



A.P. Møller - Maersk initiates demerger and separate listing of Maersk Drilling.

In continuation of the announcement on 17 August 2018, the A.P. Møller - Mærsk A/S (A.P. Møller - Maersk) Board of Directors has decided to initiate the separation of A.P. Møller - Maersk's drilling activities through a demerger of A.P. Møller - Maersk. The shares in Maersk Drilling Holding A/S and its subsidiaries as well as certain other assets and liabilities will be contributed to a new company with the legal name 'The Drilling Company of 1972 A/S' and the shares hereof will be admitted for trading and official listing on Nasdaq Copenhagen A/S (Nasdaq Copenhagen). In the following the company will be referred to as Maersk Drilling.

Following the anticipated signing and publication of statutory demerger documents on 4 March 2019, the Board of Directors of A.P. Møller - Maersk intends to propose the demerger for approval by the shareholders at the A.P. Møller - Maersk Annual General Meeting on 2 April 2019.

Subject to such approval of the demerger, the shares in Maersk Drilling will be distributed to A.P. Møller - Maersk shareholders, who in addition to their shareholding in A.P. Møller - Maersk will become shareholders in Maersk Drilling. The anticipated first day of trading on Nasdaq Copenhagen is on 4 April 2019.

The A.P. Møller - Maersk Board of Directors intends to propose a single share class structure for Maersk Drilling with the newly listed shares in Maersk Drilling being distributed to the A.P. Møller - Maersk shareholders on a pro-rata basis based on the nominal value of the shares in A.P. Møller - Maersk. Shareholders will receive one share in Maersk Drilling per nominal A.P. Møller - Maersk DKK 500 share and two shares in Maersk Drilling per nominal A.P. Møller - Maersk DKK 1,000 share. The demerger and distribution of the Maersk Drilling shares will be tax-exempt for Danish tax purposes.

A.P. Møller Holding A/S has agreed to a 360-days lockup of their shareholding in Maersk Drilling, subject to certain customary exemptions.

"Maersk Drilling is an industry leader in the global offshore drilling market, based on its well-reputed and safe operations and a fleet that is among the youngest and most advanced in the industry. The demerger will create a listed Danish-based offshore drilling company with a clear investment profile and long-term development prospects. Maersk Drilling is well-positioned to capitalise on the value creation opportunity of a globally leading pure play offshore drilling company to the benefit of both its long-term blue-chip customer base, as well as its investors", says Claus V. Hemmingsen, Vice CEO of A.P. Møller - Maersk and Chairman of the Maersk Drilling Board of Directors.

About Maersk Drilling

Maersk Drilling was established in 1972. The company is strongly positioned in the global offshore drilling market with a modern fleet in what Maersk Drilling considers the most attractive market segments, including a market leading position in the North Sea ultra-harsh environment jack-up market. The fleet consists of 23 rigs, and the customer base counts some of the world's leading and most innovative oil and gas companies. Maersk Drilling, which employs approximately 2,850 people on- and off-shore, will continue to be headquartered in Lyngby, Copenhagen, Denmark and continue to operate under the name Maersk Drilling.

The Executive Management team of Maersk Drilling consists of CEO Jørn Madsen and CFO Jesper Ridder Olsen, who will also serve as Executive Management team in the future listed company.

The Board of Directors consists of Chairman Claus V. Hemmingsen, Vice Chairman Robert M. Uggla, Kathleen McAllister, Robert Routs, Martin N. Larsen and Mads D. Winther. The Board of Directors, except from Mads D. Winther, will be proposed as members of the Board of Directors in the future listed company. Two employee representatives are expected to be elected in March 2019 for a term of four years and join the Board of Directors upon completion of the demerger.

Maersk Drilling financials

Maersk Drilling published its consolidated annual report for 2018 on 7 February 2019 showing a decline in revenue by 1% to USD 1,429 million (1,439 million) due to lower average day rates across the fleet, partly offset by an increased number of contracted days. The decline in EBITDA before special items to USD 611 million (USD 683 million) was mainly a result of increased costs due the increased number of contracted days as well as increased costs due to the build-up of the organisation to operate as a stand-alone company.

As part of the preparation for the separation, debt financing of USD 1.5 billion and a revolving credit facility of USD 400 million were secured in December 2018, from among others a consortium of international banks. As of 31 December 2018, Maersk Drilling had a net debt of USD 1,097 million and liquidity reserves of USD 772 million.

