

MAERSK

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HAMB

POSTER - HAMBURG SÜD + MAERSK

Hamburg Süd, welcome to Maersk



GLOBAL POSITION | Hamburg Süd has officially become a part of A.P. Møller - Maersk. The closing of the deal marks the beginning of its integration and a common journey to build on the global positions of both brands. "I am pleased to express our sincere welcome to every one of our new colleagues from Hamburg Süd," says Ane Mærsk Mc-Kinney Uggle, Chairman of the A.P. Møller Foundation.

THEME CUSTOMER SEGMENTATION

Delivering what the customers want

ON THE CUSTOMERS' TERMS | After listening to feedback from thousands of customers, Maersk is determined to deliver more value to its customers through simplifying their supply chains, and by doing that in a differentiated manner, which is built on the needs of a number of segments.



Photo: Maersk Line



Photo: Maersk

Do you have a best friend at work?

ENGAGEMENT | How can Maersk unlock its full potential as a transport and logistics company? While there is no simple answer to this, one thing is certain: it will take committed and passionate people. A new approach to employee engagement is paving the way for high performance and new connections across the business.

Upholding a leading position

NEW OWNERSHIP | A.P. Møller Holding has completed the acquisition of Maersk Tankers. The CEO of Maersk Tankers, Christian M. Ingerslev (picture) reflects on how the company will uphold its leading position in the tanker industry.



Photo: Jesper Schwartz

Europe reaps Canada's wheat belt

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NEW GROWTH | A new trade agreement between the EU and Canada is expected to increase bilateral trade by USD 14 billion. Looking beyond the delights of Belgian chocolate and Canadian maple syrup, Maersk Post examines the potential for advanced economies to increase foreign trade and boost their prosperity, and for Maersk Line to intensify its traffic across the Atlantic.

Photo: Colourbox

Poster – Hamburg Süd + Maersk



Photo: Maersk Line

Teaming up for trade

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MAERSK POST

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Finding the sweet spot

INCREASED EFFICIENCY

| For importers and exporters accustomed to small vessels, long delays and limited container capacity in Guatemala, the new APM Terminals Quetzal facility promises a change for the better. "For Grupo Pantaleon, the new container shipping terminal has great potential in terms of improving the efficiency and lowering the costs of exporters like us," says Manolo Muralles, Export Sales Manager at Guatemala's largest producer and exporter of sugar.

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Combining our strengths



Photo: Ture Andersen

"I personally have witnessed the dedication and commitment of colleagues in both companies. We have a lot in common"

Søren Skou

CEO of A.P. Moller - Maersk

► December 1 was a historic day for global shipping, and a marker in A.P. Moller - Maersk's growth journey.

Completing the acquisition of Hamburg Süd brings two of the world's largest shipping companies together, each with long histories and a proud heritage. By combining our strengths, we will offer enhanced services to customers with better market coverage, direct services and other benefits from a combined global network.

It is also a landmark for employees of both companies. I personally have witnessed the dedication and commitment of colleagues in both companies. We have a lot in common. Together we are joining a larger global workplace with all the opportunities that brings – both in career development and what we can learn from each other.

For some there will be only a small impact, while for others there will be significant change. We as leaders will endeavour to show the flexibility needed to steer us through this period as things settle down, and I encourage all of you to be understanding of differing circumstances across the organisation.

This acquisition is an important chapter in the transformation of A.P. Moller - Maersk. In the past few months we have found sustainable structural solutions for two of our energy businesses – Maersk Oil and Maersk Tankers – which provide them with strong and committed new ownership that will enable their further development. We have also sold the remaining 19% in Dansk Supermarked Group that we owned.

This is very clear progress in our business strategy and we have also done solid work in defining, and refining, the strategy in transport and logistics as we aim to simplify and connect our customers' supply chains. This will distil into our priorities next year, which I look forward to sharing with the organisation early in the new year.

Our organisation is changing shape. While this can be unsettling, it is also a hugely exciting time as we create the A.P. Moller - Maersk of the future, working closely together to ensure that we deliver in line with our customer value propositions, for the success of our company. 📌

Go with Maersk

TRAINING THE NEXT GENERATION | 70 people across 29 nationalities are enrolled in the new Maersk graduate programme, **Go with Maersk**. A few months into their two-year journey, three of them share their experiences so far, i.e. in relation to work, training and what inspired them to apply.

BY JOHN CHURCHILL

➤ Susu Zhang did not need her math degree to know that surviving a plane crash in northern Canada was a low probability event. Staying alive was her next challenge.

With her in the plane were 69 other graduates in Go with Maersk, **the new graduate programme aimed at attracting and developing external talent** for the Maersk Transport & Logistics division. Fortunately, there was no burning jet; this was just an exercise as part of a 10-day education and training module at the Radisson Blu hotel in Pudong, Shanghai.

Facilitating the survival exercise was Andrew Isaacs, Senior Lecturer at the University of California Berkeley. Besides luck, he told them, surviving a plane crash requires a lot of the same problem-solving skills that business leaders need in order to succeed, including: creating goals (survive the day, survive the night); a strategy to meet them; and a prioritised set of actions and decisions along the way.

"These graduates have been in their first Maersk job for a few months now. The Shanghai module is the first time they are all together so it included a variety of elements to enable them to network and build on their work experience with new skills and perspectives and, of course, inspire and motivate them," says Louise Bjerring, Programme Manager of Go with Maersk at Human Resources, Maersk Transport & Logistics division. ■

What is Go with Maersk?

The Go with Maersk graduate programme opened to external applicants in January 2017. The first class of 70 recruits for the new programme was selected before the summer from more than 20,000 applications.

The 2-year programme combines work experience in different job placements across the T&L division with 4 educational modules taught by the University of California Berkeley and internal leaders from Maersk. The 2-year programme is followed by a 2-year expatriation into a different part of the world.

The first module, held in Shanghai in November, focused on getting to know Maersk, its history, values and role in the world economy. It included training in communication, leadership, presentation skills and an in-depth analysis of Damco and Maersk Line.

Meet three of the next generation



Photo: Maersk

Susu Zhang:

A great experience

Age: 25 years old

Nationality: Chinese

Education: Mathematics, Operations Research & Quantitative Logistics

Current job: Global IT Analyst, IT Demand Team, APM Terminals

Current location: The Hague, The Netherlands

Start date: July 2017

➤ Susu Zhang grew up near Chingdao, China, one of the world's busiest ports. An early interest in computers and math and later, logistics, eventually led her to The Netherlands and APM Terminals.

"I knew a number of people who had completed one of the previous Maersk graduate programs and said it was a great experience," says Zhang who did some work as a data scientist when she began looking for a full-time job in the logistics industry.

Zhang has been working as a Global IT analyst at APM Terminals' headquarter office, but only after a running start fixing computers during the cyber-attack. In November, she moved to Copenhagen for three weeks of training in terminal optimisation and the first chance to apply her education in operations research & quantitative logistics – using mathematical models to make better decisions.

"My work has been really exciting" she says. "I have been given a lot of different challenges and I think I can learn a lot, not just technically but in terms of management as well. My goal is to go higher and higher" ■



Photo: Maersk

Mahip Baid:

Truly global opportunities

Age: 28 years old

Nationality: Indian

Education: Civil engineering and Finance

Current job: Sales Performance Manager, Damco

Current location: Mumbai, India

Start date: August 2017

➤ Mahip Baid does not rest easily. His interest in people and learning has taken him to six cities across India in seven years, collecting degrees in civil engineering and finance along with work experience in construction and banking and now, sales management.

"One of the reasons I applied to Go with Maersk was its diversity and truly global opportunities for graduates. I don't think there's another company that can match it," says Baid, who is currently a Sales Performance Manager for Damco, covering India, Bangladesh and Sri Lanka.

Before he applied, he had heard positive things about Maersk but knew little more about the company than that it was involved with 'shipping'. Then he found The Go with Maersk site and began exploring the world of Maersk.

"In Shanghai we learned a lot about the history of the company and the Maersk values. We also talked a lot about the future, both in terms of Maersk's products and services, but also in terms of what's coming, what's next," says Baid. "It made me very proud to be there. I want to become a better leader and to be pushed into new areas, like technology." ▣



Photo: Maersk

Adriele Pradi:

Many outside perspectives

Age: 27 years old

Nationality: Brazilian

Education: Management and Business Development and Internationalisation

Current job: Customer Experience Project Manager, Maersk Line

Current location: Copenhagen, Denmark

Start date: July 2017

➤ Adriele Pradi's background of business and technology is symbolic of the digital influence that characterises many of the Go with Maersk graduates.

Besides degrees in management and business development, the Brazilian native studied informatics – the study of structure, behaviour and the interaction of natural and computational systems – and wrote her thesis about using software and data to improve marketing and sales.

"During all my studies, I've tried to stay connected with technology," says Pradi, who previously worked at a software company. In her current position, she is a Customer Experience Project Manager at Maersk Line.

"Not only do the other graduates come from all over the world, many of them come from start-ups and other industries outside that of shipping and logistics. That's exciting, as it means there are many outside perspectives coming in to help shape Maersk's future." ▣

THEME CUSTOMER SEGMENTATION

More value to the customers

Based on feedback from thousands of customers, Maersk's end-to-end value proposition and segmentation programme sets out to create a differentiated offering, based on the needs of its customers, and with a view to building preference and driving profitable growth.

Delivering what the customers want

ON THE CUSTOMERS' TERMS | After listening to feedback from thousands of customers, Maersk is determined to deliver more value to its customers through simplifying their supply chains, and by doing that in a differentiated manner, which is built on the needs of a number of segments.

BY ANDERS ROSENDAHL

► "Maersk should focus on end-to-end logistics. There are still so many opportunities in that space. They should start improving the current setup and make incremental changes, but I definitely also see opportunities for them to venture into new areas."

The above comment is made by a logistics executive of a globally leading sportswear manufacturer, taken from the more than 1,000 anonymous,



Photo: Maersk Line





Customer feedback shows that Maersk holds a unique position to drive logistics forward. It confirms the validity of integrating across the Transport & Logistics division and it indicates a desire for even further, differentiated improvement. This prompted Maersk to initiate a needs-based customer segmentation project.

→ in-depth and wide-ranging customer conversations that A.P. Moller - Maersk has carried out over the past few years. In a perfect world, the logistics executive would want to work with one vendor across all transportation needs and use the shared capabilities to optimise the supply chain.

In addition, the executive is looking for transparency: "With USD 400,000 of value in each container, it's amazing that no one has solved this issue yet."

The feedback on the improvement potential for container logistics as an industry shows that Maersk holds a unique position to drive logistics forward. On the one hand, it confirms the validity of integrating across the Transport & Logistics division. On the other, it also indicates a desire for even further, differentiated improvement, which has prompted Maersk to initiate a needs-based customer segmentation project.

Starting in Maersk Line, the work has been expanded to cover logistics and hence the potential of the entire Transport & Logistics business.

Looking beyond cost

The feedback shows that all customers want reliability, i.e. a strong network and competitive cost. However, the importance varies when compared to drivers that allow customers to lever logistics as a competitive advantage such as innovation and agility. Thus, the project has identified different segments that can make it easier for the Transport & Logistics division to cater for individual needs.

Any customer requiring logistics will fall into one of the segments. While they can, of course, have specific individual needs, it is expected that serving customers based on differentiated value propositions on a broad scale is a better way to meet their needs and enable them to grow more effectively.

"Delivering these value propositions across the functions at Maersk is a massive change and the journey will take years," says Vincent Clerc, Chief Commercial Officer (CCO) at Maersk Line. "However, the first positive signs are emerging. When segmenting based on customers' needs, the trade-offs required to deliver become much clearer and the entire organisation can align its ambitions to better serve the customers."

One example is the segment that covers customers within sectors such as fashion, automotives and reefers, for whom reliability and issue resolution are key parameters. Here, the timely arrival of goods to keep an assembly line running or

"Delivering these value propositions across the functions at Maersk is a massive change and the journey will take years"

Vincent Clerc, Chief Commercial Officer (CCO) at Maersk Line.

to put a new fashion line into retail shops is the most important thing. Cost comes further down the list. As a logistics executive of a British multinational retailer noted in the feedback: "It's not our focus to get lower cost every year; instead it's about setting the right price and the best price we can achieve given the market we are in."

Innovating together

The retailer sees an untapped opportunity in offering expert knowledge and strategic advisory services within container logistics. Ideally, the logistics executive would like to see external partners helping to find new ways of packaging and un-packaging, transporting goods and of sourcing in the right way:

"Like when we started moving wine not in bottles, but in big

units and then bottling it at the destination. We are also experimenting with how we pack our garments into containers, and it would be great to learn from external partners and others how to do this better and in a more innovative manner. To me, there are a lot of innovative possibilities available in how we put stuff into containers."

Feedback from a multinational grocery and general merchandise retailer indicates similar needs, including the need for a logistics partner to help simplify their supply chain so that they are ready to meet the ever-changing consumer demands.

As the logistics executive noted: "Shopping habits are changing, and that is a reality we need to look at. People want products within an hour. To deliver, we need to have a highly streamlined and flexible supply chain."

