

Investor Presentation – Half Year Results 2019

Hamburg, 7 August 2019



Opening Remarks

1 | Our deliverables

- Further **progress on implementation of Strategy 2023** and significantly improved results
- **Positive freight rate development** of +5%, while **transport volume increased** by +2% YoY in H1 2019
- Slight YoY increase of unit cost driven by bunker; **unit cost (ex. bunker) remained almost flat**

2 | Our market

- Despite **weakening GDP expectations**, trend of **container volume growth still intact**
- Orderbook remains on a reasonably low level with only **limited amount of orders placed YTD**
- **Preparations for IMO 2020** could positively impact net capacity growth

3 | Our financials

- **Clearly improved group profit** of USD 165 m in H1 2019 (USD -122 m in H1 2018)
- **Strong free cash flow** of USD 867 m in H1 2019 (USD 443 m in H1 2018)
- **Leverage target** of 3.5x Net debt / EBITDA (excl. IFRS 16) **achieved**

4 | Our way forward

- Focus on further implementing „**Strategy 2023**“
- **Continue to improve results** and further deleverage our company
- Get ready for **IMO 2020**

Tangible steps made on Strategy 2023



Cost management program

- First savings accomplished
- Full run-rate of USD 350- 400 m p.a. to be achieved by 2021



Implementation of new services

- Implementation of 2 new services
 - strengthening our position in South-East India and expanding service offerings in Africa



Investment in reefer containers

- Investment in 13,420 new reefer containers
 - expanding our reefer container capacity to over 210,000 TEU

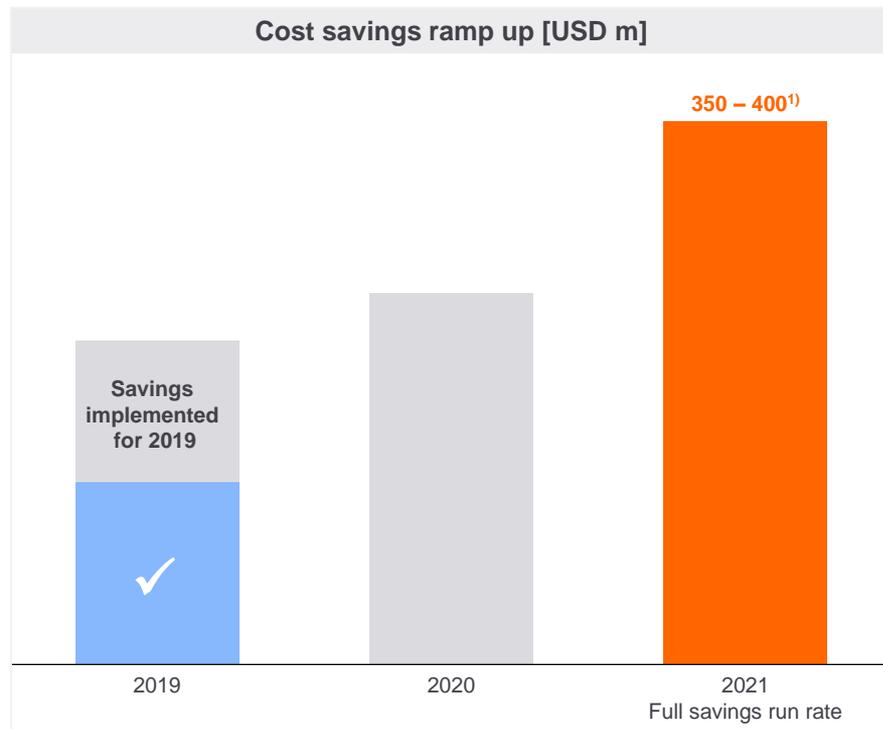
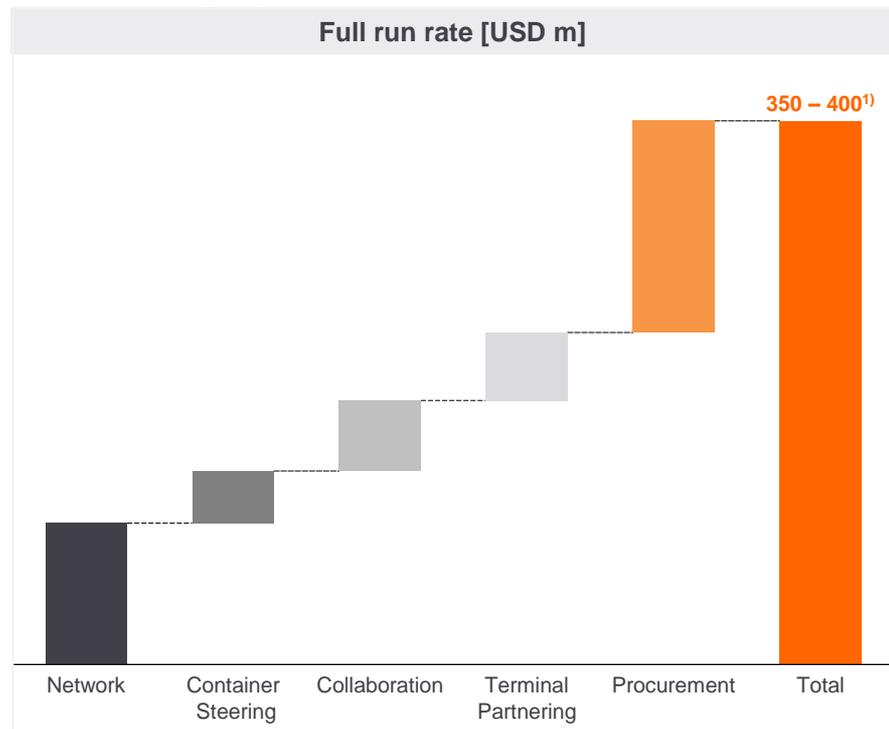


Bond redemption

- Full redemption¹⁾ of EUR 450 m senior note due 2022 at fixed redemption price of 103.375%

Cost management program well on track

Cost savings potential



4 ¹⁾ Compared to a FY 2017 cost base (incl. UASC business for 12 months) Subject to further evaluation and specification in 2019/20

