

9M 2022

Hapag-Lloyd AG

Quarterly financial report

1 January to
30 September 2022



SUMMARY OF HAPAG-LLOYD KEY FIGURES QUARTERLY FINANCIAL REPORT 9M 2022

		Q3 2022	Q3 2021	9M 2022	9M 2021	Change absolute
Key operating figures¹						
Total vessels		252	257	252	257	-5
Aggregate capacity of vessels	TTEU	1,783	1,779	1,783	1,779	4
Aggregate container capacity	TTEU	3,042	2,971	3,042	2,971	70
Freight rate (average for the period)	USD/TEU	3,106	2,234	2,938	1,818	1,120
Transport volume	TTEU	2,975	2,976	8,987	8,980	7
Revenue	million EUR	9,741	6,245	26,711	14,998	11,713
EBITDA	million EUR	5,634	3,305	15,638	6,822	8,815
EBIT	million EUR	5,155	2,905	14,223	5,799	8,425
Group profit/loss	million EUR	5,120	2,838	13,774	5,562	8,212
Earnings per share	EUR	29.11	16.13	78.30	31.60	46.70
Cash flow from operating activities	million EUR	5,664	2,996	14,974	6,244	8,730
Key return figures¹						
EBITDA margin (EBITDA/revenue)	%	57.8	52.9	58.5	45.5	13.1 ppt
EBIT margin (EBIT/revenue)	%	52.9	46.5	53.2	38.7	14.6 ppt
ROIC (Return on Invested Capital) ²	%	121.5	89.2	117.7	59.6	58.1 ppt
Key balance sheet figures as at 30 September¹						
Balance sheet total	million EUR	39,286	26,715	39,286	26,715	12,572
Equity	million EUR	27,238	16,162	27,238	16,162	11,076
Equity ratio (equity/balance sheet total)	%	69.3	60.5	69.3	60.5	8.8 ppt
Borrowed capital	million EUR	12,048	10,552	12,048	10,552	1,496
Key financial figures as at 30 September¹						
Financial debt and lease liabilities	million EUR	6,198	5,497	6,198	5,497	701
Cash and cash equivalents	million EUR	15,137	7,723	15,137	7,723	7,413

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 2021.

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, cash equivalents and time deposits less liabilities excluding financial debt and lease liabilities). 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 10 November 2022.

MAIN DEVELOPMENTS IN 9M 2022

- The first nine months of the 2022 financial year were dominated by ongoing disruption to global supply chains. This was reflected in longer round voyage times for vessels and containers, which in turn had a negative impact on available transport capacity.
- However, due to a weakening of demand, there were signs of a slight easing of global supply chain problems at the end of the third quarter.
- Hapag-Lloyd's transport volume of 8,987 TTEU in the first nine months of the 2022 financial year was at the same level as in the previous year (prior year period: 8,980 TTEU).
- The average freight rate rose in the first nine months of 2022 by 62% year-on-year to USD 2,938/TEU (prior year period: USD 1,818/TEU) due to the shortage of transport capacity.
- Revenue increased in the first nine months of 2022 by 78% to EUR 26.7 billion (prior year period: EUR 15.0 billion) as a result of significantly higher freight rates and a stronger US dollar compared with the prior year period.
- Transport expenses rose by 37% in the first nine months of 2022 to EUR 10.1 billion (prior year period: EUR 7.4 billion), primarily due to higher fuel expenses and a stronger US dollar.
- EBITDA increased sharply to EUR 15.6 billion (prior year period: EUR 6.8 billion). The EBITDA margin was 58.5% (prior year period: 45.5%).
- EBIT for the first nine months of 2022 was also very significantly above the previous year's level of EUR 5.8 billion at EUR 14.2 billion.
- Earnings per share jumped to EUR 78.30 from EUR 31.60 in the prior year period.
- Free cash flow was again clearly positive at EUR 13.4 billion and significantly higher than in the first nine months of 2021 (EUR 5.5 billion).
- Despite the payment of a dividend of EUR 35 per share in May 2022, net liquidity increased by EUR 7.5 billion compared with 31 December 2021 to EUR 9.7 billion.
- In the third quarter, Hapag-Lloyd further expanded its involvement in the terminal sector in line with its strategic agenda by signing an agreement to acquire a minority stake in the Spinelli Group, an Italian terminal operator and logistics service provider.
- On 4 October 2022, Hapag-Lloyd signed a share purchase agreement to acquire the terminal business of SM SAAM S.A. and the related logistics services for a purchase price of approximately USD 1 billion. The SM SAAM terminal business includes ten terminals in six countries in North, Central and South America.
- Hapag-Lloyd posted a strong financial performance in the first nine months of 2022, which was in line with the adjusted expectations of July 2022. Based on current business performance, the fourth quarter should also meet previous expectations. The Executive Board of Hapag-Lloyd AG therefore continues to expect Group EBITDA in the range of EUR 18.2 to 20.1 billion (USD 19.5 to 21.5 billion) and Group EBIT in the range of EUR 16.3 to 18.2 billion (USD 17.5 to 19.5 billion) for 2022.

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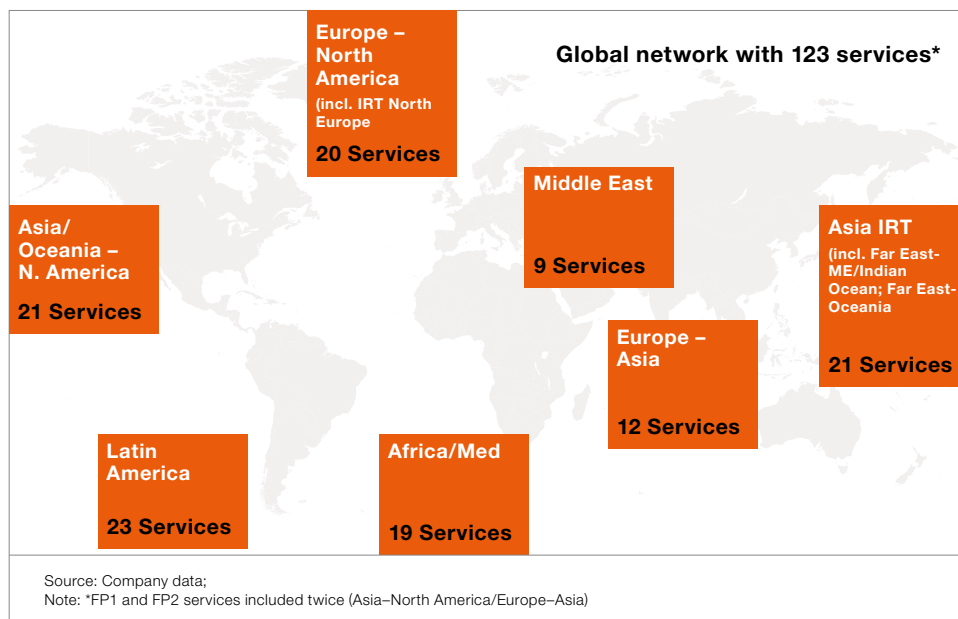
INTERIM GROUP MANAGEMENT REPORT

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 252 container vessels as at 30 September 2022 (30 September 2021: 257) with a transport capacity of 1.8 million TEU (30 September 2021: 1.8 million TEU). The Group has 408 sales offices in 137 countries (30 September 2021: 418 sales offices in 137 countries) and offers its customers worldwide access to a network of 123 liner services (30 September 2021: 129 services). In the first nine months of 2022, Hapag-Lloyd served approximately 30,900 customers around the world (prior year period: approximately 30,100).

Network of Hapag-Lloyd services



Alliances are an essential part of the container shipping industry as they enable better utilisation of vessels and a more extensive range of services. There are currently three global alliances. Measured in terms of transport capacity, the largest alliance is the “2M Alliance”, consisting of the two market leaders – Mediterranean Shipping Company S. A. (Switzerland) (MSC) and A.P. Møller – Mærsk A/S (Denmark) (Maersk). The “Ocean Alliance” consists of CMA CGM S. A. (France), China COSCO Shipping Corporation Limited (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),

Hyundai Merchant Marine (South Korea) (HMM) and Yang Ming Marine Transport Corp. Ltd. (Taiwan) (Yang Ming). As at 30 September 2022, THE Alliance covered all East–West trades with 256 container vessels and 30 services (30 September 2021: 257 container vessels and 29 services).

Capacity share of alliances based on selected trades

in %	Far East trade	Transpacific trade	Atlantic trade
2M	34	25	54
Ocean Alliance	32	38	12
THE ALLIANCE	24	24	25
Other	10	13	8

Source: Alphaliner September 2022

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 balance sheet 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 five 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 2022 (unchanged since 30 September 2021) is as follows:

in %	30.9.2022
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 nine months of 2022 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, cash equivalents and time deposits (other assets) 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 nine months of 2022, Hapag-Lloyd generated an annualised return on invested capital (ROIC) of 117.7% (prior year period: 59.6%). The weighted average cost of capital at the balance sheet date 31 December 2021 was 7.0%.

Calculation of the ROIC is as follows:

	million EUR		million USD	
	9M 2022	9M 2021	9M 2022	9M 2021
Non-current assets	18,213.2	14,424.8	17,762.3	16,699.1
Inventory	568.4	306.4	554.3	354.7
Accounts receivables	4,065.2	2,723.2	3,964.6	3,152.5
Other assets ¹	498.2	392.0	485.9	453.7
Assets	23,345.0	17,846.4	22,767.1	20,660.1
Provisions	1,024.8	933.3	999.5	1,080.4
Accounts payable	2,881.3	2,130.1	2,810.0	2,465.9
Other liabilities	1,944.0	1,491.9	1,895.8	1,727.3
Liabilities	5,850.1	4,555.3	5,705.2	5,273.6
Invested Capital	17,494.8	13,291.1	17,061.8	15,386.5
EBIT	14,223.1	5,798.6	15,143.2	6,937.9
Taxes	77.0	39.2	82.0	46.9
Net Operating Profit after Tax (NOPAT)	14,146.1	5,759.4	15,061.2	6,890.9
Return on Invested Capital (ROIC, annualised, in %)			117.7	59.6

¹ Without time deposits

Figures are in USD, rounded, aggregated and calculated on an annualised. 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 vessel 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 successively being implemented. The majority of the quality targets have already been published and the customer is provided with Hapag-Lloyd's performance in relation to these quality promises.

