

MAERSK

POST 

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KARIMBA WINS FOR MAERSK

THE DIGITAL ERA | Gladys Karimba, an IT Contract & Software Management Intern at Damco is a winner - and Maersk is a winner. Karimba developed a concept, which became one of ten final winning ideas in a digital innovation idea campaign launched within the Transport & Logistics division to trigger creativity and engagement among its employees. It is expected that the ideas will move into the digital product pipeline or be incubated as potential spin-out companies.

Theme: Digitisation 12-23

- 05 Editorial: Progressing on our strategic agenda
- 06 Idea storm
- 08 Embracing the future as an engaged owner

12-23 THEME:

DIGITISATION

- Everything will be digitised
- Just twill it
- Start local, go global
- Everyone has a unique perspective

- 24 Rocket Man
- 26 Getting in the MIX
- 29 "We need to stay fresh as an employer. We need to open up the barriers"
- 34 From 'speed police' to equal partner
- 36 Raising Tyra
- 38 The other side of the port gate
- 40 "There is always a solution"
- 42 An electric shock in Esplanaden
- 44 One car every minute
- 46 AGM: No simple shortcuts
- 48 MyMaersk: Bomb disposal with a Bang
- 50 Financial report
- 52 Celebrating the heroes of trade

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Bombardment of bright ideas

THE GROWTH AGENDA | Sune Stilling is A.P. Moller - Maersk's new Head of Growth. In the job since January, he explains how a huge number of bright business ideas are needed in order to find and pursue those that will allow the company to build the next APM Terminals or Damco – a new world class business.



Photo: Jesper Schwartz

Women under-represented

NEW INITIATIVES | Women are still under-represented at leadership levels in Maersk. However, new initiatives such as diversity networks, mentoring schemes and workshops aimed at empowering female employees aim to change all of that. "To address all of these issues we need a range of different solutions," says Rachel Osikoya, Global Head of Diversity & Inclusion at Transport & Logistics.



Photo: Peter Elmholt



Photo: Tom Lindboe

46

Strategy calls for important decisions

GOODBYE TO THE CONGLOMERATE | "Let me say it up front: There are no simple shortcuts. The strategy calls for a number of important decisions to be made - and a lot of hard work to see it through," Jim Hagemann Snabe said to the 1,000 shareholders attending A.P. Moller - Maersk's Annual General Meeting in Copenhagen. He succeeds Michael Pram Rasmussen, who gave his final report after 18 years on the Board of Directors, the past 14 as Chairman of the Board.

The other side of the port gate

WORKING WITH THE COMMUNITY | In the city of Lázaro Cárdenas on Mexico's Pacific coast, a charity is providing much-needed education and nutrition to disadvantaged children. With the support of APM Terminals, which recently opened a new port there, it is providing a foundation for their future lives.



Photos: Jesper Schwartz

38

One car every minute

LOGISTICS SOLUTIONS |

The Nissan plant in Cuernavaca relies on Maersk for the reliable delivery of parts to maintain its production of vehicles. "We actually have many kinds of logistics needs. We rate all our suppliers and Maersk performs very, very well in response to all our requests," says Eduardo Aquino, Junior Manager for Overseas Logistics at the Nissan plant in Cuernavaca Mexico.



Photo: Nissan

44

Trust and dialogue: key to a happy work life

NEW HR DIRECTION | Ulf Hahnemann, the new Head of HR at T&L is shaking up the way to approach employee engagement at Maersk – with friendship, trust and dialogue placed right at the heart of his new people strategy.

27

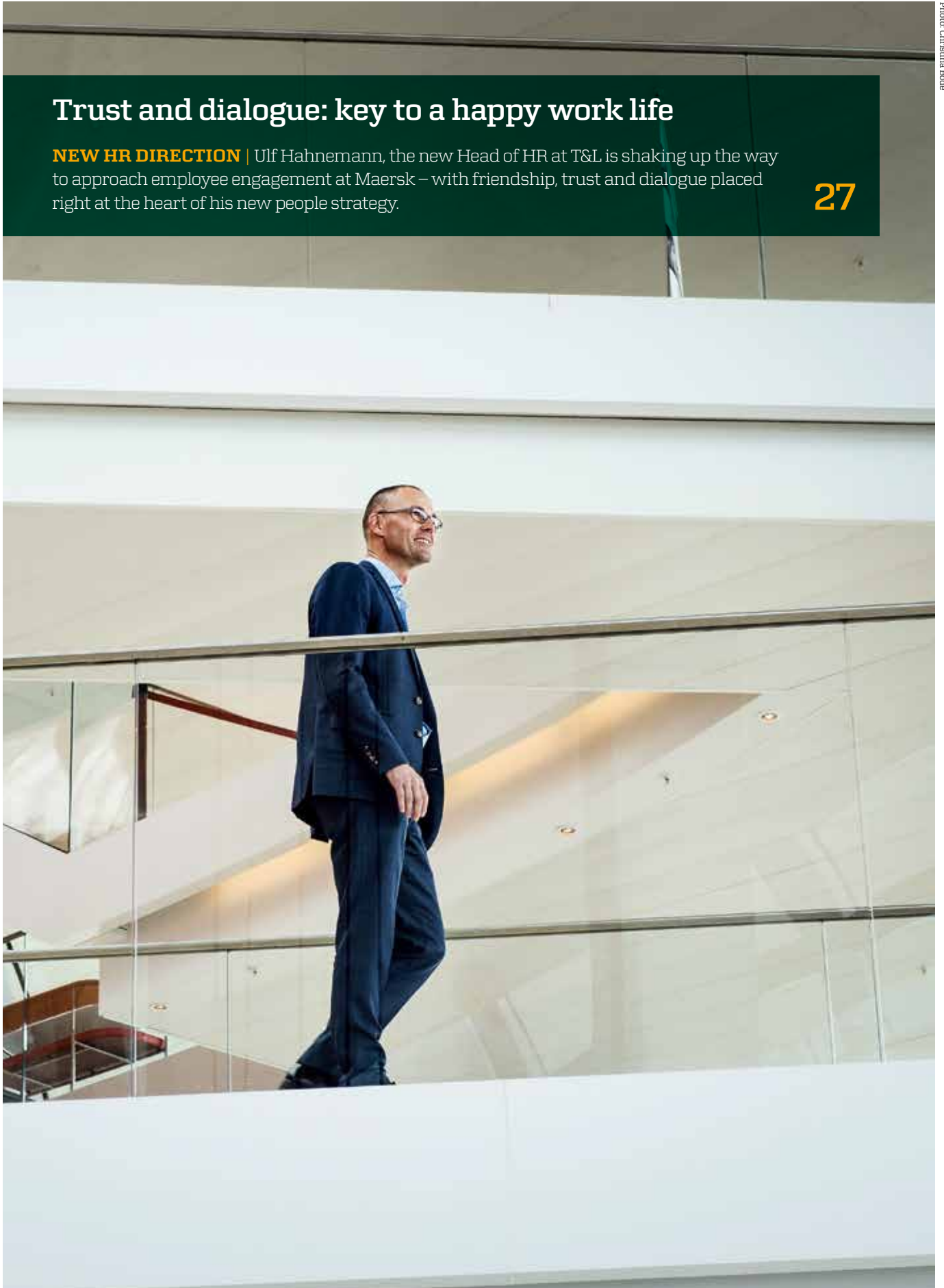




Photo: Anders Koch

Søren Skou

CEO of A.P. Moller - Maersk

Progressing on our strategic agenda

Now a few months after unveiling the new direction for A.P. Moller - Maersk, we are making good headway on our strategic agenda. The financial performance is improving and we are on track to deliver on our guidance to the market of an underlying profit above 2016's level.

This is underpinned by the improving container market, which we expect to grow by 2-4% this year. A.P. Moller - Maersk revenue is growing again, driven by significant increases in Maersk Line and Maersk Oil. Maersk Line has been taking market share, and our businesses continue to bring costs down.

We are driving forward the integration process in the Transport & Logistics division, which is expected to bring synergies of two percentage points on the return on invested capital (ROIC) by the end of 2019, and there are already some good results.

Maersk Line is increasing its volumes to APM Terminals, helping to fill up terminal capacity. Improved collaboration between Maersk Line and Maersk Container Industry is leading to significantly higher volumes and improved results, as well as cost synergies.

In the Energy division, we are identifying sustainable structural solutions for the businesses. It's in the nature of the work that we cannot communicate about transactions until they have happened, but we are making good progress understanding our options. Maersk Oil delivered strong earnings in the first quarter, supported by higher oil prices but also the good work on lowering costs.

On our longer term priorities, the acquisition of Hamburg Süd is progressing as planned towards a closing in the fourth quarter, subject to regulatory approvals. The acquisition

will deliver substantial revenue, volume and market share growth and strengthen our position in Latin America and Oceania, as well as deliver operational synergies of USD 350-400m per year from 2019.

The digital strategy is also moving forward with several initiatives launched to improve the customer experience, such as the digital freight forwarding platform Twill, the collaborations with IBM and Microsoft to develop supply chain solutions and improving the functionality of maerskline.com

We have made significant progress on both our short- and long-term agenda since we announced our plans to separate out the energy businesses and to create an integrated transport and logistics business in September last year. I would like to thank everyone for their hard work, commitment and dedication. ■

Idea storm

THE GROWTH AGENDA | Sune Stilling is A.P. Moller - Maersk's new Head of Growth. In the job since January, here he explains how a huge number of bright business ideas are needed in order to find and pursue those that will allow the company to build the next APM Terminals or Damco – a new world class business.

BY SAM CAGE

➤ What do you need to build a brand new, world class company? Many things, of course. But it starts with good ideas, and lots of them.

Sune Stilling is the man tasked with seeking out, listening to and assessing what he describes as a "bombardment" of ideas from both within and outside the company. In the job as Head of Growth since January, he's visibly excited by the role and the seeds of entrepreneurship he sees in A.P. Moller - Maersk.

"There are lots of ideas in this organisation," Stilling tells Maersk Post in his office at Esplanaden. "People have this frustration, 'I have an idea but I don't know where to go with it'. Maybe they don't know how to make a business plan, or it's been shot down before. So we're going to build a home for ideas."

Bringing back entrepreneurship

A.P. Moller - Maersk has outlined a new path for profitable growth as it becomes an integrated transport and logistics company. That is built on three pillars: organic, acquisitive and through digital, and

the dedicated position of Head of Growth, reporting directly to Group CEO Søren Skou, brings more fire-power to the entire growth agenda.

An A.P. Moller - Maersk veteran, Stilling joined in 1999 as a MISE trainee and has served in senior roles around the world, most recently as CEO of **Egyptian Drilling Company**. He has made several senior hires to the growth team, both internally and from outside the company, and it is quickly taking shape.

"I've been hired to create top-line growth," he says. The enthusiasm is clear when Stilling speaks – he seems to anticipate most questions and has already answered them as he talks, ideas coming almost as fast as he hopes they will come into his new organisation. And he is aware of the hard work ahead.

"It's a way to frame our ambition level. We are not doing this to create marginal gains. We are doing this to create two, three, or more world class businesses," he says.

"It doesn't mean we shouldn't pursue other smaller opportunities.

Who is Sune Stilling?

- Married to Elsa, two children Noam (5) and Maya (9)
- Five years in West Africa as Managing Director for Damco
- CEO of Maersk Drilling in Venezuela
- Most recently, CEO of Egyptian Drilling Company (EDC), an oilfield services company with activities in the Middle East, North and West Africa

Photo: Jesper Schwartz

Growth Initiatives

- Executing the development and commercialisation of business ideas into standalone businesses with substantial impact on topline
- Running a structured pipeline of new ideas, providing support and challenge for future new businesses while owning the commercialisation agenda
- Unlocking and re-igniting entrepreneurial potential within running organisations
- Have a look at the ideas platform <https://maerskinnovation.nos.co> Here you can post text, pictures, video ... or anything at all that illustrates your bright idea

But it's what we want to do on a T&L level. We're not going to be short of ideas – in fact I'm being bombarded with them. This is the entrepreneurship that has made this company big. This has been built by people who loved to take a chance, and we want to bring that back, with a purpose and a link to the business strategy."

Not about foosball and bean bags

The role of the Growth team is to assess ideas and drive those with billion dollar potential through



incubation and development, until they can stand on their own as stand-alone businesses or be spun-off into the business units. Inspiration can be from within or outside the company and most ideas won't make it - and that's not a problem provided they fail quickly and cheaply. Or they may work on the brand level but not with the scale that Stilling is looking for.

The team is working on a range of initiatives. These are both close to the core of the business and more

experimental ideas, and are related to physical and digital spaces.

"Maybe on the first cut we'll take out 80, 90% of ideas, and get more senior eyes on those that remain. They can be sent in as a picture, a video, 160 words if it's an idea - we don't need a full business proposal at such an early stage. We have people who can assess it, and support those we choose to pursue," Stilling says.

In the later stages of the process, it could become a presentation to senior executives

along the lines of Dragon's Den, a TV series in which budding entrepreneurs pitch their ideas to potential investors. But Stilling cautions that there must always be a link to the business and strategy. "There's a lot of structure and discipline in this process as we execute on these bright ideas," he says. "It's not about buying a foosball table and bean bags." 🍀

"It's a way to frame our ambition level. We are not doing this to create marginal gains. We are doing this to create two, three, or more world class businesses," Sune Stilling says.

Embracing the future as an engaged owner

BUILDING ON A LEGACY | **A.P. Møller Holding** has been established to support the development of the Maersk and Danske Bank activities, while safeguarding the Maersk name and the values it stands for. Another ambition behind its establishment is to invest in new companies. Maersk Post spoke to CEO Robert M. Uggla about the company's role.

By Anders Rosendahl

➤ Could you give a brief description of A.P. Møller Holding?

A.P. Møller Holding was established in 2013 as the parent company of A.P. Møller - Maersk. To simplify, you can say that the A.P. Møller Foundation gave A.P. Møller Holding the task of exercising its role as majority owner in A.P. Møller - Maersk and of managing the Foundation's future investments. In 2014, A.P. Møller Holding acquired a large shareholding in **Danske Bank**, which is a leading bank in Scandinavia.

Why did you establish A.P. Møller Holding?

The Foundation and family were engaged in a project we called 'Renatum', which means revival. We felt it was time to reflect on why we had been successful for the last hundred years and what was required to stay relevant for the next hundred years. We concluded that we needed to revitalise our ownership strategy and ownership structure. Subsequently, as part of our participation on the Board of A.P. Møller - Maersk, we also discussed how we could establish an agile and flexible structure for the Maersk activities, driving capital discipline, and where relevant, an increased focus on growth opportunities.

What is the purpose of A.P. Møller Holding?

As the investment arm of the A.P. Møller Foundation, our purpose is to exercise the Foundation's role as an engaged owner in A.P. Møller - Maersk and Danske Bank, and to ensure that the Foundation can continue contributing to society, in the form of donations, for generations to come. We fulfil this purpose by safeguarding the long-term viability of our portfolio companies and by investing in and building new businesses.

As owners, we believe portfolio renewal comes from developing new businesses inside as well as outside our core holdings. For example, Danske Bank's MobilePay is an inspiring example of how to try to build a new business platform inside an existing business. At the same time, A.P. Møller Holding is looking at investment opportunities, which have the potential to become bigger businesses outside of our current core holdings.

