ALL THE WAY

MAERSK

Q2

2020

A.P. Møller - Mærsk A/S | Interim Report | 19 August 2020

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The Q3 2020 Interim Report is expected to be announced on 18 November 2020.

Webcast and dial-in information
A webcast relating to the Q2 2020 Interim Report will be held on 19 August 2020 at 11.00 am (CET). Dial-in information on investor.maersk.com.

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

The Interim Report for Q2 2020 of A.P. Møller - Mærsk A/S (further referred to as A.P. Moller - 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 adopted by the EU and additional Danish disclosure requirements for interim financial reporting of listed companies.

The interim consolidated financial statements have not been subject to audit or review.

Change in presentation and comparative figures
From Q1 2020, as part of the refinement of A.P. Moller - Maersk's segment structure to align with the internal management structure and demarcation between the reportable segment activities, a number of changes have been made, see note 4 Accounting policies, judgements and significant estimates. Comparison figures have been restated.

Unless otherwise stated, all figures in parentheses 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.

"The COVID-19 pandemic impacted the global demand significantly in the second quarter, and our business volumes as expected were sharply down across Ocean, Logistics & Services and Terminals. As a consequence, our revenue declined by 6.5% compared to the same quarter last year. Throughout the quarter our focus remained on three things: protecting our employees from the virus, serving our customers by keeping our global network of ships sailing, and our ports, warehouses and inland transportation networks operating, and helping the societies we are part of fight the virus.

We take pride in the fact that we were able to continue to serve our customers global transportation needs and supply chains throughout the quarter under very difficult circumstances. We were never closed for business.

As a result of the lock-downs, closed borders and travel restrictions around the world, we experienced significant problems in relieving our seafarers when their contracts expired, a persistent issue of serious concern to us, which we are proactively addressing.

I am pleased that we, despite the headwinds, continued our track record of improving earnings and free cash flow. Our operating earnings (EBITDA) improved by 25% to USD 1.7bn. This marks the eighth consecutive quarter with year-on-year improvements in operating earnings. The continued improvement in operating results were driven by strong cost performance across all of our businesses, lower fuel prices and higher freight rates on Ocean and increased profitability in Logistics & Services.

The improvement in operating earnings, combined with continued disciplined approach to CAPEX, ensured that our Cash return on invested capital (CROIC) increased by 3.6 percentage points to 12.5%.

While a lot of focus was devoted to the day-to-day running of the business in Q2 due to the pandemic, we also continued to transform our business for the future, investing in digital solutions and broaden our presence in land-side logistics. In Ocean, the digital product Maersk SPOT continues to gain traction and now moves 41% of our short-term business. In Logistics & Services we closed the acquisition and started the integration of Performance Team and announced the intended acquisition of KGH Custom Services in July.

With a strong result and a strong balance sheet we are well positioned to financially and strategically come out stronger of the crisis."

Søren Skou
CEO of A.P. Moller - Maersk

Highlights Q2 2020

- In Q2, the global economic environment was severely impacted by the spread of the COVID-19 pandemic and its effect on economies on all continents. Our business was negatively impacted by a sharp drop in volumes.

- Revenue decreased by 6.5% to USD 9.0bn (USD 9.6bn), mainly driven by a volume decrease of 16% in Ocean and 14% in gateway terminals, partially offset by increased freight rates and increased revenue per move in Terminals.

- EBITDA increased across all segments and improved by 25% or USD 340m to USD 1.7bn (USD 1.4bn), higher than the expected EBITDA of slightly above USD 1.5bn communicated on 17 June. The EBITDA margin increased to 18.9% (14.1%) with increases in all segments.

- EBITDA in Ocean increased by USD 280m to USD 1.4bn (USD 1.1bn), as the 16% decline in volume was more than offset by active network capacity management, higher freight rates, improved bunker efficiency and lower fuel prices.

- In Logistics & Services, EBITDA more than doubled at USD 97m (USD 46m), with the decline in volumes more than offset by spikes in air freight forwarding rates, margin optimisation in intermodal and the acquisition of Performance Team in April 2020.

- In Terminals & Towage, gateway EBITDA was on par at USD 186m (USD 184m) with volume decreases of 14% offset by higher revenue per move and cost reductions. Towage showed resilience and slightly increased its EBITDA.

- Cash flow from operating activities increased to USD 1.9bn (USD 1.2bn) continuing the positive development from previous quarters and gross CAPEX decreased to USD 362m (USD 445m). Free cash flow increased significantly to USD 1.1bn (USD 270m).

- Cash return on invested capital (CROIC), last twelve months, increased to 12.5% (8.9%) due to stronger cash flow from operations and lower gross CAPEX. Return on invested capital (ROIC), last twelve months, increased to 4.7% (1.4%), as earnings improved and invested capital declined slightly.

- Net interest-bearing debt was on par at USD 11.6bn (USD 11.7bn end of 2019), as free cash flow of USD 1.5bn for the first six months was used for share buy-back of USD 598m, annual dividends of USD 430m and acquisitions of USD 234m.

- Reinstating full-year guidance for 2020 with EBITDA expectations between USD 6.0bn-7.0bn compared to the initial full-year guidance of an EBITDA around USD 5.5bn. However, significant uncertainties remain on demand growth due to COVID-19, global supply growth and bunker prices.

Summary financial information

Amounts in USD million

	Q2		H1		Full year
Income statement	2020	2019	2020	2019	2019
Revenue	8,997	9,627	18,568	19,167	38,890
Profit before depreciation, amortisation and impairment losses etc. (EBITDA)	1,697	1,357	3,218	2,593	5,712
Depreciation, amortisation and impairment losses, net	1,149	1,024	2,222	2,106	4,287
Gain on sale of non-current assets etc., net	145	16	164	34	71
Share of profit/loss in joint ventures and associated companies	58	67	143	125	229
Profit/loss before financial items (EBIT)	751	416	1,303	646	1,725
Financial items, net	-232	-170	-447	-398	-758
Profit/loss before tax	519	246	856	248	967
Tax	76	92	204	198	458
Profit/loss for the period – continuing operations	443	154	652	50	509
Profit/loss for the period – discontinued operations[1]	-	-1	-	-553	-553
Profit/loss for the period	443	153	652	-503	-44
A.P. Møller - Mærsk A/S' share	427	141	624	-518	-84
Underlying profit/loss – continuing operations[2]	359	134	556	65	546
Balance sheet					
Total assets	55,319	56,555	55,319	56,555	55,399
Total equity	28,569	28,997	28,569	28,997	28,837
Invested capital	40,186	41,910	40,186	41,910	40,555
Net interest-bearing debt	11,564	12,910	11,564	12,910	11,662
Cash flow statement					
Cash flow from operating activities	1,867	1,170	3,083	2,652	5,919
Gross capital expenditure, excl. acquisitions and divestments (CAPEX)	362	445	672	1,223	2,035
Cash flow from financing activities	-59	-769	-1,679	-2,071	-4,800
Free cash flow[3]	1,051	270	1,496	594	2,340
Net cash flow from discontinued operations	-	-419	-	-372	-372
Financial ratios					
Revenue growth	-6.5%	0.6%	-3.1%	1.6%	-0.9%
EBITDA margin	18.9%	14.1%	17.3%	13.5%	14.7%
Cash conversion	110%	86%	96%	102%	104%
Return on invested capital after tax – continuing operations (ROIC)	4.7%	1.4%	4.7%	1.4%	3.1%
Return on equity after tax, annualised	6.3%	2.0%	4.5%	-3.2%	-0.1%
Equity ratio	51.6%	51.3%	51.6%	51.3%	52.1%
Stock market ratios					
Earnings per share – continuing operations, USD	21	7	31	2	23
Diluted earnings per share – continuing operations, USD	21	7	31	2	23
Cash flow from operating activities per share, USD	95	57	156	128	288
Share price (B-share), end of period, DKK	7,728	8,142	7,728	8,142	9,608
Share price (B-share), end of period, USD	1,161	1,241	1,161	1,241	1,439
Total market capitalisation, end of period, USDm	21,827	24,749	21,827	24,749	28,000

1 Maersk Drilling was classified as discontinued operations in 2017, and the business is presented separately on an aggregated level in the income statement, balance sheet and cash flow statement. Maersk Drilling was demerged on 2 April 2019.
2 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 major transactions. The adjustments are net of tax and include A.P. Moller - Maersk's share of mentioned items in joint ventures and associated companies.
3 The definition of free cash flow has changed, and comparative figures have been restated, see page 28.

Financial review Q2 2020

Revenue was USD 9.0bn (USD 9.6bn) with a decrease in Ocean of USD 626m and USD 93m in Terminals & Towage while Logistics & Services and Manufacturing & Others were on par.

EBITDA increased by 25% to USD 1.7bn (USD 1.4bn) with increases in all segments, primarily in Ocean by USD 280m due to network capacity management, increasing freight rates, improved bunker efficiency and lower fuel prices. EBITDA increased by USD 51m in Logistics & Services with a positive increase in air freight forwarding activity due to spikes in rates because of COVID-19 and due to the acquisition of Performance Team. In gateway terminals, EBITDA was on a par with last year. The EBITDA margin increased to 18.9% (14.1%).

EBIT of USD 751m (USD 416m), was primarily impacted by the improved EBITDA and to a lesser extent by the net result from the sale of containers and facilities, a gain resulting from fully consolidating the Gujarat Pipavav Port, India, offset by impairments as a result of the current market environment. EBIT margin increased to 8.3% (4.3%).

