35% of Maersk Line's annual cargo volume passes through Algeciras alone, and most of these vessels visit Tangier immediately prior to this. It means the performance of these adjacent ports is critical to the performance of Maersk Line's entire network.

However, until recently, that performance was not good. Berthing plans gave rise to long negotiations and container loading and unloading operations in the ports were barely meeting productivity expectations, and sometimes failing to do so.

The inefficiency was costing APM Terminals in terms of productivity and inflicting big costs on Maersk Line: With APM Terminals unable to handle the container volumes coming in to its terminals in Tangier and Algeciras, ➤

> Maersk Line was left paying the nearby port of Malaga EUR 30 million per year to handle the overflow.

"The situation was costing both companies too much time and money", says James Wroe, Head of Marine Operations for Maersk Line and the Head of the Hub Partnership Programme. "Basically, we agreed to a 'we need you, you need us' situation in these ports, and following on from this we began looking for a better arrangement together".

LOW-TECH SOLUTIONS

Combining organisational insight from other industries with modern technology - the Hub Partnership Programme is that better way.

"The first step was to merge our Operations teams in one office. Terminals and shipping lines don't have a precedent for this 'co-location', but we looked at other industries like airports and airlines and the huge success they've had from getting physically closer and decided we needed to try", says Wroe.

The benefits for communication were immediate clear to the Operations personnel in both teams. For example, Fernandez and his berth planning counterpart in APM Terminals, Emilio Checa, no longer needed to waste time with multiple emails and phone calls in order to agree on berthing plans. Since they were now seated back-to-back, news about delays or other issues was resolved by turning around for a quick chat.

"Berth planning requires flexibility. Communication delays combined with a lack of shared information made it a slow process prone to errors", says Emilio Checa from APM Terminals. "It could take up to a day to make a plan for the coming week. Now it only takes an hour or two. And my work is a lot more fun, too. I actually like Alberto now", he laughs.

HIGH TECH SOLUTIONS

Once physically together, an onsite IT team applied the technical magic. Previously, the Operations teams did not share any systems or data. Therefore, they did not have an overall view of the port operations and no real understanding of one another's situation.

By interviewing and shadowing both teams, the IT team created a joint system, whereby all data could be shared and visualised. New forecasting and decision-making tools replaced Excel spreadsheets, allowing the teams to make instant calculations for different 'what if' vessel and container-yard scenarios, together.

"If you are a terminal operator and you ask a vessel operator if his vessel is in a hurry, the operator will always say 'Yes'", says Carlos Arias, Head of the South Europe Liner Operations Cluster (SEULOC) in Maersk Line. "What we have now is a joint operating system where we can see where the buffers really are, what bunker costs will be if we do this or that, and thereby make the best decision for the Group. With the Hub Partnership Programme we now have shared objectives and goals, along with common challenges and obstacles to overcome".



PHOTO: PETER ELMHOLT

Tracking the a hidden under

INNOVATIVE RESEARCH | A new research centre in Denmark is looking at ways to extract more oil from the North Sea. By focusing research work to achieve a clear business benefit, it aims to improve the recovery from a basin that still has plenty of potential.

BY SAM CAGE

> As Florian Smit scrolls his mouse, the 3D map tilts on his screen, with shades of red, blue and green outlining ancient underwater channels and escarpments in the chalk sediment of the Danish North Sea.

In his PhD research into reservoir characterisation at the Chalk Group of the Danish Hydrocarbon Research and Technology Centre – an institute funded by Maersk Oil and its Danish Underground Consortium (DUC) partners and based at the Technical University of Denmark (DTU) – Smit is using a combination of advanced seismic processing techniques to identify and map out promising locations for hydrocarbon reservoirs.

Shades of red, blue and green outline ancient underwater channels and escarpments in the chalk sediment of the Danish North Sea, as part of Florian Smit PhD research.

clues to underground

"Now we can recognise the smallest things buried under 2 kilometres of sediment – like a river system or a landslide that happened tens of millions of years ago, as though they happened yesterday", says Smit, who came to Denmark from the Netherlands five years ago to pursue his geology studies.

"We want to understand why one part of the hydrocarbon field produces oil better than another, and if this is related to the features we extract from the seismic data. By analysing the corresponding rocks in the laboratory for permeability and porosity trends, we can begin to understand how these features can influence extraction. Subsequently, apply these lessons elsewhere".

PRACTICAL SOLUTIONS TO BUSINESS NEEDS

Oil and gas companies have long worked with researchers to improve their search for and production of hydrocarbons. However, the DTU centre is different because of its direct business connection, and its aim is to use that link to focus researchers' work on areas that can advance hydrocarbon recovery in the North Sea.

Maersk Oil and its partners in the DUC committed

to investing DKK 1 billion over ten years in the research centre. It is hiring people from the industry to work with the researchers, to improve communications and integration between scientists' areas of interest and passion and the needs of DUC, says Henrik Tirsgaard, Maersk Oil's head of technology and innovation.

The centre will focus on a few selected flagship programmes, whereby projects are joined across disciplines to address real-world challenges and realise the potential to recover more oil or gas. Work will initially focus on advanced water flooding, targeting increased secondary recovery – i.e. displacement of oil that drives it to the surface – from the Dan, Halfdan and Kraka fields in the Danish North Sea, and other ways of improving production from the mature basin, such as Smit's work on reservoirs.

"We have given them a lot of freedom, within a specific framework that we created with them", Tirsgaard says.

AIMING FOR TOP 5

The hydrocarbon research centre is part of Maersk Oil's broader plans in the North Sea, where it aims to become



PHOTO: PETER ELMHOLT



- > a top-5 producer. According to national energy agencies, the region has a potential of 26-38 billion barrels yet to be explored.

Because it is a mature basin, alternative technologies and approaches need to be applied, such as the advanced equipment required for the ultra-high-pressure, high-temperature (uHPHT) Culzean gas field. Projects like Culzean, which could supply 5% of the UK's needs and balance Maersk Oil's oil-dominated portfolio, and Johan Sverdrup, one of Norway's largest ever discoveries, illustrate the region's potential.

Maersk Oil is investing almost USD 5 billion in these two projects and together with another two that have recently come on stream – the UK's Golden Eagle and the Tyra Southeast expansion in Denmark – they will contribute about 90,000 boepd of entitlement production.

"This is not a classic research institute", says Bo Cerup-Simonsen, the head of the centre who used to run Maersk Maritime Technology.

Because the North Sea is a mature basin, alternative technologies and approaches must be applied.

"We want to engage deeply with DUC to build on existing knowledge and ideas, we also want to give the inventors and researchers the foundation and possibility to search out new ideas with the potential increased recovery", Cerup-Simonsen adds. "With the fascinating real-life opportunities and knowledge, combined with the engagement of the academia, we hope to bring more bright minds, insights and to the issue and the industry".

DATA GIVES OIL CLUES

Because of its close links with the institute, Maersk Oil can be more comfortable in making some data available, which will give researchers more to work with, Tirsgaard explains.

At DTU, Smit flicks between screens as he compares and contrasts his multicolour model of the ancient seabed and fault systems with known forms on the present day seafloor, seeking clues to the presence of reservoir rocks, migration routes and thereby of oil.

'Because human brains can pick up patterns more effectively than computers can, visualisation is important when identifying new potential production-controlling heterogeneities, i.e. differences, in the rock in the reservoirs. This is achieved using seismic data in combination with well and core data', Smit says.

"With this new knowledge we can subsequently build more detailed reservoir models that enable improved oil extraction", he adds. "And we can investigate why one part of an oil field produces well, while another is producing poorly, based on the patterns we have become better at recognising".

Research as an integrated part of Maersk Oil's business

- The Maersk Oil Research and Technology Centre (MO-RTC) in Qatar was established in 2010 with a committed investment of up to USD 100 million over a 10-year period
- It is tasked with developing cutting-edge applications for the Al Shaheen field, while supporting the country's aim of enhancing knowledge to secure its future
- The centre focuses on research that creates practical and applicable solutions to clearly defined problems in oil and gas production in Qatar. One of its primary themes is to enhance oil recovery (EOR) success rates by allowing researchers to understand how fluids move through complex carbonate fields, like Al Shaheen
- The world-class facility is also home to a Digital Core Laboratory – the first of its kind in the Middle East – which enables researchers to analyse and understand the mineralogy of the reservoir rocks

Quest for Oil

- An interactive computer game developed by the Maersk Group, Quest for Oil aims to spark an interest in the oil industry among students
- It challenges players to locate oil reserves under the seabeds off Qatar, the North Sea, Southeast Asia, West Africa and the Gulf of Mexico, providing an insight into what it's like to work in oil and gas exploration
- To win, players need to employ knowledge of geography, physics and geology and to tackle challenges relating to exploration, drilling and oil production
- To play, visit www.questforoil.com

