

Investor Presentation – 1st Quarter Results 2016



13 May 2016

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1 **Our deliverables** ■ We are on track and achieved operational break-even result in Q1

2 **Our industry** ■ Difficult market but we remain cautiously optimistic for second half

3 **Our position** ■ We are working hard to further strengthen our competitive position

4 **Our track record** ■ We achieved a slightly positive EBIT despite record low freight rates

5 **Our objectives** ■ Hapag-Lloyd will remain a strong Top 5 player and alliance partner

Strategic highlights:

We made good progress on our objectives 2016...



OCTAVE



■ OCTAVE project further intensified and expanded in Q1 2016 – high double-digit USD million result improvements targeted

CLOSE THE COST GAP



■ We took in 2 modern 3,500 TEU ships with wide-beam design for initial deployment in our Cabotage niche business

COMPETE TO WIN



■ We are rolling out a worldwide improved sales organization and started a new sales process to improve revenues

ALLIANCES



■ We secured our position in a strong and integrated alliance – six leading carriers create THE Alliance by April 2017

CONSOLIDATION



■ We are in discussions with UASC regarding a potential business combination (72% / 28%)¹⁾ – no binding agreement signed yet

1) Subject to a mutually satisfactory completion of the negotiations and the mutual due diligence exercise

Financial highlights: ...and remained profitable despite record low rates



Transport volume

+2.1%

Q1 2016: 1.8 TEU m

Freight rate

-19.8%

Q1 2016: 1,067 USD/TEU

Transport expenses

-17.0%

Q1 2016: 970 USD/TEU

EBITDA

USD 136 m

6.4% EBITDA margin

EBIT

USD 5 m

Break-even EBIT

Group profit / loss

USD -47 m

In line with Q4 2015

Equity

USD 5.4 bn

Solid equity base

Liquidity reserve

USD 904 m

Adequate liquidity

Financial debt

USD 4.2 bn

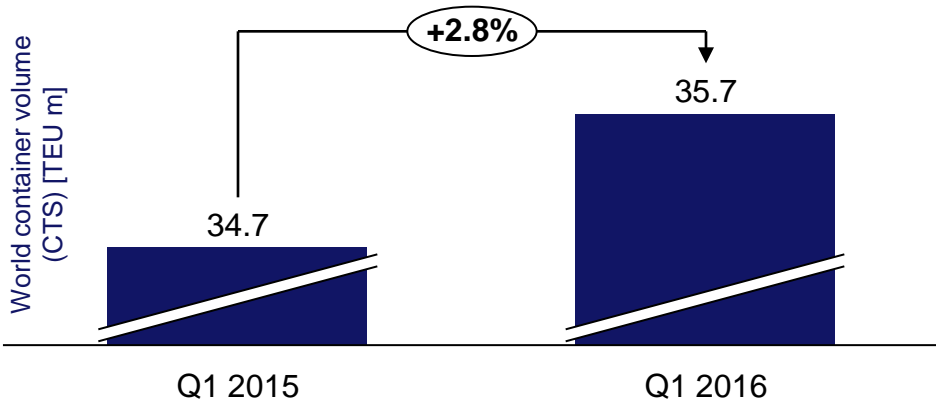
Reduced debt

- 1 Our deliverables
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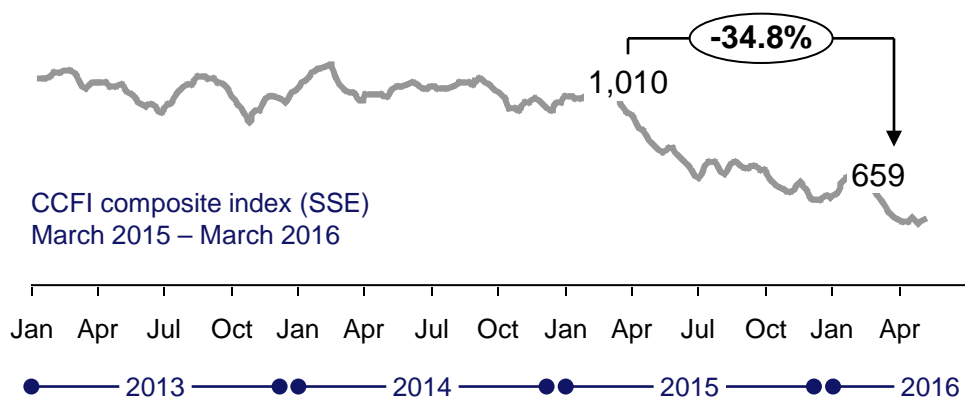
Difficult market – Freight rates are on record low, levels and carrier results remain under pressure



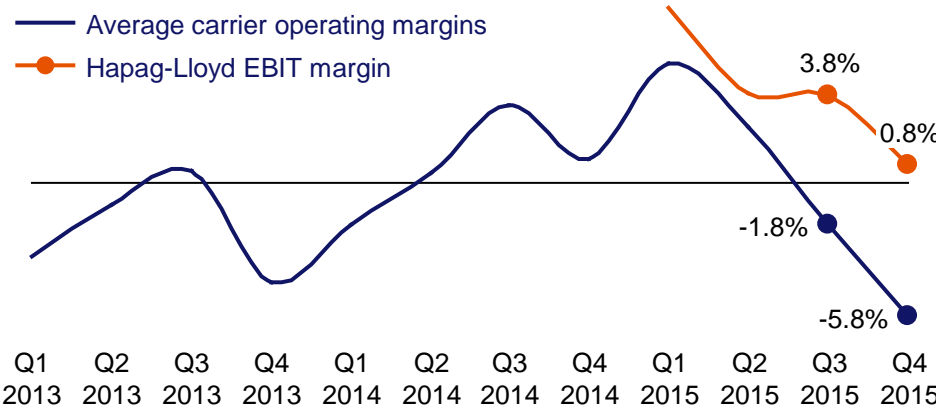
Global volumes pick up slightly in Q1...



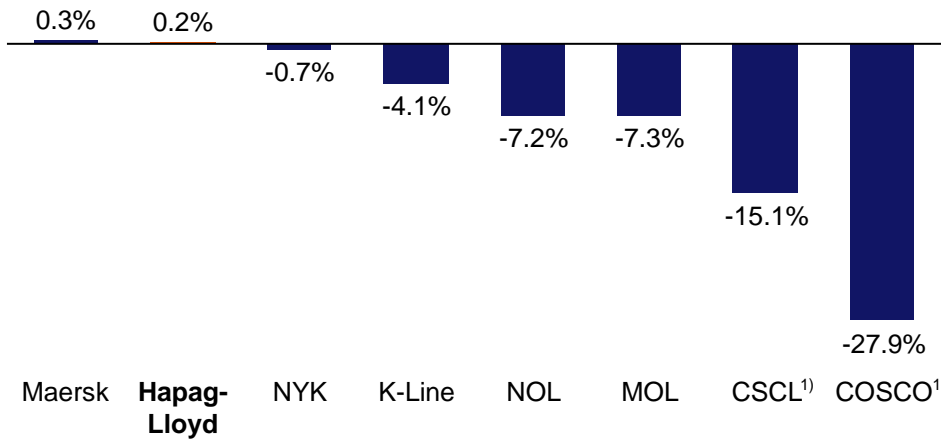
...while freight rates remain on record lows



Q4 results were already under pressure...



...and Q1 2016 results continue to be

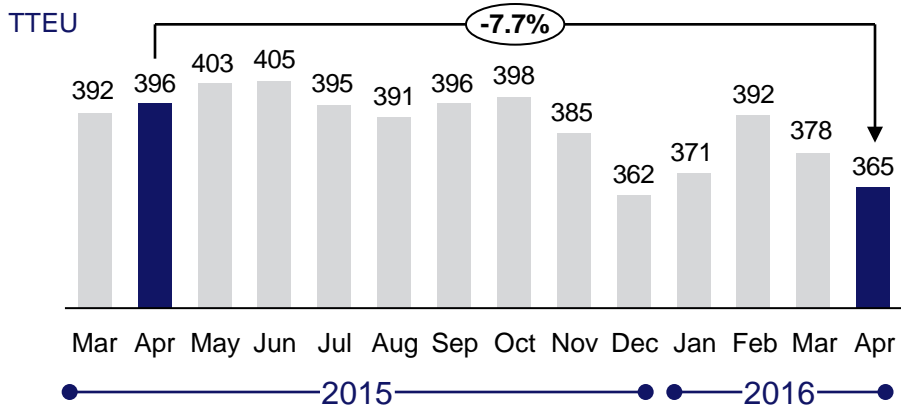


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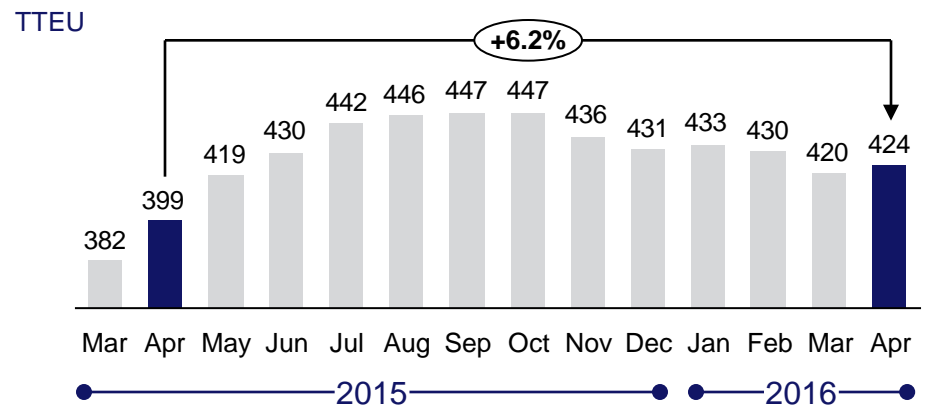
Capacity measures are being taken esp. Asia-Europe & Asia-Latin America – Yet, potentially more to come



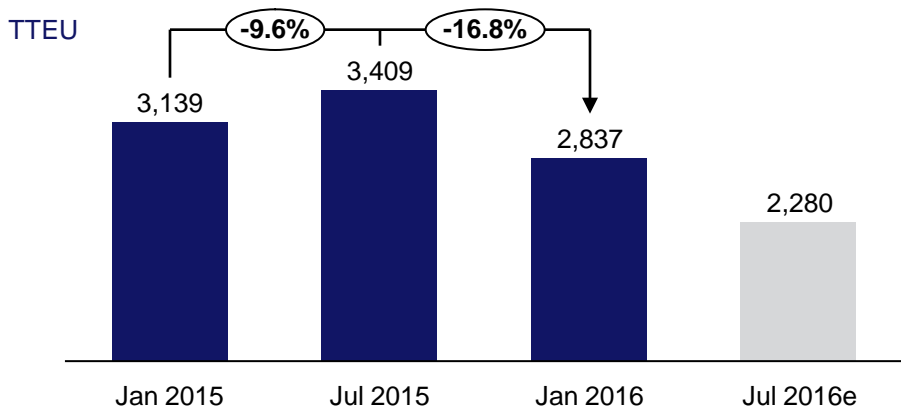
Asia – Europe [weekly capacity]



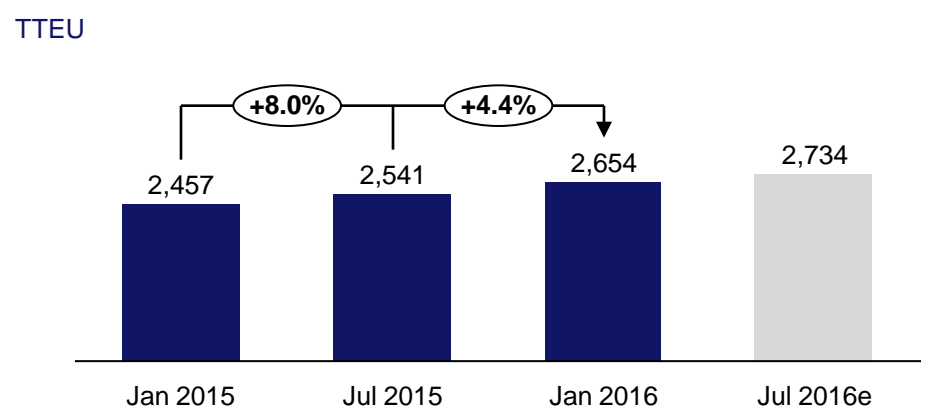
Asia – North America [weekly capacity]



Asia – ECSA¹⁾ [annualized capacity]