Financial expenses, net amounted to USD 232m (USD 170m), positively impacted by lower gross debt, but more than offset by negative foreign exchange rate impacts of USD 38m (positive USD 50m).

The underlying profit from continuing operations after financial items and tax was USD 359m (USD 134m).

Cash flow from operating activities was USD 1.9bn (USD 1.2bn), positively impacted by an increase in EBITDA of USD 340m, an improvement of change in net working capital of USD 124m as well as provisions and unrealised derivative losses of USD 204m leading to an increase in cash conversion to 110% (86%).

Gross capital expenditure (CAPEX) was USD 362m (USD 445m) with lower investments in Ocean.

Free cash flow was USD 1.1bn (USD 270m), positively impacted by higher cash flow from operating activities, gain on sales of property, plant and equipment, and lower CAPEX spend partly offset by increased lease payments.

Cash flow from borrowings was positive USD 897m (USD 383m) due to USD 1.3bn of new funding from export credit agencies and commercial banks, offset by repayments of USD 371m. The new funding was acquired to maintain strong liquidity due to uncertainties arising from the COVID-19 pandemic.

Contractual capital commitments totalled USD 1.6bn (USD 1.7bn at year-end 2019), of which USD 1.2bn are related to commitments towards terminal concession grantors. Strong commitment to capital discipline and free cash flow generation continue to be a key strategic focus.

Liquidity reserve was unchanged at USD 10.5bn (USD 10.5bn at year-end 2019) and was composed of liquid funds excluding restricted cash of USD 4.1bn (USD 3.9bn at year-end 2019), short term deposits of USD 250m (nil at year-end) and undrawn revolving credit facilities of USD 6.2bn (USD 6.7bn at year-end 2019).

Capital structure and credit rating

Net interest-bearing debt was on par at USD 11.6bn (USD 11.7bn end of 2019), as free cash flow of USD 1.5bn for the first six months was used for share buy-back of USD 598m, annual dividends of USD 430m and acquisitions of USD 234m. Net interest-bearing debt excluding lease liabilities was on par at USD 3.1bn (USD 3.1bn end of 2019).

A.P. Moller - Maersk remains investment grade-rated and holds a Baa3 (negative) rating from Moody's and a BBB (negative) rating from Standard & Poor's.

Share buy-back

In Q2 2019, the Board of Directors decided to exercise its authority to buy back shares of a maximum value of DKK 10bn (around USD 1.5bn) over a period of up to 15 months. This was

Highlights Q2

USD million	Revenue		EBITDA		CAPEX	
	2020	2019	2020	2019	2020	2019
Ocean	6,570	7,196	1,357	1,077	208	314
Logistics & Services	1,569	1,579	97	46	35	28
Terminals & Towage	878	971	237	230	112	86
Manufacturing & Others	316	300	49	39	7	10
Unallocated activities, eliminations etc.	-336	-419	-43	-35	-	7
A.P. Moller - Maersk consolidated – continuing operations	**8,997**	**9,627**	**1,697**	**1,357**	**362**	**445**

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.

As of 30 June, A.P. Moller - Maersk has repurchased USD 1.4bn worth of shares, of which USD 301m were repurchased in Q2 2020. The share buy-back programme was concluded on 24 July 2020.

The Annual General Meeting on 23 March 2020 approved the cancellation of 156,977 A-shares and 627,938 B-shares which was completed on 1 June 2020.

As of 30 June, A.P. Moller - Maersk owns a total of 93,183 A-shares and 419,253 B-shares as treasury shares, corresponding to 2.56% of the share capital.

Transformation metrics

To measure the strategic transformation towards becoming the global integrator of container logistics and A.P. Moller - Maersk's ability to create shareholder value, four metrics are tracked besides the overall ROIC target (see table).

On the back of the improvement in profitability and positive cash flow generation during Q2, a positive development was seen across three of the four transformation metrics.

Return on invested capital (ROIC), last twelve months, increased to 4.7% (1.4%), as earnings improved and invested capital was reduced. The underlying return on invested capital increased to 4.6% (2.7%).

Cash return on invested capital (CROIC), last twelve months, increased to 12.5% (8.9%), due to stronger cash flow from operations, lower gross CAPEX and less invested capital.

Infrastructure and Logistics revenue (excl. freight forwarding) decreased to USD 2.1bn (USD 2.3bn), mainly due to lower revenue in gateway terminals because of the impacts of COVID-19.

Logistics & Services EBITDA (excl. freight forwarding) improved to USD 75m (USD 46m) as a result of margin optimisation in intermodal and supported by the acquisition of Performance Team.

Transformation metrics

		Q2		H1	Full year
	2020	2019	2020	2019	2019
A.P. Moller - Maersk cash return on invested capital[1]	12.5%	8.9%	12.5%	8.9%	10.0%
Infrastructure and Logistics revenue[2], USDm	2,053	2,285	4,178	4,457	9,201
Logistics & Services EBITDA[2], USDm	75	46	144	92	221
Long-term targets					
Return on invested capital[1]	4.7%	1.4%	4.7%	1.4%	3.1%
Underlying return on invested capital[1]	4.6%	2.7%	4.6%	2.7%	3.2%

1 Last twelve months
2 Excluding freight forwarding

Guidance for 2020

A.P. Moller - Maersk suspended the full-year guidance for 2020 (EBITDA before restructuring and integration costs of around USD 5.5bn) on 20 March 2020 due to the COVID-19 pandemic, given material uncertainties and lack of visibility related to the global demand for container transport and logistics.

Despite the uncertainties related to COVID-19, A.P. Moller - Maersk reinstates its full-year guidance for 2020 and expects earnings before interest, tax, depreciation and amortisation (EBITDA) to be between USD 6.0bn-7.0bn before restructuring and integration costs.

The global demand growth for containers is still expected to contract in 2020 due to COVID-19 and for Q3 2020 volumes are expected to progressively recover with a current expectation of a mid-single digit contraction. Organic volume growth in Ocean is expected to be in line with or slightly lower than the average market growth.

The outlook and guidance for 2020 is subject to significant uncertainties related to the COVID-19 pandemic and does not take into consideration a material second lockdown phase. The guidance is also subject to uncertainties related to freight rates, bunker prices and other external factors.

The accumulated guidance on gross capital expenditures excl. acquisitions (CAPEX) for 2020-2021 is still expected to be USD 3.0bn-4.0bn, with steps being taken to reduce CAPEX in 2020. High cash conversion (cash flow from operations compared to EBITDA) is still expected for both years.

Sensitivity guidance

A.P. Moller - Maersk's financial performance for the full-year 2020 depends on several factors and is subject to uncertainties related to COVID-19, bunker fuel prices and freight rates combined with the weaker macroeconomic conditions and other external factors.

Based on the expected earnings level and all else being equal, the sensitivities for the rest of 2020 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 0.6bn
Container freight volume	+/- 100,000 FFE	+/- USD 0.1bn
Bunker price (net of expected BAF coverage)	+/- 100 USD/tonne	+/- USD 0.2bn
Foreign rate of exchange (net of hedges)	+/- 10% change in USD	+/- USD 0.1bn

Ocean

The ongoing COVID-19 outbreak put supply chains across the world under pressure in Q2, resulting in lower business and consumer activity. The EBITDA margin increased, driven by active capacity management, adjusting the fleet to the lower global demand, higher freight rates and lower fuel prices, which more than offset the negative impact of lower volumes across trade lanes. In total, operating costs decreased by 16% while schedule reliability was maintained at an industry top quartile level, and network round trip utilisation improved.

The capacity adjustments continue as a key priority to align the cost base to safeguard margins while focusing on initiatives to help customers speed up or slow down supply chains during the pandemic.

Financial and operational performance

Revenue was USD 6.6bn (USD 7.2bn) with freight revenue decreasing by 10%, impacted by a volume decrease of 16% and partly offset by an increase in loaded freight rate of 4.5%. Other revenue increased by 2.2%, mainly due to increased demurrage and detention revenue from longer equipment turn time because of infrastructure bottlenecks offset by lower VSA income.

EBITDA improved by 26% to USD 1.4bn (USD 1.1bn), driven by higher freight rates and network adjustments across most trades. Profitability was further impacted by bunker efficiency improving by 2.4%, and lower fuel prices. The EBITDA margin increased by 5.7 percentage points to 20.7% (15.0%).

Volumes decreased by 16% to 2,903k FFE (3,447k FFE) where particularly headhaul volumes contracted across all trades affected by the impact of COVID-19. North-South and intra-regional volume decreases were driven by the downturn in Latin America of 25% and intra-America of 21%, respectively. East-West volume decrease was impacted by volume decline in North America and Europe & Middle East regions compared to Q2 2019.

The average loaded freight rate increased by 4.5%[1] to 1,915 USD/FFE (1,832 USD/FFE), driven by short-term rate increases across most trades. The average loaded freight rate at fixed bunker price increased by 9.8%. Adjusted for foreign exchange rate effects, the average loaded freight rate increased by 6.1%.

