



Invitational 2019



Letter from the CEO



Dear you,

I am proud to announce that Maersk has been selected as case company for CBS Case Competition in 2019.

Maersk is on a mission to enable and facilitate global supply chains and provide opportunities for our customers to trade globally, as well as source parts and materials from the most competitive suppliers. Almost 20% of all containers globally and more than 25% of all refrigerated containers, move on our network and on one of our more than 700 ships. We focus on simplifying and connecting our customers' supply chains to offer end-to-end solutions for the safe transportation of their cargo. Especially the transportation of commodities that require extra attention, like refrigerated cargo, is a focus area for us and we see that there is a strong need for an integrated end-to-end service on a global scale for our cold chain customers.

So, put yourself in the shoes of our customers and reflect upon their needs when trusting us with their precious refrigerated cargo from farm to supermarket. How would you build a unique value proposition for them?

I look forward to hear your proposals and would like to thank you in advance for your time and for sharing your ideas. •

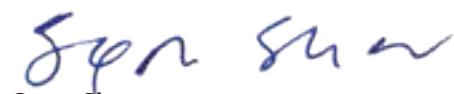

Søren Skou
CEO of A.P. Moller - Maersk

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Keeping it cool: conquering the cold chain

The majority of internationally traded goods are transported by sea before they reach the end consumer. It's likely that most of the items you see around you will have found themselves inside a container at some point, and approximately one in five of those containers will have been transported by Maersk.

Despite the immense importance the container shipping industry has in the world, the industry has been under pressure for several years due to stagnating growth, overcapacity in the market and commoditization. Some industry players have responded solely by looking for opportunities to reduce cost, but many are increasingly looking for ways to deliver additional value to customers. For some, this has taken the form of end-to-end logistics products and services, rather than simply shipping goods from one port to another. This is a complicated undertaking, particularly for refrigerated goods.

'Cold chain' refers to the temperature-controlled supply chain for refrigerated goods and is considered a high-value subsegment of the global logistics market. It has significantly higher growth rates than regular container logistics. The transport of goods such as fruit, meat, flowers or pharmaceuticals, has additional technological and regulatory requirements, and as a result is more challenging and therefore more profitable for logistics companies, compared to traditional dry-goods. Fresh products must flow through an unbroken chain of refrigeration from the farm to the supermarket. Shipment delays can result in products becoming worthless, therefore producers of refrigerated goods are particularly keen on buying end-to-end logistics solutions.

Cold chain solutions are extremely difficult to deliver, as they require integration of several steps in the supply chain. Currently, there isn't a single player able to offer end-to-end cold chain solutions on a global scale, creating a promising, but hard to enter whitespace. It's a market that several logistics companies are racing to enter, therefore finding end-to-end solutions for the transportation of refrigerated

goods is particularly valuable. In January 2019, Maersk decided to accelerate its efforts in this area.

A key step in the cold chain is the shipping of refrigerated containers, known as reefers. Today, Maersk is the market leader for reefer shipping and is therefore in a unique position to become a leading supplier of cold chain solutions. As a listed company with roots tracing back more than 100 years, the ability to prioritize long-term strategic objectives paved the way for this success. But success within reefer shipping is just one of the pillars needed to be a successful cold chain logistics company.

"The fundamental transportation need is not just from one port to another, but from farm to supermarket or from factory to warehouse. Today however, it is extremely difficult for customers to source end-to-end solutions for refrigerated goods on a global scale, and this creates complexity and waste in the international refrigerated supply chain."

– Morten Bo Christiansen, Head of Strategy

With end-to-end cold chain offerings still being limited, Maersk is eager to develop creative ideas on how to secure growth and establish a leading position within this segment. We therefore ask you to address the following question:

"How can Maersk leverage its position as a leader in the reefer shipping market to create valuable propositions for customers in the cold chain market? What should Maersk's global cold chain strategy be for the next five years?"

You are asked to present a five-year business plan – which should be scalable globally – which would enable Maersk to build a leading position in cold chain. This will require innovative thinking and creativity is encouraged. A successful business plan must be aligned with Maersk's Values and ways of conducting business. You are free to make assumptions when needed, however, please state when doing so. •



Your challenge

"How can Maersk leverage its position as a leader in the reefer shipping market to create valuable propositions for customers in the cold chain market? What should Maersk's global cold chain strategy be for the next five years?"

Introducing the global container industry: the arteries of global trade

"In the second half of the twentieth century, an innovation came along that would transform the way the world did business... I'm not talking about software. I'm talking about the shipping industry, and in particular an innovation you might not have thought much about: the shipping container". These are the words of Bill Gates and he is referring to the year 1956 when Malcolm P. McLean, founder of the shipping line SeaLand, got the brilliant idea of packing cargo into large standardized boxes. Containerization was born and over the coming decades it revolutionized not only ocean transportation, but global trade. Container liner shipping has become a prerequisite for global trade as we know it today. Through the dramatic reduction in the cost of moving goods around the world, the industry has taken hundreds of millions of people out of poverty in developing countries, has fueled the high levels of material wealth in developed countries and enabled high availability and a broad diversity of products and foodstuffs for consumers everywhere in the world. The world as we know it today, simply isn't possible without container liner shipping.

Today, containers transport approximately 25% of dry sea-borne trade (by weight) and close to 100% of everyday goods such as televisions, toys, and clothing. The remainder is typically unpackaged bulk cargo such as crude oil, coal or grain, carried by large bulk ships.

The size of the global container shipping market is 166bn USD, with container liners carrying almost two billion tons of cargo annually. The industry is expected to grow at a modest 1-3% until 2022.

Generally, moving conventional containers from one port to another is considered a commodity, with very little room for shipping liners to differentiate their offerings. As a result, container liners (carriers) have mainly been competing on price, with the source of competitive advantage being the lowest cost per container. Consequently, container shipping is an extremely competitive business and margins have typically been short-lived. In the period 1995-2016, when global container volumes nearly quadrupled, the average player in the container liner industry did not return its cost of capital.

The container shipping industry is characterized by some degree of vertical integration. Many of the major players own both ships and terminals. Some carriers also have limited logistics activities as part of their business. Among the carriers, Maersk has the broadest offering of logistics services beyond ocean shipping. •



40 Foot

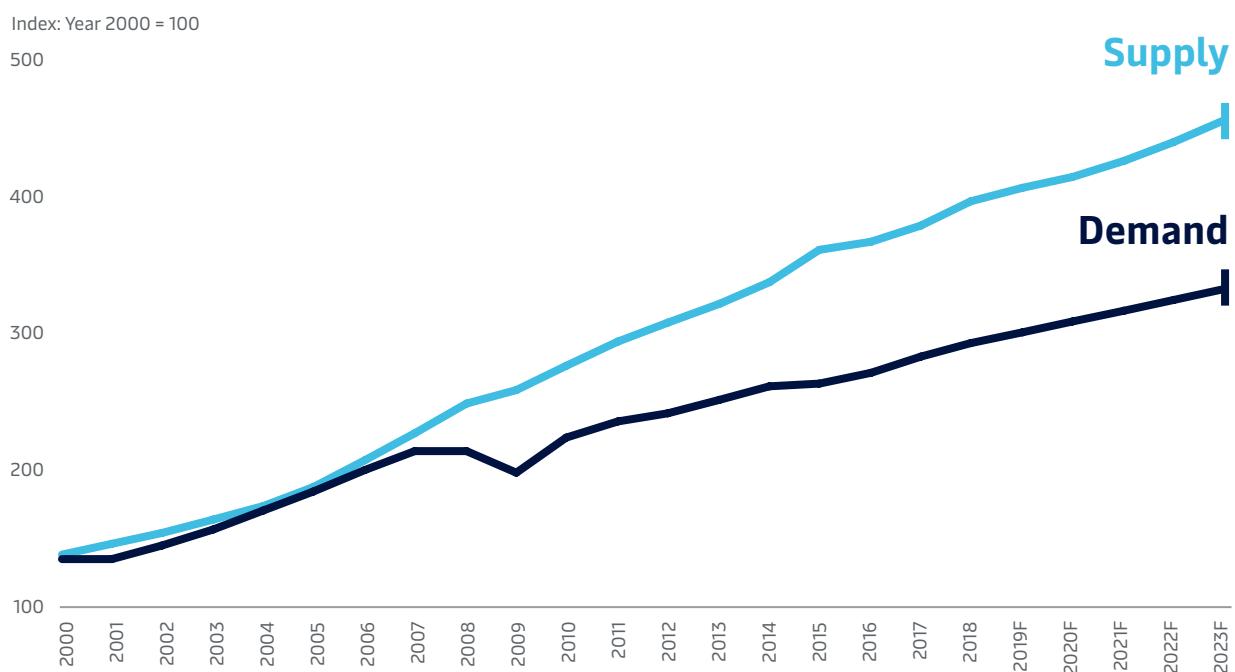
Container throughput and ship capacity is typically measured in Twenty-foot Equivalent Units (TEUs). A 40-foot equivalent is two TEUs and the most common container size.

The arteries of global trade: Maersk trade lanes



Container volume supply and demand index

Container trade supply is growing at a faster rate than demand



Introducing Maersk

History and values

Maersk's origins date back to 1904 in the Danish town of Svendborg, when A.P. Møller and his father Peter Mærsk Møller founded Dampskibsselskabet Svendborg. From the very beginning, the company was truly global. When Maersk Line began operations in 1928, the first route was from Baltimore, USA to various Asian ports via the Panama Canal. When container adoption rates increased, Mærsk Mc-Kinney Møller (A.P. Møller's son) made an important decision in 1973 to invest in Maersk's containerization, followed by the first order of containers in 1975. Consistent growth between 1975 and the mid-2000s has made Maersk the world's largest container shipping company, the sixth largest port operator and a major integrated container transport and logistics company. Today, Maersk employs around 70,000 employees across 900 offices in 130 countries. It operates a fleet of 710 ships serving 67,000 customers.

