

MAERSK A/S

Esplanaden 50
DK-1098 Copenhagen K

Annual Report for 2016

Godkendt den 28. april 2017



KATRINE ZACHO RASMUSSEN

Advokat

CVR No. 22757016

A.P. Møller - Mærsk A/S

Esplanaden 50

1098 København K

Maersk A/S

Company Information

The Company

Maersk A/S
Esplanaden 50
DK-1098 Copenhagen K

CVR No.: 22757016
Domicile: Copenhagen

Board of Directors

Casper Munch, Chairman
Anne Pindborg
Katrine Zacho

Management

Niels Henrik Lindegaard

Auditor

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Maersk A/S

Management's Review

Key figures and financial ratios

(amounts in USD million)

	2016	2015	2014	2013	2012
Revenue	558	500	824	929	2,185
Profit/loss before depreciation, amortisation and impairment losses etc.	-6	7	-1	2	1
Gain/loss on sale of companies etc.	-1	-1	19	54	0
Share of net profit in subsidiaries and associated companies	28	32	145	282	-11
Financial items, net	373	120	-7	-44	-17
Profit/loss before tax	394	158	156	294	-27
Profit/loss for the year	315	128	158	301	-23
Total assets	12,015	11,360	3,357	3,382	3,283
Total equity	11,477	11,164	3,053	1,892	1,622
Return on equity	2.8%	1.8%	6.4%	17.1%	-1.4%
Equity ratio	95.5%	98.3%	90.9%	55.9%	49.4%

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Maersk A/S owns companies in a number of countries, primarily Maersk Line agencies and related activities in Europe, Africa and Asia. In addition, the Company owns oil trading companies in Europe, Asia and USA together with a couple of terminal enterprises in Europe.

Via the function Maersk Oil Trading, Maersk A/S is in charge of purchasing bunkers and lubricants, monitoring oil price risk and concluding oil price hedging contracts for companies in the A.P. Moller – Maersk Group. Purchase and sale of bunkers and lubricants have mainly been made as agents and are not included in revenue and expenses.

Maersk A/S' result before tax was USD 394 million in 2016 compared to USD 158 million in 2015. Share of net profit in subsidiaries and associated companies was largely at the level of 2015. Sale of companies etc. contributed negatively by a total of USD 1 million (USD 1 million loss in 2015).

Financial expenses comprise mainly the commitment fee paid to Parent company. Financial income increased by USD 249 million due to USD 9 billion loan to Maersk Line A/S.

Result for the year after tax was USD 315 million which is an increase of USD 187 million compared to 2015.

The A.P. Moller - Maersk Group internal restructuring process continued in 2016 and Maersk A/S sold shares in subsidiaries within line activities. The A.P. Moller - Maersk restructuring process is expected to carry on in 2017.

Maersk A/S

Management's Review

Diversity

In March of 2013 the Board of Directors decided to establish the Company's objectives for diversity among the Board Members elected by the Company in general meeting with regard to the underrepresented gender.

It is the opinion of the Board of Directors that its Members be elected on the basis of their overall competences and at the same time it recognizes the benefits of a widely combined board in terms of global experience, culture and gender.

As at 31 December 2016 there are two women among the three Board Members elected by the General Meeting. Consequently, the set target for gender diversity on the Board has been met, whereby the Company's board will be considered having equal representation of genders among Company's shareholder-appointed board members.

At the Board Meeting in A.P. Møller – Mærsk A/S on 21 February 2013 a policy was adopted for the entire Group to increase the proportion of the under-represented gender on the other leadership levels of the Company (Link to policy: http://www.maersk.com/~media/diversity_inclusion/programme.pdf?la=en).

Risks

The Company's earnings depend, among other things, on the development in container freight rates, interest rate level and foreign exchange rates. In addition, the Company is also influenced by fluctuations in oil prices as the Company when entering oil price hedging contracts undertakes oil price hedging for companies in the A.P. Møller - Maersk Group.

Corporate Social Responsibility

Reference is made to the parent company A.P. Møller - Mærsk A/S' sustainability report published on the website: <http://www.maersk.com/Sustainability/Pages/Sustainability.aspx>.

Expectations for 2017

Modest results are expected. Many things may still impact on activities and results; not least the development in world economy, oil prices, fuel prices, interest rate level and currency exchange rates. Disposal of subsidiaries is expected to continue in 2017.