Flexible fleet and capacity development

As at 30 September 2022, Hapag-Lloyd's fleet comprised a total of 252 container vessels (30 September 2021: 257 vessels). All of the vessels are certified in accordance with the ISM (International Safety Management) Code and have a valid ISSC (ISPS) certificate. The majority of the vessels are also certified as per ISO 9001 (quality management) and ISO 14001 (environmental management).

The TEU capacity of the Hapag-Lloyd fleet as at 30 September 2022 was 1,782.9 TTEU, thus almost the same compared with 30 September 2021 (1,778.8 TTEU). Based on the TEU capacities, 62% of the fleet was owned by the Group as at 30 September 2022 (30 September 2021: 59%). At present, two vessels with a capacity of 10.7 TTEU are subchartered to other shipping companies. In the first half of 2022, five second-hand vessels with a total capacity of 19,329 TEU were acquired. As part of the acquisition of Deutsche Afrika-Linien GmbH & Co. KG (DAL), a 6,589 TEU vessel owned by the company was acquired.

As at 30 September 2022, the average age of Hapag-Lloyd's total fleet (capacity-weighted) was 11.1 years (30 September 2021: 10.3 years) and thus slightly above the average of the world's ten largest container liner shipping companies of 10.6 years (30 September 2021: 10.0 years). The average vessel size within the Hapag-Lloyd Group fleet was 7.1 TTEU (30 September 2021: 6.9 TTEU), which is approximately 11% above the comparable average figure for the ten largest container liner shipping companies worldwide of 6.4 TTEU (30 September 2021: 6.3 TTEU; Source: MDS Transmodal) and around 60% above the average vessel size in the global fleet of 4.4 TTEU (30 September 2021: 4.4 TTEU; Source: MDS Transmodal).

As at 30 September 2022, Hapag-Lloyd owned or rented 1.8 million containers (30 September 2021: 1.8 million) with a capacity of 3,041.6 TTEU for shipping cargo (30 September 2021: 2,971.1 TTEU). The capacity-weighted share of leased containers was around 43% as at 30 September 2022 (30 September 2021: 43%). In the second quarter of 2022, 5,200 TEU of special containers and 11,800 TEU of reefer containers were ordered, which were delivered and accepted in the third quarter of 2022.

Hapag-Lloyd's service network comprised 123 services as at 30 September 2022 (30 September 2021: 129 services).

Structure of Hapag-Lloyd's container ship fleet

	30.9.2022	31.12.2021	30.9.2021
Number of vessels	252	253	257
Thereof			
Own vessels ¹	120	113	112
Chartered vessels	132	140	145
Aggregate capacity of vessels (TTEU)	1,783	1,769	1,779
Aggregate container capacity (TTEU)	3,042	3,058	2,971
Number of services	123	126	129

¹ Including lease agreements with purchase option/obligation at maturity

Bunker consumption totalled 3.15 million tonnes in the first nine months of 2022 and was therefore on a par with the previous year (prior year period: 3.15 million tonnes).

The percentage of low-sulphur bunker (MFO low sulphur 0.1% and 0.5%, MDO) and liquefied natural gas (LNG) fell slightly from 92% in 9M 2021 to 88% in the first nine months of 2022 as a result of scrubbers being fitted on additional vessels. Bunker consumption per slot (as measured by the average container storage capacity, annualised) was unchanged year-on-year at 2.39 tonnes in the first nine months of 2022 (prior year period: 2.39 tonnes). In terms of transported TEU, bunker consumption of 0.35 tonnes per TEU in 9M 2022 was also at the same level as in the first nine months of 2021.

Hapag-Lloyd's order book as at 30 September 2022 comprised twelve newbuilds with a size of 23,660 TEU and four newbuilds of different sizes of about 13,000 TEU. The total capacity of the newbuilds is around 336 TTEU. The first newbuild with a capacity of 13,312 TEU was placed into service in the third quarter, while another newbuild is planned to be received in the fourth quarter 2022. The remaining vessel deliveries are planned for the years 2023 and 2024.

In addition to the newbuilds owned by the Company, Hapag-Lloyd will also add five new vessels of different sizes of about 13,000 TEU to its fleet as long-term charters. Two of these newbuildings are planned to be taken over in the current financial year, while the remaining three charter vessels are scheduled for delivery in 2023.

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 36 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 nine months of the 2022 financial year, Hapag-Lloyd completed transport contracts for approximately 30,900 customers (9M 2021: approximately 30,100).

Employees

The Hapag-Lloyd Group employed 14,509 people as at 30 September 2022 (30 September 2021: 13,888). Of this total, 12,354 were shore-based employees (30 September 2021: 11,658), while 1,890 people were employed in the marine division (30 September 2021: 1,937). The number of shore-based employees therefore rose significantly by 696, an increase due to the expansion of the Global Service Center in India, the IT department and the takeover of DAL in the second quarter of 2022. Hapag-Lloyd also employed 265 apprentices as at 30 September 2022 (30 September 2021: 293).

Number of employees

	30.9.2022	31.12.2021	30.9.2021
Marine personnel	1,890	1,868	1,937
Shore-based personnel	12,354	11,997	11,658
Apprentices	265	241	293
Total	14,509	14,106	13,888

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' transport volumes.

Despite the rapid spread of the Omicron variant of COVID-19, the global economy got off to a good start in 2022 before the situation deteriorated significantly due to Russia's invasion of Ukraine at the end of February. A sharp rise in energy and commodity prices and an increase in supply shortages, due in part to suspended production in Ukraine and sanctions against Russia, have further increased inflationary pressure, with correspondingly negative effects on the global economy.

The economy of the People's Republic of China grew by 3.0% in the first nine months of 2022 (prior-year period: 9.8%). Economic growth and foreign trade were negatively impacted by the prolonged lockdowns of key economic centres. The main recipients of Chinese goods are the USA and Europe. The US economy grew by 2.6% (annualised) in the third quarter of 2022 compared to the previous quarter, after economic output had declined in the two previous quarters. Growth was driven by private consumption, rising government spending and higher exports. Imports and exports in the first eight months of 2022 increased significantly year-on-year, primarily due to the sharp rise in energy and raw material prices. Imports of goods from January to August 2022 increased by 20.1% compared with the previous year and exports by 21.9% (U.S. Department of Commerce, October 2022). The EU recorded economic growth of 2.4% year-on-year in the third quarter 2022 and growth of 0.2% compared to the second quarter 2022. In the first and second quarters of 2022, economic output still grew by 0.7% compared with the respective previous quarter. Exports of goods from the EU rose by 18.1% in the period January to August 2022 compared with the prior year period. Imports of goods increased even more significantly by 49.9%, although this was primarily due to a rise in energy imports of 154.0%, which in turn was caused by the jump in energy prices (Eurostat, October 2022).

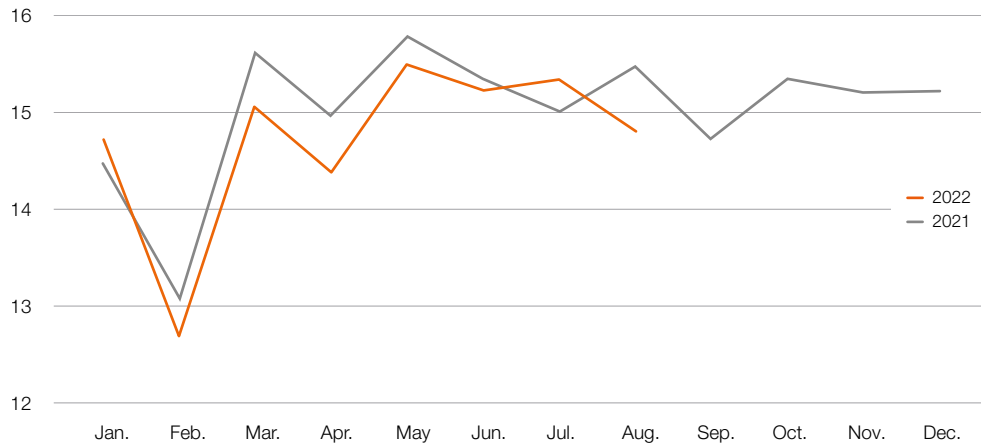
Energy prices were characterised by strong volatility and sharp increases as a result of the war in Ukraine and the resulting uncertainty on the international energy markets. For a time, the price of Brent Crude was more than USD 120 per barrel. With the economy slowing, however, the oil price decreased in the third quarter of 2022. As at 30 September 2022, the price of Brent Crude stood at USD 87.96 per barrel, an increase of 13.0% compared with USD 77.78 per barrel at the end of December 2021 (Platts Bunkerwire, Bloomberg).

Sector-specific conditions

Following the outbreak of the COVID-19 pandemic at the beginning of 2020, there was a brief but significant decline in global container transport volumes, followed by a strong recovery. In conjunction with regional COVID-19 restrictions, this has led to a noticeable disruption to global supply chains since the fourth quarter of 2020 at the latest that continued in the first nine months of 2022. However, the situation began to ease at the end of the third quarter. The backlogs at ports in Europe and the USA were reduced to some extent, although they continued to remain at a high level.

The global container transport volume in the period January to August 2022 was down 1.6% compared with the prior year period (CTS, October 2022). This was due to the strong figure in the previous year, the ongoing disruption to global supply chains and a beginning weakening of demand. Transport volumes on the Intra-Asia trade increased slightly year-on-year (+2.1%) and were stable on the Far East to North America trade (-0.2%). By contrast, the transport volume on the Far East to Europe trade decreased by 4.6%, while volumes from North America and Europe to the Far East fell sharply by -10.7% and -15.5%, respectively.

Monthly global container transport volumes (in million TEU)



Source: CTS, October 2022

The Shanghai Containerized Freight Index (SCFI), which tracks spot freight rates on the major trade routes from Shanghai, declined gradually in the first nine months of 2022 as a result of the weakening demand. With a value of USD 1,923/TEU at the end of September 2022, it was significantly lower than the previous year’s figure of USD 4,644/TEU. At the end of 2021, the index stood at USD 5,047/TEU, just short of its all-time high.

The share of idle vessels continued to be at a low level of 0.3 million TEU, or 1.0% of the global fleet (previous year: 0.7%) (Alphaliner Weekly, September 2022 and 2021). By comparison, the figure totalled around 2.7 million TEU (Alphaliner Weekly, June 2020) at the end of May 2020, which corresponded to 12% of the global fleet. This was due to the collapse in demand caused by the outbreak of the COVID-19 pandemic.