For these customers, shipping further down the supply chain, aka. last mile, is critical and the data quality is a source of concern. In short, when they ask when their container will arrive customers need to be sure that they will get a reliable answer.

Not all customers are equal

According to Vincent Clerc, CCO at Maersk Line, the recommendations from customers show that Maersk needs to integrate the fact that not all customers are the same into its way of thinking.

"Customers have different needs and in order to win their business we have to meet the needs that are most important to each of the customers," he says, adding:

"What is really exciting about this segmentation project is that we have the entire company behind it. This is not just a project we're working on within Maersk Line's commercial department. Instead, it is a project that the entire organisation is lifting together and will continue to lift in the coming years." ■

“Customers have different needs and in order to win their business we have to meet the needs that are most important to each of the customers”

Vincent Clerc, CCO at Maersk Line



Takin custo



Illustration: Bob Katznelson

g a walk in the mers' shoes

CUSTOMER SEGMENTATION | Dealing with the differing needs of different customers within container shipping, ports and logistics, Maersk is developing, and rolling out, a series of differentiated value propositions. It is quite a journey but first reactions are encouraging.

BY ANDERS ROSENDAHL

✉ "In year one, we rolled out the first differentiated services and we are now receiving positive feedback from customers as well as a lower level of customer churn amongst these segments – but there is still a long way to go," says Louisa Loran, Global Head of Business Development & Marketing at Maersk Line, adding:

"Having engaged the Maersk Line organisation, we are now in the process of further aligning with the wider **Transport & Logistics** business to deliver differentiated value propositions based on the needs that the customer segmentation has identified."

While many of the steps in the journey towards customer segmentation are only seen internally, the first externally visible steps in a sweeping revolution that is quietly transforming the Transport & Logistics division to

better meet customer needs are coming up. Rebuilding around specific value propositions, the ambition is to change the game of logistics, thereby building customer preference and driving profitable growth.

A better offer

"We are not at a point where we are talking about premiums. We still want to build our track record and grow confidence, but the initial feedback is encouraging," says Louisa Loran.

It all started in early 2016. Louisa Loran and Maersk Line's strategy office had brought the commercial leadership from around the world and Maersk Line headquarters together.

"We needed to put ourselves in the customer's shoes and at the same time balance their needs with what we could effectively deliver to the market. We are in this business for the long run and as a result our focus had to be on creating value and not only competing on price," Louisa Loran recalls.

"Change takes time, especially after we added the Transport & Logistics scope on top of the original segmentation. However, we are creating something that could change the game of logistics, and I'm confident that this will make a big change in terms of our customer satisfaction within the next couple of years," she adds.

Asking thousands of customers

Today, Maersk Line has 70,000 customers.

In addition, **Damco** has several thousand customers and together, the two businesses have just shy of one million customer contacts. All of these have

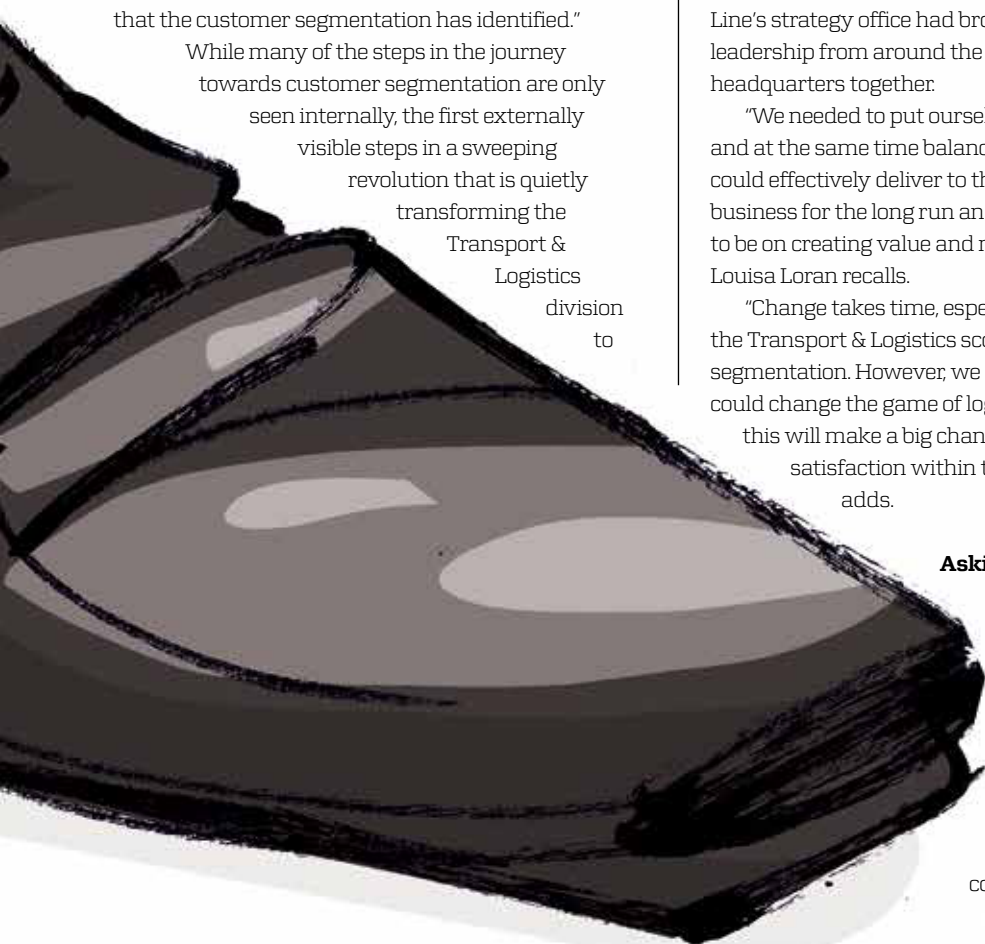




Photo: Maersk Line

“No two people are identical and neither are their needs, so if we don’t address their respective needs, they won’t see any reason for giving us their value”

Louisa Loran, Global Head of Business Development & Marketing at Maersk Line

→ different needs. The essential question that employees and executives from across Maersk Line found themselves asking was whether it would be possible to identify groups of customers, i.e. segments, with similar needs? And, if the answer was “yes”, how many segments would be manageable for the organisation and still make sense to the customers?

“We carried out a very inclusive process across the business, leveraging both data and experience; asking how we could match certain customer needs and what that was worth. We also looked at a lot of data covering small and big customers, profit and volumes, contract length, different commodities, customer ownership structures, their organisational setup, the value of reliability and many other variables,” Louisa Loran explains.

“We also need to address customers that are not particularly loyal to us and don’t expect us to be loyal to them either,” says Louisa Loran. “We’ll meet them on a case-by-case basis when the product and price is right.

We will focus on making ourselves available to them through the channels they use so that they can make a fast choice. And these customers are just as good and appreciated as customers from other segments. It’s the needs that are different, and this approach is just looking at it from their perspective.”

The segmentation approach as such has not been communicated to customers, who can instead expect to see a gradual change over the coming years as the specific value propositions, relevant to their segments, are developed and rolled out.

Customers can focus on growth

According to Louisa Loran, this is what makes the vision to simplify and connect the customers’ supply chains by becoming the integrator of container logistics “so powerful”. At the same time, transforming itself to win in the future is both a huge opportunity and a challenge for the Transport & Logistics division.

“We can sometimes look at ourselves and say it’s complicated, which it certainly is, but if we don’t do anything, then we are just pushing the job over to our customers. Many of them spend a lot of money on entire departments that are engaged in compensating for the inefficiency in logistics,” she says and reinforces the customer perspective:

“It is clear that our customers hope we will remove some of the inefficiencies in the industry so that they can focus on their own growth.” ■

More value, less cost

VALUE PROPOSITIONS | While customers of Maersk's Transport & Logistics division can look forward to value propositions that match their needs the question remains how multiple value propositions will impact Operations at a time when continued pressure on freight rates means that cost leadership is as important as ever.

BY ANDERS ROSENDAHL

✉ "Designing differentiated value propositions enables us to be very deliberate about how we execute to serve the customers. We can set up our execution in a way whereby it's processed better and thus less costly," says Søren Toft, COO at Maersk Line.

Toft also sees the initiative as an extra dimension, and thus motivation, for employees in Operations. Work will not only be about doing the best job while keeping a cost-conscious mindset. Delivering to the customers and aligning with all the teams across the organisation around delivery to those customers will be just as important.

"Each of us has a job"

"The customer segmentation project that we're defining and rolling out now and in coming years is a very positive step," says Søren Toft. "By understanding what our customers really equate value, we can ensure that this is where we place our focus and invest to deliver value. In doing so, we can avoid wasting

resources on elements that do not make a difference for that segment."

Another advantage that Toft points to is the alignment. The segmentation project will bring a common language around the customers within the entire organisation. Thus, when teams interact across Global Service Centres (GSCs), Operations and Customer Service they will have a common understanding of how they are going to serve the customer segments.

Søren Toft emphasizes that the project is a top priority for Operations.

"It is very important that we support, and align around, this initiative. We will be deliberate and we will create very clear value propositions for our customers. And regardless of what function we belong to, including whether we are doing intermodal delivery, marine delivery or repositioning empty containers, each of us has a job to do in delivering our part of the overall value propositions we want to deliver to our customers," he says. ■

"By understanding what our customers really find of value, we can ensure that this is where we place our focus and invest to deliver value," says Søren Toft, COO at Maersk Line.

Photo: Christina Bode



The road to auto

INNOVATION | The launch of the world's first remotely operated commercial vessel in November is just the beginning for Maersk, as it explores the potential benefits of autonomous technologies across the Transport & Logistics division.

BY JOHN CHURCHILL

➤ Sitting in a sleek, white chair with joysticks and touch screens at his fingertips, René Malmstrøm looks more like an actor rehearsing on the set of Star Trek than a tugboat captain.

The captain is doing his usual job, sailing Svitzer Hermod around Copenhagen harbour, but instead of standing onboard he is sailing it remotely from this futuristic chair in an office half a kilometre away.

Svitzer Hermod is the world's first remotely operated commercial vessel and the result of a long collaboration between Rolls Royce and Maersk.

More than a toe in the water

For Maersk, this is an important first step as it explores a range of autonomous technologies and their potential commercial and operational benefits.

"We firmly believe that advanced technologies that build on autonomous principles can help further improve safe, efficient and reliable working environments and operations across the container logistics value chain – from ports and terminals to tugs and container ships," says Svitzer CEO, Henriette Thygesen.

The project that led to Svitzer Hermod's creation combined Rolls

Royce's experience in research and development around autonomous technology with Maersk's knowledge of vessel operations in a partnership that allowed both companies to share knowledge and learn more about the opportunities to be gained and the challenges involved with autonomous technology in the maritime sector.

"We are in an exploratory phase," says Michael Rodey, Senior Innovation Project Manager, Autonomy and Augmented Control in the Transport & Logistics division. "Autonomous technology has many levels. We are not interested in complete autonomy or unmanned vessels – that is not our goal. The technology along the journey is what's of interest to us," he says.

To get there, Rodey says the current task is to build a roadmap for autonomous technology and evaluate across the Transport & Logistics businesses what the value could be of certain technologies to vessel

crews and operations in general and in terms of safety, reliability and efficiency.

Proof of concept

This month, Maersk will launch a proof of concept for the first level of autonomous technology on a container ship, namely situational awareness.

This will include the installation of a bundle of technologies like lidar, advanced radar, HD cameras, infrared cameras, and screens on the bridge that together will enable the vessel to gather and interpret data on its surrounding environment to enable the crew (and the vessel) to fully understand what's happening around the vessel.

"One example of how it would change life onboard is that it would make it possible for the crew to better evaluate their surroundings when visibility is reduced, such as at night, or in severe weather," says Rodey.

"In addition, this information can be streamed ashore to enable remote harbour and transit pilotage to make operations more efficient. So, while we have identified various scenarios for its use, a lot of questions need answering. For example, does this technology improve overall safety? Does the crew find it valuable? Is the equipment capable of enduring extended periods at sea? We have to find out."

Upon completion of the situational awareness testing on the container ship, the data from the situational awareness system – including recordings of all near misses and accidents – can be collected and used to help develop future collision avoidance technology that will warn crews of imminent danger, or even act autonomously.

The industry's role

If the benefits of the technology are uncertain, the challenges are not. Speaking to a broad representation of the maritime sector at the Danish Maritime Authority's conference on autonomy, Svitzer CEO Henriette Thygesen invited the industry to continue working together to determine the technology's true potential.

"From testing and securing systems to determining concrete customer benefits, to building the necessary infrastructure on- and offshore, to establishing regulatory frameworks to the overall costs; we face a lot of challenges," she said.

"At Maersk we've set out to explore the opportunities and overcome these challenges. We are well on our way. We have a joint goal; let's work together to achieve it." ■



Photo: Rolls Royce

Svitzer Hermod is the world's first remotely operated commercial vessel and the result of a long collaboration between Rolls Royce and Maersk.

mous vessel tech



Camera's Eye View: Svitser Captain René Malmstrøm, maneuvers the tugboat, Svitser Hermod, around Copenhagen harbour from a Rolls Royce Remote Operating Centre (ROC).

