ALL THE WAY

MAERSK

Q3

2020

A.P. Møller - Mærsk A/S | Interim Report | 18 November 2020

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The Annual Report 2020 is expected to be announced on 10 February 2021.

Webcast and dial-in information
A webcast relating to the Q3 2020 Interim Report will be held on 18 November 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 Q3 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 the control of A.P. Moller - Maersk', may cause the actual development and results to differ materially from expectations contained in the interim report.

Our transformation towards the global integrator of container logistics is progressing well, and our disciplined and consistent execution over the past three years is now starting to deliver tangible results. This quarter, we were yet again able to grow earnings and cash flow, as operating earnings (EBITDA) increased by 39% to USD 2.3bn with a free cash flow of USD 1.5bn.

During the quarter, we took some significant steps in the process of implementing our global integrator strategy by simplifying our organisation in Ocean & Logistics and integrating and closing down our Safmarine and Damco brands. We also closed the acquisition of KGH Customs Services, providing us with a platform to sharply grow our customs service activities in Europe.

A stronger-than-expected recovery in demand, following the slowdown of Q2 led to the reactivation of all available tonnage as well as significantly higher prices in the short-term market. This, combined with our continued profitability focus, helped us deliver a very strong quarter in Ocean.

Logistics & Services is starting to deliver important results with revenue increasing by 11% and profitability continuing to improve, as we organically and inorganically are growing our land-side logistics business.

In Terminals & Towage, our efforts to become a world-class operator enabled us to continue to expand margins and grow earnings despite lower volumes and slightly lower revenue.

The COVID-19 pandemic continues to negatively impact the global economy and the world's supply chains. As we manage through the pandemic, three objectives continue to guide all our decisions: protecting our employees, serving our customers by keeping our global network and ports operating, and helping the societies we are part of fight the virus.

Our continued progress in improving results and implementing our strategy allows us to look confidently past the volatility of the extraordinary 2020, but we remain well aware that the high level of uncertainty related to the pandemic and associated lockdowns will persist in the coming quarters.

Søren Skou
Chief Executive Officer
A.P. Moller - Maersk

Highlights Q3 2020

- In Q3, the global economic environment was still severely impacted by the spread of the COVID-19 pandemic and its effect on economies on all continents. However, volumes have decreased less than expected. As costs were kept well under control and freight rates have increased due to recovery in demand, earnings increased in Ocean and Logistics & Services.
- Revenue decreased by 1.4% to USD 9.9bn (USD 10.1bn), mainly driven by a volume decrease of 3.6% in Ocean and 3.7% in gateway terminals, partially offset by a revenue increase in Logistics & Services of 11% due to acquisitions.
- A total restructuring charge of USD 105m was recorded in relation to the organisational changes announced on 1 September 2020, including the impact from redundancies of approximately 2,000 colleagues.
- EBITDA increased across all segments and improved by 39% or USD 641m to USD 2.3bn (USD 1.7bn), and the EBITDA margin increased to 23.2% (16.5%) with increases in all segments. EBITDA before restructuring and integration costs amounted to USD 2.4bn.
- EBITDA in Ocean increased by USD 511m to USD 1.8bn (USD 1.3bn), including restructuring costs of USD 65m, as the 3.6% decline in volume was more than offset by a lower cost base due to active capacity deployment, reduced bunker cost from lower fuel prices, higher freight rates and lower bunker consumption.
- In Logistics & Services, EBITDA was USD 131m (USD 91m) including restructuring costs of USD 40m, with the decline in volumes more than offset by the acquisition of Performance Team in April 2020, margin optimisation in intermodal and spikes in air freight forwarding rates.
- In Terminals & Towage, gateway EBITDA increased to USD 274m (USD 263m), driven by fully consolidating the Gujarat Pipavav Port in India, lower SG&A cost and other cost reductions in several terminals more than offsetting the volume decrease of 3.7%. EBITDA in Towage was on par at USD 54m (USD 52m).
- Cash flow from operating activities increased to USD 2.2bn (USD 1.7bn) driven by the significant increase in EBITDA, while gross CAPEX decreased to USD 280m (USD 343m) and consequently free cash flow increased significantly to USD 1.5bn (USD 946m).
- Cash return on invested capital (CROIC), last twelve months, increased to 13.9% (9.9%) due to stronger cash flow from operating activities and lower gross CAPEX. Return on invested capital (ROIC), last twelve months, increased to 5.9% (3.0%), as earnings improved and invested capital declined slightly.
- Net interest-bearing debt decreased to USD 10.8bn by end Q3 (USD 11.7bn end of 2019), as free cash flow of USD 3.0bn was partly offset by share buy-back of USD 696m, dividends of USD 430m, acquisitions of USD 448m, and a net increase in lease liabilities of USD 190m. Net interest-bearing debt excluding lease liabilities decreased to USD 2.0bn (USD 3.1bn end of 2019).
- Full-year guidance for EBITDA is expected to be in the range of USD 8.0bn-8.5bn, before restructuring and integration costs compared to previously USD 7.5bn-8.0bn, as announced 17 November 2020.
- The Board of Directors has decided to initiate a new share buy-back programme of DKK 10bn (around USD 1.6bn). The share buy-back programme will run from December 2020 and over a period of up to 15 months.

Summary financial information

Amounts in USD million

Income statement		Q3		9M	Full year
	2020	2019	2020	2019	2019
Revenue	9,917	10,055	28,485	29,222	38,890
Profit before depreciation, amortisation and impairment losses etc. (EBITDA)	2,297	1,656	5,515	4,249	5,712
Depreciation, amortisation and impairment losses, net	1,097	1,021	3,319	3,127	4,287
Gain on sale of non-current assets etc., net	8	36	172	70	71
Share of profit/loss in joint ventures and associated companies	81	66	224	191	229
Profit/loss before financial items (EBIT)	1,289	737	2,592	1,383	1,725
Financial items, net	-160	-148	-607	-546	-758
Profit/loss before tax	1,129	589	1,985	837	967
Tax	182	69	386	267	458
Profit/loss for the period – continuing operations	947	520	1,599	570	509
Profit/loss for the period – discontinued operations[1]	-	-	-	-553	-553
Profit/loss for the period	947	520	1,599	17	-44
A.P. Møller - Mærsk A/S' share	927	506	1,551	-12	-84
Underlying profit/loss – continuing operations[2]	1,043	452	1,599	517	546
Balance sheet					
Total assets	56,162	55,662	56,162	55,662	55,399
Total equity	29,547	28,879	29,547	28,879	28,837
Invested capital	40,404	40,938	40,404	40,938	40,555
Net interest-bearing debt	10,804	12,056	10,804	12,056	11,662
Cash flow statement					
Cash flow from operating activities	2,176	1,732	5,259	4,384	5,919
Gross capital expenditure, excl. acquisitions and divestments (CAPEX)	280	343	952	1,566	2,035
Cash flow from financing activities	-1,539	-1,520	-3,218	-3,591	-4,800
Free cash flow[3]	1,486	946	2,982	1,540	2,340
Net cash flow from discontinued operations	-	-	-	-372	-372
Financial ratios					
Revenue growth	-1.4%	-0.9%	-2.5%	0.7%	-0.9%
EBITDA margin	23.2%	16.5%	19.4%	14.5%	14.7%
Cash conversion	95%	105%	95%	103%	104%
Return on invested capital after tax – continuing operations (ROIC), (LTM)	5.9%	3.0%	5.9%	3.0%	3.1%
Return on equity after tax, annualised	13.0%	7.2%	7.3%	0.1%	-0.1%
Equity ratio	52.6%	51.9%	52.6%	51.9%	52.1%
Stock market ratios					
Earnings per share – continuing operations, USD	48	24	79	26	23
Diluted earnings per share – continuing operations, USD	48	24	79	26	23
Cash flow from operating activities per share, USD	111	84	267	212	288
Share price (B-share), end of period, DKK	10,080	7,746	10,080	7,746	9,608
Share price (B-share), end of period, USD	1,585	1,132	1,585	1,132	1,439
Total market capitalisation, end of period, USDm	29,583	22,309	29,583	22,309	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 was changed in Q2 2020, and comparative figures have been restated, see page 28.

Financial review

Financial review Q3 2020

Revenue was USD 9.9bn (USD 10.1bn) mainly impacted by a decrease in Ocean of USD 305m only partly countered by an increase in Logistics & Services of USD 189m.

