

Press release: Annual Report

Maersk Product Tankers delivers improved financial results and makes strategic progress

Copenhagen, 25 March 2020 - Maersk Product Tankers reported improved financial results in 2019, with an increase in revenue to USD 727.7 million (USD 647 million) and a profit before tax of USD 91.4 million (a loss of USD 35 million).

Freight markets improved across all tanker segments, especially in the fourth quarter, and in line with Maersk Product Tankers' expectations. The primary drivers were a continued growth in demand for oil, increased transportation in preparation for the new sulphur regulation coming into force in 2020 and sanctions limiting the available supply of vessels.

CEO Christian M. Ingerslev said: "2019 was a positive year for Maersk Product Tankers. We improved our financial results and delivered a solid strategic performance. This included decisive action to increase the use of digitisation to optimise fleet performance and reduce CO2 emissions; turn a profit by selling vessels when the market offered attractive financial returns; and reduce vessels' average daily running costs. We are on a positive trajectory for 2020 and our priorities are clear. We are cementing our financial position, continuing to deliver our strategy, and pushing the industry to greater sustainability, digitisation and profitability in our strategic partnership with Maersk Tankers."

New digital measures were taken during the year to reduce CO2 emissions and increase earnings. The software product SimBunker was used on the fleet of vessels to reduce bunker spend. The initial use generated healthy earnings and, due to the software product's significant potential, the fleet will continue to use it. Furthermore, testing of SimTanker began on the LR2 vessels during the fourth quarter, providing charterers with a data-driven trade signal to support commercial decision-making on optimal vessel positioning in the highly cyclical tanker market.

CO2 emissions from the fleet were reduced by 5.4 percentage points, bringing the total reduction to 25.4% (2008-2019), through commercial and technical improvements. Work will continue to reach the targets of reducing CO2 emissions by 30% towards the end of 2021 and 45% by 2030 (compared to a 2008 baseline).

Maersk Product Tankers' financial flexibility and position was strengthened through the sale of 12 vessels, and a sale and leaseback agreement for four MR vessels, supporting the ability to invest when market prices are attractive and lock in attractive returns for shareholders.

To continue to meet customer demand for a modern fleet, the company took delivery of four MR newbuildings. Furthermore, the order of the last four of 10 LR2 newbuildings was confirmed at an attractive price, increasing outstanding capital commitments to USD 421.2 million (USD 384.4 million).

The vessels' average daily running costs were reduced to USD 5,696 per day (USD 6,055 per day) through greater cost control, optimised procurement agreements and technological efficiencies.

The market outlook for 2020

While markets have benefitted from greater tonne-miles demand and a slow growth in operational vessel capacity in the early part of 2020, the outlook for the full year is uncertain. The outbreak and spread of coronavirus (COVID-19) and countries' containment measures have led to global reductions in transport, industrial and commercial activity. This has caused a decline in the demand for oil and could eventually affect product tanker markets and freight rates.

Financial highlights in 2019 – full-year results

- Revenue: USD 727.7 million (USD 647 million)
- Profit before tax: USD 91.4 million (a loss of USD 35 million)
- Outstanding capital commitments: USD 421.2 million (USD 384.4 million)
- Vessels' daily average running costs: USD 5,696 per day (USD 6,055)

The 2019 Annual Report can be downloaded [here](#).

For media inquiries, please contact

Kis Soegaard

Head of Communications

+45 2493 7168

Kis.soegaard@maersktankers.com

About Maersk Product Tankers

Maersk Product Tankers is a leading company in the product tanker industry, owning 84 vessels, which carry refined oil products worldwide for customers. The company is owned by A.P. Møller Holding A/S and Mitsui & Co. Ltd., and has its headquarters in Copenhagen, Denmark.