Finally, I think many see A.P. Møller Holding as a cultural custodian. We need to make sure that the Maersk family name and values are developed in the spirit of A.P. Møller and his son Mærsk Mc-Kinney Møller.

A history full of changes

Maersk's activities have undergone several structural and strategic shifts over the course of more than a hundred years. This willingness of its owners, Board of Directors and management to make changes when necessary has been essential to Maersk staying relevant and thriving.

Here are some examples of decisions, which have had a profound impact upon the company:

In 1883, Peter Mærsk Møller survived a terrible storm off Western Scotland, but his sailing barque, VALKYRIEN, sank with all cargo lost. Although nearly 50 years old, Peter Mærsk Møller realised he had to re-educate himself and subsequently secured a certificate as a steamship master. Two years later, he acquired the steamship, LAURA, in his aspiration to build a family business.



In the early 1900s, A.P. Møller established The Steamship Company Svendborg and The Steamship Company of 1912, as well as A.P. Møller Køb og Salg (later renamed Maersk Broker). These activities soon became associated with a star on a blue background, originally used as funnel mark for LAURA.

"To me 'engaged ownership' means providing value through our ownership model. We believe our staying power as a long-term, stable owner along with our understanding of and passion for our businesses drive the right decision-making, to the benefit of all shareholders," says CEO Robert M. Uggla.

In 1953, The **A.P. Møller Foundation** was established in order to secure and control the long-term ownership of the listed steamship companies.

In 1968, a few years after the death of his father, Mærsk Mc-Kinney Møller pursued an organisational redesign followed by the creation of the company's first formal strategy document and, later, by the establishment of new businesses linked to the liner and oil businesses.

In 2003, The Steamship Company Svendborg and The Steamship Company of 1912 merged to become A.P. Møller - Mærsk A/S.

In 2013, the A.P. Møller Foundation established A.P. Møller Holding. Soon thereafter, A.P. Møller Holding became the biggest shareholder in Danske Bank.

A.P. Møller Holding Facts:

- Established in 2013, it is a privately held investment company based in Denmark with approximately USD 20 billion under management
- The purpose of A. P. Møller Holding is to exercise the A.P. Møller Foundation's role as an engaged owner in A.P. Møller – Maersk and Danske Bank, and to ensure that the Foundation can continue to contribute to society, in the form of donations, for generations to come. A.P. Møller Holding fulfills this purpose by safeguarding the long-term viability of its portfolio companies, and by investing in and building new businesses
- A.P. Møller Holding, together with the family's direct investments and other family controlled foundations, holds more than 70% of the votes in A. P. Møller-Mærsk A/S and 20% of Danske Bank A/S
- Danske Bank is the second largest bank in Scandinavia. Established in 1871, it has 19,000 employees. Danske Bank is a leader in digital banking, having successfully launched MobilePay a few years ago

"The Core Values are closely associated with the Maersk family name and the family's and Foundation's ownership of the various Maersk companies. A.P. Møller Holding will consider these values when evaluating new investments," says CEO Robert M. Uggla.

→ Why is A.P. Møller Holding looking to diversify its investments at a time when A.P. Møller - Maersk is consolidating?

We believe it is paramount to have a diversified portfolio if we are to manage risk in our various portfolio companies. In the past, the Foundation secured diversification through the portfolio of A.P. Møller - Maersk. In the future, the Foundation will

secure such diversification through the portfolio of A.P. Møller Holding. It is a structure that enables some of the businesses to become more agile and flexible in how they approach opportunities, while allowing the parent company to remain diversified.

What do you mean by being an engaged owner?

To me 'engaged ownership' means providing value

Safeguarding the long term viability – Building and developing a group of companies which have a positive and lasting impact on society.

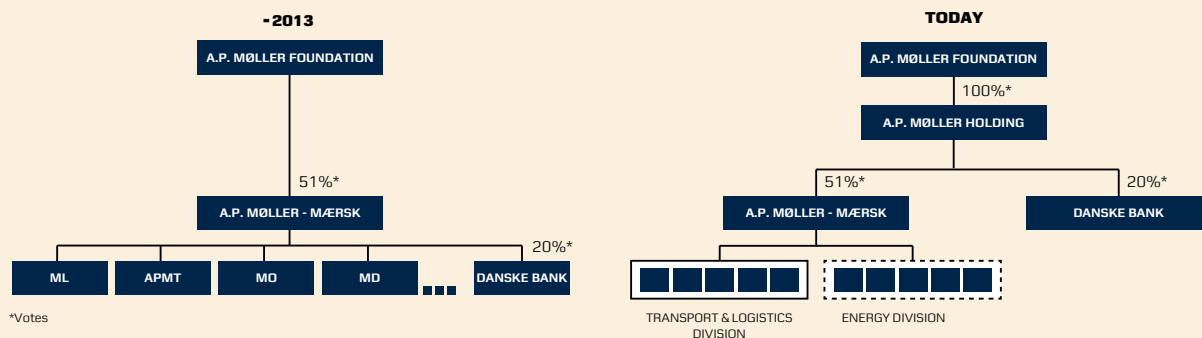
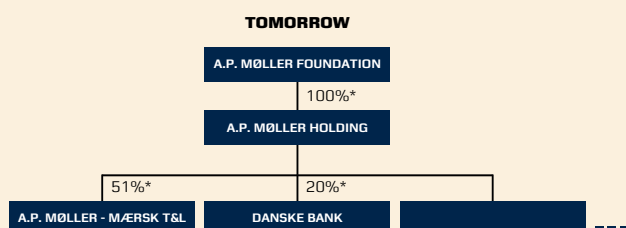


Illustration: Erickson Ocampo Enriquez



Photo: Steen Brogaard

through our ownership model. We believe our staying power as a long-term, stable owner along with our understanding of and passion for our businesses drive the right decision-making, to the benefit of all shareholders. Through our engaged participation on the various Boards, we have a point of view on key matters such as executive talent management, strategy, capital structure and investments.



Looking at possible future investments by A.P. Møller Holding, can we expect that new companies in the portfolio will all live by the Core Values?

The Core Values are closely associated with the Maersk family name and the family's and Foundation's ownership of the various Maersk companies. A.P. Møller Holding will consider these values when evaluating new investments. That said, we do not have a desire to change a company's already defined corporate values, just because we become an owner. For example, Danske Bank has its own corporate values, but they are in no way in breach of Maersk's Core Values.

What role does A.P. Møller Holding have in the restructuring of A.P. Møller - Maersk?

The restructuring is a matter for the Board of A.P. Møller - Maersk with the purpose of separating out some of the companies, which may be better off standing on their own feet. From A.P. Møller Holding's point of view, we see ourselves as an engaged future owner of several companies.

Will the restructuring of A.P. Møller-Maersk be A.P. Møller Holding's main focus in coming years?

No, we have several important tasks. We do our utmost to support our core holdings in their development. For me personally, this means spending a lot of time as Board member of A.P. Møller-Maersk. At the same time, we, in A. P. Møller Holding, are very focused on defining our investment strategy and build up an organisation, in order to be able to acquire and develop business platforms.

How would you describe A.P. Møller Holding as an organisation?

For the time being, we probably come across as more of a start-up than as a corporate or traditional investment company. We intend to remain a very lean organisation with fast decision-making and a high level of energy. I have the privilege to work with a team of talented people, who aspire to be part of building a great organisation and leading investment house. We also benefit from a network of great advisors, fellow Board members, executives and external partners. I think we are very blessed to be part of such a strong ecosystem.

Are there other holding structures that A.P. Møller Holding has been inspired by – or could be compared to?

I have tried to spend as much time as possible learning about the ownership models and strategies of other families and foundations, in many different countries. Each business is different, the size of the business and ownership structure vary a lot. That said, all the families I have met, share the passion for their core values and the relentless pursuit of trying to ensure that their businesses stay relevant over time. It is no easy feat: the life expectancy of a corporation is shorter than that of a human being.

Taking this challenge upon yourself, establishing and leading A.P. Møller Holding, what is your biggest motivation?

To be part of building and developing a group of companies, which have a positive and lasting impact on society. ▣

THEME DIGITISATION

Bringing existing business into the digital world

Digitisation is a key part of the future for the Transport & Logistics division and in this theme, Maersk Post shows how substantial the new digital innovation strategy is. With the help of examples we tell why this is vital. Both in relation to bringing the Group's existing business into the digital world, and to building the capabilities necessary for innovating in the digital arena.



EVERYTHING WILL BE DIGIT

Photo: Colourbox



ISED

THE DIGITAL ERA | Digitisation is transforming every industry and it will transform A.P. Moller – Maersk too in the coming years, with the creation of new products, better service for customers, operations that are more efficient and new sources of revenue.

BY JOHN CHURCHILL AND FLEMMING J. MIKKELSEN





Chief Digital Officer Ibrahim Gokcen: "Our success will depend on how we combine and expand our current relatively small digital capability with our deep knowledge of the container transportation and logistics business."

Photo: Jesper Schwartz

➤ "Digitisation is for all of us, from the CEO to the youngest man on the deck," says Ibrahim Gokcen about the digital vision for the Transport & Logistics division. "We all need to talk the same language. That is the only way we can succeed. We have to use our strengths to the maximum. That means multiple

parts of the organisation working together to shape our digital future. This is being done in a coordinated way with the help of a single joint agenda."

Gokcen is A.P. Moller - Maersk's first ever Chief Digital Officer. He has been with the company for a year, and was appointed CDO a

few months ago. He says Maersk is ready for the digital journey, the only obstacle being time.

"We have to get started, do things, learn and then take the next steps. While we need to be patient, we also need to continue experimenting. We cannot achieve a perfect design from the beginning,"

says Gokcen. "Digitisation is a new area of endeavour and as such it can be a little uncomfortable at times. Nevertheless, I can see that everyone is open to understanding how we can deliver results, while adapting to what for many may be a new way of working."

Be patient

Before joining Maersk, Gokcen helped lead a similar transformation at General Electric, which he describes as "a traditional industrial company that started to think of digitisation as a clear competitive advantage, and ultimately as a path to survival." It is the same with Maersk. However, he is quick to underline that seven years later, digital transformation is still a work in progress at General Electric.

"It takes time, so we must be patient. We will of course see results along the way and I'm really excited about the journey. It's a great challenge for all of us and it will make us much better as professionals, as leaders and also as a company," he says.

Digital innovation is one of four Must Win Battles in the Transport & Logistics division's new 'Stronger together' strategy, where the mind-set is that the five brands – Maersk

"It takes time, so we must be patient. We will of course see results along the way and I'm really excited about the journey. It's a great challenge for all of us and it will make us much better as professionals, as leaders and also as a company"

Ibrahim Gokcen,
Chief Digital Officer
A.P. Moller - Maersk

Line, APM Terminals, Damco, Svitzer and Maersk Container Industry – will perform better as one business.

Digitising container logistics

As laid out by CEO of A.P. Moller - Maersk, Søren Skou, digitisation is an important pillar for growth in 2017 and digital innovation will be vital in creating and expanding synergies between the five brands that enable Maersk to deliver on the new vision of becoming the global integrator of container logistics.

Speaking to analysts and investors at Capital Markets Day

in Copenhagen, Chief Strategy & Transformation Officer Jakob Stausholm summarised the importance of digitisation and Maersk's approach to its implementation when he said "everything that can be digitised in our industry will be digitised."

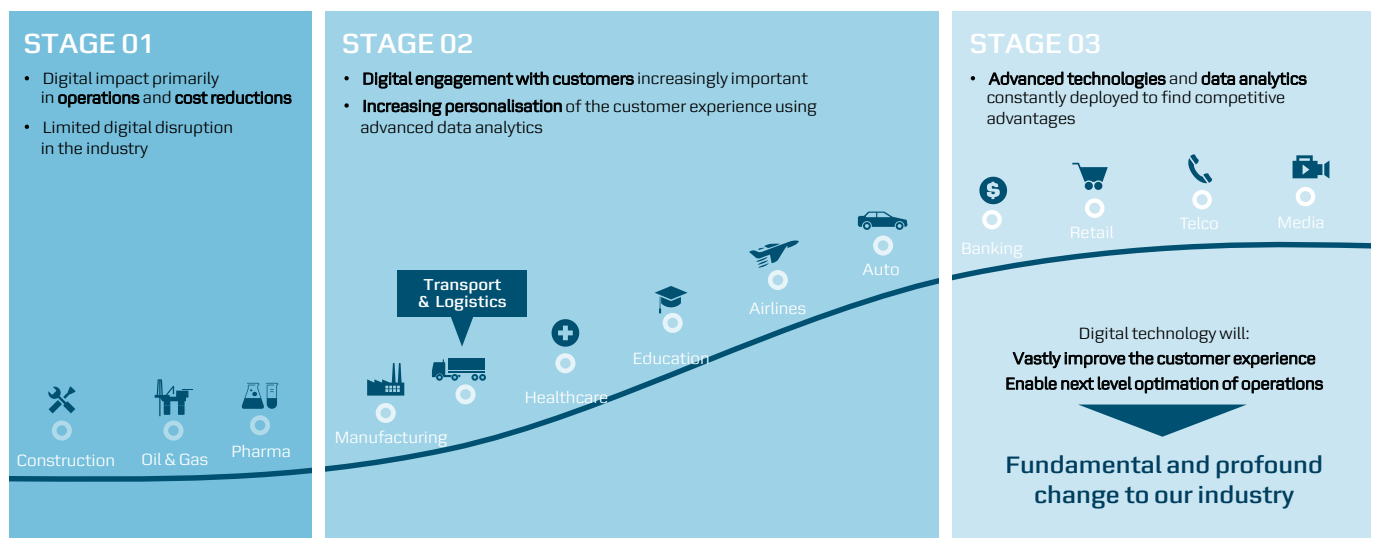
Gokcen says it will be important for Maersk not to stray off course amid the excitement that inevitably will accompany each new step in Maersk's digital transformation. "Our advantage is that no one knows our industry better than we do," he says.

"Our success will depend on how we combine and expand our current relatively small digital capability with our deep knowledge of the container transportation and logistics business. So, while technology will play a big role in this process, our domain expertise will allow us to play and win in the race to digitise. We cannot afford to forget where our advantage comes from. Maintaining our focus is critical."

The road to achieving the vision

It will also depend on Maersk's ability to continue filling the ranks of its digital organisation – expected to grow to 100 people by the end of the year – with data

Digitisation of the container industry is still in early stages but will fundamentally change our industry



What is digitisation, anyway?

Every company seems to be “going digital” these days and what it means is a hot topic of discussion. Is it a reference to technology? To doing stuff online? To apps?

According to a **report from McKinsey & Co. entitled “What ‘digital’ really means,”** it holds different meanings for different companies, but should be seen less as a thing (like technology, for example) and more as a way of doing things that:

- Creates value at the frontiers of the business. For Maersk, this could be the data and connectivity of our assets and the emerging Internet of Things (IoT) capability this will provide
- Creates value in the core. For Maersk, this relates to operational performance and the customer experience, which digital capabilities and products will have a huge impact on.
- Create value by building foundational capabilities that support the entire structure. For Maersk, establishing the position of Chief Digital Officer, implementing SCRUM and other agile working methods, innovation campaigns and collaboration with start-ups are examples of this.

→ scientists and engineers, product developers, product managers, user experience specialists and more. However, just as important as their numbers, will be how they work within the business.