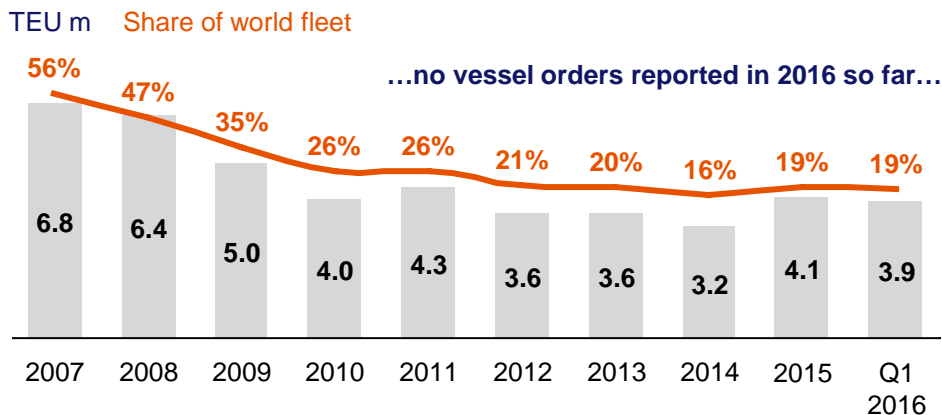
Europe – ECSA¹⁾ [annualized capacity]



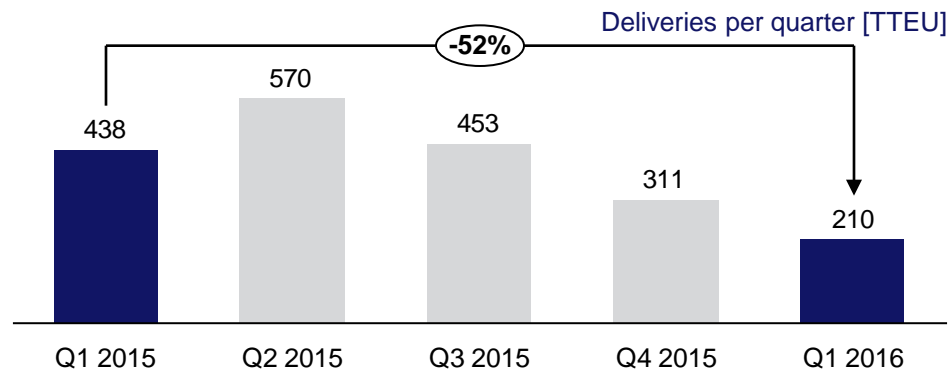
1) ECSA = East Coast South America

There are some signs to expect a sequential recovery over the coming months of 2016

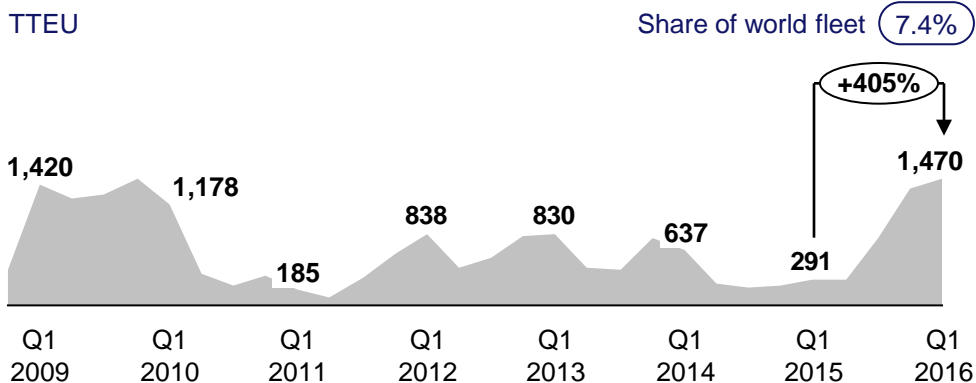
Orders for newbuilds normalized...



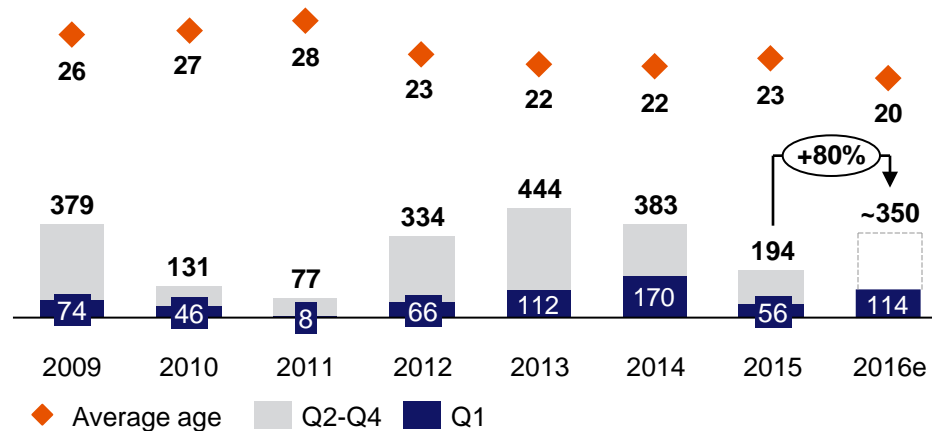
...and ship deliveries in Q1 slowed down



Idle capacity at record highs...



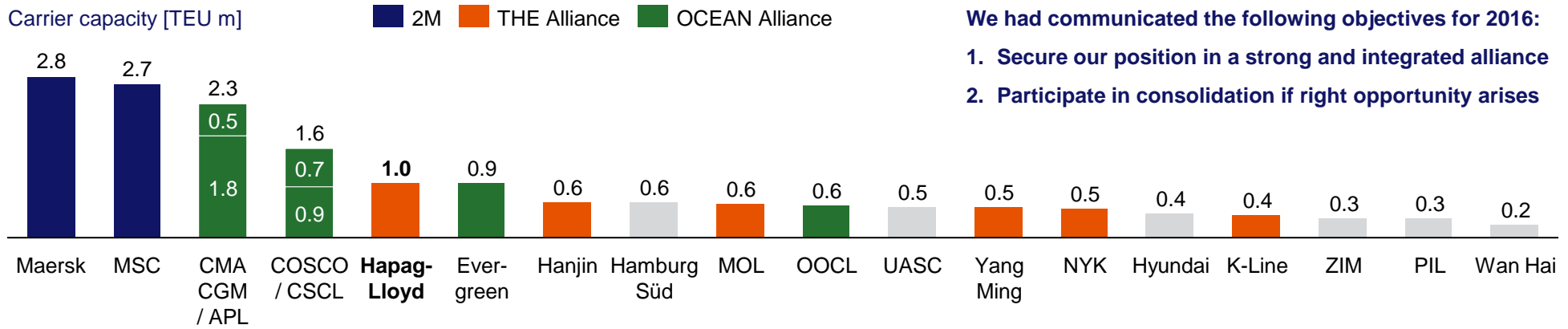
...and scrapping is increasing



Going forward the industry is changing – Alliances are being reshaped and leading players are consolidating

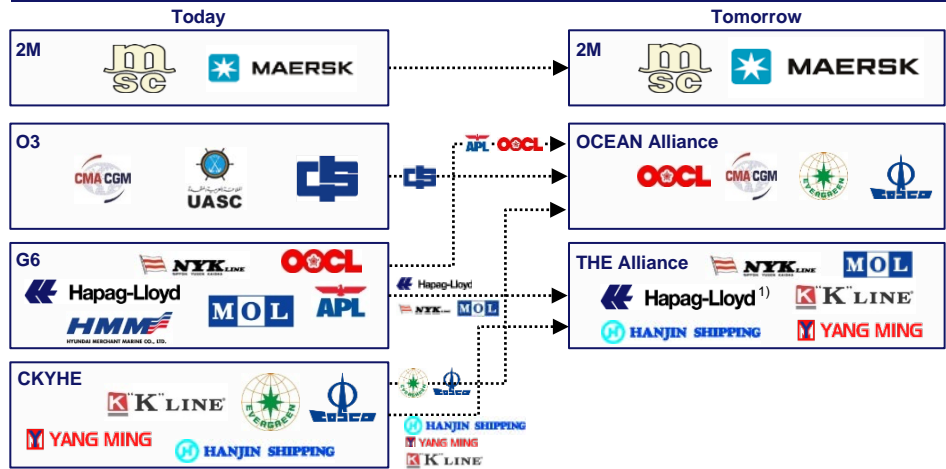


The industry is changing

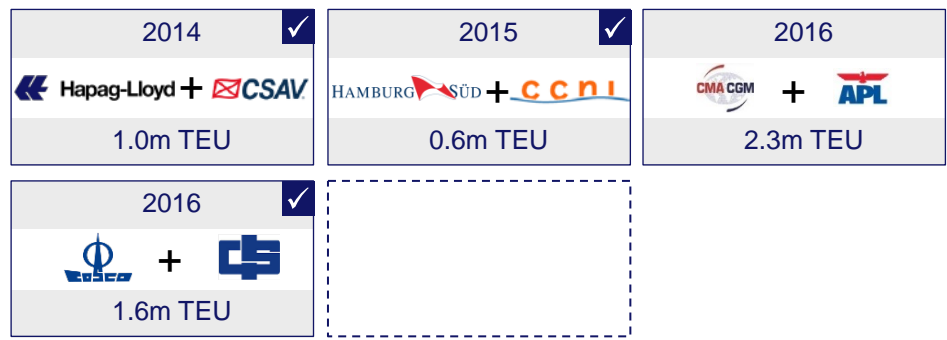


- We had communicated the following objectives for 2016:
1. Secure our position in a strong and integrated alliance
 2. Participate in consolidation if right opportunity arises

Alliances are being re-shaped...



...in the face of a consolidating market



1) Subject to a successful closure of the transaction between Hapag-Lloyd and UASC, as well as regulatory approvals, the UASC tonnage is anticipated to become part of THE Alliance

Hapag-Lloyd will be a leading partner in a strong and integrated alliance to start in April 2017

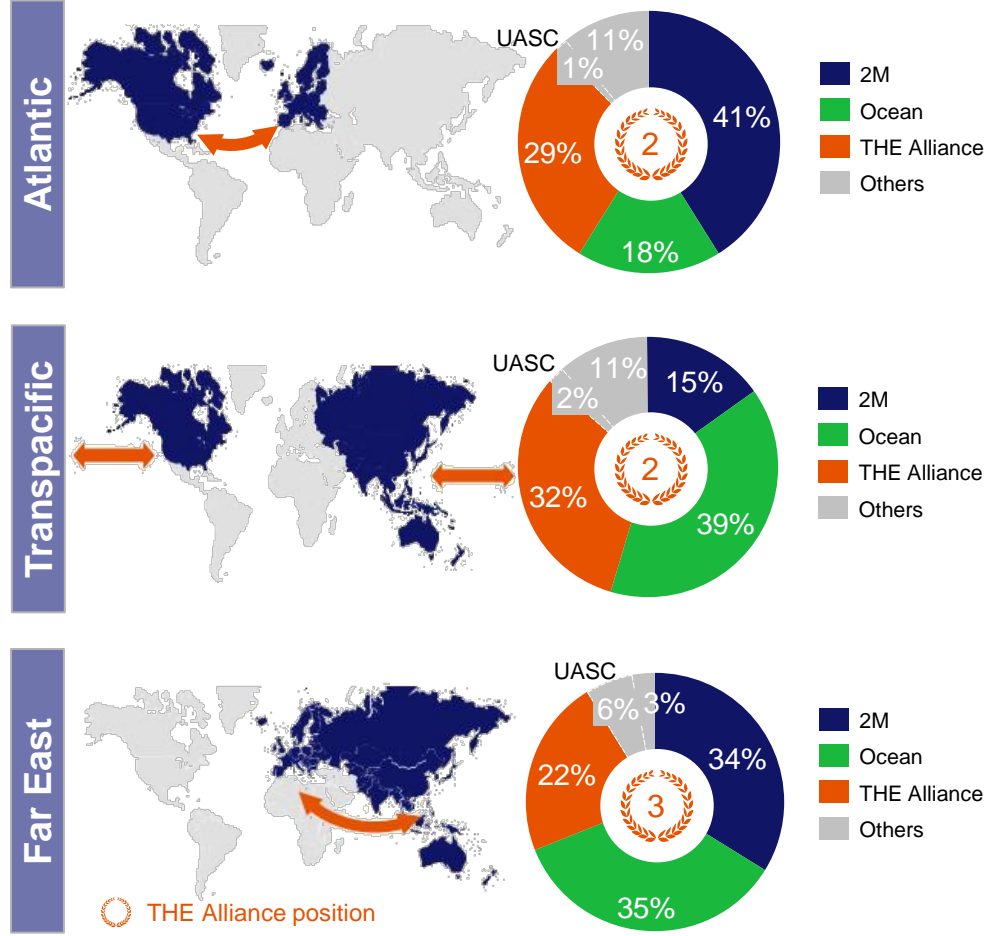


Six leading players create THE Alliance



- THE Alliance covers all East-West trades
 - Atlantic, Transpacific and Far East including
 - Asia-Middle East / Persian Gulf and Red Sea
- Binding agreement signed by all six partners
 - Begin of operation in April 2017²⁾
 - The initial period will be 5 years
- Combined capacity of 3.5 m TEU or 18% of world fleet – vessel pool taken from a total of 650 ships
 - In case of successful merger talks between Hapag-Lloyd and UASC, the overall nominal capacity would increase to approx. 4 m TEU
- Leading product characterized by fast transit times, broad port coverage and the latest vessels

