ALL THE WAY

MAERSK

Q4

2019

A.P. Møller - Mærsk A/S | Interim Report | 20 February 2020

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The Interim Report for Q4 2019 of A.P. Møller - Mærsk A/S (further referred to as A.P. Moller - Maersk or Maersk as the consolidated group of companies) has been prepared in accordance with IAS 34 'Interim Financial Reporting' as issued by the International Accounting Standards Board (IASB) and as adopted by the EU and additional Danish disclosure requirements for interim financial reporting of listed companies. The interim consolidated financial statements have not been subject to audit or review.

Change in presentation and comparative figures
The IFRS 16 leases accounting standard entails lessees to recognise leases in the balance sheet as a right-of-use (ROU) asset and a related lease liability. In the income statement, the lease cost is replaced by depreciation of the leased asset and an interest expense for the financial liability.

The standard was implemented on 1 January 2019 using the modified retrospective approach, and comparative figures have not been restated in the interim consolidated financial statements.

A.P. Moller - Maersk uses EBITDA as the key operating performance indicator, and 2018 figures have therefore been restated in the Directors' report and internal reporting to retrospectively reflect the effect of IFRS 16.

Maersk Supply Service has been reclassified as continuing operations, following the Board of Directors' decision to no longer pursue a separation solution. Comparison figures for the income statement, balance sheet and cash flow statement have been restated as if Maersk Supply Service had always been part of continuing operations.

Unless otherwise stated, all figures in parenthesis refer to the corresponding figures for the same period prior year.

Forward-looking statements
The interim report contains forward-looking statements. Such statements are subject to risks and uncertainties as numerous factors, many of which are beyond A.P. Moller - Maersk's control, may cause the actual development and results to differ materially from expectations contained in the interim report.

"Q4 2019 was yet another quarter where our financial performance improved, albeit only marginally as Q4 2018 was a very strong quarter. Despite weaker market conditions we were able to improve profitability and cash flow. Our cash return was healthy and we continued the reduction of net interest-bearing debt, leading to a further deleveraging of USD 3.3bn over the year. It gives us a stronger starting point for 2020 to further expand our end-to-end offering within container logistics while at the same time manage the challenges that are obviously out there,"

says **Søren Skou**
CEO of A.P. Moller - Maersk

Highlights Q4

- Revenue decreased by 5.5% to USD 9.7bn, partly due to front-loading on the Pacific in Q4 2018, however, profitability continued to improve, with EBITDA increasing slightly to USD 1.5bn, while the EBITDA margin improved by 0.9 percentage point to 15.1% (14.2%).

- EBITDA in Ocean declined slightly to USD 1.1bn and the margin decreased to 15.5% (15.8%), due to lower volumes from a weaker market and capacity initiatives to protect margins.

- Logistics & Services improved EBITDA by 33% to USD 32m and reported a margin of 2.3% (1.5%) driven by gross profit increasing by 14% to USD 310m. Adjusted for restructuring and one-offs, EBITDA was USD 57m.

- EBITDA in gateway terminals increased by 11% to USD 251m with a margin of 32% (25%). The positive development was driven by further ramp-up in Moin, Costa Rica, and lower construction costs.

- Cash flow from operating activities decreased by 9.5% to USD 1.5bn with a cash conversion ratio of 105%, despite negative effects from a build-up of fuel inventories of USD 300m in Q4. Gross CAPEX was USD 469m and free cash flow was USD 1.1bn. Free cash flow adjusted for capitalised lease payments was USD 0.7bn.

- Return on invested capital improved to 1.7% (1.4%), while cash return on invested capital improved to 10.4% (9.7%), reflecting higher profitability, strong cash flow generation and lower CAPEX.

- Net interest-bearing debt was reduced to USD 11.7bn at 31 December 2019.

- The Board of Directors proposes an ordinary dividend to the shareholders of DKK 150 per share (DKK 150 per share), based on the improved underlying profit, the strong cash flow generation in 2019 and the cash proceeds from Total S.A. shares.

- As announced earlier, A.P. Moller - Maersk has acquired Performance Team which will expand the logistic service offering in the USA within warehousing & distribution and supply chain management.

- A.P. Moller - Maersk expects earnings before interest, tax, depreciation and amortisation (EBITDA) of around USD 5.5bn for 2020, before restructuring and integration costs. Accumulated gross CAPEX for 2020-2021 is still expected to be USD 3.0-4.0bn, reflecting continued focus on CAPEX discipline and free cash flow generation.

- The outlook for 2020 is impacted by the current outbreak of the Coronavirus (COVID-19) in China, which has significantly lowered visibility on what to expect in 2020. As factories in China are closed for longer than usual in connection with Chinese New Year and as a result of the COVID-19, we expect a weak start to the year.

Summary financial information 1/2

Amounts in USD million

	Q4			12M		
Income statement	2019	2018 incl. IFRS 16 and MSS[2]	2018 incl. restated MSS[1]	2019	2018 incl. IFRS 16 and MSS[2]	2018 incl. restated MSS[1]
Revenue	9,668	10,235	10,238	38,890	39,257	39,280
Profit before depreciation, amortisation and impairment losses, etc. (EBITDA)	1,463	1,449	1,112	5,712	4,998	3,809
Depreciation, amortisation and impairment losses, net	1,160	1,168	888	4,287	4,756	3,737
Gain on sale of non-current assets, etc., net	1	76	58	71	166	148
Share of profit/loss in joint ventures	4	-	-	93	116	116
Share of profit/loss in associated companies	34	-80	-80	136	-115	-115
Profit/loss before financial items (EBIT)	342	277	202	1,725	409	221
Financial items, net	-212	-222	-131	-758	-766	-401
Profit/loss before tax	130	55	71	967	-357	-180
Tax	191	127	127	458	398	398
Profit/loss for the period – continuing operations	-61	-72	-56	509	-755	-578
Profit/loss for the period – discontinued operations[3]	-	116	116	-553	3,787	3,787
Profit/loss for the period	-61	44	60	-44	3,032	3,209
A.P. Møller - Mærsk A/S' share	-72	32	46	-84	2,985	3,157
Profit/loss for the period – continuing operations						
Adjustments to profit/loss for the period – continuing operations:	-61	-72	-56	509	-755	-578
Gain/loss on sale of non-current assets, etc., net	-1	-76	-58	-71	-166	-148
Impairment losses, net	79	191	191	29	757	757
Transaction and integration cost	13	22	22	78	78	78
Tax on adjustments	-1	-	-	1	25	25
Underlying profit/loss – continuing operations[4]	29	65	99	546	-61	134
Balance sheet						
Total assets	55,399	62,690	56,622	55,399	62,690	56,622
Total equity	28,837	33,205	33,380	28,837	33,205	33,380
Invested capital	40,555	49,255	43,209	40,555	49,255	43,209
Net interest-bearing debt	11,662	14,953	8,730	11,662	14,953	8,730
Cash flow statement						
Cash flow from operating activities	1,535	1,697	1,364	5,919	4,442	3,228
Gross capital expenditure, excl. acquisitions and divestments (CAPEX)	469	669	669	2,035	3,219	3,219
Cash flow from financing activities	-1,209	-5,681	-5,347	-4,800	-8,080	-6,865
Net cash flow from discontinued operations	-	1,402	1,401	-372	3,968	3,967

1 Q4 and 12M 2018 restated, including Maersk Supply Service as continuing operations as reported in the financials pages 20-29.
2 Q4 and 12M 2018 presented as if IFRS 16 had been implemented in 2018, for comparison purposes.
3 Following the classification of Maersk Oil and Maersk Drilling as discontinued operations in 2017, the businesses are presented separately on an aggregated level in the income statement, balance sheet and cash flow statement. The Maersk Oil transaction was closed on 8 March 2018. Maersk Drilling was demerged on 2 April 2019.
4 Underlying profit/loss is profit/loss for the period from continuing operations adjusted for net gains/losses from sale of non-current assets, etc. and net impairment losses as well as transaction, restructuring and integration costs related to acquisitions/divestments. The adjustments are net of tax and include A.P. Moller - Maersk's share of mentioned items in associates and joint ventures.

Summary financial information 2/2

Amounts in USD million

	Q4			12M		
Financial ratios	2019	2018 incl. IFRS 16 and MSS[2]	2018 incl. restated MSS[1]	2019	2018 incl. IFRS 16 and MSS[2]	2018 incl. restated MSS[1]
Revenue growth	-5.5%	20.4%	20.4%	-0.9%	25.9%	25.9%
Revenue growth excl. Hamburg Süd (2018)		9.1%	9.1%		8.2%	8.3%
EBITDA margin	15.1%	14.2%	10.9%	14.7%	12.7%	9.7%
Cash conversion	105%	117%	123%	104%	89%	85%
Return on invested capital after tax – continuing operations (ROIC)	1.7%	1.4%	0.8%	3.1%	0.2%	-0.3%
Return on equity after tax, annualised	-0.9%	0.5%	0.7%	-0.1%	9.3%	9.9%
Equity ratio	52.1%	53.0%	59.0%	52.1%	53.0%	59.0%
Stock market ratios						
Earnings per share – continuing operations, USD	-4	-2	-1	23	-37	-30
Diluted earnings per share – continuing operations, USD	-4	-2	-1	23	-37	-30
Cash flow from operating activities per share, USD	76	82	66	288	214	156
Share price (B share), end of period, DKK	9,608	8,184	8,184	9,608	8,184	8,184
Share price (B share), end of period, USD	1,439	1,255	1,255	1,439	1,255	1,255
Total market capitalisation, end of period, USDm	28,000	25,256	25,256	28,000	25,256	25,256
Ocean financial highlights						
Revenue	7,034	7,283	7,283	28,418	28,366	28,366
Profit/loss before depreciation, amortisation and impairment losses, etc. (EBITDA)	1,093	1,148	927	4,356	3,782	3,007
EBITDA margin	15.5%	15.8%	12.7%	15.3%	13.3%	10.6%
Logistics & Services financial highlights						
Revenue	1,411	1,557	1,557	5,965	6,082	6,082
Profit/loss before depreciation, amortisation and impairment losses, etc. (EBITDA)	32	24	-1	238	191	98
EBITDA margin	2.3%	1.5%	-0.1%	4.0%	3.1%	1.6%
Terminals & Towage financial highlights						
Revenue	960	1,082	1,082	3,894	3,772	3,772
Profit/loss before depreciation, amortisation and impairment losses, etc. (EBITDA)	301	274	213	1,107	998	778
EBITDA margin	31.4%	25.3%	19.7%	28.4%	26.5%	20.6%
Manufacturing & Others financial highlights						
Revenue	602	703	707	2,172	2,787	2,810
Profit/loss before depreciation, amortisation and impairment losses, etc. (EBITDA)	84	48	17	205	163	62
EBITDA margin	14.0%	6.8%	2.4%	9.4%	5.8%	2.2%

1 Q4 and 12M 2018 restated, including Maersk Supply Service as continuing operations as reported in the financials pages 20-29.
2 Q4 and 12M 2018 presented as if IFRS 16 had been implemented in 2018, for comparison purposes.