Total operating costs decreased by 16% to USD 5.2bn (USD 6.1bn), driven by lower network costs including bunker and time charter costs, where active capacity management in response to the lower global demand partly offset the impact of lower volumes. In Q2, significant network changes

Ocean highlights

USD million		Q2		H1	Full year
	2020	2019	2020	2019	2019
Freight revenue	5,584	6,231	11,612	12,166	24,466
Other revenue, including hubs	986	965	2,188	2,045	4,316
Revenue	**6,570**	**7,196**	**13,800**	**14,211**	**28,782**
Container handling costs	1,916	2,305	3,976	4,554	8,988
Bunker costs	766	1,210	2,161	2,352	4,566
Network costs, excluding bunker costs	1,534	1,751	3,262	3,534	7,025
Selling, General & Administrative (SG&A)	630	697	1,259	1,332	2,786
Cost of goods sold and other operational costs	310	168	862	408	919
Total operating costs	**5,156**	**6,131**	**11,520**	**12,180**	**24,284**
Other income/costs, net	-57	12	252	-14	-62
Profit/loss before depreciation, amortisation and impairment losses etc. (EBITDA)	**1,357**	**1,077**	**2,532**	**2,017**	**4,436**
EBITDA margin	20.7%	15.0%	18.3%	14.2%	15.4%
Gross capital expenditure, excl. acquisitions and divestments (CAPEX)	208	314	383	783	1,172
Operational and financial metrics					
Loaded volumes (FFE in '000)	2,903	3,447	5,951	6,597	13,296
Loaded freight rate (USD per FFE)[1]	1,915	1,832	1,942	1,861	1,853
Unit costs, fixed bunker (USD per FFE incl. VSA income)	2,021	1,883	2,024	1,974	1,954
Bunker price, average (USD per tonne)	328	436	444	426	412
Bunker consumption (tonne in '000)	2,333	2,777	4,867	5,516	11,092
Average nominal fleet capacity (TEU in '000)	4,034	4,110	4,098	4,079	4,132
Fleet, owned (end of period)	305	307	305	307	307
Fleet, chartered (end of period)	346	409	346	409	401

1 Loaded freight rate in Q1 2020 was 1,967 USD/FFE versus previously reported 1,999 USD/FFE.

Fleet overview, end Q2 2020

	TEU		Number of vessels	
	Q2 2020	Q4 2019	Q2 2020	Q4 2019
Own container vessels	2,189,766	2,208,762	305	307
Chartered container vessels	1,690,274	1,916,098	346	401
Total fleet	**3,880,040**	**4,124,860**	**651**	**708**

were carried out to adjust the cost base to protect margins which in turn increased idle capacity in the fleet while improving utilisation in line with Q2 2019. In total, more than 160 sailings were blanked in Q2, leading to a decline in offered capacity in line with demand reduction. Network costs were positively impacted by lower fuel prices and lower consumption from fewer vessels sailing as well as improved bunker efficiency. Container handling costs decreased as a result of lower volumes. Adjusting for the positive impact from the developments in foreign exchange rates, the operating costs decreased by 15%.

Bunker costs decreased by 37% to USD 0.8bn (USD 1.2bn), with a decrease in average bunker prices of 25% to 328 USD/tonne (436 USD/tonne) and a decline in bunker consumption of 16% as a result of idling and blanked sailings from capacity adjustments as well as efficiency initiatives. Bunker efficiency improved by 2.4% to 40.7 g/TEU*NM (41.7 g/TEU*NM).

Loaded volumes

FFE ('000)	Q2 2020	Q2 2019	Change	Change %
East-West	1,390	1,633	-243	-14.9%
North-South	894	1,098	-204	-18.6%
Intra-regional	619	716	-97	-13.5%
Total	**2,903**	**3,447**	**-544**	**-15.8%**

Average freight rates

USD/FFE	Q2 2020	Q2 2019	Change	Change %	Q1 2020[1]
East-West	1,879	1,736	143	8.2%	1,887
North-South	2,449	2,327	122	5.2%	2,525
Intra-regional	1,292	1,382	-90	-6.5%	1,405
Total	**1,915**	**1,832**	**83**	**4.5%**	**1,967**

1 In the Q1 2020 Interim Report, the freight rates were reported as East-West 1,924 USD/FFE, North-South 2,560 USD/FFE, and Intra-regional 1,398 USD/FFE.

Unit cost at fixed bunker increased by 7.3% to 2,021 USD/FFE (1,883 USD/FFE), driven by significantly lower volumes partly offset by the lower cost base and impacted favourably by rate of exchange effects. Adjusting for the developments in foreign exchange rate, unit cost at fixed bunker increased by 8.7%.

The average nominal capacity of 4,034k TEU decreased by 1.8%. There were no vessels in the newbuilding programme end of Q2, and the fleet consisted of 305 owned and 346 chartered vessels, of which 248k TEU or 6.4% of the fleet were idle (29 vessels), mainly due to retrofit of scrubbers and capacity adjustments.

Market update

The global container trade declined by around 10% in Q2 2020, as a result of the COVID-19 pandemic impacting both supply chain and demand. Container demand is expected to gradually improve sequentially in Q3 2020, although at this stage it is not possible to be precise about the development due to the uncertain impact of COVID-19 on global economies and the risk of a relapse in demand and spread of the virus. Container demand is projected to significantly decline in 2020 compared to 2019, but it remains difficult to predict the shape of the recovery in global trade volumes, as it will be determined by the interplay between the path of the virus and government policies in relation to the economy.

East-West container trades declined by 13% in Q2, compared to Q2 2019, substantially more than the 5.7% in Q1 as the COVID-19 outbreak led to widespread country lockdowns in Europe and the USA. European imports from Asia declined by 13% and USA imports from Asia decreased by 7.2%, while Asian imports from Europe and USA declined by 7.7%. North-South container trades overall fell by 12% in Q2.

The nominal global container fleet grew by 3.1% in Q2 and stood at 23.4m TEU at the end of the quarter. Deliveries amounted to 220k TEU (26 vessels) during Q2, while 104k TEU (43 vessels) were scrapped. The COVID-19-driven slowdown in demand and increased uncertainty continued to lead to suspensions of container services and sailings being blanked. Consequently, the idle fleet remained high at 7.9% of the fleet (1.8m TEU) at the end of Q2, and the Q2 effective fleet capacity decreased by 9.4% compared to Q2 2019. During Q2, only 12k TEU (8 vessels) were ordered, leading to an orderbook-to-fleet ratio of 9.4% at the end of Q2.

Chart 1: Market demand growth

Growth % (Y/Y)	Q2 2020
Global market	-10%
East-West	-13%
– Headhaul	-13%
– Backhaul	-13%
North-South	-12%
Intraregional	-4%

Freight rates, as measured by the China Composite Freight Index (CCFI), increased by 6.2% in Q2 compared to Q2 2019. On the Asia to North Europe route, freight rates increased by 3.4%, and from Asia to Mediterranean Europe rates rose by 13%. Asia to West Coast US freight rates increased by 9.7%, and Asia to US East Coast freight rates rose by 6.2%.

Bunker fuel prices dropped in Q2 compared to Q1, this coupled with the impact of the demand decline resulting from the COVID-19 pandemic, saw HSFO, VLSFO and LSMGO prices declining from Q1 to Q2 by 32%-45% and 28%-44% in Singapore and Rotterdam, respectively, according to Ship & Bunker prices.

Key initiatives in Q2

Maersk SPOT gained significant momentum in Q2. Measured on a four-week average basis, Maersk SPOT volume was 41% of total loaded short-term volume. The instant pricing with load guarantee and its digital engagement model provided even greater ease, efficiency and peace of mind for customers amid volatile market conditions and service changes.

Logistics & Services

Logistics & Services' capabilities as an integrated container logistics company were further strengthened in Q2, offering end-to-end supply chain solutions to its customers with the acquisition of Performance Team, despite the challenges of COVID-19. EBITDA increased significantly to USD 97m (USD 46m) in a turbulent market mainly driven by increased air freight forwarding activity, earnings from Performance Team in North America and margin improvement.

The result was negatively impacted by declining volumes in supply chain management, intermodal and lower sea freight forwarding activity, mainly due to the impact of COVID-19.

Financial and operational performance

Revenue was on par at USD 1.6bn (USD 1.6bn) with increased air freight forwarding activity and Performance Team activity offset by lower revenue in intermodal and supply chain management. Gross profit increased to USD 361m (USD 295m), supported by a focus on profitable business and margin optimisation in intermodal and higher profitability in warehousing and distribution facilities in North America, including Performance Team reported under 'Other services'. This was partially offset by declining volumes in supply chain management and lower sea freight forwarding activity, negatively impacted due to COVID-19. EBITDA increased to USD 97m (USD 46m) with an EBITDA margin of 6.2% (2.9%).

Revenue and volume were negatively impacted across products due to COVID-19, with declining volumes especially in supply chain management by 7.3% to 16,060 kcbm (17,330 kcbm), in intermodal by 22% to 699k FFE (890k FFE), in sea freight forwarding by 15% to 102k TEU's (120k TEU's) and for inland services, mainly in depots.