Competitive position on East-West trades¹⁾



1) Subject to a successful closure of the transaction between Hapag-Lloyd and UASC, as well as regulatory approvals, the UASC tonnage is anticipated to become part of THE Alliance
 2) Subject to approval of all relevant authorities

Industry consolidation – Talks between Hapag-Lloyd and United Arab Shipping Company ongoing



Forms of cooperation being discussed / No binding results yet



- Hapag-Lloyd AG (HL) and United Arab Shipping Company SAG (UASC) are currently discussing forms of cooperation including a potential combination of their mutual container shipping operations
- In case of a business combination, the parties are basing their discussions on a relative valuation of the two businesses at 72% (HL) and 28% (UASC), subject to a mutually satisfactory completion of the negotiations and the mutual due diligence exercise
- To date, the discussions conducted between the two carriers have not resulted in any binding agreement and no assurance can be given that these discussions will lead to a definitive agreement







✓ Should any relevant development occur, more information will be published

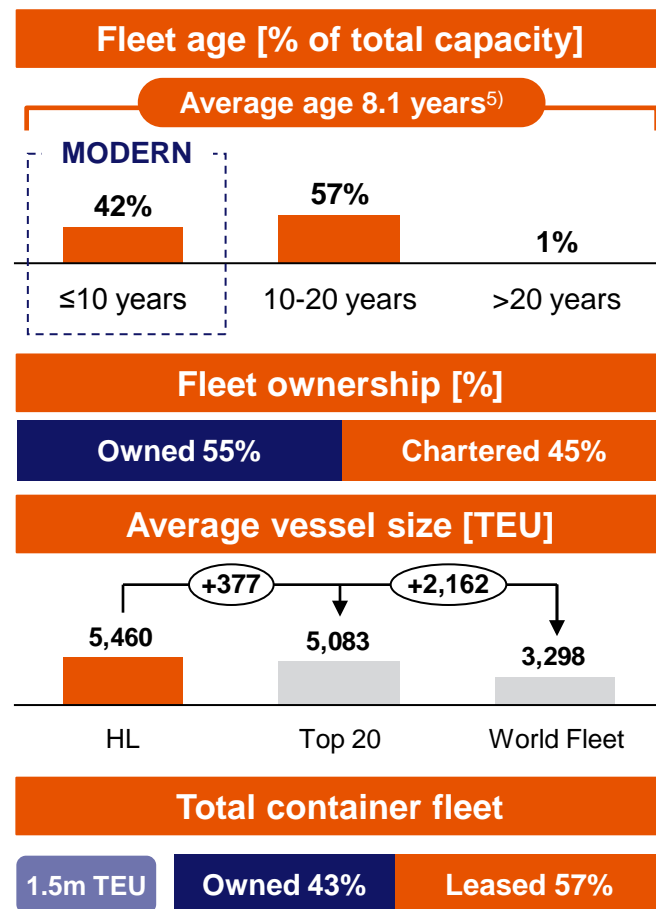
- 1 Our deliverables
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Our fleet remains competitive – We will not invest further at this time



Vessel fleet as of 31 March 2016

		Owned ¹⁾	Chartered ⁴⁾	Current fleet	Current orderbook
	Capacity [TEU]	131,674		131,674	52,945
>10,000 TEU	Vessels	10		10	5
	Capacity [TEU]	243,614	76,602	320,216	
8,000 – 10,000 TEU	Vessels	28	9	37	
	Capacity [TEU]	49,743	44,913	94,656	
6,000 – 8,000 TEU	Vessels	7	7	14	
	Capacity [TEU]	68,154	202,440	270,594	
4,000 – 6,000 TEU	Vessels	15	43	58	
	Capacity [TEU]	30,292	75,314	105,606	
2,300 – 4,000 TEU	Vessels	10	25	35	
	Capacity [TEU]	3,918	28,821	32,739	
<2,300 TEU	Vessels	2	19	21	
Total	Capacity [TEU]	527,395²⁾	428,090³⁾	955,485	52,945
	Vessels	72	103	175	5







1) Incl. 3 long-term finance leases 2) Incl. 3 chartered-out 3) Incl. 1 chartered-out 4) Includes long-term (>3 years), mid-term (1-3 years) and short-term (<1 year) charters
5) Weighted average age by capacity 6) 2x 3,508 TEU vessels built 2015 acquired by HLAG from NileDutch in February / April 2016

OCTAVE 2 project gained further traction in Q1 2016



OCTAVE project

Existing OCTAVE initiatives

New OCTAVE initiatives	Procurement	 G6 Enhancement – create integrated alliance
		 Procurement – reduction of expenses
		 Transshipment – optimize shipment flows
	Fleet & Network	 Ship Size – increase operational intake
		 Stowage – optimize stowage process
		 Service Portfolio – reduce complexity
	Sales & Product	 Weight Utilization – optimize space usage
		 Demurrage / Detention – increase collection

Further cost savings and efficiency improvements:

High double-digit USD million figure by 2017

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Improved sales organization and better sales processes with significant potential to improve revenues



COMPETE TO WIN Project

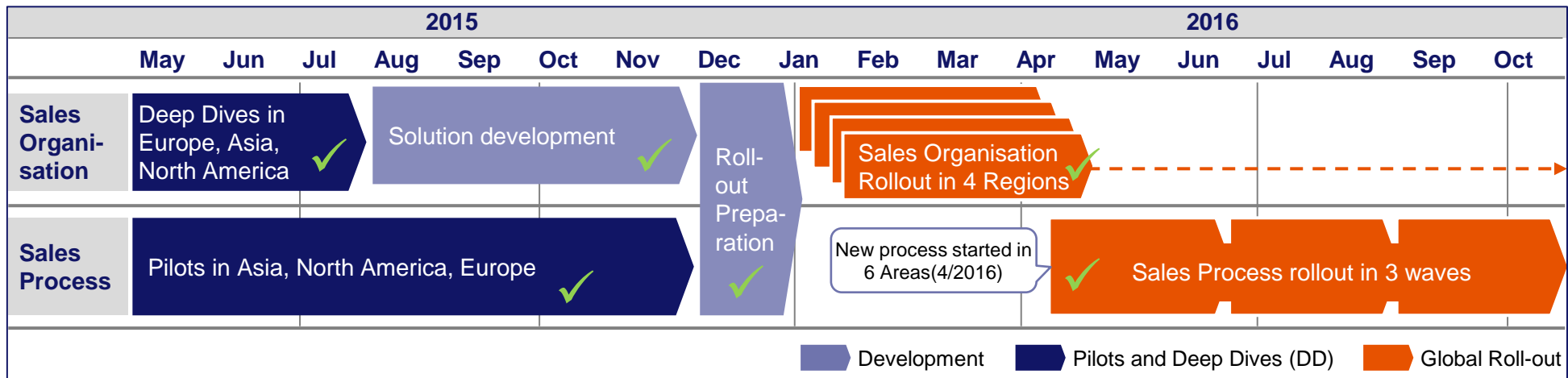


Employee training

- 600 Sales Executives
- 670 Sales Support
- 200 Sales Steering
- 750 CS Booking

Global rollout finished 2016

Improve revenues and revenue quality



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We achieved a break-even EBIT despite record low freight rates



Operational KPIs

	Q1 2016	Q4 2015	QoQ Δ/%	Q1 2015	YoY Δ/%
Transport volume [TTEU]	1,811	1,822	-11 / -0.6%	1,774	+37 / +2.1%
Freight rate [USD/TEU]	1,067	1,116	-49 / -4.4%	1,331	-264 / -19.8%
Bunker price [USD/t]	178	245	-67 / -27.3%	378	-200 / -52.9%
Exchange rate [EUR/USD]	1.10	1.09	+0.01 / +0.7%	1.13	-0.03 / -2.1%
Revenue [USD m]	2,124	2,225	-101 / -4.5%	2,593	-469 / -18.1%
EBITDA [USD m]	136	152	-16 / -10.5%	319	-183 / -57.4%
EBIT [USD m]	5	18	-13 / -70.6%	196	-191 / -97.3%
EAT [USD m]	-47	-52	+5 / +10.1%	144	-191 / n.m.
Investments [USD m] ¹⁾	105	46	+59 / +129.9%	319	-214 / -67.2%

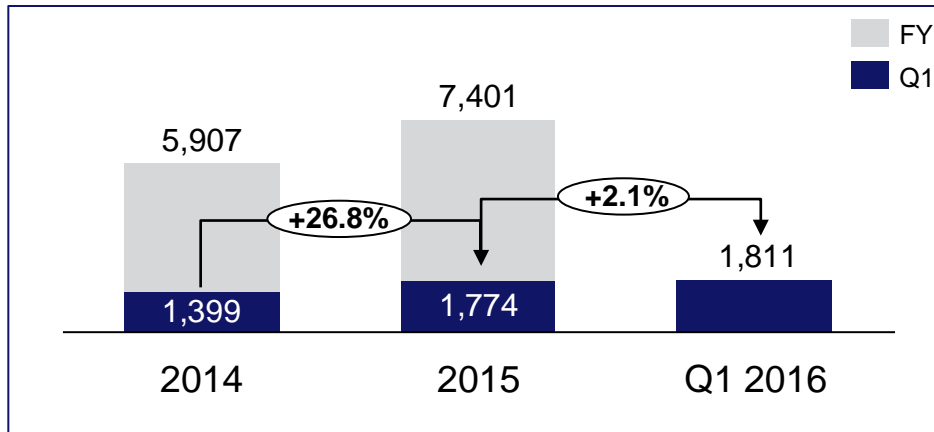
1) Balance sheet investments in PPE

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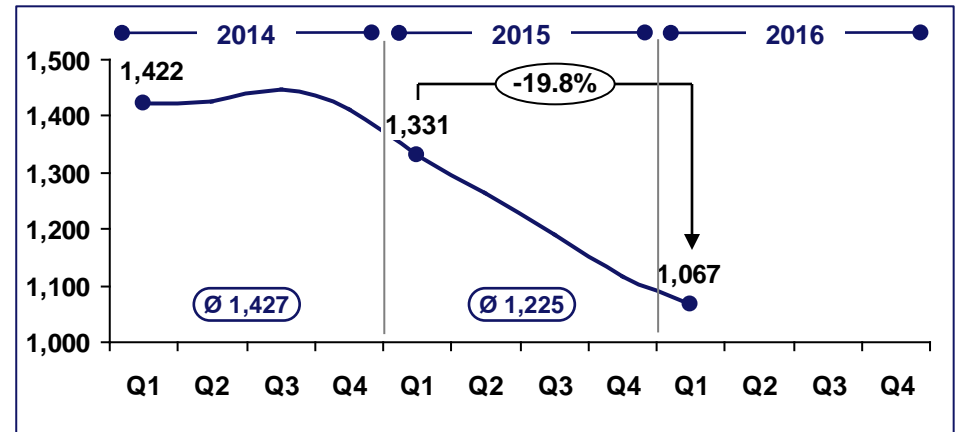
Transport volume increased by 2.1% while freight rates decreased 19.8%



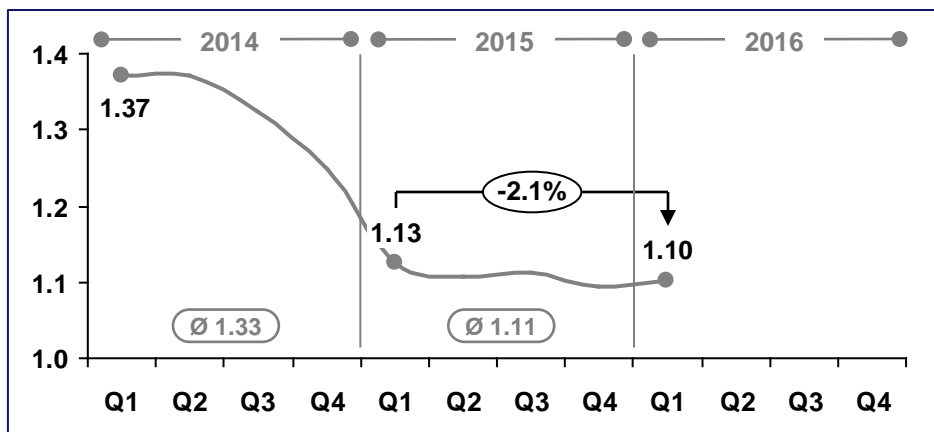
Transport volume [TTEU]