Stellar performance in stormy weather

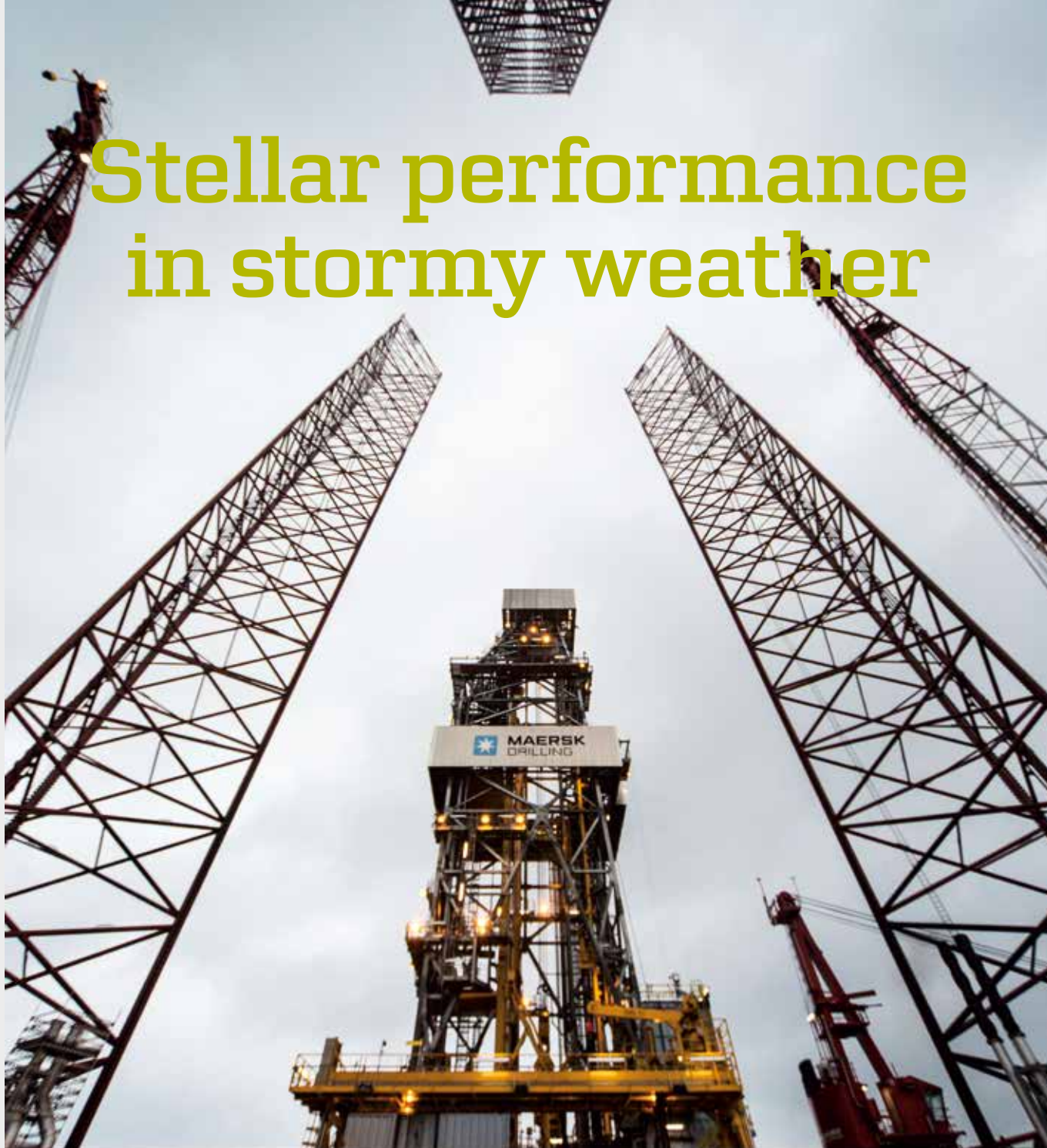


PHOTO: MAERSK DRILLING

OPERATIONAL EXCELLENCE | Maersk Drilling's newly built hardware has hit the ground running, delivering consistent operations from the start. It achieved this with features such as more automation and carefully planned hiring, and customers are welcoming the performance.

BY SAM CAGE

➤ With legs longer than 200 metres, the world's largest rig towers over Mekjarvik harbour in Norway, ready to take on the sometimes violent weather and waters of the North Sea.

Known as XLEs (extra-large enhanced), the Maersk Interceptor and her sisters are physically imposing and the most advanced jack-up rigs in existence, capable of withstanding and operating reliably and safely in waves of up to almost 30 metres.

To build them, and the new drillships in Maersk Drilling's fleet, designers took the best of what they already had. They then scaled it up in size to match the bigger hardware, installed measures to improve efficiency, and introduced a pro-active hiring policy to ensure crews were up to speed from the first day of operations.

In the first half of 2015, four of the five newbuilds that were already in service operated more than 96% of the time, with the Maersk Viking drillship hitting 99.6%



Maersk Interceptor and her sisters are physically imposing and the most advanced jack-up rigs in existence, capable of withstanding and operating reliably and safely in waves of up to almost 30 metres.



Seeing the the hardware in action is a great satisfaction for Maersk Drilling's Chief Technology Officer Frederik Smidth.

> operational time. Chief Commercial Officer Ana Zambelli says advanced equipment that has been proven to be efficient and reliable has helped Maersk Drilling to win contracts while the markets are tough, and put it in a good position to take advantage of any upturn.

"It's very satisfying to have an idea and then see it through to the point where it's working so well", says Chief Technology Officer Frederik Smidth. "It's an engineer's dream scenario".

THE VIKING TEAM

The Maersk Viking drillship started operations in the Gulf of Mexico last year, for ExxonMobil on its Julia project.

Maersk Drilling budgets with an operational uptime of 90%, while industry experience indicates that 85% is common among startups. Up until now, Maersk Viking has operated with an uptime of 99% - a level of efficiency that means clients get the optimum use of the expensive asset they have hired.

"Word has spread among customers and the industry, giving us a chance to get to the negotiating table", says Claus Bachmann, Vice President and Asset Manager for deepwater operations, whose operational area



PHOTO: MAERSK DRILLING

includes the four new drillships. "It has been a stellar performance, more or less since the first day".

One of the most important elements in the above-mentioned example was the relationship between the two companies. The rig and onshore rig teams were together for a year prior to delivery and having a contact in place allowed for early engagement with ExxonMobil.

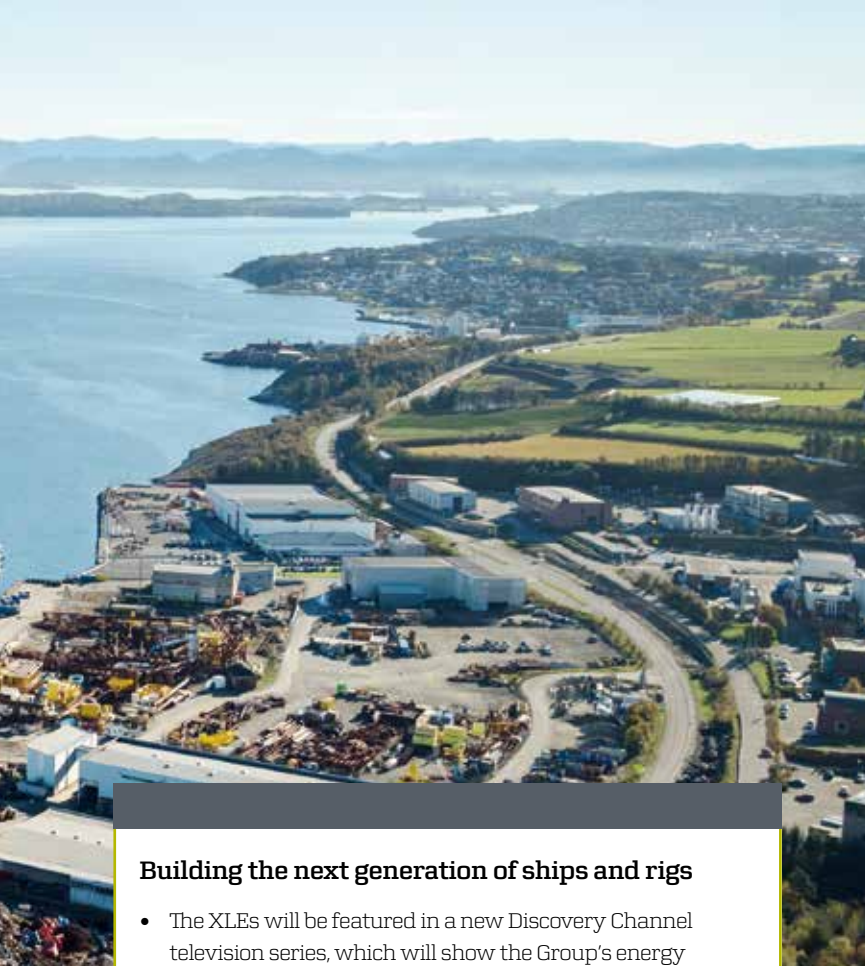
"The successful start-up of the Viking was achieved through a strong collaborative effort between Maersk Drilling and ExxonMobil", says Harry Longwell, Drilling Operations Manager for North America and Deepwater at ExxonMobil. "The Maersk Drilling and ExxonMobil 'Viking Team' has overcome all challenges to date".

HIRING FOR SUCCESS

Safety on the rigs and drillships has been given special attention, which has led to there being a high degree of automation on the drill floor. This ensures safe operations and consistent performance, as higher transit speeds and increased capacity reduce the overall logistics costs for oil companies.

In a competitive hiring market, Maersk Drilling instigated a specific plan for the newbuilds, to which Jacob Odgaard – who headed the operational readiness team – attributes a large part of their success. This included setting the desired proportion of current Maersk Drilling employees against outside hires and figures for how many would be taken from current rigs. In addition, the provided training was carefully tailored for each position. Finally, the plan was implemented from the very onset, when the newbuilds were ordered.

"People recognised that we were a serious company and that we really went to great lengths to train people



Building the next generation of ships and rigs

- The XLEs will be featured in a new Discovery Channel television series, which will show the Group's energy supply chain, by following Maersk experts and subcontractors as they design and build the next generation of ships and drilling rigs
- Filming started earlier this year and will mainly take place in Denmark, Norway and South Korea, and the series will be broadcast in late 2016

prior to going into operation. The word spread and we got lots of applicants", Odgaard says.

RIGHT PEOPLE, RIGHT MINDSET

The XLEs can operate more efficiently because of their greater degree of automation, innovative design around handling and a cantilever with extended reach, which gives added flexibility in drilling, especially over the larger platforms in field development.

Uptime and drilling efficiency are maximised through dual pipe handling: while one string is working in the well bore, a second string of casing, drill pipe or bottom hole assembly can be assembled or disassembled and stored, ready for use, in the set-back area - thus reducing the non-productive time.

"This is important to customers as Maersk Drilling's day rate typically constitutes between a third and half of the total daily cost. In a tough market where contracts are hard to come by, this kind of startup performance can make a driller the partner of choice for oil companies", says Per Gøbel, Vice President and Asset Manager for the harsh environment jack-ups.

"We can use the downturn to position ourselves as the preferred supplier", says Gøbel, who has three XLEs operating in Norway and a fourth arriving in 2016. "Operators are driving for efficiency, and with this hardware Maersk Drilling is years ahead".

Operational performance of Maersk Drilling's newbuilds in H1 2015

99.6%

Maersk Viking

99.0%

Maersk Venturer

98.1%

Maersk Interceptor

96.8%

Maersk Intrepid

93.0%

Maersk Valiant

The XL Enhanced jack-up

- The four XLEs – Intrepid, Interceptor, Integrator and one yet to be named – can operate in water 150m deep, year-round in the North Sea
- Cantilever reach from stern to well centre of 33.5m, and from centre line to each side of more than 11m, with a load of up to 1,400 tonnes
- Improved working and living conditions for the crew with 150 single bed cabins

Deepwater drillships

- Maersk Drilling is expanding its fleet with four 228m long drillships – Maersk Viking, Maersk Valiant, Maersk Venturer and Maersk Voyager – that can operate at water depths exceeding 3,500m and drill wells of more than 12,200m
- They have an advanced positioning control system, so they can automatically maintain a fixed position in severe weather conditions with waves of up to 11m and wind speeds of up to 26m per second
- Higher transit speeds and increased capacity will reduce the overall logistics costs for oil companies



Søren Toft, Maersk Line's Chief Operating Officer: "What we asked ourselves with the design of these ships was 'Can we build a vessel that can perform in many trades and with different cargo characteristics without sacrificing maximum efficiency? After approximately 10 months of experimenting with a variety of different designs, the answer is yes'."

A ship for many seas

OPERATIONAL VERSATILITY | The latest in a string of vessel orders from Maersk Line stands out for something other than just efficiency and size. Its design will enable it to be used in a variety of trade lanes.

BY JOHN CHURCHILL

> In a break from an industry tradition whereby vessels are designed to match the operating requirements of a specific trade lane, the 14,000 TEU vessels ordered by Maersk Line in July will be built for operational versatility – and commercial opportunity.

"What we asked ourselves with the design of these ships was 'Can we build a vessel that can perform in many trades and with different cargo characteristics without sacrificing maximum efficiency?'" says Søren Toft, Maersk Line's Chief Operating Officer. "After approximately 10 months of experimenting with a variety of different designs, the answer is yes", he continues.