Logistics & Services highlights

USD million		Q2		H1	Full year
	2020	2019	2020	2019	2019
Revenue	**1,569**	**1,579**	**3,011**	**3,100**	**6,331**
Direct cost	1,208	1,284	2,344	2,524	5,091
Gross profit	**361**	**295**	**667**	**576**	**1,240**
Selling, General & Administration (SG&A)	264	249	502	482	1,024
Profit/loss before depreciation, amortisation and impairment losses etc. (EBITDA)	**97**	**46**	**165**	**94**	**216**
EBITDA margin	6.2%	2.9%	5.5%	3.0%	3.4%
Gross capital expenditure, excl. acquisitions and divestments (CAPEX)	35	28	58	37	126
Operational and financial metrics					
EBIT conversion (EBIT/gross profit – %)	11.6%	4.5%	10.6%	5.2%	1.5%
Supply chain management volumes (kcbm)	16,060	17,330	30,793	33,934	73,574
Intermodal volumes (kFFE)	699	890	1,548	1,764	3,543
Sea freight volumes (TEU)	102,344	119,848	203,507	242,603	475,210
Air freight volumes (tonne)	37,902	40,136	64,159	72,222	158,405

Revenue and gross profit

USD million	Revenue, Q2		Gross profit, Q2	
	2020	2019	2020	2019
Supply chain management	191	210	75	81
Intermodal	573	752	44	35
Inland services	118	128	46	53
Sea freight forwarding	114	131	16	23
Air freight forwarding	264	119	37	14
Other services	309	239	143	89
Total revenue	**1,569**	**1,579**	**361**	**295**

Profitability improved in intermodal, driven by margin optimisation and deselection of non-profitable geographies with an increase in gross profit of 25%. Supply chain management gross profit decreased less than the decrease in revenue and volumes due to a continued cost management focus.

In air freight forwarding, revenue and gross profit increased significantly due to spikes in rates in Asia Pacific where urgent air freight solutions were developed during the COVID-19 crisis, despite volume decrease of 5.6% to 38k tonnes (40k tonnes).

Other services revenue and gross profit increased, driven by positive contribution from warehousing and distribution including the activity from Performance Team in North America.

EBIT conversion improved to 11.6% (4.5%), with positive impact from SG&A savings and optimised cost base.

Key initiatives in Q2

The integration of Performance Team commenced in April. The combined warehousing and distribution presence in the North America region has more than doubled, bringing enhanced scale and expertise to customers of both Performance Team and A.P. Moller - Maersk.

As a further step in offering end-to-end logistics services to Logistics & Services' customers, the intended acquisition of KGH Customs Services, a leading Sweden-based specialist in trade and customs services management in Europe, was announced in July with expected closing in Q4 2020, subject to obtaining customary regulatory approvals. The acquisition increases the combined number of clearances by five times in the Europe region, allowing for a larger footprint and enhanced ability to service customers end-to-end.

Terminals & Towage

Terminals & Towage reported an increased EBITDA at USD 237m (USD 230m), despite of a revenue decrease of 9.6% to USD 878m (USD 971m). In gateway terminals, revenue decreased to USD 723m (USD 806m) with lower volume due to COVID-19, with EBITDA at USD 186m (USD 184m). In Towage, revenue decreased to USD 160m (USD 171m), while EBITDA increased to USD 51m (USD 46m), positively impacted by a one-off cost in 2019, lower costs and postponement of initiatives.

In June, APM Terminals started consolidating Gujarat Pipavav Port, India. The new container terminal in Vado, Italy, ramped up, and the terminal under implementation in Abidjan, Ivory Coast progressed as planned.

Terminals

Financial and operational performance

Revenue decreased to USD 723m (USD 806m), impacted by lower volumes due to COVID-19. EBITDA was on par at USD 186m (USD 184m) with an increased EBITDA margin of 26% (23%), driven by improved operating performance in North America, SG&A cost reductions and lower negative one-offs in Q2 2020 offset by lower volume. Gross capital expenditure was USD 75m (USD 77m).

Regional volume, Terminals[1]

Million moves	Q2 2020	Q2 2019	Growth (%)
North America	0.6	0.8	-17.4
Latin America	0.5	0.6	-9.3
Europe, Russia and the Baltics	0.6	0.6	-11.9
Asia	0.4	0.5	-23.2
Africa and Middle East	0.5	0.5	-6.2
Total	**2.6**	**3.0**	**-13.7**

1 Financially consolidated.

Regional EBITDA margin, Terminals[1]

Percentage	Q2 2020	Q2 2019
North America	23	17
Latin America	40	34
Europe, Russia and the Baltics	28	28
Asia	15	20
Africa and Middle East	20	45
Total	**26**	**23**

1 Financially consolidated.

Volume decreased by 14% (decreased by 16% like-for-like adjusted for Vado and Pipavav), driven by COVID-19. The volume impact varied significantly across regions, with Asia impacted the most with a 23% volume reduction driven by Mumbai, India. North America was also significantly impacted with a 17% reduction. Volume in Europe decreased by 12% while Latin America decreased by 9.3% and Africa and Middle East decreased by 6.2%.

Utilisation decreased to 64% (79%) as volume from Ocean segment decreased by 7.1% and volume from external customers decreased by 17%, while capacity was higher in both Port Elizabeth, USA, due to a modernisation project in Q4 2019, and in Vado due to the ramp-up.

On an equity-weighted basis, volume decreased by 10% (decreased by 10% like-for-like adjusted for Vado and the exit from Douala, Cameroon). The equity-weighted utilisation was 72% (85%).

Revenue per move increased by 4.5% to USD 278 (USD 266), supported by higher storage income in West African terminals, positive volume mix impact, partially offset by negative rate of exchange impact. Adjusted for foreign exchange rate, volume mix effects, portfolio changes and one-offs, revenue per move increased by 2.6%.

Cost per move increased by 4.0% to USD 251 (USD 242), mainly driven by lower utilisation, higher cost in West Africa offset by rate of exchange impact. Adjusted for foreign exchange rate, volume mix effects, portfolio changes and one-offs, cost per move increased by 6.2%.

The EBITDA margin for gateway terminals increased by 2.9 percentage points, positively affected by higher revenue per move and by lower negative one-offs in Q2 2020 offset by lower utilisation. In Latin America, the EBITDA margin increased by 6.6 percentage points mainly due to lower cost per move in Moin, Costa Rica and Itajai, Brazil. In North America, the EBITDA margin increased by 6.3 percentage points, due to higher revenue per move across the region and improved operating performance, while the EBITDA margin was in line in Europe. The EBITDA margin decreased in Africa and the Middle East by 25 percentage points mainly due to one-offs and higher cost in West African terminals. In Asia, the EBITDA margin decreased by 4.2 percentage points due to higher cost per move in Mumbai and Yokohama, Japan.

Results from joint ventures and associated companies

Equity-weighted EBITDA decreased to USD 289m (USD 295m), mainly driven by lower volume and exit from Douala, offset by lower negative one-offs and ramp-up of Tema, Ghana.

The share of profit in joint ventures and associated companies of USD 30m (USD 52m) was impacted by lower volume, foreign exchange rate loss, and exit from Douala, partly offset by ramp-up of Tema.

Key initiatives in Q2

The construction work at Abidjan, Ivory Coast and Poti, Georgia progressed according to plan.

In Yokohama, long-term contracts were signed with carriers, representing 70% of expected volumes for the new berths. The two additional berths were handed over to APM Terminals in July 2020.

Terminals & Towage highlights

USD million		Q2		H1	Full year
	2020	2019	2020	2019	2019
Revenue	**878**	**971**	**1,789**	**1,975**	**3,948**
Concession fees	79	70	135	132	249
Labour costs (blue collar)	286	321	584	656	1,313
Other operational costs	144	183	295	371	628
Selling, General & Administration (SG&A) and other costs etc.	132	167	262	317	640
Total operating costs	**641**	**741**	**1,276**	**1,476**	**2,830**
Profit/loss before depreciation, amortisation and impairment losses etc. (EBITDA)	**237**	**230**	**513**	**499**	**1,118**
EBITDA margin	27.0%	23.7%	28.7%	25.3%	28.3%
Gross capital expenditure, excl. acquisitions and divestments (CAPEX)	112	86	215	207	532
Operational and financial metrics					
Terminal volumes – financially consolidated (moves, m)	2.6	3.0	5.4	5.8	11.9
Ocean segment	0.9	1.0	1.9	2.0	4.1
External customers	1.7	2.0	3.5	3.8	7.8
Terminal revenue per move – financially consolidated (USD)	278	266	272	272	272
Terminal costs per move – financially consolidated (USD)	251	242	242	242	233
Result from joint ventures and associated companies (USD m)	35	57	106	108	206
Number of operational tug jobs (harbour towage) ('000)	33	33	70	66	134
Annualised EBITDA per tug (terminal towage) (USD in '000)	934	952	1,018	949	889

Towage

Financial and operational performance

Although COVID-19 also impacted the activity level and created operational challenges, the towage activities have remained resilient. Revenue decreased by USD 11m to USD 160m (USD 171m), negatively impacted by foreign exchange rate development and volume decreases in Australia and the UK, partly offset by volume additions from the newly acquired Port Towage Amsterdam, the Netherlands. Adjusted for foreign exchange rate development, revenue decreased by USD 5m. EBITDA increased by USD 5m to USD 51m (USD 46m), positively impacted by a one-off in 2019, lower costs and postponement of initiatives, partly offset by foreign exchange rate development.

Harbour towage activities measured by the number of tug jobs decreased by 0.3%, driven by lower activity in Australia and in the UK mainly due to COVID-19.

The decrease was partly offset by positive impact from the consolidation of Port Towage Amsterdam in early 2020 and ramp-up of activities in Tangier Med II, Morocco. The Americas and Asia, Middle East & Africa regions increased activities slightly compared to Q2 2019.