EBITDA increased by 39% to USD 2.3bn (USD 1.7bn) with increases in all segments, primarily in Ocean by 39% or USD 511m due to agile capacity deployment, lower fuel prices, increasing freight rates and lower bunker consumption. In Logistics & Services, EBITDA increased by USD 40m, positively impacted by the acquisition of Performance Team in April 2020, margin optimisation in intermodal and spikes in air freight forwarding rates. In Terminals & Towage, EBITDA increased by USD 13m. The EBITDA margin increased to 23.2% (16.5%). EBITDA before restructuring and integration costs amounted to USD 2.4bn as restructuring costs of USD 105m were recognised in Q3 2020; USD 65m in Ocean and USD 40m in Logistics & Services.

EBIT of USD 1.3bn (USD 737m) was positively impacted by the improved EBITDA, while Q3 2019 was impacted by a reversal of impairment in Maersk Container Industry of USD 43m. The EBIT margin increased to 13.0% (7.3%).

Financial expenses, net amounted to USD 160m (USD 148m), positively impacted by lower gross debt which was more than offset by foreign exchange rate impacts.

The underlying profit from continuing operations after financial items and tax was USD 1.0bn (USD 452m).

Cash flow from operating activities was USD 2.2bn (USD 1.7bn), positively impacted by an increase in EBITDA of USD 641m, partly offset by a negative change in net working capital of USD 108m, leading to a decrease in cash conversion to 95% (105%).

Gross capital expenditure (CAPEX) was USD 280m (USD 343m), driven by lower investments in Ocean.

Free cash flow was USD 1.5bn (USD 946m), positively impacted by higher cash flow from operating activities and lower CAPEX, partly offset by increased lease payments.

Cash flow from borrowings was negative by USD 810m (USD 576m), due to repayments and prepayments of bonds and loans given the strong cash generation during Q3.

Contractual capital commitments totalled USD 1.5bn (USD 1.7bn at year-end 2019), of which USD 1.4bn is related to commitments towards terminal concession grantors. Strong commitment to capital discipline and free cash flow generation continue to be a key strategic focus.

The liquidity reserve increased to USD 10.9bn (USD 10.5bn at year-end 2019), composed of liquid funds of USD 4.7bn excluding restricted cash (USD 3.9bn at year-end 2019) 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 decreased to USD 10.8bn (USD 11.7bn end of 2019) by end of Q3, as free cash flow of USD 3.0bn was partly offset by share buy-back of USD 696m, dividends of USD 430m, acquisitions of USD 448m, and a net increase in lease liabilities of USD 190m. Net interest-bearing debt excluding lease liabilities decreased to USD 2.0bn (USD 3.1bn end of 2019).

A.P. Moller - Maersk remains investment grade-rated and holds a Baa3 (positive; previously negative) rating from Moody's and a BBB (positive; previously 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 up to DKK 10bn (around USD 1.5bn) over a period of up to 15 months.

Highlights Q3

USD million	Revenue		EBITDA		CAPEX	
	2020	2019	2020	2019	2020	2019
Ocean	7,118	7,423	1,805	1,294	147	209
Logistics & Services	1,891	1,702	131	91	23	23
Terminals & Towage	976	999	328	315	104	106
Manufacturing & Others	324	339	48	39	5	7
Unallocated activities, eliminations etc.	-392	-408	-15	-83	1	-2
A.P. Moller - Maersk consolidated – continuing operations	**9,917**	**10,055**	**2,297**	**1,656**	**280**	**343**

The share buy-back programme was concluded on 24 July 2020 and A.P. Moller - Maersk has repurchased USD 1.5bn worth of shares, of which USD 98m was repurchased in Q3 2020.

On 1 June 2020, the cancellation of 156,977 A-shares and 627,938 B-shares was completed corresponding to 3.77% of the total share capital in A.P. Moller - Maersk.

The Board of Directors has decided to initiate a new share buy-back programme of DKK 10bn (around USD 1.6bn). The share buy-back programme will run from December 2020 and over a period of up to 15 months.

The new programme is in alignment with previous announced intention to distribute a material part of the value of shares received in Total S.A. (USD 4.5bn) as part of the sale of Maersk Oil, subject to maintaining investment grade rating. With the announced new share buy-back programme the total distribution from the sale of the shares in Total S.A. will be around USD 3.4bn or around 75% of the initial value of the shares received.

This will conclude the distribution associated with the sale of Maersk Oil and any further distribution to shareholders will come from the continuous business activities.

The share buy-back will be carried out in several phases. The first phase of the share buy-back programme of DKK 3.3bn (around USD 500m) is expected to run from 1 December 2020 until April 2021. The remaining part of the programme will be initiated after approval by the Annual General Meeting in March 2021 of the proposed prolongation of the authority to acquire own shares.

As of 30 September, A.P. Moller - Maersk owns a total of 108,870 A-shares and 482,002 B-shares as treasury shares, corresponding to 2.95% of the share capital.

Transformation metrics

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

On the back of the improvement in profitability and positive cash flow generation during Q3, positive developments were seen across all transformation metrics.

Return on invested capital (ROIC), last twelve months, increased to 5.9% (3.0%), as earnings improved and invested capital was reduced. The underlying return on invested capital increased to 6.2% (3.2%).

Cash return on invested capital (CROIC), last twelve months, increased to 13.9% (9.9%), due to stronger cash flow from operations, lower gross CAPEX and lower invested capital.

Infrastructure and Logistics revenue (excl. freight forwarding) increased to USD 2.5bn (USD 2.4bn), mainly due to the acquisition of Performance Team, only partly offset by lower revenue in gateway terminals because of the impacts of COVID-19.

Logistics & Services EBITDA (excl. freight forwarding and restructuring costs) improved to USD 164m (USD 96m) as a result of margin optimisation in intermodal and supported by the acquisition of Performance Team.

The next step towards becoming an integrated container transport and logistics company

On 1 September, A.P. Moller - Maersk introduced organisational changes that will further improve customer experience and end-to-end service delivery. As part of this, the Safmarine brand will be integrated into Maersk to enhance customers' access to the global integrated offering. In addition, the Damco brand's Air and LCL (Less than Container Load)

Transformation metrics

		Q3		9M	Full year
	2020	2019	2020	2019	2019
A.P. Moller - Maersk cash return on invested capital[1]	13.9%	9.9%	13.9%	9.9%	10.0%
Infrastructure and Logistics revenue[2], USDm	2,543	2,419	6,721	6,976	9,201
Logistics & Services EBITDA[2], USDm	164	96	309	188	221
Long-term targets					
Return on invested capital[1]	5.9%	3.0%	5.9%	3.0%	3.1%
Underlying return on invested capital[1]	6.2%	3.2%	6.2%	3.2%	3.2%

1 Last twelve months
2 Excluding freight forwarding and restructuring costs

offering will be combined with Maersk's logistics and services products to complement its end-to-end offering. Also, a more simplified and customer-centric global Ocean and Logistics & Services organisation is being introduced. As part of this, the front offices of Maersk and Hamburg Süd will come closer together in more customer-centric teams, while continuing to meet customers as two separate brands with a differentiated service model. The new organisation is effective from 1 October 2020.

As a consequence of the changes, A.P. Moller - Maersk has recognised a restructuring charge of USD 105m in Q3 2020, including the impact from the redundancies of approx. 2,000 employees.

Financial review 9M 2020

Revenue was USD 28.5bn (USD 29.2bn) with a decrease in Ocean, Terminals & Towage and Manufacturing & Others of USD 716m, USD 209m and USD 87m respectively, mainly because of volume decreases across businesses due to the impact of the COVID-19 pandemic, while Logistics & Services reported an increase of USD 100m supported by the acquisitions of Performance Team and as of September KGH Customs Services.

EBITDA increased by 30% to USD 5.5bn (USD 4.2bn) with increases in all segments, primarily in Ocean by USD 1.0bn due to cost improvements driven by capacity adjustments responding to market impacts from COVID-19, lower fuel prices, increasing freight rates and lower bunker consumption. Logistics & Services also delivered a strong increase of 60% or USD 111m.

EBIT was USD 2.6bn (USD 1.4bn), 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 in India, partly offset by impairments as a result of the market environment in 2020.

