

Investor Presentation

Q1 2018 Results

Hamburg, 14 May 2018



Disclaimer

Forward-looking statements

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UASC's Ltd. and its subsidiaries have been included in the figures from the date control was transferred on 24 May 2017. The key figures used are therefore only comparable with the previous year to a limited extent.



Opening Remarks

01 | Deliverables

- **Synergy ramp-up** from the UASC integration **on track** – up to 90% to be realized in 2018
- Solid start into the year with an EBIT of USD 66 m (USD 8 m in Q1 2017) despite difficult rate environment

02 | Sector Update

- **Sector fundamentals remain favourable** in the midterm
- Orderbook remains at low level

03 | Financials

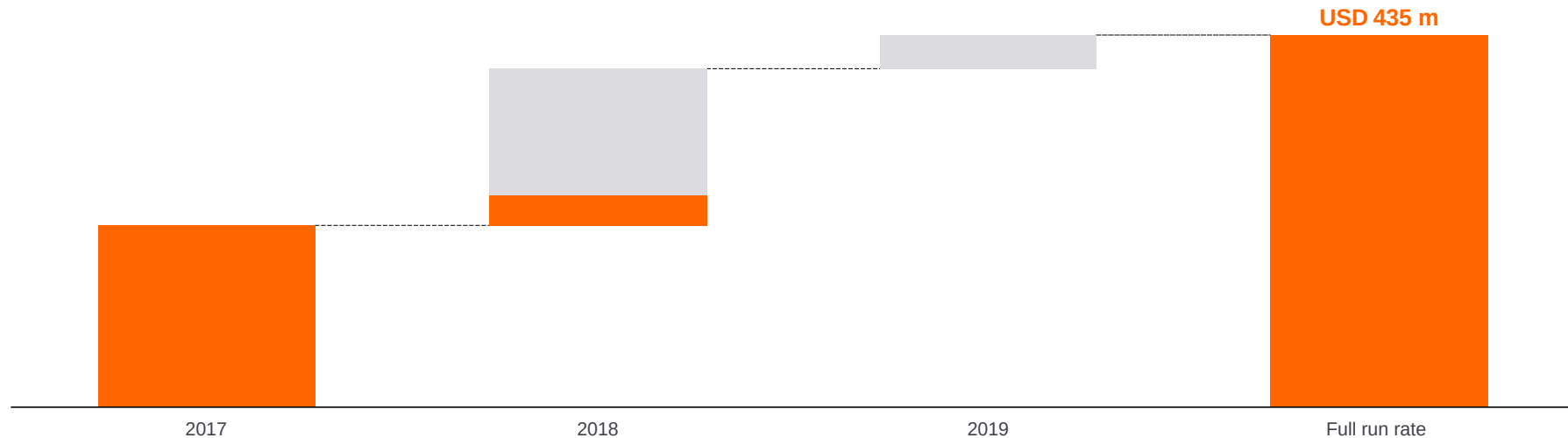
- Q1 2018 **EBITDA of USD 270 m** clearly above previous year's level (USD 144 m in Q1 2017)
- Strong Operating Cash Flow of USD 312 m in Q1 2018 (USD 158 m in Q1 2017)

04 | Way Forward

- Continue to **deliver on synergies**
- Clear target to **improve profitability** further and to deleverage over time

Total synergies of USD 435 m p.a. from 2019 onwards confirmed – Up to 90% of full run rate expected to be realized in 2018

Synergy ramp-up



- Approximately **60% of expected synergies realized** until end of Q1 2018
- Up to **90% of full run rate** expected to be realized in 2018
- **Visibility of synergies in P&L is limited** due to counter effects in other cost items

Financial Highlights: Clearly improved operating result

Transport volume

+47.9%

Q1 2018: 2.9 TEU m

Pro forma
+2.5%

Transport expenses per TEU

-5.9%

Q1 2018: 925 USD/TEU

Freight rate

-2.6%

Q1 2018: 1,029 USD/TEU

Pro forma
+7.1%

EBIT

USD 66 m

2.1% EBIT margin

EBITDA

USD 270 m

8.4% EBITDA margin

Group profit / loss

USD -42 m

1.7% ROIC

Equity

USD 7.2 bn

Liquidity reserve

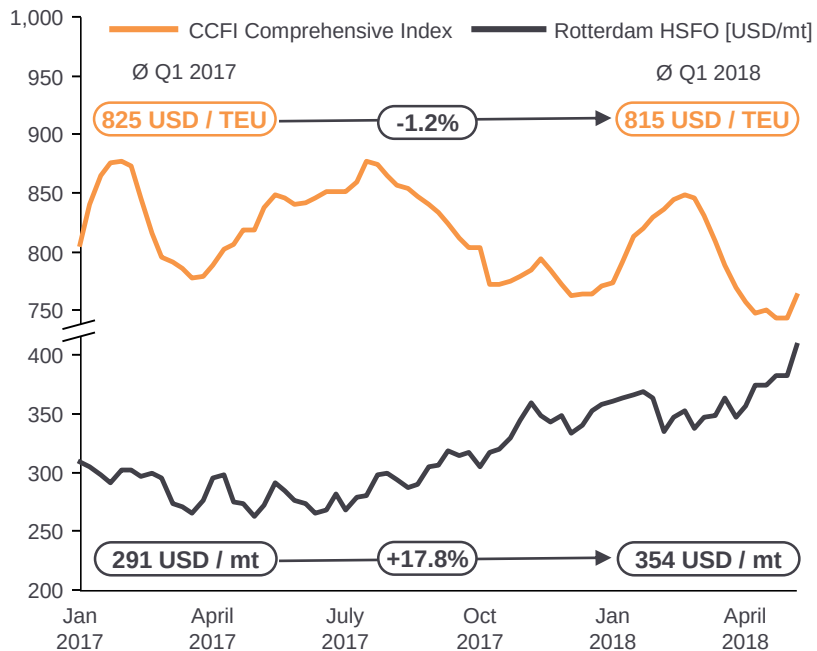
USD 1.2 bn

Net debt

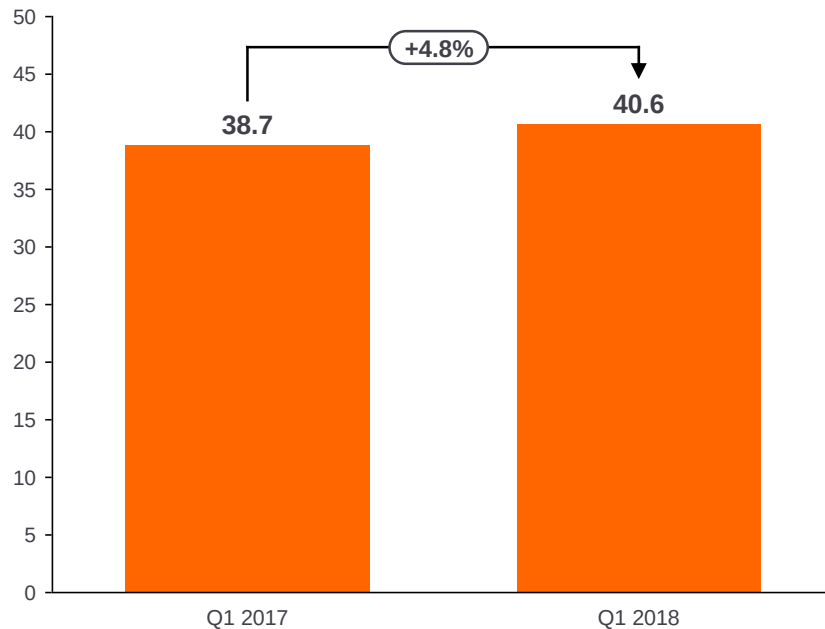
USD 6.7 bn

Bunker price significantly above previous year's level putting pressure on freight rates

