

MAERSK OIL TRADING AND INVESTMENTS A/S

Esplanaden 50
DK-1098 Copenhagen K

Annual Report 2018

Approved at the General Meeting on May 29, 2019

DocuSigned by:
Anne Pindborg
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Chairman

CVR No. 22757016

Maersk Oil Trading and Investments A/S

Company Information

The Company

Maersk Oil Trading and Investments A/S
Esplanaden 50
DK-1098 Copenhagen K

CVR No.: 22757016
Domicile: Copenhagen, Denmark

Financial year

1 January 2018 – 31 December 2018

Board of Directors

Casper Munch, chairman
Anne Pindborg
Michael Villi Møller

Management

Niels Henrik Lindegaard

Auditor

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Maersk Oil Trading and Investments A/S

Management's Review

Key figures and financial ratios

(amounts in USD million)

	2018	2017	2016	2015	2014
Revenue	1,178	836	558	500	824
Profit/loss before depreciation, amortisation and impairment losses etc.	-5	11	-6	7	-1
Gain/loss on sale of companies etc.	0	0	-1	-1	19
Share of net profit in subsidiaries and associated companies	44	-1	28	32	145
Financial items, net	-343	413	373	120	-7
Profit/loss before tax	-304	423	394	158	156
Profit/loss for the year	-292	325	315	128	158
Total assets	7,535	2,347	12,015	11,360	3,357
Total equity	6,760	1,515	11,477	11,164	3,053
Return on equity	-7.1%	5.0%	2.8%	1.8%	6.4%
Equity ratio	89.7%	64.6%	95.5%	98.3%	90.9%

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Maersk A/S was renamed to Maersk Oil Trading and Investments A/S in December 2018.

Maersk Oil Trading and Investments A/S holds companies, primarily within oil trading in Europe, Asia and USA. Also Maersk Line agencies and related activities in Europe, Africa and Asia together with terminal enterprises in Europe are included in subsidiaries portfolio.

In June 2018, the Company received 97.5m shares in the French energy group Total S.A. as a tax free contribution in kind from A.P. Møller – Mærsk A/S. The fair value of the shares on the transfer date was USD 5.9bn. During 2018, 51.2m shares were sold externally for in total USD 3.0bn and with a realised loss of USD 107m before tax. Fair value adjustment of the remaining 46.3m shares in possession at year end resulted in an unrealised loss of USD 350m before tax.

The Company invested in 2018 USD 9.3m in five different venture companies, all with businesses related to logistics.

Via the function Maersk Oil Trading, Maersk Oil Trading and Investments A/S oversees purchasing bunkers and lubricants, monitoring oil price risk and concluding oil price hedging contracts for companies in A.P. Møller - Maersk. Maersk Oil Trading purchases and sells bunkers and lubricants as agents as well as own sourcing. Only own sourcing transactions are included in revenue and expenses.

Maersk Oil Trading and Investments A/S' result before tax was a loss of USD 304m in 2018 compared to a profit of USD 423m in 2017. Share of net profit in subsidiaries and associated companies increased in 2018 compared to last year with APM Terminals Vado Ligure SPA being main contributor due to reversal of 2017 impairment. Combined, profit for the other subsidiaries increased marginally with small deviations compared to 2017.

Maersk Oil Trading and Investments A/S

Management's Review

Financial income dropped from USD 419m in 2017 to USD 133m in 2018. With significant reduced loan receivables throughout the year after extraordinary dividend of USD 10bn was paid out in December 2017, interest income decreased by USD 378m while dividend from securities increased by USD 92m. Financial expenses comprise interest expenses to other A.P. Møller – Maersk companies for loan payables and loss on shares, both realised losses on sold shares as well as unrealised fair value adjustment of shares held at the balance date.

Result for the year after tax ended with a loss of USD 292m against a net profit of USD 325m in 2017. The Board of Directors proposes dividend payment of USD 5,780m, mainly generated from the sale of Total S.A. shares.

The Company did not acquire or sell any subsidiaries in 2018.

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 about 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 recognises the benefits of a widely combined board in terms of global experience, culture and gender.

As at 31 December 2018 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.

Risks

The Company is exposed to share price development for Total S.A. shares and to exchange rate USD to EUR too, as the shares are traded in EUR and the proceeds from selling the shares are kept in this currency. The Company's earnings also depend, among other things, on the development in container freight rates, interest rate level and foreign exchange rates in general. 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 A.P. Møller – Maersk businesses.

Corporate Social Responsibility

Reference is made to the parent company A.P. Møller - Mærsk A/S' sustainability report published on the website: <https://maersk.com/business/sustainability>

Expectations for 2019

The Company has realised a gain of approx. USD 145m after tax on sale of Total S.A. shares in first quarter of 2019. Many things may still impact activities and results; not least the development in world economy, oil prices, fuel prices, interest rate level and currency exchange rates.