Financial expenses, net amounted to USD 607m (USD 546m), positively impacted by lower gross debt whereas 2019 was significantly impacted by positive foreign exchange rates.

The underlying profit for continuing operations after financial items and tax was USD 1.6bn (USD 517m).

Cash flow from operating activities was USD 5.3bn (USD 4.4bn), positively impacted by an increase in EBITDA of USD 1.3bn, a decrease in tax paid of USD 129m, offset by negative change in net working capital of USD 212m (positive USD 418m), leading to a cash conversion of 95% (103%).

Gross capital expenditure (CAPEX) was USD 952m (USD 1.6bn), mainly related to lower investments in Ocean and Manufacturing & Others.

Free cash flow was USD 3.0bn (USD 1.5bn), positively impacted by higher cash flow from operating activities, lower gross CAPEX, but partly offset by higher increased lease payments.

Cash flow from borrowings was negative USD 298m (negative by USD 973m), due to repayments and prepayments of USD 1.6bn, partly offset by USD 1.3bn of new funding, which was mostly driven by precautions taken due to COVID-19 in Q2.

The ordinary dividend of DKK 150 per A.P. Møller - Mærsk A/S share of nominally DKK 1,000 (in total equal to USD 430m) 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 29.5bn (USD 28.8bn at 31 December 2019), mainly due to a net profit of USD 1.6bn and addition of non-controlling interest of USD 329m offset by dividends of USD 430m and share repurchase of USD 696m, resulting in an equity ratio of 52.6% (52.1% at 31 December 2019).

Highlights 9M

USD million	Revenue		EBITDA		CAPEX	
	2020	2019	2020	2019	2020	2019
Ocean	20,918	21,634	4,337	3,311	530	992
Logistics & Services	4,902	4,802	296	185	81	60
Terminals & Towage	2,765	2,974	841	814	319	313
Manufacturing & Others	935	1,022	140	87	20	194
Unallocated activities, eliminations etc.	-1,035	-1,210	-99	-148	2	7
A.P. Moller - Maersk consolidated – continuing operations	**28,485**	**29,222**	**5,515**	**4,249**	**952**	**1,566**

Guidance for 2020

Given the current momentum in the different businesses, A.P. Moller - Maersk expects, as announced on 17 November 2020, earnings before interest, taxes, depreciation and amortisation (EBITDA) before restructuring and integration costs in the range of USD 8.0bn-8.5bn from previously between USD 7.5bn-8.0bn as announced 13 October.

The global demand growth for containers is expected to contract by 4-5% in 2020 due to COVID-19.

Organic volume growth in Ocean is now expected to be slightly below the average market growth from previously in line with or slightly below the market.

For 2020 the guidance on capital expenditures (CAPEX) is now expected to be USD 1.5bn, and with the expectation of a high cash conversion (cash flow from operations compared to EBITDA).

For the years 2021-2022 the accumulated CAPEX is expected to be between USD 4.5bn-5.5bn with the expectation of a high cash conversion. The previous guidance on accumulated CAPEX for 2020-2021 was between USD 3.0-4.0bn.

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 0.3bn
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

Ocean

EBITDA for Q3 increased by 39% to USD 1.8bn (USD 1.3bn), including restructuring costs of USD 65m, as a result of the continued agile deployment of vessels in a market that remains impacted by the outbreak of COVID-19. Notwithstanding some strong pricing dynamics given the unexpected pick-up in demand on some routes, the continued agile capacity and decisive cost management reduced the operating costs by 13%, mainly from improvements in network cost including bunker savings, positively impacted by lower volumes in container handling cost.

Container demand has recovered significantly since Q2, though very uneven across different geographies. The capacity plan was adjusted accordingly to reflect the volume pick-up and regional demand pattern. At quarter-end, the fleet was almost back to full capacity across Asia where the demand was strongest, with higher capacity on some Asian trades than in 2019. Due to sudden and stronger than expected demand, short-term freight rates strengthened, especially in East-West trades out of Asia. This was partly driven by tight supply of appropriate vessels, as well as availability of containers. The unexpected increase in demand on certain routes also decreased the reliability of the network.

Financial and operational performance

Revenue decreased to USD 7.1bn (USD 7.4bn) impacted by a decrease in freight revenue of 2.3%, mainly due to 3.6% lower volumes, partly offset by an increase in loaded freight rate of 4.4%. Other revenue decreased by 14%, mainly due to lower VSA income.

EBITDA improved by 39% to USD 1.8bn (USD 1.3bn), including restructuring costs of USD 65m in Q3 2020, driven by a significantly lower cost base following capacity adjustments and bunker cost reductions from lower fuel prices as well as lower consumption. The EBITDA margin increased by 8 percentage points to 25.4% (17.4%).

Loaded volumes decreased by 3.6% to 3,283k FFE (3,405k FFE) driven by lower backhaul volumes across most trades with total headhaul on par with Q3 2019. North-South volumes declined, mainly driven by 13% lower volumes in Latin America, while East-West volumes were positively impacted by the recovery of export out of Asia with stronger headhaul volumes into North America, partly offsetting the overall drop for the trade lanes.

Sequentially the average loaded freight rate was slightly down compared to Q2 despite an increase in average loaded freight rate of 4.4% to 1,909 USD/FFE (1,828 USD/FFE), partly driven by short-term rate increases, but negatively impacted by the developments in fuel prices to the long-term contracts. Demand surges from recovery in some geographies, particularly in China-US trades where capacity increased above 2019 level at the end of the quarter, together with external factors, including availability of vessels and containers, drove rates upward, resulting in an average loaded

Ocean highlights

USD million		Q3		9M	Full year
	2020	2019	2020	2019	2019
Freight revenue	6,137	6,282	17,749	18,448	24,466
Other revenue, including hubs	981	1,141	3,169	3,186	4,316
Revenue	**7,118**	**7,423**	**20,918**	**21,634**	**28,782**
Container handling costs	2,111	2,261	6,087	6,815	8,988
Bunker costs	759	1,151	2,920	3,503	4,566
Network costs, excluding bunker costs	1,628	1,799	4,890	5,333	7,025
Selling, General & Administrative (SG&A)	689	662	1,948	1,994	2,786
Cost of goods sold and other operational costs	133	260	995	668	919
Total operating costs	**5,320**	**6,133**	**16,840**	**18,313**	**24,284**
Other income/costs, net	7	4	259	-10	-62
Profit/loss before depreciation, amortisation and impairment losses etc. (EBITDA)	**1,805**	**1,294**	**4,337**	**3,311**	**4,436**
EBITDA margin	25.4%	17.4%	20.7%	15.3%	15.4%
Gross capital expenditure, excl. acquisitions and divestments (CAPEX)	147	209	530	992	1,172
Operational and financial metrics					
Loaded volumes (FFE in '000)	3,283	3,405	9,234	10,002	13,296
Loaded freight rate (USD per FFE)	1,909	1,828	1,930	1,850	1,853
Unit costs, fixed bunker (USD per FFE incl. VSA income)	1,868	1,923	1,968	1,957	1,954
Bunker price, average (USD per tonne)	290	411	390	421	412
Bunker consumption (tonne in '000)	2,621	2,803	7,488	8,319	11,092
Average nominal fleet capacity (TEU in '000)	4,034	4,186	4,077	4,115	4,132
Fleet, owned (end of period)	303	307	303	307	307
Fleet, chartered (end of period)	385	396	385	396	401

Fleet overview, end Q3 2020

	TEU		Number of vessels	
	Q3 2020	Q4 2019	Q3 2020	Q4 2019
Own container vessels	2,192,355	2,208,762	303	307
Chartered container vessels	1,840,055	1,916,098	385	401
Total fleet	**4,032,410**	**4,124,860**	**688**	**708**

freight rate at fixed bunker price increase of 10%. The strong development in both headhaul and backhaul rates in North America was partly offset by lower average rates mainly in Latin and intra-Americas. Adjusted for foreign exchange rate effects, the average loaded freight rate increased by 4.8%. The average loaded freight rate was on par with Q2 despite the short-term spikes, given contract rates which came down because of bunker adjustment factors (BAF) and the priority given to long term relations with customers.