Based on figures from MDS Transmodal, a total of 126 container vessels with a transport capacity of approximately 731 TTEU were placed into service in the first nine months of 2022 (prior year period: 126 vessels with a transport capacity of approximately 838 TTEU). According to Clarksons, only one very small container vessel with a capacity of 136 TEU was scrapped in the same period (prior year period: approximately 12 TTEU).

In the first nine months of 2022, orders were placed for the construction of 293 container vessels with a transport capacity totalling 1.8 million TEU, significantly less than the 4.1 million TEU in the prior year period (Clarksons Research, October 2022). Compared with previous years, however, the volume of new orders remains at a high level. According to MDS Transmodal, the tonnage of the commissioned container vessels rose further to around 6.7 million TEU at the end of September 2022 as a result, up from around 5.4 million TEU in the previous year. This means that, although the order volume in proportion to the current global container fleet capacity is 26.5% and therefore at its highest level since 2011, it is still significantly below the peak of around 61% recorded in 2007.

The bunker price increased significantly in the first half of 2022. For a time, low-sulphur bunker fuel cost USD 900/t (MFO 0.5%, FOB Rotterdam). However, the bunker price fell gradually in the third quarter of 2022 to USD 587/t, which was almost the same as at the end of 2021 (USD 550/t).

GROUP EARNINGS, FINANCIAL AND NET ASSET POSITION

Group earnings position

In the first nine months of the 2022 financial year, continuing good demand for container transport was the main reason for the positive development of the sector. However, a difficult market environment prompted in particular by ongoing disruption to global supply chains resulted in operational challenges that were reflected in longer round voyage times for vessels and containers. Furthermore, commodity and energy costs increased significantly as a result of the Russia-Ukraine war.

Compared with the first nine months of 2021, the rise in the average freight rate (in USD/TEU) of 61.6% resulted in revenue growth of 78.1%, while the transport volume remained at the previous year's level. The stronger US dollar had a positive effect overall and also caused earnings to increase. The average USD/EUR exchange rate was USD 1.06/EUR in the first nine months of 2022, compared with USD 1.20/EUR in the corresponding prior year period. By contrast, an increase in the average bunker consumption price (+67.0%) and higher container handling expenses (+25.6%) adversely affected the operating result.

Hapag-Lloyd generated earnings before interest, taxes, depreciation and amortisation (EBITDA) of EUR 15,637.7 million in the reporting period (prior year period: EUR 6,822.3 million) and earnings before interest and taxes (EBIT) of EUR 14,223.1 million (prior year period: EUR 5,798.6 million). The Group profit came to EUR 13,773.7 million (prior year period: EUR 5,562.0 million).

Consolidated income statement

million EUR	Q3 2022	Q3 2021	9M 2022	9M 2021
Revenue	9,741.2	6,244.7	26,711.3	14,998.1
Transport expenses	3,770.0	2,675.3	10,148.1	7,434.2
Personnel expenses	222.5	175.0	649.5	532.3
Depreciation, amortisation and impairment	479.3	399.5	1,414.6	1,023.7
Other operating result	-122.7	-95.7	-357.2	-227.4
Operating result	5,146.7	2,899.3	14,141.9	5,780.6
Share of profit of equity-accounted investees	12.1	6.5	81.1	18.3
Result from investments	-3.8	-0.4	0.2	-0.3
Earnings before interest and tax (EBIT)	5,154.9	2,905.4	14,223.1	5,798.6
Interest result and other financial result	8.4	-53.6	-76.6	-196.8
Other financial items	-4.1	1.3	-295.7	-0.6
Income taxes	39.6	15.5	77.0	39.2
Group profit/loss	5,119.6	2,837.6	13,773.7	5,562.0
thereof profit/loss attributable to shareholders of Hapag-Lloyd AG	5,115.7	2,834.9	13,761.7	5,554.3
thereof profit/loss attributable to non-controlling interests	3.9	2.7	12.0	7.7
Basic/diluted earnings per share (in EUR)	29.11	16.13	78.30	31.60
EBITDA	5,634.2	3,304.9	15,637.7	6,822.3
EBITDA margin (%)	57.8	52.9	58.5	45.5
EBIT	5,154.9	2,905.4	14,223.1	5,798.6
EBIT margin (%)	52.9	46.5	53.2	38.7

Transport volume per trade

TTEU	Q3 2022	Q3 2021	9M 2022	9M 2021
Atlantic	523	536	1,575	1,584
Transpacific	462	456	1,324	1,355
Far East	556	558	1,730	1,739
Middle East	370	378	1,171	1,162
Intra-Asia	157	130	468	460
Latin America	714	755	2,199	2,290
Africa	193	164	519	390
Total	2,975	2,976	8,987	8,980

The transport volume of 8,987 TTEU in the first nine months of 2022 remained at the previous year's level (prior year period: 8,980 TTEU) (+0.1%).

The increase in the transport volume on the Africa trade resulted primarily from the expansion of Hapag-Lloyd's market presence there since the middle of 2021, in particular following the integration of the container shipping company NileDutch and the acquisition of the container liner shipping business of Deutsche Afrika-Linien GmbH & Co. KG (DAL).

The lower transport volume on the Latin America trade was essentially due to the optimised repositioning of containers to other trades. On the Transpacific trade, a difficult market environment characterised by the congestion of local port infrastructure and the resulting delays and suspension of container handling led to a decline in the transport volume, despite high demand for container transport.

Freight rates per trade

USD/TEU	Q3 2022	Q3 2021	9M 2022	9M 2021
Atlantic	3,260	2,039	2,874	1,646
Transpacific	4,299	3,122	4,036	2,444
Far East	3,318	2,844	3,275	2,300
Middle East	2,184	1,602	2,193	1,353
Intra-Asia	2,020	1,381	2,005	1,161
Latin America	2,898	1,870	2,739	1,566
Africa	2,636	2,150	2,579	1,847
Total (weighted average)	3,106	2,234	2,938	1,818

The average freight rate in the first nine months of the 2022 financial year was USD 2,938/TEU, which was USD 1,120/TEU, or 61.6%, up on the prior year period (USD 1,818/TEU).

The continuing increase in the freight rate was primarily due to ongoing good demand for container transport alongside a simultaneous scarcity of transport capacities in an overstrained market environment.

Revenue per trade

million EUR	Q3 2022	Q3 2021	9M 2022	9M 2021
Atlantic	1,671.5	922.6	4,251.0	2,178.6
Transpacific	1,949.8	1,200.5	5,016.7	2,767.1
Far East	1,829.5	1,341.2	5,321.3	3,343.1
Middle East	802.8	511.9	2,413.1	1,314.0
Intra-Asia	313.3	152.7	881.2	446.4
Latin America	2,041.0	1,192.5	5,659.2	2,996.5
Africa	498.8	296.4	1,257.4	602.4
Revenue not assigned to trades	634.6	627.1	1,911.4	1,349.9
Total	9,741.2	6,244.7	26,711.3	14,998.1

The Hapag-Lloyd Group's revenue rose by EUR 11,713.2 million to EUR 26,711.3 million in the first nine months of the 2022 financial year (prior year period: EUR 14,998.1 million), representing an increase of 78.1%. The main reason for this was the rise in the average freight rate of 61.6% compared with the previous year. The strengthening of the US dollar against the euro also caused revenue to increase. Adjusted for exchange rate movements, revenue would have risen by EUR 9.9 billion, or 58.5%.

The item for revenue not assigned to trades mainly comprises income from demurrage and detention for containers, as well as income from charter rents and compensation payments for shipping space. At the same time, revenue for pending voyages already generated is recognised under revenue not assigned to trades.

Operating expenses

million EUR	Q3 2022	Q3 2021	9M 2022	9M 2021
Transport expenses	3,770.0	2,675.3	10,148.1	7,434.2
thereof				
Transport expenses for completed voyages	3,814.5	2,669.7	10,195.6	7,420.0
Bunker	904.7	456.6	2,272.1	1,181.9
Handling and haulage	1,784.9	1,393.7	4,958.5	3,946.3
Equipment and repositioning ¹	441.0	315.7	1,158.3	880.4
Vessels and voyages (excluding bunker) ¹	683.9	503.7	1,806.7	1,411.4
Transport expenses for pending voyages ²	-44.4	5.5	-47.5	14.2
Personnel expenses	222.5	175.0	649.5	532.3
Depreciation, amortisation and impairments	479.3	399.5	1,414.6	1,023.7
Other operating result	-122.7	-95.7	-357.2	-227.4
Total operating expenses	4,594.5	3,345.4	12,569.4	9,217.5

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 2,713.9 million in the first nine months of 2022 to EUR 10,148.1 million (prior year period: EUR 7,434.2 million). This represents an increase of 36.5%, which was primarily due to the higher average bunker consumption price compared with the previous year and the rise in container handling expenses. In addition, the stronger US dollar against the euro contributed to the increase in transport expenses. Adjusted for exchange rate movements, transport expenses would have risen by EUR 1.8 billion, or 21.5%.

In the first nine months of the 2022 financial year, the average bunker consumption price for Hapag-Lloyd was USD 755/t, up USD 303/t (+67.0%) on the figure of USD 452/t for the prior year period. This led to an increase in fuel expenses of EUR 1,090.2 million to EUR 2,272.1 million (prior year period: EUR 1,181.9 million).

Container handling expenses rose by EUR 1,012.2 million in the first nine months of the reporting year to EUR 4,958.5 million (prior year period: EUR 3,946.3 million). This essentially resulted from increased demurrage and detention for containers due to partial congestion of port and hinterland infrastructure. In addition, a rise in expenses for hinterland transport of containers, mainly by feeder vessels and trucks, contributed to the increase.

Container and repositioning expenses increased year-on-year due to higher expenses for demurrage and detention for empty containers at port terminals and for repositioning them.

The increase in expenses for vessels and voyages (excluding fuel) resulted primarily from the rise in the percentage of vessels chartered in on a medium-term basis and the resulting operating expenses (non-leasing components) as well as from the increased expenses for container slot charter costs on third-party vessels.

Personnel expenses rose by EUR 117.1 million to EUR 649.5 million in the first nine months of the 2022 financial year (prior year period: EUR 532.3 million). The increase was mainly attributable to the structural adjustment to the bonus system at the end of the 2021 financial year and the higher number of employees within the Hapag-Lloyd Group. The strengthening of the US dollar against the euro also caused expenses to increase.

