ANNUAL REPORT 2015

Hapag-Lloyd

SUMMARY OF HAPAG-LLOYD KEY FIGURES

KEY OPERATING FIGURES		1.1.–31.12. 2015	1.1.–31.12. 2014 [2]	Change absolute
Total vessels (as at 31 December)		**177**	191	–14
Aggregate capacity of vessels	TTEU	**966**	1,009	–43
Aggregate capacity of containers	TTEU	**1,564**	1,619	–55
Bunker price (MFO)	USD/t	**312**	575	–263
Freight rate	USD/TEU	**1,225**	1,427	–202
Transport volume	TTEU	**7,401**	5,907	+1,494
Revenue	million EUR	**8,842**	6,808	+2,034
Transport expenses	million EUR	**7,258**	6,060	+1,198
EBITDA	million EUR	**831**	99	+732
EBIT	million EUR	**366**	-383	+749
Consolidated net income for the year	million EUR	**114**	-604	+718
Cash flow from operating activities	million EUR	**572**	377	+195
KEY RETURN FIGURES				
EBITDA margin (EBITDA / revenue)	%	**9.4**	1.5	+7.9 ppt
EBIT margin (EBIT / revenue)	%	**4.1**	-5.6	+9.7 ppt
KEY BALANCE SHEET FIGURES AS AT 31 DECEMBER [1]				
Balance sheet total	million EUR	**11,079**	10,095	+984
Equity	million EUR	**5,046**	4,170	+876
Equity ratio (equity/balance sheet total)	%	**45.5**	41.2	+4.3 ppt
Borrowed capital	million EUR	**6,033**	5,926	+107
KEY FINANCIAL FIGURES AS AT 31 DECEMBER [1]				
Financial debt	million EUR	**3,907**	3,717	+190
Cash and cash equivalents	million EUR	**574**	711	–137
Net debt (financial debt – cash and cash equivalents)	million EUR	**3,334**	3,006	+328
Gearing (net debt/equity)	%	**66.1**	72.1	–6.0 ppt
NUMBER OF EMPLOYEES AS AT 31 DECEMBER [1]				
Marine personnel		**1,519**	1,504	+15
Shore-based personnel		**7,898**	9,019	–1,121
Hapag-Lloyd total		**9,417**	10,523	–1,106

[1] As at 31.12.

[2] The CSAV container shipping activities are included in the numbers for 2014 from the date of the consolidation (2 December 2014) onwards and are therefore only included for the month of December.

Disclaimer: This annual report contains statements concerning future developments at Hapag-Lloyd. Due to market fluctuations, the development of the competitive situation, world market prices for commodities, and changes in exchange rates and the economic environment, the actual results may differ considerably from these forecasts. Hapag-Lloyd neither intends nor undertakes to update forward-looking statements to adjust them to events or developments which occur after the date of this report.

This report was published on 23 March 2016.

ANNUAL REPORT 2015

HAPAG-LLOYD AG

Hapag-Lloyd

Contents

Thorsten Haeser, Rolf Habben Jansen (CEO), Nicolás Burr, Anthony J. Firmin (from left to right)

Ladies and Gentlemen,

2015 was an exceptionally challenging year – in terms of both global politics and macroeconomics. Developments in the global economy – including those in container shipping – were influenced by a wide range of conflicts and trouble spots, a slowing of growth in China and extreme volatility on the stock markets, particularly in the second half of last year.

Despite all these external obstacles, Hapag-Lloyd was able to close the 2015 business year with good results. We rigorously implemented our strategic projects and measures, and we recorded a net annual profit for the first time since 2010. And our results are also good compared to those of our competitors.

Looking back on 2015, the merger with the container business of the Chilean shipping company CSAV proved to be the correct strategic decision. Hapag-Lloyd was thereby able not only to catch up with the largest liner shipping companies, but also to emerge as one of the market leaders in the North-South trades – in addition to our traditionally strong position on the North Atlantic. And, more than anything, the successful and swift integration already showed visible positive outcomes in the past business year. From the beginning of 2017 it will account for annual synergies of roughly USD 400 million, which is significantly more than originally anticipated.

All in all, we accomplished the merger of the two companies quickly. The services and ship systems were already brought together on the various trades by the end of the first six months of 2015, and the operational activities were transferred to Hapag-Lloyd's IT systems. Since then, the employees of both shipping companies have managed – with much dedication and passion – to forge a unified company, one characterised by a desire to succeed, by team spirit and enthusiasm, but more than anything by the highest quality standards – both in terms of operations and when it comes to assisting our customers worldwide.

While combining the two organisations, we benefited from two things: from the experience we gained from the takeover and integration of CP Ships in 2006 – but also from the efficient processes that we have as an organisation which uses a standardised blueprint across the world. These experiences and skills aid us in a market that will continue to be marked by consolidation in the medium term.

2015 was a year in which Hapag-Lloyd further optimised its costs items and once again boosted its efficiency in all areas. Early on, we reduced our fleet by 16 smaller and relatively inefficient vessels, some of which we sold, and some of which we recycled in an environmentally friendly manner. By doing so, we now have one of the most modern container-shipping fleets in the world – about 70% of the vessels we use are less than 10 years old.

On the whole, as a result of the eight different measures of our cost-cutting and efficiency program "OCTAVE", we were able to achieve significant savings in 2015 in the three-digit million range. From 2016 on, this program will generate lasting savings of roughly USD 200 million. This is also one of the reasons we are complementing it in the current business year with the "OCTAVE 2" successor program, with which we also expect significant potential savings. In addition, with the implementation of the "Compete to Win" project, we aim to optimise our global sales activities in a way that will raise our revenue quality.

Since 6 November 2015, the shares of Hapag-Lloyd AG have been publicly traded on the stock exchanges in Frankfurt and Hamburg. The IPO marked a milestone in our history. Investors can use our shares to very precisely track the growth of the global economy. Indeed, depending on how the global economy develops, we expect container shipping to enjoy annual growth of between 3% and 5% – and in the future. And our transport volumes should increase accordingly and by a similar degree. With the gross issue proceeds of roughly EUR 265 million, we intend to invest in ships and containers – and thereby in the future of our company.

Strong companies need strong owners. With our three anchor shareholders – CSAV, HGV (Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement/City of Hamburg) and Kühne Maritime – we have partners who have expressly professed their long-term commitment to Hapag-Lloyd. Our thanks go to them – but also to all other shareholders – for their faith in our work.

I would also like to thank our employees worldwide. The 2015 business year presented all of them with special challenges. Indeed, in addition to performing their hectic everyday jobs, they also had to bring two companies together and pave the way for a successful IPO. About 9,500 employees on all continents now make up the "new Hapag-Lloyd" – and, together, we are proud of what we have achieved and highly motivated to tackle the many tasks that lie before us.

For 2016, the industry experts from IHS Global Insight are expecting solid growth of some 3.5% in global container traffic. Similar growth rates are also forecast for the global economy and global trade. These trends will also benefit Hapag-Lloyd. With our balanced product portfolio – our strong market position in the North Atlantic and Latin America trades, but also in the Far East and transpacific trades – we are ideally situated to participate in this global growth. Overall, despite all external obstacles, we are focusing on using our packages of far-reaching measures to solidify the competitive position of Hapag-Lloyd. For this reason, we expect that we will enjoy positive earnings before interests, taxes and depreciation in 2016 that should turn out better than the results for the 2015 business year.

Trust is the foundation of all business activities. So, in closing, I must extend to you – our shareholders, business clients and partners as well as our dedicated employees – my heartfelt thanks for the great amount of unvarying trust you have shown. We are working hard to continue to justify this trust this year and to resolutely forge ahead on Hapag-Lloyd's path to success.

With kind regards,

Rolf Habben Jansen

Chairman of the Executive Board

REPORT OF THE SUPERVISORY BOARD

In the past financial year, the Supervisory Board of Hapag-Lloyd AG properly and conscientiously performed the tasks that it is required to fulfil pursuant to the law as well as its articles of association and the rules of procedure, and diligently and regularly advised and monitored the Executive Board in the management of the company. The work of the Supervisory Board was, in this regard, always governed by the interests of Hapag-Lloyd AG, the operating unit responsible for the development of the group.

Cooperation between the Supervisory Board and the Executive Board
In the past financial year, the Executive Board regularly, comprehensively, and promptly informed the Supervisory Board about the general economic conditions, considerations about the future strategic focus of the company, its situation and development, the key financial figures, and special business transactions as well as the risk management. The reports focused on corporate planning, particularly in view of the investment in new container ships, the integration of the container shipping activities of Compañía Sud Americana de Vapores (CSAV), as well as the preparation of the IPO.

The Supervisory Board received verbal and written reports from the Executive Board in the meetings. The Executive Board answered all the questions of the Supervisory Board completely and comprehensively. In addition, the Supervisory Board received regular reports from the Executive Board even outside of the meetings about the current business development as well as transactions that were of particular importance for Hapag-Lloyd AG. Furthermore, the Chairman of the Supervisory Board was in regular contact with the Chairman of the Executive Board. Immediate notification of the Supervisory Board was therefore always ensured. The reports by the Executive Board complied with the law, the principles of good Corporate Governance and the requirements of the Supervisory Board.

The Supervisory Board was always consulted early on with regard to decisions of significant importance. The standard for the monitoring of the Executive Board by the Supervisory Board was in particular the legality, correctness, appropriateness, and efficiency of the Group-wide management by the Executive Board.

Section 7 of the articles of association of Hapag-Lloyd AG and the rules of procedure of the Executive Board and the Supervisory Board list certain transactions and measures of fundamental importance which require the approval of the Supervisory Board and/or, under certain circumstances, of individual committees of the Supervisory Board before they can be performed by the Executive Board. In the past financial year, decisions were made about transactions and measures submitted by the Executive Board after these had been reviewed and discussed in detail with the Executive Board.

Meetings of the Supervisory Board and topics addressed by the Supervisory Board
The Supervisory Board met seven times during the reporting period. The meetings took place on 26 January 2015, 26 March 2015, 23 June 2015, 28 July 2015, 24 September 2015, 3 November 2015, and 23 November 2015. All the members of the Supervisory Board attended more than half of the meetings as well as the meetings of the committees they belonged to. The average attendance rate was as follows:

– Meetings of the full Supervisory Board: 94.05%
– Meetings of the Presidential and Personnel Committee: 97.92%
– Meetings of the Audit and Finance Committee: 96.67%

The Mediation Committee and the Nomination Committee did not meet during the reporting period.

Attendance of the Supervisory Board Members in the financial year 2015

✓ Meeting attendance
O Did not attend the meeting
– Was not a member of the Supervisory Board or the committee at the time of the meeting

	Meetings by the Supervisory Board							Meetings by the Presidential and Personnel Committee				Meetings by the Audit and Finance Committee				
Meeting Name	26 January 2015	26 March 2015	23 June 2015	28 July 2015	24 September 2015	3 November 2015	23 November 2015	26 March 2015	23 June 2015	24 September 2015	23 November 2015	23 March 2015	23 June 2015	21 September 2015	24 August 2015	23 November 2015
Bahn	O	✓	✓	✓	✓	✓	✓	–				–				
Baier	✓	✓	✓	✓	✓	✓	✓	–				✓	✓	✓	✓	✓
Behrendt	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	–				
Biesold	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	–				
Bringe	O	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Commerell	✓	✓	✓	✓	✓	✓	✓	–				–				
Diekamp	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Gernandt	✓	O	✓	✓	✓	✓	✓	O	✓	✓	✓	O	✓	✓	✓	✓
Hasbún	✓	✓	✓	✓	✓	✓	✓	–				✓	✓	✓	✓	✓
Klemmt-Nissen	✓	✓	✓	O	✓	O	✓	✓	✓	✓	✓	–				
Lipinski	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Pérez	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	–				

Supervisory Board Meeting on 26 January 2015

On 26 January 2015, the Supervisory Board of Hapag-Lloyd AG convened for its first meeting during the reporting period. The Supervisory Board mostly dealt with the current business situation and the current status of the integration of the CSAV container shipping activities. It also discussed changes in the rules of procedure of the Executive Board and the Supervisory Board as well as changes in the staffing of Supervisory Board Committees. As part of the expansion of the Presidential and Personnel Committee, the members of the Supervisory Board Arnold Lipinski and Francisco Pérez Mackenna were elected as additional members. Supervisory Board member Francisco Pérez Mackenna was appointed as a member of the Nomination Committee.

Supervisory Board Meeting on 26 March 2015

In its meeting on 26 March 2015, the Supervisory Board mainly discussed the annual financial statements and, upon having performed its own review, approved the annual and consolidated financial statements as well as the management and consolidated management reports. The Supervisory Board also noted and approved the report by the Executive Board for the financial year 2014. In addition, the Supervisory Board concerned itself in particular

with the annual general meeting on 8 May 2015 and drafted appropriate resolution proposals: among others, the merger of CSAV Container GmbH with Hapag-Lloyd AG. In particular, the Supervisory Board followed the recommendation of the Audit and Finance Committee regarding the proposal for the selection of the auditor for the annual financial statements and the consolidated financial statements. It also discussed the current business situation and the status of the integration of CSAV container shipping activities. Finally, the Supervisory Board approved the updated annual budget 2015 that the Executive Board had submitted as well as the acquisition of up to five container ships (new constructions) until June 2015 for a total amount of up to USD 540 million that the Executive Board had proposed. The meeting also addressed Executive Board matters. During the meeting on 26 March 2015 the present Chief Financial Officer Peter Ganz resigned his office effective on 31 March 2015 with the Supervisory Board's approval. Mr Nicolás Burr was appointed as the new Chief Financial Officer; his appointment will end on 28 February 2018. It was also decided during the meeting to appoint Mr Thorsten Haeser as a member of the Executive Board for the time from 1 October 2015 to 30 September 2018. As the Chief Commercial Officer (CCO), Mr Haeser is responsible for the company's global sales activities. The Supervisory Board furthermore approved an amendment of the pension agreement with the Chairman of the Executive Board Mr Habben Jansen as well as the employment agreement of Mr Firmin.

Supervisory Board Meetings on 23 June 2015, 28 July 2015, and 24 September 2015

During the meetings on 23 June 2015, 28 July 2015 and 24 September 2015, the Supervisory Board primarily discussed the reports by the Executive Board on the current business development. Additionally, the preparation of the IPO and questions relating to the IPO, particularly with regard to the German Corporate Governance Code and capital market compliance, dominated the discussions during these meetings. In connection with this, the Supervisory Board particularly passed resolutions about the specific objectives for the composition of the Supervisory Board, about an age limit for Executive Board members, and regarding the gender ratio on the Supervisory Board. During the meeting on 24 September 2015, the restructuring of ship financing deals and the collateralisation of credit lines were also intensively discussed. The Supervisory Board approved the restructuring of existing ship financing deals proposed by the Executive Board and the conclusion of a credit line in the amount of USD 125 million for general operational purposes, which the Executive Board had proposed as well.

Supervisory Board Meeting on 3 November 2015

During the meeting on 3 November 2015, the Supervisory Board exclusively discussed matters relating to the IPO. Resolutions were, in particular, passed about the use of the approved capital and the format of the share certificate as well as the respective editorial changes of the articles of association. As explained in the remuneration report as well, the Supervisory Board decided, following preparations by the Presidential and Personnel Committee, to change the system for the remuneration of board members and a respective amendment of the board member contracts in view of the listing on the stock exchange.

Supervisory Board meeting on 23 November 2015

After the successful listing on the stock exchange on 6 November 2015 that had been intensively supported by the Supervisory Board, one more Supervisory Board meeting took place during the reporting period on 23 November 2015. This meeting focused on a discussion of the current business situation, the annual budget 2016 including the profit, financial, and investment planning, as well as the projections for the years 2017 to 2020. The Executive Board presented the respective plans in detail and addressed in particular the underlying planning assumptions. The Supervisory Board approved the planning of the Executive Board. It also passed a resolution about an adjustment of the allocation of responsibilities within the Executive Board.

Meetings of the committees and matters addressed

The work of the Supervisory Board was prepared and supported by its committees. The following committees with the members listed below were active during the reporting year:

Presidential and Personnel Committee: Michael Behrendt (Chairman), Karl Gernandt, Karl-Heinz Biesold, Oliver Bringe, Jutta Diekamp, Dr Rainer Klemmt-Nissen, Arnold Lipinski, (as of 26 January 2015), Francisco Pérez Mackenna (as of 26 January 2015).

Audit and Finance Committee: Karl Gernandt (Chairman), Horst Baier, Oliver Bringe, Jutta Diekamp, Oscar Hasbún Martínez (as of 26 January 2015), Arnold Lipinski. After the listing on the stock exchange, Mr Horst Baier will be acting at the same time as an independent member of the Supervisory Board within the meaning of Section 100 (5) of the German Stock Corporation Act (AktG). Particularly due to his many years as the CFO of TUI AG, Hanover, Mr Baier has extensive expertise in the areas of accounting and auditing.

Mediation Committee: Michael Behrendt (Chairman), Karl-Heinz Biesold, Jutta Diekamp, Francisco Pérez Mackenna (as of 26 January 2015), Dr Rainer Klemmt-Nissen (until 26 January 2015).

Nomination Committee pursuant to Section 27 (3) of the Co-Determination Act: Michael Behrendt (Chairman), Karl Gernandt, Dr Rainer Klemmt-Nissen, Francisco Pérez Mackenna.

The responsibilities assigned to these committees are described in detail in the joint report by the Executive Board and the Supervisory Board on Corporate Governance (Corporate Governance Report).

The Presidential and Personnel Committee met four times in 2015, namely, on 26 March 2015, 23 June 2015, 24 September 2015 and 23 November 2015. Each time, it prepared the full meeting of the Supervisory Board that took place on the same dates and addressed

Executive Board matters. During the meeting on 24 September 2015, and in view of the IPO, the changes to be made to the system of Executive Board remuneration and a respective amendment of the Executive Board contracts was intensively discussed. The Presidential and Personnel Committee submitted a proposal to the Supervisory Board in this regard, which the Supervisory Board approved in a resolution on 3 November 2015.

The Audit and Finance Committee met five times in the financial year.

The first meeting on 23 March 2015 focused on matters relating to the annual financial statements and the report of the auditors on the annual and consolidated financial statements for the financial year 2014 (also refer to “Annual and Consolidated Financial Statement Audit 2015”). The dependency report as well as the proposal for the selection of the auditor were discussed (also refer in this regard to the “Review of the Executive Board Report About Relationships with Affiliates”). The discussions also focused on the profit, investment, and financial planning for 2015, the projections for the years 2016 to 2019 and investments in new container ships. The Audit and Finance Committee also passed a proposed resolution regarding the annual and consolidated financial statement auditor to be selected by the annual general meeting.

The second meeting on 23 June 2015 was dominated by a discussion of the future business development and the internal control and risk management system (ICS) and the Group’s risk situation. Another focus of this meeting and the subsequent third meeting on 24 August 2015 were discussions about the status of the IPO preparations and the use of the funds to be generated from it.

The fourth meeting on 21 September 2015 dealt with the indicative price range for the IPO. The Audit and Finance Committee also addressed the report by the Chief Compliance Officer and the report by the Group’s Internal Audit department.

In its fifth meeting on 23 November 2015, the Audit and Finance Committee discussed the submitted profit, financial, and investment planning for the year 2016 and the projections for the years 2017 to 2020. The Executive Board explained in detail the assumptions the plans were based on, particularly in view of the development of freight rates and the strategy for the execution of hedging transactions. The committee discussed in detail the objectives and measures with the Executive Board. It decided to recommend to the Supervisory Board to approve the annual budget for 2016 including the financial and investment plans for 2016. The Audit and Finance Committee also discussed the main issues addressed in the annual audit.

The Mediation Committee and the Nomination Committee did not meet during the reporting period.

Personnel changes in the Supervisory Board and the Executive Board

In the financial year 2015, some personnel changes took place in the Executive Board: As already indicated above, Mr Nicolás Burr was appointed as the successor of Mr Peter Ganz as the CFO in March 2015. As indicated above as well, Mr Thorsten Haeser became a new member of the Executive Board on 1 October 2015 (Chief Commercial Officer – CCO) and has been responsible for the Company's global sales activities since then.

Corporate Governance

The Supervisory Board is committed to the principles of good corporate governance. One main basis is the acceptance of the requirements of the German Corporate Governance Code (GCGC) as amended on 5 May 2015. This does not rule out that it may deviate from the recommendations in the code in some well-founded aspects. As a publicly traded company, Hapag-Lloyd AG is required to state pursuant to Sec. 161 of the German Stock Corporation Act to what extent it has followed and will follow the recommendations of the GCGC or which recommendations were not or will not be followed, and to provide reasons for such deviations (Compliance Statement). The Executive Board and the Supervisory Board passed a compliance statement in November 2015, which has been available on the Company's website since 3 November. For more details on Corporate Governance, please refer to the joint Corporate Governance Report of the Executive Board and the Supervisory Board.

Audit of the annual and consolidated financial statements 2015

The Executive Board submitted the annual financial statements and the management report, the consolidated financial statements, and the consolidated management report of Hapag-Lloyd AG, as well as its proposal on the appropriation of profits to the Supervisory Board in a timely manner.

KPMG AG Wirtschaftsprüfungsgesellschaft, Hamburg, audited the annual financial statements of Hapag-Lloyd AG including the management reports as per 31 December 2015, prepared by the Executive Board in accordance with the provisions of the German Commercial Code, the consolidated financial statements prepared pursuant to Section 315a HGB on the basis of the International Financial Reporting Standards (IFRS) as adopted by the European Union, as well as the consolidated management report of Hapag-Lloyd AG and of the Hapag-Lloyd Group for the financial year 2015 and issued for all of them an unqualified auditor's opinion.

Before the Audit and Finance Committee had made its decision on whom to recommend to the Supervisory Board and whom to propose to the annual general meeting, the auditor had declared that the auditor and its bodies and lead auditors have no business, financial, personal, or other relationships with the company and the board members that could raise doubt about the auditor's independence. This declaration also contained information about the scope in which other services were provided for the company in the preceding financial year or respectively which services have been agreed upon for the following year. The Audit and Finance Committee verified in this context that the auditor has the required independence. Prior to making its decision on whom to recommend to the annual general meeting, the Supervisory Board was informed about the result of the audit.

The audit commission for the annual financial statements of the Company and the Group was awarded by the Chairman of the Supervisory Board's Audit and Finance Committee in accordance with the resolution of the annual general meeting of 8 May 2015.

The documents pertaining to the annual financial statements and the consolidated financial statements and the appropriation of the retained earnings were intensively addressed and discussed in the meeting of the Audit and Finance Committee on 23 March 2016 in preparation for the audit and the handling of these documents by the Supervisory Board in the presence of the auditor reporting on the findings of his audit; this included questions to the auditor regarding the manner and scope of the audit as well as the audit findings. The Audit and Finance Committee was able to satisfy itself of the appropriateness of the audit and the audit report. It came, in particular, to the conclusion that the audit report as well as the audit performed by the auditor itself complies with all legal requirements. Within this context, the auditor also confirmed to the Audit and Finance Committee that no circumstances exist that might raise concerns about the auditor's bias. Furthermore, the Audit and Finance Committee asked the auditor to report on the cooperation with the Internal Audit department and other departments involved in risk management as well as the effectiveness of the internal control and risk management system (ICS) as it relates to accounting. The auditor stated that the Executive Board took the measures required by Section 91 (2) AktG regarding the establishment of an early risk detection system in an appropriate manner and that the early risk detection system is suitable for recognising early on any developments that place the continued existence of the company at risk. The auditor indicated that it did not uncover any major weaknesses. The Audit and Finance Committee shares this assessment. The Audit and Finance Committee recommended to the Supervisory Board to approve the findings of the audit performed by the auditor and, since, in its opinion, there are no concerns about the documents submitted by the Executive Board, to approve the annual financial statements and management report as well as the consolidated financial statements and consolidated management report and to concur with the Executive Board's proposal on the use of retained earnings.

The stated financial statement documentation, the Executive Board's proposal on the use of retained earnings, as well as the audit reports of the auditors were provided to all members of the Supervisory Board in time to prepare for the meeting of the Supervisory Board on 23 March 2016.

The Supervisory Board discussed in its meeting on 23 March 2016 the result of the audit performed by the auditor and the recommendation of the Audit and Finance Committee and submitted them to its own thorough review after the Executive Board had explained the submitted documentation. This meeting was also attended by the auditor, who reported on the main findings of his audit and answered questions from the Supervisory Board about the manner and scope of the audit and the audit results. The discussion focused particularly on the early risk detection system. The Supervisory Board shares the opinion of the Audit and Finance Committee regarding the effectiveness of this system and asked the Audit and Finance Committee to also report on the monitoring of the auditor's independence in consideration of services rendered that do not pertain to the audit and its assessment that the auditor continues to have the necessary independence.

The Supervisory Board was able to satisfy itself that the auditor had correctly performed the audit and that the audit as well as the audit reports meet legal requirements. Following a thorough review of the annual financial statements and management report as well as the consolidated financial statements and the consolidated management report (including the corporate management report), the Supervisory Board declared that it has no concerns about the annual financial statements and the consolidated financial statements as well as the corresponding management reports. Following the recommendation of the Audit and Finance Committee, the Supervisory Board agreed with the auditor's findings. In doing so, the Supervisory Board approved the annual financial statements and the consolidated financial statements in its meeting on 23 March 2016. The annual financial statements of Hapag-Lloyd AG have thus been adopted. The Supervisory Board concurs with the situational assessment of the company and the group described by the Executive Board in the corresponding management reports. The Supervisory Board assessed the proposal of the Executive Board on the use of retained earnings, particularly in consideration of the dividend policy, the effects on liquidity, and in consideration of the shareholders' interests; this also included an explanation from the Executive Board and a discussion with the auditor. Following this discussion, the Supervisory Board concurred with the proposal of the Executive Board on the use of retained earnings.

Review of the Executive Board report on relationships with affiliates

The Executive Board submitted the report on relationships with affiliates in the financial year 2015 (Dependency Report) to the Supervisory Board in a timely manner.

The auditor audited the dependency report and issued the following unqualified auditor's opinion:

"Having duly audited and assessed this report, we hereby confirm that

1. The actual information in this report is accurate, and
2. The payment rendered by the company for the legal transactions listed in the report were not unreasonably high."

The Supervisory Board was also presented with the auditor's audit report. The dependency report and the respective audit report were sent to all members of the Supervisory Board in a timely manner to help them prepare for the discussions in the Supervisory Board meeting on 23 March 2016.

First, the Audit and Finance Committee thoroughly dealt with the aforementioned document to prepare the review and decision-making process of the Supervisory Board. In its meeting on 22 March 2016, the members of the Executive Board explained the dependency report to the Audit and Finance Committee in detail. It also answered questions from committee members. The auditor, who was attending the meeting as well, reported on his audit, particularly the focus areas of his audit and the most important findings of his audit, and explained his audit report. The members of the Audit and Finance Committee took note of the audit report and the auditor's opinion, critically examined them, and discussed these documents as well as the audit itself with the auditor, which included questions about the manner and scope of the audit and the audit findings. In doing so, the Audit and Finance Committee was able to satisfy itself of the appropriateness of the audit and the audit report. It came, in particular, to the conclusion that the audit report as well as the audit performed by the auditor itself complies with all legal requirements. The Audit and Finance Committee recommended to the Supervisory Board to approve the findings of the auditor's audit and, since, in its opinion, there are no concerns about the Executive Board's statement on the dependency report, to resolve a corresponding assessment.

The final review by the Supervisory Board took place during the Supervisory Board meeting on 23 March 2016 in consideration of the resolution and recommendation of the Audit and Finance Committee as well as the auditor's audit report. The Executive Board explained the dependency report in this meeting and answered questions from Supervisory Board members. The auditor also attended this meeting, reported on his audit of the dependency report and his main audit findings, explained his audit report, and answered questions from Supervisory Board members, particularly regarding the manner and scope of the dependency report and the audit findings. On this basis, the Supervisory Board reviewed the legal transactions included in the report on relationships with affiliates to determine whether the payments made by the company were not unreasonably high in consideration of the circumstances that were known at the time they were made or whether disadvantages have been adjusted. To do so, it had in particular the most important legal transactions explained to it and the principles that the payments of the company and the services received in return are based on. In doing so, and on the basis of the report provided by the Audit and Finance Committee, the Supervisory Board was able to satisfy itself of the appropriateness of the dependency report audit and the audit report. It came, in particular, to the conclusion that the audit report as well as the audit performed by the auditor itself complies with all legal requirements. The Supervisory Board reviewed the dependency report in particular for its accuracy and also verified that the affiliates were identified with the necessary diligence, and all precautions necessary for the documentation of reportable legal transactions and measures were taken. This review did not lead to any indications that the dependency report might be problematic. Following the recommendation of the Audit and Finance Committee, the Supervisory Board agreed with the auditor's findings regarding the dependency report audit. Based on the final results of the dependency report review performed by the Supervisory Board, there are no concerns about the declaration issued by the Executive Board about the dependency report.

The Supervisory Board thus independently reviewed the dependency report of the Executive Board and the audit report of the auditor.

Expression of thanks

The Supervisory Board hereby thanks the Executive Board as well as the employees of the Hapag-Lloyd Group for their tremendous commitment.

Adoption of this report

The Supervisory Board adopted this report by the Supervisory Board in its meeting on 23 March 2016 pursuant to Section 172 (2) AktG.

Hamburg, 23 March 2016

For the Supervisory Board

Michael Behrendt

Michael Behrendt

Chairman of the Supervisory Board

CORPORATE GOVERNANCE

JOINT CORPORATE GOVERNANCE REPORT BY THE EXECUTIVE AND THE SUPERVISORY BOARD

BASIC INFORMATION ABOUT CORPORATE GOVERNANCE AND THE CORPORATE STRUCTURE

Corporate Governance comprises all principles relating to the management and monitoring of a company. Within this meaning, Corporate Governance is an expression of good and responsible corporate management and, as such, an integral part of Hapag-Lloyd's management philosophy. The principles of Corporate Governance pertain, in particular, to cooperation within the Executive Board, the Supervisory Board, and between the two boards as well as between the corporate bodies and the shareholders, in particular in the annual general meeting. They also pertain to the relationship between the company and other persons and institutions that have a business relationship with Hapag-Lloyd.

German Corporate Governance Code commitment
Hapag-Lloyd AG is a corporation under German law whose stock has been publicly traded within the meaning of the German Stock Corporation Act since 6 November 2015.

For Hapag-Lloyd AG, the starting point for ensuring responsible management and control of the company that is geared towards sustainable appreciation is, in addition to compliance with the applicable laws, a commitment to the German Corporate Governance Code (GCGC) as amended on 5 May 2015. In addition to the most important laws governing the management and monitoring of German publicly traded companies, the code, which was ratified by the "Government Commission for the German Corporate Governance Code" contains nationally and internationally accepted standards for good and responsible corporate governance in the form of recommendations and suggestions.

The Executive and the Supervisory Board are committed to responsible Corporate Governance and identify with the objectives of the GCGC. According to the preamble of the GCGC, in the interests of good corporate management and an active corporate governance culture, this does not preclude non-compliance with individual provisions of the code, if the deviations are justified due to the specifics of the company.

INFORMATION ABOUT CORPORATE MANAGEMENT AND CORPORATE GOVERNANCE

Compliance Statement for the German Corporate Governance Code pursuant to Section 161 of the German Stock Corporation Act (AktG)
Section 161 AktG requires the Executive Board and the Supervisory Board of Hapag-Lloyd AG to issue an annual statement indicating that the recommendations by the "Government Commission for the German Corporate Government Code" (GCGC), published by the German Federal Ministry of Justice and Consumer Protection in the official part of the German Federal Gazette, were complied with or, respectively, which recommendations were or are not being followed and why. The statement must always be made available to the public on the Company's website.

Statement of the Executive Board and the Supervisory Board of HAPAG-LLOYD AKTIENGESELLSCHAFT on the "Government Commission for the German Corporate Governance Code" Pursuant to Section 161 of the German Stock Corporation Act

> The Executive Board and the Supervisory Board of Hapag-Lloyd Aktiengesellschaft hereby state that the company has followed the recommendations of the "Government Commission for the German Corporate Governance Code" as amended on 5 May 2015 and published in the official part of the German Federal Gazette on 12 June 2015 and will continue to do so with the following exception:
>
> Section 5.3.2 clause 3 GCGC contains, among others, the recommendation that the Chairman of the Audit and Finance Committee should be independent. At this time, Mr Karl Gernandt is the Chair of the Audit and Finance Committee. He is supposed to continue to hold this office even after the planned IPO. Mr Gernandt is also a managing director for a shareholder who holds a significant interest in Hapag-Lloyd AG. Therefore, Mr Gernandt cannot be considered as independent within the meaning of Section 5.3.2 clause 3 GCGC. In the opinion of the Supervisory Board, it is in the urgent interest of the company and all its shareholders that Mr Gernandt continue to exercise his office as the Chair of the Audit and Finance Committee, because Mr Gernandt is well suited as the Chair of the Audit and Finance Committee. There is no doubt that he exercises his office in an independent manner.
>
> Hamburg, 3 November 2015
>
> Executive Board and Supervisory Board

In addition to compliance with the accepted principles of good corporate management, Hapag-Lloyd's own guidelines and standards for good and sustainable corporate development contribute to a good and sustainable development of the company as well.

In July 2010, Hapag-Lloyd introduced a Code of Ethics, which expresses Hapag-Lloyd's commitment to law-abiding, sustainable conduct that expresses integrity as well as social responsibility. The Code of Ethics is intended to serve employees as a guideline in performing their responsibilities. It serves, in particular, as a guideline on how to treat customers, suppliers, and competitors fairly and also addresses conduct within the company.

Hapag-Lloyd believes that it is not only important that its employees are responsible and comply with the high legal and ethical standards, but also views itself as a company that highly values environmental protection, high quality standards, as well as the safety and health of its employees.

This claim is firmly anchored in the company's sustainability policy. The company's sustainability policy can be found at: http://www.hapag-lloyd.com/en/

The significant importance of quality and environmental protection at Hapag-Lloyd is also reflected in the globally applicable integrated quality and environmental management system (ISO 9001 and 14001). Hapag-Lloyd uses this system to cover all the activities along the global transportation chain. For more information about the quality and environmental protection programs of Hapag-Lloyd, please visit: http://www.hapag-lloyd.com/en/

INFORMATION ABOUT RELEVANT CORPORATE MANAGEMENT PRACTICES

Corporate Governance

With one exception, the company follows the recommendations of the German Corporate Governance Code (see above).

Compliance

At Hapag-Lloyd compliance has top priority, as do high quality standards, proactive environmental protection, as well as sustainability in management and all operational processes. The company expressly commits to fair competition as well as compliance with all national and international laws [that apply to Hapag-Lloyd], in particular with regard to corruption, bribery, and price fixing, which it is strictly opposed to and which are not tolerated in any way. Hapag-Lloyd will not tolerate any internal or external violations of applicable law and will legally pursue them. Hapag-Lloyd has a Code of Ethics which clearly spells out the respective conduct instructions (see above).

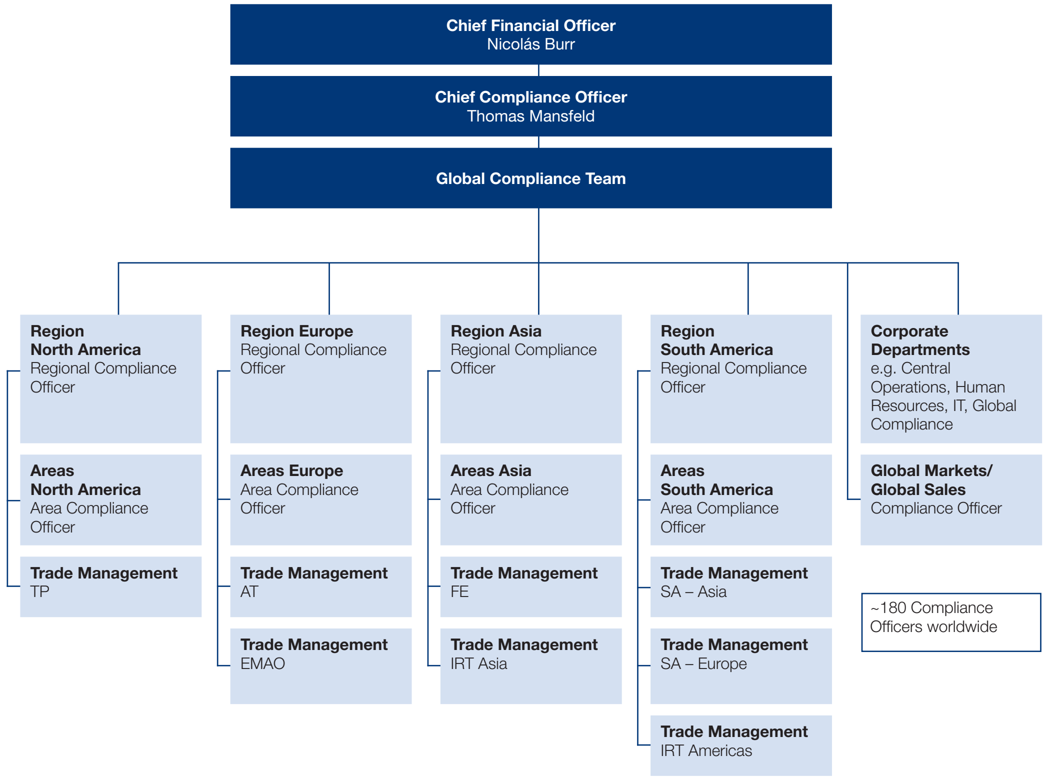
Code of Ethics

The "Global Code of Ethics" reflects the corporate culture of Hapag-Lloyd and defines the basic values as well as expectations regarding the conduct of executives and employees, both with regard to internal and external relationships. This code summarises the principles governing fair dealings with each other as well as the customers and business partners of Hapag-Lloyd (see above).

Compliance organisation

The compliance program of Hapag-Lloyd AG primarily consists of the following areas: anti-competition and antitrust law, the fight against corruption, as well as compliance with embargoes and sanctions. Another important area is the monitoring of compliance with all capital market laws that apply to Hapag-Lloyd AG (capital market compliance).

The central Global Compliance Department, which reports directly to the Chief Financial Officer of Hapag-Lloyd AG, as well as the Compliance Officers in the regional centres and the national affiliates ensure that the Hapag-Lloyd compliance program is implemented with the help of, for example, online and on-site training sessions. The Executive Board as well as the Supervisory Board's Audit and Finance Committee are regularly updated in the form of compliance reports.



Corporate Responsibility
At Hapag-Lloyd compliance has top priority, as do high quality standards, proactive environmental protection, sustainability in management and all operational processes.

Hapag-Lloyd with its long tradition as a world-wide Company bears social responsibility for its customers, employees, investors, and the general public. Hapag-Lloyd therefore views compliance with individual rights, laws, and internal guidelines as the foundation of our corporate and economic activities. The global focus and strategy of profitable growth demand a common system of values and principles, which serves as a behavioural guideline for all employees.

Hapag-Lloyd's compliance organisation helps to incorporate and permanently anchor the aforementioned values into the corporate structure. It is responsible for the world-wide incorporation of the compliance program.

The "Global Code of Ethics" reflects the corporate culture and defines the basic values of Hapag-Lloyd as well as expectations regarding the conduct of executives and employees, both with regard to internal and external relationships.

The aforementioned important documents that outline the approach of the Hapag-Lloyd Group can be found online under the following address: https://www.hapag-lloyd.de/en/

Transparency
Informing the public in a timely and consistent manner is an important part of Corporate Governance for Hapag-Lloyd. To this purpose, a great deal of information in German and English is provided on the Hapag-Lloyd website under Investor Relations.

A financial calendar provides a quick overview of all important publication dates.

The most current financial calendar is available at: http://ir.hapag-lloyd.com

The business development of Hapag-Lloyd is explained, in particular, in the financial reports, in the business reports, and in the investor relations presentations. In addition, details about the Hapag-Lloyd stock and the terms of the issued Hapag-Lloyd bond are available.

Statutory disclosures such as ad-hoc releases, voting right notices or information about directors' dealings are immediately posted on the Investor Relations webpage as well.

Explanations of the corporate strategy, shareholding structure, and the business model complete the range of provided information.

Executive Board and Supervisory Board
The German Stock Corporation Act is the legal basis of the internal legal structure of Hapag-Lloyd AG. It is further fleshed out by the Company's articles of association and the provisions of the German Corporate Governance Code (see above in this regard).

The Executive Board manages the business of Hapag-Lloyd AG and represents the Company. It manages the Company on its own responsibility and in the interest of the Company, i.e., in consideration of the interests of the shareholders, its employees and all other groups associated with the company (stakeholders), with the objective of a sustainable value creation. It also develops the corporate strategy and controls and manages its implementation. The Executive Board ensures compliance with the legal provisions and internal guidelines and ensures that its Group companies comply with them as well (Compliance). It has also implemented an effective internal control and risk management system. It closely collaborates with the other corporate bodies for the benefit of the Company.

The Supervisory Board has passed rules of procedure for the Executive Board. They include the allocation of duties within the Executive Board including the appointment of a CEO as well as the transactions and measures that require a resolution by the entire Executive Board. The Supervisory Board also included in the rules of procedure a list of transactions that may only be performed with the approval of the Supervisory Board.

The Executive Board currently has four members. One member, Mr Rolf Habben Jansen, was appointed Chairman. The Chairman coordinates the cooperation of the Executive Board and the provision of information to the Supervisory Board. He also keeps in regular contact with the Chairman of the Supervisory Board. The members of the board are encouraged to cooperate with each other and to continually update each other about important measures and events in their business areas. In general, the Executive Board only passes resolutions during regularly scheduled meetings. Resolutions require a simple majority. In the event of a tie, the vote cast by the Chairman of the Executive Board tips the scales.

As of 31 December 2015, the Executive Board had the following members: Rolf Habben Jansen (Executive Board Chairman), Nicolás Burr, Anthony James Firmin, and Thorsten Haeser. The remaining term of office of one of the board members, Mr Rolf Habben Jansen, is more than three years.

The Executive Board and the Supervisory Board of Hapag-Lloyd AG work closely and trustingly together for the benefit of the company. Both the Executive Board and the Supervisory Board are responsible for ensuring that the Supervisory Board is provided with adequate information. The Executive Board is required to provide the Supervisory Board with reports to be compiled pursuant to Section 90 AktG as well as the rules of procedure of the Supervisory Board/Executive Board. It informs the Supervisory Board regularly, promptly, and comprehensively about all questions relating to strategy, planning, business development, the internal control and risk management system, as well as adherence to the Compliance Guidelines that are relevant for the Company and the Group. It addresses deviations of the course of business from the prepared plans and objectives and provides the respective reasons.

The Executive Board coordinates the strategic orientation of the Company with the Supervisory Board and regularly discusses the strategy implementation status with it. Furthermore, the Executive Board promptly submits to the Supervisory Board the transactions that require the approval of the Supervisory Board pursuant to the articles of association or the rules of procedure of the Supervisory Board/Executive Board such as the Group's annual budget. In addition, the Supervisory Board may, in individual cases, make other transactions and measures subject to its approval as well.

The members of the board must act in the interest of the company. Members of the Executive Board may not pursue personal interests with his or her decisions or exploit business opportunities that the Company is entitled to.

The members of the Executive Board are subject to a comprehensive ban on competition while working for the Company. They may only accept another commitment, in particular offices held in supervisory boards of companies that are not affiliated with Hapag-Lloyd AG, with the approval of the Chairman of the Supervisory Board. If he or she does, in fact, accept such offices with the approval of the Chairman of the Supervisory Board, the board member in question will perform the office as a personal responsibility in compliance with his strict obligation to maintain confidentiaility and the strict separation of his work as a member of the company's Executive Board. Every Executive Board member is required to disclose any conflict of interest to the Chairman of the Supervisory Board and to inform the other board members as well.

No conflicts of interest arose with regard to Executive Board members of Hapag-Lloyd AG in the financial year 2015.

All transactions between the Company or one of its Group companies as one party and the Executive Board members as well as persons or undertakings close to them as the other party must comply with customary industry standards. No respective transactions took place during the reporting period.

Members of the Executive Board (31 December 2015):

Rolf Habben Jansen Born in 1966	**Member of the Executive Board/CEO**
First appointment: *Current appointment:*	Member of the Executive Board of Hapag-Lloyd AG since 2014 Chairman of the Executive Board of Hapag-Lloyd AG since 2014 Until 31 March 2019
Nicolás Burr Born in 1975	**Member of the Executive Board/CFO**
First appointment: *Current appointment:*	Member of the Executive Board of Hapag-Lloyd AG since 2015 Until 28 February 2018
Anthony James Firmin Born in 1953	**Member of the Executive Board/COO**
First appointment: *Current appointment:*	Member of the Executive Board of Hapag-Lloyd AG since 2014 Until 30 June 2017
Thorsten Haeser Born in 1968	**Member of the Executive Board/CCO**
First appointment: *Current appointment:*	Member of the Executive Board of Hapag-Lloyd AG since 2015 Until 30 September 2018

Executive Board member Peter Ganz resigned on 31 March 2015, i.e., during the reporting period.

Hapag-Lloyd AG has taken out pecuniary damage liability insurance (D&O insurance) for the members of the Executive Board and the Supervisory Board. The board members have a deductible of 10% of the damage, but not to exceed 1.5 times of the fixed annual compensation of the respective executive board member. Finally, there is a pecuniary damage liability insurance to benefit the members of the Supervisory Board (D&O insurance), which covers the legal liability for supervisory board activities. In case of an insurance event, supervisory board members will have a deductible in the amount of 10% of the damage, but not to exceed 1.5 times of the fixed annual compensation of the Supervisory Board member.

The Supervisory Board of Hapag-Lloyd AG advises the Executive Board in the management of the Company and monitors its business administration. It appoints the members of the Executive Board and one of its members as the Chairman. If necessary, it will revoke the same as well. It determines the compensation of the Executive Board members. It reviews the annual financial statements and the consolidated financial statements and is responsible for their adoption and/or approval. It also reviews the Executive Board's proposal on the use of balance sheet profits as well as the Company and Group management reports. The Supervisory Board has drafted rules of procedure that govern its work.

The Executive Board requires the approval of the Supervisory Board for decisions of an important and fundamental nature that are specified in a list of business transactions requiring approval. These include, for example:

– The approval of the business plan and annual budget;
– Investments of over EUR 100,000,000.00, unless already included in the annual budget;
– Dispositions of assets valued at over EUR 75,000,000.00, unless already included in the annual budget;
– Legal transactions between the Company or a subsidiary of the Company and an affiliated company within the meaning of Section 15 et seqq. AktG, provided these are not part of regular business operations or do not stand up to an arm's length comparison;
– Loans taken out outside of the annual budget and exceeding EUR 75,000,000.00;
– Acceptance of sureties, guarantees or similar liabilities, as well as the provision of collateral in all cases for third-party liabilities outside of regular business operations, if the value of the individual case exceeds EUR 2,000,000.00;
– Conclusion, amendment, or termination of contracts between business enterprises within the meaning of Section 291 et seqq. AktG that the Company is a party to.

The Supervisory Board consists of 12 members. The Supervisory Board is subject to the Co-Determination Act. Accordingly, the six representatives of the shareholders are elected by the annual general meeting – with the Supervisory Board proposing the relevant candidates after preparation in the Nomination Committee – and the six representatives of the employees are elected in accordance with the provisions of the Co-Determination Act. When selecting the candidates for the Supervisory Board, their expertise, capabilities, and professional experience relating to the tasks to be performed are taken into consideration as well as the diversity of the board's composition. Supervisory Board members are not to hold any executive roles with important competitors of the Company. At least one independent member must have accounting or auditing expertise. Each member of the Supervisory Board must ensure that he or she has enough time to fulfil his or her Supervisory Board office. Members of the Supervisory Board that are at the same time a member of the Executive Board of another publicly traded company cannot hold more than three supervisory board offices in publicly noted companies or supervisory boards of companies with comparable requirements that are not part of the Group.

Each member of the Executive Board must pursue the Company's interests and may not pursue personal interests with his or her decisions or make use of business opportunities that the company is entitled to. Supervisory Board members must disclose any conflict of interest to the Supervisory Board. This member may not participate in the passing of resolutions during the meetings of the Supervisory Board that deal with matters involving the conflict of interest. The Supervisory Board will list any conflicts of interests that have arisen and how they were dealt with in its report to the annual general meeting. Significant and not only temporary conflicts that lie in the person of a Supervisory Board member should lead to a termination of the office.

Any consulting or other contacts for work or services concluded between a member of the Supervisory Board with the company require the Supervisory Board's approval. In the financial year 2015, no such contracts or conflicts of interest existed with regard to the Supervisory Board members of Hapag-Lloyd AG. The Supervisory Board passed rules of procedure that also govern the creation and responsibilities of the committees. Four regular Supervisory Board meetings are held during every calendar year. In addition, Supervisory Board meetings may be called as needed and/or resolutions passed by the Supervisory Board outside of meetings. If there is a tie with regard to a decision to be made by the Supervisory Board, the vote of the Chairman of the Supervisory Board will be the deciding vote if a second vote once again results in a tie.

The Supervisory Board has set the following objectives for its composition, which are taken into account when submitting resolution proposals to the annual general meeting within the context of the regularly occurring Supervisory Board elections and the subsequent election of a Supervisory Board member:

- At least two members should have in-depth knowledge of regions in which the Hapag-Lloyd Group conducts substantial business, due to their background or professional experience with international relevance.
- At least two members of the Supervisory Board should have special knoweldge and experience in the shipping industry.
- At least two members of the Supervisory Board should have experience with the management or control of a major company.
- Members of the Supervisory Board generally should not exceed the age of 70 at the time of their election.

The current composition of the Supervisory Board fulfils these objectives. The Supervisory Board and its Nomination Committee will follow up on the compliance with the set objectives.

Members of the Supervisory Board of Hapag-Lloyd AG (31 December 2015):

Michael Behrendt
(Supervisory Board Chairman)

Karl-Heinz Biesold
(1st Deputy Chairman of the Supervisory Board)

Karl Gernandt
(2nd Deputy Chairman of the Supervisory Board)
President of the Administrative Board
Kühne Holding AG, Schindellegi, Switzerland

Andreas Bahn
Trade Union Secretary
ver.di – Vereinte Dienstleistungsgewerkschaft, Hamburg

Horst Baier
Member of the Executive Board
TUI AG, Hannover

Oliver Bringe
Chairman of the Works Council for Shipping Operations
Hapag-Lloyd AG, Hamburg

Renate Commerell
Commercial Clerk
Hapag-Lloyd AG, Hamburg

Jutta Diekamp
Deputy Chairperson of the Works Council for Shipping Operations
Hapag-Lloyd AG, Hamburg

Dr Rainer Klemmt-Nissen
Managing Director
HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH, Hamburg

Arnold Lipinski
HR Manager for Shipping Operations
Hapag-Lloyd AG, Hamburg

Francisco Pérez Mackenna
Managing Director
Quiñenco S.A., Santiago de Chile

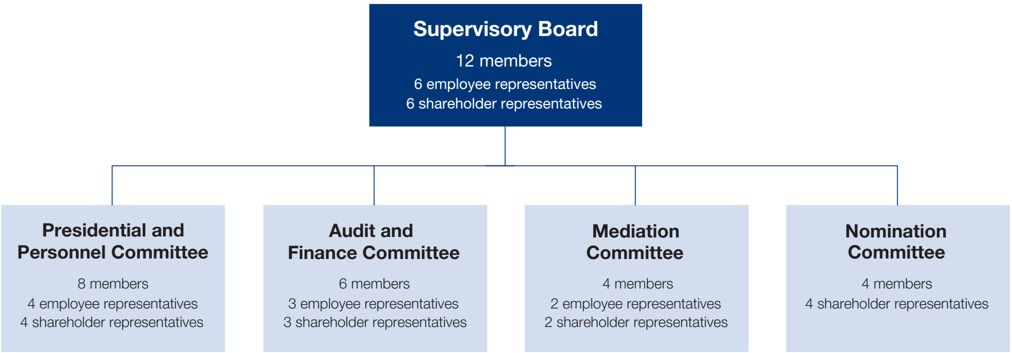
Oscar Hasbún Martínez
Chairman of the Board
Compañía Sud Americana de Vapores S.A., Santiago de Chile

Supervisory Board committees

During the past financial year, the Supervisory Board formed the following committees:

In order to efficiently handle its responsibilities, the Supervisory Board has set up a total of four committees that prepare the resolutions of the Supervisory Board and the topics to be discussed during board meetings. To the extent this is legally permitted, the Supervisory Board may in certain situations transfer decision-making authority to its committees. The Supervisory Board has set up a Presidential and Personnel Committee, an Audit and Finance Committee, a Mediation Committee, and the standardisation committee pursuant to Section 27 (3) of the Co-Determination Act as permanent committees.

Supervisory Board and committees of Hapag-Lloyd AG



(1) The **Presidential and Personnel Committee** coordinates the work of the Supervisory Board and the committees. It generally prepares the Supervisory Board meetings and monitors the execution of the resolutions passed by the Supervisory Board. It generally prepares the resolutions of the Supervisory Board regarding legal transactions requiring approval. The Presidential and Personnel Committee also prepares the decisions of the Supervisory Board regarding the appointment and revocation of board members, regarding the conclusion, amendment, and termination of employment contracts with board members, as well as about the board's remuneration system.

<u>Members:</u>
Michael Behrendt (Chairman), Karl Gernandt, Karl-Heinz Biesold, Oliver Bringe, Jutta Diekamp, Dr Rainer Klemmt-Nissen, Arnold Lipinski, Francisco Pérez Mackenna

(2) The **Audit and Finance Committee** of the Supervisory Board handles the financial planning and reviews the investment projects of the Hapag-Lloyd Group. It is responsible for checking the documents pertaining to the annual financial statement and the consolidated financial statements including the corresponding management reports and the Executive Board's proposal on the appropriation of profits. It prepares the adoption of the

annual financial statements and the consolidated financial statements by the Supervisory Board as well as its decisions about the Executive Board's proposal on the appropriation of profits. The Audit and Finance Committee also prepares the Supervisory Board's proposal for the selection of the annual auditor to the annual general meeting, negotiates the fees with the auditor, and grants the audit commission. It also monitors the auditor's independence. It is additionally responsible for monitoring the effectiveness of the internal control system, the risk management system, the compliance management system, and the internal audit system.

Members:
Karl Gernandt (Chairman), Horst Baier, Oliver Bringe, Jutta Diekamp, Arnold Lipinski, Oscar Hasbún Martínez

(3) The **Nomination Committee** submits to the Supervisory Board suggestions about suitable candidates as shareholder representatives in the Supervisory Board. The Supervisory Board itself submits its proposals to the annual general meeting. Following the recommendations of the GCGC, the Nomination Committee only consists of shareholder representatives.

Members:
Michael Behrendt (Chairman), Karl Gernandt, Dr Rainer Klemmt-Nissen, Francisco Pérez Mackenna

(4) There is also a **Mediation Committee** that was established pursuant to Section 27 (3) of the Co-Determination Act. This committee submits to the Supervisory Board suggestions for the appointment of Executive Board members if the necessary two-third majority of all of the votes of the Supervisory Board members was not reached during the first voting round.

Members:
Michael Behrendt (Chairman), Karl-Heinz Biesold, Jutta Diekamp, Francisco Pérez Mackenna

The Mediation Committee and the Nomination Committee meet only as needed. All other committees meet regularly or if it is necessary to do so because of their respective area of responsibility set forth in the Supervisory Board's rules of procedure. The work performed by the Supervisory Board and its committees in the past financial year is described in the Supervisory Board Report. It also provides information about which Supervisory Board member attended which meetings. The respective memberships in other supervisory boards and control committees are described there as well.

Share transactions and holdings by members of the Executive Board and the Supervisory Board

According to the German Securities Trading Act (Section 15a (1) WpHG), members of an Executive Board and Supervisory Board as well as persons closely related to them (e.g. spouses, registered partners, and dependent children) are required to report any transactions of their own involving the shares of Hapag-Lloyd AG or any relating financial instruments to Hapag-Lloyd AG and the German Federal Financial Supervisory Authority (BaFin) if the total amount of the transactions by a member of the Executive Board or the Supervisory Board and persons closely related to them amounts to or exceeds EUR 5,000 in the calendar year. The communicated transactions are published on the website of Hapag-Lloyd AG.

On the balance sheet date, all of the members of the Executive Board and Supervisory Board together owned less than 1% of all issued Hapag-Lloyd AG stock and the respective financial instruments.

