Q4 | FY 2015

Hapag-Lloyd AG

Investor Report

1 January to 31 December 2015

SUMMARY OF HAPAG-LLOYD KEY FIGURES

KEY OPERATING FIGURES		**Q4 2015**	Q4 2014[3]	**FY 2015**	FY 2014[3]	% Change
Total vessels, of which		**177**	191	**177**	191	–7%
own vessels		**68**	77	**68**	77	–12%
leased vessels		**3**	5	**3**	5	–40%
chartered vessels		**106**	109	**106**	109	–3%
Aggregate capacity of vessels	TTEU	**966**	1,009	**966**	1,009	–4%
Aggregate container capacity	TTEU	**1,564**	1,619	**1,564**	1,619	–3%
Bunker price (MFO, average for the period)[1]	USD/t	**245**	525	**312**	575	–46%
Bunker price (MDO, average for the period)[2]	USD/t	**465**	814	**540**	898	–40%
Freight rate (average for the period)	USD/TEU	**1,116**	1,412	**1,225**	1,427	–14%
Transport volume	TTEU	**1,822**	1,560	**7,401**	5,907	25%
Revenue	million USD	**2,225**	2,412	**9,814**	9,046	8%
Transport expenses	million USD	**1,857**	2,179	**8,057**	8,053	0%
EBITDA	million USD	**152**	–111	**922**	131	602%
EBIT	million USD	**18**	–403	**407**	–509	n.m.
Group profit/loss	million USD	**–52**	–499	**126**	–802	n.m.
Cash flow from operating activities	million USD	**95**	280	**635**	501	27%
Investment in property, plant and equipment	million USD	**46**	96	**836**	439	91%
KEY RETURN FIGURES						
EBITDA margin (EBITDA/revenue)		**6.8%**	–4.6%	**9.4%**	1.5%	7.9 ppt
EBIT margin (EBIT/revenue)		**0.8%**	–16.7%	**4.1%**	–5.6%	9.8 ppt
KEY BALANCE SHEET FIGURES AS AT 31 DECEMBER						
Balance sheet total	million USD			**12,069**	12,271	–2%
Equity	million USD			**5,497**	5,068	8%
Equity ratio (equity/balance sheet total)				**45.5%**	41.3%	4.2 ppt
Borrowed capital	million USD			**6,572**	7,203	–9%
KEY FINANCIAL FIGURES AS AT 31 DECEMBER						
Financial debt	million USD			**4,256**	4,518	–6%
Cash and cash equivalents	million USD			**625**	865	–28%
Net debt (financial debt – cash and cash equivalents)	million USD			**3,631**	3,653	–1%
Gearing (net debt/equity)				**66.1%**	72.1%	–6.0 ppt
Net debt/EBITDA				**3.9x**	27.8x	–23.9x
Unused credit lines				**423**	256	66%
Liquidity reserve				**1,048**	1,121	–6%
NUMBER OF EMPLOYEES AS AT 31 DECEMBER						
Employees at sea				**1,519**	1,504	1%
Employees on land				**7,898**	9,019	–12%
HAPAG-LLOYD TOTAL				**9,417**	10,523	–11%

[1]) MFO = Marine Fuel Oil
[2]) MDO = Marine Diesel Oil

[3]) 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 Investor Report presents supplemental information to the respective Interim or Annual Report of Hapag-Lloyd AG for capital markets participants. It has not been reviewed by auditors. The Hapag-Lloyd AG reporting currency is EUR. Translation into USD has been undertaken for information purposes only. The respective Interim and Annual Reports of Hapag-Lloyd AG remain to be the prevailing and legally binding documents.

This report was published on 23 March 2016.

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IMPORTANT NOTICE

The information provided in this Investor Report is based on a calculation of USD figures, derived from the figures published in EUR within the respective Interim or Annual Report of Hapag-Lloyd AG (available via http://ir.hapag-lloyd.com/websites/hapaglloyd/English/4000/publications.html).

The container shipping activities acquired from CSAV have been consolidated from 2 December 2014. As such, figures for 2015 can only be compared with those of previous years to a limited extent.

The USD figures presented herein have not been reviewed by auditors and are supplemental information to the respective Interim or Annual Report of Hapag-Lloyd AG for capital market participants. The respective Interim and Annual Reports of Hapag-Lloyd AG remain the prevailing and legally binding documents.

Hapag-Lloyd AG conducts its container 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, an example being the purchase, chartering and rental of vessels and containers, as well as the corresponding financing of investments. The functional currency of Hapag-Lloyd AG is, therefore, the US dollar. The reporting currency of Hapag-Lloyd AG is, however, the EUR.

