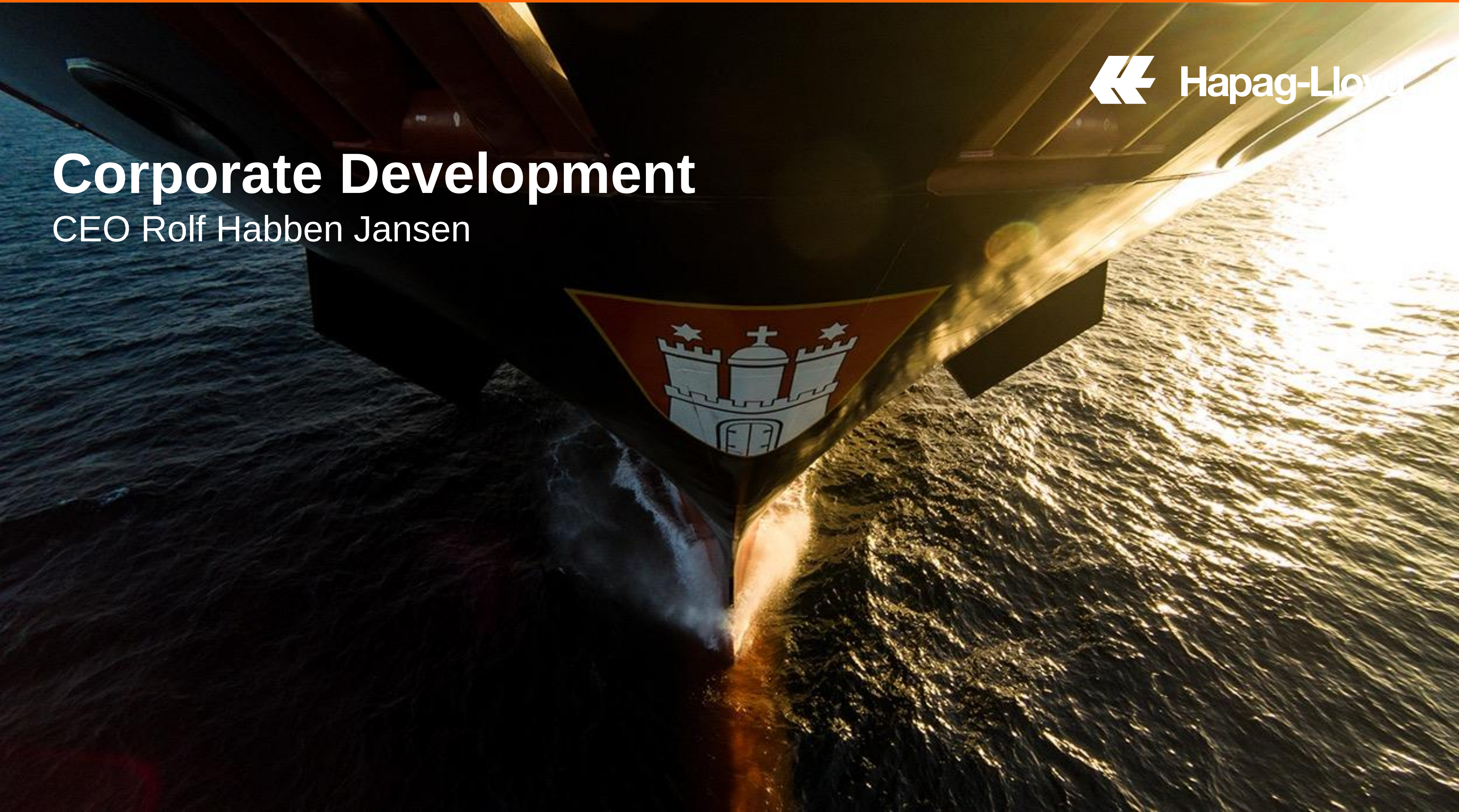
Capital Markets Day

Hamburg, 21 November 2018

Corporate Development

CEO Rolf Habben Jansen



Hapag-Lloyd – 171 years young…

Founding
of Hapag in Hamburg

1847

1857

Founding
of Norddeutscher Lloyd (NDL)

Merger
of Hapag and NDL to Hapag-Lloyd

1970

2005

Merger
with CP Ships

Takeover
by Albert Ballin Consortium

2009

Profit slump
in the course of the global economic crisis

… and we continue to further build the company and help shape the future of the Industry…

2014

CSAV Merger
Hapag-Lloyd kicked off the latest wave of sector consolidation

Successful **IPO** in challenging stock market environment

Hapag-Lloyd CSAV better. together. mejor juntos

CSAV Synergies exceeded expectations

Compete-to-Win successfully changed the way how we sell

BCA with UASC signed

Successful **bond refinancing** of EUR 450m at 6.75%

better. united. Hapag-Lloyd & UASC

Closing of the **UASC Merger**

Successful **bond refinancing** of EUR 450m at 5.125%

Successful **cash capital increase** of USD 413m

First time **dividend** since the IPO

Today

Hapag-Lloyd

…as illustrated by some key figures when looking back only a few years

People

12,660

7,000

+80%

2014

9M 2018

Volume

11,700 TTEU

5,900 TTEU

+98%

2014

LTM 9M 2018

Ø Vessel Size & Age

7,190 TEU

5,300 TEU

+36%

8.7 years

7.5 years

2014

9M 2018

Revenue

USD 13,200 m

USD 9,050 m

+46%

2014

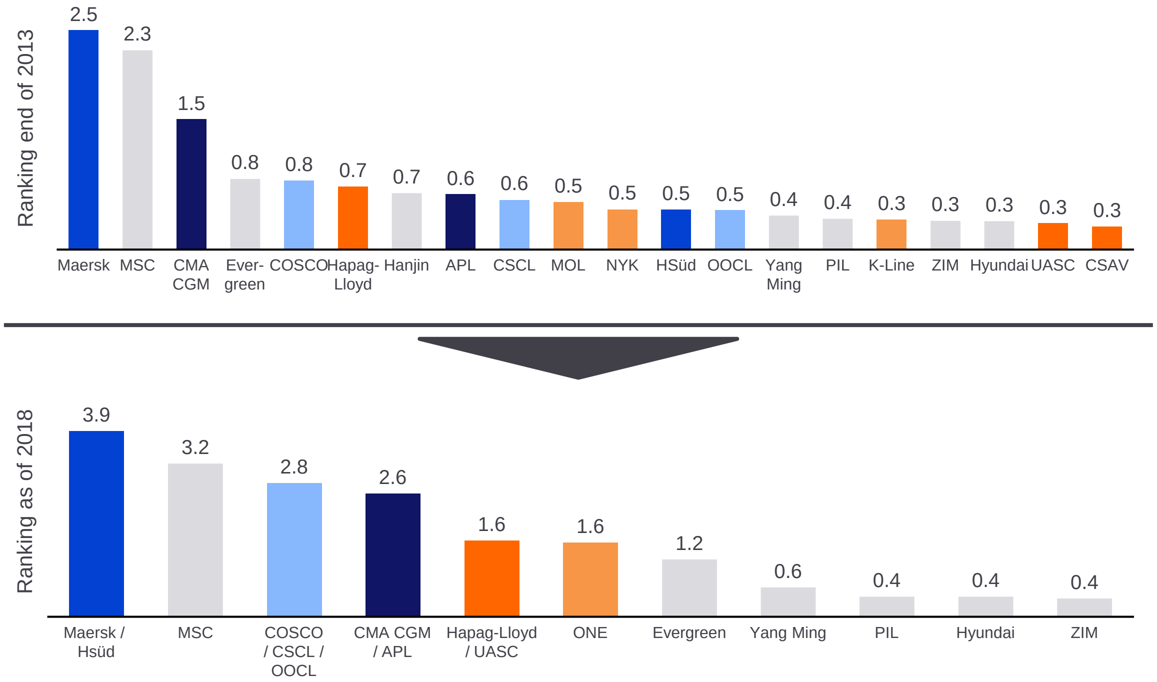
LTM 9M 2018

Note: Rounded figures, 2014 figures before CSAV integration in December 2014

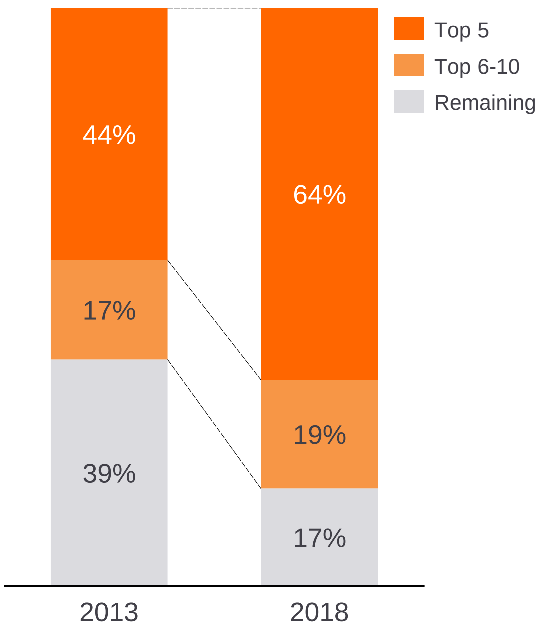
The past years, the industry has gone through a needed and unprecedented wave of consolidation…

Industry consolidation

Carrier capacity [TEU m]



Global capacity share [%]

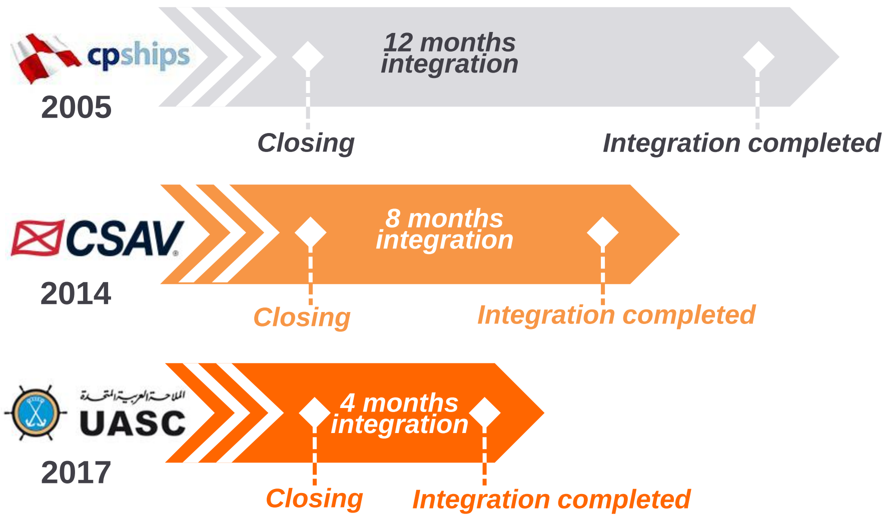


 Source: MDS Transmodal (October 2013, Oct 2018), Alphaliner monthly (September 2018)

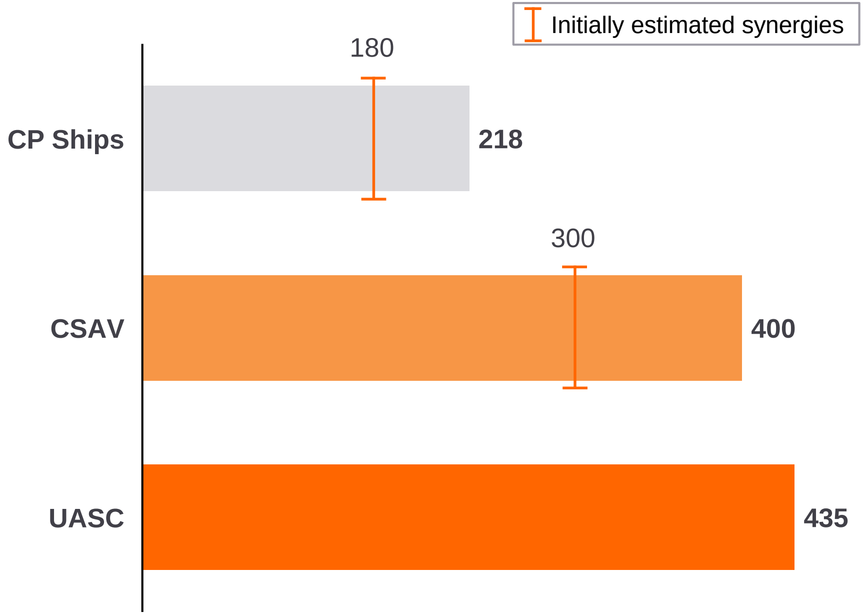
Hapag-Lloyd

…and we leveraged our ability to integrate efficiently, which allowed us to create significant value and achieve sustainable scale

Timeline of major integration activities



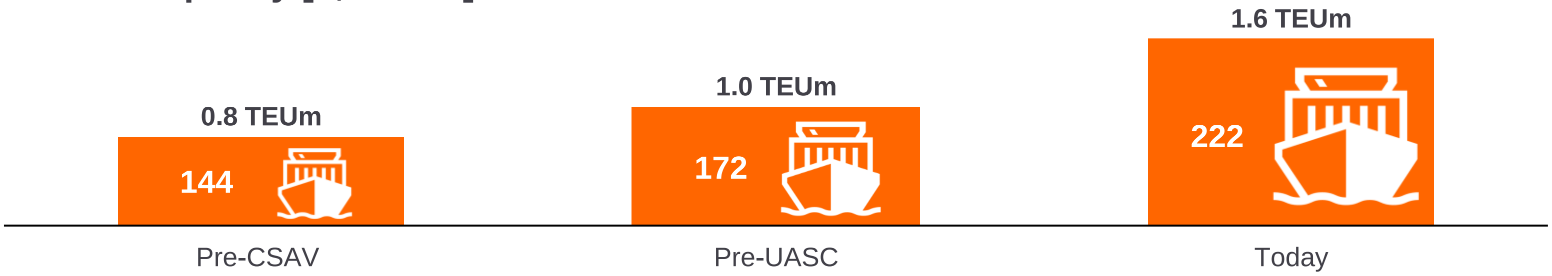
Synergies gained (in USDm)



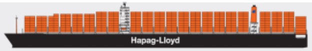
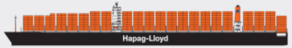
Hapag-Lloyd

In that process we have also renewed a major part of our fleet…

Vessels & Total Capacity [#, TEUm]



31 newbuilds were delivered from 2015 to 2017 while 26 vessels have been recycled since 2015