Photo: Rolls Royce



Photo: Christina Bode

Svitser CEO, Henriette Thygesen: "We firmly believe that advanced technologies building on autonomous principles can help further improve safe, efficient and reliable working environments and operations across the container logistics value chain – from ports and terminals to tugs and container ships."



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Finding the sweet spot

INCREASED EFFICIENCY | For importers and exporters accustomed to small vessels, long delays and limited container capacity in **Guatemala**, the new APM Terminals Quetzal facility promises a change for the better.

BY JOHN CHURCHILL

✉ In the sugar business, nothing goes to waste. For **Grupo Pantaleon**, Guatemala's largest producer and exporter of sugar, this is a principle that has served the 165-year old conglomerate well.

Volatile sugar prices and thin margins mean that Pantaleon must squeeze every ounce of value from its 65,000 hectares of sugar cane, transforming the tall grass-like crop into all kinds of sugar, molasses, alcohol, fertiliser and even electricity – while paying strict attention to their expenses, including those linked to transport and logistics.

"Sugar is a tough business," says Manolo Muralles, Export Sales Manager at Grupo Pantaleon. "Pantaleon is a leader in this industry because we have good people, a diversified product

portfolio and because we keep an eye on cost," he says. "The new container shipping terminal has great potential in terms of improving the efficiency and lowering the costs of exporters like us and Guatemalan business, in general."

Modern port and processes

Greater efficiency is precisely what APM Terminals Quetzal aims to bring to customers and the region with its new facility in the Port of Quetzal on Guatemala's Pacific coast.

Since acquiring the terminal from **Grup Maritim TCB** in March 2016, APM Terminals has invested approximately USD 190 million in the facility in order to create a unique set of advantages compared to the services provided by the



Photo: Jesper Schwartz



With modern equipment and processes, APM Terminals Quetzal will bring bigger vessels and fast operations to Guatemala, enabling the next phase of growth for customers like Grupo Pantaleon, the country's leading sugar exporter. Pictured: Manolo Muralles, Export Sales Manager for Grupo Pantaleon.



→ national, multi-purpose terminal next door. Some of these are in the form of physical improvements, which include a deeper draft for ships as large as 9,000 TEUs; a much larger container yard and the installation of the country's first ship-to-shore (STS) cranes.

Others relate to better processes, such as scheduled berthing windows for the vessels; automatic truck gates with an appointment system for pickups and drop-offs; a central customs inspection centre and a fingerprint scanning security system for everyone entering the terminal.

"Up to now, Guatemala has been served by small feeder ships, sub-standard operations and inefficient processes," says Gabriel Corrales, Managing Director at APM Terminals Quetzal.

"What we have now is a modern, deep water terminal capable of serving larger ships with the technology and processes to do it efficiently, and the ability to expand to meet the growth of trade in this region and the future needs of the industry."

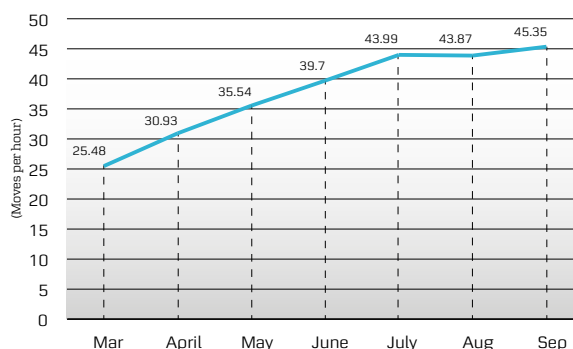
No more queues and other positive signs

In operation since March, the terminal's performance has been steadily improving and raising expectations among customers in Guatemala. For starters, there are no lines of vessels waiting at sea or lines of trucks at the gate.

In September, the terminal received 15 vessel calls, up from five when it began operations in March, and productivity reached 45 moves per hour, up from 25 in March. Last month, Maersk Line moved its entire vessel operation to this new Terminal.

"We handled almost 17,000 TEUs in September and saw more than 5,000 trucks pass through our gates with an average turnaround time of 23 minutes," says Julian Llanos, Head of Operations at APM Terminals Quetzal. "In addition, we've had no injuries in the terminal since we took over operations, so we're seeing the kind of performance and safety trends we and our customers want to see from our operation." ■

APM Terminals Quetzal, monthly productivity



The terminal in brief

APM Terminals Quetzal was acquired in March 2016 as part of APM Terminals' USD 1 billion purchase of Grup Maritim TCB's portfolio of port and rail interests. After some delays, including legal issues related to pre-acquisition activities, the terminal began its vessel operations in March 2017.

The port of Quetzal is Guatemala's third-busiest container port, and the largest port on Guatemala's Pacific Coast. APM Terminals Quetzal represents new capacity for Guatemala's expanding economy; the World Bank has projected an economic growth rate of 3.4% in Guatemala in 2017.

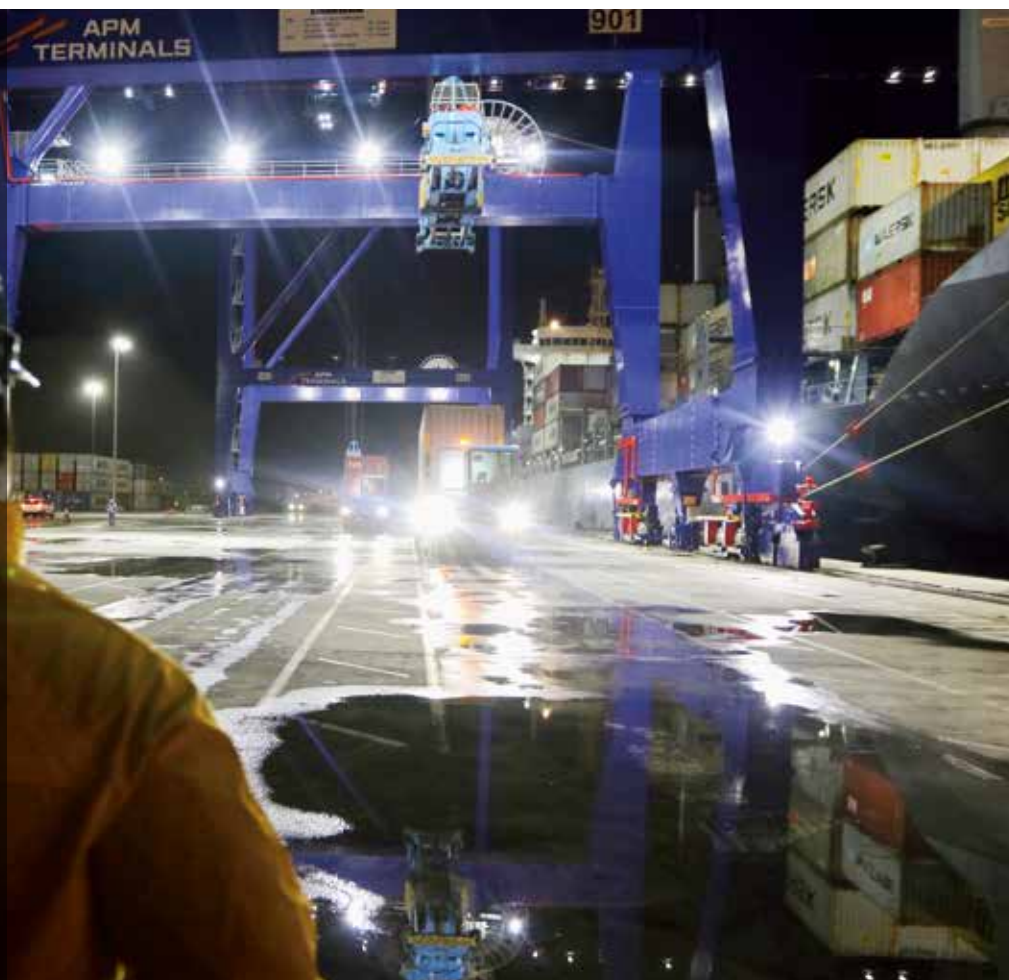


Photo: Jesper Schwartz

Do you have a best friend at work?

ENGAGEMENT | How can Maersk unlock its full potential as a transport and logistics company? There is no simple answer, but one thing is certain: it will take committed and passionate people. A new approach to employee engagement is paving the way for high performance and new connections across the business.



Photo: APW Terminal, Tanger, Morocco

Building strong relations at work is crucial to employee engagement and performance, research shows. “We have to take a new approach to engagement with a clear focus on how we make connections, engage in conversations and collaborate,” says Lars Even Rasmussen, Head of Culture, Performance & Team Development.

BY MONIKA CANTY AND JESPER TOFT MADSEN

► For the Transport & Logistics division to succeed, the coming years will entail a significant shift in Maersk’s company culture – from one of competition to one of collaboration.

Casting a fresh eye on engagement is the first of many steps towards a more collaborative and high-performance culture across the business, says Lars Even Rasmussen, Head of Culture, Performance & Team Development.

“Synergies between brands are the talk of the town, but for them to materialise, we have to build stronger relations with each other,” he says.

“This means we have to take a new approach to engagement

with a clear focus on how we make connections, engage in conversations and collaborate. We’re a networked organisation. Everything we do is interdependent, but for decades we have been operating on the basis of a company culture of individual accountabilities.”

From insight to action

The journey starts with the introduction of the new and simpler engagement survey, ‘Connections’, which marks a significant change in the company’s approach to engagement and performance.

“Managers tend to make engagement and performance all about survey results and scorecards.

Improving engagement is not just about the numbers. It’s about how we put results and insights into action,” says Lars Even Rasmussen.

“The survey has been too focused on completion and getting a score, after which nothing happens. If we want to move to a new level of performance, we need to move to a new level of engagement. The new survey speaks more of the emotional attachment people have to their jobs. We need to be asking the right questions about how the employee relates to the company and the people he or she is surrounded by.”

This means asking fewer and more focused questions. At first glance, some of them can seem very →



→ soft, such as 'do you have a best friend at work?' However, the topics are, in fact, research-based and closely linked to business outcomes.

"The questions are quite different from what we're used to, but they trigger real conversations and 'hard' results," says Rasmussen.

With its clear focus areas that are more relevant to the individual, the new approach makes it easier to act upon the survey.

Engagement fuels performance

Despite being a term that is often used in management theories and corporate speak, 'employee engagement' can seem a fluffy

concept. Nevertheless, research carried out by Gallup and **MIT** shows that it represents one of the secrets to making and keeping a business successful.

While there is no clear recipe for high performance, researchers and behavioural scientists have documented how companies with highly engaged employees are more productive, better at retaining employees and experience less absenteeism.

"We all deliver more if we're happy, committed and passionate about our work. Dedicated people perform better and that makes engagement a huge enabler of

Employee engagement – what's new?

Engagement is the energy, commitment and dedication people put into their work and into their relationships with colleagues.

The new employee engagement survey, 'Connections', measures employees' emotional attachment to their jobs. Here is what is new:

- Simpler and focused. Reduced from the previous 31 questions to 13, covering the topics most relevant for engagement
- More actionable. Fewer questions mean more focus on ongoing dialogues, making use of the results to create clear action plans to effect change
- Stronger relevance. Questions are relevant to the individual employees, regardless of who they are or where they are

The Connections survey runs until 22 December 2017. The results from the survey will help foster the right conversations throughout the organisation and help employees to take action on the areas that are relevant to improve.



Photo: Maersk

"Synergies between brands are the talk of the town, but for them to materialise, we have to build stronger relations with each other" says Lars Even Rasmussen, Head of Culture, Performance & Team Development.

growth," says Ulf Hahneemann, Head of HR at Maersk.

"Employees have made Maersk what it is today. We want to build on this foundation and let everyone play his or her part in creating a more engaging workplace where we have the best possible environment in which to perform. It simply makes it more fun to go to work



Photo: Scamix

For the Transport & Logistics division to succeed, the coming years will entail a significant shift in Maersk's company culture – from one of competition to one of collaboration.

and is crucial if we are to realise our ambitions.”

Managers drive engagement

Managers explain 70% of the variance in engagement, according to **Gallup**, making them the most significant driver of engagement. Acknowledging this, the new survey works as a conversation starter between employees and managers on how people feel about, relate and connect to their jobs, colleagues, teams, leadership and the company.

“We need to foster the right discussions between leaders and employees and those dialogues must be ongoing. We want employees to feel that engagement is not something imposed on you by the company – it’s about your energy and passion and what you bring to the job,” says Gauri Narayan, Engagement Consultant at HR.

In addition to the new engagement survey, HR is also looking at other ways to stimulate collaboration, focusing more on team and company performance.

At Maersk, performance and incentives are usually measured

in keeping with a set of individual KPIs (key performance indicators) related to the individual employee’s job description. Subsequently, the appraisal system – which comprises a 1-5 scorecard and has been used for over 30 years, naturally fosters a sense of competitiveness within teams.

“There are things in the way we operate that foster internal competitiveness rather than collaboration. We love individual accountability, we love focus, we love to have success – that’s our culture,” says Lars Even Rasmussen.