Total operating costs decreased by 13% to USD 5.3bn (USD 6.1bn), driven by lower network costs, including bunker cost, from the lower deployed capacity and the lower fuel prices. In Q3, in line with Q2 and as a response to the changed market conditions from the pandemic, network changes were performed, which in turn impacted idle capacity in the fleet. Through agile deployment of vessels, sailings increased by 8.6% from Q2, matching the demand fluctuations while also improving network utilisation against last year and Q2. Network costs were positively impacted by lower fuel prices and lower consumption from fewer vessels sailing, while bunker efficiency decreased slightly from 2019 levels. Container handling costs decreased as a result of lower volumes.

Loaded volumes

FFE ('000)	Q3 2020	Q3 2019	Change	Change %
East-West	1,553	1,561	-8	-0.5%
North-South	1,011	1,118	-107	-9.6%
Intra-regional	719	726	-7	-1.0%
Total	**3,283**	**3,405**	**-122**	**-3.6%**

Average freight rates

USD/FFE	Q3 2020	Q3 2019	Change	Change %
East-West	1,995	1,746	249	14.3%
North-South	2,382	2,318	64	2.8%
Intra-regional	1,227	1,314	-87	-6.6%
Total	**1,909**	**1,828**	**81**	**4.4%**

Developments in foreign exchange rates positively impacted the operating costs by 0.4 percentage points.

Bunker costs decreased by 34% to USD 0.8bn (USD 1.2bn), with a decrease in average bunker prices of 29% to 290 USD/tonne (411 USD/tonne) and a decline in bunker consumption of 6.5%, partly resulting from idling and blanked sailings. Bunker efficiency decreased by 0.8% to 39.8 g/TEU*NM (39.5 g/TEU*NM).

Unit cost at fixed bunker decreased by 2.9% to 1,868 USD/FFE (1,923 USD/FFE), driven by the lower cost base enabled by the network adjustments offsetting the negative impact from the decrease in loaded volumes for the quarter. Adjusting for the positive impact of developments in foreign exchange rate, unit cost at fixed bunker decreased by 2.5%.

The average nominal capacity of 4,034k TEU decreased by 3.6%. There were no vessels in the newbuilding programme end of Q3, and the fleet consisted of 303 owned and 385 chartered vessels, of which 104k TEU or 2.6% of the fleet were idle (15 vessels), mainly due to repairs, scrubber retrofitting and capacity adjustments.

Market update

Global container volumes increased by around 1% in Q3 2020, showing a faster rebound from Q2 than expected earlier in the year. Continued reopening of the global economy as COVID-19 restrictions were gradually lifted, combined with massive public stimulus packages, drove activity and trade higher. Moreover, country lockdowns weighed more heavily on services consumption than on goods consumption, supporting container trade. The outlook remains uncertain and the number of corona infections are again increasing. The development in container trade will be determined by actions to contain the virus spreading, combined with continued fiscal support to households and businesses.

East-West container volumes grew 3% in Q3, compared to the same period last year. North American imports from Far East increased by 17%, led by an excessive spike in US goods consumption such as electronics, white goods and furniture, and fuelled by a housing boom and generous fiscal stimulus. European imports from Far East also increased, although at a slower pace of 2%, while Far East imports from North America and Europe showed a negative development in Q3. North-South container volumes declined 4%, while Intra Regional trade volumes, led by Intra Asia, grew nearly 2%.

Market demand growth

Growth % (Y/Y)	Q3 2020
Global market	1%
East-West	3%
– Headhaul	6%
– Backhaul	-4%
North-South	4%
Intraregional	2%

At the end of Q3, the nominal global container fleet stood at 23.7m TEU, an increase of 2.8% on Q3 2019. 330k TEU (42 vessels) were delivered during Q3 and 53k TEU (27 vessels) were scrapped. The relatively strong uptick in demand compared to Q2 resulted in less blanked sailings and additional services being added, reducing the idled fleet to 2.2% of the fleet (0.5m TEU) by the end of Q3. The effective fleet capacity decreased by 2% compared to Q3 2019. The activity in the new building market remained low, and only 24k TEU (14 vessels) were ordered in Q3. At the end of Q3, the orderbook-to-fleet ratio had fallen to 8.2%.

Freight rates, as measured by the China Composite Freight Index (CCFI), increased by 11% in Q3 compared to Q3 2019 supported by the increase in US goods consumption, container equipment and vessel shortages.

Bunker fuel prices increased in Q3 compared to Q2, with HSFO, VLSFO and LSMGO prices increasing from Q2 to Q3 by 23%-33% and 24%-36% in Singapore and Rotterdam, respectively, according to Ship & Bunker prices.

Key initiatives in Q3

Focus in Q3 continued to be helping customers weather the supply chain disruptions. With space access being the biggest challenge for most customers, additional flexibility was provided to long-term customers to cater for additional demand, despite the strong short-term freight rate market. At the same time, there was a continued use of digital engagement models like Maersk Spot to serve the spot market, and Twill to serve smaller customers.

Maersk Spot continued the momentum in Q3 and stayed on the positive trend curve. Measured on a four-week average basis, Maersk Spot volume was 51% of total loaded short-term Maersk volumes at the end of Q3. The instant pricing with load guarantee provides ease, efficiency and peace of mind for customers amid volatile market conditions and service changes.

Twill, the end-to-end digital product designed for small and medium-sized customers (SMEs) without in-house logistics capabilities, crossed average 2,000 FFE per week by end of Q3 compared to less than 100 FFE per week at the beginning of the year.

Strategic changes that will further improve customer experience and end-to-end service delivery were announced in Q3. Safmarine will no longer be marketed as a separate brand by the end of 2020 as Maersk and Safmarine have converged, both focusing on building a customer-centric culture with digital interactions. Further, the front offices of Maersk and Hamburg Süd will come closer together into more customer-centric teams, while continuing to meet customers as two separate brands with a differentiated service model.

Financial review 9M 2020

Revenue decreased by 3.3% to USD 20.9bn (USD 21.6bn), mainly due to lower volumes, partly offset by an increase in average freight rates, with other revenue largely in line with last year. EBITDA increased by 31% to USD 4.3bn (USD 3.3bn) driven by decisive cost management through capacity optimisation and freight margin improvement mainly from improved short-term freight rates, partially helped by extraordinary and temporary tightness on some routes.

The volumes declined by 7.7% or 768k FFE while the average loaded freight rates increased by 4.3%. Operating costs declined by 8%, equivalent to USD 1.5bn, driven by lower network cost, including bunker cost from both lower fuel consumption and prices and impacted by lower container handling costs as a result of lower volumes. The cost base was positively impacted by the developments in foreign exchange rate.

Logistics & Services

Maersk's capabilities as an integrated container logistics company, offering end-to-end supply chain solutions to customers were further strengthened in Q3 with the acquisition of KGH Customs Services and continued integration of Performance Team. Despite restructuring costs of USD 40m from the closing of the Damco brand, EBITDA increased to USD 131m (USD 91m), mainly driven by intermodal margin improvement, air freight forwarding and earnings from Performance Team in North America.

Financial and operational performance

Revenue increased by 11% to USD 1.9bn (USD 1.7bn), positively impacted by the Performance Team acquisition, supply chain management (SCM) and air freight forwarding, partly offset by lower revenue in intermodal. Gross profit increased by 35% to USD 468m (USD 347m), driven by increasing volumes in supply chain management and the continued focus on profitable business and margin optimisation in intermodal. Furthermore, profitability increased in warehousing and distribution facilities in North America, specifically driven by Performance Team, which is reported under 'Other services'. EBITDA increased to USD 131m (USD 91m) with an EBITDA margin of 6.9% (5.3%), driven by the increase in gross profit, partly offset by restructuring costs.

Volumes in supply chain management increased by 5.6% to 24,215 kcbm (22,922 kcbm), while volumes in intermodal decreased by 5.2% to 882k FFE (930k FFE). Volumes in air freight forwarding declined by 26% to 34k tonne (46k tonne) and declined by 4% in sea freight forwarding to 122k TEU's (127k TEU's), all impacted by COVID-19.

Profitability improved in intermodal, driven by the ongoing margin optimisation with an increase in gross profit of 58%. Supply chain management gross profit increased by 7.2% due to increase in volumes, driven by positive inventory to sales ratio for US retailers.

In air freight forwarding, revenue and gross profit increased, driven by the continued high rates in Asia Pacific where urgent air freight solutions were developed during the COVID-19 pandemic, despite a volume decrease.

Other services revenue and gross profit increased, driven by positive contribution from warehousing and distribution including the activity from Performance Team in North America with a revenue of USD 0.2bn.