Maersk is a public company listed on the Copenhagen stock exchange, but the family ownership continues to have a major influence on the company's values and strategic choices. A.P. Møller Holding owns 41.51% of the shares and 51.2% of the voting rights. The family's control of the company has enabled a focus on long-term goals and growth opportunities. As one of the biggest Danish companies, Maersk is highly ingrained in Danish society. One of the family's objectives is to contribute to society by developing businesses through its investments in A.P. Møller Holding, and through donations that have a positive impact on society. The most prominent of these was the donation of The Copenhagen Opera House located across the strait from the royal castle of Amalienborg. •



2018

Maersk finalizes the sale of its oil & gas business, Maersk Oil

2017

Maersk launches a Remote Container Management System that provides customers with end-to-end transparency and leads innovation in reefer shipping

2013

Introduction of the first Triple-E container ship. With a capacity of more than 18,000 twenty-foot containers and 165,000 dead weight tonnage, the Triple-E series utilizes economies of scale for energy efficient shipping, greatly reducing CO2 emissions per container

2001

APM Terminals is established

1996

Maersk achieves a world record for the world's largest container ship with the introduction of REGINA MAERSK

1991

Maersk Container Industry is established

1989

Maersk Line's reefer management team is formed, signifying that the reefer business has truly become a focus area for Maersk Line

1979

Moves to the current headquarters at Esplanaden

1975

Maersk Line enters the container shipping industry with nine container ships. Buys its first set of 500 reefer containers after choosing to enter the container shipping industry

1955

The first Maersk ship takes the light-blue color that characterizes Maersk ships today

1930

Maersk ventures into the reefer trade by expanding its fleet with specialized reefer vessels

1928

Maersk Line begins operations. First voyage from Baltimore, USA to Asian ports via the Panama Canal

1918

A.P. Møller's Shipyard is established to build ships for the company

1904

Dampskibsselskabet Svendborg is founded by A.P. Møller

From conglomerate to integrated logistics

Throughout most of the 20th century, Maersk was operated as a conglomerate. The company invested in a number of different business areas where it was a strategically well-suited owner and/or where there were relevant synergies. As a result, Maersk has owned companies covering everything from aviation, retail, banking and IT, to oil exploration and production, all operated at 'arm's length'. Over time, and especially during the past decade, Maersk divested many of these companies and when the current CEO, Søren Skou was appointed in 2016, Maersk mainly consisted of companies focused in two main areas: Transport & Logistics, and Energy.

In the summer of 2016, under the leadership of Søren Skou, a fundamental strategy review was conducted. The conclusion was to depart from the 'Premium Conglomerate' strategy and pursue a new strategy to become an integrated container shipping, logistics and ports company. This meant that the energy related businesses were to be spun off through divestments/demergers.

The decision to focus on container logistics was based on three premises:

- It is a sizeable and long-term growth market;
- Fundamentally changing the way customers are served presents significant opportunities for value creation in container logistics; and
- Maersk has a leading position and therefore a key role in shaping the future of the industry.

The standard customer experience in container logistics today is far from what end-consumers experience when shipping a parcel through companies such as UPS, FedEx, DHL, and other courier, express and parcel (CEP) operators. The manual and paper-based nature of many of the underlying processes in container logistics is the primary factor behind this. Another factor is the separation between operators and third-party logistics providers; companies that offer end-to-end or bundled services are typically not the companies in operational control of critical assets. There

are no players in the containerized logistics space that offer operationally integrated services seen in the courier, express and parcel industry.

Maersk's ambition is that in 3-5 years, it should be as easy to ship a container across the world, as it is to ship a parcel with any of the CEP operators today. This will be achieved by building on Maersk's strong operational heritage and by leading the way in the digitization of the industry. The result will be a much-improved customer experience that enables customers to simplify and optimize their supply chain. This is expressed in Maersk's new vision to become 'The Global Integrator of Container Logistics – Simplifying and Connecting the Customer's Supply Chain'.

The vision is made up of three strategic building blocks:

- Simple end-to-end product and service offering: Developing a broader, scalable, and flexible portfolio of products and solutions to serve all the customers' supply chain needs.

- Seamless customer engagement: Offering Maersk customers proactive, tailored and value adding service through connected, digital and engaging interfaces.
- Superior end-to-end delivery network: Operating the industry's largest, most reliable, and most cost-competitive network across all markets that are important to our customers.

With these three building blocks, Maersk aims to reposition itself to compete on differentiation, service level and customer satisfaction, while safeguarding cost leadership and competitiveness.

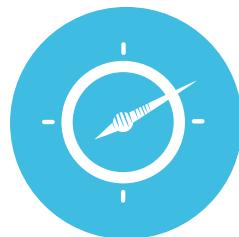
This makes your challenge of creating a cold chain strategy even more essential, as it has the potential to lead the way for the overall Maersk strategy. •



Maersk values



The Maersk organization has a rich heritage from its founders. This heritage has translated into a distinctive set of five core values that have been ingrained into the organization by the Møller family and have remained the guiding principles in the organization for more than a century.



Constant Care

Take care of today, actively prepare for tomorrow. Forward thinking, planning and execution. Being informed, innovative and seeking out new ideas. Looking for changes in the environment.



Humbleness

Listen, learn, share, and give space to others. Showing trust and giving empowerment. Having an attitude of continuous learning. Never underestimating our competitors or other stakeholders.



Uprightness

Our word is our bond. Honesty and accountability. Openness about the good and the bad. Speaking your mind in the debate, but backing the decision.



Our Employees

The right environment for the right people. Attracting and retaining the right people, building the right team. Providing opportunities for continual development. Rewarding performance, promoting for potential.



Our Name

The sum of our Values: passionately striving higher. The embodiment of our values. Passion and pride for what we do and how we do it. Our image in the eyes of our customers and the external world.

A large blue ship is visible in the top right corner, moving from right to left, creating a white wake in the dark blue ocean. Two white seabirds are flying above the water's surface.

Reduced 46%

The transport sector is responsible for 24% of global energy related emissions. Maersk has committed itself to being carbon neutral by 2050, having already reduced its per container emissions by 46% compared to its 2007 baseline.

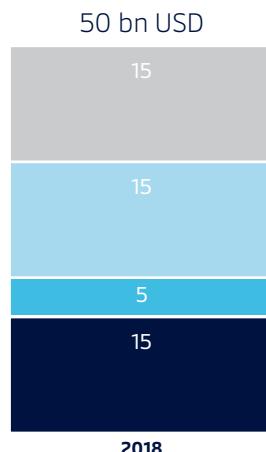


Cold chain: the next growth frontier

Addressable cold chain market size development forecast

- Refrigerated haulage
- Refrigerated warehousing
- Ocean transport (reefer bulk)
- Ocean transport (reefer container)

Source: Internal estimates



Cold chain cargo is typically refrigerated food (e.g. fruit and vegetables) or frozen food (meat, fish & seafood), but also includes non-food items such as flowers and pharmaceuticals. Food transportation typically flows from food-producing nations, such as South and Central America, to destination countries in Europe, North America and the Far East. Unlike traditional 'dry goods', products must be kept chilled throughout the supply chain to avoid damage.

Due to the perishable nature of the goods being transported, cold chain operators face higher demands and more complex operations. Some of these demands are regulatory, as the import and export of food and pharmaceuticals requires extensive paperwork for customs clearance, and others are customer demands. For example, a container of mangos will be worthless if it arrives a week later than planned, or worth less if the cold chain is broken and the quality of the fruit declines during transportation.

"Once a lemon is picked at the farm it will never get better. From here on, the more time is spent getting it to the consumer, the more value is lost"
- Sarah Landsted, Cold Chain Product Manager

These complexities mean that cold chain logistics require a higher level of competency and capital to operate. They are also higher risk and therefore have higher margins and come with a higher price tag for customers. So even though the content of a container filled with televisions

might be more valuable, the transportation of a container filled with fresh fruit is more expensive. For dry goods, the transportation cost is around 1-2% of the overall cost base, while in many reefer segments, particularly fresh fruit, it can be as high as 25-30%.

The addressable cold chain market is estimated to be around \$50bn and forecasted to grow with a compound annual growth rate (CAGR) of ~10% towards 2025. This figure is comprised of inland haulage, portside cold storage and ocean freight of goods. The higher growth rate compared to traditional logistics is due to several factors. The purchasing power of the global middle class is on the rise, creating more demand for food products such as fresh

meat, seafood, fruit and vegetables. In the developed world, modern consumers increasingly demand fresh products and quality food with fewer preservatives and a longer shelf life, increasing the need for sophisticated cold chain solutions. Ocean transportation accounts for around \$20bn of the entire cold chain market, of which \$15bn is containerized. This figure is estimated to grow with a CAGR of ~5% towards 2025. The remaining \$30bn consists of inland haulage and cold storage, which takes place in specialized warehouses with cooling capabilities. Reefer boxes can be thought of as small flexible warehouses, but as the energy consumption of a reefer container is high, this is not a cost-effective solution. Cold storage is therefore an important part of many cold chains. •



Reefers

Refrigerated containers are called reefers. Reefers are similar to ordinary forty-foot containers in appearance and dimension. They are insulated and are installed with cooling systems that allow goods to be kept at a certain temperature if they are attached to a power supply. Consequently, they require special slots on container ships where power plugs are available. Similarly, trucks and trains with a power-supply are needed to transport

The global reefer containerized trade flows

Total global reefer container volumes: 5.6m FFE in 2018

..... Trade route

576

Volume ('000 FFEs)
South & Central America to
Europe

260

Volume ('000 FFEs)
South & Central America to Far East

101

Volume ('000 FFEs)
South & Central America to Indian
Sub Cont & Middle East

448

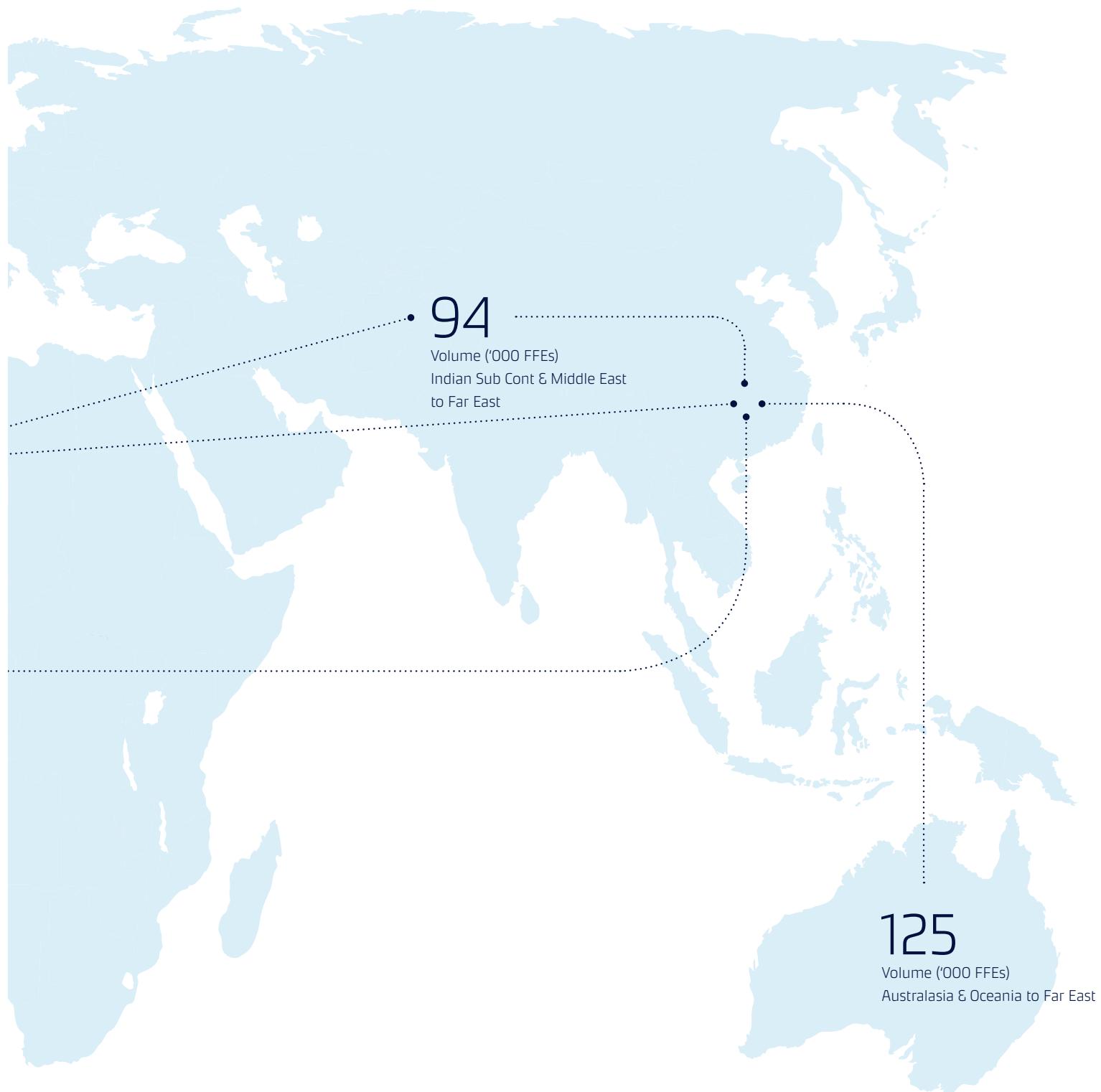
Volume ('000 FFEs)
South & Central America to North
America