For reconciliation to the Annual Report 2015, please find below the respective exchange rates:

- Values for Q4 2015 / Q4 2014 have been calculated by subtracting the 9M 2015 / 9M 2014 values from the full-year 2015 / full-year 2014 figures.
- 9M 2015 / 9M 2014 values have been converted at the respective 9M 2015 / 9M 2014 exchange rates.
- For full-year 2015 / full-year 2014 values the respective full-year 2015 / full-year 2014 exchange rates have been used.
- Values for Q3 2015 have been calculated by subtracting the H1 2015 figures from the 9M 2015 figures.
- H1 2015 values have been converted at the respective H1 2015 exchange rates.

EXCHANGE RATES

	Closing rate			Average rate			
per EUR	**31.12.2015**	30.09.2015	31.12.2014	**FY 2015**	9M 2015	FY 2014	9M 2014
US dollars	**1.0893**	1.1215	1.2155	**1.1100**	1.1151	1.3288	1.3555

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

This report was published on 23 March 2016.

1. HIGHLIGHTS

- Hapag-Lloyd AG successfully carried out its initial public offering (IPO) in November 2015. The primary proceeds of approx. USD 300 million are used for investments to increase fleet efficiency and container ownership. As a result of the IPO and the Group profit, the Company's equity rose to USD 5.5 billion (2014: USD 5.1 billion)

- Hapag-Lloyd significantly increased its EBITDA to USD 922 million (EBITDA margin: 9.4%) in the full-year 2015 compared to prior year period. The operating result (EBIT) reached USD 407 million (EBIT margin: 4.1%). Initial synergy effects and cost savings were the main drivers, despite continuous pressure on freight rates

- Transport volume climbed year-on-year by 25% to 7,401 TTEU (2014: 5,907 TTEU). The increase resulted from the inclusion of CSAV's container shipping activities

- The average freight rate in the 2015 financial year was USD 1,225/TEU, which was USD 202/TEU (14%) down on the prior year period (2014: USD 1,427/TEU)

- Revenue increased by USD 769 million year-on-year in the 2015 financial year to USD 9,814 million (2014: USD 9,046 million). This was due to the growth in transport volumes following the acquisition of CSAV's container shipping activities

- The transport expenses per TEU decreased by USD 275/TEU to USD 1,089/TEU in the full-year 2015 (–20%). The decline was mainly attributable to reduced bunker prices, a decline in bunker consumption and the effect of the synergies and the implemented saving program

- Hapag-Lloyd's future profitability will be primarily driven by the increasing effectiveness of strategic measures. It should be possible to further improve Hapag-Lloyd's operating result and record an 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 from 2016

- In its rating update on 29 September 2015, 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+/Stable. On 30 December 2015, USD 125 million of the USD bond 2017 were repaid early. Gearing improved to 66% in the 2015 financial year (2014: 72%)

2. SECTOR-SPECIFIC CONDITIONS

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), WORLD TRADING VOLUME AND GLOBAL CONTAINER TRANSPORT VOLUME

in %	2013	2014	**2015e**	2016e	2017e
Global economic growth	3.3	3.4	**3.1**	3.4	3.6
World trading volume (goods and services)	3.3	3.4	**2.6**	3.4	4.1
Global container transport volume	2.3	4.3	**1.0**	3.5	4.9

Source: IMF, IHS Global Insight

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 approximately 161.5 million TEU in 2020. As a result, container shipping will continue to be a growth industry in the medium to long term.

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%).

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 million TEU (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. Approximately 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.

GLOBAL CAPACITY DEVELOPMENT

in %	2013	2014	**2015e**	2016e[1]	2017e[1]
Forecasted capacity growth	12	10	**11**	7	6
Capacity measures					
Delayed deliveries	4	3	**1**	1	1
Scrappings	3	2	**1**	1	1
Actual increase in capacity	5	5	**9**	5	4

[1] Based on current orderbook

Source: Drewry, MDS Transmodal

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 years. 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.

3. STRUCTURE OF HAPAG-LLOYD’S VESSEL AND CONTAINER FLEET

STRUCTURE OF HAPAG-LLOYD'S VESSEL AND CONTAINER FLEET

	31.12.2015	30.09.2015	31.12.2014
Number of vessels	**177**	175	191
Aggregate capacity of vessels (TTEU)	**966**	946	1.009
thereof			
Number of own vessels	**68**	68	77
Aggregate capacity of own vessels (TTEU)	**512**	512	514
Number of leased vessels	**3**	3	5
Aggregate capacity of leased vessels (TTEU)	**12**	12	21
Number of chartered vessels	**106**	104	109
Aggregate capacity of chartered vessels (TTEU)	**442**	422	474
Aggregate container capacity (TTEU)	**1,564**	1,613	1,619
Number of services	**121**	122	119

The figures for 2014 relate to Hapag-Lloyd’s fleet including the container shipping activities acquired from CSAV.

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: 33%) 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.

