ALL THE WAY

MAERSK

Q3

2019

A.P. Møller - Mærsk A/S | Interim Report | 15 November 2019
Esplanaden 50, DK-1263 Copenhagen K / Registration no. 22756214

Table of contents

The Interim Report for Q3 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.

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. Guidance for 2019 is based on 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.

Highlights Q3 2019

- While revenue decreased by 0.9% to USD 10.1bn in Q3, profitability continued to improve, with EBITDA increasing by 14% to USD 1.7bn, reflecting an EBITDA margin of 16.5% (14.3%).
- EBITDA in Ocean improved by 13% to USD 1.3bn and the margin increased to 17.4% (15.4%). The improvement was driven by capacity management and strong cost performance.
- Logistics & Services improved EBITDA by 34% to USD 94m and reported a margin of 5.8% (4.4%) driven by gross profit increasing by 13% to USD 336m. The increase in profitability was due to higher activities in intermodal and warehousing and distribution, partly offset by lower revenue in air and sea freight forwarding.
- EBITDA in gateway terminals increased by 33% to USD 261m with a margin of 31.8% (25.5%). The positive development was driven by a 9.2% volume growth leading to higher utilisation.
- Operating cash flow increased by 25% to USD 1.7bn with a cash conversion ratio of 105% and gross CAPEX was USD 343m. Free cash flow was USD 1.5bn and free cash flow adjusted for capitalised lease payments was USD 1.0bn.
- Return on invested capital improved to 6.4% (negative 0.2%), while cash return on invested capital improved to 13.4% (9.0%), reflecting higher profitability and strong cash flow generation.
- Net interest-bearing debt was USD 12.1bn at the end of Q3 after buying back shares of USD 363m.
- As announced on 21 October 2019, A.P. Moller - Maersk expects EBITDA in the range of USD 5.4-5.8bn. Accumulated gross CAPEX for 2020-2021 is expected to be USD 3.0-4.0bn, while expectations are maintained around USD 2.2bn in 2019, reflecting continued focus on CAPEX discipline and free cash flow generation.

"While the global container demand, as expected, was lower in Q3 due to weaker growth in the global economy, we continued to improve our operating results. We delivered strong free cash flow and a return on invested capital of 6.4% as a result of strong operational performance in Ocean, higher margins in Terminals and solid earnings progress in Logistics & Services.

The strong performance for the quarter combined with our expectations for the rest of the year, led to the recent upgrade of our earnings expectations for 2019. We will continue our focus on profitability and free cash flow in Q4 and into 2020.

I am pleased with the progress on the Transformation of A.P. Moller - Maersk. We are making progress across multiple fronts including our digital transformation and growth in our land-based logistics products and terminals business,"

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

Summary financial information 1/2

Amounts in USD million

Income statement	Q3 2019	Q3 2018 incl. IFRS 16 and MSS[2]	Q3 2018 incl. restated MSS[1]	9M 2019	9M 2018 incl. IFRS 16 and MSS[2]	9M 2018 incl. restated MSS[1]	Full year 2018 incl. IFRS 16 and MSS[2]
Revenue	10,055	10,149	10,153	29,222	29,022	29,042	39,257
Profit before depreciation, amortisation and impairment losses, etc. (EBITDA)	1,656	1,456	1,145	4,249	3,549	2,697	4,998
Depreciation, amortisation and impairment losses, net	1,021	1,402	1,142	3,127	3,588	2,849	4,756
Gain on sale of non-current assets, etc., net	36	44	44	70	90	90	166
Share of profit/loss in joint ventures	31	40	40	89	116	116	116
Share of profit/loss in associated companies	35	-78	-78	102	-35	-35	-115
Profit/loss before financial items (EBIT)	737	60	9	1,383	132	19	409
Financial items, net	-148	-170	-73	-546	-544	-270	-766
Profit/loss before tax	589	-110	-64	837	-412	-251	-357
Tax	69	109	109	267	271	271	398
Profit/loss for the period – continuing operations	520	-219	-173	570	-683	-522	-755
Profit/loss for the period – discontinued operations[3]	-	569	569	-553	3,671	3,671	3,787
Profit/loss for the period	520	350	396	17	2,988	3,149	3,032
A.P. Møller - Mærsk A/S' share	506	338	383	-12	2,953	3,111	2,985
Adjustments to profit/loss for the period – continuing operations:							
Profit/loss for the period – continuing operations	520	-219	-173	570	-683	-522	-755
Gain/loss on sale of non-current assets, etc., net	-36	-44	-44	-70	-90	-90	-166
Impairment losses, net	-42	443	443	-50	566	566	757
Transaction and integration cost	10	7	7	65	56	56	78
Tax on adjustments	-	1	1	2	25	25	25
Underlying profit/loss – continuing operations[4]	452	188	234	517	-126	35	-61
Balance sheet							
Total assets	55,662	67,872	61,790	55,662	67,872	61,790	62,690
Total equity	28,879	33,959	34,119	28,879	33,959	34,119	33,205
Invested capital	40,938	52,591	46,546	40,938	52,591	46,546	49,255
Net interest-bearing debt	12,056	18,718	12,514	12,056	18,718	12,514	14,953
Cash flow statement							
Cash flow from operating activities	1,732	1,387	1,076	4,384	2,745	1,864	4,442
Gross capital expenditure, excl. acquisitions and divestments (CAPEX)	343	409	409	1,566	2,550	2,550	3,219
Cash flow from financing activities	-1,520	-820	-509	-3,591	-2,399	-1,518	-8,080
Net cash flow from discontinued operations	-	98	98	-372	2,566	2,566	3,968

1 Q3 and 9M 2018 restated including Maersk Supply Service as continuing operations as reported in the financials pages 23-33.
2 Q3, 9M and full year 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

	Q3			9M			Full year
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]	2018 incl. IFRS 16 and MSS[2]
Revenue growth	-0.9%	30.5%	30.5%	0.7%	27.9%	28.0%	25.9%
Revenue growth excl. Hamburg Süd (2018)		10.9%	11.0%		7.9%	8.0%	8.2%
EBITDA margin	16.5%	14.3%	11.3%	14.5%	12.2%	9.3%	12.7%
Cash conversion	105%	95%	94%	103%	77%	69%	89%
Return on invested capital after tax – continuing operations (ROIC)	6.4%	-0.2%	-0.8%	3.6%	-0.2%	-0.6%	0.2%
Return on equity after tax, annualised	6.7%	4.2%	4.7%	0.1%	12.2%	12.8%	9.3%
Equity ratio	51.9%	50.0%	55.2%	51.9%	50.0%	55.2%	53.0%
Stock market ratios							
Earnings per share – continuing operations, USD	24	-12	-9	26	-35	-27	-37
Diluted earnings per share – continuing operations, USD	24	-12	-9	26	-35	-27	-37
Cash flow from operating activities per share, USD	84	66	52	212	132	90	214
Share price (B share), end of period, DKK	7,746	9,020	9,020	7,746	9,020	9,020	8,184
Share price (B share), end of period, USD	1,132	1,401	1,401	1,132	1,401	1,401	1,255
Total market capitalisation, end of period, USDm	22,309	28,095	28,095	22,309	28,095	28,095	25,256
Ocean financial highlights							
Revenue	7,305	7,321	7,321	21,384	21,083	21,083	28,366
Profit/loss before depreciation, amortisation and impairment losses, etc. (EBITDA)	1,268	1,126	925	3,263	2,634	2,080	3,782
EBITDA margin	17.4%	15.4%	12.6%	15.3%	12.5%	9.9%	13.3%
Logistics & Services financial highlights							
Revenue	1,622	1,581	1,581	4,554	4,525	4,525	6,082
Profit/loss before depreciation, amortisation and impairment losses, etc. (EBITDA)	94	70	48	206	167	99	191
EBITDA margin	5.8%	4.4%	3.0%	4.5%	3.7%	2.2%	3.1%
Terminals & Towage financial highlights							
Revenue	986	932	932	2,934	2,690	2,690	3,772
Profit/loss before depreciation, amortisation and impairment losses, etc. (EBITDA)	313	254	191	806	724	565	998
EBITDA margin	31.7%	27.3%	20.5%	27.5%	26.9%	21.0%	26.5%
Manufacturing & Others financial highlights							
Revenue	553	715	718	1,570	2,084	2,103	2,787
Profit/loss before depreciation, amortisation and impairment losses, etc. (EBITDA)	64	34	9	121	115	45	163
EBITDA margin	11.6%	4.8%	1.3%	7.7%	5.5%	2.1%	5.8%

1 Q3 and 9M 2018 restated including Maersk Supply Service as continuing operations as reported in the financials pages 23-33.
2 Q3, 9M and full year 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 Q3 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 10.1bn (USD 10.1bn), as the increase in Logistics & Services and Terminals & Towage with Ocean on par was offset by a decline in Manufacturing & Others, mainly due to the exit from the dry container business and lower revenue in the reefer segment as well as the divestment of bulk activities originally acquired from Hamburg Süd.

EBITDA increased by 14% to USD 1.7bn (USD 1.5bn) with increases in all segments but primarily driven by increases in Ocean of USD 142m due to strong operational efficiency and USD 59m in Terminals & Towage, mainly driven by volume growth and SG&A savings. The impact on EBITDA from development in foreign exchange rates was insignificant.

EBIT was USD 737m (USD 60m), positively impacted by improved EBITDA and reversal of impairment in Maersk Container Industry of USD 43m, while Q3 2018 was negatively impacted by an impairment in Maersk Supply Service of USD 345m and an impairment in the RoRo business of USD 100m.

Financial expenses, net was USD 148m (USD 170m) positively impacted by lower debt in 2019 and currency movements, partly offset by no dividends received from Total S.A. (USD 58m).

The underlying profit for continuing operations after financial items and tax was USD 452m (USD 188m).

Cash flow from operating activities was USD 1.7bn (USD 1.4bn), positively impacted by an increase in EBITDA of USD 200m and improvement in changes in net working capital of USD 127m, leading to an increase in cash conversion to 105% (95%).

Gross capital expenditure (CAPEX) was USD 343m (USD 409m), mainly related to replacement of containers, investments in scrubbers, as well as investments in gateway terminals.

Free cash flow was USD 1.5bn (USD 2.4bn), positively impacted by the increase in cash flow from operating activities and lower CAPEX which was more than offset by sale of Total S.A. shares in 2018 of USD 1.2bn. Free cash flow adjusted for capitalised lease payments was USD 1.0bn (USD 0.8bn).

The *contractual capital commitments* totalled USD 1.9bn end of Q3, of which USD 1.4bn related to commitments towards terminal concession grantors. Strong commitment to capital discipline and focus on free cash flow generation continues to be a key focus area.

Capital structure, issue of bonds and credit rating

Net interest-bearing debt decreased to USD 12.1bn (USD 15.0bn at 31 December 2018), positively impacted by cash flow related to cash proceeds of USD 2.6bn from the sale of the remaining part of shares in Total S.A. in Q1 2019 and positive operating cash flow of USD 4.4bn, partly offset by the annual dividend of USD 469m, share buy-backs of USD 509m and interest payments of USD 640m. Furthermore, the debt increased by additional capitalised lease liabilities of USD 1.3bn, primarily due to a new terminal concession with Tangier Med II, Morocco, which went into operation in January 2019 as well as container vessels and containers.

A.P. Moller - Maersk had net repayments of USD 911m (net repayments of USD 517m) in Q3, mainly driven by repayments of a EUR 428m 7-year bond and leases of USD 337m (USD 330m).