“This has made us hugely efficient and successful as a company, but it cannot give us the last thing we need to really be successful in the future. That’s why the culture of collaboration and holistic thinking is so important. We need to combine individual drive with collective success and to start talking about team performance and measuring that, too.”

Being successful ultimately means to help realise the common vision: becoming the global integrator of container logistics. ■

What’s does engagement mean to you?

Christabel Achieng Omollo
*Learning Consultant,
Learning Design & Innovation,
Denmark*



“Engagement for me is two-fold: Firstly, what drives me as an individual? To what extent do I feel committed and passionate about what I do and what my organisation does? Secondly, how has my organisation created the kind of environment where I can give my best every day? And subsequently, how do these two aspects balance each other out for mutual growth.”

“To me, motivation and engagement are directly correlated. A high sense of engagement on my behalf ensures that I come into the office with increased confidence and belief in both my own abilities and those of my organisation. I execute tasks a lot faster; I am innovative, I come up with solutions to challenges quickly, and so on. The opposite would mean a not so productive day at the office.”

Hicham Bengriche
*Safety Coordinator, Loss and
Prevention, APM Terminals,
Morocco*



“To me, engagement is about taking responsibility, believing in my company and participating in its growth. It makes me smile at work when I’m helping to support safety in my company, and also when I’m striking a healthy balance between personal and professional life. I really mean that.”

Cielo Rima
*Process Expert, Global
Service Centres, the
Philippines*



“To me, engagement is the way or time to communicate and voice concerns or appreciation with management or the company. Every time I’m recognised for my work, it makes me smile since my hard work really pays off. I can personally connect with the company and look for improvements on both sides to create a better working environment and this also helps to keep the best employees in the company.”

Europe rea

Canadian wheat harvest.



ps

Canada's wheat belt

NEW GROWTH | A new trade agreement between the EU and Canada is expected to increase bilateral trade by USD 14 billion. Looking beyond the delights of Belgian chocolate and Canadian maple syrup, Maersk Post examines the potential for advanced economies to increase trade and boost prosperity and for Maersk Line to intensify traffic across the Atlantic.

BY ANDERS ROSENDAHL

➤ Barely a week old, and Canada's free trade deal with Europe shaking up the business of shipping seafood across the Atlantic. All cargo space on airlines to Europe is filled – with lobsters in unprecedented numbers lining up for a seat.

Overnight, the 8% tariff on lobsters heading from Canada to Europe dropped to zero, when the Canada-European Union Comprehensive Economic and Trade Agreement (CETA) came into effect on 21 September.

"On day one, the benefits were remarkable," says François-Philippe Champagne, Canada's Minister of International Trade. "Some EU tariffs used to be as high as 25%, making the prospect of exporting unprofitable. That is no longer the case with the tariff elimination under CETA."

Trade is heating up

And lobsters are only the beginning. With CETA, the tariffs on 98% of all commodities have dropped to

zero, affecting more than 9,000 products including agricultural, seafood and industrial products. Consequently, Canadian-EU trade is set to receive an 8% boost.

A few weeks later the effects were also felt at **Ray-Mont**, a company that gathers agricultural products from the heart of the North American continent at its facilities by the coasts and repacks them in shipping containers.

"We're already seeing an increase in volumes to Europe of 5-10% and we expect much more," says Charles Raymond, President and CEO at Ray-Mont. "Many shippers are only now beginning to look to Europe as an export destination so things will definitely pick up in coming months and years."

Ray-Mont sees itself as a supply chain disrupter, constantly seeking improvements for the benefit of its customers. Growing its volumes by 20% annually for 10 years, and expecting to export 100,000 containers of wheat, lentils,





Charles Raymond, President and CEO at Ray-Mont:

"CETA could not have happened at a better time. Many of our customers were looking at new destinations to export their agricultural products and Europe suddenly became an excellent option. Cargo out of Montreal is already up 5-10% and we expect much more."



François-Philippe Champagne, Canada's Minister of International Trade:

"CETA is a landmark agreement that has created a new, global standard for the development and realisation of a progressive trade agenda. It improves free and fair trade between the EU and Canada and includes high standards for consumers, workers and the environment."



Mauro Petriccione, Deputy Director-General of the EU Commission:

"Trade agreements are always a priority for the EU, and especially now when important voices across the world are doubting the benefits of free and fair trade. Agreements with Canada and others are important symbols of our continued belief in a rules-based global trading system."

CANADA

Montreal

Halifax

NEW ROUTE
SEPTEMBER 2017

→ peas and other produce in 2017, Ray-Mont has forged a partnership with Maersk Line.

"We have a different business model; the way we work and the way we need to receive the containers," says Charles Raymond. "Maersk Line has worked hard to understand this and come up with solutions. It took us six months to set up and now volumes are booming. They're pivotal to our business."

Anticipating increased trade over the Atlantic, Maersk Line opened a new service from Montreal to the Mediterranean, in addition to its existing service from Montreal to northern Europe.

"We had our first sailing to the Mediterranean on 30 September and we're seeing a very positive development for the trade. Exports are definitely picking up, although it's hard to say if it's driven by CETA or favourable conditions in general," says Jack Mahoney, President of Maersk Line Canada.

Even before CETA came into effect, Canadian trade was booming. In the second quarter of 2017, imports and exports increased by a healthy 10% compared to the same period in 2016. For Maersk Line, volume growth was even better; i.e. 18% in the same period.

"Canadian trade is growing,

and we have been more active in promoting the positive ways we can support customers, including a punctual service to northern Europe, a favourable terminals experience and now, a service to southern Europe," says Jack Mahoney.

Access to 1,000 stores

CETA also has exporters on the other side of the Atlantic on their toes, including Marek Marzac, founder and CEO of **Ewa-Bis**, a Polish exporter of fruits and vegetables:

"We export fresh apples to Canada where the retail market is dominated by a few big players. It can take some time to reach an agreement, but when they open the door, they give you instant access to 1,000 stores. This is what this agreement brings us closer to," he says.

Ewa-Bis has 200 employees and exports its produce to 40 countries worldwide, working with Maersk Line to reach markets in the Middle East and China with Canada next on Marek Marzac's list.

Since the beginning of 2017, when it looked likely that CETA would come into force, the **Danish Agriculture & Food Council** has also been preparing its members for the new opportunities:

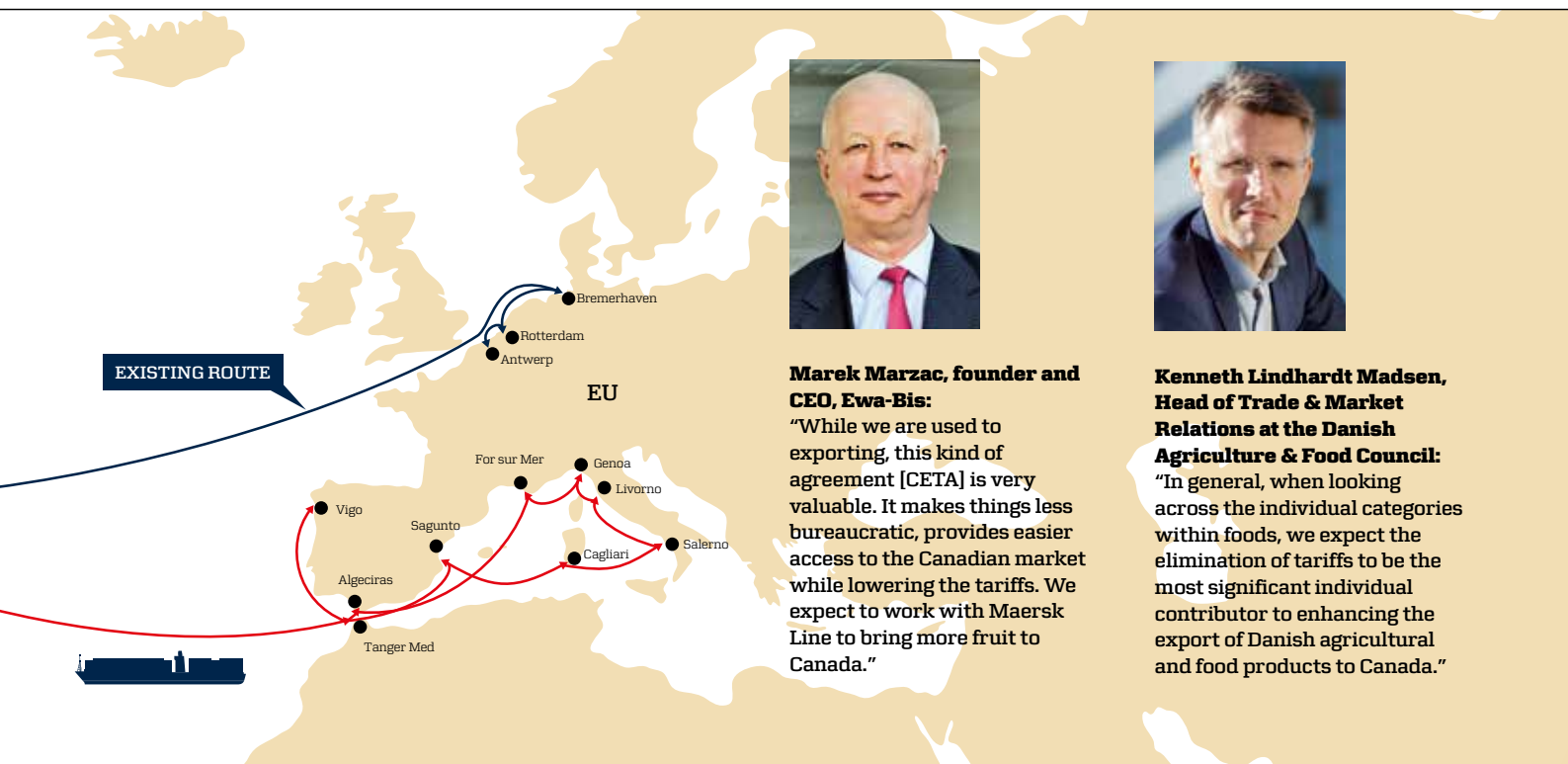
What is CETA?

The Comprehensive Economic and Trade Agreement (CETA) is a free trade agreement between the EU and Canada. Eliminating 98% of the tariffs between Canada and the EU, CETA came into effect on 21 September 2017.

CETA addresses more than tariffs on cars, farm products and other goods. It also creates common rules covering a broader array of trade activity, including services, government contracting, intellectual property and the resolution of disputes.

CETA is expected to increase the bilateral exports and imports between EU and Canada by at least 8% annually, amounting to approx. €12 billion (USD 14bn) per year in additional two-way trade by 2030, split more or less evenly between the two parties. Half of the increase will materialise in the first year of implementation.

(Source: The European Commission)



Marek Marzac, founder and CEO, Ewa-Bis:

"While we are used to exporting, this kind of agreement [CETA] is very valuable. It makes things less bureaucratic, provides easier access to the Canadian market while lowering the tariffs. We expect to work with Maersk Line to bring more fruit to Canada."



Kenneth Lindhardt Madsen, Head of Trade & Market Relations at the Danish Agriculture & Food Council:

"In general, when looking across the individual categories within foods, we expect the elimination of tariffs to be the most significant individual contributor to enhancing the export of Danish agricultural and food products to Canada."



Jack Mahoney, President, Maersk Line Canada: "To us, CETA is all upside. These are still early days, and we are not putting exact numbers on the volume growth to expect from CETA. However we are ready to support increased European volumes from Canadian exporters and importers alike".

"We expect that the elimination of tariffs will increase the export of dairy products such as fine cheeses and processed cheese for the food industry, in particular. This is where CETA has the largest opening for exports from the EU," says Kenneth Lindhardt Madsen, Head of Trade & Market Relations, adding:

"It is difficult to say what impact the agreement will have on Danish exports, but we are seeing opportunities, which also include the export of lean Danish beef for the

Canadian burger production and a lot of processed foods such as jams and baked goods."

More trade, more jobs

Calculations made on behalf of the EU Commission indicate that every €1 billion worth of exports supports around 14,000 jobs. CETA is expected to increase cross-Atlantic trade by €12 billion:

"By removing barriers to trade, the agreement will make trade between us easier. More trade means more growth, and more growth means more jobs for Europeans," says Mauro Petriccione, Deputy Director-General at the EU Commission, who played a key role in negotiating the agreement, adding:

"The key to the successful and balanced outcome of CETA has been the strong political engagement on both sides. Both parties wanted to negotiate an agreement that was ambitious and mutually beneficial. We also shared a strong desire to reach an agreement that was progressive – something that would set a precedent for future agreements around the world."

Graham Slack, Chief Economist at A.P. Moller - Maersk, also sees CETA as a potential turning point for trade

agreements, as well as for the discourse around trade in recent years:

"CETA is a 'new generation' trade deal that goes beyond liberalising trade in goods to liberalising trade in services and investment. That such a complex trade deal has been agreed is a very positive development – it will hopefully lead to progress on other ambitious trade agreements," Slack says.

