9M 2021

Hapag-Lloyd AG

Quarterly financial report

1 January to
30 September 2021

SUMMARY OF HAPAG-LLOYD KEY FIGURES QUARTERLY FINANCIAL REPORT 9M 2021

		Q3 2021	Q3 2020	9M 2021	9M 2020	Change absolute
Key operating figures [1]						
Total vessels		257	234	257	234	23
Aggregate capacity of vessels	TTEU	1,779	1,709	1,779	1,709	70
Aggregate container capacity	TTEU	2,971	2,674	2,971	2,674	297
Freight rate (average for the period)	USD/TEU	2,234	1,084	1,818	1,097	721
Transport volume	TTEU	2,976	2,942	8,980	8,696	283
Revenue	million EUR	6,245	3,002	14,998	9,362	5,636
EBITDA	million EUR	3,305	649	6,822	1,818	5,004
EBIT	million EUR	2,905	347	5,799	858	4,940
Group profit/loss	million EUR	2,838	252	5,562	538	5,024
Earnings per share	EUR	16.13	1.43	31.60	3.01	28.59
Cash flow from operating activities	million EUR	2,996	720	6,244	1,927	4,317
Key return figures [1]						
EBITDA margin (EBITDA/revenue)	%	52.9	21.6	45.5	19.4	26.1 ppt
EBIT margin (EBIT/revenue)	%	46.5	11.6	38.7	9.2	29.5 ppt
ROIC (Return on Invested Capital)[2]	%	89.2	11.3	59.6	8.9	50.6 ppt
Key balance sheet figures as at 30 September [1]						
Balance sheet total	million EUR	22,322	15,184	22,322	15,184	7,138
Equity	million EUR	12,248	6,723	12,248	6,723	5,525
Equity ratio (equity/balance sheet total)	%	54.9	44.3	54.9	44.3	10.6 ppt
Borrowed capital	million EUR	10,074	8,462	10,074	8,462	1,613
Key financial figures as at 30 September [1]						
Financial debt and lease liabilities	million EUR	5,519	5,136	5,519	5,136	383
Cash and cash equivalents	million EUR	4,476	681	4,476	681	3,794

[1] The key operating figures and key return figures refer to the respective reporting period. The comparison of key balance sheet figures and key financial figures refers to the reporting date 31 December 2020.

[2] The return on invested capital (ROIC) is calculated as the ratio of net operating profit after taxes (NOPAT) to invested capital (assets excluding cash and cash equivalents less liabilities excluding financial debt). This key operating figure is calculated on an annualised basis and in US dollars.

For computational reasons, rounding differences may occur in some of the tables and charts of this quarterly financial report.

This quarterly financial report was published on 12 November 2021.

MAIN DEVELOPMENTS IN 9M 2021

- The first 9 months of the 2021 financial year were dominated by continuing strong demand for transport from the Far East to the rest of the world and the resulting operational challenges. The sharp rise in transport volumes and the effects of the COVID-19 protective measures led to congestion of port and hinterland infrastructure in North America and, increasingly, in Asia and Europe as well.
- Hapag-Lloyd's transport volume increased in the first 9 months of 2021 by 3.3% to 8,980 TTEU compared with the prior year period. The development of volumes was negatively affected by the ongoing disruption to global supply chains.
- Given the high demand and a simultaneous shortage of transport capacity in a congested market environment, the average freight rate rose by 65.7% to USD 1,818 / TEU compared with the prior year period (prior year period: USD 1,097 / TEU).
- Revenue increased in the first 9 months of 2021 by 60.2% to EUR 14,998.1 million (prior year period: EUR 9,361.9 million).
- Transport expenses rose by 8.6% in the first 9 months of the 2021 financial year to EUR 7,434.2 million (prior year period: EUR 6,845.7 million), primarily due to higher container handling expenses. This increase was partly offset by the weaker US dollar compared with the euro. Adjusted for exchange rate movements, transport expenses would have risen by approximately EUR 1.0 billion, or around 16%.
- EBITDA rose to EUR 6,822.3 million (prior year period: EUR 1,817.8 million). The EBITDA margin was 45.5% (prior year period: 19.4%).
- EBIT of EUR 5,798.6 million in the first 9 months of 2021 was also much higher than in the previous year (prior year period: EUR 858.3 million).
- Earnings per share jumped to EUR 31.60 from EUR 3.01 in the prior year period.
- Free cash flow of EUR 5,514.4 million was clearly positive (prior year period: EUR 1,659.9 million).
- Due to the positive development of earnings, net debt was further reduced by more than EUR 3.4 billion compared with 31 December 2020.
- At the same time, the liquidity reserve (consisting of cash, cash equivalents and unused credit facilities) rose to EUR 5.0 billion as at 30 September 2021 (31 December 2020: EUR 1.2 billion).
- In the third quarter of 2021, Hapag-Lloyd completed the takeover of the container shipping company NileDutch, which specialises in Africa trades. In addition, agreements were signed for a 30% investment in Container Terminal Wilhelmshaven and a 50% investment in Rail Terminal Wilhelmshaven.
- Hapag-Lloyd posted an exceptionally positive financial performance in the first 9 months of 2021. For the rest of the 2021 financial year earnings momentum is likely to remain on a high level. Against this backdrop, the Executive Board of Hapag-Lloyd AG raised its earnings outlook for the 2021 financial year on 29 October 2021. EBITDA is now expected to be in the range of EUR 10.1 to 10.9 billion (previously: EUR 7.6 to 9.3 billion) and EBIT in the range of EUR 8.7 to 9.5 billion (previously: EUR 6.2 to 7.9 billion).

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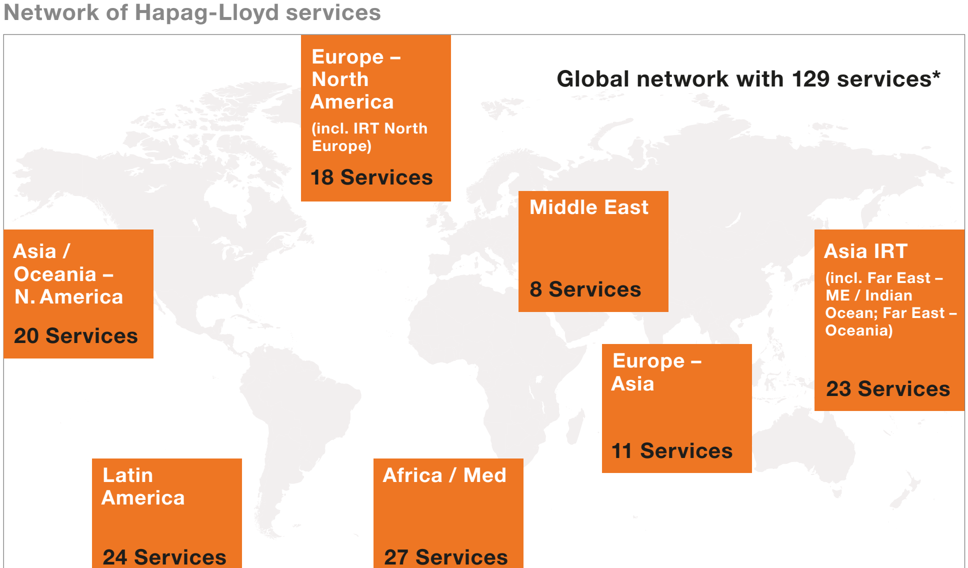
INTERIM GROUP MANAGEMENT REPORT

BUSINESS ACTIVITIES

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

Hapag-Lloyd's fleet comprised 257 container ships as at 30 September 2021 (30 September 2020: 234). The Group currently has 418 sales offices in 137 countries (30 September 2020: 388 sales offices in 129 countries) and offers its customers worldwide access to a network of 129 liner services (previous year: 121 services). In the first 9 months of 2021, Hapag-Lloyd served approximately 30,100 customers around the world (previous year period: approximately 27,200).

Network of Hapag-Lloyd services



Source: Company data; Note: *FP1 and FP2 Service listed twice (Asia – North America / Europe – Asia)

On 1 April 2017 Hapag-Lloyd in partnership with Ocean Network Express Pte. Ltd., Singapore (ONE), and Yang Ming Marine Transport Corp. Ltd., Taiwan (Yang Ming) established THE Alliance. Hyundai Merchant Marine, Korea (HMM) joined THE Alliance on 1 April 2020. The partnership is scheduled to last for 10 years, after which point it will automatically be extended by 1 more year in each case. Members must remain in the alliance for 36 months and then give 12 months' notice if they wish to leave. In the event of a change of control or insolvency, a member may be excluded from the alliance. The decision to exclude an alliance member must be taken unanimously by the other members.

As at 30 September 2021, THE Alliance covered all East–West trades with 257 container ships and 29 services (30 September 2020: 274 container ships and 30 services).

Hapag-Lloyd conducts its container liner shipping business in an international business environment. 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 and the corresponding financing of investments.

The Hapag-Lloyd Group's functional currency is the US dollar. The reporting currency of the interim consolidated financial statements of Hapag-Lloyd AG is, however, the euro. Assets and liabilities recognised in the interim consolidated financial statements of Hapag-Lloyd AG are translated into euros as at the reporting date (closing date rate) using the mean rate of that day. The cash flows listed in the consolidated statement of cash flows and the expenses, income and result shown in the consolidated income statement are translated at the average exchange rate for the reporting period. The currency translation differences are recognised directly in the Group's other comprehensive income. If required, hedging transactions are conducted in the Hapag-Lloyd Group to hedge against the USD / EUR exchange rate.

Shareholder structure of Hapag-Lloyd AG

The shareholder structure of Hapag-Lloyd AG is dominated by its 5 major shareholders, which together hold around 96.4% of the Company's share capital. These include Kühne Maritime GmbH together with Kühne Holding AG (Kühne), CSAV Germany Container Holding GmbH (CSAV), Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH (HGV), and Qatar Holding Germany GmbH on behalf of the Qatar Investment Authority (QIA) and Public Investment Fund of the Kingdom of Saudi Arabia (PIF). In addition, CSAV, Kühne Maritime GmbH and HGV have agreed under a shareholders' agreement to exercise their voting rights from the shares in Hapag-Lloyd AG by issuing a common voting proxy, thereby making important decisions together.

The shareholder structure of Hapag-Lloyd AG as at 30 September 2021 is as follows:

in %	30.9.2021
Kühne Holding AG and Kühne Maritime GmbH	30.0
CSAV Germany Container Holding GmbH	30.0
HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH	13.9
Qatar Holding Germany GmbH	12.3
Public Investment Fund of the Kingdom of Saudi Arabia	10.2
Free float	3.6
Total	**100.0**

IMPORTANT FINANCIAL PERFORMANCE INDICATORS

Important financial performance indicators for the Hapag-Lloyd Group include earnings before interest, taxes, depreciation and amortisation (EBITDA) and earnings before interest and taxes (EBIT). Transport volume and freight rates are important factors influencing the development of revenue and results. The development of the financial performance indicators in the first 9 months of the year 2021 is presented in the section "Group earnings position".

Hapag-Lloyd is aiming to be profitable throughout the entire economic cycle, i.e. to achieve a return on invested capital that is at least equal to the Company's weighted average cost of capital. For this reason, return on invested capital (ROIC) is used as an additional strategic performance indicator. ROIC compares net operating profit after tax (NOPAT), defined as EBIT less taxes, with invested capital as at the reporting date. Invested capital is defined as assets excluding cash and cash equivalents less liabilities excluding financial debt and lease liabilities. To facilitate comparison with other international shipping companies, the return on invested capital is calculated and presented exclusively on the basis of the functional currency, the US dollar.

In the first 9 months of 2021, Hapag-Lloyd generated an annualised return on invested capital (ROIC) of 59.6% (prior year period: 8.9%). The weighted average cost of capital at the balance sheet date 31 December 2020 was 6.0%. Calculation of the return on invested capital is as follows:

	million EUR		million USD	
	9M 2021	9M 2020	**9M 2021**	9M 2020
Non-current assets	14,424.8	13,247.6	16,699.1	15,517.2
Inventory	306.4	173.3	354.7	202.9
Accounts receivables	2,723.2	1,275.0	3,152.5	1,493.4
Other assets	392.0	315.9	453.7	370.1
Assets	**17,846.4**	**15,011.7**	**20,660.1**	**17,583.6**
Provisions	933.3	781.8	1,080.4	915.8
Accounts payable	2,130.1	1,773.1	2,465.9	2,076.9
Other liabilities	1,491.9	672.9	1,727.3	787.8
Liabilities	**4,555.3**	**3,227.8**	**5,273.6**	**3,780.5**
Invested Capital	**13,291.1**	**11,783.9**	**15,386.5**	**13,803.1**
EBIT	5,798.6	858.3	6,937.9	964.9
Taxes	39.2	35.4	46.9	39.8
Net Operating Profit after Tax (NOPAT)	**5,759.4**	**822.9**	**6,890.9**	**925.1**
Return on Invested Capital (ROIC, annualised)			**59.6%**	**8.9%**

Figures are in USD, rounded, aggregated and calculated on an annualised basis (i.e. extrapolating NOPAT to the full financial year). The table outlines selected items from the consolidated statement of financial position and the consolidated income statement in abbreviated form only. Currencies are translated as per the reporting date rates and average rates given in the Notes to the consolidated financial statements in the section "Fundamental accounting principles".