6 x 19,870 TEU	
11 x 15,000 TEU	
5 x 10,500 TEU	
7 x 9,300 TEU	
2 x 3,500 TEU	

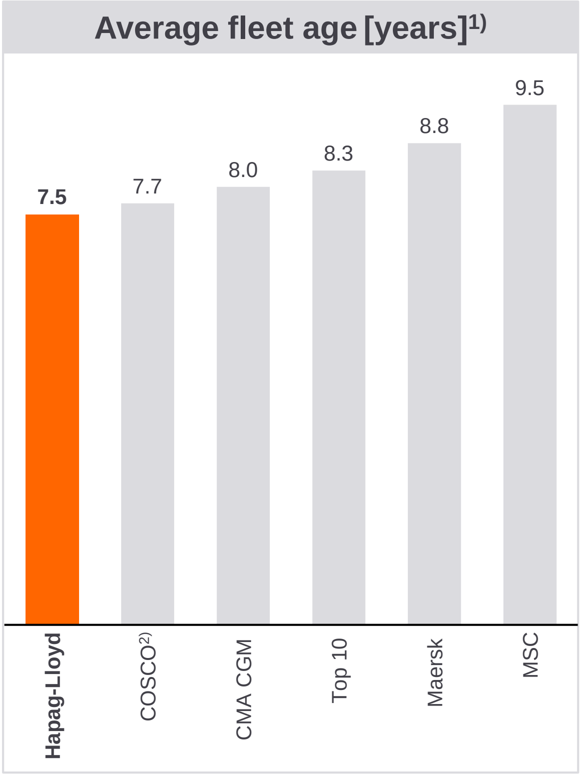
Total newbuild capacity of ~400 TTEU

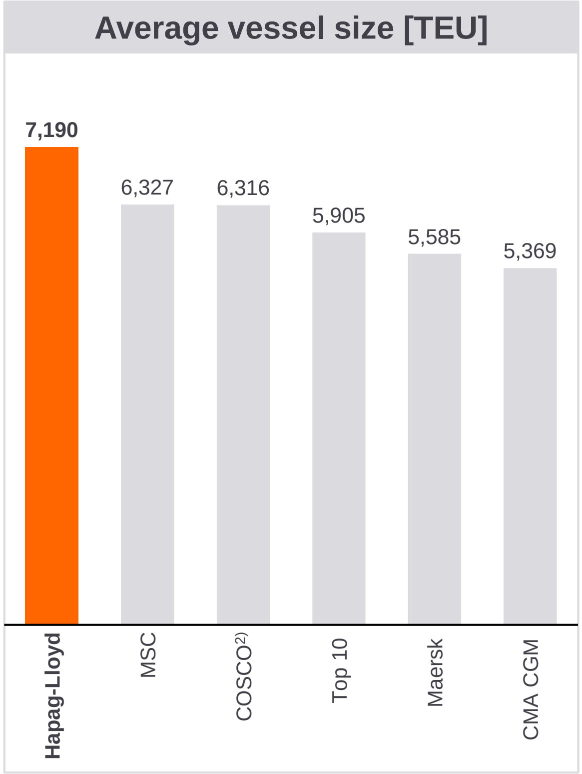
26 smaller and inefficient vessels have been environmentally friendly recycled since 2015.

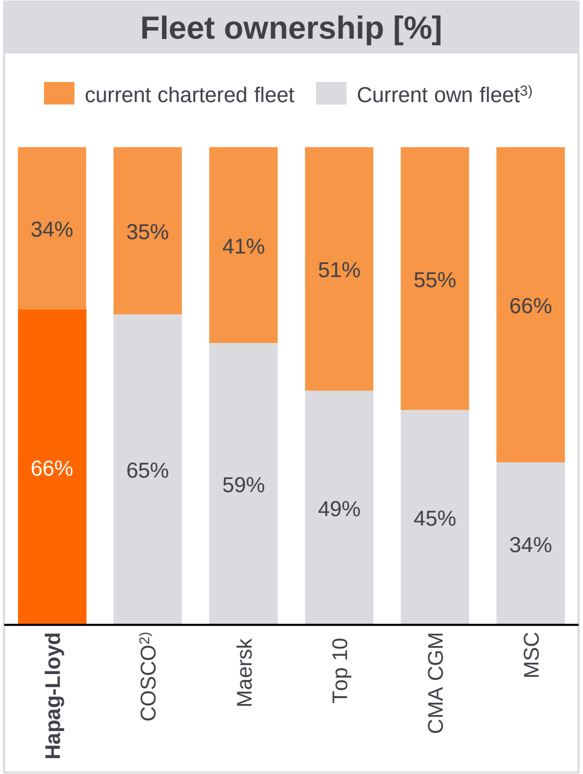
Total recycled capacity of ~100 TTEU

 Note: Rounded figures

…resulting in one of the youngest and most fuel efficient fleets in the industry…





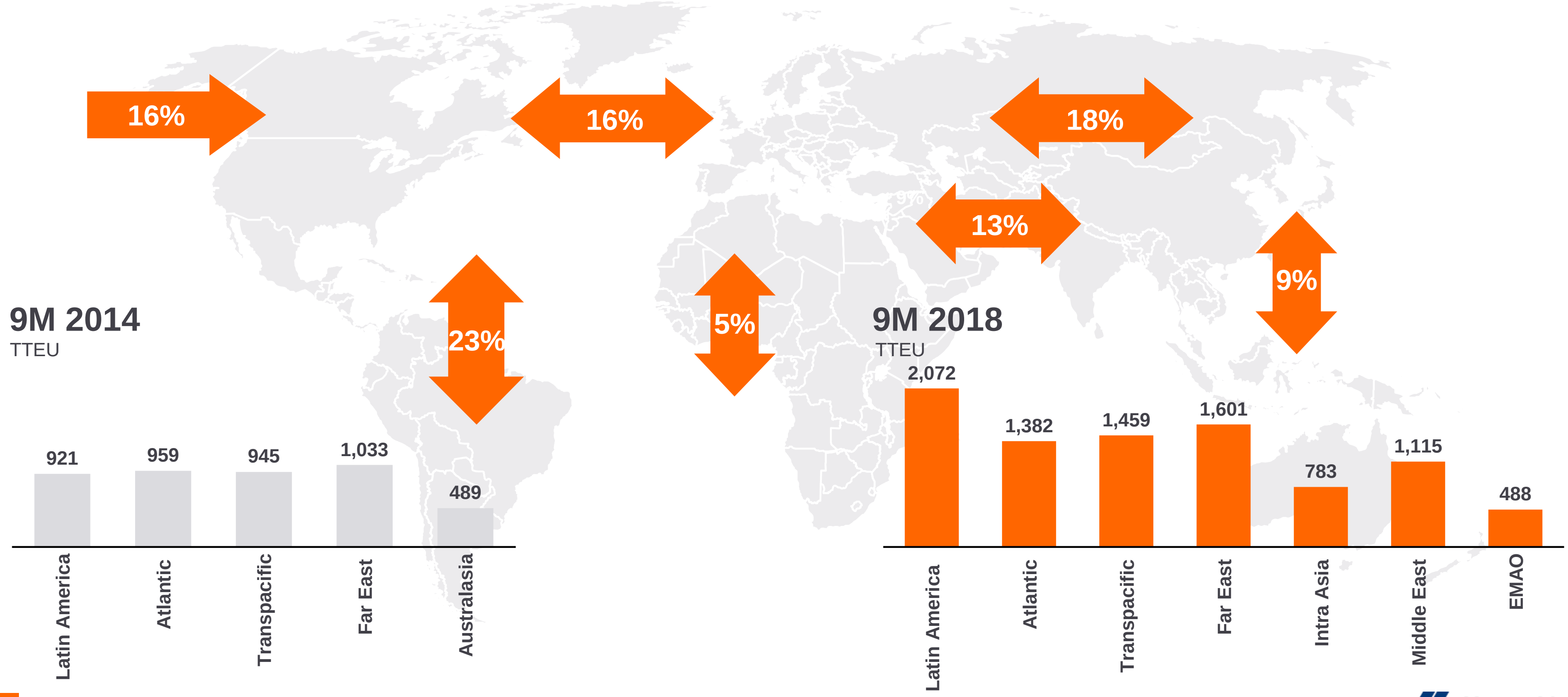


Source: MDS Transmodal (October 2018), Drewry (3Q 2018) 1) Weighted by carrier capacities 2) COSCO incl. OOCL 3) Includes finance leased vessels

Hapag-Lloyd

…we have a well balanced network…

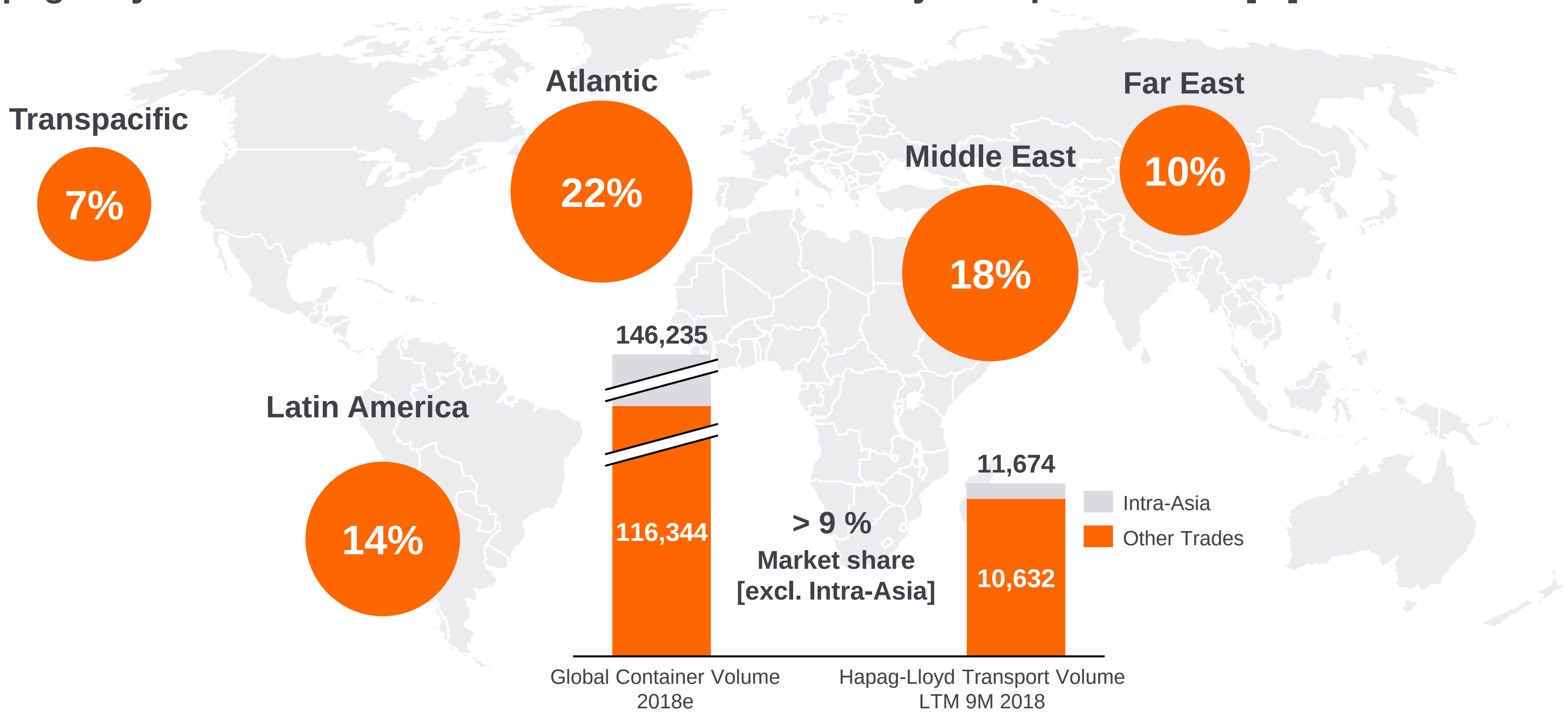
Transport volume by trade 9M 2018



Hapag-Lloyd

…a relevant global market share and a solid presence in all major trades…

Hapag-Lloyd's Global Market Share on selected trades by transport volume [%]



 Source: IHS Global Insight (October 2018), Internal data

Hapag-Lloyd

…and are a core member of THE Alliance

Alliance members

THE Alliance	2M	Ocean Alliance
Hapag-Lloyd ONE OCEAN NETWORK EXPRESS YANG MING	MAERSK LINE msc MEDITERRANEAN SHIPPING COMPANY	CMA CGM COSCO SHIPPING EVERGREEN

Capacity consolidation on key trades has improved substantially due to alliances

Atlantic

Transpacific

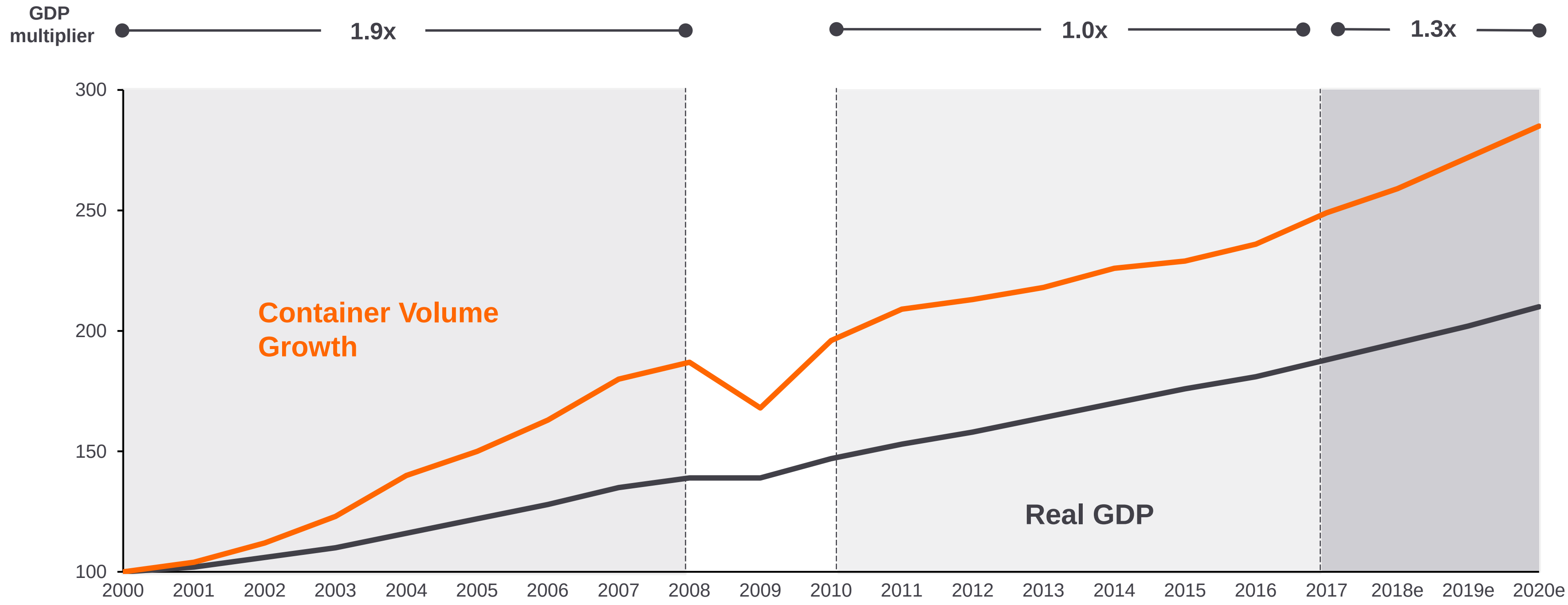
Far East

 Source: Alphaliner Monthly Monitor (October 2018)   Note: Rounding differences may occur.