Financial Highlights H1 2019

Transport volume

+2.0%

H1 2019: TEU 6.0 m

Transport expenses per TEU¹⁾

+0.8%

H1 2019: 1,021 USD/TEU

Freight rate

+5.0%

H1 2019: 1,071 USD/TEU

EBIT

USD 440 m

6.2% EBIT margin

Group profit

USD 165 m

5.9% ROIC annualized

EBITDA

USD 1,080 m

15.3% EBITDA margin

Equity

USD 7.2 bn

Equity ratio: 39.4%

Liquidity reserve

USD 1.1 bn

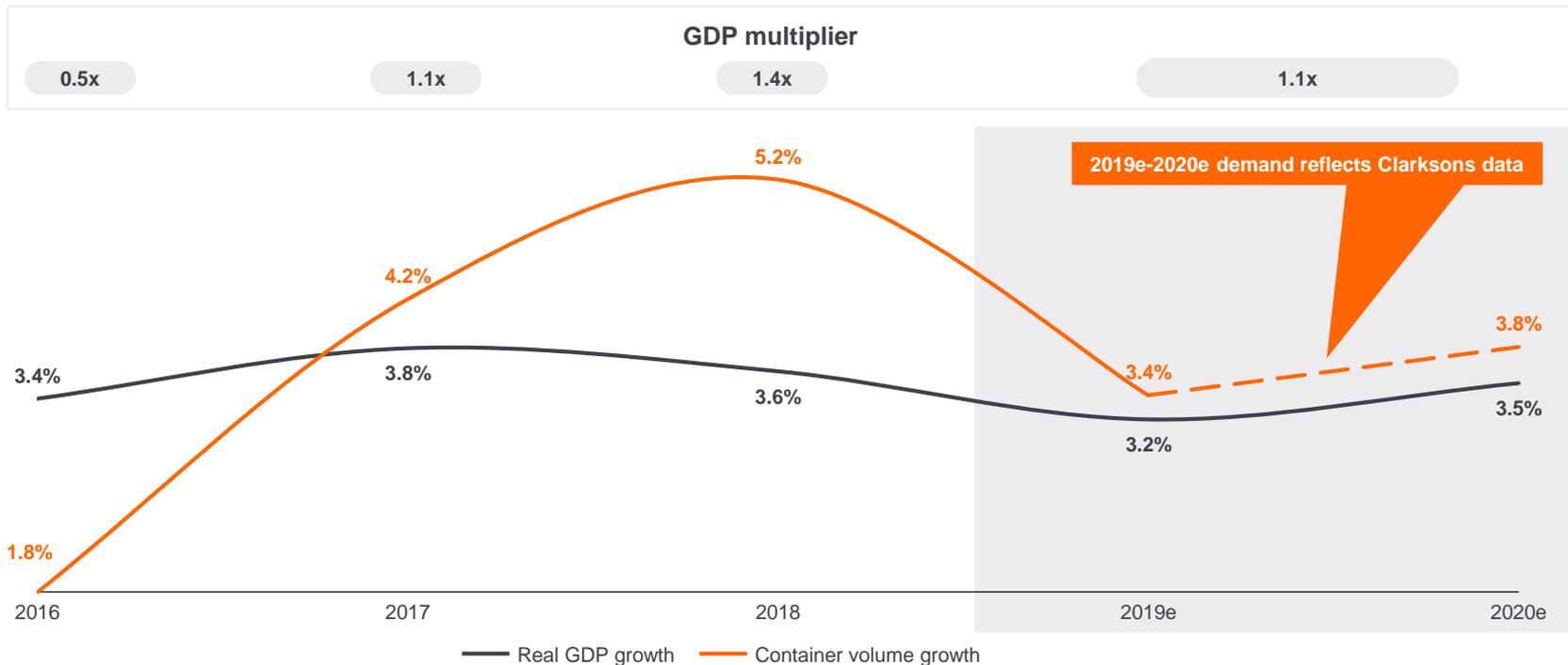
Net debt

USD 7.1 bn

Gearing: 98.4%

Despite slowing market growth...

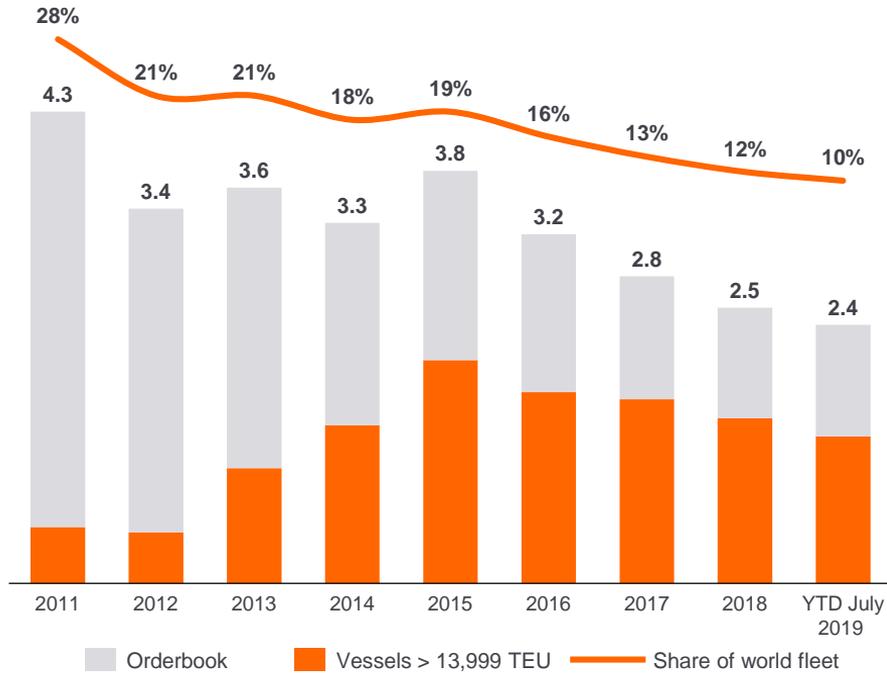
Real GDP Growth vs. Global Container Volume Growth [%]



...the historically low orderbook of only 10%...

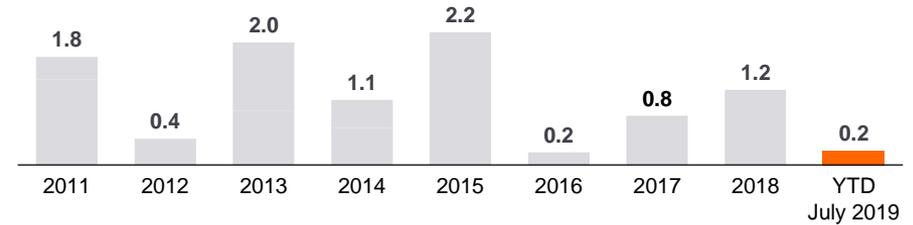
Orderbook-to-fleet

[TEU m, %]



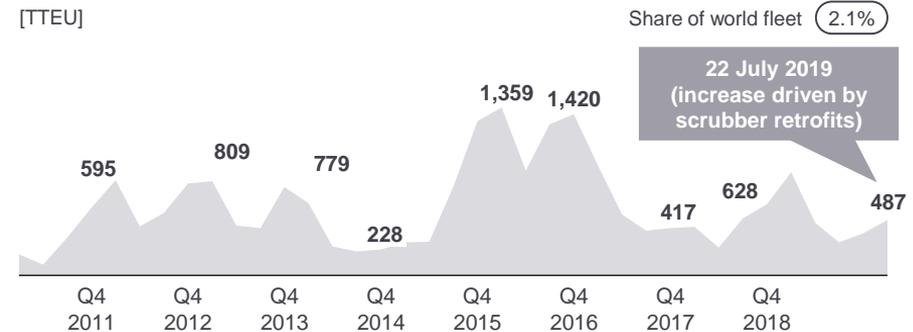
Newly placed orders

[TEU m, %]



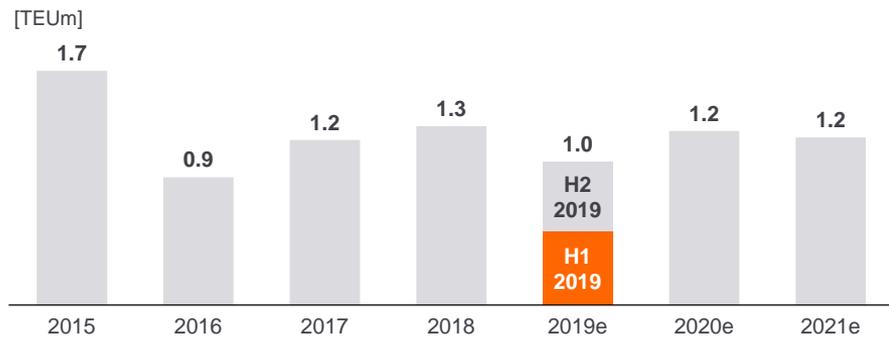
Idle fleet

[TTEU]

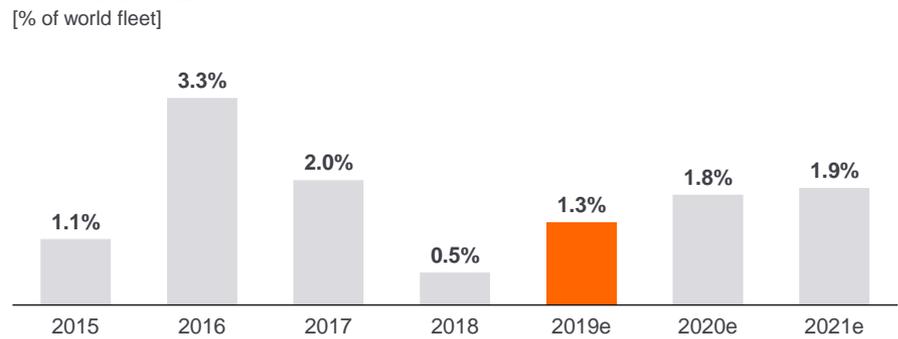


...combined with an increase in scrapping, will lead to a further improved market environment

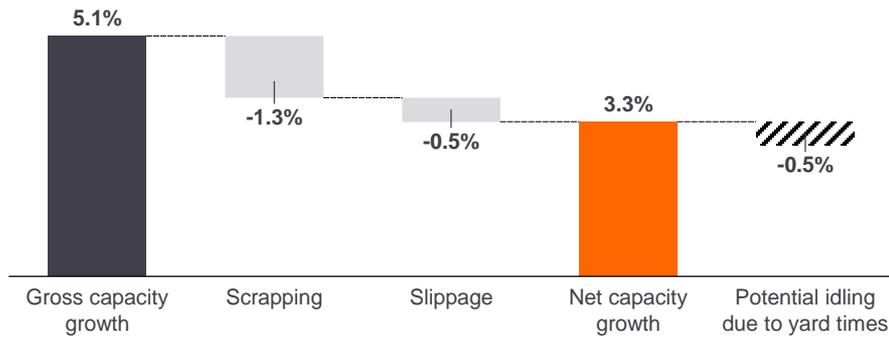
Scheduled vessel deliveries



Scrapping



Net capacity growth in 2019e



Supply / demand balance



Results are substantially higher YoY...