IMPORTANT NON-FINANCIAL PRINCIPLES

In addition to the financial performance indicators, the optimum utilisation of the available ship and container capacities has a substantial influence on whether Hapag-Lloyd achieves long-term profitable growth. Sustainable and quality-conscious corporate governance and highly qualified and motivated employees are also important principles for Hapag-Lloyd's targeted profitable growth.

The following non-financial parameters are important for understanding Hapag-Lloyd as a container liner shipping company. However, they are not used by the Company as performance indicators. As part of Strategy 2023, further non-financial parameters, such as quantifiable quality targets in particular, are gradually being implemented.

Flexible fleet and capacity development

As at 30 September 2021, Hapag-Lloyd's fleet comprised a total of 257 container ships (30 September 2020: 234 ships). The takeover of NileDutch increased the fleet by 10 container ships. All of the ships are certified in accordance with the ISM (International Safety Management) Code and have a valid ISSC (ISPS) certificate.

The majority of the ships are certified as per ISO 9001 (quality management) and ISO 14001 (environmental management). The TEU capacity of the entire Hapag-Lloyd fleet as at 30 September 2021 was 1,778.8 TTEU, thus 4.1% higher than as per 30 September 2020 (1,709.0 TTEU). The takeover of NileDutch increased the TEU capacity by 29.5 TTEU (+1.7%). The share of ships chartered by Hapag-Lloyd was approximately 41% as at 30 September 2021 based on TEU capacity (30 September 2020: approximately 40%). At present, 2 ships with a capacity of 9.3 TTEU are subchartered to other shipping companies.

As at 30 September 2021, the average age of Hapag-Lloyd's total fleet (capacity-weighted) was 10.3 years. The average ship size within the Hapag-Lloyd Group fleet is 6.9 TTEU, which is approximately 10% above the comparable average figure for the 10 largest container liner shipping companies worldwide (30 September 2021: 6.3 TTEU; Source: MDS Transmodal) and around 57% above the average ship size in the global fleet (30 September 2021: 4.4 TTEU; Source: MDS Transmodal).

As at 30 September 2021, Hapag-Lloyd owned or rented 1.79 million containers (30 September 2020: 1.62 million) with a capacity of 2,971.1 TTEU for shipping cargo (30 September 2020: 2,674.0 TTEU). The capacity-weighted share of leased containers was around 43% as at 30 September 2021 (30 September 2020: 45%). Having already ordered 83.0 TTEU in containers at the end of last year (of which 9.0 TTEU related to reefers and 8.0 TTEU to special containers) to counteract the capacity shortages and further strengthen its position in the reefer market as per Strategy 2023, Hapag-Lloyd ordered a further 199.8 TTEU in containers in the first 9 months of 2021 (of which 40.3 TTEU related to reefers).

Hapag-Lloyd's service network comprised 129 services as at 30 September 2021 (30 September 2020: 121 services). The increased number is due to the additional services of NileDutch.

Structure of Hapag-Lloyd's container ship fleet

	30.9.2021	31.12.2020	30.9.2020
Number of vessels	257	237	234
thereof			
Own vessels[1]	112	112	112
Chartered vessels	145	125	122
Aggregate capacity of vessels (TTEU)	1,779	1,719	1,709
Aggregate container capacity (TTEU)	2,971	2,704	2,674
Number of services	129	122	121

[1] Including lease agreements with purchase option/obligation at maturity

Bunker consumption totalled approximately 3.15 million tonnes in the first 9 months of the year 2021 and was therefore around 3.3% higher than in the previous year period (9M 2020: approximately 3.05 million tonnes). This increase was essentially caused by a rise in ship capacity and transport volume compared with the prior year period, the additional NileDutch fleet and longer waiting times at and outside of ports. For the first time 1,972 tonnes of LNG was used as a fuel in the first 9 months of 2021.

The percentage of low-sulphur bunker (MFO low sulphur 0.1% and 0.5%, MDO) and LNG fell slightly from 94% in 9M 2020 to 92% in the first 9 months of 2021. Bunker consumption per slot (as measured by the average container storage capacity, annualised) increased slightly to 2.39 tonnes in 9M 2021 (9M 2020: 2.34 tonnes). In terms of transported TEU, bunker consumption remained stable at 0.35 tonnes per TEU.

In order to improve its competitiveness in the Europe–Far East trade, Hapag-Lloyd signed 2 newbuild contracts, each for the construction of 6 large container vessels, at the end of 2020 and in June 2021 with Korea's Daewoo Shipbuilding & Marine Engineering. The ships will be sized at 23,660 TEU and will be delivered to Hapag-Lloyd between April 2023 and December 2024. The total value of the investment will be approximately USD 2 billion. The relevant funding has already been agreed on. The purchase price will be paid in a number of instalments until final delivery, with the largest part of the payment due with delivery of the vessel. As part of the Hapag-Lloyd sustainability strategy, the ships will be fitted with modern, high-pressure, dual-fuel engines, which will be highly fuel-efficient. The engines will run on liquefied natural gas (LNG), but will have sufficient tank capacity to run using conventional fuel if required. LNG offers a number of environmental advantages over conventional oil-based fuels, in particular reducing CO_2 emissions by around 15% to 25%.

During the first 9 months of 2021 Hapag-Lloyd also acquired 3 newbuilding agreements for 13,000 TEU ships, which will be delivered in 2022 and 2023, as well as 2 newbuilding agreements for ships with a capacity of 13,250 TEU, which will be delivered in 2024.

In addition to ordering the ships that run on LNG, Hapag-Lloyd completed the first conversion of a large container vessel (15,000 TEU "Brussels Express", formerly "Sajir") to run on liquefied natural gas (LNG). The vessel is equipped with a dual-fuel system, i.e. it can use both LNG and/or low-sulphur fuel. The "Brussels Express" has been deployed on the Europe-Far East trade since 1 April.

Customers

Hapag-Lloyd's aim is to maintain a diversified customer portfolio consisting of direct customers and freight forwarders, with the latter ensuring a permanent regular supply of cargo volumes. Contractual relationships of up to 12 months generally exist with direct customers. Direct customers allow Hapag-Lloyd to plan the required transport capacity better because of the framework agreements concluded with them. Hapag-Lloyd has a balanced customer base, as demonstrated by the fact that its 50 largest customers represent considerably less than 50% of its cargo volume. In the first 9 months of the 2021 financial year, Hapag-Lloyd completed transport contracts for approximately 30,100 customers (9M 2020: approximately 27,200).

Employees

The Hapag-Lloyd Group employed 13,888 people as at 30 September 2021 (30 September 2020: 13,174). Of this total, 11,658 were shore-based employees (30 September 2020: 10,945), while 1,937 people were employed in the marine division (30 September 2020: 1,977). The takeover of NileDutch increased the number of shore-based employees by 309. Hapag-Lloyd also employed 293 apprentices as at 30 September 2021 (30 September 2020: 252).

Number of employees

	30.9.2021	31.12.2020	30.9.2020
Marine personnel	1,937	2,023	1,977
Shore-based personnel	11,658	10,867	10,945
Apprentices	293	227	252
Total	**13,888**	**13,117**	**13,174**

ECONOMIC REPORT

General economic conditions

The pace at which the global economy grows and, by extension, at which global trade develops is a significant factor that influences demand for container shipping services and thus the development of the container shipping companies' cargo volumes.

Following the pandemic-related downturn in 2020, global economic conditions improved significantly again in the first 9 months of 2021. According to the IMF, this was helped by companies adapting to the changes in operating conditions and by numerous governments and central banks implementing extensive fiscal and monetary policy measures. In Western industrialised countries, rising vaccination rates have also led to a gradual reduction in the economically damaging restrictions on movement and contact. However, due to the global disruption to supply chains, companies are increasingly having to contend with a shortage of primary and intermediate products, which is slowing down the economic recovery in industrialised countries.

Following a strong start to the year, the economic recovery in China has gradually weakened in the course of 2021. Rising commodity prices, electricity outages and supply shortages have had a negative effect. In the third quarter of 2021, growth fell to 4.9% compared with the same quarter of the previous year, which was significantly weaker than in the preceding quarters. Economic growth in the first 9 months 2021 was 9.8%, while imports and exports rose by a total of 22.7% in the same period. The main recipients of Chinese goods are the USA and Europe. The US economy grew in the third quarter of 2021 by 9.6% compared with the prior year period thanks to strong consumption which was driven by the stimulus cheques that were issued directly to many US citizens. However, the pace of growth has also slowed down here recently. Imports and exports rose by 23.1% and 23.9% respectively in the period January to August 2021 compared with the prior year period. After economic growth in the EU was slightly negative in the first quarter at –1.2%, economic output recovered in the second and third quarter and recorded growth of 13.7% and 3.9% respectively compared to the same quarters of the previous year. Imports and exports of goods increased by 16.7% and 13.8% respectively in the period January to August 2021 compared with the prior year period.

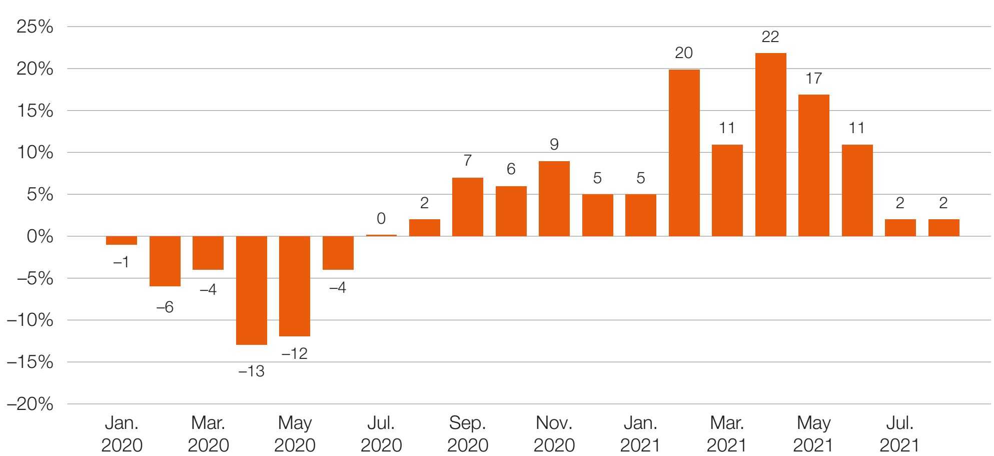
As a result of the global economic upturn, the increase in the oil price continued in the first 9 months of 2021. At the end of September 2021, the price of Brent Crude was USD 78.52 per barrel, up from USD 51.80 per barrel at the end of 2020.

Sector-specific conditions

Global container transport volumes increased by 10.8% in the period January to August 2021 compared with the prior year period (CTS, October 2021). However, growth weakened noticeably in July and August, partly due to the worsening disruption of global supply chains and a stronger prior-year base. In the previous year, a significant drop in transport volumes was still recorded in the first half of the year due to corona, before demand gradually recovered in the second half of the year.

Compared with the previous year, the transport volume on all of the major trades grew, in some case significantly. In particular, transport volumes from the Far East to North America rose significantly in the first 8 months of 2021, increasing by 28% compared with the prior year period (CTS, October 2021). However, bottlenecks at ports on the west coast of North America in August led to a slight decrease in volumes.

Monthly growth in global container transport volumes compared to the previous year period in %



Source: CTS, October 2021

Since the fourth quarter of 2020, the increasing container transport from the Far East to North America and Europe has resulted in disruption to global supply chains. Particularly in North America, the sharp rise in transport volumes has led to congestion of port and hinterland infrastructure. The already challenging situation was further exacerbated by port closures in China due to the coronavirus and the temporary blocking of the Suez Canal by a container ship. Given the high demand and a simultaneous shortage of transport capacity in a congested market environment, there has been a continuous rise in spot freight rates since the fourth quarter of 2020. The Shanghai Containerized Freight Index (SCFI), which tracks spot freight rates on the major trade routes from Shanghai, climbed to a new all-time high of USD 4,644 / TEU at the end of the first 9 months of 2021. At the end of September 2020 the value was USD 1,422 / TEU and at the end of 2020 it was USD 2,642 / TEU

The strong demand in the first 9 months of 2021 was also reflected in the low share of idle ships. This totalled around 2.7 million TEU (Alphaliner Weekly, June 2020) at the end of May 2020, which corresponded to approximately 12% of the global fleet. Due to the rising demand for container transport from as early as the third quarter of 2020, suspended services were gradually reinstated, with idle ships entering service once again. This significantly reduced the capacity of idle ships again to just 0.2 million TEU at the end of September 2021 (Alphaliner Weekly, September 2021), which equated to around 0.7% of the global fleet (September 2020: approximately 0.5 million TEU or around 2.2% of the global fleet). The majority of idle vessels have a capacity of up to 5,100 TEU.