Notes:
The interim consolidated financial statements have not been subject to audit or review. The interim consolidated financial statements are prepared in accordance with IAS 34 'Interim Financial Reporting' as issued by the International Accounting Standards Board (IASB) and adopted by the EU and additional Danish disclosure requirements for interim financial reporting for listed companies.

Financial review Q4 2019

The financials are materially impacted by the implementation of IFRS 16. Comparative figures for 2018 have been restated in the Directors' report to provide the reader with a relevant basis for assessing the development in the financial performance.

Revenue was USD 9.7bn (USD 10.2bn), with a decline across all segments, partly caused by the front loading in Q4 2018 on Pacific, impacting Ocean, gateway terminals and Logistics & Services. The lower revenue also reflects the focus in Ocean to protect earnings and margins by adjusting the capacity to the market development.

EBITDA increased by 1.0% to USD 1.5bn (USD 1.4bn), reflecting an EBITDA margin improvement of 0.9 percentage point to 15.1% with increases in Terminals & Towage and Logistics & Services, partly offset by a small decrease in Ocean. EBITDA includes restructuring costs of USD 75m, while the impact from foreign exchange rates was negligible.

EBIT was USD 342m (USD 277m), reflecting a margin of 3.5%, positively impacted by improved EBITDA, partly offset by impairments of USD 79m, while Q4 2018 was negatively impacted by impairments of USD 191m, mainly in the RoRo business and Maersk Container Industry.

Financial expenses, net was USD 212m (USD 222m), positively impacted by lower debt in Q4 2019, partly offset by no dividends received from Total S.A. (USD 34m).

The underlying profit for continuing operations after financial items and tax was USD 29m (USD 65m), negatively impacted by USD 73m in tax provisions and reassessment of deferred tax asset.

Cash flow from operating activities was USD 1.5bn (USD 1.7bn), driven by EBITDA of USD 1.5bn, with a cash conversion ratio of 105% (117%) despite being negatively impacted by a deterioration in net working capital due to an increase in inventories of low-sulphur fuel of USD 300m in Q4.

Gross capital expenditure (CAPEX) was USD 469m (USD 669m), mainly related to investments in gateway terminals, in Logistics & Services and retrofitting of vessels.

Free cash flow was USD 1.1bn (USD 3.1bn), driven by cash flow from operating activities of USD 1.5bn and lower CAPEX, which was offset by sale of Total S.A. shares of USD 1.8bn in Q4 2018. Free cash flow after capitalised lease payments was USD 668m (USD 645m after capitalised lease payments and adjusted for sales of Total S.A. shares).

The *contractual capital commitments* totalled USD 1.7bn by the end of Q4, of which USD 1.2bn mainly related to commitments towards terminal concession grantors. A strong commitment to capital discipline and a focus on free cash flow generation continues to be a key focus area illustrated in the accumulated CAPEX guidance for 2020-2021.

Capital structure, issue of bonds and credit rating

Net interest-bearing debt decreased to USD 11.7bn (USD 15.0bn at 31 December 2018), driven by cash flow from operating activities of USD 5.9bn, positive cash flow used for investing activities of USD 874m due to the sale of Total S.A. shares of USD 2.6bn in Q1 2019, partly offset by the annual dividend of USD 469m, share buy-backs of USD 791m, financial expenses, net payments of USD 736m and net new lease liabilities of USD 1.5bn. The increase in net new lease liabilities was mostly driven by a new terminal concession with Tangier-Med II, Morocco, which went into operation in January 2019.

A.P. Moller - Maersk made net repayments of USD 809m (USD 5.5bn) in Q4, mainly driven by repayment of a EUR 422m bond and repayments of leases of USD 326m.

Highlights Q4

USD million	Revenue		EBITDA		CAPEX	
	2019	2018 [1]	2019	2018 [1]	2019	2018 [1]
Ocean	7,034	7,283	1,093	1,148	180	332
Logistics & Services	1,411	1,557	32	24	66	16
Terminals & Towage	960	1,082	301	274	219	242
Manufacturing & Others	602	703	84	48	10	85
Unallocated activities, eliminations, etc.	-339	-390	-47	-45	-6	-6
A.P. Moller - Maersk consolidated – continuing operations	**9,668**	**10,235**	**1,463**	**1,449**	**469**	**669**

1 Q4 2018 presented as if IFRS 16 had been implemented in 2018 and adjusting for Maersk Supply Service as continuing operations.

Maersk remains *investment grade-rated* and holds a Baa3 (stable) rating from Moody's and a BBB (stable) rating from Standard & Poor's.

Share buy-back

In Q2 2019, the Board of Directors decided to exercise the authority to buy back shares with a maximum value of DKK 10bn (around USD 1.5bn) over a period of up to 15 months. This is in line with the previously announced intention to distribute a material part of the proceeds from the sale of the shares received in Total S.A., as part of the sale of Maersk Oil.

The first phase ran from 4 June to 25 September 2019 with total market value of the shares acquired of DKK 3.3bn (USD 494m). The second phase runs from 26 September 2019 until 28 February 2020. The shares to be acquired will be limited to a total market value of DKK 3.3bn (around USD 500m).

During Q4, Maersk bought back 43,638 A shares and 174,252 B shares worth DKK 1.9bn (USD 283m).

At 31 December, A.P. Moller - Maersk owns a total of 134,279 A shares and 587,949 B shares as treasury shares, corresponding to 3.47% of the share capital.

Transformation metrics

To measure the strategic transformation towards becoming the global integrator of container logistics and our ability to create shareholder value, we are tracking four metrics besides our overall ROIC target of above 7.5%.

On the back of the improvement in profitability and positive cash flow generation during Q4, we saw a positive development across all transformation metrics, except the non-Ocean revenue, mainly due to the front loading effects in Q4 2018.

Cash return on invested capital (CROIC) increased to 10.4% (9.7%) in Q4 2019 due to earnings improvements, high cash conversion and reduced CAPEX.

Combined synergies from the Hamburg Süd acquisition and from the integration of our transport and logistics activities continued to track above our 2019 target of accumulated USD 1bn, with USD 0.1bn realised in Q4 2019 to accumulated synergies of USD 1.2bn in total.

Non-Ocean revenue decreased by 7.7%, adjusted for the closure of the production facility in Maersk Container Industry. The revenue decline was mainly driven by the extraordinary high volume in Q4 2018 due to front loading in Logistics & Services and Terminals & Towage.

Logistics & Services improved gross profit by 13.7% to USD 310m, reflecting a gross profit margin of 22.0%, related to higher activity in the intermodal and warehouse and distribution segments.

Return on invested capital (ROIC) was 1.7% (1.4%) in Q4, mainly due to improved earnings.

Market update

For a market update for Q4 2019, reference is made to the Annual Report 2019 for A.P. Moller - Maersk.

Tracking the transformation

Transformation metrics	Q4 2019	12M 2019	12M 2018	12M 2017
Non-Ocean revenue growth	-7.7%[1]	0.1%[1]	6.3%	5.6%
Logistics & Services, gross profit growth	13.7%	8.7%	7.9%	N/A
Realisation of annual synergies worth approx. USD 1.0bn in total by 2019, USDbn (accumulated)	0.1	1.2	0.7	0.1
Cash return on invested capital (CROIC)	10.4%	9.3%	2.8%	-2.8%
Long-term target				
Return on invested capital after tax (ROIC)	1.7%	3.1%	0.2%	N/A

1 Non-Ocean revenue decreased by 9.5% in Q4 2019 and decreased by 2.9% in 12M 2019 before adjusting for the closure of the production capacity in Maersk Container Industry.

Guidance for 2020

A.P. Moller - Maersk expects earnings before interest, tax, depreciation and amortisation (EBITDA) of around USD 5.5bn, before restructuring and integration costs.

The organic volume growth in Ocean is expected to be in line with or slightly lower than the estimated average market growth of 1-3% for 2020.

The accumulated guidance on gross capital expenditure excl. acquisitions (CAPEX) for 2020-2021 is still USD 3.0-4.0bn. A high cash conversion (cash flow from operating activities compared to EBITDA) is expected for both years.

The outlook and guidance for 2020 is subject to significant uncertainties and impacted by the current outbreak of the Coronavirus (COVID-19) in China, which has significantly lowered visibility on what to expect in 2020. As factories in China are closed for longer than usual in connection with the Chinese New Year and as a result of the COVID-19, we expect a weak start to the year.

The guidance for 2020 is also subject to uncertainties related to the implementation of IMO 2020 and the impact on bunker fuel prices and freight rates combined with the weaker macroeconomic conditions and other external factors.

Sensitivities on guidance for 2020

The guidance of A.P. Moller - Maersk for 2020 depends on several factors. Based on the expected earnings level and all else being equal, the sensitivities for 2020 for four key assumptions are listed in the table below:

Factors	Revenue	Effect on EBITDA (next 12 months)
Container freight rate	+/- 100 USD/FFE	+/- USD 1.3bn
Container freight volume	+/- 100,000 FFE	+/- USD 0.1bn
Bunker price (net of expected BAF coverage)	+/- 100 USD/tonne	+/- USD 0.4bn
Foreign exchange rate (net of hedges)	+/- 10% change in USD	+/- USD 0.2bn

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The Interim Report for Q1 2020 is expected to be announced on 13 May 2020.

Webcast and dial-in information

A webcast relating to the Q4 2019 Interim Report and the Annual Report 2019 will be held on 20 February 2020 at 11.00 (CET). Dial-in information on investor.maersk.com.

Presentation material for the webcast will be available on the same webpage.

Ocean

Profitability decreased slightly compared with a strong Q4 2018 that was positively impacted by front loading in the USA, which led to lower volumes and utilisation. However, continued strong focus on margins through cargo selections and capacity management kept freight rates largely on par and shielded margins, despite weaker market environments. Costs were positively impacted by continued capacity management, improvements in bunker efficiency and lower bunker prices.

Financial and operational performance

Revenue decreased by 3.4% to USD 7.0bn (USD 7.3bn), negatively impacted by 1.8% lower volumes and minor decrease of 0.4% in average loaded freight rate. Other revenue decreased by 5.5%, mainly due to lower demurrage and detention income, partly offset by higher revenue from hub terminals.

EBITDA decreased by 4.8% to USD 1.1bn (USD 1.1bn), driven by slight decrease in freight revenue, partly offset by lower bunker costs. The EBITDA margin decreased slightly to 15.5% (15.8%), impacted in part by a lower network utilisation and only partly offset by lower bunker cost.

Volumes decreased to 3,294k FFE (3,353k FFE), driven by a decrease across trades on East-West and North-South, partly offset by 6.1% volume growth on intra-regional trade. The East-West volume decrease of 5.7% was impacted negatively by front loadings in Q4 2018, continued slower growth in the USA, with Europe negatively impacted by lower demand and adjustments to the capacity. The North-South volume decrease of 2.5% was driven by volume decreases across all trades, apart from Africa. Weak demand in Latin America continued into Q4 2019, due to market contraction and weakened market conditions in West Central Asia and Oceania. This was partly offset by a 2.3% volume growth in Africa, driven by stronger import volumes into East and West Africa. The higher intra-regional volumes were mainly driven by significant growth on intra-Asia trades of 14.6%, partly offset by a 1.4% decrease in intra-Europe. Total back-haul decreased by 1.5% mainly on Europe, while headhaul decreased by 1.9% mainly from in Latin and North America.