Subsequent events

No subsequent events have taken place after the year end.

Maersk A/S

Management's Review

Statements by the Management

The Board of Directors and the Management have today discussed and approved the annual report of Maersk A/S for 2016.

The annual report for 2016 of Maersk A/S has been prepared in accordance with Danish Financial Statements Act and in our opinion gives a true and fair view of the Company's assets and liabilities, financial position at 31 December 2016 and of the results of the Company's operations and cash flows for the financial year 2016.

In our opinion, the Directors' report includes a fair review of the development of the Company's operations and financial conditions, the results for the year, cash flows and financial position as well as a description of the most significant risks and uncertainty factors that the Company faces.

We recommend that the annual report be approved at the general meeting on the 27 April 2017.

Copenhagen, 27 April 2017

Management




Niels Henrik Lindegaard

Board of Directors



Casper Munch
Chairman



Anne Pindborg



Katrine Zacho

Maersk A/S

Independent Auditor's Reports

To the Shareholders of Maersk A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2016, and of the results of the Company's operations for the financial year 1 January - 31 December 2016 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Maersk A/S for the financial year 1 January - 31 December 2016, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("financial statements").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the financial statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Maersk A/S

Independent Auditor's Reports

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the over-ride of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Copenhagen, 27 April 2017

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No. 33771231



Søren Ørjan Jensen
State Authorised Public Accountant



Henrik Mikkelsen
State Authorised Public Accountant

Maersk A/S

Accounting Policies

The financial statements for 2016 for Maersk A/S have been prepared in accordance with the Danish Financial Statements Act concerning a large reporting class C entity.

Under Section 112 of the Danish Financial Statements Act, consolidated financial statements are not presented. Maersk A/S and its subsidiaries are included in the consolidated financial statements for A.P. Møller - Mærsk A/S, domiciled in Copenhagen.

In accordance with the Danish Financial Statements Act, the cash flow statement is omitted.

The accounting policies are unchanged from last year.

Subsidiaries are included in the balance sheet at the Company's share of the equity value including goodwill at acquisition and in the income statement at the Company's share of results.

Associated companies are included in the balance sheet at the Company's share of the equity value including goodwill at acquisition and in the income statement of the Company's share of results.

Foreign Currency Translation

Maersk A/S uses USD as its functional and presentation currency. When translating into the presentation currency for enterprises with a functional currency different from USD, the items of the income statement are translated into USD at average foreign exchange rates and items in the balance sheet are translated into USD at the balance-sheet date. Any foreign exchange differences from such translation are recognised directly on the equity. The exchange rate applied for DKK/USD at the beginning of the year was 6.8300 as against 7.055 at the end of the year.

Transactions in currencies other than the functional currency are translated at the exchange rate on the date of transaction. Monetary items in foreign currency not settled by the balance sheet date are translated at the exchange rate at the balance sheet date.

Foreign exchange gains and losses are recognised in the profit and loss account under items of financial income and expenses, net.

Derivative financial instruments are measured at fair value and recognised in other receivables (positive fair value) or other payables (negative fair value).

Any changes in the value of derivative financial contracts, concluded to hedge the value of recognised assets or liabilities are recognised in the income statement together with any changes in the value of such assets and liabilities.

Any changes in the value of derivative financial contracts, concluded to hedge future transactions, are recognised directly in the equity until the hedged transactions are realised. At that time, the changes in value are recognised together with the hedged transactions.

Any changes in the value of derivative financial contracts that do not meet the conditions for being treated as hedged transactions are recognised in the income statement.

Maersk A/S

Accounting Policies

Income Statement

Revenue is recognised upon transfer of risk to the buyer.

Other operating income and costs mainly include value adjustment of oil price hedging agreements which do not meet the accounting requirements of hedging. For the purpose of a more fair representation of the Company's activities, other operating costs are presented immediately after other operating income.

Tax on profit for the year includes the amount expected to be paid for the year plus adjustments concerning deferred tax.

Balance Sheet

Tangible fixed assets are measured at cost with deduction of accumulated depreciation, amortisation and impairment losses.

Depreciation on buildings is based on the estimated economic life which is determined at 40 years. Further amortisation and write-downs are made when deemed necessary.

Securities and equity investments are recognised at the market price for listed securities and at an estimated fair price for all other securities. Value adjustments of shares etc., which are non-current assets, are recognised in the income statement as special items. Other value adjustments are recognised as an item under financial income and expense, net.