Executive Board and Supervisory Board remuneration

An important component of responsible corporate management are incentive- and performance-based remuneration systems for the Executive Board and the Supervisory Board.

The basic characteristics of the remuneration system and the remuneration of the members of the Executive Board and the Supervisory Board are described in the remuneration report, which is part of the management report and starts on page 80.

Shareholders

The shareholders exercise their rights in the annual general meeting. The annual general meeting selects the auditor as well as the shareholders representatives of the Supervisory Board and decides, in particular, about the discharge of the members of the Executive Board and the Supervisory Board, the use of net profits, capital measures, and changes to the articles of association. The shares are registered by name. All shareholders that are listed in the stock register and that registered in time prior to the annual general meeting are entitled to attend the annual general meeting and to exercise their voting rights. The shareholders may either exercise their voting right in the annual general meeting themselves or have it exercised by a representative of their choice or a proxy holder of the company who is required to follow instructions. Each share equals one vote.

As of 31 December, the shareholders of Hapag-Lloyd AG were:

Voting rights	2015
CSAV Germany Container Holding GmbH	31.4%
HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH	20.6%
Kühne Holding AG and Kühne Maritime GmbH	20.2%
TUI AG/TUI-Hapag Beteiligungs GmbH	12.3%
Free float	15.5%
Total	**100.0%**

For further information please refer to the notes to the financial statements (page 256).

Accounting and auditing

The Executive Board prepares the annual financial statements and the respective management report of Hapag-Lloyd AG in accordance with the German Commercial Code (HGB) and the German Stock Corporation Act (AktG). The consolidated financial statements are prepared in accordance with the principles of the International Financial Reporting Standards (IFRS) as adopted in the European Union and the German legal provisions to be additionally applied pursuant to Section 315a (1) HGB. The consolidated management report was drafted in accordance with the provisions of the German Commercial Code. The annual financial statements and consolidated financial statements as well as the management report and consolidated management report are reviewed by the auditors as well as the Supervisory Board.

Following a proposal by the Supervisory Board, the annual general meeting on 8 May 2015 commissioned KPMG AG Wirtschaftsprüfungsgesellschaft, Hamburg, (KPMG) as the annual auditor of the annual financial statements and the consolidated financial statements as well as the corresponding management reports of Hapag-Lloyd AG for the financial year 2015. The Supervisory Board had previously verified the auditor’s independence. The signing auditors for the annual financial statements and the consolidated financial statements of Hapag-Lloyd AG are Hartmut Heckert (since the 2010 fiscal year) and Markus Lippmann (since the 2015 fiscal year). In addition to accounting, the audit also included the early risk detection system.

Risk Management and Internal Control System (ICS)

Risk management within the Hapag-Lloyd Group including the ICS as it relates to the accounting process is illustrated and described in the risk report as part of the management report.

Information about statutory diversity requirements

The Law for the Equal Participation of Women and Men in Leadership Positions in the Private Economy and Civil Service became effective on 1 May 2015. These provisions now apply in addition to the already existing diversity requirements of the GCGC which Hapag-Lloyd AG continues to comply with. Hapag-Lloyd has addressed the new requirements on the various levels and in the responsible committees and passed the required resolutions.

As a publicly traded company which, at the same time, is subject to the co-determination law, the Supervisory Board of Hapag-Lloyd AG must adhere to a fixed gender quota, which must be taken into account for all new appointments after 1 January 2016. This means that the Supervisory Board must consist of at least 30% women and at least 30% men. As of 31 December 2015, the Supervisory Board of Hapag-Lloyd AG included two women. This means that 17% of the Supervisory Board were women on the reference date.

Hapag-Lloyd will take into account the legal provisions as of 1 January 2016 to comply with the requirements.

The Law for Equal Participation of Women and Men in Leadership Positions in the Private Economy and Civil Service also requires that targets are set for the percentage of women in the Executive Board and the two leadership levels below the Executive Board as well as deadlines by which they must be reached. The deadlines to be established for the first time for the achievement of the targets may not exceed 30 June 2017.

Consequently, the Supervisory Board has defined the target for the percentage of women in the Executive Board to be 0% and identified the deadline to be 30 June 2017. This reflects the current situation, since it is currently not expected that any new board members will be appointed.

The Executive Board of Hapag-Lloyd AG determined a target figure for the time period until 30 June 2017 for the percentage of women on the first management level below the Executive Board of 0% and for the same time period until 30 June 2017 for the second management level of 14%. This corresponds to the current situation and takes into account the succession planning for the period established for both leadership levels.

Offices held by members of the Supervisory Board in other supervisory boards and other control committees

Michael Behrendt
Barmenia Allgemeine Versicherungs AG · Deputy Chairman of the Supervisory Board
Barmenia Krankenversicherung AG · Deputy Chairman of the Supervisory Board
Barmenia Lebensversicherung AG · Deputy Chairman of the Supervisory Board
ESSO Deutschland GmbH · Supervisory Board Member
EXXON Mobil Central Europe Holding GmbH · Supervisory Board Member
MAN SE · Supervisory Board Member
MAN Diesel Turbo SE · Supervisory Board Member
MAN Truck & Bus AG · Supervisory Board Member
Renk AG · Supervisory Board Member

Andreas Bahn
HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH · Supervisory Board Member
HHLA Container Terminals GmbH · Supervisory Board Member

Horst Baier
TUI Deutschland GmbH · Supervisory Board Member
TUIfly GmbH · Supervisory Board Member
RIUSA II S.A. · President
TUI Canada Holdings Inc. · Director
Sunwing Travel Group Inc. · Director

Karl Gernandt
Kühne + Nagel International AG · Resident of the Advisory Board
Kühne Holding AG · Delegate of the Advisory Board
HSV Fußball AG · Chairman of the Supervisory Board
Kühne Logistics University · Supervisory Board Member

Arnold Lipinski
Knappschaft Bahn See · Member of Delegates' Conference
BG Verkehr · Member of Delegates' Conference

Dr Rainer Klemmt-Nissen
Hamburger Hochbahn AG · Supervisory Board Member
HSH Nordbank AG · Supervisory Board Member
HMC Hamburg Messe und Congress GmbH · Supervisory Board Member
Vattenfall Wärme Hamburg GmbH · Supervisory Board Member

Francisco Pérez Mackenna
Compañia Sud Americana de Vapores S.A. · Member of the Board of Directors
Compañía Cervecerías Unidas S.A. · Member of the Board of Directors
Empresa Nacional de Energía Enex S.A. · Member of the Board of Directors
Inversiones y Rentas S.A. · Member of the Board of Directors
Invexans S.A. · Member of the Board of Directors
LQ Inversiones Financieras S.A. · Member of the Board of Directors
SAAM Sud Americana Agencias Aéreas y Marítimas · Member of the Board of Directors
Tech Pack S.A. · Member of the Board of Directors

Óscar Hasbún Martínez
Odfjell y Vapores S.A. · Member of the Board of Directors
SAAM Sud Americana Agencias Aéreas y Marítimas · Member of the Board of Directors
Inversiones Dalmacia LTDA. · Member of the Board of Directors
Signus Capital Investments LTD · Member of the Board of Directors

The Supervisory Board members listed not above do not hold any offices in other supervisory boards or control committees.

HAPAG-LLOYD – CAPITAL MARKET ACTIVITIES

ECONOMIC UNCERTAINTY AND COMMODITY PRICE WEAKNESS HAVE A NEGATIVE IMPACT ON INTERNATIONAL STOCK MARKETS IN THE SECOND HALF OF 2015

The main international stock markets largely made further moderate gains in 2015. However, the considerable increase in volatility and a significant fall in commodity prices adversely affected the performance of international stock markets, especially in the second half of 2015. This led to extensive profit taking, in particular in the third quarter. The decline in commodity prices is generally regarded as an indication that there will only be a modest increase in global economic growth. In addition, investors were unnerved by a further weakening of economic growth in China. Due to the extreme robustness of the American labour market, the US Federal Reserve raised its key interest rate on 16 December 2015 for the first time since 2006 and increased its target range to the current figure of 0.25% to 0.5%. Prompted by weak economic data from China and a further sharp drop in crude oil prices, share prices on the main international markets fell significantly once again in the first weeks of 2016.

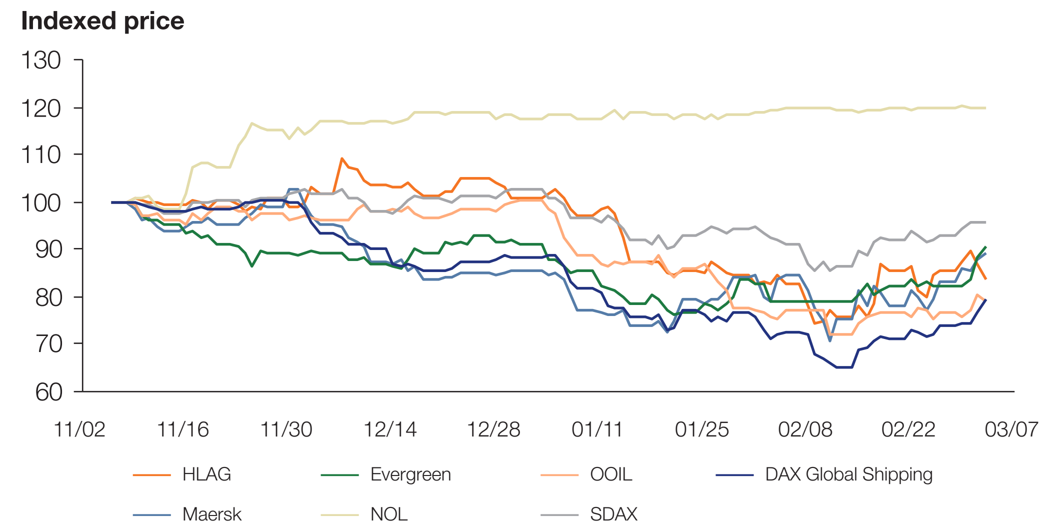
Developments in the most important indices

Indices*	**31.12. 2015**	31.12. 2013	31.12. 2013	Changes 2015 vs. 2014
Dow Jones Industrial	17,425	17,823	16,577	−2.2%
MSCI World	1,663	1,710	1,661	−2.7%
EuroStoxx 50	3,268	3,146	3,109	+3.9%
DAX Index	10,743	9,806	9,552	+9.6%
Nikkei 225	19,034	17,451	16,291	+9.1%

Source: Bloomberg; * Share prices as at 31.12. or on last trading day

A combination of continuing pressure on freight rates across all trades, the profit warning issued by industry leader Maersk Line on 23 October 2015 and the unsatisfactory earnings position of most Asian container shipping companies had a negative impact on the share prices of listed container shipping companies in the second half of 2015. Merger negotiations between the two Chinese shipping companies China Shipping Group, the parent company of China Shipping Container Lines (CSCL), and China Ocean Shipping Company (COSCO), and the takeover bid by French shipping company CMA CGM for Neptune Orient Lines (NOL), Singapore, led to one-off price movements in the shares of NOL and COSCO.

Hapag-Lloyd shares vs peer group and DAX Global Shipping (November 2015–March 2016)



Source: Bloomberg, 4 March 2016

SUCCESSFUL INITIAL PUBLIC OFFERING OF HAPAG-LLOYD AG

Despite the challenging stock market environment, Hapag-Lloyd AG was able to successfully carry out its initial public offering (IPO) in the fourth quarter of 2015. Hapag-Lloyd AG announced its IPO intentions on 28 September 2015. In total, 13.2 million new registered shares from a cash capital increase were issued at a price of EUR 20.00 by an international bank consortium to institutional and private investors as part of a book-building process. On 6 November 2015, the share became listed on the regulated market (Prime Standard) of the Frankfurt and Hamburg Stock Exchanges. The closing share price on the first day of trading was EUR 20.21.

Key data of the Hapag-Lloyd share
German securities identification code (WKN): HLAG47
International Securities Identification Number (ISIN): DE000HLAG475
Stock market segment: regulated market (Prime Standard) on the Frankfurt Stock Exchange and listed on the Hamburg Stock Exchange
Total number of shares: 118,110,917 registered shares
Market capitalisation (at the time of IPO on 6 November 2015): EUR 2,387 million
Issue price: EUR 20.00
Share price on 2 March 2016: EUR 17.37

Hapag-Lloyd AG's bonds

Volume of corporate bonds issued remains high overall

Institutional and private investors continued to show a buoyant interest in high-yield corporate bonds. According to an analysis by the investment bank Société Générale, the volume of high-yield corporate bonds issued in Europe amounted to EUR 83.5 billion in 2015, compared with the approximately EUR 106 billion in bonds issued by companies in 2014.

Hapag-Lloyd bonds with stable prices and improved rating outlook

As at 31 December 2015, Hapag-Lloyd AG's bonds traded at 102.38% (2018 EUR bond), 103.13% (2019 EUR bond) and 101.25% (2017 USD bond). In its rating update on 29 September 2015, the international rating agency Moody's raised its outlook from stable to positive. The issuer rating for Hapag-Lloyd AG was unchanged at B2. The Company's rating by Standard & Poor's remains at B+, with the outlook stable. On 30 December 2015, USD 125 million of the USD bond with a maturity date of 15 October 2017 was repaid early.

Key bond data

	Issue volume (total)	Maturity*	Coupon	Initial offering price	**Price on 31.12.2015**
EUR tranche 2018	EUR 400 million**	01.10.2018	7.75%	100.00%	102.38%
EUR tranche 2019	EUR 250 million	15.10.2019	7.50%	100.00%	103.13%
USD tranche 2017	USD 250 million***	15.10.2017	9.75%	99.37%	101.25%

Price data: Citibank; * Callable; ** Increase of EUR 150 million to 101.75%;
*** Partial repayment (USD 125 million) on 30 December 2015 as a result of early redemption

OPEN AND TRANSPARENT COMMUNICATION

The focus of Hapag-Lloyd's investor relations activities is on communicating promptly with all investors, analysts and capital market participants. In 2015, a large number of discussions were held with interested international analysts and investors. The Executive Board of Hapag-Lloyd AG presented and outlined the quarterly results and the prospects for the financial year to institutional investors and financial analysts at capital market conferences and roadshows in the main financial centres in Europe and North America as well as in regular conference calls coinciding with the reporting dates. The IPO in particular led to significant demand for information about the Company's development and strategy in a challenging operating environment.

Since the IPO, ten financial analysts have published research reports on the Hapag-Lloyd shares. Four of them recommend purchasing the share, four of them recommend holding it and two of them recommend selling it.

Published financial and Company reports, investor presentations, details of Hapag-Lloyd's shares and corporate bonds and important information for investors are available on Hapag-Lloyd's Investor Relations website.

Andrea Schöning – Director Intra Regional Trade Asia at Network & Cooperations (Germany)

"121 liner services, linking 538 ports in 126 countries: together with our partners, we maintain a unique product portfolio covering all important trades which is perfectly balanced. That ensures our strong market position in the East-West as well as in the North-South trades. We literally cover the entire globe – and serve all major markets and regions. Basically, we are there where our customers need us."

Hapag-Lloyd is one of the few leading carriers with an almost equal exposure to both the high-volume East-West trades and to the attractive North-South trades. Our enhanced service network ensures that we are well positioned to benefit from an increase in trade flows around the globe, while our balanced trade lane portfolio enables us to be more resilient to adverse market developments on any one trade lane.

>> **Focko Osterkamp – Master of the "Dalian Express"**

"With an age of 7.1 years, our fleet is far younger than the industry average of 8.5 years. And we continuously modernize our fleet: in 2015, we retired 16 older ships and put five, brand-new 9,300 TEU ships into service. Additionally, we ordered five new vessels with a capacity of 10,500 TEU each. Our state-of-the-art fleet is the backbone of our operational stability and reliability."

The Hapag-Lloyd fleet comprises 177 container vessels with an average size of approximately 5,500 TEU – which is much higher than the industry average. The composition of our fleet gives us lots of flexibility in our operations – as we can deploy our vessels on different trade lanes and actively manage and control their optimal use depending on demand and slot allocation.

Michael Braasch – IT expert and
Director Consulting & CRM (Germany)

"We are very proud of our industry-leading information management system for container liner shipping. It is a globally integrated and self-developed IT system for supporting our business and the majority of our operating processes. It provides us with a competitive advantage regarding quality and productivity, and forms the basis for state-of-the-art e-business solutions. And most important: it is easy to work with – not only for us, but also for our customers."

The ability to process information accurately and quickly is fundamental to the leading position of Hapag-Lloyd in the container shipping industry. Together with clearly defined processes and a standardized organizational model, we are a step ahead within our industry. The combination of our integrated IT system with our efficient processes is an industry-leading innovation, which cannot be easily reproduced by our competitors.

Roshnee Siripal – Reefer expert and Branch Manager (South Africa)

"Fruits are key export goods from South Africa. Citrus fruits, pears, plums and apricots are shipped from here all over the world. Our customers highly value Hapag-Lloyd's attractive global service network combined with our exceptional service quality."

Hapag-Lloyd has one of the largest, state-of-the-art reefer container fleets in the industry. We transport temperature-sensitive cargo such as fruit, vegetables, meat and fish, as well as high-value reefer cargo such as pharmaceuticals and healthcare products. Our dedicated reefer team stands for high quality, top reliability and decades of expertise. We therefore ensure that the products in our containers can keep cool – and our customers as well.

Carolina Ahumada – Expert for transporting Dangerous Goods (Chile)

"Transporting dangerous goods is an extremely sensitive issue. Carriers need to possess high-level knowledge of the proper handling of hazardous cargo. Everybody in our DG departments worldwide undergoes regular, intensive training. That's why our customers can absolutely rely on my colleagues and myself."

Hapag-Lloyd has a competitive edge in the transportation of dangerous goods. Why? Because we don't compromise on safety. Our great dedication, decade-long experience and expertise enable us to capitalize on the transportation of sensitive goods. And with our unique Watchdog software, we are able to systematically scan all bookings placed globally – and to identify goods which have been declared incorrectly.

Chet McDonough – Sales specialist for Special Cargo Projects (USA)

“Extremely large and very heavy loads can be a huge challenge. My colleagues and I organize and supervise each out-of-gauge shipment individually. We check the feasibility of the shipment, give a precise quote, organize, coordinate, and monitor the entire process – until the moment the cargo is discharged. Our customers’ special cargo is in the best possible hands with us.”

Hapag-Lloyd has more than 50 years of experience dealing with special cargo loads. Our international experts are all experienced technicians, engineers and navigators, who are familiar with the procedures on a container ship and in port. The aim: to find solutions that are possible to implement technically and time-wise, and which guarantee the safe, undamaged transport of the cargo. If we accept an order, our customers can rest assured that everything will work out nicely.

Group management report

BASIC PRINCIPLES OF THE GROUP

GROUP STRUCTURE AND SHAREHOLDERS

Together with its subsidiaries, Hapag-Lloyd AG (hereinafter referred to as “the Hapag-Lloyd Group”, “Hapag-Lloyd” or “the Group”) is Germany’s largest liner shipping company and one of the largest in the world, ranked on the basis of its transport capacity of approximately one million TEU. The controlling company, Hapag-Lloyd AG, is also the largest single operating company within the Group.

On 16 April 2014, Hapag-Lloyd AG and the Chilean shipping company Compañía Sud Americana de Vapores S.A. (CSAV) signed a business combination agreement with the aim of assessing the merger of the two companies’ container shipping activities. The corporate merger of CSAV’s container shipping activities with those of Hapag-Lloyd was completed on 2 December 2014 by means of a contribution in kind as part of a non-cash capital increase following approval from all the relevant competition authorities. Since then, the Group’s business operations have encompassed Hapag-Lloyd’s container liner shipping and CSAV’s container business. CSAV Germany Container GmbH, which was the former controlling company of the container business activities acquired from CSAV (hereinafter referred to as “CCS”, “CSAV business activities” or “CSAV container shipping activities”), was merged with Hapag-Lloyd AG in the second quarter of 2015 with retrospective effect as at 1 January 2015. As a result, Hapag-Lloyd AG holds all of the main container shipping activities directly. The operational integration of CSAV’s container shipping activities into Hapag-Lloyd AG was completed by the end of the first half of 2015. As a result of the integration of operating activities and the subsequent restructuring within the Group, subsidiaries were combined with each other through business transfers with subsequent liquidation as well as through mergers. Latin America was also established as a fourth region.

Following the disposal of a portfolio of 16 older vessels in the course of 2015, the Hapag-Lloyd Group had 177 ships as at 31 December 2015 with a transport capacity of approximately one million TEU and a global network of 121 services. The merger with CSAV’s container shipping activities means that, being one of the world’s leading global container liner shipping companies, Hapag-Lloyd’s ability to compete has improved. Hapag-Lloyd now has a much stronger market presence both in east–west and north–south trades.

Stronger equity base

The IPO enabled Hapag-Lloyd to strengthen its equity base and to increase its financial scope for future investments in ships and containers. The proceeds from the issue of the new shares totalled around EUR 265 million gross. The IPO strengthened the Company’s equity, which came to approximately EUR 5.0 billion as at 31 December 2015 (31 December 2014: EUR 4.2 billion). The increased equity base and a considerably improved liquidity reserve serve as a solid basis for the Company to benefit from additional growth opportunities. At the balance sheet date, a total of 103 (31 December 2014: 120) direct and indirect subsidiaries and 4 (31 December 2014: 4) equity-accounted investees belonged to the group of consolidated companies of the Hapag-Lloyd Group (a list of holdings can be found on pages 253–255 of the Notes to the consolidated financial statements). A total of 100 (31 December 2014: 114) companies are based outside of Germany. The group of consolidated companies also comprises 7 (31 December 2014: 10) companies in Germany. Key holdings, including an investment in a container terminal in Hamburg, are accounted for in the consolidated financial statements using the equity method (see disclosures in the Notes to the consolidated financial statements).

Shareholder structure of Hapag-Lloyd AG

CSAV Germany Container Holding GmbH and Kühne Holding AG, together with Kühne Maritime GmbH, are Hapag-Lloyd AG’s largest single shareholders, along with HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH. As part of the IPO, two anchor shareholders, CSAV Germany Container Holding GmbH and Kühne Holding AG, together with Kühne Maritime GmbH, each acquired additional shares in Hapag-Lloyd AG. On 31 December 2015, these three anchor shareholders held a total of around 72% of Hapag-Lloyd’s share capital. They have also entered into a shareholders’ agreement whereby the voting rights from the originally acquired shares in Hapag-Lloyd AG have been pooled into a consortium company and will therefore make important decisions together. The shareholder structure of Hapag-Lloyd AG as at 31 December 2015 is as follows:

Voting rights	2015
CSAV Germany Container Holding GmbH	31.4%
HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH	20.6%
Kühne Holding AG and Kühne Maritime GmbH	20.2%
TUI AG/TUI-Hapag Beteiligungs GmbH	12.3%
Free float	15.5%
Total	**100.0%**

Changes in the Hapag-Lloyd Executive Board
In its meeting on 26 March 2015, the Supervisory Board of Hapag-Lloyd appointed two new members to the Executive Board.

Nicolás Burr succeeded Peter Ganz as the Company's Chief Financial Officer (CFO). Peter Ganz stepped down from the Executive Board of Hapag-Lloyd AG with effect from 31 March 2015.

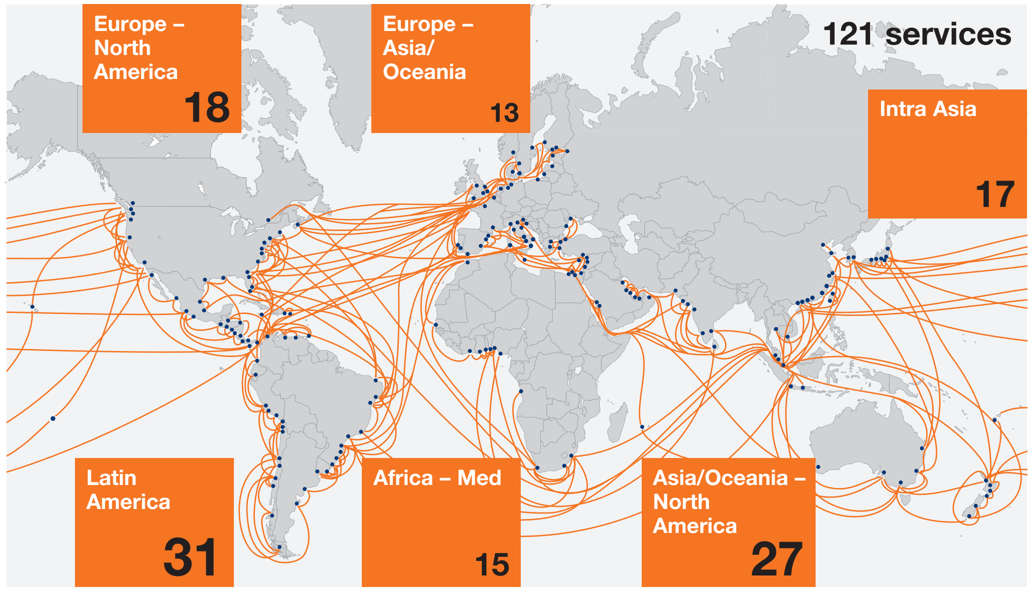
Thorsten Haeser took up his position as Chief Commercial Officer (CCO) on 1 October 2015.

The Executive Board of Hapag-Lloyd now has four members: Rolf Habben Jansen (Chief Executive Officer), Anthony J. Firmin (Chief Operating Officer), Nicolás Burr (Chief Financial Officer) and Thorsten Haeser (Chief Commercial Officer).

OPERATING ACTIVITIES

Hapag-Lloyd is Germany's largest container liner shipping company and is one of the world's leading liner shipping companies in terms of global market coverage. Following the integration of CSAV's container shipping activities, the Group's core business continues to be the shipping of containers by sea, but also encompasses transport services from door to door.

Network of Hapag-Lloyd services



The Hapag-Lloyd Group had 177 container ships as at 31 December 2015 (previous year: 191 ships). The Group currently has 366 sales offices (2014: 588) in 118 countries (2014: 113) and offers its customers worldwide access to a network of 121 liner services (2014: 119). With its acquisition of CSAV's container shipping activities, Hapag-Lloyd significantly strengthened its market position in 2015 as one of the world's leading container liner shipping companies. In the 2015 financial year, Hapag-Lloyd served approximately 25,400 customers around the world (previous year: approximately 26,000 customers; previous year not including CSAV's container shipping activities: approximately 19,100 customers).

Hapag-Lloyd conducts its container liner shipping business in an international business environment in which transactions are invoiced mainly in US dollars and payment procedures are handled in US dollars. This relates not only to operating business transactions, but also to investment activities such as the acquisition, chartering and rental of vessels and containers, as well as the corresponding financing of investments.

The functional currency of Hapag-Lloyd AG and its subsidiaries is the US dollar. The reporting currency of Hapag-Lloyd AG is, however, the euro. Assets and liabilities recognised in the consolidated financial statements of Hapag-Lloyd AG are translated into euros as at the balance sheet date (closing date rate) using the middle rate of that day. The translation differences are recognised directly in the Group's other comprehensive income.

The framework conditions and principles upon which the Group conducts business successfully are presented below. These include achieving sustainable operating cash flows, a solid financing structure and a sound liquidity and equity base.

GROUP OBJECTIVES AND STRATEGY

The prime strategic objective of the Hapag-Lloyd Group is to achieve long-term profitable growth measured on the basis of developments in the transport volume and the key performance indicators of EBITDA and EBIT.

In terms of increasing its transport volume, Hapag-Lloyd achieved growth of approximately 50% over the past six years. This was mainly due to the takeover of CSAV's container shipping activities in December 2014. The rising global demand for container transport services contributed around 17 percentage points to the increase in transport volume in the same period.

Following a very unsatisfactory earnings performance, especially for the 2014 financial year, a significantly positive operating result (EBIT) was recorded again in 2015, due, in particular, to the synergies, cost savings and efficiency improvements that were achieved. This was also helped by the stronger global market position and a balanced presence both in east-west and in north-south trades.

Development of key performance indicators

	2015	2014	2013	2012	2011	2010
Transport volume (in TTEU)	7,401	5,907	5,496	5,255	5,198	4,947
EBITDA (in million EUR)	831	99	389	335	367	904
EBIT (in million EUR)	366	–383	64	3	80	583
EBITDA margin (in % of revenue)	9.4	1.5	5.9	4.9	6.0	14.6
EBIT margin (in % of revenue)	4.1	–5.6	1.0	0.0	1.3	9.4

CSAV's container shipping activities are included in the figures for 2014 from the consolidation date, 2 December 2014.

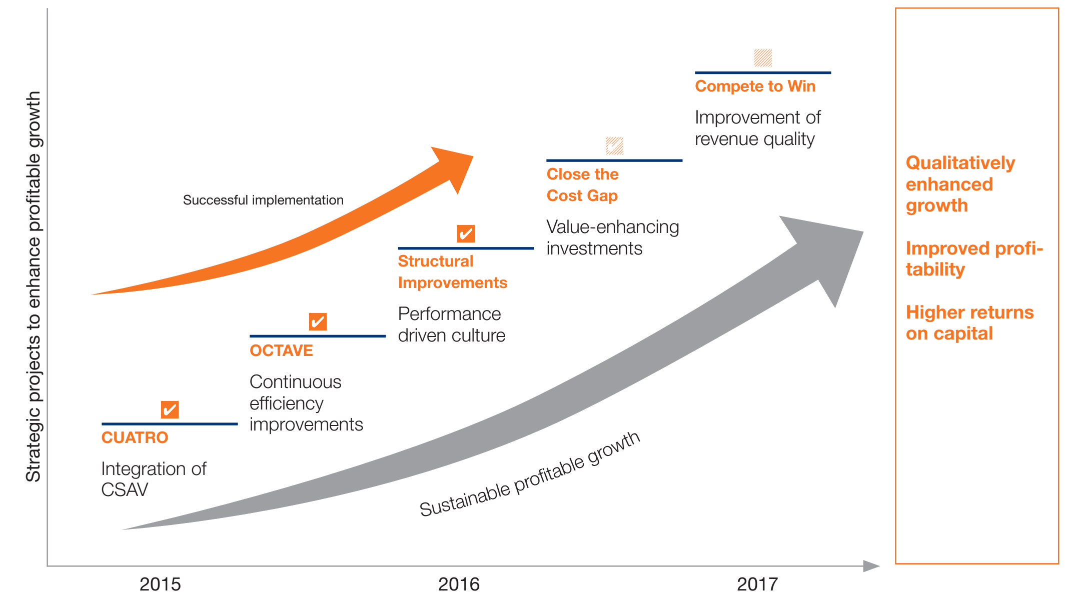
With an EBITDA margin of 9.4%, Hapag-Lloyd achieved a good return on revenue in 2015 compared with the leading, global container shipping companies, and was able to substantially close the gap between its return on revenue and that of industry leader, Maersk Line, in spite of a challenging operating environment.

IHS Global Insight expects average annual growth (CAGR) of 4.9% for the years 2016 to 2020, with global cargo volumes increasing to around 161.5 million TEU by 2020.

On this basis, Hapag-Lloyd intends to increase the transport volume in line with market growth. Hapag-Lloyd's aim is to improve its profitability in the next two years, based on the increasing effectiveness of the strategic measures, which are outlined in detail below. It should be possible to further improve Hapag-Lloyd's operating result and record a sustainable EBITDA margin of 11% to 12% from 2017 by achieving synergies in full and by means of additional cost savings and efficiency improvements, expected growth in volume and an improvement in revenue quality. The CUATRO and OCTAVE projects are expected to deliver annual synergies, efficiency improvements and cost savings totalling USD 600 million by 2017 as against the comparable cost base in the 2014 financial year, and assuming that external factors remain the same. More than 70% of the expected synergies, efficiency improvements and cost savings were already achieved in the 2015 financial year. The aim is also to generate a return on invested capital (ROIC) in 2017 equal to the weighted average cost of capital. In 2015, an ROIC of 4.1% was achieved, with a cost of capital of 8.2%.

The following measures will help to achieve the profitability targets:

Our way forward: sustainable profitable growth



- **CUATRO project – full achievement of a wide range of synergies**
  The integration of CSAV's container shipping activities under the CUATRO project – in particular combining services, sales activities and important head office functions – was already completed by the end of the first half of 2015. Combining the container shipping activities of CSAV and Hapag-Lloyd offers the chance to harness numerous synergies, including in the areas of ship system costs, the network of services, equipment, service procurement, personnel and IT. The aim is to achieve these synergies in full by 2017.

- **OCTAVE project – comprehensive reduction in costs**
  In order to reduce costs substantially and to improve the efficiency of the Company, the OCTAVE project was launched with a total of eight modules in 2015. Following the success of the cost reduction measures, an additional optimisation project, OCTAVE II, was launched at the end of 2015. The aim of this is to achieve further cost reductions and increase revenue.

- **Structural Improvements project – fostering a performance-based corporate culture**
  The Executive Board restructured the responsibilities of the various Executive Board positions in 2015. In 2015, the Executive Board was expanded to include a Chief Commercial Officer. This strengthens Hapag-Lloyd's commercial market penetration and customer orientation. The Trade Management division, which is responsible for freight rate man-

agement, was given a much higher priority within the organisation. Latin America was also established as a fourth region. The implementation of more effective coordination of activities in the regions has ensured a faster response to market developments and established a more performance-based corporate culture. This is improving the Company's efficiency. The structural changes were implemented in 2015.

- **Close the Cost Gap project – increase in ship fleet efficiency**
Targeted investments in the modernisation and renewal of the fleet are to be used to further increase its productivity and efficiency (e.g. in terms of bunker consumption). These measures are an essential part of efforts to significantly increase the Company's profitability. As part of the OCTAVE programme, a portfolio of 16 older and smaller ships with low productivity ("Old Ladies") was decommissioned in 2015. As an important element of the Close the Cost Gap programme, the efficiency of the Company's own fleet was sustainably improved after seven new container ships, each with a transport capacity of 9,300 TEU, were put into service in 2014 and 2015. A further five container ships, each with a transport capacity of 10,500 TEU, were ordered in 2015 and will be added to Hapag-Lloyd's fleet between October 2016 and April 2017. The average ship size within the Hapag-Lloyd fleet was 5,458 TEU (31 December 2015), which is around 9% above the average for the 20 largest container shipping companies and around 66%, or 2,177 TEU, above the average ship size in the global container fleet.

Targeted investments in new containers should also gradually increase the percentage of the Company's own containers in the container fleet over the coming years to around 50%. Depending on the expected market growth, Hapag-Lloyd is considering whether to continue investing in new and larger ship systems.

- **Compete to Win project – increase in revenue quality and better utilisation of stronger market presence**
It is not just by reducing costs and harnessing synergies that the Company is expecting to substantially increase its profitability in the coming years. The Compete to Win project aims to improve the services offered to customers, raise the percentage of higher-value cargo in the overall transport volume and increase customers' contribution margins. In addition, more refined customer targeting should result in better marketing of the Company's global service, its strong presence in all key trades and its local market leadership in the Transatlantic trade as well as in the trades between North and South America.

Following a successful test phase of the Compete to Win project in selected markets in 2015, the measures to improve the sales process and increase the efficiency of the sales organisation will be gradually implemented in the regions of the Hapag-Lloyd organisation from the start of 2016. Initial positive contributions to earnings are already anticipated in the current financial year.

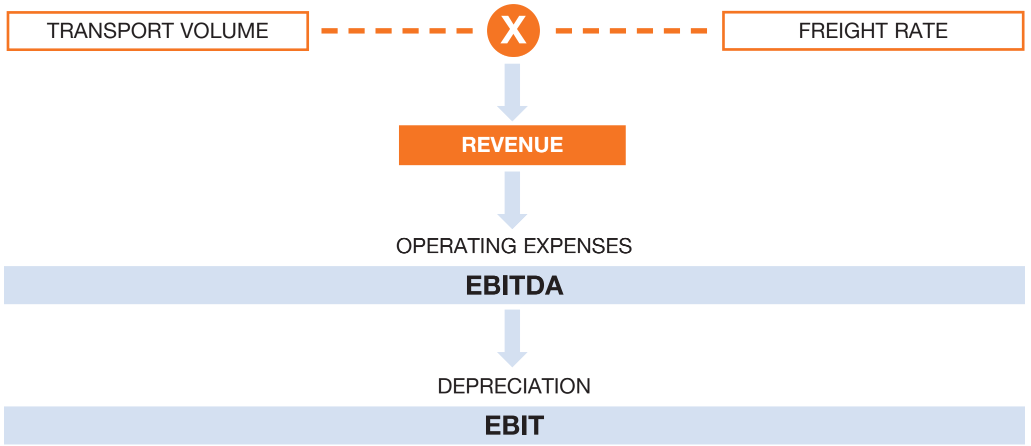
CORPORATE MANAGEMENT

The Group's key performance indicators for its operating business are earnings before interest, taxes, depreciation and amortisation (EBITDA) and earnings before interest and taxes (EBIT).

EBITDA is an important indicator of the achievement of sustainable company results and gross cash flows. Hapag-Lloyd – which owns more than 50% of its fleet (as measured by transport capacity) – uses EBITDA as an important parameter for investment and financing decisions. To make it easier to compare the performance indicators used with those of other listed companies, earnings before interest and taxes (EBIT) is replacing the currently used "adjusted EBIT" as one of the key performance indicators of the Hapag-Lloyd Group. The financial performance indicators are only used to analyse and manage the operating results of the Group as a whole.

The main factors influencing the development of the operating result indicators are transport volume, freight rate, the US dollar exchange rate against the euro, and operating costs including bunker price.

Earnings before interest, taxes, depreciation and amortisation (EBITDA) equal the revenue, the other operating income and the earnings of companies accounted for using the equity method generated within a period less other operating expenses, not including depreciation of intangible and tangible assets. To calculate earnings before interest and taxes (EBIT), depreciation of intangible and tangible assets are deducted from EBITDA.



The global transport volume is dependent on the prevailing economic developments around the world and therefore also on the various levels of demand for shipping services. Other factors influencing Hapag-Lloyd's transport volume are container ship capacity and the accompanying change in the competitive situation in the trades.

Freight rates can be managed only to a limited degree because they are heavily dependent on market capacity and market demand. The Group follows a yield management approach, according to which individual container shipments are examined using profitability criteria. Yield management is used to ascertain the optimum relationship between transport volume and freight rate in accordance with the current market situation. The proportion of unprofitable cargo is continuously reviewed and managed through targeted yield management. Business operations around the globe have benefited from the deployment of customised IT systems.

Efficient cost management provides essential control over the EBIT value. The system of cost management is supported by a standardised, integrated IT solution which provides essential and up-to-date data required for management and for implementing and maintaining cost reduction measures. The cost base is, however, largely dependent on external influencing factors. Due to the global nature of the Group's business operations, exchange rate fluctuations can have a considerable influence on costs. If necessary, currency hedging transactions are conducted, while adhering to internal guidelines. The Group hedges a portion of its cash outflows in euros by using options on a twelve-month basis with the aim of limiting currency risks. Operating costs are also influenced by bunker price changes. The bunker price correlates with the development of crude oil prices and is subject to substantial fluctuations. Depending on the competitive situation, a proportion of the fluctuations can be compensated for via the freight rate in the form of bunker surcharges. However, the extent to which this can be implemented depends very much on the prevailing market situation. Part of the Group's likely bunker fuel needs are hedged using options in order to lessen the risk of increasing oil prices.

In the course of the successful IPO, in addition to EBITDA and EBIT as operating performance indicators, the return on invested capital (ROIC) was defined at Group level at the end of 2015 as an indicator of the performance within a period and will be calculated and managed as a performance indicator in the future. The return on invested capital concept compares values at the end of the reporting period. Invested capital is defined as assets excluding cash and cash equivalents less liabilities excluding financial debt. This performance indicator will be used at the Group level as of the 2016 financial year with a view to generating the weighted average cost of capital starting in 2017. To facilitate comparison with other international shipping companies, the return on invested capital will be calculated and presented exclusively on the basis of the functional currency, the US dollar.

Calculation of return on invested capital

	million EUR		million USD	
	2015	2014	**2015**	2014
Non-current assets	9,514.1	8,302.2	10,363.7	10,091.3
Inventory	94.1	152.1	102.5	184.9
Trade accounts receivable	716.1	703.8	780.0	855.5
Other assets	181.1	225.9	197.3	274.6
Total assets	10,505.4	9,384.0	11,443.5	11,406.3
Provisions	621.9	807.3	677.5	981.3
Trade accounts payable	1,293.8	1,225.4	1,409.3	1,489.5
Other liabilities	209.9	176.0	228.6	214.0
Total debt	2,125.6	2,208.7	2,315.4	2,684.8
Invested Capital	**8,379.8**	**7,175.3**	**9,128.1**	**8,721.5**
EBIT	366.4	−382.8	406.7	−508.7
Tax	25.2	11.2	28.0	14.9
Net Operating Profit after Tax (NOPAT)	**341.2**	**−394.0**	**378.7**	**−523.6**
Return on Invested Capital (ROIC)			**4.1%**	**−6.0%**

The chart outlines selected items from the statement of financial position and the statement of financial position in abbreviated form only. Currencies are translated as per the reporting date rates and average rates given in the management report.

The return on invested capital (ROIC) in the 2015 financial year was 4.1%, following −6.0% for the full year 2014. Despite the improvement in earnings, the return on invested capital in 2015 was therefore below the weighted average cost of capital (WACC) of 8.2%. For information about the calculation of the average cost of capital, please refer to the disclosures in the Notes to the consolidated financial statements.

Principles and objectives of financial management

Hapag-Lloyd AG's financial management is conducted on a centralised basis and includes all of the Group companies in which Hapag-Lloyd AG has a majority stake, either directly or indirectly. Financial management is conducted in accordance with guidelines that cover all of the payment-related aspects of the Group's business activities. The objectives of financial management are to provide Hapag-Lloyd AG and its subsidiaries with a sufficient supply of liquidity, to ensure compliance with any financial performance indicators (known as financial covenants) agreed with the banks and to limit financial risks arising from fluctuations in exchange rates, raw material prices and interest rates.

Securing liquidity

- As part of its annual Group planning, Hapag-Lloyd AG develops a multi-year financial plan which forms the basis for its long-term financing and refinancing needs. By using this information and monitoring financial markets to identify financing opportunities, the Company makes its decisions regarding what investments to finance in the long term and what instruments to use for its financing at an early stage.

- Hapag-Lloyd secures its liquidity reserve by means of cash, cash equivalents and syndicated credit facilities. As at 31 December 2015, there was a liquidity reserve (consisting of cash, cash equivalents and unused credit facilities) totalling EUR 962.4 million (2014: EUR 921.9 million). As part of the Group-wide provision of finance, the liquidity surpluses of individual Group companies are pooled at Hapag-Lloyd AG. Arrangements with the banks to provide lines of credit are based on a rolling liquidity plan.

Compliance with financial performance indicators

- In various loan agreements, Hapag-Lloyd is required to comply with certain financial performance indicators known as financial covenants. Essentially, this means maintaining (a) sufficient liquidity and (b) a minimum level of equity at Group level. The liquidity reserve needed and the solid equity base were above the stipulated covenant requirements at all times. In addition, set loan-to-value ratios are in place for individual loans collateralised by property, plant and equipment.

Limiting financial risks

- Hedging currency risks: in the container shipping sector, transactions are invoiced mainly in US dollars and payment procedures are handled in US dollars. However, the reporting currency of Hapag-Lloyd is the euro. As a European company, Hapag-Lloyd also has a significant percentage of its costs in euros. Currency risks are hedged using derivative financial instruments, insofar as this makes commercial sense.

- Changes in fuel prices have an impact on Hapag-Lloyd AG, particularly with regard to the cost of procuring fuel (bunker oil). Insofar as it is possible, these price increases are passed on to the customer on the basis of contractual agreements. In addition, some of the price risks arising from fuel procurement are hedged using derivative hedging transactions.

- Interest rate risks which arise as a result of liquidity procurement on the international money and capital markets are monitored within the scope of interest rate management and can be limited using derivative interest rate hedging instruments on a case-by-case basis.

- **Strengthening the equity base**
  Its equity base improved further as a result of the successful IPO. At the balance sheet date, equity totalled to EUR 5.0 billion (31 December 2014: EUR 4.2 billion).

- **Reducing gearing**
  Gearing declined to 66.1% in the 2015 financial year (2014: 72.1%). The Company aims to reduce its gearing in the coming years by generating sustainable cash flows. It also aims to improve the ratings it receives from international rating agencies.

- **Shareholder participation in the Company's success**
  Hapag-Lloyd AG's retained earnings under German commercial law form the basis for determining the distribution of dividends. Under German law, the Annual General Meeting decides how the retained earnings are to be used. In general Hapag-Lloyd aims to pay a dividend of 20% to 30% of its consolidated profit each year.

PRINCIPLES AND PERFORMANCE INDICATORS

Legal framework

Hapag-Lloyd's business is subject to a multiplicity of legal provisions. In order to engage in business operations, it is necessary to have authorisations, licences and certificates. Compliance with the ISM Code (International Safety Management), which regulates the measures required for ensuring safety at sea, and the ISPS Code (International Ship and Port Facility Security) must be given particular emphasis. The latter stipulates what measures are to be taken to prevent hazards on board vessels and in ports, thereby contributing to supply chain security. There are also numerous country-specific rules, such as "advance manifest rules", which stipulate certain disclosure obligations in relation to the ship's cargo.

IMPORTANT FINANCIAL PERFORMANCE INDICATORS

Important financial performance indicators for the Hapag-Lloyd Group include EBIT, EBITDA, the transport volume and freight rates. Transport volume and freight rates are important factors influencing revenue development. A description and the calculation of the performance indicators can be found in the "Company objectives and strategy" section. As and from the 2016 financial year, return on invested capital (ROIC) will also be used as a performance indicator.

IMPORTANT NON-FINANCIAL PRINCIPLE

In addition to the financial performance indicators, the optimum utilisation of the available ship and container capacities also has a substantial influence on whether Hapag-Lloyd achieves long-term profitable growth.

Sustainable and quality-conscious corporate governance and highly qualified and motivated employees are also important principles for Hapag-Lloyd's long-term profitable growth.

Productivity and efficiency
Hapag-Lloyd pays special attention to productivity and efficiency. In this respect, important measures include yield management and continuous cost control.

More importance has been placed on cost management since the end of 2008 following the introduction of extensive cost reduction programmes. These programmes have been continually expanded and consistently implemented since then. The proportion of unprofitable cargo has been greatly reduced and managed in the last few years due to targeted yield management. Business operations around the globe have benefited from the deployment of customised IT systems.

The globally standardised blueprint organisational structure allows for a standardised exchange of information between head offices, regions and offices, thus also ensuring that this standardised information is used all over the world. This enables the Group to increase productivity and ensures that the fleet is used efficiently.

Hapag-Lloyd's membership of the Grand Alliance, the G6 Alliance and various other collaborative projects makes it possible to optimise fleet deployment and while expanding the services provided. This likewise guarantees that the fleet is used efficiently and keeps the cost per transport unit low, thereby ensuring increased productivity. Due to increasing requirements to cut emissions and further reduce energy consumption and costs, the Fleet Support Center (FSC) department was created as the first step towards establishing an integrated energy management concept for both the Company's own as well as chartered vessels. Its primary aim is to achieve optimum fleet deployment across all trades and regions.

Flexible fleet and capacity development
A key aspect of the corporate strategy is having a balanced programme of investment aimed at sustainable growth. The Company's objective is to develop a fleet policy that enables it to react flexibly to market volatility. In this respect, long-term charter agreements and the considerable time span between the ordering and delivery of ship newbuilds pose a particular challenge. Global capacity can therefore generally only be brought into line with fluctuations in demand for transport volume subject to a delay. The resultant market imbalances have a direct impact on freight rates, and therefore on the profitability of container shipping. In order to limit the impact that these fluctuations can have on profitability, Hapag-Lloyd strives to ensure that its fleet contains approximately equal proportions of Company-owned vessels and chartered vessels with regard to overall capacity. As at 31 December 2015, Hapag-Lloyd's fleet comprised 177 container ships. All of the owned container ships are certified in accordance with the ISM (International Safety Management) Code and have a valid ISSC (ISPS) certificate. The majority of the vessels are also certified as per ISO 9001 (quality management) and ISO 14001 (environmental management).

The use of charter ships allows the Company to react relatively flexibly to fluctuations in demand and therefore exploit growth opportunities on the one hand and limit the risk of overcapacity on the other. Of an original total of seven vessels ordered for CSAV's container shipping activities, each with a capacity of 9,300 TEU, the remaining five ships were delivered during 2015. These newbuilds already improved the efficiency of the container ship fleet in 2015 and are making it possible to achieve further economies of scale in ship operations. There are currently five ships on the order book, each with a capacity of 10,500 TEU. The new ships each have 2,100 slots for reefer containers. There are plans to put the new vessels into service between October 2016 and April 2017.

Structure of Hapag-Lloyd's container ship fleet*

	31.12.2015	31.12.2014	31.12.2013	31.12.2012	31.12.2011
Number of vessels	177	191	151	144	149
thereof					
Own vessels	68	77	57	59	58
Leased vessels	3	5	7	7	9
Chartered vessels	106	109	87	78	82
Aggregate capacity of vessels (TTEU)	966	1,009	729	670	679
Aggregate container capacity (TTEU)	1,564	1,619	1,072	1,047	1,042
Number of services	121	119	97	89	84

* The figures for 2014 relate to Hapag-Lloyd's fleet, including the container activities acquired from CSAV. The figures for 2010 to 2013 relate to Hapag-Lloyd only and do not include CSAV's container shipping activities.

The total TEU capacity of Hapag-Lloyd's container ship fleet amounted to approximately 966 TTEU as at the balance sheet date. The average ship size within the Hapag-Lloyd fleet was 5,458 TEU (31 December 2015), which is around 9% above the average for the 20 largest container shipping companies and around 66%, or 2,177 TEU, above the average ship size in the global container fleet. The Company's own or leased ships represented around 54% of total TEU capacity at the end of 2015 (31 December 2014: 53%). As at the balance sheet date of 31 December 2015, the order book corresponded to around 5.4% of the transport capacity of the total Hapag-Lloyd fleet. Depending on the expected growth in demand for container shipping services, Hapag-Lloyd may invest in new ship systems to exploit medium-term market opportunities.

Hapag-Lloyd also owned or leased 969,723 containers (including reefer containers) with a capacity of approximately 1,564 TTEU for transporting cargo. Around 42% of containers were owned by the Company, as measured by transport capacity, at the end of 2015 (previous year: 43%; Hapag-Lloyd only, excluding CSAV container activities) and approximately 58% of containers were leased as at 31 December 2015.

With a fleet of around 77,000 reefer containers capable of transporting approximately 146,200 TEU, Hapag-Lloyd has a much stronger competitive position in the attractive market segment for refrigerated shipping.

Efficient transport services

In container shipping, the flows of goods to and from different regions vary in terms of their size and structure. This is due to volume differences in the import and export of goods. Most trades therefore have a "dominant leg" with a higher freight volume and a "non-dominant leg" with a lower freight volume.

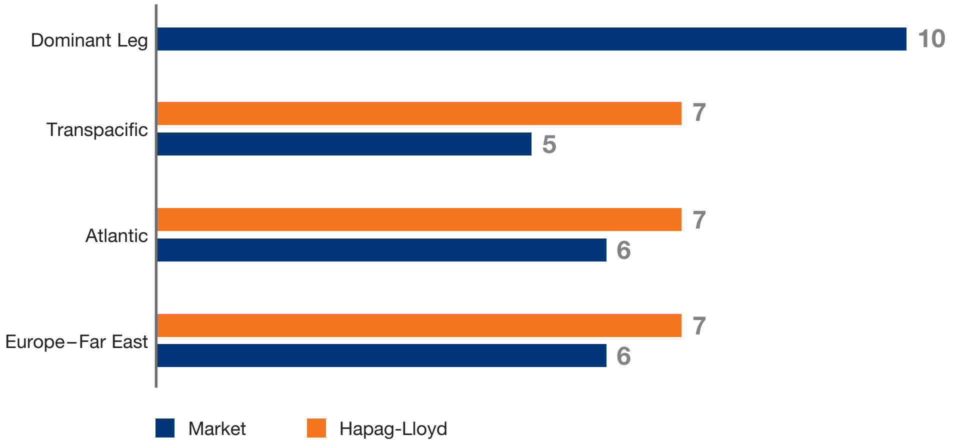
Imbalances in the trades

Transport volume (in TTEU)	**2015**	2014
Transpacific		
Asia – North America	14,800	14,300
North America – Asia	7,500	8,000
Transatlantic		
Europe – North America	4,300	4,100
North America – Europe	2,600	2,900
Far East		
Asia – Europe	16,000	20,000
Europe – Asia	8,900	9,600

Source: IHS Global Insight, February 2016; Figures rounded

The transport capacities must be planned to meet the volumes on the dominant leg. The return transport of empty containers also involves costs. The relevant performance indicator here is the ratio of loaded containers on the dominant leg to the number of loaded containers on the non-dominant leg. The objective is to keep the number of empty container transport operations low or balance the ratio to the greatest possible extent. Furthermore, empty containers are positioned in the regions with high demand via the shortest, quickest and cheapest route.

Hapag-Lloyd reduces imbalances better than the market[1]



[1] Number of full containers on the non-dominant leg per 10 full containers on the dominant leg. (The higher the rate, the lower the imbalance in the respective trade.)
Source: IHS Global Insight, February 2016; Hapag-Lloyd 2015: market data 2015 as per Hapag-Lloyd's definition of trades

The number of loaded containers transported on the non-dominant leg on the key trades remains above the market average thanks to Hapag-Lloyd's use of modern IT and network management systems.

Another important factor in connection with the fleet's capacity utilisation is the turnaround frequency of the containers. Each container was transshipped on average 4.7 times in 2015 (2014: 5.1 times). Here, the average number of deployments per container per year is calculated. The objective is to increase the turnaround frequency in order to boost productivity and keep the total number of containers required as low as possible. Here, also, Hapag-Lloyd makes beneficial use of modern IT systems. The decrease recorded in 2015 is due to the lower container turnaround frequency of CSAV's container activities. Measures to improve turnaround frequency have already been implemented.

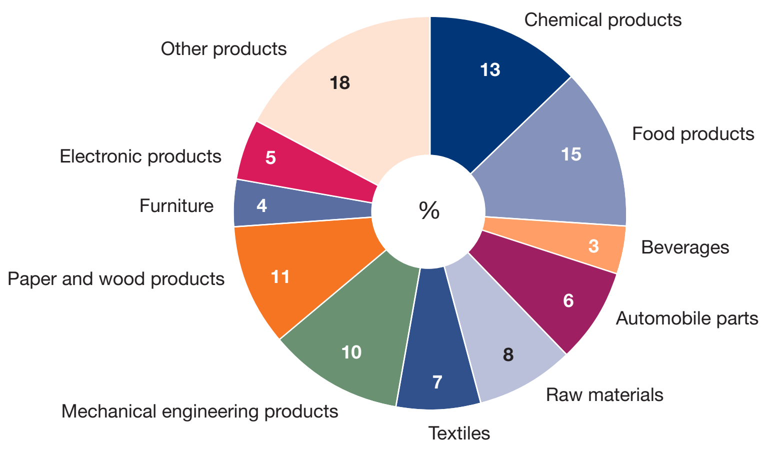
Customers and customer orientation

Hapag-Lloyd has established itself as a high-quality provider among container liner shipping companies. The reliability and high quality that the customer experiences with Hapag-Lloyd services are at the very heart of Hapag-Lloyd's market presence. This market positioning is underpinned by Hapag-Lloyd's high profile and the significance of the "Hapag-Lloyd" brand. Targeted customer services play an important part in achieving customer loyalty.

Top clients are supported by the Global Account Management team in Hamburg and are visited by key account managers. This enables the Company to establish and maintain long-standing, sustainable customer relationships. To do so, Hapag-Lloyd focuses on achieving a high degree of customer satisfaction and on having a diversified portfolio of customers comprising both direct customers and shipping companies, with the latter guaranteeing a permanent supply of cargo volumes. In general, the Company has long-standing contractual arrangements with its direct customers. Direct customers allow Hapag-Lloyd to plan the required transport capacity better because of the framework agreements concluded with them. Hapag-Lloyd has a balanced customer base, as demonstrated by the fact that its 50 largest customers represent considerably less than 50% of its cargo volume. In total, transport contracts were completed for approximately 25,400 customers in the 2015 financial year (2014: approximately 26,000 customers; 2014 not including CSAV's container shipping activities: approximately 19,100).