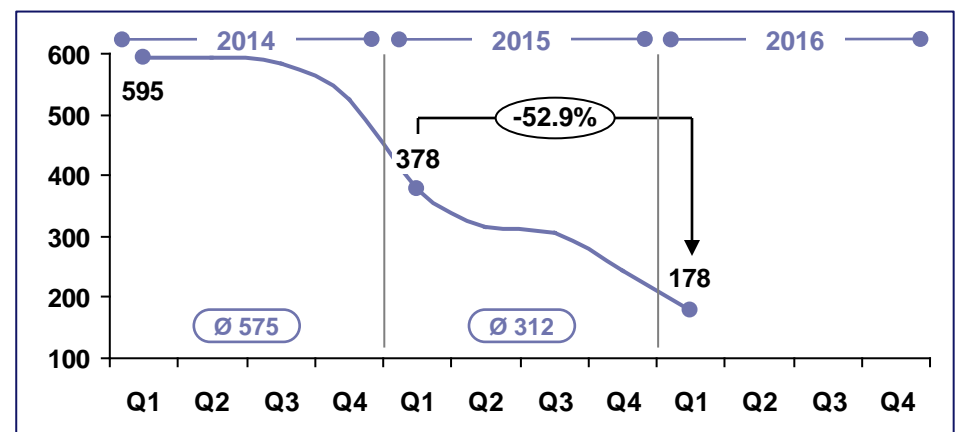
Freight rate [USD/TEU]



FX-rate (USD/EUR)



Bunker price [USD/mt]

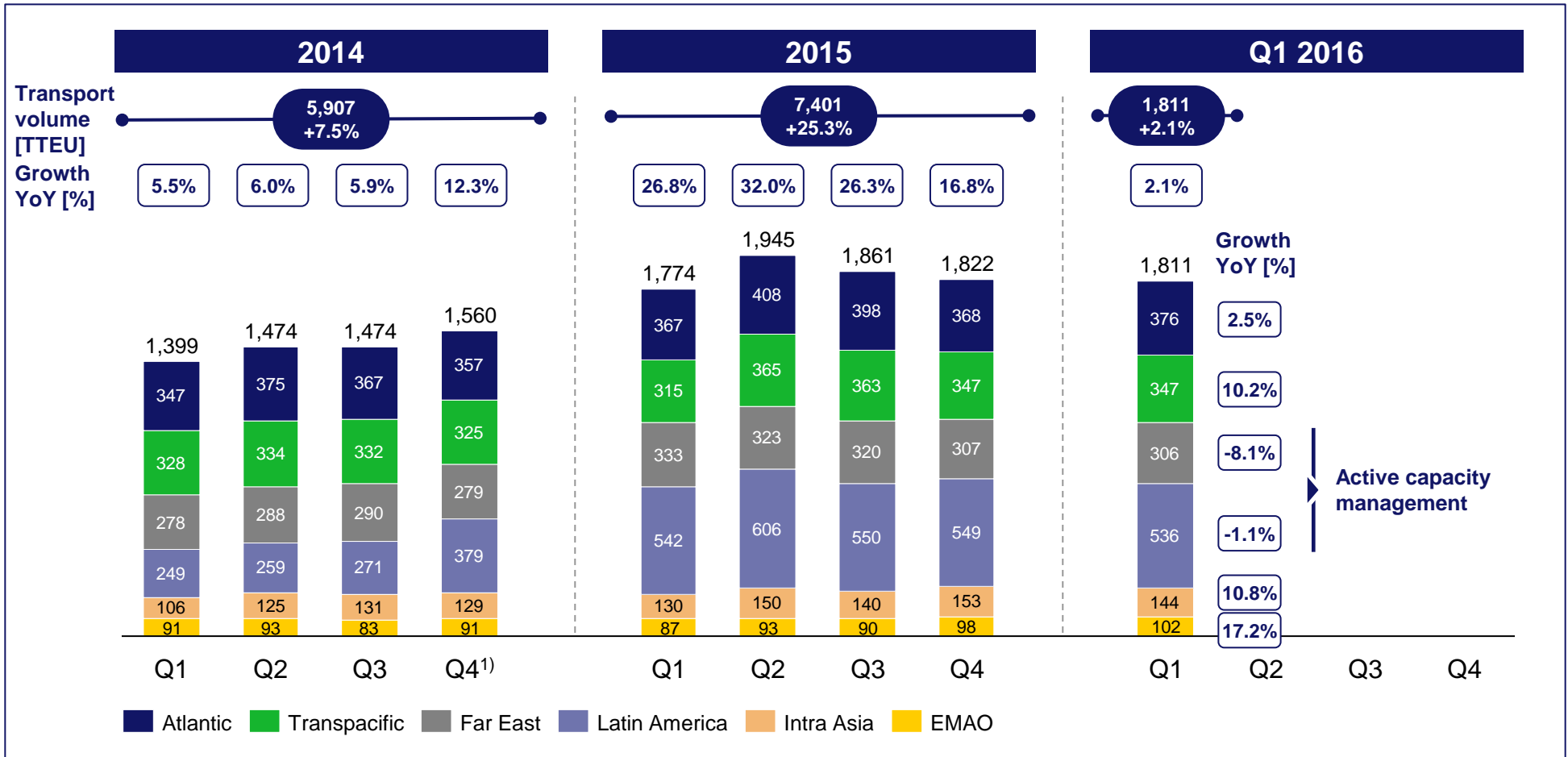


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Due to active yield management, we decreased our volumes on selected trades (FE and LA)



Transport volume [TTEU]



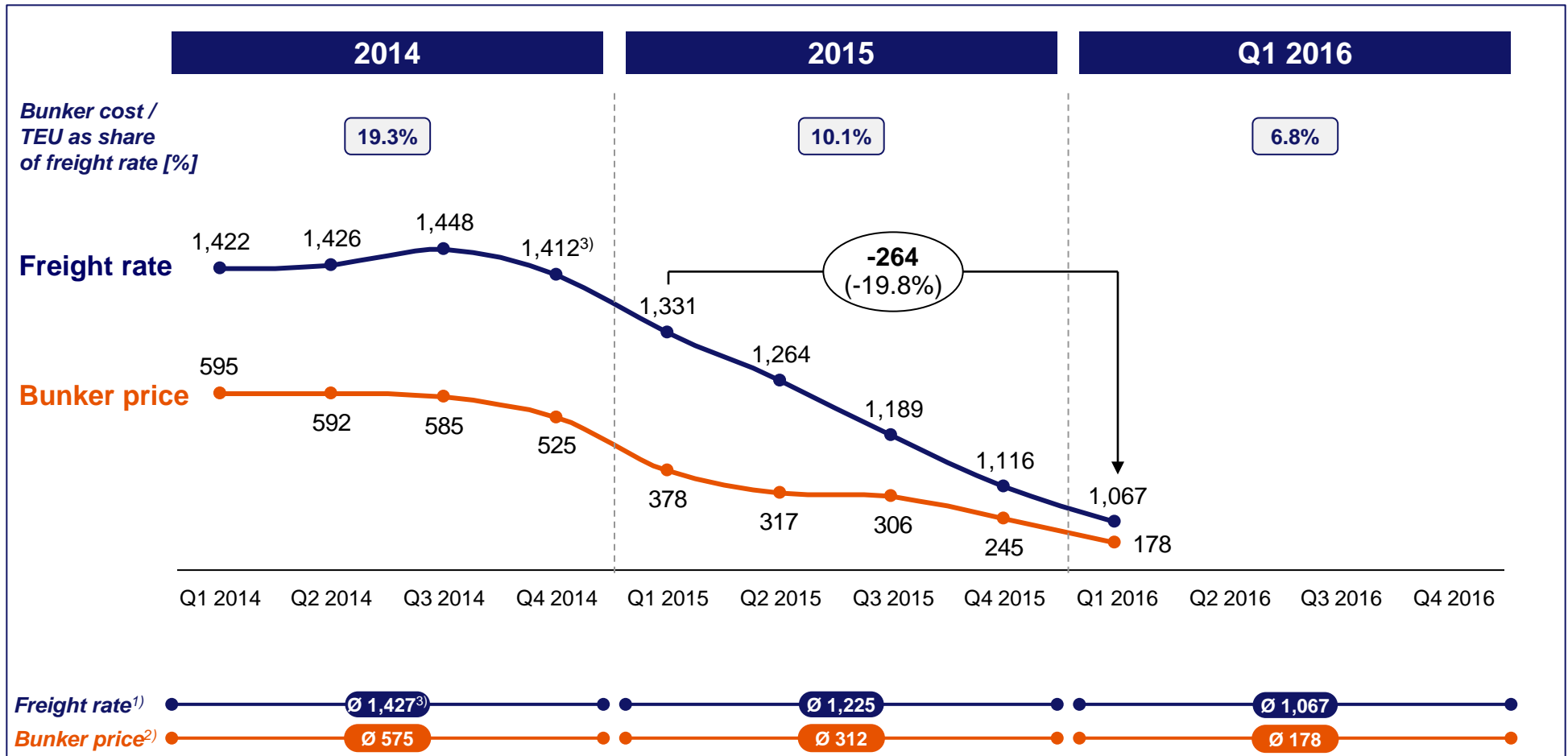
1) HLAG + CCS as of 2 December 2014

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Freight rate dropped -264 USD/TEU to 1,067 USD/TEU – Our average bunker price decreased to 178 USD/t



Freight rate¹⁾ [USD/TEU] vs. bunker price²⁾ [USD/t]

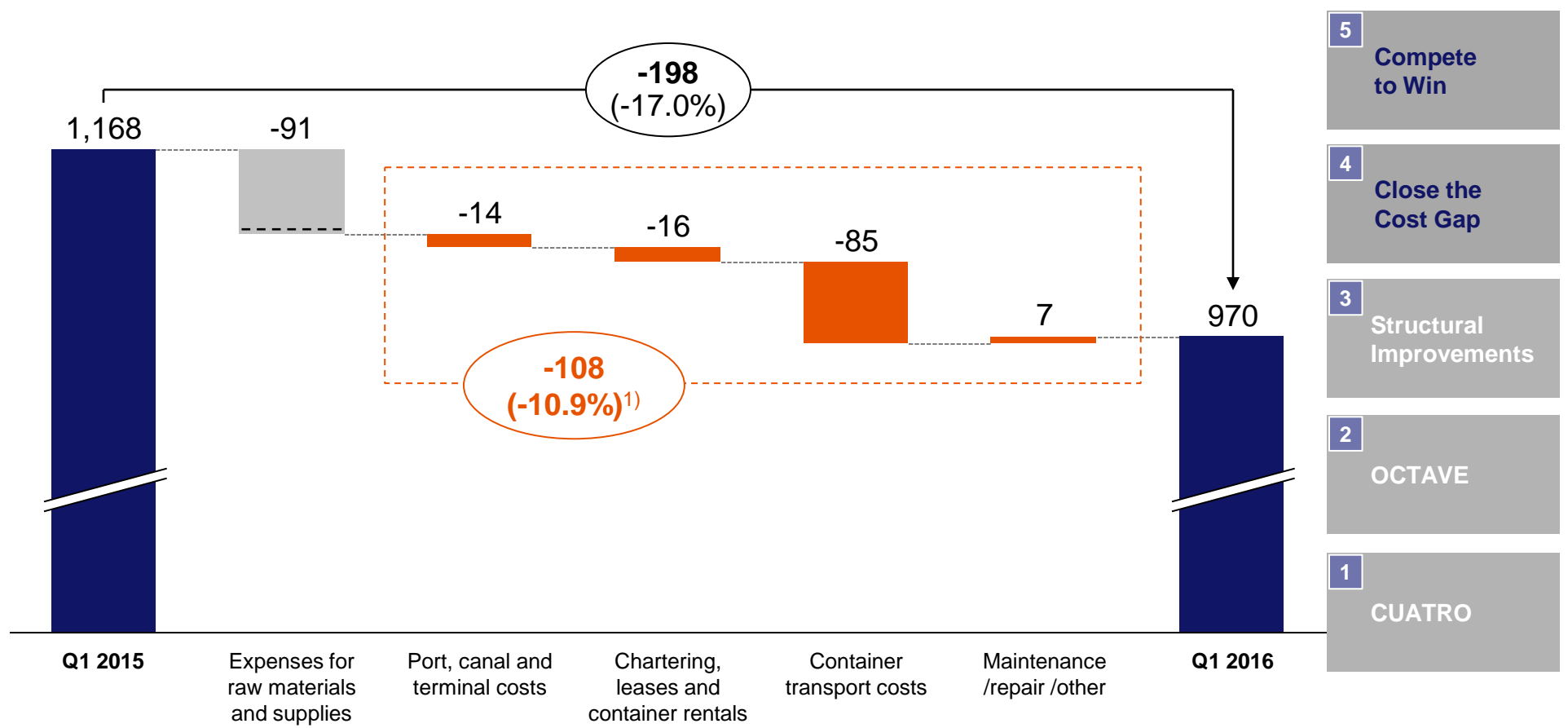


1) Hapag-Lloyd average freight rate per year 2) Hapag-Lloyd average consumption price per year, 2014 excl. CCS (1M) 3) HLAG + CCS as of 2 December 2014

Hapag-Lloyd remains focused on unit cost reduction



Transport expenses per TEU [USD/TEU]