101

Volume ('000 FFEs)
Sub Saharan Africa to Europe

83

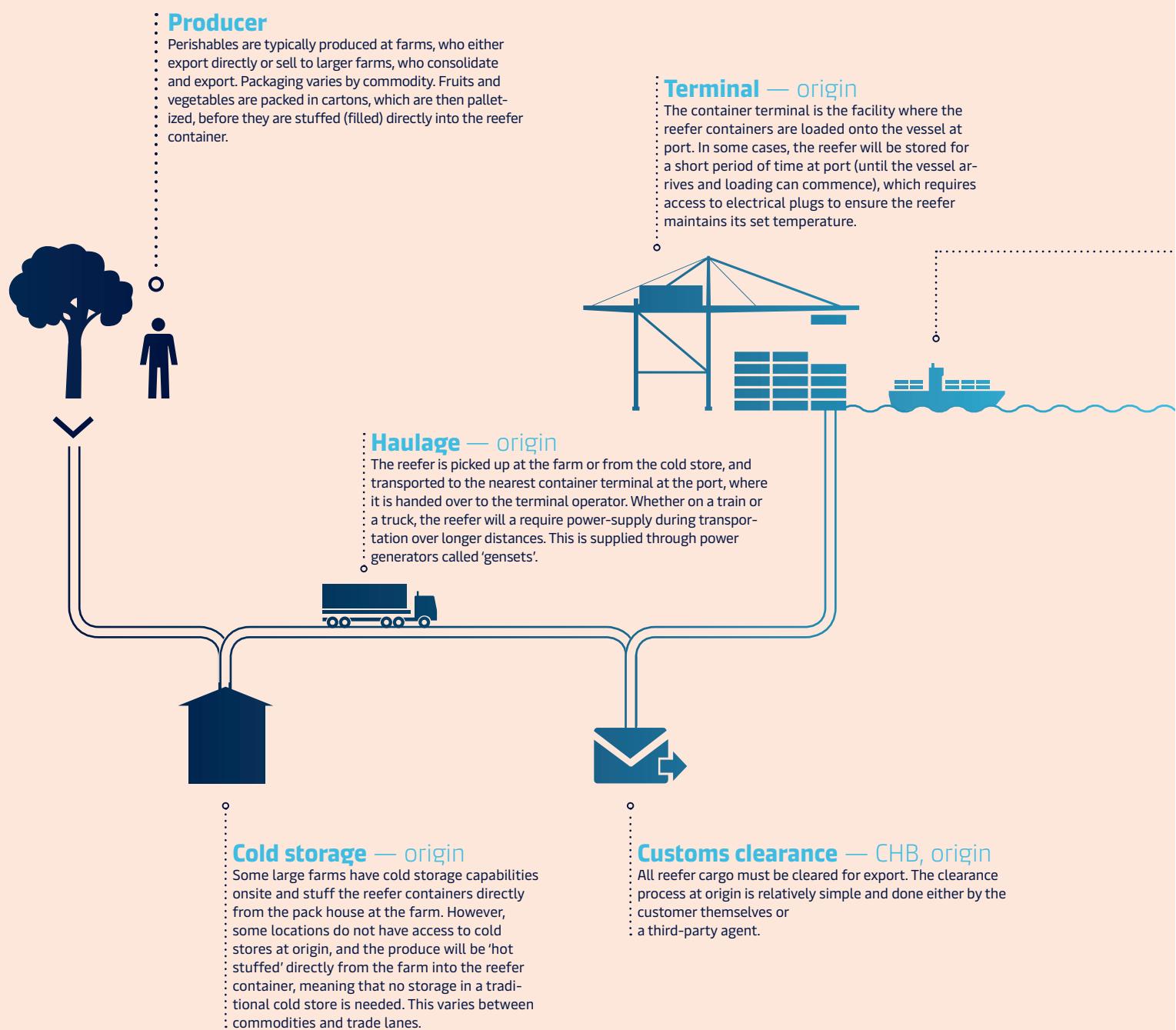
Volume ('000 FFEs)
Sub Saharan Africa
to Far East



Note: only main reefer container trade flows are shown
Source: Container Trade Statistics.

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The supply chain of refrigerated goods



Ocean

The actual ocean carriage of the reefer container. Once the reefers are loaded onto the container vessel and plugged in, the voyage follows a pre-determined route, often calling at several ports, before reaching its final port of destination.

**Terminal — destination**

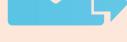
Once the vessel reaches its port of destination, the reefer is discharged from the vessel and plugged into a power source at the terminal, to wait for customs to inspect it and clear the cargo for imports.

Customer

Maersk's customers can be one of a number of parties along the cold chain. They could be the exporters who produce the fruit, an importer who then has supermarkets as customers or the supermarkets themselves who arranges the logistics for a given product on their own (through several parties in the chain). Typically, Maersk defines the end-customer as the distribution center of a major supermarket or a wholesaler. The last-mile delivery to the sales outlet is often handled by Maersk's customers themselves.

**Haulage — destination**

The reefer is picked up by truck (or train) from the terminal and taken inland – either to a cold store or to its final destination. This can be a supermarket, or a supermarket's distribution center (DC), which bypasses the need for intermediary cold storage as DCs often have cold storage capabilities available.

**Customs clearance — CHB, destination**

On the import side, the customs clearance process is generally more complex (lots of paperwork), particularly for perishables. Rules are in place to prevent foreign pests (bugs, insects etc.) entering the country of destination and infecting their crops, and to ensure health certificates are in place to protect consumers in destination markets. Protocols vary greatly between commodities and countries of origin and destination. The role of customs is to verify that goods are in line with regulatory requirements and have been transported correctly, before they are allowed to enter a destination market for consumption.

Cold storage — destination

Cold stores are either operated by the end customer (e.g. a distribution center), the port, or a third party. The reefer is typically stripped (emptied) directly into the cold store and the produce is stored on pallets. Many destination cold stores will offer 'value-added services' covering re-packaging, ripening of fruit, quality inspections etc.



"For a refrigeration customer, the supply chain – or cold chain – is highly complex. Take bananas as an example. Even a large customer like Chiquita will first have to buy the fruit from one party; then arrange transportation from the farm to the port with another party; and leave terminal handling and customs clearance, including all the paperwork, up to a third party, before they let Maersk handle the shipping. On the other side of 'the water' they then have 2-3 new parties taking care of import customs handling, storage and ripening, and last-mile transportation, until the fruit finally arrives at the supermarket. The customer has to coordinate with at least 7-8 different parties across the supply chain before he sells his produce to us, the consumers – and all for a price of DKK 1-2 per banana here in Denmark."

Anne Sophie Zerlang Karlsen
Head of Global Reefer Solutions





Competitive landscape

The history of shipping refrigerated goods starts long before the invention of the container. Historically, shipments of perishables were handled in what are known as conventional reefer vessels – commonly referred to as ‘bulk’. Conventional vessels have large refrigerated cargo holds, where pallets are loaded directly into the cargo hold using small cranes. This was ideally suited to the export locations of perishable cargo such as South America and Africa, where historically, infrastructure development has been limited. Since the first reefer container was invented in 1975, an increasing amount of cargo has become containerized – however a global fleet of more than 600 conventional refrigerated vessels is still in operation, carrying around 17% of global refrigerated cargo (FFE equivalent).

Since Maersk introduced reefer containers to the market in 1970s, the competitive landscape has developed considerably. Today, all major global carriers operate in the reefer market, but four carriers account for more than 60% market share. Maersk is the leader in this segment holding 28% market share, with CMA-CGM and MSC combined accounting for a similar percentage. Carriers are mainly focused on the ocean leg and despite all large shipping liners owning container terminals across the globe, none are currently able to

offer true cold chain activities covering all parts of the chain. The remaining part of the cold chain is highly fragmented. The cold storage industry is largely dominated by local players specializing in serving a specific commodity group, such as fruit or frozen protein, with just a single or a handful of locations in their portfolio. Over the last decade, a few players have attempted to build large scale cold store offerings. The most dominant player today is the US listed company Americold. They have just ~4% of the cold store market, but over the last years new private equity backed players like Agro Merchants and Emergent Cold have started to emerge, with a clear mission to become dominant players in single continents or even globally. In addition, large port and terminal operators such as DP World and Hutchinson, have started to develop cold stores as part of their terminal assets.

There is a significant differentiation between global investments in cold stores made at origin locations versus destination locations. The market for cold storage in developed markets, such as Europe and the US, is highly saturated despite fragmentation in the competitive landscape. There is sufficient capacity in these locations.

“For sensitive cargo such as refrigerated goods, it is important to be operationally in control of the critical assets in the supply chain. Ultimately it is the carrier who decides which containers go on a vessel, and we believe this is an important advantage in developing reliable cold chain solutions”

Morten Bo Christiansen
Head of Strategy

The picture is very different in the large origin markets, where little to no investment has been made in cold stores. This is driven by a number of factors. Firstly, the risk profile is much higher for investing in origin markets, which are mostly developing countries. Furthermore, most of the commodities needing cold storage are agricultural and therefore seasonal, which means there is a high risk of not being able to utilize the cold store all year round. Lastly, the perishables industry has built their supply chains based on produce being 'hot-stuffed' into the reefer container (no pre-cooling needed), meaning reefers are used as small warehouses until reaching their destination. These factors have resulted in questions being raised about whether cold stores at origin are actually required, as this would require a significant change in approach to the cold chain and how logistics is done in many perishables industries. The strong counter arguments for a real cold chain solution are improved quality and shelf life of fruit through pre-cooling, waste minimization, labor cost savings by packing at origin, and savings on energy by not using reefer containers as warehouses.

