Hapag-Lloyd

Investor Presentation

Preliminary Financials 2016

Hamburg, 28 February 2017

Disclaimer

Forward-looking Statements

This presentation contains forward-looking statements that involve a number of risks and uncertainties. Such statements are based on a number of assumptions, estimates, projections or plans that are inherently subject to significant risks, as well as uncertainties and contingencies that are subject to change. Actual results can differ materially from those anticipated in the Company’s forward-looking statements as a result of a variety of factors, many of which are beyond the control of the Company, including those set forth from time to time in the Company’s press releases and reports and those set forth from time to time in the Company’s analyst calls and discussions. We do not assume any obligation to update the forward-looking statements contained in this presentation.

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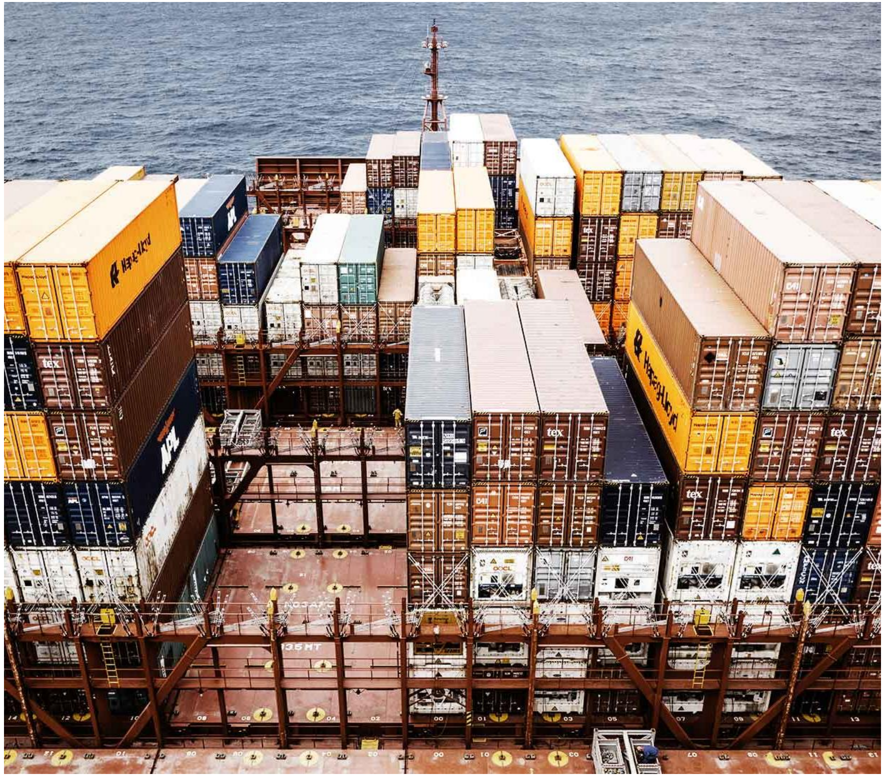
All information on FY 2016 financials is preliminary and unaudited.



Opening remarks

01	**Deliverables**	■ We continued to progress on our strategic initiatives and achieved a profit in H2 2016 (after a disappointing first half year with the low point in Q2)
02	**Market Update**	■ The industry fundamentals are showing continuous signs of improvement ■ The sector is consolidating with Hapag-Lloyd proactively taking part
03	**Hapag-Lloyd Performance**	■ We improved results in Q4 and achieved an operating profit of USD 140 m in 2016 ■ We are delivering on our savings with top-tier unit costs (outperforming the sector)
04	**UASC Merger**	■ Our merger with UASC is strategically and operationally highly attractive ■ Significant CAPEX savings and USD 435 m p.a. anticipated cost synergies
05	**Way Forward**	■ Main focus going forward on completing the transaction with UASC, starting THE Alliance and quickly integrating the UASC business to further reduce costs

We continued to progress on our initiatives in 2016

2016 / **2017**

January 2016
Compete to Win roll-out

February 2016
2 x wide beam ships acquired

March 2016
Inclusion in SDAX

April 2016
Talks between Hapag-Lloyd & UASC

May 2016
Announcement of THE Alliance

July 2016
Hapag-Lloyd & UASC sign Business Combination Agreement

August 2016
Annual General Meeting approves all agenda items

October 2016
1st Hapag-Lloyd ship transits expanded Panama Canal

November 2016
Hapag-Lloyd achieves net profit in Q3 2016

December 2016
Naming ceremony for Valparaiso Express (#1/5 10,500 TEU vessels)

January / February 2017
Successful bond issuance & debt refinancing

February 2017
Hapag-Lloyd increases results in Q4 2016

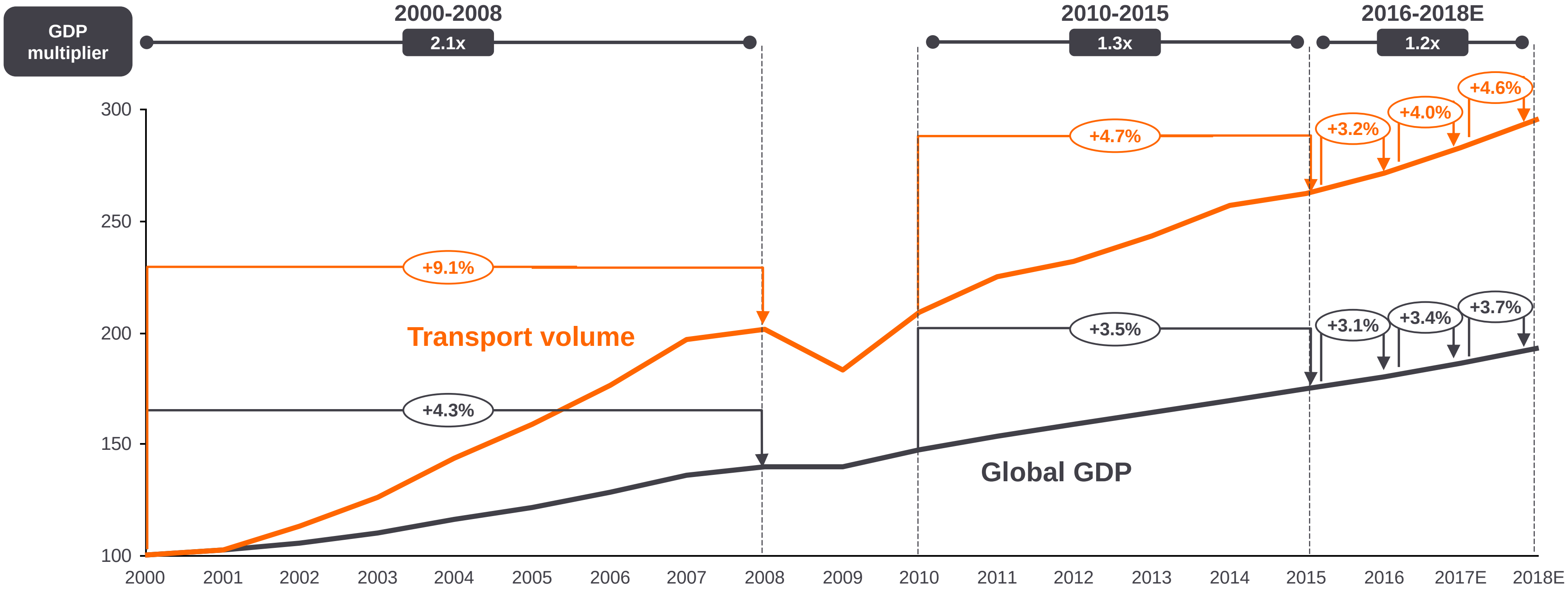
The industry momentum is changing as guided by Hapag-Lloyd over the recent years

2017 comments in public domain in line with 2015 / 16 HL guidance

Consolidating industry	"The current wave of consolidation in the sector, with so far only 13 global carriers remaining - down from 20 last year - and the related reshuffling of alliances, would likely lead to improved capacity management" *Lloyd's Loading List, January 2017*	✓	"…which will create urgently needed concentration as TOP 5 in many cases will control ~70% of trades" *BCA Investor Presentation, 2016*
Re-shaping alliances	"The new shipping alliances taking effect in 2017 are looming large in the minds of shippers. This new year brings new vessel-sharing agreements into effect in April" *Journal of Commerce, January 2017*	✓	"…new alliances create more stability, but it will take some time before things settle down" *Investor Presentation, FY 2015*
Freight rates recover	"Although overcapacity is expected to initially further increase, spot freight rates from China have recently shown a stronger than expected recovery [and] doubled from the trough in April" *Lloyd's Loading List, January 2017*	✓	"Freight rates expected to recover in 2016" *Investor Presentation, FY 2015*
Orderbook depletes	"The very low number of new building orders was backed up by an all-time high of demolition capacity reducing the harmful effects of new ships being delivered" *Journal of Commerce, January 2017*	✓	"Vessel sizes are reaching their economic maximum, which will help reduce the orderbook going forward" *Investor Presentation, FY 2015*
High scrapping	"The increased scrapping of Panamax tonnage, driven by the opening of the enlarged Panama Canal, also helped reduce the number of jobless vessels above 3,000 TEUs" *Alphaliner, January 2017*	✓	"Scrapping is increasing (with Panama Canal expansion)" *Investor Presentation, H1 2015*