Based on figures from MDS Transmodal, a total of 126 container ships with a transport capacity of approximately 838 TTEU were placed into service in the first 9 months of 2021 (prior year period: 88 ships with a transport capacity of approximately 633 TTEU). 40 of these ships had a capacity of over 11,000 TEU. Scrapping of obsolete ships was at a very low level of approximately 12 TTEU in 9M 2021 compared with around 180 TTEU in the prior year period. Only 15 very small container ships with capacities of between 320 TEU and 1,840 TEU were scrapped. The average age was 28 years (9M 2020: 24 years, Clarksons, October 2021). Accordingly, the capacity of the container shipping fleet rose by approximately 856 TTEU to 24.5 million TEU, which was somewhat more than the 791 TTEU recorded in 9M 2020.

In the months of January to September 2021, orders were placed for the construction of 470 container ships with a transport capacity totalling approximately 3.9 million TEU. This was a very significant increase compared with the 35 ships ordered in the prior year period 9M 2020 with a capacity of 0.2 million TEU (Clarksons Research, October 2021). 57 of the newbuilds ordered with a capacity of 725 TTEU will be able to use LNG as fuel, while a further 14 newbuilds with a capacity of 159 TTEU will be able to use methanol or other alternative fuels.

According to MDS Transmodal, the tonnage of the commissioned container ships rose to around 5.4 million TEU at the end of September 2021, up from 1.9 million TEU in the previous year. This means that, although the order volume in proportion to the current global container fleet capacity is 22.0% and therefore at its highest level since 2011, it is still significantly below the peak of around 61% recorded in 2007.

The bunker price has continued to increase in the course of 2021. At the end of September, low-sulphur bunker cost USD 538/t, up from USD 367/t at the end of 2020 and USD 298/t as at 30 September 2020 (MFO 0.5%, FOB Rotterdam).

Consolidation of the industry and alliances

In recent years, the container shipping industry has gone through a phase of significant consolidation. According to data from MDS Transmodal (October 2021), the 10 largest container liner shipping companies provide approximately 85% of the total capacity of the global fleet of container ships. This figure was just 61% in 2013.

Alliances are an essential part of the container shipping industry as they enable better utilisation of ships and provide the opportunity for shipping companies to offer a more extensive service. There are currently 3 global alliances. Measured in terms of transport capacity, the largest alliance is the “2M Alliance”, consisting of the two market leaders – Maersk Line (Den-mark) (Maersk) and Mediterranean Shipping Company S. A. (Switzerland) (MSC). The “Ocean Alliance” consists of CMA CGM S. A. (France), including its subsidiary APL (Singapore), COSCO (China), including its subsidiary OOIL (Hong Kong), and Evergreen Marine Corp. Ltd. (Taiwan) (Evergreen) and is the second-biggest alliance. Hapag-Lloyd (Germany) operates “THE Alliance” in partnership with ONE (Singapore), Yang Ming Marine Transport Corp. Ltd. (Taiwan) (Yang Ming) and, since 1 April 2020, Hyundai Merchant Marine (South Korea) (HMM). As at 30 September 2021, “THE Alliance” covered all East–West trades with 257 container ships and 29 services (30 September 2020: 274 container ships and 30 services).

Capacity share of alliances based on selected trades

in %	Far East trade	Transpacific trade	Atlantic trade
2M	35	26	49
Ocean Alliance	33	38	12
THE ALLIANCE	**24**	**25**	**33**
Other	7	12	6

Source: Alphaliner, September 2021

GROUP EARNINGS, FINANCIAL AND NET ASSET POSITION

Group earnings position

The first 9 months of the 2021 financial year were characterized by unabatedly strong demand for exported goods from the Asian region, which essentially contributed to the positive development of the sector. However, there were ongoing operational challenges in North America and, increasingly, in Asia and Europe as well with regard to congestion of port and hinterland infrastructure as a result of both the increased transport volumes and temporary port closures in China due to the coronavirus. As a result, turnaround times for ships and containers have increased.

Compared with the first 9 months of 2020, the rise in the average freight rate (in USD) of 65.7% and the transport volume of 3.3% in particular resulted in revenue growth of 60.2%. By contrast, higher container handling expenses (+12.9%) and an increase in the average bunker consumption price (+12.4%) reduced the operating result. The weaker US dollar had a dampening effect overall and had a negative total impact on earnings. The average USD/EUR exchange rate was USD 1.20/EUR in the first 9 months of 2021, compared with USD 1.12/EUR in the corresponding prior year period.

Hapag-Lloyd generated earnings before interest, taxes, depreciation and amortisation (EBITDA) of EUR 6,822.3 million in the reporting period (prior year period: EUR 1,817.8 million) and earnings before interest and taxes (EBIT) of EUR 5,798.6 million (prior year period: EUR 858.3 million). The Group profit came to EUR 5,562.0 million (prior year period: EUR 537.9 million).

Consolidated income statement

million EUR	Q3 2021	Q3 2020	9M 2021	9M 2020
Revenue	6,244.7	3,001.6	14,998.1	9,361.9
Transport expenses	2,675.3	2,115.5	7,434.2	6,845.7
Personnel expenses	175.0	172.0	532.3	512.3
Depreciation, amortisation and impairment	399.5	302.1	1,023.7	959.4
Other operating result	–95.7	–74.2	–227.4	–210.7
Operating result	**2,899.3**	**337.8**	**5,780.6**	**833.7**
Share of profit of equity-accounted investees	6.5	9.1	18.3	24.8
Result from investments and securities	–0.4	0.1	–0.3	–0.2
Earnings before interest and tax (EBIT)	**2,905.4**	**347.0**	**5,798.6**	**858.3**
Interest result	–53.6	–79.4	–196.8	–283.4
Other financial items	1.3	–4.3	–0.6	–1.6
Income taxes	15.5	10.9	39.2	35.4
Group profit/loss	**2,837.6**	**252.5**	**5,562.0**	**537.9**
thereof profit/loss attributable to shareholders of Hapag-Lloyd AG	2,834.9	250.9	5,554.3	529.6
thereof profit/loss attributable to non-controlling interests	2.7	1.5	7.7	8.3
Basic/diluted earnings per share (in EUR)	16.13	1.43	31.60	3.01
EBITDA	**3,304.9**	**649.1**	**6,822.3**	**1,817.8**
EBITDA margin (%)	**52.9**	**21.6**	**45.5**	**19.4**
EBIT	**2,905.4**	**347.0**	**5,798.6**	**858.3**
EBIT margin (%)	**46.5**	**11.6**	**38.7**	**9.2**

Transport volume per trade

TTEU	Q3 2021	Q3 2020	9M 2021	9M 2020
Atlantic [1]	536	487	1,584	1,534
Transpacific	456	478	1,355	1,368
Far East	558	581	1,739	1,644
Middle East	378	382	1,162	1,081
Intra-Asia	130	216	460	639
Latin America	755	689	2,290	2,100
Africa [1]	164	109	390	331
Total	**2,976**	**2,942**	**8,980**	**8,696**

[1] As part of the integration of NileDutch in the third quarter of 2021, the EMA trade (Europe – Mediterranean – Africa) was renamed the Africa trade. Transport volumes within Europe are now added to the Atlantic trade. The previous year's values have been adjusted accordingly.

The transport volume increased by 283 TTEU to 8,980 TTEU in the first 9 months of the 2021 financial year (prior year period: 8,696 TTEU). This equates to a rise of 3.3%.

The strong demand for exported goods from Asia led to an increase in transport volumes on the Latin America, Middle East and Far East trades in particular compared with the prior year period.

The lower transport volume on the Intra-Asia trade was essentially due to the optimised repositioning of containers to other trades, aimed at meeting the strong demand for container transport from the Asia region as a result of the coronavirus. In the Transpacific trade, the congestion of local port infrastructures and the resulting delays and suspension of container handling led to a slight decline in transport volumes, despite high demand for container transport.

Freight rates per trade

USD / TEU	Q3 2021	Q3 2020	9M 2021	9M 2020
Atlantic [1]	2,039	1,298	1,646	1,323
Transpacific	3,122	1,476	2,444	1,394
Far East	2,844	963	2,300	969
Middle East	1,602	823	1,353	820
Intra-Asia	1,381	533	1,161	568
Latin America	1,870	1,068	1,566	1,132
Africa [1]	2,150	1,175	1,847	1,168
Total (weighted average)	**2,234**	**1,084**	**1,818**	**1,097**

[1] As part of the integration of NileDutch in the third quarter of 2021, the EMA trade (Europe – Mediterranean – Africa) was renamed the Africa trade. Transport volumes within Europe are now added to the Atlantic trade. The previous year's values have been adjusted accordingly.

The average freight rate in the first 9 months of the 2021 financial year was USD 1,818 / TEU, which was USD 721 / TEU, or 65.7%, up on the prior year period (USD 1,097 / TEU).

The continuing increase in the freight rate was primarily due to ongoing strong demand for consumer goods from Asia as a result of the coronavirus and to a simultaneous scarcity of transport capacity in an overstrained market environment.

Revenue per trade

million EUR	Q3 2021	Q3 2020	9M 2021	9M 2020
Atlantic [1]	922.6	536.4	2,178.6	1,805.3
Transpacific	1,200.5	604.9	2,767.1	1,697.0
Far East	1,341.2	479.3	3,343.1	1,416.1
Middle East	511.9	269.0	1,314.0	787.9
Intra-Asia	152.7	97.7	446.4	323.1
Latin America	1,192.5	623.9	2,996.5	2,113.4
Africa [1]	296.4	109.4	602.4	344.1
Revenue not assigned to trades	627.1	281.1	1,349.9	875.0
Total	**6,244.7**	**3,001.6**	**14,998.1**	**9,361.9**

[1] As part of the integration of NileDutch in the third quarter of 2021, the EMA trade (Europe – Mediterranean – Africa) was renamed the Africa trade. Transport volumes within Europe are now added to the Atlantic trade. The previous year's values have been adjusted accordingly.

The Hapag-Lloyd Group's revenue rose by EUR 5,636.2 million to EUR 14,998.1 million in the first 9 months of the 2021 financial year (prior year period: EUR 9,361.9 million), representing an increase of 60.2%.

The main reasons for this were the rise in the average freight rate of 65.7% and the growth in the transport volume of 3.3% compared with the prior year period. By contrast, the weakening of the US dollar against the euro counteracted the increase in revenue. Adjusted for exchange rate movements, revenue would have risen by approximately EUR 6.2 billion, or about 71%.

Operating expenses

million EUR	Q3 2021	Q3 2020	9M 2021	9M 2020
Transport expenses	2,675.3	2,115.5	7,434.2	6,845.7
thereof				
Transport expenses for completed voyages	2,669.7	2,066.8	7,420.0	6,811.0
Bunker	456.6	263.3	1,181.9	1,126.2
Handling and haulage	1,393.7	1,098.5	3,946.3	3,494.9
Equipment and repositioning [1]	315.7	276.9	880.4	839.0
Vessels and voyages (excluding bunker) [1]	503.7	428.0	1,411.4	1,351.0
Transport expenses for pending voyages [2]	5.5	48.7	14.2	34.7
Personnel expenses	175.0	172.0	532.3	512.3
Depreciation, amortisation and impairments	399.5	302.1	1,023.7	959.4
Other operating result	–95.7	–74.2	–227.4	–210.7
Total operating expenses	**3,154.1**	**2,515.4**	**9,217.5**	**8,528.1**

[1] Including lease expenses for short-term leases.
[2] The amounts presented as transport expenses for pending voyages represent the difference between the transport expenses for pending voyages for the current period and the transport expenses for pending voyages for the previous period. The transport expenses for pending voyages recognised in the previous periods are presented in the current period as transport expenses for completed voyages.

Transport expenses rose by EUR 588.4 million in the first 9 months of 2021 to EUR 7,434.2 million (prior year period: EUR 6,845.7 million). This represents an increase of 8.6%, which was primarily due to the rise in container handling expenses compared with the previous year. By contrast, the weaker US dollar compared with the euro led to a reduction in transport expenses. Adjusted for exchange rate movements, transport expenses would have risen by approximately EUR 1.0 billion, or around 16%.

In the first 9 months of the 2021 financial year, the average bunker consumption price for Hapag-Lloyd was USD 452/t, up USD 50/t (+12.4%) on the figure of USD 402/t for the prior year period. By contrast, the year-on-year weakening of the US dollar compared with the euro reduced Hapag-Lloyd's fuel expenses.

Container handling expenses increased by EUR 451.4 million in the first 9 months of the reporting year to EUR 3,946.3 million (prior year period: EUR 3,494.9 million). This mainly resulted from increased demurrage and detention for containers due to partial congestion of port and hinterland infrastructure and local COVID-19 restrictions. However, the increase in expenses was offset to some extent by the weaker US dollar compared with the euro.

The expenses for container and repositioning expenses were essentially unchanged. Higher expenses for demurrage and detention for empty containers at port terminals, particularly in North America, were offset by the weaker US dollar compared with the euro.

The increase in expenses for vessels and voyages (excluding fuel) resulted primarily from the rise in the percentage of ships chartered in on a medium-term basis and the resulting operating expenses as well as from the increased expenses for container slotcharter costs on third-party ships. This was counteracted by the weaker US dollar compared with the euro.