Subsequent events

Disposal of Total S.A. shares continued in 2019 with sale of all remaining shares during the first quarter of 2019.

Maersk Oil Trading and Investments A/S Management's Review

Statements by the Management

The Board of Directors and Management have today discussed and approved the annual report of Maersk Oil Trading and Investments A/S for 2018.

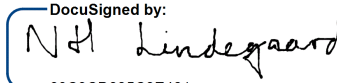
The annual report for 2018 of Maersk Oil Trading and Investments A/S has been prepared in accordance with Danish Financial Statements Act and in our opinion gives a true and fair view of the Company's assets and liabilities, financial position at 31 December 2018 and of the results of the Company's operations and cash flows for the financial year 2018.

In our opinion, the Management's review 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 Company's annual general meeting on the 29 May 2019.

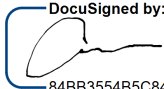
Copenhagen, 29 May 2019

Management


DocuSigned by:

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Niels Henrik Lindegaard

Board of Directors

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Casper Munch
Chairman

DocuSigned by:

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Anne Pindborg

DocuSigned by:

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Michael Villi Møller

Maersk Oil Trading and Investments A/S

Independent Auditor's Reports

To the shareholders of Maersk Oil Trading and Investments 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 2018, and of the results of the Company's operations for the financial year 1 January - 31 December 2018 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Maersk Oil Trading and Investments A/S for the financial year 1 January - 31 December 2018, 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 Oil Trading and Investments 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, 29 May 2019

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No. 33771231


Søren Orjan Jensen
State Authorised Public Accountant
mne33226


Kristian Pedersen
State Authorised Public Accountant
mne35412

Maersk Oil Trading and Investment A/S

Accounting Policies

The financial statements for 2018 for Maersk Oil Trading and Investments 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 Oil Trading and Investments 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 Oil Trading and Investments 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 exchange rate. 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 6.21 against 6.52 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).

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.

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

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 Oil Trading and Investment 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 a 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.

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

Other equity investments and securities are recognised on the trading date at fair value and subsequently measured at the quoted market price for listed securities and estimated fair value for non-listed securities.

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 result for the year divided by the average equity. The equity ratio is equity divided by total equity and liabilities.

Maersk Oil Trading and Investments A/S

Income Statement

Amounts in USD million

Notes	<u>2018</u>	<u>2017</u>
Revenue	1,178	836
Other operating income	199	102
Other operating costs	167	122
1 Other external costs	<u>1,215</u>	<u>805</u>
Profit/loss before depreciation, amortisation and impairment losses, etc.	-5	11
Loss on sale of companies, etc.	<u>-</u>	<u>0</u>
Profit/loss before financial items	-5	11
Subsidiaries - share of profit after tax	44	-2
Associated companies - share of profit after tax	0	1
2 Financial income	133	419
3 Financial expenses	<u>476</u>	<u>6</u>
Profit/loss before tax	-304	423
Tax	<u>-12</u>	<u>98</u>
10 Profit/loss for the year	<u>-292</u>	<u>325</u>

Maersk Oil Trading and Investments A/S

Assets at 31 December

Amounts in USD million

Notes	<u>2018</u>	<u>2017</u>
4, 5 Investments in subsidiaries	444	409
4, 6 Investments in associated companies	0	0
4 Other securities	<u>9</u>	<u>0</u>
Financial non-current assets	<u>453</u>	<u>409</u>
Total non-current assets	<u>453</u>	<u>409</u>
Inventories	<u>77</u>	<u>76</u>
Receivables from affiliated companies	4,396	1,711
Value of hedging contracts, etc.	28	30
Other receivables	<u>134</u>	<u>121</u>
7 Receivables	<u>4,558</u>	<u>1,862</u>
8 Equity investments	<u>2,447</u>	<u>-</u>
Total current assets	<u>7,082</u>	<u>1,938</u>
TOTAL ASSETS	<u>7,535</u>	<u>2,347</u>

Maersk Oil Trading and Investments A/S

Liabilities at 31 December

Amounts in USD millions

Notes	<u>2018</u>	<u>2017</u>
9 Share capital	87	87
Net revaluation according to the equity method	0	0
Retained earnings	893	1,078
Proposed dividend	<u>5,780</u>	<u>350</u>
Equity	<u>6,760</u>	<u>1,515</u>
Debt to affiliated companies	45	47
11 Other provisions	<u>6</u>	<u>8</u>
Non-current liabilities	<u>51</u>	<u>55</u>
Trade payables	251	263
Debt to affiliated companies	454	447
Value of hedging contracts, etc.	0	33
Other payables	<u>19</u>	<u>34</u>
Current liabilities	<u>724</u>	<u>777</u>
Total liabilities	<u>775</u>	<u>832</u>
TOTAL EQUITY AND LIABILITIES	<u>7,535</u>	<u>2,347</u>
12 Other financial liabilities		
13 Related parties		