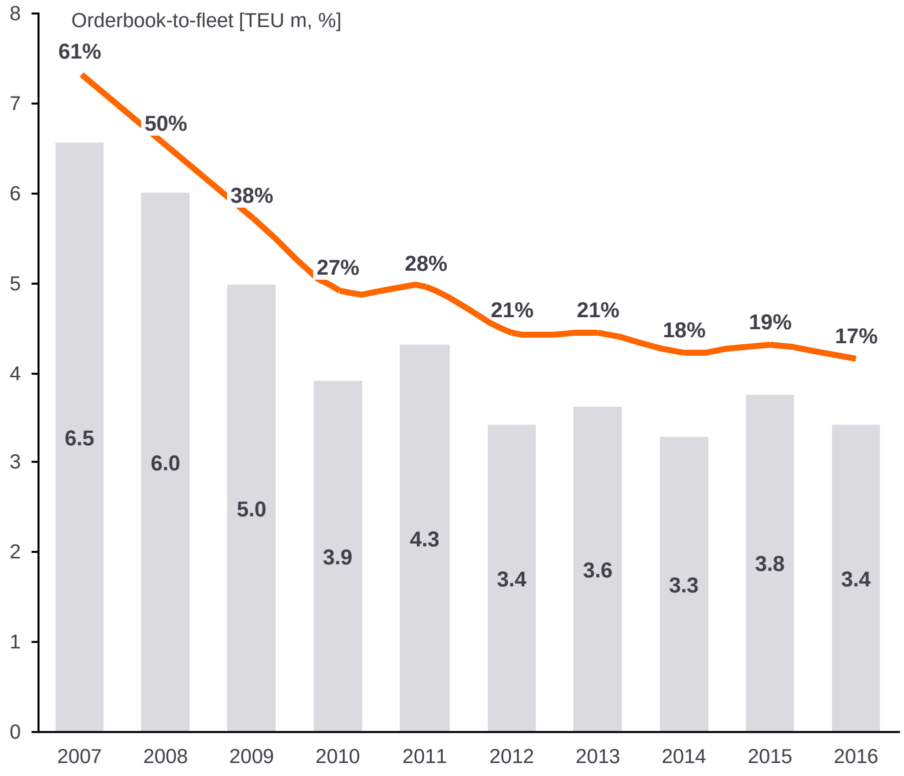
Demand: Container shipping remains an industry with healthy growth and balanced trade dynamics

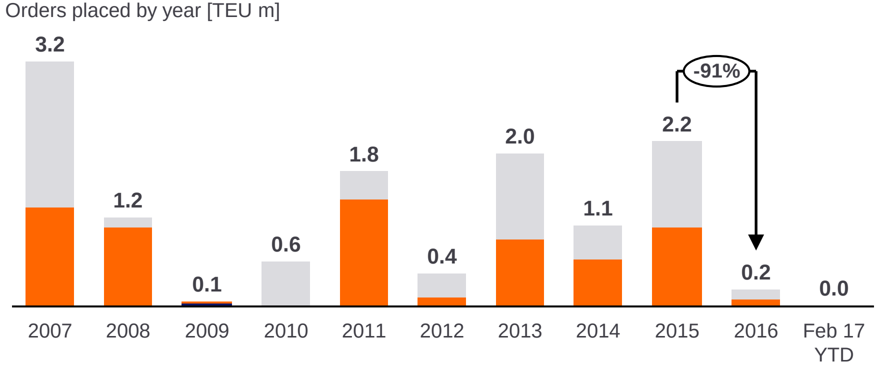
Container shipping volume and global GDP growth

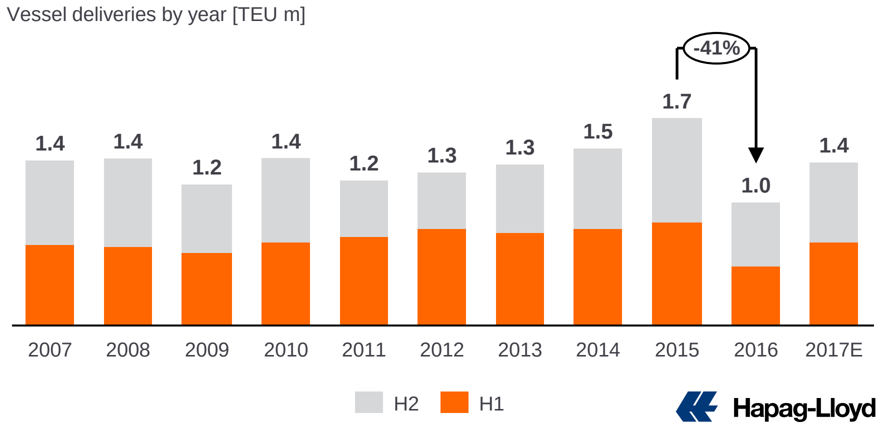


 Source: Clarksons (February 2017), IMF WEO (October 2016)

Supply: Capacity growth is slowing (as a result of decreasing benefits of ever larger vessels)



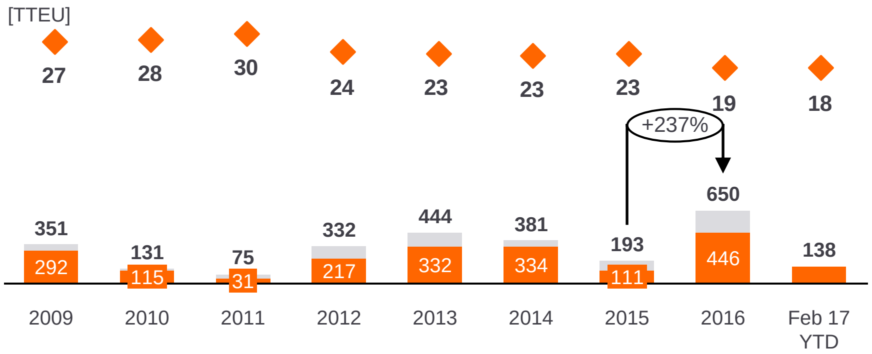




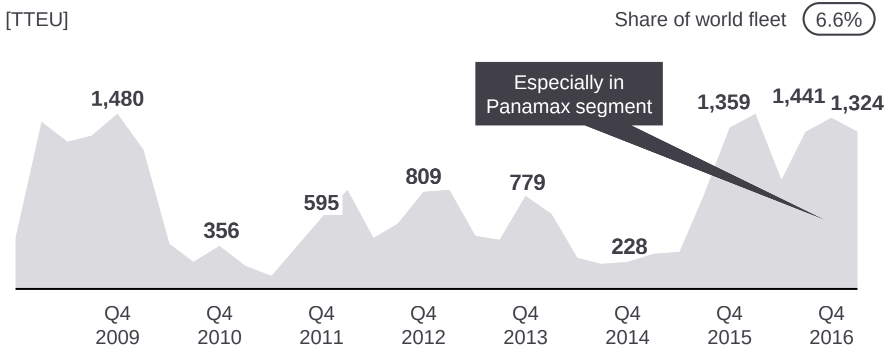
 Source: Clarksons (February 2017), Drewry , MDS Transmodal (January / February 2017)

Supply: Scrapping and idling help to further reduce effective supply growth

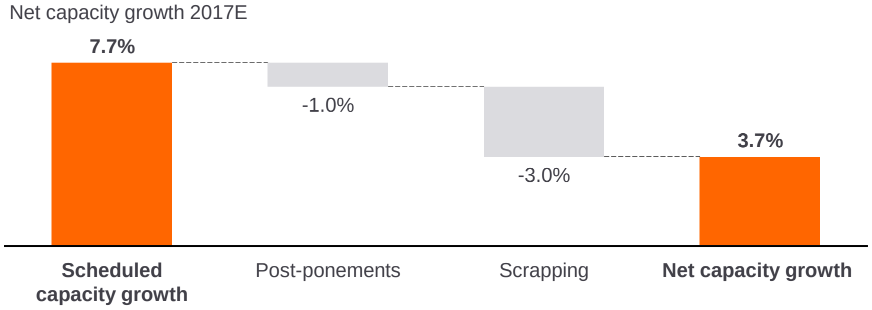
Highest scrapping level ever …



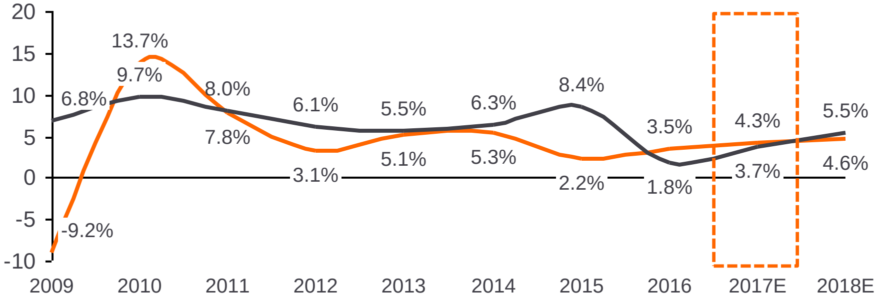
… and idling remains high …



… keeping net capacity growth low …



… slowly reducing supply / demand gap



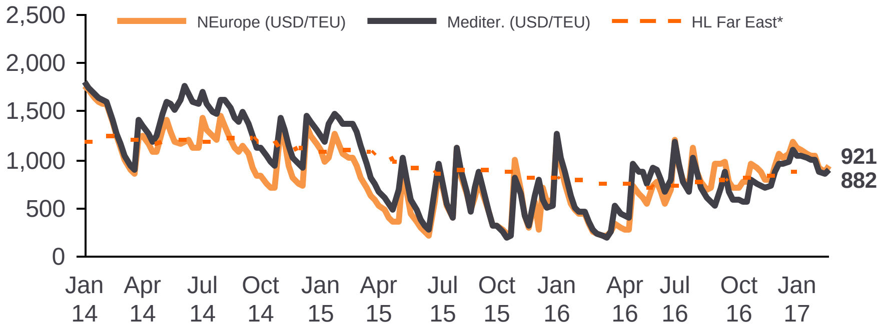
 Source: Alphaliner (February 2017), Clarksons (February 2017), Drewry (Forecaster 4Q16)