In the first nine months of the 2022 financial year, there was a year-on-year rise in depreciation and amortisation of EUR 391.0 million to EUR 1,414.6 million (prior year period: EUR 1,023.7 million). This increase was primarily due to the year-on-year rise in the percentage of vessels 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 and containers) led to amortisation of EUR 741.6 million (prior year period: EUR 489.7 million). The stronger US dollar compared with the euro also led to a rise in depreciation and amortisation.

The other operating result of EUR –357.2 million (prior year period: EUR –227.4 million) comprised the net balance of other operating income and expenses. Other operating expenses totalled EUR 433.4 million for the first nine months of the 2022 financial year (prior year period: expenses of EUR 274.9 million). This mainly included IT expenses (EUR 177.3 million; prior year period: EUR 144.7 million), consultancy fees (EUR 54.8 million; prior year period: EUR 23.5 million), office and administrative costs (EUR 27.3 million; prior year period: EUR 19.7 million) and expenses for allowances for doubtful accounts (EUR 18.6 million; prior year period: EUR 8.5 million). Other operating income totalled EUR 76.2 million for the first nine months of the 2022 financial year (prior year period: EUR 47.5 million).

Share of profit of equity-accounted investees

The Notes to the share of profit of equity-accounted investees can be found in the section “Share of profit of equity-accounted investees” in the condensed interim consolidated financial statements.

Key earnings figures

million EUR	Q3 2022	Q3 2021	9M 2022	9M 2021
Revenue	9,741.2	6,244.7	26,711.3	14,998.1
EBIT	5,154.9	2,905.4	14,223.1	5,798.6
EBITDA	5,634.2	3,304.9	15,637.7	6,822.3
EBIT margin (%)	52.9	46.5	53.2	38.7
EBITDA margin (%)	57.8	52.9	58.5	45.5
Basic earnings per share (in EUR)	29.11	16.13	78.30	31.60
Return on invested capital (ROIC) annualised (%) ¹	121.5	89.2	117.7	59.6

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

Interest result and other financial result

The interest result and other financial result in the first nine months of the 2022 financial year was EUR –76.6 million (prior year period: EUR –196.8 million). On the one hand, interest income increased year-on-year, primarily as a result of the significant expansion of money market transactions. On the other hand, interest expenses fell year-on-year, mainly due to the refinancing of the EUR bond in the 2021 financial year. In addition, other financial income rose as a result of the investments in money market funds undertaken for the first time in the reporting year.

Other financial items

The result for other financial items in the first nine months of the 2022 financial year was EUR –295.7 million (prior year period: EUR –0.6 million). The main reasons for this change were the realisation of the currency forward contracts for the euro dividend paid in May 2022 and the realised foreign currency losses from the corresponding dividend payment.

Group profit

A Group profit of EUR 13,773.7 million was achieved in the first nine months of the 2022 financial year (prior year period: EUR 5,562.0 million).

Group financial position

Condensed statement of cash flows

million EUR	Q3 2022	Q3 2021	9M 2022	9M 2021
Cash flow from operating activities	5,663.5	2,996.2	14,973.6	6,243.9
Cash flow from investing activities	–921.6	–278.3	–1,591.1	–729.5
Free cash flow	4,741.9	2,718.0	13,382.6	5,514.4
Cash flow from financing activities	–434.3	–371.7	–7,722.3	–1,872.8
Changes in cash and cash equivalents	4,307.6	2,346.2	5,660.3	3,641.6

Cash flow from operating activities

Hapag-Lloyd generated an operating cash flow of EUR 14,973.6 million in the first nine months of the 2022 financial year (prior year period: EUR 6,243.9 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 nine months of the 2022 financial year, the cash outflow from investing activities totalled EUR 1,591.1 million (prior year period: EUR 729.5 million). This primarily included payments for investments of EUR 839.6 million (prior year period: EUR 741.2 million) in vessels, vessel equipment and new containers. The payments for containers acquired in the previous year included in the investment amount were EUR 194.8 million (prior year period: EUR 21.8 million). For time deposits with a maturity of more than three months, cash and cash equivalents of EUR 737.3 million were used (prior year period: EUR 0.0 million). Already in the first half of the year 2022 a total of EUR 115.2 million had been paid for the acquisition of the container liner shipping business of Deutsche Afrika-Linien GmbH & Co. KG and the acquisition of shares in the joint venture EUROGATE Container Terminal Wilhelmshaven GmbH & Co. KG.

Cash flow from financing activities

Financing activities resulted in a net cash outflow of EUR 7,722.3 million in the first nine months of the financial year (prior year period: EUR 1,872.8 million). The cash outflow essentially resulted from the dividend payment to the shareholders of Hapag-Lloyd AG in the amount of EUR 6,151.6 million (prior year period: EUR 615.2 million). The interest and redemption payments from lease liabilities in accordance with IFRS 16 totalled EUR 850.0 million (prior year period: EUR 523.9 million). In the first nine months of the financial year, EUR 426.4 million was paid for the interest and redemption payments for vessel and container financing (prior year period: EUR 798.3 million). Furthermore, payments were made for hedging transactions of financial debts and dividend payments in the amount of EUR 280.1 million (prior year period: EUR 19.6 million).

Developments in cash and cash equivalents

million EUR	Q3 2022	Q3 2021	9M 2022	9M 2021
Cash and cash equivalents at beginning of period	10,000.4	2,011.1	7,723.4	681.3
Changes due to exchange rate fluctuations	828.6	118.2	1,752.9	152.7
Net changes	4,307.6	2,346.3	5,660.3	3,641.6
Cash and cash equivalents at end of period	15,136.6	4,475.6	15,136.6	4,475.6

Overall, cash inflow totalled EUR 5,660.3 million in the first nine months of the 2022 financial year. After accounting for exchange rate-related effects in the amount of EUR 1,752.9 million, cash and cash equivalents of EUR 15,136.6 million were reported at the end of the reporting period on 30 September 2022 (30 September 2021: EUR 4,475.6 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 743.4 million (30 September 2021: EUR 505.3 million). The liquidity reserve (consisting of cash, cash equivalents and unused credit lines) therefore totalled EUR 15,880.0 million (30 September 2021: EUR 4,980.9 million).

Financial solidity

million EUR	30.9.2022	31.12.2021
Financial debt and lease liabilities	6,198.0	5,497.2
Cash and cash equivalents	15,136.6	7,723.4
Time deposits (other assets)	804.9	–
Net liquidity¹	9,743.6	2,226.3
Unused credit lines	743.4	516.9
Equity ratio (%)	69.3	60.5

¹ Cash and cash equivalents plus time deposits (other assets) less financial debt and lease liabilities

The Group’s net liquidity amounted to EUR 9,743.6 million as at 30 September 2022. This was a rise of EUR 7,517.3 million compared to net liquidity as at 31 December 2021. The improvement was primarily due to a positive operating cash flow. This contrasted with the dividend payment to the shareholders of HLAG, which was recognised in the cash flow from financing activities.

The equity ratio increased by 8.8 percentage points, from 60.5% as at 31 December 2021 to 69.3%. Equity was up by EUR 11,076.4 million compared with 31 December 2021 and came to EUR 27,238.4 million as at 30 September 2022. A detailed overview of the change in equity can be found in the consolidated statement of changes in equity in the interim consolidated financial statements.

Group net asset position

Changes in the asset structure

million EUR	30.9.2022	31.12.2021
Assets		
Non-current assets	18,213.2	15,284.0
of which fixed assets	18,090.1	15,204.5
Current assets	21,073.3	11,430.5
of which cash and cash equivalents	15,136.6	7,723.4
Total assets	39,286.5	26,714.5
Equity and liabilities		
Equity	27,238.4	16,162.0
Borrowed capital	12,048.1	10,552.5
of which non-current liabilities	4,868.8	4,594.2
of which current liabilities	7,179.3	5,958.3
of which financial debt and lease liabilities	6,198.0	5,497.2
of which non-current financial debt and lease liabilities	4,595.8	4,138.5
of which current financial debt and lease liabilities	1,602.1	1,358.6
Total equity and liabilities	39,286.5	26,714.5
Net liquidity	9,743.6	2,226.3
Equity ratio (%)	69.3	60.5

As at 30 September 2022, the Group's statement of financial position total was EUR 39,286.5 million, which is EUR 12,572.0 million higher than the figure at year-end 2021. The reasons for this change primarily included the increase in cash and cash equivalents, the rise in fixed assets and other current assets, price-related increases in receivables and the higher equity. The USD/EUR exchange rate was quoted at 0.98 on 30 September 2022 (31 December 2021: 1.13).

Within non-current assets, the carrying amounts of fixed assets increased by a total of EUR 2,885.6 million to EUR 18,090.1 million (31 December 2021: EUR 15,204.5 million). This rise was essentially due to exchange rate effects as at the reporting date in the amount of EUR 2,416.6 million (prior year period: EUR 765.4 million), newly received and extended rights of use for lease assets in the amount of EUR 1,049.3 million (prior year period: EUR 1,034.4 million) and investments in vessels, vessel equipment and containers in the amount of EUR 818.5 million (prior year period: EUR 860.8 million). Depreciation and amortisation of EUR 1,417.1 million had an opposite effect (prior year period: EUR 1,034.9 million) on fixed assets. This includes an amount of EUR 741.6 million (prior year period: EUR 489.7 million) for the amortisation of capitalised rights of use relating to lease assets.

The increase in other current assets resulted primarily from time deposit investments with a nominal value of USD 785.0 million with a remaining term of more than three months as at 30 September 2022. As of reporting date, this corresponds to EUR 804.9 million.

Cash and cash equivalents increased by EUR 7,413.2 million to EUR 15,136.6 million compared to the end of 2021 (EUR 7,723.4 million) primarily as a result of the positive operating cash flow.

On the liabilities side, equity (including non-controlling interests) grew by EUR 11,076.4 million to a total of EUR 27,238.4 million. This increase was mainly due to the Group profit of EUR 13,773.7 million (prior year period: EUR 5,562.0 million) recognised in retained earnings and the unrealised gains from currency translation of EUR 3,248.1 million (prior year period: EUR 552.5 million) recognised in other comprehensive income. The dividend paid from the previous year's retained earnings in the amount of EUR 35.00 (previous year: EUR 3.50) per dividend-eligible individual share, i.e. EUR 6,151.6 million (previous year: EUR 615.2 million) in total, had an offsetting effect. The equity ratio was 69.3% as at 30 September of the current year (31 December 2021: 60.5%).