Despite increasing geopolitical risks, container shipping volume growth expectation remains on a healthy level…

Global Container Volume Growth & Real GDP Growth [%]

2000 = Indexed to 100

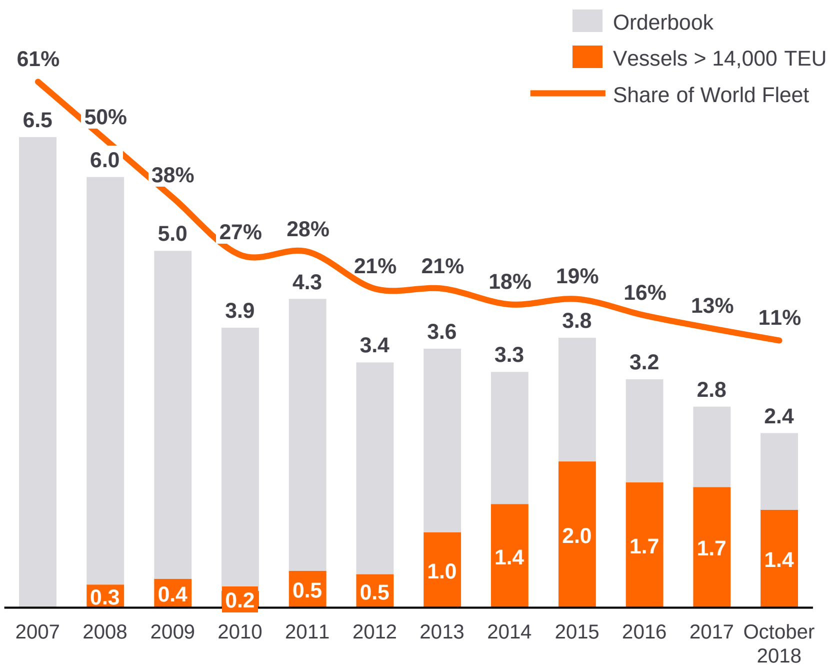


 Source: IHS (October 2018), IMF WEO (October 2018) 1) Average for the period.

…which, combined with the historically low orderbook, will lead to a further improving supply/demand balance in the years to come

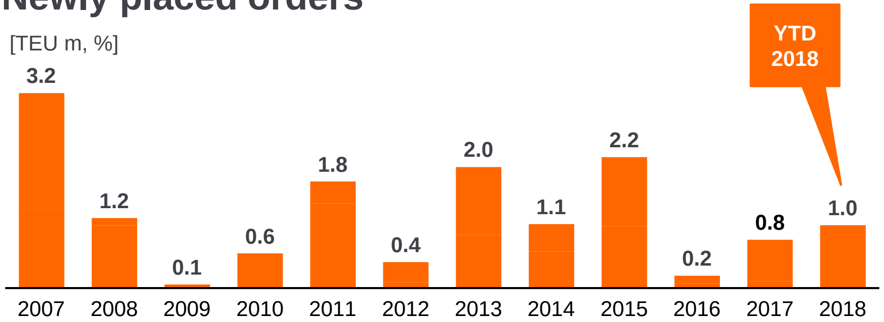
Orderbook-to-fleet

[TEU m, %]

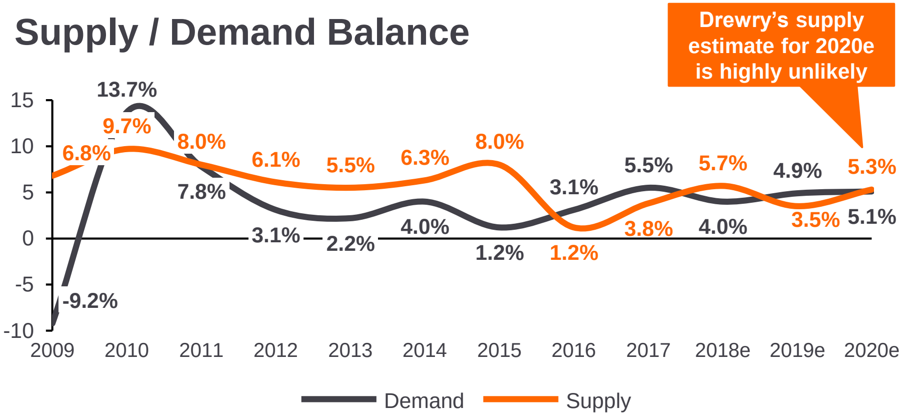


Newly placed orders

[TEU m, %]



Supply / Demand Balance



Source: MDS Transmodal (October 2018), Drewry (3Q), Alphaliner Weekly (Issue 41)

Financial Development

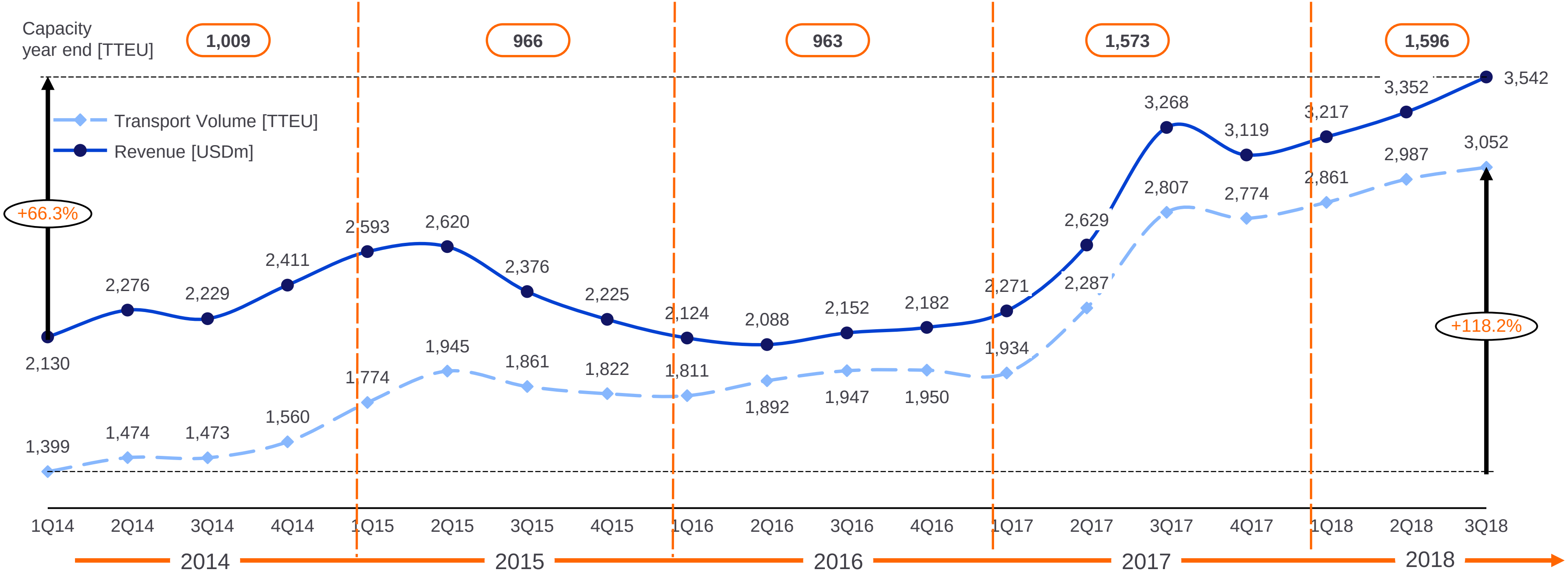
CFO Nicolás Burr

Opening Remarks

01	**Scale**	Substantial volume and revenue growth
02	**Cost**	Continuous reduction of unit costs
03	**Profitability**	Consistently above industry average
04	**Balance Sheet**	Strengthening through capital market measures

On the back of two mergers, Hapag-Lloyd was able to significantly increase transport volume and revenues

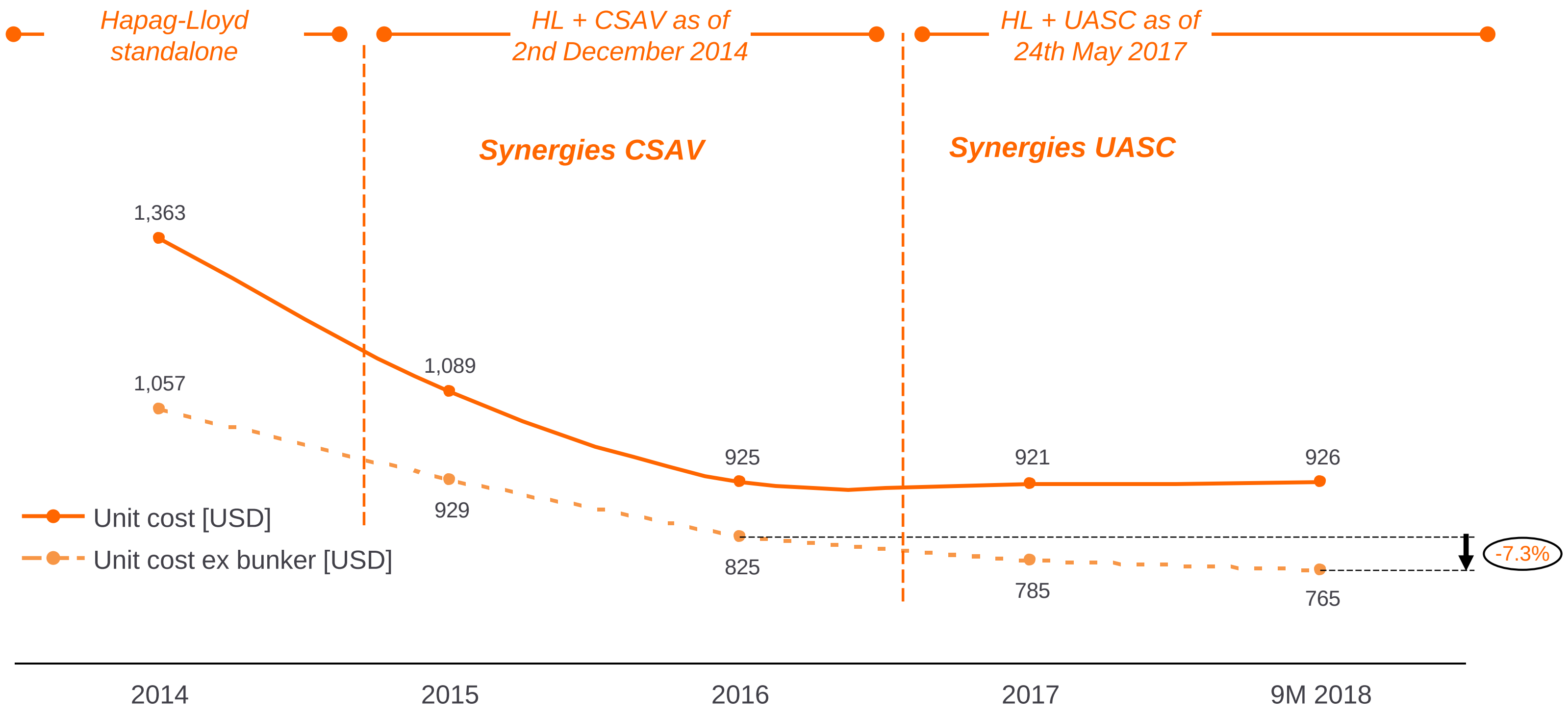
Volume and Revenue Development Q1 2014 – Q3 2018