For terminal towage, annualised EBITDA per tug decreased slightly, primarily impacted by declines in Australia, partly offset by improved activity in the Americas and Europe.

Results from joint ventures and associated companies

The share of profit in joint ventures and associated companies of USD 4m (USD 6m) was impacted by the acquisition of the remaining 50% of Port Towage Amsterdam which was consolidated as a 100% owned subsidiary from early January 2020.

Equity weighted EBITDA increased by 7% to USD 55m (USD 52m), driven by EBITDA improvements in consolidated entities across all regions with Australia as the exception.

Key initiatives in Q2

In Q2, a five-year harbour towage contract was signed for Nacala Port, Mozambique while a five-year extension contract was secured with Egyptian LNG. Also, the strategic growth initiatives launched in 2019 progressed in Q2, together with projects focusing on crew optimisation and general cost reductions.

Manufacturing & Others

Revenue was USD 316m (USD 300m) with an EBITDA of USD 49m (USD 39m).

For Maersk Container Industry, revenue increased to USD 154m (USD 132m) with a higher production of Star Cool Units, with 65% of revenue related to third-party customers. EBITDA increased to USD 28m (USD 15m), positively impacted by higher revenue and overhead cost leverage.

Maersk Supply Service reported a revenue of USD 57m (USD 70m), and an EBITDA of negative USD 4m (positive USD 5m) reflecting lower activity and restructuring cost from redundancies. In response to the negative development in the oil and gas industry, Maersk Supply Service reduced its onshore cost by 30%. Cost initiatives continue to remain the focus to ensure competitiveness and cash flow used for capital expenditure will be limited to planned maintenance.

For other businesses, revenue was USD 105m (USD 98m) and EBITDA was USD 25m (USD 20m).

Manufacturing & Others highlights

USD million		Q2		H1	Full year
	2020	2019	2020	2019	2019
Revenue	316	300	611	683	1,376
Profit/loss before depreciation, amortisation and impairment losses etc. (EBITDA)	49	39	92	48	136
EBITDA margin	15.5%	13.0%	15.1%	7.7%	9.9%
Gross capital expenditure, excl. acquisitions and divestments (CAPEX)	7	10	15	187	204

Financial review H1 2020

Revenue was USD 18.6bn (USD 19.2bn) with a decrease in Ocean of USD 411m, and decreases in Terminals & Towage and Logistics & Services of USD 186m and USD 89m, respectively, mainly because of volume decreases across all businesses due to the impact of the COVID-19 pandemic.

EBITDA increased by 24% to USD 3.2bn (USD 2.6bn) with increases in all segments, primarily in Ocean by USD 515m due to increasing freight rates and cost improvements driven by capacity adjustments responding to market impacts from COVID-19, improved bunker efficiency and lower fuel prices.

EBIT was USD 1.3bn (USD 646m), positively impacted by the improved EBITDA, and to a lesser extent by the net result from the sale of containers and sale of facilities, a gain resulting from fully consolidating the Gujarat Pipavav Port, India, partly offset by impairments as a result of the current market environment.

Financial expenses, net amounted to USD 447m (USD 398m), positively impacted by lower gross debt which was more than offset by negative foreign exchange rate impacts.

The underlying profit for continuing operations after financial items and tax was USD 556m (USD 65m).

Cash flow from operating activities was USD 3.1bn (USD 2.7bn), positively impacted by an increase in EBITDA of USD 625m, decrease in tax paid of USD 83m, offset by an increase in net working capital of USD 408m, leading to a cash conversion of 96% (102%).

Gross capital expenditure (CAPEX) was USD 672m (USD 1.2bn), mainly related to lower investments in Ocean and Manufacturing & Others.

Free cash flow was USD 1.5bn (USD 594m), positively impacted by higher cash flow from operations and lower gross CAPEX.

Cash flow from borrowings was positive by USD 512m (negative by USD 397m), mainly due to USD 1.3bn of new funding from export credit agencies and commercial banks offset by USD 770m used for repayments of loans.

The ordinary dividend of DKK 150 per A.P. Møller - Mærsk A/S share of nominally DKK 1,000 (USD 375m, net of withholding tax) declared at the Annual General Meeting on 23 March 2020 was paid on 26 March 2020. Of the DKK 150, DKK 75 was related to the underlying profit of the financial year 2019 and DKK 75 was related to gain from the sale of Total S.A. shares.

Total equity was USD 28.6bn (USD 28.8bn at 31 December 2019), mainly due to a net profit of USD 652m offset by dividends of USD 430m and share repurchase of USD 598m, resulting in an equity ratio of 51.6% (52.1% at 31 December 2019).

Segments

Ocean

Ocean reported a revenue decrease of 2.9% to USD 13.8bn (USD 14.2bn), mainly due to lower freight volumes and an increase in other revenue to USD 2.2bn (USD 2.0bn). EBITDA increased by 26% to USD 2.5bn (USD 2.0bn) driven by a strong focus on freight margin improvement and reduced network cost including bunker cost improvement.

The volumes declined by 9.8% or 646k FFE and the average freight rate increased by 4.4%, partly offsetting the volume decrease impact. Operating costs were 5.4% or USD 660m lower, driven by decreased container handling costs and lower network cost including bunker despite a 4.2% increase in the average bunker price. The cost base was positively affected by the developments in foreign exchange rate.

Highlights H1

USD million	Revenue		EBITDA		CAPEX	
	2020	2019	2020	2019	2020	2019
Ocean	13,800	14,211	2,532	2,017	383	783
Logistics & Services	3,011	3,100	165	94	58	37
Terminals & Towage	1,789	1,975	513	499	215	207
Manufacturing & Others	611	683	92	48	15	187
Unallocated activities, eliminations etc.	-643	-802	-84	-65	1	9
A.P. Moller - Maersk consolidated – continuing operations	**18,568**	**19,167**	**3,218**	**2,593**	**672**	**1,223**

Logistics & Services

Revenue decreased by 2.9% to USD 3.0bn (USD 3.1bn) with a reduction in intermodal and sea freight forwarding, partly offset by incremental revenue within air freight forwarding and the acquisition of Performance Team. Gross profit increased to USD 667m (USD 576m), driven by more profitable geographical mix in intermodal, additional warehousing footprint in North America including Performance Team and a temporary spike in air freight forwarding rates in Asia Pacific due to COVID-19.

While gross profit increased by 16% to USD 667m (USD 576m), EBITDA increased by 76% to USD 165m (USD 94m).

Revenue gross profit

USD million	Revenue, H1		Gross profit, H1	
	2020	2019	2020	2019
Supply chain management	393	411	149	161
Intermodal	1,244	1,465	107	69
Inland services	242	257	93	105
Sea freight forwarding	227	277	32	44
Air freight forwarding	359	220	50	25
Other services	546	470	236	172
Total revenue	**3,011**	**3,100**	**667**	**576**

Terminals & Towage

Revenue decreased to USD 1.8bn (USD 2.0bn) while EBITDA increased to USD 513m (USD 499m). Gateway Terminals reported a revenue of USD 1.5bn (USD 1.6bn) with a 7.9% volume decrease driven by COVID-19. Excluding newly operated terminals and divested terminals in 2020, like-for-like volumes decreased by 9.0%. Capacity utilisation decreased to 67% (79%).

Revenue per move was unchanged at USD 272 (USD 272) as was cost per move at USD 242 (USD 242). EBITDA was on par at USD 399m (USD 397m).

Towage reported decreased revenue of USD 338m (USD 344m), negatively impacted by foreign exchange rate development and volume decreases in Australia and the UK, partly offset by volume additions from the newly acquired Port Towage Amsterdam, the Netherlands. EBITDA increased by USD 13m to USD 115m (USD 102m), positively impacted by early termination fee from two patrol vessels on contract in Angola, a one-off in 2019 and lower costs and postponement of initiatives, partly offset by foreign exchange rate development.

Manufacturing & Others

Revenue was USD 611m (USD 683m) with an EBITDA of USD 92m (USD 48m).

Revenue in Maersk Container Industry was USD 278m (USD 272m) with 57% related to third-party customers and with an EBITDA of USD 42m (USD 1m) with H1 2019 impacted by high restructuring costs. The divestment of the production facilities in San Antonio, Chile and Dongguan, China were concluded in H1.

Maersk Supply Service reported a revenue of USD 126m (USD 139m), and an EBITDA of USD 11m (USD 10m) reflecting lower activity offset by cost reductions.

For other businesses, revenue was USD 207m (USD 272m) and EBITDA was USD 39m (USD 37m).

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 2020 to 30 June 2020.

The Interim Report has not been audited or reviewed by the company's independent auditors.

The interim consolidated financial statements of A.P. Møller - Mærsk A/S have 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 18-26) give a true and fair view of A.P. Moller - Maersk's consolidated assets, liabilities and financial position at 30 June 2020 and of the results of A.P. Moller - Maersk's consolidated operations and cash flows for the period 1 January to 30 June 2020.

Furthermore, in our opinion the Directors' report (pages 3-16) 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, relative to the disclosures in the annual report for 2019.