The Group's borrowed capital rose by EUR 1,495.6 million in comparison to the 2021 consolidated financial statements. Within borrowed capital, financial debt and lease liabilities increased by a total of EUR 700.8 million. This rise was essentially due to newly acquired or extended rights of use for lease assets in the amount of EUR 1,042.8 million (prior year period: EUR 1,024.6 million) as well as exchange rate effects as at the reporting date in the amount of EUR 835.2 million (prior year period: EUR 287.9 million). This increase was partially offset by redemption payments for financial debt and lease liabilities totalling EUR 1,146.1 million (prior year period: EUR 1,544.3 million).

While trade accounts payable also contributed to the increase in borrowed capital, long-term pension provisions fell by EUR 157.5 million due to the higher discount rate.

Taking cash and cash equivalents, time deposits with a maturity of more than three months included in other assets, financial debt and lease liabilities into account, net liquidity as at 30 September 2022 was EUR 9,743.6 million (31 December 2021: EUR 2,226.3 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 the business developments

The first nine months of the 2022 financial year were dominated by ongoing disruption to global supply chains. Although this resulted in a year-on-year increase in average freight rates, leading to a significantly positive result for the Hapag-Lloyd Group, the rise in container handling expenses put pressure on the Group profit. In addition, the Russia-Ukraine war had an adverse impact on general economic developments. The effects on the commodity and energy sector in particular led to a considerable increase in the average bunker consumption price and the associated expenses at Hapag-Lloyd.

Despite the good financial business performance in the first nine months of the 2022 financial year, the Executive Board assesses the market environment for the remainder of 2022, with weakening demand for container transportation globally, as challenging and highly uncertain.

OUTLOOK, RISK AND OPPORTUNITY REPORT

Outlook

General economic outlook

The general economic conditions that are important for container shipping have increasingly deteriorated since the start of 2022. Factors restricting growth include high inflation, the war in Ukraine, a tightening of monetary policy by many central banks and the ongoing COVID-19 pandemic.

In its October report, the IMF predicts that the global economy will grow by 3.2% in 2022, 1.2 percentage points less than forecast in January 2022. International trade in goods and services is expected to grow by 4.3% in 2022 (1.7 percentage points less than forecast in January 2022).

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

in %	2023e	2022e	2021	2020	2019
Global economic growth	2.7	3.2	6.0	-3.0	2.8
Industrialised countries	1.1	2.4	5.2	-4.4	1.7
Developing and newly industrialised countries	3.7	3.7	6.6	-1.9	3.6
World trade volume (goods and services)	2.5	4.3	10.1	-7.8	0.9

Source: IMF World Economic Outlook, October 2022

Sector-specific outlook

The global economic slowdown is also reflected in the weaker growth of worldwide container transport. While the transport volume in the first half of 2022 was negatively affected by the disruption to global supply chains, demand began to increasingly weaken at the start of the second half. Seabury revised its forecasts downwards as a result. The global container transport volume is now expected to grow in 2022 and 2023 by 1.1% and 3.2% respectively (December 2021 forecast: 3.0% and 4.0% respectively). In 2021, volume grew by 7.1%, due also to a weak base in the previous year as a result of the pandemic (CTS October 2022).

Development of container transport volume

	2023e	2022e	2021	2020	2019
Growth rate in %	3.2	1.1	7.1	-1.3	2.0

Sources: CTS (October 2022) for 2019–2021, Seabury (August 2022) for 2022 and 2023

The strong demand for transport combined with a shortage of available vessels has resulted in a noticeable increase in vessel orders since the fourth quarter of 2020. According to MDS Transmodal, the tonnage of the commissioned container vessels rose further to around 6.7 million TEU at the end of September 2022, up from around 5.4 million TEU in the previous year. This means that, although the order volume in proportion to the current global container fleet capacity is 26.5% and therefore at its highest level since 2011, it is still significantly below the peak of around 61% recorded in 2007.

For the 2022 financial year, Drewry expects the globally available container vessel fleet to grow by 0.8 million TEU, or 3.3%. Vessels with a total volume of 2.6 million TEU are scheduled for delivery in 2023. However, Drewry believes that customers will attempt to postpone a large share of these deliveries due to the deteriorating market conditions. Combined with a significant rise in scrappings, Drewry expects capacity growth to be just 1.0 million TEU, or 3.8%, in 2023 and therefore at the same level as in the previous years.

Expected development of global container fleet capacity

million TEU	2023e	2022e	2021	2020	2019
Existing fleet (beginning of the year)	25.5	24.7	23.6	23.0	22.1
Planned deliveries	2.6	1.0	1.2	1.1	1.1
Expected scrappings	0.6	0.0	0.0	0.2	0.2
Postponed deliveries and other changes	1.0	0.1	0.1	0.3	0.1
Net capacity growth	1.0	0.8	1.1	0.7	0.9
Net capacity growth (in %)	3.8	3.3	4.5	3.0	4.0

Source: Drewry Container Forecaster Q3 2022. 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 a strong financial performance in the first nine months of 2022, which was within the expectations as adjusted in July 2022. Based on current business performance, the fourth quarter should also meet previous expectations. The Executive Board of Hapag-Lloyd AG therefore continues to expect Group EBITDA in the range of USD 19.5 to 21.5 billion and Group EBIT in the range of USD 17.5 to 19.5 billion for 2022. In euros, this corresponds to Group EBITDA in the range of EUR 18.2 to 20.1 billion and Group EBIT in the range of EUR 16.3 to 18.2 billion.

The earnings outlook for the 2022 financial year is based in particular on the assumptions that the transport volume will remain at the previous year's level (previously: increasing slightly) while the average freight rate will increase significantly compared to the previous year. At the same time, a further increase in transport expenses is anticipated. In particular, the average bunker consumption price is expected to increase clearly. The earnings outlook assumes an average exchange rate of USD 1.07/EUR. Owing to the war in Ukraine, ongoing disruptions in the global supply chain and the effects of the COVID-19 pandemic, the forecast is subject to considerable uncertainties.

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 2022 financial year, which are currently not expected but cannot be ruled out.

	Actual 2021	Original Forecast 2022 (from 10 March 2022)	Amended Forecast 2022
Global economic growth (IMF, October 2022)	6.0%	4.4%	3.2%
Increase in global trade (IMF, October 2022)	10.1%	6.0%	4.3%
Increase in global container transport volume (CTS, October 2022; Seabury, August 2022)	7.1%	3.0%	1.1%
Transport volume, Hapag-Lloyd	11.9 million TEU	Increasing slightly	On previous year's level ¹
Average bunker consumption prices, Hapag-Lloyd	USD 475/t	Increasing clearly	Increasing clearly
Average freight rate, Hapag-Lloyd	USD 2,003/TEU	Increasing moderately	Increasing clearly
EBITDA (earnings before interest, taxes, depreciation and amortisation), Hapag-Lloyd	EUR 10.9 billion	EUR 10.7 – 12.4 billion	EUR 18.2 – 20.1 billion
EBIT (earnings before interest and taxes), Hapag-Lloyd	EUR 9.4 billion	EUR 8.9 – 10.7 billion	EUR 16.3 – 18.2 billion

¹ In the adjustment of the outlook on 28 July, a "slight increase" in transport volumes was still anticipated.

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. These and other risks and opportunities are described in detail in the risk and opportunity report in the combined management report of the 2021 annual report. Discrepancies are presented below in the risk and opportunity report of this quarterly 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

The significant opportunities and risks and an assessment of these are detailed in the 2021 annual report. The assessment of the risks and opportunities detailed for the 2022 financial year has changed as follows.

Against the background of the Russia-Ukraine war and the uncertainty regarding its further development, including the extent of sanctions and embargoes and their direct impact on supply chains and industrial production, it is not possible to make a conclusive assessment of potential consequences either in terms of their extent or with regard to their duration.

Considering the transport volumes already contracted and the available transport capacities for the rest of the financial year, the negative effects on the financial and earnings position due to a fluctuation in transport volumes are now classified as bearable.

The negative effects on the financial and earnings position as a result of a fluctuation in the average freight rate are now classified as severe against the background of the incipient weakening demand. The classification of the probability of occurrence from the second quarter 2022 as medium remains unchanged due to the already advanced financial year and partly already concluded rate agreements for the fourth quarter.

Due to the commodity price level factored into the forecast as well as the consumption volumes expected for the rest of the financial year, the negative effects of a rise in the bunker consumption price on the financial and earnings situation for this risk are now, based on the forecast assumptions, classified as bearable and the probability of occurrence as low. As such, the assessment from the second quarter of 2022 remains unchanged.

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	Medium	Bearable
Fluctuation in average freight rate	Medium	Severe
Bunker consumption price fluctuation	Low	Bearable
Information technology & security – cyberattack	Medium	Severe
Risks from capacity bottlenecks at ports and in regional logistics chains	Medium	Bearable

At the time of reporting on the first nine months of 2022, 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 2022

million EUR	Q3 2022	Q3 2021	9M 2022	9M 2021
Revenue	9,741.2	6,244.7	26,711.3	14,998.1
Transport expenses	3,770.0	2,675.3	10,148.1	7,434.2
Personnel expenses	222.5	175.0	649.5	532.3
Depreciation, amortisation and impairment	479.3	399.5	1,414.6	1,023.7
Other operating result	-122.7	-95.7	-357.2	-227.4
Operating result	5,146.7	2,899.3	14,141.9	5,780.6
Share of profit of equity-accounted investees	12.1	6.5	81.1	18.3
Result from investments	-3.8	-0.4	0.2	-0.3
Earnings before interest and taxes (EBIT)	5,154.9	2,905.4	14,223.1	5,798.6
Interest income and other finance income	70.1	2.5	93.1	8.4
Interest expenses and other finance expenses	61.7	56.2	169.7	205.2
Other financial items	-4.1	1.3	-295.7	-0.6
Earnings before taxes	5,159.2	2,853.1	13,850.8	5,601.3
Income taxes	39.6	15.5	77.0	39.2
Group profit/loss	5,119.6	2,837.6	13,773.7	5,562.0
thereof attributable to shareholders of Hapag-Lloyd AG	5,115.7	2,834.9	13,761.7	5,554.3
thereof attributable to non-controlling interests	3.9	2.7	12.0	7.7
Basic/diluted earnings per share (in EUR)	29.11	16.13	78.30	31.60