Hapag-Lloyd

We continuously reduced transport expenses …

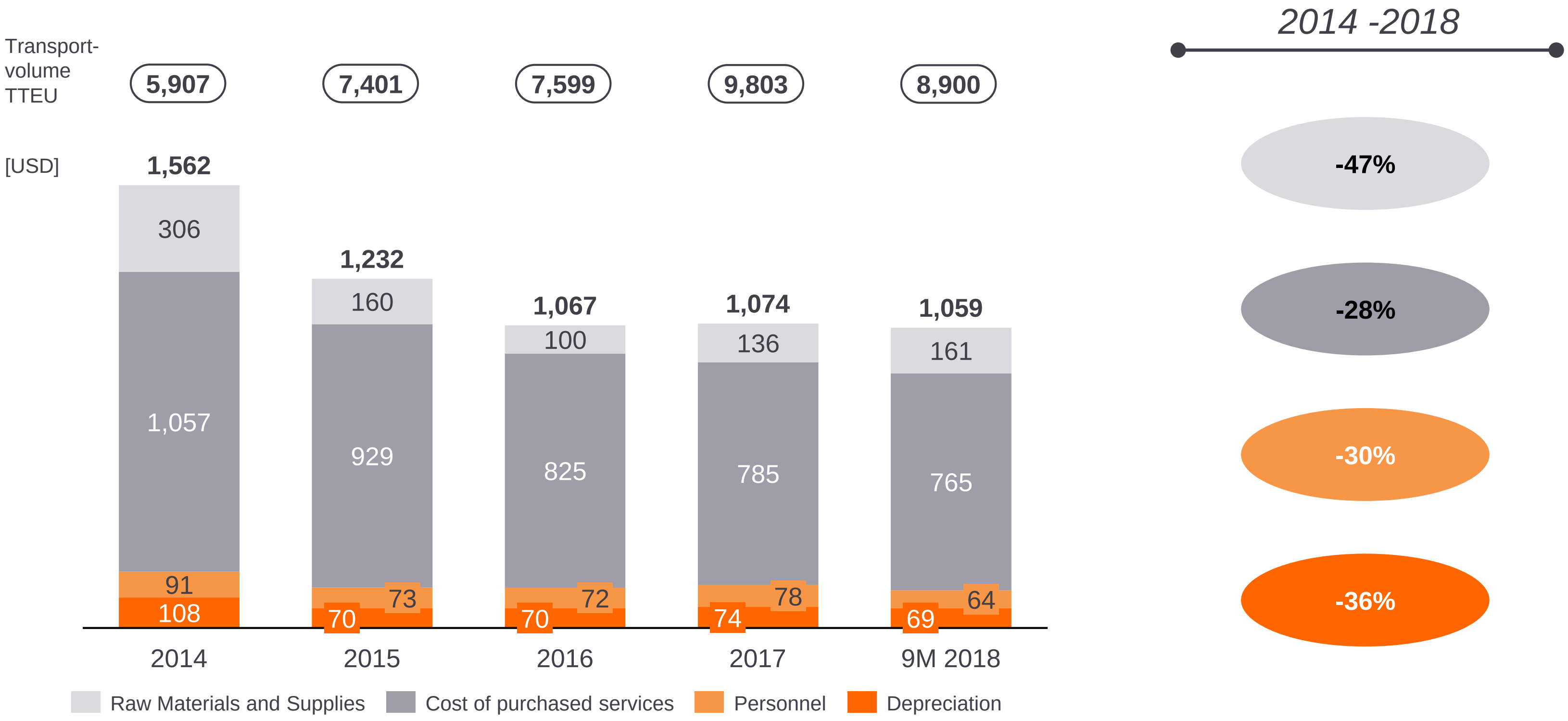
Unit cost development Q1 2014 – Q3 2018



Hapag-Lloyd

…and realised substantial improvements in every single cost category

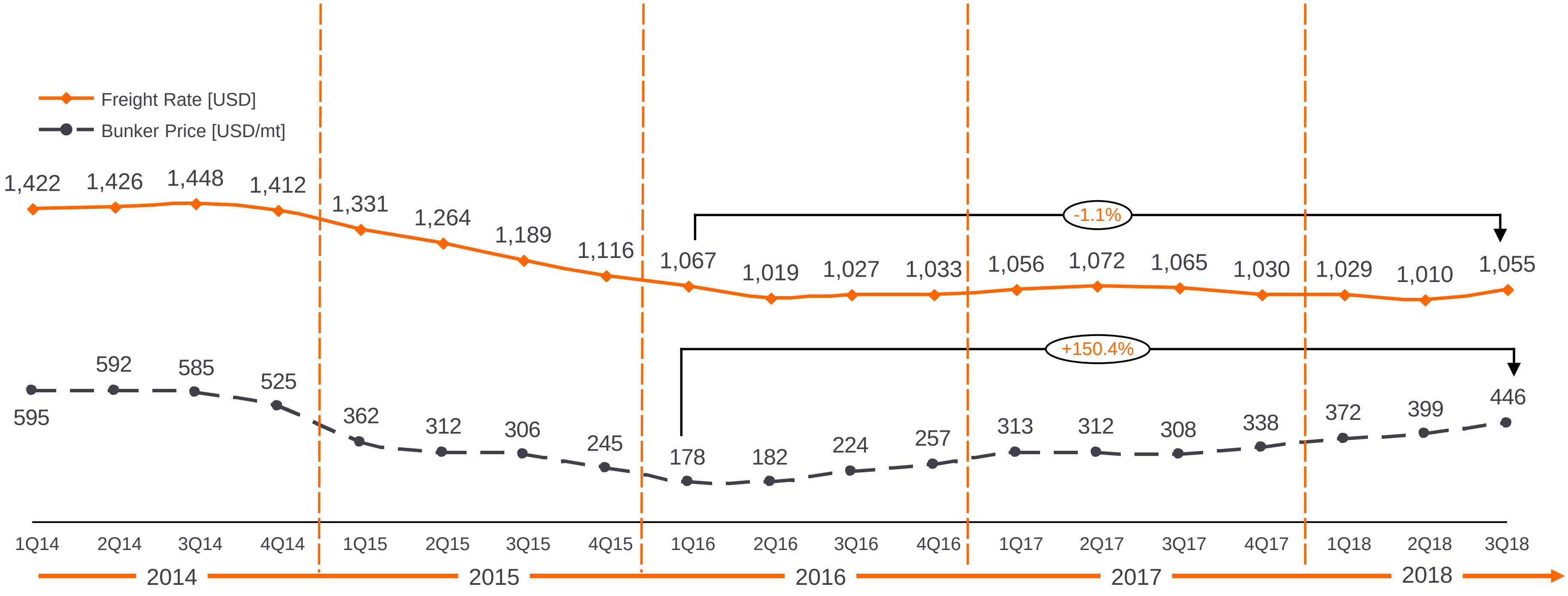
Total cost per TEU development 2014 – 2018



Hapag-Lloyd

While bunker prices increased since 2016, freight rates have remained stable

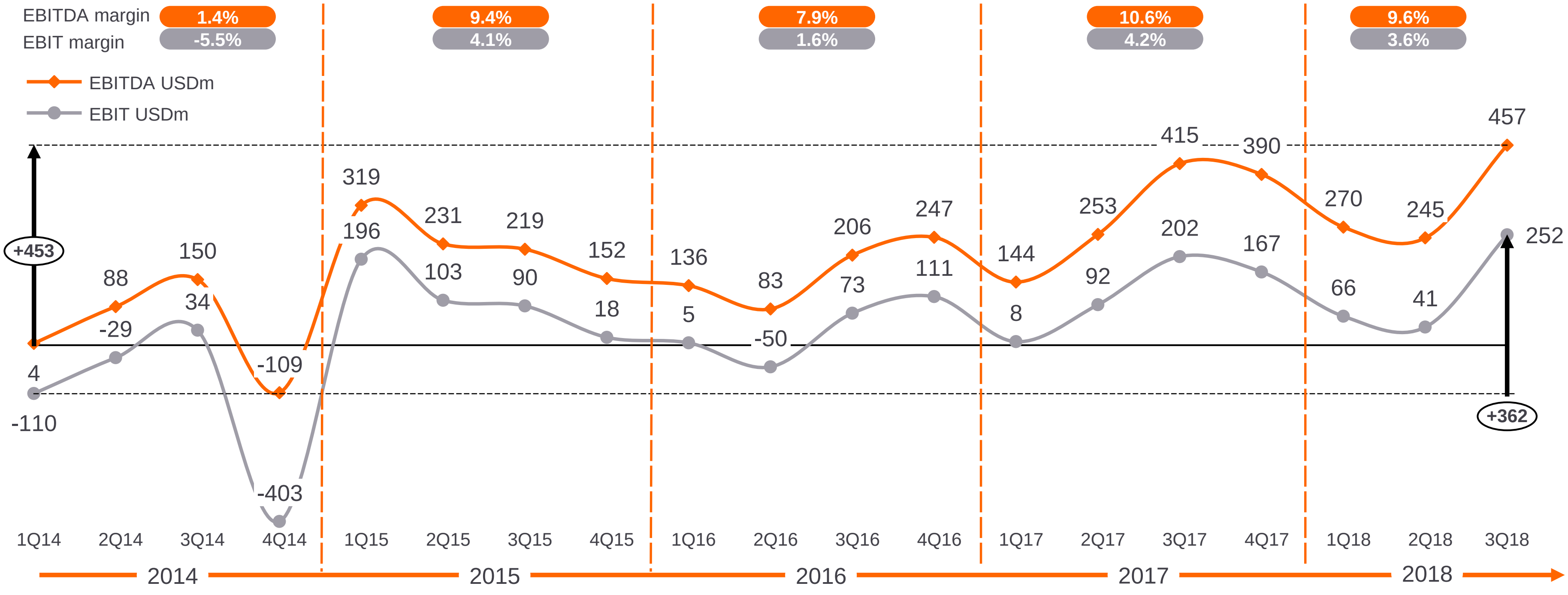
Freight Rate vs. Bunker Price Q1 2014 – Q3 2018



Note: For the financial year 2018, revenues for additional services in Latin America and Turkey were included in the calculation of freight rates. The previous year´s figures have not been adjusted

Results improve consistently since Q2 2016 despite a challenging industry environment

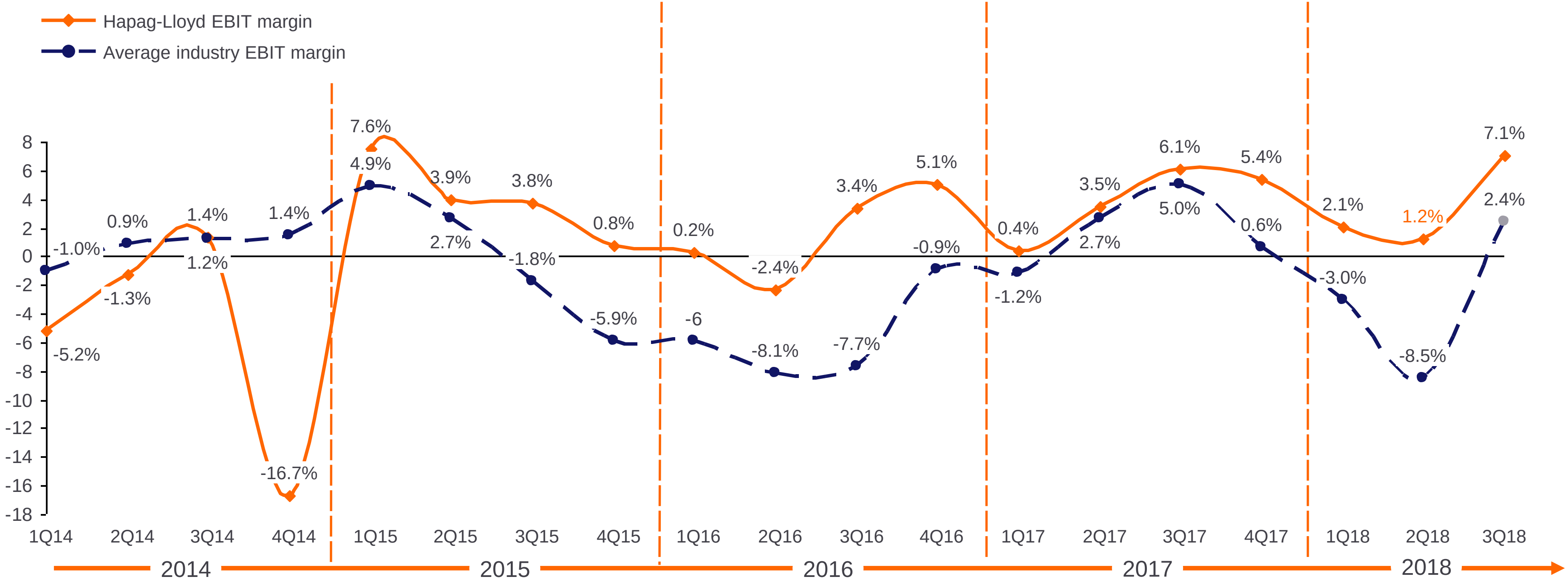
EBITDA and EBIT Development Q1 2014 – Q3 2018



Hapag-Lloyd

Hapag-Lloyd's profitability has been consistently above industry average for the past 4 years

EBIT Margin Development Q1 2014 – Q3 2018



Note: Industry average only includes figures where available and does not claim to be complete

Our efforts to reduce costs become obvious when applying the 2009 freight rate and bunker price to our 2018 cost structure

2009 freight and bunker price impact on 2018 results (indicative)

Market	2009	9M 2018	Indicative 2018[1)]
Freight rate (USD/TEU)	1,257	1,032	1,257
Bunker price (USD/mt)	331	406	331

Results	2009	9M 2018	Indicative 2018
EBITDA (USDm)	-407	972	~ 4,000
EAT (USDm)	-958	15	~ 2,700

Key takeaways

- Results in 2009 show **disappointing** cost management
- The industry was aware of the **need to reduce costs** and has done so
- Hapag-Lloyd has put in a **great effort** and significantly **reduced unit costs**
- When applying the 2009 freight rate to our 2018 cost base, results would be **substantially higher**

1) Figures based on LTM 9M 2018; simplified application: bunker price 2009 used to calculate raw materials and supplies only; other cost categories LTM 9M 2018 not adjusted

We have also strengthened our equity base while at the same time optimizing our debt capital structure …

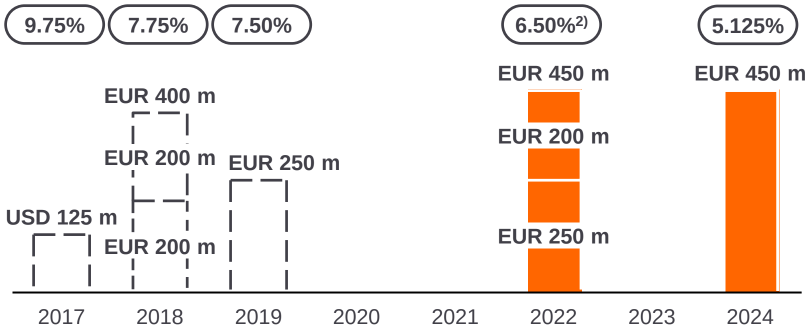
Capital Market Projects

Capital Increases

2014	CSAV	▪ Takeover container activities **~ USD 1.5 bn** ▪ Subsequent capital increase **USD ~ 0.5 bn**
2015	IPO	▪ **~ USD 300 m**
2017	UASC	▪ Contribution in kind **~ USD 1.4 bn** ▪ Cash capital increase **~ USD 0.4 bn**

Bond Issuances

- Issuance of **two new bonds** with a total value of **EUR 900 m**
- The proceeds were used to **proactively refinance** outstanding bonds due 2017, 2018 & 2019



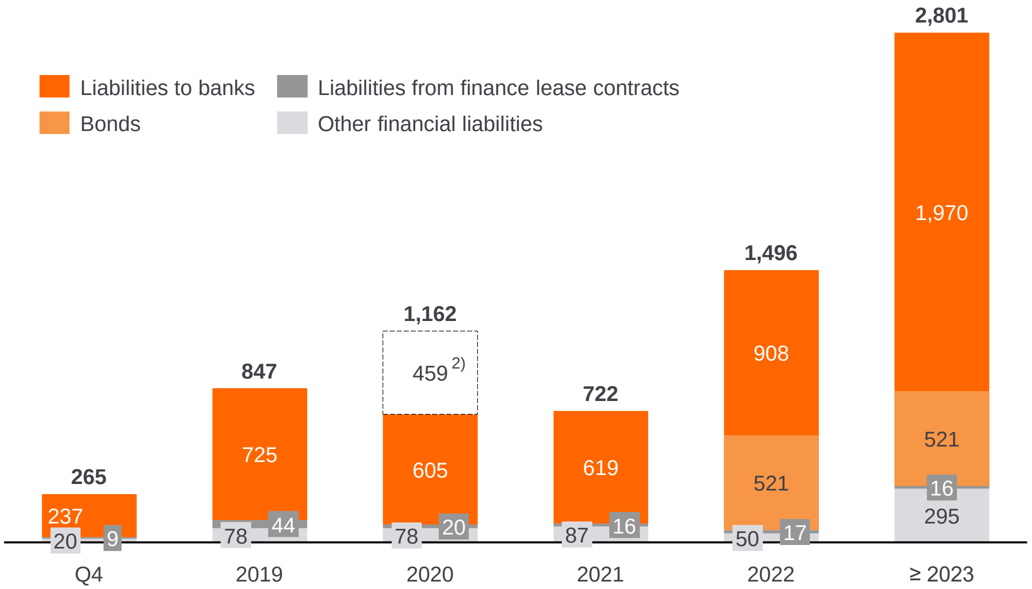
1) Annual Result and FX effects 2) Yield to maturity at issuance: 6.50% (weighted average: (6.75% x 250 + 6.186% x 200) / 450 = 6.50%)

Hapag-Lloyd

…and reduced financing costs as well as improved the maturity structure of financial liabilities

Financial Debt Profile as at 30 September 2018

Contractual Repayment Profile as per 30 September 2018[1)], [USDm]



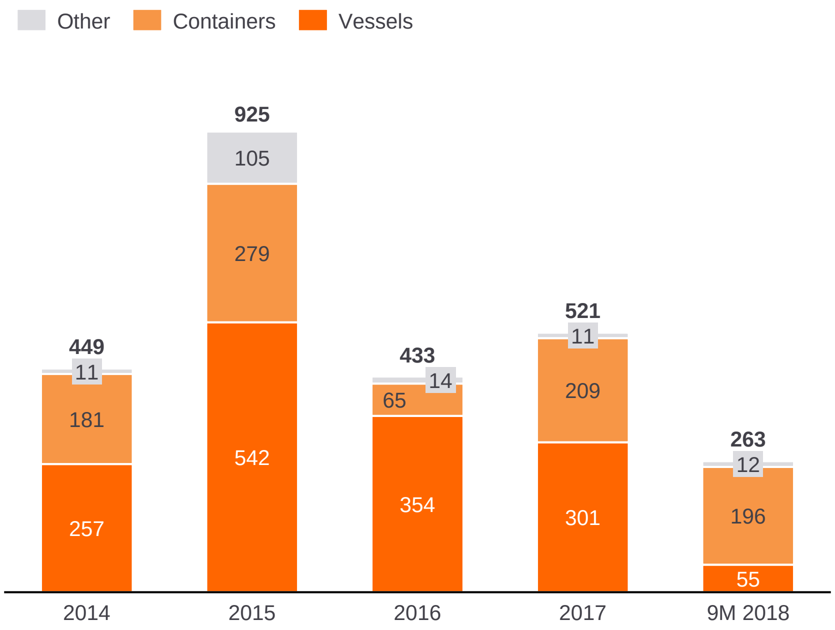
Lease liabilities to be recognised under IFRS 16[3)]