The average loaded freight rate decreased slightly by 0.4% to 1,905 USD/FFE (1,913 USD/FFE), negatively impacted by lower rates in intra-regional trades, partly offset by higher rates in East-West and North-South. The increase on East-West was mainly driven by stronger contract rates on Asia-Europe, while the increase in North-South was driven by Latin America and West Central Asia headhaul with improved capacity management in Latin America realising synergies with Hamburg Süd. The loaded freight rates were negatively impacted by the developments in foreign exchange rates as well as mix effect from higher intra-regional volumes and lower fuel prices. Adjusted for foreign exchange rate effects the average loaded freight rate increased by 0.1%.

Ocean highlights

USD million	Q4		12M	
	2019	2018[1]	2019	2018[1]
Freight revenue	6,147	6,346	24,871	24,925
Other revenue, including hubs	887	937	3,547	3,441
Revenue	**7,034**	**7,283**	**28,418**	**28,366**
Container handling costs	2,283	2,279	9,339	9,481
Bunker costs	1,096	1,325	4,566	5,042
Network costs, excluding bunker costs	1,699	1,721	7,038	7,053
Selling, General & Administrative (SG&A) and other costs, etc.	850	857	3,082	3,038
Total operating costs	**5,928**	**6,182**	**24,025**	**24,614**
Other income/costs, net	-13	47	-37	30
Profit/loss before depreciation, amortisation and impairment losses, etc. (EBITDA)	**1,093**	**1,148**	**4,356**	**3,782**
EBITDA margin	15.5%	15.8%	15.3%	13.3%
Gross capital expenditure, excl. acquisitions and divestments (CAPEX)	180	332	1,172	2,279
Operational and financial metrics				
Loaded volumes (FFE in '000)	3,294	3,353	13,296	13,306
Loaded freight rate (USD per FFE)	1,905	1,913	1,883	1,879
Unit cost, fixed bunker (USD per FFE incl. VSA income)	1,774	1,767	1,777	1,808
Hub productivity (PMPH)	94.7	83.7	91.8	80.6
Bunker price, average (USD per tonne)	395	465	412	424
Bunker consumption (tonne in '000)	2,773	2,848	11,092	11,894
Average nominal fleet capacity (TEU in '000)	4,181	4,038	4,132	4,115
Fleet owned (end of period)	307	303	307	303
Fleet chartered (end of period)	401	407	401	407

1 Q4 and 2018 are presented as if IFRS 16 had been implemented in 2018, for comparison purposes. Q4 is unaudited.

Other revenue decreased by 5.5% to USD 887m (USD 937m), mainly because of lower demurrage and detention revenue due to lower volumes and temporary circumstances in Asia from, amongst other, congestions and front loadings in Q4 2018.

Total operating costs decreased by 4.1% to USD 5.9bn (USD 6.2bn), positively impacted by lower bunker costs, lower network costs and favourable impact from the development in foreign exchange rates, partly offset by higher container related costs. Network costs excluding bunker costs decreased by 1.2%, mainly because of continued focus on capacity management leading to improved schedule reliability and thus offsetting some of the negative impact on utilisation and higher charter costs related to idle vessels due to retrofit of scrubbers. Adjusting for the positive impact from developments in foreign exchange rates, the operating costs decreased by 3.4%.

Bunker cost decreased by 17% to USD 1.1bn (USD 1.3bn) as the average bunker price declined by 15% to 395 USD/tonne (465 USD/tonne) and bunker consumption declined by 2.6%, due to efficiency initiatives with more efficient vessels delivered as well as improved capacity management. Bunker efficiency improved by 3.0% to 40.9 g/TEU*NM (42.2 g/TEU*NM).

Hub productivity improved by 13% from collaboration between the terminal and liner operations to 94.7 (83.7) port moves per hour. The productivity improved significantly in several hubs compared to Q4 2018.

Unit cost at fixed bunker increased slightly by 0.4% to 1,774 USD/FFE (1,767 USD/FFE), due to lower volumes while positively impacted by rate of exchange effects. Adjusting for the developments in foreign rate of exchange, unit cost at fixed bunker increased by 1.1%.

The average nominal capacity of 4,181k TEU increased by 3.5%, mainly due to newbuilds delivered in H1 2019 being fully incorporated into the fleet in Q4, and extra chartered capacity related to retrofitting with scrubbers. No new vessels were delivered to the fleet following the end of the newbuilding programme in Q2 2019. At the end of Q4 2019, the fleet consisted of 307 owned and 401 chartered vessels, with 348k TEU idle (35 vessels), mainly due to retrofit of scrubbers. The idle capacity corresponded to 25% of the total idle capacity in the market.

Loaded volumes

FFE ('000)	Q4 2019	Q4 2018	Change	Change %
East-West	984	1,044	-60	-5.7%
North-South	1,575	1,616	-41	-2.5%
Intra-regional	735	693	42	6.1%
Total	**3,294**	**3,353**	**-59**	**-1.8%**

Average freight rates

USD/FFE	Q4 2019	Q4 2018	Change	Change %
East-West	1,969	1,937	32	1.7%
North-South	2,180	2,096	84	4.0%
Intra-regional	1,469	1,512	-43	-2.8%
Total	**1,905**	**1,913**	**-8**	**-0.4%**

Key initiatives in Q4

Maersk Spot, introduced in Q2 2019 offering transparent prices and loading guarantee, saw further adaptation in the market. At the end of Q4 2019, measured on a four-week average basis, Maersk Spot accounted for 24% of spot-rate volumes, more than double compared to end of Q3 2019.

The preparation for IMO 2020 continued, and several vessels have been retrofitted with scrubber installations at the end of Q4 2019. The scrubber solution is only part of the strategy to ensure compliance with the new fuel regulations.

Fleet overview, end Q4 2019

	TEU		Number of vessels	
	Q4 2019	Q4 2018	Q4 2019	Q4 2018
Own container vessels	2,208,762	2,131,010	307	303
Chartered container vessels	1,916,098	1,877,528	401	407
Total fleet	**4,124,860**	**4,008,538**	**708**	**710**
Newbuilding programme (own vessels)				
3,000 – 4,699 TEU	0	7,192	0	2
> 8,000 TEU	0	66,246	0	4
Total	**0**	**73,438**	**0**	**6**

Prior to the implementation of IFRS 16, only operating leased vessels were included in the chartered container vessel section while finance leased vessels were presented together with owned to match the classification on the balance sheet. All leased vessels are included in the table within the chartered container vessel section. Q4 2018 figures have been restated.

Following successful product trials from March to June on Mette Maersk, Maersk ECO Delivery was launched in Q4 2019. In line with its sustainability commitment as the global integrator of container logistics, Maersk is taking concrete steps towards carbon reduction to achieve net-zero emissions by 2050 through innovative technologies and solutions. Maersk ECO Delivery is among these solutions and offering it to the market cement our commitment by supporting supply chain customers who share the same sustainability agenda.

Logistics & Services

The positive development in profitability in Logistics & Services was primarily driven by growth in profitable regions and margin optimisation in intermodal, however, offset by declining revenue primarily in inland service and sea and air freight forwarding, mainly due to the large demand in Q4 2018 with front loading ahead of anticipated tariffs.

Financial and operational performance

Revenue at USD 1.4bn (USD 1.6bn) was negatively impacted by decreasing revenue in intermodal as well as in sea and air freight forwarding, offset by increasing revenue in warehousing and distribution. Gross profit increased to USD 310m (USD 272m), reflecting a margin of 22% (17%), supported by growth in profitable regions and margin optimisation in intermodal. This was partially offset by lower margins in sea and air freight forwarding and lower volumes in supply chain management.

EBITDA increased to USD 32m (USD 24m), supported by performance in intermodal and lower maintenance costs in Star Air. Adjusting for the impact of restructuring costs, and USD 19m one-offs related to inland services, EBITDA would have been USD 57m in Q4 2019. Adjusting for the impact of restructuring costs and maintenance cost in Star Air, EBITDA was USD 64m in Q4 2018.

Supply chain management revenue of USD 205m (USD 211m) was negatively impacted by decrease in volume to 18,186 kcbm (18,434 kcbm), which reflects the high demand in Q4 2018 related to uncertainties on tariffs. Gross profit was USD 82m (USD 88m).

Intermodal revenue decreased to USD 562m (USD 645m), with lower volumes at 884k FFE (935k FFE), mainly due to generally weaker market conditions and focus on the profitable volumes. Gross profit increased to USD 32m (USD 13m) as geographical mix continues to be optimised by increasing volumes in Africa, West Central Asia and Eastern Europe, while improving margins in North America, China and the United Kingdom.

Inland services revenue decreased to USD 141m (USD 150m), negatively impacted by performance in Costa Rica, India and Mauritania. Gross profit decreased to USD 57m (USD 65m).

Sea freight forwarding revenue decreased to USD 128m (USD 186m) with a volume decrease to 136k TEU (166k TEU), mainly due to the extraordinary high demand in Q4 2018 between China and the USA impacting both volumes and margins, and partly because of the decision to exit certain countries. Gross profit declined to USD 21m (USD 30m), driven by margin deterioration to 154 USD/TEU (181 USD/TEU).

Logistics & Services highlights

USD million	Q4		12M	
	2019	2018[1]	2019	2018[1]
Revenue	**1,411**	**1,557**	**5,965**	**6,082**
Direct cost	1,101	1,285	4,747	4,961
Gross profit	**310**	**272**	**1,218**	**1,121**
Selling, General & Administration (SG&A) and other costs, etc.	278	248	980	930
Profit/loss before depreciation, amortisation and impairment losses, etc. (EBITDA)	**32**	**24**	**238**	**191**
EBITDA margin	2.3%	1.5%	4.0%	3.1%
Gross capital expenditure, excl. acquisitions and divestments (CAPEX)	66	16	128	47
Operational and financial metrics, USD million				
EBIT conversion (EBIT/gross profit - %)	-22.2%	-5.1%	3.0%	6.8%
Supply chain management volumes ('000 cbm)	18,186	18,434	75,234	75,309
Supply chain management revenue	205	211	861	867
Intermodal revenue	562	645	2,527	2,569
Inland services revenue	141	150	576	595
Sea freight volumes (TEU)	136,206	166,294	577,084	639,132
Sea freight revenue	128	186	546	646
Air freight volumes (tonne)	39,691	45,068	158,405	175,502
Air freight revenue	128	168	485	608
Other services revenue	247	197	970	797

1 Q4 and 2018 are presented as if IFRS 16 had been implemented in 2018, for comparison purposes. Q4 is unaudited.

Air freight forwarding revenue decreased to USD 128m (USD 168m) with decreased volume at 40k tonnes (45k tonnes), mainly due to soft market in China and on the Pacific, the decision to exit certain countries and negative impact from foreign exchange rate. Gross profit decreased to USD 12m (USD 18m), reflecting margin deterioration of 302 USD/tonne (396 USD/tonne).

Other services revenue increased to USD 247m (USD 197m), supported by increased activity in warehousing and distribution. Gross profit increased to USD 106m (USD 58m).

