NOVA

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# A.P. Moeller-Maersk A/S: The shakeup of a leader?

## *To separate or not to separate?*

It was 24th of September 2016, on an early Saturday morning, in Maersk headquarters planted just next to the Baltic sea. A board meeting was appointed to vote on the future of the largest Danish conglomerate regarding the difficult times Maersk group had get through since 2015. A group known worldwide by the way it defined the course of goods transportation. Though, in Denmark it means more than a simple company, it is a matter of national pride. On one hand, Maersk is seen as the queen of seas, with links with the Danish Viking routes and its dominance throughout the oceans. On the other hand, Maersk has had a broad presence in the Danish economy. Until 2014 it was a major shareholder, in Denmark's largest Bank, the largest retailer and largest oil company.

The purpose of this early meeting was to perform a review of the business activities of the group, taking into account the major challenges posed both in the company’s shipping sector and in energy sector.

In 2016, Maersk was a leader shipping company in the middle of a freight rates price war and a series of consolidation moves, largely driven by the aggressive behavior of Cosco, a Chinese state-backed company, whose sector had extreme importance for the Chinese Government’s strategic objectives. At the same time, the Danish company had a smaller energy (oil and gas) division within the group that accounted for 24% of the group’s revenues, still considered to be part of the company’s core business. The group composition created a natural hedge. When oil price is high, the main cost of operating container ships goes up, but the energy division keeps the group a float with an increase of its margins. Conversely, when the oil price goes down, the shipping division becomes more profitable.

In 2015 and 2016, both oil price and freight rates have dropped, thus the hedge was not paying off and Maersk group showed in red in 2016. The Board’s opinions were split in half and two opposite viewpoints were on the table. The Board members started to consider their alternatives and to question which path the company should follow to keep strengthening its leadership position and continuing growth perspectives: is the "natural hedge" between shipping and oil something that should be retained? Does this combination generate positive synergies or a conglomerate discount? Should the group, in face of the new competitive environment focus on its core business (shipping)?

## Company Overview

A.P. Moeller-Maersk A/S, commonly known as Maersk, is a Danish conglomerate active in the container logistics and upstream oil & gas value chains, employing 88 thousand people across 130 countries.

Maersk was founded as a shipping company by Peter Mærsk-Møller and his son Arnold Peter Møller, in 1904, in Svendborg, a small town on a Danish island. On its foundation the company was named Dampskibsselskabet Svendborg. A.P Møller had four children, one of whom was Arnold Mærsk McKinney Møller, a long-time figure of Maersk group that served as CEO since his father deceased, in 1965 up until 1993. After 1993, he was appointed chairman of the company until 2003, when retired completely at the age of ninety. The company remained family-controlled through several foundations that in turn control 70% of voting rights and 53% of the capital. The company's share capital is split into 10 million A-shares with two votes per share and 10 million B-shares without any voting rights. Both share classes are listed on the Copenhagen Stock Exchange.

In 2016 the group had 8 units, separated between shipping and energy divisions. Maersk Line (global number one in container shipping), APM Terminals (global top-five container terminal operator), Damco (freight forwarder) and Svitzer (tugs and port operations) belong to the energy division. Maersk Oil (midsized upstream oil & gas), Maersk Drilling (offshore oil services), Maersk Supply Services and Maersk Tankers were part of the energy division (see **Exhibit 1)**.

Since 2014 Maersk has been divesting its non-core businesses to focus on logistics and oil. In 2014 the company sold stakes in two large retail chains in Denmark by $3.11 billion, using the proceeds to strengthen its Balance sheet. One year later, it exited Denmark's leading bank, Danske Bank, where it was the largest shareholder with a stake of 20%. The proceeds were handed back to shareholders through a special dividend in 2015.

### Maersk Line

Maersk Line is the largest operating unit of the group by revenue, representing nearly 60% of the total revenues. It provides shipping services through a fleet of 777 container vessels, with a capacity of 4,154,305 TEU[1], what allows Maersk to have a broad global presence and to be the world container shipping leader with a market share of around 19.4% (see **Exhibit 2**), post

[1] The twenty-foot equivalent unit is a unit of cargo capacity often used to describe the capacity of container ships and container terminals. It is based on the volume of a 20-foot-long intermodal container.

Hamburg Süd acquisition. Maersk Line is not only larger, but its rigorous cost discipline consistently yields better returns than its peers (see **Exhibit 3**). This cost advantage results from its large and efficient fleet that yields scale economy benefits. Besides its competitive advantage on costs side, Maersk is a first mover among its peers in the digitization of processes and in the implementation of technology on its vessels. It has analytics teams that project models to calculate the best routes, build sensors to deal with empty containers, stack containers in a more suitable way in the ship or develop sensors and models to predict necessary maintenances, instead of just waiting that the ship breaks. These changes improved customer experience while decreased costs. In 2016, following the consolidation trend of the shipping industry, Maersk announced the acquisition of Hamburg Süd, the 7$^{th}$ largest container shipping line and a leader in the North-South routes, obtaining estimated synergies within the range of $350 to $400 million per year.

Despite Maersk's cost efficiency, in comparison with its peers, from 2015 onwards Maersk line has lived a troubled period. Between 2015 and 2016 top line decreased 25%, while its EBITDA margin decreased from 15.4% in 2014 to 7.4% in 2016 (see **Exhibit 4**). This slump on the business performance arises from the pressure on freight rates, Maersk average freight rate decreased 32% in two years, partially offset by a 10% increase in volumes. In 2015, it has managed to lower the unitary, per TEU cost by 11.5% YoY. However, most of that was due to the lower cost of bunker oil[2], and unitary overheads excluding bunker oil costs were only down 3.5%. The decrease in operational costs did not go further in 2015 since volumes were continuously falling below the Management's expectations. In 2016, Maersk Management continued to focus its efforts on lowering the unitary costs. The measures implemented comprised a layoff of 4,000 employees and a 10-year vessel sharing agreement with the global number two MSC, that created benefits around $350 million per year.

For the future, the company is focused on decreasing its unitary costs to maintain the cost leadership among its peers, while eyeing inorganic growth opportunities in a market in consolidation.

## APM Terminals

APM Terminals is an international container terminal operator. It is the second largest port and terminal operator in the world, by capacity, and is the largest port and terminal company in terms of geographic reach. It operates 189 port and terminal facilities in 61 countries worldwide and has been decreasing the dependence on Maersk line, generating 67.5% (see **Exhibit 4**) of its sales from other container shipping firms. The terminals and ports business generate 11.5% of Maersk revenues, an activity that has been gaining importance over the recent past. With contracts on

[2] Bunker oil is the name given to any fuel used to power ships. Cargo ships typically burn the heavy, residual oil left over after gasoline, diesel and other light hydrocarbons are extracted from crude oil during the refining process.

some of the world main ports, like Port of Rotterdam and Pier 400 Los Angeles, the largest gateway port in USA, are managed by APM Terminals. Five out of ten of the busiest ports in the world have presence of APM Terminals.

Since 2014, APMT faces several challenges due to its exposure to Russia and West Africa regions. The Russian embargo on the import of products from EU, US and Australia affected the volumes traded in the region. The low oil price is weakening the African economies and it consequently affects the purchase power of countries dependent on imports. These negative events along with the shipping industry momentum are pressing the profitability of the APMT unit, with an EBITDA margin of 18.3%, 4.4% less than in 2014.

In terms of the global market, container terminal operators are faced with weaker demand growth caused by a slowdown of trade, rise of operating and capital costs due to larger vessels and the recent consolidation taking place in the shipping industry is shifting bargaining power with customers away from terminals, putting pressure on rates. So a natural response to the market challenges is to consolidate terminal ownership in parallel to the liner alliances and construct more efficient ports to accommodate the new vessels and enhance the transshipment process. The APM Terminal in Rotterdam is considered a state-of-the-art within the industry. It is known as “ghost terminal” for running its operations with almost no human intervention. Each crane moves 10 more containers per hour than its competitors.

The expansion of the Panama channel on June 26th 2017, by allowing wider ships to cross through it, is also posing some challenges on the world routes that may be adjusted in the future and move traffic away of some APM Ports. Another threat is posed by the opening of new arctic routes between China and North of Europe, bypassing entirely the traditional European and African ports.

## Damco

Damco provides multiple logistic services mostly divided into freight forwarding and supply and chain management to companies that need to move goods from one point to another. Selling efficient solutions to enable customers to cut their inventories and reducing operating costs, Damco is the world’s tenth largest ocean freight forwarder by volume and twentieth in the air freight market. The unit has a presence in more than 100 countries through more than 300 offices and manages 2.9 million TEU of ocean freights and supply chain management services. Despite its little contribute to Maersk group revenues and profits, only 7.1% (see **Exhibit 4**), Damco performs an important role within the group, since its supply and chain solutions tend to buildup synergies within the logistics unit. Bigger synergies are somehow limited by a chinese wall between Damco and Maersk Line in the better interest of its customers. However there is always scope to growth by cross-selling to Maersk Line clients, considering only 12% of Maersk Line volume is sold along with an inland service.

As a growth driver for the future, Damco is focused on offering digital supply chain solutions and customer collaborations.

## Svitzer

Svitzer is a leading towage operator with 130 operations globally. It performs harbor towage, LNG, oil, mining terminal towage and salvage services with a fleet of over 400 tugs, line handlers and other vessels. The contribution of the company to the group sales volume it is only around 1.8% (see **Exhibit 4**).

## Maersk oil

Maersk Oil and Gas A/S operates in the upstream segment of the of the oil and gas industry. It has operations in the Danish and the UK sections of the North Sea, the US Gulf of Mexico, Qatar, Algeria and Kazakhstan. With the low oil price, the company is focused on the operational efficiency, from 2014 to 2016 it reduced its exploration costs in 47% and other operational costs in 36%. In 2016, its breakeven price per oil barrel was set on $40. From 2017 onwards it is expected to be within the range $40-$45. This increment on the breakeven price due to the contract expiration in Qatar by the end of the 1st half of 2017. The termination of this contract will lead Maersk oil to a decrease of importance within the group, accounting for less than 10% of the earnings. From 2016 onwards, Maersk oil has been solidifying its position as a North Sea operator with international step-outs. Maersk oil is the main energy unit of the group, with revenues of $4.8 billion (see **Exhibit 5**) and contracts several services to the other energy related companies of the group. Maersk oil generates 95% of its revenues on the oil exploration, with natural gas making up only 5% of the total. However, in 2019 the Culzean gas field contract will come into effect and therefore the company will be able to increase the weight of natural gas towards 25%. This is a clear disadvantage, given the bearish outlook of the natural gas prices, driven by increasing exploration of shale gas in the US.

## Maersk drilling

Maersk Drilling A/S is an oil service company that provides offshore drilling services and land-rig operations to oil and gas production companies around the world. Maersk Drilling is the 11th largest player in the industry and the first to operate in the North Sea, where the safety standards of exploration are the strictest of the industry. The company operates a fleet of harsh environment jack-up rigs, ultra-deepwater drill ships, and deepwater semi-submersible rigs. The average age of its floating rigs is six years, which compares to an industry average (according to company's own analysis) of 16 years, while its jack up fleet is an average of ten years old compared to an industry average of 22 years old. This becomes particularly important in the market of floating rigs regarding the disparities in utilization rates between the rigs built after the year of 2000 and the ones assembled earlier to that date. According to company's research, older floating rig utilization registered was about 40% at the end of 2016 whereas the one registered for younger rigs was 60%.

The company is sailing on an industry storm. According to the company's 2015 annual report: *"The offshore contract drilling is in the middle of the worst downturn in the history of the industry"*. Nevertheless, Maersk drilling was the most profitable unit (excluding one off impairments) among the energy division (see **Exhibit 5**), either in 2015 and 2016. This can be attributed to the length of drill contracts that were signed on a period where the margins of the industry were higher, consequence of higher oil prices. Despite the positive short term perspectives laid on a comfortable contract book, there is some uncertainty regarding the renovation of the contracts as the industry is directly linked to the oil momentum and does not show recovery prospects in the near term.

## Maersk Supply Service

Maersk Supply Service A/S provides offshore marine services to oil and gas companies in Europe, Asia Pacific, Africa and North America. Its services include moving offshore structures, such as drilling rigs and barges, support from offshore crane vessels, subsea infrastructure assistance, transportation of equipment to and from rigs and production units and installation and preset of heavy mooring systems. In the near future the company is focused on offering integrated solution portfolio for customers, while being able to increase the synergies within the services provided. The current challenges of the company are the oversupply and the lower offshore spending, given the oil industry weak outlook.