Hapag-Lloyd	USD 0.5-1 bn
MAERSK LINE	USD 4-5 bn
CMA CGM	USD 6-8 bn

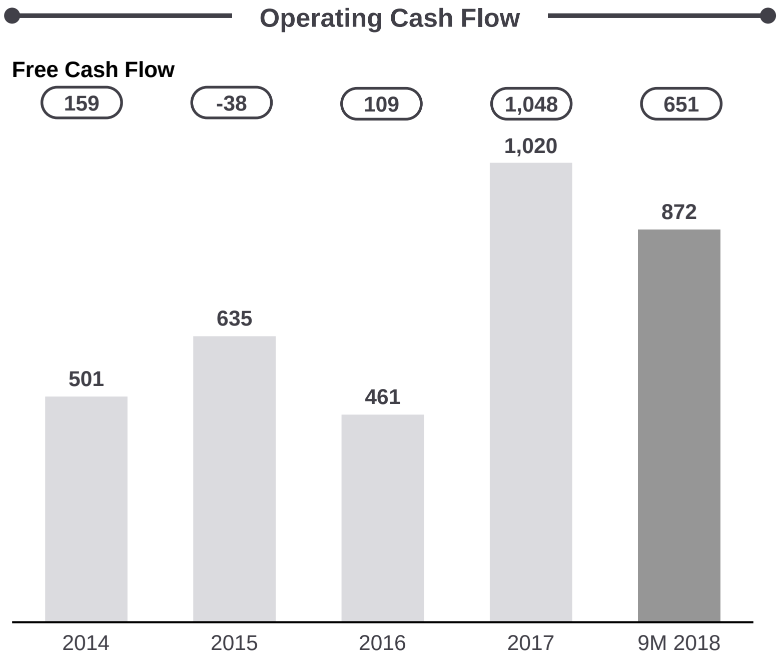
1) As of January 2018 financial debt profile has been changed to the statement of repayment amounts. Deviation from the total financial debt as shown in the balance sheet as per 30.09.2018 consist of transaction costs and accrued interest 2) ABS programme prolonged until 2020 3) Estimates for operating lease liabilities to be recognized under IFRS 16 as from 1 January 2019 onwards; Based on annual and quarterly reports

Reduced CAPEX and substantial positive operating cash flow generation help to increase FCF and to deleverage the company

CAPEX 2014-2018 [USD m]



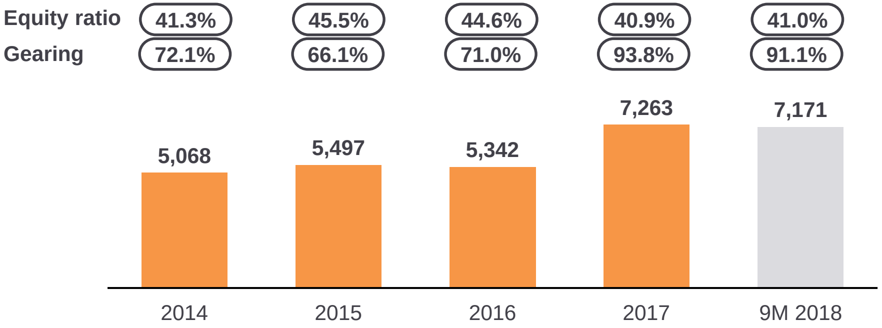
Cash flow 2014-2018 [USD m]



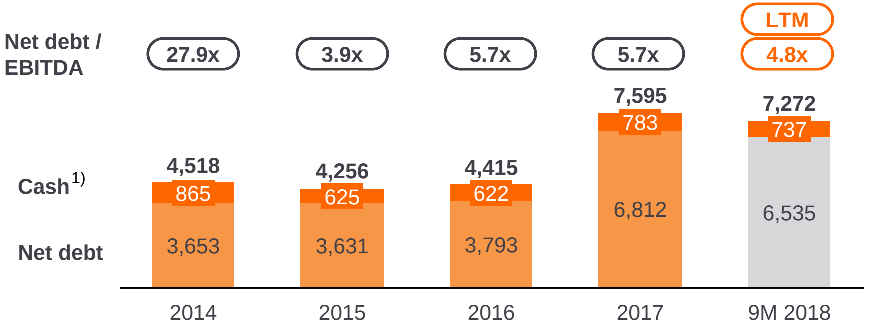
Hapag-Lloyd

Stable equity base of USD 7.2 bn, solid liquidity reserve of USD 1.2 bn and reduced net debt of USD 6.5 bn

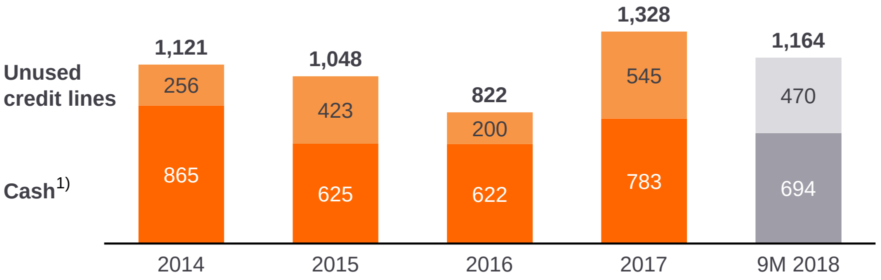
Equity base [USDm]



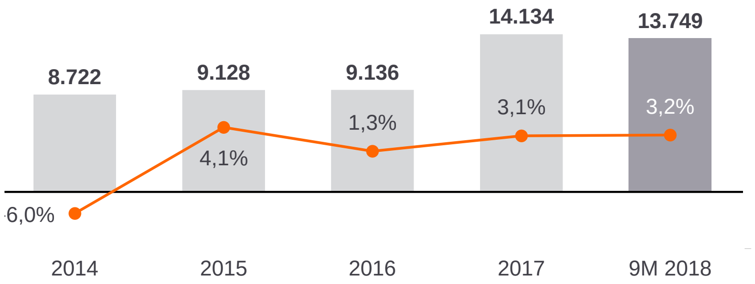
Net debt [USDm]



Liquidity reserve [USDm]



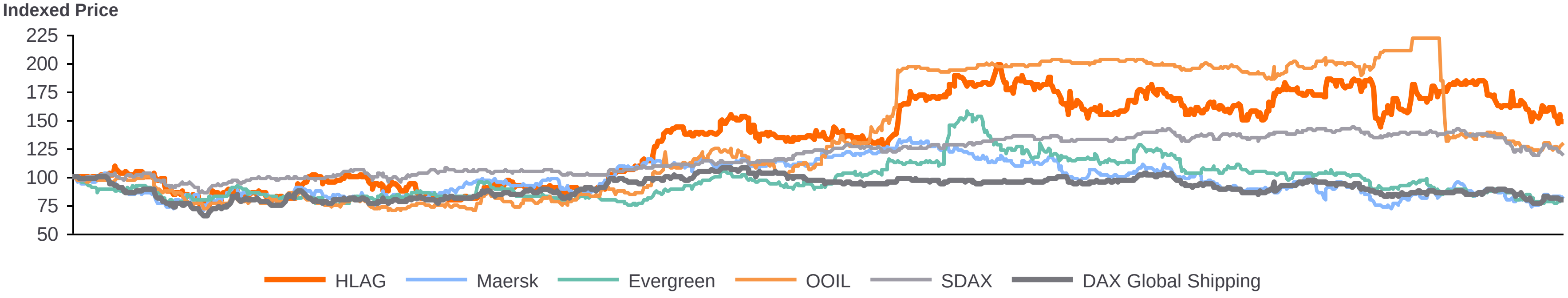
Invested capital [USDm] & ROIC [%]



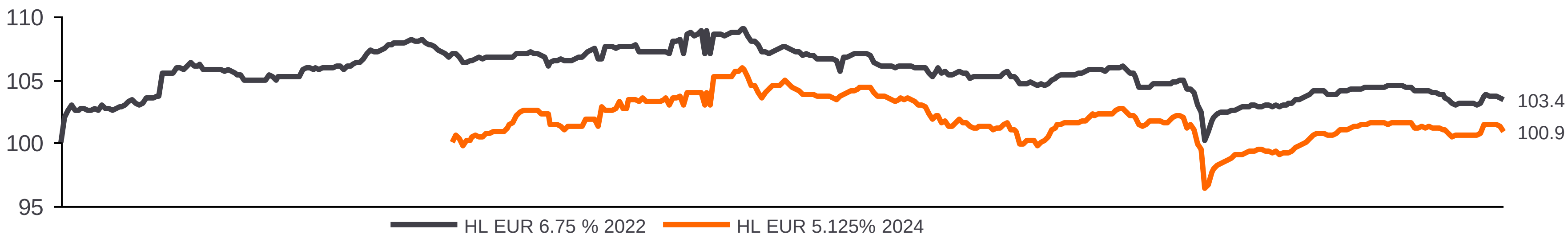
1) Includes Restricted Cash booked as other assets

Our continuous efforts have been recognized by the capital markets

Share performance since 6 November 2015



Bonds trading



Source: Bloomberg (19 November 2018)

Hapag-Lloyd

Wrap-up

Key takeaways

Scale	▪ Hapag-Lloyd **financials show clear positive development** ▪ Since 2014, Hapag-Lloyd has substantially grown **transport volume and revenue** ▪ At the same time, we were able to **significantly reduce our unit costs**
Profitability	▪ In a challenging market environment, we were able to **steadily increase our operational result** ▪ Hapag-Lloyds **profitability** has been consistently **above industry average** ▪ Profitability supported by **improved ownership structure and synergies**
Financial policy	▪ We have **strengthened our capital structure** and optimized our **maturity profile** ▪ At the same time we have **reduced our investments** to **maximize free cash flow** ▪ Therefore we were able to **clearly deleverage over time** ▪ And we managed to maintain an **adequate liquidity reserve**

Strategy 2023

CEO Rolf Habben Jansen & CFO Nicolás Burr

Hapag-Lloyd
STRATEGY
2023

Going forward, what do we assume?

Market structure

- Reasonable growth
- Reasonably rational capacity addition
- No further consolidation within Top 7 carriers
- Opportunities to de-commoditize

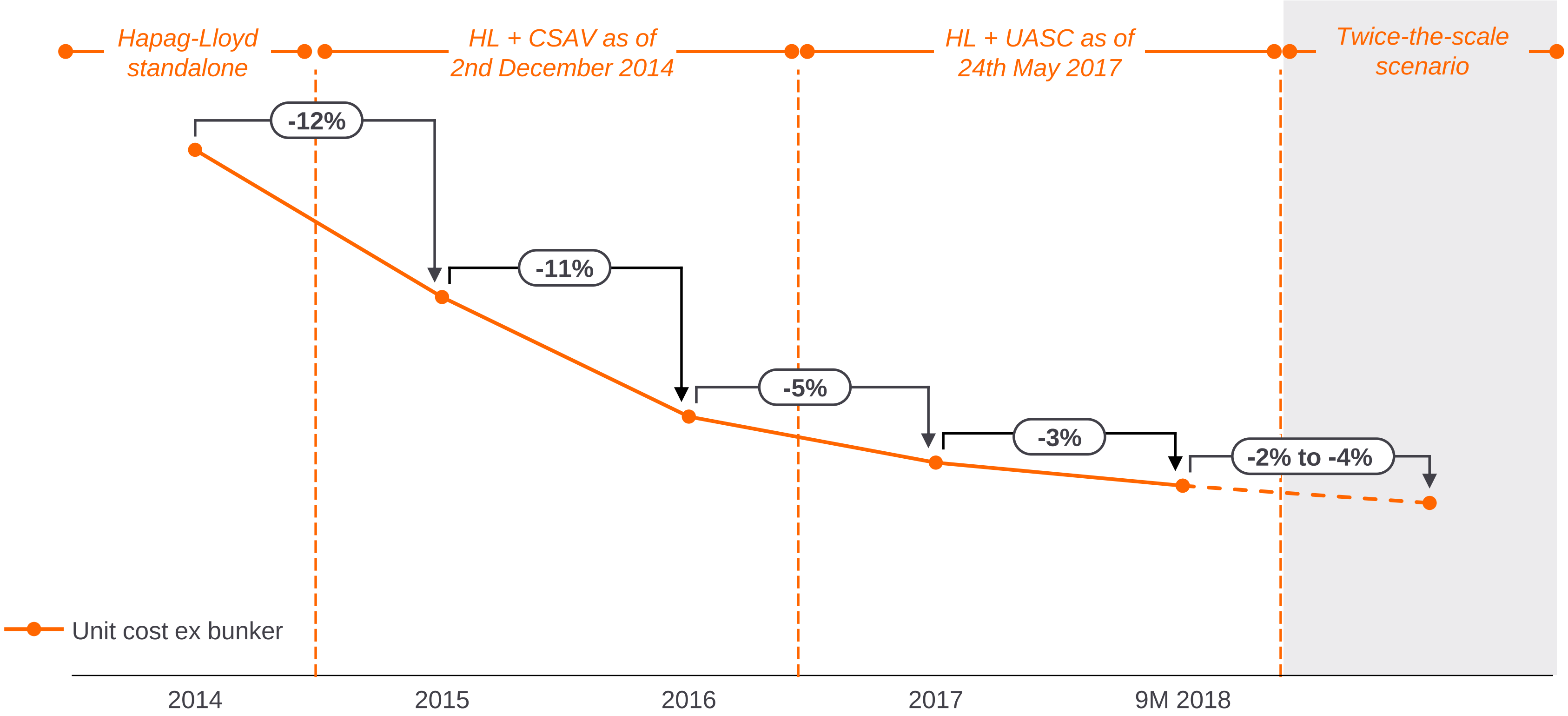
External restrictions

- Increasing legislative and societal pressure on environmental sustainability
- 3 alliances going forward

Technology opportunities

- Carriers build online channels to target smaller customers
- Automation opportunities for back-end processes
- Start-up companies remaining/entering logistics

In our industry marginal returns from further scale have diminished significantly



Hapag-Lloyd

Hapag-Lloyd has a number of clear strengths to build on

Process quality Global blueprint	In-house IT data management	Strong brand Quality reputation
Strong global shareholder base Solid Balance Sheet	Balanced trade portfolio	Pure play carrier
Global player with a relevant market share in all major trades	The best team from 4 lines Truly global culture	Young and large vessels

✓ Operational execution excellence

Hapag-Lloyd

Our Strategy 2023 has 3 overarching goals

Profitability

Be profitable **throughout the cycle**

Number 1 for quality

Deliver **unparalleled quality**, be **customer-oriented**, and **create value** for customers as well as **capture value** for Hapag-Lloyd