Back in Canada, Maersk Line expects to be able to continue to grow its business at the pace set in 2017:

"We will definitely keep growing," Jack Mahoney says. "I don't know when it will end, but the trade-off we often feel we must make between price and volume has not been an issue in Canada and this is, of course, something we welcome – it's what makes Maersk Line's growth in Canada attractive."

Maersk Line carries agricultural products, forest goods, seafood, beef and pork, manufactured goods as well as car and aircraft parts from Canada to Europe. The most common commodities from Europe to Canada are pharmaceutical products, cars, machinery, petroleum products, beverages and electrical machinery. ■

Delivering the solutions

THE ENERGY DIVISION | A.P. Moller – Maersk is shifting its focus to transport and logistics, as the process of separating out the oil and oil related businesses progresses. Claus V. Hemmingsen, Vice CEO of A.P. Moller - Maersk and CEO of the **Energy division**, reflects on the structural solutions identified thus far and progress on others.

BY SAM CAGE

▶ “The resilience, dedication and loyalty shown by our colleagues is absolutely stunning, and I am deeply thankful for this,” says **Claus V. Hemmingsen**, Vice CEO of A.P. Moller - Maersk and CEO of the Energy division.

Reflecting on the process of finding structural solutions for the Energy businesses, the CEO of the division points out that it has been a time of uncertainty and concern. Yet during this time, the constructive reaction and hard work of our employees has kept the businesses performing – the basic foundation that is required in order to find those solutions. He is equally thankful to his own small team in the Energy division, who are also showing dedication to the task of finding solutions for the businesses, while working in positions that will no longer exist at the end of the process.

“I’ve been thoroughly impressed with how our colleagues in the Energy businesses have handled the situation. I really feel that it is the people in the businesses who make the difference. Our customers and partners have faith and trust in the companies, and that speaks volumes about the dedication and qualities of our employees,” Claus V. Hemmingsen says to the Maersk Post.

Total commitment

For all four businesses, the Energy division has been examining solutions including listings, trade sales and merger opportunities.

Keeping the businesses in good shape – even though they are all operating in market conditions that are challenging, to different degrees – has been the necessary groundwork for identifying and executing on the structural solutions.

Maersk Oil has done an excellent job in optimising cost and performance, while also exiting Qatar and

pushing ahead with the major North Sea projects, Tyra, Culzean and John Sverdrup.

A.P. Moller - Maersk was investigating a listing of Maersk Oil, when the offer from Total came in. The terms of that offer made it more attractive than a listing would have been, in terms of price, commitment to

Maersk Oil’s projects and employees, and commitments to Denmark, Claus V. Hemmingsen explains.

“There’s a future, and not an end to this story and there’s really something to celebrate and be proud of for Maersk Oil. It’s a good, strong company that is yielding value for A.P. Moller - Maersk and opportunities for colleagues,” Claus V. Hemmingsen says.

In the case of **Maersk Tankers**, the market was, and remains, challenging. However, the sale to A.P. Moller Holding was a very good opportunity as it is a long-term investor that can further

develop the tanker company.

Maersk Tankers has maintained a good and well run business despite the uncertainty and will keep its name – an important link to its history and the confidence of customers and partners – with its sale.

“A.P. Moller Holding knows this business and it is gratifying that Maersk Tankers can now look forward to developing further in the long term with a solid and committed owner,” says Claus V. Hemmingsen.

The most adverse market conditions have been those of **Maersk Drilling** and **Maersk Supply Service**, and here there has been no relaxation in the efforts to optimise the business. Impressively, both have had a number of commercial successes, including a string of new contracts in recent months.

“More details on the process for these businesses cannot be given at this time as solutions have yet to be

“Our customers and partners have faith and trust in the companies, and that speaks volumes about employees’ qualities and dedication”

Claus V. Hemmingsen, Vice CEO of A.P. Moller - Maersk and CEO of the Energy division



Photo: Jesper Schwartz

Vice CEO of A.P. Moller - Maersk and CEO of the Energy division, Claus V. Hemmingsen: "There's a future, not an end to this story and there's really something to celebrate and be proud of for Maersk Oil. It's a good, strong company that is yielding up value for A.P. Moller - Maersk and opportunities for colleagues."

identified," says Claus V. Hemmingsen. "Over the last three to six months there have been signs of improved market conditions in the offshore drilling industry and this has, among other elements, raised confidence in finding a structural solution for Maersk Drilling within the next 12 months. For Maersk Supply Service, the market situation remains difficult and it is more difficult to predict its future."

It is important for A.P. Moller - Maersk that progress is being made so we can continue to focus on becoming an integrated transport and logistics company. Claus V. Hemmingsen notes that there has been unwavering support from the Board of Directors and owners, which has underpinned the process of identifying and executing on the structural

"The businesses have performed in a very challenging market and are maintaining their high safety focus"

Claus V. Hemmingsen, Vice CEO of A.P. Moller - Maersk and CEO of the Energy division

solutions. He goes on to note that it is unusual for a company to strike so many large deals in such a short period of time.

"Finding the right solutions is important for everyone," he says.

Claus V. Hemmingsen has been extremely pleased at the high level of employee retention throughout – again referring to the commitment and professionalism that he encounters every day in the businesses.

And he is happy whenever employees are given some more certainty about the future.

"The businesses have performed in a very challenging market and are maintaining their high safety focus," he concludes. "We are very pleased that we have managed so far to find solutions that support a strong presence in Denmark." ■

Upholding a leading position in the tanker industry

NEW OWNERSHIP | A.P. Møller Holding completed the acquisition of Maersk Tankers in October. The CEO of Maersk Tankers, Christian M. Ingerslev, reflects on how the company will uphold its leading position in the tanker industry.



BY SAM CAGE

➤ Since **Maersk Tankers** was founded in 1928, its name and values have been an integral part of the company; according to the CEO Christian M. Ingerslev, they will be the foundation of the company's future growth.

"We have an 89-year history built on core values, which has ensured Maersk Tankers is one of the leading product tanker companies in the industry. We will build on this position under the new ownership by A.P. Møller Holding to the benefit of our customers, partners, employees and new owner," says Ingerslev, speaking in his office overlooking Copenhagen harbour.

Maersk Tankers is one of the largest product tanker companies in the world, transporting refined oil products globally and employing 3,100 people. The company operates approximately 160 product tanker vessels across five segments: Intermediate, Handy, Medium Range, Long-Range 2 and Aframax.

"We facilitate the global trade of energy, supporting our customers in getting access to markets and through this, help societies to develop," says Ingerslev.

The digital tanker company

Under the new ownership, Maersk Tankers will get increased access to the external market to attract capital from investors interested in the product tanker industry, and it will continue to operate under the Maersk brand.

New corporate structure for Maersk Tankers

As of 10 October 2017, **Maersk Tankers A/S has been acquired by A.P. Møller Holding**. The company structure will change to a Management Company, focusing on developing and promoting the commercial and technical platform, and an Asset Company focusing on optimising the long-term shareholder value of the fleet.

A.P. Møller Holding has established an ownership consortium for the Maersk Tankers' fleet with the leading global trading company **Mitsui & Co. Ltd.** A.P. Møller Holding is the majority and controlling shareholder.



"We have the market position, name, employees and strategy to ensure the company's continued development", says Christian M. Ingerslev, CEO of Maersk Tankers.

Photo: Jesper Schwartz

"We have the market position, name, employees and strategy to ensure the company's continued development," says Ingerslev. "We will use this to deliver industry-leading commercial performance, establish strategic partnerships through existing and new service offerings and remain cost leaders, generating value for investors."

The company is increasingly using digital solutions to enable its strategy, which includes the establishment of a dedicated digital function and a strategic partnership with the Boston-based hedge fund **CargoMetrics**. The digital drive is, for example, set to take advantage of the significant price volatility that exists in the industry by using data and models to predict where the customers' demands are, and position the vessels accordingly.

"We are challenging the paradigm of the industry by combining the capabilities and experience of our employees with digital solutions," says Ingerslev. "Becoming a digital tanker company will continue to take us forward, generating new businesses and revenue streams." ■

Commercial performance through the downturn

SERVING CUSTOMERS | With a jack-up alliance with Aker BP and several new contracts, Maersk Drilling is with its commercial success proving that providing innovative solutions to serve customers' needs is the way forward in the offshore drilling industry.

BY SAM CAGE

➤ There has been no letting up in Maersk Drilling's efforts to optimise its business, serve customers and win new business.

Founded on a unique tripartite collaboration model that also includes service provider Halliburton, Maersk Drilling recently entered into a jack-up alliance with Aker BP. The alliance aims at lowering the cost per barrel for Aker BP and increasing profitability for the alliance partners.

"The focus is on the outcome – how do we deliver the result rather than just the service with a rig and people," says Jørn Madsen, CEO of Maersk Drilling. "This is ground-breaking in the industry, and we are setting a new trend."

Faster oil

The jack-up alliance with Aker BP is for five years with the option to extend for a further five years and will be based on an integrated well delivery model with aligned incentives. It focuses on increasing collaboration, efficiency and enabling standardisation and simplification of processes, ultimately shortening the lead time from discovery to first oil.

Maersk Drilling will use its high performance jack-ups as a platform to implement digital solutions, which will improve drilling efficiency and lower the total well cost. It is an example of adapting to the requirements of the customer, and it is an approach that Maersk Drilling will be applying when providing services to other customers as well.

"We are using digital to drive down costs in our business and improve efficiency for our customers. Predictive maintenance allows work to be done before there

is a problem, and has helped reduce maintenance costs by 10% this year," says Jørn Madsen.

Teamwork and dedication

The alliance with Aker BP is just another example of Maersk Drilling's commercial performance. Maersk Drilling's contract coverage remains one of the strongest in the industry, and with the contracts signed during Q3 and since, Maersk Drilling has added well over seven years and USD 564m to the backlog.

At the same time, the commercial team is a few months into a reorganisation, which aims to increase cooperation across functions. The cross functional cooperation enables deals like the one with Aker BP and paves the way for other major contracts that are rarely seen in the current oil environment.

"It's not just about the commercial department. The contracts we are landing and the innovative partnership agreements are a result of the whole company pulling together. Cross functional cooperation and dedicated focus on customer value are key to our success," says Jørn Madsen, underpinning the value of the commitment and dedication of the Maersk Drilling's employees.

"It is extremely gratifying that we have been able to focus on our strategic priorities and achieving such great result. It's been really, really impressive and I am thankful to everyone for their effort," Jørn Madsen says.

"We need to keep doing this. There will be a structural solution at some point and the best way to prepare for that is by making sure we come from a position of strength." ■

Spooling speed

DELIVERING ON STRATEGY | Maersk Supply Service is finding new solutions to decommission oil and gas installations more efficiently while maintaining the safety focus. It is an important part of a strategy to deliver more integrated solutions to customers' needs.

BY SAM CAGE

➤ One kilometre an hour may be slow for a car, a bike, or even walking.

When the anchor handling tug supply (AHTS) vessel **Maersk Master** reeled in 6.5 kilometres of piping in seven hours, working on the decommissioning of the Janice field in the **North Sea**, it was incredibly fast.

The new Maersk Supply Service vessel achieved this by spooling umbilicals and flow lines on to its winch, which was originally designed for anchor handling. Umbilicals are the cables that house wires, fibre optic cables and other communications, and flow lines transport the oil and gas produced.

It was a significant advance from the old technique of cutting into 12-metre sections, ready to be placed on a truck on arrival in port.

Maersk Master then delivered the 6.5km of piping to the port in **Lerwick** in the Shetlands, where the recycling facilities are at the quayside, so there was no need for further transport.

"It's a completely new and revolutionary method. Last year we did more than 900 cuts on smaller flexibles of up to 450m lengths, and now we took 6.5km in one piece," says Jens Klit Thomsen, Head of Decommissioning Business Development for Maersk Supply Service.

"Maersk Master is new and has very large winch capacity and we have actually shown how we could use it in a completely new and smart way. Another advantage of this vessel is the hybrid diesel electric setup, which makes it very economical."

Integrated solutions

Work on the decommissioning of Maersk Oil's Janice installation in the North Sea is two-thirds complete, safely removing infrastructure that is 19 years old from the seabed. It is moving ahead as planned, without lost time incidents and on time and under budget.

In many cases the infrastructure



has been designed and installed without too much consideration of how it will be recovered at the end of its operational life. Robust systems and processes are needed so Maersk Supply Service can adapt quickly on the job and manage change effectively, as well as be innovative in removing equipment safely and cost effectively.

The integration process

MAERSK OIL | Pre-integration is proceeding apace following the announcement of **Total**'s acquisition of Maersk Oil for USD 7.45bn. The transaction is expected to be closed during first quarter 2018, pending regulatory approvals.

BY SAM CAGE

➤ In late November, senior Total leaders visited Copenhagen in the first opportunity for general engagement with Maersk Oil employees.

It was the latest step in a thorough pre-integration process as **Maersk Oil will become part of the world's fourth largest oil and gas company**. Total will take over Maersk Oil's entire organisation, portfolio,

obligations and rights and Denmark will become the regional hub for all of Total's activities in Denmark, Norway and the Netherlands.