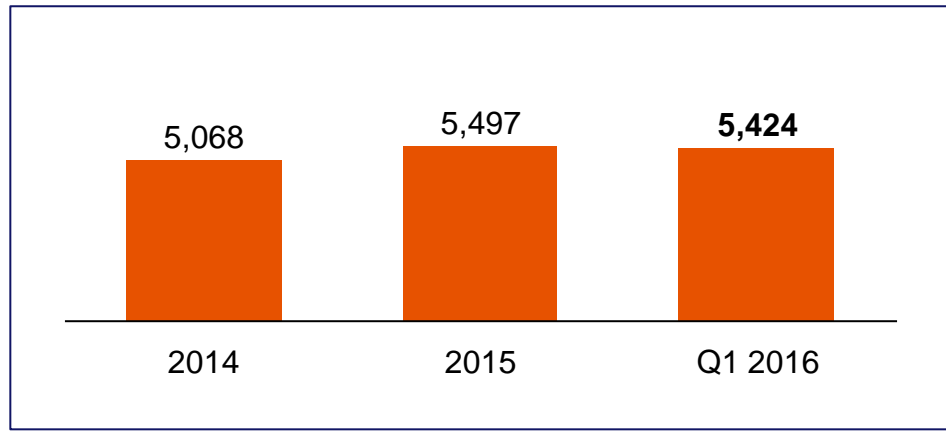
- 5 **Compete to Win**
- 4 **Close the Cost Gap**
- 3 **Structural Improvements**
- 2 **OCTAVE**
- 1 **CUATRO**

1) Cost of purchased services Q1 2015: 992 USD/TEU

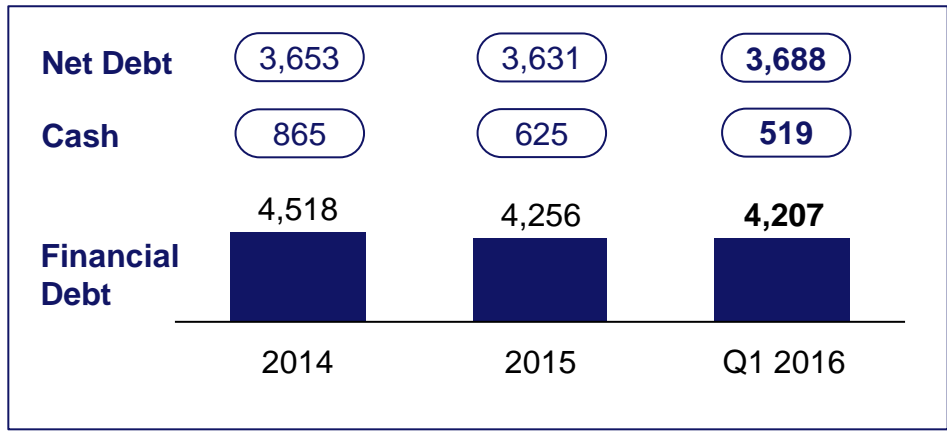
Equity base at USD 5.4 bn and liquidity at USD 0.9 bn



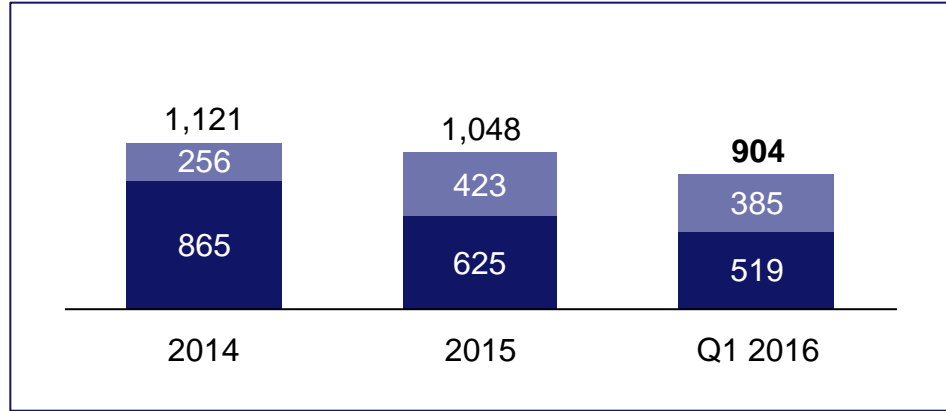
Solid equity base [USD m]



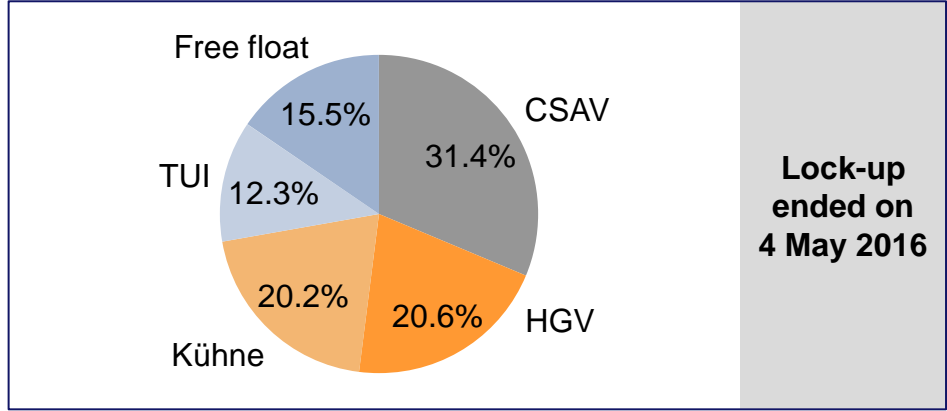
Reduced financial debt [USD m]



Adequate liquidity reserve [USD m]



Solid shareholder base

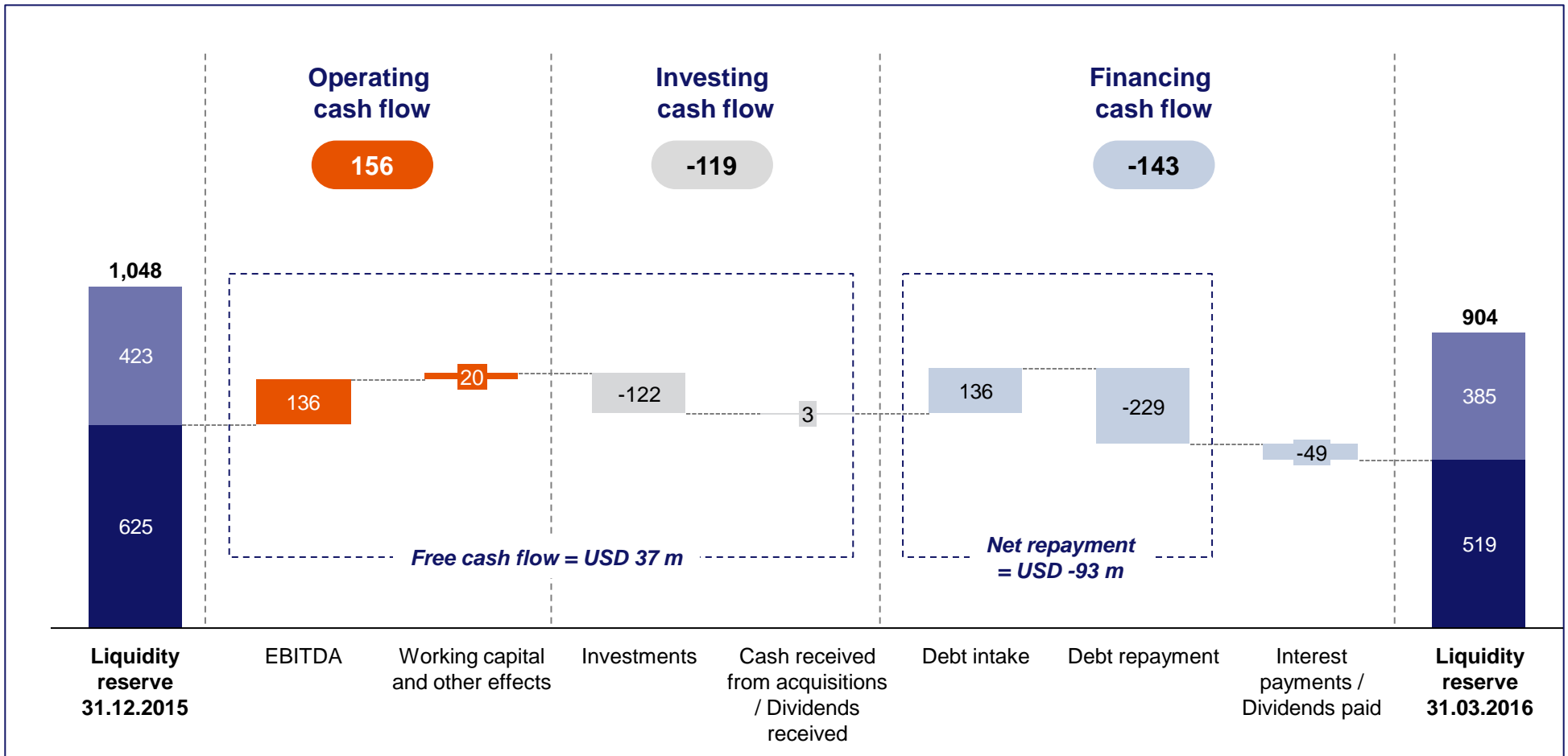


Unused credit lines Cash and cash equivalents

Positive free cash flow of USD 37 m in Q1 2016 – Net repayment in financial debt of USD 93 m



Cash flow Q1 2016 [USD m]



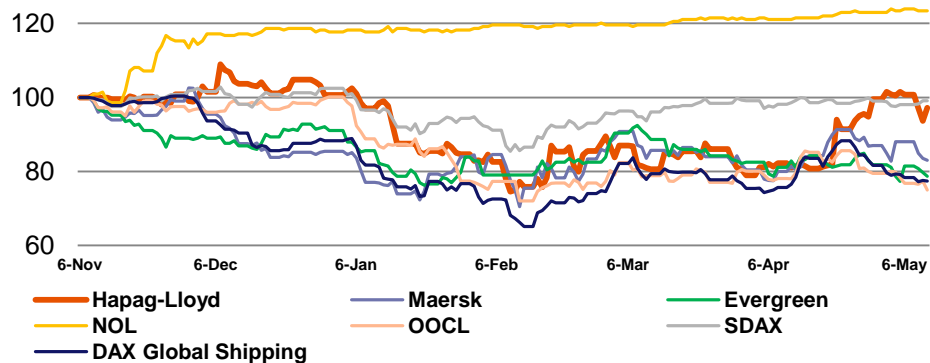
■ Unused credit lines ■ Cash and cash equivalents

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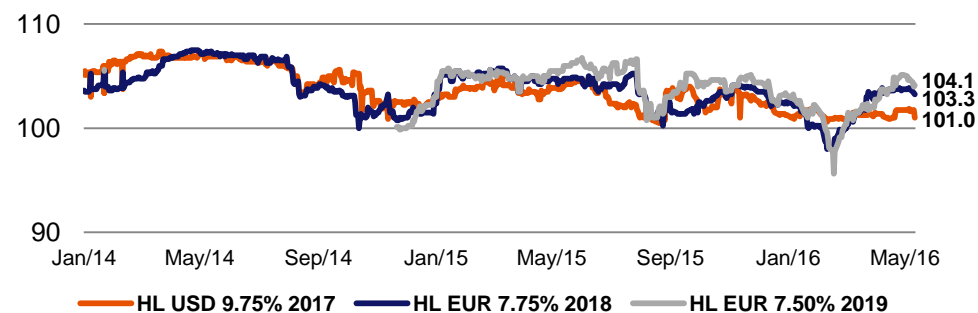
Hapag-Lloyd stock in SDAX since March 2016 – Next change of redemption prices in October 2016



Share trading



Bonds trading



Stock exchange	Frankfurt Stock Exchange / Hamburg Stock Exchange
Market segment / Index	Regulated market (Prime Standard) / SDAX
ISIN / WKN / Ticker Symbol	DE000HLAG475 / HLAG47 / HLAG
Primary listing	6 November 2015
Number of shares	118,110,917
Lock-up	4 May 2016

	EUR Bond 2019	EUR Bond 2018	USD Bond 2017
Listing	Open market of the Luxembourg Stock Exchange (Euro MTF)		
Volume	EUR 250 m	EUR 400 m	USD 125 m ¹⁾
ISIN / WKN	XS1144214993 / A13SNX	XS0974356262 / A1X3QY	USD33048AA36 / A1E8QB
Maturity date	Oct 15, 2019	Oct 1, 2018	Oct 15, 2017
Redemption price	as of Oct 15, 2016:103.750% as of Oct 15, 2017:101.875% as of Oct 15, 2018:100%	as of Oct 1, 2015:103.875% as of Oct 1, 2016:101.938% as of Oct 1, 2017:100%	as of Oct 15, 2015:102.4375% as of Oct 15, 2016:100%
Coupon	7.50%	7.75%	9.75%

1) Partially redeemed by nominal USD 125 m on 30 Dec 2015

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We expect a moderate increase in EBITDA for 2016 with focus in the second half of this year



Hapag-Lloyd guidance for FY 2016

Transport volume	Increasing slightly
Bunker consumption price	Clearly decreasing
Freight rate	Clearly decreasing
EBITDA	Increasing moderately
EBIT	Clearly increasing