Traditionally, container vessel design has been determined by the operational and commercial requirements of the specific

trade route where they would be deployed. Factors influencing the design like the typical weight of the cargo, the expected operating speed of the vessel and the draft of the ports it would call, among other things, would then influence the choice of engine type, hull shape and draft of a ship. But this is not the case with these 14,000 TEU ships; they will be built for many seas.

ANTICIPATING TRICKY TRADE FLOWS

According to Graham Slack, Chief Economist for the Maersk Group, these more versatile vessels are a timely investment. Since the financial crisis began in 2008, trade flows have become less predictable, making it more challenging for shipping lines to build their networks.

Before the crisis, the vast majority of manufacturing (supply) was in China and the vast majority of consumption (demand) was mostly from Europe and the US. Therefore, shipping lines could, with some degree of certainty, optimise their vessel networks simply by using big ships on these big volume East-West trade routes.

"Suddenly, after 2008 and the financial crisis, a structural shift has taken place", says Slack. "Cargo volumes aren't growing at the same pace as before on these routes, partly due to lower demand in the US and Europe, but also due to an increase in the offshoring and nearshoring of production by manufacturers in order to get closer to their end markets and diversify their supply chains".

While China remains the centre

“There is no reason to believe that the environmental and economic efficiency dynamics driving carriers to use larger ships in large volume trades are going to be reversed. At the same time, there is no reason to believe that every container service will be served by the very largest vessels. Ship ordering and deployment decisions are, and will be, based on each carrier’s decision about optimising operational efficiency with capital and operating expenses”.

- WORLD SHIPPING COUNCIL: “SOME OBSERVATIONS ON PORT CONGESTION, VESSEL SIZE AND VESSEL SHARING AGREEMENTS”, MAY 28 2015.


for global manufacturing, companies are looking to spread their supply chain risk to different geographical locations, such as Turkey, Mexico or North Africa and other places closer to their consumer markets.

“When you put it all together, we see trade flows becoming more diversified and a bit more tricky to predict”, says Slack. “It’s not just a case of where it’s cheapest to source anymore, and therefore it requires a more holistic analysis from the logisticians”.

A NEW WORKHORSE

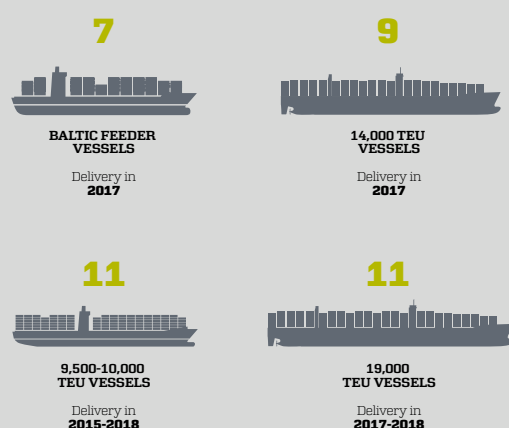
The new 14,000 TEU ships will be able to go almost anywhere, once they begin coming into the fleet in 2017. With an operating profile designed to be efficient regardless of cargo weight and physical dimensions that fit a large number of ports, the 14,000 TEU ships will be deployable in either East-West trades where cargo mostly consists of lighter finished goods, or North-South trades where heavier types of cargo, such as commodities, are more common.

“They will be workhorses, giving us more options for deployment across our network. We can move them wherever the demand is, here and now, and be confident they will continue to perform optimally wherever they are needed in five to ten years time”, says Anders Boenæs, Head of Network in Maersk Line.

The 14,000 TEU ships will be much more efficient than the fleet’s current workhorse, i.e. the S-Class vessels. Maersk Line has roughly 100 of these ships, ranging in size from 8,000 – 10,000 TEU, that sail in several different trades. With sharper hulls designed for higher operating speeds, these older workhorses – built between 1995 and 2008 – are from a generation less focused on efficiency. 

THE ORDER BOOK AS OF 8 JULY 2015

The order book corresponds to 0.5 million TEU or approximately 16% of Maersk Line’s current fleet, excluding options.



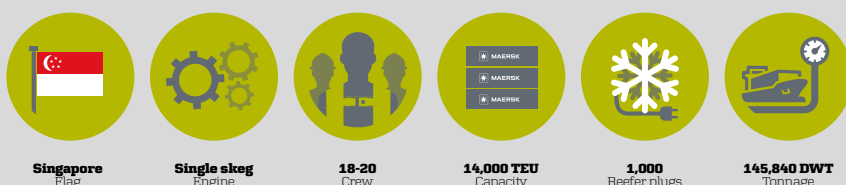
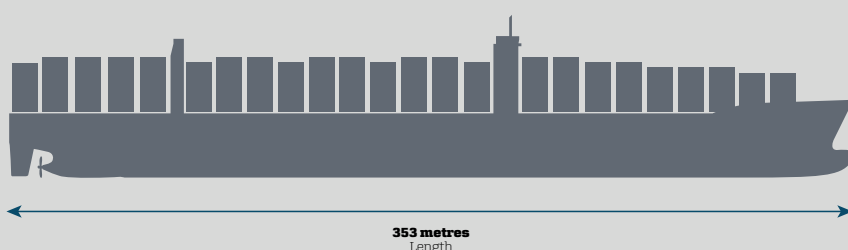
MAERSK LINE’S NEW 14K VESSELS

Built by
**Hyundai Heavy Industries,
South Korea**

Delivery by
2017

Number of vessels
9 firm / 8 options

Cost per ship
USD 122m



GRAPHICS: ERICKSON OCAMPO

Once a risk, now a leader

OPPORTUNITY TAKEN | Given a second chance, the Matanuska banana farm jumped at it. In less than five years, technology and vessel service has boosted an up-and-coming farm, turning it into a banana exporting engine ready to enter new markets.

BY ANDERS ROSENDAHL

> It is not just because Jim Paul Porticos is starting up a new packing house that it is a busy morning at the Matanuska banana farm in Mozambique. The farm is also filling 10 containers for the Middle East, so there is no room for hiccups at any of the packing houses that process bananas from branch to box to container.

"Mozambique is good for bananas", says the Filipino national, and director of quality assurance, after double-checking on his walkie-talkie that everything is running smoothly at the packing house he just left.

"Land is available at affordable prices, plant disease is hardly a problem and we have access to all the water we need thanks to the dam", he adds, pointing towards the horizon, transforming the shape of the shadow around his feet from a plate to a banjo. It is approaching noon on this bright, scorching hot day.

The dam is nowhere to be seen, but this should come as no surprise. The farm, some 100 kilometres from the port city of Nacala, covers 7,500 hectares. As far as the eye can see, there are banana trees, so pointing is for direction only.

NEXT STOP: JAPAN

Matanuska partners with Maersk Line in an alliance that illustrates the potential of agriculture in the area, where the bananas are even being certified for the Japanese market.

"The bananas are a showcase of what can be achieved in the hinterlands. With technology and assistance to facilitate the process, we can move so much

"Today, we are shipping about

100

million bananas to the Middle East from Nacala"

DONOVAN PORTLAND,
SHIPPING AND PORTS
OPERATIONS MANAGER

more from these areas to the rest of the world", says Carolyn Kathewera, branch manager at Maersk Line's office in Nacala.

When Maersk Line first visited an up-and-coming Matanuska five years ago, a partnership was deemed too risky. With no other business in the country, investments in a dedicated vessel to Nacala and reefer experts on the ground would rest solely on the output of one single farm.

Nevertheless, within a year, Maersk Line went ahead, and the partnership has flourished.

"Today, we are shipping about 100 million bananas to the Middle East from Nacala. And the available land gives us the potential of doubling that within the next three to





"We have a lot of expertise and experience with bananas in the Philippines, so it is an exciting job for me to help build the industry here in Mozambique", says Jim Paul Porticos at the Matanuska banana farm in Mozambique.

PHOTO: FELIX SUFFERT

five years", says Donovan Portland, Shipping and Ports Operations Manager for Matanuska.

OUT OF POVERTY

While Mozambique has grabbed headlines for its gas reserves; the World Bank's representative in the country, Mark R. Lundell, considers agriculture a poverty reduction engine:

"With improved productivity, agriculture in Mozambique has the potential of contributing more effectively to lifting millions out of poverty, thereby achieving the important development objective of economic inclusion", he says.

3,000 employees at Matanuska fill the bananas straight into reefers after running them through the packing house. Maersk Line has installed a power pack that can cool the bananas within four hours of packing, ensuring prolonged shelf-life and a better market price.

"Another thing that makes it a good partnership is the flexibility of Maersk Lines' services. They can put a ship here when we need it, so we can deliver the fruit when it's possible", Donovan Portland says.


The key to a successful banana business is getting the fruit to the market as fast as possible. With Maersk Line, Matanuska's bananas reach the Middle East with three weeks of shelf-life in them. 

PHOTO: FELIX SUFFERT



The Matanuska banana farm, some 100 kilometres from the port city of Nacala, covers 7,500 hectares.

Follow your passion

OBJECTIVES MET | Business objectives have been met and the company is looking towards new goals. The launch of Sealand has been a success. Also, employees, such as Yenía Abadía in Colombia, have been enabled to pursue leadership roles, directing all the energy of a new organisation towards the customers.

BY ANDERS ROSENDAHL

➤ Analogous to the successful intra-Asia and intra-European gambits, MCI and Seago, Sealand was born with the objective of creating a specific shipping product for the intra-Americas. The goal was also to lift the Group's market share, which in late 2014 had slipped to 6% - compared to Maersk Line's 14% global market share.

While linked to opportunity, establishing a new company and a new identity also involves risk, but halfway through 2015 the status is clear: Sealand is off to a good start.

MARKET SHARE WON

The primary goal was to retain the entire customer base. This objective has been reached. Secondly, customers



PHOTO: RENE STRANDBYGAARD

needed to be pulled over to Sealand contracts. Apart from customers with contracts coming up for renegotiation in the second half of the year, this too has been achieved. Furthermore, volumes are up 7.5% against a market increase of 2-3%, meaning that Sealand has won market share despite it being a start-up company.

Also, Sealand has created opportunities across the Americas, including in Bogotá, Colombia, where Yenía Abadía has taken the role as head of cluster.

"My responsibility is to build up Sealand as a company in Colombia, and it's a wonderful and huge opportunity to be a part of this project", she says at the newly established and busy office in Bogotá, where interim Sealand branding decorates the walls, and the air is full of start-up buzz and energy.

Abadía's role is to focus all the energy of the organisation and direct it towards the customers:

"We are building a dedicated sales team, a dedicated customer service and a complete structure, tailor-made for the Americas market. I am convinced that we will do it right because we are putting the customer at the centre of everything we are doing", she says.

CLIMBING TO THE TOP

At only 36, Yenía Abadía is a Group veteran. She joined in 2001 as a trainee in her hometown of Cali. After two years, she transferred to the Bogotá office responsible for equipment management. She then moved with her family to South Africa, working in sales for Safmarine. Returning to Colombia, she went into customer service, continuously adding competencies to her résumé and taking on more responsibility.