Copenhagen, 19 August 2020

Executive Board

Søren Skou — CEO

Patrick Jany — CFO

Vincent Clerc

Morten Engelstoft

Henriette Hallberg Thygesen

Board of Directors

Jim Hagemann Snabe — Chairman

Ane Mærsk Mc-Kinney Uggla — Vice Chairman

Dorothee Blessing

Bernard L. Bot

Marc Engel

Arne Karlsson

Thomas Lindegaard Madsen

Blythe Masters

Jacob Andersen Sterling

Robert Mærsk Uggla

Financials

Condensed income statement

Amounts in USD million

Note		Q2 2020	Q2 2019	6 months 2020	6 months 2019	Full year 2019
1	Revenue	8,997	9,627	18,568	19,167	38,890
1	**Profit before depreciation, amortisation and impairment losses etc. (EBITDA)**	**1,697**	**1,357**	**3,218**	**2,593**	**5,712**
	Depreciation, amortisation and impairment losses, net	1,149	1,024	2,222	2,106	4,287
	Gain on sale of non-current assets etc., net	145	16	164	34	71
	Share of profit/loss in joint ventures and associated companies	58	67	143	125	229
	Profit/loss before financial items (EBIT)	**751**	**416**	**1,303**	**646**	**1,725**
	Financial items, net	-232	-170	-447	-398	-758
	Profit/loss before tax	**519**	**246**	**856**	**248**	**967**
	Tax	76	92	204	198	458
	Profit/loss for the period – continuing operations	**443**	**154**	**652**	**50**	**509**
	Profit/loss for the period – discontinued operations	-	-1	-	-553	-553
	Profit/loss for the period	**443**	**153**	**652**	**-503**	**-44**
	Of which:					
	Non-controlling interests	16	12	28	15	40
	A.P. Møller - Mærsk A/S' share	**427**	**141**	**624**	**-518**	**-84**
	Earnings per share – continuing operations, USD	**21**	**7**	**31**	**2**	**23**
	Diluted earnings per share – continuing operations, USD	**21**	**7**	**31**	**2**	**23**
	Earnings per share, USD	**21**	**7**	**31**	**-25**	**-4**
	Diluted earnings per share, USD	**21**	**7**	**31**	**-25**	**-4**

Maersk Drilling was classified as discontinued operations in 2017, and the business is presented separately on an aggregated level in the income statement, balance sheet and cash flow statement. Maersk Drilling was demerged on 2 April 2019.

Condensed statement of comprehensive income

Note		Q2 2020	Q2 2019	6 months 2020	6 months 2019	Full year 2019
	Profit/loss for the period	**443**	**153**	**652**	**-503**	**-44**
	Translation from functional currency to presentation currency	134	6	-222	2	-81
3	Reclassified to income statement, gain on sale of non-current assets, etc., net	64	7	64	7	6
	Cash flow hedges	69	-12	-132	-34	-23
	Tax on other comprehensive income	-2	10	25	18	16
	Share of other comprehensive income of joint ventures and associated companies, net of tax	-4	-	4	-	-1
	Total items that have been or may be reclassified subsequently to the income statement	**261**	**11**	**-261**	**-7**	**-83**
	Other equity investments	3	-1	3	168	165
4	Actuarial gains/losses on defined benefit plans, etc.	-100	3	70	3	91
	Tax on other comprehensive income	-	-	-	-23	10
	Total items that will not be reclassified to the income statement	**-97**	**2**	**73**	**148**	**266**
	Other comprehensive income, net of tax	**164**	**13**	**-188**	**141**	**183**
	Total comprehensive income for the period	**607**	**166**	**464**	**-362**	**139**
	Of which:					
	Non-controlling interests	6	12	9	11	29
	A.P. Møller - Mærsk A/S' share	**601**	**154**	**455**	**-373**	**110**

Condensed balance sheet at 30 June

Amounts in USD million

Note		2020	30 June 2019	Full year 2019
	Intangible assets	4,961	4,320	4,219
	Property, plant and equipment	26,667	28,175	27,516
	Right-of-use assets	8,313	8,987	8,460
	Financial non-current assets, etc.	3,413	3,173	3,267
	Deferred tax	230	255	237
	Total non-current assets	**43,584**	**44,910**	**43,699**
	Inventories	946	1,101	1,430
	Receivables, etc.	5,411	5,529	5,351
	Securities	1	2	2
	Cash and bank balances	5,243	4,961	4,768
	Assets held for sale	134	52	149
	Total current assets	**11,735**	**11,645**	**11,700**
	Total assets	**55,319**	**56,555**	**55,399**

Note		2020	30 June 2019	Full year 2019
	Equity attributable to A.P. Møller - Mærsk A/S	27,527	28,256	28,098
	Non-controlling interests	1,042	741	739
	Total equity	**28,569**	**28,997**	**28,837**
	Lease liabilities, non-current	7,174	7,672	7,295
	Borrowings, non-current	7,621	7,757	7,455
	Other non-current liabilities	2,250	1,846	1,977
	Total non-current liabilities	**17,045**	**17,275**	**16,727**
	Lease liabilities, current	1,315	1,306	1,282
	Borrowings, current	1,157	1,478	721
	Other current liabilities	7,165	7,493	7,757
	Liabilities associated with assets held for sale	68	6	75
	Total current liabilities	**9,705**	**10,283**	**9,835**
	Total liabilities	**26,750**	**27,558**	**26,562**
	Total equity and liabilities	**55,319**	**56,555**	**55,399**

Condensed cash flow statement

Amounts in USD million

Note		Q2		6 months	Full year
	2020	2019	2020	2019	2019
Profit/loss before financial items	751	416	1,303	646	1,725
Non-cash items, etc.	1,157	948	2,059	1,960	4,219
Change in working capital	58	-66	-104	304	476
Cash flow from operating activities before tax	1,966	1,298	3,258	2,910	6,420
Taxes paid	-99	-128	-175	-258	-501
Cash flow from operating activities	**1,867**	**1,170**	**3,083**	**2,652**	**5,919**
Purchase of intangible assets and property, plant and equipment (CAPEX)	-362	-445	-672	-1,223	-2,035
Sale of intangible assets and property, plant and equipment	136	30	182	92	186
Sale of other equity investments	1	-	1	2,615	2,617
Acquisition of subsidiaries and activities	-234	-1	-266	-46	-44
Sale of subsidiaries and activities	30	-29	35	-31	-40
Dividends received	20	48	42	122	297
Financial investments etc., net	-212	-27	-199	50	-107
Cash flow used for investing activities	**-621**	**-424**	**-877**	**1,579**	**874**
Repayment of/proceeds from borrowings, net	897	383	512	-397	-1,456
Repayments of lease liabilities	-396	-318	-738	-630	-1,291
Financial payments, net	-96	-91	-170	-168	-259
Financial expenses paid on lease liabilities	-118	-124	-231	-251	-477
Purchase of own shares	-302	-146	-598	-146	-791
Dividends distributed	-55	-469	-430	-469	-469
Dividends distributed to non-controlling interests	-23	-35	-35	-38	-70
Other equity transactions	34	31	11	28	13
Cash flow from financing activities	**-59**	**-769**	**-1,679**	**-2,071**	**-4,800**
Net cash flow from continuing operations	**1,187**	**-23**	**527**	**2,160**	**1,993**
Net cash flow from discontinued operations	-	-419	-	-372	-372
Net cash flow for the period	**1,187**	**-442**	**527**	**1,788**	**1,621**
Cash and cash equivalents, beginning of period	4,032	5,372	4,758	3,149	3,149
Currency translation effect on cash and bank balances	-13	17	-79	10	-12
Cash and cash equivalents, end of period	**5,206**	**4,947**	**5,206**	**4,947**	**4,758**
Cash and cash equivalents					
Cash and bank balances	5,243	4,961	5,243	4,961	4,768
Overdrafts	37	14	37	14	10
Cash and cash equivalents, end of period	**5,206**	**4,947**	**5,206**	**4,947**	**4,758**

Cash and bank balances include USD 1.1bn (USD 0.9bn) 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

Note		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 2020	3,774	-692	-4	-97	25,117	28,098	739	28,837
	2020								
	Other comprehensive income, net of tax	-	-142	3	-104	74	-169	-19	-188
	Profit/loss for the period	-	-	-	-	624	624	28	652
	Total comprehensive income for the period	**-**	**-142**	**3**	**-104**	**698**	**455**	**9**	**464**
	Dividends to shareholders	-	-	-	-	-430	-430	-39	-469
	Value of share-based payment	-	-	-	-	5	5	-	5
	Acquisition of non-controlling interests	-	-	-	-	-3	-3	329	326
2	Purchase of own shares	-	-	-	-	-598	-598	-	-598
2	Capital increases and decreases	- 142	-	-	-	142	-	4	4
	Total transactions with shareholders	**- 142**	**-**	**-**	**-**	**-884**	**-1,026**	**294**	**-732**
	Equity 30 June 2020	**3,632**	**-834**	**-1**	**-201**	**24,931**	**27,527**	**1,042**	**28,569**
	Equity 1 January 2019	3,774	-616	-202	-103	29,756	32,609	771	33,380
									-
	Other comprehensive income, net of tax	-	-4	146	-3	6	145	-4	141
	Profit/loss for the period	-	-	-	-	-518	-518	15	-503
	Total comprehensive income for the period	**-**	**-4**	**146**	**-3**	**-512**	**-373**	**11**	**-362**
	Dividends to shareholders	-	-	-	-	-469	-469	-43	-512
	Value of share-based payment	-	-	-	-	6	6	-	6
	Purchase of own shares	-	-	-	-	-146	-146	-	-146
	Capital increases and decreases	-	-	-	-	-	-	2	2
	Transfer of gain/loss on disposal of equity investments to retained earnings	-	-	56	-	-56	-	-	-
	Distribution of shares in The Drilling Company of 1972 A/S to shareholders in A.P. Møller - Mærsk A/S	-	-	-	-	-3,371	-3,371	-	-3,371
	Total transactions with shareholders	**-**	**-**	**56**	**-**	**-4,036**	**-3,980**	**-41**	**-4,021**
	Equity 30 June 2019	**3,774**	**-620**	**-**	**-106**	**25,208**	**28,256**	**741**	**28,997**