Trucking and rail markets are highly fragmented. Between origin and destination markets there are a wide range of operators – from large trucking companies and brokers, to small 'mom and pop' companies owning just a few trucks. The competitive landscape for end-to-end cold chain solutions – covering all parts of the chain – is extremely limited. Today, it is mainly freight forwarders, who operate in this segment. Freight forwarders are companies that do not own any actual cargo carrying assets, but specialize in organizing and coordinating shipments between all

involved parties, in return for a fee. Their offering is rooted in an asset light business model, where logistics offerings are sourced from third parties and then coordinated by the freight forwarder, much like a travel agency does for travel.

Some global freight forwarders currently offer cold chain products (Kuehne Nagel, Panalpina, DHL etc.) including freight, inland services, cold storage and custom house brokerage. Developments over recent years indicate that forwarders are aiming to grow in the areas of refrigerated ocean carriage and cold chain solutions. These forwarders are important Maersk customers – mainly in the dry segment – but are also the competitor group best positioned to offer scalable end-to-end solutions in the cold chain segment. Without control of assets, it will however be difficult for freight forwarders to orchestrate.

Another important element is the perishable segment's risk profile. Claims associated with failing to offer a good service and for damaged cargo resulting from operational mishaps can be significant and quickly erode profits. In January 2019, for example, the world's largest haulage player, DSV chose to stop all cold chain activity due to the risky nature of the industry. •

Major international carriers

Core business areas	Container shipping Container terminals Logistics	Container shipping Container terminals Cruise-shipping	Container and bulk shipping Container terminals	Container shipping Container terminals
2017 revenue (USD Bn)	31	28	21	19
Container shipping capacity ('000 TEU)	4,1	3,3	2,8	2,7
Container shipping market share	18%	14%	12%	12%
Reefer capacity (number of plugs in '000)	473	333	222	294
HQ country	Denmark	Switzerland	Switzerland	France

Understanding cold chain customers



"I am convinced that the cold chain customers are first in line when it comes to demand for integrated solutions, as their pain points are much more prominent with so many handovers, and the fact that their cargo is perishable."

Anne Sophie Zerlang Karlsen
Head of Global Reefer Solutions

Cold chain customers are typically experienced professionals who have spent decades building their business and refining their logistics set-up in-house and/or through long term partners. But logistics is not core to their business – their produce is!

Their goal is to minimize time spent on logistics, freeing up time to focus on improving their produce and their customers' experience. However, due to limited options in the market, many of these players have been forced to build their own solutions through a patchwork of partners along the chain. Due to the risk and cost profile of the logistics of their business, relationships with their service providers often play a large role.

Fyffes, for example, the third largest banana and pineapple company in the world, have arranged their European logistics setup around Antwerp, where they have a +25-year relationship with cold store operator Sea-Invest. In 2011, when Maersk signed Fyffes up to move from conventional vessels into containers, a pre-requisite of the deal was that the ocean product remain focused around Antwerp to maintain the working relationship with Sea-Invest on the cold store front – even if that came at a cost.

Customers have in depth knowledge of their products and expect the same from their partners. After competitive pricing, they rate customer service as the second most

important purchase criteria and require a dedicated point of contact with authority and strong product knowledge. Maersk therefore has specialized sales as well as customer service for the reefer segment in all countries.

"A single point of contact is extremely important. If we were to let Maersk handle all of our logistics, the last thing we would want is a person from each division of Maersk calling us. We need one responsible person, with authority."

– VP of Logistics and Purchasing for a global seafood exporter

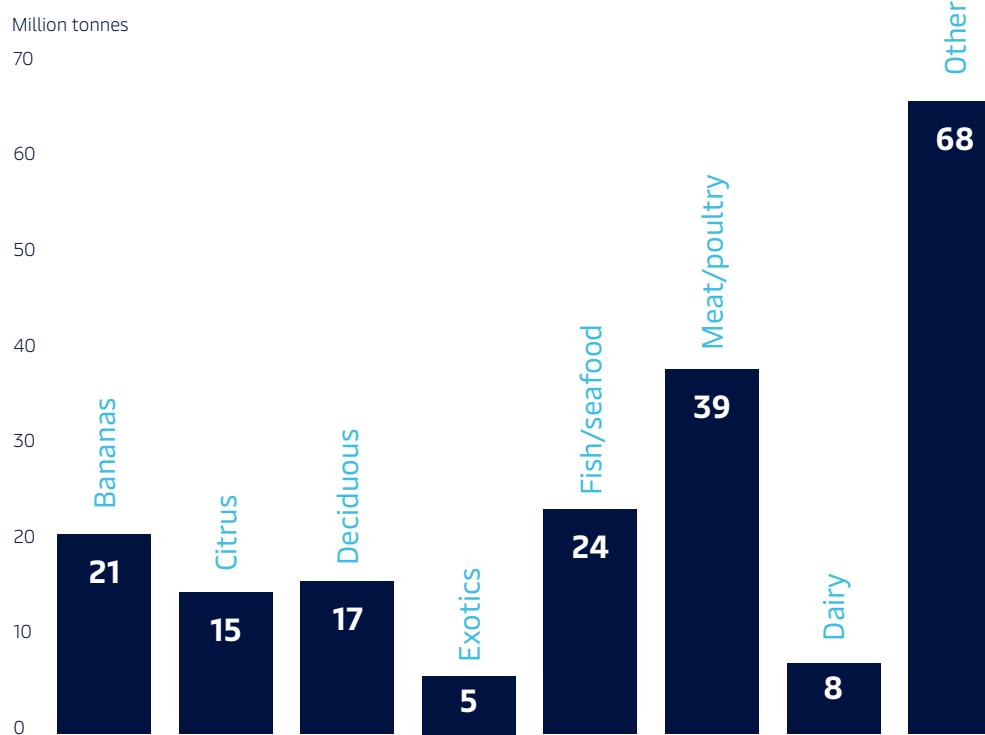
Handovers between different steps in the logistics chain are a very important pain point for cold chain customers as it takes time and focus from their produce, but also due to the complexity. If a container is delayed, either during customs clearance or in the terminal, the transported goods could be worthless upon arrival. Having a single person coordinating between all parties would ease this complexity, making integrated logistics solutions more attractive for reefer customers than for dry cargo customers.

"If this was easy, it would have already been done. No one disagrees, that current offerings are mediocre at best. There is a huge demand to change the status quo"

– Sarah Landsted, Cold Chain Product Manager. •

Total Worldwide Trade of Perishable Reefer Cargo by commodity

Source: Drewry 2016/17



Supporting cold chain through innovation

Maersk has held a competitive advantage for reefer containers for a long time, via its in-house container manufacturing company, Maersk Container Industries (MCI). Since it launched its first reefer products in the 1970s, Maersk has had a strong focus on product development. One such example is StarCool, a technology that keeps humidity and the level of different gasses such as oxygen & CO₂ at predetermined levels within the container during transportation – extending the shelf life of fresh produce.

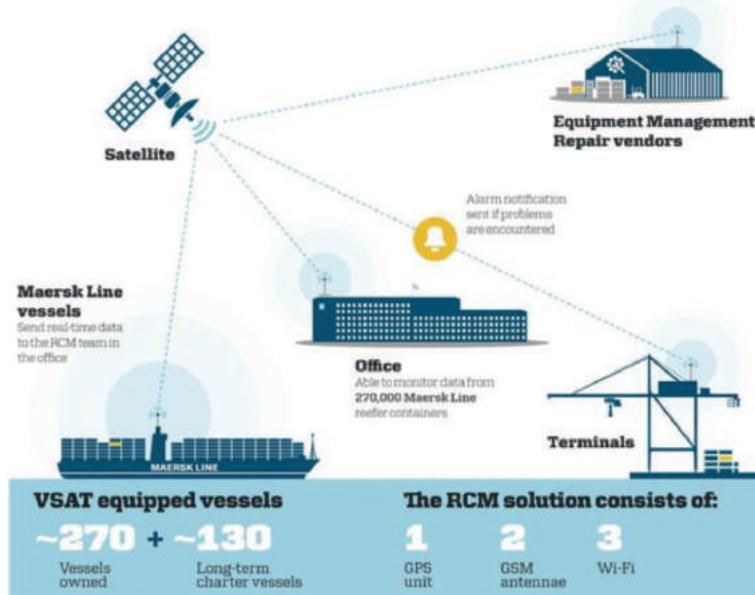
However, Maersk's unique development has been Remote Container Management (RCM). RCM is an Internet of Things (IoT) product, which allows for remote surveillance and control of the temperature in the container. When the container is on land – on the back of a truck, on a train or waiting in a harbor – the system works using the standard mobile network (GSM). While at sea, where there is no GSM coverage, Maersk has equipped its vessels with satellite transmitters, so the containers remain online. The ability to monitor the atmosphere inside the con-

tainer is important for importers and exporters of perishable goods, as this provides reassurance that their products have not been exposed to, for example, temperatures outside certain thresholds during the voyage. A data log from the reefer, showing conditions during transport, can provide valuable information. Such information is important when transporting high value goods such as pharmaceuticals, where there are regulatory requirements to document that the temperature and atmosphere the pharmaceuticals are stored in, has not exceeded certain parameters.

The development of RCM was initiated in 2010, and was initially used to optimize operational performance. In 2017, was the first carrier to offer real-time data to their reefer customers, while the products are in Maersk's care. As a result, Maersk reefer customers now have full transparency on location, temperature, humidity and O₂ levels in the container in real-time. This enables them to be more proactive in planning when something goes wrong, and to have data-driven conversations across their supply chain. For Maersk customers, the days of the container as a 'black box' during transportation are over.

RCM was positively received by the market. After only six months, 75% of all reefer customers had signed up to the system. Maersk has continued to develop RCM – and in 2019 the next version of the system will be released. The development has been made in collaboration with the customers, and the main focus has been on making a more user-friendly version of the system. RCM 2.0 will offer the same information, but will be available on smartphones, provide information in much clearer formats, and make it as easy to share across their supply chain.