4. GROUP EARNINGS POSITION

4.1 Freight rate per trade

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 RATE PER TRADE*

USD/TEU	Q4 2015	Q3 2015	Q4 2014**	QoQ % change	YoY % change	FY 2015	FY 2014**	YoY % change
Atlantic	**1,476**	1,526	1,598	–3%	–8%	**1,504**	1,585	–5%
Transpacific	**1,452**	1,548	1,791	–6%	–19%	**1,599**	1,768	–10%
Far East	**829**	876	1,129	–5%	–27%	**942**	1,179	–20%
Latin America	**968**	1,025	1,346	–6%	–28%	**1,111**	1,357	–18%
Intra Asia	**576**	635	792	–9%	–27%	**655**	796	–18%
EMAO (Europe–Mediterranean–Africa–Oceania)	**1,131**	1,226	1,350	–8%	–16%	**1,210**	1,407	–14%
Total (weighted average)	**1,116**	**1,189**	**1,412**	**–6%**	**–21%**	**1,225**	**1,427**	**–14%**

*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.

4.2 Transport volume per trade

The transport volume climbed year-on-year from 5,907 TTEU to 7,401 TTEU, which reflected 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	Q4 2015	Q3 2015	Q4 2014**	QoQ % change	YoY % change	FY 2015	FY 2014**	YoY % change
Atlantic	**368**	398	357	–8%	3%	**1,541**	1,446	7%
Transpacific	**347**	363	325	–4%	7%	**1,390**	1,319	5%
Far East	**307**	320	279	–4%	10%	**1,283**	1,135	13%
Latin America	**549**	550	379	0%	45%	**2,247**	1,158	94%
Intra Asia	**153**	140	129	9%	19%	**573**	491	17%
EMAO (Europe–Mediterranean–Africa–Oceania)	**98**	90	91	9%	8%	**367**	358	3%
Total	**1,822**	**1,861**	**1,560**	**–2%**	**17%**	**7,401**	**5,907**	**25%**

*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.

4.3 Revenue per trade

Revenue increased by USD 768.6 million year-on-year in the full-year 2015, from USD 9,045.8 million to USD 9,814.4 million. This was due to the growth in transport volumes following the incorporation of CSAV's container shipping activities.

REVENUE PER TRADE*

million USD	Q4 2015	Q3 2015	Q4 2014**	QoQ % change	YoY % change	FY 2015	FY 2014**	YoY % change
Atlantic	**544.0**	607.1	570.5	–10%	–5%	**2,317.7**	2.291.4	1%
Transpacific	**503.8**	562.3	581.7	–10%	–13%	**2,222.4**	2.331.8	–5%
Far East	**253.9**	279.8	315.3	–9%	–19%	**1,207.7**	1.337.8	–10%
Latin America	**532.6**	564.6	509.7	–6%	4%	**2,497.2**	1.571.8	59%
Intra Asia	**88.3**	88.7	102.2	0%	–14%	**375.6**	391.3	–4%
EMAO (Europe–Mediterranean–Africa–Oceania)	**111.0**	109.8	122.7	1%	–10%	**444.0**	503.6	–12%
Other	**191.4**	163.7	209.3	17%	–9%	**749.8**	618.0	21%
Total	**2,225.0**	**2,376.0**	**2,411.5**	**–6%**	**–8%**	**9,814.4**	**9,045.8**	**8%**

* 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.

4.4 Consolidated income statement

The earnings 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.

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 further drop in the bunker price this year compared with the previous year. Overall, Hapag-Lloyd recorded a profit of USD 126.4 million in the 2015 financial year, which was a substantial improvement of USD 928.6 million compared with the prior year period.

CONSOLIDATED INCOME STATEMENT

million USD	Q4 2015	Q3 2015	Q4 2014	QoQ % change	YoY % change	FY 2015	FY 2014	YoY % change
Revenue	**2,225.0**	**2,376.0**	**2,411.5**	**–6%**	**–8%**	**9,814.4**	**9,045.8**	**8%**
Other operating income	**52.3**	46.9	77.6	12%	–33%	**215.0**	155.2	39%
Transport expenses	**–1,857.3**	–1,965.5	–2,178.7	–6%	–15%	**–8,056.9**	–8,052.6	0%
Personnel expenses	**–136.2**	–118.3	–182.6	15%	–25%	**–537.8**	–535.9	0%
Depreciation, amortisation and impairment	**–134.3**	–129.5	–292.4	4%	–54%	**–515.7**	–640.1	–19%
Other operating expenses	**–173.6**	–129.1	–244.4	34%	–29%	**–574.6**	–522.7	10%
Operating result	**-24.1**	**80.5**	**–409.0**	**–130%**	**–94%**	**344.4**	**–550.3**	**–163%**
Share of profit of equity-accounted investees	**6.5**	9.7	9.4	–33%	–31%	**31.6**	45.4	–30%
Other financial result	**35.6**	–0.5	–3.6	n.m.	n.m.	**30.7**	–3.8	n.m.
Earnings before interest and tax (EBIT)	**18.0**	**89.7**	**–403.2**	**n.m.**	**n.m.**	**406.7**	**–508.7**	**n.m.**
Interest result	**–63.8**	–77.7	–86.0	–18%	–26%	**–252.3**	–278.6	–9%
Income taxes	**6.7**	8.7	9.4	–23%	–29%	**28.0**	14.9	88%
Group profit/loss	**–52.5**	**3.3**	**–498.6**	**–1,691%**	**–89%**	**126.4**	**–802.2**	**n.m.**