Greater focus is being put on integrating digitisation within the actual business thereby eliminating any disconnect that exists between

the two by linking the digital teams with teams in sales, customer service and operations. This is where the deepest understanding of the core business lies, and as such, it houses the greatest opportunity for curious digital natives to uncover value and digitally transform the company as well as our industry.

“No single person or team





can execute our digital portfolio or transformation and it most certainly isn't just about the people in the digital teams,” says Gokcen. “If we are going to get anywhere it will be through cooperation across the entire organisation and with our partners,” he says. In doing so, he is referring to Maersk's recent agreements with the likes of IBM, with a view to exploring the benefits of blockchain technology for Maersk's trade digitisation efforts, and with Microsoft, whose Azure platform will be used by all Maersk brands in developing software applications.

Never forget the customer

Finally, if the message from management is to collaborate, be open to digital ideas and never forget what the Maersk advantage is, they are equally insistent that every employee never forget who they are doing all this for: the customer.

“Whatever innovation we come up with, it has to be backed by our customers and the market. We can build amazing technology, but if our customers – and our own people – don't use it, then we got it wrong. And we need everyone to learn to think that way, putting customers at the start,” says Gokcen, before adding: “And since this is innovation, we also need to have fun.”

Priorities of Transport & Logistics Digital

A one-stop-shop for container logistics		Build a natively digital one-stop-shop for container logistics and predominately engage our customers through this online channel
Digitise all of our assets		Digitise all of our physical assets, unleash the potential of the internet of things and increase assets under our constant monitoring/management
Deliver digital products		Use digital technology to develop new commercial-grade software products, enable new business products (e.g. 4PL, 5PL) or enhance existing business products
Shape and influence a digital marketplace		Shape, influence or own a digital marketplace for transport & logistics

Vision & portfolio across Transport & Logistics

Enhance customer experience, drive productivity by building digital capability and organisation to turn ideas into prototypes and digital products built on a standard cloud platform, in collaboration with partners and powered by analytics

DIGITALLY-ENABLED PHYSICAL SERVICES Example: maerskline.com	NEW DIGITAL SERVICES Example: • Online Rates	EXTERNAL APPS: SOFTWARE PRODUCTS TO GO TO MARKET Example: • Global Trade Digitisation	INTERNAL APPS: SOFTWARE PRODUCTS THAT EMPOWER OUR TEAMS Example: • Bunker Optimisation
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Photo: Ruud Taal

"Customers have become accustomed to software-driven simplicity in other parts of their business and personal lives and they want it for shipping too," says Troels Støvring, CEO of Twill.

JUST TWILL IT

INNOVATION | Damco's new digital freight forwarder, Twill, provides its customers with greater control of shipments with its simple, easy-to-use online platform that continuously evolves in step with customer needs.

BY JOHN CHURCHILL

► **Troels Støvring** and his team built the beta version of Twill in just 20 weeks. While the pace of its further development will be driven by customer feedback, the ambition is that **Damco's** new digital freight forwarder will also scale up fast.

"We are in a race, no doubt about it. Customers have become accustomed to software-driven simplicity in other parts of their business and personal lives and they want it for shipping too," says Støvring, CEO of Twill. "That is why we built Twill, to combine the power of software with our people and expertise in order to

simplify the shipping experience for our customers."

Eat or be eaten

Simple does not describe the typical freight forwarding customer's experience today. Unfortunately, emails, phone calls and the associated waiting and worrying about where one's products are in the supply chain constitute an all too familiar reality.

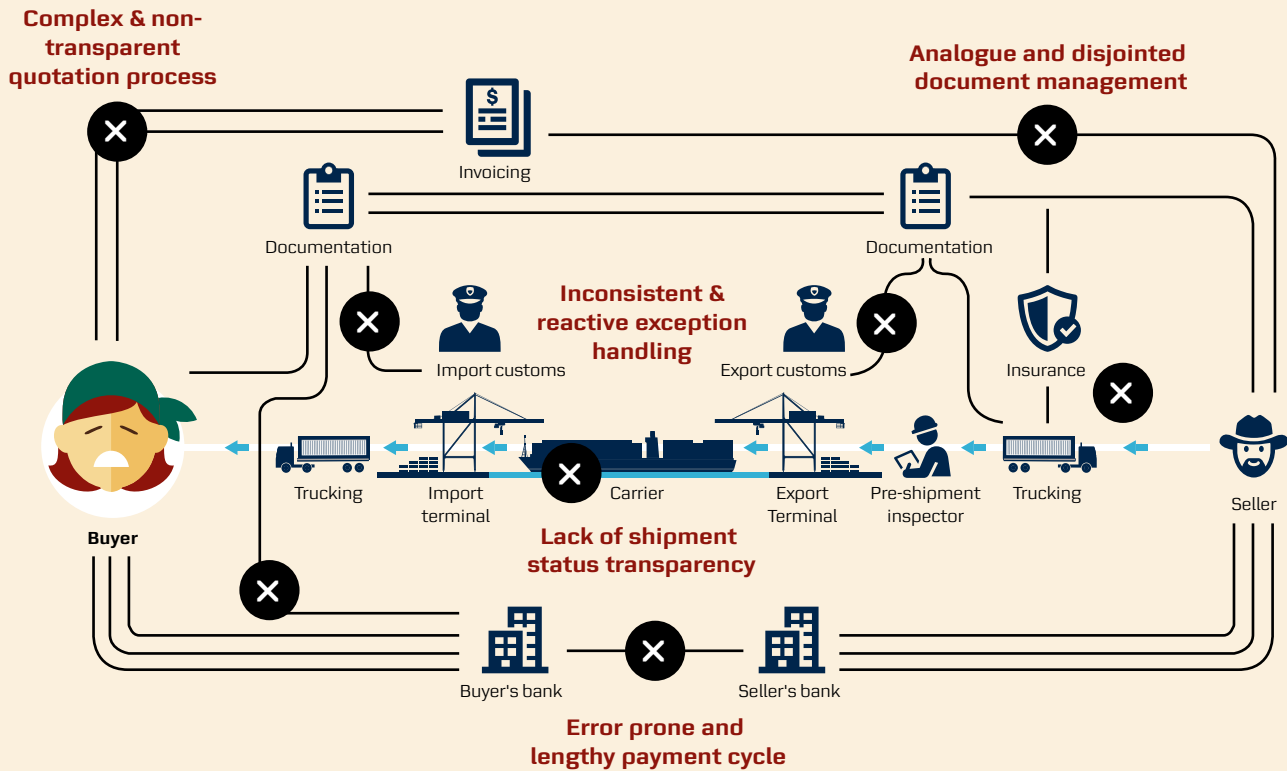
Twill's online platform offers customers one place to view quotes and place bookings instantly, manage related documents, track shipments and proactively address

exceptions. No more waiting, no more annoying back and forth communication, no more uncertainty. Twill customers can access a simple, self-service interface online wherever and whenever they choose.

Of course, Twill is not alone in providing a digital alternative to freight forwarding customers. The market has seen an influx of competitors over the last few years and Twill faces tough competition from a mix of venture capital-backed start-ups rapidly acquiring scale and other logistics incumbents like its parent, Damco.



Today's freight forwarding journey



The twill experience transforms this into a linear process

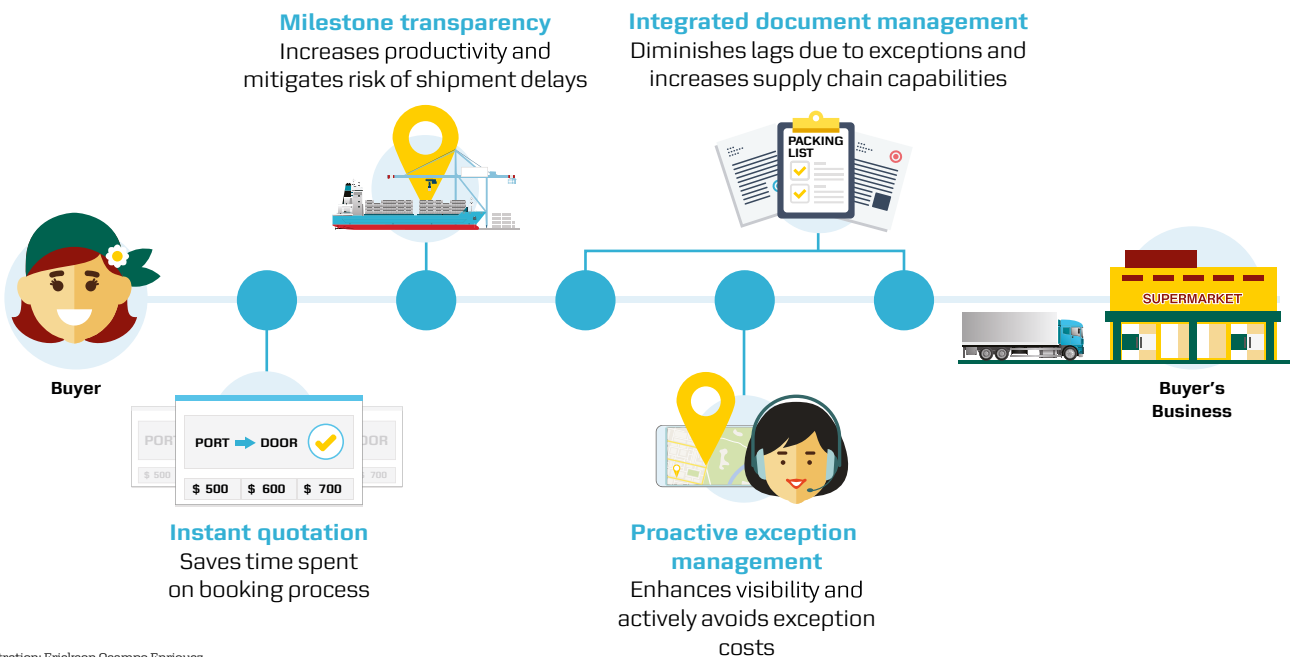


Illustration: Erickson Ocampo Enriquez



CEO of Twill Troels Støvring and his team built the beta version of Twill in just 20 weeks.

"If it's 'eat or be eaten' time in this industry, I think Twill's advantage is that it isn't just about the software," says Støvring. "What we're actually doing is combining the knowledge, expertise and scale of Damco as a major freight forwarder with the agile mindset of a start-up. We have to prove it, of course, but I think it puts us in a unique position to win in this market."

Co-created with the customer

After a successful beta version of Twill was launched with a limited number of customers using it to do business between the UK and China, Twill is now open for business in the UK market.

Because of its customer-driven development, Twill was never meant to be seen as a finished product, but rather as one that grows in step with customer needs. As customers use it and provide feedback, more shipping routes, features and products will be added. The Twill team can update the online platform just as one would an app.

"With Twill, we are putting customers in control of what has traditionally been a stressful process with very little control or visibility on their side," says Richard Few, a commercial team member at Twill. He says the reaction of one customer to the very simple beta

version was encouraging: "He said 'It is obviously a lot better than what we've got at the moment. I would be daft to not sign up for this.'"

Growth and efficiency

If Twill is successful, the benefit to Damco's overall business would be significant. While supply chain management is Damco's primary business, freight forwarding contributes nearly one-third of Damco's revenue.

By improving the freight forwarding customers' experience, and making their lives simpler, Twill hopes to win more business from

existing customers as well as win new customers. It also expects to reap major savings from the lower cost required to serve customers on the digital platform.

"Twill is a story about growth and efficiency. We can grow and optimise our current freight forwarding business and then use the efficiency gains from our leaner processes to reinvest and grow even more. It won't be easy, this is a market with some strong competitors. But if we keep our focus on what the customer needs, we will succeed," says Støvring. ■

What is in it for the customer?

For now, Twill is only available to the UK market. See more about who they are at their website: <https://www.twill-logistics.com/signup/>

Here is a summary of Twill's current core services:

- **Instant quotation and booking.** Twill provides instant quotes on preferred trade lanes, so placing a booking is simple and quick
- **Integrated document management.** Twill acts as a single source for all shipping documentation – from customs forms to invoices to bills of lading – so customers never lose track of their paperwork
- **Milestone transparency.** Twill enables customers to track all their shipments across mission-critical milestones, with dashboard overview, so they always know where their cargo is and what the next steps will be
- **Proactive exception handling.** If an exception should arise, Twill proactively notifies the customers and collaborates with them to mitigate risk. A key advantage here is that Damco provides a scale that other platforms don't have

Start local, go global

ONLINE PLATFORM | With the help of Maersk's shipping and logistics expertise, ConnectAmericas is breaking down barriers to trading online by enabling small businesses in the Americas to connect to the global economy.



Photo: ConnectAmericas

BY MONIKA CANTY

Way up in the **Peruvian** highlands, more than 3000m above sea level, farmers are growing organic superfoods such as quinoa, amaranth and chia. Their farms might be small-scale, but their products end up on the shelves of organic shops and supermarket chains in the UK, US and Asia under the Ecoinca label.

Ecoinca is the brainchild of Peruvian entrepreneur Rachelle Olortegui, who was inspired to start an organic farming business after living in Australia where she worked at a nursery for native plants.

"I wanted to start a business with

a purpose," she says. "My focus was to help ensure better working conditions and fair wages for farmers, and a sustainable harvest without pesticides and chemicals."

Social media for companies

Olortegui's biggest obstacles were access to financing and markets. Having discovered the lack of local demand for organic produce, she needed an export market.

"It was very difficult to get the business off the ground initially," says Olortegui. "I went to trade fairs. But sometimes you have to go many

"I went to trade fairs. But sometimes you have to go many times without getting any sales because people have to get to know you first"

Entrepreneur Rachelle Olortegui

times without getting any sales because people have to get to know you first."

She was then introduced to **ConnectAmericas** – a new online platform developed by the

Rachelle Olortegui, Founder and General Manager of Enterprise Ecoinca in Peru, exports organic superfoods to USA, Europe and Asia.

governments and big companies.

"It was a case of 'right place at the right time' when I discovered ConnectAmericas," explains Olortegui. "For us, it was a way to get connected with clients around the world. You present your products to potential buyers from all five continents. In just a few days, you can kick-start negotiations that would have taken months to achieve through traditional channels."

Enabling trade online

"When entrepreneurs start out it's hard to get access to information, understand how to get the financing or find reliable companies to

do business with," says Rafael E. González, Maersk's Partnership Manager for the project.

"A lot of small and medium-sized enterprises just don't know how to get their products out to international markets."

Based in Panama, González, is from the Dominican Republic and has worked for Maersk for 13 years. He was motivated to join the project because he wanted to help small businesses in the region develop.

Maersk is investing around half a million dollars in the site on new features such as a transport cost estimator which launched in March, and an online training programme on international trade and transportation, to be rolled out later this year.

Direct link to Sealand

The aim is to link ConnectAmericas' users to SeaLand's website - Maersk's intra-Americas shipping line. As SeaLand targets smaller companies (currently around 50% of its portfolio is customers with less than 500 containers) it seems to be the perfect fit.

"Our ambition is that a user can log on, estimate the total cost of moving containers from his city of origin to the destination, and then link directly to SeaLand for a formal

quote and to book the freight," says González.

Breaking down trade barriers

Today, ConnectAmericas has helped more than 20,000 companies close over USD 150 million in deals.

For Olortegui it proved a lifeline in terms of connecting her fledgling business to the global economy. "Our first contract was for one container of organic quinoa and we were super excited because this was such a big step for us."