CCFI vs. Bunker price development

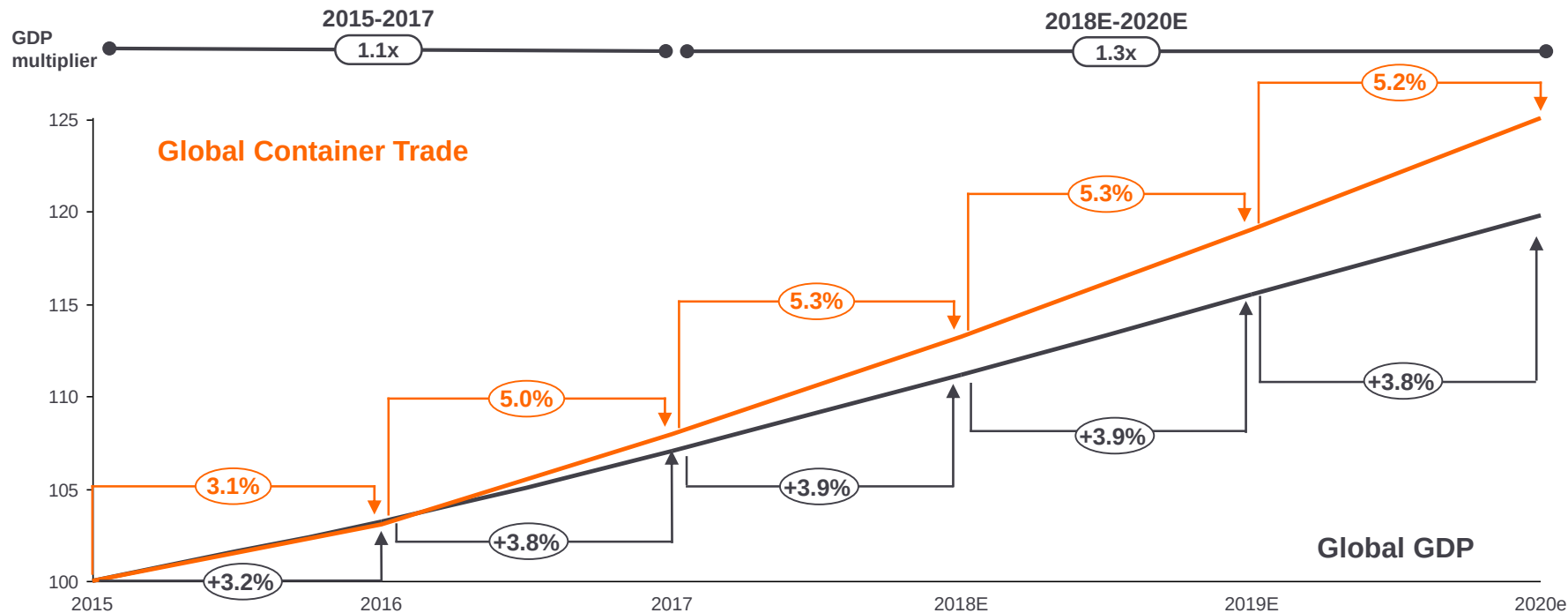


Global Container Volume [TEUm]



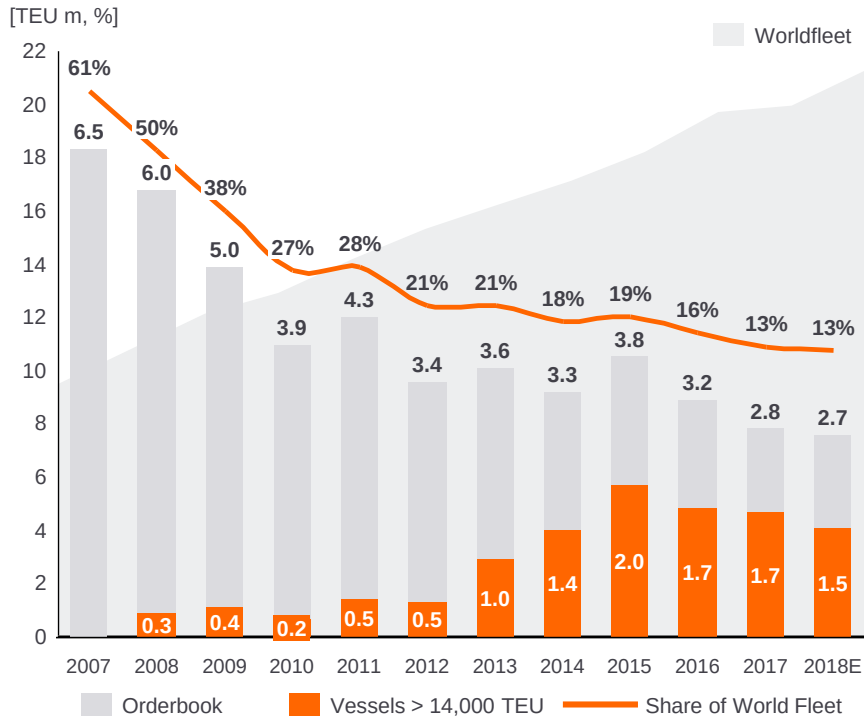
Demand: Container shipping growth remains on a healthy and constant level driven by a solid global economic growth

Global Container Trade & Global GDP Growth [%]

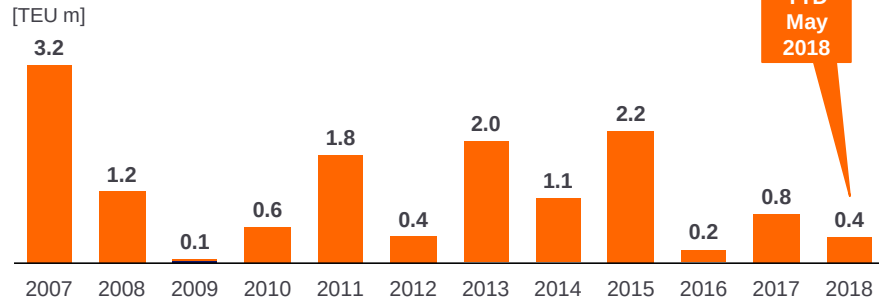


Supply: Orderbook remains relatively low with new orders on a reasonable level and very low idle fleet

