

ANNOUNCEMENT

A.P. Møller - Mærsk A/S expands its contract logistic capabilities through the acquisition of LF Logistics Holdings Limited, a leading omnichannel fulfilment contract logistics company in Asia Pacific.

Today, A.P. Møller - Mærsk A/S (Maersk) announces that it has reached an agreement to acquire 100% of the shares in LF Logistics Holdings Limited (LF Logistics) in an all-cash deal. LF Logistics is a well-established and strongly positioned Asia-Pacific-based omnichannel fulfilment contract logistics company. The acquisition will further strengthen Maersk's capabilities as an integrated container logistics company, offering global end-to-end supply chain solutions to its customers.

LF Logistics is a private Hong Kong based company owned by Li & Fung (78.3%) and Temasek Holdings (21.7%) that focuses on providing contract logistics solutions to customers in Asia-Pacific organized through two key business units: In-Country Logistics (ICL) and Global Freight Management (GFM).

In addition to the agreement to acquire LF Logistics, Maersk will enter a strategic partnership with Li & Fung to develop logistic solutions. Further, the parent company of Li & Fung is expected to retain and continue to build the carved-out GFM business following completion of the transaction.

The value (Enterprise Value) of the transaction is USD 3.6bn including post-IFRS 16 lease liabilities, reflecting a pre-synergy EV/EBITDA multiple of 14.4x based on estimated EBITDA for full-year 2021 for the ICL business. In addition, an earn-out with a total value of up to USD 160m related to future financial performance has been agreed as part of the transaction.

Since LF Logistics was founded in 1999, the company has significantly expanded its geographic presence and today operates within the ICL business an extensive network of 223 warehouses with a capacity of 2.7 million sq. meters and approximately 10,000 employees across 14 countries in Asia-Pacific. The ICL business is a key supply chain partner for many multinational customer brands within verticals like Fashion & Lifestyle, Retail and Fast-moving consumers goods within the Asia-Pacific markets.

In the full-year 2020, LF Logistics reported a revenue of around USD 1.3bn and a post-IFRS 16 adjusted EBITDA of USD around 235m, with the ICL business generating a revenue of around USD 850m and a post-IFRS 16 adjusted EBITDA of around USD 230m. For the full-year 2021, the ICL business is expected to report a revenue around USD 1bn with an adjusted post-IFRS 16 EBITDA around USD 250m.

The acquisition will strengthen Maersk's logistics and services offerings to its customers within "Fulfilled by Maersk", as it will create a strong value proposition for customers targeting the Asian fast growing consumer segment adding LF Logistics' footprint and industry leading capabilities within omni-channel fulfilment solutions, e-commerce, and inland transport in the Asia-Pacific markets. In addition, LF Logistics also brings a unique technology platform.

Combining the businesses of Maersk and LF Logistics will unlock substantial commercial synergies deriving from cross selling LF Logistics' fulfilment products to Maersk customers, and cross-selling of Maersk's logistics services within "Managed by" and "Transported by Maersk" to LF Logistics' customers. In addition, minor cost synergies are expected from combining the two businesses. Based on the organic growth and the synergies, the ICL business is expected to more than double the revenue and the EBITDA by end of full-year 2026. Transaction and one-off costs related to the deal are estimated to be around USD 80m and will be realized in 2022/23.

The acquisition is subject to regulatory approvals and the transaction is expected to close in 2022. Until closing, Maersk and LF Logistics will remain two separate companies.

Maersk invites investors and analysts to participate in a conference call today, at 9:00 a.m. CET, where Søren Skou (Group CEO), Patrick Jany (Group CFO) and Vincent Clerc (CEO for Ocean & Logistics) will present the transaction and the strategic rationale. A presentation will be available at the Maersk investor site (investors.maersk.com) before the conference call.

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Contact persons:

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

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