She now exports around 600 tonnes, equivalent to 24 containers, of organic produce per year. The next step is to expand into Asia and with ConnectAmericas' help, Ecoinca has already made contact with buyers in South Korea.

"It has been a steep learning curve but I think we've shown that starting a business doesn't only have to be about making money," says Olortegui. "You can have a business with a purpose. Ours is about focusing on the environment, being sustainable and protecting our legacy."

González believes the online platform is changing the way small businesses connect to the global economy. "There's no other platform like it. It's an innovative way to enable trade, and it indirectly helps society because more exports mean more development and more employment" ■



Inter-American Development Bank (IDB) as a way to help SMEs in the Americas overcome barriers to trade. Maersk was involved as a partner, bringing expertise on shipping and logistics to the project.

ConnectAmericas works as a social media site for companies. Sellers create a free profile with details of their product, and interested buyers contact them directly. The site offers all the tools needed for a company to grow its business, from online training courses, seminars, business rounds and purchasing announcements from

From the Americas to Africa

The success of ConnectAmericas spurred Maersk to start a similar project in Africa. **Fromtu** is a digital B2B trading platform connecting African suppliers with global and intra-African buyers. Fromtu will provide African producers and traders with the tools to grow their business, knowledge and networks. The platform will simplify the trading journey for buyers and sellers alike. Maersk has established Fromtu as a separate company under Maersk Growth Initiatives. Development of the platform is currently underway with the launch planned to occur later in 2017 in East Africa.

Everyone has a unique pe

GOOD IDEAS | A **digital innovation** idea campaign launched within Maersk's Transport & Logistics division triggered an outpouring of creativity and engagement among employees around the world.

BY JOHN CHURCHILL

➤ Many corporations make use of idea campaigns to spur innovation. When Maersk launched its first ever idea campaign in March, Rahul Hegde, Cindy Braun and Emil Andersen were just a few of those who jumped at the chance to share and discuss ideas for the business.

All three are also among the 10 winners of the campaign, which saw more than 700 employees in 55 countries contribute to ideas over a two-week period.

The challenge? Come up with "unique digital customer solutions that leverage Maersk's data and platforms to better understand and serve customers with new or improved services."

Other than that and some simple guidelines, employees were encouraged to be bold and creative.

Where the good ideas come from

The thinking behind the campaign is both strategic and cultural, explains Ibrahim Gokcen, Chief Digital Officer at A.P. Moller - Maersk.

"This is a significant change we're encouraging. The process of creating business, solving problems and creating solutions is more of an open one when promoted through idea campaigns like this. I think the first campaign is an indicator of the appetite for this. Maersk is full of curious, observant people who are proud of their work and want to help make it better and idea campaigns like this tap straight into that passion."

In fact, many of the winners' ideas stem directly from the work they do every day and their observations and interactions with customers and colleagues. For many of



Photos: Peter Elmholt.

the idea owners, the idea was clear in their heads, they just needed an outlet and reason to share it.

"There is an assumption about innovation that certain 'experts'

or people with 'innovation' in their title need to be involved, but that just isn't the case. In fact, every employee has a unique perspective that is relevant to innovation,

Three of the Winners

Rahul Hegde

Business Process Expert

Maersk Global Service Centres, India



Rahul Hegde used his experience and knowledge of dangerous cargo shipping regulations and the often complicated requirements customers must comply with to propose a better process. The improved process makes use of available technology and will save customers' time and avoid costly cargo rejections that lead to delays and unhappy customers.

"I sit in the middle, between customers and our business, in a complicated but important process. I could see the flaws and the frustration of our customers and I knew things could be handled a lot better."

erspective

Kamal Agarwal Emil Andersen Sidharth Jain Cathleen Bilheimer Antonio Dominguez (Cluster Managing Director) Rahul Hegde



particularly in the idea generation stage. That's where the good ideas come from," says Anneli Bartholdy, Digital Innovation Lead and facilitator of the idea campaign.

After the two-week idea submission period closed, the more than 700 ideas were whittled down to 30 by employee voting and comments, as well as through a mixed

The final ten winners of Maersk's first ever idea campaign to spur innovation.

panel of inside and external judges from across the businesses. After another week of this, plus input from senior management, the final ten were chosen.

Each of the winning ideas has a budget of up to 2,000 USD in seed funding. This covers the cost of early testing and validation, starting with a standard business case; an invitation to a two-day scoping workshop to make a "prototype" of their product to test with customers; and then, if customer reaction is positive, a prototyping plan to roll out the first iteration. Finally, the best ideas will move into the digital product pipeline of the Transport & Logistics division or be incubated as a potential spin out company.

As for the site created to host the campaign, while it will be used for future idea campaigns, it will also act as a portal for employees to share and discuss ideas within different innovation themes and to submit questions for a new, monthly Digital Innovation Q&A webcast that will keep employees informed about developments in the digitisation process. ■

Emil Andersen

Head of Regional Treasury Centre Asia
Transport & Logistics, Singapore



Emil Andersen combined his knowledge and experience in cash and currency risk management on behalf of Maersk businesses and customers to propose a much easier, less costly way for small and medium-sized customers to pay for products and services when and wherever they transact business.

"As an employee there has been no dedicated place where one could share ideas for the business and receive feedback, follow-up and potentially develop them. This is a great initiative; it's about time we did something like this."

Cindy Braun

Senior Business Architect, Innovation
Research & Development
Damco, USA



Cindy Braun leveraged her IT skills with her understanding of Damco's business and customers from her days in key account management to identify a way, in which Damco could provide more options to customers while saving on costs.

"Having split my career between IT, where we deal with the processes and technical aspects, and the commercial side where I was working more closely with customers, helped me identify the problem and see the possible solution."



In his PhD, Christian Schultz focused on cosmology, developing computer simulations of structure formation – such as modelling how the initial universe first formed stars and galaxies – over the history of the universe.

Photo: Jesper Schwartz

ROCKET MAN

UNUSUAL RECRUIT | **Christian Schultz** is no ordinary recruit to **Maersk Tankers**. Holding a PhD in astrophysics, he is part of a change in the culture of the business, building up data and analysing it to help make better decisions.

BY SAM CAGE

► The tankers business may not seem a natural home for a rocket scientist.

Rather than figuring out the finer details of outer space, Christian Schultz is using his education and skills to collect and analyse data at Maersk Tankers, and use it to make better business decisions.

"The tanker market is very volatile and it's difficult to see a leading indicator. But if you put a lot of variables together then you get a better picture," explains Schultz, a confident 31-year-old who holds a PhD in astrophysics from the University of Aarhus.

Product tankers can be compared to taxis, taking on new assignments with new customers whenever they are available – unlike container ships, which are more like buses travelling on a fixed schedule. This makes predicting the market, and where to position the vessels, even more important.

Schultz outlines the scope of the work with data in a manner that makes a complicated, technical subject seem quite straightforward. He

explains how, based on the data, the market analytics team made a recommendation in 2016 to move mid-range (MR) tankers out of the Asian region and into the Western hemisphere, where it was forecast they could secure better returns.

"This proved to be right and was a contributing factor to the great MR result last year," says Schultz. "Putting this together is a team effort, and the data is not infallible, but on average it's better than a random guess or trusting your gut feelings."

Look at the data

Digitisation is a central tenet of Maersk Tankers' Taking Lead strategy across three priorities: active position taking, cost leadership and third party services.

It is enabling more accurate forecasting of which markets and cargoes yield the highest earnings, so that vessels can be positioned accordingly. Digitisation is also part of the efforts to reduce cost by creating higher



→ efficiencies in processes and systems, which contributed to cost savings of USD 30m in 2016.

The digital focus has led to the hiring of staff from fields not traditionally linked to shipping, and who are experts in quantitative analysis and mathematical modelling, such as Schultz. They bring different skills and a new perspective to the company and industry, says Maersk Tankers' CEO Christian M. Ingerslev.

"Decisions in our industry have largely been based on sentiment, and it's a volatile market," Ingerslev says.

"Data can inform a better way of making those decisions, but only if it's applied in the right way and combined with the experience, capabilities and customer insight we have built up. For this, we need people who come from technological backgrounds and who have the ability to really dig into data."

The pioneers

In his PhD, Schultz focused on cosmology, developing computer

simulations of structure formation – such as modelling how the initial universe first formed stars and galaxies – over the history of the universe. He joined Maersk Tankers in October 2015. Coming from a job in risk analysis at Danske Bank, he was inspired by the possibilities associated with working in a completely new area.

He now works on coding data – vessels locations, oil futures, export and import numbers, rates, and the crude tankers market that can feed into products – and aggregating it in the right way, and sees a major change in the culture of the organisation as it increasingly relies on data.

"It was a really interesting job ad. We are pioneers in this area. It's always exciting to be at the forefront and there's lots of freedom to decide what tools to use and which direction to go in," says Schultz.

"This is very high on the management agenda so I really enjoy coming to work and feeling that what I do is meaningful, that someone will be using it, and that it is of benefit to the business." ■

Getting

POWER OF NETWORKING |

Women are still underrepresented at leadership levels at Maersk; but new initiatives such as diversity networks, mentoring schemes and workshops aimed at empowering female employees aim to change all of that.

BY MONIKA CANTY

✉ "Sometimes there are things women struggle with that men don't even think about," says Luiza Bublitz, Head of Safmarine for East Coast South America. "In my case, it was my network. Women often don't realise the power of networking."

Three years ago, Bublitz took action and helped to establish MIX (Maersk Inclusion for Excellence Network), to promote diversity and inclusion at Maersk. From its origins in Brazil, the network has grown to include employees from other Latin American countries including Chile, Mexico, Panama and Argentina and is now expanding further afield – a new division has recently been launched in Nigeria.

"We are not just about gender, but that is where the biggest gap in our company is, so this is our priority," explains Bublitz. "It's all part of the drive for equal opportunities, and to keep up the needed support for women."

MIX has already celebrated successes. As well as organising seminars and events, it was instrumental in pushing for better work-life balance in offices in Latin America – all employees are now encouraged to work from home at least one day a month; and introducing maternity rooms for women to breastfeed or express once they come back to work after having a baby. Today, there are 11 company maternity rooms across Latin America.

Bublitz believes gender diversity at Maersk is changing for the better. "If we compare the team we have today with that five or six years ago it's a completely different picture. We can easily see women at job levels 5 & 6 and I'm very happy to say that I think MIX has helped to create awareness of

Maersk Tankers strategy

Maersk Tankers operated 158 product tanker vessels at the end of 2016, of which 84 were owned, 22 chartered and 52 vessels were on commercial management. Together, these vessels comprise the largest product tanker fleet in the industry

Maersk Tankers continues to deliver on its strategy, which is based on digitisation across the following priorities: active position taking, cost leadership and third party services

Through active position taking, internal and external data are combined and used in commercial decision-making to more accurately forecast which markets and cargo yield the highest earnings, so that vessels can be positioned accordingly

Through cost leadership, Maersk Tankers is reducing its costs by creating higher efficiency levels in its systems and processes and improving its procurement leverage

By providing third party services, the company operates other owners' vessels against a fee to achieve economy of scale, strong partnerships and income without having to invest

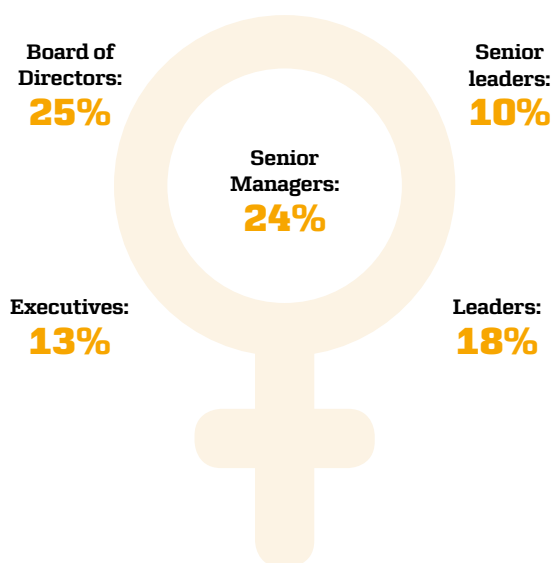
in the MIX



Photo: Transport & Logistics

Rachel Osikoya, Head of Diversity & Inclusion and Foluke Onasanya, Executive Assistant in Maersk Nigeria, take part in a strategie for success workshop held in Nigeria to help women at Maersk maximise their career potential.

Women in Leadership positions at Maersk:



(Figures from the 2016 Sustainability Report)

the fact that better gender balance leads to better business results."

Diversity works for business

The statistics back this up. According to a recent **McKinsey report**, the most diverse companies in terms of gender, race and ethnicity are more likely to have higher financial returns.

Maersk has taken major steps to improve gender diversity across the company. Last year a new global **Maternity Leave Policy** was introduced, including 18 weeks leave on full pay, plus a phased return to work with 20% less hours during the child's first year. The aim being to achieve a global maternity retention level of 90% (up from 70% in 2014).

Still, Maersk is not where it wants

to be – particularly when it comes to those leading the company. In 2016 – according to the Sustainability Report - just 10% of senior leaders and 13% of senior executives were women. This is despite the fact that there is an almost 50/50 split between male and female employees at entry level.

So why are women falling behind when it comes to leadership positions?

Rachel Osikoya, Head of Diversity & Inclusion believes there is no simple reason for this. "There are many different challenges. Some lie within our industries where there is an underrepresentation of women in the fields, that we operate in. Mobility is another challenge in such a globally connected organisation,



Photo: Safmarine



“For a woman to go for promotion she has to be 100% comfortable. Men step up earlier and take bigger risks. But I think it’s in our power to change that. I am optimistic that we will see a gender balance at the top – it’s not a question of if, but when”

Luiza Bublitz, Head of Safmarine for East Coast South America.

→ as looking after family is difficult to balance with the demands of a global assignment. It could also come down to a lack of female role models, which gives women the perception that a career in the C-Suite may not be for them. To address all of these we need a number of different solutions.”

One initiative is the Strategies for Success programme. The programme aims to provide the skills, tools and techniques needed for women in Maersk to maximise their career potential. Over the past six years, the programme has trained more than 700 female colleagues across Maersk, and this year will be running in eight global locations.

Supporting other’s successes

For Foluke Onasanya, Executive Assistant in Maersk Nigeria, who

took part in a recent ‘Strategies for Success’ workshop, such initiatives have been crucial in helping to develop her confidence in the workplace.

Having a female mentor – through a regular phone call with Birgit Faustmann, Executive Assistant to the Head of Africa Region – has also been a source of inspiration. “I so much look forward to our sessions,” says Onasanya. “Birgit has been in the role for a long time and has so much experience. She gives me a lot of guidance, she’s very open and I know I can always reach out to her. I think, as a woman, it’s easier to open up to someone who understands where you are coming from. You see things from the same perspective.”

Onasanya believes more women at Maersk could benefit from having a mentor and looks forward to

the establishment of a mentoring programme as part of Nigeria’s MIX network.

You are not restricted

Such initiatives are a positive step, but will only get us some of the way in the journey towards gender diversity says Rachel Osikoya. “It is up to all of us - men and women - to understand the unique challenges we may face in building a successful career at Maersk. We all play a part in building a more inclusive culture where any talented employee, no matter their background, is able to reach their full professional potential.”