Hosted at Maersk Oil's new headquarters at **Amerika Plads** in Copenhagen, the session with Total leaders was made available to all employees both onshore and offshore, on screens set up

in each business unit for those not able to attend in person.

"As a member of the Integration Leadership Committee, I have spent valuable time with counterparts from Total," says Troels Albrechtsen, Chief Technology Officer. "Three things strike me in these engagements. First, while it is clearly the case that Maersk Oil is being acquired, the process is being shaped and delivered in the spirit of a merger. We are co-creating the pre-integration objectives and work scopes together."

"Second, there is a genuine curiosity to understand how Maersk Oil's strengths can be preserved and further developed



Photo: Maersk Supply Service

On board Maersk Achiever, recovering flexible flowlines from the seabed.

they understand how the vessels work. This allows them to use technology in different ways to offer better solutions for customers.

In direct continuation of the work on Janice and using what it has learnt there, Maersk Supply Service will be spooling in 7.5km of piping in the decommissioning of Leadon, another Maersk Oil-operated North Sea field, building on the work done at Janice. The business has filed six patents related to how decommissioning can be done in an even smarter way.

"Maersk Oil is listening to us and we are an integrated project team, focused on the solution and end goal, with an open-minded approach to new ways of doing things which has enabled us to use the vessels to do things that no one thought possible before," Thomsen says.

"We have been able to change the perspective on decommissioning and use the assets in a different way because of our maritime experience, combined with the right level of engineering." ■

It is an example of the integrated solutions the business can provide – with vessel services as the core business and bundling extra services and managing subcontractors to offer a more simplified and efficient operation.

"Building on our 50 years' legacy and our strong assets and people skills, the expansion of Maersk Supply

Service's portfolio with Integrated Solution is taking form and showing its worth to customers," says CEO Steen Karstensen.

For Jens Klit Thomsen, the key is that there is a lot of experience in the marine sector within Maersk Supply Service – he himself is a DUAL officer, so both Master Mariner and Marine Engineer - and

under the new ownership. Third, there is an equally strong curiosity as to how Total can best ensure Maersk Oil's people understand what it is like to work in their organisation, and what can be done to help colleagues feel enthused about joining. There is a genuine commitment to making us feel wanted."

Management positions

Until the transaction is formally closed Maersk Oil and Total remain completely separate companies. Whilst concrete decisions cannot be made, planning to ensure a successful integration and continuity of the businesses is permitted.

To this end the first management positions for the future business have been indicated. Martin Rune Pedersen, Chief

Operating Officer, will be appointed Vice President of Total's operations in Norway, Denmark & Netherlands. Troels Albrechtsen will be appointed Vice President for the technical centre to be established in Copenhagen. The appointments are subject to successful deal closure and will not be effective before this.

The appointments follow Maersk Oil CEO Gretchen Watkins' decision to pursue other career opportunities once Total's acquisition of Maersk Oil successfully closes.

Safe operations

There are 15 individual integration workstreams towards Day 1 – the first day of Total's ownership of Maersk Oil. One is dedicated to Day 1 readiness - hence

its focus is on securing the continued safe and efficient operations of the Maersk Oil assets and clarity regarding accountabilities and reporting lines for all employees, including emergency response preparedness.

"It goes without saying that the Incident Free mindset and commitment to safe operations is a goal that both Maersk Oil and Total share," says Anders Damgaard, Integration Programme Manager.

"A key consideration in all Day 1+ discussions will be the timing and process for providing clarity for all employees on career paths and decisions on the design of the new organisation, alongside communications and onboarding for our employees," says Damgaard. ■

A close collaboration between elected officials, public authorities and APM Terminals has helped make Mobile, Alabama more attractive to investment from companies like Walmart.

Brian Harold, Managing Director APM Terminals Mobile.

Jimmy Lyons, Director and CEO Alabama State Port Authority.

Mobile's moment

COOPERATION | The **port of Mobile** in the southeastern United States may have been one of the country's smaller ports in terms of containerised cargo, but with investments by APM Terminals Mobile, and a close cooperation with public authorities to attract more business interest, the region is drawing in large employers and much-needed jobs.

BY JOHN CHURCHILL

► For the past year, everyone around **Mobile, Alabama**, has been talking about the large plot of land that was cleared off Highway 10, just fifteen minutes from the port.

In the Spring, **Walmart** ended the speculation, announcing it was the buyer of the 2.6 million square foot site – equivalent to 45 football fields – and would begin building its single largest regional distribution centre there. The new USD 135 million centre brings 600+ new jobs and an economic boost to the entire region.

The retail giant is just the latest large company to make the Gulf Coast port city its home. Last year, Airbus completed its **Brookley Aeroplex** in Mobile, the

company's first American manufacturing plant, right next to the port.

The growing attraction of the Port of Mobile can be attributed to the cooperation of many parties, including APM Terminals Mobile, the Alabama State Port Authority and state and local legislators. Together they sought to improve Mobile's attractiveness to trade with infrastructure investments and economic incentives for business that are giving Mobile a reputation as a reliable regional supply chain hub.

Close cooperation boosts business

"Mobile may have been a smaller port for containerised cargo but it's certainly emerging as a viable gateway, with a very good location on the US Gulf and the



Barry Westbrooks,
General Manager
Walmart.

“Our excellent working relationship with APM Terminals Mobile extends beyond that of a landlord. Brian Harold and his team work proactively with the Port Authority on economic development initiatives, like recruiting Walmart’s new international distribution centre to Mobile. These types of projects bring jobs and increase business through the port”

Jimmy Lyons, CEO, Alabama Port Authority

infrastructure to support large markets throughout the Southeast and Midwest,” says Brian Harold, Managing Director of APM Terminals Mobile.

The port handled more than 270,000 TEU in 2016, a 20% increase over the previous year and has plenty of opportunity to grow even more. One reason is the expansion of the Panama Canal and the shift in trade it will bring to US East Coast ports. Regional and local cargo is another big opportunity: Harold estimates there are 100,000 containers per year that currently come into



Photo: APM Terminals

News in brief

Damco’s first Block Train arrives in France

At the end of November, Damco celebrated another breakthrough with the arrival of the company’s first China-Europe Block Train. The service, transporting cargo for Decathlon, a top global sporting goods company, arrived in Lille, France, safely and right on schedule.

Not only did the 10,815km journey save 20 days of transport time, it also reduced carbon emissions, providing support for the block train service as an environmentally conscious alternative to the fast transportation of goods.

The client, global sporting goods manufacturer Decathlon, was provided with minute-by-minute visibility using GPS tracking, as well as with daily reports on the cargo.

The safe arrival of the Block Train marks a significant achievement in the ongoing development of Damco’s rail service. As Kasper Krog, Head of Rail at Damco commented:

“We’re pleased that we’ve been able to put this solution together on behalf of Decathlon, and on behalf of the wider market in fact. It has produced immediate benefits on both a logistics and an economic level.”

Transport & Logistics collaboration and customer centricity in Kenya

Collaboration throughout the Transport & Logistics division has been an important way to create value within the company, and APM Terminals Kenya is no exception in this respect. To further support Maersk Line in Kenya, APM Terminals Kenya recently opened a depot with 5000 TEU capacity in Mombasa.

This new facility will allow APM Terminals to eventually focus on their landside customers and grow their revenue and footprint in Kenya. Offering safe and efficient operations, the facility provides customers with a cost effective solution due to its size and proximity to the port. In addition to driving the value of Transport & Logistics through the collaboration of Maersk Line and APM Terminals, the depot will also be open to other valued customers.

As Mads Skov-Hansen, Eastern Africa Maersk Line Cluster TOP says, “The Maersk Line and Safmarine customers will certainly benefit from the new facility. It is not only more effective at turning their trucks around, it also provides better geographical access for many of our key customers. We have just begun to scratch the surface in terms of collaboration in Transport & Logistics in the cluster and I am looking forward to supporting this development and hopefully many more initiatives as we move forward”.

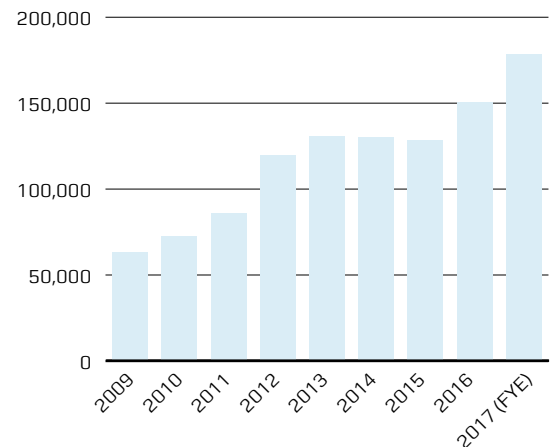
→ or go through Alabama which do not currently use the port of Mobile.

To catch this cargo and more, Harold teamed up with Doug Morgante to bring some ideas for improving usage of the port as well as boosting the local economy to legislators. "We began working closely with local and state lawmakers and port officials to find ways to make it more attractive for companies to use the port of Mobile for their cargo but also to invest in the community with infrastructure and jobs," says Morgante, Senior Director for Government Relations with A.P. Moeller – Maersk.

The result is the Alabama Renewal Act. Signed into law in April, it offers companies which build or expand a distribution centre in Mobile – with \$20 million minimum investment and 75 new jobs – three years of tax credits based on cargo volume passing through the port of Mobile. It also offers existing companies tax credits if they increase their use of the port of Mobile.

"These kinds of public - private partnerships are crucial for Alabama's continued economic growth, and

APM Terminals Mobile, Volume (Container lifts)



the Port Authority's relationship with A.P. Moller-Maersk is a perfect example of how these partnerships work for the people of Alabama," says Greg Reed, Majority Leader of the Alabama Senate.

Ready for the big time

The expected volume boost in annual container volume from the Walmart import cargo coming into APM Terminals Mobile en route to the new distribution centre is in the range of 20,000 – 40,000 containers annually, or roughly 15-25% of the port's 2016 volume.

However, Walmart's cargo isn't the only volume coming Mobile's way in the coming months. With the newly widened Panama Canal, the US East Coast ports are preparing for the arrival of larger ships (13-14,000 TEU) carrying additional volume from Asia that before would have gone to U.S. West Coast ports and then travelled east by rail and truck.

Estimates vary about how much cargo will shift from West to East Coast ports as a result of the Canal's expansion, but Mobile is ready. The port has invested USD 50 million in two Super Post Panamax ship-to-shore cranes and a 20-acre expansion of its container yard.

Meanwhile, to make it easier for Walmart and others to get their cargo inland, the State Port Authority of Alabama has built a USD 55 million intermodal container transfer facility in the port (operated by APM Terminals) that links the port directly to rail links and a menu of inland U.S. and Canadian destinations.

"As the operator of the port, APM Terminals has a big responsibility to help grow the business in a way that also helps the local and regional economy of Mobile and the State of Alabama," says Brian Harold.

"We have a great partnership with the entire port community in Mobile as well and the local municipalities and State Government. We've had to work together closely and I think the latest investments and legislative achievements clearly show the relationships and trust we have developed here and thus the potential Mobile has to become a premier south-eastern supply chain hub." ■



Photo: APM Terminals

"We began working closely with local and state lawmakers and port officials to find ways to make it more attractive for companies to use the port of Mobile for their cargo but also to invest in the community with infrastructure and jobs," says Doug Morgante, Senior Director for Government Relations with A.P. Moeller – Maersk.

A Maersk flag on Kilimanjaro

RIHAM AL SHAFIE

Age:
29

Nationality:
Saudi Arabian

Family:
I have 3 sisters and 2 brothers
(4 ladies 2 gents)

First job:
Part time clinic receptionist –
while studying at university

Hobbies:
Video games, fitness, music
and group outings

Years at Maersk
3 and 3 months



MyMaersk

Carrying her Maersk flag for inspiration, Riham Al Shafie recently became one of the just 27% of people to climb **Mount Kilimanjaro** within 5 days, despite it being her first climb.

BY JACK RODGERS

➤ Riham Al Shafie recalls the view from the summit of Mount Kilimanjaro in Tanzania as feeling “like a movie or something unreal”. Standing 5,895 meters above ground, she remembers that you can see the curvature of the earth clearly, the clouds looked like the sea but with mountain and glaciers.

Riham Al Shafie, a collection specialist in Finance at Maersk Line's **Saudi Arabia CLUSTER** in Jeddah recently became one of the just 27% of people who climb Mount Kilimanjaro within 5 days.

It's considered unsafe to remain at the summit for more than 30 minutes due to the lack of oxygen. The climb up there is particularly hard for those on the 5-day route, who have very little time to acclimatize.

“Just because something isn't handed to you doesn't mean that it's out of reach”

“You have a feeling of being trapped. You'd get easily tired. But if you stop to take a break the cold will get in, and it will get scarier,” Riham Al Shafie, who was climbing her first mountain, recalls.

The toughest challenges

Some of her toughest challenges had come before she had even set foot on the mountain.

Coming from the coastal city of Jeddah where oxygen is plentiful, Riham had to prepare her body for the altitude acclimatization, she adopted a low carbohydrate, gluten, dairy and sugar free diet in the previous months in addition to regular exercises.