Highlights Q3

USD million	Revenue		EBITDA		CAPEX	
	2019	2018[1]	2019	2018[1]	2019	2018[1]
Ocean	7,305	7,321	1,268	1,126	209	324
Logistics & Services	1,622	1,581	94	70	24	11
Terminals & Towage	986	932	313	254	105	97
Manufacturing & Others	553	715	64	34	7	11
Unallocated activities, eliminations, etc.	-411	-400	-83	-28	-2	-34
A.P. Moller - Maersk consolidated – continuing operations	**10,055**	**10,149**	**1,656**	**1,456**	**343**	**409**

1 Q3 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 2019 to 25 September 2019 with the 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 Q3, Maersk bought back 64,905 A-shares and 259,963 B-shares worth DKK 2.4bn (USD 363m).

At 30 September, A.P. Moller - Maersk owns a total of 90,641 A shares and 413,697 B shares as treasury shares, corresponding to 2.42% of the share capital.

Transformation metrics

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

On the back of the improvement in profitability and positive cash flow generation during Q3, we saw a positive development across all transformation metrics.

Return on invested capital was 6.4% (negative 0.2%) in Q3, as earnings improved, and invested capital was reduced.

Cash return on invested capital increased from 9.0% to 13.4% in Q3 2019 due to earnings improvements, high cash conversion and reduced CAPEX.

Non-Ocean revenue increased by 3.7%, adjusted for the closure of production facilities in Maersk Container Industry, which accounted for USD 67m of revenue in Q3 2018. The positive revenue growth was driven by gateway terminals and growth within intermodal and warehouse and distribution in Logistics & Services, as Damco freight forwarding contributed negatively to the development.

Logistics & Services improved gross profit by 13% to USD 336m, reflecting a gross profit margin of 20.7%, related to higher activity in the intermodal and warehouse and distribution segments.

Combined synergies from the Hamburg Süd acquisition and from the integration of our transport and logistics activities continued to track above our full-year end 2019 target of USD 1bn.

Change in management

On 11 November 2019, it was announced that Søren Toft, COO has left A.P. Moller - Maersk to pursue an opportunity outside the company. Søren Skou, CEO has taken on the responsibilities of the COO in the interim.

The Executive Board hereafter consists of Søren Skou, Carolina Dybeck Happe, Vincent Clerc, and Morten Engelstoft.

Tracking the transformation

Transformation metrics	Q3 2019	9M 2019	Full year 2018	Full year 2017
Non-Ocean revenue growth	3.7%[1]	3.0%[1]	6.3%	5.6%
Logistics & Services, gross profit growth	13.4%	7.0%	7.9%	N/A
Realisation of annual synergies worth approx. USD 1.0bn in total by 2019, USDbn (accumulated)	1.1	1.1	0.7	0.1
Cash return on invested capital (CROIC)	13.4%	9.0%	2.8%	-2.8%
Long-term target				
Return on invested capital after tax (ROIC)	6.4%	3.6%	0.2%	N/A

1 Non-Ocean revenue increased by 1.3% in Q3 2019 and declined by 0.5% in 9M 2019 before adjusting for the closure of the production capacity in Maersk Container Industry.

Guidance for 2019

(Based on IFRS 16)

As announced on 21 October 2019, A.P. Moller - Maersk expects earnings before interest, taxes, depreciation and amortisation (EBITDA) in the range of USD 5.4-5.8bn from previously around USD 5.0bn.

The organic volume growth in Ocean is expected to be in line with or slightly lower than the average market growth, which is expected to be in the range of 1-2% for 2019, compared to previously an expected market growth of 1-3%.

Guidance on gross capital expenditures (CAPEX) is maintained of around USD 2.2bn (FY 2018 USD 3.2bn) and a high cash conversion (cash flow from operations compared to EBITDA).

Accumulated CAPEX for 2020-2021 is expected to be USD 3.0-4.0bn.

Guidance continues to be subject to uncertainties due to the weaker macroeconomic conditions and other external factors impacting container freight rates, bunker prices and foreign exchange rates.

Sensitivities on guidance for 2019

Guidance of A.P. Moller - Maersk for 2019 depends on several factors. Based on the expected earnings level and all else being equal, the sensitivities for the rest of 2019 for four key assumptions are listed in the table below:

Factors	Revenue	Effect on EBITDA Rest of year
Container freight rate	+/- 100 USD/FFE	+/- USD 0.3bn
Container freight volume	+/- 100,000 FFE	+/- USD 0.1bn
Bunker price (net of expected BAF coverage)	+/- 100 USD/tonne	+/- USD 0.1bn
Foreign rate of exchange (net of hedges)	+/- 10% change in USD	+/- USD 0.0bn

Contacts for further information

Søren Skou, CEO
Tel. +45 3363 1901

Carolina Dybeck Happe, CFO
Tel. +45 3363 3106

Investors
Stig Frederiksen, Head of Investor Relations
Tel. +45 3363 3106

Media
Signe Wagner, Head of External Relations
Tel. +45 3363 1901

The Annual Report for 2019 is expected to be announced on 20 February 2020.

Webcast and dial-in information

A webcast relating to the Q3 2019 Interim Report will be held on 15 November 2019 at 11.00 (CET). Dial-in information on investor.maersk.com. Presentation material for the webcast will be available on the same page.

Market update

Global container trade growth softened in Q3 2019 to around 1.5%. The slowdown is in line with our revised expected full-year growth of 1-2% in 2019 and reflects the broad-based weakening of the economic environment in all the main economies. Negative effects from escalating trade restrictions also weighed on trade growth.

Market developments

Container trade growth on the East-West trades weakened to 1.5% in Q3. European import growth from Asia moderated to 2.8% from 5.8% in Q2, and thereby grew more in line with underlying macro fundamentals in Europe. North American container imports declined by 0.5% in Q3, as imports from Asia declined by 0.9%, reflecting the US-China trade restrictions and the slowing of US capital expenditures weighed on US imports. Meanwhile, East-West backhaul increased by 3.1% in Q3 2019 as exports from Europe to Asia grew strongly by 8.9%, partly reflecting an increase in refrigerated volumes related to the swine-flu in China and strong supply of European wood due to a bark beetle infestation. Exports from North America to Asia declined by 3.0%.

North-South container trades overall increased by 0.7% in Q3, as Latin American import growth remained weak by 0.4%, mainly into the East Coast of South America, as container demand aligned more closely with the weaker domestic demand. Import growth in the Middle East and Indian subcontinent grew by 1.4%, and African imports increased by 3.0%. Intraregional trades posted growth of 2.3%, mainly driven by Intra Europe.

The modest container demand growth reflects the continued slowdown in global manufacturing and global export orders. In 2020, global container demand is projected to grow by 1-3% versus 1-2% in 2019. The continued weakening of global sentiment, above all in the manufacturing sector, reduces the likelihood of a growth pick-up in 2020. Aside from the cyclical slowing of the global economy, the main risks to global container demand relates to the US-China trade negotiations. Other risks to the outlook relate to the effectiveness of fiscal and monetary stimuli in major economies, such as the US and China. Finally, the outcome of the Brexit negotiations poses a risk to UK and European container trade.

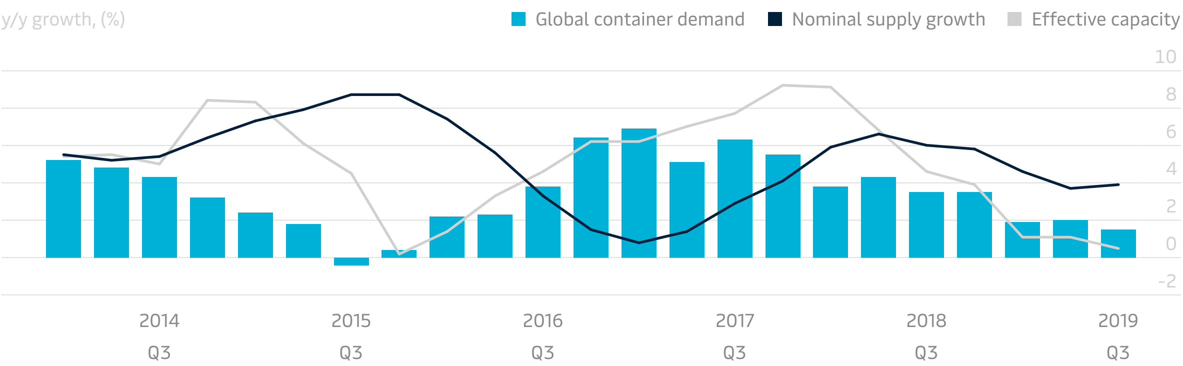
The trade tensions between the US and China escalated further in Q3. Most recently, the US announced new tariffs on USD 7.5bn of EU products starting 18 October in retaliation of illegal government aid to European Airbus. The US has so far (since 2018) imposed tariffs on USD 550bn worth of Chinese products while China has imposed tariffs on USD 185bn worth of US goods. The trade restrictions have reduced bilateral trade between the two countries, and it also led to shifts in trade structures. So far, US importers have shifted imports away from China to other countries such as Vietnam, Korea, Thailand, India and Mexico. Globally, the implemented trade restrictions have likely reduced container trade by 0.5-1.0% in 2019, via direct and indirect channels such as deteriorating sentiment and business investments. In 2020, the negative impact on container volumes from tariffs is expected to be around 1%.

The global container fleet grew by 3.9% in Q3 2019 compared to Q3 2018 and stood at 23.1m TEU at the end of Q3 2019 (chart 2). Deliveries amounted to 364k TEU (45 vessels) during Q3 and were dominated by vessels larger than 10k TEU, while 52k TEU (21 vessels) were scrapped. Scrappings have been declining since the beginning of 2019, likely reflecting scarce market availability of some vessel

Chart 1: Market demand growth

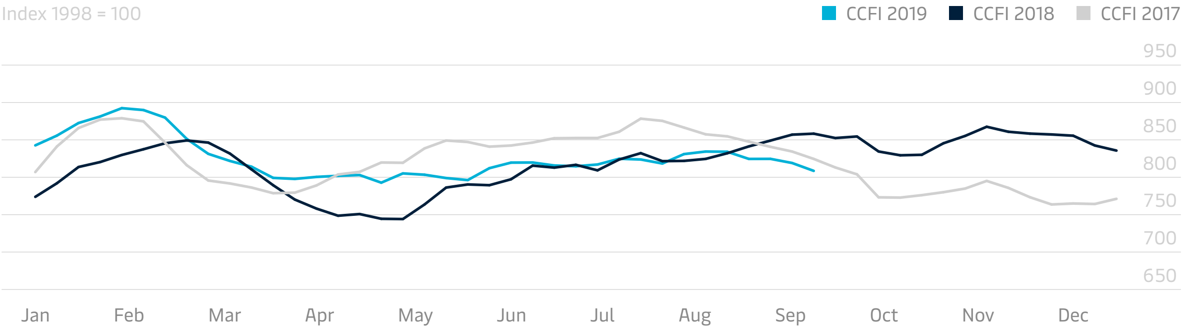
Growth % (Y/Y)	Q3 2019	Q2 2019
Global market	1.5%	2.0%
East-West	1.5%	4.2%
– Headhaul	0.9%	4.0%
– Backhaul	3.1%	4.8%
North-South	0.7%	1.4%
Intraregional	2.3%	0.4%

Chart 2: Global container demand and nominal supply growth



Source: Demand is internal Maersk and nominal supply is Alphaliner. Note: Demand continued to outgrow effective supply in Q3 2019.