For some, it simply comes down to having the confidence to step-up when opportunities present themselves. “As women we face a natural struggle to step up in our careers,” says Bublitz. “For a woman to go for promotion she has to be 100% comfortable. Men step up earlier and take bigger risks than we do. But I think it’s in our power to change that. I am optimistic that we will see a gender balance at the top – it’s not a question of if, but when.”

Onasanya agrees: “I would say that as women we haven’t always taken our career into our own hands. We sometimes feel we need permission to do something. But as a woman in Maersk you are not restricted. The company is invested in this; they are not limiting things for you. Women need to stand up for themselves, come forward and say that they want to be a leader.” ■

Strategies for Success

The Strategies for Success Programme is designed to help women at Maersk maximise their career potential. Since its launch six years ago, more than 700 women have taken part, with more than 50 senior leaders attending as speakers. Programmes have been held in Singapore, India, Denmark, the US, Hong Kong and Panama.

The two-day agenda includes sessions on: Personal Brand, Executive Impact, Career Vision, Self-Belief, Social Styles, Personal Introductions, Exposure, Office Politics and Networking.

The programme is run in partnership with UK-based learning company Edit Development, co-facilitated with an internal senior female employee from Maersk to ensure a balance between theory and internal realities. Women at job levels 3 & 4 are the target audience. Interested participants should contact their manager and HR partner.

“We need to stay fresh as an employer. We need to open up the barriers”

NEW HR DIRECTION | Ulf Hahnemann, the new Head of HR at T&L, is shaking up the way we approach employee engagement at Maersk – with friendship, trust and dialogue placed right at the heart of his new people strategy.



Photo: Christina Bode



“We want to create a new energy around engagement which focuses on a sense of belonging, care and ambition in every team, at every level across Maersk”

Ulf Hahnemann, Head of HR at Maersk.

BY MONIKA CANTY

→ **“Who is your best friend at work?”** It’s not a question you might expect to be asked by the Head of HR at Maersk - but according to Ulf Hahnemann, **friendship in the workplace is one of the best possible measures of business performance there is.**

“We are all social animals and we crave a sense of belonging,” explains Hahnemann. “We thrive when we are part of something that we really enjoy, and as a result so too does the company.”

Just eight months into his new role, Hahnemann is bringing a fresh perspective to what makes our employees tick; and with it some big plans to shake up the way we approach employee engagement at Maersk – something he sees as being crucial for the future success of T&L.

“Every employee is important and makes a difference to our results – whether you are in Søren Skou’s team, in a Damco depot in Long Beach or in the Shanghai customer services team.

“As T&L Management Board (TLMB) we are finalising our People strategy and we want to create a new energy around engagement which focuses on a sense of belonging, care and ambition in every team, at every level across Maersk.”

In the future, this means adapting the annual employee engagement survey to get to the heart of what’s really important for employees - as well as tailoring the way we act on it. “We should be using the survey to improve the working environment in a way that’s relevant for each individual team, and that means asking the right questions.”

And as the new head of HR and the TLMB roll out their ambitious agenda, this is not the only change employees can look forward to.

A company rooted in values

Hahnemann joined Maersk last year, following a 27-year career at Mars. He returns to Copenhagen after 25 years living outside of his native Denmark - first in Australia and then in the US – for the last 10 years in Nashville, Tennessee.

It was the emphasis on company values that ultimately attracted Hahnemann to the job. He saw many similarities with Mars which - contrary to the common perception of ruthless American corporations - is a strongly values-based organisation, consistently recognised as one of the best places in the world to work.

“What struck me most about Maersk was how strongly the business is rooted in the values of its

founders, and its commitment to being extremely ethical in pursuing business goals. This is really unique. There are not many companies where such strong values exist, and even fewer that make an honest attempt at living by them.”

A new approach to leadership

Hahnemann brings many lessons from Mars to his new role, one of which is the “relentless focus on people.”

“Being a people leader entails huge responsibility - and it should be seen that way, not as a career step,” he says. “That means high expectations. The leader’s role is to foster an environment of engagement, trust and dialogue - to be an enabler of the team.”

“What I’ve learned is that building trust in an organisation is the core challenge. If there’s trust between employees and the company, problem-solving follows. People will use their intelligence as they feel supported, not judged. They are not worried about being shut down or intimidated so ideas can thrive.”

He sees that there is work to be done to foster a more trusting, open culture at Maersk - and it begins with training leaders.

“People stay for leaders and they leave because of leaders, so we need to train them properly. It’s a massive task - there are 8,000 line managers in T&L.”





Photo: Christina Bode

While the focus on leadership development should result in a more inspiring workplace for all, Hahnemann encourages all employees to take their career into their own hands.

"At the end of the day it really comes down to you as an individual. Very few careers are planned. Most are opportunistic – there's a job opening, I'm interested, I grab it and it leads to something else. So I would encourage people to be curious and look for exciting opportunities – but at the same time focus on being excellent in their current role as that's always the foundation for a successful career."

Being 'stronger together'

Having been thrust into his job at Maersk during a time of great transition, a major priority for Hahnemann will be to support the integration of the brands under the new T&L division.

He sees a huge role for HR – not least in guiding employees through this time of uncertainty, and motivating those in T&L to work towards a common goal, rather than being married to their individual brands.

An important solution could lie in the way in which people are remunerated. Currently bonuses are allocated according to performance appraisals which measure people on detailed KPIs (Key Performance Indicators).

Hahnemann sees this as counter-productive and a major barrier towards fostering a more collaborative approach.

"It drives siloed focus. If my bonus is linked to a set of KPIs for my division or my team, it is only natural that I will focus on that, and that alone. I would like to see us all measured on the financial results of T&L, so we get a bonus if we succeed financially. This means all of us in the same boat, working towards the same goal – growth, profit and cash."

In fact, the T&L Management Board has already started this on journey and is today measured on overall performance of T&L, rather than individual brands or functions.

Hahnemann believes this change will increase the incentive for employees to deliver on strong business results.

"It's a misunderstanding that you have to guide people in every single little detail. It assumes you only do what you are paid to do, but great people don't work that way. People are intelligent and if you give them the context of what we want to achieve – they will always do the right thing."

This means communicating openly about the new strategy. "When we make changes, it's very important that we are really good at explaining why. I think we



- could be more transparent. We need to be straightforward about both the sweet and the sour.”

Communicating our employer brand

The strategy change brings with it a need to attract new people to Maersk from different backgrounds. A priority for Hahnemann will be developing Maersk’s employee value proposition (EVP) – which means explaining why Maersk is a great place to work. This is also key to retaining current employees during a time of upheaval.

“We have not been great at communicating our EVP,” says Hahnemann. “Especially in Denmark, Maersk doesn’t have the employer brand it deserves, and we have work to do to change that and be stronger at explaining what it means to work at Maersk.”

One challenge lies in how to attract a new generation of digital and technology millennials into the somewhat traditional shipping sector. But according to Hahnemann, potential employees are far more likely to be excited by an engaged workforce, than by pool tables and beanbags.

“I think a lot of people mistake the concept of ‘a great place to work’ with cool benefits or new features - but that’s not what really keeps people at work,” he explains.

“When Google won the best place to work in the world – one employee was asked what it meant to work there, and she said ‘I know that my line manager’s line manager cares about me.’

“We want a work environment where everyone feels they can be who they are, so that they can be their best self”

Ulf Hahnemann, Head of HR at Maersk.

“At the end of the day, the most important branding exercise for Maersk is that we have proud employees. It comes down to creating an ambitious, caring, trusting and engaged environment – that’s not easy and a lot of businesses struggle with it, but at Maersk we have the foundations to build this.”

Inclusivity is everyone’s challenge

Another top priority is improving diversity and inclusivity. Hahnemann acknowledges that Maersk has not made satisfactory progress, especially when it comes to gender diversity at leadership level – currently only 10% of Vice Presidents in the company are female.

From now on, there will be a more structured approach, which includes ensuring a diverse slate of candidates to choose from when a leadership appointment decision is made.

“It’s not completely prescriptive and we won’t have ratios - that’s not the point. But this will only happen if we are deliberate about it. We expect leaders to look at diverse candidates when filling a position and that is a non-negotiable.”

Who is Ulf Hahnemann?

- From Holte, Denmark
- Married to Lise
- Three children - Anders (23), Christian (21) and Pauline (17)
- Studied economics at the Copenhagen School of Business Administration
- Was an export consultant at the Royal Danish Foreign Ministry; joined Mars, Inc. as management trainee in Norway in 1989 where he held various executive roles in Denmark, Norway, Australia and USA during 27 years with the company
- Interests: Reading, biking and kayaking

However, far from simply being a leadership issue, Hahnemann is determined that **improving diversity and inclusivity is “everyone’s challenge”**.

“I’d like all colleagues who are committed to this - women and men, alike - to make themselves visible and to help and push each other. This is not just a ‘female’ issue, this impacts on us all in different ways, and I am convinced we will only make progress by working together on it. We must hold each other accountable and help each other with our biases.”

He encourages employees at the grass roots level to be more proactive in celebrating diversity. “It’s as much about creating an inclusive environment for everyone and to accept and celebrate differences, as it is to create a more diverse leadership. We want a work environment where everyone feels they can be who they are, so that they can be their best self.

“We can’t have this hierarchical culture where if it doesn’t come from the top it doesn’t happen - so my challenge to everyone is to take ownership of inclusion



Photo: Christina Bode

and diversity – don't sit and wait for HR to come with a solution."

First impressions

It seems there are some barriers that have yet to be broken down, but there is no doubt that the new head of HR is already making an impact. Does he view Maersk as slightly old-fashioned perhaps?

"No I don't," says Hahnemann. "There's nothing at all old-fashioned about strong values and heritage and pursuing business goals in an ethical way. In fact, this is very trendy today and is something that is in short supply around the world."

His first impressions are of a company "that's very ambitious and is relentless at being ambitious and setting new standards - and I love that."

"But having said that, we need to stay fresh as an employer, we need to stay up to date and we need to provide a modern experience for all our employees. If there are some barriers that still exist, it's time to chill, open them up and relax." ▣

News in brief

Hamburg Süd acquisition on track

An important next step towards the shared future of Maersk Line and Hamburg Süd has been taken with the boards of both companies approving the recently signed Sale and Purchase Agreement (SPA).

Recently, Maersk Line released a stock exchange announcement on the SPA having been approved by the boards of Maersk Line and the Oetker Group, and disclosing the purchase price of EUR 3.7 billion. A successful due diligence process confirmed that Hamburg Süd is a well-run company, and the SPA sets out all the agreed upon terms and conditions regarding the proposed acquisition of Hamburg Süd.

"We are pleased to announce that the proposed acquisition is on track," says Maersk Line Chief Operating Officer Søren Toft. "We are excited about the many opportunities a combined network will hold for the customers of both companies and look forward to unlocking operational synergies together."

Maersk Line expects to close the transaction by end 2017 subject to regulatory approval. Until then, Maersk Line and Hamburg Süd are required by competition laws to operate as fully separate and independent companies. On 23 March 2017, the U.S. Department of Justice approved the proposed acquisition and on 10 April 2017, the EU Commission approved the proposed acquisition, subject to conditions. While regulatory approvals from other jurisdictions around the world are still pending, no actual joint execution can be initiated between Maersk Line and Hamburg Süd in any location.

However, preparations for the period after the transaction is closed have commenced. An integration team is in place in Centre to supervise the process.

How to scan a QR code





From 'speed police' to equal partner

FUEL SAVINGS | Since 2012, Maersk Line has saved 400,000 tonnes of fuel – worth USD 250 million – delivered across operations. One major contributor is the Global Vessel Performance Centre, which armed with data and good advice, began cooperating with crews on vessels to optimise their journeys. New technology will enable further savings, but people and cooperation remain the key to success.

BY ANDERS ROSENDAHL

➤ The air is cool in the air-conditioned office in **Mumbai**, which houses the situation room of Maersk Line's Global Vessel Performance Centre (GVPC). Charts and maps are displayed on large screens on the wall. Three employees, eyes fixed on a chart displayed on one of the screens, quietly discuss the numbers. Just outside the glass walls, other employees are on the phone, giving advice to crews on vessels.

"If we take a look at the Bay of Biscay for example, we can see some bad weather coming up with 9-10 metre waves," says **Stephan Martinussen**, while pointing to one of the other screens.

"When we see something like this, we reach out to the vessels that are in the area so that they can avoid entering the storm. We do so for the safety of the vessel and its cargo as well as to ensuring that the

voyage is as economical as possible."

It all adds up

Martinussen is the Head of the GVPC. Together with a team of 37, his job is to engage with crews on the roughly 600 vessels operating in Maersk Line's fleet with a view to optimising their voyages from a fuel efficiency perspective and, ultimately, to remove all excess consumption. Avoiding bad weather is a



Photo: Jesper Schwartz

big part of this. Another is the adjustment of vessel speed by as little as half a knot. It all adds up – especially when best practice is shared and implemented across the entire fleet.

Since the centre opened in 2012, Maersk Line's fuel consumption has been reduced by a staggering 400,000 tonnes – corresponding to savings worth USD 250 million. Previously, operations at sea were managed by the crews alone, which in some cases led to a difference in the performance of vessels of the same class.

"I think we all had to get used to being contacted by the GVPC when it started. I had a feeling that there were potential savings to be made so I didn't mind, but I know that some

"Whenever we think that we have exhausted the possibilities, we always find a way to take out another half percent of our fuel bill. Fully digitised vessels will probably be one step, and after that we'll probably find another. That's how it's been so far," says Stephan Martinussen, the Head of Maersk Line's Global Vessel Performance Centre in Mumbai, seen here in the situation room.

colleagues were really angry about the initiative to begin with," says Roeland IJssel de Schepper, who has been a captain since 2004.

Nevertheless, the GVPC's focus has made an impact. One example is maintaining constant power, which compared to constant speed, gives a lot of savings. Especially with bad weather and headwinds, it is better to reduce speed a little and speed up afterwards. Another example is the season of the Vietnam Current. Changing the route, going from China to Singapore, and sailing closer to Vietnam also saves a lot of fuel.

"But things change and there's no doubt that it gives a lot of savings, so I think most of us have become used to it. Also, communication between the vessels has become more open, and they have become better at sharing their knowledge. I think we have become much more aware of what we're doing on the vessels," de Schepper says.

Between peers

"The crews on our vessels are, of course, experienced and know what they are doing. Nevertheless, we managed to visualise some pain points, which made it a lot easier for us onshore to address the right issues and have the right dialogue with people on the vessels," Martinussen recalls, emphasising the fact that credit for the fuel savings goes to everybody involved across onshore departments and especially the crews.

"In the beginning, our calls weren't always welcome and some crews might have seen us as speed police. But we have all moved on, and in most cases we are now seen as an equal partner in optimising fuel consumption."

The hiring of seafarers is one of the elements that has made the centre successful. This has ensured that the talks between vessels and the GVPC are ones between peers – a mutual understanding – something that will be a key factor

in uncovering even more savings.

When ships become fully digitised and connected in coming years, the GVPC will be able to see what is happening on board in real time – thereby reducing the lead time necessary to address problems to zero. Equally important, vessel crews will all have the same information at their fingertips, enabling them to act more proactively and allowing the GVPC to become an even greater sparring partner.