Sealand has created opportunities across the Americas, including in Bogotá, Colombia.



Yenia Abadia, Cluster Manager for Sealand in Colombia: "You can help people find what they feel passionate about, and when you really feel passionate about something, you will definitely shine".

"This company is one of opportunity, so it all depends on you. In short, the company sets everything up so you can achieve what you want to achieve", she says.

Today, working to engineer an organisation with the customer as its focal point, she needs the very best from her employees.

"You can help people find what they feel passionate about, and when you really feel passion for something, you will definitely shine. This is something I really enjoy, and it is my definition of leadership", Yenía Abadía says, pinpointing what it is exactly about leadership that she enjoys.

NEW TARGETS

Sealand's next steps include increasing volumes even further to meet capacity gains, e.g. the newly launched North Atlantic Express, which services the West Coast of South America, Central America, the Caribbean and the US East Coast. Sealand will also be launching a new website in September, which the company is looking to leverage as a differentiator towards ease of doing business. *



News in brief

WTO: Release the brakes on trade

Maersk joined global leaders from the public, private and non-governmental sectors for the WTO's 'Fifth Global Review of Aid for Trade', which was held in Geneva in June. The focus of the review being how trade costs can be reduced in order to facilitate a growth in trade, especially in developing countries.

While trade is an engine of economic growth, high costs act as a brake or a barrier to this growth, especially on the part of the developing and least developed nations.

This was the subject of the World Trade Organisation's three-day event in June in Geneva, Switzerland, where a cross section of people and organisations from all over the world discussed how to lower the costs of trade and integrate more countries within the existing international trade.

Maersk Line's Steve Felder, Managing Director of East Africa, spoke on one of the side panels at the conference entitled "Mombasa: 1 port, 200 million people", which focused on how to improve the performance of the port in Mombasa. A port, which on the one hand is Kenya's most important port, and on the other hand is one of the East African region's most critical trade arteries.

The Maersk Group's efforts to reduce trade costs also got publicity at the conference. Specifically, due to the showing of a documentary film entitled "The Paper Trail of a Container", produced by Maersk.

The film, the trailer of which was shown to the main audience of the conference during the first plenary session, is about the research of Maersk Line's Thomas Emil Jensen into the complexity of trade documentation and the potential of modern technology – and public-private collaboration – to improve it.

His research is part of a joint-project between Maersk Group Sustainability, Maersk Line and Trade-Mark East Africa (a non-profit organisation focused on boosting trade in the region).

"By focusing on trade and gathering a broad range of public and private players, this conference is important, as it keeps tabs on the progress being made and encourages debate and sharing of best practices, not least that achieved through public-private partnerships", says Steve Felder, Managing Director of Maersk Line East Africa.

"With the ongoing efforts to improve Mombasa's performance and with newer projects like the one focusing on simplifying trade documentation, Trade-Mark East Africa has been an invaluable partner".



Once back at the Zoo, the water is transferred to the Oceanium's aquariums through an underground pipeline system. This only happens once the samples, taken during the collection of the water, have undergone extensive testing and received approval.

PHOTO: MAERSK LINE

Providing a home for sharks, rays and crabs

SPECIAL CUSTOMERS | Almost twice a month, the sea creatures in Rotterdam Zoo's Oceanium are provided with fresh ocean water transported from their original habitat by Maersk vessels. A special collaboration is required before the animals can take a happy and healthy swim in their home away from home.

BY MARLOUS AARTS AND CHRISTINE DRUD VON HAFFNER

➤ Few tourists visiting the Rotterdam Oceanium will be able to imagine the journey the oceanium's water has travelled before it provides a natural resource for the stunning marine habitats and displays.

It all starts with a call from Rotterdam Zoo to Maersk Line requesting that one of its vessels take in water at specially designated areas in the Atlantic Ocean or the Gulf of Biscay.

"Taking in some extra ballast water is quite simple for us", says Maersk Line captain Otto Janssen. "We pass

by the area anyway, so we don't have to deviate from our route, and we don't have to stop the vessel, so there's no delay. To store the water designated for the Zoo, we use two side tanks that are not normally in use. Once the water has been taken in, the vessel continues its normal route to the port of Rotterdam".

What sounds simple is rendered quite special by the key anchor at Rotterdam Zoo:

"In my entire life, I have never witnessed such a special collaboration. Each and every person or company involved is working on the joint project on a voluntary basis, just for one very important purpose: a sustain-



Pumping the water from the vessel into the barge takes about three hours and takes place while the vessel is already moored for the offload of containers.

able future for all animals, living in our Oceanium”, says Mirsada Mutapcic, Water Quality Manager at Rotterdam Zoo (‘Blijdorp’) in the Netherlands.

FROM ONE BOAT TO THE OTHER

As the water is being stored by Maersk in the middle of the Atlantic Ocean, activities are likewise high in Rotterdam Zoo, where preparatory work is being carried out on-board the old ‘Haaibaai’ barge.

Aboard are two very dedicated and enthusiastic men, Captain Willem Lodder and First Officer Piet de Bruin. Both of them actually retired quite some years ago, but they still make the journey along the Maas river every fortnight to collect the special cargo.

“The Haaibaai can carry about 300 tons of water, which is the equivalent of approximately fifteen filled 40-foot containers”

CAPTAIN WILLEM LODDER

“The Haaibaai can carry about 300 tons of water, which is the equivalent of approximately fifteen filled 40-foot containers”, explains Lodder. “Once we arrive at the vessel, Piet jumps on board and, together, we connect the vessel and the barge”.

An important part of Piet de Bruin’s job is to check the water’s salinity:

“If we’re above a thirty-four salinity percentage, we’re good. If not, the water is rejected and we don’t take it on-board. Fortunately, this almost never takes place”.

Pumping the water from the vessel into the barge takes about three hours and happens while the vessel is already moored for the offload of containers.

HOME AWAY FROM HOME

Ballast water discharge typically contains a variety of biological materials, including plants, animals, viruses,

and bacteria – which is exactly why the Zoo is interested in getting the water from natural environments. However, these materials can also be a nuisance and cause ecological damage to aquatic ecosystems.

“Extensive screening is carried out by the Rotterdam Zoo laboratory. We maintain a high quality standard for the water that goes into the homes of our animals, as it can easily affect their well-being”, explains Mirsada.

Ballast water is regularly pumped into tanks on board a ship in order to maintain stability and improve handling when it is empty or only partially laden. Due to the various microorganisms carried from one ocean to another, the discharge of ballast water is normally only considered as having a negative impact on the marine environment.

This is an issue that the Maersk Group takes very seriously:

“By treating ballast water with UV light, Maersk aims to limit the spread of invasive species across seas. This is one of our technologies that we are currently applying to minimise the environmental impact”, says Lasse Emil Andersen, an in-house specialist on ballast water at Maersk Maritime Technology.

But for this specific task, the microbial ballast water is exactly what Rotterdam Zoo – and the sharks, king penguins, sea lions and jellyfish – are looking for. *

Facts in brief

- Water is carried from Atlantic areas with high quality water – it contains very little mechanical and chemical pollution and the salinity, i.e. the amount of salt in the water, is just right.
- Before going into the actual aquariums, the water passes through a number of systems in order to remove superfluous sediments and kill unwanted bacteria. It is not until this process is complete that the water is added to the aquariums, creating a home away from home for their inhabitants.

STAYING SAFE

while on the road

IN CASE OF EMERGENCY | The Group has rolled out a new programme designed to advise and assist employees on business travel and help the company reach them in the event of a critical situation.

BY TERRY BAYNES

➤ When news broke of the devastating earthquake that shook Nepal in April, Louise Stabell immediately logged on to the TravelTracker website to confirm that there were no Maersk Oil employees travelling in the affected area.

Stabell, who works in Maersk Oil's Global Safety and Operations, runs the business's TravelTracker programme. The service, which has been used by Maersk Oil for almost three years, is part of a new system rolled out Group-wide in June that can help locate employees quickly and advise them by email, smartphone app or text message on what to do in an emergency.

As an administrator, Stabell can log on to the TravelTracker website and search by employee name, flight number or location, filtering the results by date. Within minutes of hearing about the Nepalese quake, she was able to establish that there were no travellers at risk.

The service has been useful in other situations too. When a Germanwings passenger jet crashed into the French Alps in March, Stabell searched TravelTracker to ensure employees were out of harm's way and reported that information to Human Resources and the head of Global Safety and Operations.

TravelTracker aggregates all travel bookings, includ-

ing flights and hotels, made through Maersk agents, primarily American Express Travel.

"This is why it's so important that employees book their business travel through American Express. Otherwise, we can't find you or know where you are", Stabell says.

COMPREHENSIVE MEDICAL AND SECURITY SERVICES

Embodying the value 'Constant Care,' TravelTracker is just one component of the broader system Maersk Group has adopted to keep staff updated on potential risks and make sure they are safe when something happens. The Group has partnered with International SOS and Control Risks to provide a comprehensive medical and security programme that will prepare, advise and assist employees on business travel.

"This is a continuation of the security programmes we started to build up four years ago, including a travel e-learning programme. Given the geographic spread of our activities, including some in dangerous places, we want to help people prepare for travel and take the risks into account", says John Arnoldus, Head of Group Security.

When travellers book trips to a potentially risky loca-



PHOTO: SCANPIX



When news broke of a devastating earthquake that shook Nepal in April, Maersk Oil's Global Safety and Operations immediately logged on to the traveltracker website to confirm that there were no Maersk Oil employees in the affected area.

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JOHN ARNOLDUS, HEAD OF GROUP SECURITY.

> tion, they will receive an email brief with medical and security advice and location information, requiring them to confirm that they have read it.

“That way, we know our travellers have received the best possible information and that they’re prepared”, says Arnoldus.

Employees are also given the phone number for a help line, which has medical and security specialists on-hand, day and night, to answer all questions and concerns that may arise, be it before, during or after a trip. A downloadable smartphone app also provides them with information and real-time alerts on their particular destination.

That feature proved valuable when a string of terror shootings struck Copenhagen in February.

“The reports sent out by Control Risks during the incident were more or less the only reliable information



Maersk Oil expats and people visiting headquarters in Copenhagen could get in English about the incident”, says Bruno Kalhoj, the Head of Security and Crisis Management at Maersk Oil.

REACHING OUR PEOPLE

With TravelTracker, Maersk can also send its own messages to people in a chosen area. For example, the company’s Crisis Management Group might advise employees to stay where they are until more information is available or to go to a designated location. Such alerts and instructions can be critical in the event



HOW TO USE INTERNATIONAL SOS

1 Always book your business travel and hotels through an authorised Maersk Group travel agency. For most employees, this is and remains **American Express Travel**. Travellers’ itineraries will include a link to download the International SOS card with relevant phone numbers and the Assistance App for their mobile devices.

2 Maersk’s membership number, needed to log on to the International SOS website and app, is: **14EYCA093768**.

3 For assistance, please call Maersk’s dedicated International SOS telephone number **+44 208 762 8351**. An operator can provide general information or connect the caller with an expert for medical or security advice.