Chart 3: Freight rates



Source: CCFI, Shanghai Shipping Exchange. Note: During 2019, freight rates have been slightly lower than in 2018.

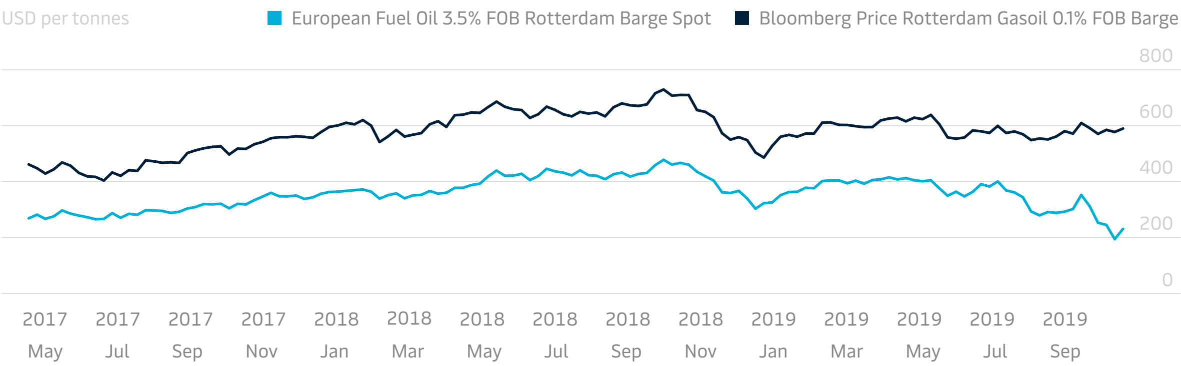
segments as ships are removed temporarily from their service to install fuel scrubbers (primarily in the +10k TEU segment) to prepare for the upcoming IMO restrictions on sulphur emissions by January 2020. Idling totalled 3.3% (761k TEU) of the fleet at the end of Q3. The idle fleet rose from Q2 mainly because vessels were taken out of service for scrubber retrofitting. Consequently, Q3 growth of the effective fleet capacity was only 0.5%. In Q3, 25 new vessels (373k TEU) were ordered, and the orderbook-to-fleet ratio was 11%. According to Alphaliner, the nominal global container fleet will grow by 3.7% in 2019 and 3.3% in 2020.

Freight rates, as measured by the China Composite Freight Index (CCFI), were 1.7% lower in Q3 2019 compared to Q3 2018, reflecting the weakening demand growth as well as the decline in bunker prices (chart 3). Freight rates fell on the Asia to North Europe route by 9.0% but strengthened by 3.6% from Asia to Mediterranean Europe. Asia to West Coast US freight rates also declined by 1.1%, while Asia to the US East Coast rose 0.9%. Uncertainties relating to the strength of container demand in 2019 and 2020 continue to pose a downside risk to freight rates in general.

Time charter rates declined by 4.4% in Q3 compared to Q3 2018 but rebounded from Q2 2019 by 10%. Rates might rebound further in coming quarters as the 0.5% sulphur cap on marine fuel from 2020 will lead to retrofitting of a significant part of the global fleet and weighs on the availability of vessels.

Singapore and Rotterdam high-sulphur bunker prices have experienced unprecedented volatility this year. The prices have subsequently dropped since the beginning of the year, and in Q3 the prices declined by 6% and 16% compared to Q2 2019 in their respective locations. The 0.5% sulphur marine fuel oil forward prices for Singapore and Rotterdam are seen maintaining strength in the second half of 2019 and into 2020. The shipping and trading industries are still in the process of accessing reliable marine fuel oil supply streams, evolving trading relationships and robust testing mechanisms, all while ensuring compatibility and stability issues of marine fuel oil are met. The industry has also adopted two pricing spreads; the HiLo – the differential between the higher priced low sulphur fuel against high sulphur fuel, and the GOFO – the differential between gasoil (GO) and high sulphur fuel. Currently, the HiLo is just above USD 200/mt in Q4 2019 while that for GOFO is USD 290/mt. We expect both to increase in Q1 2020 till mid 2020 before stabilising at a lower range.

Chart 4: Bunker price per tonne



Ocean

Improved capacity management along with a decrease in the cost base resulted in increased profitability. Improvements in bunker efficiency and lower bunker price impacted costs positively, partly offset by increased slot charter expenses.

Financial and operational performance

Revenue was USD 7.3bn (USD 7.3bn), positively impacted by higher volumes of 2.1%, but offset by a decrease in the average loaded freight rate of 3.6%. Other revenue increased by 4.8% mainly due to higher VSA income.

EBITDA improved by 12.6% to USD 1.3bn (USD 1.1bn), driven by the lower cost base mainly due to lower bunker price and consumption. The EBITDA margin increased by 2.0 percentage points to 17.4% (15.4%) partly due to improved capacity management and efficiencies.

Volumes increased by 2.1% to 3,405k FFE (3,334k FFE), driven by a 10% growth on the Intra-regional trade, while North-South volumes grew by 2.3%, and volumes on East-West decreased by 3.0%. The higher intra-regional volumes were largely driven by significantly higher growth on intra-Asia trades of 15%, but also supported by intra-America and intra-Europe growth.

The North-South volume increase was driven by higher import volumes to Africa mainly from Middle-East and Asia in line with the market. The East-West decrease was driven by North America trades impacted negatively by trade restrictions on China import volumes and continued slower growth in the US, with Europe on par. The weak demand seen in H1 2019 on Latin America trades continued into Q3 2019, though narrowing the volume gap to 2018 at the end of Q3 2019. West Central Asia trades increased by 2.0% driven by intra-regional volumes. Total backhaul increased by 4.3% mainly on Europe, Africa and West Central Asia trades, while headhaul increased by 1.2%.

The average loaded freight rate decreased by 3.6% to 1,859 USD/FFE (1,929 USD/FFE) impacted by lower rates across all trades apart from North America, which was on par. The decrease in North-South was mainly driven by Oceania while the decrease on East-West was mainly driven by Europe. The loaded freight rates decreased partly due to lower fuel price and were negatively impacted by the developments in foreign exchange rates as well as mix effect from higher intra-regional and backhaul volumes. Adjusted for foreign exchange rate effects the average loaded freight rate decreased by 3.0%.

Other revenue increased by 4.8% to USD 932m (USD 890m), mainly due to increased number of slot sales.

Ocean highlights

USD million	Q3		9M		Full year
	2019	2018[1]	2019	2018[1]	2018[1]
Freight revenue	6,373	6,431	18,724	18,579	24,925
Other revenue, including hubs	932	890	2,660	2,504	3,441
Revenue	**7,305**	**7,321**	**21,384**	**21,083**	**28,366**
Container handling costs	2,336	2,347	7,056	7,202	9,481
Bunker costs	1,118	1,318	3,470	3,717	5,042
Network costs, excluding bunker costs	1,800	1,767	5,339	5,332	7,053
Selling, General & Administrative (SG&A) and other costs, etc.	769	766	2,232	2,181	3,038
Total operating costs	**6,023**	**6,198**	**18,097**	**18,432**	**24,614**
Other income/costs, net	-14	3	-24	-17	30
Profit/loss before depreciation, amortisation and impairment losses, etc. (EBITDA)	**1,268**	**1,126**	**3,263**	**2,634**	**3,782**
EBITDA margin	17.4%	15.4%	15.3%	12.5%	13.3%
Gross capital expenditure, excl. acquisitions and divestments (CAPEX)	209	324	992	1,947	2,279
Operational and financial metrics					
Loaded volumes (FFE in '000)	3,405	3,334	10,002	9,953	13,306
Loaded freight rate (USD per FFE)	1,859	1,929	1,876	1,867	1,879
Unit cost, fixed bunker (USD per FFE incl. VSA income)	1,747	1,801	1,778	1,821	1,808
Hub productivity (PMPH)	94.2	82.8	90.9	79.1	80.6
Bunker price, average (USD per tonne)	399	452	417	411	424
Bunker consumption (tonne in '000)	2,803	2,915	8,319	9,046	11,894
Average nominal fleet capacity (TEU in '000)	4,186	4,042	4,115	4,141	4,115
Fleet owned (end of period)	307	298	307	298	303
Fleet chartered (end of period)	396	425	396	425	407

1 Q3, 9M and full year 2018 are presented as if IFRS 16 had been implemented in 2018, for comparison purposes, unaudited.

Demurrage and detention decreased by 6.2% mostly due to temporary circumstances in Asia from amongst other congestions in Q3 2018.

Total operating costs decreased by 2.8% to USD 6.0bn (USD 6.2bn), positively impacted by lower bunker costs, favourable impact from the development in foreign exchange rates and lower network costs, partly offset by higher slot charter expenses. Network costs excluding bunker costs increased by 1.8%, mainly due to higher slot charter expenses. The improved capacity management, including increased productivity in hubs, resulted in lower hub and transhipment costs, and lower port costs due to a reduced number of calls and improved network utilisation. Adjusting for the positive impact from the developments in foreign exchange rates, the operating costs decreased by 2.1%.

Bunker cost decreased by 15.2% to USD 1.1bn (USD 1.3bn) as the average bunker price declined by 11.8% to 399 USD/tonne (452 USD/tonne) and bunker consumption declined by 3.8% mainly due to efficiency initiatives with more efficient vessels delivered in the past year as well as better capacity management that also impacted schedule reliability positively. Bunker efficiency improved by 7.3% to 39.5 g/TEU*NM (42.7 g/TEU*NM).

Hub productivity continued to improve from collaboration between the terminal and liner operations to 94.2, an improvement of 13.8%. The productivity improved significantly in all hubs compared to last year.

The unit cost at fixed bunker decreased by 3.0% to 1,747 USD/FFE (1,801 USD/FFE) mainly due to higher volumes, rate of exchange and capacity optimisation including improved bunker efficiency partly offset by higher slot charter expenses. Adjusting for the developments in foreign exchange, the unit cost at fixed bunker decreased by 2.3%.

The average nominal capacity of 4,186k TEU increased by 3.6% mainly due to newbuilds delivered in H1 2019 being fully incorporated into the fleet. During Q3, no new vessels were delivered to the fleet following the end of the newbuilding programme in Q2 2019. At the end of Q3 2019, the fleet consisted of 307 owned and 396 chartered vessels, and 105k TEU were idle (10 vessels), mainly due to retrofit of scrubbers. The idle capacity corresponded to 13.8% of the total idle capacity in the market.

Loaded volumes

FFE ('000)	Q3 2019	Q3 2018	Change	Change %
East-West	1,047	1,079	-32	-3.0%
North-South	1,632	1,595	37	2.3%
Intra-regional	726	660	66	10.0%
Total	**3,405**	**3,334**	**71**	**2.1%**

Average freight rates

USD/FFE	Q3 2019	Q3 2018	Change	Change %
East-West	1,850	1,923	-73	-3.8%
North-South	2,085	2,133	-48	-2.2%
Intra-regional	1,418	1,480	-62	-4.1%
Total	**1,859**	**1,929**	**-70**	**-3.6%**

Key initiatives in Q3

The preparation for IMO 2020 continued, and several vessels have been retrofitted with scrubber installations at the end of Q3 2019. The scrubber solution is only part of the strategy to ensure compliance with the new fuel regulations.

Maersk Spot, introduced in Q2 2019 offering transparent prices and loading guarantee, saw further adaptation in the market. At the end of Q3 2019, Maersk Spot accounted for 12% of spot-rate volumes, which is more than 50% growth compared to end of Q2 2019.