Average age Q4 9M Demand Supply

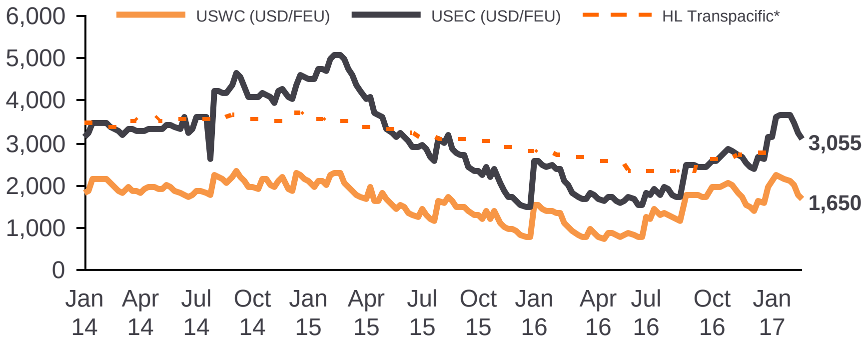
Hapag-Lloyd

Freight rates have started to recover ahead of CNY

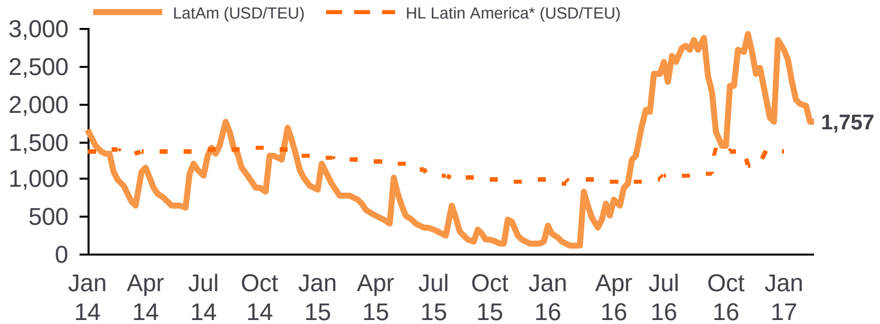
Shanghai – Europe (SCFI)



Shanghai – USA (SCFI)



Shanghai – Latin America (SCFI)



Comments

Further freight rate increases planned March 2017 by various carriers, e.g.:[1)]

Hapag-Lloyd: Asia– Latin America: USD 1050 / TEU – 15 March; Transpacific: USD 560 / TEU – 15 March

MSC: North Europe – Latin: USD 150 / TEU – 17 March; Mediterranean – North America: USD 200 / TEU – 19 March

OOCL: Asia – North America: USD 640 / TEU – 1 April

Market bunker price level increased in Q4 and beginning of 2017 compared to 9M 2016 which is also partially reflected in higher spot market rates

Source: Shanghai Shipping Exchange (24 February 2017)

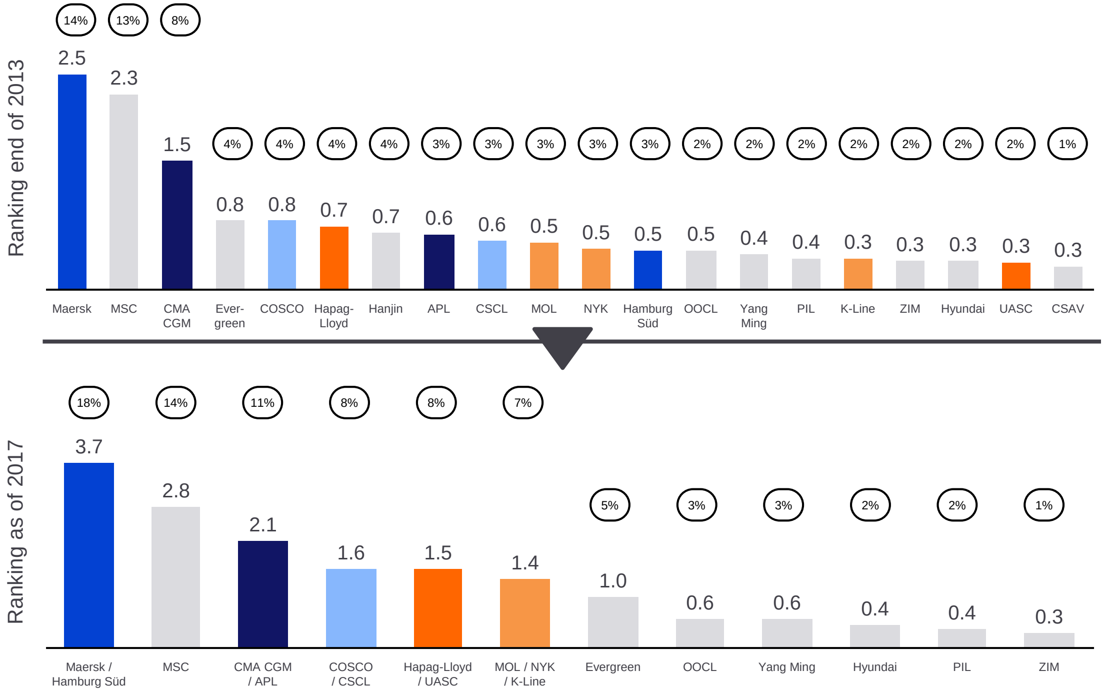
1) Based on peer and industry publications

* Hapag-Lloyd trade definition

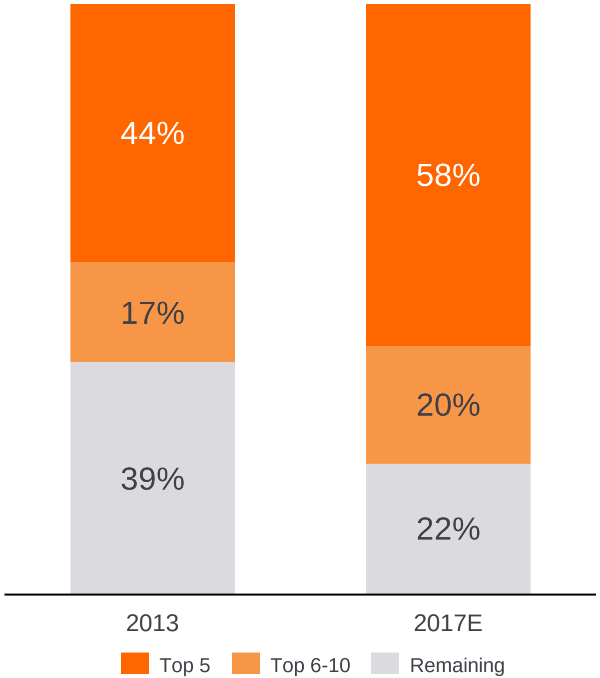
Gap between TOP 6 and the rest is widening rapidly

Current consolidation wave leads to higher concentrations

Carrier capacity [TEU m] and global capacity share [%]



Global capacity share [%]



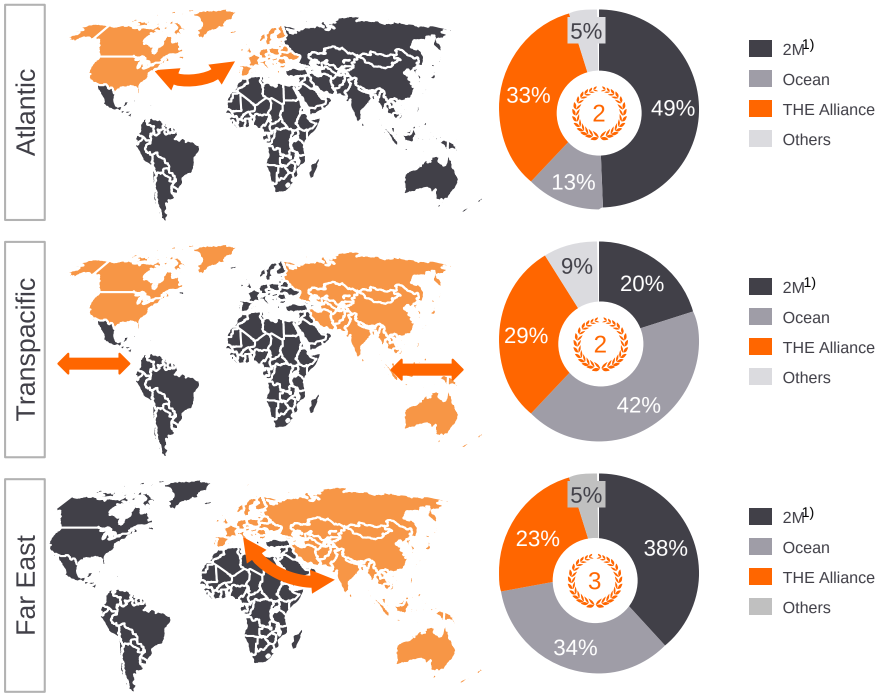
Source: Drewry (Forecaster 4Q16), MDS Transmodal (January 2017, October 2013)

Note: Diagram assuming that all currently announced mergers (Hapag-Lloyd & UASC; NYK & MOL & K-Line, Maersk & Hamburg Süd) will receive regulatory approvals and are executed as announced. Simple sum of stand-alone operating capacity as of December 1, 2016.