Personnel expenses rose by EUR 20.0 million in the first 9 months of 2021 to EUR 532.3 million (prior year period: EUR 512.3 million). The increase was mainly attributable to a special bonus paid to employees in relation to COVID-19. The decline in expenses was essentially due to the weakening of the US dollar against the euro.

In the first 9 months of the 2021 financial year, there was a year-on-year rise in depreciation and amortisation of EUR 64.2 million to EUR 1,023.7 million. This increase was primarily due to the rise in the percentage of ships chartered in on a medium-term basis at simultaneously higher charter rates and the resulting increase in rights of use. The amortisation of rights of use relating to leased assets (essentially vessels, containers, buildings) led to amortisation of EUR 489.7 million (prior year period: EUR 389.6 million). By contrast, the weaker US dollar compared with the euro led to a reduction in depreciation and amortisation.

The other operating result of EUR –227.4 million (prior year period: EUR –210.7 million) comprised the net balance of other operating income and expenses. Other operating expenses totalled EUR 274.9 million for the first 9 months of the 2021 financial year (prior year period: expenses of EUR 251.3 million). This mainly included IT expenses (EUR 144.7 million; prior year period: EUR 127.5 million), consultancy fees (EUR 23.5 million; prior year period EUR 22.8 million), office and administrative costs (EUR 19.7 million; prior year period: EUR 26.4 million) and expenses for allowances for doubtful accounts (EUR 8.5 million; prior year period: EUR 9.8 million). Other operating income totalled EUR 47.5 million for the first 9 months of the 2021 financial year (prior year period: EUR 40.6 million).

Key earnings figures

million EUR	Q3 2021	Q3 2020	9M 2021	9M 2020
Revenue	6,244.7	3,001.6	14,998.1	9,361.9
EBIT	2,905.4	347.0	5,798.6	858.3
EBITDA	3,304.9	649.1	6,822.3	1,817.8
EBIT margin (%)	46.5	11.6	38.7	9.2
EBITDA margin (%)	52.9	21.6	45.5	19.4
Basic earnings per share (in EUR)	16.13	1.43	31.60	3.01
Return on invested capital (ROIC) annualised (%) [1]	89.2	11.3	59.6	8.9

[1] The calculation of the return on invested capital is based on the functional currency USD.

Interest result

The interest result for the first 9 months of the 2021 financial year was EUR –196.8 million (prior year period: EUR –283.4 million). The decrease in interest expenses compared with the first 9 months of 2020 resulted primarily from savings on effective interest expenses in the amount of EUR 88.8 million which was mainly due to the reduction of bank debt (including the EUR bond) through early unscheduled repayments and the lower capital market interest rates as a result of the COVID-19 pandemic. The valuation and realisation of the interest rate swaps (EUR –7.2 million; prior year period: EUR –15.3 million) improved the interest result by a further EUR 8.1 million. In addition, the valuation of the (old and new) embedded derivative (EUR 1.3 million; prior year period : EUR –13.0 million) contributed to a positive change in interest expenses in the amount of EUR 14.3 million. By contrast, the derecognition of the embedded derivative in relation to the exercising of the early repurchase option of the EUR bond as at 7 April 2021 caused interest expenses to increase by EUR 24.1 million. The adjustment to the carrying amount of the bond liability through profit or loss associated with the early repayment also had a negative effect on the interest result, reducing it by EUR 8.6 million.

Group profit

A Group profit of EUR 5,562.0 million was achieved in the first 9 months of 2021 (prior year period: EUR 537.9 milion).

Group financial position

Condensed statement of cash flows

million EUR	Q3 2021	Q3 2020	9M 2021	9M 2020
Cash flow from operating activities	2,996.2	720.1	6,243.9	1,927.0
Cash flow from investing activities	–278.3	–128.9	–729.5	–267.1
Free cash flow	**2,718.0**	**591.1**	**5,514.4**	**1,659.9**
Cash flow from financing activities	–371.7	–1,265.2	–1,872.8	–1,314.2
Changes in cash and cash equivalents	**2,346.2**	**–674.1**	**3,641.6**	**345.6**

Cash flow from operating activities

Hapag-Lloyd generated an operating cash flow of EUR 6,243.9 million in the first 9 months of the 2021 financial year (prior year period: EUR 1,927.0 million). The increase in the cash flow from operating activities was primarily due to higher earnings in the current financial year.

Cash flow from investing activities

In the first 9 months of the 2021 financial year, the cash outflow from investing activities totalled EUR 729.5 million (prior year period: EUR 267.1 million). This primarily included payments for investments of EUR 741.2 million (prior year period: EUR 320.8 million) in ships, ship equipment and new containers. The payments for containers acquired in the previous year included in the investment amount were EUR 21.8 million. There was also a net cash outflow from the acquisition of NileDutch in the amount of EUR 69.7 million.

Cash flow from financing activities

Financing activities resulted in a net cash outflow of EUR 1,872.8 million in the first 9 months of the financial year (prior year period: EUR 1,314.2 million). The cash outflow essentially resulted from interest and redemption payments relating to financial liabilities for vessel and container financing in the amount of EUR 798.3 million (prior year period: EUR 1,315.9 million). In addition, the corporate bond maturing in 2024 in the amount of EUR 298.0 million and the loan from the ABS programme in the amount of EUR 83.6 million were repaid in full. The payment of a dividend to the shareholders of Hapag-Lloyd AG for the 2020 financial year led to an additional cash outflow of EUR 615.2 million (prior year period: EUR 193.3 million). The interest and redemption payment from lease liabilities in accordance with IFRS 16 totalled EUR 523.9 million in the first 9 months of the financial year (prior year period: EUR 443.2 million).

The cash outflows contrasted with cash inflows from the placement of a new corporate bond of EUR 295.9 million. Cash inflows of EUR 201.5 million resulted from the financing of ships / ship equipment and containers (prior year period: EUR 793.8 million).

Developments in cash and cash equivalents

million EUR	9M 2021	9M 2020
Cash and cash equivalents at beginning of period	**681.3**	**511.6**
Changes due to exchange rate fluctuations	152.7	–36.7
Net changes	3,641.6	345.6
Cash and cash equivalents at end of period	**4,475.6**	**820.5**

Overall, cash inflow totalled EUR 3,641.6 million in the first 9 months of the 2021 financial year. After accounting for exchange rate-related effects in the amount of EUR 152.7 million, cash and cash equivalents of EUR 4,475.6 million were reported at the end of the reporting period on 30 September 2021 (30 September 2020: EUR 820.5 million). The cash and cash equivalents dealt with in the statement of cash flows correspond to the balance sheet item "cash and cash equivalents". In addition, there are unused credit lines of EUR 505.3 million (30 September 2020: EUR 499.4 million). The liquidity reserve (consisting of cash, cash equivalents and unused credit lines) therefore totalled EUR 4,980.9 million (30 September 2020: EUR 1,319.9 million).

Financial solidity

million EUR	30.9.2021	31.12.2020
Financial debt and lease liabilities	5,518.8	5,136.2
Cash and cash equivalents	4,475.6	681.3
Net debt	**1,043.2**	**4,454.9**
Gearing (%)[1]	**8.5**	**66.3**
Unused credit lines	**505.3**	**476.5**
Equity ratio (%)	**54.9**	**44.3**

[1] Ratio net debt to equity

The Group's net debt amounted to EUR 1,043.2 million as at 30 September 2021. This was a fall of EUR 3,411.7 million (–76.6%) compared to net debt of EUR 4,454.9 million as at 31 December 2020. The improvement in net debt was primarily due to a positive operating cash flow.

The equity ratio increased by 10.6 percentage points, from 44.3% as at 31 December 2020 to 54.9%. Due to the increased earnings in the reporting period, equity was up by EUR 5,525.2 million compared with 31 December 2020 and came to EUR 12,247.9 million as at 30 September 2021. A detailed overview of the change in equity can be found in the interim consolidated financial statements.

Group net asset position

Changes in the asset structure

million EUR	30.9.2021	31.12.2020
Assets		
Non-current assets	14,424.8	12,633.0
of which fixed assets	14,350.0	12,555.6
Current assets	7,897.2	2,551.2
of which cash and cash equivalents	4,475.6	681.3
Total assets	**22,322.0**	**15,184.3**
Equity and liabilities		
Equity	12,247.9	6,722.7
Borrowed capital	10,074.1	8,461.6
of which non-current liabilities	4,756.9	4,668.7
of which current liabilities	5,317.2	3,792.9
of which financial debt and lease liabilities	5,518.8	5,136.2
of which non-current financial debt and lease liabilities	4,297.5	4,170.4
of which current financial debt and lease liabilities	1,221.3	965.7
Total equity and liabilities	**22,322.0**	**15,184.3**
Net debt	1,043.2	4,454.9
Equity ratio (%)	54.9	44.3

As at 30 September 2021, the Group's statement of financial position total was EUR 22,322.0 million, which is EUR 7,137.8 million higher than the figure at year-end 2020. The reasons for this change primarily included the rise in cash and cash equivalents, price-related increases in receivables and liabilities, the higher equity as a result of the strong result for the period, and exchange rate effects as at the reporting date due to the stronger US dollar against the euro. The USD/EUR exchange rate was quoted at 1.16 on 30 September 2021 (31 December 2020: 1.23).

Within non-current assets, the carrying amounts of fixed assets increased by a total of EUR 1,794.3 million to EUR 14,350.0 million (31 December 2020: EUR 12,555.6 million). This rise was essentially due to newly received and extended rights of use for lease assets in the amount of EUR 1,034.4 million (prior year period: EUR 701.0 million), investments in ships, ship equipment and containers in the amount of EUR 860.8 million and exchange rate effects as at the reporting date in the amount of EUR 765.4 million (prior year period: EUR –558.2 million). In addition, the Group acquired property, plant and equipment in the amount of EUR 205.0 million through its acquisition of NileDutch. Depreciation and amortisation of EUR 1,034.9 million had an opposite effect (prior year period: EUR 959.4 million) on fixed assets. This includes an amount of EUR 489.7 million (prior year period: EUR 389.6 million) for the amortisation of capitalised rights of use relating to lease assets.

Cash and cash equivalents increased by EUR 3,794.3 million to EUR 4,475.6 million compared to the end of 2020 (EUR 681.3 million) primarily as a result of the positive operating cash flow.

On the liabilities side, equity (including non-controlling interests) grew by EUR 5,525.2 million to a total of EUR 12,247.9 million. This increase was mainly due to the Group profit of EUR 5,562.0 million (prior year period: EUR 537.9 million) recognised in retained earnings and the unrealised gains from currency translation of EUR 552.5 million (prior year period: EUR –285.3 million) recognised in other comprehensive income. The equity ratio was 54.9% as at 30 September of the current year (31 December 2020: 44.3%).

The Group's borrowed capital has risen by EUR 1,612.5 million to EUR 10,074.1 million since the 2020 consolidated financial statements were prepared. The increase in financial debt and lease liabilities due to exchange rate effects as at the reporting date in the amount of EUR 287.9 million (prior year period: EUR –228.6 million), the placement of a sustainability-linked euro bond totalling EUR 300.0 million and new lease liabilities relating to newly acquired or extended rights of use for lease assets in the amount of EUR 1,024.6 million (prior year period: EUR 637.9 million) contrasted with redemption payments for financial debt and lease liabilities totalling EUR 1,544.3 million (prior year period: EUR 2,136.3 million). The redemption payments included EUR 298.0 million for the early redemption of Hapag-Lloyd's existing 5.125% euro bond (original maturity in 2024).

A further increase of EUR 710.9 million to EUR 1,256.6 million (31 December 2020: EUR 545.7 million). resulted from contract liabilities which increased mainly due to higher freight rates for transport orders on unfinished voyages. The trade accounts payable increased to EUR 2,130.1 million (31 December 2020: EUR 1,748.1 million) as at the reporting date.

Taking cash and cash equivalents, financial debt and lease liabilities into account, net debt as at 30 September 2021 was EUR 1,043.2 million (31 December 2020: EUR 4,454.9 million).

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

Executive Board's statement on overall expected developments
The global economy performed comparatively well in the first 9 months of the 2021 financial year despite the ongoing COVID-19 pandemic. This development was helped by the comprehensive fiscal policy and monetary measures of numerous states and central banks, the adjustment of many companies to the changed framework conditions and the increasing vaccination rate.

Compared with the prior year period, the rise in the average freight rate in particular had a significantly positive impact on Hapag-Lloyd's earnings in the first 9 months of the 2021 financial year. Ongoing operational challenges in connection with congestion of port and hinterland infrastructures as well as local COVID-19 restrictions led to capacity bottlenecks and had a reducing impact on the Group net result. Overall, the result for the first 9 months of the 2021 financial year was within the expectations of the Executive Board.