Another important element of our focus on the needs of the customer is our global presence, both in terms of land-based administration and of providing global coverage by means of the network of the Group's own container shipping services and international cooperations. A breakdown of the goods shipped by Hapag-Lloyd according to product categories shows a relatively balanced distribution. As in the previous year, no single product category accounted for a share of more than 15% during the past financial year.

Transport volume by product category in 2015



Hapag-Lloyd, 2015 financial year (FY), figures rounded

This means that the economic cycles affecting individual sectors have relatively little impact on developments in the transport volume. In a normal economic environment, the volume transported will therefore increase continuously.

RESEARCH AND DEVELOPMENT

Hapag-Lloyd does not pursue any noteworthy research and development activities of its own. Expenses relating to the modernisation and optimisation of the IT systems and software components (IT) developed in-house are recorded in operating expenses. The IT system developed by the Company is constantly optimised.

The use of modern, networked systems guarantees a swift exchange of data between partners in the transport chain around the world. This places considerable demands on the IT systems used. Some examples of how IT systems are used for container shipping are presented here: operating empty legs as efficiently as possible using modern forecast algorithms as part of the Company's equipment deficit action planning, using IT-supported processes in yield management to determine the earnings contribution of container shipments, writing quotations, profit-oriented cargo volume management, and also designing new shipment services. Special IT systems support the efficient commissioning and invoicing of terminal services. The use of efficient IT solutions is also particularly important in transshipment planning and commissioning. In 2015, Hapag-Lloyd shipped containers to a total of 538 ports in 126 countries. Approximately 970,000 containers are in use to ship cargo. The Transshipment and Work Order planning and commissioning module has vastly improved the efficiency of processing these transshippers.

SUSTAINABILITY AND QUALITY MANAGEMENT

In 1994, Hapag-Lloyd was the first of the world's liner shipping companies to implement a quality management system for all activities along the international transport chain, from the sender to the recipient. This system was enhanced in 2003 with a certification in accordance with the ISO environmental standard 14001 and has been run as an integrated quality and environmental management system ever since. All of CSAV's former business divisions were incorporated into Hapag-Lloyd's existing QEM system in the course of CSAV's integration into Hapag-Lloyd, and were therefore also audited.

An extension audit was performed by Det Norske Veritas Germanischer Lloyd (DNV GL) in 2015. Hapag-Lloyd has already renewed its QEM certificate four times, and the certificate is now valid until 21 June 2018. As a global company, Hapag-Lloyd performs annual audits in order to maintain its high quality and environmental protection standards. In 2015, a total of 161 audits were carried out in the Group (2014: 146). All of Hapag-Lloyd's sustainability activities, such as environmental protection measures, charitable projects and matters of quality assurance, are coordinated and managed in the Sustainability Management department. In total, there were 136 contacts for sustainability and quality matters in all of the regions/areas around the world, in the central departments and on the ships at the end of 2015 (2014: 125). As Hapag-Lloyd's customers are becoming increasingly aware of environmental issues, it is providing more and more information regarding eco-friendly transport services when it tenders for transport contracts.

Efficiency and environmental protection

Measured by its share of global carbon emissions, shipping is the most carbon-efficient mode of transport. Ships transport around 90% of all the goods transported globally. In 2012, carbon emissions from international shipping accounted for just 2.2% of global carbon emissions. Between 2007 and 2012, the international shipping industry also reduced its absolute carbon emissions by 10%. Container shipping companies have likewise cut their vessels' carbon emissions to around 205 million tonnes in the past few years. In the same period, the global transport volume rose by approximately 15% to around 120 million TEU in 2012.

Hapag-Lloyd introduced a number of technical and operational measures early on to further reduce carbon emissions. For example, twelve of Hapag-Lloyd's largest vessels (13,000 TEU and 8,750 TEU) were given a new bulbous bow in 2015, and a number of vessels were also fitted with improved propellers. Together, these changes make the ships' propulsion more efficient and lower their emissions. The bulbous bow – the nose of a ship – displaces water in a manner that minimises or even completely eliminates a bow wave. The lower the water resistance on the hull, the less fuel a ship needs in order to travel at the same speed. The Hapag-Lloyd fleet's recorded carbon emissions have already been reduced on a sustainable basis over the past few years. The carbon emission data is verified by DNV GL.

In addition, Germanischer Lloyd renewed the "GL Excellence – 5 Stars" certificate for Hapag-Lloyd on 12 December 2013 and thus certified the high safety, environmental protection and operational standards on Hapag-Lloyd's container ships. The certificate is valid until 20 December 2016.

The efficiency and sustainability of the Hapag-Lloyd fleet further improved as a result of seven newbuilds, each with a transport capacity of 9,300 TEU, being placed into service in 2015. Bunker consumption per slot (container storage space) has been considerably reduced over the past five years. The design and technical equipment of the ships will be further optimised in order to lower bunker consumption.

Bunker consumption in 2015 totalled 3.35 million tonnes (metric tons). Around 12% of this was bunker with a low proportion of sulphur (MDO). Bunker consumption per slot (as measured by the average annual container storage space) was 3.39 metric tons.

Hapag-Lloyd is also reducing the environmental impact of its containers. For instance, our experts in the container department are helping to develop new container standards in which the container floor is manufactured from steel, which means that the whole container is made of steel. These environmentally friendly containers can therefore be fully recycled. These containers made entirely of steel boast many additional advantages, being lighter, longer-lasting and more hygienic.

The European Union wants to boost energy efficiency in its member states by 20% by the year 2020. A corresponding EU Directive (2012/27/EU) has been implemented in national law in Germany as part of the German Energy Services Act (EDL-G). On this basis, Hapag-Lloyd carried out an energy audit of its offices in 2015 in accordance with DIN EN 16247. As part of the audit, energy savings potential was identified and documented at various locations.

Hapag-Lloyd again received various awards for the quality of its container shipping services in 2015.

Awards in 2015

Date	Name of Award	Awarding Organisation
December	Global Carrier of the Year 2015 Gold Award	Hellmann
December	GOGREEN Carrier Certificate 2015	DHL
November	Global Freight Awards: Innovation Award	Lloyd's List
November	Seafreight Supplier of the Year	Kuehne + Nagel (Ireland) Limited
October	Lloyd's List Awards Global 2015: Safety Award	Lloyd's List
April	The Highest Quality of Customer Service	Hoyer Global USA
April	2014 Ocean Carrier of the Year Award	Alcoa

EMPLOYEES

The Hapag-Lloyd Group employed 9,417 people as at 31 December 2015 (previous year: 10,523 people). The number of employees fell by 1,106 compared with the previous year as a result of the integration of CSAV's container activities. 1,519 people were employed in the marine division as at 31 December 2015 (previous year: 1,504 employees). The number of shore-based staff fell by 1,121 to 7,898. More than two-thirds of the shore-based employees are younger than 50 years old and a good half of them are below the age of 40. Male and female employees each account for 50% of the shore-based headcount. The average period of employment for shore-based staff is ten years.

At the end of the reporting period, full-time equivalent employees at the Group totalled 9,214 (31 December 2014: 10,376 employees).

Number of employees*

	31.12.2015	31.12.2014	31.12.2013	31.12.2012	31.12.2011
Marine personnel	1,411	1,408	1,254	1,245	1,198
Shore-based personnel	7,771	8,901	5,553	5,505	5,465
Apprentices	235	214	194	200	210
Total	**9,417**	**10,523**	**7,001**	**6,950**	**6,873**

* The figures for 2015 and 2014 relate to Hapag-Lloyd, including CSAV's container shipping activities. Presentation for 2014 adjusted.

Internationality also plays a significant role at Hapag-Lloyd. Of the shore-based employees, some 80% worked outside Germany as at 31 December 2015. The internationality of staff increased even further as a result of the integration of CSAV's container shipping activities. People from 71 nations currently work at Hapag-Lloyd in more than 45 countries. In particular, employees are encouraged to take on foreign deployments and are shown possible ways of broadening their experience and their intercultural skills. This philosophy pervades all staff levels right up to the management of Hapag-Lloyd, where half the posts are occupied by international executives.

In 2012, Hapag-Lloyd revised its management principles as part of worldwide management training courses in consultation with senior management. This leadership culture serves as a basis for all personnel development measures and as a job specification for current and future executives. Providing the employees with further development opportunities geared to specific target groups, such as special management training courses, will remain one of the most important objectives for 2016. In total, 31 management trainees are currently training within the framework of the Management Career Programme (MCP), which was established in 2002. Trainees are required to rotate between a number of different roles in various countries to prepare them for their future executive duties. In addition, there are currently 189 trainees advancing their individual career prospects as part of the Talent Development Programme (TDP).

Tailored individual and group training courses are offered to all employees. There is also a strong focus on vocational training and qualifications in both the shore-based and marine division. Hapag-Lloyd attaches particular importance to extensive, high-quality training. The proportion of those offered jobs at the end of their training has been and still is between 80% and 90%. As at 31 December 2015, Hapag-Lloyd employed a total of 127 apprentices in shore-based positions and 108 at sea. In recent years, the Group's apprentices have regularly achieved some of the best grades among their peers in Germany. These new employees underwent excellent further training to achieve the necessary qualification levels and performed exceptionally well in the course of this training. In recent years, Hapag-Lloyd has also received a number of awards from the body responsible for maritime vocational training, the Berufsbildungsstelle Seeschifffahrt (BBS), in recognition of its outstanding achievements in the field of ship mechanic training. Our goal is to maintain this high quality standard.

For the vast majority of employees, bonuses are based on EBIT (adjusted). This is the sole reason why the Hapag-Lloyd Group's EBIT (adjusted) is still calculated when the consolidated financial statements of the Hapag-Lloyd Group are being prepared.

REMUNERATION REPORT

The remuneration report is part of the Group management report of Hapag-Lloyd AG and describes the basic features of the remuneration system for the Executive Board and Supervisory Board members and the amount and structure of individual remunerations. The report adheres to the requirements of the German Corporate Governance Code (DCGK), complies with the legal provisions of the German Stock Corporation Act (AktG) and the German Commercial Code (HGB) and incorporates the principles of German Accounting Standard 17 (DRS 17).

1. PRINCIPLES AND OBJECTIVES / GENERAL PRINCIPLES

The Supervisory Board regularly reviews the remuneration of the Executive Board and, if necessary, engages the services of external consultants for this purpose. As part of this review, both the remuneration structure and the amount of Executive Board remuneration are assessed, in particular by comparing them with the external market (horizontal benchmarking) and other remuneration within the Company (vertical benchmarking). If the review identifies the need to change the remuneration system, structure or amount, the Supervisory Board's Presidential and Personnel Committee submits appropriate proposals to the Supervisory Board for approval.

The purpose of the remuneration system for the Executive Board is to remunerate the Executive Board members appropriately in accordance with their duties and responsibilities, while directly taking into consideration the performance of each Executive Board member and the success of the Company.

The structure of the remuneration system for the Executive Board of Hapag-Lloyd AG aims to incentivise successful, long-term corporate governance that increases the value of the Company.

Executive Board remuneration initially comprises fixed basic remuneration, which is paid monthly and takes into consideration the duties and activities of the Executive Board members, and performance-related short-term variable remuneration in the form of an annual bonus. The Supervisory Board can also grant additional remuneration in special circumstances, such as for extraordinary activities and workloads during the financial year. In addition, benefits in kind and other fringe benefits are granted to the Executive Board members.

As part of the IPO of Hapag-Lloyd AG in November 2015, an additional, long-term remuneration element was introduced for all Executive Board members (long-term incentive plan – LTIP) which is directly linked to changes in the value of the Company and therefore aims to incentivise long-term commitment to the Company. In connection with this, an adjustment to the short-term variable remuneration of the Executive Board members from 1 January 2016 was also agreed.

In addition to the introduction of a long-term incentive plan as mentioned above, the following changes to Executive Board remuneration were made during the 2015 financial year:

An agreement was made with Mr Anthony James Firmin to increase his fixed annual remuneration and short-term variable remuneration with effect from 1 March 2015. In addition, the upper limit of the short-term variable remuneration of the CEO, Mr Rolf Habben Jansen, was increased on 1 March 2015 by 50 percentage points to 200% of his fixed annual salary.

1.1 Changes to the Executive Board

In the 2014 financial year, Mr Rolf Habben Jansen was appointed as an ordinary Executive Board member with effect from 1 April 2014 and took up the position of Chief Executive Officer (CEO) as of 1 July 2014. Mr Anthony James Firmin was also appointed as an ordinary Executive Board member with effect from 1 July 2014 and took up the position of Chief Operating Officer (COO).

On 26 March 2015, Mr Peter Ganz stepped down as Chief Financial Officer (CFO) by mutual consent with effect from 31 March 2015. Mr Nicolás Burr was appointed as the new Chief Financial Officer (CFO) on 26 March 2015. His employment contract took retroactive effect from 1 March 2015 and will expire along with his appointment to this position on 28 February 2018. In addition, Mr Thorsten Haeser was appointed as a member of the Executive Board with effect from 1 October 2015 and is in charge of the Company's global sales activities as Chief Commercial Officer (CCO). Mr Haeser's employment contract runs from 1 October 2015 to 30 September 2018. His appointment to this position will likewise end on 30 September 2018.

2. MAIN REMUNERATION COMPONENTS

The main remuneration components are broken down as follows:

2.1 NON-PERFORMANCE-RELATED COMPONENTS

(a) Fixed annual remuneration
Fixed annual remuneration is cash remuneration based on the financial year. In particular, it reflects the responsibilities and the position of the respective Executive Board member. This fixed income is set individually and is divided into twelve equal amounts which are paid at the end of each month. If an employment contract starts or ends during a financial year, the fixed remuneration is paid pro rata.

(b) Non-cash remuneration and other fringe benefits
Non-cash remuneration and other fringe benefits comprise benefits in kind such as the provision of a company car, use of the company driver service, retirement benefits, funeral allowances and allowances for surviving dependants, and insurance cover such as accident insurance. Non-cash remuneration due is detailed in this remuneration report with the amounts stipulated by tax legislation.

Additional fringe benefits were granted to the newly appointed Executive Board members Mr Burr and Mr Haeser in 2015.

Mr Burr was reimbursed for his expenses for relocating from Chile to Hamburg. In addition, the Company reimburses him for living costs at an appropriate amount. It also covers the school costs of Mr Burr's children and the cost of one flight per year to Chile for Mr Burr and his family. Furthermore, the Company covers the language tuition costs of Mr Burr and his wife. If Mr Burr is required to pay income tax on these benefits, Hapag-Lloyd AG will pay the applicable income tax and the benefits will increase accordingly.

During the reporting period, the Company also covered Mr Haeser's expenses for relocating to Hamburg, weekly trips to his private residence and living costs for the first three months. The costs were covered at an appropriate amount as shown in supporting documentation.

As part of his resignation, Mr Ganz was reimbursed for one-off expenses for legal advice taken. In the 2014 financial year, Mr Habben Jansen was reimbursed for expenses for regular trips home. In return, Mr Habben Jansen waived his contractual entitlement to a company car.

2.2 PERFORMANCE-RELATED COMPONENTS

(a) Short-term variable remuneration
Short-term variable remuneration is granted in the form of an annual bonus which is paid after the annual financial statements have been examined and audited by the auditor and subsequently approved. The following system for short-term variable remuneration was used for the last time in the 2015 financial year. For the 2015 financial year, the annual bonus of the ordinary Executive Board members was equal to 0.20% of the Group's earnings after taxes (EAT), capped at 200% of fixed annual remuneration (for Mr Firmin up until 1 March 2015: 0.16% of EAT, capped at 150% of fixed annual remuneration). The CEO's annual bonus was initially equal to 0.30% of the Group's EAT, capped at 150% of his fixed annual remuneration. With effect from 1 March 2015, the cap was increased to 200%.

Variable remuneration for the reporting period and the comparative year was individually set as a guaranteed bonus which is paid irrespective of the Group's earnings for the year. If the Group's earnings for the year result in a higher bonus based on the calculation method outlined above, the higher amount is paid. In the 2014 financial year, only the guaranteed bonuses were paid.

Mr Habben Jansen received approval for a guaranteed bonus for the period from 1 January 2015 to 31 March 2015 only amounting to EUR 125,000.00 (gross), which was paid during the financial year. For the remaining months of the 2015 financial year, he will only receive the pro rata variable remuneration amounts which are based on the Group's earnings. For 2014, for the period from 1 April 2014 to the end of the year, he received a guaranteed bonus amounting to EUR 375,000.00 (gross), which was paid in 2014.

Mr Firmin received approval for a guaranteed bonus for the first half of 2015 only amounting to EUR 100,000.00 (gross). For the remaining months of the 2015 financial year, he will only receive the pro rata variable remuneration amounts which are based on the Group's earnings. For 2014, Mr Firmin also received a guaranteed bonus as of his appointment as an Executive Board member amounting to EUR 100,000.00 (gross), which was paid out in 2014.

Mr Burr received approval for a guaranteed bonus for the period from 1 March 2015 to 31 December 2015 amounting to EUR 300,000.00 (gross). For the 2016 financial year, a bonus of at least EUR 200,000.00 (gross) is guaranteed.

Mr Haeser will receive a guaranteed bonus of EUR 25,000.00 (gross) for every full calendar month in which he works for the Company as an Executive Board member in the period from 1 October 2015 to 30 September 2016.

As part of Hapag-Lloyd AG's IPO, the following changes were introduced for the short-term variable remuneration of Executive Board members from 1 January 2016. As of the 2016 financial year, the annual bonus of the ordinary Executive Board members will be equal to 0.065% of the Group's earnings before interest and taxes (EBIT), capped at EUR 400,000.00 (gross); the CEO's annual bonus will be equal to 0.1% of the Group's EBIT, capped at EUR 600,000.00 (gross).

(b) Long-term variable remuneration
As part of the Company's IPO, long-term variable remuneration (long-term incentive plan – LTIP) was introduced with effect from 4 November 2015 (the day on which trading in shares in Hapag-Lloyd AG commenced). Under the LTIP, a fixed amount in euros is granted to the Executive Board members per calendar year. This allocation amount is converted into virtual shares in the Company on a specific date. The relevant share price for the conversion at the time of allocation is the average share price over the last 60 trading days before the virtual shares are granted, which happens on the first trading day of the calendar year. The virtual shares are divided equally into performance share units and retention share units. They are subject to a four-year vesting period, during which the corresponding values are unavailable.

The retention share units automatically become non-forfeitable when the performance period expires (non-forfeitable retention share units). They then depend entirely on the Executive Board member's length of service.

The number of performance shares units relevant for the payment depends on the performance of the Hapag-Lloyd shares compared with a specific, industry-based reference index – the DAXglobal Shipping index – over the performance period. The number of performance shares units can be a maximum of 1.5 and a minimum of zero, depending on the performance of the Hapag-Lloyd shares relative to the chosen index as measured by a performance factor. If the performance factor is zero, all of the performance shares units are forfeited.

When the performance period expires, the number of non-forfeitable virtual shares is converted into a euro amount by multiplying the non-forfeitable virtual shares by the relevant share price. This share price is equal to the average share price over the last 60 trading days before the performance period ends.

The amount calculated in this way is paid to the respective Executive Board member as a gross amount up to a specific limit on 31 March of the year following the end of the performance period. This upper limit is EUR 750,000.00 (gross) for ordinary Executive Board members and EUR 1,050,000.00 (gross) for the CEO.

If an Executive Board member steps down from their position before the performance period ends without cause or if their employment contract is extraordinarily terminated by Hapag-Lloyd for cause pursuant to Section 626 of the German Civil Code (BGB) ("bad leaver"), all entitlements under the long-term incentive programme are forfeited.

If the employment contract of an Executive Board member expires, the participant retires or the employment contract ends due to the invalidity of the participant, their entitlements under the LTIP for the allocation amounts which have not yet been paid remain. The allocation amount for the financial year in which the participant resigns is paid on a pro rata basis. The performance period then ends when the employment contract ends, and payment is made at the latest at the end of the third calendar month following the end of the performance period.

If an employment contract begins during a financial year, the long-term variable remuneration component is granted on the basis of the allocation amount for the full financial year.

Share-based remuneration under the 2015 long-term incentive plan (LTIP)

	Number of shares*	Fair value on allotment	Total value on allotment (allotment amount)	Personnel expenses recognised
		in EUR	in EUR	in EUR
Rolf Habben Jansen (Chairman of the Executive Board)	35,822	19.54	700,000	174,999
Nicolás Burr (Member of the Executive Board since 1 March 2015)	25,588	19.54	500,000	138,893
Anthony James Firmin	25,588	19.54	500,000	200,006
Thorsten Haeser (Member of the Executive Board since 1 October 2015)	25,588	19.54	500,000	41,668
Total	112,586		2,200,000	555,566

* The number of shares allotted is rounded up to the nearest whole number in accordance with the terms and conditions of the 2015 LTIP

(c) Possible additional remuneration in cash (discretionary bonus)
The Executive Board contracts also stipulate that the Supervisory Board may grant additional remuneration in special circumstances or for extraordinary activities. In the 2014 financial year, Peter Ganz received a special bonus of EUR 200,000 for the extra workload involved in a project.

2.3 COMPANY PENSION

For every full calendar year, the Executive Board members receive an annual lump sum equal to 20% of their fixed annual remuneration for the purpose of a private pension in the form of a defined contribution payment pursuant to Section 1 (2) (1) of the German Company Pensions Act (BetrAVG). The payment is financed by annual contributions from the Company to an assistance fund and is made until the Executive Board members have reached the age of 67 or until their employment contracts end. If an employment contract starts or ends during a financial year, the amount is paid pro rata.

An exception to this is the company pension of Mr Anthony James Firmin, who is due a company pension payment of EUR 72,000.00 per annum as a result of his long-standing service prior to his appointment as an Executive Board member. This amount will be paid when his statutory retirement commences. This will be further supplemented by the annual conversion of 20% of fixed annual remuneration into pension entitlements. Mr Firmin's entitlements under this company pension will be transferred to his surviving dependants to a limited extent after he is deceased.

With regard to Mr Ganz, who resigned from the Executive Board in the 2015 financial year, a company pension was in place in the form of an individual pension agreement. His annual pension is EUR 160,000.00 (gross). If the pension is drawn before the statutory retirement age is reached, the pension is reduced by 1% for every full year below the statutory retirement age. Mr Ganz's entitlements under this company pension will be transferred to his surviving dependants to a limited extent after he is deceased.

In addition, Mr Ganz has been guaranteed a transitional allowance equal to his existing pension entitlement in the event that he terminates his employment contract and, until such time as he reaches the statutory retirement age, does not enter into a new employment contract which is remunerated for the same amount as his entitlement or commence self-employed activities. All other income from self-employed or non-self-employed activities will be offset against the transitional allowance. Income from the payment of employer-funded pensions is also liable to be offset against the transitional benefit.

2.4 REGULATIONS IN THE EVENT THAT EXECUTIVE BOARD ACTIVITIES END

(a) Severance payment cap in the event that Executive Board activities end prematurely

In accordance with the German Corporate Governance Code (DCGK), the employment contracts of the Executive Board members provide for a general cap on any severance payments. Accordingly, payments to an Executive Board member whose Executive Board activities end prematurely will not exceed two annual remunerations and must not remunerate more than the remaining term of the employment contract. In the event that an Executive Board member's contract is terminated for cause pursuant to Section 626 BGB ("bad leaver"), the employment contracts do not provide for any severance payment or remuneration under the LTIP.

When calculating the severance payment cap, the remuneration in the last full financial year is used as a basis (including short-term variable remuneration and fringe benefits); if the Executive Board member has been in office for two full financial years when the contract ends prematurely, the average remuneration for the last two financial years is used as a basis. The LTIP is not taken into consideration when calculating the severance payment.

On 26 March 2015, Mr Peter Ganz stepped down as Chief Financial Officer (CFO) with effect from 31 March 2015. For the premature, mutual termination of his employment contract, Mr Ganz received his monthly fixed annual salary on a pro rata basis until the date of termination. He also received a lump sum of EUR 1,000,000.00 (gross) as payment in lieu of all his entitlements to annual variable remuneration for the 2015 financial year. This was paid to him immediately after his departure. In addition, Mr Ganz received a severance payment of EUR 314,400.00 (gross) for the loss of his employment.

(b) Post-contractual non-compete restrictions

No post-contractual non-compete restrictions have been agreed with the Executive Board members.

(c) Change-of-control clause

The employment contracts of the Executive Board members do not contain any change-of-control clauses. The LTIP stipulates that the LTIP ceases in the event of a change of control as defined in the German Securities Acquisition and Takeover Act (WpÜG). The virtual shares granted until then become non-forfeitable when the change of control occurs and, pursuant to the conditions of the LTIP, are converted into a euro amount that is to be paid to the respective Executive Board member in the short term. If this amount falls below the relevant allocation amount for the Executive Board member, the Executive Board member receives a payment equal to the allocation amount instead.

2.5 REMUNERATION OF THE EXECUTIVE BOARD IN THE 2015 FINANCIAL YEAR

(a) Total remuneration of active Executive Board members pursuant to the German Commercial Code (HGB) and German Accounting Standard 17 (DRS 17)
The total remuneration granted to active Executive Board members in the financial year was EUR 6.5 million (2014: EUR 3.2 million). This includes shared-based payments from 2015 onwards with a fair value of EUR 2.2 million on the date when the remuneration was granted. The active Executive Board members were granted a total of 112,586 virtual shares in the financial year.

(b) Individual remuneration of active Executive Board members pursuant to the German Commercial Code (HGB) and German Accounting Standard 17 (DRS 17)

Remuneration of the Executive Board

in EUR	Fixed remuneration		Variable remuneration		Total remuneration
			Components with short-term incentive effects	Components with long-term incentive effects	
	Fixed salary	Fringe benefits	Bonuses	Share-based remuneration (LTIP 2015)	
Rolf Habben Jansen (Chairman of the Executive Board)					
2015	**750,000**	**172,041**	**381,274**	**700,000**	**2,003,315**
2014	562,500	112,763	375,000	0	1,050,263
Nicolás Burr (Member of the Board since 1 March 2015)					
2015	**375,000**	**298,711**	**300,000**	**500,000**	**1,473,711**
Anthony James Firmin					
2015	**441,667**	**21,641**	**220,206**	**500,000**	**1,183,514**
2014	200,000	9,608	100,000	0	309,608
Peter Ganz (Member of the Executive Board until 31 March 2015)					
2015	**100,000**	**10,016**	**1,000,000**	**0**	**1,110,016**
2014	400,000	10,805	200,000	0	610,805
Thorsten Haeser (Member of the Executive Board since 1 October 2015)					
2015	**112,500**	**37,891**	**75,000**	**500,000**	**725,391**
Total 2015	**1,779,167**	**540,300**	**1,976,480**	**2,200,000**	**6,495,947**
Total 2014	1,162,500	133,176	675,000	0	1,970,676

In the past financial year, no member of the Executive Board received payments or corresponding commitments from a third party with regard to their activities as an Executive Board member. In addition, there were no advance payments and loans to members of the Executive Board as at 31 December 2015.

With regard to pension commitments, the following obligations exist:

Pension plans (pension plans, transition and death grants) persuant to IFRS

in EUR	Present value	Service cost
Rolf Habben Jansen (Chairman of the Executive Board)		
2015	**2,904**	**0**
2014	0	0
Nicolás Burr (Member of the Executive Board since 1 March 2015)		
2015	**667**	**0**
Anthony James Firmin		
2015	**1,595,861**	**211,830**
2014	1,504,999	302,403
Peter Ganz (Member of the Executive Board until 31 March 2015)		
2015	**2,751,657**	**212,219**
2014	1,196,334	140,507
Thorsten Haeser (Member of the Executive Board since 1 October 2015)		
2015	**403**	**0**
Summe		
2015	**4,351,492**	**424,049**
2014	2,701,333	442,910

(c) Disclosure of remuneration pursuant to the German Corporate Governance Code (DCGK)

The German Corporate Governance Code (DCGK) for listed companies also recommends disclosure of Executive Board remuneration in a table detailing the amounts granted and amounts paid.
Amounts granted for the financial year:

Remuneration granted	**Rolf Habben Jansen** (Chairman of the Executive Board) (member of Executive Board since 01.04.2014; Chairman since 01.07.2014)				**Nicolás Burr** (Member of the Executive Board since 01.03.2015)				**Anthony J. Firmin** (Member of the Executive Board since 01.07.2014)				**Thorsten Haeser** (Member of the Executive Board since 01.10.2015)				**Peter Ganz** (Member of the Executive Board until 31.03.2015)			
in EUR	2014	2015	2015 (min.)	2015 (max.)	2014	2015	2015 (min.)	2015 (max.)	2014	2015	2015 (min.)	2015 (max.)	2014	2015	2015 (min.)	2015 (max.)	2014	2015	2015 (min.)	2015 (max.)
Fixed salary	562,500	750,000	750,000	750,000	0	375,000	375,000	375,000	200,000	441,667	441,667	441,667	0	112,500	112,500	112,500	400,000	100,000	100,000	100,000
Fringe benefits	112,763	172,041	172,041	172,041	0	298,711	298,711	298,711	9,608	21,641	21,641	21,641	0	37,891	37,891	37,891	10,805	10,016	10,016	10,016
Total	**675,263**	**922,041**	**922,041**	**922,041**	**0**	**673,711**	**673,711**	**673,711**	**209,608**	**463,308**	**463,308**	**463,308**	**0**	**150,391**	**150,391**	**150,391**	**410,805**	**110,016**	**110,016**	**110,016**
One-year variable remuneration	375,000	381,274	125,000	1,500,000	0	300,000	300,000	750,000	100,000	220,206	100,000	900,000	0	75,000	75,000	225,000	200,000	1,000,000	1,000,000	1,000,000
Multiple-year variable remuneration																				
LTIP 2015 (term: 2015-2018)	0	700,000	0	1,050,000	0	500,000	0	750,000	0	500,000	0	750,000	0	500,000	0	750,000	0	0	0	0
Total	**375,000**	**1,081,274**	**125,000**	**2,550,000**	**0**	**800,000**	**300,000**	**1,500,000**	**100,000**	**720,206**	**100,000**	**1,650,000**	**0**	**575,000**	**75,000**	**975,000**	**200,000**	**1,000,000**	**1,000,000**	**1,000,000**
Service cost	0	0	0	0	0	0	0	0	302,403	211,830	211,830	211,830	0	0	0	0	140,507	212,219	212,219	212,219
Total remuneration	**1,050,263**	**2,003,315**	**1,047,041**	**3,472,041**	**0**	**1,473,711**	**973,711**	**2,173,711**	**612,011**	**1,395,344**	**775,138**	**2,325,138**	**0**	**725,391**	**225,391**	**1,125,391**	**751,312**	**1,322,235**	**1,322,235**	**1,322,235**

Amounts paid for the financial year:

Remuneration disbursed	**Rolf Habben Jansen** (Chairman of the Executive Board) (member of Executive Board since 01.04.2014; Chairman since 01.07.2014)		**Nicolás Burr** (Member of the Executive Board since 01.03.2015)		**Anthony J. Firmin** (Member of the Executive Board since 01.07.2014)		**Thorsten Haeser** (Member of the Executive Board since 01.10.2015)		**Peter Ganz** (Member of the Executive Board until 31.03.2015)	
in EUR	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Fixed salary	750,000	562,500	375,000	0	441,667	200,000	112,500	0	100,000	400,000
Fringe benefits Fringe benefits	172,041	112,763	298,711	0	21,641	9,608	37,891	0	10,016	10,805
Total	**922,041**	**675,263**	**673,711**	**0**	**463,308**	**209,608**	**150,391**	**0**	**110,016**	**410,805**
One-year variable remuneration	381,274	375,000	300,000	0	220,206	100,000	75,000	0	1,000,000	200,000
Multiple-year variable remuneration										
LTIP 2015 (term: 2015-2018)	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0
Total	**381,274**	**375,000**	**300,000**	**0**	**220,206**	**100,000**	**75,000**	**0**	**1,000,000**	**200,000**
Service cost	0	0	0	0	211,830	302,403	0	0	212,219	140,507
Total remuneration	**1,303,315**	**1,050,263**	**973,711**	**0**	**895,344**	**612,011**	**225,391**	**0**	**1,322,235**	**751,312**

The reporting of minimum and maximum amounts for Executive Board remuneration is significantly affected by the switch to the new remuneration system. The maximum amount of one-year variable remuneration comprises the maximum possible amount paid out depending on the result after tax. At the time that the remuneration system was changed, as part of the IPO, it was apparent that this maximum amount would not be paid out for the 2015 financial year. Based on the result after tax recorded in the 2015 financial year and the maximum possible remuneration under the 2015 LTIP, the maximum total remuneration that could be granted to the individual Executive Board members for 2015 is as follows: EUR 2,353,315 for Mr Habben Jansen; EUR 1,723,711 for Mr Burr.
The reported minimum remuneration amounts for one-year variable remuneration in the financial year are essentially determined by the guaranteed bonuses applicable up until the switch to the new remuneration system. The minimum and maximum remuneration amounts to be reported in the 2016 financial year will change as a result of the switch to the new remuneration system.

The reporting of minimum and maximum amounts for Executive Board remuneration is significantly affected by the switch to the new remuneration system. The maximum amount of one-year variable remuneration comprises the maximum possible amount paid out depending on the result after tax. At the time that the remuneration system was changed, as part of the IPO, it was apparent that this maximum amount would not be paid out for the 2015 financial year. Based on the result after tax recorded in the 2015 financial year and the maximum possible remuneration under the 2015 LTIP, the maximum total remuneration that could be granted to the individual Executive Board members for 2015 is as follows: EUR 1,645,344 for Mr Firmin; EUR 975,391 for Mr Haeser.
The reported minimum remuneration amounts for one-year variable remuneration in the financial year are essentially determined by the guaranteed bonuses applicable up until the switch to the new remuneration system. The minimum and maximum remuneration amounts to be reported in the 2016 financial year will change as a result of the switch to the new remuneration system.

(d) Former Executive Board members, including those who resigned in the financial year

The total remuneration for former members of the Executive Board and their surviving dependants amounted to EUR 1,023,967.20 in the 2015 financial year (previous year: EUR 1,390,864.24). Provisions created under IFRS for current pensions and entitlements to pensions for former Executive Board members and their surviving dependants totalled EUR 22,233,900 in the 2015 financial year (previous year: EUR 21,911,486).

3. REMUNERATION OF THE SUPERVISORY BOARD

Remuneration of the Supervisory Board is regulated in Section 12 of the Company's articles of association. The remuneration system reflects the responsibilities and activities of the Supervisory Board members. In addition to a reimbursement of their expenses and the VAT payable on their remuneration and expenses, the members of the Supervisory Board receive fixed annual remuneration. There is no variable remuneration component.

The amount of fixed annual remuneration differs for the Chairman (EUR 100,000.00), his deputies (EUR 75,000.00) and the other members (EUR 50,000.00). The Chairman of the Presidential and Personnel Committee and the Chairman of the Audit and Finance Committee each receive additional remuneration of EUR 20,000.00 and the other members of these committees each receive EUR 10,000.00. If Supervisory Board members receive remuneration for activities on the Supervisory Board of a subsidiary of Hapag-Lloyd AG, this remuneration is offset against the aforementioned remuneration.

The members of the Supervisory Board also receive an attendance fee of EUR 300.00 for every meeting of the Supervisory Board and its committees that they attend.

For Supervisory Board members who are only on the Supervisory Board for part of the financial year, remuneration is granted pro rata, rounded to full months. This also applies to increases in remuneration for the Chairman of the Supervisory Board and his deputies as well as for increases in remuneration for membership and chairmanship of a Supervisory Board committee.

The following table shows the amounts due to the individual members of the Supervisory Board:

in EUR	Fixed remuneration		Remuneration for committtee service		Meeting allowance		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
Andreas Bahn	50,000	50,000	./.	./.	1,800	1,200	51,800	51,200
Horst Baier	50,000	50,000	10,000	10,000	3,600	2,700	63,600	62,700
Michael Behrendt	100,000	8,333	20,000	1,667	2,100	./.	122,100	10,000
Karl-Heinz Biesold	75,000	75,000	10,000	10,000	2,100	1,800	87,100	86,800
Oliver Bringe	50,000	50,000	20,000	20,000	3,300	3,000	73,300	73,000
Renate Commerell	50,000	50,000	./.	./.	2,100	1,800	52,100	51,800
Jutta Diekamp	50,000	50,000	20,000	20,000	3,600	3,000	73,600	73,000
Karl Gernandt	75,000	75,000	30,000	30,000	3,000	3,000	108,000	108,000
Oscar Hasbún	50,000	4,167	10,000	./.	3,600	./.	63,600	4,167
Dr Rainer Klemmt-Nissen	50,000	50,000	10,000	10,000	1,500	1,800	61,500	61,800
Ulrich Leitermann	./.	50,000	./.	10,000	./.	1,500	./.	61,500
Arnold Lipinski	50,000	50,000	20,000	10,000	3,600	2,400	73,600	62,400
Francisco Pérez	50,000	4,167	10,000	./.	2,100	./.	62,100	4,167
Dr Andreas Rittstieg	./.	50,000	./.	./.	./.	1,800	./.	51,800
Dr Jürgen Weber	./.	100,000	./.	20,000	./.	1,800	./.	121,800
Total	700,000	716,667	160,000	141,667	32,400	25,800	892,400	884,134

The Supervisory Board remuneration and attendance fees for 2014 and 2015 have been included in the overview. For the Supervisory Board members who resigned or were appointed in 2014 and 2015, the amounts have been calculated pro rata. The Supervisory Board members did not receive any ancillary remuneration in the aforementioned period.

The Chairman of the Supervisory Board is provided with an office and assistant and a driver service so that he can perform his duties. If the Chairman of the Supervisory Board attends certain appointments and performs certain representative duties on behalf of Hapag-Lloyd AG to promote the business of the Company and foster a positive public image of the Company and does so for no fee, he may use the Company's internal resources to prepare for and perform these activities for no fee. He is reimbursed for expenses incurred in connection with these activities at an appropriate amount.

There were no advance payments and loans to members of the Supervisory Board as at 31 December 2015. Furthermore, the Supervisory Board members did not receive any remuneration in 2015 for their own services provided, in particular consultation and mediation services.

Declaration on corporate governance in accordance with Section 289a of the German Commercial Code (HGB) and declaration of conformity in accordance with Section 161 of the German Stock Corporation Act (AktG)
The declaration on corporate governance in accordance with Section 289a of the German Commercial Code (HGB) and the declaration of conformity in accordance with Section 161 of the German Stock Corporation Act (AktG) have been published and made continously available in the "Corporate Governance" section under "IR" of the Company's website, www.hapag-lloyd.com, at http://ir.hapag-lloyd.com/websites/hapaglloyd/English/8100/compliance-statement-corporate-governance-code.html.

ECONOMIC REPORT

GENERAL ECONOMIC CONDITIONS

Close to 90% of goods transported around the world are carried by ship. In addition to tankers and general cargo ships, container ships play a significant role in handling the global transport volume. The pace at which the global economy grows and, by extension, at which global trade expands is therefore a significant factor that influences demand for container shipping services and thus the development of the container shipping companies' cargo volumes.

The performance of the global economy continues to be only very modest. In the opinion of economic experts at the International Monetary Fund (IMF), global economic growth as a whole is being held back by the poor economic developments in China and in the emerging markets of Asia and Latin America and by the sanctions imposed on Russia. The sharp drop in oil prices and the robust economic upswing in the USA do not provide enough impetus on their own to boost global economic growth rates more. Despite the weakening growth dynamic in China and the ongoing difficult economic situation in Latin America, the anticipated pace of economic growth in the emerging markets of Asia and Latin America will continue to comfortably outstrip growth rates in the established industrialised nations in 2016 and 2017.

In its latest economic outlook (January 2016), the IMF expects global economic growth to reach 3.4% overall in 2016 (2015: 3.1%) and for this to increase marginally to 3.6% in 2017. This means the current expectations for 2016 are 0.3 percentage points below the original growth forecasts (January 2015).

According to the IMF, the volume of global trade, which is key to the demand for container shipping services, is forecast to increase by 3.4% in the current year and by 4.1% in 2017. This means that global trade will grow at around the same pace as the global economy in 2016 and faster than it in 2017. Above all, imports and exports to and from the emerging markets and the US are expected to continue to rise at an above-average rate compared with global trade in the period under review.

Developments in global economic growth (GDP) and world trading volume

(in %)	2017e	2016e	2015	2014	2013
Global economic growth	3.6	3.4	3.1	3.4	3.3
Industrialised countries	2.1	2.1	1.9	1.8	1.4
Developing and newly industrialised countries	4.7	4.3	4.0	4.6	5.0
World trading volume (goods and services)	4.1	3.4	2.6	3.4	3.3
Container transport volume (IHS)	4.9	3.5	1.0	4.3	2.3

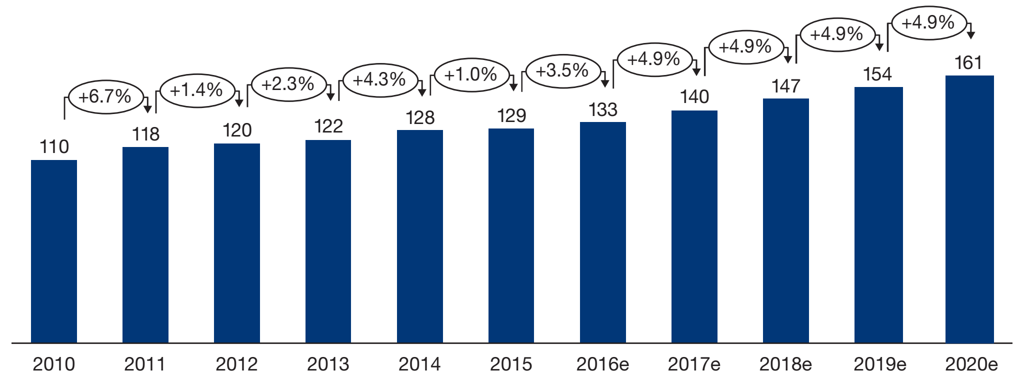
Source: IMF, January 2016; IHS Global Insight, February 2016

The US dollar is the main invoicing currency for the international shipping industry. The USD/EUR exchange rate was volatile in the reporting period. Factors influencing this were slowing economic growth in the eurozone and an increasingly robust economic recovery in the USA. The US Federal Reserve raised its key interest rate on 16 December 2015 for the first time since 2006 and increased its target range to the current figure of 0.25 to 0.5%. The year-end exchange rate was approximately USD 1.09/EUR (2014: USD 1.22/EUR). The average USD/EUR exchange rate for the 2015 financial year was approximately USD 1.11/EUR (previous year: USD 1.33/EUR). In the course of 2015, the dollar reached a high of USD 1.21/EUR and a low of USD 1.05/EUR.

SECTOR-SPECIFIC CONDITIONS

With the world trading volume forecast to grow, demand for container shipping services is likewise expected to increase further over the next few years. For instance, IHS Global Insight (February 2016) expects a 3.5% increase in the global container shipping volume in 2016 and growth of 4.9% to approximately 140 million TEU in 2017. This would put the forecast rise in worldwide transport volumes in container shipping for 2016 and 2017 slightly above the rate of growth for global trade. Current forecasts put the expected compound annual growth rate (CAGR) for the period from 2016 to 2020 at 4.9%, compared with an average growth rate of 3.1% between 2010 and 2015. The volume of global container shipping could reach some 161.5 million TEU in 2020. As a result, container shipping will continue to be a growth industry in the medium to long term.

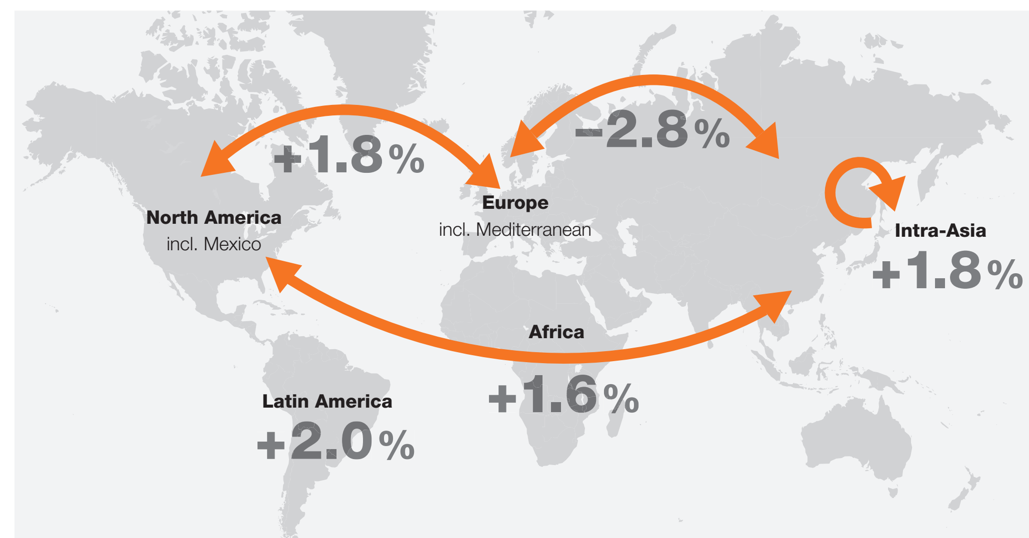
Development of global container transport volume 2010–2020 (million TEU)



Source: IHS Global Insight, February 2016

Due to a generally only modest rate of global economic growth, the increase in global container shipping services was just 1.0% last year (2014: 4.3%), according to calculations by IHS Global Insight (February 2016). With the exception of the Far East trade, the various trades saw an increase in container shipping volumes in 2015: Transpacific (+1.6%), Far East (–2.8%), Intra-Asia (+1.8%), Atlantic (+1.8%) and Latin America (+2.0%).

Growth rates for global container traffic in 2015



Source: IHS Global Insight, February 2016

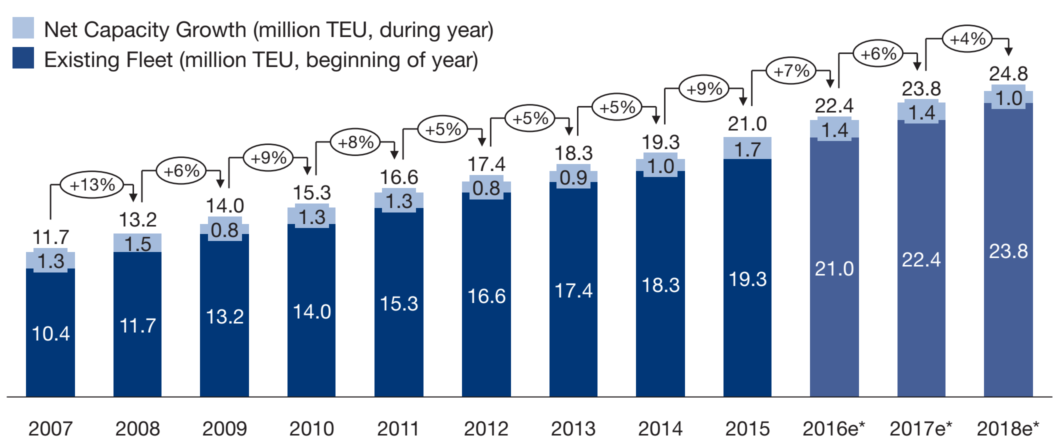
Transport volumes and freight rates in container liner shipping are subject to seasonal fluctuations. Demand for transport services is traditionally higher in the second and third quarter of any given year.

While the rate of global trade growth determines the demand for container shipping services, putting new vessels into service and scrapping inefficient ones are the most important factors influencing the supply of transport capacities. Supply has grown at a faster pace than demand in recent years as a result of new and particularly large container ships continually being put into service. This led to continued pressure on freight rates in all trades again in 2015.

The capacity of all the ship newbuilds on order as at 31 December 2015 totalled approximately 4.0 (2014: 3.2) million TEU. However, at around 19% of the global container fleet's capacity, the TEU capacity of the container ships on order in the fourth quarter of 2015 remained far below the record high of 56% seen in 2008. The heightened trend towards larger vessels is reflected in the distribution of the orders. Some 85% of ship newbuild orders are for vessels with a capacity of over 8,000 TEU (MDS Transmodal, February 2016). In 2015, around 87% of the ships delivered were vessels with capacity of over 8,000 TEU (approximately 1.7 million TEU).

With the total capacity of the world container ship fleet estimated at 21.0 million TEU at the end of 2015 (MDS Transmodal, February 2016), the supply capacity should – based on the current orders – see increases of 1.4 million TEU in both 2016 and 2017.

Development of global container fleet capacity



Source: MDS Transmodal; January 2016 and previous years; only vessels >399 TEU

*Based on existing orders.

Continuing pressure on freight rates in 2015 and disappointing volume developments in the second half of 2015 led to a dramatic increase in the idle fleet from the third quarter of 2015 onwards. The level of idle vessels at the end of 2015 came to around 1.36 million TEU (AXS-Alphaliner, January 2016), compared with "free" capacities of approximately 228,000 TEU at the end of 2014. The "free" capacities thus corresponded to approximately 6.5% of the global container fleet's total tonnage, the highest level since 2010. Of the 331 vessels idle at the end of 2015, only approximately 46% are smaller ships of up to 3,000 TEU at present (2014: 86%).

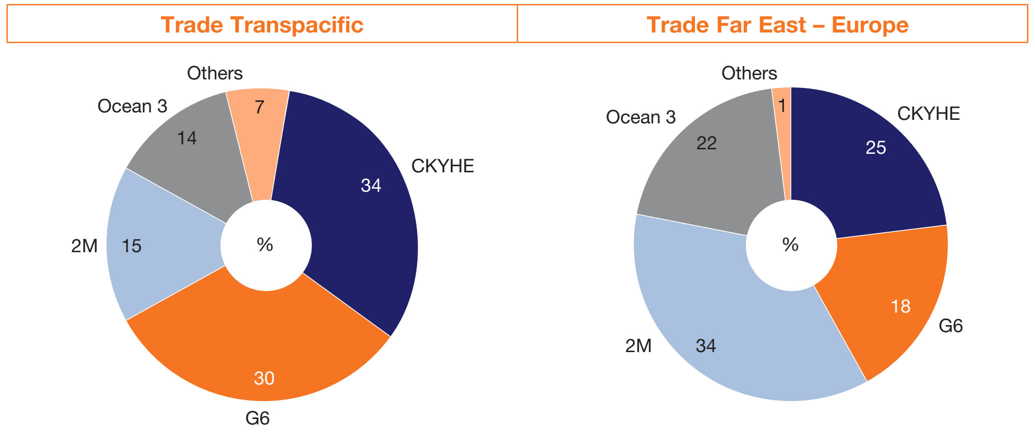
The projected nominal increase in the global container ship fleet's transport capacity is expected to be reduced due to the scrapping of older and less efficient vessels, delays in the delivery of ship newbuilds and the use of slow steaming (reducing the speed at which services operate).

According to the sector information service Drewry (December 2015), only container vessels with an aggregate transport capacity of around 150,000 TEU were scrapped in 2015 (2014: 381,000 TEU; 2013: 444,000 TEU). Scrapping activities in 2015 therefore fell well short of the level seen in the previous year. A scrapping level of 250,000 TEU is predicted for 2016. The continuing low level of scrapping may lead to increased pressure on freight rates.

Although the prospects for growth remain positive in the medium term, there may be temporary imbalances in supply and demand, which could have a substantial impact on the respective transport volumes and freight rates. For example, as more and more new vessels go into service, transport capacities will increase sharply, further affecting the development of freight rates in all the trades.

The world's 20 largest container shipping companies further intensified their cooperations and alliances back in 2014 in order to expand their networks, reduce costs and improve service for their customers. The world's two largest container liner shipping companies, Maersk Line and Mediterranean Shipping Company (MSC), created the 2M alliance in July 2014. This was implemented in 2015. In September 2014, the shipping companies CMA CGM, China Shipping Container Lines (CSCL) and United Arab Shipping Company (UASC) formed the Ocean Three alliance. On 1 March 2014, the Taiwanese shipping company Evergreen joined the CKYH Alliance (COSCO, K Line, Yang Mine and Hanjin Shipping).

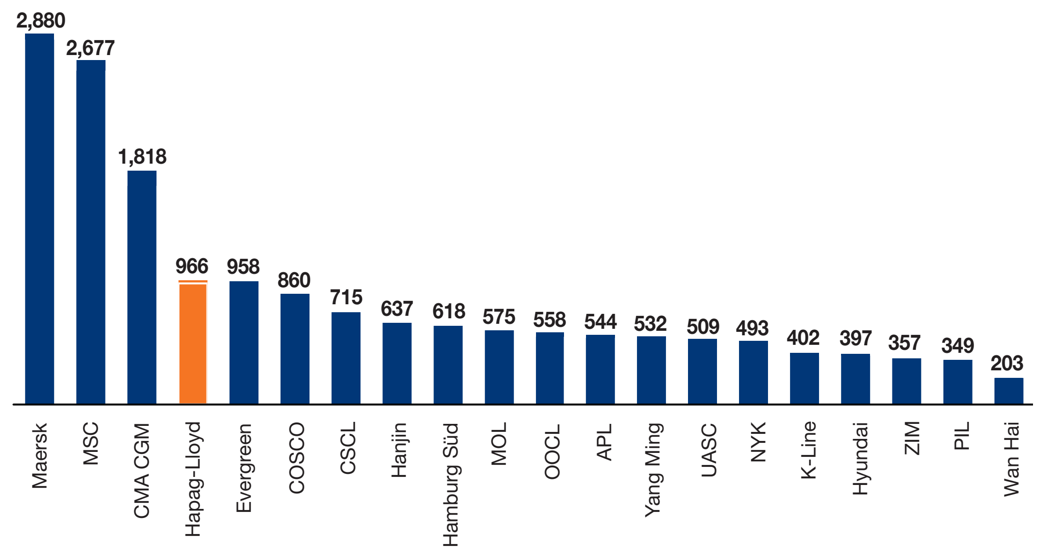
Capacity share of the key alliances in selected trades



Source: AXS-Alphaliner, February 2016

The consolidation trend in container shipping is continuing. Hapag-Lloyd took over CSAV's container shipping activities back in December 2014. In December 2015, the French container shipping company CMA CGM announced a bid to take over the shipping company Neptune Orient Lines (NOL), Singapore. The takeover of NOL would significantly strengthen CMA CGM's competitive position as the third-largest container shipping company. The takeover is scheduled for completion in summer 2016, subject to the approval of the relevant regulatory authorities. In December 2015, the Chinese State Council also approved the merger of the two state-owned shipping companies China Ocean Shipping Company (COSCO) and China Shipping Container Lines Co. (CSCL). This created the fourth-largest global container shipping company. As at 4 January 2016, COSCO and China Shipping merged as China COSCO Shipping Corporation Limited. In February 2015, the container liner shipping companies United Arab Shipping Company (UASC), CMA CGM and Hamburg Süd announced a vessel sharing agreement for the North Atlantic trade. A further cooperation agreement between UASC and Hamburg Süd came into effect in April 2015. The agreement gives UASC access to the Latin America trade and affords Hamburg Süd access to the east-west trades.

Fleet capacity of the Top 20 container liner shipping companies (in TTEU)



Source: MDS Transmodal, January 2016
The operating fleet capacity (excluding chartered ships)

The bunker price is the most important factor influencing fuel costs, which is one of the main cost components for the container shipping industry. In the year under review, the average bunker consumption price (MFO) was USD 312 per tonne. This was USD 263 per tonne less than the average for the previous year. Quoted at approximately USD 127 per tonne (10 February 2016), the bunker price (MFO, 3.5% – Rotterdam) in the first few weeks of 2016 remained well below the level seen in the previous year.

Report on the Hapag-Lloyd Group's development in 2015 compared with the forecast

The original forecast for the Company's anticipated development included the container shipping activities acquired from CSAV. One-off transport volume and freight rate effects from this inclusion were therefore not taken into account in the forecast. In 2014, CSAV container ships transported a total volume of 1,924 TTEU. The average freight rate of CSAV's container shipping activities in the course of 2014 was USD 1,174/TEU. CSAV's container shipping activities were included in the 2014 consolidated financial statements from the time at which they were consolidated (2 December 2014) and are thus prorated for the month of December 2014.

The transport volume rose by 25.3% in total in the reporting period. If CSAV's container shipping activities had been included for the whole of 2014, the transport volume would have fallen slightly by 3.6%. This means that neither the original forecast of a "moderately increasing" nor the revised forecast of a "largely unchanged" transport volume was achieved due to market-related weaker than expected volume developments in the fourth quarter of 2015.