Receivables are generally measured at nominal value. Impairment is made to meet expected losses.

Equity includes dividend for distribution.

Financial liabilities are recognised initially at the proceeds received. Any premium/discount is recognised over the life of the liabilities. Capitalised liabilities in accordance with financial leasing agreements are recognised as liabilities.

Financial ratios

Return on equity is the results for the year divided by the average equity. The equity ratio is equity divided by total equity and liabilities.

Maersk A/S

Income Statement

Amounts in USD million

Notes	<u>2016</u>	<u>2015</u>
Revenue	558	500
Other operating income	143	141
Other operating costs	161	139
1 Other external costs	<u>546</u>	<u>495</u>
Profit before depreciation, amortisation and impairment losses, etc.	-6	7
Gain on sale of companies	0	0
Loss on sale of companies	<u>1</u>	<u>1</u>
Profit before financial items	-7	6
Subsidiaries – Share of profit after tax	29	33
Associated companies - Share of profit after tax	-1	-1
2 Financial income	387	138
3 Financial expenses	<u>14</u>	<u>18</u>
Profit before tax	394	158
Tax	<u>79</u>	<u>30</u>
Profit for the year	<u>315</u>	<u>128</u>
Distribution:		
Proposed dividend	300	-
Net revaluation according to the equity method	28	242
Retained earnings	<u>-13</u>	<u>-114</u>
	<u>315</u>	<u>128</u>

Maersk A/S

Assets at 31 December

Amounts in USD million

<i>Notes</i>	<u>2016</u>	<u>2015</u>
4, 5 Investments in subsidiaries	380	399
4, 6 Investments in associated companies	<u>0</u>	<u>0</u>
Financial non-current assets	<u>380</u>	<u>399</u>
Total non-current assets	<u>380</u>	<u>399</u>
Inventories	<u>29</u>	<u>2</u>
Receivables from affiliated companies	11,399	10,896
Value of hedging contracts, etc.	62	25
Other receivables	<u>145</u>	<u>38</u>
7 Receivables	<u>11,606</u>	<u>10,959</u>
Total current assets	<u>11,635</u>	<u>10,961</u>
TOTAL ASSETS	<u>12,015</u>	<u>11,360</u>

Maersk A/S

Liabilities at 31 December

Amounts in USD millions

Notes	<u>2016</u>	<u>2015</u>
8 Share capital	87	87
Net revaluation according to the equity method	6	-
Retained earnings	11,084	11,077
Proposed dividend	<u>300</u>	<u>-</u>
Equity	<u>11,477</u>	<u>11,164</u>
9 Other provisions	<u>8</u>	<u>10</u>
Trade payables	255	138
Debt to affiliated companies	166	-
Value of hedging contracts, etc.	67	23
Other payables	<u>42</u>	<u>25</u>
Current liabilities	<u>530</u>	<u>186</u>
Total liabilities	<u>530</u>	<u>186</u>
TOTAL EQUITY AND LIABILITIES	<u>12,015</u>	<u>11,360</u>
10 Other financial liabilities		
11 Related parties		

Maersk A/S

Statement of Changes in Equity

Amounts in USD million

	Share capital	Net re- valuation according to equity method	Retained earning	Proposed dividends	Total
Equity 1 January 2015	87	139	2,827	-	3,053
Net profit for the year	-	242	-114	-	128
Additions	-	-	8,000	-	8,000
Exchange rate adjustment, etc.	-	-9	-3	-	-12
Sale of companies	-	-307	307	-	-
Paid extraordinary dividend	-	-	-5	-	-5
Dividends distributed	-	-65	65	-	-
Equity 31 December 2015	87	0	11,077	-	11,164
Net profit for the year	-	28	-13	300	315
Exchange rate adjustment, etc.	-	-2	-	-	-2
Sale of companies	-	-3	3	-	-
Dividends distributed	-	-17	17	-	-
Equity 31 December 2016	87	6	11,084	300	11,477

Maersk A/S

Notes to the Financial Statements

Amounts in USD (in parenthesis the corresponding figures for 2015)

1 External costs

No remuneration or wages and salaries have been paid to the Management or the Board of Directors in 2016 (USD 0 million).

The Company has no employees, as the staff is directly employed by Rederiet A.P. Møller A/S.