Operational KPIs	Q2 2019	Q2 2018	YoY	H1 2019	H1 2018	YoY
Transport volume [TTEU]	3,038	2,987	+2%	5,966	5,848	+2%
Freight rate [USD/TEU]	1,063	1,010	+5%	1,071	1,020	+5%
Bunker [USD/mt]	434	399	+9%	429	385	+11%
Exchange rate ¹⁾ [USD/EUR]	1.12	1.19	n.m.	1.13	1.21	n.m.
Revenue [USD m]	3,569	3,356	+6%	7,047	6,577	+7%
EBITDA [USD m]	524	251	+109%	1,080	517	+109%
<i>EBITDA margin</i>	14.7%	7.5%	+7.2ppt	15.3%	7.9%	+7.4ppt
EBIT [USD m]	197	47	+319%	440	110	+301%
<i>EBIT margin</i>	5.5%	1.4%	+4.1ppt	6.2%	1.7%	+4.5ppt
Group profit [USD m]	56	-80	n.m.	165	-122	n.m.
<i>ROIC [annualized]</i>	5.3%	1.0%	+4.3ppt	5.9%	1.3%	+4.6ppt

1) Average rate for the period. Note: Figures as stated in the Investor Report Q2/H1 2019. Rounding differences may occur. Due to the first-time application of IFRS 16 "Leases" as at 1 January 2019, the presentation of the group earnings, financial and net asset positions is only comparable with that of the corresponding prior year period to a limited degree. Unless stated otherwise, the figures for Q2/H1 2018 refer to the provisions for leases pursuant to IAS 17.1

...even correcting for IFRS 16 effects

Overview of IFRS 16 effects on P&L accounts

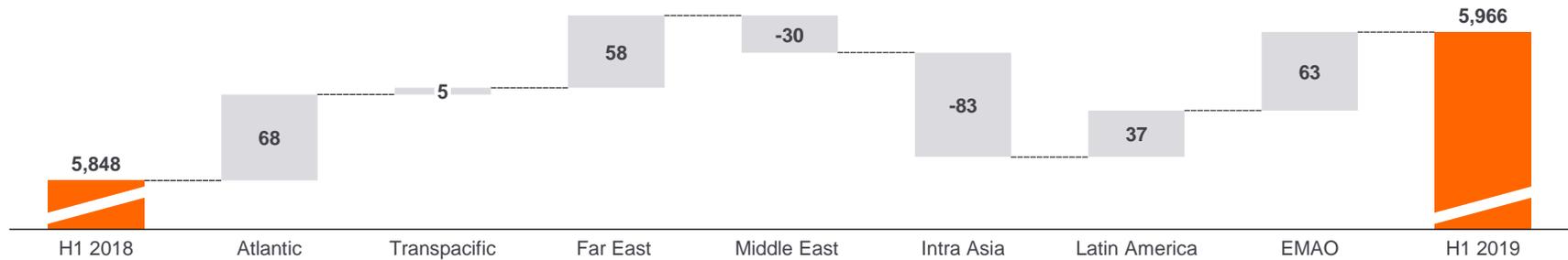
[USD m]	H1 2019	H1 2018	Δ	Thereof IFRS 16	Δ ex. IFRS 16
Revenue	7,047	6,577	+470	0	+470
Operating expenses (before D&A)	-5,967	-6,060	+93	+245	-152
EBITDA	1,080	517	+563	+245	+318
Depreciation & Amortization	-640	-407	-233	-230	-3
EBIT	440	110	+330	+15	+315
Interest result	-254	-209	-45	-36	-9
Income tax / other financial items	-21	-23	+2	0	+2
Group profit	165	-122	+287	-21	+308

Transport volume increased by 2.0% YoY to 5,966 TTEU in H1 2019 mainly driven by Atlantic, Far East, Latin America and EMAO

Transport volume by trade [TTEU]

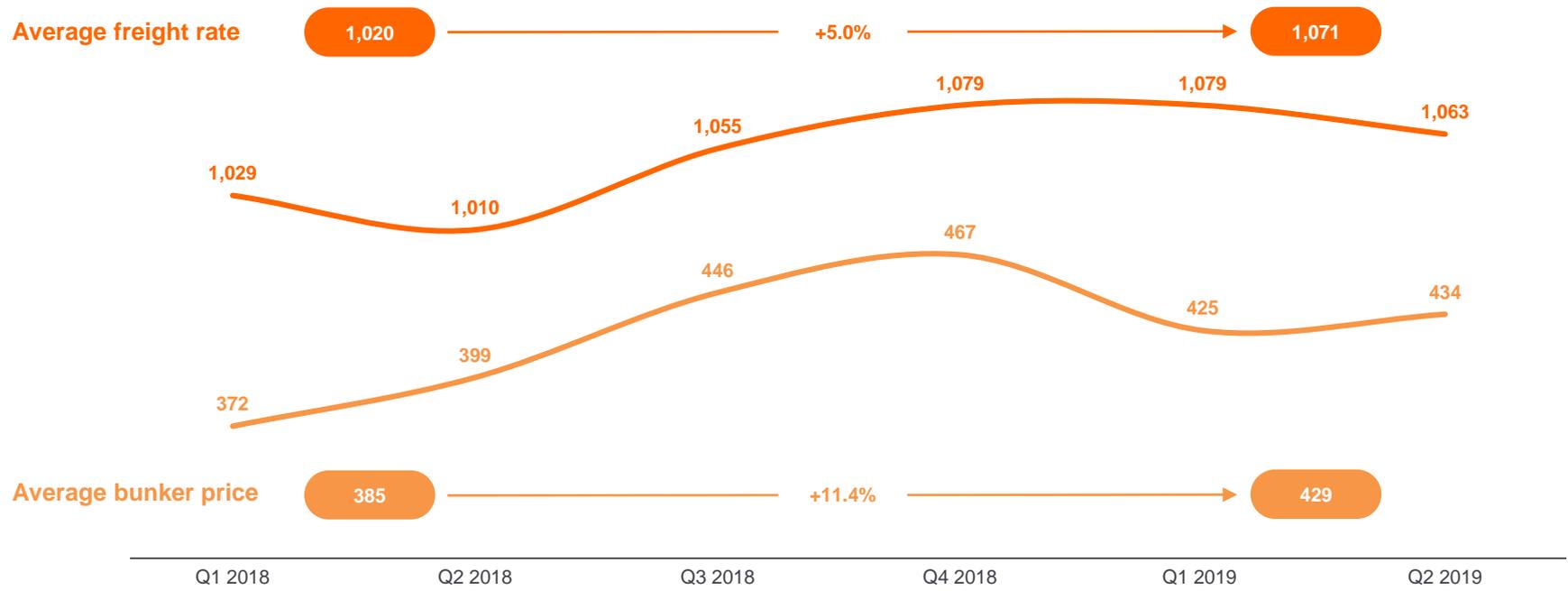


Transport volume development by trade [TTEU]