RCM 2.0 is however far from 'done-and-dusted'. Internal efforts are being ramped up to find new ways to leverage data from RCM and extract value. Being able to control containers remotely paves the way for several new types of products that have not previously been offered by a transportation company. One example is the pre-cooling



of fruits – which is required for some commodities for custom clearance (often referred to as cold treatment). Cold treatment requires stepping down the temperature gradually to slowly kill any bugs and germs that could be on the fruit when it comes from the farm. To avoid damaging the fruit, this typically takes several weeks. Today, this is most often carried out in cold stores at origin (when available), where the fruit is cooled and then loaded into containers. Being able to remotely lower the temperature in a container opens the possibility of pre-cooling the fruit in

the container while in transit, allowing the goods to be on their way several weeks earlier. This could potentially save millions of dollars in inventory costs. Similarly, controlling containers remotely, enables fruit and vegetables to be ripened while they are on their way. This works by, among other things, increasing the temperature from near-freezing to higher temperatures that speed up the ripening process. Such a solution could similarly help decrease the time from farm to consumer, thus saving all involved parties time and money. •

"RCM holds a world of opportunities. Both on cargo care, as well as on offering data to our customers to enable them to serve their customers better. The process of learning with our customers on where to focus, is very exciting - and we are currently moving in the direction of working on how to make RCM ready to integrate with partners. I truly believe that could hold immense opportunities for a future cold chain product!"

Søren Østergaard
Head of Reefer Innovations



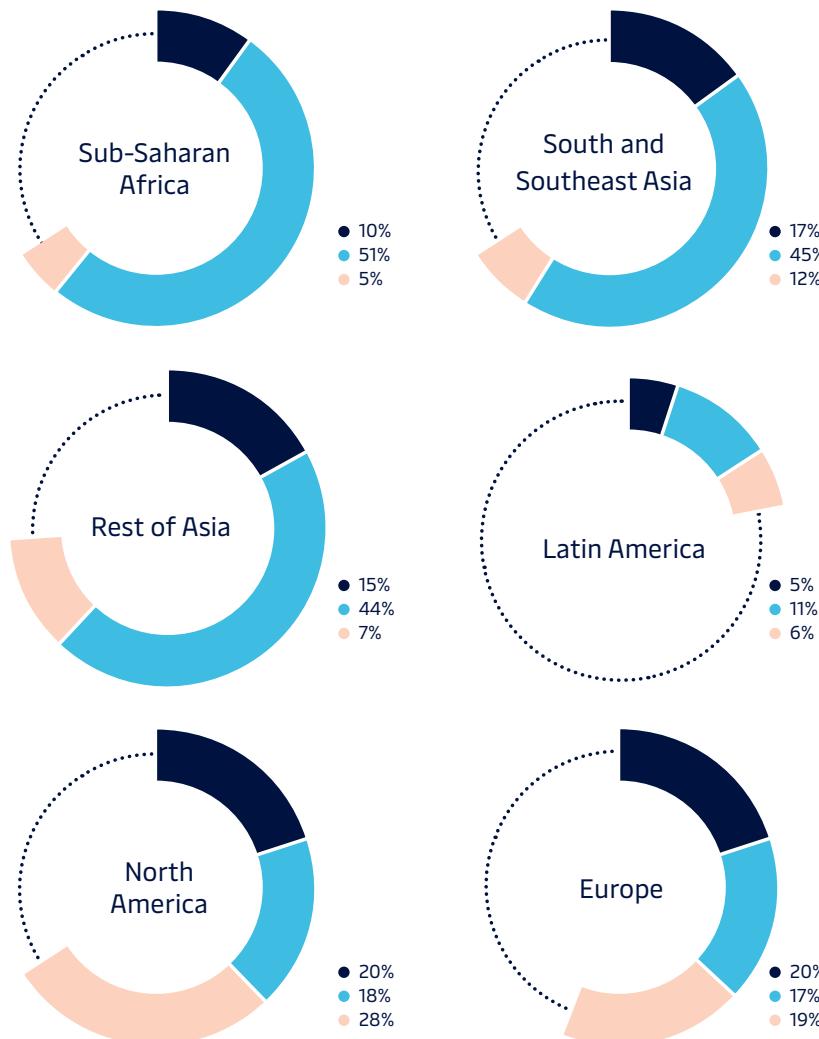
Cold chain and global sustainability



Split of fruit and vegetable wastage by value chain stage

Remaining percentage of fruits and vegetable is consumed

- Production
- Handling, processing and distribution
- Consumption



Source: FAO (UN – Food and Agriculture Organization)

Approximately one-third of all food produced for human consumption goes to waste. A large share of the food never even makes it to the supermarket. Spillage both at the farm, as well as during transportation continues be a large issue – something that is only fueled by the complex cold chain and the many hand-over points.

This immense global food loss is not only a moral problem in a world with widespread hunger, it is also a huge opportunity. As an example, Nigeria is currently one of the largest fresh producers in the world – all for domestic consumption. Due to a lack of cooling facilities, up to 50% of the food produced is wasted in local markets. Providing the right infrastructure could not only minimize this waste,

but could further enable export, which would create jobs in the country and help support economic development. Nigeria is just one example, but it is representative of many developing countries around the globe. Being able to transport fresh produce from inland regions in Africa, Latin America and Asia, to populated coastal regions or even to export markets, offers a significant potential business opportunity for Maersk.

Furthermore, ~15% of all global fresh produce today is air-freighted and has a large CO₂ footprint. Infrastructure improvements and developments in reefer container technology could open up sea transportation to new markets and commodities, which is far more environmentally friendly. •

The Pilot

Maersk initially started to look into building a cold chain offering in 2017. The Maersk asset base provided a solid foundation for most of the links in the chain. The main missing links were access to cold stores and specialized customs brokerage. The big question was how Maersk could best resolve this? Furthermore, it was yet to be proven whether Maersk's reefer customers would be interested in purchasing an integrated cold chain solution from Maersk. And if so, how much would they be willing to pay for it?

To operate lean and agile, with low levels of investment, a small pilot program was initiated. Two criteria were used to evaluate potential solutions. It had to drive tangible value for the customer and it should be possible to execute 'Monday morning'. The idea was simple – partner up with a cold storage provider and a customs broker to test product combinations in practice. The partnership model enabled a full cold chain pilot in a controlled environment, with partners filling the missing links.

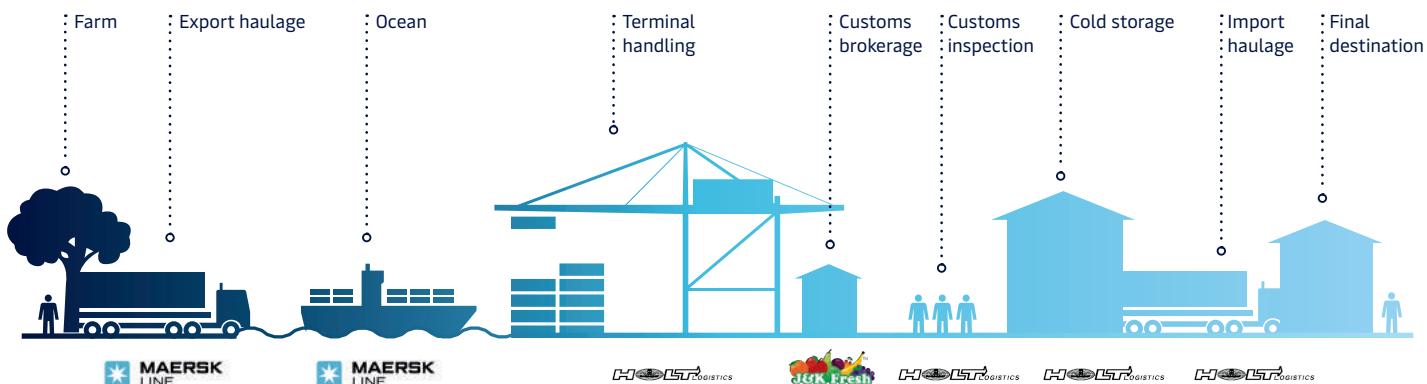
Maersk established a strategic partnership with Holt Logistics, a local, family-owned terminal, cold store and trucking operator and J.K. Fresh, a customs house broker specialized in reefers and perishables. Both are based out of Philadelphia, a major entry point for reefer cargo to the Northeastern United States.

"My background is in management consulting and my one key learning running the pilot in Philadelphia has been that a glossy PowerPoint is worthless, unless you are able to implement your paper in practice."

- Sarah Landsted, Cold Chain Product Manager

The pilot product was trialed with a small group of customers from South and Central America as well as South Africa – all destined for Philadelphia. The pilot solution, which was designed together with the partners, offered a one-stop-shop through Philadelphia, with the following key features:

A one-stop-shop through Philadelphia



Cold Chain Pilot Solution



One price, with no variables

Across service providers (liners, terminals, truckers, cold stores etc) the initial price is often just part of the final invoice, where several variables are added. E.g. a truck move quoted at 1,000 USD is 1,050 USD on the invoice, as there is a 2x chassis fee of 25 USD (out and back) added, even though it is not possible to do the move without a chassis. This is pure legacy. For a small fruit importer competing on margins, knowing the actual costs and knowing them up front is essential. No one likes surprises on an invoice and therefore a key product feature is that the price offered upfront across the partners, is what is charged on the invoice.



A dedicated customer service unit

The heart of the Philadelphia cold chain pilot is a dedicated customer service unit, which offers a single point of contact across partners and proactively keeps customers informed. As one customer shared: "We need one number for a person who understands our business and can make decisions or get them made in a short space of time. Continuity in that relationship is vital for us."



Transparent customs inspection flow

All reefer cargo entering the US is subject to government customs protocols, which vary based on commodity and country of origin. US protocols for perishable cargo are very strict and in place to ensure that no pests (insects, diseases etc) enter the US. Documentation and adherence to protocols is handled by a customs house broker, who works closely with the relevant government bodies. The actual customs inspection is a physical inspection of the cargo carried out by a government official at the terminal. Until the container is cleared by customs it cannot leave the terminal. The timing of the actual inspection is hard to predict. It could be carried out on the day of arrival, but equally three to four days later. There is no transparency and therefore also no way to time the delivery to the end customer in a consistent manner. This costs time and money, week after week. As part of the cold chain solution, information is shared across partners – between Maersk, the terminal and the broker – to coordinate the inspections. This means that cold chain customers are informed of when their inspections will take place before the vessel arrives. In essence, what is provided is a known place in the line and the ability for Maersk's customer to inform their end receiver of the day of delivery, in advance. Predictability is key and only made possible through operational control over the assets involved.