Fleet overview, end Q3 2019

	TEU		Number of vessels	
	Q3 2019	Q4 2018	Q3 2019	Q4 2018
Own container vessels	2,214,482	2,131,010	307	303
Chartered container vessels	1,915,288	1,877,528	396	407
Total fleet	**4,129,770**	**4,008,538**	**703**	**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. With IFRS 16, all leased vessels are generally recognised as a right-of-use asset on the balance sheet. All leased vessels are included in the table within the chartered container vessel section. Q4 2018 figures have been restated.

Maersk became a founding member of the Getting to Zero Coalition announced at the United Nations Climate Action Summit in New York in Q3 2019. The coalition is a vehicle for decarbonising global shipping and energy value chains by 2050. Joining Maersk in the coalition are major companies across different industries. The ambition of Getting to Zero Coalition is closely aligned with the initial greenhouse gas (GHG) strategy for international shipping adopted by the United Nations International Maritime Organisation (IMO).

Logistics & Services

The positive development in profitability in Logistics & Services in Q3 was primarily driven by higher activity level and margins in the intermodal and warehouse and distribution, however offset by declining revenue in sea and air freight forwarding.

Financial and operational performance

Revenue grew by 2.6% to USD 1.6bn (USD 1.6bn), positively impacted by increasing revenue in intermodal and warehousing and distribution, offset by declining revenue in sea and air freight forwarding and supply change management. Gross profit increased to USD 336m (USD 296m) supported by volume growth and margin optimisation in intermodal, as well as contribution from new warehousing facilities becoming operational at end 2018. This was partially offset by lower margins in sea and air freight forwarding. EBITDA increased to USD 94m (USD 70m).

Supply chain management revenue of USD 245m (USD 256m) was negatively impacted by a decrease in volume to 22,170 kcbm (22,228 kcbm), which reflects lower peak season among top US retailers sourcing from China due to uncertainties related to tariffs and carrier capacity, as well as negative impacts from foreign rate of exchange. Gross profit was USD 97m (USD 99m).

Intermodal revenue increased to USD 685m (USD 653m), with volume expanding to 976k FFE (953k FFE). Gross profit increased to USD 34m (USD 10m) 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 United Kingdom, resulting in 2.0% higher revenue per FFE and an overall decrease in unit cost of 1.3%.

Inland services revenue increased slightly to USD 149m (USD 147m), positively impacted by performance in Brazil, Tunisia, Spain, Colombia and Ecuador, which was partially offset by lower revenue in Chile, Germany, Costa Rica, India and Peru. Gross profit was USD 63m (61m).

Sea freight forwarding revenue decreased to USD 141m (USD 165m) as volumes decreased to 150k TEU (171k TEU), partly due to the decision to exit certain countries and partly due to volume loss on a few large customers and negative impact from foreign exchange rate. Both volumes

Logistics & Services highlights

USD million	Q3		9M		Full year
	2019	2018 [1]	2019	2018 [1]	2018 [1]
Revenue	**1,622**	**1,581**	**4,554**	**4,525**	**6,082**
Direct cost	1,286	1,285	3,646	3,676	4,961
Gross profit	**336**	**296**	**908**	**849**	**1,121**
Selling, General & Administration (SG&A) and other costs, etc.	242	226	702	682	930
Profit/loss before depreciation, amortisation and impairment losses, etc. (EBITDA)	**94**	**70**	**206**	**167**	**191**
EBITDA margin	5.8%	4.4%	4.5%	3.7%	3.1%
Gross capital expenditure, excl. acquisitions and divestments (CAPEX)	24	11	62	31	47
Operational and financial metrics, USD million					
EBIT conversion (EBIT/gross profit - %)	17.5%	15.0%	11.5%	11.5%	6.8%
Supply chain management volumes ('000 cbm)	22,170	22,228	57,048	56,875	75,309
Supply chain management revenue	245	256	656	656	867
Intermodal revenue	685	653	1,965	1,924	2,569
Inland services revenue	149	147	435	445	595
Sea freight volumes (TEU)	149,922	170,763	440,878	472,838	639,132
Sea freight revenue	141	165	418	460	646
Air freight volumes (tonne)	46,492	46,057	118,714	130,434	175,502
Air freight revenue	137	152	357	440	608
Other services revenue	265	208	723	600	797

1 Q3, 9M and full year 2018 are presented as if IFRS 16 had been implemented in 2018, for comparison purposes, unaudited.

and margins were under pressure due to high exposure to the Chinese market. Gross profit declined to USD 21m (USD 28m), driven by margin deterioration to 138 USD/TEU (166 USD/TEU) and volume decline.

Air freight forwarding revenue decreased to USD 137m (USD 152m) with volume unchanged at 46k tonnes (46k tonnes), mainly due to soft market in China and in the Pacific, the decision to exit certain countries and negative impact from foreign exchange rate. Gross profit decreased to USD 16m (USD 21m) reflecting margin deterioration of 338 USD/tonne (451 USD/tonne).

Other services revenue increased to USD 265m (USD 208m), supported by increased activity in warehousing and distribution, as well as positive contribution from the acquisition of Vandergrift in customs house brokerage. Gross profit increased to USD 105m (USD 77m).

EBIT conversion of 17.5% (15.0%) improved supported by the increase in intermodal, as well as contribution from new warehousing facilities becoming operational end 2018.

Key initiatives in Q3

Maersk is securing long term end-to-end logistics contracts with customers around the world, including some of the largest e-commerce retailers to simplify their global supply chains.

An agreement was reached with JDA Software Inc's Warehouse Management Solution aimed to further improve the warehousing processes and inventory costs in the warehousing and distribution facilities.

In Q3, a new service was launched, which offers a fast and sustainable alternative on the Asia – Europe trade. The new service, which offers combined rail and ocean transportation, is the first of its kind, and will provide customers with flexibility and control.

In supply chain management, continuing investments are done to improve customer visibility.

The operational integration of APM Terminals Inland Service into the Logistics & Services organisation progressed according to plan.

Terminals & Towage

Terminals & Towage reported an increase in revenue of 5.8% to USD 986m (USD 932m) with an increase in EBITDA to USD 313m (USD 254m). In gateway terminals, the increase in revenue was mainly due to volume growth of 9.2% (7.1% like-for-like) and the increase in EBITDA was driven by volume growth, positive one-offs, and SG&A cost reduction. In towage, revenue remained stable, however, EBITDA decreased due to operating and administration cost increases and negative currency development.

Terminals

Financial and operational performance

Revenue increased by 6.9% to USD 821m (USD 768m) and EBITDA increased by 33% to USD 261m (USD 196m), driven by volume growth including ramp-up of Moin, Costa Rica, SG&A cost reductions and positive one-offs. Gross capital expenditure increased to USD 87m (USD 62m), mainly related to the terminal modernisation project in Los Angeles.

The volume growth was driven by higher volumes in Latin America of 26%, mainly due to ramp-up of Moin and North America volumes which grew by 12% primarily due to growth in external customer volume in Los Angeles and Port Elizabeth. Africa and Middle East volume grew by 16%, supported by stable economic growth, oil prices and foreign exchange markets. In Europe, volumes increased by 1.7% mainly driven by higher economic growth in Poti, Georgia and higher volume in Barcelona, Spain partly offset by the divestment of Izmir in Q4 2018. Asia decreased by 9.0%, mainly driven by the exit from Kobe, and lower volumes in Mumbai, India.

Utilisation increased to 84% (74%) mainly due to ramp-up of Moin, volume growth and temporary capacity reduction in Los Angeles. Volume from Ocean segment grew by 4.3% (7.6% like-for-like) and volume from external customers grew by 11.9% (6.9% like-for-like). On an equity weighted basis, volume grew by 6.8% (5.4% like-for-like) and utilisation was 88% (80%).

Terminals

Number of terminals	2019	2018
Americas	16	15
Europe, Russia and Baltics	17	19
Asia	17	18
Africa and Middle East	14	13

Under implementation (opening year):	2019	2021
Vado (Italy)	1	-
Abidjan (Ivory Coast)	-	1

Revenue per move increased by 2.8% to USD 261 (USD 254), driven by higher volumes in North America, where rates are higher on average, higher volume in Apapa, Nigeria and ramp-up of Moin. This was partially offset by lower storage revenue in West African terminals. Adjusted for foreign exchange rate, volume mix effects and portfolio changes, revenue per move decreased by 0.5%. The volume mix effect relates to the impact on revenue per move from changes in the share of volumes from different terminals.

Cost per move was USD 206 (USD 205), mainly driven by higher volumes in Americas, Africa and Middle East terminals, where costs are higher on average, partially offset by cost savings across several terminals. Adjusted for foreign exchange rate, volume mix effects and portfolio changes, cost per move decreased by 3.1%.

The EBITDA margin increased by 6.9 percentage points in Americas, mainly due to ramp-up of Moin and higher volumes in North America and positive one-offs. The EBITDA margin increased by 0.9 percentage points in Europe driven by lower costs. In Africa and Middle East, the EBITDA margin increased by 0.3 percentage points due to the higher volume in the West African terminals. The EBITDA margin in Asia decreased by 0.7 percentage points due to lower volumes in Mumbai and exit from Kobe.

Financially consolidated volume, terminals

Million moves	Q3 2019	Q3 2018	Growth (%)
Americas	1.4	1.2	18.9
Europe, Russia and the Baltics	0.6	0.6	1.7
Asia	0.5	0.6	-9.0
Africa and Middle East	0.5	0.4	16.0
Total	**3.1**	**2.8**	**9.2**

Financially consolidated EBITDA-margin, terminals

Percentage	Q3 2019	Q3 2018
Americas	28	21
Europe, Russia and the Baltics	27	26
Asia	22	22
Africa and Middle East	47	46

Results from joint ventures and associated companies

The share of profit in joint ventures and associated companies of USD 50m (USD 49m) was positively impacted by higher revenue in associated terminals in Africa and Middle East.

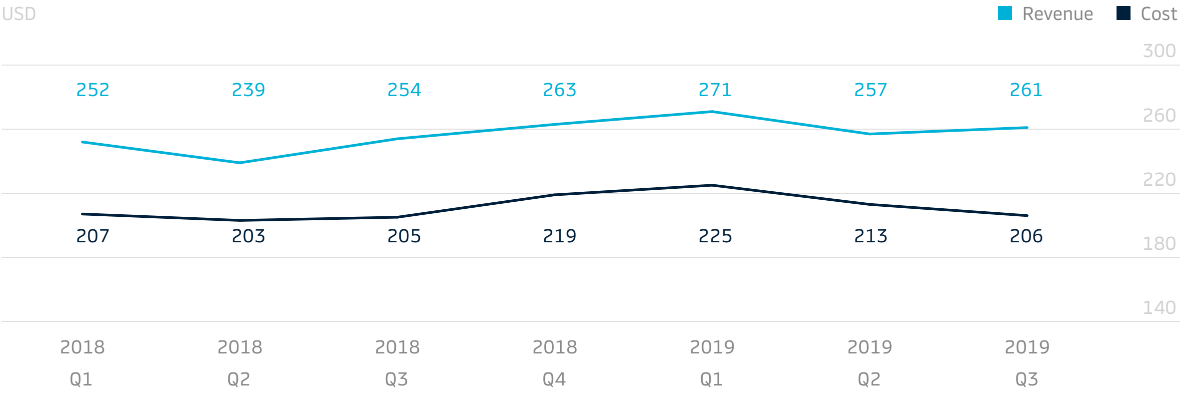
Equity weighted EBITDA increased by 26% to USD 371m (USD 296m), mainly driven by EBITDA growth in consolidated terminals. Equity weighted EBITDA is EBITDA weighted on terminal ownership percentages of all entities (subsidiaries, JV´s and associates).