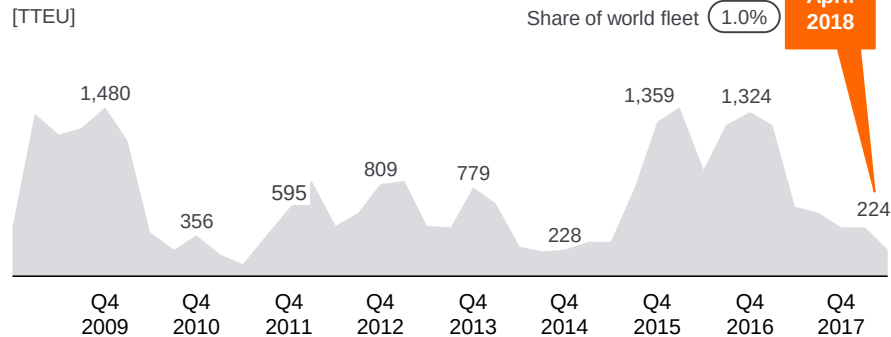
Orderbook-to-fleet



Orders placed



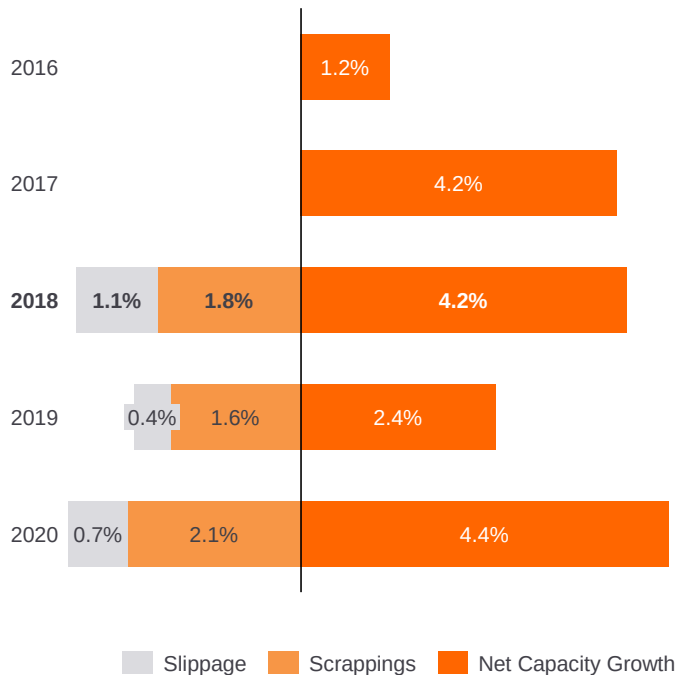
Idle Fleet



Even though, short term supply pressure will most likely persists, mid-term supply/demand gap is closing further

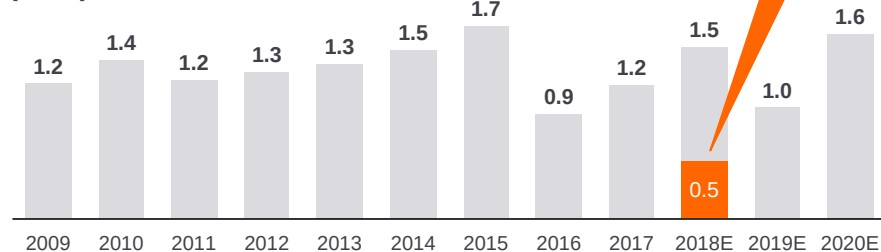
Net Capacity Growth

[in % of worldfleet]

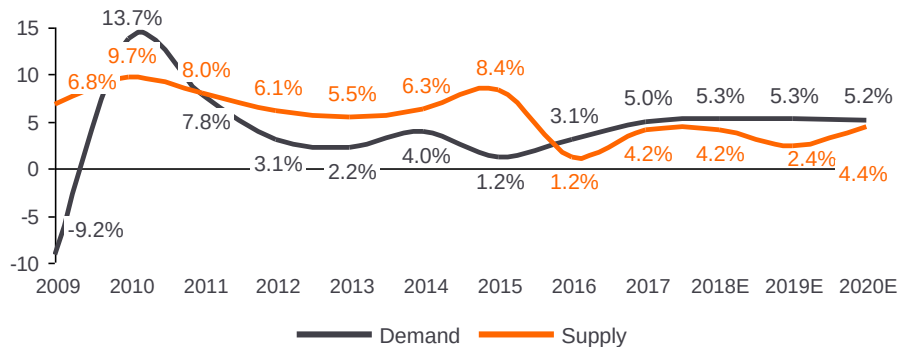


Scheduled vessel deliveries

[TEU m]



Supply / Demand Balance



LSF 2020: The whole industry will face major changes

– Hapag-Lloyd is exploring and evaluating all possible options

New regulations as of 2020

- Low sulphur regulation to be enforced worldwide beginning January 2020
- IMO announced target to reduce CO2 emissions by 50% by 2050

3 options for the industry

1

LNG



- High upfront CAPEX
- Significantly lower exhaust gas emissions than compliant fuels – regulatory certainty
- Bunkering logistics not yet sufficiently available in all ports – LNG infrastructure to be expanded

2

Install
Scrubber

- Lower CAPEX than LNG
- Allows continued use of HSFO 3.5%
- High regulatory and technical uncertainty
- Increased fuel consumption and CO2 emissions

3

Use
compliant
fuels

- Minor CAPEX to ensure segregation of fuels
- Compliant fuels are expected to price at a premium to HSFO – OPEX therefore likely to increase



Hapag-Lloyd's position

- HL's owned fleet comprises 17 vessels that are LNG ready
- We are currently evaluating all of the three possible options for a future marine fuel strategy
- Economics and feasibility will need to be checked on a case-by-case basis