Market forecasts for FY 2016

Global economic growth	+3.2%
Increase in global trade	+3.1%
Increase in global container transport volume	+3.0%

Hapag-Lloyd sensitivities for Q2-Q4 2016

Transport volume	+/- 100 TTEU	+/- USD <0.1 bn
Freight rate	+/- 50 USD/TEU	+/- USD ~0.3 bn
Bunker price	+/- 100 USD/t	-/+ USD <0.3 bn
EUR / USD	+/- 0.1 EUR/USD	-/+ USD <0.1 bn

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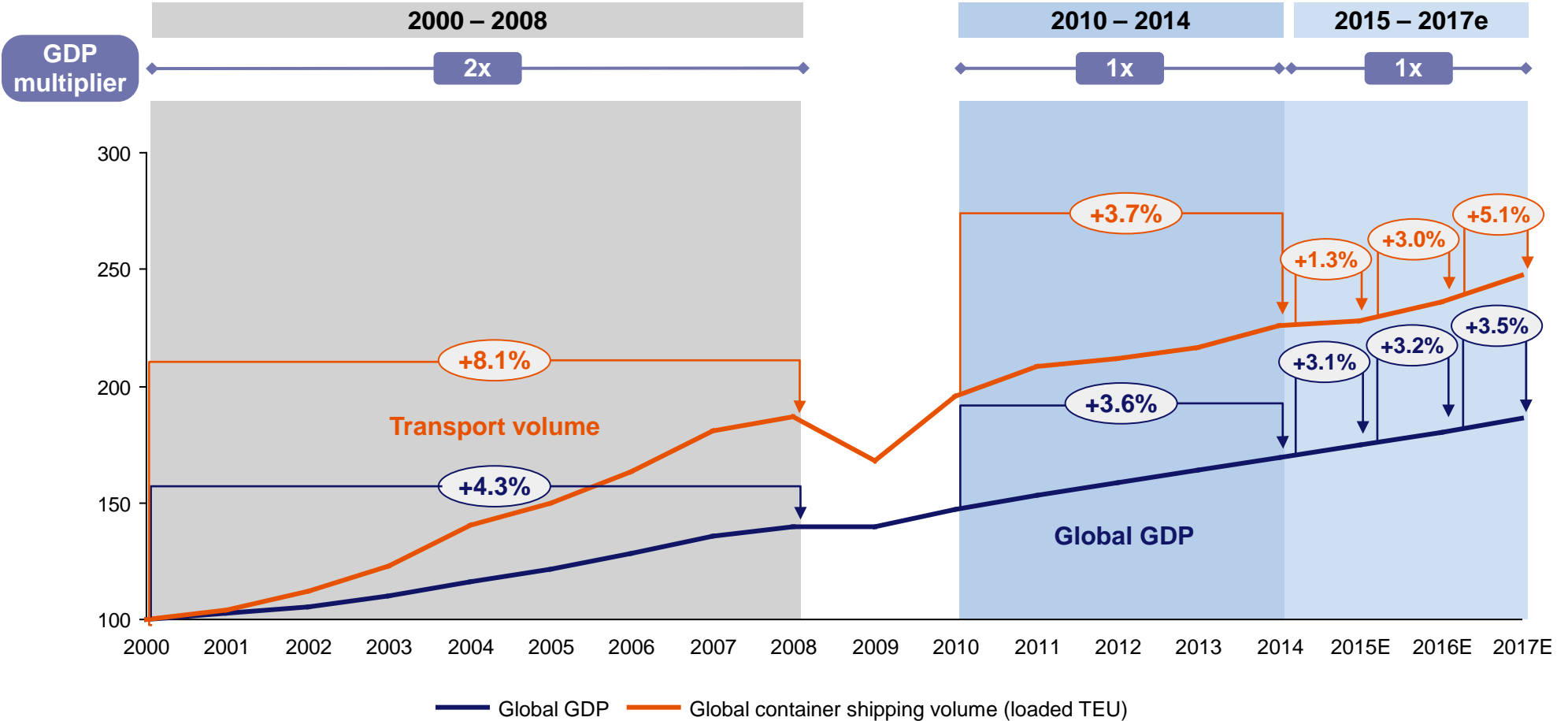
Q&A



The industry stays highly correlated with global growth – Short term outlook at lower end of mid term 3-5% range

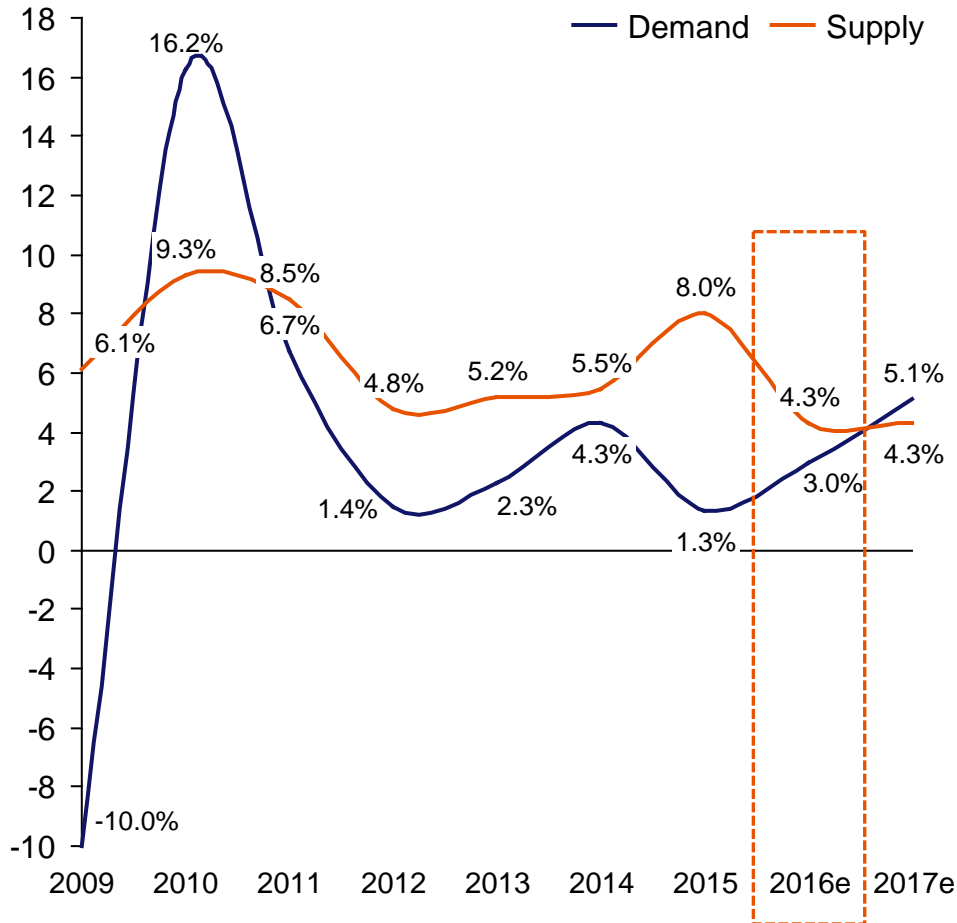
Container shipping volume and global GDP growth

2000 = Indexed to 100

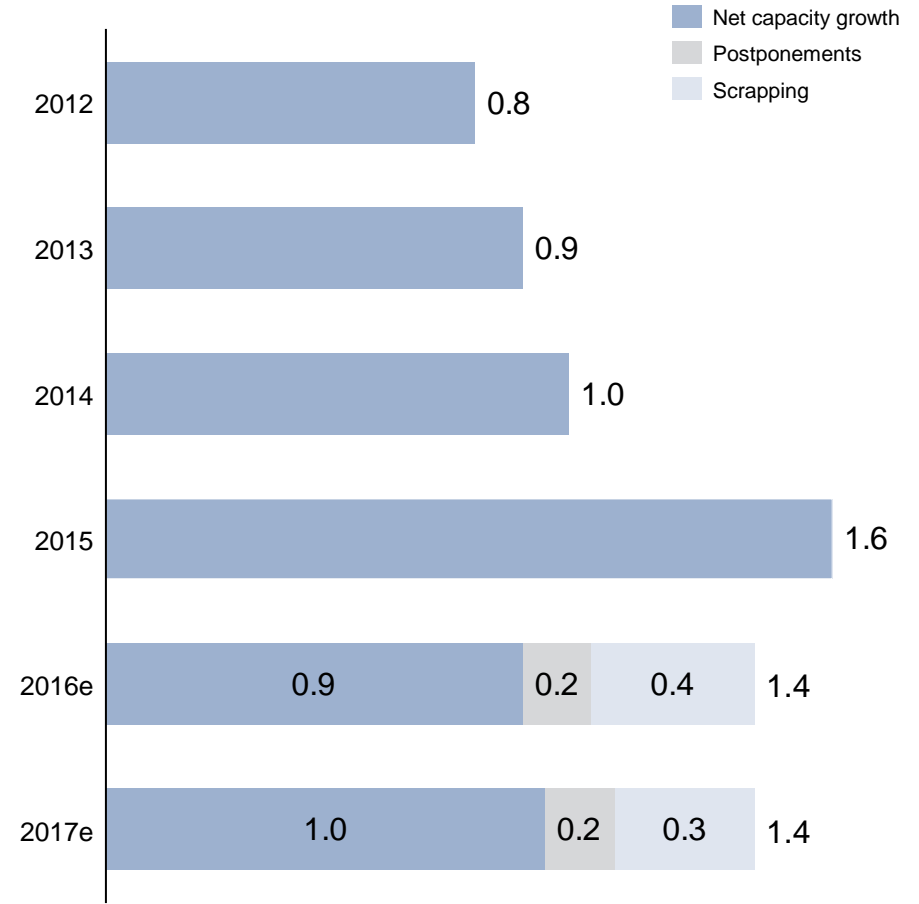


Supply demand gap expected to decrease in 2016

Supply / demand development

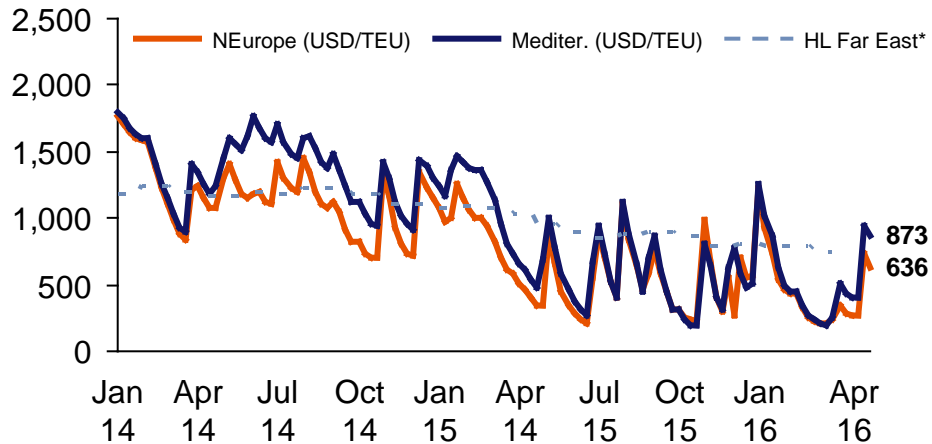


Net capacity growth

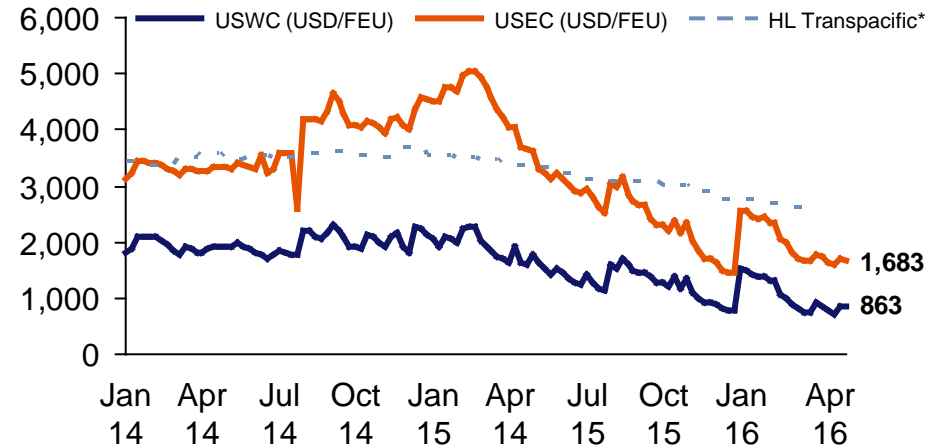


Current spot rates reflect recent freight rate increases by various carriers

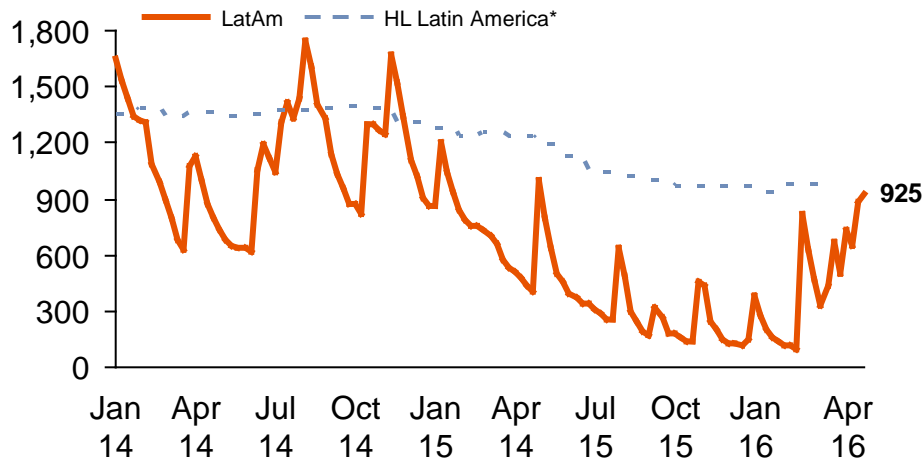
Shanghai – Europe (SCFI)