## Maersk Tankers

Maersk Tankers A/S owns and operates a fleet of tankers, that transport energy products. It has the fourth largest product tanker fleet and it is one of the youngest in the industry. At the end of 2016 it operated a portfolio of 158 vessels of which 84 were owned, 22 chartered and 52 operated for third parties under commercial management. The company transports energy products, such as refined oil products through its vessel fleet. The financial performance of the company had a turnaround in 2014, after the company divested the gas and oil operation to focus solely on products[3]. In 2013, it sold the last LPG[4] carrier and in 2014 the company divested the fleet of

[3] Oil Tankers comprise Crude tankers and Product Tankers. Crude Tankers are specifically used to transport crude oil from the exploration site to the crude oil refining industrial plant. Product tankers transport oil based derivatives, like petrol, gasoline, kerosene and paraffin.

[4] LPG – Liquefied Petroleum Gas.

VLCCs[5]. At the same time, it implemented a cost cutting plan that aimed to reduce operational expenses by 12% between 2014 and 2019. In 2016 $30m of cost savings were realized. In order to achieve a low cost structure, it has entered into an equity agreement with U.S. hedge fund CargoMetrics, granting access to analytical models and algorithms to better manage the risk of its tanker operations.

## Industry Overviews

### Transports & Logistics

The shipping industry, and specially the containers, is considered a key driver for the globalization phenomenon occurred over the past decades. Before containers being invented in 1956 by Malcom McLean, the trans boarding of cargo was so slow, implying ships usually spent more time on docks than they did at sea.

After this invention, shipping lived its Golden Era alongside the growth of multinationals companies and supported by the rise of the emerging countries that changed the goods production cycle. The offshoring of production sites from the developed economies to cheap labor economies, fueled the expansion of the global logistic infrastructure and shipping. However, after those rosy times, the industry hit the bottom in 2015/2016 (see **Exhibit 6**).

The shipping industry is divided into three segments, oil and gas, bulk commodities and containers. The containers shipping represents around 60% of all seaborne trade.

The problem of shipping lines is transverse to all segments, too many vessels ordered and few ones scrapped (see **Exhibit 7**), while the global trade decelerated. Since the financial crisis, the economic growth was weak and the manufacturing patterns also changed. Volkswagen does not build its cars in Wolfsburg to ship to China or Brazil, but started building factories on the local markets. Other reasons supporting the market disequilibrium involve the time length of constructing a vessel and the over-confidence of the shipping companies. The transporters place orders when the industry is booming and rates are going up. Nonetheless, since it takes approximately two years to build a vessel, by the time it is delivered, the economic cycle might be different. Additionally, due to the overall industry bullish sentiment the number of orders for competitors increase during the boom. Thus, most of the ships start operating at the same time, creating overcapacity and consequently crush the freight rates.

The year of 2016 marks the lowest point of the shipping industry, according to Guggenheim Shipping ETF (see **Exhibit 6**), an index that covers the main worldwide shipping companies. The industry has been pressed on both supply and demand sides since the financial crisis. The first

[5] VLCCs – Very Large Crude Carriers, also known as Supertankers, are the largest operating cargo vessels in the world. With a size in excess of 250 thousand Dead Weight Tonnage.

causality of the disequilibria was the bankruptcy of Hanjin Shipping of South Korea, formerly the world's seventh-largest line. At the time of the default, among the 12 largest container lines, 11 registered losses. Even Maersk line, which has the lowest unitary costs in the industry, lost $367m in 2016. Overall, container lines lost $10 billion in 2016 on revenues of $170 billion, given the pressure on prices. In 2011 it cost $961 to send a 20-foot box from New York to Rotterdam, in 2016 it cost $252 (see **Exhibit 8**). The overcapacity problem backs to 2011. In the aftermath of the financial crisis and after a cooling period of the world growth and trade, Maersk Line defined cost cuttings as the main priority on the years after. In a maneuver to cut costs, Maersk ordered 20 huge Triple-E (Economy of scale, Energy Efficient and Environmentally improved) class vessels. This move incentivized its rivals to order new and bigger vessels, to compete in costs with Maersk. In a first phase, the industry used a method called "slow-steaming", that consisted in reducing the sail speed to mask the extra supply. However, at certain point the reduction of the sail speed could not absorb all this extra-supply. Moreover the decrease in oil prices leads slow-steaming returns to be lower. This yields the risk that vessels could speed up again and degrade the freight rates even further.

The bigger lines kept pressing margins down by ordering super-size ships and this way losing money, in the hope their new fuel-efficient vessels would push weaker competitors out-of-business and small and independent owners to scrap older vessels. However, it takes time to drive out enough smaller players to rebalance the market. An easier and faster solution would be scrap older ships. Higher scrap rates, will directly impact the overcapacity of the sector and freight-rates would break-even.

Nevertheless, there are two main causes for smaller ship-owners not scrapping their vessels, on a time of low rates. First, there is an overproduction of steel[6] by China and the scrap value per long ton of ship fell by half, since 2014. The low price of iron (see **Exhibit 9**) makes the scrap value substantially lower than the cost of new ones. The other reason is that companies took on too much debt in the past. Furthermore, if they scrap unprofitable vessels, companies have to write-down a significant amount of assets off their balance sheets and would end up wiping out their equity book values and breach debt covenants.

## Industry Consolidation

February 2016 was marked by the launching of Cosco Shipping, headquartered in Shanghai. The new company was the result of an $8.7 billion merger between the two Chinese biggest lines, China Ocean Shipping and China Shipping Group. Both were state-owned and were losing money before the current downturn. Then, the Chinese government that believes in the importance of

[6] Steel is a mixture of iron and carbon and is directly linked to the steel price

this sector for China's long-term interests, subsidised the companies and merged both to create a stronger global player.

Then, in October, three Japanese container lines Nippon Yusen KK, Mitsui O.S.K and Kawasi Kisen Kaisha announced a merger of equals, under a new company named Ocean Network Express (ONE). It's total capacity is about 1.27 million TEUs, making it the world's six largest container line and controlling about 5,9%% of the market, still less than half the size of the two largest companies, Maersk and MSC. The deal is expected to save $963 million a year through synergies, a significant value given that Nippon Yusen and Kawasaki Kisen posted, in 2015, net losses of $2.31bn and $1.22bn.

In December 2015, CMA CGM, the third largest shipping container, announced the takeover of Neptune Orient Lines (NOL) for $5 billion, including debt. The strategic acquisition results in a combined turnover of $22bn, a market share of approximately 11.7% and a capacity of 2.5 million TEUs through 563 vessels. The main drivers of the deal were the companies' lack of overlap, allowing CMA to grow on routes where it had a weak service and NOL finished a fleet modernisation program worth $4bn in 2014, therefore it is, also, a way to renew CMA fleet.

The German giant Hapag-Lloyd participated in two deals that changed its wholly ownership structure. First, in 2014 the company announced an all-stock takeover of Chile's Cia. Sud Americana de Vapores SA, CSAV. The transaction created a company with a combined revenue of $9 billion, a fleet of about 200 ships and total transport capacity of about 1 million TEU. Annual savings of at least $300 million are anticipated simply as a result of network optimizations, improvements to productivity and reductions in costs. *"The combination with CSAV, Latin America's leading container shipping line, considerably strengthens Hapag-Lloyd in this growth market and adds a strong position in the North-South traffic to the company's global network and to its established strength in East-West traffics"*, said Oscar Hasbún[7] CSAV CEO.

In 2015, Hapag-Lloyd and United Arab Shipping Company, UASC also pushed through further consolidation when a merger between the two was announced. This deal is expected to create synergies of $435m with a significant portion realized in 2018 and the full amount achieved in the year after. The two companies' combined will operate 230 vessels and a shared fleet capacity of 1.5 million TEU.

In December of 2016, Maersk Line acquired Hamburg Sud, the 7$^{th}$ largest container carrier, by $4.02 billion. The acquisition is expected to generate between $350 million and $400 million of annual savings. The deal also helps Maersk to consolidate its leadership as Hamburg Sud is widely considered to be the leader in the North-South trades.

[7] From Hapag-Lloyd deal announcement

The consolidation is not only happening through mergers & acquisitions, but also by alliances between the major players. Carrier alliances are vessel-sharing agreements. Carriers within an alliance pool together their fleets of ships, moving containers on one another's' behalf to extend their service offerings and geographic coverage, however always keeping the relation with the customer out of the alliance scope. No carrier can afford to buy and operate the number of vessels needed to offer weekly sailings across every port they serve. Alliances let carriers offer more sailings with fewer vessels.

The three alliances, which comprise 11 shipping operators, will handle much of the container trade on the Asia-to-Europe and trans-Pacific routes.

2M

In July 2014, Maersk signed a 10-year Vessel Sharing Agreement (VSA) with MSC on the Asia-Europe, Transatlantic and Transpacific trades. The VSA is referred as 2M, and replaced all existing VSAs and slot purchase agreements that both Maersk line and MSC have in these trades. This VSA will include 185 vessels with an estimated capacity of 5.7 million TEU, sharing port rotations for 21 services.

Ocean Alliance

The Ocean Alliance brings together, CMA, Cosco, Evergreen and OOCL, respectively, the world's 3rd, 4th, 5th, and 9th largest container lines and it is seen as a direct attempt to counterbalance the dominance of the 2M alliance in the market. This follows CMA's recent takeover of Neptune Orient Lines and the consolidation of its APL, USL, and ANL brands, as well as COSCO's giant merger with China Shipping. This alliance will, also be subject to a 10-year agreement, including 323 vessels and sharing port rotations for 40 services. The agreement covers 3 routes: Asia-North America, Asia North-Europe and Asia-Mediterranean.

THE Alliance

THE is another alliance marked by the industry's recent moves towards greater consolidation. The members are Hapag-Lloyd, Yang Ming Marine Transport Corp., Mitsui O.S.K. Lines, NYK Line and K line.

The alliance covers 31 services, with 240 vessels for the routes: Asia/Europe, North Atlantic and Trans-Pacific, including the Middle East and Arabian Gulf/Red Sea.

After all the deals and VSAs the top five container-shipping companies now account for 61% (accounting for mergers) of market capacity. And the three alliances control more than 75% of total capacity.

Regarding the consolidation path the industry is following, allied to larger ships and bigger ports, the transportation costs fall, bringing benefits for customers all over the place. The industry needs to step into further consolidation, in order to giant shipping lines lock up the rates. Regulators are already worried about the impact on competition. In 2014, Chinese authorities vetoed a plan to a larger alliance between Maersk, MSC and CMA, that would have joined the three world largest operators. Now, the 2M alliance, between Maersk line and MSC, controls 28% of the world container trade. The rationale behind the alliances is sharing space on their ships on transatlantic and transpacific routes.

## Oil & gas

The dramatic fall in the price of oil from over $100 a barrel in the middle of 2014 to $27.67 a barrel in January 2016 (see **Exhibit 10**) was caused by several factors. In a nutshell, too much supply and two little demand. On the demand side, China's economic slowdown curbed the demand for commodities in general. While, on the supply side the rise of US shale oil producers increased the oil output. Additionally, Saudi Arabia, the largest world oil producer did not cut its production in a try to keep its market share and to push high cost producers out of the market. This slump on oil prices hit hard higher cost producers, such as the North Sea producers.

During the era of a $100 oil barrel, the sector prioritized growth rather than efficiency. After the fall on oil prices, the players had to enter in cost cutting programs, efficiency measures, layoffs and asset divestments in order to slim operating costs. The weak oil price forced companies to focus on their cost base and cash flow break-even prices. The ability to assume project economic risk has dramatically narrowed, evidenced by project delays or cancellations, with companies only approving the most resilient to stress situations. According to Mckinsey[8] the demand for global energy will continue to grow, though at an average of about 0.7% per year through 2015, versus an average of more than 2% from 2000 to 2015. During the same period, oil demand growth will flatten at 0.4% and 70% of this growth will be driven by petrochemical industries. All growth in energy demand will be driven by developing economies while in North America and Europe the demand will decline. In the foreseeable future, this demand slowdown is attributable to a growth in digitization processes, slowdown of population and economic growth, greater efficiency in oil consumer equipment's and the global economic shift toward services. These use less energy than manufacturing. For example, in India the weight of services activities in GDP is expected to rise from 54% to 64% by 2035. By 2035, Mckinsey research believes that will take less 40% fuel to propel a fossil-fueled car a mile than it does now. By 2050 global "energy intensity" (How much energy is used to produce each unit of GDP) will be half what it was in 2013. The global energy intensity improved almost by a third since 1990 to 2015, and this rate of progress is expected to accelerate.

By 2050, electricity will account for 25% of all energy demand, compared with 18% now. A third of global power generation will come from nonhydro renewable sources. Concluding the oil &

[8] Mckinsey Global Institute (2016). Global Energy Perspective to 2050

gas sector is expected to decrease its importance as economies become less reliant on these energy sources, what will undoubtedly affect its prices.