„Hapag-Lloyd plans 20% reduction in CO2 emissions by 2020“



Clearly improved EBITDA of USD 270 m in Q1 2018

Operational KPIs

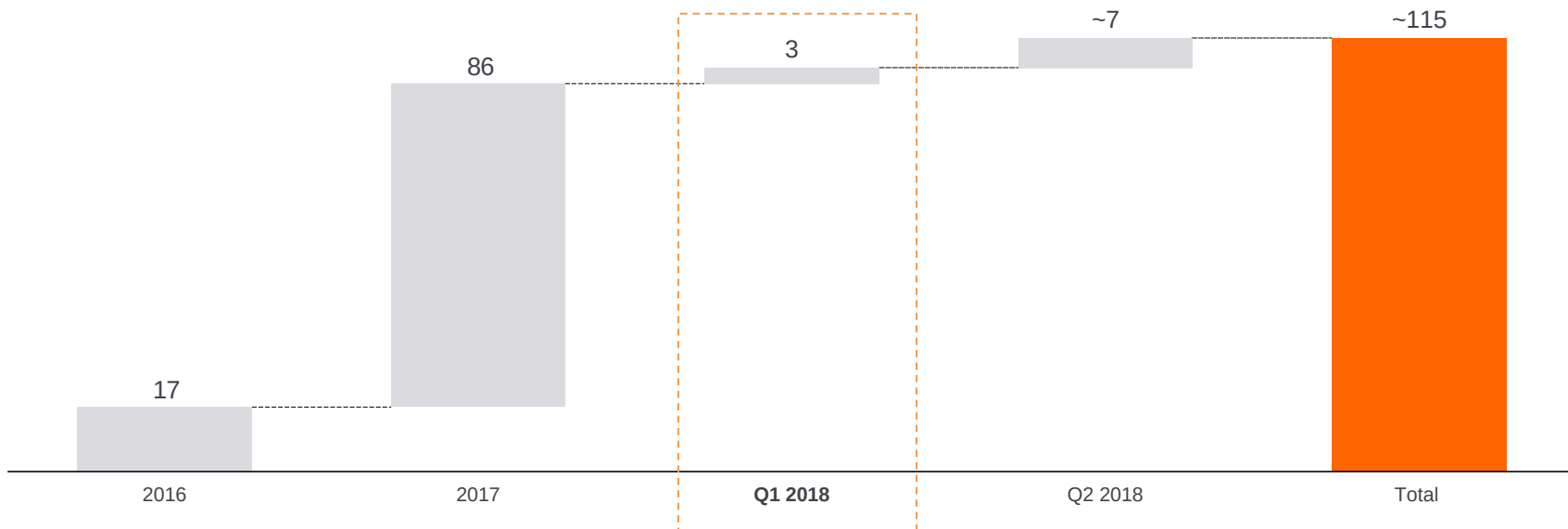
	Q1 2018	Q1 2017	YoY	Q4 2017	QoQ
Transport volume [TTEU]	2,861	1,934	+48%	2,774	+3%
Freight rate ¹⁾ [USD/TEU]	1,029	1,056	-3%	1,038	-1%
Bunker [USD/mt]	372	313	+19%	339	+10%
Exchange rate [USD/EUR]	1.23	1.07	+15%	1.18	+4%
Revenue [USD m]	3,217	2,271	+42%	3,119	+3%
EBITDA ²⁾ [USD m]	270	144	+87%	390	-31%
EBITDA margin ²⁾	8.4%	6.3%	+2.1ppt	12.5%	-4.1ppt
EBIT ²⁾ [USD m]	66	8	n.a.	167	-60%
EBIT margin ²⁾	2.1%	0.4%	+1.7ppt	5.4%	-3.3ppt
Group profit ²⁾ [USD m]	-42	-62	+27%	27	n.a.

Note: UASC's Ltd. and its subsidiaries have been included in the figures from the date control was transferred on 24 May 2017. The key figures used are therefore only comparable with the previous year to a limited extent. USD figures as stated in the Investor Report Q1 2018 1) For 2018, local revenues were included in the calculation of freight rates. Previous year's figures adjusted accordingly.

2) Due to retrospective application of the provisions for designated options, previous year's figures have been adjusted.

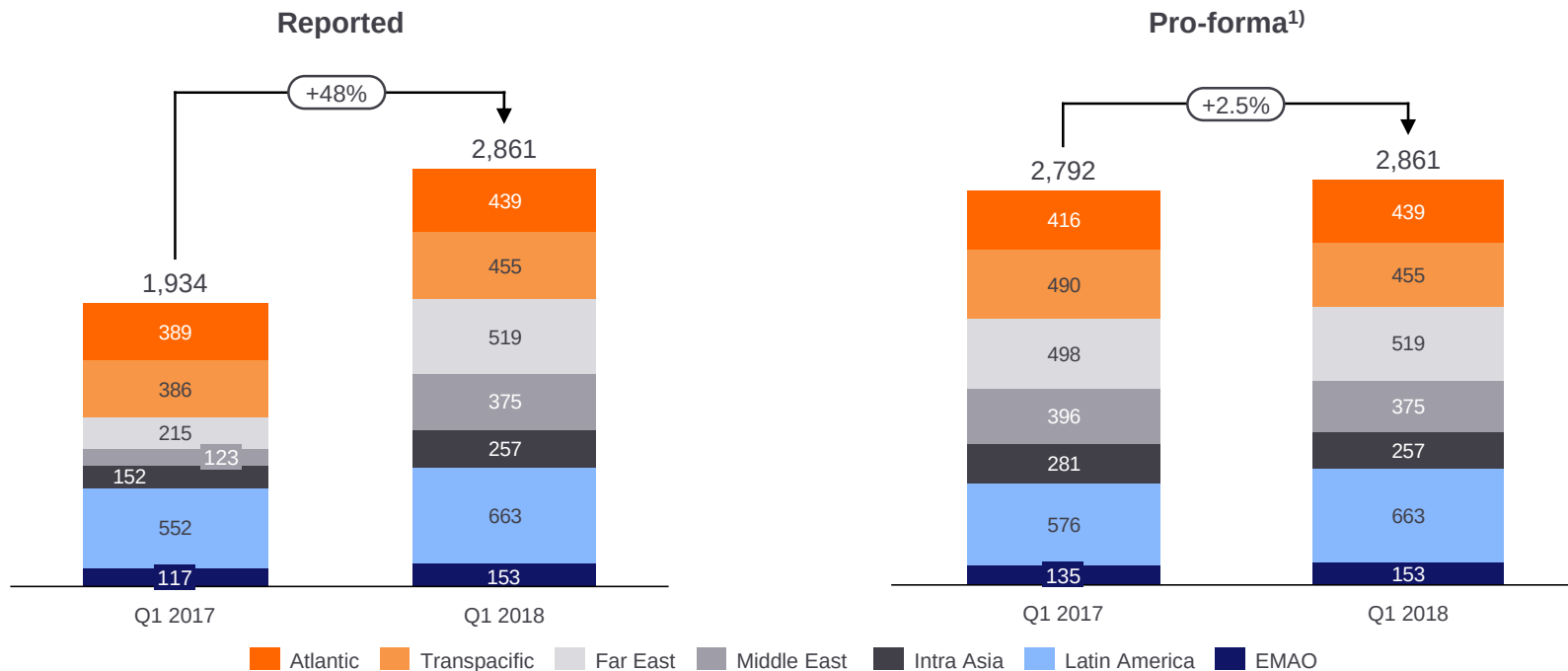
Q1 2018 generated one-off costs of USD 3 m related to the merger – Total one-off costs from the merger estimated at USD 115 m

Transaction & integration related one-off costs [USD m]



