MAERSK
SUPPLY SERVICE

PRESS RELEASE – Q2 INTERIM RESULT

SOLID PERFORMANCE IN A TOUGH MARKET

In Q2 2017, Maersk Supply Service reported a loss of USD 10m (loss of USD 106m). The underlying loss was USD 11m (loss of USD 8m), driven by lower utilisation in a challenging market with oversupply of offshore support vessels.

The largest operational milestone of the quarter was the successful tow of the Hebron drilling and production platform in Canada. The Hebron structure is one of the largest offshore structures ever built, and Maersk Supply Service was at the forefront of the marine operation, supporting in the planning and scoping of the project. Six Maersk Supply Service vessels safely transported the 230m tall and 130m wide structure weighing 750,000 tons approximately 700 kilometres from Bull Arm to Jeanne d'Arc basin in Canada.

On the commercial side, Maersk Supply Service had a gross utilisation of 56%, compared to 61% in Q2 2016. The decline was due to a competitive market with overcapacity in the global offshore industry. One of the most significant contracts secured in Q2 was with Blue Marine Technology, where Maersk Supply Service will enter the Mexican market for the first time with a firm duration from late 2018 until mid-2020. The work scope will be general support in connection with inspection, repair, maintenance and well stimulation. This is the first long-term contract for one of the company's four Stingray Subsea Support Vessel new-buildings arriving in 2017 and 2018. Also Maersk Supply Service's newly launched Integrated Solutions business continues to show good progress; securing a contract with Maersk Oil to project manage the complete towing, mooring installation and hook up service scopes for the Culzean Project in the North Sea in UK.

"In the past quarter, we have shown solid operational and commercial performance, including important contract wins. However, due to the subdued offshore market, Maersk Supply Service reported an underlying loss of USD 11m, which is never satisfactory," says Maersk Supply Service CEO Steen S. Karstensen.

Optimised delivery schedule for new-buildings
During the quarter Maersk Supply Service concluded agreements to postpone delivery of the four remaining Starfish Anchor Handling new-buildings at Kleven Yard in Norway, now receiving three in 2018 and the last one in 2019. The four Stingray Subsea Support Vessel new-buildings at Cosco, Dalian in China, will still be delivered within 2017 and 2018, however slightly later than previously communicated. The postponement of capital expenditures in 2017 by the optimised delivery schedule is approximately USD 400m.

"We have optimised our delivery schedule for our new-buildings to better fit the market situation and strengthen our utilisation options. This will benefit our competitiveness by allowing extra time to align with customers," says Karstensen.

The second Starfish new-building vessel, Maersk Mariner, delivered in early July, has secured her first contract and is now on her way from Norway to Australia to work for Woodside Energy.

ABOUT MAERSK SUPPLY SERVICE

Maersk Supply Service provides marine services and integrated solutions to the energy sector worldwide. Maersk Supply Service is the market leader in deep-water services such as anchor handling in ultra-deep water, mooring installations, rig moves and transport of equipment to drilling rigs and production units.

Maersk Supply Service employs an international staff of around 1100 offshore and 200 onshore people. Headquartered in Lyngby, Denmark, Maersk Supply Service is represented globally with offices in Aberdeen, Houston, St. John's, Rio de Janeiro, Accra, Lagos, Luanda, Singapore and Perth.

Maersk Supply Service is a part of A.P. Møller – Mærsk A/S.

For more information about Maersk Supply Service, please visit the website at www.maersksupplyservice.com

MEDIA CONTACTS (MAERSK SUPPLY SERVICE)

Charlotte Holst
Mobile: +45 2147 6259
Email: charlotte.holst@maersksupplyservice.com