EBIT conversion ratio of negative 22.2% (negative 5.1%) was mainly due to impairments, one-offs related to inland services and restructuring costs.

Key initiatives in Q4

Syngenta and Maersk extended their partnership by signing a new contract for fourth-party logistics (4PL) concept, which is a key element of the strategy aimed at expanding in supply chain management solutions.

A new logistics centre opened in Bac Ninh, Vietnam, equipped with the latest technology to enable automation and provide best-in-class warehousing and distribution solutions.

Maersk continued expanding investments in visibility tools for its logistics products and kept securing long-term end-to-end logistics contracts around the world, integrating ocean with its logistics services.

Terminals & Towage

Terminals & Towage reported a decrease in revenue but an increase in EBITDA. In gateway terminals, the increase in EBITDA was driven by ramp-up of Moin, Cost Rica, cost reductions and lower construction cost from new terminals. In towage, the increase in revenue and EBITDA was mainly driven by volume increases, partly offset by negative foreign exchange rate development and operating and administration cost increases.

Terminals

Financial and operational performance

Revenue decreased by 14% to USD 787m (USD 921m), mainly driven by high IFRIC 12 construction costs recognised as revenue in Moin, in Q4 2018 and a 4.7% decrease in volume, due to extraordinary high volumes in Q4 2018 related to front loading of transpacific volumes. EBITDA increased by 11% to USD 251m (USD 226m), reflecting a margin of 32% (25%), mainly driven by ramp up of Moin, and increased profitability in Los Angeles, USA. This was offset by lower revenue in Apapa, Nigeria, where lower capacity due to a fire accident caused operational challenges and subsequent congestion. Gross capital expenditure decreased to USD 190m (USD 225m), mainly due to reduction of CAPEX in Moin.

Volume decreased by 4.7% (decreased by 1.7% like-for-like adjusted for divested terminals in Izmir, Turkey, and Kobe, Japan). The reduction was driven by North America by 17% related to front loading in Q4 2018.

Terminals & Towage highlights

USD million	Q4		12M	
	2019	2018[1]	2019	2018[1]
Revenue	**960**	**1,082**	**3,894**	**3,772**
Concession fees (excl. capitalised lease expenses)	45	76	249	262
Labour cost (blue collar)	330	365	1,306	1,222
Other operational cost	111	219	602	651
Selling, General & Administration (SG&A) and other costs, etc.	173	148	630	639
Total operating costs	**659**	**808**	**2,787**	**2,774**
Profit/loss before depreciation, amortisation and impairment losses, etc. (EBITDA)	**301**	**274**	**1,107**	**998**
EBITDA margin	31.4%	25.3%	28.4%	26.5%
Gross capital expenditure, excl. acquisitions and divestments (CAPEX)	219	242	530	556
Operational and financial metrics				
Terminal volumes – financially consolidated (moves, m)	3.0	3.1	11.8	11.4
Ocean segment	1.0	1.2	4.0	4.1
External customers	2.0	1.9	7.8	7.3
Terminal revenue per move – financially consolidated (USD)	265	263	263	252
Terminal cost per move – financially consolidated (USD)	207	219	212	211
Result from joint ventures and associated companies (USD m)	43	6	206	164
Number of operational tug jobs (harbour towage) ('000)	35	34	134	131
Annualised EBITDA per tug (terminal towage) (USD in '000)	790	685	889	892

1 Q4 and 2018 are presented as if IFRS 16 had been implemented in 2018, for comparison purposes. Q4 is unaudited.

Asia volumes decreased by 12%, mainly due to exit from Kobe and lower volumes in Mumbai, India. In Europe, volumes decreased by 4.6%, mainly driven by the divestment of Izmir in Q4 2018. Volumes increased in Latin America by 13%, due to ramp-up of Moin. Volume growth in Africa and Middle East was flat. Volume from the Ocean segment decreased by 14% (decreased by 8.8% like-for-like), driven by lower volume in North America and divestment of Izmir and Kobe. Volume from external customers grew by 1.1% (2.3% like-for-like). The estimated market volumes growth was 0.0%.

Utilisation decreased to 78% (80%), driven by decrease in volume in Los Angeles, which more than offset the temporary capacity reduction related to a modernisation project and exit from Izmir and Kobe.

On an equity-weighted basis, including joint ventures and associated gateway terminals, volume decreased by 0.5% (increased by 1.6% like-for-like) and utilisation was unchanged at 85% (85%).

Revenue per move increased by 0.7% to USD 265 (USD 263), mainly driven by exit of Izmir and Kobe, partially offset by foreign exchange rates and a one-off in Onne, Nigeria. Adjusted for foreign exchange rates, volume mix effects, portfolio changes and the one-off in Onne, revenue per move increased by 0.8%. The volume mix effect relates to the impact on revenue per move from changes in the share of volumes from terminals in different geographical locations.

Cost per move decreased by 5.4% to USD 207 (USD 219), driven by lower costs in Los Angeles from the front loading in 2018, one-off in Onne offset by costs related to the fire in Apapa and higher depreciation in Moin. Adjusted for foreign exchange rates, volume mix effects, portfolio changes and the one-off in Onne, cost per move decreased by 1.8%.

Financially consolidated volume, Terminals

Million moves	Q4 2019	Q4 2018	Growth (%)
Americas	1.4	1.4	3.5
Europe, Russia and Baltics	0.6	0.7	-4.6
Asia	0.5	0.5	-11.7
Africa and Middle East	0.5	0.5	0.0
Total	**3.0**	**3.1**	**-4.7**

Financially consolidated EBITDA margin, Terminals

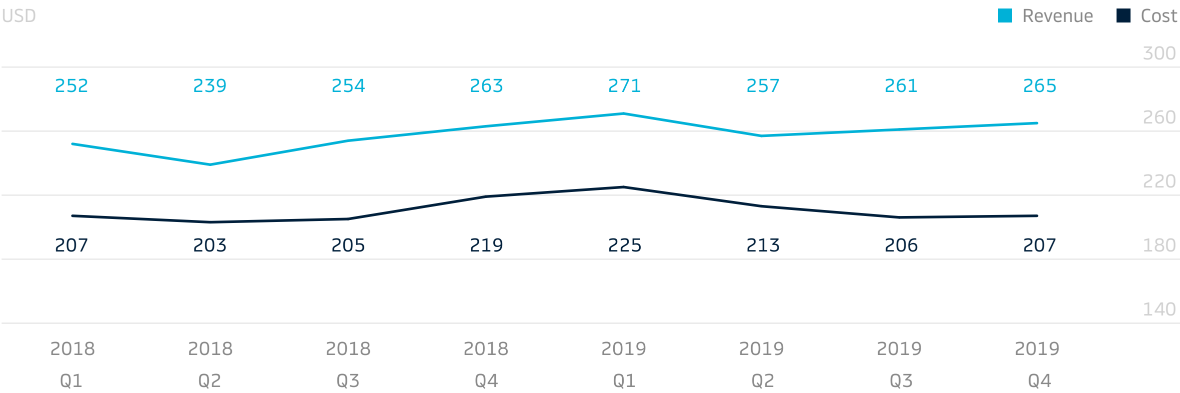
Percentage	Q4 2019	Q4 2018
Americas	30	14
Europe, Russia and Baltics	16	23
Asia	19	17
Africa and Middle East	52	54
Total	**32**	**25**

The EBITDA margin increased by 16 percentage points in the Americas, mainly due to ramp-up of Moin and increase in profitability in Los Angeles. In Asia, EBITDA margin increased by 2.6 percentage points driven by Yokohama, Japan. The EBITDA margin in Europe decreased by 7.2 percentage points due to lower volumes in Vado Reefer, Italy, and exit from Izmir. In Africa and Middle East, the EBITDA margin decreased by 1.9 percentage points due to costs and volume consequences of the fire in Apapa.

Results from joint ventures and associated companies

The equity-weighted EBITDA, which is APM Terminals' equity-weighted share of EBITDA from consolidated, joint ventures and associated gateway terminals, increased by 14% to USD 355m (USD 312m), mainly driven by ramp-up of Moin and Tema, Ghana, partially offset by Apapa.

Revenue and cost per move, financially consolidated, Terminals



Note: Revenue per move includes terminal revenue, other income, government grants and excludes IFRIC12 construction revenue and rebates. Cost per move includes cost (EBITDA less revenue less other income), depreciation and excludes internal management fees and IFRIC12 construction cost.

Terminals

Number of terminals	2019	2018
Americas	16	15
Europe, Russia and Baltics	18	18
Asia	17	18
Africa and Middle East	14	14
Total	**65**	**65**

One terminal is under implementation in Abidjan, Ivory Coast, opening in 2021.

The share of profit in joint ventures and associated companies was USD 37m (USD 15m). Full year, cash contribution from joint ventures and associates from dividends was USD 187m (USD 189m).

Key initiatives in Q4

Construction of the greenfield terminal in Vado, Italy, was completed in December and the new terminal opened for yard activities. It is a semi-automated terminal, which improves the Ligurian and Italian port infrastructure. Once fully operational, the Port of Vado can handle over one million TEU per year together with the neighbouring terminal Vado Reefer that is also operated by APM Terminals.

Tema is ramping-up as per plan with increasing volume and productivity.

Towage

Financial and operational performance

Revenue increased to USD 178m (USD 166m), positively impacted by activity increase in the Asia, Middle East and Africa and Americas regions, partly offset by negative currency development in the Australian dollar, the British pound and the Euro as well as by activity decrease in Australia and Europe. Adjusted for foreign exchange rate development, revenue grew by 9.8%.

EBITDA was USD 51m (USD 47m), mainly due to activity increase, which were partly offset by negative foreign exchange rate development and increases in operating and administration costs. Cash flow used for capital expenditure amounted to USD 30m (USD 17m), reflecting a higher cash outflow on newbuilding in Q4 2019.

Harbour towage activities measured by the number of tug jobs increased by 3.4%, driven by increased activity in the Americas and the Asia, Middle East and Africa region. In the Americas, the growth was achieved by an increase in market share in ports entered during 2018, while growth in the Asia, Middle East and Africa region was driven by entry into the new port in Tangier Med II, Morocco. This was partially offset by lower volumes in Australia and Europe.

For terminal towage, annualised EBITDA per tug increased due to contracts being in full operations in Q4 2019 in Bangladesh and Monrovia, Liberia, partly offset by higher operating costs. Furthermore, Q4 2018 was impacted by negative foreign exchange rate impact.

Activity in Europe decreased slightly, mainly due to weak overall market conditions, and market share in general remained on par with Q4 2019.

Activity in Australia decreased slightly due to lower commodity exports and lower market share in various ports in harbour towage after competitive entry in late 2018, partly offset by improved terminal towage activity.

In the Americas, the harbour towage activity in Brazil grew in both volume and market share, while activity in Argentina increased slightly. Further, operations in Saint Croix, USA, in the Caribbean commenced by mid-2019, positively impacting the activity level in Q4 2019. Terminal towage activities ramped up with Costa Rica fully operational from early 2019.

Revenue in the Asia, Middle East and Africa region increased due to volume ramp-up in Tangier Med II and Monrovia as well as Bangladesh being fully operational during the entire Q4. Further, Q4 2018 was impacted by a negative foreign exchange rate impact.