Shanghai – USA (SCFI)



Shanghai – Latin America (SCFI)

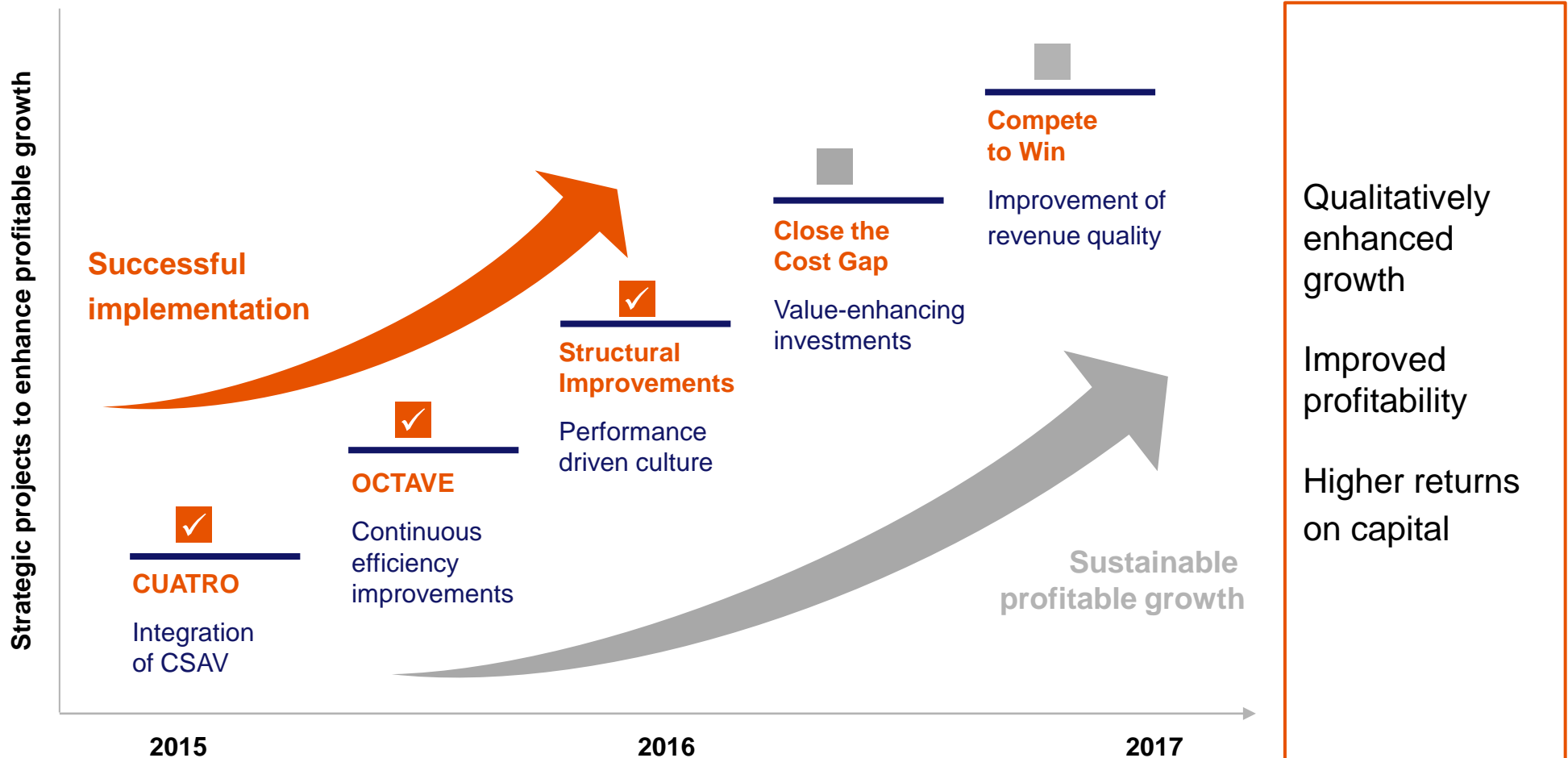


Comments

- Shanghai Containerized Freight Index (SCFI) only reflects Shanghai outbound rate development
- Freight rates especially on Asia / Europe trade remain volatile
- Freight rates on Transpacific trade tend to be less volatile while freight rates on Latin America show a downward trend
- Hapag-Lloyd freight rates with more stable development

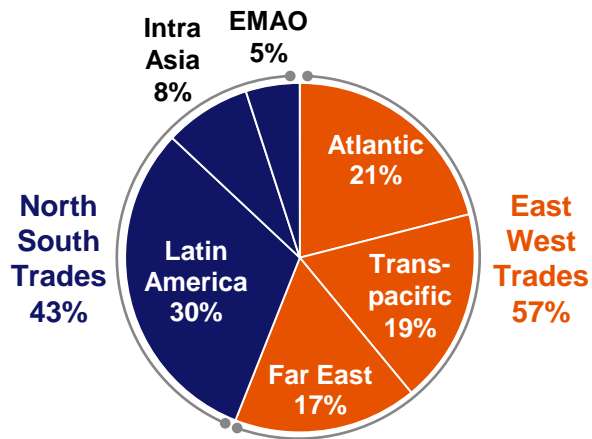
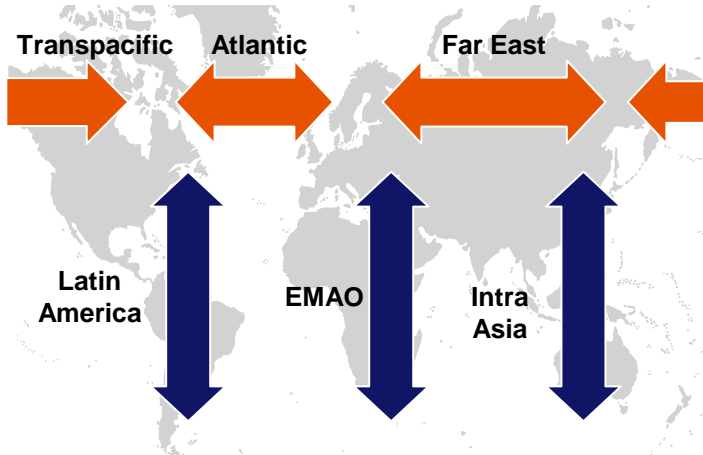
Our Way Forward – Further improvements expected from our existing initiatives

Tangible results in 2015 and further upside



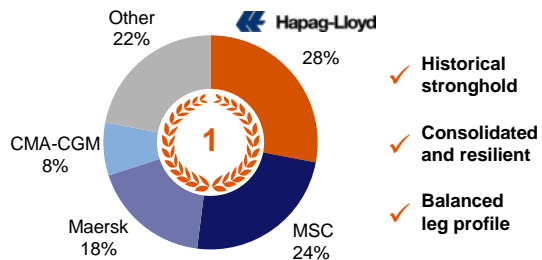
Well-balanced exposure to global trade with strong position in attractive markets and niche businesses

Well-balanced global exposure

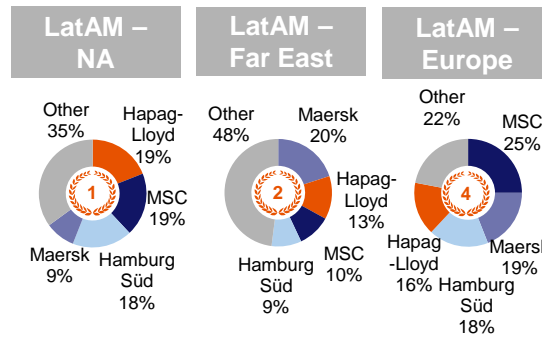


Attractive market presence

Atlantic



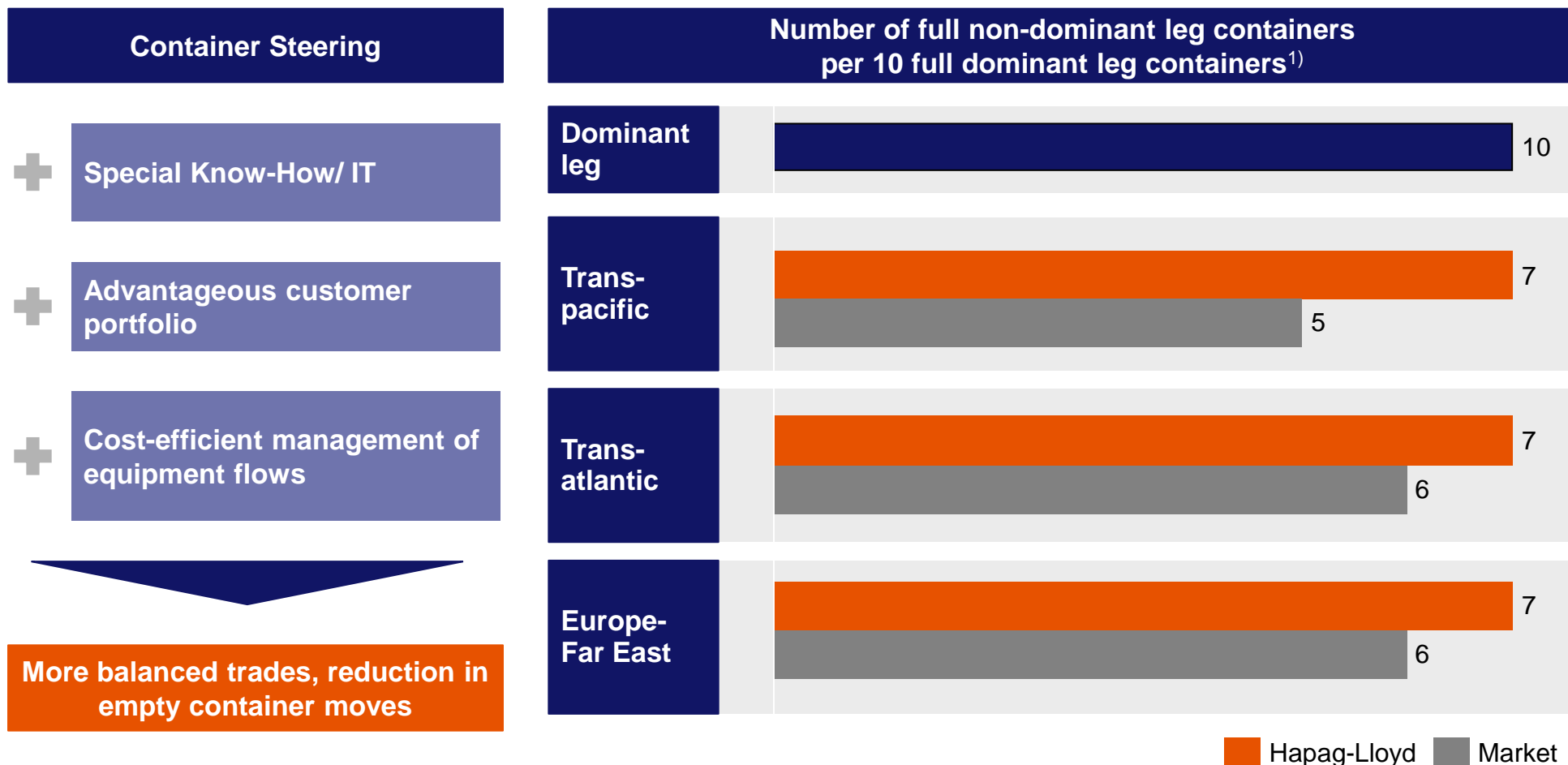
Latin America



Strong niche businesses

Reefer Services	5 Globally
Special Cargo	Strong presence
Dangerous Cargo	Historical stronghold
US Flag	1 of 3 certified carriers
Cabotage	Flag-protected niche market

