

MAERSK A/S

Esplanaden 50
DK-1098 Copenhagen K

Annual Report 2017

As adopted by the Company at the Annual General Meeting
on 29/5-2018

Alice Vestergaard Trolle
Chairman of meeting

CVR No. 22757016

Maersk A/S

Company Information

The Company

Maersk A/S
Esplanaden 50
DK-1098 Copenhagen K

CVR No.: 22757016
Domicile: Copenhagen, Denmark

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)

	2017	2016	2015	2014	2013
Revenue	836	558	500	824	929
Profit/loss before depreciation, amortisation and impairment losses etc.	11	-6	7	-1	2
Gain/loss on sale of companies etc.	0	-1	-1	19	54
Share of net profit in subsidiaries and associated companies	-1	28	32	145	282
Financial items, net	413	373	120	-7	-44
Profit before tax	423	394	158	156	294
Profit for the year	325	315	128	158	301
Total assets	2,347	12,015	11,360	3,357	3,382
Total equity	1,515	11,477	11,164	3,053	1,892
Return on equity	5.0%	2.8%	1.8%	6.4%	17.1%
Equity ratio	64.6%	95.5%	98.3%	90.9%	55.9%

---- 0 ----

Maersk A/S holds companies, 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 terminal enterprises in Europe.

Via the function Maersk Oil Trading, Maersk 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 A/S' result before tax was USD 423 million in 2017 compared to USD 394 million in 2016. Share of net profit in subsidiaries and associated companies decreased in 2017 compared to last year with APM Terminals Vado Ligure SPA and Maersk GSC Holding A/S both contributing sizably lower, while profit largely improved in the oil trading subsidiaries.

Financial expenses comprise interest expenses to other A.P. Møller - Maersk companies for loan payables. Financial income increased by USD 32 million due higher average loan receivables, mainly Maersk Line A/S and A.P. Møller - Mærsk A/S. Maersk Line A/S settled all loan balances in November 2017, and of the proceeds, USD 10 billion was distributed as extraordinary dividend in December 2017.

Profit for the year after tax ended at USD 325 million which is an increase of USD 10 million compared to 2016.

Maersk A/S sold shares in one terminal subsidiary 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 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 2017 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'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 A.P. Møller - Maersk.

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 2018

After the extraordinary dividend paid out in December 2017, considerably lower interest income is foreseen with accordingly profit decrease. 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

No subsequent events have taken place after year end.

Maersk 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 A/S for 2017.

The annual report for 2017 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 2017 and of the results of the Company's operations and cash flows for the financial year 2017.

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 2018.

Copenhagen, 29 May 2018

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 2017, and of the results of the Company's operations for the financial year 1 January - 31 December 2017 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 2017, 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, 29 May 2018

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No. 33771231

Søren Ørjan Jensen
State Authorised Public Accountant
mne33226

Kristian Pedersen
State Authorised Public Accountant
mne35412

Maersk A/S

Accounting Policies

The financial statements for 2017 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 7.0550 against 6.2067 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 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.

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 A/S

Income Statement

Amounts in USD million

Notes

	<u>2017</u>	<u>2016</u>
Revenue	836	558
Other operating income	102	143
Other operating costs	122	161
1 Other external costs	<u>805</u>	<u>546</u>
Profit before depreciation, amortisation and impairment losses, etc.	11	-6
Loss on sale of companies	<u>0</u>	<u>1</u>
Profit before financial items	11	-7
Subsidiaries – share of profit after tax	-2	29
Associated companies - share of profit after tax	1	-1
2 Financial income	419	387
3 Financial expenses	<u>6</u>	<u>14</u>
Profit before tax	423	394
Tax	<u>98</u>	<u>79</u>
Profit for the year	<u>325</u>	<u>315</u>

Maersk A/S

Assets at 31 December

Amounts in USD million

<i>Notes</i>	<u>2017</u>	<u>2016</u>
4, 5 Investments in subsidiaries	409	380
4, 6 Investments in associated companies	<u>0</u>	<u>0</u>
Financial non-current assets	<u>409</u>	<u>380</u>
Total non-current assets	<u>409</u>	<u>380</u>
Inventories	<u>76</u>	<u>29</u>
Receivables from affiliated companies	1,711	11,399
Value of hedging contracts, etc.	30	62
Other receivables	<u>121</u>	<u>145</u>
7 Receivables	<u>1,862</u>	<u>11,606</u>
Total current assets	<u>1,938</u>	<u>11,635</u>
TOTAL ASSETS	<u>2,347</u>	<u>12,015</u>