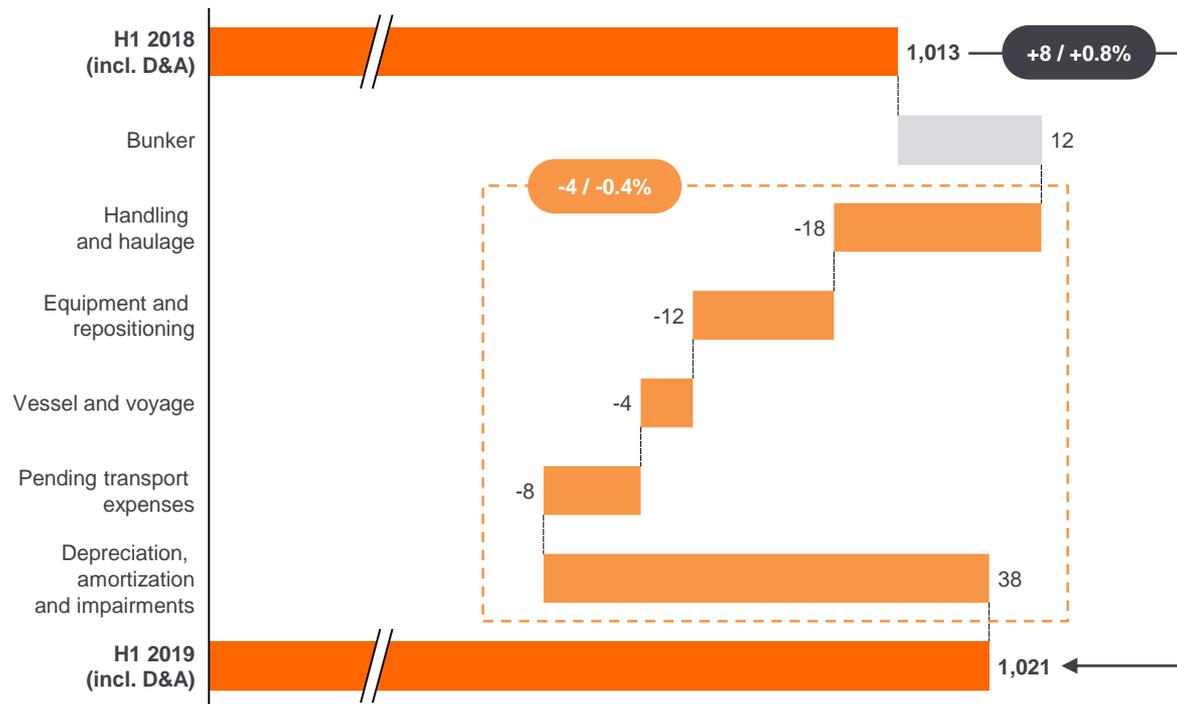
Average freight rate has increased by 5.0% YoY in H1 2019, driven by a positive development in almost all trades

Freight rate [USD/TEU] vs. Bunker price development [USD/mt]



Transport expenses per unit (ex. bunker) remained almost flat YoY

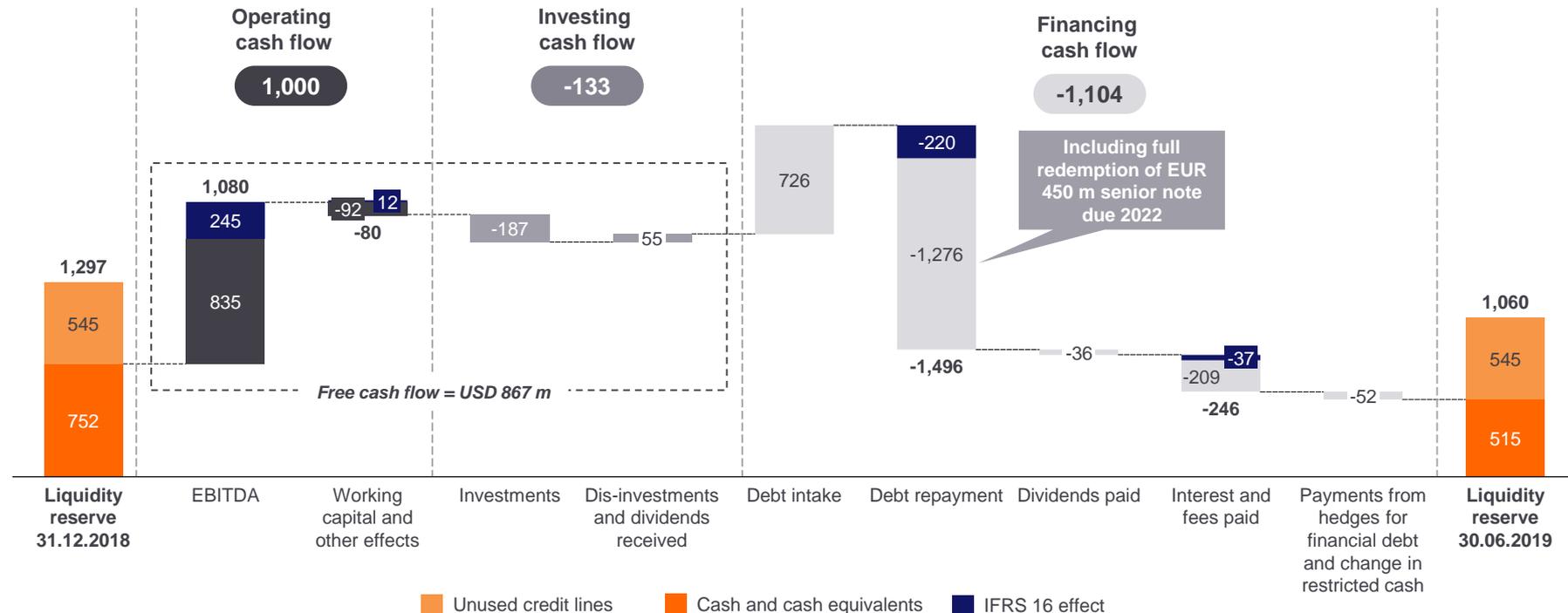
Transport expenses per unit [USD/TEU]



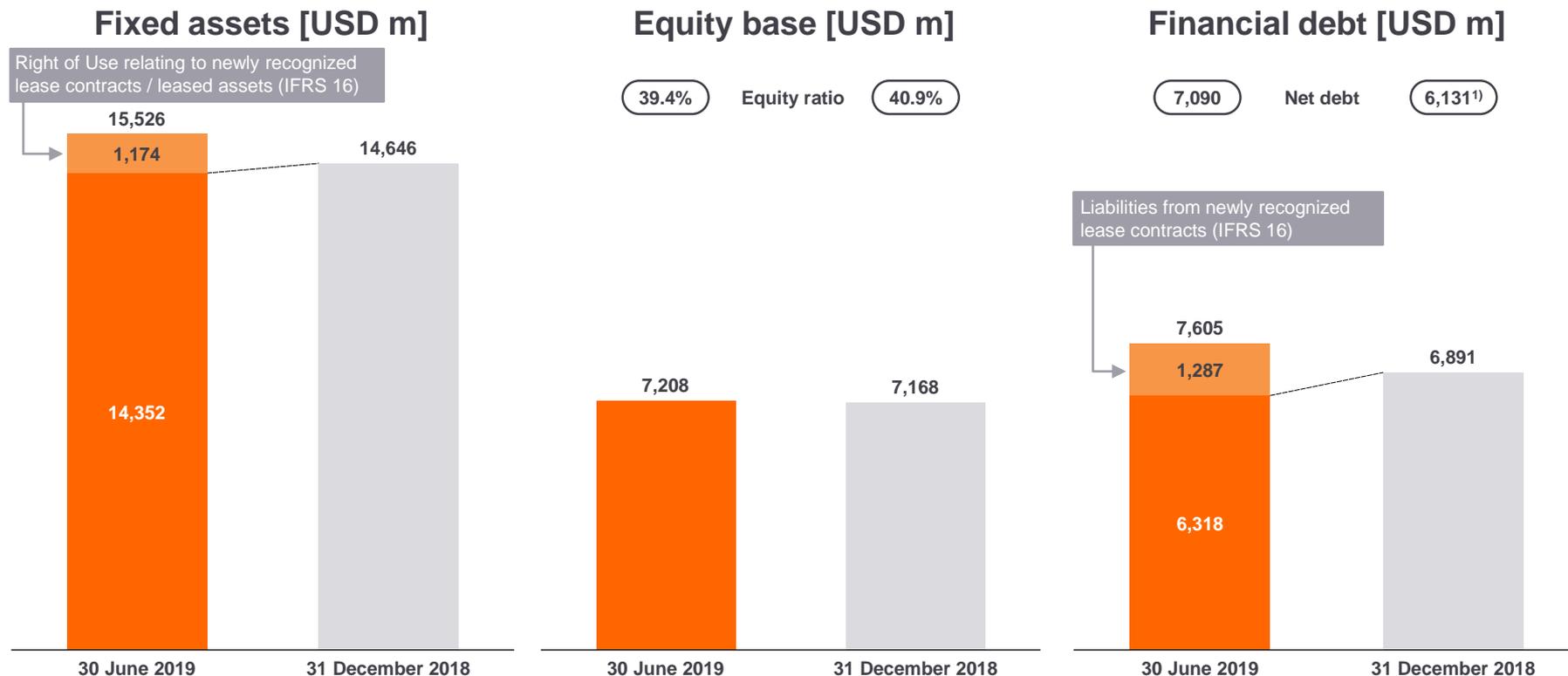
- Slight YoY increase driven by higher **“Bunker”** costs.
- Decrease in **“Handling and haulage”** as less profitable inland business was actively reduced in light of Strategy 2023.
- Substantial decrease in **“Equipment and repositioning”** due to IFRS 16. However, depreciation for rented container more than offset this decrease. Higher empty container repositioning cost drove the net increase.
- Decrease in **“Vessel and voyage”** due to IFRS 16 – increase in depreciation more than offset this decrease. Net increase driven by a capacity expansion and an increase in charter prices has been partly offset by higher slotcharter revenues.