Revenue, Towage

Per region, USD million	Q4 2019	Q4 2018	Change %
Australia	61	65	-5.1%
Europe	63	60	5.8%
Americas	29	25	13.5%
Asia, Middle East and Africa	25	16	55.3%
Total	**178**	**166**	**7.8%**
Per activity, USD million			
Harbour towage	119	117	1.7%
Terminal towage	60	48	26.3%
Eliminations, etc.	-1	1	N/A
Total	**178**	**166**	**7.8%**

Fleet overview, Towage

Number of vessels	Q4 2019	Q4 2018
Owned	344	339
Chartered	22	26
Total	**366**	**365**
Newbuilding		
Delivery 2020 and onwards	11	2
Total	**11**	**2**

The towage fleet increased by one vessel to 366 vessels with 344 owned and 22 chartered by end of 2019. 11 vessels are on order with delivery of 10 vessels in 2020 and one vessel in 2021.

Results from joint ventures and associated companies

Equity weighted EBITDA, which includes the EBITDA weighted on activities ownership percentage of all entities (subsidiaries and associated companies) was USD 54m.

The divestment of Svitzer's salvage business in Ardent came into effect in Q4 2019.

Key initiatives in Q4

The towage activities in Portugal were sold in Q4 2019, while the acquisition of Port Towage Amsterdam, the Netherlands, was agreed and signed in December 2019, with closing mid-January 2020.

Operations in the Suez Canal, Egypt, commenced with the first vessel on contract in November 2019.

Manufacturing & Others

Revenue decreased by 14% to USD 602m (USD 704m), mainly due to Maersk Container Industry's decision to exit the dry container business to focus on growing the cold chain business, and the divestment of the bulk activities. EBITDA increased to USD 84m (USD 48m).

Maersk Container Industry

Financial and operational performance

Maersk Container Industry reported a revenue of USD 164m (USD 215m), negatively impacted by the exit from the dry business. The reefer factory in Qingdao, China, has continued to run two-shift operations in Q4. The total demand from Maersk was 4% (11%).

EBITDA of USD 15m (USD 9m) is reflecting the profitability of the continuing reefer business along with SG&A savings, whereas Q4 2018 was impacted by negative EBITDA in the dry container business. EBITDA margin increased by 4.9 percentage points to 9.1% (4.2%).

Maersk Supply Service

Financial and operational performance

Maersk Supply Service reported a revenue of USD 86m (USD 57m) and a positive EBITDA of USD 14m (negative USD 4m) driven by higher rates and utilisation. Cash flow used for capital expenditure was USD 3m (USD 82m) related to planned maintenance versus payment of a newbuilding in Q4 2018.

Others

For Others, revenue was USD 352m (USD 431m), impacted by the divestment of bulk activities originally acquired from Hamburg Süd. EBITDA was USD 55m (USD 43m).

Manufacturing & Others highlights

USD million	Q4		12M	
	2019	2018[1]	2019	2018[1]
Revenue	602	703	2,172	2,787
Profit/loss before depreciation, amortisation and impairment losses, etc. (EBITDA)	84	48	205	163
EBITDA margin	14.0%	6.8%	9.4%	5.8%
Gross capital expenditure, excl. acquisitions and divestments (CAPEX)	10	85	204	358
Operational and financial metrics, USD million				
Maersk Container Industry				
Sales volume (unit)	12,656	28,597	41,580	117,481
Sales to third party	156	191	373	601
EBITDA	15	9	29	40
Maersk Supply Service				
Gross utilisation	66%	58%	62%	60%
Revenue backlog	344	323	344	323
EBITDA	14	-4	28	3

1 Q4 and 2018 are presented as if IFRS 16 had been implemented in 2018, for comparison purposes. Q4 is unaudited.

Financial review 12M 2019

The financials are materially impacted by the implementation of IFRS 16. Comparative figures for 2018 have been restated in the Directors' report to provide the reader with a relevant basis for assessing the development in the financial performance. Further reference is made to the Annual Report 2019.

A.P. Moller - Maersk reported an EBITDA of USD 5.7bn (USD 5.0bn) in line with the upgraded EBITDA expectations announced in October 2019. The increase in EBITDA of USD 714m, mainly driven by an increase in Ocean of USD 574m and supported by capacity management and lower costs, resulted in a higher result than set in the initial guidance for 2019. Cash flow from operating activities was strong with a continued strict capital discipline.

Revenue of USD 38.9bn (USD 39.3bn), emphasising the focus on improving profitability and cash flow after a strong revenue growth when integrating Hamburg Süd in 2018.

EBITDA increased by 14% to USD 5.7bn (USD 5.0bn) reflecting a margin of 14.7% (12.7%), mainly coming from the increase of 15% in Ocean to USD 4.4bn (USD 3.8bn), driven by a lower cost base due to capacity management and lower bunker price and consumption. EBITDA includes restructuring costs of USD 104m, while the impact from foreign exchange rates was negligible.

EBIT was USD 1.7bn (USD 409m), reflecting an EBIT margin of 4.4% (1.0%), negatively impacted by net impairments and write-downs of USD 29m (USD 757m). The impairments and write-downs in 2018 were related to Maersk Supply Service, the RoRo activities and the closure of Maersk Container Industry's factories in Chile and China.

Financial expenses, net, amounted to USD 758m (USD 766m), due to lower dividends received from Total S.A. of USD 13m (USD 238m), partly compensated by lower debt in 2019.

Tax increased to USD 458m (USD 398m), mainly due to changes in temporary differences in deferred tax.

The continuing operations reported a profit of USD 509m (loss of USD 755m) while the result for discontinued operations was a loss of USD 553m (profit of USD 3.8bn). The result for 2018 was positively impacted by an accounting gain of USD 2.6bn from the closing of the Maersk Oil transaction. The net result for both continuing and discontinued operations was a loss of USD 44m (profit of USD 3.0bn).

The *underlying result* for continuing operations after financial items and tax was a profit of USD 546m (loss of USD 61m), due to the improved operational performance.

Cash flow from operating activities was USD 5.9bn (USD 4.4bn), driven by EBITDA of USD 5.7bn and improvements in net working capital of USD 477m, leading to a cash conversion of 104% (89%).

Gross capital expenditure (CAPEX) was USD 2.0bn (USD 3.2bn), reflecting a continued capital discipline with most of the reduction in CAPEX coming from the Ocean segment.

Free cash flow was USD 6.8bn (USD 5.1bn), driven by cash flow from operating activities of USD 5.9bn, the sale of the remaining Total S.A. shares of USD 2.6bn, partly offset by CAPEX of USD 2.0bn. Free cash flow less capitalised lease payments was USD 5.0bn (USD 3.1bn), and USD 2.4bn (USD 0.1bn) when further adjusted for the sale of Total S.A. shares.

Highlights 12M

USD million	Revenue		EBITDA		CAPEX	
	2019	2018[1]	2019	2018[1]	2019	2018[1]
Ocean	28,418	28,366	4,356	3,782	1,172	2,279
Logistics & Services	5,965	6,082	238	191	128	47
Terminals & Towage	3,894	3,772	1,107	998	530	556
Manufacturing & Others	2,172	2,787	205	163	204	358
Unallocated activities, eliminations, etc.	-1,559	-1,750	-194	-136	1	-21
A.P. Moller - Maersk consolidated – continuing operations	**38,890**	**39,257**	**5,712**	**4,998**	**2,035**	**3,219**

1 2018 presented as if IFRS 16 had been implemented in 2018 and adjusting for Maersk Supply Service as continuing operations, unaudited.

A.P. Moller - Maersk had *net repayments* of USD 2.7bn (USD 6.5bn), driven by repayments of three EUR bonds worth USD 1.0bn, repayment of USD 650m of financing from the Hamburg Süd acquisition and repayment of leases of USD 1.3bn (USD 1.5bn), partly offset by a 2029 USD 500m bond issuance in Q2.

The *contractual capital commitments* totalled USD 1.7bn, of which USD 1.2bn related to commitments towards terminal concession grantors. Strong commitment to capital discipline and a focus on free cash flow generation continue to be key areas.

Total *equity* was USD 28.8bn (USD 33.2bn), with the decrease mainly driven by the demerger and separate listing of Maersk Drilling of USD 3.4bn along with the USD 469m ordinary dividend paid in April and share buy-backs of USD 791m, resulting in an equity ratio of 52% (53%).

Liquidity reserve increased slightly to USD 10.5bn (USD 10.3bn), as cash balances increased mainly from the sale of the remaining Total S.A. shares, partly offset by a number of undrawn revolving facilities expiring in 2020.

The *ordinary dividend* of DKK 150 per A.P. Møller - Mærsk A/S share of nominally DKK 1,000 (in total equal to USD 469m), declared at the Annual General Meeting on 2 April 2019, was paid on 8 April 2019.

Segments

Reference is made to the Annual Report 2019 for A.P. Moller - Maersk for a review of the full year.

Discontinued operations

The objective of finding structural solutions for the oil and oil-related businesses was successfully accomplished for Maersk Tankers in 2017, for Maersk Oil in 2018 and for Maersk Drilling in April 2019 as a demerger from A.P. Moller - Maersk via a separate listing on Nasdaq Copenhagen on 4 April. Finally, in Q1 2019 it was decided to retain Maersk Supply Service. The separation of the energy-related businesses is thereby finalised.

Maersk Drilling

A.P. Moller - Maersk recognised a loss of USD 553m for the Maersk Drilling activity, mainly due to a negative fair value accounting adjustment of USD 628m prior to the demerger.

Statement of the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have considered and approved the Annual Report of A.P. Møller - Mærsk A/S for 2019, including the audited consolidated financial statements. The Board of Directors and the Executive Board have also approved this Interim Report for 2019, containing condensed financial information. This Interim Report for 2019 has not been audited or reviewed by the company's independent auditor.

The consolidated financial statements in the Annual Report 2019 have been prepared in accordance with International Financial Reporting Standards as adopted by the EU, and further requirements in the Danish Financial Statements Act.

This Interim Report for 2019 has been prepared in accordance with IAS 34, the accounting policies as applied in the audited consolidated financial statements for 2019 and further requirements in the Danish Financial Statements Act.

In our opinion, the interim consolidated financial statements (pages 20-29) give a true and fair view of A.P. Moller - Maersk's consolidated assets, liabilities and financial position at 31 December 2019 and of the results of A.P. Moller - Maersk's consolidated operations and cash flows for 2019.

The Directors' report (pages 3-18), in our opinion, includes a fair review of the development in A.P. Moller - Maersk's operations and financial conditions, the results for the period, cash flows and financial position.

Furthermore, this Interim Report for 2019 gives, together with what is disclosed in the Annual Report 2019, a description of the most significant risks and uncertainty factors that A.P. Moller - Maersk faces.