Hapag-Lloyd

On the back of consolidation, alliances have been re-shaped with start of operations in April 2017

Strong partners in THE Alliance



THE Alliance position

Strong partners in THE Alliance

THE Alliance covers all East-West trades

- Comprehensive network of 32 services will connect more than 75 major ports

Binding agreement signed by all partners

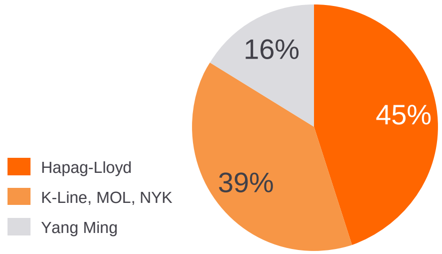
- Begin in April 2017
- The initial period will be 5 years

Combined capacity of ~3.5m TEU or around 17% of world fleet – vessel pool of more than 240 ships

Leading product characterized by

- Fast transit times
- Broad port coverage
- Latest vessels

After Japanese JV[2] we are three partners in THE Alliance[3]:



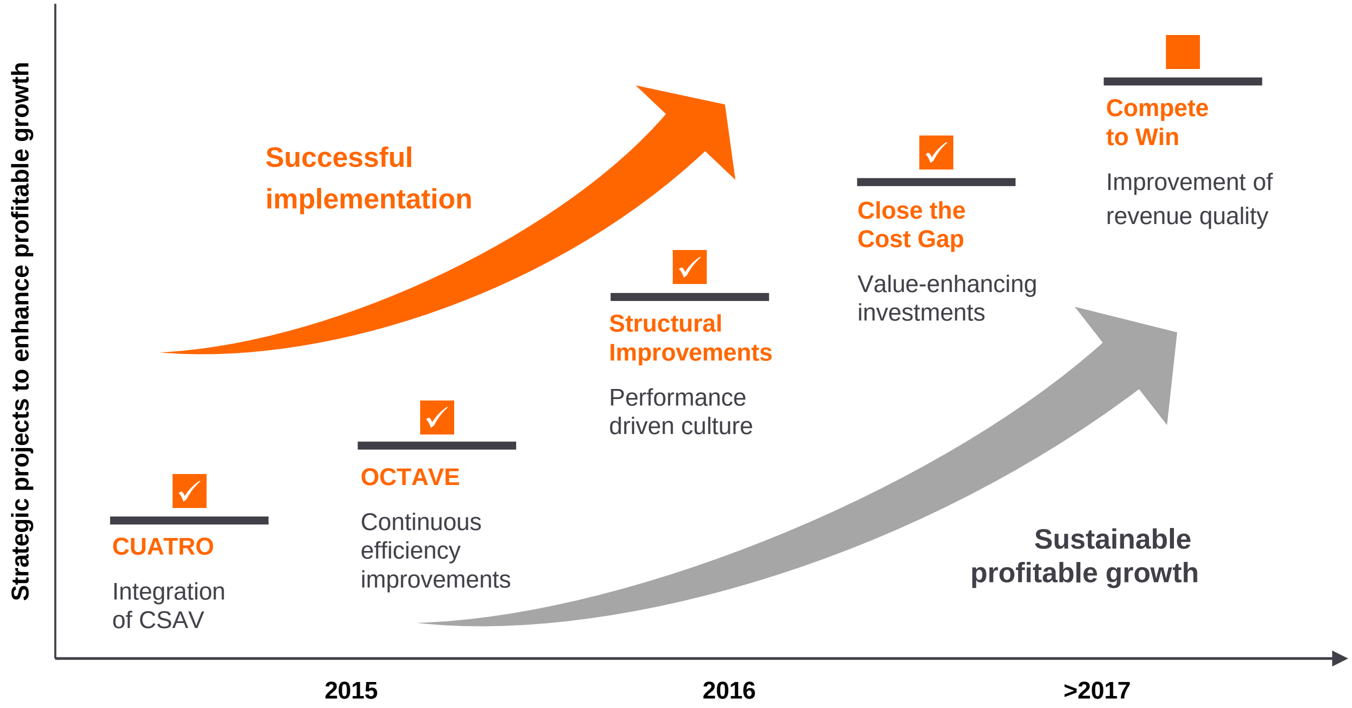
Source: Alphaliner monthly (February 2017), Drewry (Forecaster 4Q16), MDS Transmodal (January 2017)

1) 2M including Hamburg Süd 2) Subject to regulatory approvals and closing
3) Total operating capacity of THE alliance partners, not all to be deployed in alliance (Hapag-Lloyd including UASC)

Hapag-Lloyd

We delivered on our defined initiatives

Tangible results and further upside



CUATRO synergies:

- Initial target: USD 300 m
- Revised target: USD 400 m

OCTAVE programs:

- OCTAVE I: USD 200 m
- OCTAVE I+II: USD 200 m plus high double-digit USD m

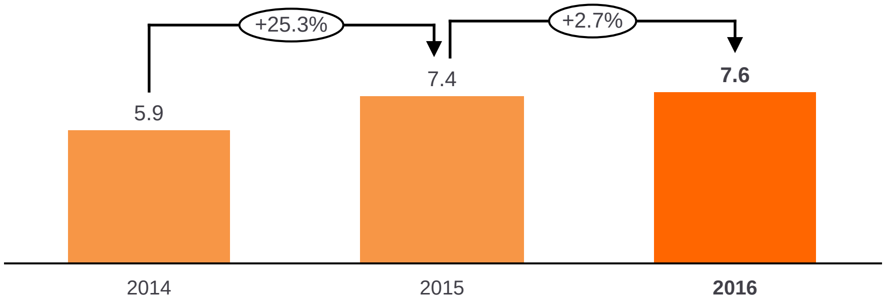
Further measures:

- Close the Cost Gap: 9.3k, 10.5k, Old Ladies, container and now UASC
- Compete to Win: Improvement of revenue quality

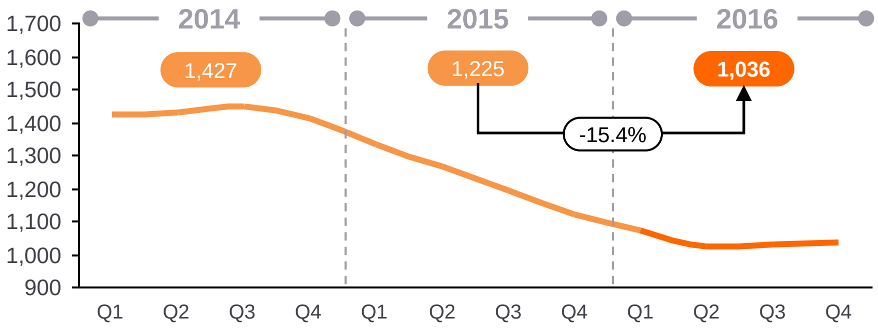
Hapag-Lloyd

Transport volume in line with expectations, freight rates decreased and unit costs further optimized

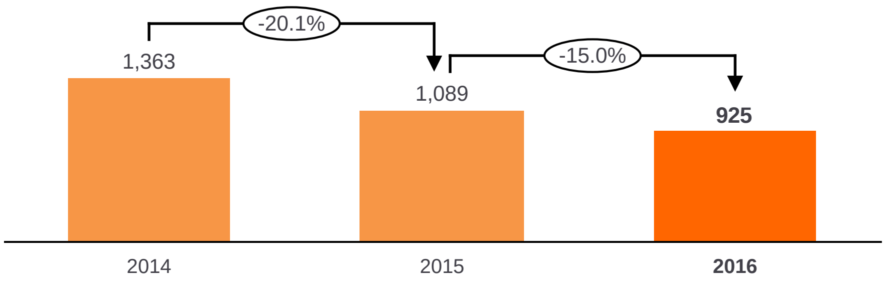
Transport volume [TEU m]



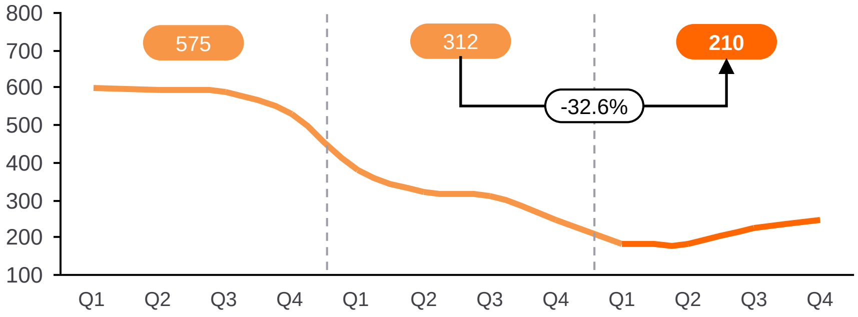
Freight rate [USD/TEU]



Transport expenses per TEU [USD/TEU]



Bunker price [USD/mt]