Free cash flow generation significantly stronger than last year, notwithstanding IFRS 16 effects

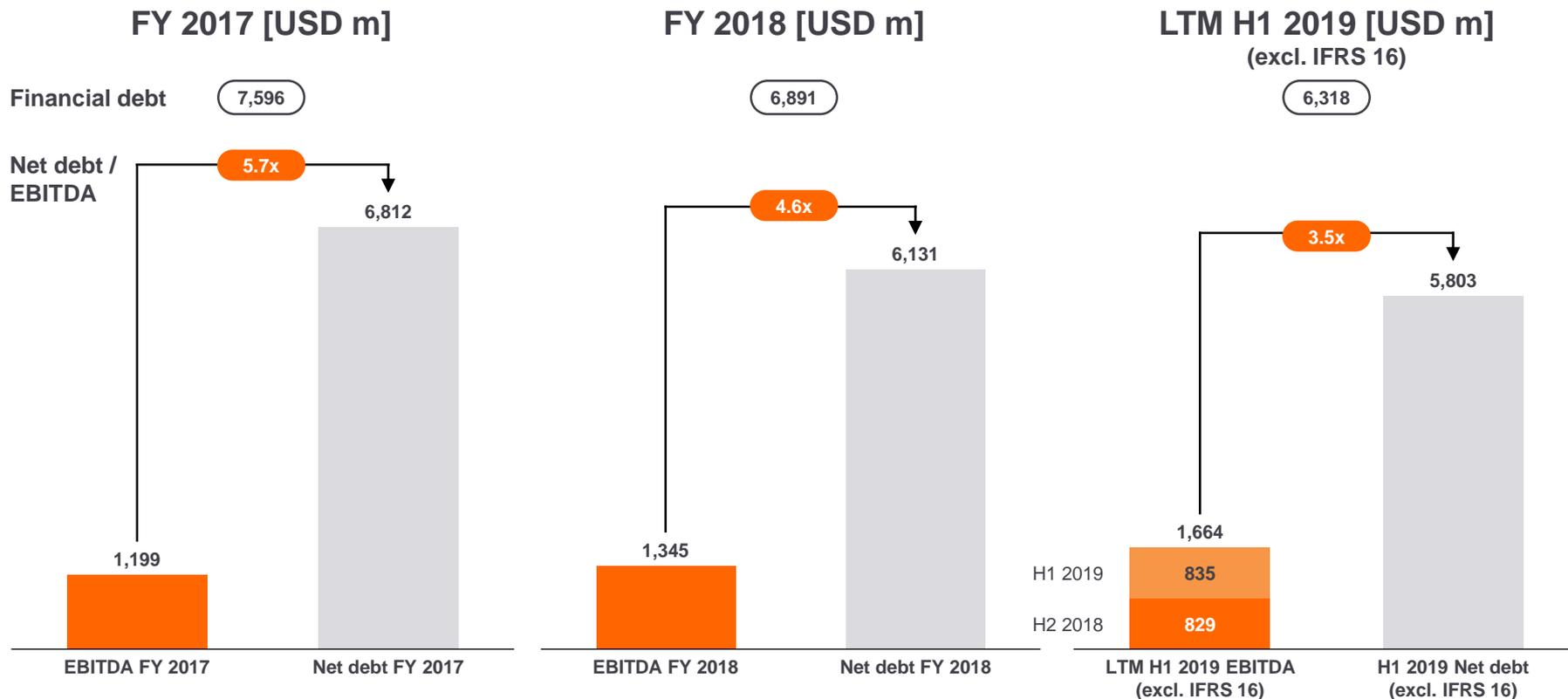
Cash flow H1 2019 [USD m]



We have continued to deleverage the company...



...and have achieved our 2019 net debt / EBITDA target (excl. IFRS 16) of 3.5x ahead of plan



Earnings outlook for 2019

	FY 2018	Outlook 2019 (incl. IFRS 16)	Sensitivities for 2019 ¹⁾	
 Transport volume	11,874 TTEU	Increasing slightly	+/- 300 TTEU	+/- USD ~0.2 bn
 Average freight rate	1,044 USD/TEU	Increasing slightly	+/- 50 USD/TEU	+/- USD ~0.6 bn
 Average bunker price	421 USD/mt	Increasing slightly	+/- 50 USD/mt	+/- USD ~0.2 bn
 EBITDA	EUR 1,138 m	EUR 1.6 – 2.0 bn	Thereof IFRS 16 Impact	EUR 370 – 470 m
 EBIT	EUR 443 m	EUR 0.5 – 0.9 bn		EUR 10 – 50 m

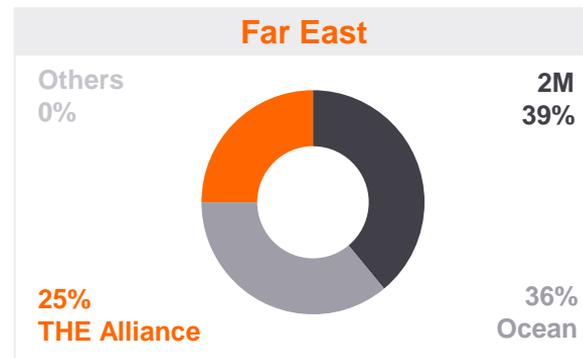
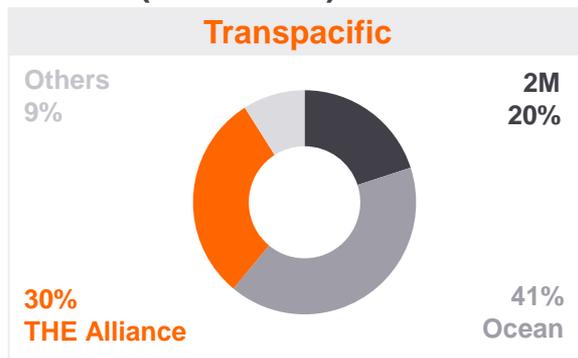
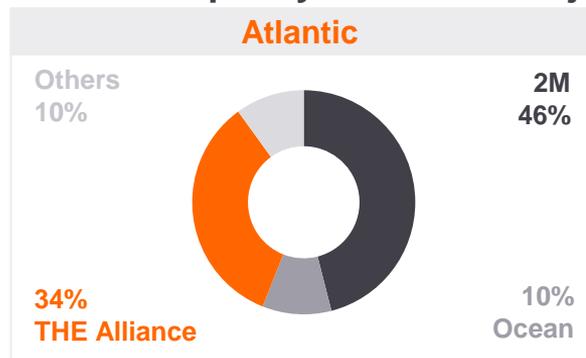
HMM will join THE Alliance as a full member as of 1 April 2020, strengthening the alliance's competitiveness especially on FE & TP

- New cooperation with four members with a term until 2030
- HMM's orderbook (12x 23,000 TEU and 8x 15,000 TEU) will be delivered between 2020 and 2021
- The 23,000 TEU newbuildings will be deployed in the Far East – North Europe trade and will further strengthen THE Alliance's service portfolio

THE Alliance members as from 1 April 2020



Alliance capacity shares on major trades (incl. HMM)



Major targets for 2019 and beyond:



Continue to **increase profitability** and further **deleverage our company**



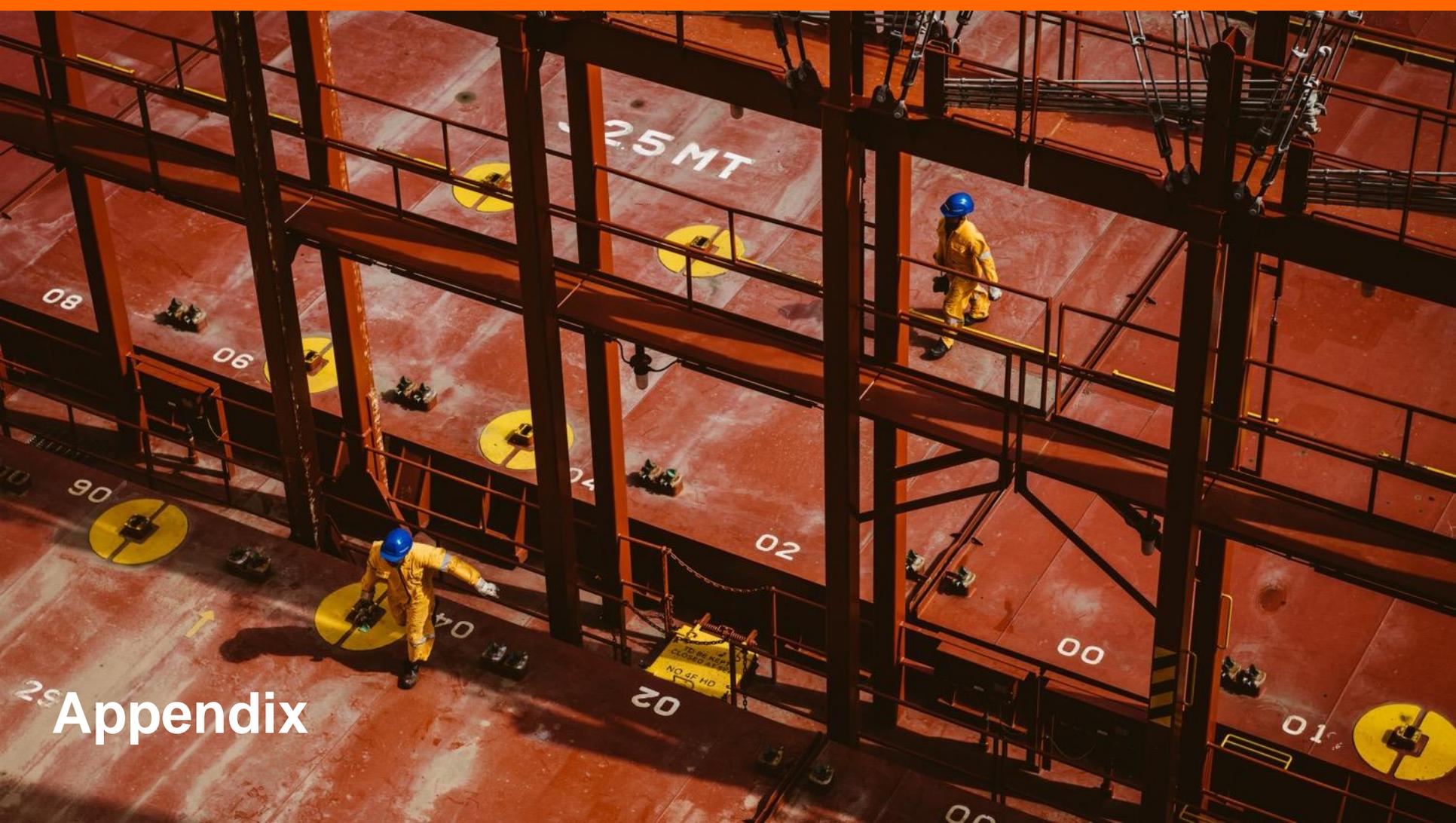
Prepare for **IMO 2020**



Continue to implement our “**Strategy 2023**” and create more value for our customers and shareholders as we strive to become number one for quality



Further develop and offer more **digitalized solutions** to our customers



Appendix

Hapag-Lloyd with an equity ratio of 39.4% and a gearing of 98.4%

Balance sheet [USD m]

million USD	30.6.2019	31.12.2018
Assets		
Non-current assets	15,585.3	14,709.1
of which fixed assets	15,526.1	14,645.7
Current assets	2,695.1	2,812.6
of which cash and cash equivalents	515.4	752.4
Total assets	18,280.4	17,521.7
Equity and liabilities		
Equity	7,208.3	7,167.5
Borrowed capital	11,072.1	10,354.2
of which non-current liabilities	6,660.6	6,487.4
of which current liabilities	4,411.5	3,866.8
of which financial debt and lease liabilities	7,605.0	6,891.1
of which non-current financial debt and lease liabilities	6,206.1	6,070.8
of which current financial debt and lease liabilities	1,398.9	820.3
Total equity and liabilities	18,280.4	17,521.7

Financial position [USD m]

million USD	30.6.2019	31.12.2018
Financial debt and lease liabilities	7,605.0	6,891.1
Cash and cash equivalents	515.4	752.4
Restricted Cash	–	7.4
Net debt	7,089.7	6,131.3
Unused credit lines	545.0	545.0
Liquidity reserve	1,060.4	1,297.4
Equity	7,208.3	7,167.5
Gearing (net debt / equity) (%)	98.4	85.5
Equity ratio (%)	39.4	40.9

Hapag-Lloyd with positive EBIT of USD 439.8 m in H1 2019

Income statement [USD m]

million USD	Q2 2019	Q1 2019	Q2 2018	QoQ	YoY	H1 2019	H1 2018	YoY
Revenue	3,569.0	3,477.6	3,356.0	3%	6%	7,046.6	6,576.7	7%
Transport expenses ¹	-2,790.5	-2,660.2	-2,849.6	5%	-2%	-5,450.7	-5,517.3	-1%
Personnel expenses	-185.5	-189.3	-187.9	-2%	-1%	-374.8	-383.7	-2%
Depreciation, amortization and impairment	-327.3	-312.9	-203.8	5%	61%	-640.2	-407.5	57%
Other operating result	-78.7	-82.4	-76.0	-5%	3%	-161.0	-177.1	-9%
Operating result¹	187.0	232.8	38.6	-20%	384%	419.8	91.0	361%
Share of profit of equity-accounted investees	10.1	9.7	8.8	4%	14%	19.8	18.7	6%
Result from investments	0.0	0.2	-0.0	-87%	-	0.2	-0.0	-
Earnings before interest and tax (EBIT)¹	197.1	242.7	47.4	-19%	316%	439.8	109.7	301%
Interest result	-133.5	-120.6	-107.8	11%	24%	-254.1	-209.1	22%
Income taxes	-6.6	-13.0	-13.5	-50%	-52%	-19.5	-20.6	-5%
Other financial items	-1.2	0.2	-6.1	-	-80%	-1.0	-2.3	-58%
Group profit / loss¹	55.9	109.3	-80.1	-49%	-170%	165.2	-122.3	n/m