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
of Hapag-Lloyd AG for the period 1 January to 30 September 2022

million EUR	Q3 2022	Q3 2021	9M 2022	9M 2021
Group profit/loss	5,119.6	2,837.6	13,773.7	5,562.0
Items which will not be reclassified to profit and loss:				
Remeasurements from defined benefit plans after tax	33.3	7.4	169.3	36.6
Remeasurements from defined benefit plans before tax	33.1	9.1	168.9	38.1
Tax effect	0.2	-1.7	0.5	-1.5
Currency translation differences (no tax effect)	1,533.8	316.9	3,248.1	552.5
Items which may be reclassified to profit and loss:				
Cash flow hedges (no tax effect)	13.5	3.1	44.2	22.2
Effective share of the changes in fair value	-9.6	-9.2	-11.7	-3.7
Reclassification to profit or loss	20.9	12.5	52.2	26.5
Currency translation differences	2.2	-0.2	3.7	-0.6
Cost of hedging (no tax effect)	-1.3	0.1	3.1	-0.9
Changes in fair value	-2.4	-0.7	-	-3.2
Reclassification to profit or loss	1.0	0.8	2.7	2.4
Currency translation differences	0.1	-	0.4	-0.1
Other comprehensive income after tax	1,579.3	327.5	3,464.7	610.4
Total comprehensive income	6,698.9	3,165.0	17,238.4	6,172.5
thereof attributable to shareholders of Hapag-Lloyd AG	6,693.8	3,162.2	17,224.1	6,164.2
thereof attributable to non-controlling interests	5.1	2.9	14.3	8.3

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
of Hapag-Lloyd AG as at 30 September 2022

Assets

million EUR	30.9.2022	31.12.2021
Goodwill	1,873.7	1,597.2
Other intangible assets	1,709.3	1,510.1
Property, plant and equipment	14,177.9	11,764.8
Investments in equity-accounted investees	329.3	332.4
Other assets	44.1	35.6
Derivative financial instruments	43.1	12.5
Income tax receivables	6.7	5.4
Deferred tax assets	29.2	26.0
Non-current assets	18,213.2	15,284.0
Inventories	568.4	337.2
Trade accounts receivable	4,065.2	2,999.2
Other assets	1,279.4	353.6
Derivative financial instruments	2.8	0.3
Income tax receivables	20.9	16.8
Cash and cash equivalents	15,136.6	7,723.4
Current assets	21,073.3	11,430.5
Total assets	39,286.5	26,714.5

Equity and liabilities

million EUR	30.9.2022	31.12.2021
Subscribed capital	175.8	175.8
Capital reserves	2,637.4	2,637.4
Retained earnings	20,215.1	12,608.8
Cumulative other equity	4,189.5	727.1
Equity attributable to shareholders of Hapag-Lloyd AG	27,217.8	16,149.1
Non-controlling interests	20.7	12.9
Equity	27,238.4	16,162.0
Provisions for pensions and similar obligations	153.6	311.1
Other provisions	99.3	101.3
Financial debt	2,580.5	2,572.1
Lease liabilities	2,015.3	1,566.4
Other liabilities	2.3	3.3
Derivative financial instruments	–	25.9
Deferred tax liabilities	17.7	14.1
Non-current liabilities	4,868.8	4,594.2
Provisions for pensions and similar obligations	10.9	9.5
Other provisions	761.1	598.6
Income tax liabilities	84.6	49.6
Financial debt	567.8	502.0
Lease liabilities	1,034.3	856.7
Trade accounts payable	2,881.3	2,323.9
Contract liabilities	1,503.6	1,445.8
Other liabilities	268.0	171.1
Derivative financial instruments	67.7	1.2
Current liabilities	7,179.3	5,958.3
Total equity and liabilities	39,286.5	26,714.5

CONSOLIDATED STATEMENT OF CASH FLOWS**of Hapag-Lloyd AG for the period 1 January to 30 September 2022**

million EUR	Q3 2022	Q3 2021	9M 2022	9M 2021
Group profit/loss	5,119.6	2,837.6	13,773.7	5,562.0
Income tax expenses (+)/income (-)	39.6	15.5	77.0	39.2
Other financial items	4.1	-1.3	295.7	0.6
Net interest and other financial result	-8.4	53.6	76.6	196.8
Depreciation, amortisation and impairment (+)/write-backs (-)	479.3	399.5	1,414.6	1,023.7
Profit (-)/loss (+) from disposals of non-current assets	-19.4	-4.4	-49.5	-7.0
Income (-)/expenses (+) from equity accounted investees and dividends from other investments	-12.0	-6.5	-81.2	-18.4
Other non-cash expenses (+)/income (-)	-18.3	-5.3	-57.0	-26.8
Increase (-)/decrease (+) in inventories	37.3	-15.4	-160.5	-115.5
Increase (-)/decrease (+) in receivables and other assets	100.9	-566.4	-552.8	-1,203.9
Increase (+)/decrease (-) in provisions	79.7	45.7	60.4	87.6
Increase (+)/decrease (-) in liabilities (excl. financial debt)	-191.3	238.3	124.0	707.9
Payments received from (+)/made for (-) income taxes	-1.6	4.3	-18.3	-4.7
Payments received for interest	54.1	1.1	70.9	2.4
Cash inflow (+)/outflow (-) from operating activities	5,663.5	2,996.2	14,973.6	6,243.9
Payments received from disposals of property, plant and equipment and intangible assets	28.6	6.1	73.9	11.9
Payments received from the disposal of other investments	-	-	-	1.3
Payments received from dividends	35.1	24.7	35.1	24.9
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	-248.0	-266.6	-839.6	-741.2
Payments made for investment in financial assets	-	-	-8.0	-0.9
Payments received for the redemption of issued loans	-	0.1	-	10.5
Net cash Inflow (+)/outflow (-) from acquisition	-	-69.7	-166.0	-69.7
Net cash Inflow (+)/outflow (-) from the acquisition of shares in joint ventures	-	-	50.8	-
Payments made for the acquisition of financial assets and financial assets held for investment	-737.3	-	-737.3	-
Cash inflow (+)/outflow (-) from investing activities	-921.6	-278.3	-1,591.1	-729.5

million EUR	Q3 2022	Q3 2021	9M 2022	9M 2021
Payments made for dividends ¹	-1.7	-3.4	-6,162.0	-631.4
Payments received from raising financial debt	15.6	27.7	15.6	497.7
Payments made for the redemption of financial debt	-102.5	-153.0	-358.3	-1,073.2
Payments made for the redemption of lease liabilities	-280.0	-188.9	-787.8	-471.1
Payments made for leasehold improvements	-	-	-	-0.3
Payments made for interest and fees	-53.8	-49.2	-149.6	-174.5
Payments received (+) and made (-) from hedges for financial debt and payments of dividends	-11.8	-4.4	-280.1	-19.6
Cash inflow (+)/outflow (-) from financing activities	-434.3	-371.7	-7,722.3	-1,872.8
Net change in cash and cash equivalents	4,307.6	2,346.2	5,660.3	3,641.6
Cash and cash equivalents at beginning of period	10,000.4	2,011.1	7,723.4	681.3
Change in cash and cash equivalents due to exchange rate fluctuations	828.6	118.2	1,752.9	152.7
Net change in cash and cash equivalents	4,307.6	2,346.2	5,660.3	3,641.6
Cash and cash equivalents at end of period	15,136.6	4,475.6	15,136.6	4,475.6

¹ of which paid to the shareholders of Hapag-Lloyd AG in Q2 2022 EUR 6,151.6 million (previous year: EUR 615.2 million)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
of Hapag-Lloyd AG for the period 1 January to 30 September 2022

million EUR	Equity attributable to shareholders		
	Subscribed capital	Capital reserves	Retained earnings
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
As at 1.1.2022	175.8	2,637.4	12,608.8
Total comprehensive income	-	-	13,761.7
thereof			
Group profit/loss	-	-	13,761.7
Other comprehensive income	-	-	-
Transactions with shareholders	-	-	-6,155.4
thereof			
Distribution to shareholders	-	-	-6,151.6
Distribution to non-controlling interests	-	-	-3.8
As at 30.9.2022	175.8	2,637.4	20,215.1

of Hapag-Lloyd AG

Remeasurements 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
-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
-149.6	-0.1	0.6	876.7	-0.5	727.1	16,149.1	12.9	16,162.0
169.3	44.2	3.1	3,245.8	-	3,462.4	17,224.1	14.3	17,238.4
-	-	-	-	-	-	13,761.7	12.0	13,773.7
169.3	44.2	3.1	3,245.8	-	3,462.4	3,462.4	2.3	3,464.7
-	-	-	-	-	-	-6,155.4	-6.5	-6,162.0
-	-	-	-	-	-	-6,151.6	-	-6,151.6
-	-	-	-	-	-	-3.8	-6.5	-10.4
19.7	44.0	3.7	4,122.5	-0.5	4,189.5	27,217.8	20.7	27,238.4

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 2022 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 2022, the Executive Board approved the condensed interim consolidated financial statements for publication.

Effects of Russia-Ukraine war

As a result of the war started by Russia against Ukraine in February 2022, the underlying geopolitical and economic conditions have changed. However, the direct effects of the Russia-Ukraine war had only an insignificant impact on the Hapag-Lloyd Group's business operations in the first nine months of the reporting year, with the exception of the average bunker consumption price.

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 2022 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 2022 were applied during the preparation of the interim consolidated financial statements. The standards to be applied for the first time in the 2022 financial year have no significant impact on the net asset, financial and earnings position of the Hapag-Lloyd Group. 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 2021. The interim consolidated financial statements as at 30 September 2022 are to be read in conjunction with the audited and published IFRS consolidated financial statements as at 31 December 2021.

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 2021.

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 2022, the closing US dollar/euro exchange rate was quoted as USD 0.97525/EUR (31 December 2021: USD 1.13180/EUR). For the first nine months of 2022, the average US dollar/euro exchange rate was USD 1.06470/EUR (prior year period: USD 1.1965/EUR).

Use of discretionary decisions 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.

Estimates and discretionary decisions are used in the same way as in the previous year. The actual values may differ from the estimated values.