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.

Changes in the US dollar/euro exchange rate caused period-specific exchange rate gains and losses to increase in the period under review. This was reflected in other operating income and other operating expenses. Netted, the exchange rate-related income and expenses resulted in exchange rate losses of USD 30.3 million in the 2015 financial year (prior year period: exchange rate gain of USD 5.2 million).

Depreciation and amortisation totalled USD 515.7 in the 2015 financial year (previous year: 640.1 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 USD 141.4 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 and containers and in the amortisation of acquired intangible assets, some of which were acquired in December 2014 as a result of the acquisiton of CSAV's container shipping activities.

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 USD 54.9 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.

4.5 Transport expenses

Transport expenses increased slightly to USD 8,056.9 million from USD 8,052.6 million in the prior year period. This development was mainly attributable to reduced bunker prices and decreased bunker consumption, which led to a year-on-year decrease of USD 624.8 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, down USD 263 per tonne on the prior year period's figure of USD 575 per tonne.

TRANSPORT EXPENSES

million USD	**Q4 2015**	Q3 2015	Q4 2014	QoQ % change	YoY % change	**FY 2015**	FY 2014	YoY % change
Expenses for raw materials and supplies	**237.3**	291.9	426.9	–19%	–44%	**1,185.3**	1,810.2	–35%
Cost of purchased services	**1,620.0**	1,673.6	1,751.8	–3%	–8%	**6,871.6**	6,242.5	10%
thereof								
Port, canal and terminal costs	**698.9**	777.9	714.5	–10%	–2%	**3,070.5**	2,698.0	14%
Chartering, leases and container rentals	**347.6**	279.4	333.5	24%	4%	**1,242.7**	921.5	35%
Container transport costs	**532.2**	577.3	651.7	–8%	–18%	**2,384.7**	2,446.9	–3%
Maintenance/repair/other	**41.2**	39.0	52.1	6%	–21%	**173.7**	176.1	–1%
Transport expenses	**1,857.3**	**1,965.5**	**2,178.7**	**–6%**	**–15%**	**8,056.9**	**8,052.6**	**0%**

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 transport expenses per TEU decreased by USD 274.6/TEU to USD 1,088.6/TEU in the financial year 2015. The decline was mainly attributable to reduced bunker prices and a decline in bunker consumption as further explained below. Costs of purchased services declined as well by USD –128.3/TEU as a consequence of the realised synergies and cost savings. The decrease was mainly driven by lower container transport costs, deriving from a lower share of inland transport in the US, as well as lower port, canal and terminal costs.

TRANSPORT EXPENSES PER TEU

USD/TEU	**Q4 2015**	Q3 2015	Q4 2014	QoQ % change	YoY % change	**FY 2015**	FY 2014	YoY % change
Expenses for raw materials and supplies	**130.3**	156.9	273,7	–17%	–52%	**160.2**	306.4	–48%
Cost of purchased services	**889.1**	899.3	1,122.9	–1%	–21%	**928.5**	1,056.8	–12%
thereof								
Port, canal and terminal costs	**383.6**	418.0	458.0	–8%	–16%	**414.9**	456.8	–9%
Chartering, leases and container rentals	**190.8**	150.2	213.8	27%	–11%	**167.9**	156.0	8%
Container transport costs	**292.1**	310.2	417.7	–6%	–30%	**322.2**	414.2	–22%
Maintenance/repair/other	**22.6**	20.9	33.4	8%	–32%	**23.5**	29.8	–21%
Transport expenses	**1,019.4**	**1,056.2**	**1,396.6**	**–3%**	**–27%**	**1,088.6**	**1,363.2**	**–20%**

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.