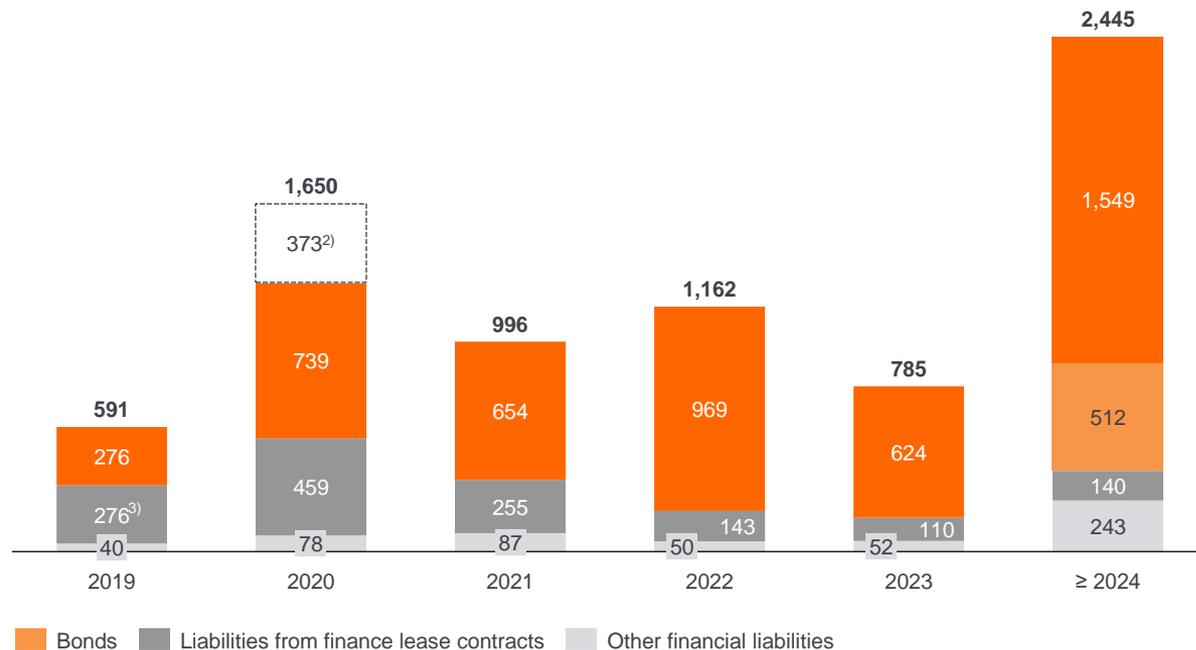
Overview of IFRS 16 effects on cash flow statement

[USD m]	H1 2019	H1 2018	Δ	Thereof IFRS 16	Δ ex. IFRS 16
EBIT	440	110	+330	+15	+315
Depreciation / Amortization	640	407	+233	+230	+3
EBITDA	1,080	517	+563	+245	+318
Working Capital and other effects	-80	-19	-61	+12	-73
Cash flow from operating activities	1,000	498	+502	+257	+245
Investing cash flow	-133	-55	-78	0	-78
Free cash flow	867	443	424	+257	+167
Additional repayments for liabilities from leases	-220	n.a.	-220	-220	0
Additional interest payments for liabilities from leases	-37	n.a.	-37	-37	0
Free cash flow adjusted by IFRS 16 effect	610	443	+167	0	+167

Reduced financing costs as well as improved maturity structure of financial liabilities

Financial Debt Profile as per 30 June 2019¹⁾, [USD m]

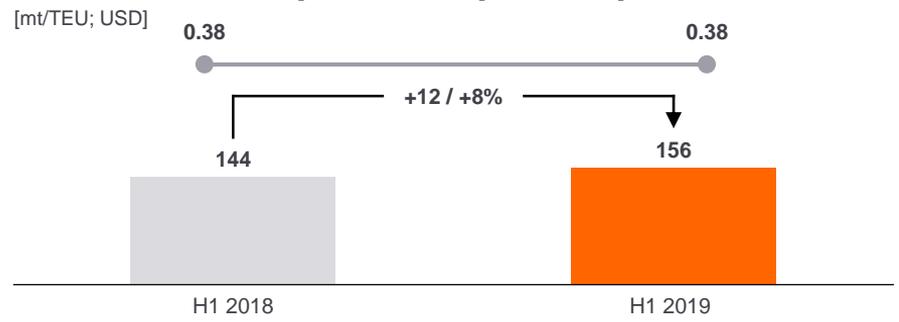
Facility	30 June 2019 [USD m]
Vessel Financings	3,572
Container Financings	1,158
Total Vessel & Container	4,730
EUR Bond 2024	512
Total Bonds	512
Corporate secured	462
Corporate unsecured	639
Total corporate	1,100
New IFRS 16 debt	1,287
Total financial liabilities	7,629¹⁾⁴⁾



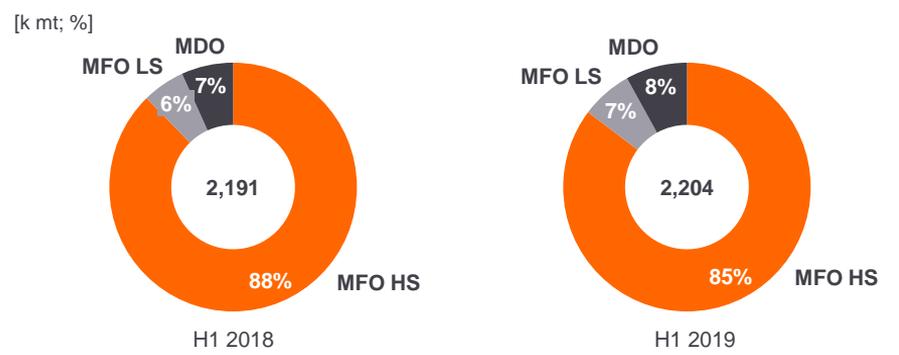
1) As of January 2018 financial debt profile has been changed to the statement of repayment amounts. Deviation from the total financial debt as shown in the balance sheet as per 30.06.2019 consists of transaction costs and accrued interest 2) ABS program prolonged until 2020 3) Liabilities from lease and charter contracts consist of USD 96 million liabilities from former finance lease contracts and USD 1,287 USD million from charter contracts presented as on-balance financial liability due to first-time application of IFRS 16 4) Repayment amounts based on contractual debt as per 30.06.2019 Note: Rounding differences may occur.

Bunker price increased by 11.4% YoY to 429 USD/mt in H1 2019, which drove up bunker expenses per unit to 156 USD/TEU