Copenhagen, 20 February 2020

Executive Board

Søren Skou — CEO

Carolina Dybeck Happe — CFO

Vincent Clerc

Morten H. Engelstoft

Henriette Hallberg Thygesen

Board of Directors

Jim Hagemann Snabe — Chairman

Ane Mærsk Mc-Kinney Uggla — Vice Chairman

Dorothee Blessing

Bernard L. Bot

Niels Bjørn Christiansen

Marc Engel

Arne Karlsson

Thomas Lindegaard Madsen

Jacob Andersen Sterling

Robert Mærsk Uggla

Financials

Condensed income statement

Amounts in USD million

Note		Q4 2019	Q4 2018	12M 2019	12M 2018
1	Revenue	9,668	10,238	38,890	39,280
1	**Profit before depreciation, amortisation and impairment losses, etc. (EBITDA)**	**1,463**	**1,112**	**5,712**	**3,809**
	Depreciation, amortisation and impairment losses, net	1,160	888	4,287	3,737
	Gain on sale of non-current assets, etc., net	1	58	71	148
	Share of profit/loss in joint ventures	4	-	93	116
	Share of profit/loss in associated companies	34	-80	136	-115
	Profit/loss before financial items (EBIT)	**342**	**202**	**1,725**	**221**
	Financial items, net	-212	-131	-758	-401
	Profit/loss before tax	**130**	**71**	**967**	**-180**
	Tax	191	127	458	398
	Profit/loss for the period – continuing operations	**-61**	**-56**	**509**	**-578**
2	Profit/loss for the period – discontinued operations	-	116	-553	3,787
	Profit/loss for the period	**-61**	**60**	**-44**	**3,209**
	Of which:				
	Non-controlling interests	11	14	40	52
	A.P. Møller - Mærsk A/S' share	**-72**	**46**	**-84**	**3,157**
	Earnings per share – continuing operations, USD	**-3**	**-3**	**23**	**-30**
	Diluted earnings per share – continuing operations, USD	**-3**	**-3**	**23**	**-30**
	Earnings per share, USD	**-3**	**2**	**-4**	**152**
	Diluted earnings per share, USD	**-3**	**2**	**-4**	**152**

Maersk Oil and Maersk Drilling were classified as discontinued operations in 2017, and the businesses are presented separately on an aggregated level in the income statement, balance sheet and cash flow statement.

Notes:
The financials are materially impacted by IFRS 16. Since IFRS 16 has been applied without restating comparison figures for 2018, the reported figures for 2019 are not comparable with reported amounts for 2018.

Condensed statement of comprehensive income

Note		Q4 2019	Q4 2018	12M 2019	12M 2018
	Profit/loss for the period	**-61**	**60**	**-44**	**3,209**
	Translation from functional currency to presentation currency	119	1	-81	-345
	Reclassified to income statement, gain on sale of non-current assets, etc., net	-	-	6	-
	Cash flow hedges	81	-113	-23	-135
	Tax on other comprehensive income	-5	31	16	8
	Share of other comprehensive income of joint ventures and associated companies, net of tax	-1	-	-1	2
	Total items that have been or may be reclassified subsequently to the income statement	**194**	**-81**	**-83**	**-470**
	Other equity investments	-1	-823	165	-134
	Actuarial gains/losses on defined benefit plans, etc.	88	-7	91	-7
	Tax on other comprehensive income	33	102	10	-38
	Total items that will not be reclassified to the income statement	**120**	**-728**	**266**	**-179**
	Other comprehensive income, net of tax	**314**	**-809**	**183**	**-649**
	Total comprehensive income for the period	**253**	**-749**	**139**	**2,560**
	Of which:				
	Non-controlling interests	9	12	29	38
	A.P. Møller - Mærsk A/S' share	**244**	**-761**	**110**	**2,522**

Condensed balance sheet at 31 December

Amounts in USD million

Note		2019	12M 2018
	Intangible assets	4,219	4,278
	Property, plant and equipment	27,516	31,107
	Right of use leased assets	8,460	-
	Financial non-current assets, etc.	3,267	2,994
	Deferred tax	237	267
	Total non-current assets	**43,699**	**38,646**
	Inventories	1,430	1,073
	Receivables, etc.	5,351	5,687
	Equity investments, etc.	2	2,448
	Cash and bank balances	4,768	2,863
2	Assets held for sale	149	5,905
	Total current assets	**11,700**	**17,976**
	Total assets	**55,399**	**56,622**

Note		2019	12M 2018
	Equity attributable to A.P. Møller - Mærsk A/S	28,098	32,609
	Non-controlling interests	739	771
	Total equity	**28,837**	**33,380**
	Lease liabilities, non-current	7,295	1,858
	Borrowings, non-current	7,455	8,036
	Other non-current liabilities	1,977	1,949
	Total non-current liabilities	**16,727**	**11,843**
	Lease liabilities, current	1,282	408
	Borrowings, current	721	1,586
	Other current liabilities	7,757	7,456
2	Liabilities associated with assets held for sale	75	1,949
	Total current liabilities	**9,835**	**11,399**
	Total liabilities	**26,562**	**23,242**
	Total equity and liabilities	**55,399**	**56,622**

Condensed cash flow statement

Amounts in USD million

Note		Q4		12M	
		2019	2018	2019	2018
	Profit/loss before financial items	342	202	1,725	221
	Non-cash items, etc.	1,199	939	4,219	3,727
	Change in working capital	58	311	476	-339
	Cash flow from operating activities before tax	1,599	1,452	6,420	3,609
	Taxes paid	-64	-88	-501	-381
	Cash flow from operating activities	**1,535**	**1,364**	**5,919**	**3,228**
	Purchase of intangible assets and property, plant and equipment (CAPEX)	-469	-669	-2,035	-3,219
	Sale of intangible assets and property, plant and equipment	33	119	186	432
	Sale of other equity investments	2	1,793	2,617	3,033
	Acquisition/sale of subsidiaries and activities, financial investments, etc., net	-123	-32	-190	-39
	Dividends received	123	171	297	439
	Purchase/sale of securities, trading portfolio	-1	10	-1	-
	Cash flow used for investing activities	**-435**	**1,392**	**874**	**646**
	Repayments of/proceeds from borrowings	-483	-4,970	-1,456	-5,022
	Repayments of lease liabilities	-326	- 278	-1,291	-629
	Financial payments, net	10	-67	-259	-434
	Financial expenses paid on lease liabilities	-106	-34	-477	-143
	Purchase of own shares	-282	-	-791	-
	Dividends distributed	-	-	-469	-517
	Dividends distributed to non-controlling interests	-16	-23	-70	-75
	Other equity transactions	-6	25	13	-45
	Cash flow from financing activities	**-1,209**	**-5,347**	**-4,800**	**-6,865**
	Net cash flow from continuing operations	**-109**	**-2,591**	**1,993**	**-2,991**
2	Net cash flow from discontinued operations	-	1,401	-372	3,967
	Net cash flow for the period	**-109**	**-1,190**	**1,621**	**976**
	Cash and cash equivalents, beginning of period	4,808	4,279	3,149	2,268
	Currency translation effect on cash and bank balances	59	60	-12	-95
	Cash and cash equivalents, end of period	4,758	3,149	4,758	3,149
	Of which classified as assets held for sale	-	-372	-	-372
	Cash and cash equivalents, end of period	**4,758**	**2,777**	**4,758**	**2,777**
	Cash and cash equivalents				
	Cash and bank balances	4,768	2,863	4,768	2,863
	Overdrafts	10	86	10	86
	Cash and cash equivalents, end of period	**4,758**	**2,777**	**4,758**	**2,777**

Cash and bank balances include USD 0.9bn (USD 1.0bn) relating to cash and bank balances in countries with exchange control or other restrictions. These funds are not readily available for general use by the parent company or other subsidiaries.

Condensed statement of changes in equity

Amounts in USD million

	A.P. Møller - Mærsk A/S							
	Share capital	Translation reserve	Reserve for other equity investments	Reserve for hedges	Retained earnings	Total	Non-controlling interests	Total equity
Equity 1 January 2019	3,774	-616	-202	-103	29,756	32,609	771	33,380
2019								
Other comprehensive income, net of tax	-	-76	180	6	84	194	-11	183
Profit/loss for the period	-	-	-	-	-84	-84	40	-44
Total comprehensive income for the period	**-**	**-76**	**180**	**6**	**-**	**110**	**29**	**139**
Dividends to shareholders	-	-	-	-	-469	-469	-73	-542
Value of share-based payment	-	-	-	-	10	10	-	10
Acquisition of non-controlling interests	-	-	-	-	-	-	-	-
Sale of non-controlling interests	-	-	-	-	-	-	-	-
Purchase of own shares[2]	-	-	-	-	-791	-791	-	-791
Sale of own shares	-	-	-	-	-	-	-	-
Capital increases and decreases	-	-	-	-	-	-	12	12
Tax on transactions	-	-	-	-	-	-	-	-
Transfer of gain/loss on disposal of equity investments to retained earnings[1]	-	-	18	-	-18	-	-	-
Distribution of shares in The Drilling Company of 1972 A/S to shareholders in A.P. Møller - Mærsk A/S					-3,371[3]	-3,371		-3,371
Other equity movements	-	-	-	-	-	-	-	-
Total transactions with shareholders	**-**	**-**	**18**	**-**	**-4,639**	**-4,621**	**-61**	**-4,682**
Equity 31 December 2019	**3,774**	**-692**	**-4**	**-97**	**25,117**	**28,098**	**739**	**28,837**
Equity 1 January 2018	3,774	-286	26	26	27,069	30,609	816	31,425
								-
Other comprehensive income, net of tax	-	-330	-171	-129	-5	-635	-14	-649
Profit/loss for the period	-	-	-	-	3,157	3,157	52	3,209
Total comprehensive income for the period	**-**	**-330**	**-171**	**-129**	**3,152**	**2,522**	**38**	**2,560**
Dividends to shareholders	-	-	-	-	-517	-517	-75	-592
Value of share-based payment	-	-	-	-	14	14	-	14
Acquisition of non-controlling interests	-	-	-	-	-31	-31	-29	-60
Sale of non-controlling interests	-	-	-	-	14	14	9	23
Purchase of own shares	-	-	-	-	-	-	-	-
Sale of own shares	-	-	-	-	-	-	-	-
Capital increases and decreases	-	-	-	-	-	-	12	12
Tax on transactions	-	-	-	-	-	-	-	-
Transfer of gain/loss on disposal of equity investments to retained earnings	-	-	-57	-	57	-	-	-
Other equity movements	-	-	-	-	-2	-2	-	-2
Total transactions with shareholders	**-**	**-**	**-57**	**-**	**-465**	**-522**	**-83**	**-605**
Equity 31 December 2018	**3,774**	**-616**	**-202**	**-103**	**29,756**	**32,609**	**771**	**33,380**

1 To reduce the net interest-bearing debt, A.P. Moller - Maersk sold the remaining 46.27 million Total S.A. shares during Q1 2019, generating a cash flow of USD 2.6bn and thereby completing the sale of Total S.A shares. The accumulated loss, net of tax, of USD 18m has been transferred within equity.

2 Up until 31 December 2019, a total of 134,279 A shares and 537,143 B shares have been repurchased with a value of USD 791m as part of the share buy-back programme initiated on 4 June 2019. At 31 December 2019, A.P. Moller - Maersk owns a total of 134,279 A shares and 587,949 B shares as treasury shares, corresponding to 3.47% of the share capital.