It was not possible to meet the forecasts for average freight rates, due to the slower than expected rise in rates during the 2015 peak season, coupled with an industry environment that remained challenging. This was already stated in the interim management report for the period up to 30 September 2015.

Due to a sharp fall in the bunker price, the high level of synergies achieved in 2015 following the speedy integration of CSAV's container shipping activities, and the efficiency and cost-cutting measures implemented, Hapag-Lloyd's earnings position improved considerably in 2015, despite the difficult operating environment. The forecast of a "clear increase" in EBITDA and a "clearly positive" EBIT was therefore achieved. In the previous year, the adjusted EBIT of EUR –112.1 million was also reported in the forecast. The Company switched from (adjusted) EBIT to EBIT as part of the IPO. The forecast of a "clearly positive" (adjusted) EBIT was also achieved in 2015.

	Value 2014*	Value 2015	Change	Forecast in the management report as at 31.12.2014	Forecast in the interim management report as at 30.9.2015
Transport volume (TTEU)*	7,681	7,401	–3.6%	Increasing moderately	Largely unchanged
Average freight rate, Hapag-Lloyd (USD/TEU)*	1,369	1,225	–10.5%	Decreasing moderately	Clearly decreasing
EBITDA (million EUR)**	98.9	831.0	+732.1	Clearly increasing	Clearly increasing
EBIT (million EUR)**	–382.8	366.4	+749.2	Clearly positive	Clearly positive

* Pro forma values (including CSAV's container shipping activities for the whole of 2014) for transport volume and freight rate.
** The values as at 31 December 2014 relate to the figures reported in the 2014 annual report. These include CSAV's activities as of the consolidation date, 2 December 2014.

EARNINGS, FINANCIAL AND NET ASSET POSITION

GROUP EARNINGS POSITION

The earnings and financial positions are only comparable with the corresponding prior year period to a limited degree, as CSAV's container shipping activities were included in the consolidated financial statements of Hapag-Lloyd AG for the first time from 2 December 2014.

The Hapag-Lloyd Group's performance in the 2015 financial year was once again dominated by weak economic developments in Latin America and China. The global economy grew by just 3.1% in 2015, falling short of the IMF's original forecast of 3.5% (January 2015). As in the previous year, the intense competition in container shipping continued to put considerable pressure on freight rates. By contrast, initial synergy effects and cost savings in particular had a very positive impact on the Group's earnings position, as did a year-on-year strengthening of the US dollar against the euro and a further drop in the bunker price compared with the previous year. At USD 1.11/EUR, the average US dollar/euro exchange rate was significantly stronger than in the prior year period (USD 1.33/EUR). Overall, Hapag-Lloyd recorded a profit of EUR 113.9 million in the 2015 financial year, which was a substantial improvement of EUR 717.6 million compared with the prior year period.

Consolidated income statement

million EUR	**1.1.–31.12. 2015**	1.1.–31.12. 2014
Revenue	8,841.8	6,807.5
Other operating income	193.7	116.8
Transport expenses	7,258.5	6,060.1
Personnel expenses	484.4	403.3
Depreciation, amortisation and impairment	464.6	481.7
Other operating expenses	517.7	393.3
Operating result	**310.3**	**–414.1**
Share of profit of equity-accounted investees	28.5	34.2
Other financial result	27.6	-2.9
Earnings before interest and taxes (EBIT)	**366.4**	**–382.8**
Interest result	–227.3	–209.7
Income taxes	25.2	11.2
Group profit/loss	**113.9**	**–603.7**
thereof profit/loss attributable to shareholders of Hapag-Lloyd AG	111.6	–605.0
thereof profit/loss attributable to non-controlling interests	2.3	1.3
Basic earnings per share (in EUR)	1.04	–8.81
EBITDA	**831.0**	**98.9**
EBITDA margin (%)	**9.4**	**1.5**
EBIT	**366.4**	**–382.8**
EBIT margin (%)	**4.1**	**–5.6**

The container shipping activities acquired from CSAV are included in the consolidated income statement for the previous year 2014 from their first-time consolidation as at 2 December 2014. As such, the income statement figures are only comparable with the previous year to a limited extent.

The average freight rate in the 2015 financial year was USD 1,225/TEU, which was USD 202/TEU (14.2%) down on the prior year period (USD 1,427/TEU). Besides the initial inclusion of CSAV's container shipping activities, which had a lower freight rate level overall, the main reason for the decline was the ongoing difficult market environment, with pressure on freight rates persisting throughout the year and continuing in the fourth quarter of 2015. On a comparable basis (by including CSAV's container shipping activities for the full year 2014), the average freight rate for 2014 would have been USD 1,369/TEU. This would have meant a drop of USD 144/TEU, or 10.5%, in the average freight rate.

Freight rates per trade*

USD/TEU	**1.1.–31.12. 2015**	1.1.–31.12. 2014**
Atlantic	1,504	1,585
Transpacific	1,599	1,768
Far East	942	1,179
Latin America	1,111	1,357
Intra Asia	655	796
EMAO (Europe–Mediterranean–Africa–Oceania)	1,210	1,407
Total (weighted average)	**1,225**	**1,427**

* The trades have been restructured and the assignment of individual services amended as part of the CSAV integration. The prior period figures have been amended accordingly.
** The figures for 2014 include the container shipping activities acquired from CSAV from the date of first-time consolidation 2 December 2014.

The transport volume climbed year-on-year from 5,907 TTEU to 7,401 TTEU, which reflects an increase of 25.3%. The increase resulted from the inclusion of CSAV's container shipping activities. Overall, however, transport volumes did not develop as well as expected, mainly due to weak economic developments in Latin America and China. On a comparable basis (by including CSAV's container shipping activities for the full year 2014), the transport volume in 2014 would have come to 7,681 TTEU, which would have meant a decrease of 3.6% in the transport volume.

Transport volume per trade*

TTEU	**1.1.–31.12. 2015**	1.1.–31.12. 2014**
Atlantic	1,541	1,446
Transpacific	1,390	1,319
Far East	1,283	1,135
Latin America	2,247	1,158
Intra Asia	573	491
EMAO (Europe–Mediterranean–Africa–Oceania)	367	358
Total	**7,401**	**5,907**

* The trades have been restructured and the assignment of individual services amended as part of the CSAV integration. The prior period figures have been amended accordingly.
** The figures for 2014 include the container shipping activities acquired from CSAV from the date of first-time consolidation 2 December 2014.

Revenue increased by EUR 2,034.3 million year-on-year in the 2015 financial year, from EUR 6,807.5 million to EUR 8,841.8 million. This was mainly due to the growth in transport volumes following the acquisition of CSAV's container shipping activities and also to the considerably stronger US dollar.

Revenue per trade*

million EUR	**1.1.–31.12. 2015**	1.1.–31.12. 2014**
Atlantic	2,088.0	1,724.4
Transpacific	2,002.2	1,754.8
Far East	1,088.0	1,006.8
Latin America	2,249.7	1,182.9
Intra Asia	338.4	294.5
EMAO (Europe–Mediterranean–Africa–Oceania)	400.0	379.0
Other	675.5	465.1
Total	**8,841.8**	**6,807.5**

* The trades have been restructured and the assignment of individual services amended as part of the CSAV integration. The prior period figures have been amended accordingly.
** The figures for 2014 include the container shipping activities acquired from CSAV from the date of first-time consolidation 2 December 2014.

Transport expenses rose by EUR 1,198.4 million to EUR 7,258.5 million in the same period (prior year period: EUR 6,060.1 million). This development was attributable to the growth in transport volumes caused by the acquisition of CSAV's container shipping activities, which in particular pushed the cost of purchased services up. Overall, however, the increase in transport expenses in the 2015 financial year (+19.8%) was significantly lower than the rise in revenue (+29.9%). The main reason for this was the sharp fall in the bunker price, which led to a year-on-year decrease of EUR 294.4 million in expenses for raw materials and supplies, despite the incorporation of CSAV's container shipping activities. This decline was primarily due to a drop of approximately 46% in bunker consumption prices and the cost savings achieved from greater bunker efficiency. In the 2015 financial year, the average bunker price (MFO) was USD 312 per tonne, significantly down by USD 263 per tonne on the prior year period's figure of USD 575 per tonne.

In addition, synergy effects achieved from the merger with CSAV's container shipping activities and the cost-cutting measures initiated in the previous year already made a substantial contribution to the continuous reduction of costs in the 2015 financial year.

Transport expenses

million EUR	**1.1.–31.12. 2015**	1.1.–31.12. 2014
Expenses for raw materials and supplies	1,067.9	1,362.3
Cost of purchased services	6,190.6	4,697.8
thereof		
Port, canal and terminal costs	2,766.2	2,030.4
Container transport costs	2,148.4	1,841.4
Chartering, leases and container rentals	1,119.6	693.5
Maintenance/repair/other	156.4	132.5
Transport expenses	**7,258.5**	**6,060.1**

The container shipping activities acquired from CSAV are included in the consolidated income statement for the previous year 2014 from their first-time consolidation as at 2 December 2014. The income statement figures are only comparable with the previous year to a limited extent.

The gross profit margin (ratio of revenue less transport expenses to revenue) could be increased by 6.9 percentage points as a result of improved cost structures and savings compared with the corresponding prior year period and totalled 17.9% in the 2015 financial year (prior year period: 11.0%).

At EUR 193.7 million, other operating income in the financial year was significantly higher than in the prior year period (EUR 116.8 million). This was partly due to the rise in income from the disposal of assets that were recognised in the previous year as non-current assets held for sale. In the 2015 financial year, a total of 16 vessels to be decommissioned ("Old Ladies") were sold or disposed of to a certified ship breaking yard. In addition, exchange rate gains increased from EUR 70.6 million to EUR 94.7 million, as did income from the release of provisions. During the financial year, EUR 26.6 million of the restructuring provision recognised in the previous year was also released through other operating income.

Changes in the US dollar/euro exchange rate caused exchange rate gains and losses to increase in the period under review. These were recognised in other operating income and other operating expenses. Netted, they resulted in an exchange rate loss of EUR 27.3 million in the 2015 financial year (prior year period: exchange rate gain of EUR 3.9 million).

Training expenses, travel expenses and relocation expenses were incurred in the 2015 financial year due to the integration of CSAV's container shipping activities. At the same time, a total of EUR 49.4 million of the restructuring provision had to be released in this period, as implementation of some of the measures cost less than originally planned. The release was recognised under other operating income and, in the case of provisions for personnel measures, under personnel expenses.

Personnel expenses increased by 20.1% to EUR 484.4 million in the financial year (previous year: EUR 403.3 million). This was due to the initial full-year inclusion of CSAV's container shipping activities in the consolidated financial statements and the associated rise in the number of employees. The Group employed an annual average of 9,945 people (previous year: 7,341 people). The personnel expenses ratio of 5.5% was slightly reduced compared to previous year, as the higher personnel expenses resulting from the increased number of employees were partly offset by the release of the restructuring provision recognised in the previous year for personnel measures. The previous year's figure included one-off expenses related to the acquisition of CSAV's container shipping activities.

Development of personnel expenses

million EUR	**1.1.–31.12. 2015**	1.1.–31.12. 2014
Personnel expenses	484.4	403.3
Revenue	8,841.8	6,807.5
Personnel expenses ratio	**5.5%**	**5.9%**

Depreciation and amortisation totalled EUR 464.6 million in the 2015 financial year (previous year: EUR 481.7 million). The decrease in depreciation and amortisation compared with the previous year was primarily due to the impairment of a portfolio of older ships ("Old Ladies") in the previous year amounting to EUR 127.4 million. These vessels were subsequently reclassified as held-for-sale in 2014 and sold in the 2015 financial year. This was offset by an increase in the depreciation of acquired ships, containers and amortisation of intangible assets, some of which were acquired in December 2014 as a result of the acquisition of CSAV's container shipping activities.

The share of profits of equity-accounted investees came to EUR 28.5 million (previous year: EUR 34.2 million). The other financial result totalled EUR 27.6 million (previous year: EUR –2.9 million) and included changes in the fair value of currency options.

The Group's earnings before interest and taxes (EBIT) amounted to EUR 366.4 million in the reporting period, well above the corresponding figure in the prior year of EUR –382.8 million. The Group's earnings before interest, taxes, depreciation and amortisation (EBITDA) came to EUR 831.0 million in the financial year (previous year: EUR 98.9 million).

EBIT margin

million EUR	**1.1.–31.12. 2015**	1.1.–31.12. 2014
Revenue	8,841.8	6,807.5
EBIT	366.4	–382.8
EBITDA	831.0	98.9
EBIT margin	**4.1%**	**–5.6%**
EBITDA margin	**9.4%**	**1.5%**

The EBITDA margin rose to 9.4% (previous year: 1.5%). The EBIT margin was positive at 4.1% (previous year: –5.6%).

An interest result of EUR –227.3 million was reported for the 2015 financial year (previous year: EUR –209.7 million). This was essentially due to the payment of financing contracts in connection with investments in ships and containers, the full-year inclusion of CSAV's container shipping activities, valuation effects from the change in fair value of embedded derivatives from issued bonds (expense of EUR 5.3 million; previous year: expense of EUR 18.1 million) and expenses relating to the early partial repayment of the USD bond due in 2017.

The Group generated a net result of EUR 113.9 million in the 2015 financial year (previous year: EUR –603.7 million). Basic earnings per share came to EUR 1.04.

GROUP FINANCIAL POSITION

Principles and objectives of financial management
The Hapag-Lloyd Group's financial management aims to ensure the permanent solvency of the Company and thus its ability to maintain financial stability. In addition to making sure there is a sufficient supply of liquidity, financial risks are limited by means of the hedging of net positions in foreign currency, the use of derivative financial instruments, the implementation of a cash pooling system and the optimisation of loan conditions.

Maintaining an appropriate minimum liquidity level is a deciding factor. Efficient financial management is primarily based on optimising short- and medium-term cash outflows. This is based on budgetary planning for a number of years and a rolling monthly liquidity plan that spans a period of a year. Financial management is carried out within the framework of relevant legislation as well as internal principles and regulations.

The Hapag-Lloyd Group is an international company that is active around the world. It is exposed to financial risks which result from the business operations of Hapag-Lloyd AG. In particular, these risks include currency risk, fuel price risk and interest rate risk. The transactions of the group companies are conducted mainly in US dollars. The euro, Canadian dollar, British pound, Swiss franc, Hong Kong dollar, Singapore dollar, Japanese yen, Chilean peso, Brazilian real, Chinese renminbi, Mexican peso, Indian rupee and the Australian dollar are also significant currencies. For the euro, this also applies to financial debt.

Derivative hedging transactions are entered into so as to hedge against euro exchange rate risks. Wherever possible, changes in the bunker price are passed on to the customers as surcharges. In addition, derivative hedging instruments are partially used to limit fluctuations caused by changes in the prices of commodities. Interest rate risks which arise as a result of liquidity procurement on the international money and capital markets are centrally managed within the scope of interest rate management and can be limited using derivative interest rate hedging instruments on a case-by-case basis.

Other disclosures about hedging strategies and risk management, as well as financial transactions and their scope as at the balance sheet date, can be found in the risk report contained within the Group management report, and in the "Financial instruments" section in the Notes to the consolidated financial statements.

Issuer ratings

Rating/Outlook	**31.12.2015**	31.12.2014
Standard & Poor's	B+/stable	B+/stable
Moody's	B2/positive	B2/negative

Despite the persistently difficult economic environment in the 2015 financial year, especially in global shipping, the international rating agency Standard & Poor's reaffirmed its issuer rating for Hapag-Lloyd AG. The rating agency Moody's raised its outlook for the Company from stable to positive in its rating update on 29 September 2015, having already revised its outlook upwards from negative to stable on 17 June 2015.

Financing
The Group covers its financing requirements with cash inflows from operating activities and by assuming short-, medium- and long-term financial debt. Additional liquidity was generated by a cash capital increase of EUR 264.5 million on 6 November 2015 in conjunction with the IPO.

The financing mix in terms of borrowing is designed to optimise financing conditions, create a balanced range of maturities and achieve investor diversification.

The focus in the 2015 financial year was on implementing and restructuring ship and container financing as well as the partial repayment of USD bonds as part of efforts to optimise the capital structure and reduce the interest burden.

Further disclosures about the maturity profile of existing financing arrangements, as well as financial transactions and their scope as at the balance sheet date, can be found in the "Financial instruments" section in the Notes to the consolidated financial statements.

Financing activities
In addition to the IPO, the Group executed the following major financing and investing activities in the 2015 financial year.

The USD bond due in 2017 with an original nominal volume of USD 250 million was repaid early on 30 December 2015 by exercising the termination option in the amount of USD 125 million. The partial repayment was financed exclusively with available cash funds and was linked to the successful refinancing of the fleet financing in place since 2011 with new ship financing of USD 115 million (EUR 105.6 million). These measures will result in interest savings in the future.

Likewise with the aim of achieving interest savings in the future, the conditions for the K-Sure I ship financing with a remaining debt of USD 251.6 million (EUR 231.0 million) in total as at 31 December 2015, and the K-Sure II ship financing with a remaining debt of USD 742.7 million (EUR 681.8 million) in total, were optimised in favour of Hapag-Lloyd on 22 September 2015 and 24 September 2015 respectively.

An unsecured credit line amounting to USD 125 million (EUR 114.8 million) was granted as at 14 October 2015 in connection with the IPO. In addition, the existing revolving credit facility (RCF) of USD 95 million was increased to USD 200 million. Both credit facilities were available in full at the end of the year.

A credit line to finance investments in containers of USD 135 million (EUR 123.9 million) was also concluded in the 2015 financial year, of which USD 41.0 million (EUR 37.6 million) had not been utilised at the balance sheet date.

Furthermore, loans of USD 247.9 million (EUR 227.6 million) to finance the five newbuilds delivered in the financial year, each of which has a capacity of 9,300 TEU, were paid out.

The finance lease contracts for two ships were terminated in the reporting period by exercising the existing purchase option and taking ownership of the ships. The acquisitions were financed by two new ship loans amounting to USD 66.9 million (EUR 61.4 million).

Lease contracts with repurchase obligations were concluded with international leasing companies to finance investments in new containers and gensets for USD 48.1 million (EUR 44.2 million) and were classified as loan contracts under SIC 27.

In addition, containers held by the Company were sold in 2015 to a group of investors on the basis of a Japanese operating lease contract and were then leased back for up to seven years, with the option of buying them back upon their respective maturity. The lease contract is essentially a form of borrowing, with the containers transferred by way of security. The refinancing volume associated with this transaction amounted to USD 42.3 million (EUR 38.8 million).

Hapag-Lloyd committed to purchasing the containers leased within existing operating lease contracts by March and June 2017 respectively. The agreements were therefore continued as finance lease contracts. This transaction resulted in an addition to financial debt of USD 32.4 million (EUR 29.7 million) on the corresponding date.

A cash inflow of USD 83.1 million (EUR 74.9 million) was generated from the sale of a portfolio of vessels to be decommissioned (“Old Ladies”). USD 65.8 million (EUR 60.4 million) of the cash inflows was used for additional early repayments for the underlying financing arrangements.

To secure the long-term financing of five new 10,500-TEU ships, which were ordered in April 2015 and which are scheduled for delivery between October 2016 and April 2017, on 30 September 2015 Hapag-Lloyd signed a loan agreement with a bank consortium for USD 372.4 million (EUR 341.9 million) with a twelve-year term.

Covenant clauses of a type customary on the market have been arranged for existing financing. These clauses primarily relate to certain equity and liquidity indicators of the Group. In addition, set loan-to-value ratios are in place for individual loans collateralised by property, plant and equipment. As at 31 December 2015, all of the covenants were fulfilled. Based on current planning, the Executive Board expects that the covenants will also be adhered to during the next period.

Net debt

Financial solidity

million EUR	**2015**	2014**
Financial debt	3,907.3	3,717.1
Cash and cash equivalents	573.7	711.4
Net debt	**3,333.6**	**3,005.7**
EBITDA	831.0	98.9
Gearing (%)*	**66.1**	**72.1**
Unused credit lines	**388.7**	**210.5**
Equity ratio (%)	**45.5**	**41.2**

* Ratio Net Debt to Equity
** 31.12.2014: Adjusted values as a result of the purchase price allocation

The Group’s net debt as at 31 December 2015 increased compared to the prior year from EUR 3,005.7 million to EUR 3,333.6 million. This was due in particular to exchange rate effects in the amount of EUR 262.5 million on the reporting date relating to the change in the USD/EUR exchange rate. Gearing (net debt/equity) fell to 66.1% (previous year: 72.1%).

Liquidity analysis

The Hapag-Lloyd Group's solvency was fully guaranteed at all times in the last financial year by cash inflows from operating activities, a portfolio of cash and cash equivalents, and syndicated credit facilities. Furthermore, the IPO carried out in the fourth quarter generated gross issue proceeds of around EUR 265 million. To further strengthen the liquidity reserve, an unsecured credit line amounting to USD 125 million (EUR 114.8 million) was granted. The liquidity reserve (consisting of cash, cash equivalents and unused credit facilities) totalled EUR 962.4 million (previous year: EUR 921.9 million).

Statement of cash flows and capital expenditure

Condensed statement of cash flows*

million EUR	**1.1.–31.12. 2015**	1.1.–31.12. 2014
EBITDA	**831.0**	**98.9**
Changes in working capital	–180.2	298.0
Other effects	–78.7	–19.7
Cash flow from operating activities	571.1	377.2
Cash flow from investment activities	–606.5	–257.6
Free cash flow	**–34.4**	**119.6**
Cash flow from financing activities	–176.1	81.6
Changes in cash and cash equivalents	**–211.5**	**201.2**

* In the cash flow statement, interest and tax payments are reported separately
The prior year numbers have been adjusted accordingly

The financial position is only comparable with the corresponding prior year period to a limited degree, as CSAV's container shipping activities were included in the consolidated financial statements of Hapag-Lloyd AG for the first time from 2 December 2014.

Cash flow from operating activities

Based on EBITDA of EUR 831.0 million, the Hapag-Lloyd Group generated a significantly improved operating cash flow of EUR 572.1 million in the 2015 financial year (previous year: EUR 377.2 million).

Cash flow from investing activities

The cash outflow from investing activities totalled EUR 606.5 million (previous year: EUR 257.6 million). This mainly consisted of payments for investments in ships and containers totalling EUR 724.3 million. Proceeds from the sale of a portfolio of vessels to be decommissioned ("Old Ladies") totalling EUR 74.9 million had an offsetting effect, as did dividend payments received amounting to EUR 38.9 million. In addition, non-cash investments totalling EUR 124.0 million (USD 137.6 million) were made for the acquisition of previously leased containers and for an agency business in Peru.

Cash flow from financing activities

Financing activities resulted in a net cash outflow of EUR 177.1 million in the reporting period (prior year period: cash inflow of EUR 81.6 million). The cash inflows of EUR 839.9 million, which resulted firstly from the inflow of EUR 264.5 million (gross) from the capital increase carried out as part of the IPO on 6 November 2015 and secondly from loans granted amounting to EUR 575.3 million, were essentially offset by the early partial repayment of a USD bond due in 2017 as well as by interest and capital repayments totalling EUR 961.9 million. Payments of EUR 47.9 million were also made for foreign currency hedging for financial debt. The cash inflow primarily related to payments received for loans for investments in ships and containers.

Changes in cash and cash equivalents

million EUR	**1.1.–31.12. 2015**	1.1.–31.12. 2014
Cash and cash equivalents at beginning of period	**711.4**	**464.8**
Changes due to exchange rate fluctuations	73.8	45.4
Net changes	–211.5	201.2
Cash and cash equivalents at end of period	**573.7**	**711.4**

Overall, the aggregate cash outflow totalled EUR 211.5 million in the 2015 financial year. After accounting for exchange rate effects in the amount of EUR 73.8 million at the end of the reporting period, cash and cash equivalents of EUR 573.7 million were reported on 31 December 2015 (previous year: EUR 711.4 million). The cash and cash equivalents dealt with in the statement of cash flows correspond to the balance sheet item "Cash and cash equivalents". In addition, the Company had unused, free credit facilities of USD 423.4 million (EUR 388.7 million) as at 31 December 2015.

Capital expenditure

Capital expenditure came to EUR 833.5 million in the 2015 financial year (previous year: EUR 338.0 million) and related in particular to investments in ships and containers. Five vessels, each with a capacity of 9,300 TEU, were delivered to Hapag-Lloyd in the financial year. Further investments were also made in containers. The development of fixed assets is discussed in the "Group net asset position" section of the Group management report. For further details, see the Notes to the consolidated financial statements.

Off-balance-sheet obligations

Purchase commitments increased year-on-year, from EUR 276.1 million to EUR 350.1 million. A reduction in the order book relating to the vessels in the 9,300 TEU category delivered in 2015 was offset by an increase caused by five ship newbuilds in the 10,500 TEU category.

In the course of its normal business activities, Hapag-Lloyd uses assets of which it is not the beneficial owner. These are, in particular, vessels and containers which are let within the framework of rental, lease and charter agreements as are customary in the industry. These agreements give rise to future payment obligations in the amount of EUR 1,300.8 million (previous year: EUR 1,364.9 million). Details of the operating rental, lease and charter agreements and the structure of the remaining terms and fair values of financial obligations can be found in the "Leases" section in the Notes to the consolidated financial statements.

GROUP NET ASSET POSITION

Changes in the net asset structure*

Million EUR		31.12.2015	31.12.2014
Assets			
Non-current assets		9,514.1	8,302.2
of which fixed assets		9,457.3	8,245.4
Current assets		1,565.0	1,793.2
of which cash and cash equivalents		573.7	711.4
Total assets		**11,079.1**	**10,095.4**
Equity and liabilities			
Equity		5,046.2	4,169.6
Borrowed capital		6,032.9	5,925.8
of which non-current liabilities		3,633.8	3,733.2
of which current liabilities		2,399.1	2,192.6
of which financial debt		3,907.3	3,717.1
of which non-current financial debt		3,297.2	3,309.1
of which current financial debt		610.1	408.0
Total equity and liabilities		**11,079.1**	**10,095.4**
Asset coverage ratio I	(in %)	53.4	50.6
Asset coverage ratio II	(in %)	91.8	95.8
Liquidity ratio I	(in %)	23.9	32.4
Net debt		3,333.6	3,005.7
Equity ratio	(in %)	45.5	41.2

* 31.12.2014: Adjusted values as a result of the purchase price allocation

As at 31 December 2015, the Group's balance sheet total was EUR 11,079.1 million, which is EUR 983.7 million higher than the figure at year-end 2014. Apart from the investments made, the main reason for this increase was the exchange rate effects as at the reporting date due to the stronger US dollar. The US dollar/euro exchange rate was quoted at USD 1.09/EUR on 31 December 2015 (31 December 2014: USD 1.22/EUR).

While non-current assets increased by EUR 1,211.9 million, current assets decreased by EUR 228.2 million.

Property, plant and equipment increased by EUR 967.6 million to EUR 6,143.6 million in the reporting period. This change was mainly the result of an increase of EUR 646.8 million in the carrying amounts of ships to EUR 4,832.5 million and an increase of EUR 238.5 million in the carrying amounts of containers to EUR 1,023.2 million. Five new container ships with a capacity of 9,300 TEU each were delivered in the 2015 financial year. Exchange rate effects of EUR 596.2 million also caused property, plant and equipment to increase significantly. Depreciation in the amount of EUR 384.8 million reduced the carrying amount of property, plant and equipment.

The change in current assets resulted in part from the sale by mid-2015 of a portfolio of ocean-going vessels recognised as assets held for sale as at 31 December 2014. In addition, stocks of raw materials and supplies as at 31 December 2015 fell due to the further decrease in bunker prices as at the balance sheet date. Impairment losses had to be recognised in connection with this.

Cash and cash equivalents declined by EUR 211.5 million due to cash outflows. This was offset by an increase in cash and cash equivalents caused by exchange rate effects totalling EUR 73.8 million. Cash and cash equivalents totalled EUR 573.7 million as at 31 December 2015 (previous year: EUR 711.4 million).

On the liabilities side, the Group's equity increased by EUR 876.6 million to EUR 5,046.2 million. This rise was mainly due to the balance of unrealised gains and losses from currency translation recognised in other comprehensive income and amounting to EUR 452.6 million, the capital increase of EUR 260.2 million carried out as part of the IPO on 6 November 2015 after deducting the associated borrowing costs of EUR 4.3 million, and the Group profit of EUR 113.9 million. The change in the reserve for the remeasurement of defined benefit pension plans (EUR 29.6 million) also led to an increase in equity. The equity ratio climbed to approximately 45% as at 31 December 2015 (31 December 2014: approximately 41%).

The Group's borrowed capital rose by EUR 107.1 million to EUR 6,032.9 million compared with the 2014 consolidated financial statements. This increase includes a EUR 190.2 million rise in financial debt relating in particular to loans for ship and container financing totalling EUR 555.2 million as well as exchange rate changes of EUR 336.3 million. Capital repayments of EUR 748.6 million had an offsetting effect. On 30 December 2015, USD 125 million was used for the early partial repayment of the USD bond due in 2017, with the result that the nominal amount of the remaining bond was USD 125 million as at 31 December 2015.

For further information on significant changes to specific balance sheet items and on the extent of the investment obligations, please refer to the Notes to the consolidated statement of financial position, which can be found in the Notes to the consolidated financial statements.

STATEMENT ON THE OVERALL ECONOMIC POSITION

Despite the difficult market conditions the company was able to achieve a result in line with expectations for the financial year. Notwithstanding the existing general economic and sector-specific challenges, the Executive Board considered the Hapag-Lloyd Group's economic position to be positive at the time that the management report was being prepared. With its portfolio of services and financial profile, the Hapag-Lloyd Group is well positioned and has strengthened its market position with the integration of CSAV's container shipping activities. Business has developed in accordance with expectations in the first few weeks of 2016.

EVENTS AFTER THE BALANCE SHEET DATE

In the first quarter of 2016, Hapag-Lloyd will take delivery of two, modern 3,500-TEU ships with a special wide-beam design from the Dutch shipping company NileDutch. The wide-beam design of the hull means that the ships, which were built in 2015, maintain a comparatively high cargo capacity despite having a lower draught.

RISK AND OPPORTUNITY REPORT

Risk management and the strategic focus on business opportunities are designed to enhance the Company's value by providing stable, long-term growth, contribute to the attainment of its medium-term financial goals and ensure its long-term existence as a going concern. The following information relates to the Hapag-Lloyd Group.

RISK MANAGEMENT

The objective of risk management is to recognise and assess risks of all kinds at an early stage and promptly minimise them by taking appropriate steps. Thanks to monitoring and control systems installed throughout the Group, business developments and their associated risks are regularly recorded, assessed and monitored with regard to their effects on Hapag-Lloyd. Risk management is decentralised in accordance with Hapag-Lloyd's organisational structure. Due to their overriding importance, however, strategic risks are generally addressed at the top management level and factored in to medium and long-term planning.

The Executive Board and operational management have integrated multilevel reporting systems at their disposal for risk management purposes. The planning and controlling system, for example, conducts a monthly analysis of how actual business developments have deviated from planned developments, and uses this analysis to identify and report risks early on that may jeopardise the operating result of the Company. As well as regular reporting on operational and financial risks, such as the development of freight rates, transport volumes and liquidity, an additional autonomous reporting system is incorporated into the risk management system and includes measures to identify risks to the Company's existence at an early stage.

The principles, structures and processes of risk management are defined in a Group guideline which is valid for the entire organisation. The Group's significant risk categories serve as a basis for specifying the structures and responsibilities within the entire process. Furthermore, regular quarterly reporting and ad-hoc reporting is conducted on the basis of mandatory regulations.

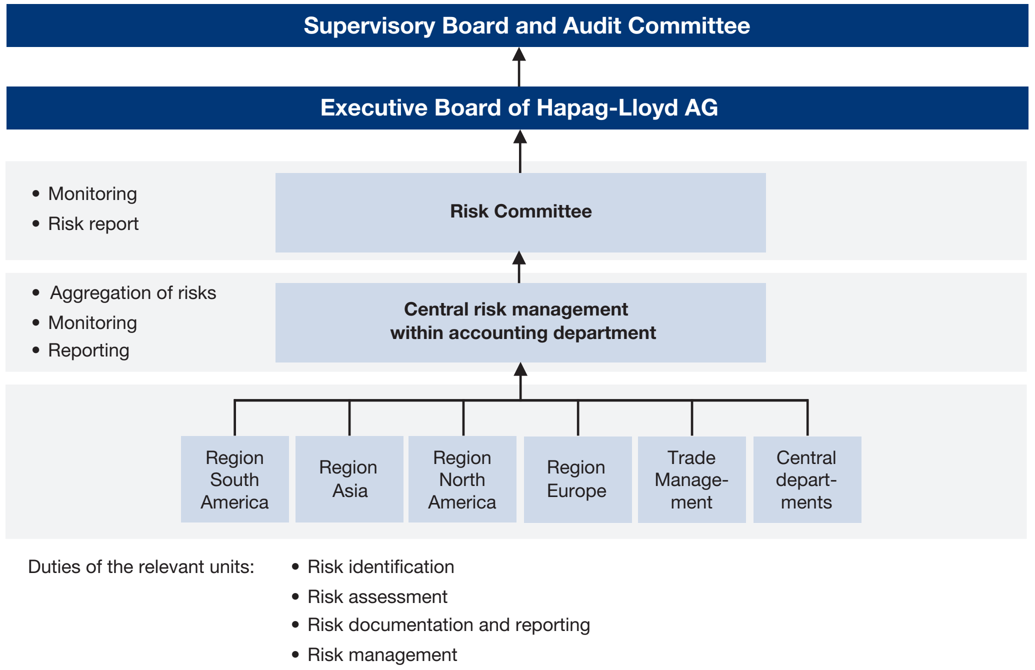
Within the context of the decentralised structure of risk management, risk managers are appointed across the Group and are responsible for continuously identifying, assessing, managing and monitoring operational and financial risks in the various regions and central departments (e.g. Treasury & Finance). These risk managers assess and document the risks identified, including the measures to reduce risks as part of risk reporting.

Risk reports are submitted on a regular quarterly basis to the central risk management unit in the Accounting department. Unscheduled reports must also be submitted if risks are newly identified or newly assessed, with the result that reporting thresholds are exceeded (ad-hoc reporting).

The central Risk Management unit monitors the regular reporting by risk managers and summarises the significant risks for the Risk Committee on a quarterly basis and, if urgent, on an unscheduled basis.

The Risk Committee discusses and assesses the risks present and subsequently reports on the overall risk situation to the Executive Board. In particular, it reports on the risk status of significant factors, such as the current development of freight rates and transport volumes, on the potential effects of significant fluctuations in these factors and on significant individual risks.

Risk management system chart of Hapag-Lloyd AG



The risks relating to the container shipping activities acquired from CSAV in 2014 were incorporated into this standard procedure in 2015. In the previous year, these risks were reviewed, included and analysed only on an aggregate basis for the fourth quarter of 2014 due to their late incorporation as at 2 December 2014.

The Internal Audit department conducts regular checks of the risk management processes and – in particular – the early-warning system for risks, focusing on different aspects each time. In 2015, the internal audit focused on the risk reporting of the newly created South America region and its inclusion in the standard procedure.

In connection with the auditing of Hapag-Lloyd AG's financial statements as at 31 December 2015, the external auditors examined the fundamental suitability of the early-warning system for risks to identify going-concern risks in accordance with the principles of Section 317 (4) of the German Commercial Code (HGB).

In risk management, the methods, systems and controls are adapted according to the type of risk and are continuously checked, enhanced and adapted to the constantly changing business conditions. As part of risk management, risks are hedged by the decentralised companies and central departments to the greatest extent possible. Insurance policies are concluded to cover claims and various other risks that arise in everyday business operations, insofar as these are economically justifiable. The Company also holds a number of insurance policies which are customary in the industry and tailored to the requirements of Hapag-Lloyd AG. These include third-party liability, property and personal insurance, as well as shipping insurance. The policies are examined regularly and adjusted if required.

DESCRIPTION OF THE SIGNIFICANT CHARACTERISTICS OF THE ACCOUNTING ICS/RMS PURSUANT TO SECTION 315 (2) (5) AND SECTION 289 (5) OF THE GERMAN COMMERCIAL CODE (HGB)

Concept and objectives

Hapag-Lloyd has established an internal control system (ICS) on the basis of the internationally acknowledged framework “COSO (The Committee of Sponsoring Organizations of the Treadway Commission) Internal Control – Integrated Framework”. The system was documented as part of a project in 2010 and safeguarded by means of a verification process. A central ICS coordination was put in place to strengthen the continuous further development of the internal control system. A technical platform was also implemented to monitor processes globally. This internal control system includes the accounting-related ICS.

The primary objectives of the accounting-related ICS are to prevent the risk of significant errors in accounting, detect substantially incorrect valuations and ensure compliance with applicable regulations. The principles, processes and measures implemented to this end are regularly checked and enhanced. Irrespective of its form or structure, however, an ICS cannot provide absolute assurance that these objectives will be achieved.

ORGANISATION AND SIGNIFICANT PROCESSES IN ACCOUNTING AND CONSOLIDATION

Hapag-Lloyd AG prepares its annual financial statements in accordance with German accounting standards and its consolidated financial statements in accordance with the requirements of IFRS. An accounting guideline is used and complemented with further detailing instructions and guidance. Changes to the legal provisions and standards are constantly monitored and the accounting guidelines and procedures are examined promptly for any adjustments that might be required. There is also a uniform chart of accounts for Hapag-Lloyd.

The Accounting department has overall responsibility for the consolidation process, the preparation of the financial statements and the internal and external Group and individual reporting.

Information is obtained from other departments and processed in the course of preparing the financial statements. This includes information from the Treasury department for the reporting of hedge relationships and financial derivatives, and information from the Controlling department pertaining to Company planning in relation to the impairment tests that are carried out.

Individual items are accounted for based on the input of external specialists and appraisers, such as actuaries for pension valuation.

The process of preparing the financial statements is carried out in accordance with a detailed time schedule (the financial statements calendar), which is agreed with the departments and subsidiaries. The Accounting department is responsible for ensuring that these time limits are adhered to. Accounting throughout the Group is supported by means of suitable and standard accounting systems at Hapag-Lloyd AG and its subsidiaries. The subsidiaries send Group reporting packages needed for the preparation of the consolidated financial statements. These packages are compiled to form the consolidated financial statements using the SAP Financial Consolidations (FC) system. The necessary steps to be taken in the consolidation process are initiated by the Accounting department.

General and internal controlling activities
Compliance with accounting and valuation regulations is monitored by internal controls. Some of these internal controls are integrated into processes, while others are established independently of them. These internal controls encompass preventive as well as detective activities.

Segregation of duties and a dual control principle have been implemented as fundamental process-integrated controls to ensure proper accounting. For example, entries are authorised by way of a multilevel approval and release procedure. Controls have also been implemented in the IT systems; the accounting systems, for example, can only be accessed by authorised employees due to the presence of an authorisation concept. In addition, reports concerning changes and exceptions, for example, are verified by means of monitoring checks for sensitive areas.

The Internal Audit department has a fundamental supervisory role to play in the process-independent control measures. The Internal Audit department reports directly to the CEO of Hapag-Lloyd AG and has a wide range of informational, auditing and access rights to enable it to fulfil its role as an internal auditor and advisor. In 2012, the Corporate Audit department was subject to an independent quality assessment examining compliance with the professional regulations issued by the German Institute of Internal Auditors (DIIR). The subjects examined by the Internal Audit department are systematically selected using a risk-based approach to auditing. They regularly include processes and controls which are relevant to accounting. Furthermore, the external auditors of the financial statements complete an independent check of key accounting-related aspects of the ICS as part of their risk-based audit approach to auditing.

ICS verification process
Hapag-Lloyd AG has a procedure to confirm the effectiveness of the ICS ("ICS verification process"). This was introduced in 2010 and has been continuously conducted ever since. The results of the effectiveness verification are compiled each year in a report. The Hapag-Lloyd AG Audit Committee is kept abreast of the evaluation of the internal control system by the Executive Board.

RISKS

STRATEGIC RISKS

Macroeconomic risks
Container shipping is heavily dependent on the general prevailing conditions in the world's economies. Fluctuations in the economic climate have an above-average effect on this industry. The development of freight rates, which have a significant influence on Hapag-Lloyd's financial and earnings position, is particularly dependent on the transport volume and capacity supply in the various trades.

In light of the slowdown in the emerging markets and the rather hesitant recovery of the eurozone economy, the International Monetary Fund (IMF) had once again revised its growth forecasts downwards for the global economy and global trade in 2015. However, while global economic growth is expected to pick up in 2016, there continue to be a number of significant risks for the global economy. A detailed economic forecast can be found in the "General conomic conditions" chapter. The sluggish economic recovery in industrialised countries, especially in the eurozone, the continuing slowdown in China, the ongoing recession in Brazil and the economic sanctions imposed on Russia represent the most imminent risks for global economic growth in 2016. A slowdown in economic growth could lead to a significant decrease in global demand for container shipping services. According to IHS Global Insight, the rise in the global container shipping volume fell short of the original forecasts in the last three years. The main reason for this was the modest pace of global economic growth.
The lower than anticipated increase in the transport volume, coupled with the sharp rise in capacity supply, has led to a marked decline in freight rates in all the main trades over the last four years. If the transport volume remains below expectations and freight rates fall further, this could have a considerable negative impact on Hapag-Lloyd's earnings developments.

Risks resulting from intense competition
Global container shipping is characterised by intense competition among the shipping companies. Some of the competitors are larger than Hapag-Lloyd in respect of business volume, fleet size, transport volume and capacities. Others have better capital resources. This means that these competitors can be better positioned on the market to achieve economies of scale and are able to invest in more efficient vessels. They would therefore be able to offer more cost-effective service and lower freight rates. This, in turn, might have an adverse effect on Hapag-Lloyd's market share.

Generally, Hapag-Lloyd does not conclude long-term or exclusive contracts with its customers. Many of the forwarders maintain similar business relationships with other shipping companies. Depending on the market circumstances, customers may partially or solely use other shipping companies' services. In global container shipping, there are no restrictions for competitors who want to expand their service to cover other trades or routes. Each of the competitors might therefore offer a comparable service on the routes where Hapag-Lloyd maintains a liner service and try to undercut the Group's freight rates. In view of the currently low charter rates for ships, new competitors could also emerge and provide a liner service with particularly low freight rates.

Risks resulting from further industry consolidation

Container shipping went through a phase of consolidation up to 2007. In December 2014, Hapag-Lloyd took over CSAV's container shipping activities. In December 2015, the French container shipping company CMA CGM announced a bid to take over the shipping company Neptune Orient Lines (NOL), Singapore. The takeover of NOL would significantly strengthen CMA CGM's competitive position as the third-largest container shipping company. In December 2015, the Chinese State Council also approved the merger of the two state-owned shipping companies China Ocean Shipping Company (COSCO) and China Shipping Lines Co. This creates the fourth-largest global container shipping company. If there is another round of consolidation measures, some individual shipping companies might achieve greater economies of scale and increase their financial strength, with the result that these companies could be more competitive in terms of price and more able to endure greater market volatility than Hapag-Lloyd.

Risks arising from changes in trade flows

The utilisation of the Group's capacities is influenced by the development of the trade flows between the various regions. In the case of transport between regions comprising net exporters and regions comprising net importers, capacity utilisation in the two directions is divergent. This results in empty legs and the costs that arise from them. An increase in the imbalances in global trade could further push up the costs associated with empty legs. In 2015, weakening exports in the Chinese economy in particular led to a lower than expected cargo volume in the Far East trades and a considerable drop in freight rates.

Risks arising from membership of alliances

Membership of the G6 Alliance and the Grand Alliance can involve risks alongside the opportunities described in the opportunity report. The conditions within the alliances could change or other shipping companies could relinquish or not renew their membership. For example, any member of the Grand Alliance can terminate its membership with six months' notice. The Grand Alliance's predecessor organisation – the Global Alliance – was established back in 1995. Membership agreements have been renewed regularly to date. The contract which currently applies will expire in 2018. In the event of a dissolution of the Grand Alliance, Hapag-Lloyd would lose the benefits it gains from the collaboration. This would considerably restrict the flexibility, capacities and available spectrum of liner services. The aforementioned risks apply equally to membership of the G6 Alliance. The agreement reached between the members of the G6 Alliance is due to expire in 2016. In 2014, most of the Grand Alliance's services were transferred to the G6 Alliance. In December 2015, the French shipping company CMA CGM announced a takeover bid for the shipping company Neptune Orient Lines (NOL). Neptune Orient Lines (NOL) is the parent company of the G6 Alliance member American President Lines (APL). If APL were to leave the G6 Alliance, this could have a negative impact on the services offered by the G6 Alliance and weaken Hapag-Lloyd's global service network.

Risks arising from competition due to alliance expansions

The world's 20 largest container shipping companies have further intensified their partner-ships and alliances since 2014. The world's two largest container liner shipping companies, Maersk Line and Mediterranean Shipping Company (MSC), announced the creation of a new alliance called 2M in July 2014. In September 2014, the shipping companies CMA CGM, China Shipping Container Lines (CSCL) and United Arab Shipping Company (UASC) founded the Ocean Three alliance. On 1 March 2014, the shipping company Evergreen joined the CKYH Alliance (COSCO, K Line, Yang Mine and Hanjin Shipping). These various alliances have varying degrees of presence in the respective trades. Different cost advantages may arise as a result of the expansion of the networks and the range of services on offer to customers. Hapag-Lloyd may not be able to match the cost advantages offered by other container liner shipping companies. In February 2015, the container liner shipping companies United Arab Shipping Company (UASC), CMA CGM and Hamburg Süd announced a vessel sharing agreement for the North Atlantic trade. A further cooperation agreement between UASC and Hamburg Süd came into effect in April 2015. The agreement gives UASC access to the Latin America trade and affords Hamburg Süd access to the east–west trades.

OPERATING RISKS

Fuel price risks

Hapag-Lloyd's business activity exposes it to market price risks arising from the procurement of fuels (bunker fuel) for the container fleet. In the 2015 financial year, the cost of the vessels' fuel accounted for 10.4% (previous year: around 25%) of Hapag-Lloyd AG's revenue. In the 2015 financial year, the cost of the vessels' fuel accounted for 11.4% (previous year: 19.4%) of revenue in the Hapag-Lloyd Group. Bunker price fluctuations have a delayed effect on transport expenses, depending on when the bunker fuel was purchased. In the year under review, the average bunker consumption price (MFO) was USD 312 per tonne (previous year: USD 575 per tonne). This was USD 263 per tonne less than the average for the previous year. Changes in the price of bunker fuel are aligned with the price of crude oil.

The average freight rate contains bunker surcharges. These bunker surcharges vary, depending on the trade. Fluctuating bunker prices can therefore have a major impact on average freight rates, depending on the trade in question. To limit the effect that rising bunker prices have on its shipping costs, Hapag-Lloyd is endeavouring to offset a large proportion of the fluctuations in raw materials prices through freight rates. However, the extent to which this can be implemented depends very much on the prevailing market situation.

In addition, price risks from fuel procurement can be addressed by hedging up to a maximum of 80% of the Company's anticipated bunker requirements for the next twelve months, in accordance with the internal hedging strategy. The relevant basic features of financial risk management have been established and described in a financial guideline approved by the Executive Board. They are implemented by the Group's Treasury department. Please refer to the "Financial instruments" section in the Notes to the consolidated financial statements for more information on the scope and type of the hedging instruments used as at the balance sheet date. As at 2 February 2016, approximately 33% (previous year: approximately 21%) of the planned fuel consumption volumes for the 2016 financial year had been hedged.

Another method for limiting the risk from increasing bunker prices is reducing bunker fuel consumption with measures such as slow steaming or improved ship design. In connection with this, please refer additionally to the explanations in the chapter "Sustainability and quality management". The requirement to use marine diesel oil (MDO) as a result of stricter environmental regulations governing the traversing of coastal regions in Europe and North America may lead to a considerable rise in transport costs, given the significantly higher price of MDO.

Risk from fluctuations in charter rates

Within the framework of a charter contract, a shipowner puts a ship at the disposal of a container shipping company for a contractually agreed period, with the owner usually also providing the crew, insuring the vessel and being responsible for maintenance. As charter rates are subject to severe fluctuations influenced by how market participants anticipate that supply and demand will develop in the future – especially for short-term contracts – chartering ships in periods of increasing demand can be more expensive than operating own vessels. It cannot be ruled out that charter rates could rise sharply in the future and that it might not be possible to pass on these cost increases to customers in the form of higher freight rates. Charter rates are determined by the supply of and demand for ship capacities and by developments in freight rates. As a rule, charter rates shadow the trend in freight rates, which are dependent on expectations regarding the future development of the supply of and demand for transport capacities, with a time lag of several months.

This time lag in adjusting charter rates is caused by the contractual bond between the ship's owner and the liner shipping company. This means that in the event of increasing demand, the owner cannot raise their charter rates before the contract expires. If demand is weakening, on the other hand, the shipping company cannot reduce its charter rates before existing contracts expire. In this case, falling freight rates accompanied by fixed charter rates can lead to a decrease in revenue, particularly after a phase of high demand for ship chartering. As a result, Hapag-Lloyd may be unable to reduce its portfolio of chartered ships with above-average charter rates in comparison to the market for several months as a response to falling freight rates.

The proportion of own and leased ships in terms of the total capacity (in TEU) of the Hapag-Lloyd fleet (Group) as at 31 December 2015 was approximately 54% (previous year: approximately 53%). The remaining 46% are chartered, of which 22 ships are chartered long-term, 30 medium-term and 54 short-term. As at 31 December 2014, 47% were chartered, of which 32 ships were chartered long-term, 24 medium-term and 53 short-term.

Risks resulting from fluctuating transport volumes and freight rates

In respect of the development of transport volumes and freight rates, there are differences between the various trades in which Hapag-Lloyd is active. The development of transport volumes depends heavily on economic activity in the regions linked together by the trades. Freight rate developments are also largely determined by the available transport capacities within a trade. In view of the fact that transport capacities are set to increase further in the near future, intensified competition between the shipping companies may again lead to greater price competition in individual trades in 2016, as was already the case in the preceding four years. Transport volumes and freight rates in container shipping are traditionally subject to sharp seasonal fluctuations. The so-called peak season, the third quarter of the calendar year, is of particular importance to the Company's performance and earnings.

Risks from capacity bottlenecks at individual ports
Over the past few years, capacities in container shipping have grown more quickly than the number of available berths at the ports. This leads to waiting times at the ports in question and results in a sometimes considerable amount of lost time during loading and unloading of the vessels. If capacities were further increased, the loss of time at the ports concerned could be even greater. This would make it harder to keep to the timetables and could put pressure on the Company's earnings and financial position. Decisions on whether to expand the ports are the responsibility of the respective governments and are therefore beyond the influence of Hapag-Lloyd.

The handling of cargo vessels was significantly impeded at a number of ports on the west coast of the USA, in particular in the fourth quarter of 2014 and the first quarter of 2015, due to industrial action there. Container ships were also affected. In the event of protracted labour disputes, handling delays can lead to higher transport expenses.

Risks from long delivery periods for newbuilds
The lead time between the ordering and delivery of newbuilds is two to three years, with the placement of the order being based on expectations of future demand for transport capacities. The market situation can change by the time new ships are delivered. There is also the risk that the available capacity will be too low and Hapag-Lloyd cannot meet its customers' demands. This would lead to falls in revenue and a loss of market share. If additional capacities had to be chartered to retain customers, higher charter rates would have to be paid as a consequence of increased demand, leading to an additional cost burden. If, on the other hand, capacity demand falls short of expectations, further overcapacity might develop.

Risks from the operation of ships
The operation of ships involves specific risks which include accidents, collisions, total loss of a ship, environmental damage, fire, explosions, loss of or damage to the cargo, damage caused by material defects, human error, war, terrorism, piracy, political activities in individual countries, difficult weather conditions and delays resulting from strikes by the crews or dock employees.

All of the points listed above can impede a shipment's progress or lead to the death or injury of people as well as to the loss of or damage to property. This could damage the reputation of the Company and put pressure on customer relationships. As far as possible, Hapag-Lloyd has concluded economically appropriate insurance policies to counter these risks. However, it cannot be ruled out that the existing insurance policies do not cover the full amount of all types of damage.

Risks caused by general political conditions and protectionism
Hapag-Lloyd is active in many countries around the world. Its commercial activities can be hindered by political tension, wars, terrorism, and economic and social problems. This can result in disruptions to the production processes of its customers or interruptions in its own liner services. The use of ports or other major shipping channels (Panama Canal, Suez Canal) might be hindered as a further result. Individual countries could react to financial or economic crises by resorting to protectionist measures, for example by introducing import or foreign exchange restrictions. Other countries could initiate countermeasures, thereby encouraging protectionism around the world. This would have a negative impact on the development of container shipping.

Risks from piracy
Piracy has long had a considerable adverse effect on commercial shipping. Since 2008, there has been a significant increase in the levels of piracy in the Gulf of Aden, in the south of the Red Sea and across increasingly large swathes of the Indian Ocean. As was the case in previous years, there was a sharp drop in the number of attacks initiated and successfully completed by pirates in this region in 2015, thanks in part to greater use of armed security officers.

Since 2011, there has also been a rise in piracy off the western coast of Africa (Gulf of Guinea). While Somali pirates tend to hijack vessels and then demand a ransom, this was not the primary motive in the Gulf of Guinea and in the usual piracy areas such as the South China Sea. However, there has been an increase in demands for ransom resulting from piracy in this region since 2012, where violent attacks have also become more commonplace.

When Hapag-Lloyd employs its own or chartered vessels in these regions, the increased risks (of piracy) can result in significantly higher insurance premiums and can make it difficult or even impossible to secure the relevant insurance cover, including for possible ransom payments. The possibility of Hapag-Lloyd not being adequately insured for such cases, including the payment of ransom money, cannot be ruled out. An act of piracy could therefore have a significant impact on the business development and earnings position of Hapag-Lloyd.

Risks arising from the increased importance of the Latin America trade
The importance of the Latin America trade has risen significantly since CSAV's container shipping activities were integrated into the Hapag-Lloyd Group. According to the latest IMF forecast (January 2016), economic output in the region of Latin America and the Caribbean decreased by 0.3% in 2015 (2014: +1.3%).

A further decline of 0.3% is expected for 2016, followed by economic growth of 1.6% in 2017. The current slowdown in economic growth, especially the ongoing recession in Brazil, may have a negative impact on the region's import and export activities, and therefore also on demand for container shipments and consequently on the revenue and earnings performance of Hapag-Lloyd. Further pressure could result from the volatility of the local currencies, which fell sharply in value against the US dollar in 2015.

Risks arising from the loss of customers and employees
Following the integration of the activities acquired from CSAV, workflows and cost structures are being further optimised throughout the Group. This may result in an unwanted increase in employee and customer fluctuation. If Hapag-Lloyd is unsuccessful in binding key customers and employees to the Company over the long term, this may have negative consequences for the revenue and earnings position of Hapag-Lloyd.

Risks arising from the lower earnings contribution of projects
The successful implementation of the projects to improve efficiency and reduce costs and to boost revenue has a major impact on how earnings develop and whether the corporate objectives are achieved. If implementation of the CUATRO, Close the Cost Gap, Compete to Win and OCTAVE I + II projects does not deliver the expected contribution to earnings, this could have a significant negative effect on Hapag-Lloyd's earnings position and make it more difficult, or even impossible, to achieve the financial targets. Changes to internal structures (e.g. the structure of services in the respective trades) and the development of external factors, such as currency fluctuations, bunker prices and the development of freight rates, also have a substantial effect on the development of revenue and operating costs. These developments can either assist with, duplicate or counteract the implementation of the projects. The development of the income statement items may therefore only show the success of the strategic measures to a limited extent.

IT risks
Hapag-Lloyd ensures that all necessary data on transport volumes, freight rates, transport costs, container locations and timetables is supplied by means of its own IT systems. The availability of the systems is necessary for the management of the fleet and the containers, for the efficient management of business processes and for cost control. An IT systems failure could hinder business processes and lead to higher costs.

The IT systems are protected in several ways. It can nevertheless not be ruled out that damage, such as that caused by fire, power failures, system errors, hacker attacks, cases of fraud or terrorism, could lead to the loss of data. The recovery of this data, if at all possible, could lead to increased costs and/or negatively affect the customer or partner relationship.