Focus on **customer segments willing to pay** for value

Global player

Reinforce **strongholds**

Expand in key **growth markets**

Global **market share** (excluding Intra Asia) **greater than 10%**

Overview of core elements to achieve the goals of our Strategy 2023

Continuously earn and keep the “right to play”

- *Continuous Cost Management*
- *Revenue Management*

Mid and long-term differentiating strategy

- *No. 1 quality carrier*
- *Environmental responsibility*
- *Superior land side capabilities*
- *Best-in-class Web Channel*
- *Focus on selected attractive markets and segments*
- *Opportunistic M&A*

Sustainable value creation

Digitization & Automation

Agile Organization

Continuously earn and keep the “right to play”

To enable our differentiation strategy, remaining cost competitive is a pre-requisite…

From vendor to partner

Continuous Cost Management

Network
- Fix unprofitable services / feeders
- Improve vessel & fleet composition
- Optimize transshipment flows

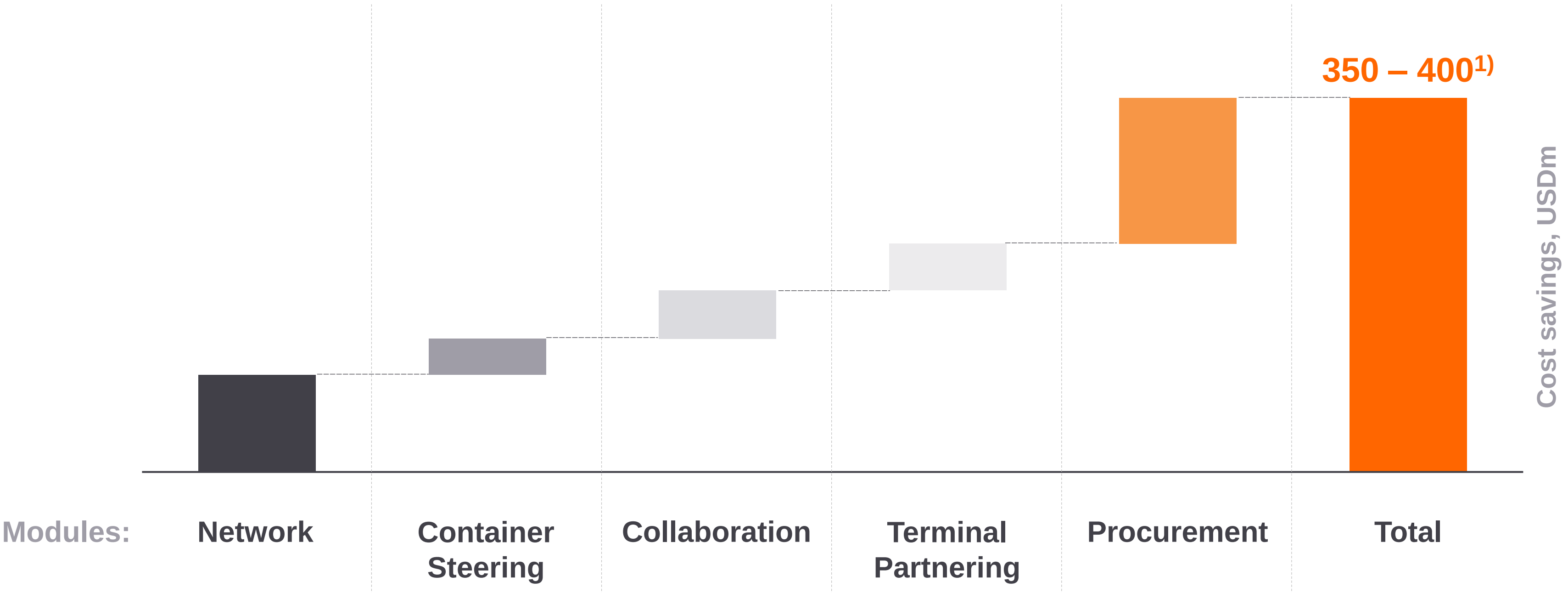
Container Steering
- Improve cargo steering
- Container substitution

Collaboration
- Partnerships with key players along the value chain

Terminal Partnering
- Increase quality
- Optimize port-stay
- Win-wins in tighter partnerships

Procurement
- Further build global procurement
- Vendor management

…and we launched a cost management program, structured in 5 modules with a savings run-rate of USD 350-400 million[1)] by 2021



1) Compared to a FY 2017 cost base (incl. UASC business for 12 months) Subject to further evaluation and specification in 2019/20

Hapag-Lloyd

Many of the initiatives are currently already in the implementation phase, with more to come

Network

Example: Transshipment

- Advanced **analytics tool** developed
- Optimize share of **transshipment and direct cargo**
- Optimization of **all shipsystems**

Container Steering

Managing surplus / demand

- Reduce **empty moves**
- Advanced **analytics further enhanced**
- Avoid container type imbalances **through substitution**
- Direct moves between customers to **avoid depots**

Collaboration

Example: Feeder network ONE

- **Enhanced and jointly operated** Feeder network
- **Shift volumes** from 3rd-party feeder to own services
- Review and expand **collaboration opportunities**

Terminal Partnering

Partnering approach

- Timely **exchange of information**
- Reduced **waiting time**
- Improved **productivity**
- **Early** departure

Revenue Management Excellence is based on Product, Pricing and Uptake Management

Decision on Product/Contract

- Clearly defined products
- Improved contract adherence
- Reduced revenue leakage

Decision on Pricing

- Analytics-based decision support for dynamic pricing
- Data-driven tender pricing

Decision on Booking Uptake

- Better forecasting capabilities
- Automated acceptance decisions

To achieve our vision, we will transform Hapag-Lloyd's Pricing & Revenue Management in three phases…

Strengthen the basics	Foundations of new Revenue Management	Advanced Revenue Management excellence
2018-2019	2019-2020	Long-term aspiration (2020+) →

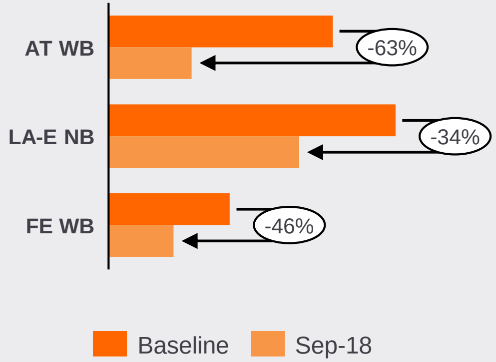
Dedicated change management along the journey

…which we started in 2018 with the "Contribution Boost"

Strengthening the basics: Contribution Boost

- Focus on 10 **short-term initiatives** with no major system changes
- **Improve cargo mix** steering and reduce revenue leakages
- **Replacing least contributing cargo**
- Ensure collection of **Demurrage & Detention & local revenue**
- Develop new **Marine Fuel Recovery** mechanism and implement same by the beginning of 2019

Examples: Reduction of low contributing business



Mid- & long-term differentiating strategy

Our strategy is based on our unique strengths and true differentiation through six strategic pillars

I *No. 1 quality carrier*

Rationale: Proven willingness to pay for quality in the market

II *Superior land side capabilities*

Rationale: Inland is a differentiator and can offer contribution beyond port-port

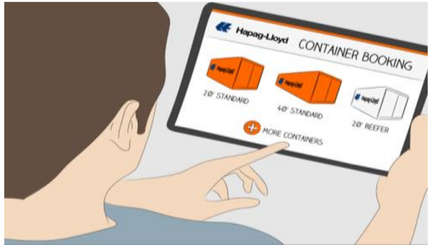
III *Focus on selected attractive markets and segments*

Rationale: Shifting market growth to emerging and niche markets

IV *Environmental responsibility*

Rationale: Changing environmental regulation and a good asset base

V *Best-in-class Web Channel*



Rationale: Serve smaller customers by building the best customer front-end using our strong IT backbone

VI *Opportunistic M&A*

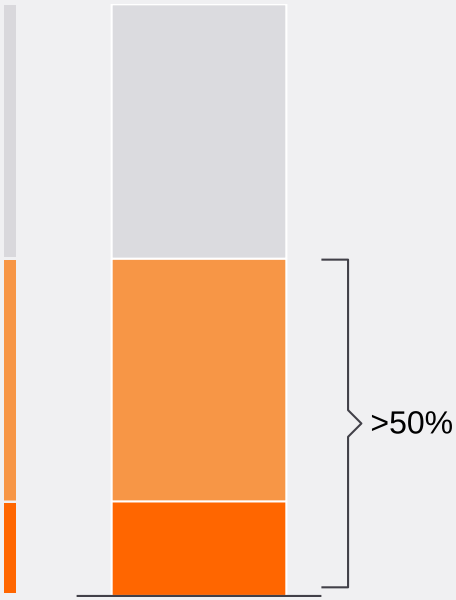
Rationale: Seize opportunities that support HL's strategic goals

Market research reveals that PROVEN and CONSISTENT quality matters to more than half the market…

A | **"Price seekers"** Mainly cost-driven selection

B | **"Value seekers"** Quality driven selection

C | **"Service seekers"**



Market research participants

Quality matters to more than half the market

01 | **Capture willingness to pay** from existing customers by delivering the required quality levels

02 | **Optimize customer mix by leveraging willingness to award more business** from existing quality customers

03 | **Further optimize customer mix by gaining new customers** in target segments to reach market customer mix

 Source: Market research, December 2017

Hapag-Lloyd

…and we will deliver a clearly articulated core product to all customers and more for value and quality seekers

Premium Product

Diversified to target specific customer needs not addressed by base product

Improved service levels for customers who value premium service level, as clearly differen-tiated products with price premium

Base Product

- **Consistent** across customers of all size, contract type, and industry
- **Clearly articulated** through quality promises
- **Transparent** with measured and communicated performance levels
- **Calibrated** "slightly above market average"

We have defined our future Quality Commitments – which will be an essential part of the "handshake" with our customers…

- Responsive service
- Timely and accurate documentation
- Booked and loaded as agreed
- Reliable transport
- Quick issue resolution

- Commitment to volume and bookings
- Provision of accurate information on time
- Payment as agreed

…and we have already taken the first steps on what we know is a multi-year journey to differentiate on quality…

This will require us to reach deep down into our organizational structure and operational "engine room",

building on our **proven track record** of executing large scale projects.

We have already started mobilizing the organization to **truly deliver** on our initiatives,

and have the ability to systematically **monitor progress** and development and adjust course as necessary.

Premium product development

- Continuously launch premium products

Web Channel

- More product additions

Partnering

- Enhance product and new partnerships

Procurement and supplier management

- First pilot in Benelux successfully completed

More to come…

…and some of it is already in place today

Some examples of segments where customers are willing to pay for value

Web Channel

- Instant quotes
- Immediate booking
- Direct confirmation

Cherry Express

- Fast transit times
- Direct port calls
- Special care

Dangerous Goods

- Safety
- High quality documentation
- Highly skilled and experienced staff

Hapag-Lloyd intends to offer more end-to-end business, as we believe this can be beneficial for all parties

Higher profitability by capturing some value pools and feed more contributing cargo onto our ships

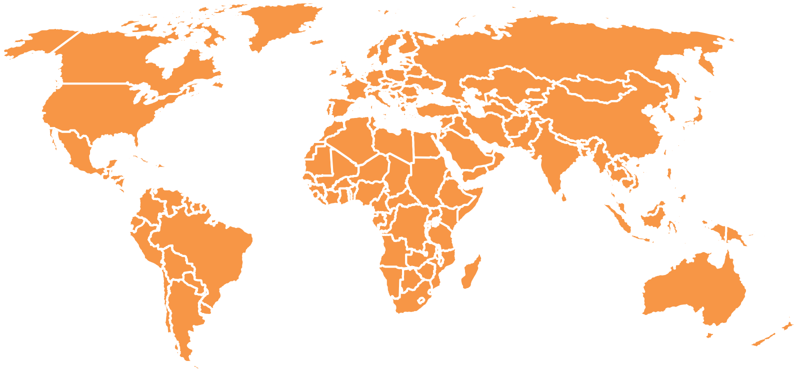
Increased differentiation through better E2E service

Improved control over equipment flows and better steering of the imbalances

Improved cost through integrated procurement and reduction of 1-way trips

We will expand our position in attractive niche segments, reinforce our strongholds and further build growth markets

Attractive markets



- **Growth** in container shipping **increasingly shifts towards emerging markets**
- We are **well positioned** regarding our strongholds

Niche segments

Reefer

- **High market growth**
- Customers are prepared to **pay for high quality & value**

Special Cargo

- The market offers **untapped opportunities**
- Ambition is to **"scale beyond Europe"**

Dangerous Goods

- One of the **historical strength** of Hapag-Lloyd
- High quality service is already **valued by customers**

Hapag-Lloyd STRATEGY 2023

Sustainable value creation

Creating Shareholder Value through Strategy 2023

To recap, we have described the 3 goals of our Strategy 2023…

- Profitability
- Number 1 for quality
- Global player

…and in financial terms our objectives are to:

01 Return more than our cost of capital

02 Deliver on our Financial and Non-Financial Targets

Financial Targets to be achieved until 2023

Profitability	ROIC (throughout the cycle) [This implies an EBITDA-margin of ~ 12%]	**> WACC**
Deleveraging	Net Debt / EBITDA	**≤ 3.0x**
Equity	Equity ratio	**> 45%**
Liquidity	Adequate liquidity reserve of	**~ USD 1.1 bn**

Note: All KPI's subject to IFRS 16 adjustments – adjusted KPI's will be communicated accordingly

Non-Financial Targets to be achieved until 2023

Quality	Achieve best in class Net Promoter Score (NPS) Measure and improve On Time Delivery
Superior landside	Increase share of door-to-door business to over 40% of total by 2023
Attractive Markets	Grow volume in selected attractive markets and achieve a market share of ~10% (excl. Intra Asia) in reefer market by 2023
Environmental	Comply with or exceed all IMO environmental regulations
Web Channel	Grow volume booked via Web Channel to 15% by 2023

Wrap-up

Key takeaways

Industry	▪ **Marginal returns** from further scale have diminished significantly ▪ We believe that the industry is at an inflection point and the future is about differentiation
Strategy 2023	▪ **Hapag-Lloyd** has a strong starting position to take the next step to become the **number one for quality** ▪ **Customers** are willing to **pay for quality and value** ▪ We have set up a **robust strategy** that differs from what others do
Strategy implementation	▪ We are **convinced to succeed** as we have proven repeatedly that we are able to implement the measures necessary to reach our self-imposed targets ▪ We looked at **multiple scenarios** and have a clear approach for all kind of defaults ▪ To ensure a successful implementation we will follow a **set of clear principles**

Agile Organization –

Ongoing organizational improvements to implement Strategy 2023

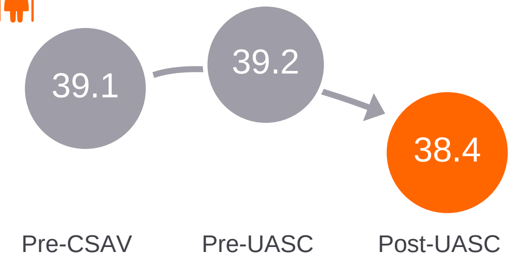
CPO Joachim Schlotfeldt

Hapag-Lloyd became a truly global company over the last couple of years…

The "new Hapag-Lloyd"...