### Valuation

The board decision will be, in great part, determined by the valuation of the conglomerate. The valuation is somewhat complicated due to the absence of a perfect peer to compare with it. So the board resorted in relative valuation to produce a valuation range. First, the board was confident that Maersk as a group would be able to get back to covering capital costs employed a multiples approach focused on returns prospects, assuming an EV / IC of 1x when proper peers were not available (Svitzer and Maersk Supply Services). Second, Maersk is a conglomerate and as such the board considers a sum-of-the-parts (SOTP) approach to be the most appropriate way of valuing the group. The SOTP was conducted through a peer multiple valuation (see **Exhibit 12**) of the different divisions.

## Final decision

The board was about to decide on the future of the Maersk conglomerate and clearly there were two opposite factions within it. One party was in favor of divesting the energy division, claiming there was a conglomerate discount to unwind while focusing on the T&L division in order to keep its leadership within the container shipping industry.  The pros invoked consisted of reinvesting the proceeds in the company's consolidation, either  through organic growth - investing in the digitization of the companies, buying more efficient vessels and build new advanced terminal facilities - or by inorganic growth and take a part in the consolidation process of the industry, always maintaining a solid financial position. Another advantage pointed to the divestment of the energy unit was the weak outlook of the oil & gas market, with excess supply and no signs of an increase in demand with several green solutions being feasible during a period of cheap oil. Since both divisions operate in capital intensive industries, those in favor of the separation consider that a split would create lighter and more focused structures. An additional reason pointed was the competition for capital between divisions. The split would allow Maersk Line and APM Terminals to play a major role in the consolidation of their industries while being able to keep its leadership. On the energy side, Maersk Oil is a major oil player in the North Sea and therefore it can refocus its portfolio to this region and strengthens its portfolio through assets acquisitions on this area.

The opposite party was in favor of keeping the energy division inward the group scope, alleging that the natural hedge between divisions gives Maersk a competitive advantage with a better stability of cash flows and an investment grade credit rating.

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The board was about to decide on the future of Maersk as a conglomerate. The most important questions to be answered were: Challenges posed by the containers' industry moment? The pros and cons of a separation? How would be conducted the divestment? Partially or Total? Through a Trade Sale, an IPO, an Asset Sale or a Dividend Stock? Was Maersk trading at a conglomerate Discount? Historically Maersk is a conglomerate, why would the conglomerate discount, only, trigger a separation in 2016?

Suddenly, a Saturday morning in Copenhagen turned out to be crucial to the future of a legacy with more than 100 years.

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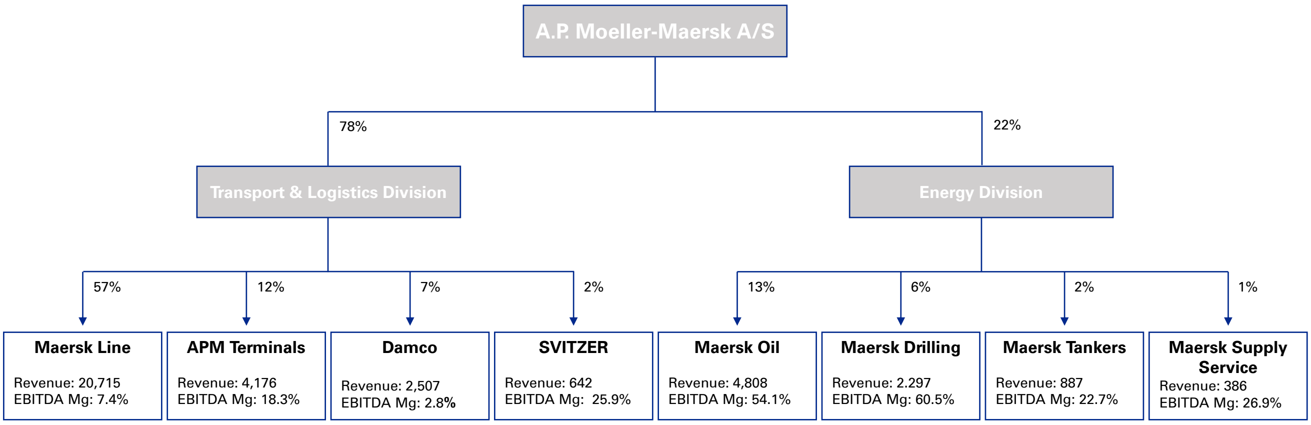
## Exhibit 1: Group Structure and Revenue per business unit




Source: Company Annual Report 2016

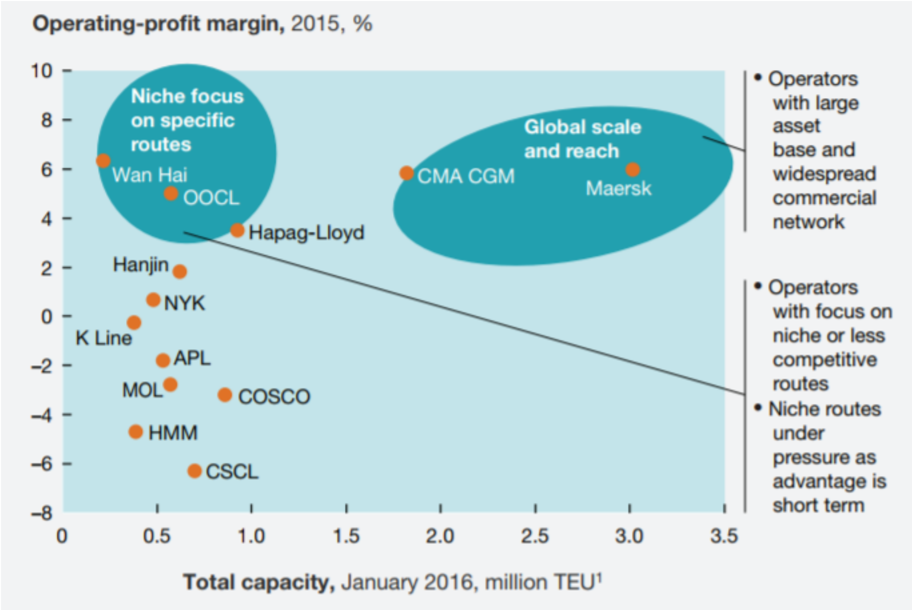
## Exhibit 2: Shipping Lines player

| Rank | Operator | TEU | Mkt Share | Country | Alliances |
|---|---|---|---|---|---|
| 1 | APM-Maersk | 4,154,305 | 19.4% | Denmark | 2M |
| 2 | Mediterranean Shg Co | 3,134,336 | 14.6% | Switzerland | 2M |
| 3 | CMA CGM Group | 2,500,405 | 11.7% | France | OCEAN |
| 4 | Cosco Shipping Co Ltd | 1,818,617 | 8.5% | China | OCEAN |
| 5 | Hapag-Loyd | 1,501,137 | 7.0% | Germany | THE Alliance |
| 6 | Evergreen Line | 686,310 | 3.2% | Taiwan | OCEAN |
| 7 | OOCL | 586,788 | 2.7% | Hong Kong | OCEAN |
| 8 | Yang Ming Marine Transport Corp. | 575,422 | 2.7% | Taiwan | THE Alliance |
| 9 | Mitsui O.S.K Lines | 543,755 | 2.5% | Japan | THE Alliance |
| 10 | NYK Line | 386,645 | 1.8% | Japan | THE Alliance |
| 11 | Pacific International Line | 386,645 | 1.8% | Singapore | - |
| 12 | Zim | 363,826 | 1.7% | Israel | - |
| 13 | Hyunday M.M | 357,996 | 1.7% | South Korea | - |
| 14 | K Line | 341,354 | 1.6% | Japan | THE Alliance |
| 15 | Wan Hai Lines | 237,419 | 1.1% | Taiwan | - |
| 16 | X-Press Feeders Group | 146,494 | 0.7% | Singapore | - |
| 17 | KMTC | 127,856 | 0.6% | South Korea | - |
| 18 | Antong Holdings (QASC) | 110,894 | 0.5% | China | - |
| 19 | SITC | 108,031 | 0.5% | Hong Kong | - |
| 20 | Zhonggu Logistics Corp | 96,383 | 0.4% | China | - |
| | Total | 21,461,671 | | | |

Source:

Source: Alphaline ranking

Exhibit 3: Scale Economies




Source: Mckinsey Global Institute, The alliance shuffle and consolidation: Implications for shippers

# Exhibit 4: T&L division per segment

| Underlying result Reconciliation | Maersk line | | | | APM Terminals | | | |
|---|---|---|---|---|---|---|---|---|
| *USD Millions* | 2013 | 2014 | 2015 | 2016 | 2013 | 2014 | 2015 | 2016 |
| **External revenue** | 25686 | 26921 | 23,410 | 20,416 | 2,702 | 2,740 | 2,785 | 2,821 |
| External Revenue % | 98.1% | 98.4% | 98.7% | 98.6% | 62.4% | 61.5% | 65.7% | 67.6% |
| **Inter-segment revenue** | 510 | 430 | 319 | 299 | 1,630 | 1,715 | 1,455 | 1,355 |
| **Total revenue** | 26,196 | 27,351 | 23,729 | 20,715 | 4,332 | 4,455 | 4,240 | 4,176 |
| Weight on the Group % | 54.5% | 56.3% | 57.6% | 56.9% | 9.0% | 9.2% | 10.3% | 11.5% |
| **EBITDA** | 3313 | 4,212 | 3,324 | 1,525 | 892 | 1,010 | 845 | 764 |
| EBITDA Mg | 12.6% | 15.4% | 14.0% | 7.4% | 20.6% | 22.7% | 19.9% | 18.3% |
| **Depreciation and amortisation** | (1,789) | (1,870) | (1,915) | (1,929) | (297) | (302) | (309) | (378) |
| **Impairment losses** | (10) | - | (17) | (17) | - | (27) | - | (10) |
| **Reversal of impairment losses** | 19 | 72 | - | - | - | - | 14 | |
| **Gain/loss on sale of non-current assets, et** | 38 | 89 | 40 | 25 | 70 | 374 | 11 | 18 |
| **Share of profit/loss in joint ventures** | - | - | - | - | 93 | (14) | 114 | 101 |
| **Share of profit/loss in associated compan** | - | 1 | (1) | - | 68 | 93 | 85 | 92 |
| **Profit/loss before financial items (EBIT)** | 1,571 | 2,504 | 1,431 | (396) | 826 | 1,134 | 760 | 587 |
| EBIT Mg | 6.0% | 9.2% | 6.0% | -1.9% | 19.1% | 25.5% | 17.9% | 14.1% |
| **Tax** | (61) | (163) | (128) | 20 | (56) | (234) | (106) | (149) |
| **Net operating profit/loss after tax (NOPAT** | 1,510 | 2,341 | 1,303 | (376) | 770 | 900 | 654 | 438 |
| NOPAT Mg | 5.8% | 8.6% | 5.5% | -1.8% | 17.8% | 20.2% | 15.4% | 10.5% |
| NOPAT Mg (excluding Impairment Losses | 5.6% | 8.0% | 5.4% | -1.9% | 16.2% | 12.4% | 14.8% | 10.3% |
| **Underlying result** | | | 1,287 | (384) | | | 626 | 433 |
| **Cash flow from operating activities** | 3,732 | 4,119 | 3,271 | 1,060 | 923 | 925 | 874 | 819 |
| **Cash flow used for capital expenditure** | (1,607) | (1,974) | (2,143) | (586) | (841) | 2 | (774) | (1,549) |
| **Free cash flow** | 2,125 | 2,145 | 1,128 | 474 | 82 | 927 | 100 | (730) |
| **Investments in non-current assets 1** | 1,729 | 2,186 | 2,260 | 1,892 | 903 | 912 | 845 | 2,402 |
| **Intangible assets** | 1 | 1 | 1 | - | 1,098 | 1,156 | 1,350 | 2,627 |
| **Property, plant and equipment** | 21,421 | 21,693 | 21,845 | 21,596 | 2812 | 2,862 | 2,976 | 3,470 |
| **Investments in joint ventures** | - | - | - | - | 1708 | 1,476 | 1,476 | 1,479 |
| **Investments in associated companies** | 2 | 1 | 1 | - | 492 | 504 | 541 | 641 |
| **Other non-current assets** | 111 | 161 | 239 | 189 | 188 | 137 | 130 | 198 |
| **Assets held for sale** | - | 13 | 50 | 2 | 189 | 58 | 12 | 70 |
| **Other current assets** | 2,951 | 2,726 | 2,721 | 3,247 | 845 | 800 | 731 | 872 |
| **Total assets** | 24,486 | 24,595 | 24,857 | 25,034 | 7,332 | 6,993 | 7,216 | 9,357 |
| **Non-interest-bearing liabilities** | (4,440) | (4,511) | (4,803) | (4,952) | (1,155) | (1,060) | (1,039) | (1,390) |
| **Invested capital, net** | 20,046 | 20,084 | 20,054 | 20,082 | 6,177 | 5,933 | 6,177 | 7,967 |