According to the International Monetary Fund (IMF), the general economic conditions that are important for container shipping are likely to improve in the current year. Rising vaccination rates in the major industrialised countries and additional economic stimulus programmes, especially in the USA, should lead to a noticeable economic upturn in 2021, although momentum has recently slowed somewhat due to infrastructural bottlenecks in the supply chains as well as rising inflation and the spread of the delta virus variant. Overall, this development can also be expected to have a positive impact on the transport and logistics industry. Based on this, the Executive Board expects transport volumes to develop stably despite high demand due to the ongoing supply chain disruptions and, in the same course, the average freight rate to increase significantly in the 2021 financial year. This expectation also forms the basis of the outlook reported in the following section. At the same time, the development of bunker prices will have an impact on Hapag-Lloyd's earnings for the 2021 financial year. Despite the positive outlook, the further course of the financial year is subject to uncertainties due to existing infrastructural bottlenecks in supply chains and the unforeseeable further course of the COVID-19 pandemic and its economic effects. Existing risks are referred to in the risk and opportunity report.

OUTLOOK, RISK AND OPPORTUNITY REPORT

Outlook

General economic outlook

According to the International Monetary Fund (IMF), the general economic conditions that are important for container shipping are likely to improve significantly in 2021, even though the momentum has been somewhat hampered by the increasing disruption to global supply chains, rising inflation and the spread of the delta virus variant recently. According to the IMF's October forecast, the global economy is expected to grow by 5.9% in 2021, after contracting by 3.1% in the previous year. The higher growth expectations for the global economy compared with the January forecast (up from 5.5%) are attributable to stronger growth in the advanced economies, particularly in the USA. International trade in goods and services is expected to grow by 9.7% in 2021, even more than the IMF expected in January (January forecast: 8.1%).

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

in %	2022e	2021e	2020	2019	2018
Global economic growth	4.9	5.9	–3.1	2.8	3.6
Industrialised countries	4.5	5.2	–4.5	1.6	2.3
Developing and newly industrialised countries	5.1	6.4	–2.1	3.7	4.5
World trade volume (goods and services)	6.7	9.7	–8.2	0.9	3.9

Source: IMF World Economic Outlook, October 2021

Sector-specific outlook

Global container transport volumes are also expected to increase again in 2021 as a result of the economic recovery. Seabury predicts growth of 7.4% for 2021. The container transport volume was slightly down in the previous year at –1.0%.

Development of container transport volume

	2022e	2021e	2020	2019	2018
million TEU	168	160	149	151	149
Growth rate in %	4.8	7.4	–1.0	1.0	4.0

Sources: Seabury (August 2021)

The significant rise in container transport from the Far East, particularly to North America, combined with lower productivity at ports due to COVID-19 infections among the workforce and the associated higher occupational health and safety regulations, resulted in a clear disruption to global supply chains in the first 9 months of 2021. The already challenging situation was further exacerbated by port closures in China due to the coronavirus and the temporary blocking of the Suez Canal by a container ship. As a result, turnaround times for vessels and containers have increased significantly, leading to a reduction in the transport capacity actually available. With demand continuing uninterrupted, Drewry does not expect global supply chains to return to normal operation before the end of 2022 (Drewry Container Forecaster Q3 2021, October 2021).

The strong demand for transport combined with a shortage of available chartered ships resulted in a noticeable increase in ship orders at the end of 2020 and in the first 9 months of 2021. According to MDS Transmodal, the tonnage of the commissioned container ships rose to around 5.4 million TEU at the end of September 2021, up from 1.9 million TEU in the previous year. This means that, although the order volume in proportion to the current global container fleet capacity is 22.0% and therefore at its highest level since 2011, it is still significantly below the peak of around 61% recorded in 2007.

For 2021, Drewry expects the globally available container ship fleet to grow by 1.1 million TEU, or 4.5%, which is less than the growth in demand. The majority of the recently ordered ships are unlikely to be put into service before 2023.

Expected development of global container fleet capacity

million TEU	2022e	**2021e**	2020	2019	2018
Existing fleet (beginning of the year)	24.6	23.6	23.0	22.1	20.9
Planned deliveries	1.0	1.2	1.1	1.1	1.5
Expected scrappings	0.1	0.0	0.2	0.2	0.1
Postponed deliveries and other changes	0.1	0.1	0.3	0.1	0.2
Net capacity growth	**0.8**	**1.1**	**0.7**	**0.9**	**1.2**
Net capacity growth (in %)	3.4	4.5	3.0	4.0	5.6

Source: Drewry Container Forecaster Q3 2021, October 2021. Expected nominal capacity based on planned deliveries. Based on existing orders and current predictions for scrapping and postponed deliveries. Figures rounded. Rounding differences may be the result of changes in the databases.

Expected business development of Hapag-Lloyd

Hapag-Lloyd posted an exceptionally positive financial performance in the first 9 months of 2021 due to the unabated global demand for container transports and the continuing disruptions in global supply-chains causing a shortage of available transport capacity. For the rest of the 2021 financial year earnings momentum is likely to remain on a high level. Against this backdrop, the Executive Board of Hapag-Lloyd AG raised its earnings outlook for the 2021 financial year on 29 October 2021. EBITDA is now expected to be in the range of EUR 10.1 to 10.9 billion (previously: EUR 7.6 to 9.3 billion) and EBIT in the range of EUR 8.7 to 9.5 billion (previously: EUR 6.2 to 7.9 billion). The earnings expectation for the 2021 financial year is based in particular on the assumptions that despite high demand transport volumes will remain stable compared to the previous year (previously: increasing slightly) as a consequence of the continuing disruption of supply chains, whereas the average freight rate can be increased clearly. At the same time, a clear increase in the average bunker consumption price is assumed, which should have a dampening effect on the development of earnings. Our earnings perspective is based on the assumption of an average exchange rate of USD 1.19 / EUR.

The earnings forecast does not take into account material impairments on goodwill, other intangible assets and property, plant and equipment in the course of the 2021 financial year, which are currently not expected but cannot be ruled out.

	Actual 2020	Previous Forecast 2021	Forecast 2021
Global economic growth (IMF, October 2021)	−3.1%	6.0%	5.9%
Increase in global trade (IMF, October 2021)	−8.2%	9.7%	9.7%
Increase in global container transport volume (Seabury, August 2021)	–1.0%	6.3%	7.4%
Transport volume, Hapag-Lloyd	11.8 million TEU	Increasing slightly	On previous year's level
Average bunker consumption prices, Hapag-Lloyd	USD 379/t	Increasing clearly	Increasing clearly
Average freight rate, Hapag-Lloyd	USD 1,115/TEU	Increasing clearly	Increasing clearly
EBITDA (earnings before interest, taxes, depreciation and amortisation), Hapag-Lloyd	EUR 2.7 billion	EUR 7.6–9.3 billion	EUR 10.1–10.9 billion
EBIT (earnings before interest and taxes), Hapag-Lloyd	EUR 1.3 billion	EUR 6.2–7.9 billion	EUR 8.7–9.5 billion

In an industry environment dominated by volatile freight rates and stiff competition, business developments at Hapag-Lloyd are subject to risks and opportunities that could cause them to differ from the forecast. The general risks are described in detail in the risk and opportunity report in the combined management report of the 2020 annual report. Risks and opportunities that may have an impact on the forecast for business development are also described in detail in the risk and opportunity report in the combined management report. Discrepancies are presented below in the risk and opportunity report of this financial report. The occurrence of one or more of these risks could have a substantial negative impact on the industry and, by extension, on the business development of Hapag-Lloyd, which could also lead to impairments on goodwill, other intangible assets, and property, plant and equipment.

Risk and opportunity report

Please refer to the 2020 annual report for details of significant opportunities and risks and an assessment of these. The assessment of the risks and opportunities detailed for the 2021 financial year has changed as follows.

With regard to the industry and company-specific risks and opportunities, there continue to be capacity bottlenecks in logistics chains, due to the persistently strong demand for transport in the year to date. A negative impact on the financial and earnings position due to penalties and increased storage fees for longer dwell times of containers at terminals resulting from ship delays and delays due to regional COVID-19 restrictions are classified as bearable and the probability of occurrence is assessed as medium. Against this background, and taking account of the positive market outlook regarding the demand for container transport for the rest of the year, the negative effects on the financial and earnings position as a result of a fluctuation in the average freight rate are now classified as bearable. By contrast, the assessments from the second quarter of 2021 regarding the fluctuation in transport volume remain unchanged. The probability of occurrence continues to be classified as low and the negative effects on the financial and earnings position continue to be classified as severe.

Against the background of the current price level taken into account in the outlook, the risk regarding the fluctuation of charter rates is now classified with a remote probability of occurrence.

Furthermore, the assessment adjusted in the second quarter of 2021, that taking account of the consumption volumes for the rest of the financial year and the risk responses adopted, the effects of a fluctuation in the bunker consumption price on the financial and earnings situation for this risk are classified as bearable, remains unchanged.

Also unchanged remains the classification of the negative impact of the limited availability of information and communication technology on the financial and earnings situation as severe as adjusted in the first quarter of 2021.

The main risks regarding the Group's expected performance for the rest of the financial year are currently classified as follows with regard to the business development planned and presented in the Outlook:

Risk	Probability of occurrence	Potential impact
Fluctuation in transport volume	Low	Severe
Fluctuation in average freight rate	Low	Bearable
Bunker consumption price fluctuation	Medium	Bearable
Fluctuation in charter rates	Remote	Bearable
Information technology & security – cyberattack	Medium	Severe

At the time of reporting on the first 9 months of 2021, there were no risks which threatened the continued existence of the Hapag-Lloyd Group.

NOTE ON SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES

The notes on relationships and transactions with related parties can be found in the section Other Notes to the condensed interim consolidated financial statements.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

of Hapag-Lloyd AG for the period 1 January to 30 September 2021

million EUR	Q3 2021	Q3 2020	9M 2021	9M 2020
Revenue	6,244.7	3,001.6	14,998.1	9,361.9
Transport expenses	2,675.3	2,115.5	7,434.2	6,845.7
Personnel expenses	175.0	172.0	532.3	512.3
Depreciation, amortisation and impairment	399.5	302.1	1,023.7	959.4
Other operating result	–95.7	–74.2	–227.4	–210.7
Operating result	**2,899.3**	**337.8**	**5,780.6**	**833.7**
Share of profit of equity-accounted investees	6.5	9.1	18.3	24.8
Result from investments and securities	–0.4	0.1	–0.3	–0.2
Earnings before interest and taxes (EBIT)	**2,905.4**	**347.0**	**5,798.6**	**858.3**
Interest income and similar income	2.5	2.3	8.4	5.3
Interest expenses and similar expenses	56.2	81.6	205.2	288.6
Other financial items	1.3	–4.3	–0.6	–1.6
Earnings before taxes	**2,853.1**	**263.3**	**5,601.3**	**573.4**
Income taxes	15.5	10.9	39.2	35.4
Group profit/loss	**2,837.6**	**252.5**	**5,562.0**	**537.9**
thereof attributable to shareholders of Hapag-Lloyd AG	2,834.9	250.9	5,554.3	529.6
thereof attributable to non-controlling interests	2.7	1.5	7.7	8.3
Basic/diluted earnings per share (in EUR)	**16.13**	**1.43**	**31.60**	**3.01**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

of Hapag-Lloyd AG for the period 1 January to 30 September 2021

million EUR	Q3 2021	Q3 2020	9M 2021	9M 2020
Group profit/loss	**2,837.6**	**252.5**	**5,562.0**	**537.9**
Items which will not be reclassified to profit and loss:				
Remeasurements from defined benefit plans after tax	7.4	–17.6	36.6	–15.3
Remeasurements from defined benefit plans before tax	9.1	–17.4	38.1	–14.7
Tax effect	–1.7	–0.2	–1.5	–0.5
Currency translation differences (no tax effect)	316.9	–287.7	552.5	–285.3
Items which may be reclassified to profit and loss:				
Cash flow hedges (no tax effect)	3.1	2.7	22.2	–9.3
Effective share of the changes in fair value	–9.2	29.4	–3.7	11.5
Reclassification to profit or loss	12.5	–27.5	26.5	–21.8
Currency translation differences	–0.2	0.8	–0.6	1.0
Cost of hedging (no tax effect) [1]	0.1	–4.8	–0.9	–27.5
Changes in fair value	–0.7	–7.0	–3.2	–38.7
Reclassification to profit or loss	0.8	1.8	2.4	10.8
Currency translation differences	–	0.4	–0.1	0.5
Other comprehensive income after tax	**327.5**	**–307.4**	**610.4**	**–337.4**
Total comprehensive income	**3,165.0**	**–54.9**	**6,172.5**	**200.5**
thereof attributable to shareholders of Hapag-Lloyd AG	3,162.2	–55.9	6,164.2	192.8
thereof attributable to non-controlling interests	2.9	1.0	8.3	7.7