Bunker consumption development

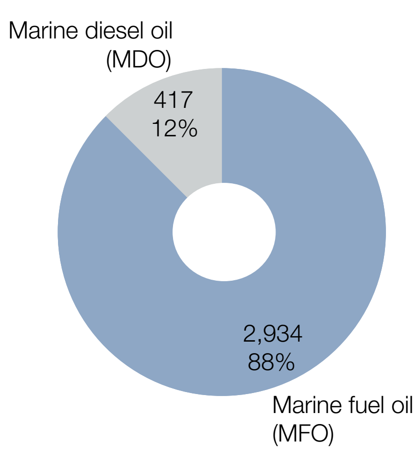
The efficiency and sustainability of the Hapag-Lloyd fleet further improved as a result of seven newbuilds, each with a transport capacity of 9,300 TEU, being placed into service in 2015. Bunker consumption per slot (container storage space) has been considerably reduced over the past five years. The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

In 2015, Consumption of marine fuel oil (MFO) amounted to approximately 2,934,012 metric tons in the full-year 2015 (FY 2014, approximately 2,823,807 tons). The average bunker consumption price for MFO stood at USD 312/ton (previous year: USD 575/ton). Consumption of low-sulphur marine diesel oil (MDO) amounted to approximately 416,950 metric tons metric tons (12% of bunker consumption) in the full-year 2015 (FY 2014: approximately 100,050 tons). The average bunker consumption price for MDO stood at USD 540/ton (previous year: USD 898/ton).

The bunker consumption per slot (measured at the average capacity for the year) was at 3.39 mt, 11% below the prior year figure for Hapag-Lloyd only. The bunker consumption per TEU transported stood at 0.45 mt, 9% lower than the prior year, Hapag-Lloyd only, figure.

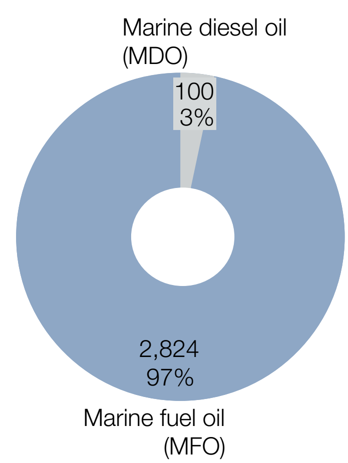
Bunker consumption

FY 2015 [k mt]



$\sum = 3,351$

FY 2014 [k mt] 1)



$\sum = 2,924$

1) Figures for Dec 2014 containing CCS consumption

4.6 Earnings position

The Group's earnings before interest and taxes (EBIT) amounted to USD 406.7 million in the reporting period. They were therefore well above the corresponding figure in the prior year period of USD −508.7 million. The Group's earnings before interest, taxes, depreciation and amortisation (EBITDA) came to USD 922.4 million in the financial year (previous year: USD 131.4 million).

EBIT AND EBITDA MARGIN

million USD	**Q4 2015**	Q3 2015	Q4 2014	QoQ % change	YoY % change	**FY 2015**	FY 2014	YoY % change
Revenue	**2,225.0**	2,376.0	2,411.5	−6%	−8%	**9,814.4**	9,045.8	8%
EBIT	**18.0**	89.7	−403.2	−80%	n.m.	**406.7**	−508.7	n.m.
EBITDA	**152.3**	219.2	−110.8	−31%	n.m.	**922.4**	131.4	602%
EBIT margin	**0.8%**	3.8%	−16.7%	−3.0 ppt	17.5 ppt	**4.1%**	−5.6%	9.8 ppt
EBITDA margin	**6.8%**	9.2%	−4.6%	−2.4 ppt	11.4 ppt	**9.4%**	1.5%	7.9 ppt

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.

Earnings per share were at USD 1.2/share in the financial year 2015, as compared to a negative amount of USD −11.7/share in the prior year.

EARNINGS PER SHARE

		FY 2015	FY 2014	% change
Basic Earnings Per Share	USD	**1.2**	−11.7	n.m.
Profit/Loss attributable to shareholders of Hapag-Lloyd AG	million USD	**123.9**	−803.9	n.m.
Weighted average number of shares	million shares	**106.9**	68.7	56%

5. GROUP NET ASSET POSITION

The net asset 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.

5.1 Changes in the net asset structure

GROUP NET ASSET POSITION

million USD	31.12.2015	30.09.2015	31.12.2014
Assets			
Non-current assets	**10,363.7**	10,442.8	10,091.3
of which fixed assets	**10,301.7**	10,381.0	10,022.3
Current assets	**1,704.8**	1,613.0	2,179.7
of which cash and cash equivalents	**625.0**	542.8	864.7
Total assets	**12,068.5**	12,055.8	12,271.0
Equity and liabilities			
Equity	**5,496.8**	5,240.6	5,068.1
Borrowed capital	**6,571.7**	6,815.2	7,202.9
of which non-current liabilities	**3,958.4**	4,275.1	4,537.7
of which current liabilities	**2,613.3**	2,540.1	2,665.2
of which financial debt	**4,256.3**	4,362.0	4,518.1
thereof			
Non-current financial debt	**3,591.7**	3,857.7	4,022.2
Current financial debt	**664.6**	504.3	495.9
Total equity and liabilites	**12,068.5**	12,055.8	12,271.0

As at 31 December 2015, the Group's balance sheet total was USD 12,068.5 million, which is USD 202.5 million lower than the figure at year-end 2014.