In 2019, Maersk Drilling expects EBITDA before special items to be around USD 400 million. The lower EBITDA before special items compared to 2018 is primarily due to rigs coming off contracts entered into during more favorable market conditions with higher day rates than current market level, as well as off-hire days due to rig upgrades and yard stays in connection with the 5-yearly special periodic surveys (SPS) of 7-10 rigs in 2019 versus four rigs in 2018.

Maersk Drilling expects capital expenditures in 2019 to be in the level of USD 300-350 million, an increase compared to 2018 due to the above-mentioned rig upgrades and yard stays. Final scheduling and scoping of rig upgrades and yard stays are subject to commercial and operational planning.

Maersk Drilling key financials for the previous 5 years

	Amounts in USD million				
	2018	2017	2016	2015 ^z	2014
Income statement					
Revenue	1,429	1,439	2,297	2,518	1,998
Profit before depreciation and amortisation, impairment losses and special items (EBITDA before special items)	611	683	1,381	1,393	903
Special items	-16	2	16	10	9
Profit before depreciation and amortisation, impairment losses and special items (EBITDA before special items)	595	685	1,397	1,403	912
Depreciation and amortisation	-403	-468	-589	-520	-310
Impairment losses/reversals, net	810	-1,769	-1,510	-27	-35
Share of results in joint ventures	-1	-	-	-	-
Profit/loss before financial items (EBIT)	1,001	-1,552	-702	856	567
Financial items, net	-12	-19	-89	-101	42
Profit/loss before tax	989	-1,571	-791	755	609
Tax	-48	49	1	-154	-141
Profit/loss for the year	941	-1,522	-790	601	468
Balance sheet					
Total assets	5,714	8,252	11,209	12,028	11,163
Total equity	3,810	6,209	8,757	8,316	5,346
Net debt/(receivable)	1,097	-1,809	-2,668	-503	2,165
Investments in non-current assets (Capex)	182	520	307	894	2,398
Cash flow statement					
Cash flow from operating activities	593	652	1,363	1,301	615
Cash flow used for investing activities	-136	-448	-328	-893	-2,235

Expected timetable for the demerger of A.P. Moller - Maersk and separate listing of Maersk Drilling:

Activity	Date
• Maersk Drilling Capital Markets Day	25 February 2019
• Publication of statutory demerger documents, Maersk Drilling information brochure and listing document	4 March 2019
• Retail shareholder meeting	6 March 2019
• A.P. Moller - Maersk Annual General Meeting including decision on proposed demerger	2 April 2019
• Official listing and first day of trading of Maersk Drilling shares on Nasdaq Copenhagen	4 April 2019

Further information

Further details of the demerger of A.P. Moller - Maersk and separate listing of Maersk Drilling will be communicated in the listing document prepared by Maersk Drilling and the statutory demerger documents expected to be published on 4 March 2019. The statutory demerger documents will be made available on <http://investor.maersk.com>. Information will be updated continuously, as it becomes available.

A.P. Moller - Maersk will publish an information brochure in due time before the Annual General Meeting. The brochure will include a description of the demerger, the distribution of the Maersk Drilling shares, and a short description of Maersk Drilling's strategy, business and organisation.

Maersk Drilling will host a Capital Markets Day for institutional investors and analysts on 25 February 2019, at IDA, Kalvebod Brygge 31-33, DK-1780 Copenhagen V. At the event, the management of Maersk Drilling will provide a full presentation of the company's strategy, operations and financial performance.

A.P. Moller - Maersk will be hosting information meetings for its retail shareholders, where Maersk Drilling's management will present the Maersk Drilling business. The meeting will be held on 6 March from 09:00-10:30 CET at Clarion Hotel Copenhagen Airport, Ellehammersvej 20, DK-2770 Kastrup. A.P. Moller - Maersk shareholders can sign up via the shareholder portal on www.investor.maersk/da. Last day for sign up is 28 February 2019.

Questions regarding the information meetings can be directed to:

informationsmode@maersk.com.

Important notice

This announcement does not constitute a prospectus or an offering memorandum and nothing herein contains an offering of securities in A.P. Moller - Maersk, Maersk Drilling Holding A/S or Maersk Drilling. This announcement is not intended for distribution or release, directly or indirectly, in or into a jurisdiction where publication, distribution or release would be unlawful. This



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