2 Financial income

Including interest from affiliated companies	<u>387</u>	<u>137</u>
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3 Financial expenses

Including interest to affiliated companies	<u>12</u>	<u>16</u>
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4 Investments

Cost:	Invest- ments in subsidiaries	Invest- ments in associated companies
1 January 2016	609	0
Addition	8	-
Disposal	1	-
Capital decrease	<u>32</u>	<u>-</u>
31 December 2016	584	0
Value adjustments:		
1 January 2016	-210	0
Exchange rate adjustment and other changes in equity	-3	1
Dividends distributed	17	-
Disposal	3	-
Results for the year after tax	<u>29</u>	<u>-1</u>
31 December 2016	<u>-204</u>	<u>0</u>
Book value 31 December 2016	<u>380</u>	<u>0</u>

Maersk A/S

Notes to the Financial Statements

Amounts in USD million (in parenthesis the corresponding figures for 2015)

5 Investments in subsidiaries

<u>Name</u>	<u>Domicile</u>	<u>Owner-ship interest</u>
APM Terminals A/S	Copenhagen	100%
APM Terminals Cameroun SA	Cameroun	90%
APM Terminals Vado Ligure SPA	Italy	100%
Ejendomsselskabet Lindø A/S	Copenhagen	100%
Maersk Contractors Nigeria Limited	Nigeria	100%
Maersk Fluid Technology A/S	Copenhagen	100%
Maersk GSC Holding A/S	Copenhagen	100%
Maersk Line Belgium NV	Belgium	100%
Maersk Madagascar SA	Madagascar	100%
Maersk Mauritanie SA	Mauritania	51%
Maersk Oil Trading, Inc.	USA	100%
Maersk Oil Trading Lubricants A/S	Copenhagen	100%
Maersk Oil Trading Singapore Pte. Ltd.	Singapore	100%
Maersk Oil Trading Spain SL	Spain	100%
Maersk Oil Trading UK Ltd.	UK	100%
Maersk Treasury Center (Asia) Pte. Ltd.	Singapore	100%
Maersk Vietnam Ltd.	Vietnam	100%

6 Investment in associated companies

<u>Name</u>	<u>Domicile</u>	<u>Owner-ship interest</u>
Maersk Senegal SA	Senegal	50%
Safmarine Egypt S.A.E.	Egypt	20%

7 Receivables

Of these, USD 7.8 billion (USD 8.4 billion) fall due after one year.

Maersk A/S

Notes to the Financial Statements

Amounts in USD million (in parenthesis the corresponding figures for 2015)

8 Share capital

The share capital at 31 December 2016 consist of (amounts in DKK):

2 shares of 115,875,000	231,750,000
2 shares of 14,339,531	28,679,062
1 share of 8,250,000	8,250,000
1 share of 1,020,938	1,020,938
70 shares of 750,000	52,500,000
12 shares of 500,000	6,000,000
12 shares of 100,000	1,200,000
23 shares of 10,000	230,000
10 shares of 5,000	50,000
18 shares of 1,000	18,000
1 share of 500	500
6 shares of 250	1,500
170,300,000 shares of 1	<u>170,300,000</u>
Total share capital	<u>500,000,000</u>

A.P. Møller - Mærsk A/S, Copenhagen, holds 100% of the share capital. The ultimate parent company of the Group is A.P. Møller Holding A/S. Maersk A/S is included in the consolidated financial statements for these companies.

DKK '000	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Share capital on 1 January	329,700	329,700	329,700	500,000	500,000
Capital increase	-	-	<u>170,300</u>	-	-
Share capital on 31 December	<u>329,700</u>	<u>329,700</u>	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>

Maersk A/S

Notes to the Financial Statements

Amounts in USD million (in parenthesis the corresponding figures for 2015)

9 Provisions

The amount relates to tax risks abroad.

10 Other financial liabilities

The Company has leasing commitments of USD 16.7 million (USD 13.4 million). USD 15.6 million (USD 13.1 million) fall due within one year and USD 1.1 million (USD 0.3 million) fall due between one and two years.

In addition, the Company has given performance guaranties towards individual companies in the A.P. Møller - Maersk Group.

11 Related parties

A.P. Møller - Mærsk A/S has the controlling interest.

All companies in the A.P. Møller Holding A/S Group are related.

In 2016 Maersk A/S has sold shares to related parties for a total amount of USD 2 million (USD 1,966 million).