EBIT conversion improved to 21.3% (16.1%), with positive impact from SG&A savings and optimised cost base.

Revenue and gross profit

USD million	Revenue		Gross profit	
Q3	2020	2019	2020	2019
Supply chain management	283	245	104	97
Intermodal	731	776	79	50
Inland services	141	135	53	55
Sea freight forwarding	129	141	19	21
Air freight forwarding	169	137	20	16
Other services	438	268	193	108
Total revenue	**1,891**	**1,702**	**468**	**347**
9M	2020	2019	2020	2019
Supply chain management	676	656	253	257
Intermodal	1,975	2,241	186	118
Inland services	383	392	146	160
Sea freight forwarding	356	418	51	65
Air freight forwarding	528	357	70	42
Other services	984	738	429	284
Total revenue	**4,902**	**4,802**	**1,135**	**926**

Key initiatives in Q3

The acquisition of KGH Customs Services, a leading Sweden-based specialist in trade and customs services management in Europe, was finalised on 1 September. The acquisition increases the combined number of clearances significantly in the Europe region, allowing for a larger footprint and enhanced ability to service customers end-to-end. The integration is progressing according to plan.

Air freight forwarding and the less container load (LCL) products will be integrated into the Maersk logistics and services products to complement the end-to-end offering effective 1 October, as announced in Q3. The Damco brand will cease to exist.

A new digital product, Maersk Flow, was introduced in July for small and medium-sized customers and partners to take control of their supply chain, from factory to market.

Logistics & Services highlights

USD million		Q3		9M	Full year
	2020	2019	2020	2019	2019
Revenue	**1,891**	**1,702**	**4,902**	**4,802**	**6,331**
Direct cost	1,423	1,356	3,767	3,880	5,091
Gross profit	**468**	**346**	**1,135**	**922**	**1,240**
Selling, General & Administration (SG&A)	337	255	839	737	1,024
Profit/loss before depreciation, amortisation and impairment losses etc. (EBITDA)	**131**	**91**	**296**	**185**	**216**
EBITDA margin	6.9%	5.3%	6.0%	3.8%	3.4%
Gross capital expenditure, excl. acquisitions and divestments (CAPEX)	23	23	81	60	126
Operational and financial metrics					
EBIT conversion (EBIT/gross profit – %)	21.3%	16.1%	15.0%	9.3%	1.5%
Supply chain management volumes (kcbm)	24,215	22,922	55,008	56,856	73,574
Intermodal volumes (kFFE)	882	930	2,430	2,694	3,543
Sea freight volumes (TEU)	121,840	124,408	325,347	367,011	475,210
Air freight volumes (tonne)	34,274	46,492	98,433	118,714	158,405

Financial review 9M 2020

Revenue increased by 2.1% to USD 4.9bn (USD 4.8bn) due to incremental revenue within air freight forwarding, the acquisition of Performance Team and supply chain management, partly offset by reduction in intermodal and sea freight forwarding. Gross profit increased by 23% to USD 1.1bn (USD 922m), driven by margin optimisation and more profitable geographical mix in intermodal, additional warehousing footprint in North America, including Performance Team, and increased air freight forwarding rates in Asia Pacific.

EBITDA increased by 61% to USD 296m (USD 184m), driven by the increase in gross profit, only partly offset by restructuring costs of USD 40m from closing the Damco brand.

Terminals & Towage

Terminals & Towage reported an increased EBITDA at USD 328m (USD 315m), despite revenue decreasing to USD 976m (USD 999m).

In gateway terminals, revenue decreased to USD 816m (USD 833m) with lower volume due to COVID-19, and EBITDA at USD 274m (USD 263m). In Towage, revenue decreased to USD 167m (USD 172m), while EBITDA increased to USD 54m (USD 52m), positively impacted by lower costs.

Revenue decreased to USD 2.8bn (USD 3.0bn) while EBITDA increased to USD 841m (USD 814m) in the first nine months.

Terminals

Financial and operational performance

EBITDA increased to USD 274m (USD 263m) with an increase in EBITDA margin to 33.6% (31.5%), driven by the Pipavav, India, consolidation, higher revenue per move, lower SG&A cost and other cost reductions in several terminals, which more than compensated for lower volumes. Revenue decreased to USD 816m (USD 833m). Gross CAPEX was USD 88m (USD 87m).

Volumes decreased by 3.7% (decreased by 7.8% like-for-like adjusted for Vado, Italy, and Pipavav), driven by COVID-19. The volume impact varied significantly across regions, with Latin America impacted the most with an 11% volume reduction, mainly driven by Buenos Aires, Argentina. Europe was also significantly impacted with a 9.2% reduction. Volumes in North America decreased by 4.3%, while volumes in Asia increased by 6.6% and Africa and Middle East increased by 3.1%.

Utilisation decreased to 71% (84%) as volumes from the Ocean segment were flat and volumes from external customers decreased by 5.7% while capacity increased in multiple locations.

On an equity-weighted basis, volumes decreased by 2.3% (decreased by 2.0% like-for-like adjusted for Vado and the exit from Douala, Cameroon). The equity-weighted utilisation was 80% (88%).

Revenue per move increased by 2.8% to USD 277 (USD 269), positively impacted by volume mix, partially offset by negative rate of exchange impact. Adjusted for foreign

Terminals & Towage highlights

USD million	Q3		9M		Full year
	2020	2019	2020	2019	2019
Revenue	**976**	**999**	**2,765**	**2,974**	**3,948**
Concession fees	74	71	209	203	249
Labour costs (blue collar)	312	326	896	982	1,313
Other operational costs	127	140	422	511	628
Selling, General & Administration (SG&A) and other costs etc.	135	147	397	464	640
Total operating costs	**648**	**684**	**1,924**	**2,160**	**2,830**
Profit/loss before depreciation, amortisation and impairment losses etc. (EBITDA)	**328**	**315**	**841**	**814**	**1,118**
EBITDA margin	33.6%	31.5%	30.4%	27.4%	28.3%
Gross capital expenditure, excl. acquisitions and divestments (CAPEX)	104	106	319	313	532
Operational and financial metrics					
Terminal volumes – financially consolidated (moves, m)	3.0	3.1	8.4	8.9	11.9
Ocean segment	1.1	1.1	3.0	3.1	4.1
External customers	1.9	2.0	5.4	5.8	7.8
Terminal revenue per move – financially consolidated (USD)	277	269	274	271	272
Terminal costs per move – financially consolidated (USD)	229	220	237	234	233
Result from joint ventures and associated companies (USD m)	69	55	175	163	206
Number of operational tug jobs (harbour towage) ('000)	33	33	103	99	134
Annualised EBITDA per tug (terminal towage) (USD in '000)	911	847	994	1,018	889

exchange rate, volume mix effects, portfolio changes and one-offs, revenue per move increased by 1.2%.

Cost per move increased by 4.0% to USD 229 (USD 220), negatively impacted by volume mix, lower utilisation, and operational challenges in West Africa, partially offset by positive rate of exchange. Adjusted for foreign exchange rate, volume mix effects, portfolio changes and one-offs, cost per move increased by 3.6%.

The EBITDA margin for gateway terminals increased by 1.9 percentage points to 34% (32%) as higher revenue per move and cost reductions more than compensated for the lower utilisation. In Asia, the EBITDA margin increased by 20 percentage points, mainly due to the consolidation of Pipavav. In North America, the EBITDA margin increased by 4.9 percentage points due to cost saving initiatives, while the EBITDA margin increased by 1.4 percentage point in Europe mainly due to ramp up of Vado. In Latin America, the EBITDA margin increased by 0.5 percentage points, mainly due to higher revenue per move in Moin, Costa Rica. The EBITDA margin decreased in Africa and the Middle East by 3.4 percentage points, mainly due to operational challenges in West Africa.

Results from joint ventures and associated companies

The equity-weighted EBITDA was on par at USD 375m (USD 374m), mainly driven by cost reduction in several terminals and ramp up of Tema, Ghana, offset by lower volumes and exit from Douala.