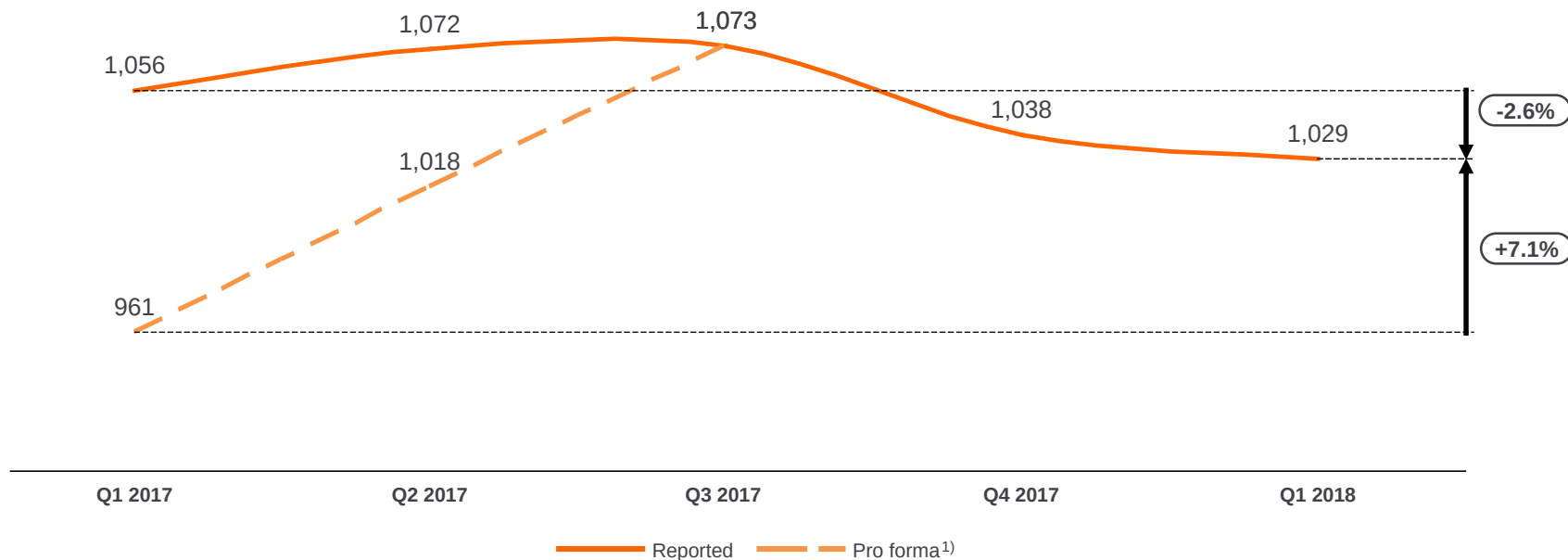
Solid transport volume growth of ~48% YoY due to UASC merger – Pro-forma transport volume grew by 2.5%YoY

Transport volume [TEU m]



Persistent stiff competition and UASC integration led to lower rates – On a Pro-Forma basis rates would have increased by 7.1% YoY

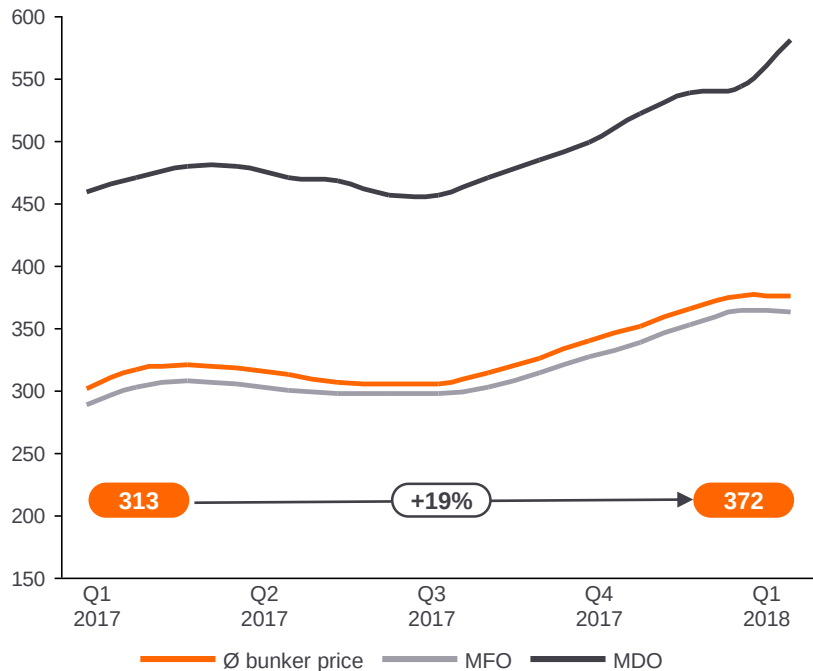
Reported freight rate [USD/TEU] vs. Pro-forma freight [USD/TEU]



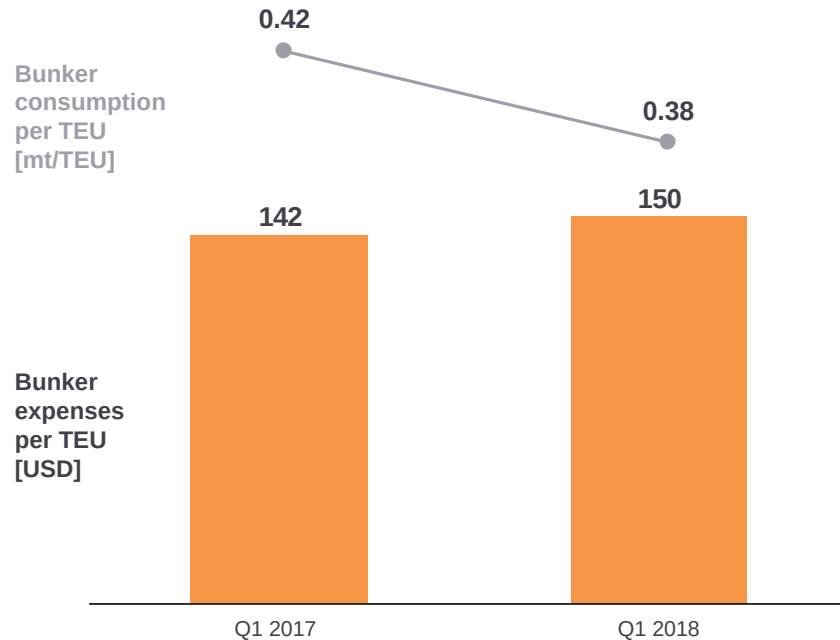
Note: Due to the inclusion of UASC in the Hapag-Lloyd Group from the first-time consolidation date of 24 May 2017, figures provided can only be compared with those of the previous year to a limited extent. The figures for the first quarter of 2017 relate to Hapag-Lloyd only and do not include the UASC Group. For the financial year 2018, local revenues were included in the calculation of freight rates. The previous year's figures have been adjusted accordingly. 1) Assuming UASC Group has been included since 1 January 2016

Hapag-Lloyd benefits from optimized bunker consumption, but substantial increase in bunker price harms P&L

Bunker consumption price [USD/mt]