Note 1 Segment information

Amounts in USD million

	Ocean	Logistics & Services	Terminals & Towage	Manufacturing & Others	Total
Q2 2020					
External revenue	6,455	1,521	697	310	8,983
Inter-segment revenue	115	48	181	6	350
Total segment revenue	**6,570**	**1,569**	**878**	**316**	**9,333**
Unallocated and eliminations					-336
Total revenue					**8,997**
Segment profit/loss before depreciation, amortisation and impairment losses, etc. (EBITDA)	**1,357**	**97**	**237**	**49**	**1,740**
Unallocated items					-43
Eliminations					-
Consolidated profit/loss before depreciation, amortisation and impairment losses, etc. (EBITDA)					**1,697** [1]
Gross capital expenditures, excl. acquisitions and divestments (CAPEX)	208	35	112	7	362

	Ocean	Logistics & Services	Terminals & Towage	Manufacturing & Others	Total
Q2 2019					
External revenue	7,100	1,541	767	214	9,622
Inter-segment revenue	96	38	204	86	424
Total segment revenue	**7,196**	**1,579**	**971**	**300**	**10,046**
Unallocated and eliminations					-419
Total revenue					**9,627**
Segment profit/loss before depreciation, amortisation and impairment losses, etc. (EBITDA)	**1,077**	**46**	**230**	**39**	**1,392**
Unallocated items					-43
Eliminations					8
Consolidated profit/loss before depreciation, amortisation and impairment losses, etc. (EBITDA)					**1,357** [1]
Gross capital expenditures, excl. acquisitions and divestments (CAPEX)	314	28	86	10	438

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

The reporting segments have changed compared to 2019 cf. note 4. Comparison figures have been restated.

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. 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).

Note 1 Segment information – continued

Amounts in USD million

	Ocean	Logistics & Services	Terminals & Towage	Manufacturing & Others	Total
6 months 2020					
External revenue	13,597	2,912	1,429	599	18,537
Inter-segment revenue	203	99	360	12	674
Total segment revenue	**13,800**	**3,011**	**1,789**	**611**	**19,211**
Unallocated and eliminations					-643
Total revenue					**18,568**
Segment profit/loss before depreciation, amortisation and impairment losses, etc. (EBITDA)	**2,532**	**165**	**513**	**92**	**3,302**
Unallocated items					-84
Eliminations					-
Consolidated profit/loss before depreciation, amortisation and impairment losses, etc. (EBITDA)					**3,218**[1]
Gross capital expenditures, excl. acquisitions and divestments (CAPEX)	383	58	215	15	671

	Ocean	Logistics & Services	Terminals & Towage	Manufacturing & Others	Total
6 months 2019					
External revenue	14,019	3,022	1,567	550	19,158
Inter-segment revenue	192	78	408	133	811
Total segment revenue	**14,211**	**3,100**	**1,975**	**683**	**19,969**
Unallocated and eliminations					-802
Total revenue					**19,167**
Segment profit/loss before depreciation, amortisation and impairment losses, etc. (EBITDA)	**2,017**	**94**	**499**	**48**[2]	**2,658**
Unallocated items					-74
Eliminations					9
Consolidated profit/loss before depreciation, amortisation and impairment losses, etc. (EBITDA)					**2,593**[1]
Gross capital expenditures, excl. acquisitions and divestments (CAPEX)	783	37	207	187	1,214

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 the closing of a factory in Dongguan, China.

USD million	Types of revenue	Q2 2020	Q2 2019	6 months 2020	6 months 2019	Full year 2019
Ocean	Freight revenue	5,584	6,231	11,612	12,166	24,466
	Other revenue, including hubs	986	965	2,188	2,045	4,316
Logistics & Services	Supply chain management revenue	191	210	393	411	861
	Inland services revenue	118	128	242	257	519
	Intermodal revenue	573	752	1,244	1,465	2,932
	Sea freight revenue	114	131	227	277	546
	Air freight revenue	264	119	359	220	485
	Other services revenue	309	239	546	470	988
Terminals & Towage	Terminal services	723	806	1,463	1,643	3,278
	Towage services	160	171	338	344	695
Manufacturing & Others	Sale of containers and spare parts	154	132	278	272	586
	Offshore supply services	56	70	126	139	306
	Other shipping activities	93	79	174	235	404
	Other services	13	19	33	37	80
Unallocated activities and eliminations[1]		-341	-425	-655	-814	-1,572
Total revenue		**8,997**	**9,627**	**18,568**	**19,167**	**38,890**

1 Including revenue eliminations between terminal services and towage services.

Note 2 Share capital and earnings per share

Amounts in USD million

Development in the number of shares:

		A-shares of		B-shares of		Nominal value
	DKK 1,000	DKK 500	DKK 1,000	DKK 500	DKK million	USD million
1 January 2020	10,756,265	226	10,060,401	166	20,817	3,774
Cancellation	156,977	-	627,938	-	785	142
30 June 2020	**10,599,288**	**226**	**9,432,463**	**166**	**20,032**	**3,632**

At the Annual General Meeting of A.P. Møller - Mærsk A/S on 23 March 2020, the shareholders decided on the cancellation of treasury shares, whereby the share capital will be decreased. On 1 June 2020, the company's share capital was reduced from nominally DKK 20,816,862,000 with nominally DKK 784,915,000 in total, divided into 156,977 A-shares and 627,938 B-shares of DKK 1,000 to nominally DKK 20,031,947,000 by cancellation of own shares.

Development in the holding of own shares:

	No. of shares of DKK 1,000		Nominal value DKK million		% of share capital	
Own shares	2020	2019	2020	2019	2020	2019
A-shares						
1 January	134,279	-	134	-	0.65%	0.00%
Addition	115,881	25,736	116	26	0.57%	0.12%
Cancellation	156,977	-	157	-	0.75%	0.00%
30 June	**93,183**	**25,736**	**93**	**26**	**0.47%**	**0.12%**
B-shares						
1 January	587,949	55,515	588	56	2.82%	0.27%
Addition	463,019	102,928	463	103	2.31%	0.49%
Cancellation	627,938	-	628	-	3.02%	0.00%
Disposal	3,777	4,709	4	5	0.02%	0.02%
30 June	**419,253**	**153,734**	**419**	**154**	**2.09%**	**0.74%**

Disposals of own shares are related to the restricted share programme.

The dividend of DKK 150 per share of DKK 1,000, totalling DKK 3,123m, is equivalent to USD 430m excluding own shares. Payment of dividends to shareholders does not generate taxes to A.P. Moller - Maersk.

Note 3 Acquisition/sale of companies and activities

Amounts in USD million

Acquisitions during the first six months 2020
Performance Team LLC
On 1 April 2020, the group acquired 100% of the shares in Performance Team LLC, a US-based warehousing and distribution company, to further strengthen its capabilities as an integrated container logistics company, offering end-to-end supply chain solutions to its customers.

Taking control of Performance Team LLC has positioned A.P. Moller - Maersk among North America's leading Warehouse and Distribution providers with 46 warehouses for customers and accelerates the company's regional logistics and services model.

The total enterprise value of USD 0.5bn consisted of a total purchase price of USD 0.3bn on a cash and debt free basis and acquired lease liabilities of around USD 0.2bn. The purchase price mainly relates to fixed assets and customer list of USD 0.2bn.

The goodwill of USD 0.1bn is attributable to workforce and commercial/operational synergies between Performance Team and A.P. Moller - Maersk, and is deductible for tax purposes.

From the acquisition date to 30 June 2020, Performance Team LLC contributed with a revenue of USD 0.1bn and a minor contribution to net profit.

If the acquisition had occurred on 1 January 2020, the impact on the group's revenue would have been USD 0.2bn. The net profit contributed to the group would have been minor.

The accounting for the business combination is considered provisional at 30 June 2020 due to certain contingencies, indemnities etc.

Gujarat Pipavav Port Ltd
On 1 June 2020, the group increased its shareholding in Gujarat Pipavav Port Ltd by 1 percentage point to 44% and obtained the majority of seats on the Board of Directors, thereby acquiring the company in a step-up acquisition.

The accounting for the business combination is considered provisional at 30 June 2020.

The acquisition consists of net assets of USD 0.6bn at fair value (of which USD 0.4bn are terminal rights) and non-controlling interest of USD 0.3bn, offset by the sale of associate companies of USD 0.3bn. A net gain on sale of associates of USD 45m has been recognised after recycling of a translation reserve loss of USD 64m. Liquid funds acquired amounted to USD 0.1bn.

Acquisitions during the first six months 2019
No acquisitions of subsidiaries or activities, to an extent of significance to the group, were completed during the first six months of 2019.