Terminals & Towage highlights

USD million	Q3		9M		Full year
	2019	2018[1]	2019	2018[1]	2018[1]
Revenue	**986**	**932**	**2,934**	**2,690**	**3,772**
Concession fees (excl. capitalised lease expenses)	72	66	204	186	262
Labour cost (blue collar)	323	298	976	857	1,222
Other operational cost	132	160	491	432	651
Selling, General & Administration (SG&A) and other costs, etc.	146	154	457	491	639
Total operating cost	**673**	**678**	**2.128**	**1,966**	**2,774**
Profit/loss before depreciation, amortisation and impairment losses, etc. (EBITDA)	**313**	**254**	**806**	**724**	**998**
EBITDA margin	31.7%	27.3%	27.5%	26.9%	26.5%
Gross capital expenditure, excl. acquisitions and divestments (CAPEX)	105	97	311	314	556
Operational and financial metrics					
Terminal volumes – financially consolidated (moves, m)	3.1	2.8	8.8	8.3	11.4
Ocean segment	1.1	1.0	3.0	2.9	4.1
External customers	2.0	1.8	5.8	5.4	7.3
Terminal revenue per move – financially consolidated (USD)	261	254	263	248	252
Terminal cost per move – financially consolidated (USD)	206	205	214	205	211
Result from joint ventures and associated companies (USD m)	55	53	89	69	164
Number of operational tug jobs (harbour towage) ('000)	33	32	100	97	131
Annualised EBITDA per tug (terminal towage) (USD in '000)	847	1,007	928	971	892

1 Q3, 9M and full year 2018 are presented as if IFRS 16 had been implemented in 2018, for comparison purposes, unaudited.

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.

Key initiatives in Q3

Construction of the terminal in Vado, Italy, progressed as planned with expected opening for gate and yard activities in December 2019 and the first vessels calling during Q1 2020.

The coastal development permit was granted for the modernisation project in P400´ Los Angeles, which will allow for installation of electrical charging stations, refrigerated container storage racks, traffic barriers and Wi-Fi antennas to modernise the facility.

Towage

Financial and operational performance

Revenue was on par at USD 172m (USD 171m), positively impacted by volume increases in the Americas and the Asia, Middle East & Africa region, offset by negative currency development in the Australian dollar, the British pound and the Euro as well as volume decrease in Australia. Adjusted for the currency developments, revenue grew by 4.5%. EBITDA at USD 52m (USD 58m) was mainly impacted by operating and administration cost increases and negative currency development.

Harbour towage activities measured by the number of tug jobs increased by 4%, driven by increased activity in the Americas and the Asia, Middle East & Africa region. In the Americas, growth was achieved by increase in market share in ports entered during 2018 while growth in the Asia, Middle East & Africa region was driven by entry into the new port in Tangier Med II, Morocco. This was partially offset by lower volumes in Australia while Europe remained on par.

For terminal towage, annualised EBITDA per tug decreased due to higher operating costs and negative currency development.

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

Activity in Europe remained stable, however with lower market share in the UK, partly offset by additional volume in Scandinavia due to higher activity level and the acquisition of Port Towage Nordic. The activities in Portugal were transferred to held for sale during Q1 2019, and the operations were subsequently divested in Q2, pending expected closing in Q4 2019.

In the Americas, the activity in Brazil grew in both volumes and market share, while harbour towage activity in Argentina decreased slightly. The terminal towage activities ramped up with Costa Rica in full operations from Q1 2019.

Revenue in the Asia, Middle East & Africa region increased due to towage operations in Bangladesh being in full operations in Q3 2019 as well as volume ramp up in Tangier Med II, Morocco and Monrovia, Liberia.

Fleet overview, towage

Number of vessels	Q3 2019	Q4 2018
Owned	349	339
Chartered	23	26
Total	**372**	**365**

Newbuilding		
Delivery within current year	2	2
Delivery coming years	9	-
Total	**11**	**2**

The towage fleet increased by seven vessels to 372 vessels with 349 owned and 23 chartered at the end of September 2019. A total of 11 vessels are on order with delivery of two vessels in 2019, eight vessels in 2020 and one vessel in 2021.

Revenue, towage

Per region, USD million	Q3 2019	Q3 2018	Change %
Australia	65	67	-3.3%
Europe	57	57	-0.5%
Americas	28	25	9.4%
Asia, Middle East and Africa	23	22	1.4%
Total	**172**	**171**	**0.1%**

Per activity, USD million			
Harbour towage	118	118	-0.2%
Terminal towage	55	56	-0.7%
Eliminations, etc.	-1	-3	N/A
Total	**172**	**171**	**0.1%**

In Q3, Svitzer and Crowley Maritime Corporation decided to divest its salvage business in Ardent, with an expected closing in Q4 2019.

Key initiatives in Q3

Continuous optimisation of the existing market portfolio is progressing with focus on growth in selected markets and improved customer satisfaction, along with efforts to strengthen the relationships with global customers.

To address the increased commercial pressure from fewer new projects, slow growth in vessel calls and overcapacity of towage tonnage in certain geographic markets, new strategic growth initiatives were launched in July 2019 together with projects focusing on crew optimisation and cost reduction.

Manufacturing & Others

Revenue decreased by 23% to USD 553m (USD 715m), 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 64m (USD 34m).

Maersk Container Industry

Financial and operational performance

Maersk Container Industry reported a revenue of USD 150m (USD 226m), negatively impacted by the exit from the dry business and 7% lower revenue in the reefer business. The reefer factory in Qingdao, China, has continued to run two-shift operations in Q3, but at a slightly lower volume due to lower market demand for reefer containers. The total demand from Maersk was 49% (23%).

The EBITDA of USD 13m (USD 5m) is reflecting the profitability of the continuing reefer business along with SG&A savings, whereas Q3 2018 was impacted by negative EBITDA in the dry business. EBITDA in the reefer business decreased by 6% primarily due to the lower revenue, while the EBITDA margin was on par with last year at 10% (10%).

Key initiatives in Q3

Maersk Container Industry continues to focus on volumes from a broad customer base and the Star Cool technology has more than 300.000 units in operation, spread across more than 40 container lines, leasing companies and multinational fruit companies around the globe.

Manufacturing & Others highlights

USD million	Q3		9M		Full year
	2019	2018[1]	2019	2018[1]	2018[1]
Revenue	553	715	1,570	2,084	2,787
Profit/loss before depreciation, amortisation and impairment losses, etc. (EBITDA)	64	34	121	115	163
EBITDA margin	11.6%	4.8%	7.7%	5.5%	5.8%
Gross capital expenditure, excl. acquisitions and divestments (CAPEX)	7	11	194	273	358
Operational and financial metrics, USD million					
Maersk Container Industry					
Sales volume (unit)	10,451	29,597	28,924	88,884	117,481
Sales to third party	77	174	217	410	601
EBITDA	13	5	14	31	40
Maersk Supply Service					
Gross utilisation	63%	66%	61%	61%	60%
Revenue backlog	273	262	273	262	323
EBITDA	4	7	14	7	3

1 Q3, 9M and full year 2018 are presented as if IFRS 16 had been implemented in 2018, for comparison purposes, unaudited.

The third-party bookings achieved in Q3 is the second largest historical number within a quarter, only exceeded by the bookings made in Q3 2018.

Maersk Supply Service

Financial and operational performance

Maersk Supply Service reported revenue of USD 81m (USD 76m), and EBITDA of USD 4m (USD 7m), reflecting higher rates in the Subsea Supply Vessel segment offset by lower utilisation for the fleet. Cash flow used for capital expenditure was USD 5m (USD 8m) related to planned maintenance.

Other

For other businesses, revenue ended at USD 322m (USD 413m), impacted by the divestment of bulk activities originally acquired from Hamburg Süd. EBITDA was USD 47m (USD 22m).

Financial review 9M 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.

A.P. Moller - Maersk reported an increase in EBITDA of USD 700m, mainly driven by Ocean with an improvement of USD 629m, supported by higher freight rates and volumes driven by capacity management and lower cost. Cash flow from operating activities was strong with a continued strict capital discipline.

A.P. Moller - Maersk reported an increase in *revenue* of USD 200m to USD 29.2bn (USD 29.0bn).

EBITDA increased by 20% to USD 4.2bn (USD 3.5bn), mainly due to Ocean increasing by 24% to USD 3.3bn (USD 2.6bn), positively impacted by higher freight rates and a reduction in operating cost.

EBIT was USD 1.4bn (USD 132m), reflecting an EBIT margin of 4.7% and positively impacted by the improved EBITDA in 2019. 2018 was negatively impacted by impairments in Maersk Supply Service by USD 345m and in RoRo by USD 100m as well as a write-down of assets of USD 141m related to the closure of Maersk Container Industry's factory in Chile.

Financial expenses, net amounted to USD 546m (USD 544m), positively impacted by lower debt in 2019 and positive currency movement offset by lower dividends from the Total S.A. shares of USD 12m (USD 204m).

Net profit for both continuing and discontinuing operations was USD 17m (USD 3.0bn) where the result for 2018 was positively impacted by an accounting gain of USD 2.6bn from the closing of the Maersk Oil transaction. The result for the continuing operations was a profit of USD 570m (loss of USD 683m).

The *underlying result* for continuing operations after financial items and tax was a profit of USD 517m (loss of USD 126m).

Cash flow from operating activities was USD 4.4bn (USD 2.8bn), positively impacted by an increase in EBITDA of USD 0.7bn and improvements in change in working capital of USD 1.0bn impacted by a negative change in working capital in 2018. The cash conversion improved to 103% (77%).

Gross capital expenditure (CAPEX) amounted to USD 1.6bn (USD 2.6bn), mainly related to previously ordered vessels and containers in Ocean, and development projects in Terminals & Towage.

Free cash flow was USD 5.7bn (USD 2.0bn), impacted by the sale of the remaining Total S.A. shares of USD 2.6bn and cash flow from operating activities of USD 4.4bn, partly offset by gross CAPEX of USD 1.6bn. Excluding the sale of Total S.A. shares, the free cash flow was USD 3.1bn (USD 0.8bn). Free cash flow adjusted for capitalised lease payments was USD 4.4bn (USD 0.7bn).

A.P. Moller - Maersk made net repayments of USD 1.9bn (USD 1.0bn), driven by repayments of leases of USD 1.0bn (USD 1.0bn) and bank debt of USD 1.8bn (USD 1.6bn), partially offset by new borrowings of USD 0.9bn (USD 1.6bn), driven by proceeds from the issuance of US bond of USD 500m in Q2 2019.

Total equity was USD 28.9bn (USD 33.2bn at 31 December 2018), with the decrease mainly driven by the separation and listing of Maersk Drilling of USD 3.4bn along with the USD 0.5bn ordinary dividend paid in April and share buy-backs of USD 0.5bn, resulting in an equity ratio of 52% (53%).

Highlights 9M

USD million	Revenue		EBITDA		CAPEX	
	2019	2018[1]	2019	2018[1]	2019	2018[1]
Ocean	21,384	21,083	3,263	2,634	992	1,947
Logistics & Services	4,554	4,525	206	167	62	31
Terminals & Towage	2,934	2,690	806	724	311	314
Manufacturing & Others	1,570	2,084	121	115	194	273
Unallocated activities, eliminations, etc.	-1,220	-1,360	-147	-91	7	-15
A.P. Moller - Maersk consolidated – continuing operations	**29,222**	**29,022**	**4,249**	**3,549**	**1,566**	**2,550**

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

Liquidity reserve increased to USD 11.3bn (USD 10.3bn at 31 December 2018) due to higher cash balances mainly because of the sale of the remaining shares in Total S.A. of USD 2.6bn.