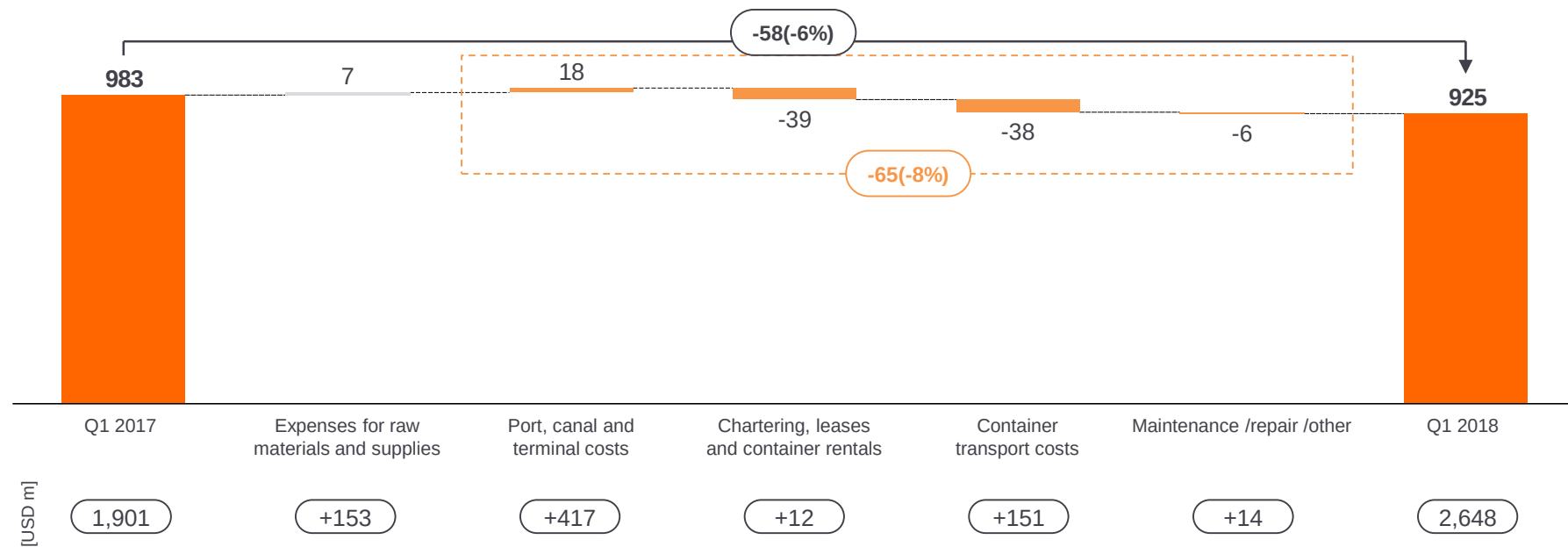


Bunker consumption & expenses



Despite higher bunker prices, transport expenses per TEU were down by ~6% YoY as a result of continuous cost management

Transport expenses per TEU [USD/TEU]

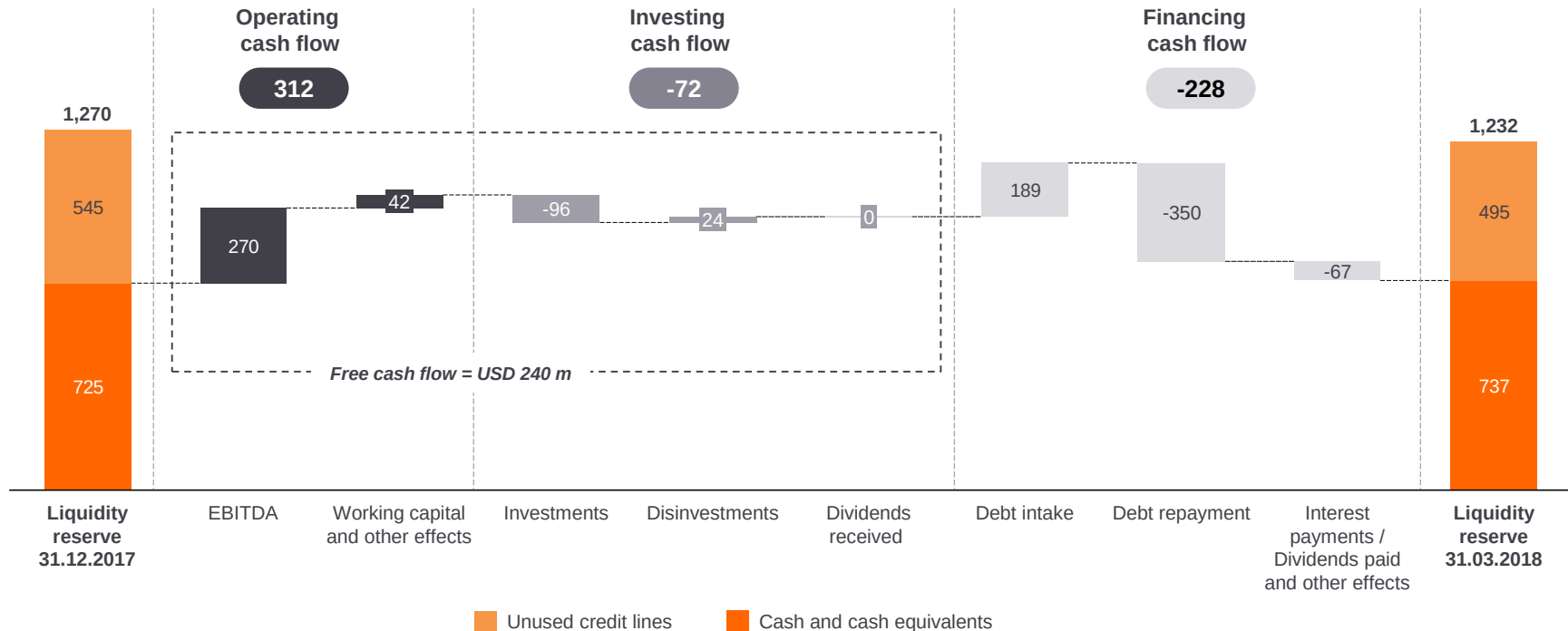


Note: UASC's Ltd. and its subsidiaries have been included in the figures from the date control was transferred on 24 May 2017. The key figures used are therefore only comparable with the previous year to a limited extent. Rounding differences may occur.