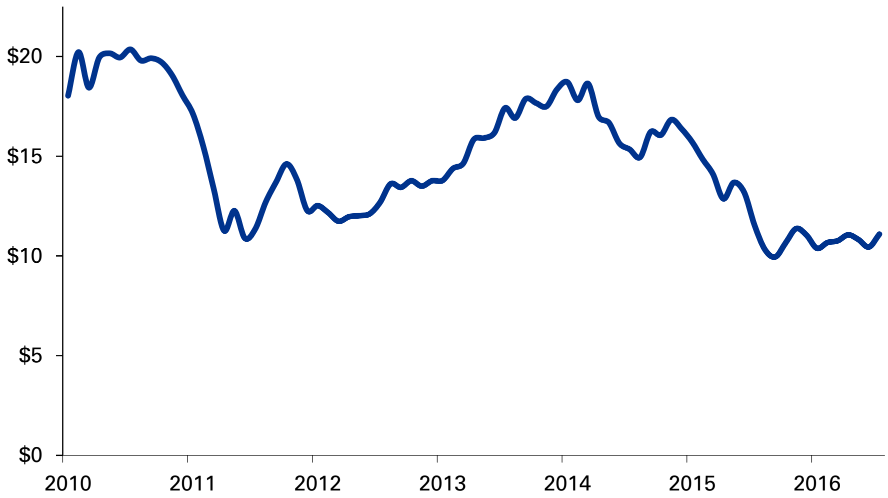
| Underlying result Reconciliation | Damco | | | | Svitzer | | | | T&L Division | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| *USD Millions* | 2013 | 2014 | 2015 | 2016 | 2013 | 2014 | 2015 | 2016 | 2013 | 2014 | 2015 | 2016 |
| **External revenue** | 3,212 | 3,160 | 2,737 | 2,507 | 810 | 781 | 638 | 611 | 32,410 | 33,602 | 29,570 | 26,355 |
| External Revenue % | 100.0% | 99.9% | 99.9% | 100.0% | 97.5% | 96.2% | 95.4% | 95.2% | 93.7% | 93.9% | 94.2% | 94.0% |
| **Inter-segment revenue** | - | 4 | 3 | - | 21 | 31 | 31 | 31 | 2,161 | 2,180 | 1,808 | 1,685 |
| **Total revenue** | 3,212 | 3,164 | 2,740 | 2,507 | 831 | 812 | 669 | 642 | 34,571 | 35,782 | 31,378 | 28,040 |
| Weight on the Group % | 6.7% | 6.5% | 6.6% | 6.9% | 1.7% | 1.7% | 1.6% | 1.8% | 71.9% | 1 | 1 | 1 |
| **EBITDA** | (65) | (148) | 54 | 70 | 217 | 170 | 190 | 166 | 4,357 | 5,244 | 4,413 | 2,525 |
| EBITDA Mg | -2.0% | -4.7% | 2.0% | 2.8% | 26.1% | 20.9% | 28.4% | 25.9% | 12.6% | 14.7% | 14.1% | 9.0% |
| **Depreciation and amortisation** | (28) | (34) | (29) | (26) | (85) | (93) | (84) | (83) | (2,199) | (2,299) | (2,337) | (2,416) |
| **Impairment losses** | (6) | (68) | - | - | (6) | (358) | - | (3) | (22) | (453) | (17) | (30) |
| **Reversal of impairment losses** | - | - | - | | - | 3 | - | - | 19 | 75 | 14 | - |
| **Gain/loss on sale of non-current assets, et** | 2 | - | 5 | - | 29 | 5 | 5 | 5 | 139 | 468 | 61 | 48 |
| **Share of profit/loss in joint ventures** | 8 | 9 | 10 | 11 | 22 | 23 | 15 | 11 | 123 | 18 | 139 | 123 |
| **Share of profit/loss in associated compan** | - | - | - | - | - | - | - | 1 | 68 | 94 | 84 | 93 |
| **Profit/loss before financial items (EBIT)** | (89) | (241) | 40 | 55 | 177 | (250) | 126 | 97 | 2,485 | 3,147 | 2,357 | 343 |
| EBIT Mg | -2.8% | -7.6% | 1.5% | 2.2% | 21.3% | -30.8% | 18.8% | 15.1% | 7.2% | 8.8% | 7.5% | 1.2% |
| **Tax** | (22) | (52) | (21) | (24) | (21) | (20) | (6) | (6) | (160) | (469) | (261) | (159) |
| **Net operating profit/loss after tax (NOPAT** | (111) | (293) | 19 | 31 | 156 | (270) | 120 | 91 | 2,325 | 2,678 | 2,096 | 184 |
| NOPAT Mg | -3.5% | -9.3% | 0.7% | 1.2% | 18.8% | -33.3% | 17.9% | 14.2% | 6.7% | 7.5% | 6.7% | 0.7% |
| NOPAT Mg (excluding Impairment Losses | -3.3% | -7.1% | 0.5% | 1.2% | 16.0% | 9.9% | 17.2% | 13.9% | 6.3% | 7.2% | 6.5% | 0.6% |
| **Underlying result** | | | 15 | 31 | | | 116 | 89 | | | | |
| **Cash flow from operating activities** | (14) | (201) | 127 | 4 | 180 | 203 | 138 | 144 | 4,821 | 5,046 | 4,410 | 2,027 |
| **Cash flow used for capital expenditure** | (23) | (45) | 6 | (8) | (2) | (235) | (152) | (192) | (2,473) | (2,252) | (3,063) | (2,335) |
| **Free cash flow** | (37) | (246) | 133 | (4) | 178 | (32) | (14) | (48) | 2,348 | 2,794 | 1,347 | (308) |
| **Investments in non-current assets 1** | 29 | 26 | 10 | 9 | 81 | 213 | 197 | 215 | 2,742 | 3,337 | 3,312 | 4,518 |
| **Intangible assets** | 193 | 117 | 103 | 90 | 367 | 15 | 16 | 17 | 1,659 | 1,289 | 1,470 | 2,734 |
| **Property, plant and equipment** | 90 | 87 | 76 | 70 | 969 | 1,008 | 1,015 | 1,094 | 25,292 | 25,650 | 25,912 | 26,230 |
| **Investments in joint ventures** | 29 | 28 | 26 | 27 | 66 | 65 | 84 | 82 | 1,803 | 1,569 | 1,586 | 1,588 |
| **Investments in associated companies** | - | - | - | - | - | - | - | 14 | 494 | 505 | 542 | 655 |
| **Other non-current assets** | 46 | 38 | 32 | 30 | 43 | 54 | 56 | 57 | 388 | 390 | 457 | 474 |
| **Assets held for sale** | 5 | 6 | - | - | - | - | - | 3 | 194 | 77 | 62 | 75 |
| **Other current assets** | 798 | 738 | 515 | 500 | 193 | 136 | 131 | 126 | 4,787 | 4,400 | 4,098 | 4,745 |
| **Total assets** | 1,161 | 1,014 | 752 | 717 | 1,638 | 1,278 | 1,302 | 1,393 | 34,617 | 33,880 | 34,127 | 36,501 |
| **Non-interest-bearing liabilities** | (749) | (693) | (549) | (485) | (275) | (209) | (170) | (190) | (6,619) | (6,473) | (6,561) | (7,017) |
| **Invested capital, net** | 412 | 321 | 203 | 232 | 1,363 | 1,069 | 1,132 | 1,203 | 27,998 | 27,407 | 27,566 | 29,484 |

Source: Company Data

## Exhibit 5: Energy division per segment

| Underlying result Reconciliation | Maersk Oil | | | | Maersk Drilling | | | | Maersk Supply Service | | | | Maersk Tankers | | | | Energy Division | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| *USD Millions* | 2013 | 2014 | 2015 | 2016 | 2013 | 2014 | 2015 | 2016 | 2013 | 2014 | 2015 | 2016 | 2013 | 2014 | 2015 | 2016 | 2013 | 2014 | 2015 | 2016 |
| **External revenue** | 9,142 | 8,737 | 5,639 | 4,718 | 1,972 | 2,092 | 2,486 | 2,222 | 764 | 764 | 603 | 374 | 1,624 | 1,174 | 1,055 | 875 | 13,502 | 12,767 | 9,783 | 8,189 |
| External Revenue % | 100.0% | 100.0% | 100.0% | 98.1% | 100.0% | 99.5% | 98.8% | 96.7% | 99.0% | 98.2% | 98.4% | 96.9% | 99.9% | 99.9% | 99.7% | 99.8% | 99.9% | 99.8% | 99.6% | 97.9% |
| **Inter-segment revenue** | - | - | - | 90 | - | 10 | 31 | 75 | 8 | 14 | 10 | 12 | 1 | 1 | 3 | 2 | 9 | 25 | 44 | 179 |
| **Total revenue** | 9,142 | 8,737 | 5,639 | 4,808 | 1,972 | 2,102 | 2,517 | 2,297 | 772 | 778 | 613 | 386 | 1,625 | 1,175 | 1,058 | 877 | 13,511 | 12,792 | 9,827 | 8,368 |
| Weight on the Group % | 19.0% | 18.0% | 13.7% | 13.2% | 4.1% | 4.3% | 6.1% | 6.3% | 1.6% | 1.6% | 1.5% | 1.1% | 3.4% | 2.4% | 2.6% | 2.4% | 28.1% | 0 | 0 | 0 |
| **EBITDA** | 5760 | 5,116 | 2,748 | 2,600 | 863 | 903 | 1,396 | 1,390 | 349 | 348 | 268 | 104 | 21 | 271 | 297 | 199 | 6,993 | 6,638 | 4,709 | 4,293 |
| EBITDA Mg | 63.0% | 58.6% | 48.7% | 54.1% | 43.8% | 43.0% | 55.5% | 60.5% | 45.2% | 44.7% | 43.7% | 26.9% | 1.3% | 23.1% | 28.1% | 22.7% | 51.8% | 51.9% | 47.9% | 51.3% |
| **Depreciation and amortisation** | -1570 | (1,441) | (1,593) | (1,175) | -239 | (313) | (519) | (589) | (146) | (142) | (141) | (136) | -195 | (132) | (140) | (139) | (2,150) | (2,028) | (2,393) | (2,039) |
| **Impairment losses** | (98) | (2,209) | (3,131) | (3) | - | (35) | (27) | (1,510) | - | - | - | (1,219) | (230) | (4) | (1) | - | (328) | (2,248) | (3,159) | (2,732) |
| **Reversal of impairment losses** | - | 1 | - | | - | - | - | | - | - | - | | 77 | - | - | | 77 | 1 | - | - |
| **Gain/loss on sale of non-current assets, et** | - | 4 | 5 | (14) | 4 | 82 | 46 | (1) | 5 | 12 | 30 | (1) | 8 | (4) | 5 | 4 | 17 | 94 | 86 | (12) |
| **Share of profit/loss in joint ventures** | - | - | - | - | 19 | (36) | 18 | 19 | (1) | 1 | - | - | - | - | - | - | 18 | (35) | 18 | 19 |
| **Share of profit/loss in associated compan** | (42) | (5) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | (42) | (5) | - | - |
| **Profit/loss before financial items (EBIT)** | 4,050 | 1,466 | (1,971) | 1,408 | 647 | 601 | 914 | (691) | 207 | 219 | 157 | (1,252) | (319) | 131 | 161 | 64 | 4,585 | 2,417 | (739) | (471) |
| EBIT Mg | 15.5% | 5.4% | -8.3% | 6.8% | 14.9% | 13.5% | 21.6% | -16.5% | 6.4% | 6.9% | 5.7% | -49.9% | -38.4% | 16.1% | 24.1% | 10.0% | 13.3% | 6.8% | -2.4% | -1.7% |
| **Tax** | (3,004) | -2327 | (175) | (931) | (119) | (123) | (163) | (3) | (20) | (18) | (10) | 24 | 2 | 1 | (1) | (2) | (3,141) | (2,467) | (349) | (912) |
| **Net operating profit/loss after tax (NOPAT** | 1,046 | (861) | (2,146) | 477 | 528 | 478 | 751 | (694) | 187 | 201 | 147 | (1,228) | (317) | 132 | 160 | 62 | 1,444 | (50) | (1,088) | (1,383) |
| NOPAT Mg | 4.0% | -3.1% | -9.0% | 2.3% | 12.2% | 10.7% | 17.7% | -16.6% | 5.8% | 6.4% | 5.4% | -49.0% | -38.1% | 16.3% | 23.9% | 9.7% | 4.2% | -0.1% | -3.5% | -4.9% |
| NOPAT Mg (excluding Impairment Losses | 4.4% | 4.9% | 4.1% | 2.4% | 12.1% | 9.7% | 17.3% | 19.6% | 5.7% | 6.0% | 4.3% | -0.3% | -20.7% | 17.2% | 23.3% | 9.0% | 4.9% | 5.9% | 6.3% | 4.9% |
| **Underlying result** | | | 435 | 497 | | | 732 | 743 | | | 117 | (44) | | | 156 | 58 | | | | |
| **Cash flow from operating activities** | 3,246 | 2,594 | 1,768 | 1,484 | 775 | 701 | 1,283 | 1,345 | 360 | 356 | 250 | 81 | 223 | 232 | 291 | 180 | 4,604 | 3,883 | 3,592 | 3,090 |
| **Cash flow used for capital expenditure** | (1,800) | (2,198) | (2,017) | (1,675) | (1,517) | (2,160) | (854) | (315) | (81) | (188) | (206) | (103) | 748 | 650 | (185) | (190) | (2,650) | (3,896) | (3,262) | (2,283) |
| **Free cash flow** | 1,446 | 396 | (249) | (191) | (742) | (1,459) | 429 | 1,030 | 279 | 168 | 44 | (22) | 971 | 882 | 106 | (10) | 1,954 | (13) | 330 | 807 |
| **Investments in non-current assets 1** | 2,414 | 3,010 | 2,436 | 1,511 | 1,489 | 2,400 | 887 | 296 | 93 | 203 | 276 | 125 | 19 | 204 | 450 | 231 | 4,015 | 5,817 | 4,049 | 2,163 |
| **Intangible assets** | 3,096 | 1,482 | 394 | 760 | 19 | 35 | 37 | 109 | 6 | 9 | 19 | 6 | 5 | 2 | 2 | 5 | 3,126 | 1,528 | 452 | 880 |
| **Property, plant and equipment** | 6,548 | 7,525 | 6,308 | 6,221 | 5,459 | 7,463 | 7,802 | 5,925 | 1727 | 1,734 | 1,802 | 891 | 1440 | 1,448 | 1,645 | 1,725 | 15,174 | 18,170 | 17,557 | 14,762 |
| **Investments in joint ventures** | - | - | - | - | 159 | 118 | 136 | 155 | - | - | - | - | 4 | 1 | - | 1 | 163 | 119 | 136 | 156 |
| **Investments in associated companies** | 197 | - | - | - | - | - | - | - | - | - | - | - | 5 | 1 | - | - | 202 | 1 | - | - |
| **Other non-current assets** | 603 | 600 | 960 | 742 | 66 | 33 | 22 | 16 | 4 | 3 | 6 | - | - | - | - | - | 673 | 636 | 988 | 758 |
| **Assets held for sale** | - | - | 20 | - | - | - | - | - | - | 16 | - | - | 980 | 180 | 41 | 10 | 980 | 196 | 61 | 10 |
| **Other current assets** | 1,500 | 1,185 | 999 | 912 | 516 | 687 | 693 | 535 | 192 | 179 | 133 | 109 | 381 | 185 | 154 | 156 | 2,589 | 2,236 | 1,979 | 1,712 |
| **Total assets** | 11,944 | 10,792 | 8,681 | 8,635 | 6,219 | 8,336 | 8,690 | 6,740 | 1,929 | 1,941 | 1,960 | 1,006 | 2,815 | 1,817 | 1,842 | 1,897 | 22,907 | 22,886 | 21,173 | 18,278 |
| **Non-interest-bearing liabilities** | (5,466) | (5,510) | (5,231) | (4,546) | (899) | (713) | (712) | (476) | (230) | (237) | (191) | (424) | (480) | (234) | (198) | (176) | (7,075) | (6,694) | (6,332) | (5,622) |
| **Invested capital, net** | 6,478 | 5,282 | 3,450 | 4,089 | 5,320 | 7,623 | 7,978 | 6,264 | 1,699 | 1,704 | 1,769 | 582 | 2,335 | 1,583 | 1,644 | 1,721 | 15,832 | 16,192 | 14,841 | 12,656 |