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

Ocean

Ocean reported an increase in revenue of 1.4% to USD 21.4bn (USD 21.1bn), with an increase in freight revenue driven by higher freight rates and volumes while the increase in other revenue was mainly due to VSA income. The revenue was negatively impacted by the developments in foreign exchange rates. EBITDA increased by 24% to USD 3.3bn (USD 2.6bn) supported by capacity management and lower costs.

Volumes increased by 0.5% or 49k FFE while the average freight rate increased by 0.5%. Total operating costs decreased by 1.8% or USD 335m, mainly driven by lower network costs despite a 1.5% increase in the average bunker price. The lower operating cost and the 0.5% increase in volumes resulted in a unit cost decrease of 2.4%. The total cost was positively affected by the developments in foreign exchange rate.

Logistics & Services

Logistics & Services reported a revenue of USD 4.5bn (USD 4.5bn) supported by positive development in intermodal, warehousing and distribution and value-added services, which was offset by lower freight forwarding activities. Gross profit increased to USD 908m (USD 849m) driven by positive performance in intermodal, new warehousing facilities and lower maintenance costs in Star Air.

EBITDA increased to USD 206m (USD 167m) driven by intermodal and lower maintenance cost. This was partly offset by higher costs due to added warehousing facilities, IT costs and provision to integrate inland services into the Logistics & Services portfolio.

Supply chain management revenue was flat at USD 656m (USD 656m) with a marginal increase in volumes to 57,048 cbm (56,875 cbm). Gross profit was USD 258m (USD 259m) reflecting an impact of unfavourable rate of exchange.

Intermodal revenue increased to USD 2.0bn (USD 1.9bn) supported by volume growth to 2,839k FFE (2,793k FFE). Gross profit increased significantly to USD 83m (USD 33m) supported by both volume growth and margin optimisation.

Inland services revenue decreased to USD 435m (USD 445m) mainly driven by the drop of volume and prices in Mauritania and India. Gross profit decreased to USD 185m (USD 192m).

Sea freight forwarding revenue decreased to USD 418m (USD 460m), with a volume decrease to 441k TEU (473k TEU) partly due to a decision to exit certain countries and partly due to volume loss on some large customers and negative impact by foreign exchange rate. Both volume and margins were under pressure due to high exposure to the Chinese market. Gross profit declined to USD 65m (USD 85m) driven by margin deterioration to 147 USD/TEU (179 USD/TEU).

Air freight forwarding revenue decreased to USD 357m (USD 440m), with a volume decrease to 119k tonnes (130k tonnes), mainly due to soft market in China, reduced volume from customers within fashion and retail industry, the decision to exit certain countries and negative impact from foreign exchange rate. Gross profit decreased to USD 41m (USD 52m) reflecting margin deterioration to 345 USD/tonne (397 USD/tonne).

Terminals & Towage

Revenue increased by 9.1% to USD 2.9bn (USD 2.7bn) and EBITDA increased by 11% to USD 806m (USD 724m).

Terminals reported a revenue of USD 2.4bn (USD 2.2bn), mainly due to higher volume in Americas and ramp-up of the new terminal in Moin, Costa Rica. Volume increased by 7.1%, reaching 8.9m moves, mainly due to volume increase in Latin America and in North America terminals. Excluding newly operated terminals and divested terminals in 2019, like-for-like volumes increased by 5.5%, compared to estimated market growth of 1.9%. Capacity utilisation increased to 81% (71%).

Revenue per move increased to USD 263 (USD 248) and cost per move increased to USD 214 (USD 205) compared to 9M 2018. EBITDA grew by 20% to USD 651m (USD 542m).

Towage reported revenue of USD 516m (USD 527m) mainly impacted by negative currency development partly offset by higher activity as well as start of operations for new terminal towage contracts in Costa Rica, Liberia, Australia and Bangladesh.

Manufacturing & Others

Revenue decreased to USD 1.6bn (USD 2.1bn) with EBITDA of USD 121m (USD 115m).

In January, Maersk Container Industry announced to focus on growing the cold chain business and exit the dry container business, including the manufacturing in Dongguan, China, impacting both revenue and EBITDA.

Maersk Container Industry reported a revenue of USD 422m (USD 763m) and an EBITDA of USD 14m (USD 31m), negatively impacted by the exit from the dry business and the closing of the dry factory in Dongguan, China, with USD 31m in restructuring costs.

Maersk Supply Service reported a revenue of USD 220m (USD 206m) and an EBITDA of USD 14m (USD 7m), primarily driven by higher rates in the SSV segment.

For other businesses, revenue was USD 928m (USD 1.1bn), impacted by the divestment of bulk activities originally acquired from Hamburg Süd. EBITDA was USD 93m (USD 77m).

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 Q1 2019 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 energy-related businesses is thereby finalised.

Maersk Drilling

A negative fair value accounting adjustment of USD 628m was recognised in Q1 2019.

Impact of IFRS 16

IFRS 16 Leases introduces a single lessee accounting model, requiring lessees to recognise leases in the balance sheet as a right-of-use (ROU) asset and a 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 1 January 2019, using the modified retrospective approach, and comparative figures have not been restated. At initial recognition, ROU assets are measured at an amount equal to the lease liability, which is measured at the present value of future lease payments.

Maersk will not apply IFRS 16 to short-term leases, low-value leases or leases expiring before 31 December 2019. Maersk has applied a single discount rate to portfolios of leases with similar characteristics.

The implementation of IFRS 16 had a significant impact on the income statement for 9M and balance sheet as of 30 September 2019. ROU assets amounted to USD 6.4bn and are included in Ships, containers, etc. and Production facilities, equipment, etc. at USD 2.7bn, and USD 3.6bn, respectively, of which USD 2.9bn mainly relates to concession arrangements. The lease liability amounted to USD 6.7bn. Free cash flow has been impacted positively by USD 0.9bn, as repayments of lease liabilities are now included under cash flow from financing activities whereas net cash flow is unchanged.

Statement of the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the Interim Report of A.P. Møller - Mærsk A/S for the period 1 January 2019 to 30 September 2019.

The interim consolidated financial statements of A.P. Møller - Mærsk A/S has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU and additional Danish disclosure requirements for interim financial reporting of listed companies.

In our opinion, the interim consolidated financial statements (pages 23-33) gives a true and fair view of A.P. Moller - Maersk's consolidated assets, liabilities and financial position at 30 September 2019 and of the results of A.P. Moller - Maersk's consolidated operations and cash flows for the period 1 January to 30 September 2019.

Furthermore, in our opinion the Directors' report (pages 3-21) 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 as well as a description of the most significant risks and uncertainty factors that A.P. Moller - Maersk faces.

Copenhagen, 15 November 2019

Executive Board

Søren Skou — CEO

Carolina Dybeck Happe — CFO

Vincent Clerc

Morten Engelstoft

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		Q3 2019	Q3 2018	9M 2019	9M 2018	Full year 2018
1	Revenue	10,055	10,153	29,222	29,042	39,280
1	**Profit before depreciation, amortisation and impairment losses, etc. (EBITDA)**	**1,656**	**1,145**	**4,249**	**2,697**	**3,809**
	Depreciation, amortisation and impairment losses, net	1,021	1,142	3,127	2,849	3,737
	Gain on sale of non-current assets, etc., net	36	44	70	90	148
	Share of profit/loss in joint ventures	31	40	89	116	116
	Share of profit/loss in associated companies	35	-78	102	-35	-115
	Profit/loss before financial items	**737**	**9**	**1,383**	**19**	**221**
	Financial items, net	-148	-73	-546	-270	-401
	Profit/loss before tax	**589**	**-64**	**837**	**-251**	**-180**
	Tax	69	109	267	271	398
	Profit/loss for the period – continuing operations	**520**	**-173**	**570**	**-522**	**-578**
2	Profit/loss for the period – discontinued operations	-	569	-553	3,671	3,787
	Profit/loss for the period	**520**	**396**	**17**	**3,149**	**3,209**
	Of which:					
	Non-controlling interests	14	13	29	38	52
	A.P. Møller - Mærsk A/S' share	**506**	**383**	**-12**	**3,111**	**3,157**
	Earnings per share – continuing operations, USD	**24**	**-9**	**26**	**-27**	**-30**
	Diluted earnings per share – continuing operations, USD	**24**	**-9**	**26**	**-27**	**-30**
	Earnings per share, USD	**24**	**19**	**-1**	**150**	**152**
	Diluted earnings per share, USD	**24**	**19**	**-1**	**150**	**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		Q3 2019	Q3 2018	9M 2019	9M 2018	Full year 2018
	Profit/loss for the period	**520**	**396**	**17**	**3,149**	**3,209**
	Translation from functional currency to presentation currency	-202	-110	-200	-346	-345
	Reclassified to income statement, gain on sale of non-current assets, etc., net	-1	-	6	-	-
	Cash flow hedges	-70	22	-104	-22	-135
	Tax on other comprehensive income	3	-3	21	-23	8
	Share of other comprehensive income of joint ventures and associated companies, net of tax	-	1	-	2	2
	Total items that have been or may be reclassified subsequently to the income statement	**-270**	**-90**	**-277**	**-389**	**-470**
	Other equity investments	-2	328	166	689	-134
	Actuarial gains/losses on defined benefit plans, etc.	-	-	3	-	-7
	Tax on other comprehensive income	-	-68	-23	-140	-38
	Total items that will not be reclassified to the income statement	**-2**	**260**	**146**	**549**	**-179**
	Other comprehensive income, net of tax	**-272**	**170**	**-131**	**160**	**-649**
	Total comprehensive income for the period	**248**	**566**	**-114**	**3,309**	**2,560**
	Of which:					
	Non-controlling interests	9	8	20	26	38
	A.P. Møller - Mærsk A/S' share	**239**	**558**	**-134**	**3,283**	**2,522**

Condensed balance sheet at 30 September

Amounts in USD million

Note		30 September		31 December
		2019	2018	2018
	Intangible assets	4,265	4,297	4,278
	Property, plant and equipment	36,415	31,574	31,107
	Financial non-current assets, etc.	3,149	3,227	2,994
	Deferred tax	271	282	267
	Total non-current assets	**44,100**	**39,380**	**38,646**
	Inventories	1,129	1,231	1,073
	Receivables, etc.	5,544	6,154	5,687
	Equity investments, etc.	2	5,064	2,448
	Cash and bank balances	4,835	4,310	2,863
2	Assets held for sale or distribution	52	5,651	5,905
	Total current assets	**11,562**	**22,410**	**17,976**
	Total assets	**55,662**	**61,790**	**56,622**

Note		30 September		31 December
		2019	2018	2018
	Equity attributable to A.P. Møller - Mærsk A/S	28,135	33,355	32,609
	Non-controlling interests	744	764	771
	Total equity	**28,879**	**34,119**	**33,380**
	Lease liabilities, non-current	7,470	2,054	1,858
	Borrowings, non-current	7,782	11,538	8,036
	Other non-current liabilities	2,006	1,944	1,949
	Total non-current liabilities	**17,258**	**15,536**	**11,843**
	Lease liabilities, current	1,186	473	408
	Borrowings, current	731	3,179	1,586
	Other current liabilities	7,603	8,036	7,456
2	Liabilities associated with assets held for sale or distribution	5	447	1,949
	Total current liabilities	**9,525**	**12,135**	**11,399**
	Total liabilities	**26,783**	**27,671**	**23,242**
	Total equity and liabilities	**55,662**	**61,790**	**56,622**