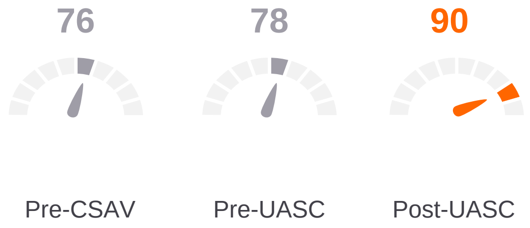
… is younger in age…

[Average age]



… and is more international

[Nationalities employed]



Hapag-Lloyd in numbers:

- ~12,600 employees
- 127 countries
- 394 locations*

* Thereof 191 own offices and 203 agents

…and it's organization is in a strong starting position to master future challenges

Capabilities	▪ Strong and recognized **IT & process quality**
Execution excellence	▪ Ability to **successfully manage large-scale projects**, e.g. CSAV and UASC integration
Sales and customer service	▪ **Global** Sales and Customer Service network ▪ Good brand perception with **accessible and knowledgeable sales/CS staff**
Global player	▪ Global **footprint** and strong home turfs (Germany, Italy, Canada, South America, Middle East)
People & culture	▪ Loyal, committed, and qualified **workforce** that is open to change ▪ **Value-driven** and principled organization

But to be able to execute Strategy 2023 successfully we need to modernize our organization and improve agility…

Introduction to Agile Organization

Our goal:

Increase the **agility** of the organization

- **Faster** decision making
- **Continually** learn and improve
- Develop projects **flexibly**
- Deal with risks **earlier**
- Partner **easily** with other players

Steps of the organizational transformation

Core Processes

Improve **core processes, optimize / simplify** organization

Quality Service Centers

Improve **consistency** and **quality of service**

Automation

Drive **automation** of standardized processes

…which requires streamlined processes, better tools and a focus on core business functions

Core Processes

Business Admin Excellence:
Streamline **planning and steering** processes

Voyage Control:
Increase **schedule reliability**

Cargo Control:
Improve **quality** of **allocation management** and **ship planning**

Approach

- **Optimize** and **simplify processes**
- Introduce **additional** and **better tools**

Establishing Quality Service Centers will increase consistency and quality…

1. Improve the **consistency** and **quality** of the **service** provided by Hapag-Lloyd in Areas
2. Make **continuous improvement** of **processes** easier
3. Make **process** and **system** roll-outs / updates much **faster and more reliable**

- **Regional centralization** of certain functions of:
  - Customer Service
  - Operations
  - Business Administration
- Build on extensive experience with bundling of non-customer facing processes in Global Service Centers in Mumbai, Chennai and Shanghai
- Quality Service Centers (QSC) already established in **Atlanta** and **Suzhou**
- Set up QSC in further Regions, e.g. Region Middle East (**Mumbai**)

…while automation will allow staff to focus on tasks with higher value-added

Robotics

Natural language generation

Cognitive agents

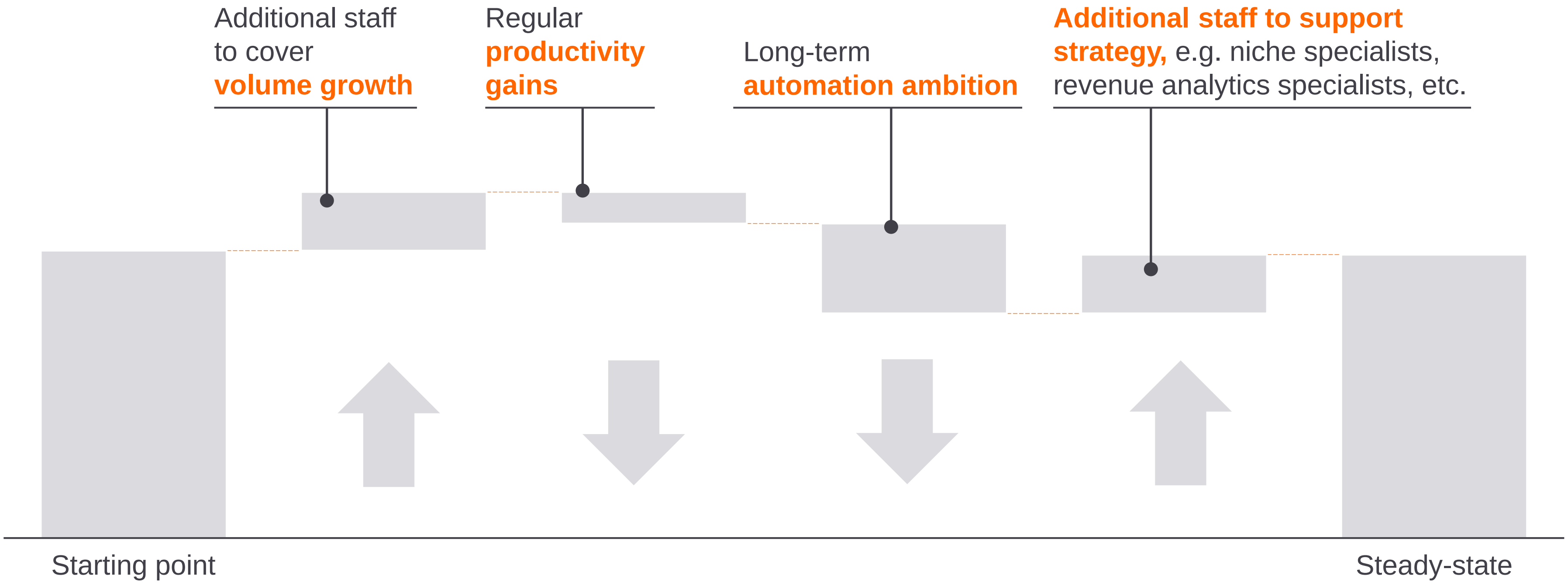
Machine learning

- Focus staff on **value-adding** functions
- Increase **quality** and **speed of work**, reduce **errors**
- Support **further volume growth** of HL
- **Build on** automation already in place due to **strong operating backbone** and process structure

Our organization will look substantially different in 2023 with more analytically driven roles and reduced data entry & processing roles

Resource shifts

Illustrative

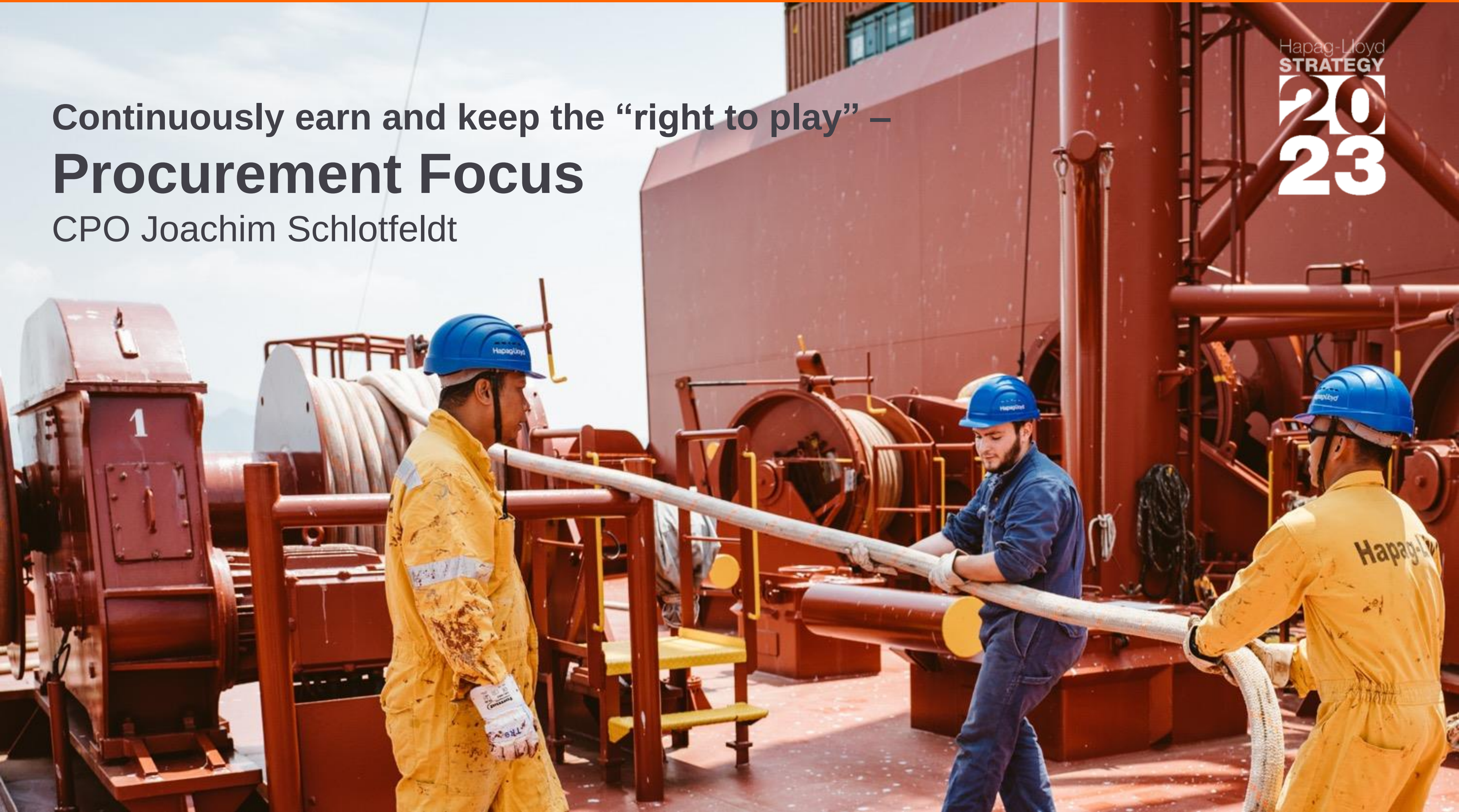


Hapag-Lloyd

Continuously earn and keep the “right to play” –

Procurement Focus

CPO Joachim Schlotfeldt



We will significantly strengthen our procurement and supplier management capabilities and competence

Transport+ initiative to reduce transport spend

Bunker procurement

Corporate procurement

Terminal procurement

- Objective is to **raise service levels and reduce cost** – i.e., **improve value for money**, not just drive down cost
- Impact on **all levels of the organization**: central, regional, and local
- **Build up partnerships** with our key suppliers

Procurement excellence program in transport aims at capturing the full potential by reducing costs and increasing service levels

Standard procurement methods

- Apply **standard procurement tools**
- **Establish standards** across Hapag-Lloyd

Individual levers

- Develop **market specific levers on Area level**

Focused enablement to ensure savings capture

- Ensure **successful implementation**

- Efficient **processes**
- Continuous **communication**
- Increased **transparency**

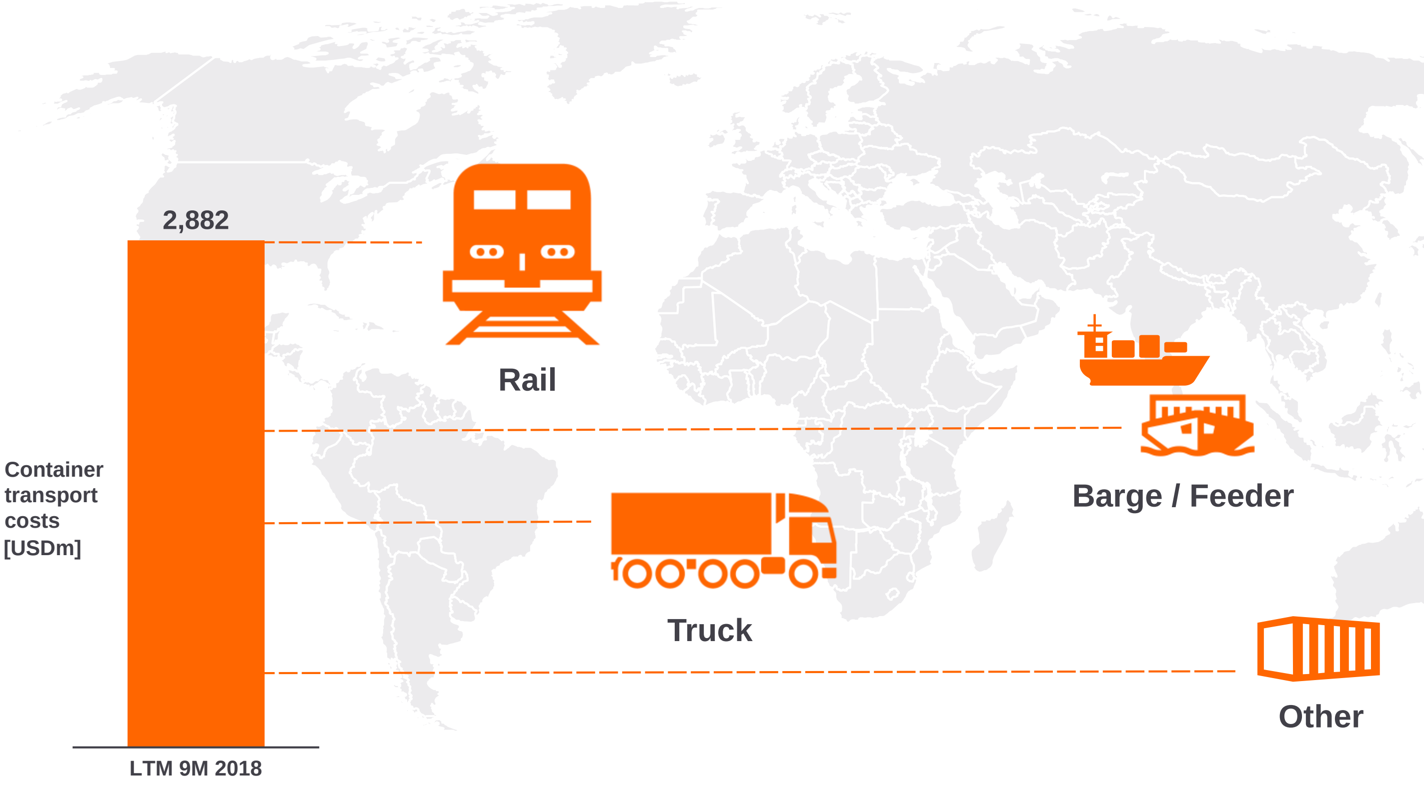
Significant **cost reduction**

Better **quality**

„From **Vendor** to **Partner**“

Hapag-Lloyd

The procurement program will initially focus on transport spend and additional locally sourced spend categories…



Key takeaways

- Transport spend **fully in scope**
- Further increase due to **general cost inflation** cannot be ruled out
- Additional **locally sourced cost categories** to be addressed
- **13 lighthouse projects** across all regions already in implementation[1)]

1) Also covering terminal spend

…and the first results illustrate that this ambition is feasible and realistic

First pilot in Area Benelux completed with positive results

- ✓ Cost savings of mid single digit USD million as well as process and quality improvements
- ✓ Partnership discussions held with trucking and barge vendors
- ✓ Optimised modal mix

Next steps

- Europe-wide rail tender
- Currently addressing Germany, Central Europe and Indo-China
- Thereafter broad-scale rollout in all Areas in 2019