Total assets comprised of USD 10,363.7 million non-current assets and of USD 1,704.8 million current assets. While non-current assets increased by USD 272.4 million, current assets decreased by USD 474.9 million. Within non current assets, there was a particularly marked rise resulting from investment of USD 925.1 million mainly in vessels, installment payments for ships under construction and investments of containers, partly offset by scheduled depreciation in the amount of USD 515.7 million. The change in current assets in the financial year 2015 resulted from the sale of a portfolio of vessels recognised as assets held for sale as at 31 December 2014 and a reduction of inventories.

Cash and cash equivalents declined by USD 239.7 million to USD 625.0 million due to cash outflows, in particular for investments, interests and capital repayments.

On the equity and liabilities side, the Group's equity increased by USD 428.7 million to USD 5,496.8 million. This rise was mainly due to the capital increase of USD 284.5 million carried out as part of the IPO on

6 November 2015 and the Group profit of USD 126.4 million. The equity ratio climbed to approximately 46% as at 31 December 2015 (31 December 2014: approximately 41%).

The Group's borrowed capital declined by USD 631.2 million to USD 6,571.7 million compared with the 2014 consolidated financial statements. This decrease includes a USD 261.8 million decrease in financial debt mainly by capital repayments of USD 830.9 million. The increase of loans for ships and container financings totaling USD 614.3 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.

5.2 Return on invested capital

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 USD	**FY 2015**	FY 2014	% change
Non-current assets	**10,363.7**	10,091.3	3%
Inventory	**102.5**	184.9	–45%
Trade accounts receivable	**780.0**	855.5	–9%
Other assets	**197.3**	274.6	–28%
Total assets	**11,443.5**	**11,406.3**	**0%**
Provisions	**677.5**	981.3	–31%
Trade accounts payable	**1,409.3**	1,489.5	–5%
Other liabilities	**228.6**	214.0	7%
Total debt	**2,315.4**	**2,684.8**	**–14%**
Invested Capital	**9,128.1**	**8,721.5**	**5%**
EBIT	**406.7**	–508.7	–180%
Tax	**28.0**	14.9	88%
Net Operating Profit after Tax (NOPAT)	**378.7**	**–523.6**	**–172%**
Return on Invested Capital (ROIC)	**4.1%**	**–6.0%**	**10.1 ppt**

The chart outlines selected items from the statement of financial position and the statement of profit and loss account of the Hapag-Lloyd Group in abbreviated form only.

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 in our Annual Report.

6. GROUP FINANCIAL POSITION

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.

6.1 Developments in cash and cash equivalents

DEVELOPMENT OF LIQUIDITY RESERVE

million USD	Q4 2015	Q4 2014	FY 2015	FY 2014
Cash and cash equivalents beginning of the period	**542.8**	559.8	**864.7**	639.8
Unused credit lines beginning of the period	**486.4**	95.0	**255.8**	95.0
Liquidity reserve beginning of the period	**1,029.2**	**654.8**	**1,120.5**	**734.8**
EBITDA	**152.3**	–110.8	**922.4**	131.4
Working capital	**–69.7**	368.6	**–200.0**	396.0
Others	**12.2**	22.1	**-87.4**	–26.2
Operating cash flow	**94.7**	**280.1**	**635.0**	**501.2**
Investments	**–141.3**	–137.3	**–804.3**	–452.6
thereof vessel	**-6.9**	–84.8	**–541.8**	–251.5
thereof container	**–129.0**	–48.5	**–243.4**	–184.2
thereof other	**-5.4**	–4.0	**-19.1**	–16.9
Cash received from acquisitions	**0.0**	58.4	**0.0**	58.4
Disinvestments	**2.2**	0.5	**87.9**	6.5
Dividends received	**5.4**	–0.8	**43.2**	45.4
Investing cash flow	**–133.7**	**–79.3**	**–673.2**	**–342.3**
Capital increase	**289.1**	407.8	**289.1**	407.8
Payments for capital increase	**–5.6**	0.0	**–5.6**	0.0
Debt intake	**253.3**	369.0	**638.6**	994.2
Debt repayment	**–321.9**	–552.1	**–830.9**	–1,050.5
Dividends paid	**0.0**	0.0	**-2.3**	–1.2
Interest	**–58.3**	–86.5	**–236.9**	–241.8
Payments made from hedges for financial debts	**–35.3**	0.0	**–53.1**	0.0
Financing cash flow	**121.3**	**138.2**	**–201.1**	**108.5**
Changes due to exchange rate fluctuations	**–0.1**	–34.1	**–0.4**	–42.5
Liquidity reserve end of the period	**1,048.4**	**1,120.5**	**1,048.4**	**1,120.5**
Cash and cash equivalents end of the period	**625.0**	864.7	**625.0**	864.7
Unused credit lines end of the period	**423.4**	255.8	**423.4**	255.8

Cash flow from operating activities

Based on EBITDA of USD 922.4 million, the Hapag-Lloyd Group generated a significantly improved operating cash flow of USD 635.0 million in the 2015 financial year (previous year: USD 501.2 million).