4 Before travelling, for example, you can call to find out what **vaccinations** to take, whether the water is safe to drink in a certain area or if there is an escalating security risk. During a trip, you can obtain help if you lose your passport, need to see a doctor or require an emergency evacuation.

5 You can also download the free **smartphone app** from an app store or at app.internationalsos.com. The app allows you to receive the latest information about your destination and to call the nearest assistance centre. Through the international network of assistance centres, calls can be handled by coordinators in over 90 different languages.

6 **TravelTracker** provides real-time alerts and advice to all travellers in a risk area or facing an emergency situation. Maersk can also use the system to communicate with employees in a critical area.



PHOTO: PETER ELMHOLT

of a catastrophe or natural disaster, says Arnoldus. For example, when an earthquake hit Japan in 2011, the system would have alerted travellers in the area and warned them of the ensuing tsunami and resulting radioactive leak at the Fukushima Daiichi nuclear plant, he says.

Even though the old business travel insurance card is out-of-date, Zurich will continue to be the Group's insurance provider for business-related travel activities. Employees can download the current card, which lists a new phone number, from the Group Travel Insurance website. [✉](#)



News in brief

Minimising work stoppages

To create more constructive and productive relations with labour unions & work councils and to reduce the risk of workplace disputes, Maersk has created training sessions in "Labour Relations & Negotiations" and intensified its practice of knowledge sharing.

"Primarily speaking, Global Labour Relations is about how we want to treat our employees, which also impacts on our ability to attract and retain employees", says Ruud van der Wel, the recently appointed Group Head of Labour Relations.

When working with some 89,000 employees and hundreds of unions in more than 130 countries, occasional work stoppages seem inevitable. "But", says Van der Wel, "we can do better":

"We still have some way to go in ensuring an overview and a common approach. If we get this right, I am sure that we can reduce the number of times such matters end in disputes and work stoppages", he continues, referring to employees as one of Maersk's highly critical.

To align a series of approaches throughout the Group, Van der Wel collaborated with the human resources community across the Group in creating a common framework for Global Labour Relations in Maersk that was approved in 2014 and is being launched this year.

Built on the Group Core Values and on the Commit governance framework, it sets guidelines for dealing with employees and their representatives, introduces a reporting tool for labour issues, offers training in labour relations and negotiations and strengthens alignment and knowledge sharing across different business units.

Training in labour relations and negotiations is also offered to relevant managers as part of the new framework. Because, as Van der Wel puts it, "None of us are born as top negotiators".

First building block installed at Johan Sverdrup

One of Maersk Oil's major North Sea projects has taken an important step forward with the recent installation of the first piece of the Johan Sverdrup development.

A 280-tonne pre-drilling template has been installed on the seabed at the Johan Sverdrup field. Although the 32-metre-long, 10-metre-tall pre-drilling template is one of the smallest building blocks of the Johan Sverdrup development, it plays a key role in the project.

"The Johan Sverdrup project is on track and installation of the first offshore hardware illustrates that we are entering a new phase of the project", says Neil Cummine, Managing Director of Maersk Oil Norway.

The pre-drilling template contains eight well slots that allow production wells to be pre-drilled before the drilling platform is installed in 2018, with production slated to commence in late 2019. Pre-drilling will allow the production capacity to be utilised as efficiently as possible when Johan Sverdrup comes on stream.

Switching jobs, staying aboard

INCUBATING FUTURE LEADERS | The Chinese economy offers lots of opportunities. If you are looking for new challenges, a higher salary or upward advancement, a new job could be an irresistible temptation. At Maersk Line China, mentoring ensures that many moves are made within the company.

PHOTO: LUU YIBIN

BY ANDERS
ROSENDAHL

> Young, talented and ambitious, Millie Li is someone to keep an eye on. Having spent just over two years with Maersk Line she is, according to all statistics from the Chinese job market, at a point in her career when opportunities outside a company prove most tempting.

Keen on developing further, Millie Li did make a job change recently, having started as a pricing analyst with Special Cargo at the Shanghai office after her initial years in Qingdao. The big difference for Maersk Line is that she made her move within the company.

"I am very happy with this new opportunity. Inside this company there are opportunities everywhere if you have the motivation and the ambition", she says.

OPPORTUNITIES AND MENTORING

During the first decade and a half of the new century, the Chinese job market has been blazing. According to CEB's Global Labor Market Survey (2013-14), attrition rates have outpaced international averages due to a market and an economy awash with opportunity. This presented

Maersk Line's HR team with a stern challenge.

"The most common reasons for changing jobs are compensation and development opportunities, so this is something we had to address, not least considering the many opportunities we have to offer", says Wendy Ng, Regional Talent Acquisition Manager at Maersk Line in Hong Kong.

Mentoring is one area that HR emphasised. In job descriptions as well as in the day-to-day training of leaders, the "ability to attract and retain talents" was made a high priority, thus supplementing formal training and development with an informal relationship, defined by the mentor and mentee.

"We don't have a structured mentoring programme for everyone, but it is something that is engraved in the hearts and minds of our leaders which they will take up naturally – and the outcome is positive", Wendy Ng says.

A LEADER'S JOB

Silvia Ding is one such leader who has taken a mentoring role upon

herself. After starting with the company in 1999, she has had a number of roles, taking on more and more responsibility before being named managing director for the South China cluster, Maersk Line's second-largest, in November of last year.

"I take it for granted that mentoring is part of the leadership role because the leaders I have worked with have shown me the way. And mentoring goes both ways, giving me a new source of energy and motivation as well. I find it inspirational", she explains.

One of her mentees is Thomas Theeuwes, a Belgian national, who has been with the Maersk Group for seven years, living and working in China for the past two. He recently took on the position of cluster manager for Safmarine in North China, delving further into a leadership role.

"For any junior leader to develop, you can do three things: Firstly, you can undergo training, but training can only give you so much. Secondly, you can practice, but through practice, you make a lot of mistakes. Then, thirdly, mentorship can cor-



Millie Li's first two years with Maersk Line have been a learning experience, and with Silvia Ding as her mentor, this is set to continue: "Silvia is a successful female executive and we share the same background, so I am confident that her experience and advice will be a great help to my career".



PHOTO: SAM ZHANG



A chance meeting between Silvia Ding and Thomas Theeuwes at a hotel in Guangzhou, China is also an opportunity for mentoring. They both see mentoring as something beneficial for mentor and mentee.

rect many of those mistakes. That makes mentoring valuable to me".

MENTEE BECOMES MENTOR

Theeuwes also sees mentoring as a way for the company to ensure that the right people have the right opportunities to grow, and he has taken the first steps into mentoring himself.

"I have begun with my first mentees, who are generally people who have been with the company for three to five years. My goal is

to bring my experience to them, showing them how to make sure that they have enough exposure to develop into future leaders".

In Shanghai, Millie Li recently became Silvia Ding's mentee:

"This is a good thing for me, because Silvia is a successful female executive in the company, and we share the same cultural background. I can ask for her opinions and maybe she will have faced some of the same situations that I will face in my career", Millie Li says.

For Regional Talent Acquisition Manager Wendy Ng, mentoring, complemented with opportunities, is a success, and the general attrition rate is on the healthy low side:

"Having said that, we still see this higher level of attrition for people who have been with the company for two or three years, and our ability to provide competitive compensation and opportunities are the keys to retaining them. Mentoring is important for making the opportunities visible", she says. 🌟

Let your voice **be heard**

EMPLOYEE ENGAGEMENT | Based on last year's Employee Engagement Survey, business units Group-wide have come up with initiatives to further increase staff awareness and involvement.

BY TAN YI HUI

> At present, the Maersk Group is conducting its annual Employee Engagement Survey and an overall strong participation rate is expected from the more than 85,000 employees worldwide. And Group HR is awaiting the 2015 results with anticipation:

"The annual engagement survey is an important platform to trigger self-reflection amongst our employees and to create awareness and dialogue within the individual teams on areas that can be improved. This is why it is so important that employees take this opportunity to provide their feedback", says Ricardo Sookdeo, Head of Talent and Performance in Group HR, adding:

"This is not just a management responsibility. Employees in the Maersk Group are jointly responsible for their own engagement and for contributing to the engagement level of their team and the organisation as a whole".

FOCUSED ON THREE AREAS

Providing feedback definitely pays off. Numerous examples over the years have proven that a low score is followed up by initiatives aimed at improving employee engagement.

Last year, for example, Maersk Oil formed a working group known as the Quad 9 People Workgroup, a group that is just as intriguing as its name suggests. It is a group that consists of onshore and offshore personnel and is aimed at addressing the findings of the 2014 Employee Engagement Survey. This ensures a wide representation of employee sentiment across the business unit. According to the Quad 9 People Workgroup Asset Manager Glenn Corr, the overall scores from the survey were good.



PHOTO: PETER ELMHOLT

Ricardo Sookdeo, Head of Talent and Performance in Group HR: "The annual engagement survey is an important platform to trigger self-reflection amongst our employees and to create awareness and dialogue within the individual teams on areas that can be improved".

"But there were a few areas, in which we could see there was room for improvement. We created the Quad 9 People Workgroup to focus on the three areas that were identified as somewhat lacking: i.e. trust and empowerment, the link between pay and performance, and the overall engagement score", says Glenn Corr, adding:

"The first step we took was to gather feedback from the offshore and onshore teams – we asked

them 'what needs to change, for you to become more engaged in this organisation.'".

SAFETY AND OWNERSHIP

Maersk Oil has defined a number of themes as key when it comes to driving employee engagement, and found that areas such as safety and sense of ownership are correlated.

"We looked at why our safety score had decreased and as a result of this, four members of the team



Last year, Maersk Oil formed a working group known as the Quad 9 People Workgroup that consists of onshore and offshore personnel and is aimed at addressing the findings of the 2014 Employee Engagement Survey. This ensures a wide representation of employee sentiment across the business unit.

signed up to become Incident-Free facilitators to help roll out the Incident-Free Next Steps workshops. They are available to discuss safety with, and to make sure that the Incident-Free message is conveyed to, all members of the team", says Doug MacLeod, Development Project Manager, who chaired the workgroup.

"We also explored what empowerment means in the context of our team. Our objective is to give people the authority to make decisions in the areas, in which they have expertise, whilst ensuring that they are comfortable with the accountability that follows with authority", Doug MacLeod continues.

A NEW PROGRAMME

Damco Chengdu is another example of how one can go about increasing the overall engagement score. Damco Chengdu is the logistics company's biggest office in Asia, and previous Employee Engagement Survey scores indicated that new employees needed to be better assimilated into their job-scopes.

As a result, a system has been developed that can predict turnover initiate the advance hiring and training of personnel, with a view to better equipping newcomers for their roles.

Furthermore, a 'Transformers'

programme has been developed to provide front-line staff with specific on-the-job training. Transformers are employees who know how to handle multiple customers or processes, and who are deployed on the Customer Service and Operation level.

The Transformer program empowers front-line staff with both business knowledge and soft-skills, something that has resulted in the appointment of a number of Transformers as team leaders or Program Managers.