Maersk A/S

Liabilities at 31 December

Amounts in USD millions

Notes	<u>2017</u>	<u>2016</u>
8 Share capital	87	87
Net revaluation according to the equity method	0	6
Retained earnings	1,078	11,084
Proposed dividend	<u>350</u>	<u>300</u>
Equity	<u>1,515</u>	<u>11,477</u>
Debt to affiliated companies	47	0
10 Other provisions	<u>8</u>	<u>8</u>
Non-current liabilities	<u>55</u>	<u>8</u>
Trade payables	263	255
Debt to affiliated companies	447	166
Value of hedging contracts, etc.	33	67
Other payables	<u>34</u>	<u>42</u>
Current liabilities	<u>777</u>	<u>530</u>
Total liabilities	<u>832</u>	<u>538</u>
TOTAL EQUITY AND LIABILITIES	<u>2,347</u>	<u>12,015</u>
11 Other financial liabilities		
12 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 2016	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
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	-	-
Transfer	-	4	-4	-	-
Extraordinary dividend paid	-	-	-10,000	-	-10,000
Equity 31 December 2017	87	0	1,078	350	1,515

Maersk A/S

Notes to the Financial Statements

Amounts in USD million (in parenthesis the corresponding figures for 2016)

1 External costs

No remuneration or wages and salaries have been paid to neither Management nor the Board of Directors in 2017 (USD 0 million).

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

	<u>2017</u>	<u>2016</u>
2 Financial income		
Including interest from affiliated companies	<u>419</u>	<u>387</u>
3 Financial expenses		
Including interest to affiliated companies	<u>3</u>	<u>12</u>
4 Investments		
Cost:	Invest- ments in	Invest- ments in
	<u>subsidiaries</u>	<u>associated</u>
		<u>companies</u>
1 January 2017	584	0
Addition	40	-
Disposal	<u>1</u>	<u>-</u>
31 December 2017	<u>623</u>	<u>0</u>
Value adjustments:		
1 January 2017	-204	0
Exchange rate adjustment and other changes in equity	13	-
Dividends distributed	21	1
Result for the year after tax	<u>-2</u>	<u>1</u>
31 December 2017	<u>-214</u>	<u>0</u>
Book value 31 December 2017	<u>409</u>	<u>0</u>

Maersk A/S

Notes to the Financial Statements

Amounts in USD million (in parenthesis the corresponding figures for 2016)

5 Investments in subsidiaries

Name	Domicile	Owner-ship interest
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

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

7 Receivables

Of these, USD 105 million (USD 7.8 billion) fall due after one year.

Maersk A/S

Notes to the Financial Statements

Amounts in USD million (in parenthesis the corresponding figures for 2016)

8 Share capital

The share capital at 31 December 2017 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 A/S is included in the consolidated financial statements of both companies.

DKK '000	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Share capital on 1 January	329,700	329,700	500,000	500,000	500,000
Capital increase	-	<u>170,300</u>	-	-	-
Share capital on 31 December	<u>329,700</u>	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>

9 Distribution

	<u>2017</u>	<u>2016</u>
Extraordinary dividend paid	10,000	0
Proposed dividend	350	300
Net revaluation according to equity method	-1	28
Retained earnings	<u>-10,024</u>	<u>-13</u>
	<u>325</u>	<u>315</u>

Maersk A/S

Notes to the Financial Statements

Amounts in USD million (in parenthesis the corresponding figures for 2016)

10 Provisions

The amount relates to foreign tax risks.

11 Other financial liabilities

The Company has leasing commitments of USD 60.1 million (USD 16.7 million). USD 30.2 million (USD 15.6 million) fall due within one year, USD 24.9 million (USD 1.1 million) fall due between one and two years and USD 5.0 million (USD 0 million) fall due after two years.

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

12 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 2017 Maersk A/S sold shares to related parties for a total amount of USD 0.5 million (USD 2 million).