This period included Ramadan and the long hours of the cyber-attack recovery, but Riham remembers that one of the hardest challenges was “once a week the office has fast food, and we celebrate achievements with an ice cream. This was hard, at first.”

Throughout the climb, Riham Al Shafie carried two flags, one for Saudi Arabia and one for Maersk.

“When you face these harsh conditions, only a positive mind will keep you going. To me the Maersk flag is a great source of positivity,” she says, adding:

“At Maersk, there is a focus on gender equality and a trust on a woman's capabilities. Working here inspired a shift in attitude in me, just because something isn't handed to you doesn't mean that it's out of reach.”

Climbing Kilimanjaro gave Riham a range from lifelong experiences, from the lush rainforests, to walking through the rocky terrain in the clouds. But how has the experience impacted her psyche today?

“Firstly, I was very grateful to have made the decision and not to have worried about what if I'm not able to do it. It's made me a lot more confident in going my own way and testing things for myself”, she says. ➤

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.

A quarter of major change

Transport & Logistics and Energy highlights Q3 2017.

	Revenue		Profit/loss		Underlying result		Free cash flow	
(USD million)	Q3 2017	Q3 2016	Q3 2017	Q3 2016	Q3 2017	Q3 2016	Q3 2017	Q3 2016
Transport & Logistics	7,963	6,969	6	93	372	82	-295	285
Energy	85	105	-25	-7	-23	-8	-115	37
Financial items, net after tax	-	-	-100	-116	-100	-116	-535	-309
Eliminations	-2	-1	-1	-	-1	-	-	-
Continuing operations	8,046	7,073	-120	-30	248	-42	-945	13
Discontinuing operations	-	-	-1,419	468	-	-	-	-
A.P. Moller - Maersk consolidated	8,046	7,073	-1,539	438	248	-42	-945	13

Following the agreements to divest Maersk Oil and Maersk Tankers in Q3 both businesses have been classified as discontinued operations. Likewise Maersk Drilling, as a structural solution is now expected within 12 months. The results of the businesses are presented in one separate line in the income statement, cash flow statement and balance sheet.

Revenue increase and an underlying profit - solid progress on determining the structural solutions for separation of the energy related businesses.

THE CONSOLIDATED FINANCIALS

Revenue increased by USD 973m to USD 8.0bn with a USD 771m or 14% increase in Maersk Line mainly due to higher freight rates in Q3. The underlying profit from continuing operations was USD 248m (loss of USD 42m) with an improvement of USD 290m in Transport & Logistics and a decline of USD 15m in Energy.

The underlying profit was positively impacted by the increased freight rates in Maersk Line compared to Q3 2016, however with a 2.5% decrease in volumes and increasing unit cost due to the cyber-attack and 26% higher bunker price. The lower result in Energy compared to the same quarter last year was related to Maersk Supply Service.

The net loss including discontinued operations of USD 1.5bn (profit of USD 438m) was negatively impacted by an accounting impairment of USD 1.75bn in Maersk Drilling following classification as discontinued operations and impairments of USD 374m in APM Terminals.

The result from continuing operations was a loss of USD 120m (loss of USD 30m) with a decrease in APM Terminals of USD 398m countered by an increase in Maersk Line of USD 336m. The result from discontinued operations was a loss of USD 1.4bn (profit of USD 468m) negatively impacted by the impairment in Maersk Drilling.



Photo: Jesper Schwartz

"I am pleased with the agreements reached in Q3 for Total S.A. to acquire Maersk Oil and A.P. Møller Holding to acquire Maersk Tankers, both of which indicate solid progress in the separation of the Energy businesses"

Søren Skou, CEO of A.P. Møller – Mærsk A/S

DEVELOPMENTS IN THE QUARTER

A.P. Moller - Maersk executed on the strategy to separate out its energy businesses in **Q3** and entered into an agreement for Total S.A. to acquire **Maersk Oil** for USD 7,450m in a combined share and debt transaction and A.P. Møller Holding to acquire **Maersk Tankers** for USD 1,171m in an all-cash transaction. Furthermore, a structural solution for Maersk Drilling is expected within 12 months.

Maersk Drilling was classified as assets held for sale as a structural solution is now expected within 12 months.

A structural solution for **Maersk Supply Service** remains to be defined before the end of 2018.

A.P. Moller - Maersk further announced that the Salling Companies, after more than 50 years of partnership, will acquire the remaining 19% of the shares in Dansk Supermarked Group for DKK 5,530m in an all-cash transaction.

Guidance for 2017

A.P. Moller - Maersk now expects a positive underlying profit (loss of USD 546m), previously above 2016. Gross capital expenditure for 2017 is now expected to be around USD 4.5bn (USD 3.1bn). Both adjusted for the discontinued operations of Maersk Oil, Maersk Tankers and Maersk Drilling.

The guidance for 2017 excludes the acquisition of Hamburg Süd.

A.P. Moller - Maersk's guidance for 2017 is subject to considerable uncertainty, not least due to developments in the global economy and the container freight rates.

TRANSPORT & LOGISTICS

(USD million)	Q3 2017	Q3 2016	Change	FY 2016
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Maersk Line

Revenue	6,130	5,359	14%	20,715
Profit/loss	220	-116	N/A	-376
Operating cash flow	702	368	91%	1,060
Capital expenditures	-924	-176	N/A	-586
ROIC (%)	4.3	-2.3	6.6pp	-1.9

APM Terminals

Revenue	1,024	1,062	4%	4,176
Profit/loss	-267	131	N/A	438
Operating cash flow	182	259	-30%	819
Capital expenditures	-193	-230	-16%	-1,549
ROIC (%)	-13.3	6.6	-19.9pp	5.7

Damco

Revenue	688	635	8%	2,507
Profit/loss	-6	15	N/A	31
Operating cash flow	-38	20	N/A	4
Capital expenditures	-1	-1	0%	-8
ROIC (%)	-9.4	29.7	-39.1pp	14.6

Svitzer

Revenue	174	163	7%	642
Profit/loss	35	22	59%	91
Operating cash flow	46	52	12%	144
Capital expenditures	-25	-40	-38%	-192
ROIC (%)	10.6	6.9	3.7pp	7.5

Maersk Container Industry

Revenue	241	131	84%	564
Profit/loss	8	-7	N/A	-55
Operating cash flow	73	-4	N/A	-4
Capital expenditures	-11	-4	-275%	-26
ROIC (%)	11.4	-6.2	17.6pp	-13.3

Transport & Logistics reported a consolidated revenue of USD 8.0bn (USD 7.0bn), an increase of 14% compared to Q3 2016. The increased underlying profit of USD 372m (USD 82m) was largely driven by improved container freight rates. Transport & Logistics generated a free cash flow of negative USD 295m (positive USD 285m) with a higher level of investments related to vessel deliveries on the part of Maersk Line and development projects in APM Terminals.

The effect on profitability from the June cyber-attack was USD 250-300m, with most of the impact related to Maersk Line in Q3. No further impact is expected in Q4.

Maersk Line reported a profit of USD 220m (loss of USD 116m) and a positive ROIC of 4.3% (negative 2.3%) with both East-West trades and North-South trades profitable in Q3 2017. The market fundamentals remained positive as container demand grew by 5%. Maersk Line's average freight rate increased by 14% and revenue improved by 14% compared to Q3 2016.

APM Terminals reported an underlying profit of USD 110m (USD 126m), negatively impacted by the challenging market conditions with overcapacity in the industry leading to pressure on profit and additional costs related to the cyber-attack. The reported loss of USD 267m (profit of USD 131m) and negative ROIC of 13.3% (positive 6.6%) was impacted by impairments of USD 374m related to terminals in markets with challenging commercial conditions.

Damco reported a loss of USD 6m (profit of USD 15m) with a negative ROIC of 9.4% (positive 29.7%). The result was negatively impacted by the cyber-attack as well as product investments and lower ocean margins, but positively offset mainly by volumes growth in supply chain management and margin improvements in air freight.

Svitzer reported a profit of USD 35m (USD 22m) and a ROIC of 10.6% (6.9%), positively impacted by higher volumes from increased towage activities in Australia and Americas, ongoing portfolio and fleet optimisation, and reduction of operating and administration costs.

Maersk Container Industry reported a profit of USD 8m (loss of USD 7m) and a positive ROIC of 11.4% (negative 6.2%), positively impacted by higher volumes in dry and reefer freight, increased efficiencies and higher market prices of dry containers.

ENERGY

(USD million)	Q3 2017	Q3 2016	Change	FY 2016
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Maersk Supply Service

Revenue	62	94	-34%	386
Profit/loss	-16	-11	45%	-1,228
Operating cash flow	-3	38	N/A	81
Capital expenditures	-101	1	N/A	-103
ROIC (%)	-8.3	-2.5	-5.8pp	-76.7

Maersk Supply Service reported a loss of USD 16m (loss of USD 11m) and a ROIC of negative 8.3% (negative 2.5%). The underlying result was a loss of USD 14m (loss of USD 11m) driven by fewer legacy contracts offset by a periodically stronger spot market in Q3.

Discontinued operations

The loss from discontinued operations amounted to USD 1.4bn (profit of USD 468m) with a loss in Maersk Drilling of USD 1.7bn (profit of USD 348m), a profit in Maersk Oil of USD 259m (USD 119m), and a loss in Maersk Tankers of USD 8m (profit of USD 1m).

For more details regarding the financials for Q3 2017 please visit the Investor Relations website:

<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.



Dreams come true for young Maersk-lover

THE BIG PICTURE | A few times a year, letters from kids around the world land on the desk of Nana Rasmussen, Event Manager in Maersk's Corporate Branding team. Those children are true Maersk fans – they love the company, adore the famous Maersk blue colour and have been “ship enthusiasts their entire lives” – just like 9-year-old Ethan Liddy from Australia, who has had a passion for Maersk containers, trains and ships for years. He has been dreaming of visiting Maersk Headquarters in Copenhagen.

Ethan's dreams came true when he paid a visit to Maersk while on a family vacation in Europe and the Esplanaden team arranged for him to visit the Maersk Museum which he found out about on the Maersk website. His surprise grew even bigger when it turned out he could also visit the **Triple-E Marit Maersk** during her port stay in Aarhus, which – in his own words – was “fantabuloustastic”.

Maersk has a long history of engaging with potential future employees in their youth, many of whom have been Maersk-lovers for years. Around the world, many offices organise traditional family days, where employees can bring their children and show them their work environment – often resulting in long-lasting attachment to the company. ■

Photo: Peter Einholdt

WELCOME TO MAERSK



Photo: Hamburg Süd

Teaming up for trade

GLOBAL POSITION | Hamburg Süd has officially become a part of A.P. Møller - Maersk. The closing of the deal marks the beginning of the integration and a common journey to build on the global positions of both brands.

BY JESPER TOFT MADSEN

➤ In early December 2016, Maersk Line announced its intention to acquire **Hamburg Süd**. A year later, the German-based shipping line has officially joined A.P. Møller - Maersk in one of the largest transactions in shipping history.

Ane Mærsk Mc-Kinney Ugglå, Chairman of the A.P. Møller Foundation, has a special welcome message:

"I am pleased to express our sincere welcome to every one of our new colleagues from Hamburg Süd."

"To have Hamburg Süd, with its great history and dedicated team, as part of our company gives us pride. The company you are now joining has, like Hamburg Süd, a strong heritage in shipping as well as a tradition for value-based leadership, where our values are guidelines for each individual employee, all over the world, at sea and onshore."

With the final regulatory approvals in place, the official closing of the deal represents the culmination of a year's preparation and planning. The due diligence process alone has involved more than 20,000 documents in a virtual data room. Integration planning teams from both companies have worked together



Photo: Ricky Molloy

"To have Hamburg Süd, with its great history and dedicated team, as part of our company is a source of pride," says Ane Mærsk Mc-Kinney Ugglå.

since May to create a joint baseline, design a new Target Operating Model and make plans for implementation and synergy capture, while constantly focusing on servicing existing customers.