Condensed cash flow statement

Amounts in USD million

Note		Q3		9M		Full year
		2019	2018	2019	2018	2018
	Profit/loss before financial items	737	9	1,383	19	221
	Non-cash items, etc.	1,060	1,177	3,020	2,788	3,727
	Change in working capital	114	-8	418	-650	-339
	Cash flow from operating activities before tax	1,911	1,178	4,821	2,157	3,609
	Taxes paid	-179	-102	-437	-293	-381
	Cash flow from operating activities	**1,732**	**1,076**	**4,384**	**1,864**	**3,228**
	Purchase of intangible assets and property, plant and equipment (CAPEX)	-343	-409	-1,566	-2,550	-3,219
	Sale of intangible assets and property, plant and equipment	61	221	153	313	432
	Sale of other equity investments	-	1,197	2,615	1,240	3,033
	Acquisition/sale of subsidiaries and activities, financial investments etc., net	-40	-23	-67	-7	-39
	Dividends received	52	47	174	268	439
	Purchase/sale of securities, trading portfolio	-	-10	-	-10	-
	Cash flow used for investing activities	**-270**	**1,023**	**1,309**	**-746**	**646**
	Repayment of/proceeds from borrowings and lease liabilities, net	-911	-299	-1,938	-403	-5,651
	Financial payments, net	-221	-171	-640	-476	-577
	Purchase of own shares	-363	-	-509	-	-
	Dividends distributed	-	-	-469	-517	-517
	Dividends distributed to non-controlling interests	-16	-33	-54	-52	-75
	Other equity transactions	-9	-6	19	-70	-45
	Cash flow from financing activities	**-1,520**	**-509**	**-3,591**	**-1,518**	**-6,865**
	Net cash flow from continuing operations	**-58**	**1,590**	**2,102**	**-400**	**-2,991**
2	Net cash flow from discontinued operations	-	98	-372	2,566	3,967
	Net cash flow for the period	**-58**	**1,688**	**1,730**	**2,166**	**976**
	Cash and cash equivalents, beginning of period	4,947	2,713	3,149	2,268	2,268
	Currency translation effect on cash and bank balances	-81	-35	-71	-68	-95
	Cash and cash equivalents, end of period	4,808	4,366	4,808	4,366	3,149
	Of which classified as assets held for sale	-	-87	-	-87	-372
	Cash and cash equivalents, end of period	**4,808**	**4,279**	**4,808**	**4,279**	**2,777**
	Cash and cash equivalents					
	Cash and bank balances	4,835	4,310	4,835	4,310	2,863
	Overdrafts	27	31	27	31	86
	Cash and cash equivalents, end of period	**4,808**	**4,279**	**4,808**	**4,279**	**2,777**

Cash and bank balances include USD 1.0bn (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	-	-199	143	-69	3	-122	-9	-131
Profit/loss for the period	-	-	-	-	-12	-12	29	17
Total comprehensive income for the period	**-**	**-199**	**143**	**-69**	**-9**	**-134**	**20**	**-114**
Dividends to shareholders	-	-	-	-	-469	-469	-54	-523
Value of share-based payment	-	-	-	-	9	9	-	9
Sale of non-controlling interests	-	-	-	-	-	-	-	-
Purchase of own shares	-	-	-	-	-509[2]	-509	-	-509
Sale of own shares	-	-	-	-	-	-	-	-
Capital increases and decreases	-	-	-	-	-	-	7	7
Transfer of gain/loss on disposal of equity investments to retained earnings[1]	-	-	56	-	-56	-	-	-
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
Total transactions with shareholders	**-**	**-**	**56**	**-**	**-4,396**	**-4,340**	**-47**	**-4,387**
Equity 30 September 2019	**3,774**	**-815**	**-3**	**-172**	**25,351**	**28,135**	**744**	**28,879**
Equity 1 January 2018	3,774	-286	26	26	27,069	30,609	816	31,425
								-
Other comprehensive income, net of tax	-	-333	549	-46	2	172	-12	160
Profit/loss for the period	-	-	-	-	3,111	3,111	38	3,149
Total comprehensive income for the period	**-**	**-333**	**549**	**-46**	**3,113**	**3,283**	**26**	**3,309**
Dividends to shareholders	-	-	-	-	-517	-517	-52	-569
Value of share-based payment	-	-	-	-	10	10	-	10
Acquisition of non-controlling interests	-	-	-	-	-30	-30	-30	-60
Capital increases and decreases	-	-	-	-	-	-	4	4
Transfer of gain/loss on disposal of equity investments to retained earnings	-	-	-107	-	107	-	-	-
Other equity movements	-	-	-	-	-	-	-	-
Total transactions with shareholders	**-**	**-**	**-107**	**-**	**-430**	**-537**	**-78**	**-615**
Equity 30 September 2018	**3,774**	**-619**	**468**	**-20**	**29,752**	**33,355**	**764**	**34,119**

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 56m has been transferred within equity.

2 Up until 30 September 2019, a total of 90,641 A shares and 362,891 B shares have been repurchased with a value of USD 509m as part of the share buy-back programme initiated on 4 June 2019. At 30 September 2019, A.P. Moller - Maersk owns a total of 90,641 A shares and 413,697 B shares as treasury shares, corresponding to 2.42% 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
Q3 2019					
External revenue	7,206	1,569	792	475	10,042
Inter-segment revenue	99	53	194	78	424
Total segment revenue	**7,305**	**1,622**	**986**	**553**	**10,466**
Unallocated and eliminations					-411
Total revenue	**-**	**-**	**-**	**-**	**10,055**
Segment profit/loss before depreciation, amortisation and impairment losses, etc. (EBITDA)	**1,268**	**94**	**313**	**64**	**1,739**
Unallocated items					-81
Eliminations					-2
Consolidated profit/loss before depreciation, amortisation and impairment losses, etc. (EBITDA)					**1,656** [1]
Gross capital expenditures, excl. acquisitions and divestments (CAPEX)	209	24	105	7	345

	Ocean	Logistics & Services	Terminals & Towage	Manufacturing & Others	Total
Q3 2018					
External revenue	7,219	1,539	732	653	10,143
Inter-segment revenue	102	42	200	62	406
Total segment revenue	**7,321**	**1,581**	**932**	**715**	**10,549**
Unallocated and eliminations					-400
IFRS 16 impact					4
Total revenue	**-**	**-**	**-**	**-**	**10,153**
Segment profit/loss before depreciation, amortisation and impairment losses, etc. (EBITDA)	**1,126**	**70**	**254**	**34**	**1,484**
Unallocated items					-34
Eliminations					5
IFRS 16 impact					-310
Consolidated profit/loss before depreciation, amortisation and impairment losses, etc. (EBITDA)					**1,145** [1]
Gross capital expenditures, excl. acquisitions and divestments (CAPEX)	324	11	97	11	443

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
9M 2019					
External revenue	21,093	4,411	2,342	1,352	29,198
Inter-segment revenue	291	143	592	218	1,244
Total segment revenue	**21,384**	**4,554**	**2,934**	**1,570**	**30,442**
Unallocated and eliminations					-1,220
Total revenue	**-**	**-**	**-**	**-**	**29,222**
Segment profit/loss before depreciation, amortisation and impairment losses, etc. (EBITDA)	**3,263**	**206**	**806**	**121**[2]	**4,396**
Unallocated items					-155
Eliminations					8
Consolidated profit/loss before depreciation, amortisation and impairment losses, etc. (EBITDA)					**4,249**[1]
Gross capital expenditures, excl. acquisitions and divestments (CAPEX)	992	62	311	194	1,559

	Ocean	Logistics & Services	Terminals & Towage	Manufacturing & Others	Total
9M 2018					
External revenue	20,807	4,380	2,113	1,694	28,994
Inter-segment revenue	276	145	577	390	1,388
Total segment revenue	**21,083**	**4,525**	**2,690**	**2,084**	**30,382**
Unallocated and eliminations					-1,360
IFRS 16 impact					20
Total revenue	**-**	**-**	**-**	**-**	**29,042**
Segment profit/loss before depreciation, amortisation and impairment losses, etc. (EBITDA)	**2,634**	**167**	**724**	**115**	**3,640**
Unallocated items					-95
Eliminations					4
IFRS 16 impact					-852
Consolidated profit/loss before depreciation, amortisation and impairment losses, etc. (EBITDA)					**2,697**[1]
Gross capital expenditures, excl. acquisitions and divestments (CAPEX)	1,947	31	314	273	2,565

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		Q3		9M	Full year
		2019	2018	2019	2018	2018
Ocean	Freight revenue	6,373	6,431	18,724	18,579	24,925
	Other revenue, including hubs	932	890	2,660	2,504	3,441
Logistics & Services	Supply chain management revenue	245	256	656	656	867
	Inland services revenue	149	147	435	445	595
	Intermodal revenue	685	653	1,965	1,924	2,569
	Sea freight revenue	141	165	418	460	646
	Air freight revenue	137	152	357	440	608
	Other services revenue	265	208	723	600	797
Terminals & Towage	Terminal services	821	768	2,436	2,175	3,095
	Towage services	172	171	516	527	692
Manufacturing & Others	Sale of containers and spare parts	150	226	422	763	978
	Offshore supply services	81	76	220	207	263
	Other Shipping activities	89	173	324	504	719
	Other services	233	240	604	610	827
Unallocated activities and eliminations[3]		-418	-407	-1,238	-1,372	-1,765
IFRS 16 impact			4		20	23
Total revenue		**10,055**	**10,153**	**29,222**	**29,042**	**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

		9M	Full year
	2019	2018	2018
Profit/loss for the period - discontinued operations			
Revenue	308	1,642	1,977
Expenses (incl. net financial expenses, eliminations, etc.)	233	810	1,021
Gains/losses on sale of assets and businesses	-	2,633	2,633
Fair value adjustment	-628	445	445
Profit/loss before tax, etc.	**-553**	**3,910**	**4,034**
Tax	-	239	247
Profit/loss for the period – discontinued operations	**-553**	**3,671**	**3,787**
A.P. Møller - Mærsk A/S' share of profit/loss	-553	3,671	3,787
Earnings per share	-27	177	183
Diluted earnings per share	-27	177	183
Net cash flow from discontinued operations	**-372**	**2,566**	**3,967**

		30 September	31 December
	2019	2018	2018
Balance sheet items comprise:			
Intangible assets	-	92	91
Property, plant and equipment	49	4,890	4,964
Deferred tax assets	-	12	-8
Other assets	-	72	59
Non-current assets	**49**	**5,066**	**5,106**
Current assets	3	585	799
Assets held for sale	**52**	**5,651**	**5,905**
Provisions	-	34	75
Deferred tax liabilities	-	76	66
Other liabilities	5	337	1,808
Liabilities associated with assets held for sale	**5**	**447**	**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 3.7bn). Total cash flow from the discontinued operations was negative by USD 372m (positive USD 2.6bn).