1) Cost of purchased services Q1 2018: 776 USD/TEU

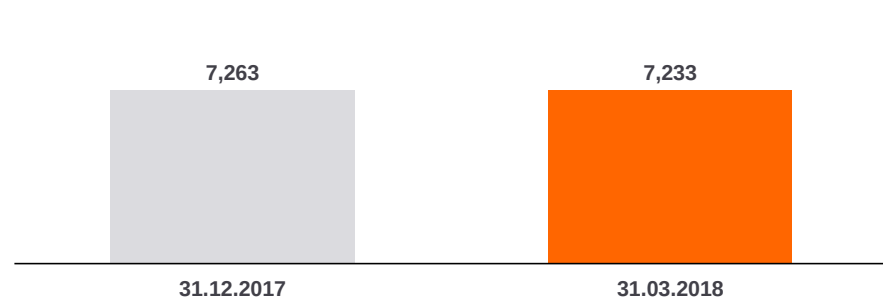
Substantial free cash flow of USD 240 m in Q1 2018 driven by a solid operating result (EBITDA) and limited investment needs

Cash flow Q1 2018 [USD m]

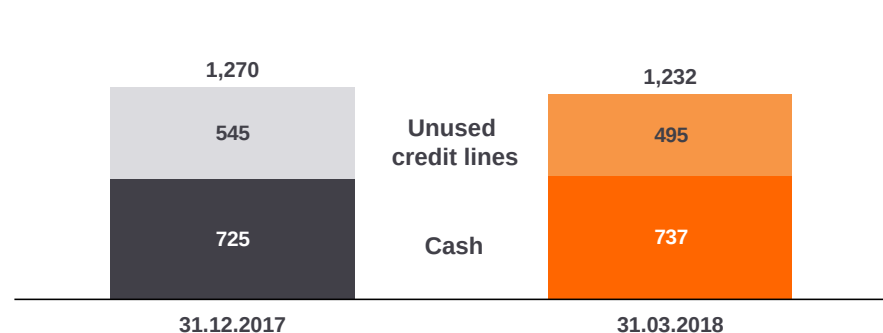


Stable equity base of USD 7.2bn, solid liquidity reserve of USD 1.2 bn and further reduced financial debt in Q1 2018

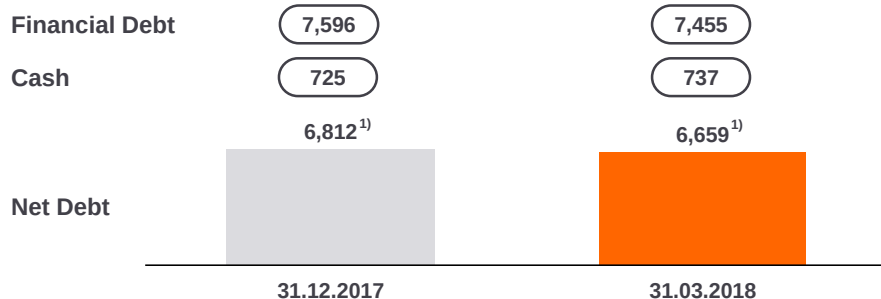
Equity base [USDm]



Liquidity reserve [USDm]



Net debt [USDm]



Comments

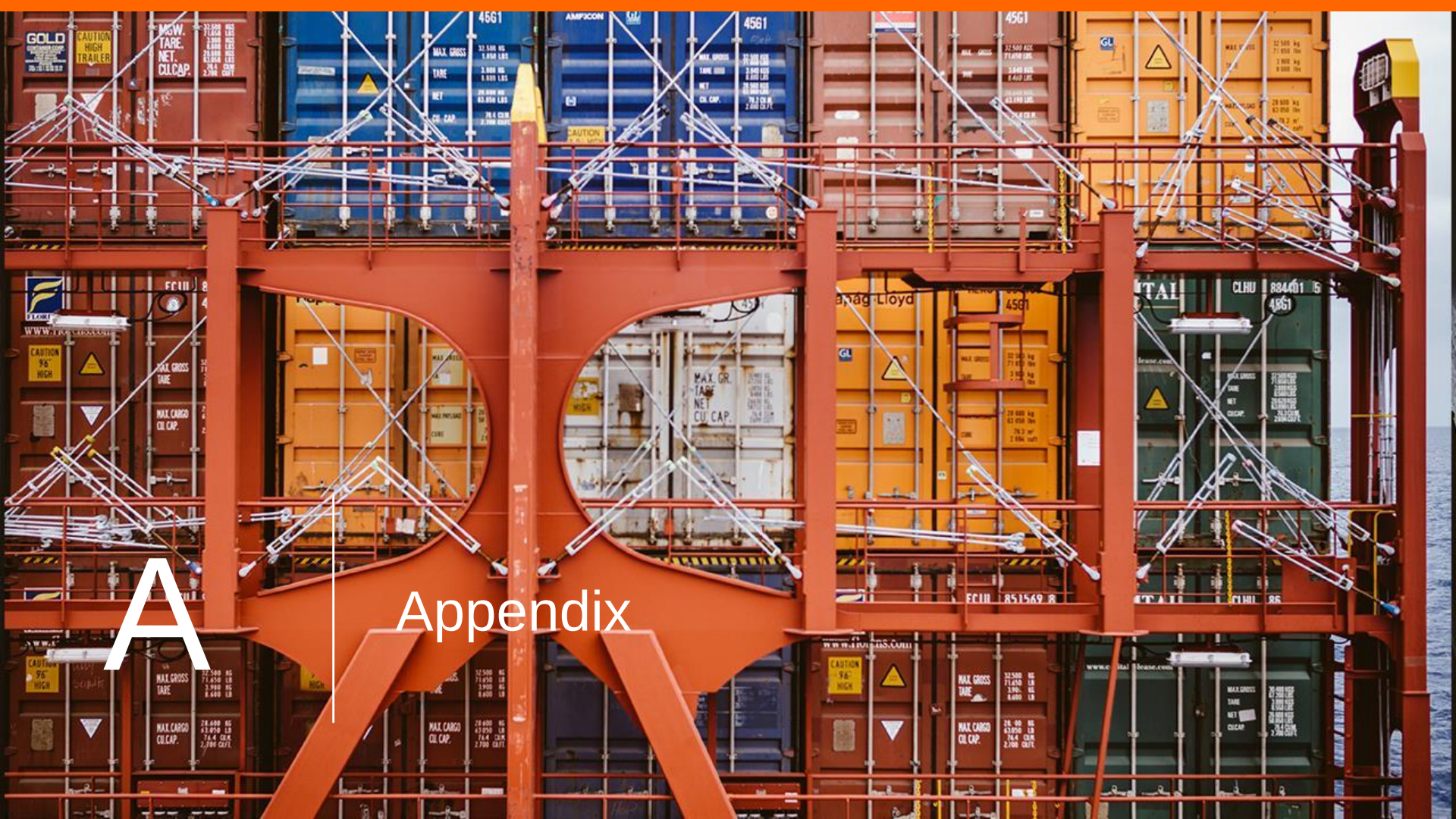
- **Equity** ratio almost unchanged at 41.0% and equity of USD 7.3 bn
- **Liquidity reserve** totals USD 1.2 bn as at 31 March 2018
- Further reduction of USD 141 m in **financial debt** since year-end 2017

Outlook for 2018 unchanged

	FY 2017	Outlook for 2018	Sensitivities for 2018	
 Transport volume	9,803 TTEU	Increasing clearly	+/- 100 TTEU	+/- USD <0.1 bn
 Average freight rate	1,051 USD/TEU	On previous year's level	+/- 40 USD/TEU	+/- USD ~0.5 bn
 Average bunker price	318 USD/mt	Increasing clearly	+/- 50 USD/mt	+/- USD ~0.2 bn
 EBITDA	USD 1,198 m	Increasing clearly		
 EBIT	USD 466 m	Increasing clearly		