## Exhibit 6: Guggenheim Shipping ETF – Sea us Equity




**Guggenheim Shipping ETF*** (SEA) seeks investment results that correspond generally to the performance, before the fund's fees and expenses, of the Dow Jones Global Shipping Index℠. The Dow Jones Global Shipping Index SM seeks to measure the stock performance of high dividend-paying companies in the global shipping industry - primarily those that transport goods and materials. The index is weighted by float-adjusted market capitalization.

Source: Bloomberg

## Exhibit 7: Global Containerships Fleet Analysis

| Description | Ticker | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Containerships (DWT k)** | VESLCTDW Inde: | 110,746.7 | 126,350.5 | 142,435.3 | 159,564.0 | 164,733.5 | 181,248.1 | 194,051.3 | 204,127.1 | 214,544.8 | 226,473.3 | 243,889.5 | 244,170.5 |
| Δ% YoY | | | 14.1% | 12.7% | 12.0% | 3.2% | 10.0% | 7.1% | 5.2% | 5.1% | 5.6% | 7.7% | 0.1% |
| **Number of Containerships in Service (# vessels)** | VESLCTIS Index | 3,337.0 | 3,659.0 | 4,029.0 | 4,407.0 | 4,420.0 | 4,641.0 | 4,770.0 | 4,807.0 | 4,798.0 | 4,845.0 | 4,982.0 | 4,889.0 |
| Δ% YoY | | | 9.6% | 10.1% | 9.4% | 0.3% | 5.0% | 2.8% | 0.8% | -0.2% | 1.0% | 2.8% | -1.9% |
| **Number of Containerships on Order** | VESLCTOO Index | 900.0 | 918.0 | 1,203.0 | 1,028.0 | 659.0 | 472.0 | 517.0 | 371.0 | 385.0 | 318.0 | 403.0 | 225.0 |
| Δ% YoY | | | 2.0% | 31.0% | -14.5% | -35.9% | -28.4% | 9.5% | -28.2% | 3.8% | -17.4% | 26.7% | -44.2% |
| **Number of Containerships under Construction** | VESLCTUC Index | 140.0 | 173.0 | 170.0 | 143.0 | 145.0 | 84.0 | 65.0 | 99.0 | 82.0 | 98.0 | 91.0 | 168.0 |
| Δ% YoY | | | 23.6% | -1.7% | -15.9% | 1.4% | -42.1% | -22.6% | 52.3% | -17.2% | 19.5% | -7.1% | 84.6% |
| **Containerships Orderbook** | | 1,040 | 1,091 | 1,373 | 1,171 | 804 | 556 | 582 | 470 | 467 | 416 | 494 | 393 |
| Δ% YoY | | | 4.9% | 25.8% | -14.7% | -31.3% | -30.8% | 4.7% | -19.2% | -0.6% | -10.9% | 18.8% | -20.4% |
| **Containerships Orderbook as a % of DWT** | VESLCTPC Index | 46% | 43% | 57% | 47% | 37% | 26% | 27% | 21% | 20% | 17% | 18% | 15% |

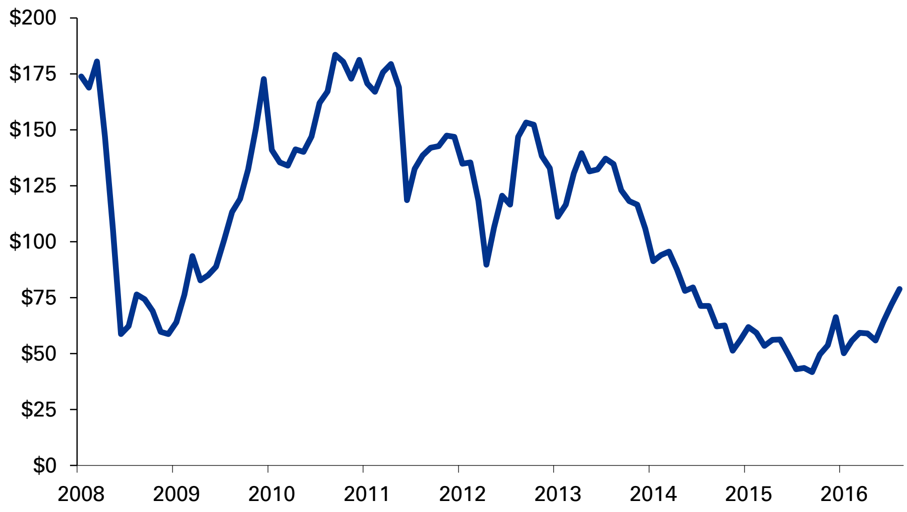
Source: Bloomberg

## Exhibit 8: Freight Rates

| Description<br>*Container Rates (USD per TEU)* | Ticker | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|---|---|---|---|---|---|---|
| **Drewry Hong Kong-Los Angeles Container Rate** | DRCRRATE Index | 827 | 1,146 | 1,035 | 974 | 750 | 611 |
| Δ% YoY | | | 38.6% | -9.7% | -5.9% | -23.0% | -18.6% |
| Source: Drewry Shipping Consultants | | | | | | | |
| **WCI Freight Rate Composite** | WCIDCOMP Index | 754 | 1,088 | 951 | 1,012 | 688 | 596 |
| Δ% YoY | | | 44.3% | -12.6% | 6.5% | -32.0% | -13.3% |
| **WCI Shanghai to Rotterdam Container Rate** | WCIDSHRO Index | 650 | 1,325 | 1,041 | 1,169 | 583 | 653 |
| Δ% YoY | | | 103.8% | -21.5% | 12.3% | -50.1% | 12.0% |
| **WCI Rotterdam to Shanghai Container Rate** | WCIDROSH Index | 331 | 405 | 468 | 415 | 374 | 311 |
| Δ% YoY | | | 22.4% | 15.4% | -11.2% | -10.0% | -16.8% |
| **WCI Shanghai to Genoa Container Rate** | WCIDSHGE Index | 887 | 1,288 | 1,089 | 1,361 | 692 | 643 |
| Δ% YoY | | | 45.3% | -15.5% | 25.1% | -49.2% | -7.0% |
| **WCI Shanghai to Los Angeles Container Rate** | WCIDSHLA Index | 795 | 1,131 | 1,000 | 975 | 751 | 651 |
| Δ% YoY | | | 42.2% | -11.6% | -2.5% | -23.0% | -13.3% |
| **WCI Los Angeles to Shanghai Container Rate** | WCIDLASH Index | 407 | 426 | 434 | 360 | 329 | 222 |
| Δ% YoY | | | 4.6% | 2.0% | -17.1% | -8.6% | -32.4% |
| **WCI Shanghai to New York Container Rate** | WCIDSHNY Index | 1,495 | 1,704 | 1,643 | 1,836 | 1,598 | 1,058 |
| Δ% YoY | | | 14.0% | -3.6% | 11.7% | -12.9% | -33.8% |
| **WCI New York to Rotterdam Container Rate** | WCIDNYRO Index | 961 | 998 | 832 | 665 | 482 | 252 |
| Δ% YoY | | | 3.9% | -16.6% | -20.1% | -27.4% | -47.7% |
| **WCI Rotterdam to New York Container Rate** | WCIDRONY Index | 1,220 | 1,254 | 1,062 | 1,062 | 1,093 | 921 |
| Δ% YoY | | | 2.8% | -15.3% | 0.0% | 2.9% | -15.7% |

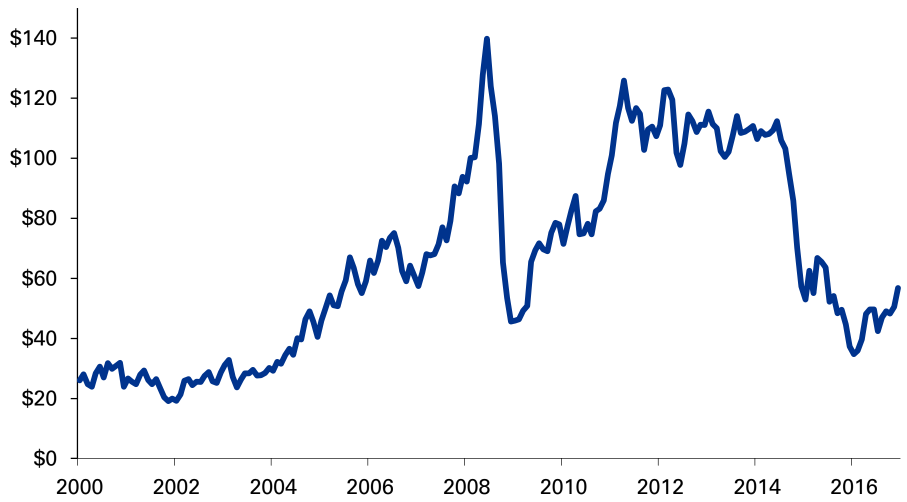
Source: World Container Index assessed by Drewery

Exhibit 9: Iron Prices




Iron ore delivered to Quindao China – 62% Ferous Content - USD/tonne

Exhibit 10: Brent Prices (USD/Oil Barrel)