3 Reference is made to note 2 for further information.

Note 1 Segment information

Amounts in USD million

	Ocean	Logistics & Services	Terminals & Towage	Manufacturing & Others	Total
Q4 2019					
External revenue	6,943	1,357	766	591	9,657
Inter-segment revenue	91	54	194	11	350
Total segment revenue	**7,034**	**1,411**	**960**	**602**	**10,007**
Unallocated and eliminations					-339
Total revenue	**-**	**-**	**-**	**-**	**9,668**
Segment profit/loss before depreciation, amortisation and impairment losses, etc. (EBITDA)	**1,093**	**32**	**301**	**84**	**1,510**
Unallocated items					-40
Eliminations					-7
Consolidated profit/loss before depreciation, amortisation and impairment losses, etc. (EBITDA)					**1,463**[1]
Gross capital expenditures, excl. acquisitions and divestments (CAPEX)	180	66	219	10	475

	Ocean	Logistics & Services	Terminals & Towage	Manufacturing & Others	Total
Q4 2018					
External revenue	7,183	1,511	870	667	10,231
Inter-segment revenue	100	46	212	36	394
Total segment revenue	**7,283**	**1,557**	**1,082**	**703**	**10,625**
Unallocated and eliminations					-390
IFRS 16 impact					3
Total revenue	**-**	**-**	**-**	**-**	**10,238**
Segment profit/loss before depreciation, amortisation and impairment losses, etc. (EBITDA)	**1,148**	**24**	**274**	**48**	**1,494**
Unallocated items					-43
Eliminations					-1
IFRS 16 impact					-338
Consolidated profit/loss before depreciation, amortisation and impairment losses, etc. (EBITDA)					**1,112**[1]
Gross capital expenditures, excl. acquisitions and divestments (CAPEX)	332	16	242	85	675

1 Reference is made to the condensed income statement for a reconciliation from EBITDA to profit/loss.

The segment disclosures provided in the note reflect the information which the Executive Board receives monthly in its capacity as 'chief operating decision maker' as defined in IFRS 8. Following the implementation of IFRS 16 Leases, the Executive Board reviews comparable 2018 proforma numbers as if IFRS 16 was implemented in 2018. The allocation of resources and the segment performance are evaluated based on revenue and profitability measured on earnings before interest, taxes, depreciation and amortisation (EBITDA). Consequently, comparable figures in this note have been changed to include the effects of IFRS 16.

Note 1 Segment information – continued

Amounts in USD million

	Ocean	Logistics & Services	Terminals & Towage	Manufacturing & Others	Total
12M 2019					
External revenue	28,036	5,768	3,108	1,943	38,855
Inter-segment revenue	382	197	786	229	1,594
Total segment revenue	**28,418**	**5,965**	**3,894**	**2,172**	**40,449**
Unallocated and eliminations					-1,559
Total revenue	-	-	-	-	**38,890**
Segment profit/loss before depreciation, amortisation and impairment losses, etc. (EBITDA)	**4,356**	**238**	**1,107**	**205**[2]	**5,906**
Unallocated items					-195
Eliminations					1
Consolidated profit/loss before depreciation, amortisation and impairment losses, etc. (EBITDA)					**5,712**[1]
Gross capital expenditures, excl. acquisitions and divestments (CAPEX)	1,172	128	530	204	2,034

	Ocean	Logistics & Services	Terminals & Towage	Manufacturing & Others	Total
12M 2018					
External revenue	27,990	5,891	2,983	2,361	39,225
Inter-segment revenue	376	191	789	426	1,782
Total segment revenue	**28,366**	**6,082**	**3,772**	**2,787**	**41,007**
Unallocated and eliminations					-1,750
IFRS 16 impact					23
Total revenue	-	-	-	-	**39,280**
Segment profit/loss before depreciation, amortisation and impairment losses, etc. (EBITDA)	**3,782**	**191**	**998**	**163**	**5,134**
Unallocated items					-138
Eliminations					2
IFRS 16 impact					-1,189
Consolidated profit/loss before depreciation, amortisation and impairment losses, etc. (EBITDA)					**3,809**[1]
Gross capital expenditures, excl. acquisitions and divestments (CAPEX)	2,279	47	556	358	3,240

1 Reference is made to the condensed income statement for a reconciliation from EBITDA to profit/loss.
2 Includes restructuring cost of USD 31m due to closing of a factory in China.

USD million	Types of revenue	Q4		12M	
		2019	2018	2019	2018
Ocean	Freight revenue	6,147	6,346	24,871	24,925
	Other revenue, including hubs	887	937	3,547	3,441
Logistics & Services	Supply chain management revenue	205	211	861	867
	Inland services revenue	141	150	576	595
	Intermodal revenue	562	645	2,527	2,569
	Sea freight revenue	128	186	546	646
	Air freight revenue	128	168	485	608
	Other services revenue	247	197	970	797
Terminals & Towage	Terminal services	787	920	3,223	3,095
	Towage services	179	165	695	692
Manufacturing & Others	Sale of containers and spare parts	164	215	586	978
	Offshore supply services	85	56	305	263
	Other shipping activities	80	215	404	719
	Other services	273	217	877	827
Unallocated activities and eliminations[3]		-345	-393	-1,583	-1,765
IFRS 16 impact		-	3		23
Total revenue		**9,668**	**10,238**	**38,890**	**39,280**

3 Including revenue eliminations between terminal services and towage services.

Note 2 Discontinued operations and assets held for sale

Amounts in USD million

	12M	
	2019	2018
Profit/loss for the period - discontinued operations		
Revenue	308	1,977
Expenses (incl. net financial expenses, eliminations, etc.)	233	1,021
Gains/losses on sale of assets and businesses	-	2,633
Fair value adjustment	-628	445
Profit/loss before tax, etc.	**-553**	**4,034**
Tax	-	247
Profit/loss for the period – discontinued operations	**-553**	**3,787**
A.P. Møller - Mærsk A/S' share of profit/loss	-553	3,787
Earnings per share	-27	182
Diluted earnings per share	-27	182
Net cash flow from discontinued operations	**-372**	**3,967**

	31 December	
	2019	2018
Balance sheet items comprise:		
Intangible assets	7	91
Property, plant and equipment	135	4,964
Deferred tax assets	-	-8
Other assets	-	59
Non-current assets	**142**	**5,106**
Current assets	7	799
Assets held for sale	**149**	**5,905**
Provisions	1	75
Deferred tax liabilities	1	66
Other liabilities	73	1,808
Liabilities associated with assets held for sale	**75**	**1,949**

Discontinued operations include Maersk Oil up to closing in March 2018, as well as Maersk Drilling up to demerger in April 2019, which concluded the separation of the energy-related businesses. The results of the discontinued operations are presented in one separate line in the income statement, balance sheet and cash flow statement.

In the consolidated financial statements, the results for Maersk Oil and Maersk Drilling are classified under discontinued operations with a net loss of USD 553m (profit of USD 3.8bn). Total cash flow from the discontinued operations was negative by USD 372m (positive USD 4.0bn).

Maersk Drilling activity
In Q3 2018, A.P. Moller - Maersk announced that it would pursue a demerger through a separate listing of Maersk Drilling in 2019. On 2 April 2019, the Annual General Meeting approved the Board of Directors' proposal to complete the demerger and separate listing of Maersk Drilling.

Period ended 2 April 2019:
A.P. Moller - Maersk recognised a loss of USD 553m for the Maersk Drilling activity mainly due to a negative fair value adjustment of USD 628m in Q1 2019.

For the measurement of the fair value of Maersk Drilling, A.P. Moller - Maersk has used the market cap of Maersk Drilling at the closing price of the new listed company on the first day of trading on Nasdaq Copenhagen on 4 April 2019 as fair value distributed to the shareholders. The fair value of the new listed company of USD 3.4bn has resulted in a negative fair value adjustment of USD 628m being recognised in Q1 2019. Measurement of the fair value of the disposal group is categorised as level 1 in the fair value hierarchy, as measurement is based on observable market data.

The net cash flow effect of USD 372m for the period mainly relates to cash and bank balances disposed to Maersk Drilling at demerger.

As part of the demerger, A.P. Moller - Maersk is subject to a statutory demerger liability for liabilities existing as of 4 March 2019 assigned to The Drilling Company of 1972 A/S, pursuant of the Danish Companies Act section 254, subsection 2. The liability is deemed remote.

Note 2 Discontinued operations and assets held for sale – continued

Amounts in USD million

Maersk Oil

On 21 August 2017, A.P. Moller - Maersk announced the sale of Maersk Oil to Total S.A. for USD 7,450m in a combined share and debt transaction. The transaction, which was based on a locked box mechanism from 30 June 2017, closed on 8 March 2018 with an accounting gain of USD 2.6bn.

In addition to the net cash proceeds of USD 2.0bn after closing adjustments and free cash flow of USD 0.3bn up to closing. A.P. Moller - Maersk received USD 97.5m shares in Total S.A. equivalent to an ownership interest of 3.7%.

The market value of Total S.A. shares was USD 5.6bn at closing on 8 March 2018. The accounting gain comprises the original gain calculated on 30 June 2017 of USD 2.8bn reduced by the profit recognised in the period from 1 July 2017 up to closing of USD 1.0bn and addition of the locked box interest and positive Total S.A. share price development totalling USD 0.8bn.

Period ended 8 March 2018:

Maersk Oil reported a profit of USD 148m in 2018 before elimination of internal interests. The gain and cash flow from closing the transaction is summarised below:

Cash flow from sale of Maersk Oil (2018) and demerger of Maersk Drilling (2019)		12M
	2019	2018
Carrying amount		
Intangible assets	91	779
Property, plant and equipment	4,426	6,750
Financial assets, non-current	4	433
Deferred tax assets	-14	233
Current assets	792	1,338
Provisions	-24	-2,767
Liabilities	-1,904	-3,831
Net assets sold	**3,371**	**2,935**
Non-controlling interests	-	-
A.P. Møller - Mærsk A/S' share	**3,371**	**2,935**
Gain/loss on sale	-	2,632
Repayment of loan	-	2,500
Locked box interest received	-	156
Distribution of shares in The Drilling Company of 1972 A/S to shareholders in A.P. Møller - Mærsk A/S	-3,371	-
Total consideration	**0**	**8,223**
Shares in Total S.A. received	-	-5,567
Contingent considerations asset	-	-
Cash and bank balances transferred at closing	-425	-633
Cash flow from sale of subsidiaries and activities	**-425**	**2,023**

Secondary decommissioning liability

As part of the divestment of Mærsk Olie & Gas A/S (MOGAS) to Total S.A. in 2018, A.P. Møller - Mærsk A/S has assumed a secondary liability related to the decommissioning of the offshore facilities in Denmark by issuance of a declaration. A.P. Møller - Mærsk A/S assesses the risk of economic outflows because of this secondary liability as very remote.

Note 3 Financial risks, etc.

Amounts in USD million

Financial risks are further described in note 18 of the consolidated financial statements for 2019, to which reference is made.

Liquidity risk	31 December	
	2019	2018
Borrowings and lease liabilities	16,753	11,888
Net interest-bearing debt[1]	11,662	8,730
Liquidity reserve[2]	10,485	10,296

1 For continuing businesses.

2 Liquidity reserve is defined as undrawn committed revolving facilities with more than one year to expiry, securities and cash and bank balances, excluding securities and balances in countries with exchange control or other restrictions.