The provisional assessment of the impact of new environmental regulations on the economic viability and efficiency of some older vessels particularly affected by these regulations resulted in a recalculation for these vessels in the third quarter of 2021 and thus a shortening of their estimated remaining useful lives by one to five years. The rules for implementing these provisions have now been clarified, permitting these vessels to remain in use for longer. As a result of limited market capacity for shipping space, these vessels are now to be decommissioned later than had been assumed in the previous year. Due to the individual extension of their useful life by one to three years, this will alleviate EBIT both in the second half and for the 2022 financial year as a whole in the amount of EUR 77.0 million. The effect for the Q3 2022 will be EUR 38.5 million. The effect will be reversed in the three complete consecutive financial years from 2023 onwards. However, the general useful life of vessels remains unchanged at 25 years.

In the first nine months of 2022, Hapag-Lloyd AG made its first investment in money market funds, and reverse repo transactions were carried out for the first time. Discretion was applied in the decision to report the bank deposits invested in money market funds and reverse repo transactions under “Cash and cash equivalents” in the statement of financial position and statement of cash flows. Further details can be found in the section “Cash and cash equivalents”.

Due to the currently unforeseeable worldwide consequences of the COVID-19 pandemic and the current geopolitical situation, estimates and discretionary decisions are subject to increased uncertainty.

Group of consolidated companies

The consolidated financial statements include all significant subsidiaries and equity-accounted investments. As at 30 September 2022, in addition to Hapag-Lloyd AG, the group of consolidated companies comprised 130 fully consolidated companies (31 December 2021: 128) and seven equity-accounted investees (31 December 2021: five).

In the first half of 2022, four companies were added to the group of consolidated companies in connection with the acquisition of Deutsche Afrika-Linien GmbH & Co. KG (DAL). Due to the Group's investment in JadeWeserPort Wilhelmshaven, one fully-consolidated and two equity-accounted investees joined the group of consolidated companies. A minor company was liquidated during the financial year and two others were merged with other Group companies.

Business acquisition

On 1 June 2022, Hapag-Lloyd acquired the container liner shipping business of Deutsche Afrika-Linien GmbH & Co. KG (DAL). As a container liner shipping company, DAL operated four liner services between Europe, South Africa and the Indian Ocean. As a result of the acquisition and takeover of the operating assets and employees belonging to the container liner shipping business, as well as the takeover of all shares and voting rights in agency companies, the entire DAL container liner shipping business was acquired. Africa is a key market for Hapag-Lloyd's strategic growth. The integration of DAL's container liner shipping business into the Group will help Hapag-Lloyd to expand its market position in Africa. The acquisition will be particularly valuable with regard to the range of services to and from South Africa, as this will allow Hapag-Lloyd to offer its customers an improved network and additional port coverage in the region.

A cash amount of EUR 176.1 million was transferred as consideration for the acquisition.

Acquisition-related costs were incurred in the amount of EUR 1.6 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 the acquisition date are summarised below:

million EUR

Other intangible assets	21.7
Property, plant and equipment	141.2
Non-current assets	162.9
Inventories	1.7
Trade accounts receivable	13.7
Other assets and receivables	1.5
Cash and cash equivalents	6.3
Current assets	23.2
Total assets	186.1
Lease liabilities	3.2
Non-current liabilities	3.2
Other provisions	7.3
Financial debt	0.1
Lease liabilities	3.3
Trade accounts payable	14.3
Other liabilities	0.6
Current liabilities	25.6
Total liabilities	28.8
Acquired net assets attributable to Hapag-Lloyd AG shareholders	157.3
Consideration transferred	176.1
Goodwill	18.8

Goodwill (EUR 18.8 million) includes in particular non-separable intangible assets, such as employee expertise and synergies resulting from the optimisation of cargo.

In the course of the acquisition, receivables with a fair value of EUR 15.2 million were recognised, which equates to the gross values of the contractual receivables.

Since the acquisition date, revenue of EUR 49.4 million and earnings (EBIT) of EUR 11.9 million have been attributed to DAL. The calculation of these amounts was made until the gradual integration of the business into Hapag-Lloyd AG, taking into account the purchase price allocation.

Had the acquisition taken place on 1 January 2022 (pro forma analysis), Group revenue would have come to EUR 26,789.9 million and earnings (EBIT) would have totalled EUR 14,238.9 million. In calculating these amounts, it was assumed that the fair values at the acquisition date would also have been valid if the acquisition had occurred on 1 January 2022. The pro forma analysis is based on the available information and on assumptions. Based on these assumptions, the presented pro forma amounts do not necessarily equate to the Group revenue and Group earnings (EBIT) that the Group would have generated had the acquisition of DAL in fact been closed on 1 January 2022.

Equity-accounted investees

On 29 April 2022, Hapag-Lloyd acquired a 30% stake in EUROGATE Container Terminal Wilhelmshaven GmbH & Co. KG (CTW) and a 50% share in Rail Terminal Wilhelmshaven GmbH (RTW), and thus became a shareholder of JadeWeserPort Wilhelmshaven. These shares have been accounted for as an investment in a joint venture using the equity method. The articles of partnership specify that significant decisions regarding financing and business policy must be made jointly and with the consent of all shareholders. Therefore, and by applying judgement, joint control has been determined.

The cost of acquisition primarily relates to incoming payments to Hapag-Lloyd AG. The shares have initially been recognised at the net fair value of the identifiable assets and liabilities. Since the valuation of assets and liabilities is not yet complete, the initial recognition of shares is still provisional.

The provisional difference (EUR 49.5 million) calculated between the initially recognised value of the shares and the lower cost of acquisition has been recognised as a gain in the income statement under "Share of profit of equity-accounted investees". The difference can be ascribed to operational and commercial benefits that are specific to the purchaser.

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.

Disclosures at Group level**Transport volume per trade**

TTEU	Q3 2022	Q3 2021	9M 2022	9M 2021
Atlantic	523	536	1,575	1,584
Transpacific	462	456	1,324	1,355
Far East	556	558	1,730	1,739
Middle East	370	378	1,171	1,162
Intra-Asia	157	130	468	460
Latin America	714	755	2,199	2,290
Africa	193	164	519	390
Total	2,975	2,976	8,987	8,980

Freight rates per trade

USD/TEU	Q3 2022	Q3 2021	9M 2022	9M 2021
Atlantic	3,260	2,039	2,874	1,646
Transpacific	4,299	3,122	4,036	2,444
Far East	3,318	2,844	3,275	2,300
Middle East	2,184	1,602	2,193	1,353
Intra-Asia	2,020	1,381	2,005	1,161
Latin America	2,898	1,870	2,739	1,566
Africa	2,636	2,150	2,579	1,847
Total (weighted average)	3,106	2,234	2,938	1,818

Revenue per trade

million EUR	Q3 2022	Q3 2021	9M 2022	9M 2021
Atlantic	1,671.5	922.6	4,251.0	2,178.6
Transpacific	1,949.8	1,200.5	5,016.7	2,767.1
Far East	1,829.5	1,341.2	5,321.3	3,343.1
Middle East	802.8	511.9	2,413.1	1,314.0
Intra-Asia	313.3	152.7	881.2	446.4
Latin America	2,041.0	1,192.5	5,659.2	2,996.5
Africa	498.8	296.4	1,257.4	602.4
Revenue not assigned to trades	634.6	627.1	1,911.4	1,349.9
Total	9,741.2	6,244.7	26,711.3	14,998.1

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) were 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 2022	Q3 2021	9M 2022	9M 2021
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	5,634.2	3,304.9	15,637.7	6,822.3
Depreciation, amortisation and impairment	479.3	399.5	1,414.6	1,023.7
Earnings before interest and taxes (EBIT)	5,154.9	2,905.4	14,223.1	5,798.6
Earnings before taxes (EBT)	5,159.2	2,853.1	13,850.8	5,601.3
Share of profit of equity-accounted investees	12.1	6.5	81.1	18.3

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 2022	Q3 2021	9M 2022	9M 2021
Profit/loss attributable to shareholders of Hapag-Lloyd AG in million EUR	5,115.7	2,834.9	13,761.7	5,554.3
Weighted average number of shares in millions	175.8	175.8	175.8	175.8
Basic earnings per share in EUR	29.11	16.13	78.30	31.60

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 nine months of the 2022 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 increased compared to 31 December 2021. This increase stemmed largely from currency translation effects of EUR 496.4 million (prior year period: EUR 175.9 million). In addition, during the first half of the year, the Group acquired goodwill in the amount of EUR 18.8 million and intangible assets in the amount of EUR 21.7 million through its acquisition of DAL's container shipping business. However, amortisation of EUR 68.8 million (prior year period: EUR 62.2 million) reduced the carrying amounts of other intangible assets.

Property, plant and equipment

million EUR	30.9.2022	31.12.2021
Vessels	9,611.6	7,890.5
Container	3,704.4	3,250.4
Other equipment	284.8	242.1
Prepayments on account and assets under construction	577.0	381.9
Total	14,177.9	11,764.8

In the first nine months of the 2022 financial year, investments in ships, ship equipment and containers, the conclusion of new charter contracts and container lease agreements at higher charter rates, and the extension of the existing charter contracts resulted in an overall increase in property, plant and equipment totalling EUR 1,892.8 million. The acquisition of DAL's container liner shipping business increased property, plant and equipment by EUR 141.2 million. This increase was largely the result of the acquisition of one ship and containers. Moreover, currency effects associated with the reporting date led to an additional rise of EUR 1,920.4 million. However, depreciation on property, plant and equipment and amortisation of rights of use in the amount of EUR 1,348.3 million essentially reduced the carrying amount of property, plant and equipment. In total property, plant and equipment increased by EUR 2,413.0 million.

Inventories

Inventories essentially comprise raw materials and supplies, which include fuel inventories in particular. Compared to 31 December 2021, fuel inventories increased from EUR 332.6 million to EUR 562.4 million, which was primarily due to the intermediate increase in bunker prices.

Other assets

The other assets mainly comprise of time deposit investments amounting to nominal USD 785.00 million with a remaining term of more than three months as at 30 September 2022. As of reporting date, this corresponds to EUR 804.9 million.

Cash and cash equivalents

In the first nine months of the 2022 financial year, Hapag-Lloyd AG invested bank balances in money market funds for the first time, and reverse repo transactions were carried out. Reverse repo transactions are purchases of securities with an agreement to resell them at a specific point in the future plus interest. From an economic point of view, they are investments collateralised by securities. The money market funds and reverse repo transactions totalled EUR 3,173.2 million and EUR 2,307.1 million as at the reporting date and were recognised under cash and cash equivalents in the statement of financial position and statement of cash flows. This was because they constitute short-term, highly liquid investments with an original maturity of no more than three months, they can be readily converted into known cash amounts, and the risk that their value will change is insignificant. The investments in money market funds and reverse repo transactions are held to meet short-term cash commitments.