Advanced analytics will furthermore provide additional support in the form of completely new insights from the mindboggling amount of data that is being collected from the vessels on a continuous basis. However, Maersk Line is not the only shipping line taking such steps, and Martinussen expects that it will be something else that will set Maersk apart:

"The differentiating factor will be the people and the way we work. That can set us apart. Standardised processes, evaluating performance data in the right way and really enabling good decision making – this is key to keep cutting the fuel bill," he says.

"Whenever we think that we have exhausted the possibilities, we always find a way to take out another half percent of our fuel bill. Fully digitised vessels will probably be one step, and after that we'll probably find another. That's how it's been so far." ■

Redeveloping Tyra

- **Today, the Tyra field consists of two main centres: Tyra East and Tyra West.** Tied into the centre are 5 unmanned satellites: Tyra Southeast, Harald, Valdemar, Svend and Roar
- The unmanned satellite platforms in the area have not been affected by subsidence, and will therefore not be redeveloped. Production from the satellites will be temporarily shut down during the redevelopment
- Production from Tyra is expected to be shut-in temporarily in December 2019 to enable the removal, renovation and re-development of the facilities
- Once its redevelopment has been completed in 2022, Tyra will again play an important role in the reliable and secure supply of gas to Denmark
- The redevelopment of Tyra is dependent on the Danish Parliament passing the bill on the agreement made (expected in October 2017) and on Maersk Oil taking a final investment decision on the project, which is expected by December 2017

RAISING TYRA

MATURE ASSETS | On behalf of the **Danish Underground Consortium (DUC)**, Maersk Oil worked with the Danish Government to find an economically viable solution for the redevelopment of the Tyra field in the North Sea. It shows that with the right investment and expertise, there is still plenty more potential for extracting hydrocarbons from mature fields.

BY SAM CAGE

📌 How do you solve a problem like an offshore platform sinking into the seabed?

The short answer is that it takes a lot of planning and expertise, and a strong partnership between operator, DUC partners, government, suppliers and research institutions. But that only begins to tell the tale.

"The current gap between the platform and sea level is about 15 metres, and with wave heights reaching 10-15 metres during severe winter storms this naturally poses a safety risk, which Maersk

Oil as a prudent operator needs to mitigate," explains **Morten Hesselager Pedersen**, who is the Head of Tyra Future Development.

Oil and gas have been produced in the Danish North Sea for half a century. There is still a lot more that could be extracted, but the right investment and expertise are needed to do so.

Maersk Oil is the largest oil operator in Denmark and its biggest partnership is the DUC, where 85% of the country's oil and 97% of its gas exports stem from. They have reached an agreement with the Danish government that provides

terms that will enable the partners to proceed with a full re-development of the Tyra facilities. This in turn will pave the way for future oil and gas investments in the Danish North Sea and protect jobs within the industry.

The re-development will restore the functionality of the current facilities, including the gas processing hub and five surrounding satellite fields, and therefore ensure continued production from the Tyra field. The new facilities could also enable future new production of oil and gas from the northern part of the DUC license area as well as third party projects.

The Tyra field

- Tyra is Denmark's largest gas field and its facilities are the processing and export centre for all gas produced by the Danish Underground Consortium (DUC). More than 90% of Denmark's gas production is processed through the facilities
- Tyra East and Tyra West also function as the hub for a number of smaller facilities in the Tyra field. This includes the neighbouring unmanned facility, Tyra Southeast, which was extended in 2015
- The Tyra field is operated by Maersk Oil on behalf of the DUC, a partnership between A.P. Møller -Maersk (31.2%), Shell (36.8%), Nordsøfonden (20.0%) and Chevron (12.0%)



Photo: Maersk Oil

"Not only will it benefit Maersk Oil and the DUC, it will also be of benefit to the Danish state as it protects jobs, security of energy supply and continued tax payments. It is a humbling experience and one which I am very proud to be a part of," says Morten Hesselager Pedersen, Head of Tyra Future Development.

"It is of course a great and very exciting project to be heading," Pedersen says. "It will benefit not only Maersk Oil and the DUC, but also the Danish state as it protects jobs, security of energy supply and continued tax payments. It is a humbling experience and one which I am very proud to be a part of."

A brighter mood

The city of Esbjerg, on the west coast of Jutland in Denmark, is all about oil and gas, and for Mayor Johnny Søtrup, the agreement on Tyra's future is vital – and he



can already sense a more cheerful atmosphere about the place as a result.

With the agreement in place, the port will remain the central hub of offshore activity in the Danish North Sea and many local supply companies expect growth due to the redevelopment. There is also a greater willingness to invest in the future, Søtrup says.

"The economic benefits will not only be of crucial importance to the oil and gas companies, but also the many, many businesses which supply goods or services to the sector," he says. "Our hotels, restaurants and shops would have suffered a decrease in activity. Right now, we are instead experiencing an increased interest from companies outside Esbjerg, which plan on becoming part of the supply chain to the offshore industry."

"The outlook is brighter than it has been for some time, and this is reflected by the general mood in the city."

Complex challenge

In order to maximise the potential that the reservoirs in the Tyra field still represent, a full re-development of the facilities is needed. This means extending the lengths of the jackets – the steel frame which supports the deck and topside of a fixed offshore platform – at six wellhead and riser platforms by more than 10 metres and then replacing the topsides.

One of the most critical aspects will be to make sure that the new topsides for the wellhead and riser platforms are a perfect fit with the extended jackets, and that the jackets are capable of carrying the additional weight and resisting the expected wave impact.

The current Tyra East and Tyra West processing and accommodation centres will be replaced by one new processing centre and one new accommodation centre. Last, but not least, about 50,000 tonnes of old facilities will be decommissioned and removed.

"A project this size is naturally quite complex. It will also be the first time in the Danish North Sea that we will be decommissioning a platform so that in itself is a challenge," says Pedersen. "That being said I am confident that we have what it takes to successfully carry this project through to completion and I look forward to the exciting challenge." ■

The other side of the

Norma Florencia Perez Vargas is the nun who runs Casa Marikuecha, a shelter for young children from tough backgrounds in the Mexican port city of Lázaro Cárdenas. The shelter offers its services free of charge with support from local companies including APM Terminals.



WORKING WITH THE COMMUNITY | In the city of **Lázaro Cárdenas on Mexico's Pacific coast**, a charity is providing much-needed education and nutrition to disadvantaged children. With the support of APM Terminals, which has recently opened a new port there, it is providing a foundation for their future lives.

BY SAM CAGE

➤ Norma Florencia Perez Vargas opens the door at 9am, and ushers in groups of chattering young children. From the dusty street, the kids come into a clean and cool welcome area and through into a grassy courtyard scattered with palm trees and surrounded by white-washed classrooms.

This is Casa Marikuecha. Perez Vargas is the nun who runs this shelter for young children from tough backgrounds in the Mexican port city of Lázaro Cárdenas. The shelter offers its services free of charge with support from local companies including APM Terminals, which inaugurated its new port here in April.

"We have children from three years old until five or six, and we always select those who need us the most," says Perez Vargas, who flits from classroom to dining room to meeting room, always with an easy rapport with the kids.

"We have chosen to set up here because we have experienced the city's own crisis, of unemployment, lack of security, and many social problems here in Lázaro Cárdenas. But we want to stay here to tend to the needs of these children."

Agents of change

Today, Lázaro Cárdenas is a city of some 180,000 people, which is gradually being transformed by the presence of, and investment from, the port. This is part of an overall investment of USD 900 million

in Mexico's growing economy – as well as other industry, including an ArcelorMittal steel plant.

APM Terminals' contribution extends beyond the port gate. Wherever it operates around the world, it invests through financial donations, staff time, equipment and free container-handling services in the case of emergencies, aiming to help and engage local communities and contribute to their development.

"A project the size of the terminal cannot grow in isolation from the community around it," says Sandra Barreda Alonso, Institutional Relations and CSR Officer for APM Terminals in Lázaro Cárdenas, which supports Casa Marikuecha through donations of food and other items that help in its day-to-day running.

port gate



Photos: Jaepi Schwartz

Lázaro Cárdenas port

- **APM Terminals Lázaro Cárdenas** was inaugurated in April 2017, and with the first phase completed it has a quay of 750 meters in length and a depth of 16.5 meters, deep enough to receive the world's largest container vessels now in service
- It is the first semi-automated port in Latin America – and one of only five automated or semi-automated ports in the world – increasing efficiency and improving service for customers
- When the final phase of the terminal buildout is complete, which is expected to take place between 2027 and 2030, its alongside depth will increase to 18 meters and it will have a 1.5 km-long quay, with an annual throughput capacity of 4.1 million TEUs
- Mexico is a huge market with more than 120 million people and its economy is growing at a forecast rate of 1.7% this year and 2% next year

"They are agents of change here. If they can provide education at this formative age, it can bring changes in the children's families and to society. In this way, education remains forever."

Catching scorpions

At Casa Marikuecha, the children receive breakfast and lunch before they return home, ensuring the basis of a good diet. The 75-odd pupils are here, Perez Vargas explains, because their families cannot afford the basic requirements for attending public pre-school, such as materials, food and a uniform.

After breakfast, the children learn in the classrooms – maths, religious education or values such as cleanliness and how to behave with one another – and play in the peaceful courtyard, safe from traffic. The shelter also works with the children's families, teaching mothers new skills like cutting hair or handcrafts. Doctors and dentists visit on a voluntary basis.

On the patio outside, Tigre the cat – named for his tiger-like stripes – is on patrol, keeping the place free of mice, rats and scorpions, and following staff around to ask for a tickle. Children queue patiently to use the toilet before filing in to the dining room for lunch.

"Casa Marikuecha only has a certain amount of money and yet the staff achieve big things. I've been visiting the house for 10 years and its condition is amazing. They really take care of things," says APM Terminals' Barreda Alonso.

Casa Marikuecha selects children by targeting the most disadvantaged families says Perez Vargas. When they leave here for regular public school, they will have a foundation that should last them for life.

"We can continue thanks to the help of the companies like APM Terminals and the people of the town," she says. "Without this, we wouldn't be able to carry on." ■

"There is always a

CUSTOMER FIRST | It takes 2,000 parts, from all over the world, to make one vehicle. With lean inventories, the steady flow of parts through the supply chain is essential. When Maersk Line recently doubled its business with Ford in Argentina, the human touch was just as important as reliable service and competitive prices.

BY ANDERS ROSENDAHL

➤ Keeping track of the 800 shipping containers that Maersk Line has on its vessels at any one time on their way to Ford's assembly plant in Argentina is no easy job – especially when they come from as different places as India, Japan, Germany, China, and the UK. Nevertheless, it is necessary.

"Ford needs to have the spare parts on time because they are producing with only one or two days of stocks on hand," **Pablo Zengarini**, a care business partner with Maersk Line in Argentina, explains.

"If I find an issue, I try to fix it immediately and after that I always advise Ford. They need to know there might be a delay so we can make contingency plans that can be put into effect if the container doesn't arrive on time."

Fortunately, this is something that happens rarely. Zengarini manages all the information in a spreadsheet. This makes it easy for him to check for deviations from transit times, which is something he does several times a week. In February, the spreadsheet doubled in size.

"Reliability and cost are the two critical points in our supply chain, and these were the key reasons for us to switch more business to Maersk Line," says Alejo Santa Cruz, a productive material senior analyst with Ford Argentina.

Better service

Customer service has been a sore spot for the shipping industry for years. While Maersk Line expects digitisation to improve the customer experience in coming years, improved cooperation between front line employees and **Maersk's Global Service Centres (GSC)** is already paying off.

Hence, Pablo Zengarini can be more proactive with Ford because the GSC

handles all the transactional work, including the bills of lading, which are documents issued by a carrier to acknowledge receipt of cargo for shipment.

"We provide copies of the bills of lading at least two weeks before the vessel is expected to arrive in **Buenos Aires**. That gives them time to check the documents, receive the originals a week ahead of time and prepare for the customs clearance of the cargo in Argentina," says Karen Ingente, a process expert heading the Ford account at Maersk's GSC in Manila.

The GSC also handles the rolling of bookings, i.e. moving delayed cargo to the next vessel, the verification of gross mass tickets, i.e. mandatory statements on the weight of the containers and many other tasks.

Karen Ingente arrives at work at 8 pm in order to mirror the working hours of Latin America, so she and her colleagues can answer customer questions and requests as they come in. Any issue must be resolved within four hours, which is usually only challenging in the more complex cases, e.g. when changing the destination of containers. Having all the necessary expertise under one roof is a big advantage when doing so.

"All the global back-office processes are done here, so we have a knowledge base to deal with any kind of difficulty. This set-up also makes it easy to coordinate necessary changes. If we have a problem with a bill of lading, we can speak to a colleague on the next floor and solve it right away."

"Other times, the customers are asking for the estimated time of arrival of vessels, so we answer that and send them guides on how to find the information they are looking for on maerskline.com. In short, our work is basically about proactive care



Photo: Maersk Line

and customer education," Karen Ingente explains.

One step forward

Ford has been in Argentina for more than 100 years and currently produces 450 cars every day at its assembly plant in Pacheco, just outside Buenos Aires. In order to keep the plant running, a whopping 10,000 containers with parts are imported every year.

solution"



"It is an excellent relationship that we've developed even further in the past month, because we have much more volume with Maersk Line," says Alejo Santa Cruz (left), a productive material senior analyst with Ford Argentina, here with Pablo Zengarini, a care business partner with Maersk Line in Argentina.

everything is going as planned. The excellent routine between the three parties is a key element for our value chain and something we are proud of," Alejo Santa Cruz says.

"Always a solution"

For Pablo Zengarini, who is on the phone to Ford "up to 10 times a day", ensuring the Ford account remains a success relies heavily on the cooperation with the GSC. Taking care of the many tasks that they do, allows him to remain proactive and make a difference to the customer; i.e. by managing any deviations that his spreadsheet reveals.

"A lot of things can happen, such as a port strike or a storm. When this happens, I try to find an alternative route or an alternative product, maybe leaving a container on the vessel until it reaches the next port, and making sure to get it on to another vessel to Buenos Aires from there. I won't let the container get stuck en route and if you work hard, there is always a solution," says Zengarini.

Recently, Zengarini worked closely with colleagues in Thailand, making sure that a shortage of containers would not disrupt the flow of parts to Argentina. A process was set up, forecasting the pick-up of empty containers for the coming week on Fridays, allowing Zengarini to keep Ford informed about the situation.

"I have succeeded in creating a bond of confidence and a communicative environment with the import analysts at Ford. This has helped build a strong relationship and helps to ease our work on a daily basis," says Zengarini.

Ford Argentina makes cars for the local market and re-exports cars to Brazil, Mexico, Peru, Uruguay, Colombia and Paraguay. 🇵🇷

After being rewarded the recent extra business, Maersk Line now handles roughly two thirds of these containers – some of which are on their way for up to six weeks from the Far East.

"You know, here in Argentina we are far away from other countries. It's not like being in Europe or the US where you are in the middle of maritime routes," says Alejo Santa Cruz from Ford.

Maersk Line proved itself by providing reliable service on the European route. Combined with a cost effective offer, Ford decided to take their collaboration one step further and also work with Maersk Line on its key Asian route from Thailand.

"We have been working hard with Maersk Line's customer service and commercial department to set up the new procedures with all of our suppliers, and

An electric shock in

CUSTOMER FIRST | A recent “town hall” style speech by Bjorn Vang Jensen of **Electrolux**, a key client of Maersk Line, provided an electric shock to inspire the commercial organisation. Meanwhile, the Maersk Line mobility app has caught on with customers at an electric rate of its own.