Source: Bloomberg

## Exhibit 11: Consolidated Balance Sheet

| Year-end December<br>*USD Millions* | *2015* | 2016 | | *2015* | 2016 |
|---|---|---|---|---|---|
| Intangible assets | 1,922 | 3,620 | Share capital | 3,906 | 3,774 |
| Property, plant and equipment | 43,999 | 41,496 | Reserves | 31,181 | 27,484 |
| | | | Equity attributable to Maersk | 35,087 | 31,258 |
| Investments in joint ventures | 1,723 | 1,749 | Non-controlling interests | 652 | 832 |
| Investments in associated companies | 889 | 855 | Total equity | 35,739 | 32,090 |
| Other equity investments | 860 | 796 | | | |
| Derivatives | 17 | 14 | Borrowings, non-current | 11,408 | 13,320 |
| Pensions, net assets | 162 | 96 | | | |
| Loans receivable | 483 | 127 | Pensions and similar obligations | 293 | 238 |
| Other receivables | 444 | 632 | Provisions | 4,539 | 3,573 |
| Financial non-current assets, etc. | 4,578 | 4,269 | Derivatives | 652 | 526 |
| | | | Deferred tax | 280 | 605 |
| Deferred tax | 891 | 590 | Other payables | 6 | 33 |
| Total non-current assets | 51,390 | 49,975 | Other non-current liabilities | 5,770 | 4,975 |
| | | | Total non-current liabilities | 17,178 | 18,295 |
| Inventories | 781 | 862 | | | |
| | | | Borrowings, current | 1,335 | 2,015 |
| Trade receivables | 3,476 | 3,814 | | | |
| Tax receivables | 188 | 291 | Provisions | 1,172 | 1,255 |
| Derivatives | 84 | 161 | Trade payables | 5,015 | 4,901 |
| Loans receivable | 64 | 202 | Tax payables | 217 | 212 |
| Other receivables | 909 | 952 | Derivatives | 286 | 536 |
| Prepayments | 625 | 601 | Other payables | 1,204 | 1,348 |
| Receivables, etc. | 5,346 | 6,021 | Deferred income | 240 | 450 |
| | | | Other current liabilities | 8,134 | 8,702 |
| Securities | 761 | 52 | Liabilities associated with assets held for | 22 | 16 |
| Cash and bank balances | 4,008 | 4,105 | Total current liabilities | 9,491 | 10,733 |
| Assets held for sale | 122 | 103 | Total liabilities | 26,669 | 29,028 |
| Total current assets | 11,018 | 11,143 | Total equity and liabilities | 62,408 | 61,118 |
| Total assets | 62,408 | 61,118 | | | |

Source: Annual Report

## Exhibit 13: Broker Consensus

| | 2017F | 2018F | 2019F |
|---|---|---|---|
| Sales | 23,838 | 27,233 | 29,678 |
| EBITDA | 3,124 | 4,502 | 5,869 |
| EBIT | 1,073 | 2,154 | 2,493 |
| Broker Consensus | | | |
| NOPAT | 1,255 | 2,213 | 3,791 |
| Underlying Profit | 1,148 | 2,192 | 2,644 |

Source: Morgan Stanley, HSBC, Credit Suisse, Jefferies, UBS

Exhibit 14: MAERSKB DC Equity

| Date | CUR_MKT_CAP | Date | CUR_MKT_CAP |
|---|---|---|---|
| 31/01/2014 | 48,073 | 29/01/2016 | 27,389 |
| 28/02/2014 | 52,640 | 29/02/2016 | 28,014 |
| 31/03/2014 | 51,692 | 31/03/2016 | 27,886 |
| 30/04/2014 | 51,076 | 29/04/2016 | 29,784 |
| 28/05/2014 | 55,609 | 31/05/2016 | 27,331 |
| 30/06/2014 | 53,150 | 30/06/2016 | 26,470 |
| 31/07/2014 | 50,305 | 29/07/2016 | 27,650 |
| 29/08/2014 | 54,004 | 31/08/2016 | 30,384 |
| 30/09/2014 | 51,491 | 30/09/2016 | 29,828 |
| 31/10/2014 | 50,562 | 31/10/2016 | 31,139 |
| 28/11/2014 | 45,379 | 30/11/2016 | 27,003 |
| 30/12/2014 | 43,633 | 30/12/2016 | 32,364 |
| 30/01/2015 | 43,893 | 31/01/2017 | 33,890 |
| 27/02/2015 | 49,795 | 28/02/2017 | 33,122 |
| 31/03/2015 | 45,242 | 31/03/2017 | 34,147 |
| 30/04/2015 | 43,001 | 28/04/2017 | 35,273 |
| 29/05/2015 | 41,836 | 31/05/2017 | 38,695 |
| 30/06/2015 | 38,436 | 30/06/2017 | 40,735 |
| 31/07/2015 | 36,192 | 31/07/2017 | 44,333 |
| 31/08/2015 | 36,284 | 31/08/2017 | 41,711 |
| 30/09/2015 | 32,785 | 29/09/2017 | 38,824 |
| 30/10/2015 | 31,370 | 31/10/2017 | 39,254 |
| 30/11/2015 | 32,581 | 30/11/2017 | 36,441 |
| 30/12/2015 | 28,116 | 29/12/2017 | 35,608 |

Source: Bloomberg

# Exhibit 12: Peers Trading Multiples

| Maersk Line<br>*USD Millions* | Ticker | EV:2016 | Mkt Cap (USD) | Book Value:2016 | Tot Inv Cap:2016 | Revenue:2016 | EBITDA:2016 | EBITDAR:2016 | NI / Profit:2016 | FCF:2016 | EV/SALES: 2016 | Fwd EV/SALES 2017 | Fwd EV/SALES 2018 | Fwd EV/SALES 2019 | EV/EBITDA: 2016 | Fwd EV/EBITDA 2017 | Fwd EV/EBITDA 2018 | Fwd EV/EBITDA 2019 | EV/EBITDA R:2016 | P/E:2016 | Fwd P/E 17 | Fwd P/E 18 | Fwd P/E 19 | P/FCF | Fwd P/FCF 17 | Fwd P/FCF 18 | Fwd P/FCF 19 | EV/IC:2016 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **COSCO SHIPPING HOLDINGS** | 1919 HK Equity | 13,067.4 | 6,667.4 | 2,640.4 | 13,883.4 | 10,516.0 | (332.0) | 1,313.6 | (1,491.7) | (774.8) | 1.24x | 0.94x | 0.87x | 0.81x | - | 12.43x | 11.52x | 8.86x | 9.95x | - | 25.04x | 17.43x | 14.41x | - | - | - | - | 0.94x |
| **HAPAG-LLOYD AG** | HLAG GR Equity | 6,546.3 | 2,734.3 | 5,331.1 | 9,771.7 | 8,560.5 | 647.5 | 1,751.1 | (106.9) | (108.0) | 0.76x | 0.56x | 0.49x | 0.47x | 10.11x | 5.54x | 3.92x | 3.43x | 3.74x | - | 72.14x | 7.03x | 4.21x | - | 5.00x | 2.76x | 2.20x | 0.67x |
| **ORIENT OVERSEAS INTL LTD** | 316 HK Equity | 4,695.2 | 2,594.7 | 4,519.3 | 8,698.2 | 5,297.7 | 217.7 | 575.4 | (219.2) | (117.4) | 0.89x | 0.76x | 0.70x | 0.65x | 21.57x | 7.71x | 6.47x | 5.44x | 8.16x | - | 14.72x | 9.57x | 6.78x | - | - | 6.80x | 4.16x | 0.54x |
| **EVERGREEN MARINE CORP L** | 2603 TT Equity | 3,610.5 | 1,203.6 | 1,574.0 | 5,054.1 | 3,862.9 | 8.3 | - | (205.1) | (49.3) | 0.93x | 0.73x | 0.70x | 0.65x | 432.67x | 7.64x | 8.43x | 6.74x | - | - | 5.33x | 6.92x | 4.61x | - | 4.27x | 3.16x | - | 0.71x |
| **SITC INTERNATIONAL HOLDI** | 1308 HK Equity | 1,644.2 | 1,591.7 | 880.0 | 1,297.8 | 1,215.8 | 179.9 | 349.8 | 122.8 | 124.7 | 1.35x | 1.19x | 1.10x | 1.02x | 9.14x | 7.24x | 6.48x | 6.07x | 4.70x | 12.96x | 9.34x | 8.28x | 7.16x | 12.77x | 11.52x | 10.74x | 8.69x | 1.27x |
| **YANG MING MARINE TRANSF** | 2609 TT Equity | 2,881.7 | 447.1 | 488.0 | 3,261.5 | 3,581.5 | (268.6) | 397.9 | (462.8) | (391.1) | 0.80x | 0.65x | 0.64x | 0.57x | - | 16.33x | 12.77x | 6.68x | 7.24x | - | - | 89.83x | 2.69x | - | - | - | - | 0.88x |
| **NIPPON YUSEN KK** | 9101 JP Equity | 10,031.5 | 3,271.2 | 6,877.1 | 16,392.1 | 18,943.4 | 1,269.8 | - | 152.0 | 224.6 | 0.53x | 0.57x | 0.53x | 0.67x | 7.90x | 13.13x | 9.89x | 9.20x | - | 21.51x | - | 29.59x | 15.56x | 14.56x | - | - | 15.38x | 0.61x |
| **MITSUI OSK LINES LTD** | 9104 JP Equity | 11,163.6 | 2,434.7 | 4,832.3 | 15,783.0 | 14,274.1 | 792.8 | - | (1,421.0) | 711.5 | 0.78x | 0.84x | 0.76x | 1.05x | 14.08x | 16.06x | 11.81x | 9.86x | - | - | 163.91x | 19.25x | 7.94x | 3.42x | - | - | 11.83x | 0.71x |
| **HYUNDAI MERCHANT MARIN** | 011200 KS Equit | 2,660.4 | 995.3 | 799.7 | 2,965.2 | 3,953.6 | (555.4) | 1,057.7 | (418.8) | (684.9) | 0.67x | 0.59x | 0.57x | 0.55x | - | - | 86.01x | 10.24x | 2.52x | - | - | - | 75.08x | - | - | - | 75.08x | 0.90x |
| **KAWASAKI KISEN KAISHA LT** | 9107 JP Equity | 4,559.1 | 1,816.1 | 3,158.9 | 8,037.2 | 10,370.2 | 481.3 | - | (429.3) | (606.7) | 0.44x | 0.50x | 0.44x | 0.68x | 9.47x | 45.38x | 8.63x | 7.99x | - | - | - | 21.34x | 16.56x | - | - | 13.39x | 9.47x | 0.57x |
| **Average** | | | | | | | | | | | **0.84x** | **0.73x** | **0.68x** | **0.71x** | **72.13x** | **14.61x** | **16.59x** | **7.45x** | **6.05x** | **17.24x** | **48.41x** | **23.25x** | **15.50x** | **10.25x** | **6.93x** | **7.37x** | **18.12x** | **0.78x** |
| **Adjusted average** | | | | | | | | | | | **0.83x** | **0.71x** | **0.66x** | **0.70x** | **12.88x** | **11.50x** | **9.50x** | **7.61x** | **5.96x** | **-** | **30.31x** | **16.07x** | **9.65x** | **12.77x** | **5.00x** | **6.90x** | **9.91x** | **0.75x** |
| **Median** | | | | | | | | | | | **0.79x** | **0.69x** | **0.67x** | **0.66x** | **10.11x** | **12.43x** | **9.26x** | **7.36x** | **5.97x** | **17.24x** | **19.88x** | **17.43x** | **7.55x** | **12.77x** | **5.00x** | **6.80x** | **9.47x** | **0.71x** |
| **Q1** | | | | | | | | | | | **0.70x** | **0.58x** | **0.54x** | **0.59x** | **9.31x** | **7.64x** | **6.97x** | **6.23x** | **3.98x** | **15.10x** | **10.68x** | **8.28x** | **5.15x** | **8.09x** | **4.63x** | **3.16x** | **6.42x** | **0.63x** |
| **Q3** | | | | | | | | | | | **0.92x** | **0.82x** | **0.74x** | **0.78x** | **17.83x** | **16.06x** | **11.74x** | **9.12x** | **7.93x** | **19.38x** | **60.37x** | **21.34x** | **15.27x** | **13.66x** | **8.26x** | **10.74x** | **13.61x** | **0.89x** |