Aaron Yang, Director of CSO, Damco Chengdu, is satisfied:

"I am confident that with the efforts invested by the management team and the staff committee, e.g. in team-building workshops and activities, employee engagement here will be improved".

A FOCUS ON VALUES

In the overall 2014 Group Employee Engagement Survey, engagement went up 1 percentage point, i.e. to 73%, in comparison with 72% in the 2013 survey. According to Mads Melgaard, Employee Engagement Manager at Group HR, improvements have been made in all 2013 concern areas, e.g. leadership commitment to diversity, general understanding of company strategy and understanding of how compensa-



PHOTO: DAMCO CHENGDU

Damco Chengdu increased their the overall engagement score by being better to assimilate new employees into their job-scopes.

tion is determined, not to mention, satisfaction with career development opportunities.

"However, we could also see that there has been a decline in how our employees perceive the company as upholding the Maersk Core Values and on feeling trusted and empowered, which is why it is great to see initiatives such as the Q9 People Workgroup in Maersk Oil come into being", says Melgaard, adding:

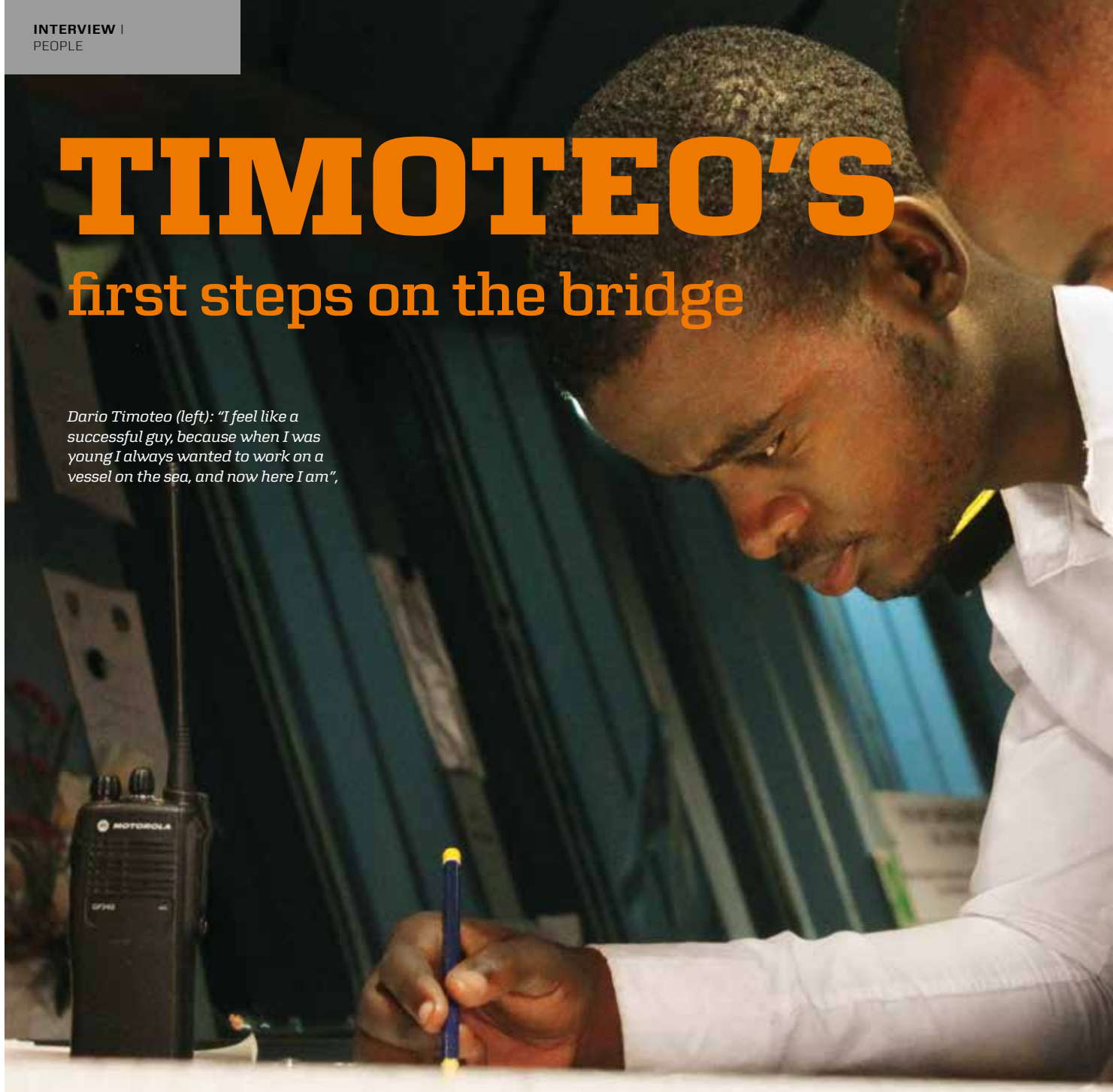
"The launch of the 'Values in Action' toolkit following the 2013 Global Leadership Conference has also been an important element in promoting engagement. In addition, awareness and knowledge of our Values enables leaders to facilitate discussions within their teams".

With all these initiatives in place, it will be particularly exciting to see what impact they have had on our employees' opinions as communicated by this year's survey".

TIMOTEO'S

first steps on the bridge

Dario Timoteo (left): "I feel like a successful guy, because when I was young I always wanted to work on a vessel on the sea, and now here I am",



EDUCATION AND TRAINING | Rising from more than 25 years of civil war starts with education, equipping Angolans not just for their current jobs, but also for the rest of their careers and lives. Meet two Maersk colleagues who are taking part in the rise of their country.

BY SAM CAGE

➤ From the bridge of the Mærsk Winner, Dario Timoteo looks out across Luanda's bay as the sun dips towards the Atlantic. He has dreamt of this moment and after many years of study and work, it has become a reality.

It is Timoteo's first time on board the ship he is to work on as a cadet with Maersk Supply Service in Angola, and marks a memorable moment in his life.

"I feel like a successful guy, because when I was young I always wanted to work on a vessel on the sea, and now here I am", says Timoteo, a quietly confident 21-year-old from Luanda. "It was not easy. I had to struggle a lot. I had to be away from my family and the people

that I love, but that was how it had to be, because this is my future".

In a country with little seafaring tradition, Maersk is working to enhance the education of workers to ensure they do not just fill a position, but have the skills to perform well and have a foundation on which to build the rest of their careers, both in Angola and beyond. Timoteo is one of those who have benefited.

This is just one of the initiatives funded by Maersk around the world. Investing in education and vocational training is one of the three main focus areas of the Group's Sustainability Strategy 2014-2018 that aims to



PHOTO: THOMAS SONNE

support long-term growth and future employment in countries where it operates. A Group Sustainability project is underway to develop new ways of supporting education and training.

"We only have two Angolan captains. I'm striving and struggling to maybe become the third captain in Angola", Timoteo says. "Just being here, I already feel like a captain".

SKILLED AND TRAINED

Maersk decided to go into Angola more than 15 years ago as it was starting to emerge from civil war and has built its business together with the country's development.

It is now Africa's fifth largest economy and the continent's second largest oil producer after Nigeria. That has

"We only have two Angolan captains. I'm striving and struggling to maybe become the third captain in Angola. Just being here, I already feel like a captain"

DARIO TIMOTEO

underpinned the country's rapid economic development, with annual GDP growth averaging 10% since the end of the 27-year civil war in 2002, according to World Bank data.

"We have a backlog of about two generations of Angolans, who need to be tooled and retooled and to get an education so that they can truly enter the world of livelihood and employment", says Samuel Harbor, country director for UNDP.

As is the case in many emerging economies, Angola requires that a certain percentage of the workforce within certain industries be filled by its nationals – in this case, 70% over time.

"It's an absolute must that you make sure your youth is skilled and trained, and all this in a way to make sure the country they're from can continue its economic





growth", says Lars Reno Jakobsen, Senior Vice President for the Maersk Group.

"Africa is characterised by its youthful population, which in the future can represent a major advantage for the continent", Jakobsen says. "Having been present, as a Group, in Africa for more than 100 years and with a stated long-term commitment for the future, we consider it essential to continue investing in the transfer of skills and knowledge here".

SHIPS IN THE DISTANCE

Growing up among Luanda's sprawling suburbs, many of Timoteo's classmates dreamt of working at sea. His ambition, commitment and desire to learn helped him become one of just 12 cadets selected from a field of nearly 1,000 candidates.

Timoteo applied to Maersk Supply Service and joined the other cadets on a journey of four or more years to become a fully certified officer, and a choice of career paths in the deck or engine departments. He has completed the first one and a half years of the programme in Cape Town, including an English language course, and safety and survival training.

"I was studying near the seashore where I could see the big vessels and big swell and I would think, wow, what's it going to be like on the vessel, is it going to be different? While most people work on land, I'll be working on a vessel. It's going to be so different", he says.

It was tough being away from home for so long, but Timoteo made friends with his fellow cadets and quickly became fascinated with his work and learning.

"When I was small and walked along the beaches in Luanda with my mother, I'd see the ships in the distance and wonder if one day I could work on one of those", Timoteo says. "But now that I am here, I see that the dream has come true".

Getting to know the

BY SAM CAGE

> Luzana Costa moved from Angola to the United States when she was 13. Now she is back, working for Maersk Oil and contributing to the country's development.

Bringing skilled Angolans like Costa, a 26-year-old geologist back to their home country is helping the country build up its bank of knowledge and experience to move the economy forward.

Costa graduated from the two-year Maersk International Technology and Science Programme (MITAS), which is designed to prepare newly graduated engineers and geosciences graduates for technical and specialist careers in Maersk Oil and Maersk Drilling.

"You create this network with the people from your year, and because you're moving around and you know people from years before that were also in MITAS, you basically get to know the whole company", Costa says.

MITAS – which includes three eight-month placements that usually take place in different teams, and often in different countries – helps graduates develop a business mindset and exposes them to a broad range of technical challenges, giving them a solid basis for the future in the process.

"The reason for having this programme is to make sure we can attract the right candidates, and also to make sure that they actually get a good foundation for themselves to make the right choices for their career after the two years", says Anders Damgaard, Managing Director of Maersk Oil in Angola.

"The industry easily offers an interesting and rewarding international career for young graduates today", Damgaard says. "Maersk Oil, as a young company in Angola, has a good value proposition for Angolan talent.



Luzana Costa:
"Right now, it's just the best time to be here because opportunities are there for the taking if you are dedicated".

MAERSK IN ANGOLA



- The Group employs nearly 1,500 people in Angola, more than 85% of whom are locals



- Maersk Drilling supplies rigs to oil and gas companies operating offshore



- Maersk Oil entered Angola in 2005 and has since made the Chissonga discovery, declared commercial in 2011



- Maersk Line has been present in Angola since 1998 to serve importers and exporters with the transport solutions they require, when they require them



whole company



PHOTO: THOMAS SONNE

And in terms of training, we can declare victory when we start transferring skilled Angolans to other business units to fill skill gaps they have”.