BY JACK RODGERS

➤ When **Bjorn Vang Jensen**, Vice President of Global Logistics at the Electrolux Group, a key client of Maersk Line, gave a ‘town hall’ style speech to an auditorium of Maersk employees at the Esplanaden offices in Copenhagen, one woman in my row described it as “an electric shock”.

Maersk Line has a strong focus on regaining the trust of its customers and building its license to sell and grow - Vang Jensen was invited to speak and share his views on this. He talked to the Commercial organisation on the “good, the bad and the ugly” of his experiences as a customer of Maersk Line, and about where he could see opportunities for the shipping company to do a better job.

The Electrolux Group is a Swedish company with 47 factories and 150 offices spread across all continents. The company is a global leader in kitchen appliances with an estimated 1.2 billion people using Electrolux products worldwide. When the approved takeover of Hamburg Sud goes ahead, Maersk will be responsible for over 50% of their logistics.

Focus on sustainability

Only the sound of scribbled note taking could be heard as Vang Jensen gave a comprehensive range of varied feedback. He particularly praises Maersk Line’s focus on sustainability, stating:

“You are totally focused on sustainability and this is one of the areas where we really connect with you. We live and breathe it. We don’t do anything in our company unless we can prove that there is a sustainability



Photo: Rene Strandbygaard

Maersk Line has a strong focus on regaining customer’s trust and building its license to sell and grow.

element to it. You must never lose that focus - it’s becoming a much bigger focus for a lot of Beneficiary Cargo Owners (BCOs) and will only grow in importance.”

On a “scorecard”, Maersk Line gets five stars for having a strong focus on sustainability and mutual growth. An area where Vang Jensen’s scorecard suggests there is room for improvement is on “the presence of competent, accessible, highly responsive and reasonably empowered Key Client Managers”. He gave the shipping company three stars here, advising that Key Client Managers be given further empowerment:

“We have an awesome key account manager, but there is standing joke in the BCO community that you can predict the response to any email you send to Maersk - i.e. “checking and reverting”. It was the same when I worked there in 1986. There are other carriers out there who have very empowered key client managers, so you might want to consider, within reason, empowering your key

client managers further so that they too can make snap decisions,” says Vang Jensen.

We need to take responsibility

Maersk Line Chief Commercial Officer, Vincent Clerc, challenges the organisation to “make snappy decisions and give things a try”. While he acknowledges the organisation’s hard work, he claims there is still much to be done and that taking the reins of the company requires “winning at the micro level on a day-to-day basis, which is just as important as winning big”.

He explains that innovation and continuous improvement can occur at a micro level: “At our desks, we need to take responsibility to become easier to do business with, so that our disappointing net promoter scores (customer feedback) become a thing of the past,” he says.

Clerc emphasises that the levers are in place, along with the mandate and support from the management team, to ensure the Must Win Battle of the

Esplanaden



Maersk Line Chief Commercial Officer, Vincent Clerc: "At our desks, we need to take responsibility to become easier to do business with, so that our disappointing net promoter scores become a thing of the past."

Customer First strategy is attainable. This strategy rallies everyone in the company to put the customer in the centre of everything that happens, with the ambition of radically improving the customer offer.

Workshops and user tests

Amongst those leading the way in terms of innovation and making "snappy decisions" is the eCommerce team. In October 2016, they launched the mobility app, which allows customers to track their shipments live, receive constant live updates on their cargo, check all Maersk Line schedules and offers, share information with Maersk Line and consult a guide to shipping, all via their mobile phones.

Since then, the **app** has been a huge success. By the end of April there had been 45,000 downloads across all brands, with a retention rate close to 15%. The average retention rate for business apps is between 7-8%.

Head of eCommerce, Carsten

Frank Olsen, explains that the secret had been close collaboration, and in some instances even co-creation with customers:

"We held workshops and user tests with a range of customers which we incorporated into the final product. It shows that staying close to customers and their needs and requirements yields a positive outcome," Olsen says.

One of the app's biggest fans is none other than Bjorn Vang Jensen, who was gushing in his praise for it in his "town hall speech", declaring:

"I love **the new app**. I sincerely do, it's the best out there and it's obviously the direction we're all going in - IT and Maersk - it just works". He rated Maersk Line five stars for "scalability and decent technology that can interact with those of Electrolux."

With the mobility app signalling just the start of Maersk Line's digital journey, there is good reason to hope that the next wave of electricity to hit Esplanaden will be less of a shock and more of a surge of excitement. ■

News in brief

One of trade's biggest barriers

The paperwork and processes vital to global trade are also one of its biggest burdens. Maersk is building the infrastructure needed to digitise this costly paper trail and a new partnership with IBM is an important step in this process.

In 2014, a team of Maersk IT specialists began following containers of avocados and roses from Kenya to the Netherlands. The team's goal was to document – in order to digitise – the maze of physical processes and paperwork that impact every shipment and are a costly drag on cross-border trade.

Three years later, this work is the base on which what is now called a Global Trade Digitisation Solution is being built. The solution was previously known as a Shipping Information Pipeline.

The Global Trade Digitisation Solution enables all administrative processes and transactions associated with a particular container shipment to be moved to the internet – which, according to Maersk research, entails more than 200 interactions involving more than 30 people.

With Maersk's partnership with IBM and the latter's blockchain technology, this data pipeline has acquired the transparency and security it will need to provide all relevant and approved parties in the supply chain with access to the information they need. This in turn will enable them to act on incoming information without the paper trail and billions of dollars in costs it creates for trade.

Maersk partners with Microsoft

Maersk is taking an important step towards its vision of becoming the global integrator of container logistics by entering into partnership with Microsoft with a view to using its cloud computing platform, Azure, to develop digital products and services across all Maersk brands in its Transport & Logistics division.

"Microsoft Azure is the cornerstone in our digital strategy, providing a common platform shared by all our transport and logistics businesses. We are also creating a marketplace of apps and digital products on Azure that will improve operations and drive better business decisions," says Ibrahim Gokcen, Chief Digital Officer at A.P. Moller – Maersk.

The Microsoft agreement gives Maersk's rapidly growing digital organisation a powerful set of tools to make the most of its data, turning insights gained into a better customer experience, more efficient operations, and new products and revenue streams, amongst other things. Some products will eventually be made available in a Maersk app store.



Inside the Nissan factory at Cuernavaca, Mexico, workers and machines are building small cars and light commercial and pickup truck models – putting the bodywork together, building the structure and turning small pieces of metal and plastic into identifiable vehicles.

One car every minute

LOGISTICS SOLUTIONS | The **Nissan** plant in Cuernavaca relies on Maersk for the reliable delivery of parts to maintain its production of vehicles. What the Japanese company really wants is a company to handle all of its logistics needs, so it can focus on what it does best.

BY SAM CAGE

➤ Each Maersk container is a step towards delivering a car every minute.

Inside the Nissan factory at **Cuernavaca, Mexico**, workers and machines are building small cars and light commercial and pickup truck models – putting the bodywork together, building the structure and turning small pieces of metal and plastic into identifiable vehicles. Keeping the factory ticking over requires not only reliable and efficient deliveries, but also ideally a company that can provide complete logistics solutions.

“Actually we have many kinds of logistics needs. We receive production parts; we are sending

production parts; we are exporting spare parts to other countries. So we have many lines and logistics,” says Eduardo Aquino, Junior Manager for Overseas Logistics at the Nissan plant in Cuernavaca. “We qualify all the suppliers and Maersk has very, very good performance with all our requests.”

What that calls for is a supplier that can cover the whole logistics chain from end-to-end. And that’s where A.P. Moller - Maersk’s Transport & Logistics division comes in with its vision to be the global integrator of container logistics, connecting and simplifying customers’ supply chains.

A fourth party logistics, or 4PL, provider is an integrator that accumulates resources, capabilities and

technologies in order to run complete supply chain solutions. Damco is already making its move into this growing area of the industry, also known as control tower services.

“I would like to have a business logistics partner, we call it 4PL, it means you only give the product and you forget about it until delivery,” Aquino says. “You only receive notice when the product arrives in the place you want it to, and on time.”

All about integration

With the new A.P. Moller - Maersk strategy, the businesses in Transport & Logistics have an opportunity to provide synergies, which are highly beneficial to the clients.



Photo: Nissan

Collaboration for growth

For the newly formed Transport & Logistics division in A.P. Moller – Maersk, the focus is on creating growth, says Damco CEO Klaus Rud Sejling.

The potential for growth can be found in existing products, services and entrepreneurial business ideas that can create a new world-class company, as well as in synergies across businesses that have not been fully utilised in the last few years.

For example, a top-line opportunity of approximately USD 1.5 billion has been identified where Maersk Line sells inland-related services for only 12% of their volume, whereas Damco sells inland-related services for 80-90% of their ocean freight business.

“Could we achieve a similar success ratio for Maersk Line’s business? Or even half of it? The revenue potential is tremendous. So there are real opportunities here that can accelerate growth,” says Klaus Rud Sejling.

Only 48% of Maersk Line’s transshipment volumes and 32% of its total moves are

handled by APM Terminals, so there is plenty of potential for growth there. Similarly, Svitzer can benefit from the relationship with Maersk Line and APM Terminals, and Maersk Container Industry can grow through support from Maersk Line.

Further in the chain towards customers lie opportunities to enhance their experience and to grow revenue, as in the case of Damco’s 3PL and 4PL solutions featured in the main article. Another opportunity exists in inland services as the three businesses – Maersk Line, APM Terminals and Damco – are developing a truly competitive, world-class service that can be delivered with cost leadership and therefore be deployed on a much larger scale.

“These are ways that we can generate more revenue for the company,” says Klaus Rud Sejling. “Where we will really determine our success is in terms of how we collaborate.”

“With what they do here at Nissan every day, the delivery of products needs to be on time and in the right condition as punctually as possible – what we call ‘just in time’”

Carlos Ruiz Velasco, Mexico Automotive Manager for Maersk Line

a seemingly never-ending slope to the City of Eternal Spring, where the weather is always sunny and warm but not too hot.

Nissan is aiming to produce 1 million cars in Mexico, from Cuernavaca as well as from two plants in Aguascalientes, one of which is due to open in 2018. Mexico is a global top-five automotive producer and other major carmakers such as VW, Toyota, BMW and KIA are present here.

The Nissan plant in Cuernavaca receives 7,200 containers each year through Maersk Line,

bringing in spare parts from Japan and Thailand. Many of these pass through the port of Lázaro Cárdenas on the Pacific coast, where APM Terminals has just opened an expansion with

an investment of USD 900 million, adding a 1.2 million 20 foot equivalent unit (TEU) annual throughput capacity to Mexico’s existing infrastructure.

“With what they do here at Nissan every day, they need to have a delivery of products on time and in the right condition as punctually as possible – what we call just in time,” says Carlos Ruiz Velasco, Mexico Automotive Manager for Maersk Line.

“We’ve been working with Nissan for more than five years and increasing our business with them, and we now handle 47% of their imports,” Velasco says. “When our ships arrive in the port with 98% punctuality, it gives them peace of mind, because they know that their parts are arriving in time for them to assemble their vehicles.”

“For example, Maersk Line’s scale and network is complimented by Damco’s third party logistics (3PL) and 4PL, which consist of end-to-end supply chain solutions,” says Klaus Rud Sejling, CEO of Damco.

A truly competitive and world-class inland service is emerging from the three businesses: Maersk Line, APM Terminals and Damco, as a result of their closer cooperation in Transport & Logistics. The inland service addresses what for many clients is a larger cost than ocean freight.

“Today’s leading companies are looking for suppliers with more integrated solutions,” Sejling says. “We have the capacity to launch and develop cutting-edge supply chain solutions as a strategic differentiator for our clients.”

The eternal spring

About 85 kilometers south of Mexico City, Cuernavaca is a world apart. The drive there goes up and over the mountains that surround the sprawl of the capital, then down

No simple shortcuts

GOODBYE TO THE CONGLOMERATE | The new strategy entails separating the transport and logistics and the oil and oil-related business areas into two divisions. "Although we were previously strong together, our future strength lies in a choice of different directions," said Chairman Michael Pram Rasmussen at the **Annual General Meeting** held in Copenhagen. This was followed up by the new Chairman, Jim Hagemann Snabe: "There are no simple shortcuts. The strategy calls for a number of important decisions to be made."

BY FLEMMING J. MIKKELSEN

➤ At A.P. Møller - Maersk's Annual General Meeting held in Copenhagen, shareholders praised the new structure in place. One of the pleased shareholders is ATP, a huge Danish institutional investor:

"The new structure in place at Maersk should provide a more agile transport and logistics company. It is a logical simplification, and we in ATP are satisfied with the changes," said Claus Berner Møller, Vice President for Danish equities at ATP.

This message was well received by the Chairman:

"We are delighted that the strategy seems well received by our investors," Michael Pram Rasmussen said in his final report. After 18 years on the Board of Directors, the past 14 as Chairman, he gave his final report to the 1,000 shareholders at the Annual General Meeting at 28 March.

"The increase of approximately

50% in our share price since the announcement on the 23rd of June last year can hardly be ascribed to our results alone, or solely to the fact that the market prospects have equally significantly improved in our industries," Michael Pram Rasmussen said. "On that note, we will allow ourselves to see it as an expression of trust and expectation that a number of value-adding decisions will be made."

A different approach

Michael Pram Rasmussen identified **2016 as a landmark year**: In June, the Board of Directors initiated a review of Group's strategy. In September, a new strategy was announced and following on from this so too was a new structure for A.P. Møller - Maersk.

"In order to be able to pursue the opportunities in our industries more effectively, we have chosen to say goodbye to the conglomerate

that has served us so well for many years," Michael Pram Rasmussen said.

The Chairman went on to conclude that the future of the two industries Maersk is engaged in – transport and logistics and the energy sector – requires a different approach.

"The strategy therefore entails separating our transport and logistics and our oil and oil-related business areas into two divisions. While we were previously strong together, our future strength lies in a choice of different directions," he said.

Focus on the digital side

As announced in connection with the release of A.P. Møller - Maersk's Annual Report in February, this year's Annual General Meeting was Michael Pram Rasmussen's last as Chairman.

"With the new strategy and the new management team in place, →

Shareholders at the Annual General Meeting: **IN MY OPINION**



Morten Klitgaard:

"The Chairman is professional and his answers are excellent. Maersk is doing some very impressive work in tough markets and I look forward to observing the implementation of the new strategy."

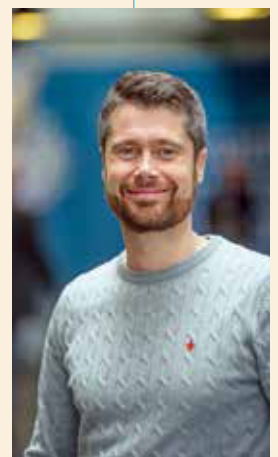


➤ **Lene Gøbel:** "One has a good time at the Annual General Meeting. Everything is very well-planned. Both the questions and answers signal great transparency."

Klaus

Kristjansen:

"It will be very interesting to follow the work of implementing the new strategy. The Chairman came well prepared for the meeting, but most of the questions posed at the meeting have been a waste of time."