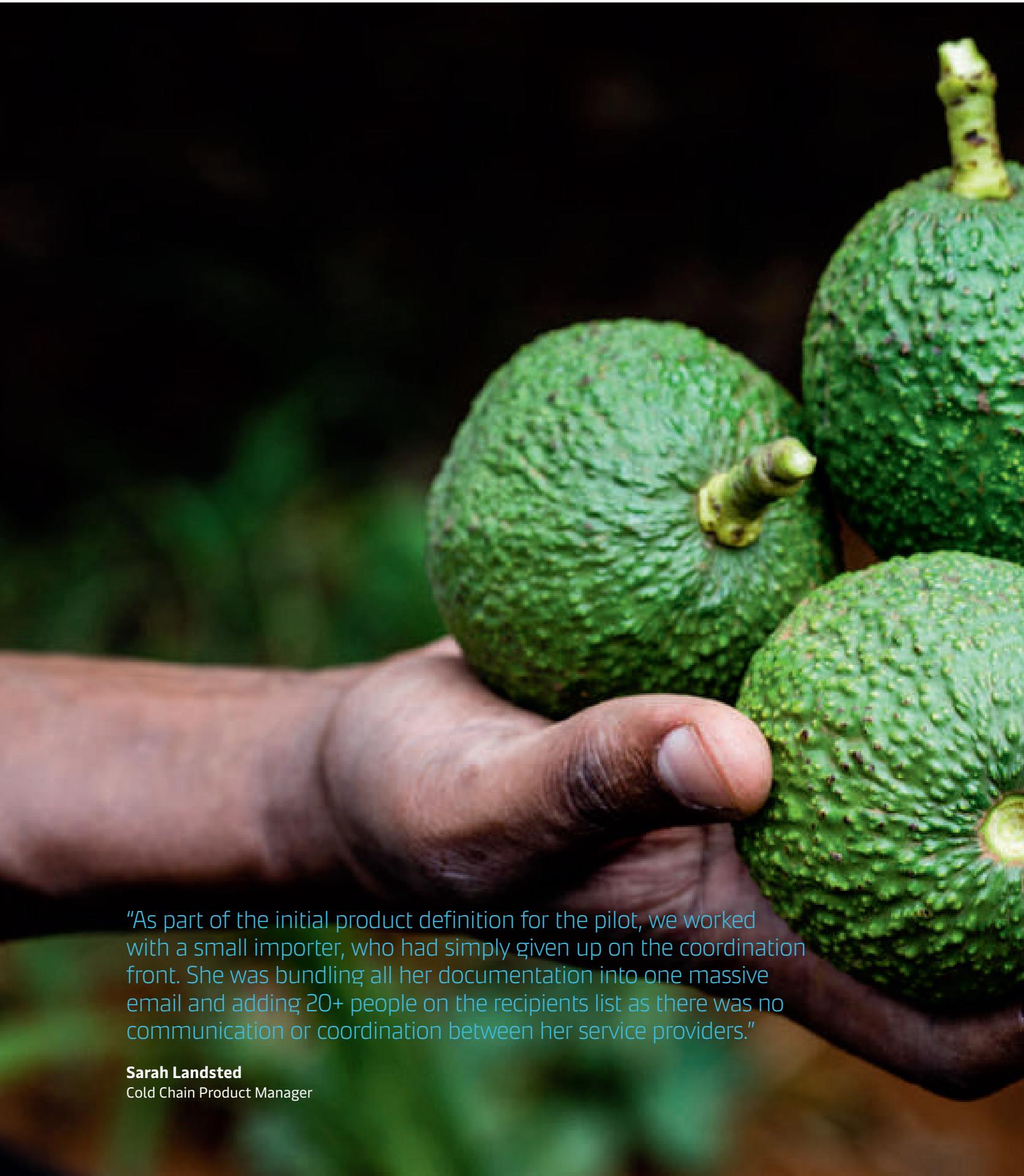
One invoice

Customers receive invoices from every vendor and sometimes even several per vendor for every shipment. Holt Logistics, for instance, has separate legal entities for their cold store, their terminal and their trucking business, resulting in three separate invoices. The pilot solution offers the customer one single invoice, issued by Maersk. Maersk then pays JK Fresh and Holt directly.



The fresh pass

Fresh pass is the name given to the fixed fee the customer pays for the cold chain product. The actual amount varies based on the commodity and complexity of the solution. This approach follows how freight forwarders price their products – with a price per product offering in the chain, and an overall service handling fee.



"As part of the initial product definition for the pilot, we worked with a small importer, who had simply given up on the coordination front. She was bundling all her documentation into one massive email and adding 20+ people on the recipients list as there was no communication or coordination between her service providers."

Sarah Landsted
Cold Chain Product Manager



The initial trial was done with a small plantain farmer from Colombia and the container was inspected and ready for delivery faster than the customer had ever experienced. In fact, the feedback was that it was ready too fast, as the shipment from the week before, which followed the normal flow, had only just been delivered.

One of the key findings from the pilot was that there is no 'one-size-fits-all'. While the product fundamentals remain the same, for every pilot customer, some degree of tailoring was required. For some customers the cold chain starts at the farm and ends when the container is delivered at their store in the US. For others, it ends when the cargo is stripped (taken out of) the container and placed in Holt's cold store in Philadelphia. The underlying premise is that the solution is a chain (i.e. covering individual products put together in a chain), but the number of links in the chain can vary, depending on customer requirements.

Feedback from customers was extremely positive, highlighting the simplicity, the single point of contact and the proactive approach to customer service. Predictability around the customs flow simply changes the level at which they can service their end customers. Some feedback was also unexpected. For instance, that what drives real value is not necessarily speed, but consistent delivery on the same day, week after week. Surprising as it may seem, this is not something which is offered today. The most important piece of feedback was, that even the initial pilot cold chain solution, was one worth paying a premium for.

While the outcome of the pilot in Philadelphia was very positive, and proved that working with trusted partners could be one potential approach to building Maersk Cold Chain products, it is just the beginning. The real question at hand remains: How can Maersk leverage learnings from the pilot to build a true global cold chain offering?

"The pilot in Philadelphia is a very encouraging story – but we still need to find out if this is a 'small idea', 'a big idea' or 'the idea'. Moving a few hundred containers into one port, won't really cut the cheese. And are partnerships the right approach? That we still need to find out!"
- Vincent Clerc - Executive Vice President, Chief Commercial Officer •

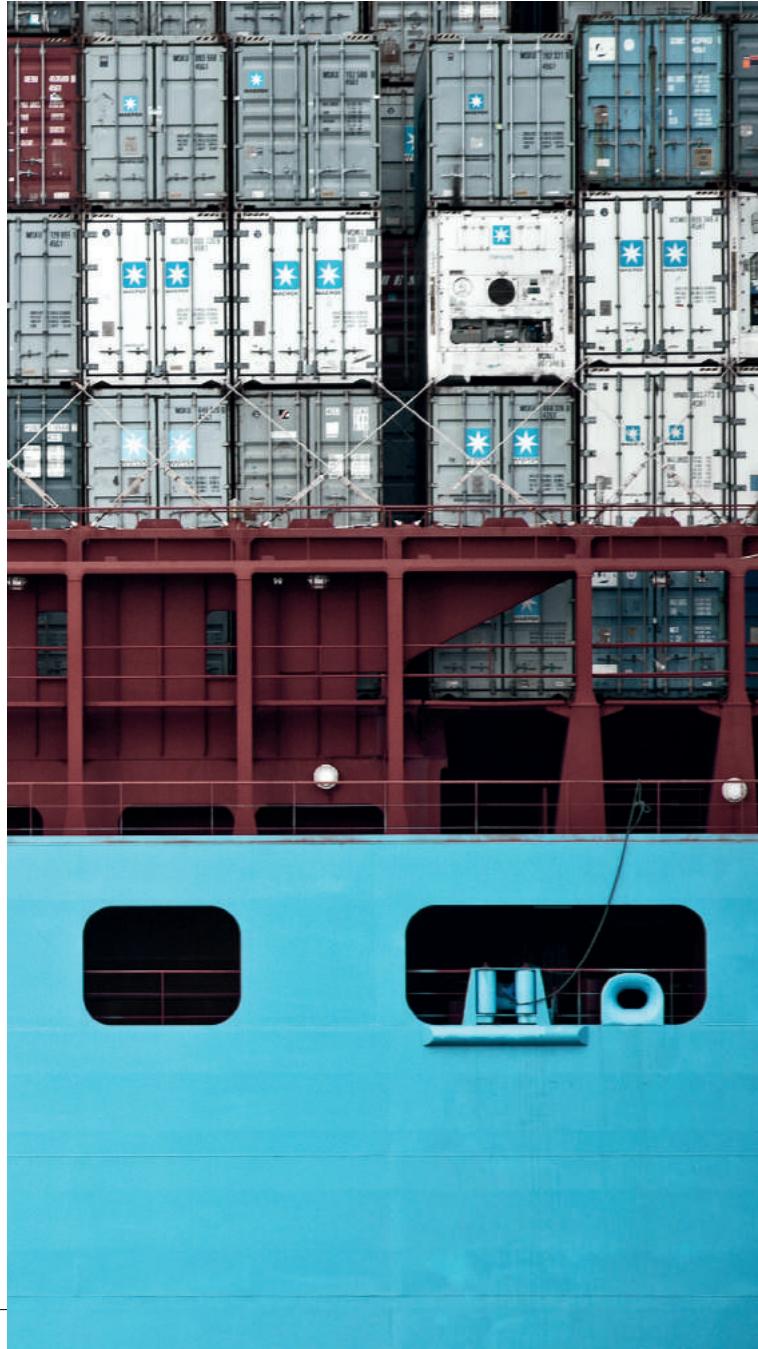
Closing Remarks



"The key to success is products that are truly end-to-end, that have high transparency and that have a digital interface that makes it easy for customers to order a shipment."

Søren Skou

CEO of A.P. Moller - Maersk



The decision for Maersk to transform from a shipping conglomerate to an integrated container logistics company, cemented by the decision to separate out its Energy businesses, brings many difficult challenges that need to be solved in the near future. How can the company leverage its position as the owner of major assets? To what extent should Maersk operate assets at either end of the cold chain, and how can this be integrated to deliver true end-to-end solutions? And, most importantly, how can Maersk ensure that customers receive simple and reliable service throughout their cold chain?

**"Real insights come from thinking like a customer.
What can make the customer experience better?"**

– Søren Skou, CEO

Pressure on the container industry means that ocean carriers like Maersk must find new ways to grow, through solutions that cater to their customers' entire supply chain.

As the transport of refrigerated goods is a high-value segment with high growth, success in this area is key to securing Maersk's future growth. Becoming an end-to-end supplier of cold chain solutions is no easy task, and Maersk has yet to find the winning formula for a global cold chain offering. This is why you have been tasked to develop Maersk's cold chain strategy.