Having completed the programme, Costa now works on well planning. She is not sure where her career will take her, but is confident she has the right foundations to build on.

“Right now, it’s just the best time to be here because opportunities are there for the taking if you are dedicated”, she says. “What Angola needs is education and opportunities. And we need people to know that they have opportunities”. 🌐



- Maersk Supply Service provides services to oil and gas installations offshore Angola



- Svitser has a contract to supply towage services to the state-owned Angola LNG plant in Soyo, northern Angola



- APM Terminals, as a partner in Sogester, operates port facilities in Luanda and Namibe, in the south of the country



- Damco provides forwarding, logistics and supply chain solutions to Angolan importers and exporters

News in brief

New stream

APM Terminals is piloting the new finance reporting and consolidation system, which is to be implemented across all of Maersk Group’s business units.

APM Terminals Finance is currently working on what can be described as the project of the year for their function, i.e. the design, testing and implementation of OneStream, a new finance reporting and consolidation system that, when completed, will be implemented across all of Maersk Group’s business units.

“APM Terminals was tasked by the Group to pilot the OneStream solution. This is because we are their most complicated business unit in terms of legal structure, due to the number of different partnerships and ownership stakes, and various types of consolidations, as well as, mergers and acquisitions, that make up our company”, explains Hady Kadry, Financial Controller at APM Terminals, who is spearheading the OneStream project.

“If OneStream works for us, it will work for all other Group business units”, he adds.

Currently, different business units use different (and often multiple) databases and applications for reporting and consolidation purposes. This data is then fed into the Group’s application, called ZIMPL often causing bottlenecks that can last for hours or system breakdowns during reporting periods.

Damco wins Sinohydro’s new Nigeria business

Sinohydro Corporation Ltd., a leading Chinese infrastructure development contractor, has awarded Damco the contract for managing shipments to Sinohydro’s Zunguru hydroelectric power project in Nigeria.

Zunguru is one of Nigeria’s many Renewable Energy Master Plan projects. The government of Nigeria aims to increase renewable electricity from 13% of its total electricity generation in 2015 to 23% in 2025 and 36% by 2030.

“Damco’s relationship with Sinohydro began in 2011. The reason that Damco Africa is experiencing new growth among Chinese contractors in Africa is our proven experience in the region”, says Greg Guan, Damco’s Chinese Key Account Manager for Central Africa.

When the

WHISTLE BLOWS

ANTI-FRAUD | The Maersk Group's strong stand to address wrongdoings is echoed in its anonymous whistleblower system, through which employees can report violations of law or internal Group rules. Now, Group Legal is making it even easier for reporters to file a report.

BY TAN YI HUI

> *"Former senior Maersk employee arrested for million-dollar fraud".*

This was the news headline that hit the Danish media earlier this year. The media item referred to a case from 2014 in which suspicions had arisen that a senior Maersk employee may have colluded

with an external vendor in stealing approximately USD 4.6 million from the company over a period of three years.

Thanks to the internal whistleblower system, Maersk had become aware of the case, allowing the company to take proper action, which led to the dismissal of the employee and ensured that the relevant authorities were properly assisted in their ongoing investigations.

This case serves as a prime example of how whistleblowing can uncover potential wrongdoings. It also emphasises the importance of making employees aware of the system, so that cases can be detected as early as possible. To build on the system's success, Group Legal is currently working towards making it

even easier for reporters to file a report, and for investigations to be handled more efficiently.

THE IMPORTANCE OF FULL ANONYMITY

"Violations of regulations and internal rules are best dealt with by reporting them directly through one's

direct manager or legal department. However, the whistleblower system is there for employees who feel that they can't speak up", says Christian Kledal, Group General Counsel and Head of Group Legal.

Maersk's whistleblower system affords anonymity to any employee who wishes to report a case – be it one of fraud, corruption, discrimination or harassment:

"Ensuring that employees feel certain that they can safely report any wrongdoing is important to the Maersk Group and is an integral aspect of our company values. Issues such as corruption, violation of competition law or foreign trade controls can have massive financial and reputational impact on our business. Reporting wrongdoings enables the Group to investigate and address any alleged violations properly and catch issues early", Kledal says.

FRAUD-RELATED REPORTS ARE THE MOST COMMON

Of the categories of reports made to the Group's whistleblower system, fraud is one of the most common.

"Of the more than 300 cases reported in 2014, over half were fraud-related. In response, we established a dedicated team to fight this", explains Charl Pienaar, Senior Manager at the Fraud Risk Services team that was established last year in Group Internal Audit.

Whether it is seen through a legal, values or financial lens, fighting fraud makes sense. According to a survey carried out by the Certified Fraud Examiners, the world's largest anti-fraud organisation, the estimated level of loss from fraud on the part of multi-national companies is about 5% of their annual turnover. *



"Violations of regulations and internal rules are best dealt with by reporting them directly through one's direct manager or legal department"

CHRISTIAN KLEDAL, GROUP GENERAL COUNSEL AND HEAD OF GROUP LEGAL



Detecting the red flags

Business units take different measures to ensure everyone complies with internal group rules. As an example, Maersk Oil has made it mandatory for all employees and core contractors to complete a Maersk Fraud Awareness e-learning course.

What is fraud, why does it happen and where are the red flags?

These are some of the central questions that Maersk Oil employees and core contractors get an answer to during a newly developed one-hour e-learning course, which was developed as part of the fight against fraud.

Chief Financial Officer at Maersk Oil, Graham Talbot, says: "Strong proactive controls are the responsibility of everyone in the organisation and each of us must be able to demonstrate an awareness of our company rules, as they are designed to protect us, so that we can raise our own game in preventing fraud and corruption – before they become a problem".

Viestarts Rutenbergs, Head of Global Compliance in Finance and Business Services at Maersk Oil, adds: "In 2014, the majority of fraud cases were detected by tip-offs from personnel or simply by chance. Fraud is not just the multi-million dollar boardroom news-headline event – it also happens on a smaller scale if, for example, an employee agrees to kick-back side agreements with vendors or submits false receipts for reimbursement or if company fuel or tools are taken and used for personal purposes. Regardless of the amount, it is always unacceptable and can lead to disciplinary action".



> What is the whistleblower system?

- The Maersk Whistleblower System was launched in January 2011 and is available in 130 countries in more than 40 languages
- Employees can submit reports by telephone, via the Group's website or intranet and/or by raising their concerns with managers and/or legal departments internally, the last of which is the preferred option
- Managed by Group Legal, the online or telephone system exists for all business units. To ensure anonymity, a third party vendor handles the running of the system
- Employees can report cases of fraud, corruption, breaches of competition law, insider trading and violation of foreign trade controls, along with deliberate breaches of IT security, discrimination and harassment

What should the system NOT be used for:

- The system is for reporting legal or regulatory violations and issues that could expose the Group to serious legal risks. It is not for questions regarding employment applications, commercial enquires, ordinary HR complaints or general questions

The whistleblower system can be accessed here:

<http://www.maersk.com/en/front-page-requirements/contact-us>

Maersk employees can also type 'Whistleblow' in their browser to access the site.

Whistleblower statistics from 2014

W/B reports (investigated by the BU's or Group Legal)	51
Non genuine W/B reports**	150
Fraud (investigated and managed by GIA)	182
Total	383

While the identities of reporters are protected, the cases are reported to the Group CFO on a quarterly basis and a summary overview is presented to the Audit Committee annually.

The 51 reports filed in 2014 covered alleged matters, including IT security, health and safety, corruption and discrimination, and competition law violations. All reports were investigated according to the Group guidelines. About half of them were substantiated and an equal number dismissed. A few of these cases are still under investigation. In the substantiated cases, remedial actions were carried out in the shape of dismissals and written or verbal warnings, amongst other things.

** These reports are outside the scope of what Group Legal and Group Internal Audit are legally allowed to investigate within the whistleblower system. Persons submitting such reports have therefore been advised on the scope and purpose of the system and when relevant, reporters have been directed to the relevant business unit to address their concerns.

SOURCE: GROUP LEGAL

News in brief

APM Terminals enters Colombia

APM Terminals has signed a joint venture agreement to manage and operate the existing multi-purpose Cartagena Terminal in Colombia, thereby investing in South America's second busiest container port.

APM Terminals and Colombian-based port and terminal operating company, Compañía de Puertos Asociados S.A. (Compas S.A.), have signed a joint venture agreement to jointly manage and operate Compas S.A.'s existing multi-purpose Cartagena Terminals.

While Compas S.A. will continue to be the concession holder, APM Terminals will hold a 51% majority share in the joint venture that will be running the facility. The transaction will be subject to compliance with the necessary formalities defined by the relevant authorities.

This is APM Terminals' first investment in Colombia, the third most populous country in Latin America, after Brazil and Mexico, with a population of 48 million.

"Colombia represents one of the most promising investment opportunities in the region and we are pleased to participate in the country's ongoing economic growth and development. Cartagena has enormous significance amongst South American ports and this joint venture underlines APM Terminals' growth and investment plans", says Kim Fejfer, CEO at APM Terminals.

Service changes will improve 2M product

Revisions to Maersk Line's East-West network will further streamline the world's biggest vessel-sharing agreement. North Europe will go from six to five strings, and new ports will be added in Canada, Israel, and Turkey.

The revisions follow six months of operating a large-scale network, banking on lessons learnt to date and adjusting to ongoing market trends.

"We are adjusting a network designed on paper to the commercial and operational realities we are operating in with a view to being able to offer our customers an improved product, while reducing our costs further", explains Anders Boenæs, Head of Maersk Line's East-West Network.

Optimising the network on an ongoing basis addresses bottlenecks for more efficient operations, and adds new services for better customer products. New port calls in Haifa, Israel and Asyaport, Turkey will direct services to/from East Asia, and a new Transpacific port call in Prince Rupert, Canada, will ensure competitive transit times to the Pacific Northwest, not to mention via inland services to the American Midwest.

MY MAERSK

COMMITMENT TO THE JOB |

Hans Burhanudin embarks on a two-day journey every time he leaves his home in Indonesia to travel to work. Once he is in Soyo, Angola, he has to maintain full focus in his role as Master of Svitzer Padrao.



PHOTO: TOM LINDBOE

The two-day commute

BY SAM CAGE

> Hans Burhanudin travels more than 13,000 kilometres each time he goes to work.

The Master of Svitzer Padrao flies from his home city of Semarang to Jakarta, then to Dubai to catch a connection to Luanda. Finally, he makes the short 50 minute hop to Soyo in northern Angola, where he signs on for a two-month stint working the state-owned liquefied natural gas (LNG) terminal on the river Congo.

"Although I have to travel very far from my home town, I'm really very happy to do so, because I am committed to doing my very best for Svitzer", says Burhanudin.

"Working together with the crew from various countries is an exciting challenge for me, because we have to be a team, or a small family if you like, while on board. So it's really great, and I'm very satisfied and happy when we get the job done properly".

FLYING IN THE RIGHT PEOPLE

Svitzer's fleet of tugs in Soyo works to provide towage for the Angola LNG plant. When towing, captains, work under the command of a pilot on board the visiting LNG tanker.