Regional volume, Terminals[1]

Million moves	Q3 2020	Q3 2019	Growth (%)
North America	0.8	0.8	-4.3
Latin America	0.6	0.6	-11.1
Europe, Russia and the Baltics	0.6	0.6	-9.2
Asia	0.5	0.5	6.6
Africa and Middle East	0.5	0.5	3.1
Total	**3.0**	**3.1**	**-3.7**

1 Financially consolidated.

Regional EBITDA margin, Terminals[1]

Percentage	Q3 2020	Q3 2019
North America	27	22
Latin America	38	38
Europe, Russia and the Baltics	33	31
Asia	41	21
Africa and Middle East	40	44
Total	**34**	**32**

1 Financially consolidated.

The share of profit in joint ventures and associated companies of USD 64m (USD 50m) was positively impacted by ramp-up of Tema and foreign exchange rate gain.

Key initiatives in Q3

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

In Yokohama, Japan, operations began on the first berth among two of the additional berths.

Financial review 9M 2020

Revenue was USD 2.3bn (USD 2.5bn) with a 6.5% volume decrease driven by COVID-19. Excluding newly operated terminals and divested terminals in 2020, like-for-like volumes decreased by 8.6%. Capacity utilisation decreased to 69% (81%).

Revenue per move increased to USD 274 (USD 271) and cost per move increased to USD 237 (USD 234). EBITDA increased by 1.9% to USD 672m (USD 660m).

Towage

Financial and operational performance

The towage activities remained resilient although COVID-19 impacted the activity level and created operational challenges. Revenue decreased to USD 167m (USD 172m), mainly due to volume decreases in Australia and in the UK, partly offset by volume additions from the newly acquired Port Towage Amsterdam, the Netherlands, and positive currency development in Australian dollar and Euro. Adjusted for foreign exchange rate development, revenue decreased by USD 7m. EBITDA increased slightly to USD 54m (USD 52m), positively impacted by lower costs.

Harbour towage activities measured by the number of tug jobs were on par, driven by the positive impact from the consolidation of Port Towage Amsterdam in early 2020, partly offset by lower activity in Australia, in the UK and in Scandinavia. The Americas and Asia, Middle East & Africa regions increased activities slightly compared to Q3 2019.

For terminal towage, annualised EBITDA per tug increased slightly, primarily impacted by increase in Australia, Americas and Europe partly offset by declines in the Asia, Middle East & Africa region.

Results from joint ventures and associated companies

The share of profit in joint ventures and associated companies increased by 6.6% to USD 6m (USD 5m), impacted by the acquisition of the remaining 50% of Port Towage Amsterdam which has been consolidated as a 100% owned subsidiary from early January 2020.

Equity-weighted EBITDA increased by 2.8% to USD 60m (USD 58m), driven by EBITDA improvements in consolidated entities across all regions with Australia as the exception.

Key initiatives in Q3

During Q3 2020, four contract extensions were signed in Oman, Australia, Argentina and Brazil. In addition, operations started in Nacala Port, Mozambique, while operations in Bremerhaven, Germany, were expanded with mooring services.

Financial review 9M 2020

Revenue was USD 505m (USD 516m), mainly impacted by negative currency development and volume decreases due to COVID-19 impacts, partly offset by increased activity in Europe with the acquisition of Port Towage Amsterdam as well as ramp up of operations in terminal towage activities in Americas and Liberia.

Manufacturing & Others

Revenue was USD 324m (USD 339m) with an EBITDA of USD 48m (USD 39m).

For Maersk Container Industry, revenue increased slightly to USD 153m (USD 150m) driven by a higher production of Star Cool Units. 79% of the revenue was related to third-party customers. EBITDA increased to USD 17m (USD 14m), positively impacted by lower direct material costs.

Maersk Supply Service reported a revenue of USD 65m (USD 81m) and an EBITDA of USD 13m (USD 4m) reflecting the lower activity offset by significant cost reductions. After significantly reducing its onshore organisation in Q2 and cost across its fleet, Maersk Supply Service continues to counter the revenue deterioration and deliver positive operating earnings.

Maersk Supply Service was awarded new contracts in key markets such as West Africa and Brazil with vessels in the North Sea spot market experiencing a seasonal spike.

For other businesses, revenue was USD 106m (USD 108m) and EBITDA USD 18m (USD 21m).

Financial review 9M 2020

Revenue was USD 935m (USD 1.0bn) with an EBITDA of USD 140m (USD 87m).

Revenue in Maersk Container Industry was USD 431m (USD 422m) of which 59% was related to third-party customers. EBITDA was USD 59m (USD 14m) with 2019 being impacted by restructuring costs of USD 31m in Dongguan in Q1 2019. The divestment of the production facilities in San Antonio, Chile, and Dongguan, China, were concluded.

Maersk Supply Service reported a revenue of USD 191m (USD 220m) and an EBITDA of USD 24m (USD 14m), reflecting lower activity offset by cost reductions.

For other businesses, revenue was USD 313m (USD 380m) and EBITDA was USD 57m (USD 58m).

Manufacturing & Others highlights

USD million		Q3		9M	Full year
	2020	2019	2020	2019	2019
Revenue	324	339	935	1,022	1,376
Profit/loss before depreciation, amortisation and impairment losses etc. (EBITDA)	48	39	140	87	136
EBITDA margin	14.8%	11.5%	15.0%	8.9%	9.9%
Gross capital expenditure, excl. acquisitions and divestments (CAPEX)	5	7	20	194	204

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 September 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 September 2020 and of the results of A.P. Moller - Maersk's consolidated operations and cash flows for the period 1 January to 30 September 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, 18 November 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		Q3 2020	Q3 2019	9M 2020	9M 2019	Full year 2019
1	Revenue	9,917	10,055	28,485	29,222	38,890
1	**Profit before depreciation, amortisation and impairment losses etc. (EBITDA)**	**2,297**	**1,656**	**5,515**	**4,249**	**5,712**
	Depreciation, amortisation and impairment losses, net	1,097	1,021	3,319	3,127	4,287
	Gain on sale of non-current assets etc., net	8	36	172	70	71
	Share of profit/loss in joint ventures and associated companies	81	66	224	191	229
	Profit/loss before financial items (EBIT)	**1,289**	**737**	**2,592**	**1,383**	**1,725**
	Financial items, net	-160	-148	-607	-546	-758
	Profit/loss before tax	**1,129**	**589**	**1,985**	**837**	**967**
	Tax	182	69	386	267	458
	Profit/loss for the period – continuing operations	**947**	**520**	**1,599**	**570**	**509**
	Profit/loss for the period – discontinued operations	-	-	-	-553	-553
	Profit/loss for the period	**947**	**520**	**1,599**	**17**	**-44**
	Of which:					
	Non-controlling interests	20	14	48	29	40
	A.P. Møller - Mærsk A/S' share	**927**	**506**	**1,551**	**-12**	**-84**
	Earnings per share – continuing operations, USD	**48**	**24**	**79**	**26**	**23**
	Diluted earnings per share – continuing operations, USD	**48**	**24**	**79**	**26**	**23**
	Earnings per share, USD	**48**	**24**	**79**	**-1**	**-4**
	Diluted earnings per share, USD	**48**	**24**	**79**	**-1**	**-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		Q3 2020	Q3 2019	9M 2020	9M 2019	Full year 2019
	Profit/loss for the period	**947**	**520**	**1,599**	**17**	**-44**
	Translation from functional currency to presentation currency	100	-202	-122	-200	-81
3	Reclassified to income statement, gain on sale of non-current assets, etc., net	-2	-1	62	6	6
	Cash flow hedges	72	-70	-60	-104	-23
	Tax on other comprehensive income	-7	3	18	21	16
	Share of other comprehensive income of joint ventures and associated companies, net of tax	2	-	6	-	-1
	Total items that have been or may be reclassified subsequently to the income statement	**165**	**-270**	**-96**	**-277**	**-83**
	Other equity investments	-	-2	3	166	165
4	Actuarial gains/losses on defined benefit plans, etc.	-	-	70	3	91
	Tax on other comprehensive income	-	-	-	-23	10
	Total items that will not be reclassified to the income statement	**-**	**-2**	**73**	**146**	**266**
	Other comprehensive income, net of tax	**165**	**-272**	**-23**	**-131**	**183**
	Total comprehensive income for the period	**1,112**	**248**	**1,576**	**-114**	**139**
	Of which:					
	Non-controlling interests	25	9	34	20	29
	A.P. Møller - Mærsk A/S' share	**1,087**	**239**	**1,542**	**-134**	**110**