[1] Since the fourth quarter of the 2020 financial year, the costs of hedging have been reclassified from the items that are not reclassified to profit or loss to the items that are reclassified to profit or loss. The previous year's figures were adjusted accordingly.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

of Hapag-Lloyd AG as at 30 September 2021

Assets

million EUR	30.9.2021	31.12.2020
Goodwill	1,556.6	1,466.8
Other intangible assets	1,494.3	1,459.1
Property, plant and equipment	10,976.1	9,300.6
Investments in equity-accounted investees	322.9	329.2
Other assets	34.4	22.4
Derivative financial instruments	9.1	21.6
Income tax receivables	5.3	4.7
Deferred tax assets	26.1	28.7
Non-current assets	**14,424.8**	**12,633.0**
Inventories	306.4	172.3
Trade accounts receivable	2,723.2	1,362.6
Other assets	364.7	296.0
Derivative financial instruments	1.3	14.4
Income tax receivables	25.7	24.6
Cash and cash equivalents	4,475.6	681.3
Assets classified held for sale	0.3	–
Current assets	**7,897.2**	**2,551.2**
Total assets	**22,322.0**	**15,184.3**

Equity and liabilities

million EUR	30.9.2021	31.12.2020
Subscribed capital	175.8	175.8
Capital reserves	2,637.4	2,637.4
Retained earnings	9,090.5	4,159.9
Cumulative other equity	333.7	–265.8
Equity attributable to shareholders of Hapag-Lloyd AG	**12,237.3**	**6,707.2**
Non-controlling interests	10.6	15.5
Equity	**12,247.9**	**6,722.7**
Provisions for pensions and similar obligations	344.9	374.7
Other provisions	65.6	73.1
Financial debt	2,869.9	3,229.9
Lease liabilities	1,427.6	940.5
Other liabilities	5.4	5.0
Derivative financial instruments	32.7	35.5
Deferred tax liabilities	10.7	10.1
Non-current liabilities	**4,756.9**	**4,668.7**
Provisions for pensions and similar obligations	9.4	10.5
Other provisions	513.4	369.2
Income tax liabilities	35.1	39.1
Financial debt	481.1	505.9
Lease liabilities	740.2	459.8
Trade accounts payable	2,130.1	1,748.1
Contract liabilities	1,256.6	545.7
Other liabilities	150.8	114.6
Derivative financial instruments	0.7	–
Current liabilities	**5,317.2**	**3,792.9**
Total equity and liabilities	**22,322.0**	**15,184.3**

CONSOLIDATED STATEMENT OF CASH FLOWS

of Hapag-Lloyd AG for the period 1 January to 30 September 2021

million EUR	Q3 2021	Q3 2020	9M 2021	9M 2020
Group profit/loss	2,837.6	252.5	5,562.0	537.9
Income tax expenses (+)/income (–)	15.5	10.9	39.2	35.4
Other financial Items	–1.3	4.3	0.6	1.6
Interest result	53.6	79.4	196.8	283.4
Depreciation, amortisation and impairment (+)/write-backs (–)	399.5	302.1	1,023.7	959.4
Impairment (+)/write-backs (–) of financial assets	–	–	–	0.1
Profit (–)/loss (+) from disposals of non-current assets	–4.4	–3.7	–7.0	–11.1
Income (–)/expenses (+) from equity accounted investees and dividends from other investments	–6.5	–9.2	–18.4	–24.9
Other non-cash expenses (+)/income (–)	–5.3	12.7	–26.8	25.9
Increase (–)/decrease (+) in inventories	–15.4	–4.8	–115.5	67.6
Increase (–)/decrease (+) in receivables and other assets	–566.4	–132.1	–1,203.9	–49.6
Increase (+)/decrease (–) in provisions	45.7	47.8	87.6	–32.2
Increase (+)/decrease (–) in liabilities (excl. financial debt)	238.3	164.7	707.9	142.2
Payments received from (+) / made for (–) income taxes	4.3	–6.1	–4.7	–12.1
Payments received for interest	1.1	1.6	2.4	3.3
Cash inflow (+)/outflow (–) from operating activities	**2,996.2**	**720.1**	**6,243.9**	**1,927.0**
Payments received from disposals of property, plant and equipment and intangible assets	6.1	7.7	11.9	26.0
Payments received from the disposal of other investments	–	–	1.3	–
Payments received from dividends	24.7	35.2	24.9	35.4
Payments received from the disposal of assets held for sale	27.2	–	33.6	–
Payments made for investments in property, plant and equipment and intangible assets	–266.6	–172.0	–741.2	–320.8
Payments made for investment in financial assets	–	–	–0.9	–
Payments received for the redemption of issued loans	0.1	–	10.5	–
Payments made for the issuing of loans	–	0.2	–	–7.7
Net cash Inflow (+)/outflow (–) from acquisition	–69.7	–	–69.7	–
Cash inflow (+)/outflow (–) from investing activities	**–278.3**	**–128.9**	**–729.5**	**–267.1**

million EUR	Q3 2021	Q3 2020	9M 2021	9M 2020
Payments made from changes in ownership interests in subsidiaries	–0.5	–	–0.5	–
Payments made for dividends	–3.4	–2.9	–631.4	–202.4
Payments received from raising financial debt	27.7	147.4	497.7	1,294.1
Payments made for the redemption of financial debt	–153.0	–1,203.8	–1,073.2	–1,745.8
Payments made for the redemption of lease liabilities	–188.9	–130.1	–471.1	–390.5
Payments made for leasehold improvements	–	–1.8	–0.3	–25.9
Payments made for interest and fees	–49.2	–82.7	–174.5	–245.9
Payments received (+) and made (–) from hedges for financial debt	–4.4	8.7	–19.6	2.2
Cash inflow (+)/outflow (–) from financing activities	**–371.7**	**–1,265.2**	**–1,872.8**	**–1,314.2**
Net change in cash and cash equivalents	**2,346.2**	**–674.1**	**3,641.6**	**345.6**
Cash and cash equivalents at beginning of period	**2,011.1**	**1,509.2**	**681.3**	**511.6**
Change in cash and cash equivalents due to exchange rate fluctuations	118.2	–14.7	152.7	–36.7
Net change in cash and cash equivalents	2,346.2	–674.1	3,641.6	345.6
Cash and cash equivalents at end of period	**4,475.6**	**820.5**	**4,475.6**	**820.5**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

of Hapag-Lloyd AG for the period 1 January to 30 September 2021

	Equity attributable to shareholders		
million EUR	Subscribed capital	Capital reserves	Retained earnings
As at 1.1.2020	**175.8**	**2,637.4**	**3,430.8**
Total comprehensive income	**–**	**–**	**529.6**
thereof			
Group profit/loss	–	–	529.6
Other comprehensive income	–	–	–
Hedging gains and losses transferred to the cost of inventory	**–**	**–**	**–**
Transactions with shareholders	**–**	**–**	**–196.4**
thereof			
Distribution to shareholders	–	–	–193.3
Distribution to non-controlling interests	–	–	–3.0
As at 30.9.2020	**175.8**	**2,637.4**	**3,764.1**
As at 1.1.2021	**175.8**	**2,637.4**	**4,159.9**
Total comprehensive income	**–**	**–**	**5,554.3**
thereof			
Group profit/loss	–	–	5,554.3
Other comprehensive income	–	–	–
Hedging gains and losses transferred to the cost of inventory	**–**	**–**	**–**
Transactions with shareholders	**–**	**–**	**–618.6**
thereof			
Distribution to shareholders	–	–	–615.2
Distribution to non-controlling interests	–	–	–3.1
Addition of shares of non-controlling interests	–	–	–
Disposal of shares of non-controlling interests	–	–	–0.4
Reclassification from reserve for Remeasurements from defined benefit pension plans	–	–	–5.2
Deconsolidation	**–**	**–**	**0.2**
As at 30.9.2021	**175.8**	**2,637.4**	**9,090.5**

of Hapag-Lloyd AG								
Remeasure-ments from defined benefit plans	Reserve for cash flow hedges	Reserve for cost of hedging	Translation reserve	Reserve for put-options on non-controlling interests	Cumulative other equity	Total	Non-controlling interests	Total equity
–173.3	**–14.0**	**–10.2**	**560.5**	**–0.5**	**362.6**	**6,606.6**	**14.0**	**6,620.6**
–15.3	**–9.3**	**–27.5**	**–284.8**	**–**	**–336.9**	**192.8**	**7.7**	**200.5**
–	–	–	–	–	–	529.6	8.3	537.9
–15.3	–9.3	–27.5	–284.8	–	–336.9	–336.9	–0.6	–337.4
–	**–**	**26.4**	**–**	**–**	**26.4**	**26.4**	**–**	**26.4**
–	**–**	**–**	**–**	**–**	**–**	**–196.4**	**–6.0**	**–202.4**
–	–	–	–	–	–	–193.3	–	–193.3
–	–	–	–	–	–	–3.0	–6.0	–9.0
–188.6	**–23.3**	**–11.3**	**275.7**	**–0.4**	**52.1**	**6,629.4**	**15.8**	**6,645.1**
–208.6	**–12.4**	**–1.9**	**–42.4**	**–0.4**	**–265.8**	**6,707.2**	**15.5**	**6,722.7**
36.6	**22.2**	**–0.9**	**552.0**	**–**	**610.0**	**6,164.3**	**8.3**	**6,172.6**
–	–	–	–	–	–	5,554.3	7.7	5,562.0
36.6	22.2	–0.9	552.0	–	610.0	610.0	0.6	610.6
–	**–17.6**	**2.1**	**–**	**–**	**–15.5**	**–15.5**	**–**	**–15.5**
–	**–**	**–**	**–**	**–**	**–**	**–618.6**	**–13.2**	**–631.8**
–	–	–	–	–	–	–615.2	–	–615.2
–	–	–	–	–	–	–3.1	–13.2	–16.2
–	–	–	–	–	–	–	0.1	0.1
–	–	–	–	–	–	–0.4	–0.1	–0.5
5.2	–	–	–	–	5.2	–	–	–
–	**–**	**–**	**–0.2**	**–**	**–0.2**	**–**	**–**	**–**
–166.8	**–7.8**	**–0.7**	**509.4**	**–0.5**	**333.7**	**12,237.3**	**10.6**	**12,247.9**

CONDENSED NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FUNDAMENTAL ACCOUNTING PRINCIPLES

General information

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

Hapag-Lloyd Aktiengesellschaft (Hapag-Lloyd AG), domiciled in Hamburg at Ballindamm 25, Hamburg, Germany, is the parent company of the Hapag-Lloyd Group and a listed company in accordance with German law. The Company is registered in commercial register B of the District Court in Hamburg under the registration number HRB 97937. The Company's shares are traded on the Frankfurt and Hamburg Stock Exchanges.

The interim consolidated financial statements cover the period 1 January to 30 September 2021 and are reported and published in euros (EUR). All amounts recognised for the financial year are reported in millions of euros (EUR million) unless otherwise stated. In individual cases, rounding differences may occur in the tables and charts included in these interim consolidated financial statements. Such differences arise for computational reasons.

On 2 November 2021, the Executive Board approved the condensed interim consolidated financial statements for publication.

Accounting principles

The consolidated financial statements of Hapag-Lloyd AG and its subsidiaries were prepared in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB), including the interpretations of the IFRS Interpretations Committee (IFRIC), as they are to be applied in the European Union (EU). This interim report as at 30 September 2021 was prepared in compliance with the provisions of IAS 34. It is presented in condensed form. These condensed interim consolidated financial statements and the interim Group management report of Hapag-Lloyd AG have not been subject to an audit review, nor have they been reviewed in accordance with Section 317 of the German Commercial Code (HGB).

The standards and interpretations valid in the EU since 1 January 2021 were applied during the preparation of the interim consolidated financial statements. As regards the possible effects of standards and interpretations that have already been adopted but are not yet mandatory, we refer to the explanations in the Notes to the consolidated financial statements as at 31 December 2020. The possible effects of standards and interpretations that were adopted in the first 9 months of 2021, but that are not yet mandatory, are currently being examined. The interim consolidated financial statements as at 30 September 2021 are to be read in conjunction with the audited and published IFRS consolidated financial statements as at 31 December 2020.

The interim consolidated financial statements were prepared in compliance with the same accounting and measurement principles that formed the basis for the consolidated financial statements as at 31 December 2020. Apart from the changes stated in the chapter on assumptions and estimates, as a rule estimates and discretionary decisions are used in the same way as in the previous year. The actual values may differ from the estimated values. Due to the currently unforeseeable worldwide consequences of the COVID-19 pandemic, estimates and discretionary decisions are subject to increased uncertainty.

The functional currency of Hapag-Lloyd AG and all of its main subsidiaries is the US dollar. The reporting currency of Hapag-Lloyd AG is, however, the euro. For reporting purposes, the assets and liabilities of the Hapag-Lloyd Group are translated into euros using the mean exchange rate on the balance sheet date (closing rate). The cash flows listed in the consolidated statement of cash flows and the expenses, income and result shown in the consolidated income statement are translated at the average exchange rate for the reporting period. The resulting differences are recognised in other comprehensive income.

As at 30 September 2021, the closing US dollar/euro exchange rate was quoted as USD 1.15765/EUR (31 December 2020: USD 1.22760/EUR). For the first 9 months of 2021, the average US dollar/euro exchange rate was USD 1.19650/EUR (prior year period: USD 1.12420/EUR).

New accounting standards

The standards to be applied for the first time in the 2021 financial year have no significant impact on the net asset, financial and earnings position of the Hapag-Lloyd Group. With regard to the disclosures arising from the “Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark Reform – Phase 2”, we refer to the notes on “IBOR Reform” in the “Financial instruments” section.