We encourage you to think big and be creative. However, please specify assumptions made in your analyses to ensure that your solution is implementable, leverages Maersk's capabilities, and is in line with the Maersk Values. •

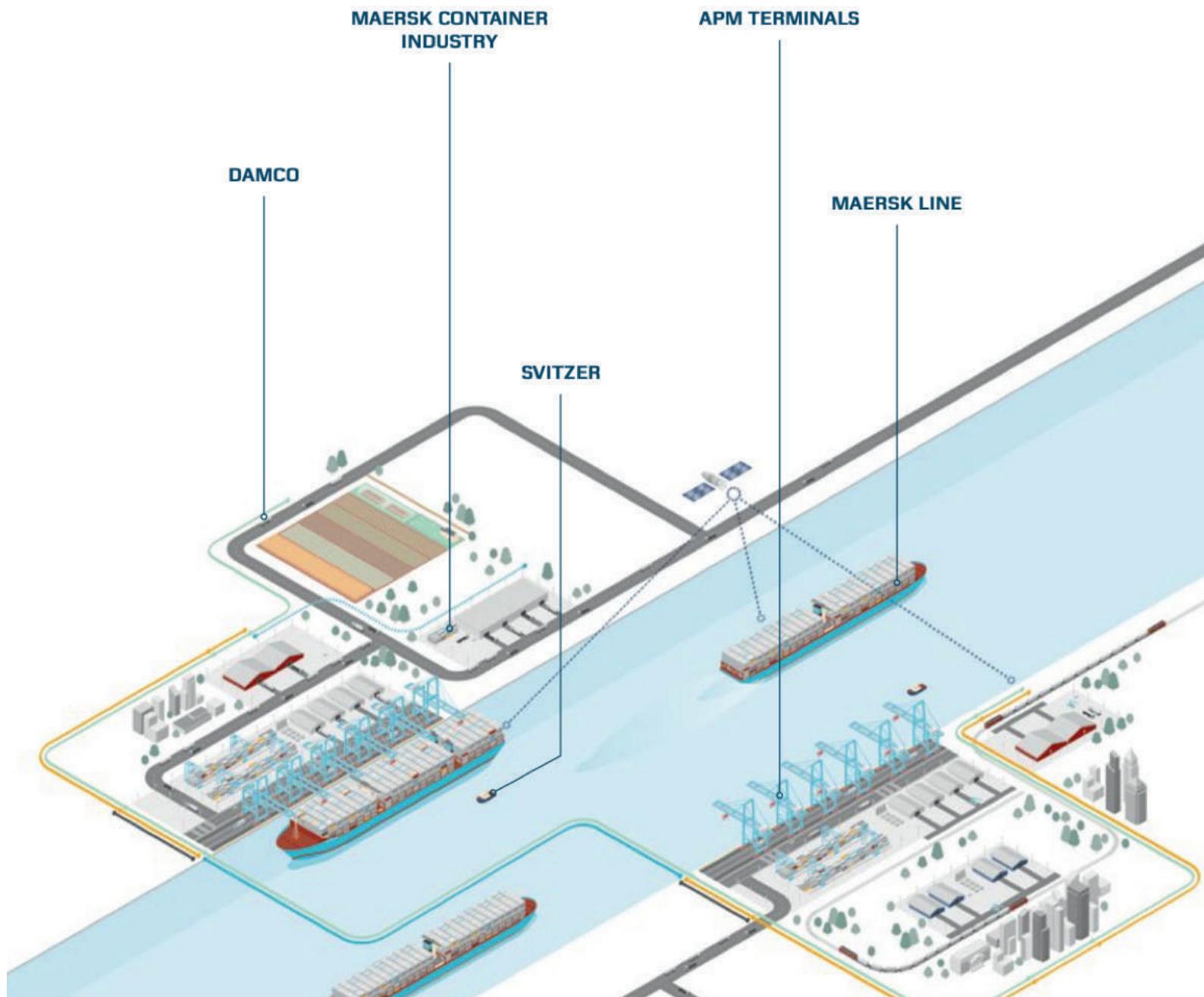


Appendix



The Maersk brands

A.P. Moller - Maersk is an integrated container logistics company, the main focus of which is to connect and simplify its customer's supply chain. The company consists of five main brands that historically have been run independently by the 'arm's length' principle, each with its own P&L and management. The five brands of Maersk are: Maersk Line, APM Terminals, Damco, Svitzer and Maersk Container Industry. The joint mission of these companies is to enable and facilitate global and seamless supply chains for the customers of A. P. Moller – Maersk.





Maersk

Maersk is the world's largest container shipping company. The company is run on a business model that focuses on being the world's most reliable, flexible, and eco-friendly shipping service. The company operates globally, and spans a fleet of more than 716 ships, serving every important trade lane in the world. Apart from the main brand Maersk Line, the company also includes container liners Safmarine, Sealand, and Hamburg Süd.



APM Terminals

APM Terminals is a provider of port and inland infrastructure and spans one of the world's most comprehensive port and integrated inland service networks. APMT has ownership shares in 69 terminals and 117 inland service operations across 52 countries. The services provided are: Roll-on, Roll-off, stuffing & stripping, Gate handling, Storage & Warehousing, Repair & Maintenance, and many more.



Damco Freight Forwarding

Damco is a major provider of freight forwarding. As a freight forwarder, Damco simplifies its customer's complex supply chains. Through contracting with the different asset owners, such as haulage companies and shipping liners, Damco can offer a one-stop seamless end-to-end solution. Damco chose 10 years ago, not to pursue cold chain offerings due to the complexity and risk profile.



Svitzer

Svitzer is a global tow-boat operator, and has provided safety and support at sea since 1833. With a fleet of 365 vessels and operations globally, it is a global market leader within towage and emergency response.



Maersk Container Industry

A developer and manufacturer of refrigerated containers and refrigeration machines called StarCool to the intermodal (container) industry including shipping liners, fruit multinationals, and leasing companies. In January 2019, Maersk Container Industry ceased production of traditional dry-containers to focus exclusively on the production of refrigerated containers.

Maersk's current cold chain capabilities

◦ Cold storage

Maersk has traditionally not held cold storage assets and does not have experience operating cold stores at scale. In early 2018, Maersk opened a cold store at APMT's inland service facility in Ponneri, India.

◦ Customs clearance

Maersk has close to no existing capabilities within Customs House Brokerage for perishable reefer cargo. Some capabilities for frozen were recently obtained through acquisition.

◦ Ocean

Maersk is the market leader within reefer shipping with a ~28% market share.



◦ Haulage

Maersk offers haulage globally, but does not own the assets. Instead, third party asset suppliers are used. Maersk does not offer haulage of less-than-container-loads (LCL). 16% of the reefers shipped by Maersk are also moved inland by Maersk, but only 1% is transported inland by Maersk at both origin and destination.

◦ Terminal

Maersk operates or has ownership stakes in 69 terminals and 117 inland service operations across 52 countries through the APM Terminal brand.

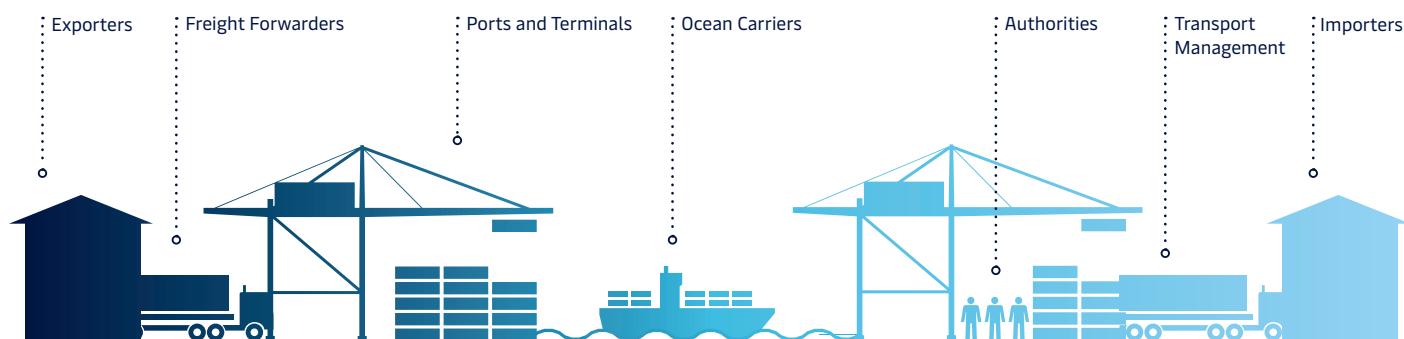
Other noteworthy projects operated by Maersk

TradeLens

In an attempt to remove some of the pain-points related to documentation and information that shipping customers are experiencing, Maersk has entered into a partnership with American IT giant IBM. The partnership, named Tradelens, aims at developing a simple digital platform to monitor the information flow relating to a shipment using blockchain technology, across all stakeholders from customs authorities to container liners to customers. Tradelens is open for everyone to use and, as such, Maersk invites its competitors to use the platform as well.

Twill

Maersk has launched a digital platform that makes it easy for small and medium-sized businesses to order an end-to-end shipment of a container with a multi-carrier solution. Twill is a digital freight forwarder. Customers can log onto an online platform, type the address of origin and destination and the platform will give a quote for an end-to-end shipment of the container. Twill is still in the early stages and because of the complexity involved, does not offer the possibility to book a reefer shipment.