Cash flow from investing activities

The cash outflow from investing activities totalled USD 673.2 million (previous year: USD 342.3 million). This mainly consisted of payments for investments in ships and containers totalling USD 785.2 million. Proceeds from the sale of a portfolio of vessels to be decommissioned ("Old Ladies") totalling USD 83.1 million had an offsetting effect, as did dividend payments received amounting to USD 43.2 million.

Cash flow from financing activities

Financing activities resulted in a net cash outflow of USD 201.1 million in the reporting period (prior year period: cash inflow of USD 108.5 million). The cash inflow of USD 927.7 million, which resulted firstly from the inflow of USD 289.1 million from the capital increase carried out as part of the IPO on 6 November 2015 and secondly from loans granted amounting to USD 638.6 million, was essentially offset by the early partial repayment of a USD bond due in 2017 as well as interest and capital repayments of USD 1,067.8 million. Payments of USD 53.1 million were also made for foreign currency hedging for financial debt. The cash inflow primarily related to payments received for the financing of investments in ships and containers.

6.2 Financial position

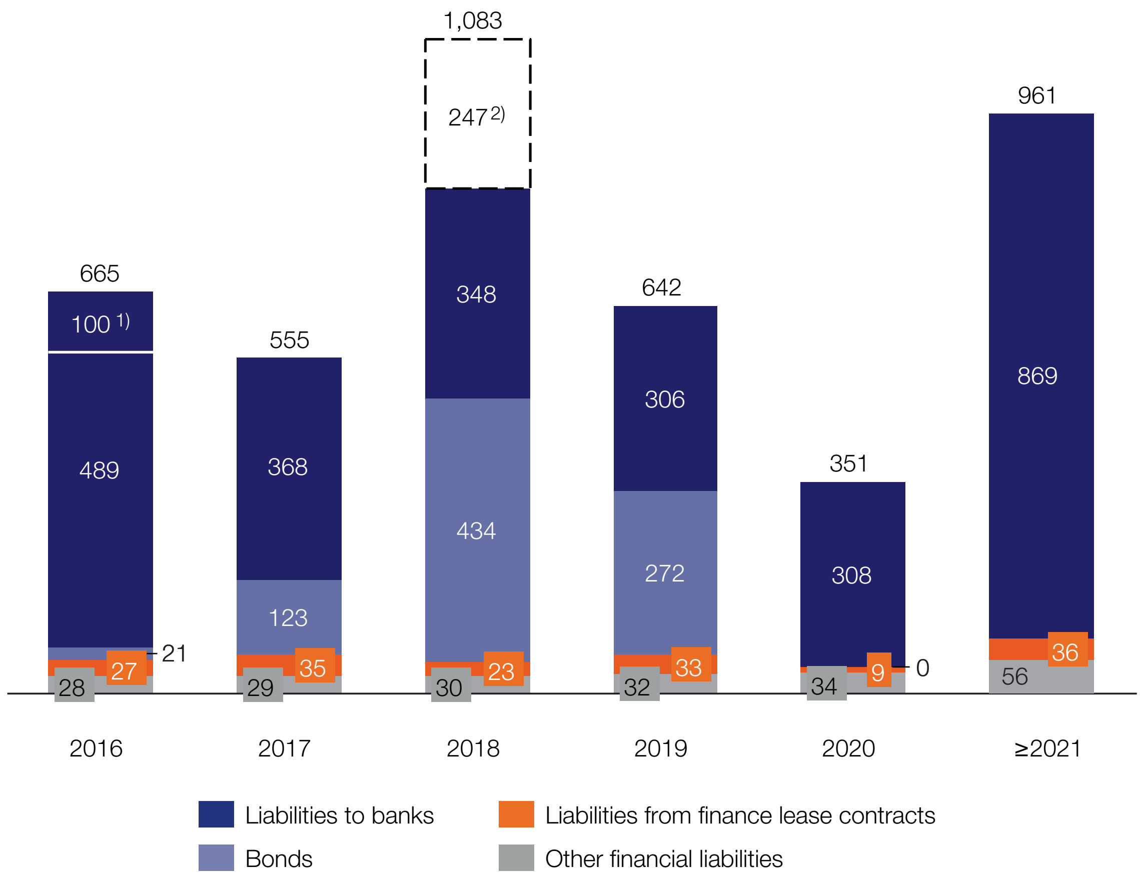
At USD 3,631.3 million, the Group's net debt was lower as at 31 December 2015 than one year earlier, when it stood at USD 3,653.4 million. Gearing (net debt/equity) fell to 66% (previous year: 72%). This was due to the increase in equity deriving from the capital increase and parallel reduction of net debt by repayment of financial debt.

