

Definition of terms 2016

DEFINITION OF TERMS

Technical terms, abbreviations and definitions of key figures and financial ratios.

AHTS

Anchor Handling Tug Supply vessel especially suited to deal with the extreme forces of deepwater anchor handling.

Backlog

The value of future contract coverage (revenue backlog).

boepd

Barrels of oil equivalent per day.

Break-even oil price

The break-even oil price is defined as the average price for a barrel of Brent oil at which Maersk Oil would be generating neither an underlying profit nor a loss in a given period, all other things equal.

Brent

Sweet light crude oil produced in the North Sea.

Bunker

Type of oil used in ship engines.

Cash flow from operating activities per share

Is A.P. Moller - Maersk's operating cash flow from continuing operations divided by the number of shares (of DKK 1,000 each), excluding A.P. Moller - Maersk's holding of own shares.

Contract coverage

Percentage indicating the part of ship/rig days that are contracted for a specific period.

Dividend yield

The dividend yield is equal to the proposed dividends of the year divided by the shares' price.

Drewry

Drewry is a leading international provider of research and consulting services to the maritime and shipping industry.

Drillship

A vessel that has been fitted with drilling equipment, mainly used for deepwater drilling.

EBIT margin gap to peers

Peer group includes CMA CGM, APL, Hapag Lloyd, Hanjin, ZIM, Hyundai MM, K Line, OOCL, NYK, MOL, COSCO and CSCL. Peer average is TEU-weighted.

EBIT margins are adjusted for gains/losses on sale of assets, restructuring charges, income/loss from associates and impairments. Maersk Line's EBIT margin is also adjusted for depreciations to match industry standards (25 years).

Economic utilisation

The number of contracted days in percentage of total days in the calendar year.

Energy division

From 2017, the Energy division consists of Maersk Oil, Maersk Drilling, Maersk Supply Service and Maersk Tankers, as well as other businesses (Maersk Training and FPSOs) and unallocated Energy headquarter costs.

Equity ratio

Is calculated as the equity divided by total assets.

FFE

Forty Foot Equivalent unit container.

Idle time

A period of time when a unit is not being used but could be (non-productive time).

Jack-up rig

A drilling rig resting on legs that can operate in waters of 25–150 metres.

MPV vessel

Multi-purpose vessel designed to carry both containerised and dry bulk cargoes.

Net interest-bearing debt (NIBD)

Equals interest-bearing debt less cash and bank balances less other interest-bearing assets.

NOPAT

Net operating profit or loss after tax.

Product tanker

Vessel transporting refined oil products.

Return on equity

Is calculated as the profit/loss for the year divided by the average equity.

Return on invested capital after tax (ROIC)

Is the profit (loss) for the year before financial items but after calculated tax, divided by the quarterly average invested capital (equity plus net interest-bearing debt).

ROIC

Return on invested capital after tax.

TEU

Twenty Foot Equivalent Unit container.

Segments' return on invested capital after tax (ROIC)

Is net operating profit/loss after tax (NOPAT) divided by the quarterly average invested capital, net (segment assets less liabilities).

Time charter

Hire of a vessel for a specified period.

Total market capitalisation

Is the total number of shares – excluding A.P. Moller - Maersk's holding of own shares – multiplied by the end-of-year price quoted by NASDAQ OMX Copenhagen.

Total shareholder return

Total shareholder return is equal to the price appreciation rate (price variance from the beginning to the end of the year) and the dividend yield.

Transport & Logistics division

From 2017, the Transport & Logistics division consists of all A.P. Moller - Maersk activities except unallocated financial items and those activities allocated to the Energy division.

Triple-E

Triple-E stands for Economy of scale, Energy efficiency and Environmentally improved.

Underlying result

Is profit/loss for the year from continuing operations adjusted for net gains/losses from sale of non-current assets, etc. and net impairment losses. The adjustments are net of tax and include A.P. Moller - Maersk's share of mentioned items in associates and joint ventures.

Underlying segment and division result also excludes unallocated financial items.

Uptime

A period of time when a unit is functioning and available for use.