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 Company Act section 54, 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 September 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 of the original gain calculated on 30 September 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 trans action is summarised below:

Cash flow from sale of Maersk Oil (2018) and demerger of Maersk Drilling (2019)		9M	Full year
	2019	2018	2018
Carrying amount			
Intangible assets	91	779	779
Property, plant and equipment	4,426	6,750	6,750
Financial assets – non-current	4	433	433
Deferred tax asset	-14	233	233
Current assets	792	1,338	1,338
Provisions	-24	-2,767	-2,767
Liabilities	-1,904	-3,831	-3,831
Net assets sold	**3,371**	**2,935**	**2,935**
Non-controlling interests	-	-	0
A.P. Møller - Mærsk A/S' share	**3,371**	**2,935**	**2,935**
Gain/loss on sale	-	2,632	2,632
Repayment of loan	-	2,500	2,500
Locked box interest received	-	156	156
Distribution of shares in The Drilling Company of 1972 A/S to shareholders in A.P. Møller - Mærsk A/S	-3,371	-	0
Total consideration	**0**	**8,223**	**8,223**
Shares in Total S.A. received	-	-5,567	-5,567
Cash and bank balances transferred at closing	-425	-633	-633
Cash flow from sale of subsidiaries and activities	**-425**	**2,023**	**2,023**

Secondary decommissioning liability

As part of the divestment of Mærsk Olie & Gas A/S (MOGAS) to Total S.A., A.P. Møller - Mærsk A/S (APMM) has assumed a secondary liability related to the decommissioning of the offshore facilities in Denmark by issuance of a declaration. APMM assesses the risk of economic outflows because of this secondary liability as very remote. For further information, reference is made to note 9 of the Annual Report 2018.

Note 3 Financial risks, etc.

Amounts in USD million

Except of the below, the financial risks, etc. are not significantly different from those described in note 17 of the consolidated financial statements for 2018, to which reference is made.

Liquidity risk		30 September	31 December
	2019	2018	2018
Borrowings and lease liabilities	17,169	17,244	11,888
Net interest-bearing debt[1]	12,056	12,514	8,730
Liquidity reserve[2]	11,345	11,832	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 0.1bn 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 6.7bn at 30 September 2019 following the implementation of IFRS 16.

Liquidity reserve increased to USD 11.3bn (USD 10.3bn at 31 December 2018) due to higher cash balances mainly because of the sale of the remaining shares in Total S.A. of USD 2.6bn.

Note 4 Commitments – continuing operations

Amounts in USD million

Operating lease commitments
At 30 September 2019, the net present value of operating lease commitments totalled USD 0.3bn.

Capital commitments	Ocean	Logistics & Services	Terminals & Towage	Manufacturing & Others	Total
30 September 2019					
Capital commitments relating to acquisition of non-current assets	421	16	258	-	695
Commitments towards concession grantors	266	-	923	-	1,189
Total capital commitments	**687**	**16**	**1,181**	**-**	**1,884**
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 30 September 2019		No		
	2019	2020	2021	Total
Tugboats	2	8	1	11
Total	**2**	**8**	**1**	**11**

Capital commitments relating to the newbuilding programme at 30 September 2019		USD million		
	2019	2020	2021	Total
Tugboats	17	35	10	62
Total	**17**	**35**	**10**	**62**

USD 0.1bn of the total capital commitments is related to the newbuilding programme for ships etc. at a total contract price of USD 0.1bn, including owner-furnished equipment. The remaining capital commitments of USD 1.8bn relate to investments mainly 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

Amounts in USD million

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 consolidated financial statements for 2018 in notes 23 and 24 of the Annual Report, to which reference is made, apart from change described below:

Discontinued operations and assets held for sale
Discontinued operations represent a separate major line of business disposed of or in preparation for sale. During Q1 2019, Maersk Supply Service no longer fulfilled the requirement to be classified as discontinued operations and assets held for sale and was thus reclassified as continuing business. 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 businesses. Following the reclassification as a continuing business, Maersk Supply Service forms part of the Manufacturing & Others reportable segment. Comparative figures have been restated. The impact on the first nine months period ending 30 September 2018 of the reclassifications on key accounting lines were: Revenue (USD 205m), EBITDA (USD 7m), Profit/loss for the period – continuing operations (USD -408m) and Equity (USD 3m).

New financial reporting requirements
A number of changes to accounting standards are effective from 1 January 2019 and endorsed by the EU. Those of relevance to A.P. Moller - Maersk are:

- Leases (IFRS 16)
- Uncertainty over income tax treatments (IFRIC 23).

Leases (IFRS 16)
Effective 1 January 2019, A.P. Moller - Maersk applied the new reporting standard on Leases, IFRS 16. All leases are recognised as right-of-use assets with corresponding lease liabilities at the date on which the leased asset is available for use by A.P. Moller - Maersk.

Each lease payment is allocated between a reduction of the liability and an interest expense. The interest expense is charged to the income statement over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

A.P. Moller - Maersk transitioned to IFRS 16 in accordance with the modified retrospective approach, therefore previous period comparative figures will not be adjusted in the financial statements. Additionally, the definition of a lease under IAS 17 and its related interpretations have been retained.

Leases classified as finance leases at 31 December 2018 were transitioned to IFRS 16 at their carrying amount of USD 2.3bn.

At 31 December 2018, A.P. Moller - Maersk had non-cancellable operating lease commitments of USD 12.0bn. As part of the transition, A.P. Moller - Maersk applied the following adjustments before discounting lease payments:

- Service components included in the pricing of vessel charter fees are not included as part of the lease liability. These costs will be recognised in the income statement as incurred.
- Terminal concession agreements to which A.P. Moller - Maersk is committed, but which will only begin operations during Q1 2019 or later are not capitalised at transition.
- A.P. Moller - Maersk will not apply the new standard to leases with a remaining term of 12 months or less from 1 January 2019. Additionally, leases with maximum lease term less than 12 months are exempted from provisions of the new standard.

The table below bridges operating lease commitments related to continuing operations to IFRS 16 lease liabilities on 1 January 2019:

Reconciliation of commitments to lease liability	(USDm)
Operating lease obligations (continuing operations)	12,041
Adjustment for commitments not yet commenced	-2,240
Adjustments for service components	-1,266
Optional period payments	758
Other adjustments	-283
Undiscounted lease liabilities	**9,010**
Discounting effect	2,765
Lease liability	**6,245**

A weighted average incremental borrowing rate of 6.6% was applied. The incremental borrowing rate was based on reference interest rates derived for a period up to 10 years based on corporate bond yields in major currencies, i.e. USD, EUR and SEK.

On transition, A.P. Moller - Maersk's opening balance of gross debt increased by USD 6.2bn to USD 18.1bn, while property, plant and equipment increased to USD 37.2bn. The increase in property, plant and equipment of USD 6.1bn mainly related to Vessels (USD 2.5bn) and Terminal rights (USD 2.3bn).

In connection with the transition to the new standard management has applied judgement and formed assumptions in relation to assessing the incremental borrowing rate, service components and extension options of leasing arrangements. Management has formed its judgements and assumptions based on historical experience, internal and external data points.

Uncertainty over income tax treatments (IFRIC 23)
A.P. Moller - Maersk follows the guidelines in IFRIC 23 for accounting for uncertain income tax positions and the implementation of the interpretation standard has not resulted in a significant change to the measurement of recognised uncertain tax positions.

Following the application of IFRIC 23, A.P. Moller - Maersk presents uncertain tax positions as either deferred or current tax. The 2018 ending balances have been restated by USD 410m from provisions to income tax liabilities.

Note 6 Subsequent events

On 11 November 2019, it was announced that Søren Toft, COO has left A.P. Moller - Maersk to pursue an opportunity outside the company. Søren Skou, CEO has taken on the responsibilities of the COO in the interim.

The Executive Board hereafter consists of Søren Skou, Carolina Dybeck Happe, Vincent Clerc, and Morten Engelstoft.

Additional information

Quarterly summary

Amounts in USD million

	2019			2018			
Income statement	Q3	Q2	Q1	Q4[1]	Q3[1]	Q2[1]	Q1[1]
Revenue	10,055	9,627	9,540	10,235	10,149	9,568	9,305
Profit before depreciation, amortisation and impairment losses, etc. (EBITDA)	1,656	1,357	1,236	1,449	1,456	1,162	931
Depreciation, amortisation and impairment losses, net	1,021	1,024	1,082	1,168	1,402	1,166	1,020
Gain on sale of non-current assets, etc., net	36	16	18	76	44	13	33
Share of profit/loss in joint ventures	31	34	24	-	40	39	37
Share of profit/loss in associated companies	35	33	34	-80	-78	17	26
Profit/loss before financial items (EBIT)	737	416	230	277	60	65	7
Financial items, net	-148	-170	-228	-222	-170	-154	-220
Profit/loss before tax	589	246	2	55	-110	-89	-213
Tax	69	92	106	127	109	64	98
Profit/loss for the period – continuing operations	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	520	153	-656	44	350	-32	2,670
A.P. Møller - Mærsk A/S' share	506	141	-659	32	338	-41	2,656
Underlying profit/loss	452	134	-69	65	188	15	-329
Balance sheet							
Total assets	55,662	56,555	61,701	62,690	67,872	67,157	67,641
Total equity	28,879	28,997	32,843	33,205	33,959	33,435	34,217
Invested capital	40,938	41,910	46,491	49,255	52,591	53,854	53,794
Net interest-bearing debt	12,056	12,910	12,565	14,953	18,718	20,517	19,630
Cash flow statement							
Cash flow from operating activities	1,732	1,170	1,482	1,697	1,387	630	728
Gross capital expenditure, excl. acquisitions and divestments (CAPEX)	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	-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	16.5%	14.1%	13.0%	14.2%	14.3%	12.1%	10.0%
Cash conversion	105%	86%	120%	117%	95%	54%	78%
Return on invested capital after tax – continuing operations (ROIC)	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	7,746	8,142	8,442	8,184	9,020	7,948	9,344
Share price (B share), end of period, USD	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.

Alphaliner
Alphaliner is a worldwide provider of container shipping data and analysis.

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

Backlog
The value of future contract coverage (revenue backlog).

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 operations 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, %
Cash return on invested capital is calculated based on free cash flow excluding acquisitions/divestments (CFFO – Gross capex) divided by the average invested capital.

Contract coverage
Percentage indicating the part of vessel days that are contracted for a specific period.

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

CROIC
Cash return on invested capital based on free cash flow excluding acquisitions/divestments divided by average invested capital for continuing operations.

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 Oil up to closing in March 2018, Maersk Tankers up to closing in October 2017 as well as Maersk Drilling and Maersk Supply Service.

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, JV´s and associated).

FFE
Forty Foot container Equivalent unit.

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 will enter 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.

NOPAT
Net Operating Profit or loss After Tax.

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
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.

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 associates and joint ventures.

VSA
Vessel Sharing Agreement is usually reached between various partners within a shipping consortium who agree to operate a liner service along a specified route using a specified number of vessels.

Colophon

Board of Directors, A.P. Møller - Mærsk A/S

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

Executive Board, A.P. Møller - Mærsk A/S

Søren Skou, Chief Executive Officer (CEO)

Carolina Dybeck Happe (CFO)

Vincent Clerc

Morten Engelstoft

Audit Committee

Arne Karlsson, Chairman

Bernard L. Bot

Jim Hagemann Snabe

Remuneration Committee

Jim Hagemann Snabe, Chairman

Niels Bjørn Christiansen

Robert Mærsk Uggla

Nomination Committee

Ane Mærsk Mc-Kinney Uggla, Chairman

Jim Hagemann Snabe

Robert Mærsk Uggla

Transformation & Innovation Committee

Niels Bjørn Christiansen, Chairman

Jim Hagemann Snabe

Robert Mærsk Uggla

Auditor

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab

Editors
Stig Frederiksen
Finn Glismand

Design and layout
e-Types

ISSN 1604-2913
Produced in Denmark 2019