Hapag-Lloyd

Overall we achieved an operating profit in 2016

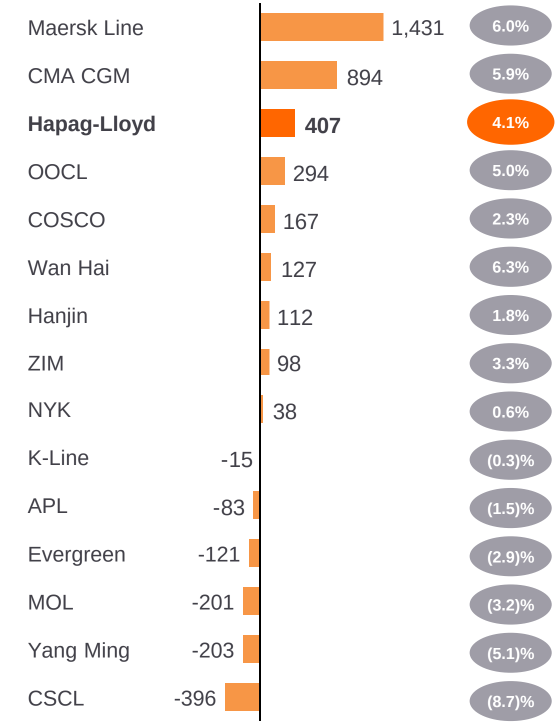
Hapag-Lloyd Preliminary Financials 2016

	Q1 2016	Q2 2016	Q3 2016	Q4 2016	FY 2016	FY 2015	Δ%
Transport volume [TTEU]	1,811	1,892	1,947	1,949	7,599	7,401	+3%
Freight rate [USD/TEU]	1,067	1,019	1,027	1,033	1,036	1,225	-15%
Bunker price [USD/t]	178	182	224	257	210	312	-33%
Exchange rate [EUR/USD]	1.10	1.12	1.13	1.10	1.10	1.11	n/a
Revenue [USD m]	2,124	2,088	2,152	2,182	8,546	9,814	-13%
EBITDA [USD m]	136	83	206	246	671	922	-27%
EBITDA margin	6.4%	4.0%	9.6%	11.3%	7.9%	9.4%	-1.5ppt
EBIT [USD m]	5	-50	73	111	140	407	-66%
EBIT margin	0.2%	-2.4%	3.4%	5.1%	1.6%	4.1%	-2.5ppt

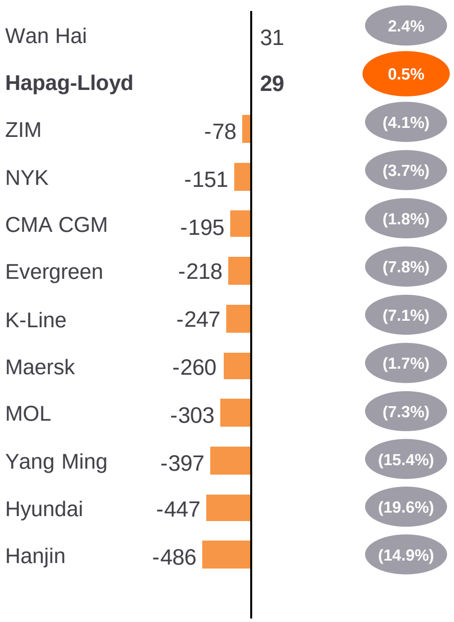
Hapag-Lloyd

The effects of our further cost savings are clearly visible when looking at the relative performance

FY 2015 EBIT [USD m]

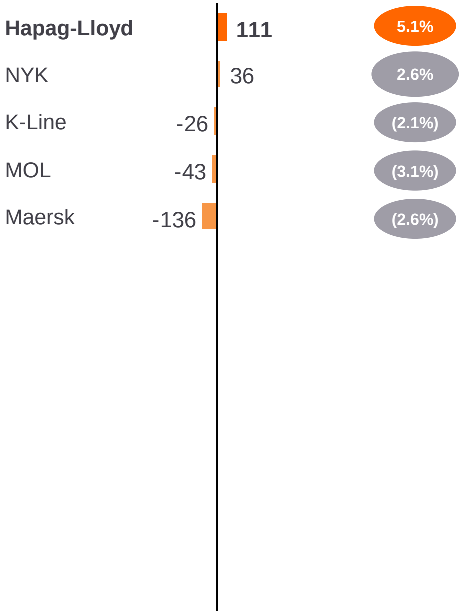


9M 2016 EBIT [USD m]



Note: Not all carriers report on a quarterly basis

Q4 2016 EBIT [USD m]



Note: Further result publications expected within next weeks

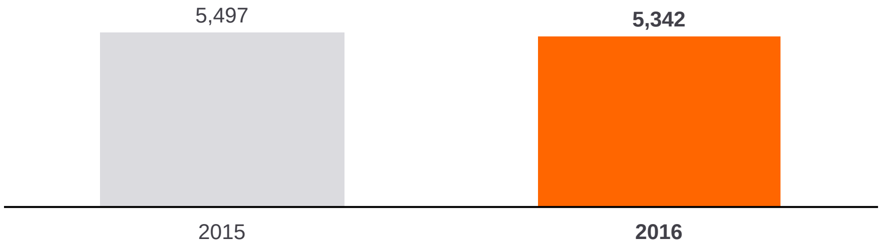
Note: For selected peers including terminals and other business if no liner figure available. Translation into USD based on average FX rates for individual periods.

Source: Company information (23 February 2017)

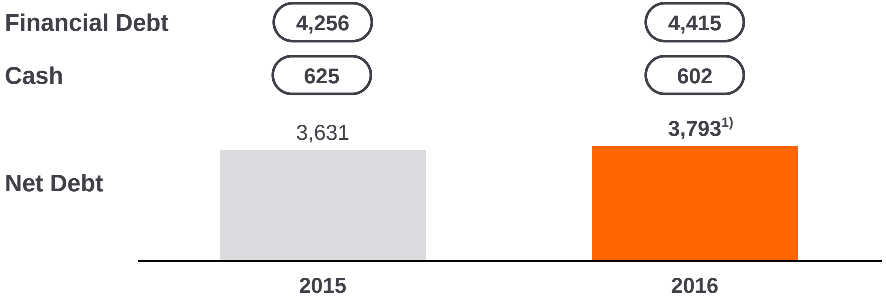
x% EBIT margin

Equity at USD 5.3 bn and liquidity reserve at USD 0.8 bn – Capital increase of USD 400 m post Closing

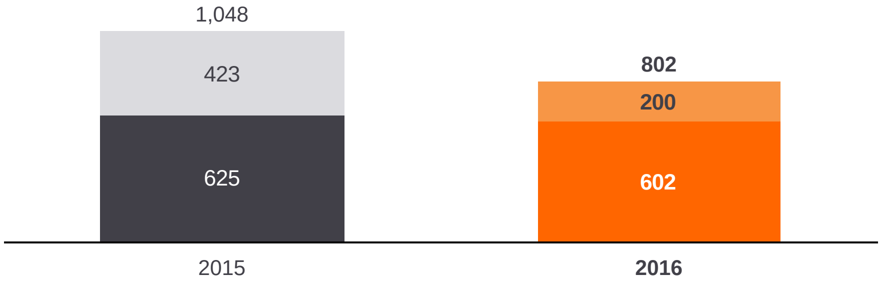
Strong equity base [USD m]



Stable net debt [USD m]



Solid liquidity position [USD m]



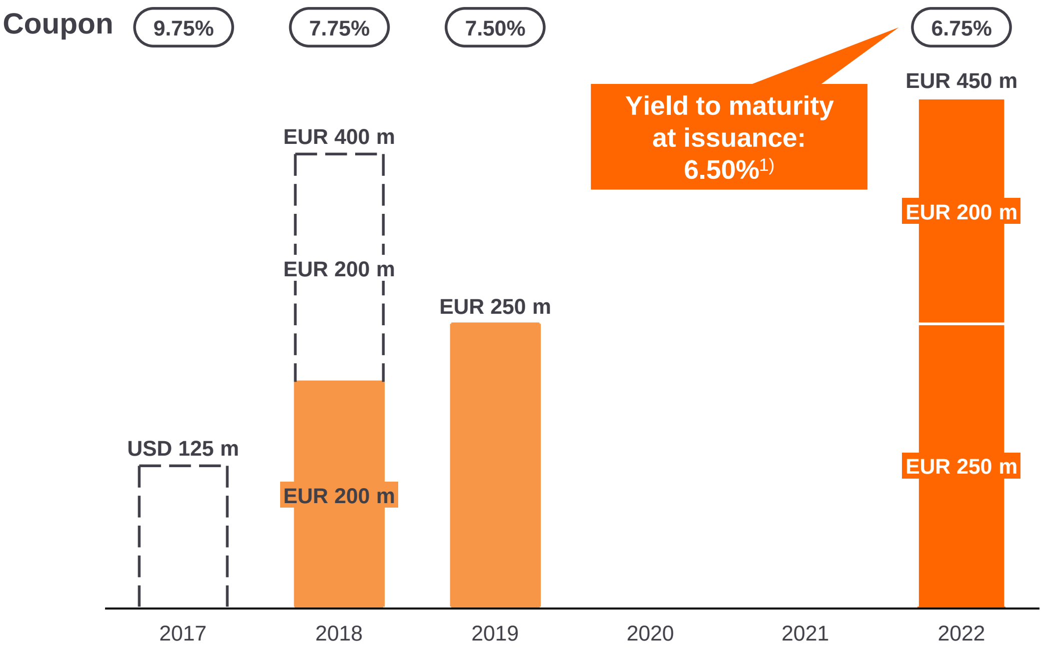
UASC merger implications

- **Cash capital increase of USD 400 m** (equivalent) to be executed within six months after closing (backstopped by certain core shareholders)
- **Strengthening of shareholder base** with the new key shareholders Qatar Holding LLC and the Public Investment Fund of the Kingdom of Saudi Arabia
- **Value protection** via guaranteed equity, cash and debt covenants (as of certain Relevant Dates)