COMPLIANCE RISKS

Risks caused by regulatory frameworks
As a container shipping company, Hapag-Lloyd is confronted with numerous regulations with domestic and international applicability. The alteration or broadening of such regulations and the necessity of obtaining further authorisations can be a burden on the course of business and possibly require a change of strategy. The Company could face considerable compensation demands and fines if it infringes applicable regulations.

Container shipping is subject to numerous safety, security and customs regulations in the respective countries of origin, transit and destination. Checks by the authorities responsible could lead to the seizure of containers or their contents, and to delays in the loading or unloading of the ships.

In connection with this, customs duties could be levied or fines imposed on exporters, importers or the shipping company. Based on current and foreseeable regulatory frameworks, there are no discernible factors that could lead to restrictions affecting the Group's commercial activity.

Risks resulting from the tightening of climate protection regulations
The emission standards set by the International Maritime Organization (IMO), the US state of California and the EU provide for a further significant reduction in emissions. The legally stipulated use of particularly low-sulphur fuels in US coastal areas since January 2015 (and in the coastal areas of California since January 2014) as well as in Hong Kong and certain coastal areas around Europe may result in a dramatic rise in specific fuel prices. If the rise in costs cannot be passed on to the customers in the form of fuel surcharges, either wholly or in part, this will have a negative impact on the earnings position.

Legal disputes and legal risks
Hapag-Lloyd AG and some of its subsidiaries are currently involved in legal disputes. These include disputes with foreign tax authorities, claims asserted by departed employees and disputes arising from contractual relationships with suppliers, former agents and customers. Even if the Company is successful in legal disputes, they can involve substantial costs if uninsured and can damage the Company's reputation.

Hapag-Lloyd is subject to regular tax audits and these may lead to the payment of tax arrears. Investigations by local tax authorities concerning individual circumstances are currently taking place in a number of jurisdictions, such as in Mexico, India and Brazil. To the extent that the Company can expect to incur charges and these charges are quantifiable, these were accounted for by creating corresponding provisions.

Since May 2011, the European Commission has been examining whether EU competition law has been violated since the exemption regulation for liner conferences was abolished in October 2008. The Company believes that shipping services are provided in line with EU competition regulations.

Risks from taxation

Since it operates globally, Hapag-Lloyd has to comply with tax laws in many different countries. Tax laws and regulations can be interpreted differently and are subject to changes – including changes in how they are interpreted by tax authorities – which may also be applied retroactively. If, for example, double taxation agreements are terminated or interpreted differently, or if tax rates are increased, this could lead to a higher tax expense, while non-refundable value added tax could have a negative impact on operating costs.

In 1999, Hapag-Lloyd AG opted to calculate its profit based on tonnage. There are similar tax systems in a number of other European countries and several other jurisdictions outside of Europe. Under tonnage taxation, the German tax basis for container shipping activities is calculated based on the tonnage of the container ships, irrespective of the actual income. Hapag-Lloyd's tax expense is therefore primarily dependent on the tonnage of its container fleet and not on the profitability of its business. The main requirements for using the tonnage tax system are that a certain percentage of the ships are operated domestically, have been entered in a German ocean-going vessel register and are predominantly used for transporting cargo involving or between foreign ports, within a foreign port or between a foreign port and the high seas.

Any changes to or termination of the tonnage tax system or violation of the requirements of this system could lead to a discontinuation of tonnage taxation and significantly increase the tax burden.

Risks from being a listed company

As a listed company, Hapag-Lloyd is subject to a range of regulatory requirements. If Hapag-Lloyd does not comply with, or only partly complies with, the statutory regulations and the regulations under private law, it is at risk of incurring financial sanctions and a significant loss of reputation.

FINANCIAL RISKS

Management of financial risks

Hapag-Lloyd is represented with its business activities all over the world. Within the scope of its ordinary business activities, Hapag-Lloyd is primarily exposed to currency risks, interest rate risks, raw materials price risks and liquidity risks which can have a significant impact on its net asset, financial and earnings position.

The aim is to limit the currency and commodity price risks resulting from ordinary business operations by using hedging transactions. The individual rules, responsibility assignments and processes as well as the limits for transactions and risk positions are established in guidelines and implementation rules. Compliance with the guidelines and transaction limits is monitored on an ongoing basis. Hedging transactions are only concluded in order to hedge anticipated underlying transactions or such transactions recognised in the statement of financial position. Approved, standardised software is used for the recording, valuation and reporting of the hedging transactions concluded.

Currency risks

In international container shipping, the US dollar is the currency in which the bulk of services are usually invoiced. This applies not only to revenues, operating costs and fuel, but also to the financing of containers and ships. The US dollar is the functional currency within the Hapag-Lloyd Group. However, the Group is a business which conducts its operations worldwide and is therefore exposed to the risk of currency fluctuations because various currencies account for its income and expenses. This also applies to financial debt assumed in euros. The Canadian dollar, British pound, Swiss franc, Hong Kong dollar, Singapore dollar, Japanese yen, Chilean peso, Brazilian real, Chinese renminbi, Mexican peso, Indian rupee and Australian dollar are also significant currencies.

Key risks arising from exchange rate fluctuations are monitored on an ongoing basis. To limit the risks of changes in exchange rates, hedging transactions are carried out, insofar as this is possible and makes commercial sense. At the balance sheet date of 31 December 2015, this related to EUR/USD transactions only. Additional currency hedging transactions may also be effected as required. Despite this, fluctuations in exchange rates can have a significant influence on Hapag-Lloyd's earnings position.

The reporting currency for the Hapag-Lloyd Group and the individual financial statements of Hapag-Lloyd AG is the euro. Changes in the EUR/USD exchange rate thus have a considerable impact on the key financial indicators reported in the annual and quarterly financial statements. As a result, the financial performance indicators reported in euros can be subject to significant fluctuations, depending on the exchange rate.

Interest rate risks
Interest rate risks which arise as a result of raising new funds are reduced with a balanced portfolio of fixed and variable interest rate structures. Interest rate hedges can also be effected, if necessary.

Risks resulting from changes in the lending values of vessels
The lending values for vessels financed by loans may change as a result of fluctuations in the market prices for vessels and changes in the costs for ship newbuilds. In agreement with the lending financial institutions, Hapag-Lloyd may make early repayments on its ship financing. This could have a negative impact on the Company's liquidity situation and could result in the need to take out unsecured loans at unfavourable conditions.

Liquidity risks
Liquidity risk, i.e. the risk of not being able to fulfil existing or future payment obligations, is managed centrally at Hapag-Lloyd. The Company secures an adequate liquidity reserve for itself by means of syndicated credit facilities and bilateral bank loans, as well as its portfolio of cash and cash equivalents. As at 31 December 2015, Hapag-Lloyd AG had a liquidity reserve (consisting of cash, cash equivalents and unused credit facilities) totalling EUR 962.4 million (2014: EUR 921.9 million). Arrangements with the banks to provide lines of credit are based on a rolling liquidity plan.

Bank default risk management also covers the Hapag-Lloyd Group's derivative financial instruments and financial investments with these institutes. The maximum default risk of the derivative financial instruments concluded is restricted to the sum of the positive market values of all of these instruments because the financial damages in the event of their non-fulfilment by the contractual partners would not exceed this amount. All the counterparties are subject to a credit rating or, alternatively, a corresponding internal credit assessment determined according to clear specifications. No default risks are expected as derivative financial instruments have been concluded with different borrowers of impeccable credit standing.

Nonetheless, the counterparty risk is monitored constantly and managed by means of internal bank limits. The bonds issued entail certain limitations with regard to possible payments to the shareholders and subordinated creditors. In addition, there are termination clauses which are customary in the market relating to much of the financial debt in the event that more than 50% of the Company's shares are acquired by a third party.

Credit default risks
In order to prevent or reduce bad debt losses, Hapag-Lloyd operates a uniform, centrally controlled receivables management system. Its components include a standardised approval procedure for granting loans, complete with a creditworthiness risk check by Dun & Bradstreet (the world's largest provider of business information and analyses), securing the customer receivables by means of credit insurance, and a centrally managed monthly reporting system for monitoring the outstanding amounts, including their age structure and the guidelines and rules of receivables management.

Risks arising from debt
As at 31 December 2015, the Company's financial debt amounted to EUR 3,907.3 million (previous year: EUR 3,717.1 million). The ability to finance the operating capital, debt servicing and other expenditure depends on the future course of business and the development of income. Due to the existing borrowed capital, a portion of income has to be used to pay interest and service debt. An increase in the total interest-bearing liabilities could possibly make it more difficult for the Company to fulfil the payment obligations for its bonds and loans taken out.

In addition, it may put Hapag-Lloyd at a disadvantage when it comes to raising new funds on favourable terms. Covenant clauses that are customary in the market and are based on IFRS financial statements and individual contractual agreements are in place for existing financing from bonds or loans.

They primarily require the Company to comply with minimum adjusted equity requirements, maintain a minimum liquidity level and comply with loan-to-value clauses. In the course of 2015 and as at 31 December 2015, all of the covenants were complied with. Based on current planning, the Executive Board expects that the covenants will also be adhered to during the next period.

Risks arising from the impairment of goodwill and other intangible assets
As at 31 December 2015, the goodwill recognised in the consolidated statement of financial position of the Hapag-Lloyd Group amounted to EUR 1,610.8 million (previous year: EUR 1,372.7 million). Other intangible assets totalled EUR 1,376.3 million at the balance sheet date of 31 December 2015 (previous year: EUR 1,309.7 million). Together, this corresponds to 27.0% (previous year: 26.6%) of the balance sheet total. Goodwill must be tested for impairment at least once a year under IFRS regulations. This test is based to a significant degree on the Hapag-Lloyd Group's ability to generate future earnings and cash flows. The impairment test conducted last year did not identify any need for an impairment charge. The earnings position of Hapag-Lloyd and the CSAV container shipping activities has been characterised by some significant losses in recent years. If a loss-making situation reoccurs in the future or if factors arise which impact on the Hapag-Lloyd Group's ability to generate future cash flows, this could lead to an impairment charge for goodwill or for other non-current assets and therefore have a significant negative effect on Hapag-Lloyd's net asset, financial and earnings position.

Risks arising from a low equity base of the Hapag-Lloyd AG
As at 31 December 2015, Hapag-Lloyd AG's equity in the individual financial statements prepared under German commercial law totalled EUR 1,345.3 million (previous year: EUR 1,716.4 million) and was therefore significantly lower than the Group's equity. The equity ratio under German commercial law had fallen to 20.4% as at 31 December 2015 (previous year: 27.3%). If a loss-making situation occurs, this could have an adverse effect on Hapag-Lloyd AG's equity base under German commercial law and its ability to pay dividends.

Risks from a downgrading of the rating
The bonds issued are assessed by the rating agencies Moody's and Standard & Poor's. In principle, the Company intends its future bond issues to be rated in the same way. The credit rating given by the rating agencies influences the Group's ability to take on additional financial debt. Any downgrading of the Hapag-Lloyd Group's rating or that of the bonds it issues could result in less favourable conditions for raising new funds and could adversely affect the price and the fungibility of the securities it has already issued.

In its rating updates on 29 September 2015, the international rating agency Standard & Poor's reaffirmed its issuer rating of B+ with a stable outlook for Hapag-Lloyd AG. Also on 29 September 2015, the rating agency Moody's issued an unchanged company rating of B2, although it raised the outlook from stable to positive. In 2015, both rating agencies took the view that the acquisition of CSAV's container shipping activities boosted Hapag-Lloyd's credit standing with regard to its competitiveness and the opportunity to achieve additional cost savings. However, if there is a sustained deterioration in the Hapag-Lloyd Group's earnings position, the rating agencies could downgrade Hapag-Lloyd's creditworthiness.

SUMMARISED OVERVIEW OF CORPORATE RISKS

The key risks relate to a possible decline in transport volume, a noticeably negative trend in average freight rates, a potentially sharp rise in average bunker prices above the average seen in 2015, a sustained depreciation of the US dollar against the euro, and liquidity developments that were much poorer than expected. The probability of the potential risks occurring and their potential impact on corporate development were classified on the basis of the system for assessing the Group's risk situation in internal Group risk management reports (based on internal sensitivity analyses and models). The operating risk situation was also compared and contrasted with that of the previous year. The details relating to possible effects on the operating result and net result of the Group after taxes are netted, i.e. after the effects of risk mitigation measures have been accounted for. The probability of possible risks occurring is based on the last budget approved by the Supervisory Board, supplemented by current market expectations and information for the 2016 financial year, and is classified as follows:

- Low: The probability of occurrence is 25% or less
- Medium: The probability of occurrence is more than 25% and up to 50%
- High: The probability of occurrence is more than 50%

After taking countermeasures into consideration, the possible effects on earnings before interest and taxes (EBIT) in the financial year are classified as follows:

- Low: In the event of occurrence, the negative impact on earnings before interest and taxes (EBIT) will be USD 25 million or less
- Medium: In the event of occurrence, the negative impact on earnings before interest and taxes (EBIT) will be more than USD 25 million and up to USD 100 million
- High: In the event of occurrence, the negative impact on earnings before interest and taxes (EBIT) will be more than USD 100 million

The assessment of the risk situation compared to the previous year results from the change in the probability of occurrence:

- Lower: The probability of occurrence has considerably decreased
- Equal: The probability of occurrence is unchanged
- Higher: The probability of occurrence has considerably increased

Key risks

Risk	Probability of occurrence	Potential impact	Probability of occurrence in 2016 in comparison to the prior year
Decline in transport volume	Medium	Medium	Equal
Decline in average freight rate	High	High	Equal
Decline in USD vs. EUR	Medium	Medium	Equal
Increase in bunker prices	Low	High	Equal
Liquidity*	Low	High	Equal
Lower earnings contribution of efficiency projects	Low	High	n. a.

* The assessment relates to the impact on the covenants to be complied with and on the liquidity situation.

OPPORTUNITIES

Opportunities management – strategic focus on opportunities
At Hapag-Lloyd, recognising and exploiting opportunities are core elements of strategic management. Fundamentally, opportunities are identified by systematically observing and analysing developments on the markets relevant to the Company and general and sector-specific trends from which opportunities can be derived and assessed. This analysis and assessment forms the basis for the initiation of measures which are geared towards long-term profitable growth and are designed to contribute to a lasting increase in the Company's value. As one of the world's leading container liner shipping companies, Hapag-Lloyd is subject to a wide range of developments on the domestic and international markets. The general conditions described in this report and the information regarding market, competition and business developments reveal a diversity of potential opportunities.

By utilising and enhancing its own strengths and competitive advantages, Hapag-Lloyd strives to exploit any potential opportunities that arise to the greatest possible extent. The continuous identification of potential opportunities is an integral part of the strategy described in the chapter "Group objectives and strategy". Significant potential opportunities arise from the following developments:

STRATEGIC AND OPERATIONAL OPPORTUNITIES

Macroeconomic opportunities
Container shipping is heavily dependent on the general prevailing conditions in the world's economies. Fluctuations in the economic climate have an above-average effect on this industry. The development of freight rates, which have a significant influence on Hapag-Lloyd's financial and earnings position, is particularly dependent on the transport volume on routes and therefore on economic developments. According to IMF estimates, in 2016, the world trading volume may grow at a much faster pace of 3.4% than in 2015 (+2.6%). IHS Global Insight believes that the volume of global container shipments will rise by 3.5% in 2016 and therefore at a much faster rate than in 2015 (+1.0%). Furthermore, all trades can expect to see an increase in transport volumes again in 2016. If the economic recovery and, by extension, the demand for container shipping services progresses at a faster rate than forecast in the current year, this would present an opportunity to achieve additional volume growth.

Opportunities arising from changes in trade flows
The increasing industrialisation of the emerging economic regions in Latin America, Asia and Africa, and the rising consumption-related demand in these countries may result in more goods being exchanged between these countries and with industrialised nations. This could offer additional opportunities for growth in container shipping in 2016, particularly if the emerging markets are able to overcome their current weak growth in the course of 2016. Hapag-Lloyd is endeavouring to make the most of these opportunities with a suitable service network.

Opportunities arising from developments in ship and container capacities
Fluctuations in the supply of and demand for shipping services on the market can result in both opportunities and risks. For a description of the risks, see the subchapter "Risks". Opportunities result from the realisation of cost advantages and/or an increase in freight rates, both of which are described in the following examples:

- If the cost of ship newbuilds falls, the long lead time between ordering and keel laying provides the opportunity to realise cost advantages by retroactively increasing the order volume or by transforming and supplementing the order.
- If there is a large inventory of chartered ships, there may be cost advantages lasting several months if ships are chartered at favourable rates and the freight rates increase as a result of higher demand.
- Hapag-Lloyd is working continuously on the further development of IT-based forecast models in order to minimise empty legs and reduce the costs incurred because of them. This results in revenue advantages if efforts to reduce the empty leg ratio to below the market average prove to be successful.

Opportunities arising from membership of the Grand Alliance and the G6 Alliance
Hapag-Lloyd's membership of the Grand Alliance and the G6 Alliance puts it in a position to offer its own customers a more comprehensive network of liner services on important trades with regular departure times, which would not be possible with its own fleet. This means the Company is better able to capitalise on opportunities arising from developments in transport volumes and ship capacities.

Hapag-Lloyd established the G6 Alliance with five of the world's leading liner shipping companies from the Grand Alliance and the New World Alliance to serve the Far East–Europe trade. Since March 2012, this alliance has been operating multiple services between Asia and Europe and between Asia and the Mediterranean. The G6 Alliance partners extended their joint range of services to include the Transpacific–US Eastern Seaboard trade from May 2013 and extended them again to include the Transpacific–US Western Seaboard and North Atlantic trades from the second quarter of 2014. A possible expansion of the services offered by the G6 Alliance, e.g. into hinterland transport, could provide additional growth opportunities.

Opportunities arising from local market leadership
With its acquisition of CSAV's container shipping activities, Hapag-Lloyd has enhanced its market position in particular in the North and South America trades, and also its strong market position in the Transatlantic trade. This gives the Company the opportunity to increase its share of container shipments in these trades.

Opportunities arising from synergies and improvements to operating efficiency
The acquisition of CSAV's container shipping activities will make it possible to harness a wide range of synergies. These relate primarily to ship system costs, service procurement, the optimisation of services and personnel. Harnessing these synergies will enable Hapag-Lloyd to significantly improve its cost position. Annual synergies of USD 300 million are forecast from 2019 onwards, as per the original planning. The integration of CSAV's container shipping activities was largely completed by the end of the first half of 2015, which was earlier than planned and with lower than expected costs. As a result, the annual synergy potential targeted as part of the integration increased significantly to around USD 400 million. These synergies are expected to be fully realised from 2017 onwards.

In 2014, Hapag-Lloyd initiated an extensive range of projects with a view to increasing operating efficiency. These projects already contributed to a significant improvement in operating efficiency in 2015. Additional projects have also been launched. These aim to further strengthen operating efficiency and profitability in 2016 and subsequent years. If implemented successfully, these projects may result in the more efficient use of operating resources in 2016 and beyond, leading to improvements in efficiency and, potentially, to lower operating costs. If the efficiency improvements are greater than expected, this would have a substantial positive impact on the development and level of earnings.

Opportunities arising from industry consolidation
The merger of Hapag-Lloyd and the container shipping activities of the Chilean shipping company Compañía Sud Americana de Vapores (CSAV) was completed on 2 December 2014. In December 2015, the French shipping company CMA CGM announced a takeover bid for the shipping company Neptune Orient Lines (NOL), Singapore. The Chinese State Council also approved the merger of the two state shipping companies China Ocean Shipping Company (COSCO) and China Shipping Company Co. If Hapag-Lloyd were to take an active role in another process of consolidation, this could result in a stronger competitive position with a larger alliance of companies. This could then translate into additional revenue and earnings for the Company.

Opportunities arising from the trend towards sustainability and energy efficiency
Hapag-Lloyd sees the trend towards sustainability – in particular environmental protection and energy efficiency – as an opportunity. This trend provides Hapag-Lloyd with an opportunity to achieve cost advantages and cut carbon emissions by means of measures to reduce fuel consumption and optimise ship operations. In connection with this, please refer to the explanations in the chapter "Sustainability and quality management".

With the launching of the "Hamburg Express" class vessels and seven ships with a transport capacity of 9,300 TEU each, the fuel efficiency of shipments as measured in terms of bunker consumption per slot improved further in 2015. A further reduction in bunker consumption per shipped container by using more efficient ships may lead to a decline in consumption-related costs. From the fourth quarter of 2016, Hapag-Lloyd will launch five new ships with a transport capacity of 10,500 TEU each.

FINANCIAL OPPORTUNITIES

Opportunities arising from improvements to financing possibilities in the shipping industry
A number of major banks continue to remain cautious with regard to providing ship loans. Although Hapag-Lloyd was able to successfully secure key financing in 2015, a less restrictive lending policy would give the Company additional options in raising financing for possible growth-related investments.

Opportunities arising from an improvement in the company rating
The rating agency Standard & Poor's issued Hapag-Lloyd with an unchanged rating on 29 September 2015 of B+ with a stable outlook. The rating agency Moody's raised its outlook on 29 September 2015 from stable to positive and reaffirmed its company rating of B2. If there is a further significant improvement in Hapag-Lloyd's earnings position, the rating agencies could upgrade its company rating. An improved company rating could result in lower finance costs.

Opportunities arising from improved access to the capital market
The shares of Hapag-Lloyd AG have been listed on the Prime Standard segment of the Frankfurt Stock Exchange since 6 November 2015. Following its successful IPO, Hapag-Lloyd has strengthened its equity base and improved its access to the capital market. As a listed company, there will be a wider range of financing options available to Hapag-Lloyd if it needs to obtain financing in the future.

SUMMARISED OVERVIEW OF CORPORATE OPPORTUNITIES

In the opinion of Hapag-Lloyd's Executive Board, the key opportunities relate to a much more positive impact on earnings than anticipated from the synergy and efficiency improvements as a result of the CUATRO, OCTAVE, OCTAVE II, Compete to Win and Close the Cost Gap projects, a much sharper than expected increase in transport volume, a noticeably positive trend in average freight rates, a further appreciation of the US dollar against the euro, a possible continuation of the fall in bunker prices and a better than expected development in liquidity.

These opportunities are regularly analysed and discussed in Hapag-Lloyd's management bodies. The Executive Board informs the Supervisory Board about the potential impact of the aforementioned opportunities on the Company's performance in its scheduled meetings and in individual discussions.

Key opportunities

Opportunities	Probability of occurrence	Potential impact	Probability of occurrence in 2016 in comparison to the prior year
Increase in transport volume	Low	Medium	Lower
Increase in average freight rate	Low	High	Equal
Increase in the USD vs. the EUR	Medium	Medium	Equal
Decrease in the bunker prices	High	High	Equal
Higher earnings contribution of the efficiency projects	High	High	n. a.

OVERALL ASSESSMENT OF RISKS AND OPPORTUNITIES

The assessment of Hapag-Lloyd's overall risk situation is the result of an examination of all of the Group's significant individual risks as they affect the Group as a whole. After the balance sheet date of 31 December 2015, there are currently no indications of any risks, either alone or in combination with other risks, that endanger the continued existence of Hapag-Lloyd as a going concern. The solid balance sheet and the more than sufficient liquidity situation provide a stable foundation for Hapag-Lloyd's expected organic growth. In light of the continuing macroeconomic and geopolitical uncertainties in 2016, the assessment of the overall risk situation remains unchanged from 2015.

The main risks facing Hapag-Lloyd in 2016 will again be the ongoing pressure on freight rates caused by strong competition and, in turn, the major impact this may have on the earnings position. The outlook for global economic growth in 2016 is expected to brighten somewhat, as should the outlook for global trade as the main driver behind any growth in demand for container shipping services.

DISCLOSURES AND NOTES RELEVANT TO THE TAKEOVER

REPORT PURSUANT TO SECTION 315 (4) AND SECTION 289 (4) OF THE GERMAN COMMERCIAL CODE (HGB)

1. Composition of subscribed capital
The Company's subscribed capital totalled EUR 118,110,917 as at the balance sheet date. It is divided into 118,110,917 no-par registered shares, with each individual share representing EUR 1.00 of the share capital. The shares are ordinary shares, without exception. Different share classes are not issued and are not provided for in the articles of association. Each share is eligible for voting rights and dividends from the time that it is created. Each share grants one vote at the Annual General Meeting (Section 15 [1] of the articles of association)

2. Restrictions which affect voting rights or the transfer of shares
On 16 April 2014, CSAV Germany Container Holding GmbH, Hamburg ("**CG Hold Co**"), HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH, Hamburg ("**HGV**") and Kühne Maritime GmbH, Hamburg ("**Kühne**") (CG Hold Co, HGV and Kühne also jointly referred to as the "**anchor shareholders**") entered into a shareholders' agreement ("**shareholders' agreement**" in the version amended on 17 November 2014, with the addition of Compañía Sud Americana de Vapores S.A., Santiago, Chile ["**CSAV**"] and Tollo Shipping Co. S.A., Panamá, Panama), in which the parties agreed to pool voting rights through a consortium company, Hamburg Container Lines Holding GmbH & Co. KG, Hamburg. As part of this agreement, CG Hold Co, HGV and Kühne have each undertaken, among other things, to retain their respective shares for a period of ten years (although HGV can obtain the release of 50% of its shares covered by the shareholders' agreement after five years) and pool voting rights for all decisions that affect the business of the Company. By coordinating their voting rights, the shareholders will be in a position to exert a significant influence on the Annual General Meeting and, consequently, on matters decided at the Annual General Meeting, including the appointment of the Company's Supervisory Board, the distribution of dividends and planned capital increases.

3. Investments in capital which exceed 10% of the voting rights
Please refer to the disclosures in the Notes for information about the investments in capital which exceed 10% of the voting rights

4. Holders of shares with special rights
There are no shares with special rights that confer powers of control.

5. Type of voting right control for employee investments
The Company is not aware of any employees who hold an interest in its capital and who do not exercise their control over voting rights directly.

6. Rules on appointing and discharging members of the Executive Board and on amending the articles of association
The appointment and discharge of members of the Executive Board is based on Sections 84 and 85 of the German Stock Corporation Act (AktG) and on Section 31 of the German Co-Determination Act (MitbestG) in conjunction with Section 7 (1) of the articles of association.

The articles of association can only be amended by a resolution of the Annual General Meeting in accordance with Section 179 of the German Stock Corporation Act (AktG). The resolution of the Annual General Meeting requires a majority of at least three quarters of the share capital represented when the resolution is being adopted; Sections 179 ff. of the German Stock Corporation Act (AktG) are applicable. In accordance with Section 20 of the articles of association, the Supervisory Board is authorised to make amendments to the articles of association which only affect the wording. The Supervisory Board is also entitled to amend the wording of the articles of association after a share capital increase from Authorised Share Capital III, or after the authorisation period expires, in accordance with the amount of the capital increase.

7. Powers of the Executive Board, in particular regarding the option of issuing or buying back shares
In accordance with Section 5 (3) of the articles of association, the Executive Board, subject to the approval of the Supervisory Board, is authorised to increase the Company's share capital by up to EUR 14,271,323 million, fully or in partial amounts, on one or more occasion up to 17 September 2020 by issuing up to 14,271,323 new no-par registered shares in exchange for a cash contribution (Authorised Share Capital III). Subscription rights should be provided to the shareholders. The new shares can also be acquired by one or more banks, provided that they are offered to the shareholders for subscription.

Section 71 of the German Stock Corporation Act (AktG) includes rules regarding the acquisition of treasury shares. Furthermore, the Annual General Meeting cannot authorise the Executive Board to buy back treasury shares.

8. Significant agreements of the Company which are subject to the condition of a change of control following a takeover bid, and the resulting effects
The following significant agreements which are subject to the condition of a change of control are in place at the Company:

(a) As part of three bonds issued by the Company with a value totalling EUR 765 million (USD 833 million), the Company is obliged to offer to buy back the bonds from the bondholders at an amount equal to 101% of the respective nominal value plus interest accrued if, among other reasons, a third party who is not an anchor shareholder, IDUNA Vereinigte Lebensversicherung auf Gegenseitigkeit für Handwerk, Handel und Gewerbe, HSH Nordbank AG, HanseMerkur Krankenversicherung AG, HanseMerkur Lebensversicherung AG, M.M.Warburg & CO Gruppe (GmbH & Co) KGaA (jointly also referred to as the "**key shareholders**") or TUI AG, directly or indirectly acquires more than 50% of the voting rights of the Company's shares.

(b) As part of various ship, container and other bank financing arrangements with outstanding repayment amounts and fixed financing commitments with a value totalling EUR 3,051 million (USD 3,323 million), the respective lenders have an extraordinary right of termination in the event of a qualified change of control at the Company. If the outstanding amounts after the termination cannot be settled or refinanced, the creditors will have, among other options, recourse to the financed assets if necessary.

(c) As part of syndicated credit facilities with a value totalling EUR 475 million (USD 517 million), the respective lenders are entitled to terminate the loan commitment and/or seek repayment of the amounts already utilised in the event of a qualified change of control at the Company. If the outstanding amounts after the termination cannot be settled or refinanced, the creditors will have recourse to the collateralised assets to a certain extent.

The qualified change of control mentioned in b) and c) occurs if:

- the voting percentage jointly held in the Company by the key shareholders, TUI AG and other shareholders who have entered into a voting agreement or a comparable agreement with a key shareholder or TUI AG ("**other shareholders with a voting agreement**") (i) falls to 25% or less, or (ii) falls below the percentage held by a third-party shareholder or by persons or groups acting together with this third-party shareholder within the meaning of Section 2 (5) of the German Securities Acquisition and Takeover Act (WpÜG); or
- the voting percentage jointly held by the key shareholders and TUI AG falls below the voting percentage held by another shareholder with a voting agreement; or
- one of the anchor shareholders (including all of its affiliated companies) individually (directly or indirectly) holds 50% or more of the voting rights in the Company.

9. Company compensation agreements with Executive Board members or employees in the event of a takeover bid

Company compensation agreements which are entered into with the members of the Executive Board or employees in the event of a takeover bid are not in place.

OUTLOOK

The macroeconomic and sector-specific conditions which are of importance to container shipping are presented and analysed in detail in the "Economic report". A summary of the most important external influencing factors is given below. In its latest economic outlook (January 2016), the International Monetary Fund (IMF) expects global economic growth to reach 3.4% in the current year. This forecast means that the global economy is set to grow at only a marginally faster rate in 2016 than in the previous year (+3.1%). According to the IMF, the volume of global trade, which is key to the demand for container shipping services, will increase by 3.4% in the current year (2015: +2.6%). This means that global trade will grow at around the same pace as the global economy in 2016. For instance, IHS Global Insight (February 2016) is forecasting that the global container shipping volume will increase by 3.5% to approximately 133 million TEU in 2016 (2015: 1.0%). As such, the forecast rise in worldwide transport volumes in container shipping for 2016 would be in line with the rate of growth for global trade.

Following a rise in transport capacities of approximately 1.7 million TEU to 21.0 million TEU in 2015, MDS Transmodal forecasts an increase in transport capacities of around 1.4 million TEU to approximately 22.4 million TEU for the current year. The further growth in supply capacity will likely make it difficult once again to push through freight rate increases in 2016.

Based on unchanged optimism about the macroeconomic and sector-specific conditions, Hapag-Lloyd expects its transport volume to increase slightly. Assuming that there is a sharp fall in the bunker consumption price in 2016, the average freight rate is forecast to decrease moderately. If synergy effects, additional cost savings, the planned improvement in revenue quality and slight growth in volumes are achieved, and assuming that the peak season is better in 2016, Hapag-Lloyd expects to record a moderate increase in EBITDA and a clear rise in EBIT compared with the previous year.

Key benchmark figures for the 2016 outlook

Global economic growth	+3.4%
Increase in global trade	+3.4%
Increase in global container transport volume (IHS)	+3.5%
Change in transport volume, Hapag-Lloyd	Slightly increasing
Change in average bunker consumption price, Hapag Lloyd	Clearly decreasing
Change in average freight rate, Hapag Lloyd	Decreasing moderately
EBITDA (earnings before interest, taxes, depreciation and amortisation)	Increasing moderately
EBIT (earnings before interest and taxes)	Clearly increasing

The revenue and earnings forecast is based on the assumption of unchanged exchange rates.

In particular in the first half of 2015, Hapag-Lloyd's earnings development was determined by the positive development of key external factors, primarily the sharp fall in bunker prices, the significant increase in the US dollar against the euro, relatively stable freight rate developments and the achievement of initial synergy effects and cost savings. Given that the third quarter – the peak season – has a major impact on the earnings position, Hapag-Lloyd expects the focus of its earnings development in 2016 to be on the realisation of earnings in the second half of 2016.

Hapag-Lloyd has entered into long-term loan agreements to secure financing for all of the ship newbuilds ordered as at the balance sheet date of 31 December 2015. The launching of five 10,500-TEU vessels, which are set to be put into service by April 2017, as well as further investments in containers, may lead to a moderate rise in net debt. Overall, Hapag-Lloyd expects its liquidity reserve to remain adequate for the 2016 financial year and for it to have balanced maturity dates.

Risks that may have an impact on the forecast for business development are described in detail in the risk report. Significant risks for the Group's revenue and earnings development include a further slowdown in global economic and trade volume growth, a significant and lasting rise in bunker prices extending beyond the average level seen in 2015, a sharp increase in the euro against the US dollar, and a sustained and considerable reduction in freight rates. The occurrence of one or more of these risks could have a significant negative impact on the industry in 2016 and, by extension, on the business development of Hapag-Lloyd in the current financial year. Additional risks could result from the consolidation of the industry and possible changes in the composition of global alliances.

2 March 2016 **Hapag-Lloyd AG** **The Executive Board**

Consolidated financial statements

CONSOLIDATED INCOME STATEMENT

Consolidated income statement of Hapag-Lloyd AG for the period 1 January to 31 December 2015

million EUR	Notes	**1.1.–31.12. 2015**	1.1.–31.12. 2014
Revenue	(1)	8,841.8	6,807.5
Other operating income	(2)	193.7	116.8
Transport expenses	(3)	7,258.5	6,060.1
Personnel expenses	(4)	484.4	403.3
Depreciation, amortisation and impairment	(5)	464.6	481.7
Other operating expenses	(6)	517.7	393.3
Operating result		**310.3**	**–414.1**
Share of profit of equity-accounted investees	(14)	28.5	34.2
Other financial result	(7)	27.6	-2.9
Earnings before interest and taxes (EBIT)		**366.4**	**–382.8**
Interest income	(8)	5.6	7.0
Interest expenses	(8)	232.9	216.7
Earnings before income taxes		**139.1**	**–592.5**
Income taxes	(9)	25.2	11.2
Group profit/loss		**113.9**	**–603.7**
thereof attributable to shareholders of Hapag-Lloyd AG		111.6	–605.0
thereof attributable to non-controlling interests	(22)	2.3	1.3
Basic/Diluted earnings per share (in EUR)	(10)	**1.04**	**–8.81**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Consolidated statement of comprehensive income of Hapag-Lloyd AG for the period 1 January to 31 December 2015

million EUR	Notes	**1.1.–31.12. 2015**	1.1.–31.12. 2014
Group profit/loss		**113.9**	**–603.7**
Items which will not be reclassified to profit and loss:		**29.6**	**–58.2**
Remeasurements from defined benefit plans after tax	(21)	29.6	–58.2
Remeasurements from defined benefit plans before tax		30.8	–60.1
Tax effect		–1.2	1.9
Items which may be reclassified to profit and loss:		**454.3**	**314.6**
Cash flow hedges (no tax effect)	(21)	1.2	–6.4
Additions to cumulative other equity		–21.8	8.7
Release from cumulative other equity		23.0	–15.1
Currency translation (no tax effect)	(21)	453.1	321.0
Other comprehensive income after tax		**483.9**	**256.4**
Total comprehensive income		**597.8**	**–347.3**
thereof attributable to shareholders of Hapag-Lloyd AG		595.0	–348.8
thereof attributable to non-controlling interests	(22)	2.8	1.5

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Consolidated statement of financial position of Hapag-Lloyd AG as of 31 December 2015

million EUR	Notes	31.12.2015	31.12.2014*
Assets			
Goodwill	(11)	1,610.8	1,372.7
Other intangible assets	(11)	1,376.3	1,309.7
Property, plant and equipment	(12)	6,143.6	5,176.0
Investments in equity-accounted investees	(14)	326.6	387.0
Other assets	(15)	22.5	13.1
Derivative financial instruments	(15)	10.7	15.8
Deferred tax assets	(9)	23.6	27.9
Non-current assets		**9,514.1**	**8,302.2**
Inventories	(17)	94.1	152.1
Trade accounts receivable	(15)	716.1	703.8
Other assets	(15)	148.5	134.3
Derivative financial instruments	(16)	0.7	3.8
Income tax receivables	(9)	31.9	28.6
Cash and cash equivalents	(18)	573.7	711.4
Non-current assets held for sale	(19)	-	59.2
Current assets		**1,565.0**	**1,793.2**
Total assets		**11,079.1**	**10,095.4**

* 31.12.2014: Adjusted amounts as a result of the purchase price allocation (see the section "Judgements, estimations and assessments")

million EUR	Notes	31.12.2015	31.12. 2014*
Equity and liabilities			
Subscribed capital	(20)	118.1	104.9
Capital reserves	(20)	1,263.2	1,651.9
Retained earnings	(20)	3,052.3	2,286.1
Cumulative other equity	(21)	604.8	121.4
Equity attributable to the shareholders of Hapag-Lloyd AG		**5,038.4**	**4,164.3**
Non-controlling interests	(22)	7.8	5.3
Equity		**5,046.2**	**4,169.6**
Provisions for pensions and similar obligations	(23)	186.2	208.4
Other provisions	(24)	144.2	207.0
Financial debt	(25)	3,297.2	3,309.1
Other liabilities	(26)	4.7	7.2
Deferred tax liabilities	(9)	1.5	1.5
Non-current liabilities		**3,633.8**	**3,733.2**
Provisions for pensions and similar obligations	(23)	5.6	6.5
Other provisions	(24)	285.9	385.4
Income tax liabilities	(9)	22.9	18.3
Financial debt	(25)	610.1	408.0
Trade accounts payable	(26)	1,293.8	1,225.4
Other liabilities	(26)	158.5	125.2
Derivative financial instruments	(27)	22.3	23.8
Current liabilities		**2,399.1**	**2,192.6**
Total equity and liabilities		**11,079.1**	**10,095.4**

* 31.12.2014: Adjusted amounts as a result of the purchase price allocation (see the section "Judgements, estimations and assessments")

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Consolidated statement of changes in equity of Hapag-Lloyd AG for the period 1 January to 31 December 2015

million EUR	Equity attributable to shareholders of Hapag-Lloyd AG								Non-controlling interests	Total equity
	Subscribed capital	Capital reserves	Retained earnings	Remeasurements from defined benefit plans	Reserve for cash flow hedges	Translation reserve	Cumulative other equity	Total		
Notes	(20)	(20)	(20)				(21)		(22)	
As per 1.1.2014	**66.1**	**935.3**	**2,045.8**	**−46.6**	**6.4**	**−94.6**	**−134.8**	**2,912.4**	**2.7**	**2,915.1**
Total comprehensive income	**-**	**-**	**−605.0**	**−58.2**	**−6.4**	**320.8**	**256.2**	**−348.8**	**1.5**	**−347.3**
thereof										
Group profit/loss	-	-	−605.0	-	-	-	-	−605.0	1.3	−603.7
Other comprehensive income	-	-	-	−58.2	−6.4	320.8	256.2	256.2	0.2	256.4
Transactions with shareholders	**38.8**	**716.6**	**845.3**	**-**	**-**	**-**	**-**	**1,600.7**	**1.1**	**1,601.8**
thereof										
Business combination	28.3	1,202.3	0.1	-	-	-	-	1,230.7	2.0	1,232.7
Capital increase	10.5	359.5	-	-	-	-	-	370.0	-	370.0
Transfer from capital reserves	-	−845.2	845.2	-	-	-	-	-	-	-
Distribution to non-controlling interests	-	-	-	-	-	-	-	-	−0.9	−0.9
As per 31.12.2014	**104.9**	**1,651.9**	**2,286.1**	**−104.8**	**-**	**226.2**	**121.4**	**4,164.3**	**5.3**	**4,169.6**
Total comprehensive income	**-**	**-**	**111.6**	**29.6**	**1.2**	**452.6**	**483.4**	**595.0**	**2.8**	**597.8**
thereof			-							
Group profit/loss	-	-	111.6	-	-	-	-	111.6	2.3	113.9
Other comprehensive income	-	-	-	29.6	1.2	452.6	483.4	483.4	0.5	483.9
Transactions with shareholders	**13.2**	**−388.7**	**654.8**	**-**	**-**	**-**	**-**	**279.3**	**−0.3**	**279.0**
thereof										
Capital increase inital puplic offering	13.2	251.3	-	-	-	-	-	264.5	-	264.5
Transaction cost inital puplic offering	-	−4.3	-	-	-	-	-	−4.3	-	−4.3
Transfer from capital reserves	-	−635.7	635.7	-	-	-	-	-	-	-
Business combination	-	-	19.1	-	-	-	-	19.1	3.6	22.7
Distribution to non-controlling interests	-	-	-	-	-	-	-	-	−3.9	−3.9
Deconsolidation	**-**	**-**	**−0.2**	**-**	**-**	**-**	**-**	**-**	**-**	**−0.2**
As per 31.12.2015	**118.1**	**1,263.2**	**3,052.3**	**−75.2**	**1.2**	**678.8**	**604.8**	**5,038.4**	**7.8**	**5,046.2**

CONSOLIDATED STATEMENT OF CASH FLOWS

Consolidated statement of cash flows of Hapag-Lloyd AG for the period 1 January to 31 December 2015

million EUR	Notes	**1.1.–31.12. 2015**	1.1.–31.12. 2014*
Group profit/loss		113.9	-603.7
Income tax expenses (+) / income (-)		25.2	11.2
Interest result		227.3	209.7
Depreciation, amortisation and impairment (+) / write-backs (–)		464.6	481.7
Other non-cash expenses (+) / income (–)		–87.8	16.9
Profit (–) / loss (+) from hedges for financial debt		47.9	-
Profit (–) / loss (+) from disposals of non-current assets and assets held for sale		–11.0	0.0
Income (–) / Expenses (+) from equity-accounted investees and dividends		–28.6	–34.3
Increase (–) / decrease (+) in inventories		74.2	70.9
Increase (–) / decrease (+) in receivables and other assets		69.0	58.5
Increase (+) / decrease (–) in provisions		–224.7	91.0
Increase (+) / decrease (–) in liabilities (excl. financial debt)		–98.7	77.6
Payments for income taxes		–0.8	–4.6
Payments received (+) for interest		1.6	2.3
Cash inflow (+)/outflow (–) from operating activities		**572.1**	**377.2**
Payments received from disposals of property, plant and equipment and intangible assets		4.0	4.8
Payments received from the disposal of other investments		0.3	-
Payments from dividends		38.9	34.2
Payments received from the disposal of assets held for sale		74.9	-
Payments made for investment in property, plant and equipment and intangible assets		–724.3	–340.5
Payments received from acquisitions		-	44.0
Payments made for investment in other investments		–0.3	–0.1
Cash inflow (+)/outflow (–) from investing activities		**–606.5**	**–257.6**

million EUR	Notes	**1.1.–31.12. 2015**	1.1.–31.12. 2014*
Payments received from capital increases		264.5	306.9
Payments made for capital increases		–5.0	-
Payments made for dividends		–2.1	–0.9
Payments received from raising financial debt		575.3	748.2
Payments made for the redemption of financial debt		–748.6	–790.6
Payments made for interest		–213.3	–182.0
Payments received (+) and made (–) from hedges for financial debt		–47.9	-
Cash inflow (+)/outflow (–) from financing activities		**–177.1**	**81.6**
Net change in cash and cash equivalents		**–211.5**	**201.2**
Cash and cash equivalents at the beginning of period		**711.4**	**464.8**
Change in cash and cash equivalents due to exchange rate fluctuations		73.8	45.4
Net change in cash and cash equivalents		–211.5	201.2
Cash and cash equivalents at the end of the period		**573.7**	**711.4**

* Payments for interest and income taxes are shown separately in the consolidated statement of cash flows. The prior period was amended accordingly.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTES ON THE PRINCIPLES AND METHODS UNDERLYING THE CONSOLIDATED FINANCIAL STATEMENTS

General notes

The consolidated financial statements of Hapag-Lloyd AG (hereinafter "the Company"), domiciled in Hamburg, were prepared in compliance with the International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB) and adopted as European law by the European Union (EU), and the German commercial law provisions that must be observed pursuant to Section 315a (1) of the German Commercial Code (HGB).

The consolidated financial statements are reported and published in euros (EUR). All amounts recognised for the financial year are reported in million euros (EUR million) unless otherwise stated.

The consolidated financial statements are for the financial year from 1 January to 31 December 2015 and are due to be examined and approved by the Supervisory Board on 23 March 2015.

Hapag-Lloyd is an international liner shipping group domiciled in Germany whose primary purpose is to provide ocean liner shipping services, logistical services and all other associated business operations and services.

On 2 December 2014, the Chilean shipping company Compañía Sud Americana de Vapores ("CSAV") and Tollo Shipping Co. S.A. ("Tollo"), a wholly owned subsidiary of CSAV, incorporated their global container shipping activities (CSAV container shipping activities ["CCS"]) into CSAV Germany Container GmbH, Hamburg ("CC Co"). This company was incorporated into Hapag-Lloyd AG on 2 December 2014 as a contribution in kind. CC Co was merged with Hapag-Lloyd AG with effect from 1 January 2015 by way of an upstream merger.

In the fourth quarter of 2015, Hapag-Lloyd AG carried out the initial public offering (IPO) which it had announced on 28 September 2015. 13.2 million new registered shares were issued at a price of EUR 20 by an international bank consortium to institutional and private investors as part of a book-building process. The shares have been traded on the Frankfurt and Hamburg stock exchanges since 6 November 2015.

As at 31 December 2015, Hapag-Lloyd's biggest shareholders were CSAV Germany Container Holding GmbH ("CG HoldCo") with 31.4%, HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH ("HGV") as a company of the Free and Hanseatic City of Hamburg with 20.6%, Kühne Holding AG together with Kühne Maritime GmbH ("Kühne") with 20.2% and TUI-Hapag Beteiligungs GmbH with 12.3%. CG HoldCo, HGV and Kühne have agreed to pool voting rights as part of a shareholders' agreement.

The consolidated income statement, consolidated statement of comprehensive income and consolidated statement of cash flows are only comparable with the corresponding prior year period to a limited degree, as CSAV's container shipping activities were included in the consolidated financial statements for the first time from 2 December 2014.

Segment reporting

The Hapag-Lloyd Group is managed by the Executive Board as a single, global business unit with one sphere of activity. The primary performance indicators are freight rates and transport volume by geographic region as well as EBITDA and EBIT at the Group level.

The allocation of resources (use of vessels and containers) and the management of the sales market and of key customers are done on the basis of the entire liner service network and deployment of all the maritime assets. The Group generates its revenue solely through its activities as a container liner shipping company. The revenue comprises income from transporting and handling containers and from related services and commissions, all of which are generated globally. As the Hapag-Lloyd Group operates with the same product around the world via a complete liner service network, the Executive Board has decided that there is no appropriate measure for internal reporting with which assets, liabilities, EBIT and EBITDA as the key performance indicators can be allocated to multiple geographic regions. All of the Group's assets, liabilities, earnings, income and expenses are thus only allocable to the one segment, container shipping. The figures given per trade are the transport volume and freight rate, as well as the revenue allocable to said trade.

Transport volume per trade*

TTEU	1.1.–31.12. 2015	1.1.–31.12. 2014**
Atlantic	1,541	1,446
Transpacific	1,390	1,319
Far East	1,283	1,135
Latin America	2,247	1,158
Intra Asia	573	491
EMAO (Europe–Mediterranean–Africa–Oceania)	367	358
Total	**7,401**	**5,907**

* The trades have been restructured and the assignment of individual services amended as part of the CSAV integration. The prior period figures have been amended accordingly.
** The figures for 2014 include the container shipping activities acquired from CSAV from the date of first-time consolidation 2 December 2014.

Freight rate per trade*

USD/TEU	1.1.–31.12. 2015	1.1.–31.12. 2014**
Atlantic	1,504	1,585
Transpacific	1,599	1,768
Far East	942	1,179
Latin America	1,111	1,357
Intra Asia	655	796
EMAO (Europe–Mediterranean–Africa–Oceania)	1,210	1,407
Total (weighted average)	**1,225**	**1,427**

* The trades have been restructured and the assignment of individual services amended as part of the CSAV integration. The prior period figures have been amended accordingly.
** The figures for 2014 include the container shipping activities acquired from CSAV from the date of first-time consolidation 2 December 2014.

Revenue per trade*

million EUR	1.1.–31.12. 2015	1.1.–31.12. 2014**
Atlantic	2.088,0	1.724,4
Transpacific	2.002,2	1.754,8
Far East	1.088,0	1.006,8
Latin America	2.249,7	1.182,9
Intra Asia	338,4	294,5
EMAO (Europe–Mediterranean–Africa–Oceania)	400,0	379,0
Other	675,5	465,1
Total	**8.841,8**	**6.807,5**

* The trades have been restructured and the assignment of individual services amended as part of the CSAV integration. The prior period figures have been amended accordingly.
** The figures for 2014 include the container shipping activities acquired from CSAV from the date of first-time consolidation 2 December 2014.

Operating earnings before interest, taxes, depreciation and amortisation (EBITDA) are calculated on the basis of the Group's earnings before interest and taxes as follows:

million EUR	1.1.–31.12. 2015	1.1.–31.12. 2014*
EBIT	366.4	–382.8
Depreciation, amortisation and impairment	464.6	481.7
EBITDA	**831.0**	**98.9**
Share of profit of equity-accounted investees	**28.5**	**34.2**
Earnings before income taxes (EBT)	**139.1**	**–592.5**

* The figures for 2014 include the container shipping activities acquired from CSAV from the date of first-time consolidation 2 December 2014.

The profits of the segment's equity-accounted investees correspond to those of the Group (see Note [14]).

Non-current assets

million EUR	2015	2014
Goodwill	1,610.8	1,372.7
Other intangible assets	1,376.3	1,309.7
Property, plant and equipment	6,143.6	5,176.0
Investments in equity-accounted investees	326.6	387.0
Total	**9,457.3**	**8,245.4**
thereof domestic	9,208.0	7,589.4
thereof foreign	249.3	656.0
Total	**9,457.3**	**8,245.4**

When assessing the cash-generating unit (CGU), non-current assets that were acquired as part of business combinations cannot be broken down by region due to their shared use. As a result, these have been assigned to the parent company in Germany.

The Company is not dependent on individual customers.

New accounting standards
The following amendments to existing standards published by the IASB, which have already been endorsed, had to be adopted for the first time in the 2015 financial year. Unless stated otherwise, their first-time adoption did not have a significant effect on the net asset, financial and earnings position of the Hapag-Lloyd Group:

- Amendment to IAS 19: *Employee Contributions*
- IFRIC 21: *Levies*
- Various: *Annual Improvements to IFRS (2010–2012)*
- Various: *Annual Improvements to IFRS (2011–2013)*

The following standards and interpretations, that were adopted and amended by the IASB at the time these consolidated financial statements were prepared, were not yet mandatory in the 2015 financial year:

Standard/Interpretation		Mandatory application as per	Adopted by EU Commission
IAS 1	Amendments to IAS 1: Presentation of Financial Statements	1.1.2016	yes
IAS 16 IAS 38	Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation	1.1.2016	yes
IAS 16 IAS 41	Amendments to IAS 16 and IAS 41: Agriculture: Bearer Plants	1.1.2016	yes
IAS 27	Amendments to IAS 27: Equity Method in Separate Financial Statements	1.1.2016	yes
IFRS 11	Amendment to IFRS 11: Acquisition of an Interest in a Joint Operation	1.1.2016	yes
Diverse	Annual Improvements to IFRS (2012–2014)	1.1.2016	yes
IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses	1.1.2017	no
IFRS 9	Financial Instruments	1.1.2018	no
IFRS 10 IAS 28	Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	open	no
IFRS 10 IFRS 12 IAS 28	Amendments to IFRS 10, IFRS 12 and IAS 28: Investment Entities: Applying the Consolidation Exception	1.1.2016	no
IFRS 14	Regulatory Deferral Accounts	1.1.2016	will not be transfered into EU Law
IFRS 15	Revenue from Contracts with Customers	1.1.2018	no
IFRS 16	Leases	1.1.2019	no

The mentioned regulations will not be mandatory until the 2016 financial year or later. The Company does not plan to early adopt any of them. Unless stated otherwise, the effects are currently being reviewed. Changes that have no material effect on the net asset, financial and earnings position of the Hapag-Lloyd Group have not been included in the Notes.

EU endorsement has been given

The amendments to IAS 1 primarily include the clarification that disclosures made in the Notes are only necessary if their content is not immaterial (even if an IFRS stipulates a list of minimum disclosures), explanations regarding the aggregation and disaggregation of items in the statement of financial position and the statement of comprehensive income, clarification of how shares in the other comprehensive income of equity-accounted investments are to be presented in the statement of comprehensive income, and the removal of a model for the Notes in favour of considering the relevance to individual companies. The disclosures made by the Hapag-Lloyd Group in the Notes will be adjusted as and from the 2016 financial year with regard to the new requirements of IAS 1 insofar as this is necessary.

A further four standards were amended as part of the *Annual Improvements* to IFRS (2012–2014) process to clarify the existing rules. The standards in question are IFRS 5, IFRS 7, IAS 19 and IAS 34. These amendments currently have no impact on the net asset, financial and earnings position of the Hapag-Lloyd Group.

EU endorsement still pending

In July 2014, the IASB published IFRS 9 *Financial Instruments*. IFRS 9 creates a standardised method for the classification and measurement of financial assets and contains revised guidelines for the classification and measurement of financial instruments. It also provides for a new impairment model which is based on expected credit defaults. IFRS 9 additionally contains new regulations on the application of hedge accounting, in particular with regard to the management of non-financial risks. It also adopts the IAS 39 regulations on the recognition and derecognition of financial instruments.

With the amendments to IAS 28 *Investments in Associates and Joint Ventures* and IFRS 10 *Consolidated Financial Statements*, the total gain or loss on a sale or contribution of assets between an investor and its associate or joint venture shall only be recognised if the assets sold or contributed represent a business within the meaning of IFRS 3, irrespective of whether the transaction is designed as a share deal or asset deal. However, if the assets do not constitute a business, the gain/loss should only be recognised pro rata. The first-time adoption date for the amended standard has been postponed indefinitely.

In May 2014, the IASB published IFRS 15. With the introduction of IFRS 15, the rules on recognising revenue contained in various standards and interpretations were combined. At the same time, uniform basic principles were defined that are applicable to all sectors and to all types of revenue transaction. A five-step model will henceforth apply to assessing the amount of revenue to be recognised and at which time or over which period it is to be recognised. The standard also contains a range of additional rules regarding detailed issues such as presenting contract fees and contract amendments.

Changes may arise for the Hapag-Lloyd Group in particular due to the following new provisions of IFRS 15:

- Recognition of revenue as control is passed: the key factor determining the point in time or period of time of revenue recognition is the passing of the control of goods or services to the customer (control approach).

- New criteria for the recognition of revenue over the period of performance: insofar as it would no longer be possible to recognise revenue based on the percentage of completion and/or transport progress, this would result in changes with regard to the time at which the revenue is recognised
- Clear rules on multi-component transactions
- Expansion of the disclosures required in the Notes

In July 2015, the IASB decided to postpone the first-time application date of the standard to financial years which begin on or after 1 January 2018; the standard may be applied before then. Hapag-Lloyd is currently examining what effects the application of IFRS 15 would have on the Company's consolidated financial statements and will specify the date of first-time application as well as the method of transition.

In January 2016, the IASB published extensive new regulations governing the recognition of leases in IFRS 16 *Leases*. The new standard aims to ensure that all leases and associated contractual rights and obligations are recognised in the lessee's statement of financial position. The previously required distinction between finance and operating lease contracts will no longer apply to the lessee in future. Simplified reporting methods are in place for short-term leases and leased assets with a low value.

With regard to the recognition of leases by the lessor, IFRS 16 specifies regulations which are similar to the currently applicable IAS 17. This stipulates that lease contracts will continue to be classified as either finance leases or operating leases. For classification in accordance with IFRS 16, the criteria of IAS 17 have been adopted. IFRS 16 also includes a range of other regulations governing the presentation and the disclosures made in the Notes to the financial statements, as well as concerning sale-and-leaseback transactions.