"All vessels require certain levels of qual-

M. "HANS" BURHANUDIN

Age: 42

Nationality: Indonesian

Education: Indonesian National Maritime Academy (AMNI) in Semarang, Indonesia

First job: As 3rd officer on a cargo ship

Family: Married with two children, Rigel Kent (14) and Helga Atria (11)

Languages: Indonesian, English
Interests: Spending time off with the family

ifications, plus for tug handling you require other particular skills, hence the need to fly the right people in from all over the world", says Peter Blackett, country manager for Svitzer.

In addition to its local Angolan employees, Svitzer also employs seafarers from Honduras, the Philippines, Indonesia, Ukraine, Egypt, Ghana, Poland, Montenegro, Bulgaria and South Africa in Soyo.

"Communication is very, very important to getting LNG tankers safely alongside the jetty", Burhanudin says. "Before a job, we always hold a crew meeting to discuss what we will be doing, what risks we face and how to overcome them. The job is not difficult if it is done correctly, and that requires planning and communication".

BALANCING WORK AND LIFE

When Burhanudin is on the ship, he remains on board for the entire duration of the two months he is on duty. The food is good and time passes quickly with the interest of the work and company of the crew, he says. As a Muslim, he prays five times a day, but it does not interfere with work, as he only needs five minutes in his cabin each time.

Moreover, when he is home in Indonesia, he has plenty of time for his family – his wife Evie and their two children.

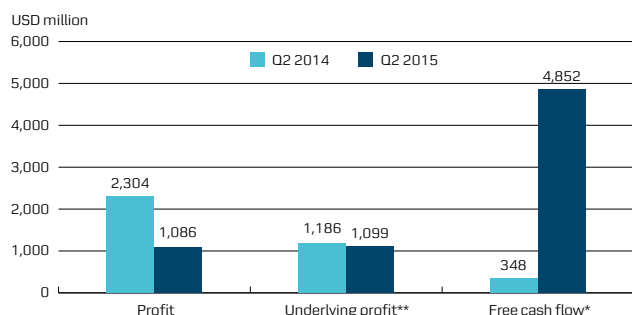
"It's a lot of fun being with the family, a lot of what we do at home we do together, like dropping my daughter off at school in the morning and picking her up again at noon, and we are always on holiday together", Burhanudin says. "I know they are sad when their father has to leave for work, but they also understand that it is for his and their own good".

Who should we feature in the next MyMaersk?

If you have an inspiring colleague who leads an extraordinary life inside or outside of work, nominate them for MyMaersk by sending an email to maerskpost@maersk.com.

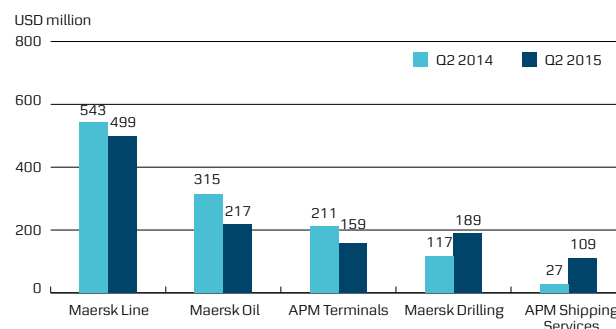
Maersk Group reports Q2 profit of USD 1.1 billion

Group Financial Highlights, Q2 2015



* 2014 figures relate only to continuing operations. In 2015, excluding the sale of shares in Danske Bank, free cash flow decreased to USD 86m.
** Continuing businesses excluding net impact from divestments and impairments. Comparative numbers for Q2 2014 have been restated.

Underlying profit by activity, Q2 2015**



A satisfactory result for the Group in Q2 with a return on invested capital (ROIC) of 10.2% (18.6%) but negatively impacted by the lower oil price and lower average container freight rates.

GROUP HIGHLIGHTS

The underlying profit was USD 1.1bn (USD 1.2bn) with decreases in Maersk Line, Maersk Oil and APM Terminals and increases for Maersk Drilling and APM Shipping Services.

The result for Q2 last year was positively impacted by a USD 2.8bn gain from the sale of the majority share of Dansk Supermarked Group partly offset by impairments of USD 1.7bn on Brazilian oil assets.

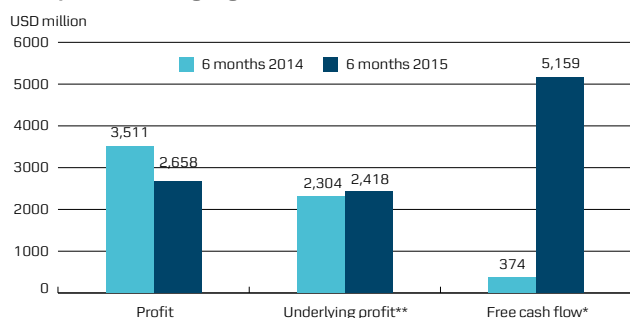
"In a quarter impacted by lower average freight rates and a lower oil price, we achieved a satisfactory result and maintain the expectation of an underlying result of around USD 4bn for the year"

MAERSK GROUP CEO NILS S. ANDERSEN



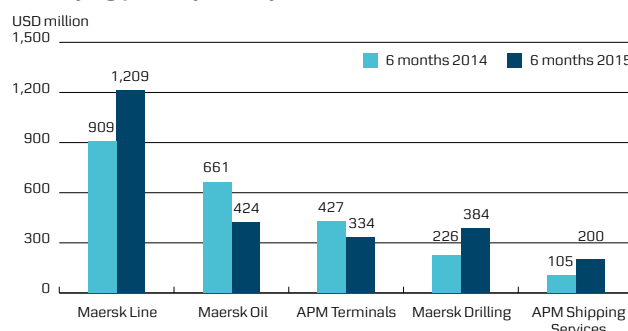
The Group's revenue decreased by USD 1.4bn or 11.9% due to lower oil price and lower average container freight rates. The operating expenses decreased by USD 966m mainly due to lower bunker prices and cost saving initiatives.

Group Financial Highlights, 6 months 2015



* 2014 figures relate only to continuing operations. In 2015, excluding the sale of shares in Danske Bank, free cash flow decreased to USD 230m.
** Continuing businesses excluding net impact from divestments and impairments. Comparative numbers for 2014 have been restated.

Underlying profit by activity, 6 months 2015**



PORTFOLIO HIGHLIGHTS



Maersk Line reported a profit of USD 507m (USD 547m) and an underlying profit of USD 499m (USD 543m). Despite a sharp decline in the average freight rate of 14%, Maersk Line delivered a 10.1% (10.8%) ROIC based on its cost leadership strategy.

Maersk Line signed a contract for the delivery of 11 second generation Triple-E vessels with a capacity of 19,630 TEU each and with an option for six vessels more, at the beginning of June. Delivery is scheduled to take place in 2017-18.



Maersk Oil made a profit of USD 137m (loss of USD 1.4bn, adversely impacted by USD 1.7bn impairment on Brazilian assets) with an underlying profit of USD 217m (USD 315m). ROIC was 9.2% (negative 96.6%).

The entitlement production increased by 30% to 306,000 boepd (235,000 boepd) at a 44% lower average oil price of USD 62 per barrel. The increased production was a result of a higher share of production from Qatar due to the lower oil price as well as improved operational performance and production from new projects, in particular in the UK.

As a response to the lower oil price, Maersk Oil has initiated a number of activities to improve profitability and position Maersk Oil for growth. Maersk Oil expects that the net operating costs excluding exploration will have been reduced by 10% at the end of 2015 compared to the 2014 baseline. This is in line with the targeted 20% reduction by the end of 2016.



APM Terminals delivered a profit of USD 161m (USD 223m) and a ROIC of 10.9% (14.2%). The underlying profit was USD 159m (USD 211m). The result was negatively

impacted by a revenue reduction of 8.6% caused by decreased volumes in key oil dependent markets as well as divestments in 2014 and a weakening of local currencies against the USD resulting in lower revenue in USD terms.



Maersk Drilling delivered a profit of USD 218m (USD 117m) generating a ROIC of 10.6% (7.2%), positively impacted by general cost savings, fleet growth and an additional gain of USD 29m relating to the divestment of

Maersk Drilling's activities in Venezuela in 2014, but partly offset by three rigs off contract. The underlying profit was USD 189m (USD 117m).



APM Shipping Services made a profit of USD 138m (USD 30m) and a ROIC of 11.8% (2.1%). The underlying profit was USD 109m (USD 27m).

	Q2	Q2		FY
(USD million)	2015	2014	Change	2014

Maersk Line

Revenue	6,263	6,902	-9.2%	27,351
Reported profit	507	547	-7.3%	2,341
Operating cash flow	873	870	0.3%	4,119
Volume (FFE '000)	2,484	2,396	3.7%	9,442
Rate (USD/FFE)	2,261	2,634	-14%	2,630
Bunker (USD/tonne)	335	579	-42%	562
ROIC (%)	10.1	10.8	-0.7pp	11.6

Maersk Oil

Revenue	1,583	2,272	-30%	8,737
Reported profit	137	-1,397	N/A	-861
Operating cash flow	611	718	-15%	2,594
Prod. (boepd '000)	306	235	30%	251
Brent (USD per barrel)	62	110	-44%	99
ROIC (%)	9.2	-96.6	N/A	-15.2

APM Terminals

Revenue	1,033	1,130	-8.6%	4,455
Reported profit	161	223	-28%	900
Operating cash flow	176	192	-8.3%	925
Throughput (TEU m)	9.2	9.8	-6%	38.3
ROIC (%)	10.9	14.2	-3.3pp	14.7

Maersk Drilling

Revenue	624	465	34%	2,102
Reported profit	218	117	86%	478
Operating cash flow	248	173	43%	701
ROIC (%)	10.6	7.2	3.4pp	7.1

APM Shipping Services

Revenue	1,234	1,456	-15%	5,926
Reported profit	138	30	360%	-230
Operating cash flow	193	111	74%	590
ROIC (%)	11.8	2.1	9.7pp	-4.2

Guidance for 2015

The Group's expectation of an underlying result around USD 4.0bn is unchanged. Gross cash flow used for capital expenditure is now expected to be around USD 8bn in 2015 (USD 8.7bn) from previously around USD 9bn, while cash flow from operating activities is still expected to develop in line with the result.

The Group's guidance for 2015 is subject to considerable uncertainty, not least due to developments in the global economy, the container freight rates and the oil price.

For more details regarding the financials for Q2 2015 please visit the Investor Relations web site: <http://investor.maersk.com/financials.cfm>

Unless otherwise stated, all figures in brackets refer to the corresponding figures for the same period of the previous year.



A banana's journey across the Pacific

➤ Workers at Tuchok banana farm in Ecuador prepare bananas for exports. Tuchok began exporting with Maersk Line in 2007. Since then, Maersk Line has helped Tuchok into the Chinese market and volumes have increased from two or three to between 80 and 90 containers weekly. Chinese consumption is on the rise and the repercussions are felt around the world. 🌍



Scan the QR code and watch the film

PHOTO: TOM LINDBOE

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