1) incl. Restricted Cash (USD 19.7 million booked as other assets)

Hapag-Lloyd optimized its maturity profile via debt capital markets at more attractive pricing levels

Bond coupon and maturity profile



- On 18 Jan 2017 Hapag-Lloyd successfully priced a new bond of EUR 250 m due 2022 – on 7 Feb 2017 the company tapped the new bond by additional EUR 200 m at emission price of 102.375%
- The proceeds are used to proactively refinance the outstanding 9.75% USD bond due 2017, partially redeem the 7.75% EUR bond due 2018 and for general corporate purposes (including further repayment of existing indebtedness)
- The yield to maturity at issuance was 6.50%[1] and thereby clearly below the existing bond pricings
- Hapag-Lloyd was able to engage a high quality and diversified investor base in this new bond issuance

1) Weighted average: (6.75% x 250 + 6.186% x 200) / 450 = 6.50%

Hapag-Lloyd / UASC merger creates a top tier pure-play carrier

At a glance

	Hapag-Lloyd	UASC	Combined Entity[1)]
Corporate HQ	Hamburg	Dubai	**Hamburg**
Alliance membership	G6	Ocean 3	**THE Alliance**
Ships [#]	166	59	**225**
Capacity [TEU m]	1.0	0.6	**1.5**
Container [TEU m]	1.6	0.7	**2.3**

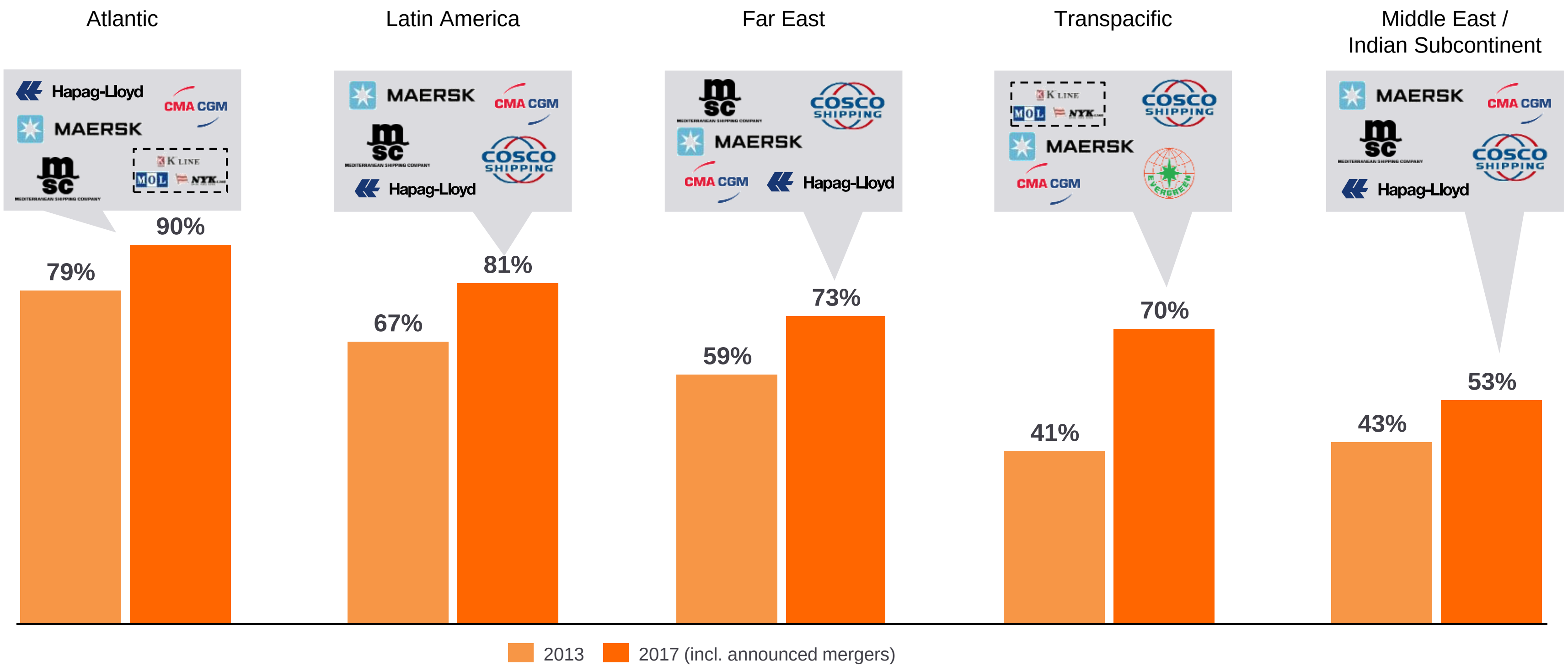
1) Sum of stand-alone figures as of 31 December 2016 (rounding differences may occur)

Deal rationale

Scale	Combination assures a top 5 position globally and on key trades in a consolidating market
Network	Further balancing of trade portfolio with leadership on Middle East Trades
Synergies	Access to young and fuel-efficient fleet with large share of ULCVs Sustainable market position without further short-term fleet investments
Fleet	Significant value creation through expected run-rate synergies of USD 435 m p.a. starting 2019 – c. 1/3 in 2017 already
Partner	Strong partner in light of ongoing alliance reshuffling Supportive core shareholders and capital market investors

Scale: On important trades TOP 5 players now make up more than 70 % capacity share

TOP 5 concentration on individual trades (2013 versus 2017)



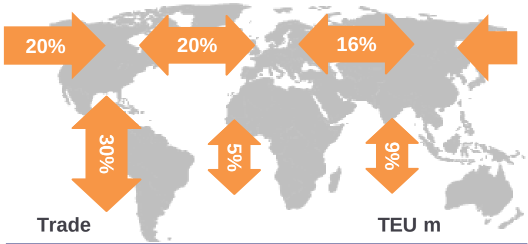
Source: Alphaliner monthly newsletter (June 2013 / February 2017)

Note: Diagram assuming that all currently announced mergers (Hapag-Lloyd & UASC; NYK & MOL & K-Line; Maersk & Hamburg Süd) will receive regulatory approvals and are executed as announced. Simple sum of stand-alone operating capacity as of February 2017.

Network: Balanced trade portfolio – More than any TOP 5 liner

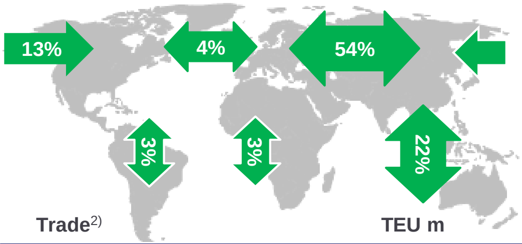
Transport volume by trade, FY 2016 (indicative)

Hapag-Lloyd



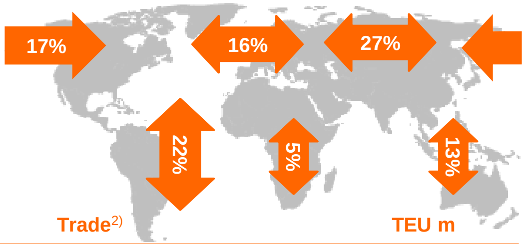
Trade	TEU m
Atlantic	**1.5**
Transpacific	**1.5**
Far East[1)]	1.2
Latin America	**2.2**
Intra Asia[1)]	0.7
EMAO	0.4
Total	**7.6**

UASC[1)]



Trade[2)]	TEU m
Atlantic	0.1
Transpacific	0.3
Far East	**1.2**
Latin America	0.1
Intra Asia	0.5
EMAO	0.1
Total	**2.3**

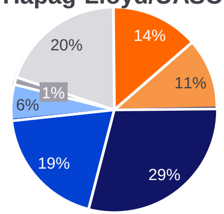
Combined Entity[1)]



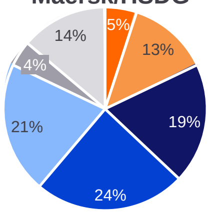
Trade[2)]	TEU m
Atlantic	1.6
Transpacific	1.8
Far East	2.4
Latin America	2.3
Intra Asia	1.2
EMAO	0.5
Total	**9.9**

Breakdown of capacity operated by trade[3)]

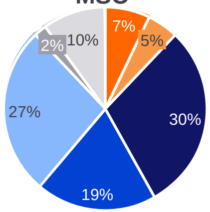
Hapag-Lloyd/UASC



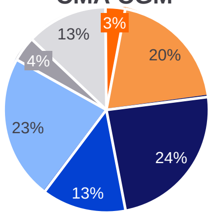
Maersk/HSDG



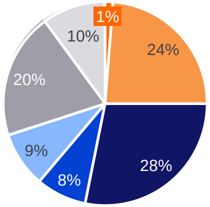
MSC



CMA CGM



COSCO



Atlantic | Transpacific | Far East | Latin America | EMAO | Intra Asia | Others[4)]

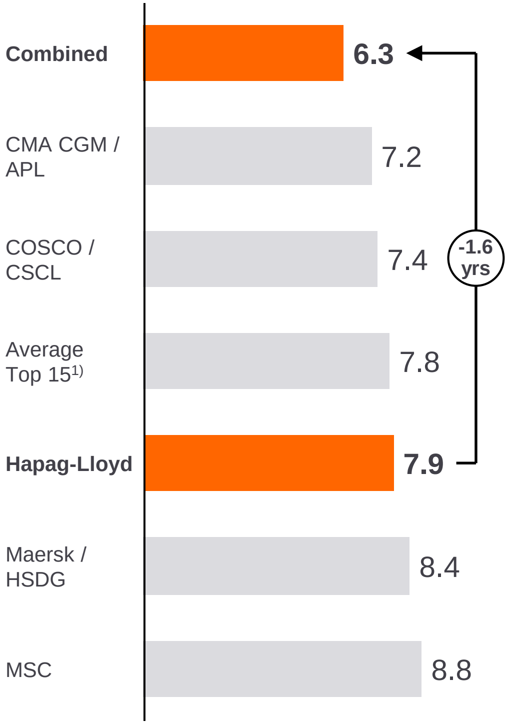
Source: Alphaliner monthly newsletter (February 2017)