Consolidation principles and methods

All significant subsidiaries, joint ventures and associated companies are included in the consolidated financial statements of Hapag-Lloyd AG.

Subsidiaries

Subsidiaries are all companies that are subject to direct or indirect control by Hapag-Lloyd AG. Control exists if Hapag-Lloyd AG has the power to make decisions due to voting rights or other rights and is exposed to positive or negative variable returns from the subsidiary and can influence these returns through its power to make decisions. Subsidiaries are fully consolidated from the time at which control over the subsidiary is acquired. If control over the subsidiary is lost, the company is deconsolidated.

Capital consolidation is carried out using the acquisition method. When the acquisition method is applied, the acquisition costs of the acquired shares are compared with the proportionate fair value of the acquired assets, debts and contingent liabilities of the subsidiary as at the acquisition date. Any positive difference is recognised as goodwill and is recorded as an asset. Any negative difference is recognised in the income statement once the carrying amounts of the assets and liabilities have been reviewed again. The option to capitalise the proportionate goodwill on non-controlling interests is not applied. Transaction costs incurred in connection with a business combination are recognised as expenses.

Any resulting goodwill is examined for impairment at least once a year at the end of the planning process or, if there are any indications of a possible impairment in value in the subsequent periods, is examined for its recoverable amount and, in the event of impairment, is written down to the lower recoverable amount (impairment test). Any impairments of this kind are recognised separately in the consolidated income statement as impairment of goodwill.

The individual financial statements of Hapag-Lloyd AG and its subsidiaries, which were prepared using the standard Group accounting and measurement principles, with the statements of the key companies being reviewed by auditors, were included in the preparation of the consolidated financial statements.

Intercompany receivables and liabilities, as well as expenses and income, are eliminated during the process of consolidation. Intercompany profits and losses are eliminated insofar as they are not of minor significance for the Group. Deferred taxes are reported for consolidation measures with an impact on income taxes.

The share of Group net result and of subsidiaries' equity which is attributable to non-controlling interests is reported separately in the consolidated income statement, in the consolidated statement of comprehensive income and within Group equity. When non-controlling interests are acquired, the difference between the acquisition cost of these shares and the non-controlling interests previously reported in the Group's equity for these shares is recognised directly in equity. When shares are sold to other shareholders without any loss of control, any difference between the realisable value and the proportion of net assets attributable to other shareholders is recognised directly in equity under the item "Retained earnings".

If a subsidiary is sold, the difference between the proceeds from the sale and the net assets recorded in the balance sheet, including currency translation differences which had previously been recorded in cumulative other equity, is recognised at the disposal date in the consolidated income statement.

Joint arrangements
If the Hapag-Lloyd Group jointly controls a company together with other parties, an assessment is made as to whether this is a joint operation or a joint venture. A joint operation exists if the jointly controlling parties have direct rights to assets and direct obligations for liabilities. In a joint venture, the jointly controlling parties only have rights to the equity. This right is disclosed in the consolidated financial statements using the equity method.

The joint arrangements within the Hapag-Lloyd Group are currently joint ventures only.

Associated companies and joint ventures
Companies in which the Hapag-Lloyd Group is able to exert a significant influence over the business and financial policy (associated companies) or which are jointly controlled with other parties (joint ventures) are included in the consolidated financial statements from their acquisition date using the equity method. The acquisition date constitutes the point in time from which it becomes possible to exert significant influence or exercise joint control.

A positive difference between the cost of acquisition of the acquired shares and the proportionate fair value of the acquired assets, liabilities and contingent liabilities at the time of acquisition is included as goodwill in the carrying amount of the associated company or joint venture.

The Hapag-Lloyd Group's share of the result for the period or other income from associated companies or joint ventures is reported in the consolidated income statement or in the Group's other comprehensive income. The cumulative changes since the acquisition date increase or decrease the carrying amount of the associated company or joint venture. Proportional losses that exceed the investment carrying amount of the associated company or joint venture are not recognised.

If the carrying amount exceeds the recoverable amount of an investment in an associated company or joint venture, the carrying amount of the investment is written down to the recoverable amount. Impairments of the carrying amount are recognised in the share of the profit of equity-accounted investees in the consolidated income statement.

If it is no longer possible to exert significant influence or joint control due to the sale of shares, the difference between the proceeds from the sale and the net assets recorded in the balance sheet, including currency translation differences which had previously been recorded in other comprehensive income, is recognised at the disposal date in the consolidated income statement.

Group of consolidated companies
In addition to Hapag-Lloyd AG, a total of 107 companies are included in the group of consolidated companies:

	Fully consolidated		Equity method		**Total**
	domestic	foreign	domestic	foreign	
31.12.2014	9	111	1	3	124
Disposals	3	14	0	0	17
31.12.2015	6	97	1	3	**107**

With the incorporation of CSAV's container shipping activities into the Hapag-Lloyd Group, 74 fully consolidated companies and one equity-accounted investee were included in the group of consolidated companies in the previous year.

In the 2015 financial year, some subsidiaries were combined with each other as part of the successful integration of the operating activities and the subsequent restructuring at the level of the respective countries. This was achieved through business transfers and subsequent liquidation as well as through mergers between the subsidiaries. As a result of this, four companies left the group of consolidated companies in the 2015 financial year through liquidation, and a further 13 companies did so through mergers with other subsidiaries.

Liquidations	
Hapag-Lloyd (Eastwind) Pte. Ltd.	Singapore
CSAV Group Agencies Puerto Rico Inc.	Guaynabo
CSAV North & Central Europe B.V.	Rotterdam
CSAV North & Central Europe N.V.	Antwerp

Merger **merged company**	**receiving company**
CSAV Germany Container GmbH	Hapag-Lloyd AG
Compañia Sudamericana de Vapores GmbH	Hapag-Lloyd AG
CSAV North & Central Europe GmbH	Hapag-Lloyd AG
CSAV Agency Italy, S.p.A.	Hapag-Lloyd (Italy) S.R.L.
CSAV Agency France, S.A.S.	Hapag-Lloyd (France) S.A.S.
CSAV Argentina S.A.	Hapag-Lloyd Argentina S.R.L.
CSAV Agency (Costa Rica) S.A.	Hapag-Lloyd Costa Rica S.A.
CSAV Group Agencies Korea Co. Ltd	Hapag-Lloyd (Korea) Ltd.
Hapag-Lloyd Brasil Agenciamento Maritimo Ltda.	Companhia Libra de Navegacao S.A.
Hapag-Lloyd Chile Agencia Maritima Ltda.	Hapag-Lloyd Chile SpA (ex. CSAV Portacontenedores SpA)
CSAV Agenciamiento Maritimo SpA	Hapag-Lloyd Chile SpA (ex. CSAV Portacontenedores SpA)
CSAV Group Agencies (Taiwan) Ltd.	Hapag-Lloyd (Taiwan) Ltd.
Compañia Sud Americana de Vapores Agencia Maritima S.L.	Hapag-Lloyd Spain S.L.

Hapag-Lloyd AG holds 49.9% of the shares in Hapag-Lloyd (Thailand) Ltd., Bangkok, 49.0% of the shares in Hapag-Lloyd Agency LLC, Dubai, and 49.0% of the shares in CSAV Shipping LLC, Dubai. As Hapag-Lloyd AG has majority voting rights in all of these companies, it exerts full control over them and they are therefore fully consolidated.

Hapag-Lloyd AG holds 49.94% of the voting shares in the fully consolidated CSAV Austral SpA, Valparaíso. Hapag-Lloyd AG also holds almost 100% of the shares entitled to dividend payments. As such, beneficial ownership is exclusively within the Hapag-Lloyd Group. The investment share therefore totals 49.99%. Hapag-Lloyd accounts for the majority of the members of the decision-making body.

For details of non-controlling interests, please refer to Note (13).

The financial year for a number of CCS companies had to be changed in the 2014 financial year due to the carve-out activities required in order to incorporate CSAV's container shipping business. 41 fully consolidated companies and one equity-accounted investee had a financial year that differed from that of the Group in the reporting year. The values carried forward as at 31 December are used for purposes relating to inclusion in the consolidated financial statements. All other companies have financial years that correspond with Hapag-Lloyd AG.

Three domestic and nine foreign subsidiaries of overall minor significance for the Group's net asset, financial and earnings position are not included in the consolidated financial statements. The shares are recognised as other assets.

A complete list of the subsidiaries and associated companies in the Hapag-Lloyd Group is provided in Note (40).

Business combinations
As part of the successful integration and restructuring of the operating activities of the acquired container shipping companies in the Group, operating activities in some countries were combined into one legal unit in the respective country. These legal measures were taken so that targeted synergies could be harnessed in the individual national companies.

In this context, the agency business of the then equity-accounted investee Consorcio Naviero Peruano S.A., San Isidro ("CNP Peru") was acquired on 1 December 2015. The agency business was initially hived off from CNP Peru into a newly established company. The newly established company was incorporated into Hapag-Lloyd (Peru) S.A.C., Lima ("HL Peru") on 1 December 2015 in return for new shares. Prior to the transaction, Hapag-Lloyd held all of the shares and voting rights in HL Peru, which had already been fully incorporated into the consolidated financial statements. In return for providing the agency business, the previous joint venture partner was granted 40% of the shares and voting rights in HL Peru. This means that, since the transaction, Hapag-Lloyd has held 60% of the shares and the non-controlling interest has held 40% of the shares in HL Peru.

Transferred contribution
The contribution transferred for the acquisition corresponds to the fair value of the 40% of shares transferred at the time of acquisition, with corresponding voting rights in HL Peru. In addition, the fair value of the shares previously held by Hapag-Lloyd in the agency business of CNP Peru was taken into account.

Given that the value of the respective shares cannot be observed on the market, their fair value was calculated on the basis of a discounted cash flow method using level 3 inputs (non-observable parameters) in accordance with IFRS 13. This valuation method is based on a cash flow forecast derived from the available budgets of the companies valued, which a hypothetical market participant would assume if they held equity instruments in HL Peru and/or CNP Peru on the date of acquisition.

The non-controlling interests were measured based on their share of CNP Peru's reported assets and liabilities.

There is no conditional contribution.

The significant assumptions used to derive the fair value are based on internal and external sources and comprise, in particular, the sustainable development of the agency business on the basis of the business brokered for Hapag-Lloyd AG.

No significant costs were incurred as part of the transaction.

Fair values at time of acquisition
The contribution transferred for the acquisition, comprising the fair value of the transferred 40% of the shares in HL Peru in the amount of EUR 23.3 million, the discontinuing fair value of CNP Peru's agency business in the amount of EUR 55.9 million and the non-controlling interests based on the percentage held in the recognised assets and liabilities of CNP Peru's agency business in the amount of EUR 0.1 million, is partly offset by the fair value of the identifiable net assets of EUR 0.3 million, as the company primarily has property, plant and equipment (EUR 0.2 million), receivables (EUR 1.9 million) and liabilities (EUR 1.8 million). The Group's goodwill increased by EUR 79.0 million as a result of the acquisition. With regard to the assets and liabilities acquired, it was not possible to identify any difference in fair value due to the monetary character. The purchase price allocation is complete.

The resulting goodwill comprises synergies that the merger of the agency business in Peru is expected to deliver, in particular in the form of increased purchasing advantages and reduced costs. The goodwill of EUR 79.0 million is not tax-deductible.

The carrying amount of the equity-accounted investment in CNP Peru's agency business immediately before the acquisition was EUR 56.7 million. The remeasurement of this investment as a result of the gradual acquisition led to a loss of EUR 0.8 million, which was recognised in the profits of equity-accounted investees in the 2015 financial year.

Pro forma disclosures
Since the date of acquisition, revenue of EUR 1.4 million and earnings (EBIT) of EUR 1.1 million have been attributed to the transferred agency business of CNP Peru. Had the acquisition taken place on 1 January 2015 (pro forma consideration), Group revenue would have come to EUR 16.6 million and earnings (EBIT) would have totalled EUR 12.9 million.

Currency translation
The annual financial statements of companies are prepared in the respective functional currency. The respective functional currency of a company corresponds to the currency of the primary economic environment in which the company operates. The functional currency of Hapag-Lloyd AG and the majority of its subsidiaries is the US dollar. The reporting currency of Hapag-Lloyd AG is, however, the euro.

For purposes relating to their inclusion in the consolidated financial statements of Hapag-Lloyd AG, the assets and liabilities of the Hapag-Lloyd Group are translated into euros at the exchange rate applicable as at the balance sheet date (closing rate). The cash flows listed in the consolidated statement of cash flows and the expenses, income and result shown in the consolidated income statement are translated at the average exchange rate for the reporting period. The resulting differences are recognised in other comprehensive income.

Transactions in foreign currency are recorded at the applicable exchange rate as at the date of the transaction. As at the balance sheet date, monetary items are translated at the closing rate at year-end, while non-monetary items are translated at the historical rate. Any differences arising during translation are recognised through profit or loss. Exceptions are gains and losses that must be recorded as qualified cash flow hedges as part of other comprehensive income.

Gains and losses due to exchange rates are shown in the items of the consolidated income statement which result in the currency effects. For example, gains and losses due to exchange rates that are in connection with transport services are recorded in both revenue and transport expenses. Other gains and losses due to exchange rates are shown in other operating income or other operating expenses as well as in personnel expenses and income taxes.

Exchange rates of significant currencies:

per EUR	Closing rate		Average rate	
	31.12.2015	31.12.2014	**2015**	2014
US dollar	1.08930	1.21550	1.11000	1.32880
British pound sterling	0.73510	0.77880	0.72647	0.80715
Indian rupee	72.54400	77.01500	71.20931	81.100615
Brazilian real	4.25325	3.22825	3.69701	3.12760
Chinese renminbi	7.07348	7.43764	6.97574	8.18740
Australian dollar	1.48970	1.48090	1.47811	1.47452
Japanese yen	131.12940	145.04000	134.34097	140.68782
Hong Kong dollar	8.44280	9.42640	8.60544	10.30447
Swiss franc	1.08210	1.20230	1.06870	1.21619
Chilean peso	773.57729	738.27039	726.28749	758.45444
Singapore dollar	1.53980	1.60589	1.52603	1.68379
Canadian dollar	1.51301	1.40750	1.41935	1.46783
Mexican peso	18.74548	17.89079	17.61828	17.68353

Accounting and measurement
The annual financial statements of the subsidiaries included in the Group are prepared in accordance with consistent accounting and measurement principles. The amounts stated in the consolidated financial statements are determined by the commercial presentation of the earnings, financial and net assets position as set out in the rules of the IASB.

Realisation of income and expenses
Revenue and other operating income are realised when the transport service has been rendered, i.e. the hazards have been transferred to the customer. Revenue is therefore recognised using the percentage-of-completion method as per IAS 18.20. The percentage of completion/transport progress is determined on the basis of the ratio of expenses incurred to expected total expenses.

The revenue amount is measured by the fair value of the consideration received or to which there will be an entitlement. Revenue is recognised net of value added tax and reductions in earnings. Other operating income and other revenue are generally recorded upon delivery of the assets or upon transfer of their ownership or risk.

Operating expenses are recognised in profit or loss when the service has been utilised or at the time of its occurrence.

Please refer to Note (28) for the recording of gains and losses from derivative financial instruments used in hedges.

Dividends from non-equity-accounted investees are recorded when the legal claim to them has arisen.

Interest income and expenses are recognised pro rata using the effective interest method.

Earnings per share
Basic earnings per share is the quotient of the Group net result attributable to the shareholders of Hapag-Lloyd AG and the weighted average of the number of shares in circulation during the financial year.

Goodwill
Goodwill is not amortised, but is tested for impairment once a year. For detailed information about the impairment test, see the section “Impairment testing”.

Other intangible assets
Acquired intangible assets such as advantageous contracts, customer base and/or trademark rights are capitalised at their fair value as at the acquisition date. Other intangible assets are capitalised at cost.

If intangible assets can be used for a limited period only, they are amortised regularly over their expected useful lives. Intangible assets with indefinite useful lives are not amortised, but are tested for impairment on an annual basis, as is the case with goodwill. In addition, impairment tests are conducted if there are any indications of a potential loss in value of the assets.

For detailed information about the impairment test, see the section “Impairment testing”.

The anticipated useful lives of the intangible assets are as follows:

	Useful life in years
Customer base	22–30
“Hapag-Lloyd” brand	unlimited
”CSAV” brand	20
Charter and lease agreements	5–10
Transport and supply contracts	2–5
Computer software	5–8
Other	3

Until now, the global container liner service has been exclusively operated under the acquired brand “Hapag-Lloyd”, which, due to national and international declaration and registration, is subject to indefinite legal protection. The indefinite useful life is the result of the brand recognition already being maintained by international operations, so that additional measures or investments for the conservation of the value of the brand are not necessary. With the incorporation of CCS’s global business activities, the right to also use the “CSAV” brand was acquired, which will initially continue to be used in particular for some South America services.

For intangible assets with finite useful lives, their useful life is examined at least at the end of every financial year. For intangible assets with indefinite useful lives, an annual check is carried out as to whether the assessment of an indefinite useful life can be maintained. Any changes in the anticipated useful life are treated prospectively as changes in estimates.

Property, plant and equipment
Property, plant and equipment are measured at depreciated cost of acquisition or production. The cost of acquisition comprises all costs incurred to purchase an asset and bring it to working condition. The cost of production is determined on the basis of direct costs and appropriate allocations of overheads.

Borrowing costs as defined by IAS 23 which are directly associated with the acquisition, construction or production of qualifying assets are included in the cost of acquisition or production until the assets in question are ready for their intended use. The weighted average borrowing costs for the general raising of borrowed funds (cost of debt) amounted to 6.83% p.a. for the 2015 financial year (2014: 8.29% p.a.).

Use-related depreciation using the straight-line method is based on the following useful economic lives, which are the same as in the previous year:

	Useful life in years
Buildings	40
Vessels	25
Containers, chassis	13
Other equipment	3–10

Dry dock work carried out to obtain an operating licence (vessel classification costs) is depreciated as a separate component over a period of five years. Furthermore, the level of depreciation is determined by the residual values expected at the end of the useful economic life of an asset. The residual value of container ships is based on their scrap value.

Useful economic lives and assumed residual values are both reviewed on an annual basis during the preparation of the financial statements.

Impairment tests are conducted if there are any indications of a potential loss in value of the assets.

For detailed information about the impairment test, see the section “Impairment testing”.

Leases

A lease is the term given to all arrangements that transfer the right of use of specified assets in return for payment. This includes rental agreements for buildings and containers as well as charter agreements for vessels. On the basis of the commercial opportunities and risks inherent in a leased item, it is assessed whether beneficial ownership of the leased item is attributable to the lessee or the lessor.

Finance lease

Provided that the Hapag-Lloyd Group as lessee bears all the substantial risks and rewards associated with the lease, the leased assets are included in the statement of financial position upon commencement of the lease agreement at the assets’ fair value or the net present value of the minimum lease payments, whichever is lower. They are subject to straight-line depreciation throughout the term of the lease or the useful life of the asset (whichever is longer), provided that it is sufficiently certain at the beginning of the lease that legal ownership of the asset will be transferred to the Company once the contractual term expires.

At the same time, a lease obligation is entered which is equivalent to the carrying amount of the leased asset upon recognition. Each leasing rate is divided into an interest portion and a repayment element. The interest portion is recognised as an expense in the consolidated income statement; the repayment element reduces the lease obligation recognised.

Operating lease

Rental expenses from operating lease contracts are recorded through the consolidated income statement using the straight-line method over the terms of the respective contracts.

If the Group acts as lessor in the context of operating leases, the respective leasing object is still recorded and depreciated as planned in the consolidated financial statements. Lease income from operating leases is recorded in revenue or other operating income using the straight-line method over the term of the respective contracts.

Profits or losses from sale-and-leaseback transactions that result in operating lease contracts are recognised immediately if the transactions were effected at market values. If a loss is offset by future lease instalments being below the market price, this loss is deferred and amortised over the term of the lease agreement. If the agreed sales price exceeds the fair value, the profit from the difference between these two values is also deferred and amortised.

Impairment testing

Intangible assets with finite useful lives and property, plant and equipment are tested regularly for impairment if there are any indications of a possible loss in value. This test compares the recoverable amount of the asset in question with its carrying amount. If an asset’s carrying amount exceeds its recoverable amount, an impairment is recognised.

If no recoverable amount can be ascertained for an individual asset, this value is determined for the smallest identifiable group of assets to which the asset in question can be attributed and which is capable of achieving cash inflows (cash-generating unit, CGU) largely independently of other assets.

Container shipping in its entirety is defined as a cash-generating unit in the Group, as it is not possible to allocate the operating cash flows to individual assets due to the complexity of the transport business (see Notes in the “Segment reporting” section).

Intangible assets with indefinite useful lives are tested for impairment if circumstances require, but at least annually at the end of the financial year. This applies in particular to the Hapag-Lloyd brand, for which the recoverable amount at fair value was determined at the level of the container shipping CGU. A need for impairment was not ascertained. For further information on determining value in use, we refer to the following explanations concerning the impairment testing of goodwill.

Goodwill is tested for impairment once a year. Impairment testing is also conducted if events or circumstances occur that indicate that it may no longer be possible to recover the carrying amount. Goodwill is tested for impairment at the level of the cash-generating unit container shipping.

An impairment loss is recognised if the recoverable amount is lower than the cash-generating unit's carrying amount. If a need for impairment has been ascertained, the goodwill is impaired first. Any need for impairment over and above this is spread in proportion to the carrying amount over the remaining non-current assets.

If, following an impairment recognised in previous years, the asset or cash-generating unit has a higher recoverable amount at some later date, a reversal of the impairment to no higher than the amortised cost is carried out. No reversals of impairment of goodwill are carried out as they are not permitted under IAS 36.

The recoverable amount is the higher of the fair value and the value in use of the cash-generating unit. If one of these amounts is greater than the carrying amount, it is not always necessary to calculate both values.

The fair value is the price that independent market participants would pay at the balance sheet date under normal market conditions if the asset or cash-generating unit were sold. The value in use is ascertained by discounting the cash flows anticipated from future operational use.

The recoverable amount for the impairment of goodwill is calculated on the basis of the value in use. This was calculated on the basis of a discounted cash flow method. The future expected cash flows from Hapag-Lloyd's management planning, which has been approved by the Supervisory Board, are taken as calculation basis. This planning includes various strategic synergy, cost-saving and efficiency-boosting measures and projects that aim to sustainably strengthen the Group's EBITDA margin.

The cash flow forecasts contain specific estimates for five years and a perpetual rate of growth thereafter. The central planning assumptions for container shipping are the future development of transport volumes and freight rates as well as bunker prices and exchange rates. These are dependent on a number of macroeconomic factors, in particular the trends in gross domestic product and global trade. For that reason, the assessments of external economic and market research institutes regarding the future development of global container shipping are obtained while the plans are being prepared and are adjusted and supplemented with experiences and assessments of the Group's own competitive position on its various trades. At the time of planning, IHS Global Insight expected an increase in global container traffic of 4.6% in 2016 and of between 5.0% and 5.6% for the subsequent years. On this basis, Hapag-Lloyd intends to increase the transport volume in line with market growth. Additionally, it is expected that freight rates will increase slightly only in the context of typical seasonal fluctuations, alongside an increase in transport expenses. The exchange rates were kept constant.

The long-term growth rate was ascertained on the basis of the forecast for long-term annual average industry developments.

The budgeted after-tax cash flows are discounted using the weighted average cost of capital after income taxes. This is calculated on the basis of capital market-oriented models as a weighted average of the costs of equity and borrowed capital. Due to tonnage tax regulations, the pre-tax weighted average cost of capital corresponds to the weighted average cost of capital after income taxes.

The weighted average cost of capital after income taxes as used for discounting purposes is 8.2% for the planning period (2014: 8.5%). In order to extrapolate the plans beyond the planning period, a growth reduction of 1.0% was taken into consideration (2014: 1.0%). As such, the weighted average cost of capital for the subsequent period is 7.2% (2014: 7.5%).

As part of the impairment test performed, the respective results were verified using a sensitivity analysis.

Various capitalisation rates were used for this. There was no need for impairment for capitalisation costs of up to approximately 9.5%. In addition, to take account of the volatility of the value-driving factors (transport volumes, freight rates, bunker prices and the USD/EUR exchange rate) a sensitivity analysis as to the anticipated surplus (free cash flow) in the period thereafter was performed in the context of a cash flow determination. A decrease in the free cash flow of up to 20% in the period thereafter and an unchanged cost of capital did not result in a need for impairment. After consideration of new findings up until the completion of the consolidated financial statement on 2 March 2016 no significant changes in the previous estimates regarding future development were necessary.

At the balance sheet date, the value in use exceeded the carrying amount on the basis of the plans and the sensitivity analyses, with the result that no impairment needed to be recognised at the level of the cash-generating unit.

Financial instruments
Financial instruments are contractually agreed rights or obligations that will lead to an inflow or outflow of financial assets or the issue of equity rights. They also encompass derivative rights or obligations derived from primary financial instruments.

In accordance with IAS 39, financial instruments are broken down into financial assets or liabilities measured at fair value through profit or loss, loans and receivables, available-for-sale financial assets, held-to-maturity investments and other liabilities. The valuation category of financial assets or liabilities measured at fair value through profit or loss is subdivided into the categories “held for trading” and “fair value option”.

Derivative financial instruments that are not part of an effective hedging relationship as set out in IAS 39 (hedge accounting) are classified as “held for trading”. The Group also holds financial assets in the “loans and receivables” and “available-for-sale financial assets” categories. By contrast, there are no held-to-maturity investments in these financial statements. Primary liabilities only exist in the category of financial liabilities measured at amortised cost.

Non-derivative host contracts are analysed to determine the existence of embedded derivatives. Embedded derivatives are to be recognised separately from the host contract as an independent financial instrument if the two components demonstrate different economic properties which are not closely linked to each other. Embedded derivatives are likewise classified as “held for trading”.

Financial assets and financial liabilities that fall within the scope of IAS 39 can be irrecoverably assigned to the subcategory “fair value option” under certain circumstances. Neither for financial assets nor for financial liabilities was the fair value option used.

In the 2015 financial year, as in the previous financial year, there were no reclassifications within the individual classification categories.

Primary financial assets
Financial assets are recognised at their value as at the trading date, i.e. the date on which the Group commits to buying the asset. Primary financial assets are classified as loans and receivables or as available-for-sale financial assets when recognised for the first time. Loans and receivables as well as available-for-sale financial assets are initially recognised at fair value plus directly attributable transaction costs.

Loans and receivables are non-derivative financial assets with fixed or determinable contractual payments which are not listed on an active market. They are shown in the statement of financial position under trade accounts receivable and other assets, and are classified as current assets if they mature within twelve months of the balance sheet date.

As part of subsequent measurements, loans and receivables are measured at amortised cost using the effective interest method. Impairments are recognised for identifiable individual risks. Where default of a certain proportion of the receivables portfolio is probable, impairments are recognised to the extent that the carrying amount of a financial asset exceeds its recoverable amount. Indications for identifiable individual risks include, for example, a material deterioration in creditworthiness, considerable default as well as a high probability of insolvency and the corresponding inability of the customer to repay debt. If the reasons for impairment cease to exist, write-backs are recorded, albeit not in excess of the amortised costs. Impairments and impairment reversals are recorded in other operating expenses and income.

Impairments of trade accounts receivables are, in part, recorded using an impairment account. The decision to record impairment either by using an impairment account or by directly reducing the trade receivable depends on the degree of reliability of the risk evaluation. Concrete losses lead to a write-off of the respective asset.

Available-for-sale financial assets are non-derivative financial assets which are either explicitly allocated to this category individually or are unable to be allocated to any other category of financial assets. In the Hapag-Lloyd Group, these consist of securities and shares in companies. They are allocated to non-current assets unless the management intends to sell them within twelve months of the balance sheet date.

Available-for-sale financial assets are measured at fair value after their initial measurement. Changes in fair values are recorded under other comprehensive income until the disposal of the assets. A long-term reduction in fair value gives rise to impairments recognised in the income statement. In the event of a subsequent write-back of the impairment recorded in the income statement, the impairment is not reversed, but is posted against other comprehensive income. If no listed market price on an active market is available for shares held and other methods to determine an objective market value are not applicable, the shares are measured at cost.

Assets are no longer recognised as at the date when all the risks and opportunities associated with their ownership are transferred or cease.

Cash and cash equivalents
Cash and cash equivalents encompass cash in hand, bank balances and other financial investments that can be converted into defined cash amounts at any time and are only subject to minor changes in value. Fully utilised overdraft facilities are shown as liabilities to banks under current financial debt.

Primary financial liabilities
The initial recognition of a primary financial liability is carried out at fair value, taking account of directly allocable transaction costs. In subsequent measurements, primary financial liabilities are measured at amortised cost using the effective interest method.

Primary financial liabilities are written off if contractual obligations have been settled, annulled or expired. If a review of changes in contractual conditions using quantitative and qualitative criteria leads to the assessment that both contracts are substantially the same, the old liability continues to exist with the new conditions.

Derivative financial instruments and hedge accounting
Derivative financial instruments are initially measured at their fair values on the day when the agreement was concluded. Subsequent measurement is also carried out at the fair value applicable on the respective balance sheet date. The method used to record gains and losses depends on whether the derivative financial instrument is classified as a hedge and on the type of hedging relationship.

Derivative financial instruments are classified either as fair value hedges of assets or liabilities, or as cash flow hedges to hedge against the risks of future cash flows from recorded assets and liabilities or highly probable future transactions.

Upon conclusion of the transaction in accordance with IAS 39, the hedging relationships between the hedging instrument and the underlying transaction and between the risk management goal and the underlying strategy are documented. In addition, an assessment is made and documented both at the beginning of the hedging relationship and on a continual basis as to whether the derivatives used in the hedging relationship compensate for the changes in the fair values or cash flows of the underlying transactions in a highly effective manner. Derivative financial instruments are recorded as current or non-current financial assets or liabilities according to their remaining terms.

The effective proportion of changes in the fair value of derivatives which are designated as cash flow hedges is recognised in other comprehensive income. The ineffective proportion of such changes in fair value is recognised immediately in the other financial result. Hedge accounting by means of options records the changes in fair value affecting net income because they are excluded from the hedging relationship. Amounts recorded in other comprehensive income are reclassified to the consolidated income statement and recognised as income or expenses in the period in which the hedged underlying transaction impacts the consolidated income statement. In the case of hedging relationships based on currency forward contracts, the entire effective market value change in the hedging transaction is initially recorded under other comprehensive income. In the next step, the spot component is reclassified from other comprehensive income to the consolidated income statement and is recognised through profit or loss in line with the change in the value of the underlying transaction. The forward component is recognised through profit or loss on a pro rata basis over the term of the hedging relationship.

If a hedge expires, is sold or no longer meets the criteria for hedge accounting, the cumulative gain or loss remains in other comprehensive income and is not recognised with effect on the consolidated income statement until the underlying transaction occurs. If the future transaction is no longer expected to occur, the cumulative gains or losses recognised outside the consolidated income statement must immediately be recognised through the consolidated income statement.

Changes in the fair values of derivative financial instruments not meeting the criteria for hedge accounting, including embedded derivatives, are recognised directly in the consolidated income statement with effect on net income.

Hedging measures that do not comply with the strict requirements of hedge accounting according to IAS 39 are used to hedge currency risks of monetary liabilities in the statement of financial position. This is done based on risk management principles and effectively contributes to the hedging of a financial risk. The use of hedge accounting according to IAS 39 is foregone since gains and losses from conversions of the underlying transactions to be measured through profit or loss are realised at the same time as gains and losses from the respective hedging instrument.

Inventories

Inventories are measured at the lower of cost of acquisition or net realisable value. The measurement method applied to similar inventory items is the weighted average cost formula. The net realisable value is the estimated selling price in the ordinary course of business.

Inventories mainly comprise fuel and lubricants.

Pensions and similar obligations

The valuation of defined benefit plans from pension obligations and other post-employment benefits (e.g. health care benefits) is carried out in accordance with IAS 19 *Employee Benefits* using the projected unit credit method. The defined benefit obligation (DBO) is calculated annually by an independent actuarial expert. The present value of the DBO is calculated by discounting the expected future outflows at the interest rate of first-rate corporate bonds. The corporate bonds are issued in the currency of the payment to be made and have matching maturities with the pension obligations.

Differences between the assumptions made and the actual developments, as well as changes in the actuarial assumptions for the valuation of defined benefit pension plans and similar obligations, lead to actuarial gains and losses. As with the difference between calculated interest income and the actual return on plan assets, these are reported in full in other comprehensive income, i.e. not in the consolidated income statement.

If the benefits accruing from a plan are changed or cut, both the part of the change in benefits which relates to previous periods (past service cost) and the gains or losses arising from the plan cuts are recognised immediately with effect on net income. Gains or losses arising from a defined benefit plan being cut or paid out are recognised at the time at which the cut or payment is made.

If individual benefit obligations are financed using external assets (e.g. through qualified insurance policies), provisions for pension benefits and similar obligations which match the present value of defined benefit obligations on the balance sheet date are recorded after deducting the fair value of the plan assets.

A negative net pension obligation resulting from advance payments for future contributions is included as an asset only insofar as it leads to a reimbursement from the plan or a reduction in future contributions.

With defined benefit contribution plans, the Group makes contributions to statutory or private pension insurance plans on the basis of a legal, contractual or voluntary obligation. The Group does not have any further payment obligations on top of the payment of the contributions. The contributions are recorded as personnel expenses when they fall due.

Other provisions

Provisions are recognised for all legal or factual obligations resulting from a past event insofar as their utilisation is probable and their amount can be reliably determined. Provisions are recorded at the best estimate of their repayable amount and take account of cost increases. The present value is assessed for provisions with terms exceeding twelve months. Over the course of time, the provisions are adjusted on the basis of new knowledge gained. Provision reversals are generally recorded in the same consolidated income statement position that was originally used for the expense. Exceptions to this rule are significant reversals, which are recorded as other operating income.

If there are many similar obligations, the probability of utilisation is determined on the basis of this group of obligations. A provision is also recognised even if the probability of a charge is low in relation to an individual obligation contained within this group.

Provisions for guarantee, warranty and liability risks are created on the basis of existing or estimated future damages. Provisions for restructuring measures are created if a detailed formal restructuring plan was prepared and a justified expectation existed among the affected parties.

Share-based payment

The share-based payment plans used by the Group are payment plans which are settled in cash. The debt incurred by the Group as a result is recognised in expenses at fair value at the time when the service is rendered by the eligible party. Until the debt is settled, the fair value of the debt is remeasured at every balance sheet date. Any changes in the fair value are recognised in profit or loss.

Taxes

As a liner shipping company, Hapag-Lloyd AG, the largest company in the Hapag-Lloyd Group, has opted for taxation in accordance with tonnage. Tax liability for tonnage taxation is not calculated using the actual profits, but rather depends on the net tonnage and the operating days of the Company's ship fleet. Current income taxes for the reporting period and for previous periods are measured as the amount at which their payment to or rebate from the tax authority is anticipated. They are ascertained on the basis of the Company's tax rates as at the balance sheet date. Income tax provisions are netted against the corresponding tax rebate claims if they apply in the same fiscal territory and are of the same type and maturity.

Deferred taxes are recognised using the balance sheet liability method in accordance with IAS 12. They result from temporary differences between the recognised amounts of assets and liabilities in the consolidated statement of financial position and those in the tax balance sheet.

Expected tax savings from temporary differences or from the use of tax loss carry-forwards are capitalised if they are estimated to be recoverable in the future. In their valuation, time limitations on the loss carry-forwards are taken into account accordingly. In order to evaluate whether deferred tax assets from tax loss carry-forwards can be used, i.e. recovered, the tax-related budget of the Group is consulted. The tax-related budget is based on the medium-term budget for 2016 to 2020, which has been extended to ten years for tax purposes.

Deferred taxes are charged or credited directly to other comprehensive income if the tax relates to items likewise recognised directly in other comprehensive income.

Their valuation takes account of the respective national income tax rates prevailing when the differences are recognised.

Deferred tax claims (tax assets) and deferred tax debts (tax liabilities) are netted insofar as the Company has the right to net current income tax assets and liabilities against each other and if the deferred tax assets and liabilities relate to current income taxes.

Fair value

A number of accounting and valuation methods require that the fair value of both financial and non-financial assets and liabilities be determined. The fair value is the price that independent market participants would pay on the relevant day under normal market conditions if the asset were sold or the liability were transferred.

Fair value is measured using a three-level hierarchy based on the valuation parameters used.

Level 1:
Unchanged adoption of prices from active markets for identical assets or liabilities.

Level 2:
Use of valuation parameters whose prices are not the listed prices referred to in level 1, but which can be observed either directly or indirectly for the asset or liability in question.

Level 3:
Use of factors not based on observable market data for the measurement of the asset or liability (non-observable valuation parameters).

Every fair value measurement is set at the lowest level of the hierarchy based on the valuation parameter, provided that the valuation parameter is essential. If the method of determining the fair value of assets or liabilities to be measured on a regular basis changes, resulting in the need to assign them to a different hierarchy level, such reclassification is performed at the end of the reporting period.

Additional explanations of fair values can be found in Note (28) "Financial instruments".

Discretionary decisions, estimates and assessments

Discretionary decisions when applying accounting and measurement principles

The preparation of consolidated financial statements in accordance with IFRS requires discretionary decisions. All discretionary decisions are continuously re-evaluated and are based on historic experiences and expectations regarding future events which seem reasonable under the existing conditions. This specifically applies to the following cases:

Classification of leasing relationships

During the classification of leasing relationships, discretionary decisions are made regarding the assignment of beneficial ownership to either the lessor or the lessee. Regarding the approach, we refer to the presentation concerning the recognition and measurement of leasing relationships; regarding the amounts, see Note (32).

Fair value hierarchy

In a number of cases, the valuation parameters used to determine the fair value of an asset or liability can be assigned to various levels of the fair value hierarchy. In such cases, fair value measurement as a whole is assigned to the same hierarchy level as the valuation parameter of the lowest level that is of significance to the measurement in its entirety. The evaluation of the significance of a specific valuation parameter for measurement as a whole requires a discretionary decision in which the characteristic factors relating to the asset or liability are to be taken into consideration. See the section “Impairment testing” and Note (28) “Financial instruments” on the approach taken.

Management estimates and assessments

In the consolidated financial statements, a certain number of estimates and assessments are made in order to determine the assets and liabilities shown in the statement of financial position, the disclosures of contingent claims and liabilities as at the reporting date, and the recognised income and expenses for the reporting period.

Intangible assets and property, plant and equipment

Verification of the realisable values of intangible assets and property, plant and equipment also requires assumptions and estimates to be made regarding future cash flows, anticipated growth rates, exchange rates and discount rates. All material parameters are therefore at the discretion of the management regarding the future development, particularly in terms of the global economy. They involve the uncertainty of all forecasting activity. The assumptions made for this purpose can be subject to alterations which could lead to impairments in value in future periods. Regarding the approach, we refer to the presentation concerning impairment testing; regarding the amounts, see Notes (11) and (12).

Allowance for doubtful receivables

The allowance for doubtful receivables largely comprises estimates and valuations of both individual receivables and groups of receivables that are based on the respective creditworthiness of the customer, current economic trends and analysis of maturity structures and historical defaults. For further explanations, we refer to Note (15).

Deferred tax assets on loss carry-forwards

The amount of deferred taxes recognised on loss carry-forwards in the Group is dependent primarily on the estimation of the future usability of the tax loss carry-forwards. In this respect, the amount of the deferred tax assets depends on the budgeting of future tax results. As a result of discrepancies between planned and actual developments, these amounts may need to be adjusted in future periods. Further explanations of deferred taxes are given in Note (9).

Provisions

The valuation of provisions for pensions and similar obligations is based on, among other things, assumptions regarding discount rates, anticipated future increases in salaries and pensions, and mortality tables. These assumptions can diverge from the actual figures as a result of changes in the economic conditions or the market situation as well as mortality rates. For detailed explanations, see Note (23).

The other provisions are naturally subject to a high level of estimation uncertainty with regard to the amount of the obligations or the time of their occurrence. The Company must sometimes use empirical values as the basis for making assumptions regarding the likelihood of occurrence of the obligation or future developments, e.g. the costs to be estimated for the valuation of obligations. These can be subject to estimation uncertainties, particularly in the case of non-current provisions.

Provisions are made within the Group if losses from pending transactions are imminent, a loss is probable and the loss can be reliably estimated. Due to the uncertainties associated with this valuation, the actual losses can deviate from the original estimates and the respective provision amount. For provisions for guarantee, warranty and liability risks, there is particular uncertainty concerning the estimate of future damages.

To integrate CCS's business activities, the Executive Board decided on and communicated a comprehensive restructuring programme in December 2014. This included merging the two head offices in Hamburg and reducing the number of regional headquarters to lower both personnel and overhead costs. In connection with this, operational efficiency was improved by merging the companies' IT platforms and by further reducing overheads, e.g. costs relating to rent, suppliers and insurance. A provision was therefore created in the previous year which was based on estimates and expectations with regard to the forecast amount required to fulfil the restructuring obligations. For example, the amount relating to employee termination costs took into account the target number of employees determined in the reorganisation plan and country-specific expectations regarding the severance payments necessary. A definitive, legally binding agreement was not reached at the time with the majority of the employees concerned.

For detailed explanations, see Note (24).

Discount rates
The valuation of non-current receivables and liabilities, either non-interest bearing or with interest rates not in line with the market, and of non-current other provisions, depends primarily on the choice and development of discount rates.

Changes in assumptions and estimates
The purchase price allocation in the previous year for the acquisition of CCS was provisional, as the date of acquisition was shortly before the balance sheet date. Recognition of the company acquisition was adjusted in the 2015 financial year, as new facts and circumstances that already existed on the acquisition date of 2 December 2015 became known after the acquisition date.

As a result of new information about the fair value of trade accounts receivable and payable taken over as part of the acquisition, the corresponding values have been retroactively adjusted. This reduced trade accounts receivable by EUR 12.2 million (USD 14.8 million) and trade accounts payable by EUR 6.9 million (USD 8.4 million).

Furthermore, other liabilities of EUR 6.1 million (USD 7.4 million) had to be derecognised as they were realised before the date of the initial consolidation.

In addition, an equity-accounted investment was subsequently increased as a result of new information about the circumstances of the investment. As well as the adjustment to goodwill, this led to a subsequent increase of EUR 2.1 million (USD 2.5 million) in the carrying amount of the investment. Overall, goodwill fell by EUR 2.9 million as a result of the aforementioned adjustments to the estimated value.

The previous year's figures were adjusted accordingly.

The purchase price allocation is therefore no longer provisional.

Risks and uncertainties
Influencing factors which can result in deviations from expectations comprise not only macroeconomic factors such as exchange rates, interest rates and bunker prices, but also the future development of container shipping.

NOTES TO THE CONSOLIDATED INCOME STATEMENT

The figures in the consolidated income statement for 2015 are only comparable with the corresponding prior year period to a limited degree, as CSAV's container shipping activities were included in the consolidated financial statements for the first time from 2 December 2014.

(1) Revenue

Revenue in the amount of EUR 8,841.8 million (2014: EUR 6,807.5 million) was primarily generated from the rendering of transport services amounting to EUR 8,750.2 million (2014: EUR 6,694.0 million).

(2) Other operating income

million EUR	**1.1.–31.12. 2015**	1.1.–31.12. 2014
Exchange rate gains	94.7	70.6
Income from the reversal of provisions	27.6	4.9
Income from the disposal of assets	13.5	0.3
Government assistance	14.7	11.0
Other income	43.2	30.0
Total	**193.7**	**116.8**

The exchange rate gains from currency items were mainly attributable to exchange rate fluctuations between the origination date and the payment date of assets and liabilities, the measurement of financial assets and financial liabilities, the measurement of currency forward contracts and the realisation of currency options and currency forward contracts.

The income from the release of provisions includes the release of restructuring provisions in the amount of EUR 26.6 million.

The income from the disposal of assets is due to the sale of ships that were recognised as non-current assets held for sale in the previous year.

(3) Transport expenses

million EUR	**1.1.–31.12. 2015**	1.1.–31.12. 2014
Expenses for raw materials, supplies and purchased goods	1,067.9	1,362.3
Cost of purchased services	6,190.6	4,697.8
thereof		
Port, canal and terminal costs	2,766.2	2,030.4
Container transport costs	2,148.4	1,841.4
Chartering, leases and container rentals	1,119.6	693.5
Maintenance/repair/other	156.4	132.5
Total	**7,258.5**	**6,060.1**

The cost of raw materials and supplies refers in particular to fuel expenses and effects from fuel hedging instruments.

(4) Personnel expenses

million EUR	**1.1.–31.12. 2015**	1.1.–31.12. 2014
Wages and salaries	401.0	343.7
Social security costs, pension costs and other benefits	83.4	59.6
Total	**484.4**	**403.3**

Pension costs include, among other things, expenses for defined benefit and defined contribution pension obligations. The interest portion of the measurement of pension provisions and the interest income from the associated fund assets are recorded within the interest result. A detailed presentation of pension commitments is provided in Note (23).

Personnel expenses include the release of restructuring provisions in the amount of EUR 22.8 million.

Employees

The average number of employees was as follows:

	1.1.–31.12. 2015	1.1.–31.12. 2014
Marine personnel	1,420	1,318
Shore-based personnel	8,307	5,835
Apprentices	218	188
Total	**9,945**	**7,341**

(5) Depreciation, amortisation and impairment

million EUR	1.1.–31.12. 2015	1.1.–31.12. 2014
Amortisation/depreciation	464.6	354.3
Amortisation of intangible assets	79.8	51.1
Depreciation of property, plant and equipment	384.8	303.2
Impairment of intangible assets and property, plant and equipment	-	127.4
Total	**464.6**	**481.7**

The amortisation of intangible assets largely concerned amortisation of the customer base. The depreciation of property, plant and equipment was largely accounted for by ocean-going vessels and containers.

Impairment in the previous year related to a portfolio of ships whose cash flows were largely determined by the budgeted sales proceeds in the planned sale process and which were then reclassified as assets held for sale.

(6) Other operating expenses

million EUR	1.1.–31.12. 2015	1.1.–31.12. 2014
Exchange rate losses	122.0	66.7
EDP costs	95.3	67.1
Commissions	76.2	56.2
Other taxes	38.1	29.2
Rental and lease expenses	34.0	22.0
Other social security expenses	25.7	14.7
Expenses for charges, fees, consultancy and other professional services	24.5	33.5
Administrative expenses	18.6	11.2
Other operating expenses	83.3	92.7
Total	**517.7**	**393.3**

The exchange rate losses from currency items were mainly attributable to exchange rate fluctuations between the origination date and the payment date of assets and liabilities, and to the measurement of financial assets, liabilities, currency options and currency forward contracts as at the balance sheet date.

Other operating expenses include travel costs, insurance payments, audit fees, and maintenance and repair costs. The previous year's figure also included restructuring costs of EUR 39.5 million relating to the integration of CSAV's container shipping business.

(7) Other financial result

The other financial result essentially contains income due to changes in the fair value of derivative financial instruments amounting to EUR 27.5 million (2014: expenses of EUR 3.0 million).

(8) Interest result

The interest result was as follows:

million EUR	1.1.–31.12. 2015	1.1.–31.12. 2014
Interest income	5.6	7.0
Interest income from fund assets for the financing of pensions and similar obligations	3.9	4.5
Other interest and similar income	1.7	2.5
Interest expenses	232.9	216.7
Interest expenses from the valuation of pensions and similar obligations	8.5	9.6
Interest expenses from the change in fair value of embedded derivatives	5.3	17.0
Other interest and similar expenses	219.1	190.1
Total	**–227.3**	**–209.7**

As in the previous year, other interest and similar income mainly comprises income from interest-bearing bank accounts. Other interest and similar expenses mainly comprises interest for bonds and loans as well as interest from finance leases and other financial debt.

(9) Income taxes

The taxes on income and earnings actually paid or owed in the individual countries are disclosed as income tax. For domestic companies subject to corporate income tax, as in the previous year, a corporate income tax rate of 15.0% and the solidarity surcharge of 5.5% on corporate income tax apply. Additionally, these companies are subject to trade earnings tax, which for the years 2015 and 2014 is at 16.5% for the Group, corresponding to the specific applicable municipal assessment rate. Furthermore, comparable actual income taxes are disclosed for foreign subsidiaries; in the Group for the years 2015 and 2014 these range from 12.5% to 39.0%.

In addition, deferred taxes are recognised in this item for temporary differences in carrying amounts between the statement of financial position prepared in accordance with IFRS and the tax balance sheet as well as on consolidation measures and, where applicable, realisable loss carry-forwards in accordance with IAS 12 *Income Taxes*.

Income taxes were as follows:

million EUR	**1.1.–31.12. 2015**	1.1.–31.12. 2014
Actual income taxes	20.6	11.1
thereof domestic	2.4	4.1
thereof foreign	18.2	7.0
Deferred tax income/expenses	4.6	0.1
thereof from temporary differences	–6.2	–0.5
thereof from loss carry-forwards	10.8	0.6
Total	**25.2**	**11.2**

Prior-period tax income in the amount of EUR 3.8 million is included in the actual income taxes (2014: expenses of EUR 1.9 million).

For domestic companies subject to corporate income tax, a combined income tax rate of 32.3% and 19.1% was used in 2015 and 2014 respectively to calculate the deferred taxes. The combined income tax rate in 2015 and 2014 takes into account corporate income tax of 15.0%, a solidarity surcharge of 5.5% of the corporate income tax and trade earnings tax of 16.5% or 3.3%, insofar as it relates to income from vessel operations in international transport.

For foreign-based companies, the tax rates of the country in question were used to calculate the deferred taxes. The income tax rates which were applied for foreign-based companies in 2015 and 2014 ranged from 16.5% to 39.0%.

The following table shows a reconciliation statement from the expected to the reported income tax expense. In order to ascertain the expected tax expense, the statutory income tax rate of 32.3% prevailing for Hapag-Lloyd AG in the financial year is multiplied by the pre-tax profit, as the bulk of the Group profit was generated by Hapag-Lloyd AG.

million EUR	**1.1.–31.12. 2015**	1.1.–31.12. 2014
Earnings before income taxes	139.1	–592.5
Expected income tax expenses (+) /income (–) (tax rate 32.3%)	**44.9**	**–191.2**
Difference between the actual tax rates and the expected tax rates	1.2	0.3
Effects of income not subject to income tax	–42.5	182.2
Non-deductible expenses and trade tax additions and reductions	28.7	8.3
Changes in unrecognised deferred taxes	–1.9	20.1
Effective tax expenses and income relating to other periods	–3.8	1.9
Tax effect from equity-accounted investees	–7.9	–10.9
Exchange rate differences	5.2	0.7
Other differences	1.3	–0.2
Reported income tax expenses (+) / income (–)	**25.2**	**11.2**

Effects due to deviating tax rates for domestic and foreign taxes from the income tax rate of Hapag-Lloyd AG are disclosed in the above reconciliation statement under the difference between the actual tax rates and the expected tax rates.

The effects from income not subject to income tax primarily comprise the effects from tonnage tax.

The adjustments to the recognition of deferred taxes include income amounting to EUR 0.4 million related to the non-recognition of deferred taxes on tax interest carried forward (2014: expenses of EUR 6.1 million) and income amounting to EUR 2.8 million related to adjustments to the recognition of corporate income tax loss carry-forwards both domestic and foreign (2014: expenses of EUR 16.0 million).

Deferred tax assets and deferred tax liabilities result from temporary differences and tax loss carry-forwards as follows:

million EUR	31.12.2015 Asset	31.12.2015 Liability	31.12.2014 Asset	31.12.2014 Liability
Recognition and valuation differences for property, plant, and equipment and other non-current assets	2.8	2.7	2.2	6.0
Recognition differences for receivables and other assets	3.4	0.2	0.9	0.3
Valuation of pension provisions	4.7	0.1	6.0	0.1
Recognition and valuation differences for other provisions	4.2	0.4	1.9	-
Other transactions	3.6	1.1	5.0	0.3
Capitalised tax savings from recoverable loss carry-forwards	7.9	-	17.1	-
Netting of deferred tax assets and liabilities	−3.0	−3.0	−5.2	−5.2
Balance sheet recognition	**23.6**	**1.5**	**27.9**	**1.5**

The change in deferred taxes in the statement of financial position is recognised as follows:

million EUR	**As per 1.1.2014**	Change in the group of consolidated companies	Recognised as taxes in the income statement	Recognised in other comprehen-sive income	Recognised as an ex-change rate difference	**Stand zum 31.12.2014**
Recognition and valuation differences for property, plant and equipment and other non-current assets	−3.6	0.1	−0.4	-	0.1	−3.8
Recognition differences for receivables and other assets	0.2	0.3	0.2	-	−0.1	0.6
Valuation of pension provisions	4.0	-	−0.1	1.9	0.1	5.9
thereof recognised directly in equity	3.5	-	-	1.9	0.1	5.5
Recognition and valuation differences for other provisions	1.5	1.1	−0.5	-	−0.2	1.9
Other transactions	3.6	-	1.3	-	−0.2	4.7
Capitalised tax savings from recoverable loss carry-forwards	5.9	12.1	−0.6	-	−0.3	17.1
Balance sheet recognition	**11.6**	**13.6**	**−0.1**	**1.9**	**−0.6**	**26.4**

million EUR	**As per 1.1.2015**	Change in the group of consolidated companies	Recognised as taxes in the income statement	Recognised in other comprehen-sive income	Recognised as an ex-change rate difference	**Stand zum 31.12.2015**
Recognition and valuation differences for property, plant and equipment and other non-current assets	−3.8	-	4.7	-	−0.8	0.1
Recognition differences for receivables and other assets	0.6	-	1.9	-	0.7	3.2
Valuation of pension provisions	5.9	-	-	−1.2	−0.1	4.6
thereof recognised directly in equity	5.5	-	-	−1.2	-	4.3
Recognition and valuation differences for other provisions	1.9	-	1.9	-	-	3.8
Other transactions	4.7	-	−2.3	-	0.1	2.5
Capitalised tax savings from recoverable loss carry-forwards	17.1	-	−10.8	-	1.6	7.9
Balance sheet recognition	**26.4**	**0.0**	**−4.6**	**−1.2**	**1.5**	**22.1**

Deferred tax liabilities of EUR 0.3 million (2014: none) were recognised for temporary differences between the net assets and the carrying amount of subsidiaries for tax purposes, whereby the reversal of the temporary differences is likely in the foreseeable future.

No deferred tax liabilities were recognised for the remaining taxable differences between the net assets and the carrying amount of subsidiaries for tax purposes amounting to EUR 25.2 million (2014: EUR 16.8 million), as Hapag-Lloyd is able to steer how the temporary differences are reversed over time and no reversal of the temporary differences is likely in the near future.

Deferred tax assets and liabilities are classified as non-current in the statement of financial position in accordance with IAS 1, irrespective of their expected realisation date.

Deferred tax assets are recognised for temporary differences and tax loss carry-forwards if their realisation seems certain in the near future. The loss carry-forwards not recognised relate primarily to foreign subsidiaries that are not covered by tonnage taxation. The amounts of unutilised tax losses and the capacity to carry forward the tax losses for which no deferred tax assets were recognised are as follows:

million EUR	31.12.2015	31.12.2014
Loss carry-forwards for which deferred tax assets were recognised	**39.0**	**69.7**
Loss carry-forwards for which no deferred tax assets were recognised	**1,352.9**	**1,314.6**
thereof loss carry-forwards forfeitable in more than 5 years	1.1	2.0
Non-forfeitable loss carry-forwards	1,351.8	1,312.6
thereof interest carry-forwards	33.9	33.0
Total of unutilised loss carry-forwards	**1,391.9**	**1,384.3**

(10) Earnings per share

	1.1.–31.12. 2015	1.1.–31.12. 2014
Basic earnings per share in EUR	1.04	–8.81
Profit/loss attributable to shareholders in million EUR	111.6	–605.0
Weighted average number of shares	106.9	68.7

Basic earnings per share is the quotient of the Group net result attributable to the shareholders of Hapag-Lloyd AG and the weighted average of the number of shares in circulation during the financial year. The average number of shares is derived from the number of shares outstanding at the start of the year (104,882,240 shares) and the pro rata number of shares issued on 6 November 2015 as part of the IPO (13,228,677 shares). There were no dilutive effects in the 2015 financial year or in the previous year.

NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(11) Intangible assets

million EUR	Goodwill	Customer base	Advantageous contracts	Brand	Software	Other	Total
Historical cost							
As per 1.1.2014	664.6	300.0	250.1	182.9	81.5	3.8	1.482.9
Additions from business combination	604.0	707.4	-	32.7	8.6	0.1	1.352.8
Additions	-	-	-	-	3.6	-	3.6
Disposals	-	-	109.1	-	-	-	109.1
Transfers	-	-	–5.4	-	–1.8	–0.1	–7.3
Exchange rate differences	104.1	58.4	22.3	25.2	11.4	0.6	222.0
As per 31.12.2014*	**1,372.7**	**1,065.8**	**157.9**	**240.8**	**103.3**	**4.4**	**2,944.9**
Accumulated amortisation							
As per 1.1.2014	-	63.3	176.0	-	49.0	0.3	288.6
Additions from business combination	-	-	-	-	3.8	0.1	3.9
Additions	-	15.8	23.7	0.1	11.5	-	51.1
Disposals	-	-	109.1	-	-	-	109.1
Transfers	-	-	–2.6	-	–1.8	–0.1	–4.5
Exchange rate difference	-	9.8	15.0	-	7.7	-	32.5
As per 31.12.2014*	**-**	**88.9**	**103.0**	**0.1**	**70.2**	**0.3**	**262.5**
Carrying amounts 31.12.2014*	**1,372.7**	**976.9**	**54.9**	**240.7**	**33.1**	**4.1**	**2,682.4**
Historical cost							
As per 1.1.2015	1,372.7	1,065.8	157.9	240.8	103.3	4.4	2,944.9
Additions	79.0	-	-	-	2.4	-	81.4
Disposals	-	-	-	-	0.2	-	0.2
Transfers	-	-	–18.2	-	0.0	-	–18.2
Exchange rate difference	159.1	123.4	18.0	27.9	11.9	0.4	340.7
As per 31.12.2015	**1,610.8**	**1,189.2**	**157.7**	**268.7**	**117.4**	**4.8**	**3,348.6**
Accumulated amortisation							
As per 1.1.2015	-	88.9	103.0	0.1	70.2	0.3	262.5
Additions	-	43.0	19.2	1.8	15.8	-	79.8
Disposals	-	-	-	-	0.1	-	0.1
Transfers	-	-	–12.3	-	-	-	–12.3
Exchange rate difference	-	11.1	12.1	0.1	8.3	-	31.6
As per 31.12.2015	**-**	**143.0**	**122.0**	**2.0**	**94.2**	**0.3**	**361.5**
Carrying amounts 31.12.2015	**1,610.8**	**1,046.2**	**35.7**	**266.7**	**23.2**	**4.5**	**2,987.1**

* 31.12.2014: Adjusted amounts as a result of the purchase price allocation (see the section "Judgements, estimations and assessments")

In order to assess the goodwill for impairment, an impairment test was carried out for the entire cash-generating unit container shipping at the end of the 2015 financial year, as was the case in the previous year. Please refer to the section "Impairment testing" within the accounting and measurement principles in the Notes to the consolidated financial statements. A need for impairment was not ascertained.

Intangible assets not subject to amortisation comprise goodwill in the amount of EUR 1,610.8 million (2014: EUR 1,372.7 million) and the Hapag-Lloyd brand in the amount of EUR 231.3 million (2014: EUR 207.2 million).

As part of the business combinations, existing contracts were identified as being advantageous if their contractual terms had a positive market value compared with the market conditions at the time of acquisition of the companies. This particularly included charter and lease contracts and transport and delivery contracts.

As in the previous year, no development costs were capitalised. The costs for the maintenance of software, which cannot be capitalised, amounted to EUR 5.4 million (2014: EUR 7.1 million) and were recognised as expenses.

(12) Property, plant and equipment

million EUR	Vessels	Containers, chassis	Other equip-ment	Payments on account and assets under construction	Total
Historical cost					
As per 1.1.2014	3,938.7	753.6	128.1	222.8	5,043.2
Additions from business combination	627.1	32.7	24.4	82.5	766.7
Additions	128.1	136.1	9.0	61.1	334.3
Disposals	14.8	4.1	0.5	-	19.4
Reclassifications to held for sale	411.6	-	-	-	411.6
Transfers	302.4	-	1.9	–298.8	5.5
Exchange rate differences	532.8	112.8	6.2	10.6	662.4
As per 31.12.2014	**5,102.7**	**1,031.1**	**169.1**	**78.2**	**6,381.1**
Accumulated depreciation					
As per 1.1.2014	812.5	151.0	12.1	-	975.6
Additions from business combination	12.7	0.7	20.5	-	33.9
Additions	224.3	71.2	7.7	-	303.2
Impairments	127.4	-	-	-	127.4
Disposals	11.5	2.6	0.5	-	14.6
Reclassifications to held for sale	357.5	-	-	-	357.5
Transfers	2.7	-	-	-	2.7
Exchange rate differences	106.4	26.1	1.9	-	134.4
As per 31.12.2014	**917.0**	**246.4**	**41.7**	**-**	**1.205.1**
Carrying amounts 31.12.2014	**4,185.7**	**784.7**	**127.4**	**78,2**	**5,176.0**
Historical cost					
As per 1.1.2015	5,102.7	1,031.1	169.1	78.2	6,381.1
Additions	338.5	250.9	14.5	149.6	753.5
Disposals	54.4	2.3	3.1	-	59.8
Transfers	102.6	-	-	–84.4	18.2
Exchange rate differences	597.7	123.9	8.6	10.3	740.5
As per 31.12.2015	**6,087.1**	**1,403.6**	**189.1**	**153.7**	**7,833.5**
Accumulated depreciation					
As per 1.1.2015	917.0	246.4	41.7	-	1,205.1
Additions	269.3	103.8	11.7	-	384.8
Disposals	54.4	-	2.2	-	56.6
Transfers	12.3	-	-	-	12.3
Exchange rate differences	110.4	30.2	3.7	-	144.3
As per 31.12.2015	**1,254.6**	**380.4**	**54.9**	**-**	**1,689.9**
Carrying amounts 31.12.2015	**4,832.5**	**1,023.2**	**134.2**	**153,7**	**6,143.6**

The carrying amount of the property, plant and equipment subject to restrictions of ownership was EUR 4,931.8 million as at the balance sheet date (2014: EUR 4,481.1 million). These restrictions of ownership mainly pertain to ship mortgages from existing financing contracts for ships. Additional collateral exists with containers transferred by way of security.

Land charges of EUR 43.4 million and EUR 18.6 million were registered in the land register as collateral for the loan from Deutsche Genossenschafts-Hypothekenbank for the purchase of the Ballindamm property.

In the 2015 financial year, there was no capitalisation of directly attributable borrowing costs (2014: EUR 2.0 million). The capitalisation of borrowing costs relating to general external financing came to EUR 4.9 million (2014: EUR 2.8 million).

(13) Subsidiaries with non-controlling interests

The following companies within the Hapag-Lloyd Group had non-controlling interests as at the balance sheet date:

Name of the company	Registered office	Proportion of ownership interest (in %)		Proportion of voting rights held (in %)	
		2015	2014	**2015**	2014
CSAV Austral SpA	Valparaíso	50.01	50.01	50.06	50.06
CSAV Group Agencies South Africa (Pty) Ltd.	Durban	0.00	40.00	0.00	40.00
CSAV Shipping LLC	Dubai	51.00	51.00	0.00	0.00
Florida Vessel Management LLC	Wilmington	25.00	25.00	25.00	25.00
Hapag-Lloyd Agency LLC	Dubai	51.00	51.00	49.00	49.00
Hapag-Lloyd Grundstücks-holding GmbH	Hamburg	5.10	5.10	5.10	5.10
Hapag-Lloyd (Peru) S.A.C.	Lima	40.00	0.00	40.00	0.00
Hapag-Lloyd Spain S.L.	Barcelona	10.00	10.00	10.00	10.00
Hapag-Lloyd (Thailand) Ltd.	Bangkok	50.10	50.10	0.00	0.00
Southern Shipmanagement Co. S.A.	Panama City	50.00	50.00	50.00	50.00
Southern Shipmanagement (Chile) Ltda.	Valparaíso	49.50	49.50	49.50	49.50

The non-controlling interests within the Hapag-Lloyd Group are not material from a quantitative and qualitative perspective.

(14) Equity-accounted investees

The following companies were incorporated into the Hapag-Lloyd Group using the equity method as at 31 December 2015.

Name of the company	Registered office	Proportion of ownership in the group (in %)	
		2015	2014
Joint venture			
Hapag-Lloyd Denizasiri Nakliyat A.S.*	Izmir	50.00	50.00
Consorcio Naviero Peruano S.A.*	San Isidro	47.93	47.97
Associated companies			
Hapag-Lloyd Lanka (Pvt) Ltd*	Colombo	40.00	40.00
HHLA Container Terminal Altenwerder GmbH**	Hamburg	25.10	25.10

* Ship agents and local shipping companies
** Container terminal

As in the previous year, there were no unrecognised proportionate losses for equity-accounted investees in the reporting period. No impairment losses are included in the proportionate equity result.

HHLA Container Terminal Altenwerder GmbH provides terminal services for the Hapag-Lloyd Group.

Summarised financial information for the main equity-accounted investee reported in the statement of financial position (on a 100% basis and therefore not adjusted to the percentage holding) is contained in the following table:

million EUR	HHLA Container Terminal Altenwerder GmbH	
	2015	2014
Balance sheet		
Current assets	120.9	168.8
Non-current assets	84.1	93.2
Current liabilities	83.1	134.0
Non-current liabilities	41.5	47.6
Statement of comprehensive income		
Revenues	227.9	261.5
Annual result	60.5	84.4
Dividend payments to Hapag-Lloyd Group	–30.3	–30.6

The recognised share of equity-accounted investees developed as follows:

million EUR	HHLA Container Terminal Altenwerder GmbH 2015	2014	Non-material associated companies 2015	2014	Non-material joint ventures 2015	2014*
Participation as at 1.1.	**327.3**	**327.6**	**0.3**	**0.3**	**59.4**	**4.9**
Addition from business combination	-	-	-	-	-	52.2
Disposals	-	-	-	-	–56.7	-
Pro-rata share at earnings after taxes	21.6	30.3	0.4	0.2	7.3	3.7
Dividend payments	–30.3	–30.6	–0.3	–0.2	–9.0	–3.2
Earnings neutral changes	-	-	-	-	–0.1	-
Exchange rate differences	-	-	-	-	6.7	1.8
Participation as at 31.12.	**318.6**	**327.3**	**0.4**	**0.3**	**7.6**	**59.4**

* 31.12.2014: Adjusted amounts as a result of the purchase price allocation (see the section "Judgements, estimations and assessments")

On 1 December 2015, the Group acquired 100% of the agency business of the then equity-accounted investee Consorcio Naviero Peruano S.A., San Isidro ("CNP Peru"). The agency business was initially hived off from CNP into a newly established company. The newly established company was incorporated into Hapag-Lloyd (Peru) S.A.C., Lima, on 1 December 2015 in return for new shares. As a result, the hived-off shares were presented as a disposal of a part of the equity-accounted investee. Due to its low productive value, the remaining local liner business was recognised with an equity carrying amount of USD 1.

(15) Trade accounts receivable and other assets

million EUR	31.12.2015 Total	Remaining term more than 1 year	31.12.2014* Total	Remaining term more than 1 year
Financial assets				
Trade accounts receivable	716.1	-	703.8	-
thereof from third parties	714.5	-	700.8	-
thereof from affiliated non-consolidated companies	1.6	-	3.0	-
Other assets	77.8	3.1	59.1	4.1
Receivables relating to offset or advanced payments	47.2	0.0	37.3	0.0
Other assets	29.8	2.3	21.6	3.9
Available-for-sale financial assets	0.8	0.8	0.2	0.2
Total	**793.9**	**3.1**	**762.9**	**4.1**
Non-financial assets				
Other assets	93.2	19.4	88.3	9.0
Claim arising from the refund of other taxes	51.2	2.5	54.8	3.6
Other assets	10.8	0.9	18.4	3.2
Capitalised transaction costs	16.8	15.1	1.5	0.8
Prepaid expenses	14.4	0.9	13.6	1.4
Total	**93.2**	**19.4**	**88.3**	**9.0**

* 31.12.2014: Adjusted amounts as a result of the purchase price allocation (see the section "Judgements, estimations and assessments")

As at 31 December 2015, in relation to ship financing there were assignments on earnings of a type customary on the market for trade accounts receivable resulting from revenue.

In addition to this, trade accounts receivable were pledged as part of the programme to securitise receivables.

If no prices listed on an active market are available and the fair value cannot be determined reliably, the available-for-sale financial assets are measured at cost. In the 2015 financial year, as in the previous year, no impairment was recognised in the "available-for-sale financial assets" category.

Credit risks

The following table provides information about the credit risks involved in trade accounts receivable and other assets:

million EUR	Carrying amounts of financial instruments	Thereof neither overdue nor impaired	Thereof not impaired and overdue in the following periods				
			less than 30 days	between 31 and 60 days	between 61 and 90 days	between 91 and 180 days	more than 180 days
31.12.2014*							
Trade accounts receivable	703.8	556.0	131.0	14.4	2.4	-	-
Other assets	59.1	59.1	-	-	-	-	-
Total	**762.9**	**615.1**	**131.0**	**14.4**	**2.4**	**-**	**-**
31.12.2015							
Trade accounts receivable	716.1	489.9	122.9	21.8	4.6	8.5	68.4
Other assets	77.8	77.8	-	-	-	-	-
Total	**793.9**	**567.7**	**122.9**	**21.8**	**4.6**	**8.5**	**68.4**

* 31.12.2014: Adjusted amounts as a result of the purchase price allocation (see the section "Judgements, estimations and assessments")

With regard to the portfolio of trade accounts receivable and other assets which are neither impaired nor defaulted, there are no indications as at the balance sheet date that the respective debtors will not honour their obligations to pay.

Impairment allowances

The impairment allowances on trade accounts receivable developed as follows:

million EUR	2015	2014*
Impairment allowances as at 1.1.	**33.1**	**12.5**
Addition from business combination	-	21.3
Additions	25.3	9.1
Utilisation	1.0	3.7
Release	7.3	7.9
Exchange rate differences	–2.6	–1.7
Impairment allowances as at 31.12.	**52.7**	**33.1**

* 31.12.2014: Adjusted amounts as a result of the purchase price allocation (see the section "Judgements, estimations and assessments")

In the financial year, there were minor cash inflows from trade accounts receivable that were already written off.

(16) Derivative financial instruments

million EUR	31.12.2015 Total	31.12.2015 Remaining term more than 1 year	31.12.2014 Total	31.12.2014 Remaining term more than 1 year
Receivables from derivative financial instruments	11.4	10.7	19.6	15.8
thereof derivatives in hedge accounting	0.7	-	0.2	-
thereof derivatives not included in hedge accounting	10.7	10.7	19.4	15.8

Derivative financial instruments are shown at fair value (market value). They serve to hedge both the future operating business and the currency risks in the area of financing. This item also contains embedded derivatives in the form of buy-back options for issued bonds. A detailed presentation of the derivative financial instruments is contained in the explanatory note on financial instruments (Note [28]).

(17) Inventories

The inventories were as follows:

million EUR	31.12.2015	31.12.2014
Raw materials and supplies	92.2	149.0
Prepayments	1.9	3.1
Total	**94.1**	**152.1**

The raw materials and supplies were primarily fuel and lubricating oil (2015: EUR 86.8 million; 2014: EUR 146.7 million).

The carrying amount of inventories recognised at fair value comes to EUR 43.1 million (2014: EUR 52.3 million).

Of the expenses for raw materials, supplies and purchased goods totalling EUR 1,067.9 million, EUR 1,002.8 million was recognised as fuel expenses in the reporting period (2014: EUR 1,296.9 million).

Impairments of fuel inventories in the amount of EUR 15.5 million were recognised as expenses in the reporting period (2014: EUR 19.0 million). No write-backs were recognised.

(18) Cash and cash equivalents

million EUR	31.12.2015	31.12.2014
Securities	0.0	0.3
Cash at bank	568.4	707.7
Cash in hand and cheques	5.3	3.4
Total	**573.7**	**711.4**

The balances of a number of bank accounts belonging to the Hapag-Lloyd Group are only freely available once the redemption payments and interest obligations due have been settled. These account balances came to EUR 19.1 million as at 31 December 2015 (2014: EUR 7.8 million).

Due to local restrictions, the Hapag-Lloyd Group can only hold limited cash and cash equivalents of EUR 13.2 million (2014: EUR 11.3 million) at individual subsidiaries.

(19) Non-current assets held for sale

In the 2015 financial year, a total of 16 vessels to be decommissioned ("Old Ladies") were sold or given to a certified ship breaking yard. In view of the intention to sell them, they were reported as non-current assets held for sale in accordance with IFRS 5 as at 31 December 2014. The disposals resulted in gains totalling EUR 10.1 million.

(20) Subscribed capital, capital reserves and retained earnings

Subscribed capital and capital reserves

As at 31 December 2015, Hapag-Lloyd AG's subscribed capital is divided into 118.1 million (2014: 104.9 million) no-par registered shares with equal rights.

The Company's subscribed capital increased by EUR 28.3 million and the capital reserves by EUR 1,202.3 million with effect from 2 December 2014 as a result of the incorporation of CSAV's container shipping business in Hapag-Lloyd AG in exchange for new shares. In a second capital increase on 19 December 2014, the subscribed capital was increased by a further EUR 10.5 million and capital reserves by EUR 359.5 million.

The rise in subscribed capital in the 2015 financial year was due to 13.2 million new no-par registered shares being issued on the Frankfurt and Hamburg stock exchanges in return for a minimum price of EUR 1.00 per share, payable in cash. At the end of the subscription period, the issue price for the new shares was set at EUR 20.00 per share. The shares were issued to institutional and private investors from Germany and elsewhere in Europe. On 6 November 2015, the share became listed on the regulated market (Prime Standard) of the Frankfurt and Hamburg Stock Exchanges. The proceeds from the issue of the new shares totalled EUR 264.5 million gross. The new shareholders' contributions totalling EUR 251.3 million were allocated to the capital reserves. In connection with the IPO, transaction costs totalling EUR 4.3 million were deducted from the capital reserves.

Authorised share capital

Under a resolution approved at the Annual General Meeting (AGM) on 25 June 2014, the Executive Board is, subject to the approval of the Supervisory Board, authorised to increase the Company's subscribed capital by up to EUR 33.0 million up to 31 March 2015 by issuing new no-par registered shares in exchange for cash and/or contributions in kind on one or more occasions. This authorised share capital was utilised to effect the capital increase of EUR 28.3 million on 2 December 2014.

In addition, under a resolution approved at the AGM on 2 December 2014, the Executive Board is, subject to the approval of the Supervisory Board, authorised to increase the Company's subscribed capital by up to EUR 12.5 million up to 31 December 2017 by issuing up to 12.5 million new no-par registered shares in exchange for a minimum subscription fee of EUR 1.00 per share, payable in cash (Authorised Share Capital II).

Under a resolution approved at the AGM on 23 September 2015, the Executive Board is, subject to the approval of the Supervisory Board, also authorised to increase the Company's subscribed capital by up to EUR 15.0 million up to 17 September 2020 by issuing new no-par registered shares in exchange for a minimum subscription fee of EUR 1.00 per share, payable in cash, on one or more occasions (Authorised Share Capital III).

Under a resolution adopted by the Executive Board and approved by the Supervisory Board on 3 November 2015, the subscribed capital was increased to EUR 118.1 million in exchange for cash contributions by fully utilising Authorised Share Capital II in the amount of EUR 12.5 million and partially utilising Authorised Share Capital III in the amount of EUR 0.7 million.

EUR 14.3 million of authorised share capital therefore now remains.

Retained earnings

Retained earnings essentially comprise earnings from the financial year and previous years as well as reclassifications from the capital reserves. In the previous financial years, a total of EUR 1,480.9 million was withdrawn from the capital reserves in the individual financial statements under German commercial law and reclassified accordingly in the consolidated financial statements as retained earnings.

Use of retained earnings

In accordance with the German Stock Corporation Act (AktG), the Annual General Meeting passes resolutions regarding use of the retained earnings reported in the annual financial statements prepared on the basis of German commercial law. Taking into account a withdrawal of EUR 635.7 million (2014: withdrawal of EUR 845.2 million) from the capital reserves and retained earnings brought forward in the amount of EUR 108.4 million, the annual financial statements of Hapag-Lloyd AG recognised retained earnings of EUR 108.4 million, which will be carried forward.

(21) Cumulative other equity

Cumulative other equity comprises the reserve for remeasurements relating to defined benefit pension plans, the reserve for cash flow hedges and the translation reserve.

The item for remeasurements from defined benefit plans (2015: EUR –75.2 million; 2014: EUR –104.8 million) results from income and expenses from the remeasurement of pension obligations and plan assets recognised in other comprehensive income, among other things due to the change in actuarial and financial parameters in connection with the valuation of pension obligations and the associated fund assets.

The reserve for cash flow hedges contains changes in market value from hedging transactions that are recognised in other comprehensive income and amounted to EUR 1.2 million as at 31 December 2015 (2014: EUR 0.0 million).

The differences from currency translation of EUR 452.6 million recognised in the year under review (previous year: EUR 320.8 million) were due to the translation of the financial statements of Hapag-Lloyd AG and its subsidiaries into the reporting currency. The translation reserve as at 31 December 2015 amounted to EUR 678.8 million (2014: EUR 226.2 million).

(22) Non-controlling interests

Non-controlling interests changed in the year under review, primarily due to the sale of 40% of the interests in Hapag-Lloyd (Peru) S.A.C., Lima, to Inversiones Piuranas S.A., Lima.

(23) Provisions for pensions and similar obligations

Defined benefit pension plans

Hapag-Lloyd AG maintains domestic and foreign defined benefit pension plans.

Provisions for domestic benefit obligations and similar obligations are primarily made due to benefit commitments for pensions, survivorship annuities and disability benefits. The amount of the benefit depends on which benefit group, based on years of service, the employees belong to and therefore on the total number of years of service. The monthly pension payable corresponds to the balance of the benefit account of the employee when pension payments begin. The balance of the benefit account is zero when employment begins. It increases by the increment set for the benefit group for every year of eligible service. After the 25th year of service, the annual amount increases by a fifth of the increment applicable to the benefit group. There is no obligation for employees to participate in the pension plan by way of paying contributions.

Furthermore, there are individually agreed pension commitments with entitlements to pension, survivorship annuity and disability benefits, the amount of which is specified in the corresponding agreements. A small number of people also have the option of forgoing their bonuses in favour of a company pension.

Pension commitments are provided to former Executive Board members based on a separate defined benefit plan. These also include entitlements to pension, survivorship annuity and disability benefits, the amount of which is based on an individually specified percentage of the pensionable emoluments. In some cases, they are also secured by plan assets in the form of reinsurance policies. Active Executive Board members do not receive any commitments for a company pension, with one exception. For one Executive Board member, there is a commitment for pension, survivorship annuity and disability benefits, the amount of which is determined by a fixed amount. Retirement benefits are paid out in the form of monthly pension payments.

Foreign defined benefit pension plans relate primarily to plans in the United Kingdom, the Netherlands, Canada and Mexico. These likewise include entitlements to pension, survivorship annuity and disability benefits. The amount of the benefits corresponds to a defined percentage together with the eligible years of service and emoluments. The net income generated from the amounts paid in is also taken into account. Plan assets exist for these plans. Contributions to the foreign plans are paid by Hapag-Lloyd and its employees. In Mexico, the contributions are paid solely by the employer. Benefits abroad are usually paid out in the form of monthly pension payments. However, in Mexico employees have the option of choosing between ongoing pension payments and one-time payments.

The Company is exposed to a variety of risks associated with defined benefit pension plans. Aside from general actuarial and financial risks such as longevity risks and interest rate risks, the Company is exposed to currency risk and investment/capital market risk.

Financing status of the pension plans

million EUR	31.12.2015	31.12.2014
Domestic defined benefit obligations		
Net present value of defined benefit obligations	170.1	182.1
Less fair value of plan assets	10.8	10.8
Deficit (net liabilities)	**159.3**	**171.3**
Foreign defined benefit obligations		
Net present value of defined benefit obligations	141.6	150.6
Less fair value of plan assets	109.1	107.1
Deficit (net liabilities)	**32.5**	**43.5**

Composition and management of plan assets

The Group’s plan assets are as follows:

million EUR	31.12.2015	31.12.2014
Equity instruments		
with quoted market price in an active market	25.3	20.6
without quoted market price in an active market	2.4	2.3
Government bonds		
with quoted market price in an active market	35.1	34.6
without quoted market price in an active market	-	-
Corporate bonds		
with quoted market price in an active market	26.2	22.9
without quoted market price in an active market	-	-
Other debt instruments		
mortgage-backed securities		
with quoted market price in an active market	5.7	6.2
without quoted market price in an active market	-	-
(other) asset-backed securities		
with quoted market price in an active market	3.5	3.5
without quoted market price in an active market	-	-
Derivatives		
with quoted market price in an active market	3.4	2.1
without quoted market price in an active market	-	-
Pension plan reinsurance	10.8	10.8
Real estate	1.2	1.0
Cash and cash equivalents	0.6	8.5
Other	5.7	5.4
Fair value of plan assets	**119.9**	**117.9**

The plan assets have been entrusted to independent external financial service providers for investment and management. The plan assets contain neither the Group’s own financial instruments nor real estate used by the Group itself. All bonds in the plan assets had a rating of at least AA as at the balance sheet date.

Committees (trustees) exist in the United Kingdom, Canada and Mexico to manage the foreign plan assets; these consist of plan participants and representatives of Hapag-Lloyd management.

When plan assets are invested in these countries, legally independent financial service providers are called in to provide advice and support. They make a capital investment proposal to the respective committee, complete with risk and success scenarios. The committee is then responsible for taking the investment decision in close consultation with Hapag-Lloyd AG; their decisions tally with their respective investment strategy. The investment strategy first and foremost focuses on reducing the interest rate risk and on safeguarding liquidity and optimising returns. To this end, the anticipated pension payments, which will be incurred in a specific time frame, are aligned with the maturity of the capital investments. In the case of maturities from eight to twelve years, low-risk investment forms are chosen, e.g. fixed-interest or index-linked government and corporate bonds. For other obligations falling due beyond this, investments are made with a higher risk, but with a greater expected return.

In the Netherlands, an independent financial service provider is responsible both for managing the plan assets and for deciding how to invest them.

In addition, it must be taken into account that the financing conditions in the United Kingdom are set by the regulatory body for pensions together with the corresponding laws and regulations. Accordingly, a valuation is carried out in line with local regulations every three years, which usually leads to a greater obligation compared to measurement pursuant to IAS 19. Based on the most recent technical valuation, the defined benefit plan in the United Kingdom has a financing deficit. The company and trustees have agreed on a plan to reduce the deficit, which includes additional annual payments for a limited period.

Development of the present value of defined benefit obligations

The present value of defined benefit obligations has developed as follows:

million EUR	2015	2014
Net present value of defined benefit obligations as at 1.1.	**332.6**	**248.7**
Current service cost	9.3	6.7
Interest expenses	8.5	9.7
Remeasurements:		
Gains (–)/losses (+) from changes in demographic assumptions	–0.4	-
Gains (–)/losses (+) from changes in financial assumptions	–34.1	68.2
Gains (–)/losses (+) from changes due to experience	–0.3	–0.5
Past service cost	1.0	1.3
Plan settlements	-	–0.1
Contributions by plan participants	0.5	0.5
Benefits paid	–8.1	–7.1
Exchange rate differences	2.7	4.5
Additions from change in the group of consolidated companies	-	0.7
Net present value of defined benefit obligations as at 31.12.	**311.7**	**332.6**

The weighted average maturity of defined benefit obligations was 19.4 years as at 31 December 2015 (2014: 20.4 years).

Development of the fair value of the plan assets

The fair value of the plan assets has developed as follows:

million EUR	2015	2014
Fair value of plan assets as at 1.1.	**117.9**	**101.9**
Interest income	3.9	4.5
Return and losses on plan assets (excluding interest income)	–3.2	8.9
Employer contributions	3.1	2.8
Contributions by plan participants	0.4	0.4
Plan settlements	-	–0.1
Benefits paid	–4.5	–3.8
Exchange rate differences	2.3	3.3
Fair value of plan assets as at 31.12.	**119.9**	**117.9**

Net pension expenses

Net pension expenses reported in the income statement for the period are as follows:

million EUR	1.1.–31.12. 2015	1.1.–31.12. 2014
Current service cost	9.3	6.7
Interest expenses	8.5	9.6
Interest income	–3.9	–4.5
(Negative (–)) Past service cost	1.0	1.3
Plan settlements	-	–0.1
Net pension expenses	**14.9**	**13.0**

The expenses incurred in connection with pensions and similar obligations are contained in the following items in the consolidated income statement:

million EUR	1.1.–31.12. 2015	1.1.–31.12. 2014
Personnel expenses	10.3	7.9
Interest expenses (+)/interest income (–)	4.6	5.1
Total	**14.9**	**13.0**

Actuarial assumptions

The valuation date for pension provisions and plan assets is generally 31 December. The valuation date for current net pension expenses is generally 1 January. The parameters established for the calculation of the pension provisions and the interest rate to determine interest income on plan assets to be reported in the income statement vary in accordance with the prevailing market conditions in the currency region in which the pension plan was set up.

The 2005 G mortality tables devised by Heubeck served as the demographic basis for calculating the domestic pension provisions. The following significant financial and actuarial assumptions were also used:

Percentage points	2015	2014
Discount factors	2.60	2.00
Expected rate of pension increases	1.80	1.80

Demographic assumptions based on locally generally applicable guidance tables were used to measure the significant foreign pension provisions. The following financial and actuarial assumptions were also used:

Percentage points	**2015**	2014
Discount factors for pension obligations		
– United Kingdom	3.90	3.60
– Netherlands	2.60	2.00
– Canada	4.00	3.75
– Mexico	7.09	7.20
Expected rate of pension increases		
– United Kingdom	2.95	2.90
– Netherlands	2.00	2.00
– Canada	n. a.	n. a.
– Mexico	3.30	3.30

The discount factors for the pension plans are determined annually as at 31 December on the basis of first-rate corporate bonds with maturities and values matching those of the pension payments. An index based on corporate bonds with relatively short terms is used for this purpose. The resultant interest rate structure is extrapolated on the basis of the yield curves for almost risk-free bonds, taking account of an appropriate risk premium, and the discount rate is then determined in line with the duration of the obligation.

Remeasurements

Remeasurements from defined benefit pension plans recognised in other comprehensive income amounted to EUR 30.8 million before tax as at 31 December 2015 for the 2015 financial year (2014: EUR –60.1 million) and can be broken down as follows:

million EUR	**31.12.2015**	31.12.2014
Actuarial gains (+)/losses (–) from		
Changes in demographic assumptions	0.4	0.0
Changes in financial assumptions	34.1	–68.2
Changes from experience	0.4	0.4
Return on plan assets (excluding interest income)	–3.2	8.9
Exchange rate differences	–0.9	–1.2
Remeasurements	**30.8**	**–60.1**

The cumulative amount of remeasurements recognised in other comprehensive income after taxes totalled EUR –75.2 million as at 31 December 2015 (2014: EUR –104.8 million).

Future contribution and pension payments

For 2016, the Group is planning to make contributions to pension plan assets amounting to EUR 4.1 million (2015: EUR 4.4 million). Payments for unfunded pension plans are anticipated in the amount of EUR 3.5 million in 2016 (2015: EUR 3.2 million).

Sensitivity analyses

An increase or decrease in the significant actuarial assumptions would have the following effects on the present value of pension provisions as at 31 December 2015:

million EUR	**Present value 31.12.2015**	Present value 31.12.2014
Discount factor 0.8% points higher	–41.5	–55.1
Discount factor 0.8% points lower	51.7	70.4
Expected rate of pension increase 0.2% higher	6.4	18.3
Expected rate of pension increase 0.2% lower	–6.1	–17.6
Life expectancy 1 year longer	9.7	22.2

The sensitivity calculations are based on the average maturity of pension provisions determined as at 31 December 2015. In order to present the effects on the present value of pension provisions as at 31 December 2015 separately, the calculations for the key actuarial parameters were performed individually. Correlations between the effects and valuation assumptions were not considered either. Given that sensitivity analyses are based on the average duration of the anticipated pension provisions and, as a result, the expected payout date is not considered, they only provide approximate information and indications of trends.

Defined contribution pension plans

At Hapag-Lloyd, the expenses for defined contribution pension plans relate predominantly to the contributions to the statutory retirement pension system. In the period from 1 January to 31 December 2015, expenses incurred in connection with defined contribution pension plans totalled EUR 21.7 million (2014: EUR 18.2 million). This amount includes an expense of EUR 0.9 million in connection with a joint plan operated by several employers (2014: EUR 0.7 million).

In the 2008 financial year, pension and medical benefit provisions in the USA were transferred, together with the corresponding plan assets, from the Company's own benefit plan to the joint plan of several employers. This plan is a defined benefit pension plan. As the joint plan does not provide sufficient and timely information regarding the development of the entitlement of employees of the Group or the Group's share in the plan assets, this plan has been recognised as a contribution plan since then.

Contributions are paid to finance the plan. These are determined on the basis of current service cost, the anticipated costs of the earned entitlement of active participants for the current year and the distribution of shortfalls. The total amount required is spread in an amount calculated per working hour which falls due per participant and paid working hour.

A total of 17 shipping companies participate in the plan. When joining the plan, the companies brought with them deficits of EUR 20.6 million (pensions) and EUR 57.7 million (medical care). Hapag-Lloyd's share amounted to a surplus of EUR 0.9 million (pensions) and a deficit of EUR 1.9 million (medical care). These initial surpluses and deficits are being equalised over a period of ten years by means of reduced contributions or additional contributions respectively. In this context, the Company reported a net liability of EUR 0.1 million as at 31 December 2015 (2014: EUR 1.0 million).

Deficits which have arisen since the calculation of the initial deficits are spread over 15 years, which results in higher contributions. Deficits are calculated by deducting the market value of the plan assets from the cumulative obligations.

According to the most recent report (1 January 2015; previous year: 1 January 2014), the plan participants were as follows:

Plan participants (total)	Medical care 2015	Pensions 2015	Medical care 2014	Pensions 2014
Active vested participants	558	525	559	523
Inactive vested participants	-	46	-	47
Beneficiaries	173	173	144	144
Total	**731**	**744**	**703**	**714**

Plan participants (Hapag-Lloyd)	Medical care 2015	Pensions 2015	Medical care 2014	Pensions 2014
Active vested participants	43	41	39	39
Inactive vested participants	-	-	2	2
Beneficiaries	3	2	2	1
Total	**46**	**43**	**43**	**4**

In the event that a company wishes to leave the plan, they must pay a so-called withdrawal liability. This withdrawal liability is calculated on the basis of the current proportionate deficit by taking into account only the non-forfeitable benefits less the market value of the plan assets. If a company leaves the plan without being able to pay the withdrawal liability, for instance in the event of insolvency, the deficit remains within the plan and must be covered by the other companies.

For 2016, payments to the plan are expected to amount to EUR 1.0 million (2015: EUR 0.8 million).

(24) Other provisions

Other provisions developed as follows in the financial year and previous year:

million EUR	As per 1.1.2014	Addition from business combination	Reclassification	Utilisation	Release	Addition	Exchange rate differences	As per 31.12.2014
Risks from pending transactions and lawsuits	33.6	265.6	-	24.0	10.8	17.4	9.9	291.7
Guarantee, warranty and liability risks	36.1	43.7	-	8.3	0.8	12.7	6.4	89.8
Restructuring	0.1	-	-	0.1	-	82.0	7.7	89.7
Personnel costs	38.1	5.2	0.1	27.8	2.2	25.4	2.7	41.5
Insurance premiums	5.7	-	-	4.9	0.3	8.0	1.0	9.5
Provisions for other taxes	1.9	3.9	-	2.0	-	2.2	0.3	6.3
Other provisions	17.5	17.5	-	8.2	3.0	35.5	4.6	63.9
Other provisions	**133.0**	**335.9**	**0.1**	**75.3**	**17.1**	**183.2**	**32.6**	**592.4**

million EUR	As per 1.1.2015	Addition from business combination	Reclassification	Utilisation	Release	Addition	Exchange rate differences	As per 31.12.2015
Risks from pending transactions and lawsuits	291.7	-	−6.1	146.5	1.6	1.0	31.0	169.5
Guarantee, warranty and liability risks	89.8	-	19.6	15.6	11.4	6.4	10.5	99.3
Personnel costs	41.5	-	0.3	25.7	2.4	58.1	2.3	74.1
Restructuring	89.7	-	−0.1	33.0	49.4	-	8.8	16.0
Insurance premiums	9.5	-	-	6.3	-	11.4	1.2	15.8
Provisions for other taxes	6.3	-	−4.4	2.5	-	2.6	0.4	2.4
Other provisions	63.9	-	−27.3	11.5	1.2	23.4	5.7	53.0
Other provisions	**592.4**	**-**	**−18.0**	**241.1**	**66.0**	**102.9**	**59.9**	**430.1**

In relation to the incorporation of CSAV's container shipping business into the Hapag-Lloyd Group with effect from 2 December 2014, the Hapag-Lloyd Group's Executive Board approved a comprehensive restructuring plan at the end of 2014 to implement the Group's new organisational structure directly caused by this integration. Following the announcement of the plan, the Group recognised provisions for the expected restructuring costs, including estimated costs incurred for closing and merging offices, IT modifications, discontinuing and restructuring services, agent terminations, consultancy costs and employee termination costs, amounting to EUR 16.0 million as at 31 December 2015 (31 December 2014: EUR 89.7 million). EUR 49.4 million of the restructuring provision had to be released in the 2015 financial year, as implementation of some of the measures cost less than originally planned.

Provisions for guarantee, warranty and liability risks relate primarily to maintenance obligations in connection with leased containers and to obligations to compensate for uninsured damage to cargo.

Provisions for risks from pending transactions relate to contracts identified with regard to purchase price allocations pursuant to IFRS 3 that have a negative market value compared to the market conditions at the time of the purchase. In the previous year, disadvantageous charter and lease agreements amounting to EUR 256.6 million were reported in connection with the acquisition of CSAV's container shipping activities. Provisions for risks from pending transactions are utilised over the respective average contractual terms of the underlying contracts. For this purpose, no new increases in the discounted amount were recorded during the financial year due to the passage of time. The change in other discounted provisions caused by the change in the discount rate is immaterial.

Provisions for personnel costs comprise provisions for leave not yet taken, bonuses not yet paid, severance compensation, anniversary payments and share-based payment agreements which are part of the Executive Board's variable remuneration. Details of the long-term incentive plans are outlined in section (34). Provisions for insurance premiums include outstanding premiums for general and business insurance policies entered into with insurers outside the Group.

Other provisions in particular include provisions for country-specific risks (EUR 42.2 million; 2014: EUR 19.0 million) and archiving provisions (EUR 4.9 million; 2014: EUR 3.9 million).

The maturities of the other provisions are as follows:

million EUR	**31.12.2015**				31.12.2014			
	Remaining terms				Remaining terms			
	Total	up to 1 year	1–5 years	more than 5 years	Total	up to 1 year	1–5 years	more than 5 years
Risks from pending transactions and lawsuits	169.5	72.3	86.6	10.6	291.7	150.7	122.3	18.7
Restructuring	16.0	14.8	1.2	-	89.7	88.3	1.4	-
Guarantee, warranty and liability risks	99.3	74.9	20.0	4.4	89.8	44.3	43.2	2.3
Personnel costs	74.1	60.5	7.4	6.2	41.5	27.4	6.4	7.7
Insurance premiums	15.8	15.8	-	-	9.5	9.5	-	-
Provisions for other taxes	2.4	2.4	-	-	6.3	6.3	-	-
Other provisions	53.0	45.2	2.2	5.6	63.9	58.9	0.9	4.1
Other provisions	**430.1**	**285.9**	**117.4**	**26.8**	**592.4**	**385.4**	**174.2**	**32.8**

(25) Financial debt

million EUR	**31.12.2015**				31.12.2014			
	Remaining terms				Remaining terms			
	Total	up to 1 year	1–5 years	more than 5 years	Total	up to 1 year	1–5 years	more than 5 years
Liabilities to banks	2,786.2	540.6	1,440.8	804.8	2,489.1	337.2	1,396.7	755.2
Bonds	779.9	19.0	760.9	-	869.3	18.7	850.6	-
Liabilities from finance lease contracts	149.5	24.7	92.1	32.7	206.3	34.3	122.1	49.9
Other financial liabilities	191.7	25.8	114.8	51.1	152.4	17.8	78.6	56.0
Total	**3,907.3**	**610.1**	**2,408.6**	**888.6**	**3,717.1**	**408.0**	**2,448.0**	**861.1**

Financial debt by currency exposure:

million EUR	**31.12.2015**	31.12.2014
Financial liabilities denoted in USD (excl. transaction costs)	3,167.0	2,970.1
Financial liabilities denoted in EUR (excl. transaction costs)	789.9	786.5
Financial liabilities denoted in CLP (excl. transaction costs)	-	12.2
Interest payable	33.1	29.8
Accounting for transaction costs	–82.7	–81.5
Total	**3,907.3**	**3,717.1**

Financial debt includes liabilities to banks, bonds, liabilities from finance lease contracts and other financial debt.

Liabilities to banks
Liabilities to banks comprise loans to finance the existing fleet of vessels and to finance containers.

In the 2015 financial year, loans were received in connection with the delivery of five ship newbuilds (totalling EUR 218.5 million or USD 238.0 million as at 31 December 2015). In the previous year, a total of USD 276.7 million (EUR 227.6 million) was received in connection with the delivery of three "Hamburg Express" class newbuilds alongside loans arising from the acquired CSAV companies. The existing bridging loans for these vessels in the amount of USD 143.2 million (EUR 117.8 million) were repaid in full in the previous year.

As part of the receivables securitisation programme, liabilities to banks increased again in the previous year by EUR 90.3 million.

For the finance lease contracts of two ships, the purchase options were exercised in the 2015 financial year and ownership of the vessels was transferred to the Company. In relation to this, two new ship financing agreements were paid out.

Significant elements of the liabilities to banks are collateralised with ship mortgages. Additional collateral exists in the form of land charges in connection with the Ballindamm property and securitised trade accounts receivable amounting to EUR 234.8 million (2014: EUR 236.9 million).

Bonds
On 20 November 2014, Hapag-Lloyd issued another corporate bond on the capital market with a maturity of five years. The bond has a volume of EUR 250.0 million and a coupon of 7.5% p.a. The proceeds from the bond's issuance and an additional EUR 30.0 million of existing cash balances were used for the early repayment of the EUR bond due in 2015.

The USD bond due in 2017 with an original nominal volume of USD 250.0 million was repaid on 30 December 2015 by exercising the buy-back option in the amount of USD 125.0 million. The partial repayment was financed exclusively with available cash funds and was linked to the refinancing of the fleet financing in place since 2011 by means of new ship financing (EUR 105.6 million or USD 115.0 million as at 31 December 2015).

Liabilities from finance lease contracts
In the 2015 financial year, Hapag-Lloyd committed to purchasing the containers leased on the basis of existing operating lease contracts for containers by March and June 2017. The agreements are therefore now classified as finance lease contracts. Legal title will be transferred to Hapag-Lloyd upon acquisition of the containers. The liabilities from finance lease contracts resulting from the transaction amounted to EUR 16.2 million as at 31 December 2015.

Other financial debt
In addition, various sale and leaseback transactions were effected and investments were made in new containers. The economic substance of these transactions is credit financing secured by the assignment of containers as collateral. These transactions expire between 2016 and 2023. Classification is in accordance with SIC 27 *Evaluating the Substance of Transactions in the Legal Form of a Lease*. Four such transactions were concluded in the 2015 financial year. Part of these transactions is included in liabilities to banks. Overall, transactions of this kind resulted in liabilities to banks totalling EUR 232.5 million as at the reporting date (2014: EUR 199.6 million) and other financial debt totalling EUR 190.8 million (2014: EUR 151.5 million). Interest totalling EUR 19.8 million was recognised in interest expenses in the 2015 financial year (2014: EUR 14.2 million).

Credit facilities
An unsecured credit line amounting to USD 125.0 million (EUR 114.8 million) was guaranteed by the Joint Global Coordinators in connection with the IPO.

To boost the liquidity reserve, the existing revolving credit facility (RCF) of USD 95.0 million was increased to USD 200.0 million.

Additionally, a loan agreement in the form of a credit line to finance investments in containers of USD 135.0 million (EUR 123.9 million) was concluded in August 2015, of which USD 41.0 million (EUR 37.6 million) had not been utilised as at 31 December 2015.

Overall, Hapag-Lloyd had available credit facilities in the amount of EUR 388.7 million (2014: EUR 210.5 million) at the balance sheet date. These free liquidity reserves have maturities ranging between one and three years.

In the 2015 financial year, Hapag-Lloyd signed a loan agreement with a bank consortium for EUR 341.9 million (USD 372.4 million) with a twelve-year term for the long-term financing of further ship investments.

(26) Trade accounts payable and other liabilities

million EUR	31.12.2015				31.12.2014			
		Remaining terms				Remaining terms		
	Total	up to 1 year	1–5 years	more than 5 years	Total	up to 1 year	1–5 years	more than 5 years
Financial liabilities								
Trade accounts payable	1,293.8	1,293.8	-	-	1,225.4	1,225.4	-	-
thereof to third parties	1,292.5	1,292.5	-	-	1,221.5	1,221.5	-	-
thereof to investments	1.3	1.3	-	-	3.9	3.9	-	-
Other liabilities	42.9	41.6	1.1	0.2	38.2	32.7	5.3	0.2
Other liabilities	38.6	37.5	1.1	-	36.3	31.0	5.3	-
Other liabilities to employees	4.3	4.1	-	0.2	1.9	1.7	-	0.2
Total	**1,336.7**	**1,335.4**	**1.1**	**0.2**	**1,263.6**	**1,258.1**	**5.3**	**0.2**
Non financial liabilities								
Other liabilities	120,3	116.9	3.2	0.2	94.2	92.5	1.3	0.4
Prepayments received	95.0	95.0	-	-	78.3	78.3	-	-
Other liabilities as part of social security	17.4	15.4	1.9	0.1	9.2	8.1	1.0	0.1
Other liabilities from other taxes	6.3	6.2	0.1	-	5.3	5.3	-	-
Other liabilities	1.6	0.3	1.2	0.1	1.4	0.8	0.3	0.3
Total	**120.3**	**116.9**	**3.2**	**0.2**	**94.2**	**92.5**	**1.3**	**0.4**

* 31.12.2014: Adjusted amounts as a result of the purchase price allocation (see the section "Judgements, estimations and assessments")

(27) Derivative financial instruments

million EUR	31.12.2015		31.12.2014	
	Total	Remaining term more than 1 year	Total	Remaining term more than 1 year
Liabilities from derivative financial instruments	–22.3	-	–23.8	-
thereof derivatives in hedge accounting	–22.3	-	–0.2	-
thereof derivatives not included in hedge accounting	-	-	–23.6	-

Liabilities from derivative financial instruments are solely the result of currency forward contracts. A detailed presentation of the derivative financial instruments is contained in the explanatory note on financial instruments (Note [28]).

(28) Financial instruments

FINANCIAL RISKS AND RISK MANAGEMENT

Risk management principles
The Hapag-Lloyd Group's global business activity exposes it to market risks. The market risks include, in particular, currency risk, fuel price risk and interest rate risk. The objective of financial risk management is to reduce market risks. For this purpose, selected derivative financial instruments are deployed at Hapag-Lloyd AG; these are used solely as a hedging instrument and not for trading or other speculative purposes.

In addition to market risks, the Hapag-Lloyd Group is subject to liquidity risks and default risks, which involve the risk that the Group itself or one of its contractual partners cannot meet its contractually agreed payment obligations.

The basic features of financial risk management have been established and described in a financial management guideline approved by the Executive Board. The guideline stipulates areas of responsibility, describes the framework for action and the reporting function, and establishes the strict separation of trading and handling with binding force.

The derivative financial instruments used to limit market risks are acquired only through financial institutions with first-rate creditworthiness. The hedging strategy is approved by the Executive Board of Hapag-Lloyd AG. Implementation, reporting and ongoing financial risk management are the responsibility of the Treasury department.

Market risk
Market risk is defined as the risk that the fair values or future cash flows of a primary or derivative financial instrument fluctuate as a result of underlying risk factors.

The causes of the existing market price risks to which the Hapag-Lloyd Group is exposed lie particularly in the significant cash flows in foreign currencies at the level of Hapag-Lloyd AG, fuel consumption and interest rate risks that result from external financing.

In order to portray the market risks, IFRS 7 demands sensitivity analyses that show the effects of hypothetical changes in relevant risk variables on profit or loss for the period and equity. The hypothetical changes in these risk variables relate to the respective portfolio of primary and derivative financial instruments on the balance sheet date.

The analyses of the risk reduction activities outlined below and the amounts determined using sensitivity analyses constitute hypothetical and therefore risky and uncertain information. Due to unforeseeable developments on the global financial markets, actual events may deviate substantially from the information provided.

Currency risk

Currency risks are hedged if they influence the Hapag-Lloyd Group's cash flow. The objective of currency hedging is the fixing of cash flows based on hedging rates for preventing future disadvantageous fluctuations of the currency exchange rate.

The Hapag-Lloyd Group's functional currency is the US dollar. Currency risks mainly result from incoming or outgoing payments in currencies other than the US dollar and from financial debt taken on in euros. In addition to the euro, the Canadian dollar, British pound, Swiss franc, Hong Kong dollar, Singapore dollar, Japanese yen, Chilean peso, Brazilian real, Chinese renminbi, Mexican peso, Indian rupee and Australian dollar are significant currencies.

If necessary, currency hedging transactions are conducted, while taking account of internal guidelines. The Group hedges a portion of its operating cost exposure denominated in euros by using options on a twelve-month basis with the aim of limiting currency risks. The repayment of euro-denominated financial debt is also hedged up to as much as 100%. The risks are hedged by making customised use of derivative financial instruments in the form of currency options and currency forward contracts, as well as instruments that have a natural hedging effect (e.g. euro money market investments).

The following sensitivity analysis contains the Hapag-Lloyd Group's currency risks in relation to primary and derivative financial instruments. It reflects the risk that arises in the event that the US dollar as the functional currency appreciates or depreciates by 10% against the major Group currencies (EUR, CAD, GBP). The analysis is accordingly depicted in US dollars.

million USD	**31.12.2015**		31.12.2014	
	Effect on earnings	Reserve for cash flow hedges (equity)	Effect on earnings	Reserve for cash flow hedges (equity)
USD/EUR				
+10%	–0.2	0.6	–20.1	-
–10%	0.2	–0.6	44.6	-
USD/CAD				
+10%	–3.3	-	–4.9	-
–10%	3.3	-	4.9	-
USD/GBP				
+10%	4.3	-	0.9	-
–10%	–4.3	-	–0.9	-

Risks at the level of Hapag-Lloyd AG's consolidated financial statements arise from the translation of the financial statements of consolidated companies in US dollars into the reporting currency, the euro (translation risk). This risk has no impact on the Group's cash flow; instead, it is reflected in equity and is not currently hedged.

Fuel price risk

As a result of its operating activities, the Hapag-Lloyd Group is exposed to a market price risk for the procurement of bunker fuel.

The risk management's basic objective is securing up to 80% of the forecasted bunker requirements. Derivative financial instruments in the form of commodity options are used to hedge against price fluctuations.

In order to portray the fuel price risks according to IFRS 7, a sensitivity analysis was performed, with an implied hypothetical market price change of +/–10%. Based on the current hedging instruments and the underlying market prices, a hypothetical market price change of +/–10% would have virtually no effect on the reserve for cash flow hedges or the Group net result. The decision was therefore made not to present this information in a table.

Interest rate risk

The Hapag-Lloyd Group is exposed to interest rate risks affecting cash flow, particularly from financial debt based on variable interest rates. In order to minimise the interest rate risk, the Group strives to achieve a balanced combination of assets and liabilities with variable and fixed interest rates. Interest rate hedging instruments were not used in 2015. In addition, non-cash interest rate risks relating to the measurement of separately recognised embedded derivatives exist in the form of early buy-back options for issued bonds. Effects from the market valuation of these financial instruments are also reflected in the interest result.

In order to present the interest rate risks pursuant to IFRS 7, a sensitivity analysis was performed and used to determine the effects of hypothetical changes in market interest rates on interest income and expenses. The market interest rate as at 31 December 2015 was increased or decreased by +/–100 basis points. Taking into account the low interest rate level, hypothetical, negative changes in interest rates were only made up to nil. The determined effect on earnings relates to financial debt with a variable interest rate amounting to EUR 2,553.8 million that existed at the balance sheet date (2014: EUR 2,197.1 million) and the market value of embedded derivatives totalling EUR 10.7 million (2014: EUR 14.5 million). It is assumed that this exposure also constitutes a representative figure for the next financial year.

million EUR	**31.12.2015**		31.12.2014	
Change in variable interest rate	+100 base points	–100 base points	+100 base points	–100 base points
Earnings before income taxes	–28.0	16.2	–17.8	2.3

Credit risk

In addition to the market risks described above, the Hapag-Lloyd Group is exposed to default risks. Default risk constitutes the risk that a contracting partner will be unable to meet its contractual payment obligations. It refers to both the Hapag-Lloyd Group's operating activities and the counterparty risk vis-à-vis external banks.

Generally, a risk of this kind is minimised by the creditworthiness requirements which the respective contracting partners are required to fulfil. With regard to its operating activities, the Group has an established credit and receivables management system at area, regional and head office level which is based on internal guidelines. Payment periods for customers are determined and continuously monitored within the framework of a credit check. This process takes account of both internal data based on empirical values and external information on the respective customer's creditworthiness and rating. To provide protection against default risks, a credit insurance policy or bank guarantees are also used to hedge around three quarters of the trade accounts receivable as at the balance sheet date.

The Hapag-Lloyd Group is not exposed to a major default risk from an individual counterparty. The concentration of the default risk is limited due to the broad and heterogeneous customer base.

If there are discernible risks in the area of trade accounts receivable and other assets, these are taken into account by means of appropriate impairment allowances. With regard to the age structure analysis for the trade accounts receivable and other assets, please refer to Note (15).

The portfolio of primary financial assets is reported in the statement of financial position. The carrying amounts of the financial assets correspond to the maximum default risk.

With regard to derivative financial instruments, all the counterparties must have a credit rating or, alternatively, a corresponding internal credit assessment determined according to clear specifications. The maximum risk corresponds to the sum total of the positive market values as at the balance sheet date, as this is the extent of the loss that would have to be borne.

Taking into account the positive and negative market values of the derivative financial instruments in the amount of EUR 0.7 million and EUR –22.3 million respectively, this results in the potential to offset financial assets and financial liabilities to the tune of EUR 0.1 million subject to the German Master Agreement for Financial Derivatives Transactions. The market values of embedded derivatives linked to the buy-back option of issued bonds totalling EUR 10.7 million were not taken into account.

In addition to these, there are no further long-term financial obligations or loans with external contracting partners from which a potential default risk may arise.

Liquidity risk

Generally, liquidity risk constitutes the risk that a company will be unable to meet its obligations resulting from financial liabilities. Permanent solvency is ensured and refinancing costs are continuously optimised as part of central financial management.

To ensure solvency at all times, the liquidity requirements are determined by means of multi-year financial planning and a monthly rolling liquidity forecast and are managed centrally. Liquidity needs were covered by liquid funds and confirmed lines of credit at all times over the past financial year.

The bonds issued entail certain limitations with regard to possible payments to the shareholders and subordinated creditors. In addition, there are termination clauses which are customary in the market relating to much of the financial debt in the event that more than 50% of the Company's shares are acquired by a third party.

Further explanatory notes regarding the management of liquidity risks are included in the Group management report.