| APM Terminals<br>*USD Millions* | Ticker | EV:2016 | Mkt Cap (USD) | Book Value:2016 | Tot Inv Cap:2016 | Revenue:2016 | EBITDA:2016 | EBITDAR:2016 | NI / Profit:2016 | FCF:2016 | EV/SALES: 2016 | Fwd EV/SALES 2017 | Fwd EV/SALES 2018 | Fwd EV/SALES 2019 | EV/EBITDA: 2016 | Fwd EV/EBITDA 2017 | Fwd EV/EBITDA 2018 | Fwd EV/EBITDA 2019 | EV/EBITDA R:2016 | P/E:2016 | Fwd P/E 17 | Fwd P/E 18 | Fwd P/E 19 | P/FCF | Fwd P/FCF 17 | Fwd P/FCF 18 | Fwd P/FCF 19 | EV/IC:2016 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **HUTCHISON PORT HOLDINGS** | HPHT SP Equity | 9,711.0 | 3,789.3 | 5,319.7 | 13,593.8 | 1,529.0 | 915.8 | 923.9 | 220.8 | 456.9 | 6.35x | 6.47x | 6.32x | 6.18x | 10.60x | 11.43x | 11.20x | 10.93x | 10.51x | 17.17x | 27.87x | 26.84x | 26.01x | 8.29x | 7.64x | 7.07x | 6.90x | 0.71x |
| **COSCO SHIPPING PORTS LTD** | 1199 HK Equity | 4,188.0 | 3,030.1 | 4,354.9 | 6,408.8 | 556.4 | 232.8 | 278.3 | 247.0 | (53.4) | 7.53x | 7.02x | 6.37x | 5.88x | 17.99x | 10.50x | 10.87x | 11.29x | 15.05x | 12.27x | 11.25x | 11.42x | 10.23x | - | 26.70x | 36.80x | 99.35x | 0.65x |
| **CHINA MERCHANTS PORT HC** | 144 HK Equity | 9,949.3 | 6,515.3 | 8,500.0 | 12,695.4 | 1,027.5 | 699.3 | 731.7 | 707.8 | 441.6 | 9.68x | 9.16x | 8.53x | 8.03x | 14.23x | 17.65x | 16.52x | 15.15x | 13.60x | 9.21x | 9.78x | 9.95x | 8.90x | 14.75x | 36.35x | 8.18x | 7.42x | 0.78x |
| **PORT OF TAURANGA LTD** | POT NZ Equity | 2,109.6 | 1,889.8 | 630.8 | 904.4 | 163.8 | 86.7 | 87.7 | 51.7 | 25.3 | 12.88x | 11.15x | 11.27x | 10.64x | 24.33x | 20.78x | 20.31x | 19.10x | 24.05x | 36.57x | 31.04x | 30.91x | 29.08x | 74.65x | 60.80x | 27.47x | 23.94x | 2.33x |
| **DP WORLD LTD** | DPW DU Equity | 21,574.0 | 14,533.3 | 8,797.9 | 18,083.2 | 4,231.6 | 2,066.5 | 2,372.5 | 1,024.3 | 535.3 | 5.10x | 4.63x | 4.30x | 4.05x | 10.44x | 8.96x | 8.37x | 7.87x | 9.09x | 14.19x | 12.10x | 11.12x | 10.09x | 27.15x | 15.11x | 10.21x | 9.29x | 1.19x |
| **WESTPORTS HOLDINGS BHD** | WPRTS MK Equity | 3,512.7 | 3,267.9 | 461.1 | 870.3 | 491.9 | 238.0 | 247.7 | 154.0 | 97.8 | 7.14x | 6.67x | 7.61x | 7.03x | 14.76x | 15.56x | 14.84x | 13.32x | 14.18x | 21.22x | 22.57x | 22.91x | 21.57x | 33.41x | 56.13x | 21.92x | 24.12x | 4.04x |
| **INTL CONTAINER TERM SVCS** | ICT PM Equity | 4,144.3 | 2,945.2 | 1,624.2 | 3,168.8 | 1,128.4 | 525.1 | 561.0 | 180.0 | 95.7 | 3.67x | 3.35x | 3.04x | 2.83x | 7.89x | 7.15x | 6.41x | 5.90x | 7.39x | 16.36x | 18.92x | 14.11x | 12.27x | 30.78x | 16.32x | 9.55x | 8.22x | 1.31x |
| **ADANI PORTS AND SPECIAL E** | ADSEZ IN Equity | 10,454.7 | 7,755.0 | 2,016.7 | 4,752.0 | 1,086.9 | 707.1 | 711.3 | 443.0 | (64.5) | 9.62x | 8.10x | 6.62x | 5.95x | 14.79x | 12.39x | 10.35x | 9.17x | 14.70x | 17.51x | 13.53x | 14.02x | 11.81x | - | 21.16x | 19.30x | 14.20x | 2.20x |
| **Average** | | | | | | | | | | | **7.75x** | **7.07x** | **6.76x** | **6.32x** | **14.38x** | **13.05x** | **12.36x** | **11.59x** | **13.57x** | **18.06x** | **18.38x** | **17.66x** | **16.25x** | **31.51x** | **30.02x** | **17.56x** | **24.18x** | **1.65x** |
| **Adjusted average** | | | | | | | | | | | **7.57x** | **7.01x** | **6.63x** | **6.19x** | **13.80x** | **12.75x** | **12.02x** | **11.29x** | **12.85x** | **16.45x** | **17.71x** | **16.74x** | **15.33x** | **26.52x** | **28.63x** | **16.10x** | **14.53x** | **1.42x** |
| **Median** | | | | | | | | | | | **7.33x** | **6.84x** | **6.50x** | **6.07x** | **14.49x** | **11.91x** | **11.03x** | **11.11x** | **13.89x** | **16.76x** | **16.23x** | **14.07x** | **12.04x** | **28.96x** | **23.93x** | **14.75x** | **11.74x** | **1.25x** |
| **Q1** | | | | | | | | | | | **6.04x** | **6.01x** | **5.82x** | **5.42x** | **10.56x** | **10.11x** | **9.85x** | **8.84x** | **10.16x** | **13.71x** | **11.88x** | **11.34x** | **10.20x** | **17.85x** | **16.01x** | **9.21x** | **8.02x** | **0.77x** |
| **Q3** | | | | | | | | | | | **9.65x** | **8.63x** | **8.07x** | **7.53x** | **16.39x** | **16.61x** | **15.68x** | **14.24x** | **14.87x** | **19.36x** | **20.75x** | **18.51x** | **16.92x** | **33.41x** | **46.24x** | **24.69x** | **24.03x** | **2.27x** |

| Damco<br>*USD Millions* | Ticker | EV:2016 | Mkt Cap (USD) | Book Value:2016 | Tot Inv Cap:2016 | Revenue:2016 | EBITDA:2016 | EBITDAR:2016 | NI / Profit:2016 | FCF:2016 | EV/SALES: 2016 | Fwd EV/SALES 2017 | Fwd EV/SALES 2018 | Fwd EV/SALES 2019 | EV/EBITDA: 2016 | Fwd EV/EBITDA 2017 | Fwd EV/EBITDA 2018 | Fwd EV/EBITDA 2019 | EV/EBITDAR:2016 | P/E:2016 | Fwd P/E 17 | Fwd P/E 18 | Fwd P/E 19 | P/FCF | Fwd P/FCF 17 | Fwd P/FCF 18 | Fwd P/FCF 19 | EV/IC:2016 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **DEUTSCHE POST AG-REG** | DPW GR Equity | 42,814.3 | 39,905.5 | 11,693.5 | 16,008.2 | 63,459.2 | 5,383.6 | 8,725.2 | 2,920.9 | 426.1 | 0.67x | 0.60x | 0.57x | 0.55x | 7.95x | 6.90x | 6.43x | 5.99x | 4.91x | 13.66x | 12.07x | 11.26x | 10.31x | 93.65x | 21.56x | 18.29x | 15.70x | 2.67x |
| **EXPEDITORS INTL WASH INC** | EXPD US Equity | 8,553.4 | 9,525.2 | 1,844.6 | 1,874.3 | 6,098.0 | 717.0 | 779.3 | 430.8 | 469.8 | 1.40x | 1.25x | 1.18x | 1.12x | 11.93x | 11.87x | 11.00x | 10.36x | 10.98x | 22.11x | 21.86x | 20.46x | 19.34x | 20.28x | 22.41x | 20.49x | 19.97x | 4.56x |
| **DSV A/S** | DSV DC Equity | 9,449.1 | 8,267.3 | 1,903.1 | 3,222.5 | 10,071.4 | 482.9 | 846.5 | 248.0 | 121.3 | 0.94x | 0.80x | 0.76x | 0.73x | 19.57x | 10.76x | 9.81x | 9.16x | 11.16x | 33.34x | 15.69x | 13.75x | 12.68x | 68.15x | 14.33x | 13.20x | 12.48x | 2.93x |
| **PANALPINA WELTTRANSPOR** | PWTN SW Equity | 2,594.1 | 2,965.7 | 597.7 | 561.1 | 5,276.2 | 133.7 | - | 55.1 | 90.8 | 0.49x | 0.47x | 0.45x | 0.43x | 19.40x | 16.83x | 13.23x | 10.90x | - | 53.79x | 39.02x | 26.40x | 20.02x | 32.68x | 41.01x | 26.72x | 21.76x | 4.62x |
| **KUEHNE + NAGEL INTL AG-RE** | KNIN SW Equity | 15,011.9 | 15,819.0 | 2,123.5 | 2,154.0 | 16,779.9 | 1,127.1 | 1,686.6 | 729.1 | 625.5 | 0.89x | 0.70x | 0.68x | 0.64x | 13.32x | 12.75x | 11.57x | 10.74x | 8.90x | 21.70x | 20.91x | 18.95x | 17.31x | 25.29x | 24.28x | 20.08x | 18.35x | 6.97x |
| **Average** | | | | | | | | | | | **0.88x** | **0.76x** | **0.73x** | **0.70x** | **14.43x** | **11.82x** | **10.41x** | **9.43x** | **8.99x** | **28.92x** | **21.91x** | **18.16x** | **15.93x** | **48.01x** | **24.72x** | **19.76x** | **17.65x** | **4.35x** |
| **Adjusted average** | | | | | | | | | | | **0.84x** | **0.70x** | **0.67x** | **0.64x** | **14.88x** | **11.79x** | **10.79x** | **10.09x** | **9.94x** | **25.72x** | **19.49x** | **17.72x** | **16.44x** | **42.04x** | **22.75x** | **19.62x** | **18.01x** | **4.04x** |
| **Median** | | | | | | | | | | | **0.89x** | **0.70x** | **0.68x** | **0.64x** | **13.32x** | **11.87x** | **11.00x** | **10.36x** | **9.94x** | **22.11x** | **20.91x** | **18.95x** | **17.31x** | **32.68x** | **22.41x** | **20.08x** | **18.35x** | **4.56x** |
| **Q1** | | | | | | | | | | | **0.67x** | **0.60x** | **0.57x** | **0.55x** | **11.93x** | **10.76x** | **9.81x** | **9.16x** | **7.90x** | **21.70x** | **15.69x** | **13.75x** | **12.68x** | **25.29x** | **21.56x** | **18.29x** | **15.70x** | **2.93x** |
| **Q3** | | | | | | | | | | | **0.94x** | **0.80x** | **0.76x** | **0.73x** | **19.40x** | **12.75x** | **11.57x** | **10.74x** | **11.02x** | **33.34x** | **21.86x** | **20.46x** | **19.34x** | **68.15x** | **24.28x** | **20.49x** | **19.97x** | **4.62x** |