1) UASC transport volume by trade as of 30.09.2016 2) Allocation of UASC volume according to Hapag-Lloyd trade definition 3) As of December 2016. Breakdown based on capacity deployed by individual carriers on direct services only. Excl. wayport capacity, transshipment services, slot exchange arrangements and cross-trade intra-alliance arrangements; numbers for Hapag-Lloyd based on exposure to global trades 4) Includes Middle East / ISC trades and idle fleet

Hapag-Lloyd

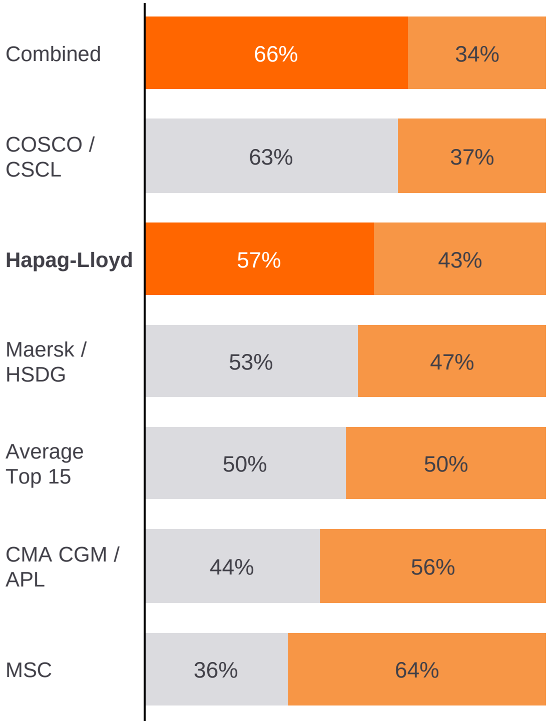
Fleet: Access to young and fuel-efficient fleet with large share of ULCVs with no planned need to invest in next years

Average fleet age

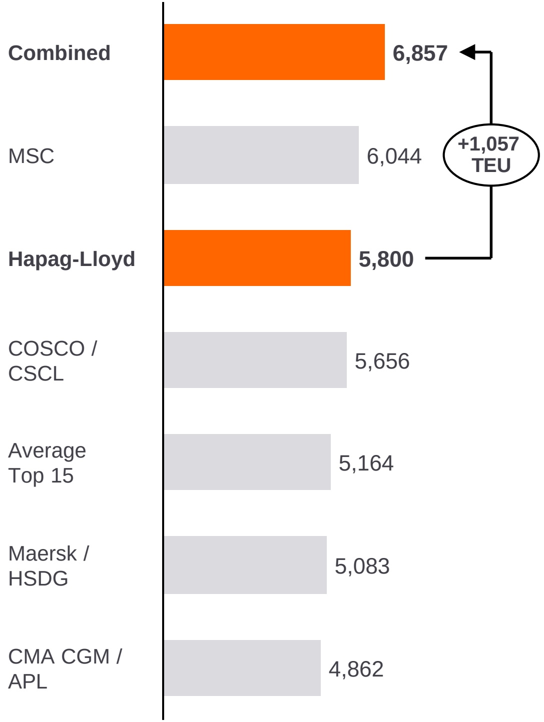


1) Weighted by carrier capacities

Fleet ownership [%]



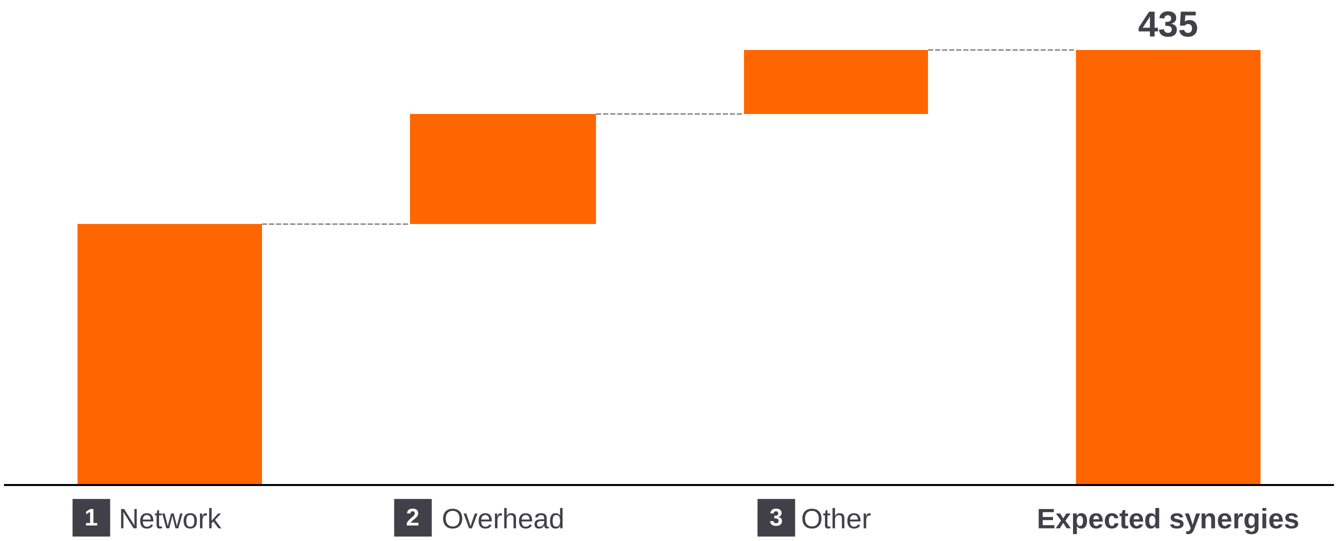
Average vessel size [TEU]



Source: MDS Transmodal (January 2017) plus HL internal data (HL Fleet as of 31.12.2016, Combined as of 31.12.2016), only vessels >399 TEU

Synergies: Synergies of USD 435 m expected from 2019 onwards – Mainly in network and overhead

Synergy potential, full run-rate [USD m]



Synergies of USD 435 m per year from 2019 onwards – approx. 1/3 to be achieved in 2017 already
One-off costs of approx. USD 150 m largely payable in 2016/2017

Comments

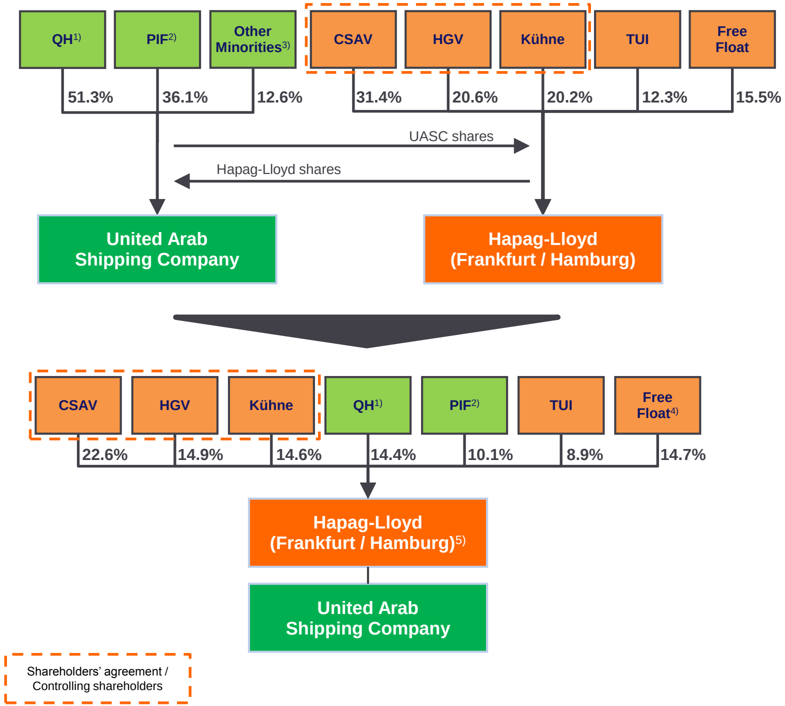
1 Network
- Optimized new vessel deployment / network
- Slot cost advantages
- Efficient use of new fleet

2 Overhead
- Consolidation of Corp. and Regional HQs
- Consolidation of country organizations
- Other overhead reductions (e.g. marketing, consultancy, audit)

3 Other (terminals, equipment and intermodal)
- Lower container handling rates per vendor/location
- Imbalance reduction and leasing costs optimization
- Optimization of inland haulage network
- Best practice sharing

Partner: New core shareholders with strategic interest in the Combined Entity

Transaction overview



- UASC shares contributed to Hapag-Lloyd in exchange for newly issued Hapag-Lloyd shares
- Continued investment of sovereign wealth funds QIA and PIF highlight continued strategic importance of HL for the region
- C. 39% of shareholders representing governmental bodies and interests
- C. 37% of shareholders backed by wealthy entrepreneurs with focus on and long experience in logistics
- Planned cash capital increase of USD 400 m 50/50 backstopped by incumbent and new key shareholders within six months post closing