Significant assumptions and estimates

Estimates and discretionary decisions may affect the amount of assets and liabilities recognised, the disclosure of contingent liabilities on the reporting date, and the reported amounts of income and expenses for the reporting period.

The assessment of the normal useful life of containers has been reviewed and extended from 13 to 15 years. This has resulted in a EUR 13.7 million improvement in earnings (EBIT) in the third quarter of the year and for the first 9 months of 2021.

The assessment of the impact of new environmental regulations on the economic viability and efficiency of some older vessels particularly affected by these regulations has resulted in a recalculation for these vessels and thus a shortening of their estimated remaining useful lives by 1 to 5 years. This resulted in a EUR 32.1 million decrease in earnings (EBIT) in the third quarter of the year and for the first 9 months of 2021. However, the general useful life of vessels remains unchanged at 25 years.

Group of consolidated companies

The consolidated financial statements include all significant subsidiaries and equity-accounted investments. In addition to Hapag-Lloyd AG, the group of consolidated companies comprised 148 fully consolidated companies (31 December 2020: 126) and 5 equity-accounted investees as at 30 September 2021 (31 December 2020: 5). 3 newly established companies and 3 companies acquired individually were added to the group of consolidated companies in the first 9 months of 2021. In addition, 24 companies were added within the scope of the acquisition of the NileDutch group (see the section “Business acquisitions”).

Of the companies included in the consolidated financial statements as part of the integration of the UASC Group in 2017, 3 were liquidated, 4 were merged with other Group companies and 1 was sold. This sale has not had any significant impact on the net asset, financial and earnings position of the Hapag-Lloyd Group.

Business acquisitions

On 8 July 2021, Hapag-Lloyd acquired 100% of the shares and voting rights of the container shipping company NileDutch Investments B.V. (NileDutch). The company, which is based in Rotterdam, is a leading provider of container services to and from West Africa, with an available transport capacity of around 35,000 TEU. The combination of Hapag-Lloyd and NileDutch will further expand Hapag-Lloyd’s market position in Africa. The route network to and from Africa will be intensified, and the frequency of shipments will be increased. Africa is a key market for Hapag-Lloyd’s strategic growth, and the acquisition of NileDutch is part of Strategy 2023.

A cash amount of EUR 116.9 million was transferred as consideration for the share acquisition.

Acquisition-related costs were incurred for Hapag-Lloyd in the amount of EUR 5.4 million, which were recognised as other operating expenses and mainly result from consultancy fees.

The fair values recognised for the acquired assets and assumed liabilities at acquisition dated are summarised below:

million EUR	
Other intangible assets	6.8
Property, plant and equipment	205.0
Non-current assets	**211.8**
Inventories	4.3
Trade accounts receivable	70.7
Other assets and receivables	3.3
Derivative financial instruments	2.1
Income tax receivables	0.5
Cash and cash equivalents	47.2
Current assets	**128.1**
Total assets	**339.9**
Other provisions	9.2
Lease liabilities	92.2
Non-current liabilities	**101.4**
Other provisions	2.8
Income tax liabilities	3.7
Lease liabilities	36.4
Trade accounts payable	49.7
Contract liabilities	25.8
Other liabilities	3.6
Current liabilities	**122.0**
Total liabilities	**223.4**
Acquired net assets attributable to Hapag-Lloyd AG shareholders	**116.5**
Consideration transferred	**116.9**
Goodwill	0.4
Net cash outflow from the acquisition	**–69.7**

As the acquisition date is close to the reporting date, the valuation of tax liabilities is incomplete. If facts and circumstances become known within one year of the acquisition date that existed on the acquisition date and that would have resulted in changes to the amounts indicated above, the accounting of the acquisition will be adjusted accordingly.

The provisional purchase price allocation has resulted in goodwill in the amount of EUR 0.4 million.

Receivables with a fair value of EUR 74.5 million were acquired. The gross amount is EUR 77.7 million, of which EUR 3.2 million is likely to be uncollectable.

Since the acquisition date, revenue of EUR 107.5 million and earnings (EBIT) of EUR 15.4 million have been attributed by NileDutch, taking the purchase price allocation into account.

Had the acquisition taken place on 1 January 2021 (pro forma analysis), Group revenue would have come to EUR 15,207.1 million and Group earnings (EBIT) would have totalled EUR 5,810.3 million. In calculating these amounts, it was assumed that the fair values at acquisition date would also have been valid if the acquisition had occurred on 1 January 2021. The pro forma analysis is based on the available information and on assumptions. Based on these assumptions, the presented pro forma amounts does not necessarily equate to the Group revenue and Group earnings (EBIT) that the Group would have generated had the acquisition of NileDutch in fact been closed on 1 January 2021.

SEGMENT REPORTING

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

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

Transport volume per trade

TTEU	Q3 2021	Q3 2020	9M 2021	9M 2020
Atlantic [1]	536	487	1,584	1,534
Transpacific	456	478	1,355	1,368
Far East	558	581	1,739	1,644
Middle East	378	382	1,162	1,081
Intra-Asia	130	216	460	639
Latin America	755	689	2,290	2,100
Africa [1]	164	109	390	331
Total	**2,976**	**2,942**	**8,980**	**8,696**

[1] The EMA trade (Europe – Mediterranean – Africa) has been renamed the Africa trade within the scope of the integration of NileDutch in the third quarter of 2021. Intra-European transport volumes are now added to the Atlantic trade. The previous year's figures have been adjusted accordingly.

Freight rates per trade

USD/TEU	Q3 2021	Q3 2020	9M 2021	9M 2020
Atlantic [1]	2,039	1,298	1,646	1,323
Transpacific	3,122	1,476	2,444	1,394
Far East	2,844	963	2,300	969
Middle East	1,602	823	1,353	820
Intra-Asia	1,381	533	1,161	568
Latin America	1,870	1,068	1,566	1,132
Africa [1]	2,150	1,175	1,847	1,168
Total (weighted average)	**2,234**	**1,084**	**1,818**	**1,097**

[1] The EMA trade (Europe – Mediterranean – Africa) has been renamed the Africa trade within the scope of the integration of NileDutch in the third quarter of 2021. Intra-European transport volumes are now added to the Atlantic trade. The previous year's figures have been adjusted accordingly.

Revenue per trade

million EUR	Q3 2021	Q3 2020	9M 2021	9M 2020
Atlantic [1]	922.6	536.4	2,178.6	1,805.3
Transpacific	1,200.5	604.9	2,767.1	1,697.0
Far East	1,341.2	479.3	3,343.1	1,416.1
Middle East	511.9	269.0	1,314.0	787.9
Intra-Asia	152.7	97.7	446.4	323.1
Latin America	1,192.5	623.9	2,996.5	2,113.4
Africa [1]	296.4	109.4	602.4	344.1
Revenue not assigned to trades	627.1	281.1	1,349.9	875.0
Total	**6,244.7**	**3,001.6**	**14,998.1**	**9,361.9**

[1] The EMA trade (Europe – Mediterranean – Africa) has been renamed the Africa trade within the scope of the integration of NileDutch in the third quarter of 2021. Intra-European transport volumes are now added to the Atlantic trade. The previous year's figures have been adjusted accordingly.

The item for revenue not assigned to trades mainly comprises income from demurrage and detention for containers, as well as from the provision of container slots. At the same time, revenue for pending voyages already generated is recognised under revenue not assigned to trades.

Earnings before interest, taxes, depreciation and amortisation (EBITDA) are calculated on the basis of the Group's earnings before interest and taxes (EBIT) as presented in the following table. Earnings before taxes (EBT) and the share of profits of the segment's equity-accounted investees correspond to those of the Group.

million EUR	Q3 2021	Q3 2020	9M 2021	9M 2020
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	**3,304.9**	**649.1**	**6,822.3**	**1,817.8**
Depreciation, amortisation and impairment	399.5	302.1	1,023.7	959.4
Earnings before interest and taxes (EBIT)	**2,905.4**	**347.0**	**5,798.6**	**858.3**
Earnings before taxes (EBT)	**2,853.1**	**263.3**	**5,601.3**	**573.4**
Share of profit of equity-accounted investees	**6.5**	**9.1**	**18.3**	**24.8**

SELECTED NOTES TO THE CONSOLIDATED INCOME STATEMENTS

Detailed Notes to the income statement are contained in the interim Group management report in the chapter "Group earnings position".

Earnings per share

	Q3 2021	Q3 2020	9M 2021	9M 2020
Profit / loss attributable to shareholders of Hapag-Lloyd AG in million EUR	2,834.9	250.9	5,554.3	529.6
Weighted average number of shares in millions	175.8	175.8	175.8	175.8
Basic earnings per share in EUR	**16.13**	**1.43**	**31.60**	**3.01**

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

There were no dilutive effects in the first 9 months of the 2021 financial year or in the corresponding prior year period.

SELECTED NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Goodwill and other intangible assets

Goodwill and intangible assets rose compared to 31 December 2020. This increase stemmed largely from currency translation effects of EUR 175.9 million (prior year period: EUR –135.8 million). However, amortisation of EUR 62.2 million (prior year period: EUR 86.8 million) reduced the carrying amounts of other intangible assets.

Property, plant and equipment

million EUR	30.9.2021	31.12.2020
Vessels	7,666.9	6,724.2
Container	2,883.2	2,288.3
Other equipment	229.5	215.1
Prepayments on account and assets under construction	196.5	72.9
Total	**10,976.1**	**9,300.6**

In the first 9 months of the 2021 financial year, investments in ships, ship equipment and containers, the conclusion of new long-term charter contracts and container lease agreements at simultaneously higher charter rates and the extension of the existing charter contracts resulted overall in a EUR 1,853.3 million increase in property, plant and equipment. This includes payments on account of EUR 171.8 million, mainly for new ships. Currency effects associated with the reporting date led to an additional rise of EUR 589.4 million. In addition, the Group acquired property, plant and equipment in the amount of EUR 205.0 million through its acquisition of NileDutch. However, depreciation to property, plant and equipment and amortisation to rights of use in the amount of EUR 972.8 million reduced the carrying amounts of property, plant and equipment, meaning that property, plant and equipment rose by EUR 1,675.6 million overall.

Inventories

Inventories essentially comprise raw materials and supplies, which include fuel inventories in particular. Compared to 31 December 2020, fuel inventories increased from EUR 172.3 million to EUR 306.4 million, which was primarily due to the significant increase in bunker prices as well as a higher volume of fuel inventory.

Non-current assets held for sale

In the first 9 months of 2021, 5 container ships were classified as non-current assets held for sale. The sale of the ships is part of the strategic optimisation of the ship portfolio. Binding agreements to sell the 5 ships were concluded in the second quarter, and one of the 5 ships was transferred to the buyer in the second quarter. The 4 remaining ships were handed over in the third quarter of this financial year. As a result of further network adjustments, the ships were chartered back for up to 1.5 years at the same time that they were transferred to the new owners.

As at 30 September 2021, all 5 container ships had been handed over to the buyer and were thus no longer reported in the consolidated statement of financial position. In light of rising market prices in the second quarter of 2021, the carrying amounts of the ships are recognised at their fair value less costs to sell totalling EUR 40.8 million. Overall, in the second quarter of the year a reversal of impairment losses totalling EUR 11.2 million has been recognised for the vessels held for sale, which has been presented as income under the item "Depreciation, amortisation and impairment of intangible assets and property, plant and equipment".

Cumulative other equity

Cumulative other equity comprises the reserve for remeasurements from defined benefit pension plans, the reserve for cash flow hedges, the reserve for hedging costs, the translation reserve and the reserve for put options on non-controlling interests.

The reserve for remeasurements from defined benefit pension plans (30 September 2021: EUR –166.8 million; 31 December 2020: EUR –208.6 million) contains gains and losses from the remeasurement of pension obligations and plan assets recognised cumulatively in other comprehensive income, including as a result of changing actuarial and financial parameters in connection with the measurement of pension obligations and the associated fund assets. The effect from the remeasurement of pension obligations and the associated plan assets recognised in other comprehensive income in the first 9 months of 2021 resulted in a decrease of EUR 36.6 million in the negative reserve (prior year period: increase of EUR –15.3 million).

The reserve for cash flow hedges contains changes in the intrinsic value of commodity options, changes in the cash component of currency forward contracts and changes in the market value of interest rate and commodity swaps that are recognised in other comprehensive income and amounted to EUR –7.8 million as at 30 September 2021 (31 December 2020: EUR –12.4 million). In the first 9 months of 2021, the resulting gains and losses totalling EUR –3.7 million were recognised in other comprehensive income as an effective part of the hedging relationship (prior year period: EUR 11.5 million), while gains and losses of EUR 26.5 million (prior year period: EUR –21.8 million) were reclassified and recognised through profit or loss.