| Maersk oil<br>*USD Millions* | Ticker | EV:2016 | Mkt Cap (USD) | Book Value:2016 | Tot Inv Cap:2016 | Revenue:2016 | EBITDA:2016 | EBITDAX:2016 | NI / Profit:2016 | FCF:2016 | EV/SALES: 2016 | Fwd EV/SALES 2017 | Fwd EV/SALES 2018 | Fwd EV/SALES 2019 | EV/EBITDA: 2016 | Fwd EV/EBITDA 2017 | Fwd EV/EBITDA 2018 | Fwd EV/EBITDA 2019 | EV/EBITDAX:2016 | P/E:2016 | Fwd P/E 17 | Fwd P/E 18 | Fwd P/E 19 | P/FCF | Fwd P/FCF 17 | Fwd P/FCF 18 | Fwd P/FCF 19 | EV/IC:2016 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **CHEVRON CORP** | CVX US Equ | 262,921 | 222,630 | 207,138 | 145,556 | 107,567 | 17,498 | 18,531 | (497) | (5,263) | 2.44x | 1.89x | 1.76x | 1.69x | 15.03x | 8.33x | 7.24x | 6.71x | 14.19x | - | 28.55x | 22.82x | 19.70x | - | 35.35x | 22.43x | 21.02x | 1.27x |
| **STATOIL ASA** | STL NO Equi | 75,461 | 59,406 | 71,004 | 35,072 | 45,688 | 10,209 | 13,161 | (2,922) | (3,157) | 1.65x | 1.26x | 1.24x | 1.17x | 7.39x | 3.42x | 3.33x | 3.06x | 5.73x | - | 14.69x | 15.51x | 13.42x | - | 16.28x | 18.45x | 15.28x | 1.06x |
| **ROYAL DUTCH SHELL PLC-A SH** | RDSA LN Eq | 300,974 | 225,763 | 281,836 | 186,646 | 233,591 | 27,360 | 29,556 | 4,575 | (3,969) | 1.29x | 1.04x | 0.98x | 0.90x | 11.00x | 6.17x | 5.69x | 5.33x | 10.18x | 49.35x | 14.70x | 12.94x | 11.63x | - | 12.15x | 12.22x | 12.57x | 1.07x |
| **BP PLC** | BP/ LN Equity | 158,357 | 122,266 | 157,640 | 95,265 | 183,008 | 11,609 | 13,393 | 115 | (6,010) | 0.87x | 0.70x | 0.71x | 0.62x | 13.64x | 5.95x | 5.34x | 4.92x | 11.82x | 1063.19x | 21.27x | 16.06x | 13.70x | - | 29.47x | 16.44x | 12.89x | 1.00x |
| **OMV AG** | OMV AV Equ | 20,422 | 11,555 | 19,598 | 9,159 | 21,318 | 5,477 | 6,371 | (446) | 947 | 0.96x | 0.79x | 0.75x | 0.75x | 3.73x | 3.77x | 3.89x | 3.88x | 3.21x | - | 6.36x | 7.67x | 7.62x | 12.20x | 5.03x | 6.19x | 6.11x | 1.04x |
| **TOTAL SA** | FP FP Equity | 155,682 | 124,884 | 162,198 | 93,969 | 127,925 | 17,377 | 18,645 | 6,196 | (1,585) | 1.22x | 1.19x | 1.11x | 1.05x | 8.96x | 7.08x | 6.28x | 5.81x | 8.35x | 20.16x | 14.35x | 13.25x | 12.09x | - | 22.17x | 18.12x | 15.13x | 0.96x |
| **Average** | | | | | | | | | | | **1.40x** | **1.15x** | **1.09x** | **1.03x** | **9.96x** | **5.79x** | **5.29x** | **4.95x** | **8.91x** | | **16.65x** | **14.71x** | **13.03x** | | **20.08x** | **15.64x** | **13.83x** | **1.07x** |
| **Adjusted average** | | | | | | | | | | | **1.28x** | **1.07x** | **1.02x** | **0.97x** | **10.25x** | **5.74x** | **5.30x** | **4.98x** | **9.02x** | | **16.25x** | **14.44x** | **12.71x** | | **20.02x** | **16.31x** | **13.97x** | **1.04x** |
| **Median** | | | | | | | | | | | **1.25x** | **1.12x** | **1.04x** | **0.98x** | **9.98x** | **6.06x** | **5.51x** | **5.12x** | **9.27x** | | **14.70x** | **14.38x** | **12.76x** | | **19.23x** | **17.28x** | **14.01x** | **1.05x** |
| **Q1** | | | | | | | | | | | **1.02x** | **0.85x** | **0.80x** | **0.78x** | **7.78x** | **4.32x** | | **4.14x** | **6.39x** | | **14.44x** | **13.02x** | **11.75x** | | **13.19x** | **13.28x** | **12.65x** | **1.01x** |
| **Q3** | | | | | | | | | | | **1.56x** | **1.24x** | **1.21x** | **1.14x** | **12.98x** | **6.85x** | **6.13x** | **5.69x** | **11.41x** | | **19.63x** | **15.92x** | **13.63x** | | **27.65x** | **18.37x** | **15.24x** | **1.07x** |

| Maersk Drilling<br>*USD Millions* | Ticker | EV:2016 | Mkt Cap (USD) | Book Value:2016 | Tot Inv Cap:2016 | Revenue:2016 | EBITDA:2016 | EBITDAR:2016 | NI / Profit:2016 | FCF:2016 | EV/SALES: 2016 | Fwd EV/SALES 2017 | Fwd EV/SALES 2018 | Fwd EV/SALES 2019 | EV/EBITDA: 2016 | Fwd EV/EBITDA 2017 | Fwd EV/EBITDA 2018 | Fwd EV/EBITDA 2019 | EV/EBITDAR:2016 | P/E:2016 | Fwd P/E 17 | Fwd P/E 18 | Fwd P/E 19 | P/FCF | Fwd P/FCF 17 | Fwd P/FCF 18 | Fwd P/FCF 19 | EV/IC:2016 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **ROWAN COMPANIES PLC-A** | RDC US Equity | 3,795.4 | 2,370.7 | 5,113.9 | 7,812.4 | 1,843.2 | 921.3 | 931.9 | 1,253.0 | 901.8 | 2.06x | 3.03x | 4.21x | 4.42x | 4.12x | 7.72x | 20.52x | 31.44x | 4.07x | 7.57x | - | - | - | 4.28x | 8.98x | 30.17x | 1147.94x | 0.49x |
| **DIAMOND OFFSHORE DRILLING** | DO US Equity | 4,356.7 | 2,427.9 | 3,750.1 | 6,061.6 | 1,600.3 | 24.9 | 30.4 | 1,479.6 | 1,303.8 | 2.72x | 2.94x | 3.34x | 3.53x | 175.14x | 7.52x | 9.32x | 10.78x | 143.43x | 7.39x | - | - | - | 3.03x | 12.30x | 41.33x | - | 0.72x |
| **NOBLE CORP PLC** | NE US Equity | 5,763.1 | 1,440.0 | 5,758.7 | 10,946.1 | 2,302.1 | (150.9) | - | 1,180.3 | 1,094.0 | 2.50x | 4.88x | 5.27x | 4.96x | - | 11.84x | 14.03x | 14.69x | - | - | 20.34x | 133.79x | - | - | 6.90x | 9.93x | 18.95x | 0.53x |
| **TRANSOCEAN LTD** | RIG US Equity | 11,182.3 | 5,739.3 | 15,802.0 | 24,272.0 | 4,161.0 | 2,025.0 | 2,070.0 | 2,813.4 | 2,581.9 | 2.69x | 3.97x | 4.33x | 4.22x | 5.52x | 8.89x | 11.07x | 11.52x | 5.40x | - | - | - | - | 3.32x | 5.32x | 17.89x | 680.84x | 0.46x |
| **ENSCO PLC-CL A** | ESV US Equity | 5,622.2 | 2,945.6 | 8,250.6 | 13,522.8 | 2,776.4 | 1,374.6 | 1,407.2 | 1,849.2 | 1,912.0 | 2.03x | 3.04x | 2.94x | 2.85x | 4.09x | 10.05x | 12.14x | 11.93x | 4.00x | 7.38x | - | - | - | 10.12x | 10.16x | 16.04x | 29.28x | 0.42x |
| **Average** | | | | | | | | | | | **2.40x** | **3.57x** | **4.02x** | **4.00x** | **47.22x** | **9.20x** | **13.41x** | **16.07x** | **39.22x** | **7.45x** | | | | **5.19x** | **8.73x** | **23.07x** | | **0.52x** |
| **Adjusted average** | | | | | | | | | | | **2.42x** | **3.35x** | **3.96x** | **4.06x** | **4.82x** | **8.89x** | **12.41x** | **12.71x** | **4.74x** | **7.39x** | | | | **3.80x** | **8.68x** | **21.37x** | | **0.49x** |
| **Median** | | | | | | | | | | | **2.50x** | **3.04x** | **4.21x** | **4.22x** | **4.82x** | **8.89x** | **12.14x** | **11.93x** | **4.74x** | **7.39x** | | | | **3.80x** | **8.98x** | **17.89x** | | **0.49x** |
| **Q1** | | | | | | | | | | | **2.06x** | **3.03x** | **3.34x** | **3.53x** | **4.11x** | **7.72x** | **11.07x** | **11.52x** | **4.05x** | **7.39x** | | | | **3.25x** | **6.90x** | **16.04x** | | **0.46x** |
| **Q3** | | | | | | | | | | | **2.69x** | **3.97x** | **4.33x** | **4.42x** | **47.93x** | **10.05x** | **14.03x** | **14.69x** | **39.91x** | **7.48x** | | | | **5.74x** | **10.16x** | **30.17x** | | **0.53x** |

| Maersk Tankers<br>*USD Millions* | Ticker | EV:2016 | Mkt Cap (USD) | Book Value:2016 | Tot Inv Cap:2016 | Revenue:2016 | EBITDA:2016 | EBITDAR:2016 | NI / Profit:2016 | FCF:2016 |
|---|---|---|---|---|---|---|---|---|---|---|
| **EURONAV NV** | EURN BB Equity | 2,151.5 | 1,272.6 | 1,888.0 | 2,972.6 | 684.3 | 436.0 | - | 466.1 | 496.0 |
| **FRONTLINE LTD** | FRO US Equity | 2,401.2 | 1,207.3 | 1,499.6 | 2,893.7 | 754.3 | 320.6 | 392.4 | 450.8 | 438.8 |
| **DHT HOLDINGS INC** | DHT US Equity | 979.0 | 386.8 | 685.0 | 1,386.5 | 356.0 | 124.9 | - | 251.1 | 298.2 |
| **TEEKAY CORP** | TK US Equity | 10,440.4 | 691.8 | 899.4 | 11,370.8 | 2,328.6 | 928.0 | - | 2,005.0 | 2,353.5 |
| **GENER8 MARITIME INC** | GNRT US Equity | 1,795.8 | 371.7 | 1,437.4 | 2,956.2 | 404.6 | 203.5 | 205.4 | 308.0 | 292.7 |
| **NAVIOS MARITIME ACQUISITIOI** | NNA US Equity | 1,302.6 | 256.0 | 575.4 | 1,671.4 | 290.2 | 178.5 | - | 216.3 | 224.2 |

| Maersk Tankers | EV/SALES: 2016 | Fwd EV/SALES 2017 | Fwd EV/SALES 2018 | Fwd EV/SALES 2019 | EV/EBITDA: 2016 | Fwd EV/EBITDA 2017 | Fwd EV/EBITDA 2018 | Fwd EV/EBITDA 2019 | EV/EBITDAR:2016 | P/E:2016 | Fwd P/E 17 | Fwd P/E 18 | Fwd P/E 19 | P/FCF | Fwd P/FCF 17 | Fwd P/FCF 18 | Fwd P/FCF 19 | EV/IC:2016 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **EURONAV NV** | 3.14x | 4.62x | 4.34x | 3.72x | 4.93x | 9.33x | 8.55x | 6.55x | - | 6.24x | - | - | 19.19x | 13.32x | 12.44x | 15.84x | 4.15x | 0.72x |
| **FRONTLINE LTD** | 3.18x | 5.33x | 5.47x | 3.87x | 7.49x | 11.60x | 9.77x | 6.91x | 6.12x | 10.32x | - | 484.32x | 10.84x | - | - | - | 5.41x | 0.83x |
| **DHT HOLDINGS INC** | 2.75x | 3.90x | 3.28x | 2.54x | 7.84x | 6.39x | 5.48x | 3.95x | - | 41.77x | 14.41x | 10.41x | 3.06x | - | - | - | 1.65x | 0.71x |
| **TEEKAY CORP** | 4.48x | 5.21x | 4.44x | 4.31x | 11.25x | 11.25x | 8.55x | 7.66x | - | - | - | 200.52x | 46.43x | - | - | - | - | 0.92x |
| **GENER8 MARITIME INC** | 4.44x | 5.83x | 6.14x | 4.78x | 8.83x | 11.00x | 10.49x | 7.03x | 8.74x | 5.52x | - | - | 4.31x | - | 1.03x | 4.27x | 2.46x | 0.61x |
| **NAVIOS MARITIME ACQUISITIOI** | 4.49x | 6.02x | 5.81x | 4.94x | 7.30x | 12.41x | 11.60x | 8.74x | - | 4.07x | - | - | 8.33x | 2.75x | 4.49x | 2.29x | 2.19x | 0.78x |
| **Average** | **3.75x** | **5.15x** | **4.91x** | **4.03x** | **7.94x** | **10.33x** | **9.07x** | **6.81x** | | **13.58x** | | | **15.36x** | | **5.99x** | **7.46x** | **3.17x** | **0.76x** |
| **Adjusted average** | **3.81x** | **5.25x** | **5.01x** | **4.17x** | **7.86x** | **10.80x** | **9.34x** | **7.04x** | | **7.36x** | | | **10.67x** | | **4.49x** | **4.27x** | **2.93x** | **0.76x** |
| **Median** | **3.81x** | **5.27x** | **4.95x** | **4.09x** | **7.67x** | **11.13x** | **9.16x** | **6.97x** | | **6.24x** | | | **9.59x** | | **4.49x** | **4.27x** | **2.46x** | **0.75x** |
| **Q1** | **3.15x** | **4.76x** | **4.36x** | **3.75x** | **7.35x** | **9.75x** | **8.55x** | **6.64x** | | **5.52x** | | | **5.32x** | | **2.76x** | **3.28x** | **2.19x** | **0.71x** |
| **Q3** | **4.47x** | **5.70x** | **5.73x** | **4.66x** | **8.58x** | **11.52x** | **10.31x** | **7.50x** | | **10.32x** | | | **17.10x** | | **8.47x** | **10.05x** | **4.15x** | **0.82x** |

Source: Bloomberg