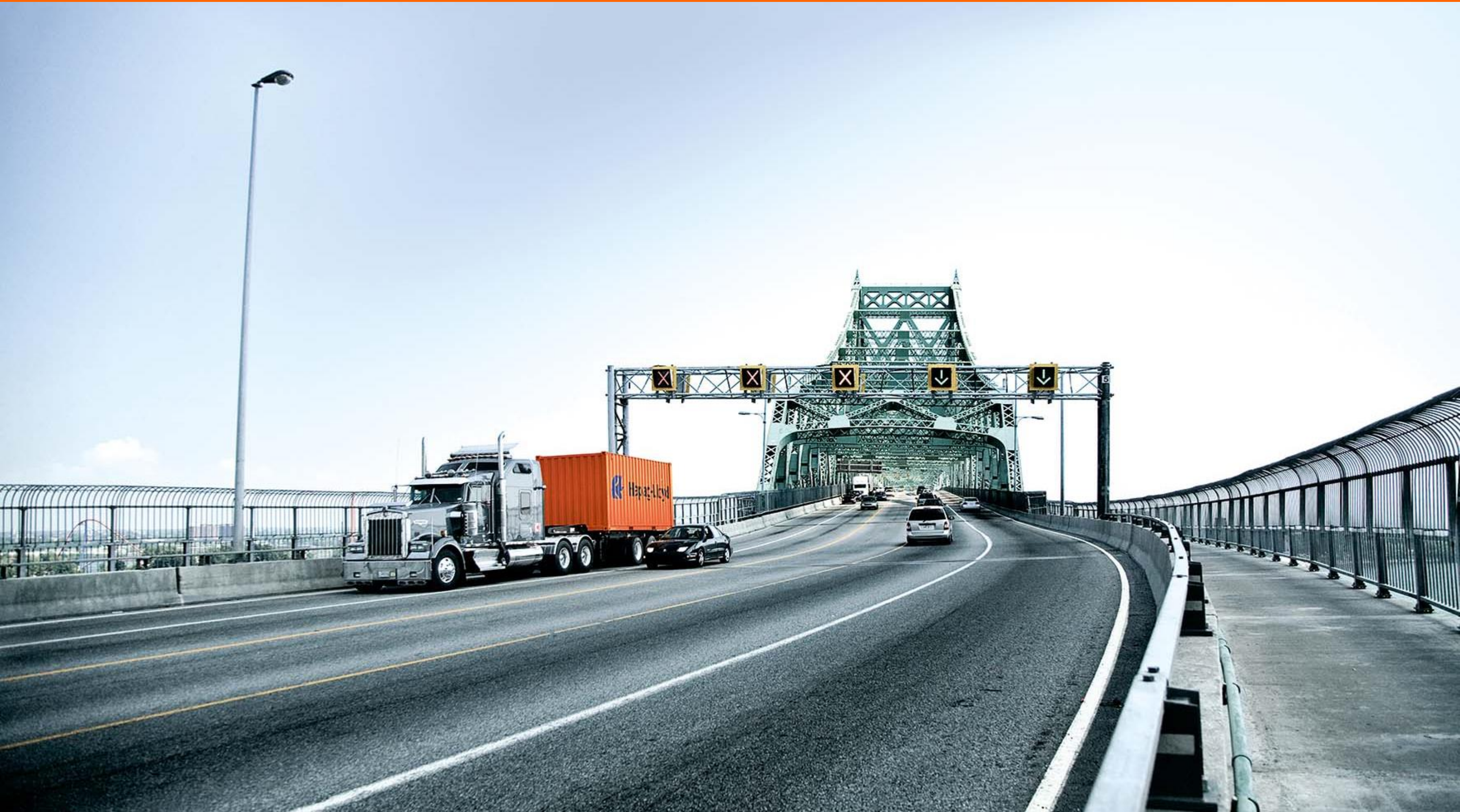
1) "QH" refers to Qatar Holding LLC on behalf of the State of Qatar 2) "PIF" refers to The Public Investment Fund on behalf of the Kingdom of Saudi Arabia 3) Other UASC Shareholders include Kuwait Investment Authority on behalf of the state of Kuwait (5.1%), Republic of Iraq (5.1%), United Arab Emirates (2.1%) and Bahrain (0.4%) 4) Including 3.6% Other UASC Shareholders (KIA, Iraq, UAE and Bahrain) 5) Shareholding structure prior to cash capital increase

Hapag-Lloyd

Hapag-Lloyd with clearly defined financial policy

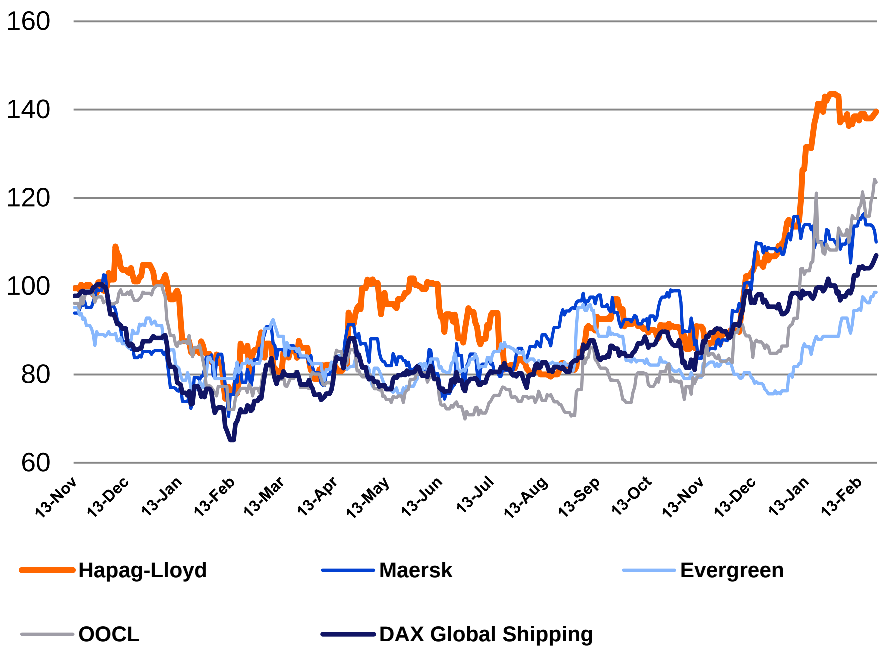
Profitability	Profitability going forward supported by improved fleet ownership structure and synergy realization
Investments	No planned new vessel investments in next years – Maximize free cash flow
Deleveraging	Clear target to significantly deleverage over time
Liquidity	Maintain an adequate liquidity reserve for the combined entity
Capital Increase	Cash capital increase backstopped by certain key shareholders[1)]

1) 50% backstopped by QH and PIF, 50% backstopped by CSAV and Kühne


Hapag-Lloyd

Hapag-Lloyd shares with supportive tradings in recent months

Share trading

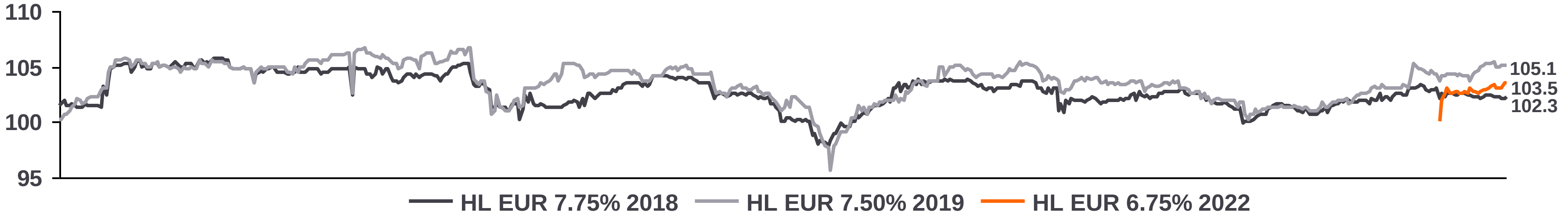


Stock Exchange	Frankfurt Stock Exchange / Hamburg Stock Exchange
Market segment / Index	Regulated market (Prime Standard) / SDAX
ISIN / WKN / Ticker Symbol	DE000HLAG475 / HLAG47
Ticker Symbol	HLAG
Primary listing	6 November 2015
Number of shares	118,110,917

 Source: Bloomberg (24 February 2017)

Hapag-Lloyd bonds continuously trade above par

Bonds trading



	EUR Bond 2022	EUR Bond 2019	EUR Bond 2018
Listing	Open market of the Luxembourg Stock Exchange (Euro MTF)		
Volume	EUR 450 m	EUR 250 m	EUR 200 m[1)]
ISIN / WKN	XS1555576641 / A2E4V1	XS1144214993 / A13SNX	XS0974356262 / A1X3QY
Maturity Date	Feb 1, 2022	Oct 15, 2019	Oct 1, 2018
Redemption Price	as of Feb 1, 2019:103.375%; as of Feb 1, 2020:101.688%; as of Feb 1, 2021:100%	as of Oct 15, 2016:103.750%; as of Oct 15, 2017:101.875%; as of Oct 15, 2018:100%	as of Oct 1, 2015:103.875%; as of Oct 1, 2016:101.938%; as of Oct 1, 2017:100%
Coupon	6.75%	7.50%	7.75%

1) Partial redemption by nominal EUR 200 m on 9 March 2017

 Source: Citi (24 February 2017)

Hapag-Lloyd

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