Maersk Oil Trading and Investments 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 2017	87	6	11,084	300	11,477
Declared dividend prior year paid	-	-	-	-300	-300
Net profit for the year	-	-1	-24	350	325
Exchange rate adjustment, etc.	-	13	-	-	13
Dividends distributed	-	-22	22	-	0
Transfer	-	4	-4	-	0
Extraordinary dividend paid	-	-	-10,000	-	-10,000
Equity 31 December 2017	87	0	1,078	350	1,515
Declared dividend prior year paid	-	-	-	-350	-350
Addition (tax free contribution)	-	-	5,896	-	5,896
Net profit for the year	-	44	-6,116	5,780	-292
Exchange rate adjustment, etc.	-	-9	-	-	-9
Dividends distributed	-	-1	1	-	0
Transfer	-	-34	34	-	-
Equity 31 December 2018	87	0	893	5,780	6,760

Maersk Oil Trading and Investments A/S

Notes to the Financial Statements

Amounts in USD million (in parenthesis the corresponding figures for 2017)

1 External costs

No remuneration or wages and salaries have been paid to neither Management nor the Board of Directors in 2018 (USD 0m).

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

	<u>2018</u>	<u>2017</u>
2 Financial income		
Including interest from affiliated companies	<u>38</u>	<u>419</u>
3 Financial expenses		
Including interest to affiliated companies	<u>10</u>	<u>3</u>
Financial expenses include realised loss on sold Total S.A. shares as well as fair value losses.		

4 Investments

	Invest- ments in subsidiaries	Invest- ments in associated companies	Other securities
Cost:			
1 January 2018	623	0	-
Addition	<u>1</u>	<u>-</u>	<u>9</u>
31 December 2018	<u>624</u>	<u>0</u>	<u>9</u>
Value adjustments:			
1 January 2018	-214	0	-
Exchange rate adjustments and other changes in equity	-9	0	-
Dividends distributed	1	-	-
Result for the year after tax	<u>44</u>	<u>0</u>	<u>-</u>
31 December 2018	<u>-180</u>	<u>0</u>	<u>0</u>
Book value 31 December 2018	<u>444</u>	<u>0</u>	<u>9</u>

Maersk Oil Trading and Investments A/S

Notes to the Financial Statements

Amounts in USD million (in parenthesis the corresponding figures for 2017)

5 Investments in subsidiaries

<u>Name</u>	<u>Domicile</u>	<u>Owner-ship interest</u>
APM Terminals A/S	Copenhagen	100%
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 9m (USD 105m) fall due after one year.

Maersk Oil Trading and Investments A/S

Notes to the Financial Statements

Amounts in USD million (in parenthesis the corresponding figures for 2017)

8 Other equity investments

Balance consists of 46.3m Total S.A. shares recognised at fair value 31 December 2018. In total 97.5m shares were received as a tax free contribution in kind from A.P. Møller - Mærsk A/S in June 2018. 51.2m shares were disposed during second half of 2018.

9 Share capital

The share capital at 31 December 2018 consists 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 is A.P. Møller Holding A/S. Maersk Oil Trading and Investments A/S is included in the consolidated financial statements of both companies.

DKK '000	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Share capital on 1 January	329,700	500,000	500,000	500,000	500,000
Capital increase	<u>170,300</u>	-	-	-	-
Share capital on 31 December	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>

Maersk Oil Trading and Investments A/S

Notes to the Financial Statements

Amounts in USD million (in parenthesis the corresponding figures for 2017)

10 Distribution

	<u>2018</u>	<u>2017</u>
Extraordinary dividend paid	-	10,000
Proposed dividend	5,780	350
Net revaluation according to equity method	44	-1
Retained earnings	<u>-6,116</u>	<u>-10,024</u>
	<u>-292</u>	<u>325</u>

11 Provisions

The amount related to foreign tax risks.

12 Other financial liabilities

The Company has leasing commitments of USD 43.4m (USD 60.1 m). USD 38.2m (USD 30.2m) fall due within one year, USD 5.2m (USD 24.9m) fall due between one and two years and USD 0m (USD 5.0m) fall due after two years.

13 Related parties

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

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

Maersk Oil Trading and Investments A/S received shares in Total S.A. for a total value of USD 5.9bn as a tax free contribution in kind from A.P. Møller - Mærsk A/S in 2018.

Maersk Oil Trading and Investments A/S sold shares to related parties for a total amount of USD 0.5m in 2017.