FINANCIAL SOLIDITY

million USD	**31.12.2015**	30.09.2015	31.12.2014
Cash and cash equivalents	**625.0**	542.8	864.7
Financial debt	**4,256.3**	4,362.0	4,518.1
Net debt	**3,631.3**	**3,819.2**	**3,653.4**
Unused credit lines	**423.4**	486.4	255.8
Liquidity reserve	**1,048.4**	**1,029.2**	**1,120.5**
Equity	**5,496.8**	5,240.6	5,068.1
Gearing (net debt/equity) (%)	**66.1%**	**72.9%**	**72.1%**
Equity ratio (%)	**45.5%**	**43.5%**	**41.3%**

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 USD 289.1 million. To further strengthen the liquidity reserve, an unsecured credit line amounting to USD 125 million was granted, which enhances the company's liquidity reserve (consisting of cash, cash equivalents and unused credit facilities) to USD 1,048.4 million by December 31, 2015 (previous year: USD 1,120.5 million).

Financial debt profile (USD millon)



1) BLADEX financing   2) ABS programme prolongated on 3-years basis

The financial debt of USD 4,256.3 million is categorized between (1) liabilities to banks, (2) bonds, (3) liabilities from finance lease contracts and (4) other financial liabilities.

Liabilities to banks comprise loans to finance the existing fleet of vessels and containers. Furthermore, liabilities to banks include the Ballindamm financing (USD 60 million), the BLADEX financing (USD 100 million) and the ABS programme (USD 247 million). The ABS programme has been prolongated for a three-year term, running until 2018.

Hapag-Lloyd has three bonds outstanding: USD 125 million 9.75% Senior Notes due October 2017, EUR 400 million 7.75% Senior Notes due October 2018 and EUR 250 million 7.50% Senior Notes due October 2019.

7. 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 slot capacity despite having a lower draught.

8. OUTLOOK

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 ambitious 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 further synergy effects, additional cost savings, the planned improvement in revenue quality and a slight growth in volumes are achieved, and assuming that the peak season is better in 2016, Hapag-Lloyd expects to achieve 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	+3.1%
Increase in global trade	+3.2%
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	Moderately decreasing
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 realization 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.

9. FINANCIAL CALENDAR 2016

13 May 2016	Investor Report Q1 2016
1 June 2016	Annual General Meeting
10 August 2016	Investor Report Q2 / H1 2016
14 November 2016	Investor Report Q3 / 9M 2016

10. DISCLAIMER

This report provides general information about Hapag-Lloyd AG. It consists of summary information based on a calculation of USD figures. It does not purport to be complete and it is not intended to be relied upon as advice to investors.

No representations or warranties, expressed or implied, are made as to, and no reliance should be placed on, the accuracy, fairness or completeness of the information presented or contained in this report.

This report contains forward looking statements within the meaning of the 'safe harbor' provision of the US securities laws. These statements are based on management's current expectations or beliefs and are subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. Actual results may differ from those set forth in the forward-looking statements as a result of various factors (including, but not limited to, future global economic conditions, market conditions affecting the container shipping industry, intense competition in the markets in which we operate, potential environmental liability and capital costs of compliance with applicable laws, regulations and standards in the markets in which we operate, diverse political, legal, economic and other conditions affecting the markets in which we operate, our ability to successfully integrate business acquisitions and our ability to service our debt requirements). Many of these factors are beyond our control.

This report is intended to provide a general overview of Hapag-Lloyd's business and does not purport to deal with all aspects and details regarding Hapag-Lloyd. Accordingly, neither Hapag-Lloyd nor any of its directors, officers, employees or advisers nor any other person makes any representation or warranty, expressed or implied, as to, and accordingly no reliance should be placed on, the fairness, accuracy or completeness of the information contained in the presentation or of the views given or implied. Neither Hapag-Lloyd nor any of its directors, officers, employees or advisors nor any other person shall have any liability whatsoever for any errors or omissions or any loss howsoever arising, directly or indirectly, from any use of this information or its contents or otherwise arising in connection therewith.

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IMPRINT

Hapag-Lloyd AG
Ballindamm 25
20095 Hamburg

Investor Relations
Phone: +49 40 3001-2896
Fax: +49 40 3001-73490
Email: IR@hlag.com

http://ir.hapag-lloyd.com/websites/hapaglloyd/English/0/ir-home.html