Condensed balance sheet at 30 September

Amounts in USD million

Note		30 September	Full year
	2020	2019	2019
Intangible assets	5,317	4,265	4,219
Property, plant and equipment	26,285	27,784	27,516
Right-of-use assets	8,541	8,631	8,460
Financial non-current assets, etc.	3,502	3,149	3,267
Deferred tax	228	271	237
Total non-current assets	**43,873**	**44,100**	**43,699**
Inventories	1,037	1,129	1,430
Receivables, etc.	5,252	5,544	5,351
Securities	1	2	2
Cash and bank balances	5,854	4,835	4,768
Assets held for sale	145	52	149
Total current assets	**12,289**	**11,562**	**11,700**
Total assets	**56,162**	**55,662**	**55,399**

Note		30 September	Full year
	2020	2019	2019
Equity attributable to A.P. Møller - Mærsk A/S	28,515	28,135	28,098
Non-controlling interests	1,032	744	739
Total equity	**29,547**	**28,879**	**28,837**
Lease liabilities, non-current	7,427	7,470	7,295
Borrowings, non-current	7,384	7,782	7,455
Other non-current liabilities	2,162	2,006	1,977
Total non-current liabilities	**16,973**	**17,258**	**16,727**
Lease liabilities, current	1,340	1,186	1,282
Borrowings, current	758	731	721
Other current liabilities	7,463	7,603	7,757
Liabilities associated with assets held for sale	81	5	75
Total current liabilities	**9,642**	**9,525**	**9,835**
Total liabilities	**26,615**	**26,783**	**26,562**
Total equity and liabilities	**56,162**	**55,662**	**55,399**

Condensed cash flow statement

Amounts in USD million

Note		Q3 2020	Q3 2019	9M 2020	9M 2019	Full year 2019
	Profit/loss before financial items	1,289	737	2,592	1,383	1,725
	Non-cash items, etc.	1,128	1,060	3,187	3,020	4,219
	Change in working capital	-108	114	-212	418	476
	Cash flow from operating activities before tax	2,309	1,911	5,567	4,821	6,420
	Taxes paid	-133	-179	-308	-437	-501
	Cash flow from operating activities	**2,176**	**1,732**	**5,259**	**4,384**	**5,919**
	Purchase of intangible assets and property, plant and equipment (CAPEX)	-280	-343	-952	-1,566	-2,035
	Sale of intangible assets and property, plant and equipment	86	61	268	153	186
	Sale of other equity investments	3	-	4	2,615	2,617
	Acquisition of subsidiaries and activities	-182	1	-448	-45	-44
	Sale of subsidiaries and activities	-	-9	35	-40	-40
	Dividends received	85	52	127	174	297
	Financial investments etc., net	289	-32	90	18	-107
	Cash flow used for investing activities	**1**	**-270**	**-876**	**1,309**	**874**
	Repayment of/proceeds from borrowings, net	-810	-576	-298	-973	-1,456
	Repayments of lease liabilities	-397	-335	-1,135	-965	-1,291
	Financial payments, net	-64	-101	-234	-269	-259
	Financial expenses paid on lease liabilities	-120	-120	-351	-371	-477
	Purchase of own shares	-98	-363	-696	-509	-791
	Dividends distributed	-	-	-430	-469	-469
	Dividends distributed to non-controlling interests	-37	-16	-72	-54	-70
	Other equity transactions	-13	-9	-2	19	13
	Cash flow from financing activities	**-1,539**	**-1,520**	**-3,218**	**-3,591**	**-4,800**
	Net cash flow from continuing operations	**638**	**-58**	**1,165**	**2,102**	**1,993**
	Net cash flow from discontinued operations	-	-	-	-372	-372
	Net cash flow for the period	**638**	**-58**	**1,165**	**1,730**	**1,621**
	Cash and cash equivalents, beginning of period	5,206	4,947	4,758	3,149	3,149
	Currency translation effect on cash and bank balances	-6	-81	-85	-71	-12
	Cash and cash equivalents, end of period	**5,838**	**4,808**	**5,838**	**4,808**	**4,758**
	Cash and cash equivalents					
	Cash and bank balances	5,854	4,835	5,854	4,835	4,768
	Overdrafts	16	27	16	27	10
	Cash and cash equivalents, end of period	**5,838**	**4,808**	**5,838**	**4,808**	**4,758**

Cash and bank balances include USD 1.1bn (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

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	-	-48	4	-39	74	-9	-14	-23
	Profit/loss for the period	-	-	-	-	1,551	1,551	48	1,599
	Total comprehensive income for the period	**-**	**-48**	**4**	**-39**	**1,625**	**1,542**	**34**	**1,576**
	Dividends to shareholders	-	-	-	-	-430	-430	-74	-504
	Value of share-based payment	-	-	-	-	8	8	-	8
3	Addition of non-controlling interests	-	-	-	-	-8	-8	329	321
	Sale of non-controlling interests	-	-	-	-	-	-	-	-
2	Purchase of own shares	-	-	-	-	-696	-696	-	-696
2	Sale of own shares	-	-	-	-	1	1	-	1
	Capital increases and decreases	-142	-	-	-	142	-	4	4
	Transfer of gain/loss on disposal of equity investments to retained earnings	-	-	-4	-	4	-	-	-
	Tax on transactions	-	-	-	-	-	-	-	-
	Other equity movements	-	-	-	-	-	-	-	-
	Total transactions with shareholders	**-142**	**-**	**-4**	**-**	**-979**	**-1,125**	**259**	**-866**
	Equity 30 September 2020	**3,632**	**-740**	**-4**	**-136**	**25,763**	**28,515**	**1,032**	**29,547**
	Equity 1 January 2019	3,774	-616	-202	-103	29,756	32,609	771	33,380
									-
	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
2	Purchase of own shares	-	-	-	-	-509	-509	-	-509
	Capital increases and decreases	-	-	-	-	-	-	7	7
	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**	**-**	**-4,396**	**-4,340**	**-47**	**-4,387**
	Equity 30 September 2019	**3,774**	**-815**	**-3**	**-172**	**25,351**	**28,135**	**744**	**28,879**

Note 1 Segment information

Amounts in USD million

	Ocean	Logistics & Services	Terminals & Towage	Manufacturing & Others	Total
Q3 2020					
External revenue	6,993	1,830	759	317	9,899
Inter-segment revenue	125	61	217	7	410
Total segment revenue	**7,118**	**1,891**	**976**	**324**	**10,309**
Unallocated and eliminations					-392
Total revenue	**-**	**-**	**-**	**-**	**9,917**
Segment profit/loss before depreciation, amortisation and impairment losses, etc. (EBITDA)	**1,805**[2]	**131**[3]	**328**	**48**	**2,312**
Unallocated items					-14
Eliminations					-1
Consolidated profit/loss before depreciation, amortisation and impairment losses, etc. (EBITDA)					**2,297**[1]
Gross capital expenditures, excl. acquisitions and divestments (CAPEX)	147	23	104	5	279

	Ocean	Logistics & Services	Terminals & Towage	Manufacturing & Others	Total
Q3 2019					
External revenue	7,324	1,657	796	263	10,040
Inter-segment revenue	99	45	203	76	423
Total segment revenue	**7,423**	**1,702**	**999**	**339**	**10,463**
Unallocated and eliminations					-408
Total revenue	**-**	**-**	**-**	**-**	**10,055**
Segment profit/loss before depreciation, amortisation and impairment losses, etc. (EBITDA)	**1,294**	**91**	**315**	**39**	**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	23	106	7	345

1 Reference is made to the condensed income statement for a reconciliation from EBITDA to profit/loss.
2 Includes restructuring costs of USD 65m due to the further integration of the Ocean brands.
3 Includes restructuring costs of USD 40m due to the further integration of the Logistics & Services brands.