The reserve for costs of hedging contains changes in the fair value of commodity options and in the forward component of currency forward contracts that are recognised in other comprehensive income and amounted to EUR –0.7 million as at 30 September 2021 (31 December 2020: EUR –1.9 million). In the first 9 months of 2021, the resulting gains and losses totalling EUR –3.2 million were recognised in other comprehensive income (prior year period: EUR –38.7 million), while gains and losses of EUR 2.4 million (prior year period: EUR 10.8 million) were reclassified and recognised through profit or loss.

The translation reserve of EUR 509.4 million (31 December 2020: EUR –42.4 million) includes differences from currency translation. The differences from currency translation of EUR 552.5 million recognised in other comprehensive income in the first 9 months of 2021 (prior year period: EUR –285.3 million) were due to the translation of the financial statements of Hapag-Lloyd AG and its subsidiaries into the reporting currency. Currency translation differences are recognised in the statement of comprehensive income under the items that are not reclassified and recognised through profit or loss, because the currency translation effects of subsidiaries with the same functional currency as the parent company cannot be recycled.

Financial instruments

Carrying amounts and fair values

The carrying amounts and fair values of the financial instruments as at 31 December 2020 are presented in the table below.

million EUR	Carrying amount Total	Carrying amount thereof financial instruments	Fair value Financial instruments
Assets			
Trade accounts receivable	1,362.6	1,362.6	1,362.6
Other assets	318.4	217.5	217.5
Derivative financial instruments (FVTPL)	21.6	21.6	21.6
Embedded derivatives	21.6	21.6	21.6
Derivative financial instruments (Hedge accounting) [1]	14.5	14.5	14.5
Currency forward contracts	5.4	5.4	5.4
Commodity options	9.0	9.0	9.0
Cash and cash equivalents	681.3	681.3	681.3
Liabilities			
Financial debt	3,735.9	3,735.9	3,839.3
Liabilities from lease contracts	1,400.3	1,400.3	–
Trade accounts payable	1,748.1	1,748.1	1,748.1
Derivative financial instruments (FVTPL)	12.8	12.8	12.8
Interest rate swaps	12.8	12.8	12.8
Derivative financial liabilities (Hedge accounting) [1]	22.7	22.7	22.7
Interest rate swaps	22.7	22.7	22.7
Other liabilities	117.9	91.4	91.4
Liabilities from put options [2]	1.6	1.6	2.4
Contract liabilities	545.7	–	–

[1] The market values of the non-designated time values and forward components, the changes of which are recognised in the reserve for cost of hedging, are also recognised here.

[2] Part of other liabilities

The carrying amounts and fair values of the financial instruments as at 30 September 2021 are presented in the table below.

	Carrying amount		Fair value
million EUR	**Total**	thereof financial instruments	Financial instruments
Assets			
Trade accounts receivable	2,723.2	2,723.2	2,723.2
Other assets	399.1	253.3	253.3
Derivative financial instruments (FVTPL)	4.6	4.6	4.6
Embedded derivatives	3.4	3.4	3.4
Commodity swaps	1.2	1.2	1.2
Derivative financial instruments (Hedge accounting)[1]	5.8	5.8	5.8
Interest rate swaps	5.7	5.7	5.7
Cash and cash equivalents	4,475.6	4,475.6	4,475.6
Liabilities			
Financial debt	3,351.0	3,351.0	3,427.8
Liabilities from lease contracts	2,167.8	2,167.8	–
Trade accounts payable	2,130.1	2,130.1	2,130.1
Derivative financial instruments (FVTPL)	9.3	9.3	9.3
Interest rate swaps	9.3	9.3	9.3
Derivative financial liabilities (Hedge accounting)[1]	24.0	24.0	24.0
Currency forward contracts	9.5	9.5	9.5
Interest rate swaps	14.6	14.6	14.6
Other liabilities	154.5	123.4	123.4
Liabilities from put options[2]	1.8	1.8	2.5
Contract liabilities	1,256.6	–	–

[1] The market values of the non-designated time values and forward components, the changes of which are recognised in the reserve for cost of hedging, are also recognised.
[2] Part of other liabilities

The derivative financial instruments were measured at fair value. Within the scope of the business combination with NileDutch, commodity swaps were purchased which the Group has classified as FVTPL instruments.

Other assets include securities with a fair value of EUR 1.1 million (31 December 2020: EUR 1.7 million) that are allocated to level 1 of the fair value hierarchy, as their prices are quoted on an active market.

Other assets also contain investments not listed on a stock exchange for which there are no market prices listed on an active market. As there is insufficient information available to determine the fair values of these investments which belong to level 3 of the fair value hierarchy, they are measured at cost of acquisition in the amount of EUR 7.2 million (31 December 2020: EUR 6.0 million) as the best possible estimate of their fair values.

The liabilities from the bond included within financial debt, which are allocated to level 1 of the fair value hierarchy due to quotation on an active market, have a fair value of EUR 312.4 million (31 December 2020: EUR 308.0 million).

Financial debt also includes a liability to reflect a contingent consideration payable for a business combination for which a fair value at level 3 of EUR 1.0 million (31 December 2020: EUR 1.0 million) was calculated.

The put options recognised under other liabilities, whose fair value was calculated at EUR 2.5 million (31 December 2020: EUR 2.4 million), also belong to level 3 of the fair value hierarchy.

The fair values indicated for the remaining financial debt and the derivative financial instruments are assigned to level 2 of the fair value hierarchy. This means that the instruments are measured using methods which are based on factors derived directly or indirectly from observable market data.

As a rule, the carrying amounts of all other level 2 financial instruments are a suitable approximation of the fair values.

There were no transfers between levels 1, 2 and 3 in the first 9 months of 2021.

IBOR reform

As part of the IBOR reform, in principle the existing reference interest rates (interbank offered rates – IBOR) are to be replaced by alternative risk-free interest rates by the end of 2021. This deadline has been extended until 30 June 2023 for the USD LIBOR maturities of relevance for Hapag-Lloyd (3M, 6M, 12M etc.). As at 30 September 2021, the Hapag-Lloyd Group held variable-interest loans and cash flow hedges for interest rate risks. These loans are affected by the IBOR reform. To ensure that hedging relationships can still be recognised in financial statements, Hapag-Lloyd adopted the resulting amendments to IFRS 9, IAS 39 and IFRS 7 from 1 January 2020. In the Hapag-Lloyd Group, only the hedging relationships for interest rate risks are directly affected by these amendments. The reference interest rate that the hedged variable cash flows are based on is the USD LIBOR, which is set to be replaced by the SOFR. To date, none of the variable loans and hedging instruments has been switched to the new reference interest rate. As at 30 September 2021, the nominal volume of the variable financing was USD 1,812.5 million. The nominal volume of the financial instruments in a hedging relationship for hedging interest rate risks was USD 914.9 million.

The Hapag-Lloyd Group is currently examining the effects of the alternative reference interest rates on existing IBOR-based agreements and preparing relevant IT systems so that they can reproduce the financing agreements and hedging instruments based on the new reference interest rates. Although there is some market uncertainty as to when and how the change of benchmark interest rate will take place in relation to contracts for variable financing and hedging instruments, Hapag-Lloyd assumes that the contractual amendments for the hedged item and the designated hedging instrument will take place at the same time, thus ensuring that there are no inconsistencies between the hedged item and the hedging instrument. This would prevent any ineffectiveness from arising from existing hedging relationships. With regard to further developments relating to alternative reference interest rates, Hapag-Lloyd is in regular contact with its international bank partners.

Financial debt and lease liabilities

The following tables contain the carrying amounts for the individual categories of financial debt and lease liabilities.

Financial debt and lease liabilities

million EUR	30.9.2021	31.12.2020
Financial debt	3,351.0	3,735.9
Liabilities to banks [1]	2,170.7	2,533.5
Bonds	302.9	306.0
Other financial debt	877.5	896.4
Lease liabilities	2,167.8	1,400.3
Total	**5,518.8**	**5,136.2**

[1] This includes liabilities which result from sale and leaseback transactions that are accounted for as loan financing in accordance with IFRS 16 in conjunction with IFRS 15 insofar as the liabilities are to banks or special purpose entities, which are established and financed by banks.

Financial debt and lease liabilities by currency

million EUR	30.9.2021	31.12.2020
Denoted in USD (excl. transaction costs)	5,082.6	4,698.1
Denoted in EUR (excl. transaction costs)	404.2	409.4
Denoted in other currencies (excl. transaction costs)	59.2	56.0
Interest liabilities	15.0	17.7
Transaction costs	–42.3	–45.1
Total	**5,518.8**	**5,136.2**

On 6 April 2021, Hapag-Lloyd issued a sustainability-linked euro bond with a total volume of EUR 300.0 million. The bond has a maturity of 7 years and a coupon of 2.5%, which will increase by 0.25% from 15 October 2025 if the sustainability performance targets are not met. The proceeds of the issue were used for the early redemption of Hapag-Lloyd's existing 5.125% euro bond, which had an original maturity in 2024.

Hapag-Lloyd repaid the outstanding loans under 2 vessel financing facilities in an amount of EUR 146,3 million (USD 176.1 million) early and in full on 19 April 2021.

In the first 9 months of the 2021 financial year, Hapag-Lloyd conducted a sale and leaseback transaction to refinance investments in a container ship (Japanese operating leases [JOLs]). The previous funding had been repaid early in the previous year. The lease agreement includes a substantial purchase option that grants an entitlement to repurchase the container ship. As a result, the transaction is recognised as loan financing in accordance with the provisions of IFRS 16, in conjunction with IFRS 15. The refinancing volume has a total amount of EUR 57.9 million. The liability associated with the JOL transaction is included in liabilities to banks, as these liabilities are to special purpose entities, which are established and financed externally by banks.

Within the scope of its order for the manufacturing and delivery of 6 large container vessels, each with a size of 23,500 TEU and which are expected to be delivered between April and December 2023, in December 2020 Hapag-Lloyd signed a USD 472.3 million (EUR 384.7 million) loan commitment in the form of a so-called "Chinese lease", in order to finance 3 large container vessels. The loan commitment covers the prepayments under the building contract up until delivery of the container vessels. On 15 July 2021, the first tranche of the construction period loan totalling EUR 25.0 million (USD 29.5 million) was drawn for these 3 vessels. The liability is included under "other financial debt", since this liability is to a special purpose entity set up and financed by a leasing company without any direct involvement on the part of any banks.

The Hapag-Lloyd Group had total unused credit lines of EUR 505.3 million as at 30 September 2021 (31 December 2020: EUR 476.5 million).

OTHER NOTES

Legal disputes

There have been no significant changes regarding legal disputes and tax risks in comparison with the 2020 consolidated financial statements.

As at the reporting date, there were EUR 7.8 million in contingent liabilities from legal disputes not classified as probable (31 December 2020: EUR 7.6 million). As at the reporting date, there were EUR 68.6 million in contingent liabilities from tax risks not classified as probable (31 December 2020: EUR 45.7 million). The increase is due to an additional claim from the tax authorities in India for past financial years.

Other financial obligations

The Hapag-Lloyd Group's other financial obligations as at 30 September 2021 essentially comprised purchase obligations (nominal values)

- for investments in 17 container ships, thereof 12 large container ships, amounting to EUR 2,045.8 million (31 December 2020: EUR 811.1 million),
- for investments in containers amounting to EUR 276.8 million (31 December 2020: EUR 165.9 million),
- for investments in exhaust gas cleaning systems (EGCS) on container ships amounting to EUR 17.5 million (31 December 2020: EUR 4.2 million),
- for investments in diesel generators to supply cooling containers with electricity amounting to EUR 13.3 million (31 December 2020: EUR 0 million),
- for investments in equipment for ballast water treatment on container ships amounting to EUR 5.5 million (31 December 2020: EUR 1.5 million),
- for investments in conversion to the use of liquid gas on container ships amounting to EUR 0.4 million (31 December 2020: EUR 3.5 million), and
- for further investments on container ships totalling EUR 7.3 million (31 December 2020: EUR 6.4 million).

The future cash outflows from leases which Hapag-Lloyd has already entered into but which have not commenced yet totalled EUR 868.3 million as at 30 September 2021 (31 December 2021: EUR 139.2 million).

Related party disclosures

In carrying out its ordinary business activities, the Hapag-Lloyd Group maintained indirect or direct relationships with related companies and individuals and with its own subsidiaries included in the consolidated financial statements. These supply and service relationships are transacted at market prices. No significant changes in these supply and service relationships have arisen since 31 December 2020. The contractual relationships with related parties described in the remuneration report from page 121 onwards of the 2020 annual report remain essentially unchanged, but are not of material importance to the Group.

SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

No significant transactions took place after the balance sheet date.

Hamburg, 2 November 2021

Hapag-Lloyd Aktiengesellschaft
Executive Board

Rolf Habben Jansen

Mark Frese

Dr. Maximilian Rothkopf

Joachim Schlotfeldt

PRELIMINARY FINANCIAL CALENDAR 2022

JANUARY 2022
Publication of preliminary financial KPIs 2021

MARCH 2022
Publication of financial statements and annual report 2021

MAY 2022
Publication of quarterly financial report Q1 2022

MAY 2022
Annual general meeting

AUGUST 2022
Publication of quarterly financial report H1 2022

NOVEMBER 2022
Publication of quarterly financial report 9M 2022

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