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Press release

A.P. Moller - Maersk reports strong improvements in earnings in Q2

Copenhagen, 15 August 2019

A.P. Moller – Maersk delivers a 17% increase in earnings before interest, tax, depreciation and amortization (EBITDA) to USD 1.4 bn in Q2 compared to the same quarter last year. Revenue grew slightly to USD 9.6bn, which is on par with last year, and the underlying profit increased to USD 134m from USD 15m in Q2 2018.

"Q2 was a quarter of solid progress. EBITDA was up 17% and cash flow improved 86% year on year, driven by continued recovery in Ocean," says Søren Skou, CEO of A.P. Moller – Maersk.

On the back of the increases in volume and freight rates, Ocean EBITDA in Q2 increased 25% to USD 1.1bn. The Ocean business continued to recover with enhanced unit cost, utilization and reliability and revenue grew 2.9% to USD 7.2bn compared to Q2 2018.

Revenue in Terminals & Towage grew 13% to USD 957m compared to Q2 last year. In gateway terminals, volume in Q2 grew by 8.5% compared to last year, leading to higher utilization. EBITDA increased by 11%, partly offset by one-off items.

In Logistics & Services EBITDA grew to USD 61m in Q2 compared to USD 52m in the same quarter last year. Revenue was at USD 1.5bn, positively impacted by increased revenue in supply chain management, but offset by declining revenue from sea and air freight forwarding.

In Q2, A.P. Moller - Maersk distributed USD 615m in cash to shareholders through an ordinary dividend of USD 469m and USD 146m related to the first phase of the share buy-back programme announced in May 2019 of DKK 10bn (around USD 1.5bn) over a period of up to 15 months.

Progressing well on transformation

During the first half of 2019, A. P. Moller – Maersk formed one sales organisation. Its focus is now on giving customers an integrated experience and offering them even more products, thus improving the financial results across the business and accelerating the transformation.

"The transformation progressed further with an improved cash return on invested capital of 6.9% and synergies of USD 1bn realised earlier than expected. Growth in revenue and gross profit in Logistics & Services still need to improve as we continue to build capabilities within logistics and services," Skou elaborates.

The latest example of a digital innovation to improve customer experience is Maersk Spot, which simplifies the buying process and offers increased visibility and reliability by enabling customers to search and get competitive rates online, while ensuring cargo gets on board the selected vessel. TradeLens, the blockchain platform developed together with IBM, also progressed with several new commitments from carriers and port authorities during the quarter.

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Guidance for 2019

While EBITDA for the first half year improved by USD 500m to USD 2.6bn, A.P. Moller - Maersk reiterates it's full-year guidance for 2019 of an EBITDA of around USD 5.0bn including effects from IFRS 16.

"We reaffirm our guidance for 2019, while the macro environment continues to be subject to considerable uncertainties," says Skou.

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

Highlights Q2 2019

Highlights Q2

USD million	Revenue		EBITDA		CAPEX	
	2019	2018[1]	2019	2018[1]	2019	2018[1]
Ocean	7,150	6,952	1,068	856	314	549
Logistics & Services	1,484	1,489	61	52	29	12
Terminals & Towage	957	847	226	226	85	116
Manufacturing & Others	459	697	36	33	10	78
Unallocated activities, eliminations, etc.	-423	-417	-34	-5	7	27
A.P. Moller - Maersk consolidated – continuing operations	**9,627**	**9,568**	**1,357**	**1,162**	**445**	**782**

1 Q2 2018 presented as if IFRS 16 had been implemented in 2018 and adjusting for Maersk Supply Service as continuing operations.

Sensitivity guidance Q2 2019

Sensitivities on guidance for 2019

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

Factors	Revenue	Effect on EBITDA Rest of year
Container freight rate	+/- 100 USD/FFE	+/- USD 0.7bn
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

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