In addition to the liquidity reserve, the group has USD 0.0bn undrawn committed loans which are dedicated to financing of specific assets, part of which will therefore only become available at certain times in the future.

Based on the liquidity reserve, loans for the financing of specific assets, the maturity of outstanding loans, and the current investment profile, the group's financial resources are deemed satisfactory.

The average term to maturity of debt (including lease liabilities) in the group was about five years (about four years at 31 December 2018).

The increase in borrowings and net interest-bearing debt from 31 December 2018 is due to lease liabilities of USD 6.2bn at 31 December 2019 following the implementation of IFRS 16.

Note 4 Commitments – continuing operations

Amounts in USD million

Operating lease commitments
At 31 December 2019, the net present value of operating lease commitments totalled USD 0.2bn.

Capital commitments	Ocean	Logistics & Services	Terminals & Towage	Manufacturing & Others	Total
31 December 2019					
Capital commitments relating to acquisition of non-current assets	345	12	202	2	561
Commitments towards concession grantors	269	-	913	-	1,182
Total capital commitments	**614**	**12**	**1,115**	**2**	**1,743**
31 December 2018					
Capital commitments relating to acquisition of non-current assets	726	16	309	83	1,134
Commitments towards concession grantors	280	-	961	-	1,241
Total capital commitments	**1,006**	**16**	**1,270**	**83**	**2,375**

Newbuilding programme at 31 December 2019		No.	
	2020	2021	Total
Tugboats	9	1	10
Total	**9**	**1**	**10**

Capital commitments relating to the newbuilding programme at 31 December 2019		USD million	
	2020	2021	Total
Tugboats	42	11	53
Total	**42**	**11**	**53**

USD 53m of the total capital commitments is related to the newbuilding programme for ships etc. at a total contract price of USD 63m, including owner-furnished equipment. The remaining capital commitments of USD 1.7bn relate to investments mainly in Hubs and gateway terminals within the Ocean and Terminals & Towage segments.

The capital commitments will be financed by cash flow from operating activities as well as existing and new loan facilities.

Note 5 Accounting policies, judgements and significant estimates

The interim consolidated financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting' as issued by the International Accounting Standards Board (IASB) and adopted by the EU and additional Danish disclosure requirements for interim financial reporting of listed companies. The accounting policies, judgements and significant estimates are consistent with those applied in the Annual Report 2019, to which reference is made.

Additional information

Quarterly summary

Amounts in USD million

	2019				2018[1]			
Income statement	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenue	9,668	10,055	9,627	9,540	10,235	10,149	9,568	9,305
Profit before depreciation, amortisation and impairment losses, etc. (EBITDA)	1,463	1,656	1,357	1,236	1,449	1,456	1,162	931
Depreciation, amortisation and impairment losses, net	1,160	1,021	1,024	1,082	1,168	1,402	1,166	1,020
Gain on sale of non-current assets, etc., net	1	36	16	18	76	44	13	33
Share of profit/loss in joint ventures	4	31	34	24	-	40	39	37
Share of profit/loss in associated companies	34	35	33	34	-80	-78	17	26
Profit/loss before financial items (EBIT)	342	737	416	230	277	60	65	7
Financial items, net	-212	-148	-170	-228	-222	-170	-154	-220
Profit/loss before tax	130	589	246	2	55	-110	-89	-213
Tax	191	69	92	106	127	109	64	98
Profit/loss for the period – continuing operations	-61	520	154	-104	-72	-219	-153	-311
Profit/loss for the period – discontinued operations	-	-	-1	-552	116	569	121	2,981
Profit/loss for the period	-61	520	153	-656	44	350	-32	2,670
A.P. Møller - Mærsk A/S' share	-72	506	141	-659	32	338	-41	2,656
Underlying profit/loss – continuing operations	29	452	134	-69	65	188	15	-329
Balance sheet								
Total assets	55,399	55,662	56,555	61,701	62,690	67,872	67,157	67,641
Total equity	28,837	28,879	28,997	32,843	33,205	33,959	33,435	34,217
Invested capital	40,555	40,938	41,910	46,491	49,255	52,591	53,854	53,794
Net interest-bearing debt	11,662	12,056	12,910	12,565	14,953	18,718	20,517	19,630
Cash flow statement								
Cash flow from operating activities	1,535	1,732	1,170	1,482	1,697	1,387	630	728
Gross capital expenditure, excl. acquisitions and divestments (CAPEX)	469	343	445	778	669	409	782	1,359
Net cash flow from discontinued operations	-	-	-419	47	1,402	98	175	2,293
Financial ratios								
Revenue growth	-5.5%	-0.9%	0.6%	2.5%	20.4%	30.5%	23.3%	30.2%
Revenue growth excl. Hamburg Süd (2018)					9.1%	10.9%	4.1%	8.8%
EBITDA margin	15.1%	16.5%	14.1%	13.0%	14.2%	14.3%	12.1%	10.0%
Cash conversion	105%	105%	86%	120%	117%	95%	54%	78%
Return on invested capital after tax – continuing operations (ROIC)	1.7%	6.4%	3.1%	1.3%	1.2%	-0.2%	0.1%	-0.5%
Stock market ratios								
Share price (B share), end of period, DKK	9,608	7,746	8,142	8,442	8,184	9,020	7,948	9,344
Share price (B share), end of period, USD	1,439	1,132	1,241	1,270	1,255	1,401	1,243	1,556

1 Quarterly figures for 2018 presented as if IFRS 16 had been implemented in 2018, for comparison purposes.

Definition of terms

Technical terms, abbreviations and definitions of key figures and financial ratios.

Backhaul
The direction of the trade route that has the lowest volumes, whereas the opposite direction is referred to as headhaul.

CAPEX
Cash payments for intangible assets and property, plant and equipment, excluding acquisitions and divestments.

Capitalised lease payments
Interest payments and repayments on all lease contracts capitalised under IFRS 16 (including financial lease contracts capitalised under IAS 17).

Cash conversion
Cash flow from operating activities to EBITDA ratio.

Cash flow from operating activities per share
A.P. Moller - Maersk's operating cash flow from continuing operations divided by the number of shares (of DKK 1,000 each), excluding A.P. Moller - Maersk's holding of own shares.

Cash return on invested capital (CROIC), %
Cash return on invested capital is calculated as free cash flow excluding acquisitions/divestments (Cash flow from operating activities – gross CAPEX) divided by average invested capital for continuing operations.

Cost base
EBIT costs including VSA income and hub income and adjustments for restructuring costs, the result from associated companies and gains/losses.

Demurrage and detention
Compensation payable when a customer holds Maersk's containers beyond the agreed amount of free time, including any storage costs that Maersk may have incurred in connection therewith as well as compensation by way of liquidated damages for not having the containers available for circulation.

Discontinued operations
Discontinued operations are a major line of business (disposal group) that is either held for sale or has been sold in previous periods. The disposal group is reported separately in a single line in the income statement and cash flow statement. Comparison figures are restated. In the balance sheet assets and liabilities are classified and disclosed separately on an aggregate level as assets held for sale and liabilities associated with assets held for sale. In the balance sheet comparison figures are not restated. Discontinued operations include Maersk Drilling up to demerger in April 2019, Maersk Oil up to closing in March 2018, and Maersk Tankers up to closing in October 2017.

EBITDA
Earnings Before Interest, Taxes, Depreciation and Amortisation.

Equity ratio
Calculated as equity divided by total assets.

Equity weighted EBITDA
EBITDA weighted on terminal ownership percentages of all entities (subsidiaries, joint ventures and associated companies).

FFE
Forty Foot container Equivalent unit.

Free cash flow
Cash flow from operating activities less cash flow from investing activities. Lease payments (Repayments of lease liabilities and financial expenses paid on lease liabilities) are not included in the free cash flow.

Gross profit
The sum of revenue, less variable costs and loss on debtors.

Headhaul
The direction of the trade route that has the highest volume, whereas the return direction is referred to as backhaul.

IMO 2020
The International Maritime Organization's (IMO) 0.5% global cap on sulphur dioxide (SO_x) content in fuels for shipping has entered into force on 1 January 2020.

Loaded volumes
Loaded volumes refer to the number of FFEs loaded on a shipment which are loaded on first load at vessel departure time excluding displaced FFEs.

Logistics & Services gross profit growth, %
Logistics & Services gross profit is a sum of revenue, variable costs and loss on debtors for Damco and inland services. For Star Air, intermodal and trade finance, EBITDA figure is used.

Net interest-bearing debt (NIBD)
Equals interest-bearing debt, including fair value of derivatives hedging the underlying debt, less cash and bank balances as well as other interest-bearing assets.

Non-Ocean revenue growth, %
Non-Ocean includes the current Logistics & Services, Terminals & Towage and Manufacturing & Others segments but excludes Maersk Oil Trading and tramp activities acquired as part of the Hamburg Süd transaction.

Ocean, hub productivity (PMPH)
Productivity is calculated as the average of the gross moves per hour for each call. Gross moves per hour for a single vessel call is defined as the total container moves (on load, off load and repositioning) divided by the number of hours for which the vessel is at berth.

Ocean, loaded freight rate (USD per FFE)
Average freight rate per FFE for all the Maersk containers loaded in the period in either Maersk Line or Hamburg Süd vessels or third parties (excluding intermodal). Hamburg Süd is not excluding intermodal.

Ocean, unit cost, fixed bunker (USD per FFE incl. VSA income)
Cost per FFE assuming a bunker price at USD 200/tonne excluding intermodal but including hubs and time charter income. Hamburg Süd is not excluding intermodal.

Return on equity after tax
Calculated as the profit/loss for the year divided by the average equity.

Return on invested capital after tax (ROIC)
Profit/loss before financial items for the year (EBIT) less tax on EBIT divided by the average invested capital.

Revenue backlog
The value of future revenue covered by contracts.

Terminals & Towage, annualised EBITDA per tug (terminal towage) (USD in '000)
Annualised EBITDA per tug equivalent (pilot boats and others count for 0.5).

Terminals & Towage, number of operational tug jobs (harbour towage) ('000)
Tug jobs on which Svitzer performs the physical job, which include jobs where Svitzer has the commercial contract with the customer as well as jobs which Svitzer receives from the competitor through over-flow or other agreements.

TEU
Twenty-foot container Equivalent Unit.

Time charter
Hire of a vessel for a specified period.

Total market capitalisation
Total number of shares – excluding A.P. Møller - Mærsk A/S' holding of own shares – multiplied by the end-of-year price quoted by Nasdaq Copenhagen.

Underlying profit/loss
Underlying profit/loss is profit/loss for the year from continuing operations adjusted for net gains/losses from sale of non-current assets, etc. and net impairment losses as well as transaction, restructuring and integration costs related to major transactions. The adjustments are net of tax and include A.P. Moller - Maersk's share of mentioned items in joint ventures and associated companies.

4PL
A 4PL is a fourth-party logistics provider managing resources, technology, infrastructure, and managing external 3PLs to design, build and provide supply chain solutions for businesses.

Colophon

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