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 company
Strategy	Develop a midterm strategy to strengthen HL's strategic position going forward

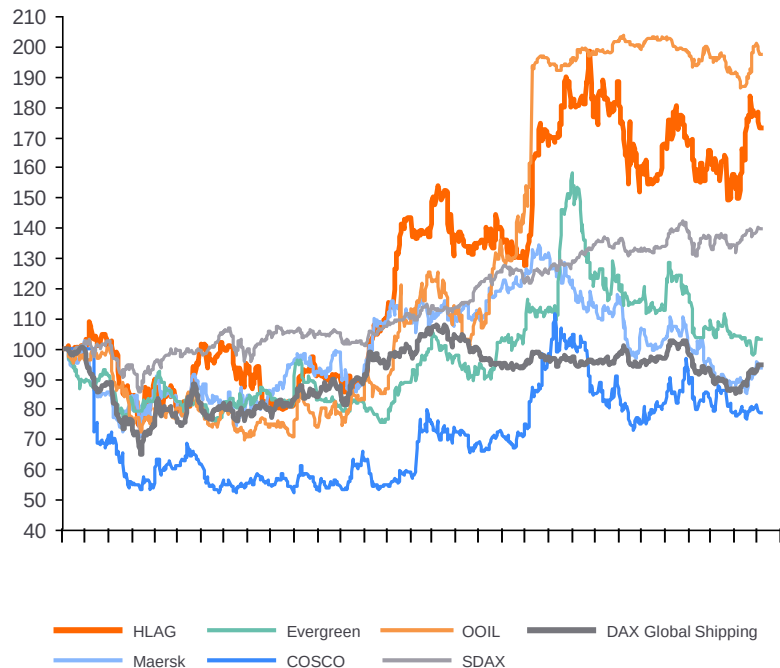


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Appendix

Convincing equity story resulted in higher share price...

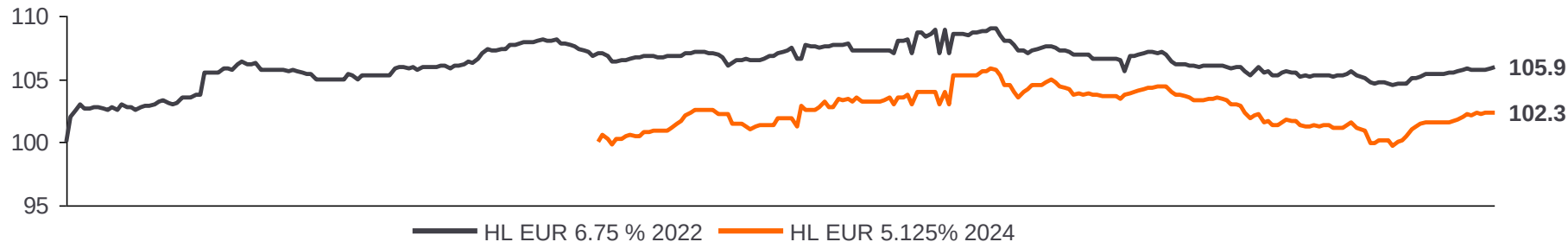
Share trading



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

...and bonds continue to trade above par

Bonds 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%

Hapag-Lloyd with equity ratio of 41%

Balance sheet [USD m]

	31.03.2018	31.12.2017
Assets		
Non-current assets	15,028.2	15,146.1
of which fixed assets	14,936.7	15,071.1
Current assets	2,632.1	2,630.8
of which cash and cash equivalents	736.5	725.2
Total assets	17,660.3	17,776.9
Equity and liabilities		
Equity	7,233.0	7,263.3
Borrowed capital	10,427.3	10,513.6
of which non-current liabilities	7,039.7	7,197.8
of which current liabilities	3,387.6	3,315.8
of which financial debt	7,454.6	7,595.5
thereof		
Non-current financial debt	6,608.2	6,750.6
Current financial debt	846.4	844.9
Total equity and liabilities	17,660.3	17,776.9

Financial position [USD m]

	31.03.2018	31.12.2017
Cash and cash equivalents	736.5	725.2
Financial debt	7,454.6	7,595.5
Restricted Cash	58.7	58.6
Net debt	6,659.4	6,811.7
Unused credit lines	495.0	200.0
Liquidity reserve	1,231.5	925.2
Equity	7,230.0	7,263.3
Gearing (net debt / equity) (%)	92.1%	93.8%
Equity ratio (%)	41.0%	40.9%

Hapag-Lloyd with positive EBITDA of USD 269.8 m

Income statement [USD m]

	Q1 2018	Q1 2017	% change
Revenue	3,217.2	2,270.9	42%
Other operating income	44.1	28.0	58%
Transport expenses	-2,647.9	-1,901.3	39%
Personnel expenses	-206.0	-157.0	31%
Depreciation, amortization & impairment	-203.7	-136.1	50%
Other operating expenses	-147.5	-104.6	41%
Operating result	56.2	-0.1	n.m.
Share of profit of equity-acc. investees	9.9	8.1	22%
Other financial result	0.0	0.0	n.m.
Earnings before interest & tax (EBIT)	66.1	8.0	n.m.
EBITDA	269.8	144.1	n.m.
Interest result	-101.3	-65.7	54%
Income taxes	-7.0	-4.1	-71%
Group profit / loss	-42.2	-61.8	-32%

Transport expenses [USD m]

	Q1 2018	Q1 2017	% change
Expenses for raw materials & supplies	428.3	275.3	56%
Cost of purchased services	2,219.6	1,626.0	37%
Thereof			
Port, canal & terminal costs	1,181.7	765.1	54%
Chartering leases and container rentals	270.3	258.3	5%
Container transport costs	690.2	539.3	28%
Maintenance/ repair/ other	77.4	63.3	22%
Transport expenses	2,647.9	1,901.3	39%

Transport expenses per TEU [USD m]

	Q1 2018	Q1 2017	% change
Expenses for raw materials & supplies	149.7	142.3	5%
Cost of purchased services	775.8	840.7	-8%
Thereof			
Port, canal & terminal costs	413.0	359.6	4%
Chartering leases and container rentals	94.5	133.6	-29%
Container transport costs	241.2	278.9	-13%
Maintenance/ repair/ other	27.1	32.7	-17%
Transport expenses	925.5	983.1	-6%

Financial Calendar 2018

February 28th, 2018	Preliminary Financials 2017	✓
March 28th, 2018	Annual Report 2017	✓
May 14th, 2018	Quarterly Financial Report Q1 2018	✓
July 10th, 2018	Annual General Meeting 2018	
August 10th, 2018	Halfyear Financial Report 2018	
November 8th, 2018	Quarterly Financial Report 9M 2018	

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