Sales during the first six months 2020
No material external sales were performed during the first six months of 2020.

Sales during the first six months 2019
No material external sales were performed during the first six months of 2019.

Note 4 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 listed companies.

The accounting policies, judgements and significant estimates are consistent with those applied in the consolidated financial statements for 2019 in notes 24 and 25 of the Annual Report, to which reference is made, apart from the change described below:

Change to reportable segments

As part of the refinement of A.P. Moller - Maersk's segment structure to align with internal management structure and demarcation between the reportable segment activities, a number of changes have been made. The main changes involve moving the Maersk Oil Trading activity to the Ocean segment from Manufacturing & Others and the intermodal activity in Hamburg Süd to Logistics & Services from Ocean.

Comparison figures for note 1 have been restated as if the changes had been implemented in 2019. The reportable segments are now as follows:

Ocean

Ocean activities

Operating activities under Maersk Line, Safmarine, Sealand – A Maersk Company and Hamburg Süd.

Hub activities

Activities under the APM Terminals brand generating revenue by providing port services in major transhipment ports, e.g., Rotterdam, Maasvlakte-II, Tangier, Tangier-Med II, Port Said and joint ventures in Salalah, Tanjung Pelepas and Bremerhaven.

Maersk Oil Trading

Dedicated to sourcing marine fuels and lubricants for Ocean's vessel fleet in addition to refinery activities and sales to external parties, including Maersk Tankers.

Logistics & Services

Supply Chain Management

Activities within supply chain management and 4PL services.

Intermodal

Operating activities with the main stream of revenue deriving from the transportation of containers from vendors (shippers) to the port of shipment, and from discharge port to the point of stripping (consignee) by truck and/or rail.

Inland Services

Operating activities in inland activities facilities fully or partially controlled by APM Terminals, with the main revenue stream being inland services such as full container storage, bonded warehousing, empty depot, local transportation etc.

Freight Forwarding

Operating activities within sea and air freight forwarding services.

Other Services

Operating activities within warehousing and distribution, Trade Finance with export finance solutions, post-shipment and import finance solutions and Star Air, operating cargo aircrafts on behalf of UPS.

Terminals & Towage

Terminals activity

Operating activities in ports fully or partially controlled by the APM Terminals brand, with the main revenue stream being port activities not considered a hub activity as described above.

Towage activity

Operating activities under the Svitzer brand, a provider of offshore towage and salvage services.

Manufacturing & Others

Maersk Container Industry

A manufacturer of reefer containers.

Maersk Supply Service

Provides marine services and integrated solutions to the energy sector worldwide with a large fleet of anchor handling tug supply vessels and subsea support vessels.

Other businesses

Consisting of Maersk Training, a provider of training services to the maritime, oil and gas, offshore wind and crane industries, tanker activity acquired as part of the Hamburg Süd acquisition and other shipping related businesses.

New financial reporting requirements

A number of changes to accounting standards are effective from 1 January 2020 and endorsed by the EU:

- Amendments to IAS 1 and IAS 8: Definition of Material
- Amendments to IFRS 3 Business Combinations.

A.P. Moller - Maersk follows the guidelines in the above amendments, and the implementation did not change the accounting policies and had no significant effect.

Uncertainty due to the COVID-19 pandemic

The impact and span of the COVID-19 pandemic is difficult to predict, and business recovery is dependent on the time it takes to contain the spread and reopen the economies globally as well as on the effectiveness of the fiscal stimuli from governments. The long-term effects will also depend on effective medicines and vaccines being developed.

When assessing the recoverable amounts of assets, the uncertainty has significantly increased due to the unclarity as to the development of the COVID-19 pandemic and business recovery. It is management's assessment that for the transport and logistics businesses assumptions applied in the 2019 financial statement are still considered the most appropriate despite the increased estimation uncertainty due to COVID-19. In other parts of the business, impairment losses have been recognised reflecting the current market environment.

A.P. Moller - Maersk has reassessed the expected credit losses by applying updated probabilities of default. The bad debt provision was increased by USD 53m in Q1.

As an employer, A.P. Moller - Maersk participates in defined benefit pension plans. Due to developments in discount and inflation rates at 30 June 2020 in the UK financial market, an increase in net pension assets by USD 72m was recognised in 2020.

Additional information

Quarterly summary

Amounts in USD million

	2020		2019			
Income statement	Q2	Q1	Q4	Q3	Q2	Q1
Revenue	8,997	9,571	9,668	10,055	9,627	9,540
Profit before depreciation, amortisation and impairment losses etc. (EBITDA)	1,697	1,521	1,463	1,656	1,357	1,236
Depreciation, amortisation and impairment losses, net	1,149	1,073	1,160	1,021	1,024	1,082
Gain on sale of non-current assets etc., net	145	19	1	36	16	18
Share of profit/loss in joint ventures and associated companies	58	85	38	66	67	58
Profit/loss before financial items (EBIT)	751	552	342	737	416	230
Financial items, net	-232	-215	-212	-148	-170	-228
Profit/loss before tax	519	337	130	589	246	2
Tax	76	128	191	69	92	106
Profit/loss for the period – continuing operations	443	209	-61	520	154	-104
Profit/loss for the period – discontinued operations	-	-	-	-	-1	-552
Profit/loss for the period	443	209	-61	520	153	-656
A.P. Møller - Mærsk A/S' share	427	197	-72	506	141	-659
Underlying profit/loss	359	197	29	452	134	-69
Balance sheet						
Total assets	55,319	53,990	55,399	55,662	56,555	61,701
Total equity	28,569	27,945	28,837	28,879	28,997	32,843
Invested capital	40,186	39,977	40,555	40,938	41,910	46,491
Net interest-bearing debt	11,564	11,978	11,662	12,056	12,910	12,565
Cash flow statement						
Cash flow from operating activities	1,867	1,216	1,535	1,732	1,170	1,482
Gross capital expenditure, excl. acquisitions and divestments (CAPEX)	362	310	469	343	445	778
Cash flow from financing activities	-59	-1,620	-1,209	-1,520	-769	-1,302
Free cash flow	1,051	445	800	946	270	324
Net cash flow from discontinued operations	-	-	-	-	-419	47
Financial ratios						
Revenue growth	-6.5%	0.3%	-5.5%	-0.9%	0.6%	2.5%
EBITDA margin	18.9%	15.9%	15.1%	16.5%	14.1%	13.0%
Cash conversion	110%	80%	105%	105%	86%	120%
Return on invested capital after tax – continuing operations (ROIC)	4.7%	3.8%	3.1%	3.0%	1.4%	0.6%
Return on equity after tax, annualised	6.3%	2.9%	-0.8%	7.2%	2.0%	-7.9%
Equity ratio	51.6%	51.8%	52.1%	51.9%	51.3%	53.2%
Stock market ratios						
Earnings per share – continuing operations, USD	21	10	-3	24	7	-5
Diluted earnings per share – continuing operations, USD	21	10	-3	24	7	-5
Cash flow from operating activities per share, USD	95	61	76	84	57	71
Share price (B-share), end of period, DKK	7,728	6,092	9,608	7,746	8,142	8,442
Share price (B-share), end of period, USD	1,161	894	1,439	1,132	1,241	1,270
Total market capitalisation, end of period, USD m	21,827	17,002	28,000	22,309	24,749	25,743

Definition of terms

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

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

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

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

Cash conversion
Cash flow from operating activities to EBITDA ratio.

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

Cash return on invested capital (CROIC), %
Cash return on invested capital (last twelve months) is calculated as cash flow from operating activities less gross CAPEX plus dividend received, divided by average invested capital for continuing operations.

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

Cost per move
Includes cost (EBITDA less revenue less other income), depreciation and excludes IFRIC12 construction cost.

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 with this as well as compensation by way of liquidated damages for not having the containers available for circulation.

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

EBITDA
Earnings Before Interest, Taxes, Depreciation and Amortisation.

Equity ratio
Calculated as equity divided by total assets.

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

FFE
Forty Foot container Equivalent unit.

Free cash flow
Comprise of cash flow from operating activities, purchase/sale of intangible assets and property, plant and equipment, dividends received, repayments of lease liabilities, financial payments and financial expenses paid on lease liabilities.

Fuel products
HSFO is high sulphur fuel oil – sulphur content of 3.5% or less. VLSFO is very low sulphur fuel oil – sulphur content of 0.5% or less. LSMGO is low sulphur marine gasoil – sulphur content of 0.1% or less.

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

Headhaul
The direction of the trade route with the highest volumes, whereas the return direction is referred to as backhaul.

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

Infrastructure and Logistics revenue
A sum of revenue for Terminals & Towage and Logistics & Services reporting segments less freight forwarding revenue and excluding eliminations between the segments.

Invested capital
Segment assets less liabilities.

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.

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.

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).

Ocean, unit cost, fixed bunker (USD per FFE incl. VSA income)
Cost per FFE assuming a bunker price at USD 450/tonne excluding intermodal but including hubs and time charter income.

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

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

Revenue backlog
The value of future revenue covered by contracts.

Revenue per move
Includes terminal revenue, other income, government grants and excludes IFRIC12 construction revenue.

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 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 major transactions. The adjustments are net of tax and include A.P. Moller - Maersk's share of mentioned items in joint ventures and associated companies.

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.

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

Colophon

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
Marc Engel
Arne Karlsson
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