Current undiscounted contractually fixed cash flows from both primary financial liabilities (interest and redemption) and derivative financial instruments are as follows:

Cash flows of financial instruments (31.12.2014) [1)]

million EUR	Cash inflows and outflows				
	2015	2016	2017–2019	from 2020	Total
Primary financial liabilities					
Liabilities to banks [2)]	−423.9	−721.1	−871.0	−874.4	−2,890.4
Bonds	−67.3	−69.8	−1,000.4	-	−1,137.5
Liabilities from finance leases	−49.9	−41.2	−111.3	−59.3	−261.7
Other financial liabilities (excl. operating leases)	−25.3	−24.8	−76.7	−71.8	−198.6
Trade accounts payable	−1,225.4	-	-	-	−1,225.4
Other liabilities	−32.7	−5.5	-	-	−38.2
Total primary financial liabilities	**−1,824.5**	**−862.3**	**−2,059.4**	**−1,005.5**	**−5,751.8**
Total derivative financial liabilities	**−22.8**	**-**	**-**	**-**	**−22.8**

1) 31.12.2014: Adjusted amounts as a result of the purchase price allocation (see the section judgements, estimations and assessments)

2) In relation to a contractually fixed loan for the financing of new vessels, there is a further nominal amount of USD 247.9 million to be paid upon delivery of the vessels. The loans have a term of ten years starting with the delivery of the financed vessels and are subject to an interest rate of USD LIBOR +2.81%.

Cash flows of financial instruments (31.12.2015)

million EUR	Cash inflows and outflows				
	2016	2017	2018–2020	from 2021	Total
Primary financial liabilities					
Liabilities to banks [1)]	−629.1	−410.9	−1,272.6	−867.4	−3,180.0
Bonds	−58.7	−175.7	−725.0	-	−959.4
Liabilities from finance leases	−33.4	−39.8	−73.0	−36.9	−183.1
Other financial liabilities (excl. operating leases)	−33.7	−34.9	−106.3	−53.0	−227.9
Trade accounts payable	−1,293.8	-	-	-	−1,293.8
Other liabilities	−41.6	−1.1	-	−0.2	−42.9
Total primary financial liabilities	**−2,090.3**	**−662.4**	**−2,176.9**	**−957.5**	**−5,887.1**
Total derivative financial liabilities	**−24.4**	**-**	**-**	**-**	**−24.4**

1) In relation to a contractually fixed loan for the financing of new vessels, there is a further nominal amount of USD 372.4 million to be paid upon delivery of the vessels. The loans have a term of twelve years starting with the delivery of the financed vessels and are subject to an interest rate of USD LIBOR +1.71%.

It is not expected that the cash outflows in the maturity analysis will occur at points in time that differ significantly or in amounts that differ significantly.

All financial instruments for which payments had already been contractually agreed as at the reporting date of 31 December 2015 were included. Amounts in foreign currencies were translated at the spot rate as at the reporting date. In order to ascertain the variable interest payments arising from the financial instruments, the interest rates fixed on the balance sheet date were used for the following periods as well.

Cash outflows from derivative financial instruments include the undiscounted market values of the currency forward contracts used as at the balance sheet date.

Derivative financial instruments and hedges

Derivative financial instruments are generally used to hedge existing or planned underlying transactions and serve to reduce foreign currency risks and fuel price risks, which occur in day-to-day business activities in the context of investment and financial transactions.

Currency risks are currently hedged by means of currency forward contracts and currency options. Commodity options are used as hedges for fuel price risks.

Hedging relationships in accordance with IAS 39 (Hedge Accounting) were exclusively shown as cash flow hedges in the year under review. The hedged cash flows from the underlying transactions are expected to be recognised in profit or loss within a period of one to four years, with early transactions possible for long-term underlying transactions. The corresponding hedging transactions have maturities of less than one year. To ensure that the underlying transactions are fully hedged, subsequent hedging transactions are intended, insofar as the Company does not make use of the option to enter into an early transaction.

In the 2015 financial year, changes in the fair values of derivative financial instruments in hedging relationships resulted in losses totalling EUR 21.8 million, which were recognised in other comprehensive income (2014: EUR 8.9 million). These changes in value represent the effective share of the hedging relationship.

In the reporting period, losses of EUR 23.1 million from other comprehensive income were reclassified and recognised through profit or loss (2014: EUR 15.3 million). EUR 21.0 million (2014: EUR 12.5 million) of this related to exchange rate hedging, which was recognised in other operating income along with the exchange rate gains from the hedged underlying transactions. The respective interest portion from currency forward contracts in the amount of EUR 2.1 million (2014: EUR 1.6 million) was recognised as interest expense.

In addition, the Hapag-Lloyd Group uses optional hedges to hedge currency risks from existing foreign currency liabilities which are in an economic relationship with the respective underlying transaction, but were not designated as a hedging relationship according to IAS 39. Derivative financial instruments were at no time used for speculative purposes.

The following table shows the nominal values of the derivative financial instruments:

million EUR	**31.12.2015** Remaining terms up to 1 year	more than 1 year	Total	31.12.2014 Remaining terms up to 1 year	more than 1 year	Total
Currency options						
Asset	100.0	-	100.0	320.0	100.0	420.0
Liability	-	-	-	80.0	-	80.0
Currency forward contracts						
Liability	664.6	-	664.6	319.6	-	319.6
Cross-currency swaps	-	-	-	12.7	-	12.7
Commodity options	211.6	-	211.6	279.4	-	279.4

The fair value determined for the derivative financial instruments is the price at which a contracting party would assume the rights and/or obligations of the other contracting party.

The fair values of currency and commodity options are calculated using the Black & Scholes model or the modified Turnbull & Wakeman model and are based on the current exchange rates, commodity prices, currency and commodity price volatility, yield curves and forward prices. Currency forward contracts are measured on the basis of their market-traded forward price as at the reporting date.

An analysis of the underlying contracts conducted on the bonds issued by Hapag-Lloyd resulted in the identification of embedded derivatives in the form of early buy-back options. These are presented at their fair values as separate derivatives independently of the underlying contract and are classified as held for trading. The market value of the embedded derivatives is calculated using the Hull-White model together with a trinomial decision tree based on current market values.

The positive and/or negative fair values of derivative financial instruments are shown as follows:

million EUR	**31.12.2015** Positive market values	Negative market values	31.12.2014 Positive market values	Negative market values
Hedging instruments acc. to IAS 39 (Hedge accounting)				
Currency options	-	-	-	-
Commodity options	0.7	-	0.2	-
Currency forwards contracts	-	−22.3	-	-
Cross-currency swaps	-	-	-	−0.2
Hedges	**0.7**	**−22.3**	**0.2**	**−0.2**
Hedging instruments (Held for trading)				
Currency options	0.0	-	4.9	−0.9
Currency forwards contracts	-	-	-	−22.7
Embedded derivatives	10.7	-	14.5	-
Cross-currency swaps	-	-	-	-
Other derivative financial instruments	**10.7**	**-**	**19.4**	**−23.6**
Total	**11.4**	**−22.3**	**19.6**	**−23.8**

Financial instruments – additional disclosures, carrying amounts and fair values

The fair value of a financial instrument is the price that would be received for an asset or that would be paid for the transfer of a liability on the relevant day in the course of a normal transaction between market participants.

Where financial instruments are quoted in an active market, as with bond issues in particular, the fair value of the financial instrument corresponds to the respective price on the balance sheet date.

The carrying amounts of cash and cash equivalents, trade accounts receivable and significant portions of other assets, and trade accounts payable and other liabilities are a suitable approximation of the fair values. The decision was taken not to report the fair value in these cases. The available-for-sale financial assets included in other assets are generally measured at fair value. If no reliable fair value is available, the assets are measured at cost.

For liabilities to banks and other non-current financial liabilities, the fair value is determined as the net present value of the future cash flows taking account of yield curves and the relevant credit spreads. Traded bonds are measured at the market price as at the balance sheet date.

Carrying amounts, assessed values and fair values by class and valuation category as at 31.12.2014 [1]

million EUR	Classification category according to IAS 39	Carrying amount 31.12.2014	Amount recognised in the balance sheet under IAS 39				Amount recognised in the balance sheet under IAS 17	Fair value of financial instru-ments
		Total	Amortised acquisiton cost	Acquisiton cost	Fair value with no effect on profit or loss	Fair value through profit and loss		
Assets								
Other assets	LaR	58.9	58.9	-	-	-	-	58.9
	n. a.	88.5	-	-	-	-	-	-
		0.2	-	0.2	-	-	-	0.2
Derivative financial instruments								
Derivatives (Held for trading)	FAHfT	19.4	-	-	-	19.4	-	19.4
Hedges (Hedge accounting)	n. a.	0.2	-	-	0.2	-	-	0.2
Trade accounts receivable	LaR	703.8	703.8	-	-	-	-	703.8
Cash and cash equivalents	LaR	711.4	711.4	-	-	-	-	711.4
Liabilities								
Financial debt	FLAC	3,510.8	3,510.8	-	-	-	-	3,796.4
Liabilities from finance leases [2]	n. a.	206.3	-	-	-	-	206.3	216.2
Other liabilities	FLAC	38.0	38.0	-	-	-	-	38.0
	n. a.	94.4	-	-	-	-	-	-
Derivative financial liabilities								
Derivatives (Held for trading)	FLHfT	23.6	-	-	-	23.6	-	23.6
Hedges (Hedge accounting)	n. a.	0.2	-	-	0.2	-	-	0.2
Trade accounts payable	FLAC	1,225.4	1,225.4	-	-	-	-	1,225.4
Thereof aggregated according to IAS 39 classification category								
Loans and receivables (LaR)		1,474.1	1,474.1	-	-	-	-	-
Held-to-maturity investments (HtM)		-	-	-	-	-	-	-
Available-for-sale financial assets (AfS)		0.2	-	0.2	-	-	-	-
Financial assets held for trading (FAHfT)		19.4	-	-	-	19.4	-	-
Financial liabilities measured at amortised cost (FLAC)		4,774.2	4,774.2	-	-	-	-	-
Financial liabilities held for trading (FLHfT)		23.6	-	-	-	23.6	-	-

[1] 31.12.2014: Adjusted amounts as a result of the purchase price allocation (see the section "Judgements, estimations and assessments")

[2] Part of financial debt.

Carrying amounts, assessed values and fair values by class and valuation category as at 31.12.2015

million EUR	Classification category according to IAS 39	Carrying amount 31.12.2015	Amount recognised in the balance sheet under IAS 39				Amount recognised in the balance sheet under IAS 17	Fair value of financial instru-ments
		Total	Amortised acquisiton cost	Acquisiton cost	Fair value with no effect on profit or loss	Fair value through profit and loss		
Assets								
Other assets	LaR	77.0	77.0	-	-	-	-	77.0
	n. a.	93.2	-	-	-	-	-	-
	AfS	0.8	-	0.8	-	-	-	0.8
Derivative financial instruments								
Derivatives (Held for trading)	FAHfT	10.7	-	-	-	10.7	-	10.7
Hedges (Hedge accounting)	n. a.	0.7	-	-	0.7	-	-	0.7
Trade accounts receivable	LaR	716.1	716.1	-	-	-	-	716.1
Cash and cash equivalents	LaR	573.7	573.7	-	-	-	-	573.7
Liabilities								
Financial debt	FLAC	3,757.8	3.757.8	-	-	-	-	3,820.5
Liabilities from finance leases [1]	n. a.	149.5	-	-	-	-	149.5	158.0
Other liabilities	FLAC	42.9	42.9	-	-	-	-	42.9
	n. a.	120.3	-	-	-	-	-	-
Derivative financial liabilities								
Derivatives (Held for trading)	FLHfT	-	-	-	-	-	-	-
Hedges (Hedge accounting)	n. a.	22.3	-	-	22.3	-	-	22.3
Trade accounts payable	FLAC	1,293.8	1,293.8	-	-	-	-	1,293.8
Thereof aggregated according to IAS 39 classification category								
Loans and receivables (LaR)		1,366.8	1,366.8	-	-	-	-	-
Held-to-maturity investments (HtM)		-	-	-	-	-	-	-
Available-for-sale financial assets (AfS)		0.8	-	0.8	-	-	-	-
Financial assets held for trading (FAHfT)		10.7	-	-	-	10.7	-	-
Financial liabilities measured at amortised cost (FLAC)		5,094.5	5,094.5	-	-	-	-	-
Financial liabilities held for trading (FLHfT)		-	-	-	-	-	-	-

[1] Part of financial debt.

The financial instruments in the available-for-sale category which are included in other assets contain investments not listed on a stock exchange for which there are no market prices listed on an active market. The market values were not determined as these do not provide any additional information of value. The disposal of the investments is not planned at present.

The fair values are allocated to different levels of the fair value hierarchy based on the input factors used in the valuation methods. An explanation of the individual levels from 1 to 3 of the fair value hierarchy can be found in the chapter "Accounting and measurement principles" in the Notes to the consolidation financial statements. There were no transfers between levels 1 to 3 in the previous financial year.

The following table shows the classification of the financial instruments measured at fair value in the three levels of the fair value hierarchy. In addition to the fair value of the financial instruments that are recognised at fair value under IAS 39, the table also includes financial instruments that are recognised at amortised cost and whose fair value differs from this.

million EUR	Classification category according to IAS 39	31.12.2014 Level 1	Level 2	Level 3	Total
Assets					
Derivative financial instruments (Hedge accounting)	n. a.	-	0.2	-	0.2
Derivative financial instruments (Trading)	FLHfT	-	19.4	-	19.4
Liabilities					
Derivative financial instruments (Hedge accounting)	n. a.	-	0.2	-	0.2
Derivative financial instruments (Trading)	FLHfT	-	23.6	-	23.6
Financial debt	FLAC	-	3,796.4	-	3,796.4
Liabilities from finance leases[1]	n. a.	-	216.2	-	216.2

[1] Part of financial debt.

million EUR	Classification category according to IAS 39	31.12.2015 Level 1	Level 2	Level 3	Total
Assets					
Derivative financial instruments (Hedge accounting)	n. a.	-	0.7	-	0.7
Derivative financial instruments (Trading)	FLHfT	-	10.7	-	10.7
Liabilities					
Derivative financial instruments (Hedge accounting)	n. a.	-	22.3	-	22.3
Derivative financial instruments (Trading)	FLHfT	-	-	-	-
Financial debt	FLAC	-	3,820.5	-	3,820.5
Liabilities from finance leases[1]	n. a.	-	158.0	-	158.0

[1] Part of financial debt.

Net earnings

The net earnings of the financial instruments by classification category pursuant to IAS 39 are as follows:

million EUR	31.12.2015 From interest	Other net earnings	Net earnings	31.12.2014 From interest	Other net earnings	Net earnings
Loans and receivables	–1.4	–74.7	–76.1	–0.2	–63.3	–63.5
Available-for-sale financial assets	0.0	-	0.0	0.0	-	0.0
Financial assets and liabilities held for trading	–5.3	–25.4	–30.7	–18.1	–28.7	–46.8
Financial liabilities measured at amortised cost	–195.1	103.5	–91.6	–154.5	60.8	–93.7
Total	**–201.8**	**3.4**	**–198.4**	**–172.8**	**–31.2**	**–204.0**

In addition to interest income and expenses from the liabilities to banks and other financial debt, the net earnings mainly comprise the foreign currency valuation of the EUR bonds issued by Hapag-Lloyd AG as well as the valuation result from derivative financial instruments that are not part of an effective hedging relationship as set out in IAS 39.

Capital management

The Hapag-Lloyd Group aimes to achieve an adequate financial profile in order to guarantee the continuation of the Company and its financial flexibility and independence.

The goal of its capital management is to safeguard the capital base over the long term. It intends to achieve this with a healthy balance of financing requirements for the desired profitable growth.

In the course of the successful IPO, the return on invested capital (ROIC) was defined at Group level at the end of 2015 as an indicator of the performance within a period and will be calculated and managed as a performance indicator in the future. This performance indicator will be used at Group level as of the 2016 financial year with a view to earning the weighted average cost of capital starting in 2017. To facilitate comparison with other international shipping companies, the return on invested capital will be calculated and presented exclusively on the basis of the functional currency, the US dollar.

Covenant clauses that are customary in the market have been arranged for existing financing from bonds or loans (financial covenants regarding equity, liquidity and loan-to-value ratio), and are used as an additional control tool. In the reporting period, as in the previous year, the financial covenants were adhered to for all the reporting dates. Based on current planning, the Executive Board expects that the covenants will also be adhered to during the next period.

OTHER NOTES

(29) Government assistance
The Federal Maritime and Hydrographic Agency awarded training subsidies and subsidies for marine personnel totalling EUR 9.1 million in 2015 (2014: EUR 7.4 million) according to the guideline for lowering indirect labour costs in the German marine industry; this amount is recorded as other operating income. Overall, the Group received government assistance of EUR 14.7 million in the reporting year (2014: EUR 11.0 million).

(30) Contingencies
Contingencies are contingent liabilities not accounted for in the statement of financial position which are disclosed in accordance with their amounts repayable estimated as at the balance sheet date.

As at 31 December 2015, there were merely guarantees and sureties for liabilities of affiliated consolidated companies.

(31) Legal disputes
Hapag-Lloyd AG and several of its foreign subsidiaries are involved in legal proceedings. These encompass a range of topics, such as disputes with foreign tax authorities, claims asserted by departed employees and disputes arising from contractual relationships with customers, former agents and suppliers. It is regarded as unlikely that these proceedings will result in any noteworthy payment obligations. Consequently, no provisions for litigation risks are formed and no contingent liabilities are reported in the Notes in this context.

Since May 2011, the European Commission has been examining whether EU competition law has been violated since the exemption regulation for liner conferences was abolished in October 2008. The Company believes that shipping services are provided in line with EU competition regulations.

Hapag-Lloyd is subject to regular tax audits which may lead to the payment of tax arrears. Investigations by local tax authorities concerning individual circumstances are currently taking place in a number of jurisdictions, such as in India and Brazil. In addition, the Mexican tax authorities published a letter of application designed to limit non-refundable value added tax in Mexico retroactively from 2014. To the extent that the Company can expect to incur charges and these charges are quantifiable, these were accounted for by creating corresponding provisions. Furthermore, as at the reporting date, contingent liabilities in the amount of EUR 124.0 million existed related to tax risks not classified as probable (previous year: EUR 91.5 million).

Naturally, the outcome of the legal disputes cannot be predicted with any certainty. Provisions for pending and imminent proceedings are formed if a payment obligation is probable and its amount can be determined reliably. It is possible that the outcome of individual proceedings for which no provisions were formed may result in payment obligations whose amounts could not have been foreseen with sufficient accuracy as at 31 December 2015. Such payment obligations will not have any significant influence on the Group's net asset, financial and earnings position.

(32) Leases
Lessee – finance leases

The items leased on the basis of finance lease contracts are primarily vessels and containers. In the previous year, existing short-term operating lease contracts for containers were turned into long-term lease contracts, resulting in the classification of the amended con--tainer rental agreements as finance lease contracts. The contracts have terms of up to twelve years. The containers can continue to be used in line with the contracts once the term of a contract has expired. As at 31 December 2015, the vessels recognised in connection with the finance lease contracts had a net carrying amount of EUR 106.4 million (2014: EUR 179.5 million); the containers were recognised at EUR 82.0 million as at 31 December 2015 (2014: EUR 66.5 million).

The future minimum lease payments and their present values are as follows:

million EUR	**31.12.2015**				31.12.2014			
	Remaining terms				Remaining terms			
	Total	up to 1 year	1–5 years	more than 5 years	Total	up to 1 year	1–5 years	more than 5 years
Future minimum lease payments	182.9	33.4	112.6	36.9	253.7	46.4	150.7	56.6
Interest portion	–33.4	–8.7	–20.5	–4.2	–47.4	–12.1	–28.6	–6.7
Present value	**149.5**	**24.7**	**92.1**	**32.7**	**206.3**	**34.3**	**122.1**	**49.9**

At the balance sheet date, there were no expectations of future income from non-cancellable subletting arrangements, nor were there any contingent rental payments.

Lessee – operating leases

The Group's obligations from operating lease contracts above all relate to charter and lease agreements for vessels and containers, and rental agreements for business premises. The agreements have terms of between one year and 16 years, with the majority of them maturing after a term of up to five years. A number of the agreements include prolongation and purchase options. The containers are used in the short term at standard market leasing rates until they are ultimately transferred to the purchaser. There is no obligation to repurchase them. Some of the rental agreements for business premises include contingent rental payments based on the consumer price index for Germany.

Charter agreements for ships are always structured as time charter contracts, i.e. in addition to the capital costs, the charterer bears part of the ship operating costs, which are reimbursed as part of the charter rate. In the existing charter agreements, these operating cost refunds account for around 50% of the charter expenses.

In the 2015 financial year, lease payments of EUR 1,180.8 million were posted to expenses (2014: EUR 651.7 million), of which EUR 585.1 million were charter expenses (2014: EUR 334.5 million), of which EUR 0.3 million related to contingent rental payments (2014: EUR 0.0 million).

Total future minimum lease payments from non-cancellable operating lease contracts consist of the following:

million EUR	31.12.2015				31.12.2014			
		Remaining terms				Remaining terms		
	Total	up to 1 year	1–5 years	more than 5 years	Total	up to 1 year	1–5 years	more than 5 years
Vessels and containers	1,035.7	521.1	470.9	43.7	1,082.1	389.3	561.9	130.9
Business premises	110.1	25.4	49.0	35.7	104.9	20.5	43.5	40.9
Other	155.0	56.0	99.0	-	177.9	50.3	127.6	-
Total	**1,300.8**	**602.5**	**618.9**	**79.4**	**1,364.9**	**460.1**	**733.0**	**171.8**
Fair value	**1,278.2**	**600.1**	**603.8**	**74.3**	**1,340.1**	**458.5**	**718.7**	**162.9**

The fair value was ascertained by discounting the future minimum lease payments using an interest rate suitable for the average term of 0.83% p.a. (31 December 2014: 0.67% p.a.). Due to the change in the discount rate, other financial obligations increased by EUR 4.2 million.

As at 31 December 2015, future minimum lease income from subletting arrangements relating to non-cancellable subletting arrangements totalled EUR 3.4 million (2014: EUR 15.2 million).

Lessor – operating leases
Hapag-Lloyd acts as lessor in the context of operating lease contracts only to a very limited degree. The assets let within the scope of the operating lease contracts are essentially fully owned vessels and slot charters.

The following future minimum lease payments relate to non-cancellable operating lease contracts:

million EUR	31.12.2015				31.12.2014			
		Remaining terms				Remaining terms		
	Total	up to 1 year	1–5 years	more than 5 years	Total	up to 1 year	1–5 years	more than 5 years
Vessels	58.7	45.9	12.8	-	26.0	26.0	-	-
Business premises	1.1	0.3	0.8	0.0	0.6	0.4	0.2	0.0
Total	**59.8**	**46.2**	**13.6**	**0.0**	**26.6**	**26.4**	**0.2**	**0.0**

At the reporting date, the gross carrying amounts of the chartered ships totalled EUR 230.2 million (2014: EUR 95.9 million). The accumulated depreciation amounted to EUR 35.9 million (2014: EUR 28.1 million) and depreciation for the period amounted to EUR 8.5 million (2014: EUR 4.3 million). No contingent rental payments were recorded through profit or loss in the 2015 financial year.

(33) Other financial obligations
The Group's other financial obligations as at 31 December 2015 include a purchase obligation for investments in container ships amounting to EUR 350.1 million (2014: EUR 276.1 million), of which EUR 208.3 million is for a term of up to one year (2014: EUR 276.1 million). Neither in the 2015 financial year nor in the previous year was the remaining term of the purchase obligation greater than five years.

(34) Share-based payment
As part of the Company's IPO, long-term variable remuneration was introduced for Executive Board members in the form of virtual shares. Under the long-term incentive plan (LTIP), a specified euro amount (allocation amount) contractually agreed on an individual basis is allocated to each Executive Board member at the start of every calendar year, reflecting performance in the current and following three financial years (performance period).

This allocation amount is converted into virtual shares in the Company based on the average price of the Hapag-Lloyd share over the 60 trading days preceding the day on which the shares are granted. For the first tranche after the IPO in November 2015 ("IPO tranche"), the share price is calculated differently and is based on the average of the 20 trading days that follow the 30th trading day after the IPO.

The virtual shares are divided equally into performance share units and retention share units.

Entitlements under the long-term incentive plan take effect on a pro rata basis when the performance period ends. The retention share units automatically become non-forfeitable when the performance period expires. They then depend entirely on the Executive Board member's length of service.

The number of performance share units relevant for the payment is dependent on a performance factor. This factor is calculated by comparing the performance of the Hapag-Lloyd share (total shareholder return – TSR) with a specific, industry-based reference index – the DAXglobal Shipping index – over the four-year performance period. The number of performance share units can be a maximum of 1.5 times and a minimum of zero, as measured by a performance factor, when the performance period ends. If the performance factor is zero, all of the performance share units are forfeited.

When the performance period ends and the performance share units have been calculated, payments under the LTIP are automatically made. The number of non-forfeitable virtual shares is converted into a euro amount by multiplying the non-forfeitable virtual retention and performance shares by the relevant share price. This share price is equal to the average share price over the last 60 trading days before the performance period ends.

The amount calculated in this way is paid to the respective Executive Board member as a gross amount up to a specific, individually agreed limit on 31 March of the year following the end of the performance period.

In the event that an Executive Board member's activities cease, the performance period and the employment contract will end simultaneously, insofar as the employment contract is not terminated for cause attributable to the Executive Board member or by the Executive Board member without cause. In this case, all entitlements under the long-term incentive plan are forfeited.

The maturities of the other provisions are as follows:

	virtual shares	**Fair value million EUR**
As per 1.1.2014	**-**	**-**
Virtual shares granted	-	-
Virtual shares exercised	-	-
Virtual shares forfeited	-	-
Measurement result	-	-
As per 31.12.2014	**-**	**-**
Virtual shares granted	112,586	2.2
Virtual shares exercised	-	-
Virtual shares forfeited	-	-
Measurement result	-	-
As per 31.12.2015	**112,586**	**2.2**

The measurement of the virtual shares at the time they are granted is based on the allocation amount and takes account of the performance factor for the performance share units.

In the reporting period, EUR 0.6 million was recognised for share-based payments through profit or loss. The provision for share-based payments amounted to EUR 0.6 million as at 31 December 2015 (2014: EUR 0.0 million).

(35) Utilisation of Section 264 (3) of the German Commercial Code (HGB)

The following corporate entities, which are affiliated consolidated subsidiaries of Hapag-Lloyd AG and for which the consolidated financial statements of Hapag-Lloyd AG are the exempting consolidated financial statements, utilise the exempting option provided by Section 264 (3) of the German Commercial Code (HGB):

- Hapag-Lloyd Grundstücksholding GmbH, Hamburg
- Hapag-Lloyd Schiffsvermietungsgesellschaft mbH, Hamburg
- Hamburg-Amerika Linie GmbH, Hamburg
- First CSAV Ships Germany GmbH, Hamburg
- Second CSAV Ships Germany GmbH, Hamburg
- Third CSAV Ships Germany GmbH, Hamburg

(36) Services provided by the auditors of the consolidated financial statements

In the 2015 financial year, the following fees were paid to the auditors KPMG AG Wirtschaftsprüfungsgesellschaft within the global KPMG network:

million EUR	**1.1.–31.12. 2015 Total**	**1.1.–31.12. 2015 Domestic**	1.1.–31.12. 2014 Total	1.1.–31.12. 2014 Domestic
Audit fees for annual audit	1.9	0.7	1.7	0.5
Audit fees for other assurance services	1.4	1.2	0.7	0.6
Audit fees for tax consultancy	0.3	0.1	0.7	0.6
Audit fees for other services	1.1	0.7	0.5	0.4
Total	**4.7**	**2.7**	**3.6**	**2.1**

With regard to the services provided by the auditors of the consolidated financial statements in Germany, EUR 0.1 million of the annual auditing services, EUR 0.3 million of the other assurance services and EUR 0.2 million of the other services related to the previous year.

(37) Related party disclosures

In carrying out its ordinary business activities, Hapag-Lloyd AG maintains indirect or direct relationships with related parties as well as with its own subsidiaries included in the consolidated financial statements.

With the incorporation of CSAV's container shipping business into the Hapag-Lloyd Group in the previous year in exchange for shares, Quinenco S.A. through CSAV and its CSAV Germany Container Holding GmbH subsidiary, became Hapag-Lloyd's largest indirect shareholder. CG HoldCo, HGV and Kühne have agreed to pool voting rights as part of a shareholders' agreement. In the following disclosures on transactions with shareholders, the relationships with Kühne, CSAV and their respective Group companies are outlined. With regard to HGV and its shareholder, the Free and Hanseatic City of Hamburg, as well as its Group companies, the Hapag-Lloyd Group applies the relief provisions of IAS 24 regarding government-related entities. Essentially, there are loan relationships collateralised at standard market conditions with HSH Nordbank AG, a subsidiary of the Free and Hanseatic City of Hamburg, which are outlined in the following disclosures on transactions with shareholders.

Voting rights	**2015**	2014
CSAV Germany Container Holding GmbH	31.4%	34.0%
HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH	20.6%	23.2%
Kühne Holding AG/Kühne Maritime GmbH	20.2%	20.8%
TUI AG/TUI-Hapag Beteiligungs GmbH	12.3%	13.9%
Free Float	15.5%	8.1%
Total	**100.0%**	**100.0%**

Transactions with related parties (excluding management in key positions):

million EUR	Delivered goods and services and other income recognised		Goods and services received and other expenses recognised	
	1.1.–31.12. 2015	1.1.–31.12. 2014	**1.1.–31.12. 2015**	1.1.–31.12. 2014
Shareholders	362.2	279.1	82.8	40.7
Associated companies	0.6	0.2	68.8	57.7
Other investments	8.8	5.5	2.3	2.2
Total	**371.6**	**284.8**	**153.9**	**100.6**

million EUR	Receivables		Liabilities	
	31.12.2015	31.12.2014	**31.12.2015**	31.12.2014
Shareholders	122.9	179.8	286.1	241.9
Affiliated non-consolidated companies	-	-	0.2	0.2
Associated companies	3.7	1.5	5.2	5.1
Other investments	1.7	1.1	0.4	0.3
Total	**128.3**	**182.4**	**291.9**	**247.5**

The amounts arising from transactions with related parties contained in the above table result from services rendered (EUR 369.9 million; 2014: EUR 284.0 million), interest income (EUR 0.1 million; 2014: EUR 0.4 million) and other services (EUR 1.6 million; 2014: EUR 0.4 million).

Of the expenses shown above, EUR 127.5 million result from operating services (2014: EUR 80.6 million), EUR 13.3 million relate to interest expenses (2014: EUR 16.8 million), and EUR 13.1 million are from other services (2014: EUR 3.2 million).

The remuneration of key management personnel in the Group to be disclosed under IAS 24 encompasses the remuneration paid to the current members of the Executive Board and Supervisory Board of Hapag-Lloyd AG. The basic features of the remuneration system and the amount of remuneration for the Executive Board and Supervisory Board are presented and explained in more detail in the remuneration report. The remuneration report is part of the Group management report.

The active members of the Executive Board and the Supervisory Board were remunerated as follows:

million EUR	**Executive Board**		**Supervisory Board**	
	2015	2014	**2015**	2014
Short-term benefits	4.3	3.2	1.2	1.2
Termination benefits	0.3	0.9	-	-
Post-employment benefits	0.4	0.8	-	-
Share-based benefits	0.6	-	-	-
Total	**5.6**	**4.9**	**1.2**	**1.2**

In the 2015 financial year, the employee representatives on the Supervisory Board received EUR 0.3 million (2014: EUR 0.3 million) in emoluments for employee representatives paid as part of their employment contracts, in addition to their Supervisory Board emoluments. These are included in the remuneration for members of the Supervisory Board pursuant to IAS 24.

Additional disclosures concerning total remuneration pursuant to Section 315a HGB

million EUR	**Executive Board**		**Supervisory Board**	
	2015	2014	**2015**	2014
Active board members	6.5	3.2	0.9	0.9
Former board members	1.0	1.4	-	-
Total	**7.5**	**4.6**	**0.9**	**0.9**

* The emoluments paid to the employee representatives within the Supervisory Board as part of their employment contracts are not included. The previous year's figures were adjusted accordingly.

** The emoluments of former members of the Executive Board were previously presented less income from reinsurance. This is no longer the case as of the 2015 financial year. The previous year's figures were adjusted accordingly.

The active Executive Board members were granted 112,586 virtual shares in total in the financial year, with a fair value of EUR 2.2 million at the time they were granted.

A total of EUR 22.2 million was allocated to pension provisions for former Executive Board members as at 31 December 2015 (2014: EUR 21.9 million). In the previous year, the pension provisions were disclosed netted with the plan assets from reinsurance polices.

As in the previous year, no loans or advance payments were granted to members of the Executive Board and Supervisory Board in the year under review.

(38) Declaration of conformity with the German Corporate Governance Code pursuant to Section 161 AktG

The declaration required under Section 161 AktG was issued by the Executive Board and Supervisory Board in November 2015 and has been made permanently available to shareholders in the "Corporate Governance" section under "IR" of the Company's website, www.hapag-lloyd.com.

(39) Significant transactions after the balance sheet date

In the first quarter of 2016, Hapag-Lloyd will take delivery of two, modern 3,500-TEU ships with a special wide-beam design from the Dutch shipping company Nile Dutch. The wide-beam design of the hull allows the ships, which were built in 2015, to maintain a comparatively high cargo capacity despite having a lower draught.

(40) List of holdings pursuant to Section 315a of the German Commercial Code (HGB)

Name of the company	Registered office	Shareholding in %
Affiliated consolidated companies		
Head Office		
Hamburg-Amerika Linie GmbH	Hamburg	100.00
Hapag-Lloyd Grundstücksholding GmbH	Hamburg	94.90
Hapag-Lloyd Schiffsvermietungsgesellschaft mbH	Hamburg	100.00
First CSAV Ships Germany GmbH	Hamburg	100.00
Second CSAV Ships Germany GmbH	Hamburg	100.00
Third CSAV Ships Germany GmbH	Hamburg	100.00
Europe		
Hapag-Lloyd Africa PTY Ltd.	Durban	100.00
Hapag-Lloyd (Austria) GmbH	Vienna	100.00
Oy Hapag-Lloyd Finland AB	Helsinki	100.00
Hapag-Lloyd (France) S.A.S.	Asnières-sur-Seine	100.00
Hapag-Lloyd (Ireland) Ltd.	Dublin	100.00
Hapag-Lloyd (Italy) S.R.L.	Milan	100.00
Hapag-Lloyd Polska Sp.z.o.o.	Gdynia	100.00
Hapag-Lloyd Portugal LDA	Lisbon	100.00
Hapag-Lloyd (Schweiz) AG	Basel	100.00
Hapag-Lloyd Special Finance Limited	Dublin	100.00
Hapag-Lloyd (Sweden) AB	Gothenburg	100.00
Hapag-Lloyd Spain S.L.	Barcelona	90.00
Hapag-Lloyd (UK) Ltd.	Barking	100.00
CSAV Group Agencies South Africa (Pty) Ltd.	Durban	100.00
CSAV Denizcilik Acentasi A.S.	Istanbul	100.00
CSAV Holding Europe S.L.	Barcelona	100.00
Norasia Container Lines Ltd.	Valetta	100.00
CSAV UK & Ireland Limited	Liverpool	100.00
Asia		
Hapag-Lloyd Agency LLC.	Dubai	49.00[1]
Hapag-Lloyd (Australia) Pty.Ltd.	Pyrmont	100.00
Hapag-Lloyd (China) Ltd.	Hong Kong	100.00
Hapag-Lloyd (China) Shipping Ltd.	Shanghai	100.00
Hapag-Lloyd Global Services Pvt.Ltd.	Thane	100.00
Hapag-Lloyd India Private Ltd.	Mumbai	100.00
Hapag-Lloyd (Japan) K.K.	Tokyo	100.00
Hapag-Lloyd (Korea) Ltd.	Seoul	100.00
Hapag-Lloyd (Malaysia) Sdn.Bhd.	Kuala Lumpur	100.00
Hapag-Lloyd (New Zealand) Ltd.	Auckland	100.00
Hapag-Lloyd Pte.Ltd.	Singapore	100.00
Hapag-Lloyd (South East Asia) Sdn. Bhd i.L.	Kuala Lumpur	100.00
Hapag-Lloyd (Taiwan) Ltd.	Taipei	100.00
Hapag-Lloyd (Thailand) Ltd.	Bangkok	49.90
Hapag-Lloyd (Vietnam) Ltd.	Ho Chi Minh City	100.00
CSAV Shipping LLC	Dubai	49.00[2]
CSAV Agencies (Malaysia) Sdn Bhd. i.L.	Kuala Lumpur	100.00
CSAV Group (China) Shipping Co. Ltd.	Shanghai	100.00
CSAV Group (Hong Kong) Ltd.	Hong Kong	100.00
CSAV Group Agencies (Hong Kong) Ltd.	Hong Kong	100.00
CSAV Group (India) Private Ltd.	Gurgaon	100.00
CSAV Group Agencies (India) Private Ltd.	Mumbai	100.00
North America		
Hapag-Lloyd (America) LLC	Wilmington	100.00
Hapag-Lloyd (Canada) Inc.	Montreal	100.00
Hapag-Lloyd Mexico S.A. de C.V.	Mexico City	100.00
Hapag-Lloyd USA LLC	Wilmington	100.00
Florida Vessel Management LLC	Wilmington	75.00

Name of the company	Registered office	Shareholding in %
North America		
Servicios Corporativos Portuarios S.A. de C.V.	Mexico City	100.00
CSAV Agency LLC	Wilmington	100.00
Agencias Grupo CSAV (Mexico) S.A. de C.V	Mexico City	100.00
Prestadora de servicios integrados de personal de SA de C.V.	Mexico City	100.00
CSAV Agency Ltd.	Montreal	100.00
South America		
Hapag-Lloyd Argentina S.R.L.	Buenos Aires	100.00
Hapag-Lloyd Colombia LTDA	Bogota	100.00
Hapag-Lloyd Costa Rica S.A.	San Jose	100.00
Hapag-Lloyd Guatemala S.A.	Guatemala	100.00
Hapag-Lloyd (Peru) S.A.C.	Lima	60.00
Hapag-Lloyd Venezuela C.A.	Caracas	100.00
CSAV Austral SpA	Valparaíso	49.99
Hapag-Lloyd Chile SpA (ex. CSAV Portacontenedores SpA)	Valparaíso	100.00
CSAV Group Agencies Uruguay S.A.	Montevideo	100.00
CSAV Group Agency Colombia Ltda.	Bogota	100.00
Servicios de Procesamiento Naviero S.R.L.	Montevideo	100.00
Libra Agency (Argentina) S.A.	Buenos Aires	100.00
Invermar Management S.A	Panama City	100.00
Companhia Libra de Navegacao S.A.	São Paulo	100.00
Andes Operador Multimodal Ltda.	São Paulo	100.00
Corvina Maritime Holding S.A.	Panama City	100.00
Sea Lion Shipping Co. S.A.	Panama City	100.00
Southern Shipmanagement Co. S.A.	Panama City	50.00
Southern Shipmanagement (Chile) Ltda.	Valparaíso	50.50
Wellington Holding Group S.A.	Road Town	100.00
Compañía Libra de Navegación (Uruguay) S.A.	Montevideo	100.00
Inversiones CNP S.A.	Lima	100.00
Torksey S.A.	Montevideo	100.00
Lanco Investments Internacional Co. S.A.	Panama City	100.00
Rahue Investment Co. S.A.	Panama City	100.00
CNP Holding S.A.	Panama City	100.00
Other		
CSAV Ships S.A.	Panama City	100.00
CSBC Hull 900 Ltd.	Douglas	100.00
CSBC Hull 898 Ltd.	Douglas	100.00
Hull 1794 Co. Ltd.	Majuro	100.00
Hull 1796 Co. Ltd.	Majuro	100.00
Hull 1798 Co. Ltd.	Majuro	100.00
Hull 1800 Co. Ltd.	Majuro	100.00
Hull 1906 Co. Ltd.	Majuro	100.00
Hull 1975 Co. Ltd.	Majuro	100.00
Hull 1976 Co. Ltd.	Majuro	100.00
Hull 2082 Co. Ltd.	Majuro	100.00
Hull 2083 Co. Ltd.	Majuro	100.00
Hull 2084 Co. Ltd.	Majuro	100.00
Hull 2085 Co. Ltd.	Majuro	100.00
Hull 2086 Co. Ltd.	Majuro	100.00
Hull 2087 Co. Ltd.	Majuro	100.00
Hull 2088 Co. Ltd.	Majuro	100.00
Bureo Shipping Co. S.A.	Majuro	100.00
Norasia Alya S.A.	Panama City	100.00
Malleco Shipping Co. S.A.	Panama City	100.00
Maule Shipping Co. S.A.	Panama City	100.00

Name of the company	Registered office	Shareholding in %
Joint Venture		
Hapag-Lloyd Denizasiri Nakliyat A.S.	Izmir	50.00
Associated companies		
Hapag-Lloyd Lanka (Pvt) Ltd	Colombo	40.00
HHLA Container Terminal Altenwerder GmbH	Hamburg	25.10
Affiliated non-consolidated companies		
Hapag-Lloyd Container Ltd	Barking	100.00
Hapag-Lloyd Container (No. 2) Ltd.	Barking	100.00
Hapag-Lloyd Container (No. 3) Ltd.	Barking	100.00
Hapag-Lloyd Ships Ltd.	Barking	100.00
Hapag-Lloyd Ships (No. 2) Ltd.	Barking	100.00
Chacabuco Shipping Ltd.	Majuro	100.00
Limarí Shipping Ltd.	Majuro	100.00
Longavi Shipping Ltd.	Majuro	100.00
Palena Shipping Ltd.	Majuro	100.00
Hamburg-Amerikanische Packetfahrt-Gesellschaft mbH	Hamburg	100.00
Norddeutscher Lloyd GmbH	Bremen	100.00
Zweite Hapag-Lloyd Schiffsvermietungsgesellschaft mbH	Hamburg	100.00

[1] Additional 2.00% are hold by a trustee on behalf of the Hapag-Lloyd group.
[2] Additional 51.00% are hold by a trustee on behalf of the Hapag-Lloyd group.

SHAREHOLDINGS OF MORE THAN 10% OF THE VOTING RIGHTS OF THE SHARE CAPITAL

Between the start of the financial year and the time at which the financial statements were completed, we received the following notifications regarding Hapag-Lloyd AG holdings pursuant to Section 21 (1) or (1a) WpHG (Stock Exchange Trading Law):

Hamburger Gesellschaft für Vermögens und Beteiligungsmanagement mbH, Hamburg, Germany, notified us on 6 November 2015 pursuant to Section 21 (1a) WpHG that its share of voting rights in Hapag-Lloyd AG, Ballindamm 25, 20095 Hamburg, Germany, as at 4 November 2015 was 71.56% (corresponding to 84,524,291 voting rights). 20.63% of the voting rights (corresponding to 24,363,475 voting rights) are held directly by the Company. 50.94% of the voting rights (corresponding to 60,160,816 voting rights) are attributable to the Company pursuant to Section 22 (2) WpHG through CSAV Germany Container Holding GmbH and Kühne Maritime GmbH.

TUI-Hapag Beteiligungs GmbH, Hannover, Germany, notified us on 5 November 2015 pursuant to Section 21 (1a) WpHG that its share of voting rights in Hapag-Lloyd AG, Ballindamm 25, 20095 Hamburg, Germany, as at 4 November 2015 was 12.33% (corresponding to 14,561,811 voting rights). 12.33% (corresponding to 14,561,811 voting rights) are held directly by the Company.

TUI AG in Hanover/Berlin, Germany, notified us on 5 November 2015 pursuant to Section 21 (1a) WpHG that its share of voting rights in Hapag-Lloyd AG, Ballindamm 25, 20095 Hamburg, Germany, as at 4 November 2015 was 12.33% (corresponding to 14,561,811 voting rights). 12.33% of the voting rights (corresponding to 14,561,811 voting rights) are attributable to the Company through TUI-Hapag Beteiligungs GmbH pursuant to Section 22 (1) (1) (1) WpHG, of which 3% or more are assigned.

The Luksburg Foundation in Vaduz, Lichtenstein, notified us on 5 November 2015 pursuant to Section 21 (1a) WpHG that its share of voting rights in Hapag-Lloyd AG, Ballindamm 25, 20095 Hamburg, Germany, as at 4 November 2015 was 71.56% (corresponding to 84,524,291 voting rights). 40.21% of the voting rights (corresponding to 47,491,548 voting rights) are attributable to the Company pursuant to Section 22 (2) WpHG through Kühne Maritime GmbH and HGV Hamburger Gesellschaft für Vermögens und Beteiligungs-management mbH. In accordance with Section 22 (1) (1) (1) WpHG, 31.35% of the voting rights (corresponding to 37,032,743 voting rights) are attributable to the Company through CSAV Germany Container Holding GmbH, Compañía Sud Americana de Vapores S.A., Quiñenco S.A., Andsberg Inversiones Limitada, Ruana Copper A.G. Agencia Chile and Inversiones Orengo S.A., of which 3% or more are assigned in each case.

Inversiones Orengo S.A. in Santiago, Chile, notified us on 5 November 2015 pursuant to Section 21 (1a) WpHG that its share of voting rights in Hapag-Lloyd AG, Ballindamm 25, 20095 Hamburg, Germany, as at 4 November 2015 was 71.56% (corresponding to 84,524,291 voting rights). 40.21% of the voting rights (corresponding to 47,491,548 voting rights) are attributable to the Company pursuant to Section 22 (2) WpHG through Kühne Maritime GmbH and HGV Hamburger Gesellschaft für Vermögens und Beteiligungs-management mbH. In accordance with Section 22 (1) (1) (1) WpHG, 31.35% of the voting rights (corresponding to 37,032,743 voting rights) are attributable to the Company through CSAV Germany Container Holding GmbH, Compañía Sud Americana de Vapores S.A. and Quiñenco S.A., of which 3% or more are assigned in each case.

Ruana Copper A.G. Agencia Chile in Santiago, Chile, notified us on 05/11/2015 pursuant to Section 21 (1a) WpHG that his share of voting rights in Hapag-Lloyd AG, Ballindamm 25, 20095 Hamburg, Germany, as at 4 November 2015 was 71.56% (corresponding to 84,524,291 voting rights). 40.21 % of the voting rights (corresponding to 47,491,548 voting rights) are attributable to the Company pursuant to Section 22 (2) WpHG through Kühne Maritime GmbH and HGV Hamburger Gesellschaft für Vermögens und Beteiligungs-management mbH. In accordance with Section 22 (1) (1) (1) WpHG, 31.35% of the voting rights (corresponding to 37,032,743 voting rights) are attributable to the Company through CSAV Germany Container Holding GmbH, Compañía Sud Americana de Vapores S.A. and Quiñenco S.A., of which 3% or more are assigned in each case.

Quinenco S.A. in Santiago, Chile, notified us on 5 November 2015 pursuant to Section 21 (1a) WpHG that its share of voting rights in Hapag-Lloyd AG, Ballindamm 25, 20095 Hamburg, Germany, as at 4 November 2015 was 71.56% (corresponding to 84,524,291 voting rights). 40.21% of the voting rights (corresponding to 47,491,548 voting rights) are attributable to the Company pursuant to Section 22 (2) WpHG through Kühne Maritime GmbH and HGV Hamburger Gesellschaft für Vermögens und Beteiligungs-management mbH. In accordance with Section 22 (1) (1) (1) WpHG, 31.35% of the voting rights (corresponding to 37,032,743 voting rights) are attributable to the Company through CSAV Germany Container Holding GmbH and Compañía Sud Americana de Vapores S.A., of which 3% or more are assigned in each case.

Compania Sud Americana de Vapores S.A. in Santiago, Chile, notified us on 5 November 2015 pursuant to Section 21 (1a) WpHG that its share of voting rights in Hapag-Lloyd AG, Ballindamm 25, 20095 Hamburg, Germany, as at 4 November 2015 was 71.56% (corresponding to 84,524,291 voting rights). 40.21% of the voting rights (corresponding to 47,491,548 voting rights) are attributable to the Company pursuant to Section 22 (2) WpHG through Kühne Maritime GmbH and HGV Hamburger Gesellschaft für Vermögens und Beteiligungsmanagement mbH. In accordance with Section 22 (1) (1) (1) WpHG, 31.35% of the voting rights (corresponding to 37,032,743 voting rights) are attributable to the Company through CSAV Germany Container Holding GmbH, of which 3% or more are assigned in each case.

CSAV Germany Container Holding GmbH, Hamburg, Germany, notified us on 5 November 2015 pursuant to Section 21 (1a) WpHG that its share of voting rights in Hapag-Lloyd AG, Ballindamm 25, 20095 Hamburg, Germany, as at 4 November 2015 was 71.56% (corresponding to 84,524,291 voting rights). 31.35% of the voting rights (corresponding to 37,032,743 voting rights) are held directly by the Company. 40.21% of the voting rights (corresponding to 47,491,548 voting rights) are attributable to the Company pursuant to Section 22 (2) WpHG through Kühne Maritime GmbH and HGV Hamburger Gesellschaft für Vermögens und Beteiligungsmanagement mbH.

Andsberg Inversiones Limitada in Santiago, Chile, notified us on 5 November 2015 pursuant to Section 21 (1a) WpHG that its share of voting rights in Hapag-Lloyd AG, Ballindamm 25, 20095 Hamburg, Germany, as at 4 November 2015 was 71.56% (corresponding to 84,524,291 voting rights). 40.21% of the voting rights (corresponding to 47,491,548 voting rights) are attributable to the Company pursuant to Section 22 (2) WpHG through Kühne Maritime GmbH and HGV Hamburger Gesellschaft für Vermögens und Beteiligungsmanagement mbH. In accordance with Section 22 (1) (1) (1) WpHG, 31.35% of the voting rights (corresponding to 37,032,743 voting rights) are attributable to the Company through CSAV Germany Container Holding GmbH, Compañía Sud Americana de Vapores S.A. and Quiñenco S.A., of which 3% or more are assigned in each case.

Mr Klaus-Michael Kühne, Switzerland, notified us on 6 November 2015 pursuant to Section 21 (1a) WpHG that his share of voting rights in Hapag-Lloyd AG, Ballindamm 25, 20095 Hamburg, Germany, as at 4 November 2015 was 72.20% (corresponding to 85,274,291 voting rights). 51.98% of the voting rights (corresponding to 61,396,218 voting rights) are attributable to the Mr Kühne pursuant to Section 22 (2) WpHG through CSAV Germany Container Holding GmbH and HGV Hamburger Gesellschaft für Vermögens und Beteiligungsmanagement mbH. 20.22% of the voting rights (corresponding to 23,878,073 voting rights) are attributable to him pursuant to Section 22 (1) (1) (1) WpHG through Kühne Holding AG and Kühne Maritime GmbH, of which 3% or more are assigned in each case.

Kühne Holding AG in Schindellegi, Switzerland, notified us on 6 November 2015 pursuant to Section 21 (1a) WpHG that its share of voting rights in Hapag-Lloyd AG, Ballindamm 25, 20095 Hamburg, Germany, as at 4 November 2015 was 72.20% (corresponding to 85,274,291 voting rights). 51.98% of the voting rights (corresponding to 61,396,218 voting rights) are attributable to the Company pursuant to Section 22 (2) WpHG through CSAV Germany Container Holding GmbH and HGV Hamburger Gesellschaft für Vermögens und Beteiligungsmanagement mbH. 19.58% of the voting rights (corresponding to 23,128,073 voting rights) are attributable to the Company through Kühne Maritime GmbH pursuant to Section 22 (1) (1) (1) WpHG, of which 3% or more are assigned.

The Free and Hanseatic City of Hamburg, Germany, notified us on 6 November 2015 pursuant to Section 21 (1a) WpHG that its share of voting rights in Hapag-Lloyd AG, Ballindamm 25, 20095 Hamburg, Germany, as at 4 November 2015 was 71.56% (corresponding to 84,524,291 voting rights). 50.94% of the voting rights (corresponding to 60,160,816 voting rights) are attributable to the Company pursuant to Section 22 (2) WpHG through Kühne Maritime GmbH and CSAV Germany Container Holding GmbH. 20.63% of the voting rights (corresponding to 24,363,475 voting rights) are attributable to the Company through HGV Hamburger Gesellschaft für Vermögens und Beteiligungsmanagement mbH pursuant to Section 22 (1) (1) (1) WpHG, of which 3% or more are assigned.

Kühne Maritime GmbH in Hamburg, Germany, notified us on 6 November 2015 pursuant to Section 21 (1a) WpHG that its share of voting rights in Hapag-Lloyd AG, Ballindamm 25, 20095 Hamburg, Germany, as at 4 November 2015 was 71.56% (corresponding to 84,524,291 voting rights). 19.58% of the voting rights (corresponding to 23,128,073 voting rights) are held directly by the Company. 51.98% of the voting rights (corresponding to 61,396,218 voting rights) are attributable to the Company pursuant to Section 22 (2) WpHG through CSAV Germany Container Holding GmbH and HGV Hamburger Gesellschaft für Vermögens und Beteiligungsmanagement mbH.

Hamburg, 2 March 2016

Hapag-Lloyd AG
Executive Board

Rolf Habben Jansen

Nicolás Burr   Anthony J. Firmin   Thorsten Haeser

STATEMENT PURSUANT TO SECTION 264 (2) (3) AND SECTION 289 (1) (5) OF THE GERMAN COMMERCIAL CODE (HGB)

We confirm that, to the best of our knowledge and in accordance with the applicable accounting principles, the consolidated financial statements of Hapag-Lloyd AG give a true and fair view of the net asset, financial and earnings position of Hapag-Lloyd AG and that the Group management report of Hapag-Lloyd AG includes a fair review of the development and performance of the business and the position of Hapag-Lloyd AG, together with a description of the principal opportunities and risks associated with the expected development of the Company.

Hamburg, 2 March 2016

Hapag-Lloyd AG
Executive Board

Rolf Habben Jansen

Nicolás Burr   Anthony J. Firmin   Thorsten Haeser

AUDITOR'S REPORT

Auditor's report

We have audited the consolidated financial statements prepared by Hapag-Lloyd Aktiengesellschaft, Hamburg – consisting of consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows, and notes to the consolidated financial statements – and the Group management report for the financial year from 1 January to 31 December 2015. The preparation of the consolidated financial statements and the Group management report in accordance with IFRS, as applicable in the EU, and the provisions of German commercial law in accordance with Section 315a (1) of the German Commercial Code (HGB) is the responsibility of the Company's Executive Board. Our responsibility is to express an opinion on the consolidated financial statements and the Group management report on the basis of our audit.

We conducted our audit of the consolidated financial statements in accordance with Section 317 of the German Commercial Code (HGB) and the German generally accepted standards for the audit of financial statements established by the Institute of Public Auditors in Germany (IDW). These stipulate that we plan and conduct the audit in such a way that misstatements which have a material impact on the presentation of the net asset, financial and earnings position as conveyed by the consolidated financial statements, taking account of the applicable accounting principles, and by the Group management report are detected with a reasonable degree of certainty. Knowledge of the business activities and the economic and legal environment of the Group and expectations of possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the Group management report are examined primarily on a sample basis within the framework of the audit. The audit includes an assessment of the annual financial statements of the companies in the consolidated group, the determination of the scope of the group of consolidated companies, the accounting and consolidation principles used and significant estimates made by the Executive Board, as well as an assessment of the overall presentation of the consolidated financial statements and the Group management report.

We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion based on the results of our audit, the consolidated financial statements are in compliance with the IFRS, as adopted by the EU, and the additional provisions stated in Section 315a (1) of the German Commercial Code (HGB) and give a true and fair view of the net asset, financial and earnings position of the Group in accordance with these provisions. The Group management report is consistent with the consolidated financial statements and as a whole provides an accurate picture of the Group's position and an accurate description of the opportunities and risks of future development.

Hamburg, 2 March 2016

KPMG AG
Wirtschaftsprüfungsgesellschaft

Heckert	Lippmann
Wirtschaftsprüfer (German Public Auditor)	Wirtschaftsprüfer (German Public Auditor)

PRELIMINARY FINANCIAL CALENDAR

13 May 2016
Publication of interim report for first quarter of 2016

1 June 2016
Annual General Meeting

10 August 2016
Publication of interim report for second quarter/first six months of 2016

14 November 2016
Publication of interim report for third quarter/first nine months of 2016

IMPRINT

Hapag-Lloyd AG
Ballindamm 25
20095 Hamburg

Investor Relations
Telephone: +49 40 3001-2896
Fax: +49 40 3001-72896

Group Communications
Telephone: +49 40 3001-2529
Fax: +49 40 335360

Concept and layout: Hapag-Lloyd Group Communications
Typesetting: Westermann GmbH
Translation: EnglishBusiness AG
Printed by: optimal media GmbHG

www.hapag-lloyd.com

Hapag-Lloyd AG · Ballindamm 25 · 20095 Hamburg · www.hapag-lloyd.com