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
9M 2020					
External revenue	20,590	4,742	2,188	916	28,436
Inter-segment revenue	328	160	577	19	1,084
Total segment revenue	**20,918**	**4,902**	**2,765**	**935**	**29,520**
Unallocated and eliminations					-1,035
Total revenue	**-**	**-**	**-**	**-**	**28,485**
Segment profit/loss before depreciation, amortisation and impairment losses, etc. (EBITDA)	**4,337**[2]	**296**[3]	**841**	**140**	**5,614**
Unallocated items					-98
Eliminations					-1
Consolidated profit/loss before depreciation, amortisation and impairment losses, etc. (EBITDA)					**5,515**[1]
Gross capital expenditures, excl. acquisitions and divestments (CAPEX)	530	81	319	20	950

	Ocean	Logistics & Services	Terminals & Towage	Manufacturing & Others	Total
9M 2019					
External revenue	21,343	4,679	2,363	813	29,198
Inter-segment revenue	291	123	611	209	1,234
Total segment revenue	**21,634**	**4,802**	**2,974**	**1,022**	**30,432**
Unallocated and eliminations					-1,210
Total revenue	**-**	**-**	**-**	**-**	**29,222**
Segment profit/loss before depreciation, amortisation and impairment losses, etc. (EBITDA)	**3,311**	**185**	**814**	**87**[4]	**4,397**
Unallocated items					-155
Eliminations					7
Consolidated profit/loss before depreciation, amortisation and impairment losses, etc. (EBITDA)					**4,249**[1]
Gross capital expenditures, excl. acquisitions and divestments (CAPEX)	992	60	313	194	1,559

1 Reference is made to the condensed income statement for a reconciliation from EBITDA to profit/loss.
2 Includes restructuring costs of USD 65m due to the further integration of the Ocean brands.
3 Includes restructuring costs of USD 40m due to the further integration of the Logistics & Services brands.
4 Includes restructuring costs of USD 31m due to the closing of a factory in Dongguan, China.

USD million	Types of revenue		Q3		9M	Full year
		2020	2019	2020	2019	2019
Ocean	Freight revenue	6,137	6,282	17,749	18,448	24,466
	Other revenue, including hubs	981	1,141	3,169	3,186	4,316
Logistics & Services	Supply chain management revenue	283	245	676	656	861
	Inland services revenue	141	135	383	392	519
	Intermodal revenue	731	776	1,975	2,241	2,932
	Sea freight revenue	129	141	356	418	546
	Air freight revenue	169	137	528	357	485
	Other services revenue	438	268	984	738	988
Terminals & Towage	Terminal services	816	833	2,279	2,476	3,278
	Towage services	167	172	505	516	695
Manufacturing & Others	Sale of containers and spare parts	153	150	431	422	586
	Offshore supply services	65	81	191	220	306
	Other shipping activities	90	89	264	324	404
	Other services	16	19	48	56	80
Unallocated activities and eliminations[1]		-399	-414	-1,054	-1,229	-1,572
Total revenue		**9,917**	**10,055**	**28,485**	**29,222**	**38,890**

1 Including revenue eliminations between terminal services and towage services.

Note 2 Share capital

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
Conversion	5	-10	-	-	-	-
30 September 2020	**10,599,293**	**216**	**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	131,568	90,641	132	91	0.64%	0.44%
Cancellation	156,977	-	157	-	0.75%	0.00%
30 September	**108,870**	**90,641**	**109**	**91**	**0.54%**	**0.44%**
B-shares						
1 January	587,949	55,515	588	56	2.82%	0.27%
Addition	526,261	362,891	526	363	2.63%	1.74%
Cancellation	627,938	-	628	-	3.02%	0.00%
Disposal	4,270	4,709	4	5	0.02%	0.02%
30 September	**482,002**	**413,697**	**482**	**414**	**2.41%**	**1.99%**

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

The DKK 10bn share buy-back programme has thereby been concluded as per 24 July 2020.

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 9M 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 a 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 September 2020, Performance Team LLC contributed with a revenue of USD 0.2bn and a minor contribution to the consolidated 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 September 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 September 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.

Dovana Holdings AB (KGH Customs Service Group)

On 1 September 2020, the group acquired 100% of the shares in Dovana Holding AB, KGH Customs Services, a leading Sweden-based specialist in trade and customs services management in Europe, further enhancing its capabilities as an integrated container logistics company, offering end-to-end supply chain solutions to its global customers.

The total purchase price amounts to USD 0.2bn, consisting of enterprise value of USD 0.3bn on a cash and debt free basis and acquired liabilities of around USD 0.1bn. The purchase price mainly relates to customer lists and technology of USD 0.15bn.

The goodwill of USD 0.15bn is attributable to the synergies between KGH Customs Services and A.P. Moller - Maersk.

From the acquisition date to 30 September 2020, KGH Customs Services contribution to the results was limited. If the acquisition had occurred on 1 January 2020, the impact on the group's revenue would have been USD 0.1bn.

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

For the first nine months of 2020 total acquisition costs recognised in the income statement amounted to USD 8m.

Acquisitions during 9M 2019

No acquisitions of subsidiaries or activities, to an extent of significance to the group, were completed during 9M 2019.

Sales during 9M 2020

No material external sales were performed during 9M 2020.

Sales during 9M 2019

No material external sales were performed during 9M 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 the segment structure of A.P. Moller - Maersk 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 (incl. 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
- Amendments to IFRS 16 Leases.

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. This has been maintained.

As an employer, A.P. Moller - Maersk participates in defined benefit pension plans. An increase in net pension assets of USD 72m was recognised in Q2 2020, due to developments in discount and inflation rates in the UK financial market.

Additional information

Quarterly summary

Amounts in USD million

	2020			2019			
Income statement	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenue	9,917	8,997	9,571	9,668	10,055	9,627	9,540
Profit before depreciation, amortisation and impairment losses etc. (EBITDA)	2,297	1,697	1,521	1,463	1,656	1,357	1,236
Depreciation, amortisation and impairment losses, net	1,097	1,149	1,073	1,160	1,021	1,024	1,082
Gain on sale of non-current assets etc., net	8	145	19	1	36	16	18
Share of profit/loss in joint ventures and associated companies	81	58	85	38	66	67	58
Profit/loss before financial items (EBIT)	1,289	751	552	342	737	416	230
Financial items, net	-160	-232	-215	-212	-148	-170	-228
Profit/loss before tax	1,129	519	337	130	589	246	2
Tax	182	76	128	191	69	92	106
Profit/loss for the period – continuing operations	947	443	209	-61	520	154	-104
Profit/loss for the period – discontinued operations	-	-	-	-	-	-1	-552
Profit/loss for the period	947	443	209	-61	520	153	-656
A.P. Møller - Mærsk A/S' share	927	427	197	-72	506	141	-659
Underlying profit/loss	1,043	359	197	29	452	134	-69
Balance sheet							
Total assets	56,162	55,319	53,990	55,399	55,662	56,555	61,701
Total equity	29,547	28,569	27,945	28,837	28,879	28,997	32,843
Invested capital	40,404	40,186	39,977	40,555	40,938	41,910	46,491
Net interest-bearing debt	10,804	11,564	11,978	11,662	12,056	12,910	12,565
Cash flow statement							
Cash flow from operating activities	2,176	1,867	1,216	1,535	1,732	1,170	1,482
Gross capital expenditure, excl. acquisitions and divestments (CAPEX)	280	362	310	469	343	445	778
Cash flow from financing activities	-1,539	-59	-1,620	-1,209	-1,520	-769	-1,302
Free cash flow	1,486	1,051	445	800	946	270	324
Net cash flow from discontinued operations	-	-	-	-	-	-419	47
Financial ratios							
Revenue growth	-1.4%	-6.5%	0.3%	-5.5%	-0.9%	0.6%	2.5%
EBITDA margin	23.2%	18.9%	15.9%	15.1%	16.5%	14.1%	13.0%
Cash conversion	95%	110%	80%	105%	105%	86%	120%
Return on invested capital after tax – continuing operations (ROIC)	5.9%	4.7%	3.8%	3.1%	3.0%	1.4%	0.6%
Return on equity after tax, annualised	13.0%	6.3%	2.9%	-0.8%	7.2%	2.0%	-7.9%
Equity ratio	52.6%	51.6%	51.8%	52.1%	51.9%	51.3%	53.2%
Stock market ratios							
Earnings per share – continuing operations, USD	48	21	10	-3	24	7	-5
Diluted earnings per share – continuing operations, USD	48	21	10	-3	24	7	-5
Cash flow from operating activities per share, USD	111	95	61	76	84	57	71
Share price (B-share), end of period, DKK	10,080	7,728	6,092	9,608	7,746	8,142	8,442
Share price (B-share), end of period, USD	1,585	1,161	894	1,439	1,132	1,241	1,270
Total market capitalisation, end of period, USD m	29,583	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.

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.

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.

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, 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 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

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