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 2022: EUR 19.7 million; 31 December 2021: EUR –149.6 million) contains gains and losses from the remeasurement of pension obligations and plan assets recognised cumulatively in other comprehensive income, among other things due to the change in actuarial and financial parameters in connection with the measurement of pension obligations and the associated fund assets. The effect of the remeasurement of pension obligations and plan assets, recognised in other comprehensive income in the first nine months of 2022, resulted primarily from the increase in the discount interest rate from 1.1% as at 31 December 2021 to 3.7% as at 30 September 2022, and reduced the negative reserve by EUR 169.3 million (prior year period, EUR 36.6 million).

The translation reserve of EUR 4,122.5 million (31 December 2021: EUR 876.7 million) includes differences from currency translation. The effects of differences from currency translation recognised in other comprehensive income in the first nine months of 2022 totalled EUR 3,248.1 million (prior year period: EUR 552.4 million). These 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 2021 are presented in the table below.

million EUR	Carrying amount		Fair value
	Total	thereof financial instruments	Financial instruments
Assets			
Trade accounts receivable	2,999.2	2,999.2	2,999.2
Other assets	389.2	252.7	252.7
Derivative financial instruments (FVTPL)	3.2	3.2	3.2
Embedded derivatives	3.2	3.2	3.2
Derivative financial instruments (Hedge accounting) ¹	9.6	9.6	9.6
Currency forward contracts	0.3	0.3	0.3
Interest rate swaps	9.3	9.3	9.3
Cash and cash equivalents	7,723.4	7,723.4	7,723.4
Liabilities			
Financial debt	3,074.1	3,074.1	3,133.3
Liabilities from lease contracts	2,423.1	2,423.1	–
Trade accounts payable	2,323.9	2,323.9	2,323.9
Derivative financial liabilities (Hedge accounting) ¹	27.1	27.1	27.1
Currency forward contracts	16.5	16.5	16.5
Interest rate swaps	10.6	10.6	10.6
Other liabilities	172.5	136.7	136.7
Liabilities from put options ²	1.8	1.8	2.1

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

² Part of other liabilities

The carrying amounts and fair values of the financial instruments as at 30 September 2022 are presented in the table below.

million EUR	Carrying amount		Fair value
	Total	thereof financial instruments	Financial instruments
Assets			
Trade accounts receivable	4,065.2	4,065.2	4,065.2
Other assets	1,323.5	1,137.7	1,137.7
Derivative financial instruments (FVTPL)	0.6	0.6	0.6
Embedded derivatives	0.6	0.6	0.6
Derivative financial instruments (Hedge accounting) ¹	45.3	45.3	45.3
Interest rate swaps	45.3	45.3	45.3
Cash and cash equivalents	15,136.6	15,136.6	15,136.6
Liabilities			
Financial debt	3,148.4	3,148.4	3,031.8
Liabilities from lease contracts	3,049.6	3,049.6	–
Trade accounts payable	2,881.3	2,881.3	2,881.3
Derivative financial liabilities (Hedge accounting) ¹	67.7	67.7	67.7
Currency forward contracts	67.7	67.7	67.7
Other liabilities	268.2	194.9	194.9
Liabilities from put options ²	2.1	2.1	2.0

¹ The market values of the non-designated 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.

Other assets include securities with a fair value of EUR 0.6 million (31 December 2021: EUR 1.1 million) that are allocated to level one 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 three of the fair value hierarchy, they are measured at cost of acquisition in the amount of EUR 16.5 million (31 December 2021: EUR 6.5 million) as the best possible estimate of their fair values.

The cash and cash equivalents include money market funds measured at fair value totalling EUR 3,173.2 million (31 December 2021: EUR 0.0 million), which are allocated to level one of the fair value hierarchy.

The liabilities from the bond included within financial debt that, due to the quotation on an active market, are allocated to level one of the fair value hierarchy, have a fair value of EUR 256.0 million (31 December 2021: EUR 310.5 million).

The put options recognised under other liabilities, whose fair value was calculated at EUR 2.0 million (31 December 2021: EUR 2.1 million), also belong to level three of the fair value hierarchy.

The fair values indicated for the remaining financial debt and the derivative financial instruments are assigned to level two of the fair value hierarchy. This means that the measurement is based on methods whose influencing factors are derived directly or indirectly from observable market data.

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

There were no transfers between levels one, two and three in the first nine month of the 2022 financial year.

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	30.9.2022	31.12.2021
Financial debt	3,148.4	3,074.1
Liabilities to banks ¹	1,899.5	1,902.5
Bonds	302.7	300.8
Other financial debt	946.2	870.7
Lease liabilities	3,049.6	2,423.1
Total	6,198.0	5,497.2

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	30.9.2022	31.12.2021
Denoted in USD (excl. transaction costs)	5,722.2	5,055.6
Denoted in EUR (excl. transaction costs)	399.7	402.1
Denoted in other currencies (excl. transaction costs)	96.4	67.0
Interest liabilities	14.2	11.2
Transaction costs	-34.5	-38.7
Total	6,198.0	5,497.2

The Hapag-Lloyd Group had total unused credit lines of EUR 743.4 million as at 30 September 2022 (31 December 2021: EUR 516.9 million).

OTHER NOTES

Legal disputes

There have been no significant changes regarding legal disputes and tax risks in comparison with the 2021 consolidated financial statements.

As at the reporting date, there were EUR 9.1 million in contingent liabilities from legal disputes not classified as probable (31 December 2021: EUR 8.0 million). As at the reporting date, there were EUR 119.4 million in contingent liabilities from tax risks not classified as probable (31 December 2021: EUR 78.6 million). The main reasons for the increase are newly-identified risks, updated risk assessments and currency translation effects for the regions South Europe, Middle East and Asia.

On 24 February 2022, the U.S. Department of Justice Antitrust Division (DoJ) ordered Hapag-Lloyd (America) LLC to attend a meeting to provide information and testimonies in connection with a grand jury investigation into international container shipping. As part of its investigation, the DoJ issued a second summons to Hapag-Lloyd (America) LLC on 14 July 2022. Hapag-Lloyd provided the data required in the first summons to the DoJ on 15 March 2022 and is working on responding to the request for information in the second summons.

Other financial obligations

The Hapag-Lloyd Group's other financial obligations totalled EUR 2,091.4 million as at 30 September 2022 (31 December 2021: EUR 1,924.5 million) and comprised purchase obligations (nominal values)

- for investments in the construction and acquisition of 16 container vessels, thereof twelve large container vessels, amounting to EUR 2,014.7 million (31 December 2021: EUR 1,898.6 million),
- for investments in the acquisition of new propellers and the renovation of the bulbous bow of container vessels amounting to EUR 33.7 million (31 December 2021: EUR 0.0 million),
- for investments in exhaust gas cleaning systems (EGCS) on container vessels amounting to EUR 28.4 million (31 December 2021: EUR 9.9 million),
- for investments in equipment for ballast water treatment on container vessels amounting to EUR 5.1 million (31 December 2021: EUR 3.4 million),
- for further investments on container vessels totalling EUR 9.5 million (31 December 2021: EUR 6.9 million).

The future cash outflows from leases which Hapag-Lloyd has already entered into but which were not yet recognised in the balance sheet as at the reporting date totalled EUR 1,569.6 million (31 December 2021: EUR 1,120.0 million).

Share purchase agreements

On 14 September 2022, Hapag-Lloyd AG signed an agreement to acquire a total of 49% of the shares in the Italian logistics company Spinelli S.r.l. (Spinelli). The Spinelli family will continue to be the majority shareholder after the acquisition is complete.

On 4 October 2022, Hapag-Lloyd AG and SM SAAM S.A. signed a share purchase agreement for 100% of the shares in the Chilean companies SAAM Ports S.A. and SAAM Logistics S.A. The transaction includes the entire terminal business of SM SAAM S.A. as well as associated logistics services. The contracting parties agreed on a price of around USD 1 billion, which also includes the real estate assets associated with the logistics business. The contracting parties are related parties. The sellers belong to the group of Chilean Quiñenco S.A., which indirectly holds a 30% stake in Hapag-Lloyd via CSAV S.A.

The closing of the transactions is dependent on the approval of the relevant competition authorities and is still expected for Spinelli in the fourth quarter of this year.

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 2021.

With effect from 1 January 2022, the long-term variable remuneration of the Executive Board members was modified. Under the new model, the annual amount allocated is split up, with 40% being linked to a retention component, 40% linked to a performance component and 20% linked to an ESG component. The vesting period remains three years. The payment amount for the relevant components after three years is calculated by multiplying the proportionate allocation amount by the degree to which the relevant target is achieved. As a rule, the target achievement for the retention component is calculated using the three-year average of the Group's EBITDA in the vesting period (for the 2022 tranche: 2022 to 2024) compared to the Group's EBITDA in the reference period (for the 2022 tranche: 2019 to 2021). The target achievement for the performance component is calculated in the same way as outlined above and adjusted upwards or downwards based on the three-year average of the ROIC in the vesting period using a defined matrix. The extent to which targets have been achieved in relation to the ESG component is determined using an ESG benchmark set centrally. This benchmark represents the average efficiency ratio (AER), which is used to measure the carbon footprint of the Group's fleet. For the purposes of the calculation, the Supervisory Board sets a value for each financial year based on Hapag-Lloyd AG's sustainability-linked bond framework. If this value is achieved, the ESG target is deemed to have been fully met. It thus serves as a concrete target achievement curve. The payment amounts for the three components are limited to 150% of the individual allocation amount.

SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

No significant transactions took place after the balance sheet date.

Hamburg, 2 November 2022

Hapag-Lloyd Aktiengesellschaft

Executive Board



Rolf Habben Jansen



Donya-Florence Amer



Mark Frese



Dr. Maximilian Rothkopf

PRELIMINARY FINANCIAL CALENDAR 2023

JANUARY 2023

Publication of preliminary financial KPIs 2022

MARCH 2023

Publication of financial statements and annual report 2022

MAY 2023

Annual general meeting

MAY 2023

Publication of quarterly financial report Q1 2023

AUGUST 2023

Publication of quarterly financial report H1 2023

NOVEMBER 2023

Publication of quarterly financial report 9M 2023

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