Next step: Unlock business potential

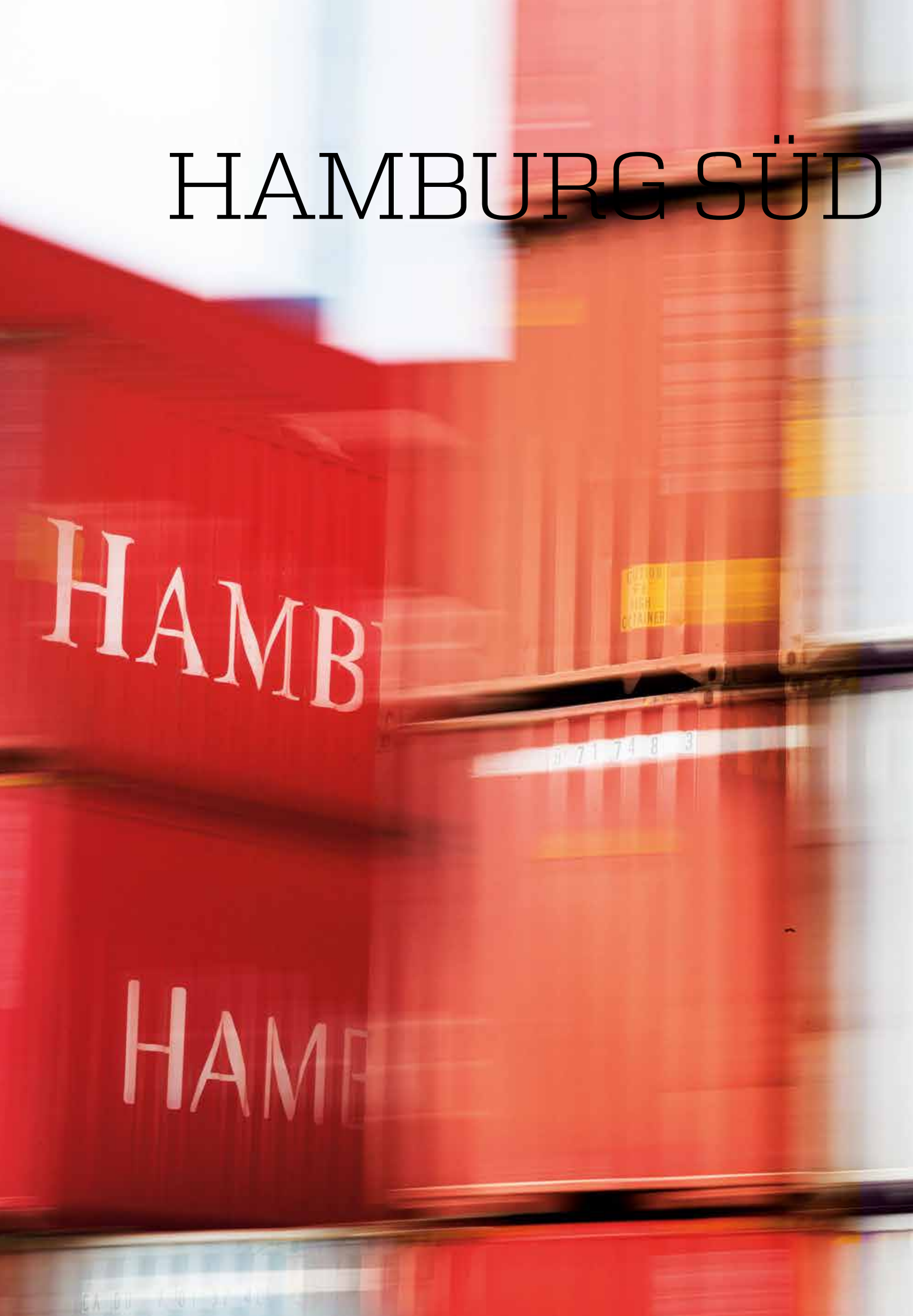
Day one marks the first day of an integration that will reinforce the global positions of both Hamburg Süd and Maersk Line as well as strengthen the separate customer offerings. Work to unlock the business benefits will begin by coordinating the commercial activities to grow joint revenues while integrating operations to start realising synergies.

Like any other integration, it brings both opportunities and challenges.

To be continued on the back

Go to the next page to get a sneak peek into the joint opportunities and potential of Hamburg Süd and Maersk Line. →

HAMBURG SÜD



+ MAERSK LINE



→ Teaming up for trade

Continued from the frontpage



"Integrating two companies is always a challenge. My wish and hope is that we learn from each other and become stronger together," says Ane Mærsk Mc-Kinney Uggle.

Becoming stronger together means that 35,600 employees are teaming up for trade. It means that **Hamburg Süd** employees are joining the world leader in container shipping and a global workforce that now carries more than 18% of global trade.

Ottmar Gast, Chairman of Hamburg Süd's Supervisory Board, believes that the integration will bring about plenty of opportunities:

"With a wealth of experience in Maersk Line and Hamburg Süd, there is so much we can achieve by sharing knowledge and exchanging best practices between our businesses. I am convinced that we will contribute a lot to the achievement of our joint goal of revenue and market share growth as well as improving cost levels and productivity further. From sharing supplier insight and market intelligence, to identifying opportunities to improve equipment maintenance and cargo safety – by



Photo: Scapix

"With over 100 years in shipping and the passion to match our histories, Maersk Line and Hamburg Süd know what it means to go the extra mile. We are family-backed businesses with strong values at our core," says Søren Skou, CEO of A.P. Moller – Maersk

listening and learning, we will be able to deliver even better for customers, drive growth and make both brands more competitive and stronger for the future."

Common ground

While the impact of the integration will vary significantly across teams, everyone will come to understand one another's business and ways of working, says Søren Skou, CEO of A.P. Moller – Maersk:

"And we will see that we have a lot in common. With over 100 years in shipping and the passion to match our histories, Maersk Line and Hamburg Süd know what it means to go the extra mile. We are family-backed businesses with strong values at the core. We love our work. And while in the coming months we will certainly find things that divide us, it is our belief that we will find far more that unites us." ■

Integrations can be tough

Photo: Maersk Line



Robbert van Trooijen
CEO of Asia Pacific
at Maersk Line

"Integrations can be tough on the people of the acquired company. Company cultures unavoidably blend, and subconsciously the concern emerges that one culture will jeopardise the pride, culture, heritage and independence of the other; without fully appreciating or understanding it. It's this very pride in culture and heritage that has made the other company what it is today, and its success formula has to be understood and treated with due care."

Employees are the foundation

Photo: Maersk Line



Marcia Rivera
Senior Business
Transformation
Specialist at
Maersk Line
(former employee
of Hamburg Süd)

"Having worked in both Hamburg Süd and Maersk Line, I have experienced the values and amazing cultures of both companies at first-hand. I strongly believe employees are the foundation of a successful integration. This means happy customers and good business for both companies. We all have a unique and exciting opportunity to learn from each other's strengths, which is very humbling. These opportunities don't come around very often and together we can shape our customers' future for the better."

Bring ideas to the table

Photo: Maersk Line



Michael Wilson
Chief Engineer at
Maersk Kiel

"In Maersk Line, we consider the future. It is important that we do a good job every day, continue to learn and train new people in the organisation. I encourage everyone in Hamburg Süd to bring their ideas to the table and at the same time, take in as much as they can. This way, we can make our ships and the entire organisation better, safer and more efficient."



Founded by:
11 Hamburg merchant houses

Founded where:
Hamburg, Germany

Years in the shipping industry:
146 years



Founded by:
A.P. Møller

Founded where:
Copenhagen, Denmark

Years in the shipping industry:
113 years



Hamburg Süd
105 vessels
Average fleet age – 6 years

Maersk Line
668 vessels
Average fleet age – 9 years



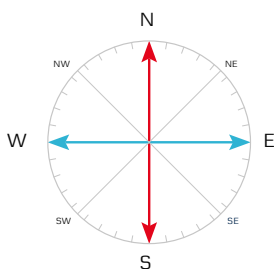
1871
Hamburg Südamerikanische
Dampfschiffahrts-Gesellschaft
is founded

Our histories

1904
A.P. Møller – Mærsk
is established on 16th
April

Best of bo

Together
we will make
over **90,000**
port calls
annually



1922

With Cap Polonio the era
of sea cruise begins



1928

Hamburg Süd extends
shipping activities to the
area under the name RAO (R
A. Oetk

1913

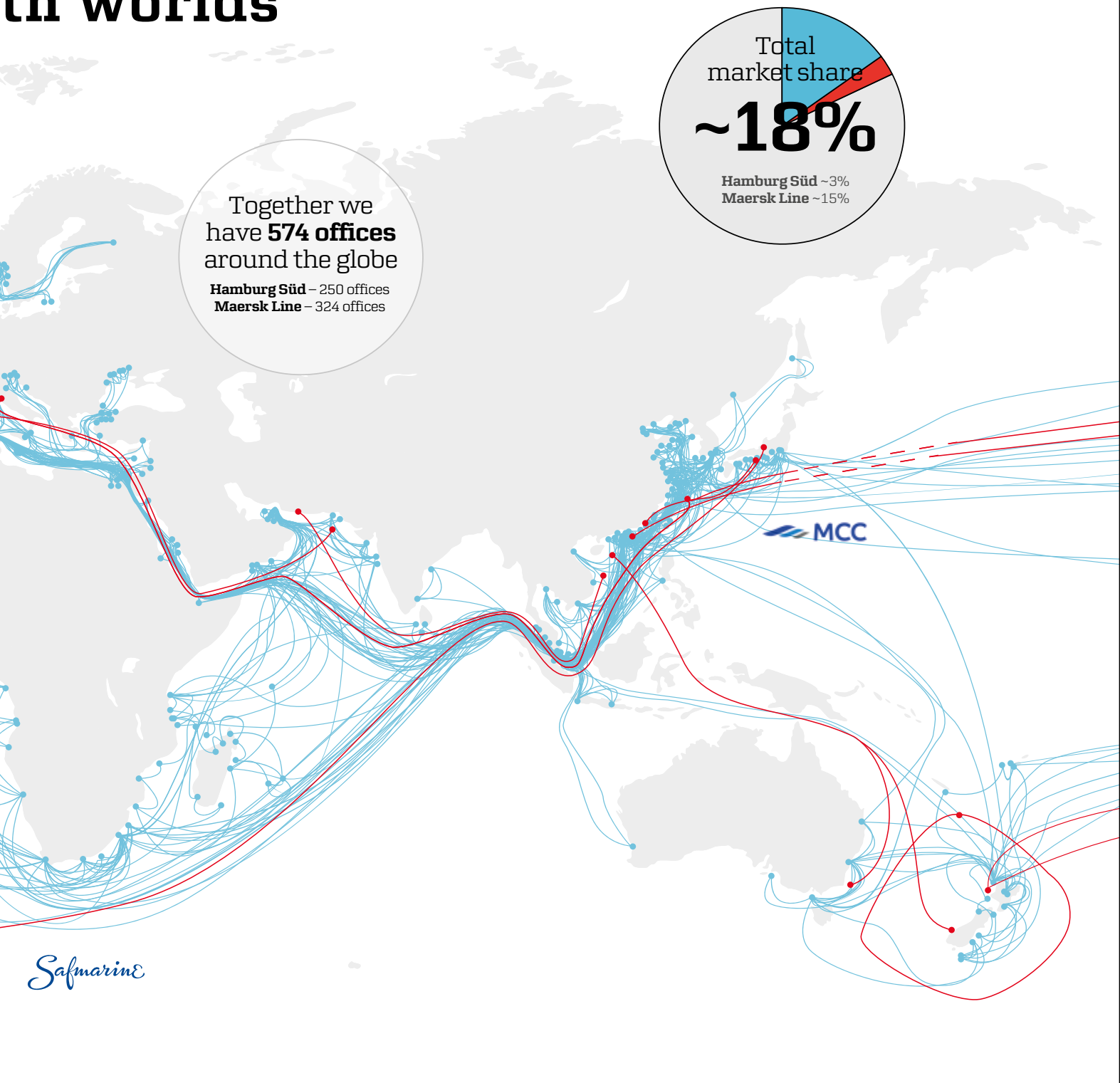
The first voyage of steamer LAURA
MÆRSK is a time charter for the
Hamburg Südamerikanische
Dampfschiffahrts-Gesellschaft.

1928

Maersk Line begins operations
with a route between U.S. and
the Far East



th worlds



1952

ends its
tramp
Rudolf
er KG)



1955

The Dr. August Oetker
company takes over the
business of Hamburg Süd
completely

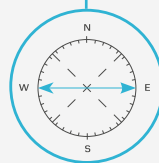
1971

The first full container ships are deployed
between U.S. East Coast and Australia/
New Zealand pioneering containerisation
in the Pacific

Ham
the
con
Sou

1955

Maersk Line
blue vessels
are introduced



1975

Maersk Line introduces
nine container vessels on its
original route, connecting U.S.
and the Far East



Joint capacity

Together our slot capacity is
4,080,000 TEUs

Hamburg Süd – 590,000 TEUs
Maersk Line – 3,490,000 TEUs

Offshore 9,100 seafarers

Hamburg Süd – 1,400 seafarers
Maersk Line – 7,700 seafarers



Global workforce

Together our staff amount to
35,600 employees

Hamburg Süd – 6,300 employees
Maersk Line – 29,300 employees

Reefers 365,250 units

Hamburg Süd – 83,250 units
Maersk Line – 282,000 units



Benefits to customers

“As a Hamburg Süd and/or Maersk Line customer, you will have access to dedicated end-to-end services, as well as the flexibility and reach offered by the world’s largest network.”

Søren Toft, Maersk Line Chief Operating Officer



Increased frequency



Faster transit times



More direct port pairs



1998

Hamburg Süd acquires Brazilian shipping company Aliança and the Seas Steamship

2014

Three vessels of the new Cap San class are named, carrying the highest reefer capacity worldwide



2016

Hamburg Süd celebrates its 145th anniversary

1993

Maersk Line acquires EACBen to become the largest shipping company in the world

2013

The first Triple-E container ship is delivered



2016

A.P. Møller – Mærsk announces plans to become a focused transport and logistics company