After 18 years on the Board of Directors, the past 14 as Chairman, Michael Pram Rasmussen gave his final report to the 1,000 shareholders at A.P. Møller - Maersk's Annual General Meeting in Copenhagen.



Photos: Rene Strandbygaard



Susanne Thorsen: "It is sympathetic that small shareholders can be heard. It is also interesting to hear about the company's operations and I look forward to seeing the new strategy in action."



Elisabeth and Fini Gjerløv: "We are pleased that the Chairman is very good at communicating and that he is answering openly to all questions. The company comes across as being very transparent."



Erik Lynæs: "As usual, one feels very welcome at the Annual General Meeting. All questions are answered and it has been interesting to hear about the company's new structure."

Big thank you to 88,000 employees

Both the departing Chairman and the incoming Chairman praised the 88,000 employees in Maersk at the Annual General Meeting in Copenhagen.

Michael Pram Rasmussen said that, taking a lot of factors into consideration, everyone could be satisfied with what Maersk has achieved during 2016, continuing:

"We would therefore like to extend a big thank you to the 88,000 employees in A.P. Møller – Maersk, whose engagement and professionalism is the solid foundation for the results we have created and for the future we are now building."

This was followed up by Jim Hagemann Snabe: "The reason I gratefully accepted the invitation to be the next Chairman is partly based on my personal admiration and enthusiasm for A.P. Møller – Maersk as a company. It is also due in part to the company's important role in the development of international trade – as well as its crucial role in relation to the supply of energy in Denmark. This combined with a strong set of values, an entrepreneurial spirit and the commitment of more than 88,000 talented employees makes this task one of the most inspiring I can imagine contributing to."

→ it is the right time for me to step down from the A.P. Møller – Maersk Board of Directors," Michael Pram Rasmussen said, adding that the next Chairman of the Board, Jim Hagemann Snabe, will be keeping a particular focus on the digital side of the new strategy.

"He has experience of being at the head of companies undergoing major changes, and he will be able to harness his experience to benefit our journey towards becoming an integrated transport and logistics company, while we simultaneously separate our oil and oil-related businesses. The work to implement our strategy will continue at full strength in 2017 and our priorities are clear," Michael Pram Rasmussen said.

New strategy is ambitious

The new Chairman elaborated on his motivation for accepting the position. He called the new strategy, which is a response to the difficult market conditions current in both the container- and oil industries, ambitious.

"Let me say it up front: There are no simple shortcuts. The strategy calls for a number of important decisions to be made - and a lot of hard work to see it through. Fortunately, A.P. Møller – Maersk has some of the brightest and most dedicated employees in the industry. This is essential if we are to succeed," said Jim Hagemann Snabe. ■

Jim Hagemann Snabe in brief

Jim Hagemann Snabe, age 51, was elected a Member of the Board of Directors at A.P. Møller – Mærsk A/S in 2016.

He has developed his career through 24 years of service in the IT industry. Starting as a trainee in SAP AG in 1990, throughout his career he has held leadership positions at SAP and IBM, leading consulting, sales and product development organisations. He became a Member of SAP in 2008 and co-CEO of SAP AG in 2010 alongside Bill McDermott.

Jim Hagemann Snabe is a Member of the Board of Trustees at the World Economic Forum. Holding a Master's degree in Operational Research from the University of Aarhus, he is an Adjunct Professor at the Copenhagen Business School.

In 2014, he decided to leave the role of executive and leverage his digital experience to help accelerate the digital transformation of society and global non-IT companies instead. He is a non-executive board member at Siemens AG (D), Allianz SE (D), SAP SE (D) and Bang & Olufsen A/S (DK).



Photo: Rene Strandgaard

Bomb dis

MY MAERSK

Michael Bang used to serve in the Danish army, defusing bombs and mines. Now those skills – and the value of Constant Care in particular – are helping in his new career, training maritime and offshore workers to perform their jobs safely.

BY SAM CAGE

➤ When defusing a bomb, you cannot afford to make a mistake.

The same applies for those working on ships and offshore. In a potentially hazardous environment, you have to ensure that your leadership, communication and knowledge are all spot on, every time.

So for Michael Bang there has been a natural progression from his time in the Danish army to working at Maersk Training, where he is now Managing Director in Svendborg.

"I came home from Iraq in 2006 and found my second child was a stranger. It was time to do something else, as Afghanistan was knocking on the door next. So I thought what can an officer do that could be of help in the civilian world?" says Bang.

Train as you fight

Bang, who started out as a Sergeant and ended up as Captain, served in Iraq, Bosnia and Herzegovina and in the domestic bomb squad, talks precisely and in a manner that commands respect for his words – the kind of style that can inspire people to follow suit, be they soldiers or offshore engineers attending a training course.

When asked to clarify a point, he apologises saying that if it was unclear, he had not done a good enough job explaining it in the first place.

proposal with a Bang

Michael Bang looks through a travelling block, i.e. part of the drilling derrick, which was damaged in a 1978 blowout in the North Sea. The travelling block is now installed in Svendborg because the incident prompted the foundation of Maersk Training, when the ensuing investigation showed offshore workers had the required certificates but not the necessary competences.



MICHAEL BANG

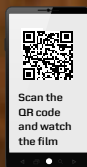
Age: 42

Nationality: Danish

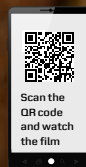
Family: Wife and three children

First job: The Danish army

Current job: Managing Director of Maersk Training in Svendborg
Interests: Running, history, heavy metal, motorbikes



Scan the QR code and watch the film



Scan the QR code and watch the film

Photo: Peter Elmholt

"It's very simple. You train as you fight. Basically, this means making things as life-like and realistic as possible," says Bang – possibly the only A.P. Moller - Maersk MD with tattoos running the length of both his arms – of both his careers.

"In the offshore environment, you can't afford to make mistakes. The problem is that when you try new things, you inevitably make mistakes. So you simulate the environment and practice doing things the right way, at the right time, every time, so it becomes an automated response – then, if anything goes wrong, the response has become automatic and you keep half a step ahead of panic all the time."

Going out with a bang

This echoes A.P. Moller - Maersk's Core Values - in particular Constant Care - and Bang is not the only former military officer to have made such a career move. Both in the army and when training for potentially hazardous offshore work, you have to take care of today to actively prepare for tomorrow.

"In the army everyone is in the same system. Here, I work with people from different countries and cultures. As a result you have to be better at explaining why people should do something," he says. "There is a link between our Values and the bomb squad. You follow the rules, and think before you act. If you don't practice Constant Care, the bombs will hurt you really badly."

And, saving the question everyone has been wondering about until the end: How did English-speaking military allies respond to working with a munitions expert called Bang?

"It led to a few discussions," he laughs. "The Americans just assumed it was a nickname." 🇩🇰

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.

Back to revenue growth and on track for full-year guidance

Transport & Logistics and Energy highlights Q1 2017

(USD million)	Revenue		Profit/loss		Underlying result		Free cash flow	
	Q1 2017	Q1 2016	Q1 2017	Q1 2016	Q1 2017	Q1 2016	Q1 2017	Q1 2016
Transport & Logistics	7,092	6,501	14	87	-1	79	104	-935
Energy	1,970	2,046	366	238	329	236	-134	-503
Maersk consolidated*	8,963	8,539	253	224	201	214	-376	-1,613

*) Including financial items and eliminations

The profit for A.P. Møller - Maersk was USD 253m (USD 224m) with a return on invested capital (ROIC) of 3.5% (2.9%), in line with expectations.

The underlying profit of USD 201m (USD 214m) was at the same level as last year, reflecting an increase of USD 321m in Maersk Oil due to higher oil price and lower operating expenses, offset by decreases in almost all other businesses. In particular, the overcapacity in the drilling industry led to a decrease of USD 175m in Maersk Drilling, and despite increasing freight rates, Maersk Line experienced a decrease of USD 112m primarily due to higher bunker costs.

Revenue increased by USD 424m to USD 9.0bn with significant increases of USD 343m or 33% in Maersk Oil, and USD 519m or 10% in Maersk Line, which was only partly countered by a decrease of USD 310m or 47% in Maersk Drilling and USD 62m or 56% in Maersk Supply Service.

Operating expenses increased by USD 319m to USD 7.3bn mainly reflecting an increase of USD 569m in Maersk Line due to 80% higher bunker prices and 10% increase in volumes, partly offset by a decrease of USD 95m in Maersk Oil and USD 74m in Maersk Drilling, stemming from cost saving initiatives across all cost categories. Focus on cost efficiency across all businesses remains high.



Photo: Rene Strandbygaard

“We delivered year-on-year revenue growth for the first time since Q3 2014 in line with our ambitions to become a growth company again.”

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

DEVELOPMENTS IN THE QUARTER

Maersk Line reached an agreement in December 2016 to acquire Hamburg Süd. A sale and purchase agreement between Maersk Line A/S and the Oetker Group was approved in April 2017 by the boards of both companies. The proposed acquisition is subject to regulatory approvals. Maersk Line will acquire Hamburg Süd for EUR 3.7bn on a cash and debt-free basis (Enterprise Value). Maersk Line still expects to close the acquisition by the end of 2017.

APM Terminals Lazaro Cardenas, Mexico, Latin America's largest semi-automated terminal started operations end February and was officially inaugurated 4 April. The terminal, with the capacity to receive the world's largest ships, will contribute significantly to Mexico's future trade growth.

The Danish government provided new terms for the oil industry, enabling partners in the Danish Underground Consortium (DUC) which include **Maersk Oil** to progress with a full redevelopment plan for the Tyra facilities towards project sanction by the end of 2017. The agreement with the Danish government is subject to Danish parliamentary approval. The Tyra redevelopment will extend the production for decades.

For **Maersk Drilling** the newbuild XLE Jack-Up Maersk Invincible arrived in Norway following delivery from DSME in early January 2017. The rig will commence a five-year firm contract with Aker BP in Q2 2017.

Guidance for 2017

A.P. Møller - Maersk's expectation of an underlying profit above 2016 (USD 711m) is unchanged. Gross capital expenditure for 2017 is still expected to be USD 5.5-6.5bn (USD 5.0bn). The guidance for 2017 excludes the acquisition of Hamburg Süd.

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

TRANSPORT & LOGISTICS

(USD million)	Q1 2017	Q1 2016	Change	FY 2016
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Maersk Line

Revenue	5,493	4,974	10%	20,715
Profit/loss	-66	37	N/A	-376
Operating cash flow	28	42	-33%	1,060
Capital expenditures	-83	31	N/A	-586
ROIC (%)	-1.3	0.7	-2.0pp	-1.9

APM Terminals

Revenue	1,008	962	4.8%	4,176
Profit/loss	91	108	-16%	438
Operating cash flow	251	198	27%	819
Capital expenditures	-163	-960	-83%	-1,549
ROIC (%)	4.5	6.2	-1.7pp	5.7

Damco

Revenue	612	596	2.7%	2,507
Profit/loss	-8	2	N/A	31
Operating cash flow	-29	-15	N/A	4
Capital expenditures	-1	-3	-67%	-8
ROIC (%)	-13.9	3.0	-16.9pp	14.6

Svitzer

Revenue	157	163	-3.7%	642
Profit/loss	22	27	-19%	91
Operating cash flow	35	36	-2.8%	144
Capital expenditures	-67	-54	24%	-192
ROIC (%)	7.1	9.4	-2.3pp	7.5

Maersk Container Industry

Revenue	243	112	117%	564
Profit/loss	14	-16	N/A	-55
Operating cash flow	46	-62	N/A	-4
Capital expenditures	-4	-5	-20%	-26
ROIC (%)	16.1	-15.7	31.8pp	-13.3

Maersk Line reported a loss of USD 66m (profit of USD 37m). Market fundamentals continued to improve in Q1 and demand outgrew nominal supply for the second consecutive quarter. Transported volumes increased by 10% partly because of improved demand but also reflecting an increased market share, maintained from the second half of 2016. Freight rates increased by 4.4%, which did not fully compensate for the 80% increase in bunker price. The EBIT margin is estimated to be on par with peer group in Q4 2016, below the ambition of 5%-points gap.

APM Terminals reported a profit of USD 91m (USD 108m), negatively impacted by declining markets in West Africa and rate pressure in a number of locations due to overcapacity. In line with the new strategy, APM Terminals have not pursued new terminal projects.

Damco realised a loss of USD 8m (profit of USD 2m), affected by a significant margin pressure in freight forwarding products and higher investments in product development.

Svitzer reported a profit of USD 22m (USD 27m), negatively impacted by lower activity in Europe and Americas, partly offset by cost saving initiatives.

ENERGY

(USD million)	Q1 2017	Q1 2016	Change	FY 2016
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Maersk Oil

Revenue	1,375	1,032	33%	4,808
Profit/loss	328	-29	N/A	477
Operating cash flow	551	-172	N/A	1,484
Capital expenditures	-282	-754	-63%	-1,675
ROIC (%)	31.8	-3.0	34.8pp	11.4

Maersk Drilling

Revenue	344	654	-47%	2,297
Profit/loss	48	222	-78%	-694
Operating cash flow	144	427	-66%	1,345
Capital expenditures	-450	-11	N/A	-315
ROIC (%)	3.0	11.2	-8.2pp	-9.0

Maersk Supply Service

Revenue	48	110	-56%	386
Profit/loss	-22	-2	N/A	-1,228
Operating cash flow	22	22	0.0%	81
Capital expenditures	-108	-57	89%	-103
ROIC (%)	-13.3	-0.4	-12.9pp	-76.7

Maersk Tankers

Revenue	228	245	-6.9%	877
Profit/loss	10	48	-79%	62
Operating cash flow	17	68	-75%	180
Capital expenditures	-32	-24	33%	-190
ROIC (%)	2.3	11.5	-9.2pp	3.7

Maersk Oil reported a profit of USD 328m (loss of USD 29m) at an average oil price of USD 54 (USD 34) per barrel. The result was positively affected by the higher oil price, cost reductions, lower exploration costs, and a one-off tax income of USD 42m.

Entitlement production was 275,000 boepd (350,000 boepd), impacted by lower production in Qatar and the UK.

Maersk Drilling reported a profit of USD 48m (USD 222m), negatively impacted by a significant number of rigs being idle but positively impacted by higher operational uptime, cost savings and lower depreciation due to the impairments in Q4 2016.

At the end of Q1 2017, Maersk Drilling's forward contract coverage was 57% for 2017, 46% for 2018 and 25% for 2019 and the total revenue backlog amounted to USD 3.4bn (USD 4.7bn).

Maersk Supply Service reported a loss of USD 22m (loss of USD 2m), driven by lower utilisation and lower rates.

Maersk Tankers reported a profit of USD 10m (USD 48m), negatively impacted by declining rates, partly offset by cost savings.

For more details regarding the financials for Q1 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.

Celebrating the heroes of trade

THE BIG PICTURE | In Alaska, Claire Laukitis and her sister Emma launched a clothing brand, **Salmon Sisters**, based on their upbringing and work as commercial fishermen, celebrating an existence at sea. Container shipping with Maersk Line helps bring their catch to customers around the world and sustain the unique lifestyle of the isolated community. **Claire and Emma's story** is a part of a new Maersk campaign which shows how trade creates links between people as well as opportunity and growth around the world. Watch the movies and full story: [Maersk.com/WeLoveTrade](https://www.maersk.com/WeLoveTrade)



We ♥ Trade

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