Open platform



Logistics actors
internal systems



Port Community Systems
Terminal Operating Systems



Customs
Systems



Supply Chain
Visibility Systems

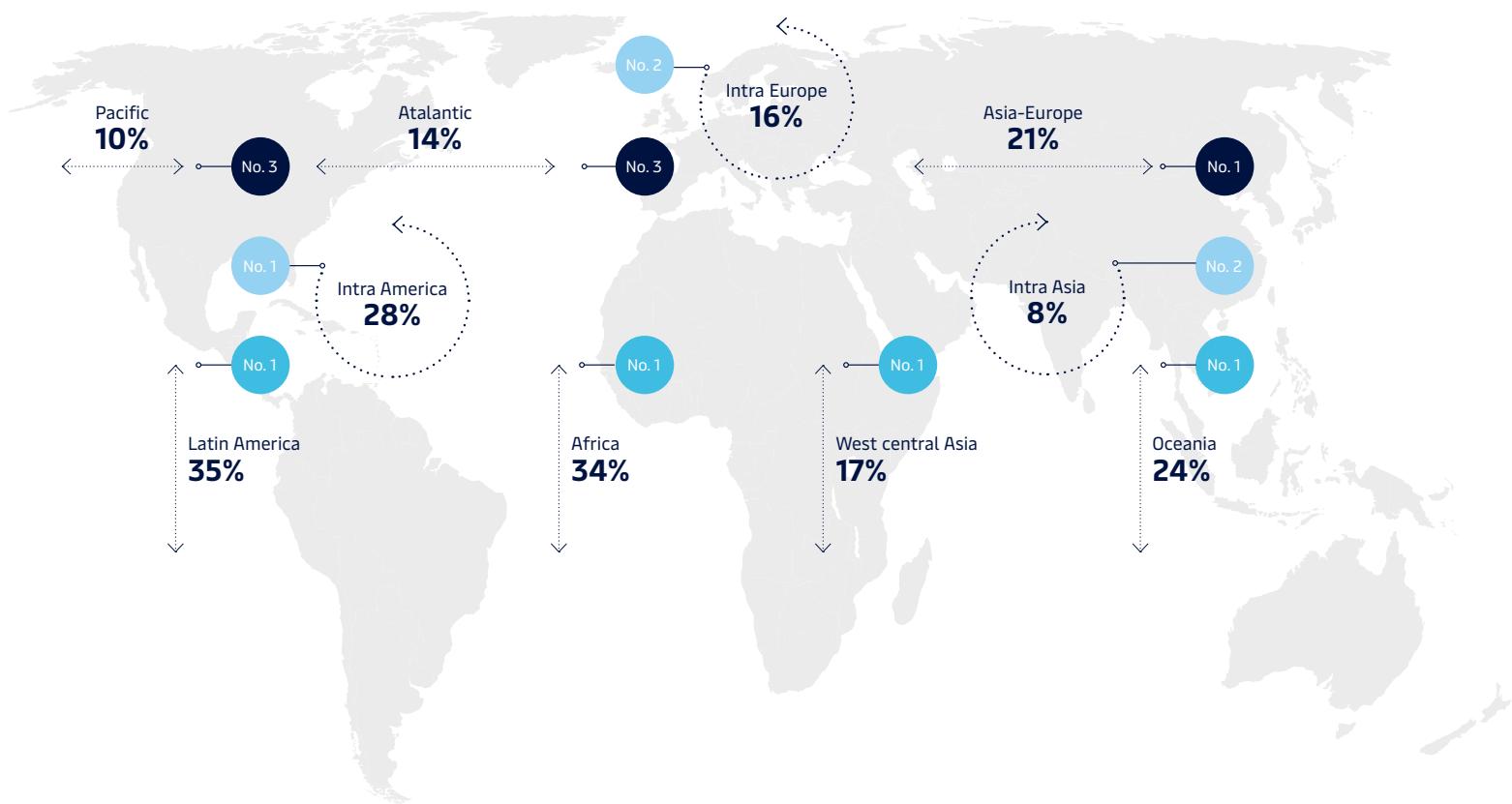


Supply Chain/Transportation
Management Systems

The Global Presence of Maersk

Combined capacity market share by trade

- East-West
- North-South
- Intra-regional



Source: Alphaliner, end December 2017.

Major cold chain players

	Players	HQ	Cold chain activities	Cold Chain footprint	
Warehousing & Distributors	 Americold	 USA	 • Cold storage and consolidation  • Own truck fleet mainly operating inland in USA	<ul style="list-style-type: none"> • USA, Australia, New Zealand, China, Argentina and Canada 	
	 AGRO Merchants Group	 USA	 • Cold storage  • Own truck fleet supporting ocean imports and exports  • FFW of ocean, air, road & rail	<ul style="list-style-type: none"> • USA, Austria, Ireland, Spain, Portugal, Poland Australia, Brazil, Chile and Netherlands 	
	 SWIRE COLD STORAGE	 UK	 • Storage, container loading/unloading and consolidation  • Last mile distribution	<ul style="list-style-type: none"> • Australia, USA, Vietnam, Sri Lanka and China 	
	 emergentcold	 Australia	 • Cold storage  • Distribution via own truck fleet	<ul style="list-style-type: none"> • Australia, Sri Lanka, and Vietnam 	
Stevedoring & Cold Store	 Kloosterboer	 Netherlands	 • Cargo handling, cold storage, processing and CHB  • FFW via ocean and road	<ul style="list-style-type: none"> • Netherlands, France, Germany, Sweden, South Africa, Canada and USA 	
	 SEA-invest	 Belgium	 • Cargo handling, cold storage, consolidation and CHB  • Inland distribution  • FFW via ocean, road and rail	<ul style="list-style-type: none"> • Netherlands, Germany, Belgium, Poland, France, Cote d'Ivoire and South Africa 	
	 brado logistica	 Brazil	 • Cargo handling, cold storage, consolidation and CHB  • Inland road transportation	<ul style="list-style-type: none"> • Brazil 	
Terminal operators	 HUTCHISON PORTS	 Hong Kong	<ul style="list-style-type: none"> • Terminals: 51 • Total teu: 85m 	<ul style="list-style-type: none"> • Asia: 37% • Europe: 29% • Other: 34% 	<ul style="list-style-type: none"> • Cold stores in UK, UAE, Saudi Arabia, China and Mexico
	 China Merchant Ports Holdings Group Limited	 Hong Kong	<ul style="list-style-type: none"> • Terminals: 15 • Total teu: 9m 	<ul style="list-style-type: none"> • Far East: 87% • South Asia: 9% • Africa: 4% 	<ul style="list-style-type: none"> • Cold store in Shenzhen, China
	 DP WORLD	 United Arab Emirates	<ul style="list-style-type: none"> • Terminals: 78 • Total teu: 50m 	<ul style="list-style-type: none"> • EMEA: 49% • Far East: 35% • Other: 16% 	<ul style="list-style-type: none"> • Cold Store in UAE
	 ICTSI	 Philippines	<ul style="list-style-type: none"> • Terminals: 31 • Total teu: 9m 	<ul style="list-style-type: none"> • Asia Pacific 58% • South America: 23% • Other: 19% 	<ul style="list-style-type: none"> • N/A
	 PSA The World's Port Call	 Singapore	<ul style="list-style-type: none"> • Terminals: 44 • Total teu: 81m 	<ul style="list-style-type: none"> • South East Asia: 55% • Europe: 25% • Other: 20% 	<ul style="list-style-type: none"> • N/A
	 COSCO SHIPPING The Port For ALL	 China	<ul style="list-style-type: none"> • Terminals: 36 • Total teu: 98m 	<ul style="list-style-type: none"> • China: 64% • EMEA: 28% • Other: 8% 	<ul style="list-style-type: none"> • N/A
	 TIL	 Switzerland	<ul style="list-style-type: none"> • Terminals: 36 • Total teu: 18m 	<ul style="list-style-type: none"> • Europe: 42% • North America: 25% • Other: 67% 	<ul style="list-style-type: none"> • Cold stores in Brazil, Lithuania
Hybrids	Source: Company webpage and annual reports. Geofocus based on terminal presence.				

Five-year summary

Income statement	2018	2017	2016	2015	2014
Revenue	39,019	30,945	27,266	30,161	34,806
Profit before depreciation, amortisation and impairment losses, etc. (EBITDA)	3,806	3,532	2,475	4,365	5,284
Depreciation, amortisation and impairment losses, net	3,325	3,015	2,495	2,391	2,730
Gain on sale of non-current assets, etc., net	144	154	190	391	505
Share of profit/loss in joint ventures	117	-131	130	147	29
Share of profit/loss in associated companies	-115	101	-55	97	416
Profit/loss before financial items (EBIT)	627	641	245	2,610	3,505
Financial items, net	-389	-616	-543	-452	-727
Profit/loss before tax	238	25	-298	2,158	2,778
Tax	386	219	171	225	509
Profit/loss for the year – continuing operations	-148	-194	-469	1,934	2,269
Profit/loss for the year – discontinued operations ¹	3,369	-970	-1,428	-1,009	2,925
Profit/loss for the year	3,221	-1,164	-1,897	925	5,195
A.P. Møller - Mærsk A/S' share	3,169	-1,205	-1,939	791	5,015
UNDERLYING PROFIT/LOSS – CONTINUING OPERATIONS:					
Profit/loss for the year – continuing operations	-148	-194	-469	1,934	2,269
Gain/loss on sale of non-current assets, etc., net	-144	-154	-190	-391	-505
Impairment losses, net	410	641	156	1	653
Transaction and integration cost	78	59	-	-	-
Tax on adjustments	24	4	7	9	162
Underlying profit/loss – continuing operations ²	220	356	-496	1,553	2,580
Balance sheet					
Total assets	56,636	63,227	61,118	62,408	68,844
Total equity	33,392	31,425	32,090	35,739	42,225
Invested capital ³	43,219	46,297	43,491	43,509	49,927
Net interest-bearing debt ³	8,741	14,799	11,420	7,770	7,698
Investments in non-current assets – continuing operations	2,954	9,205	4,585	3,597	3,552
Cash flow statement					
Cash flow from operating activities ⁴	3,225	3,113	1,593	4,398	5,040
Gross capital expenditure, excl. acquisitions and divestments (CAPEX)	2,876	3,599	1,998	3,507	3,428
Net cash flow from discontinued operations	3,421	1,251	503	226	1,806

Financial ratios²	2018	2017	2016	2015	2014
Revenue growth	26.1%	13.5%	-9.6%	-13.3%	2.6%
Revenue growth excl. Hamburg Süd	8.3%	11.5%	-	-	-
EBITDA margin	9.8%	11.4%	9.1%	14.5%	15.2%
Cash conversion	84.7%	88.1%	64.4%	100.8%	95.4%
Return on invested capital after tax (ROIC) – continuing operations	0.8%	1.6% ⁵	0.5%	8.2%	8.4%
Return on equity after tax	9.9%	-3.7%	-5.6%	2.4%	12.3%
Equity ratio	59.0%	49.7%	52.5%	57.3%	61.3%
Stock market ratios					
Earnings per share – continuing operations, USD	-10	-11	-25	84	97
Diluted earnings per share – continuing operations, USD	-10	-11	-25	84	97
Cash flow from operating activities per share, USD	155	150	61	199	225
Ordinary dividend per share, DKK	150	150	150	300	300 ⁶
Ordinary dividend per share, USD	23	24	21	44	49
Share price (B share), end of year, DKK	8,184	10,840	11,270	8,975	12,370
Share price (B share), end of year, USD	1,255	1,746	1,597	1,314	2,021
Total market capitalisation, end of year, USD m	25,256	35,419	32,215	27,587	42,848

¹ Following the classification of Maersk Oil, Maersk Tankers, Maersk Drilling and Maersk Supply Service as discontinued operations in 2017, the businesses are presented separately on an aggregated level in the income statement, balance sheet and cash flow statements. In accordance with IFRS, the income statement and cash flow statement have both been restated in previous periods, while the balance sheet has not been restated in previous periods. The Maersk Tankers transaction was closed on 10 October 2017, and the Maersk Oil transaction on 8 March 2018.

² See definitions on page 156.

³ Compared to prior periods, the definition of net interest-bearing debt has been adjusted to include the fair value of the derivatives hedging the underlying debt. Comparative figures have been restated.

⁴ To better reflect the ability of the continuing operations to convert earnings to cash (cash conversion) and prepare for the upcoming implementation of IFRS 16 (leases) in 2019, payments related to financial items have been moved from cash flow from operating activities to cash flow from investing activities (dividends received) and cash flow from financing activities (net financial payments). Comparative figures have been restated.

⁵ Excluding Hamburg Süd for comparison purposes at the end of December 2017.

⁶ An extraordinary cash dividend equal to DKK 1,671 per share of nominal DKK 1,000 was declared in connection with the sale of Danske Bank A/S.

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MAERSK