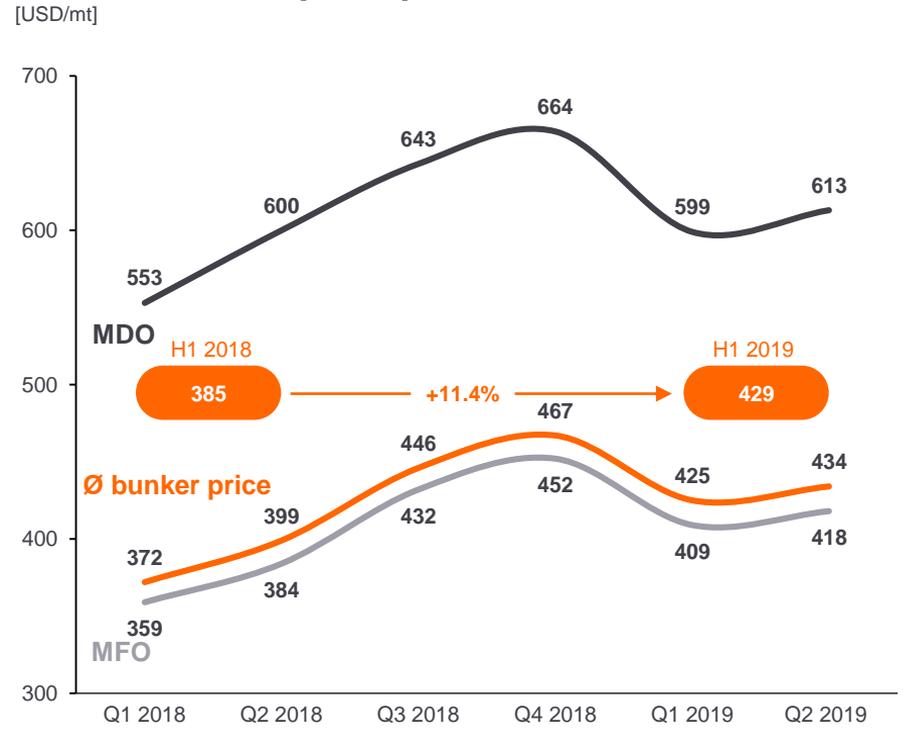
Bunker consumption & expenses per TEU



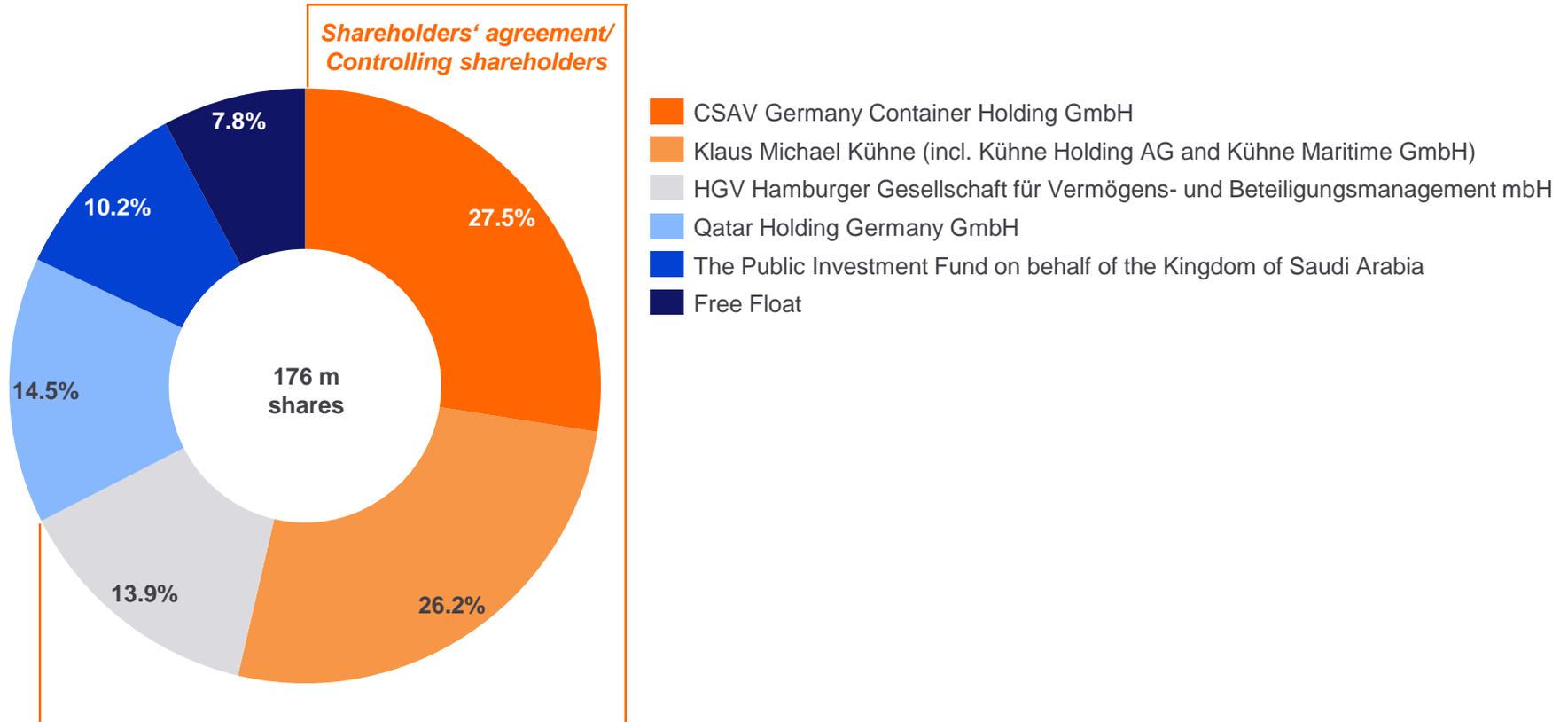
Total bunker consumption



Bunker consumption price

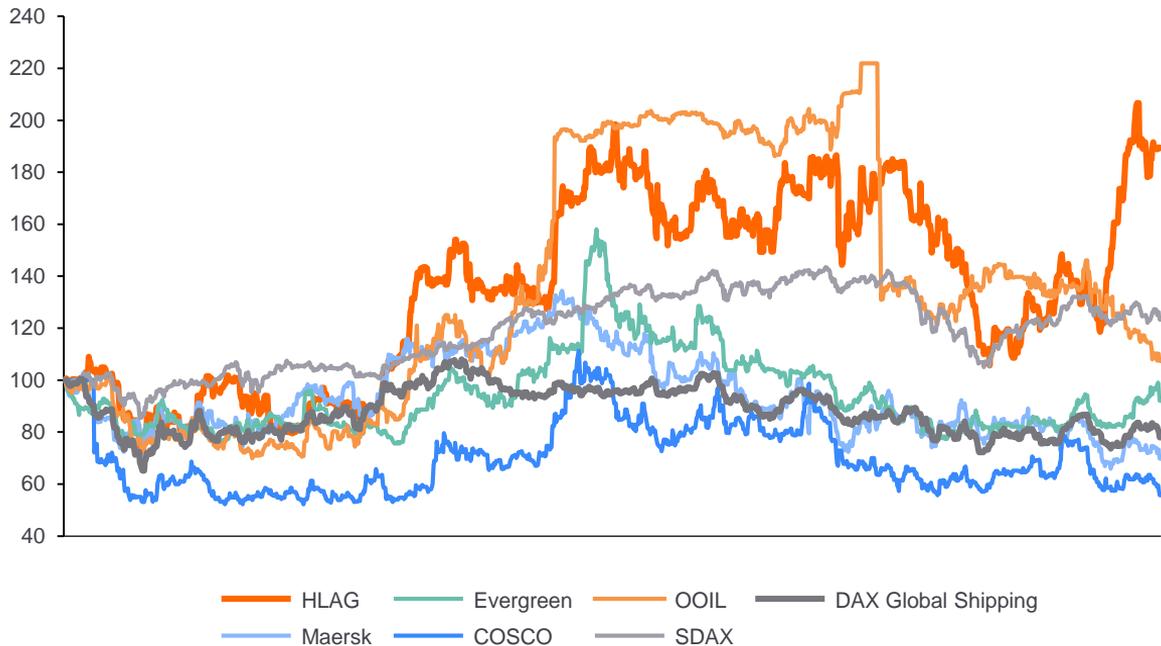


Hapag-Lloyd's shareholder structure



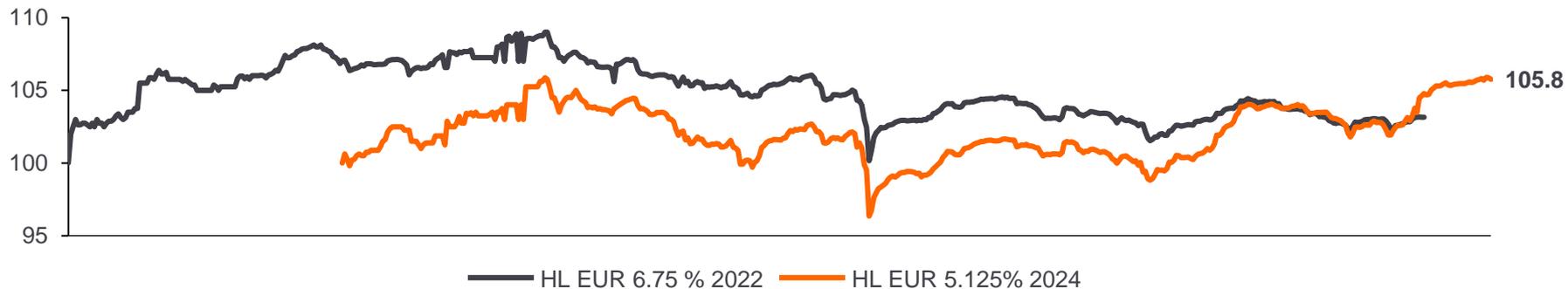
Share price development

Share trading since November 2015



Stock Exchange	Frankfurt Stock Exchange / Hamburg Stock Exchange
Market segment	Regulated market (Prime Standard)
ISIN / WKN	DE000HLAG475 / HLAG47
Ticker Symbol	HLAG
Primary listing	6 November 2015
Number of shares	175,760,293

Bond trading



	EUR Bond 2024	EUR Bond 2022
Listing	Open market of the Luxembourg Stock Exchange (Euro MTF)	
Volume	EUR 450 m	EUR 450 m
ISIN / WKN	XS1645113322	XS1555576641 / A2E4V1
Maturity Date	Jul 15, 2024	Feb 1, 2022
Redemption Price	as of July 15, 2020:102.563%; as of July 15, 2021:101.281%; as of July 15, 2022:100%	as of Feb 1, 2019: 103.375%; as of Feb 1, 2020: 101.688%; as of Feb 1, 2021: 100%
Coupon	5.125%	6.75%

Financial Calendar 2019

25 February 2019

Preliminary Financials 2018 ✓

22 March 2019

Annual Report 2018 ✓

09 May 2019

Quarterly Financial Report Q1 2019 ✓

12 June 2019

Annual General Meeting 2019 ✓

07 August 2019

Half-year Financial Report 2019 ✓

14 November 2019

Quarterly Financial Report 9M 2019

Disclaimer

Forward-looking statements

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