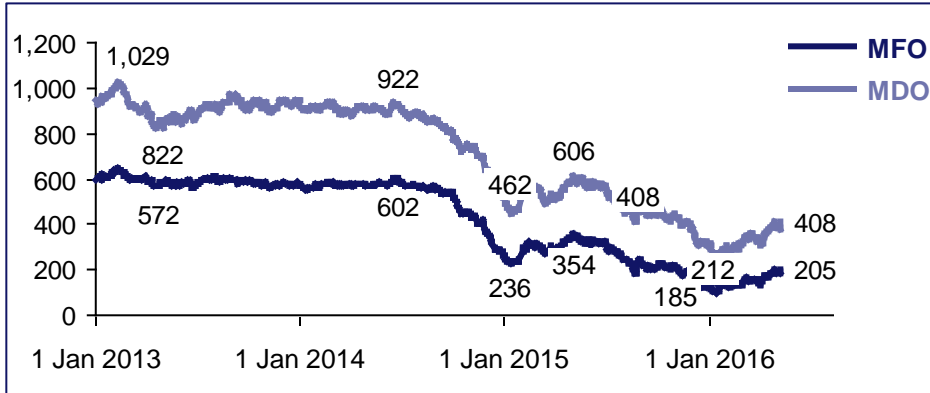
Imbalances: Hapag-Lloyd outperforms the market



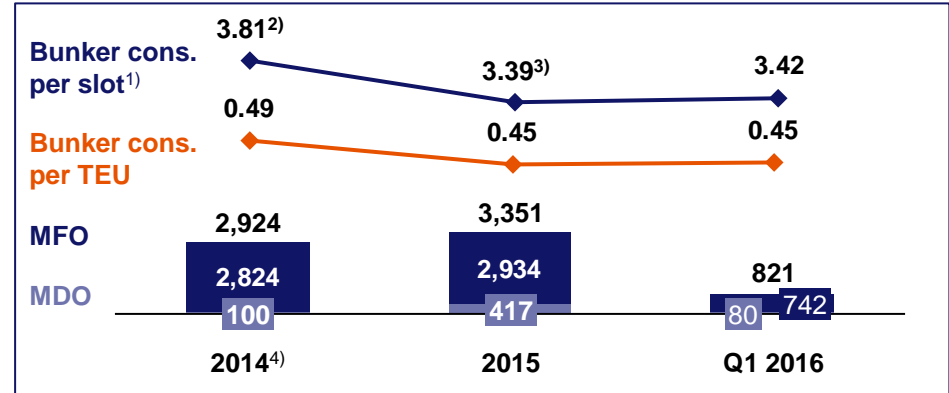
1) This ratio reflects the imbalance in the market (industry average) vs. Hapag-Lloyd imbalance of transport volumes (the higher the ratio, the more balanced in both directions). Ratio has been rounded

Benefits from a reduced bunker price and consumption

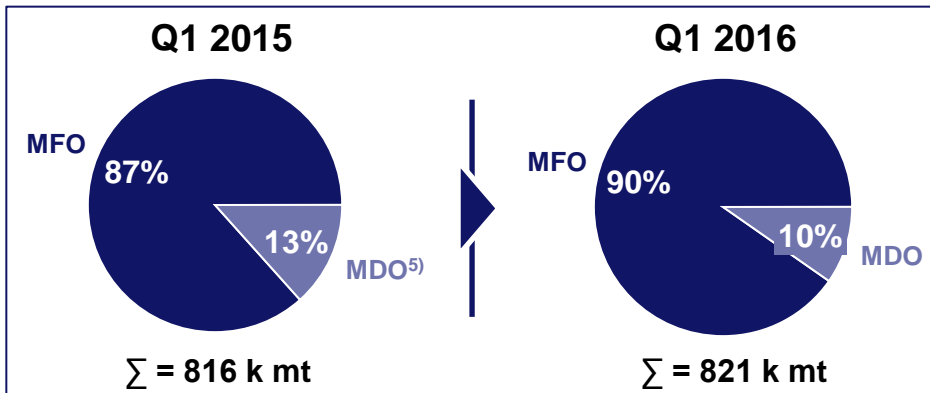
Bunker price [Rotterdam; USD/mt]



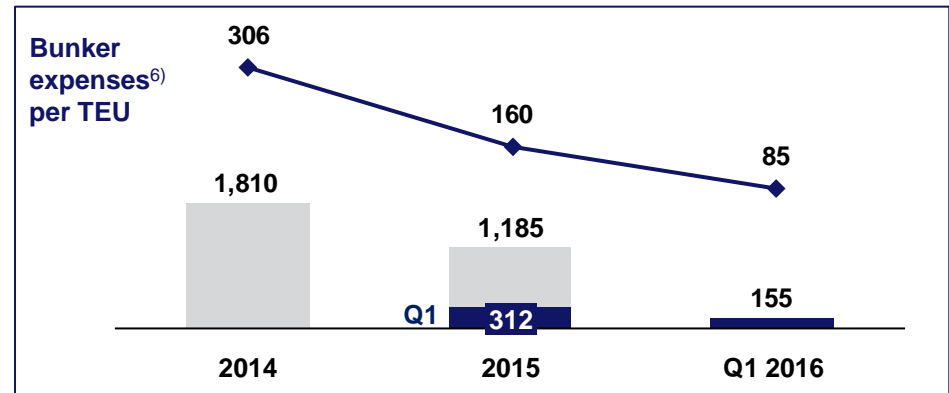
Bunker consumption [mt/slot; mt/TEU; k mt]



Bunker mix [MFO; MDO]



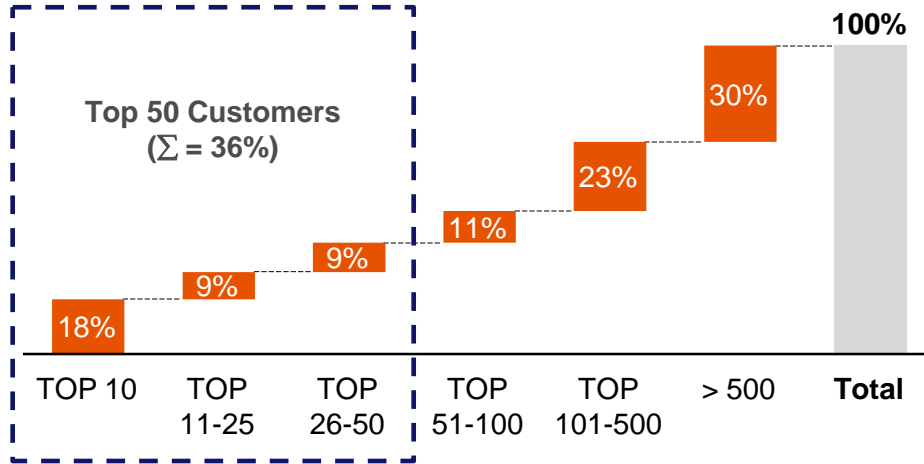
Bunker expenses⁶⁾ [USD/TEU; USD m]



1) Average nominal deployed capacity in TEU 2) HLAG excluding CCS 3) Including technical effect due to initial addition of CSAV fleet at the beginning of 2015
 4) HLAG + CCS as of 2nd December 2014 5) Due to CCS integration slight categorization differences may occur 6) Expenses for raw materials and supplies

Long-standing and diversified customer base of blue chip customers and a diversified base of goods transported

Highly diversified customer base¹⁾

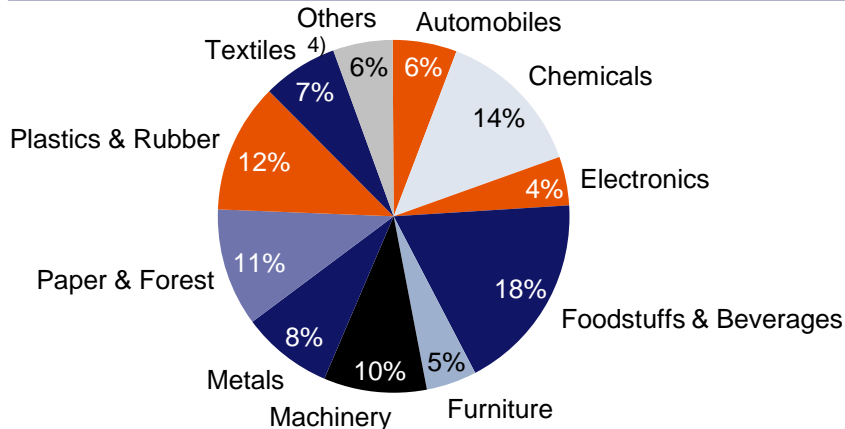


Strong relationship with blue chip customers

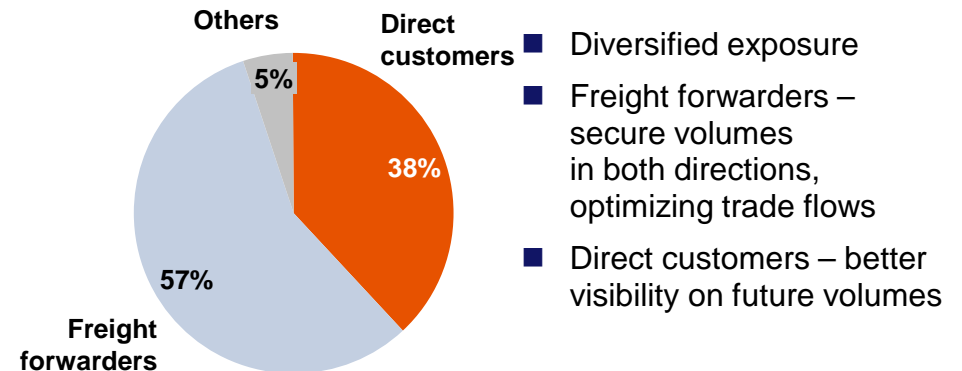


Hapag-Lloyd has a highly diversified customer base:
No customer has a share greater than 5% of HL's revenue

Balanced portfolio of goods transported²⁾...



... in a diversified customer portfolio³⁾



Hapag-Lloyd with positive EBIT of USD 5.3 m



Income statement [USD m]

	Q1 2016	Q1 2015	% change
Revenue	2,124.0	2,593.1	-18%
Other operating income	24.8	112.1	-78%
Transport expenses	-1,756.0	-2,071.8	-15%
Personnel expenses	-156.3	-134.3	16%
Depreciation, amortization and impairment	-130.8	-123.1	6%
Other operating expenses	-106.8	-184.5	-42%
Operating result	-1.1	191.5	n.m.
Share of profit of equity-acc. investees	6.4	9.2	-31%
Other financial result	0.0	-4.4	n.m.
Earnings before interest and tax (EBIT)	5.3	196.3	-97%
Interest result	-47.5	-43.1	10%
Income taxes	-5.0	-8.8	-43%
Group profit/loss	-47.2	144.4	n.m.

Transport expenses [USD m]

	Q1 2016	Q1 2015	% change
Expenses for raw materials and supplies	154.7	312.3	-50%
Cost of purchased services	1,601.3	1,759.5	-9%
Thereof			
Port, canal and terminal costs	757.9	767.6	-1%
Chartering, leases and container rentals	271.8	293.7	-7%
Container transport costs	507.5	648.1	-22%
Maintenance/repair/other	64.1	50.1	28%
Transport expenses	1,756.0	2,071.8	-15%

Transport expenses per TEU [USD/TEU]

	Q1 2016	Q1 2015	% change
Expenses for raw materials and supplies	85.4	176.1	-51%
Cost of purchased services	884.2	992.0	-11%
Thereof			
Port, canal and terminal costs	418.5	432.7	-3%
Chartering, leases and container rentals	150.1	165.6	-9%
Container transport costs	280.2	365.3	-23%
Maintenance/repair/other	35.4	28.2	25%
Transport expenses	969.6	1,168.1	-17%

Balance sheet [USD m]

	31.03.2016	31.12.2015	31.03.2015
Assets			
Non-current assets	10,371.2	10,363.7	10,262.2
Of which fixed assets	10,299.4	10,301.7	10,170.3
Current assets	1,605.2	1,704.8	2,014.3
Of which cash and cash equivalents	518.8	625.0	832.4
Total assets	11,976.4	12,068.5	12,276.5
Equity and liabilities			
Equity	5,423.9	5,496.8	5,136.0
Borrowed capital	6,552.5	6,571.7	7,140.5
Of which non-current liabilities	3,903.8	3,958.4	4,424.4
Of which current liabilities	2,648.7	2,613.3	2,716.1
Of which financial debt	4,207.0	4,256.3	4,430.1
thereof			
Non-current financial debt	3,497.7	3,591.7	3,900.4
Current financial debt	709.3	664.6	529.7
Total equity and liabilities	11,976.4	12,068.5	12,276.5

Financial position [USD m]

	31.03.2016	31.12.2015	31.03.2015
Cash and cash equivalents	518.8	625.0	832.4
Financial debt	4,207.0	4,256.3	4,430.1
Net debt	3,688.2	3,631.3	3,597.7
Unused credit lines	385.0	423.4	265.1
Liquidity reserve	903.8	1,048.4	1,097.5
Equity	5,423.9	5,496.8	5,136.0
Gearing (net debt/equity) (%)	68.0%	66.1%	70.0%
Equity ratio (%)	45.3%	45.5%	41.8%



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