

16 August 2013

maersk.com

PRESS RELEASE

INTERIM REPORT 2nd Quarter 2013

Highlights for the Group for the 2nd quarter 2013

	DKK million 2nd quarter			USD million 2nd quarter		
	2013	2012	Change	2013	2012	Change
Revenue	80,939	88,908	-9%	14,163	15,364	-8%
Profit before depreciation, amortisation and impairment losses, etc.	16,976	20,202	-16%	2,971	3,499	-15%
Depreciation, amortisation and impairment losses	7,802	7,270	7%	1,368	1,257	9%
Gain on sale of non-current assets, etc., net	172	306	-44%	30	50	-40%
Profit before financial items	10,080	13,716	-27%	1,763	2,376	-26%
Profit before tax	8,957	12,391	-28%	1,567	2,147	-27%
Profit for the period	4,890	5,600	-13%	856	965	-11%
Cash flow from operating activities	12,585	9,062	39%	2,201	1,570	40%
Cash flow used for capital expenditure	-6,823	-11,592	-41%	-1,193	-2,013	-41%
Return on invested capital after tax (ROIC), annualised	7.3%	9.0%		7.4%	8.9%	

"We deliver a good operational result for the quarter thanks to improved performance in most of our businesses. Maersk Line has made strong and consistent progress and is now an industry leader in terms of profitability. APM Terminals continues to deliver good results, and Maersk Drilling had its best quarter ever based on strong operational performance. Oil production was relatively low, but it has bottomed out now and will return to growth in the second half of the year. On Group level, we seek to further advance performance and growth by establishing a fifth core business unit with a target of USD 0.5 billion by 2016," says Group CEO Nils S. Andersen.

The Group delivered a profit of USD 856m (USD 965m) and a return on invested capital (ROIC) of 7.4% (8.9%) for Q2. Increased profit was achieved across all businesses except Maersk Oil and Damco as well as Maersk Tankers, which was negatively impacted by impairments and provisions of USD 280m related to VLCCs. Significant improvements were seen in Maersk Line and Maersk Drilling, whereas Maersk Oil's profit was reduced due to declining entitlement production and lower oil price while maintaining substantial exploration costs in order to expand the oil production portfolio.

The Group's revenue decreased to USD 14.2bn (USD 15.4bn), primarily due to lower average container freight rates and lower oil entitlement production only partly offset by higher container volumes.

Cash flow from operating activities was USD 2.2bn (USD 1.6bn). Cash flow used for capital expenditure was USD 1.4bn (USD 2.2bn) and net of sales proceeds USD 1.2bn (USD 2.0bn). The Group's free cash flow was USD 1.0bn (negative USD 443m). Dividend paid was USD 1.1bn (USD 906m).

Maersk Line made a profit of USD 439m (USD 227m) and a ROIC of 8.5% (4.6%). The significant improvement in the financial performance was achieved through lower costs. Volumes increased 2.1%, average freight rate decreased 13.1% and total cost per FFE decreased by 12.7%. The cost decrease was mainly driven by vessel network efficiencies and lower bunker price. Maersk Line's total fleet capacity decreased by 0.9%.

Cash flow from operating activities was USD 790m (USD 169m) and cash flow used for capital expenditure was USD 311m (USD 1.1bn) leaving a free cash flow of USD 479m (negative USD 961m).

Maersk Oil made a profit of USD 249m (USD 468m) and a ROIC of 15.4% (26.4%). The result was negatively affected by lower average oil price of USD 102 per barrel (USD 108 per barrel) and lower entitlement production of 226,000 boepd (287,000 boepd), which was partly offset by insurance income regarding Gryphon of USD 133m after tax. The Gryphon FPSO, UK, re-started production in late May and the ramp up of El Merk, Algeria, continued.

Exploration costs amounted to USD 380m (USD 199m) with the completion of five (five) exploration/appraisal wells; including a successful appraisal well on Johan Sverdrup in Norway while the completed exploration wells were not assessed to be commercially viable. The ongoing Cubal exploration well in Angola encountered hydrocarbons, and further evaluation is ongoing.

Cash flow from operating activities was USD 713m (USD 1.0bn) and cash flow used for capital expenditure was USD 455m (USD 530m).

APM Terminals made a profit of USD 179m (USD 160m). ROIC was 12.8% (14.3%). The volumes were at the same level as last year, with most terminals in Europe and North America recording decreased volumes, offset by continued positive developments in high growth markets.

Cash flow from operating activities was USD 241m (USD 265m) and cash flow used for capital expenditure was USD 212m (USD 63m).

Maersk Drilling made a profit of USD 150m (USD 98m) mainly due to higher operational uptime of 96% (86%) with all of Maersk Drilling's rigs on contract during the quarter. ROIC was 12.6% (10.2%).

Cash flow from operating activities was USD 227m (USD 220m) and cash flow used for capital expenditure was USD 153m (USD 236m).

Outlook for 2013

The Group expects a result for 2013 around USD 3.3bn (USD 4.0bn). Excluding impairment losses and divestment gains, the net result is now expected to be around USD 3.5bn (USD 2.9bn).

Cash flow from operating activities is expected to be around USD 9bn (USD 7.5 bn). Net cash flow used for capital expenditure is expected to be around USD 8bn (USD 6.2 bn).

Maersk Line revises its expected result from above 2012 (USD 461m) to significantly above the 2012 result based primarily on continued strong cost performance and the stronger result for the first half of 2013 compared to last year.

Global demand for seaborne containers is expected to increase 2-3% in 2013, lower on the Asia-Europe trades but supported by higher growth for imports to high growth markets.

Maersk Oil now expects a result significantly below 2012 (USD 2.4bn), both when including and excluding one-off income of USD 1.0bn in 2012 from the Algerian tax dispute and divestment gains.

Maersk Oil still expects its entitlement production for 2013 to be 240,000-250,000 boepd, supported by higher expected entitlement production during the rest of year at an average oil price of USD 101 per barrel. The lower entitlement production compared to last year is predominantly caused by a natural production decline from mature fields and reduced ownership share in Denmark, partly offset by start-up in El Merk, Algeria, and the Gryphon FPSO, UK.

Exploration expenses are still expected to be above USD 1.0bn.

APM Terminals maintains expected result above 2012 (USD 701m) supported by volumes from new terminals, and improving productivity in existing facilities.

Maersk Drilling revises its expected result from above the 2012 result (USD 347m) to significantly above the 2012 result.

The total result from **all other activities** is expected to be above the 2012 result excluding divestment gains and impairment losses. The outlook for 2013 is subject to considerable uncertainty, not least due to developments in the global economy.

The Group's expected result depends on a number of factors. Based on the expected earnings level and all other things being equal, the sensitivities for four key value drivers are listed in the table below.

Factors	Change	Effect on the Group's profit rest of year
Oil price for Maersk Oil	+/- 10 USD/barrel	+/- USD 0.1bn
Bunker price	+/- 100 USD/tonne	-/+ USD 0.1bn
Container freight rate	+/- 100 USD/FFE	+/- USD 0.4bn
Container freight volume	+/- 100,000 FFE	+/- USD 0.2bn

Copenhagen, 16 August 2013

Contacts: Group CEO Nils S. Andersen – tel. +45 3363 1912
Group CFO Trond Westlie – tel. +45 3363 3106

The Interim Report for Q3 is expected to be announced on 13 November 2013.