Wrap-up

Key takeaways

Strong backbone	▪ Hapag-Lloyd became a truly **global company** over the last couple of years… ▪ …and can build on **acknowledged core competencies**
Become an agile organization	▪ To adapt faster than competition to changing business environment and to adapt successfully Strategy 2023 we need to further **modernize** our **organization** and **increase agility** ▪ **Several initiatives** have already been **implemented**
Develop enhanced procurement capabilities	▪ With the enlarged organization and changing market environment also **Procurement** needs to **change** ▪ We will significantly **strengthen** our **procurement** and supplier management **capabilities** and **competence**

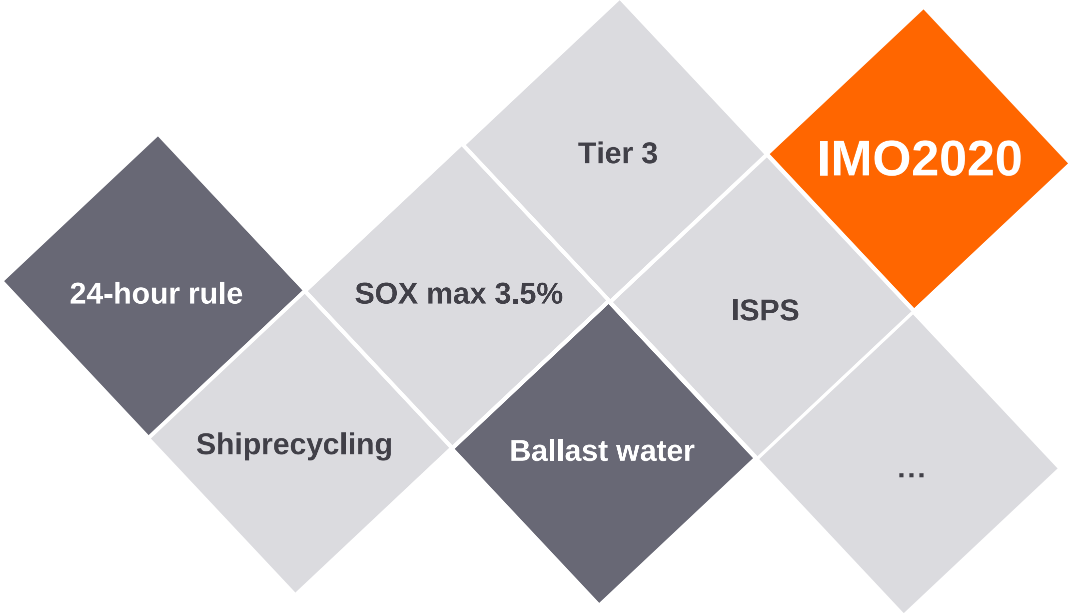
Environmental Responsibility – IMO 2020: Tackling regulatory challenges

COO Anthony Firmin

Hapag-Lloyd STRATEGY 2023

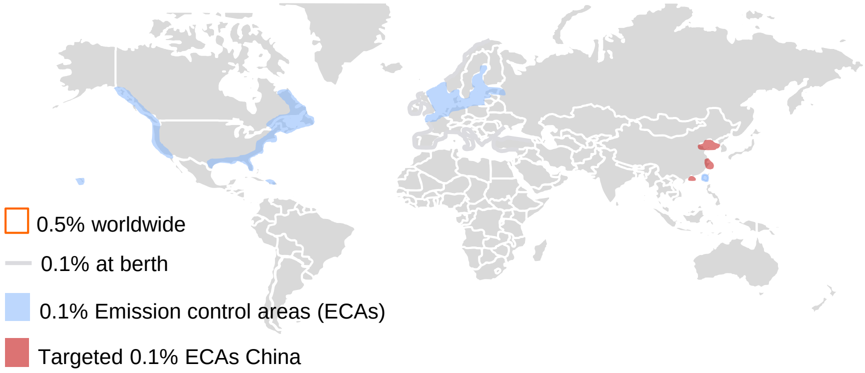
Regulatory challenges have always played a role in shipping

Hapag-Lloyd has successfully adopted new regulations throughout its history

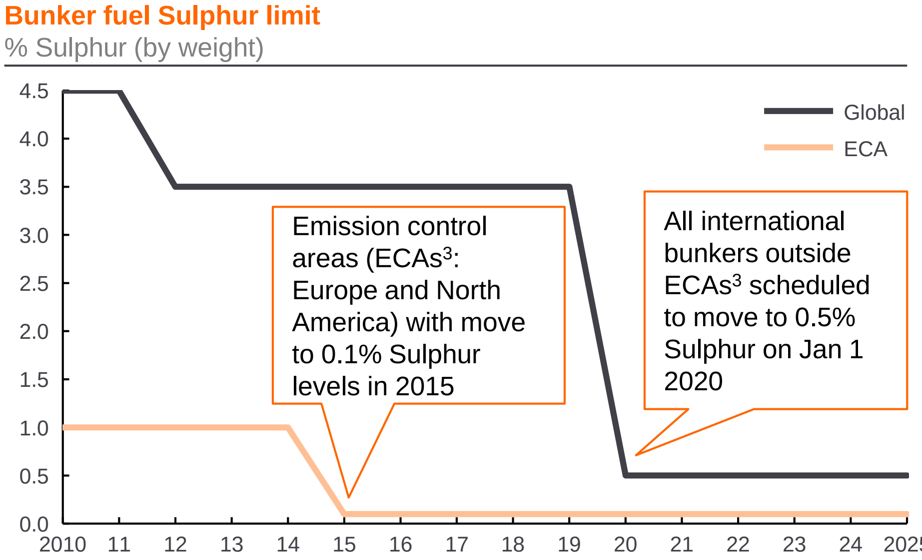


As of 2020, all ships will be required to use fuel with 0.5% sulphur content or less on all the world‘s oceans

IMO 2020 Sulphur Regulation



Fuel type	Today	2020
HSFO 3.5%	✓ Worldwide (excl. ECAs)	✗ Only with scrubbers[2]
LSFO 0.5%	No large scale use	✓ Worldwide (excl. ECAs)
MDO 0.1%	ECAs[3] + EU Ports	ECAs[3] + EU Ports + New ECAs China



1) Marine Diesel Oil (0.1% sulphur) 2) Possible use of scrubber for So_x post-treatment 3) Emission Control Area (ECAs) = The Channel, North Sea, Baltic Sea, North America, US Carribean

There are three options to comply with IMO2020 but Low Sulphur Fuel Oil will be the key solution in the short term

Options for ensuring compliance

1 Liquefied natural gas (LNG)

2 Exhaust gas cleaning systems

3 Compliant fuels

Estimated containership fleet as at 2020E

More than 90%
of the container world fleet will run on compliant fuels

 Source: Alphaliner weekly

Hapag-Lloyd

Liquefied Natural Gas (LNG)

Hapag-Lloyd believes LNG could be the mid-term fuel solution for the shipping industry

+

- Regulatory **certainty**
- **Lower** emissions
- Future **availability**

–

- **High** capex
- Bunkering **network not yet in place**
- **Availability** in ports **not yet sufficient**

$

- Estimated cost for **conversion** and additional cost for **new builds**: **USD 25 – 30** million per ship
- Attractive **payback**

Hapag-Lloyd's position

17 vessels LNG ready[1)]

Refitting **one 15k** class vessel

Further **refittings** possible

Lower sulphur content **and CO2**

Mid-term solution

1) approx. 18% of current total capacity

Hapag-Lloyd

Exhaust Gas Cleaning Systems (EGCS)

The use of EGCS is economically attractive as a short- to mid-term solution

+

- **Lower capex** than LNG
- No issues with fuel (**HSFO 3.5%**)
- **Economically** attractive
- Proven **base technology**

–

- Increased **fuel consumption and higher CO_2** emissions
- Direct discharge of scrubber water into the ocean
- **No long-term** solution

- Estimated cost for **conversion**: **USD 7 – 10** million per ship
- Attractive **payback**

Hapag-Lloyd's position

10 retrofits planned for 2019/2020

Retrofits for **13k TEU** vessel class

Further **refittings** subject to pilot

Higher CO_2 and water pollution

Short-/ mid-term solution

Hapag-Lloyd

Compliant Fuels

Compliant fuels are the key solution for ensuring compliance from 2020 onwards

- **No capex**
- Currently most **environmentally friendly** solution
- Confirmed **availability**[1)]

- High **price**
- Higher **opex**
- Possible **compatibility problems**

- **No downtime** or cost for **conversion**
- Additional cost of **USD ~1bn annually** due to **higher price**

Hapag-Lloyd's position

Key solution going into 2020

~90% of ships in industry

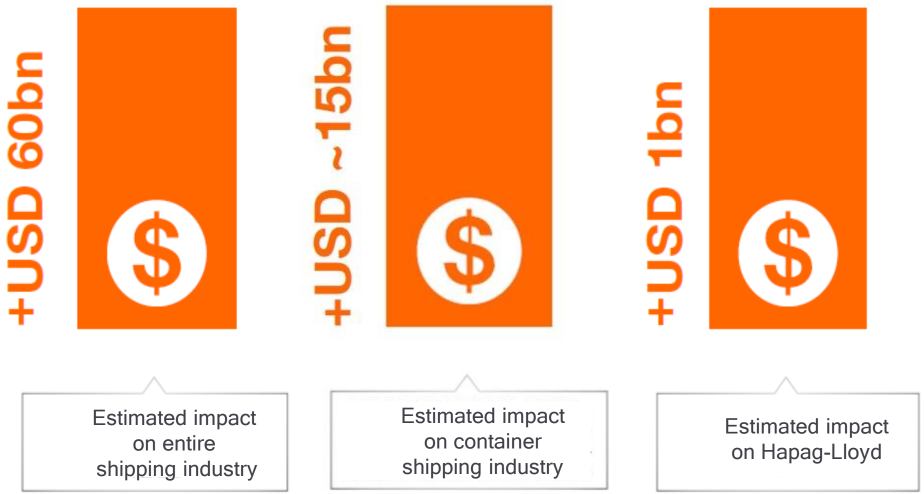
Major refittings **not** before 2020

Low sulphur emissions

1) Confirmation by major suppliers

The IMO2020 regulation will make the industry greener but it will come with a price

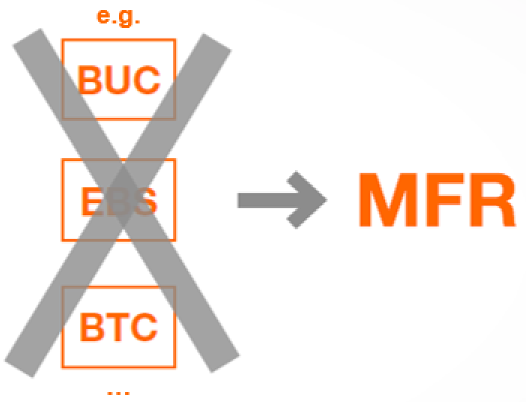
Costs will go up as both compliant fuels and investments into new technologies will be expensive



On the assumption that the spread between high-sulphur fuel oil (HSFO) and low-sulphur fuel oil (LSFO 0.5%) **will be ~250 US dollars per tonne by 2020**, Hapag-Lloyd faces additional costs of around 1 billion US dollars annually

To recover fuel related costs caused by the IMO2020, Hapag-Lloyd has developed a Marine Fuel Recovery (MFR) mechanism

- Marine Fuel Recovery Mechanism will be gradually implemented from **beginning of 2019** – all customers will take part in this change
- Hapag-Lloyd will **replace all existing fuel charges** with a new MFR mechanism



$$\underset{\text{[per TEU]}}{\text{MFR}} = \underset{\text{[per TO]}}{\text{Fuel price}} \times \frac{\text{Fuel consumption [TO]}}{\text{Carried TEU}}$$

The new MFR mechanism is logical, transparent and easy to understand

MFR creates transparency and is based on market data and averages for market class vessels

- Helps our customers **predict and plan** price development
- **Customer feedback** on the MFR has been **largely positive**

- The MFR is based on **market data** (fuel consumption, fuel price and carried TEU) and derived from **averages for Market Class Vessels**

- Unique approach also considering price difference between **0.1% and 0.5%** Low Sulphur Fuel
- **Dominant and non-dominant legs** are treated in the same way

Governance is crucial – Hapag-Lloyd welcomes the Carriage Ban

A robust enforcement regime is necessary for ensuring a level playing field

The IMO itself has **no authority** for governance

Each Flag and port state responsible for enforcing the regulation with sanctions and fines

Strict control in ports is extremely important

Carriage Ban as of March 1, 2020

IMO bans vessels that carry **HSFO** when not equipped with scrubbers

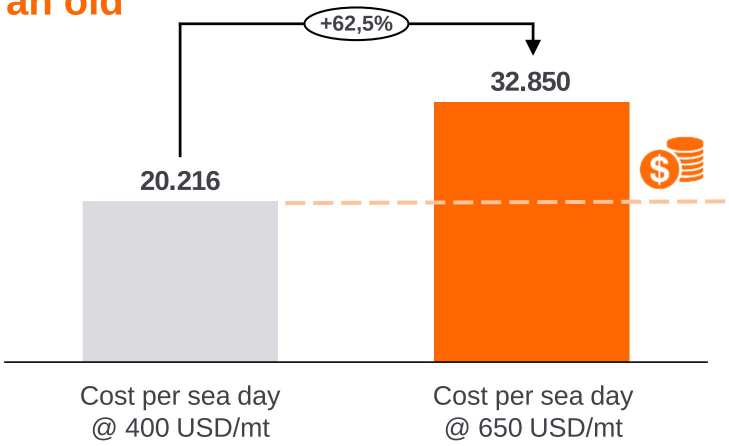
Will the new regulation affect the supply / demand balance in liner shipping?

Disadvantage of inefficient vessels will become more apparent as older vessels need to use more expensive fuels

Illustrative

Fuel costs per day for an old 4,000 TEU vessel

[USD/day]



- Might lead to **increased scrapping** of older, less efficient vessels…
- …which would further **improve supply / demand balance**

Wrap-up

Key takeaways

Regulation 2020	▪ IMO 2020 will effect the **industry as a whole** ▪ **Three options** are available to achive compliance (**LNG, EGCS, Compliant Fuels**) ▪ **Majority** of containerships will run on compliant fuel as of 2020
Hapag-Lloyd approach	▪ **Hapag-Lloyd embraces new regulation** as industry is becoming greener ▪ We will test **LNG and** install **EGCS** in 2019 / 2020 ▪ **Compliant fuel** most relevant solution in the short-term
Going forward	▪ **MFR mechanism** in place to tackle higher bunker costs ▪ Positive results of refitting and pilots will lead to **further installation of EGCS and LNG** ▪ IMO envisions significant emission reduction by **2050**

Digital Transformation

CEO Rolf Habben Jansen

Hapag-Lloyd's journey to digitization started in the early 90's

„Electrification“

Digitization

1990

Today

93 FIS1

EDI

SAP

BI

00 FIS2

Online Biz

Automation

10 Biz Analytics

Integration CSAV & UASC

Quick Quotes

FIS3

18 API

System standardization & integration for core processes

Enhanced biz steering through BI

Advanced functions and process coverage, EDI-connectivity, automation, system architecture

Process Excellence

Advanced forecasting & optimization

Ease of doing biz with, new architecture

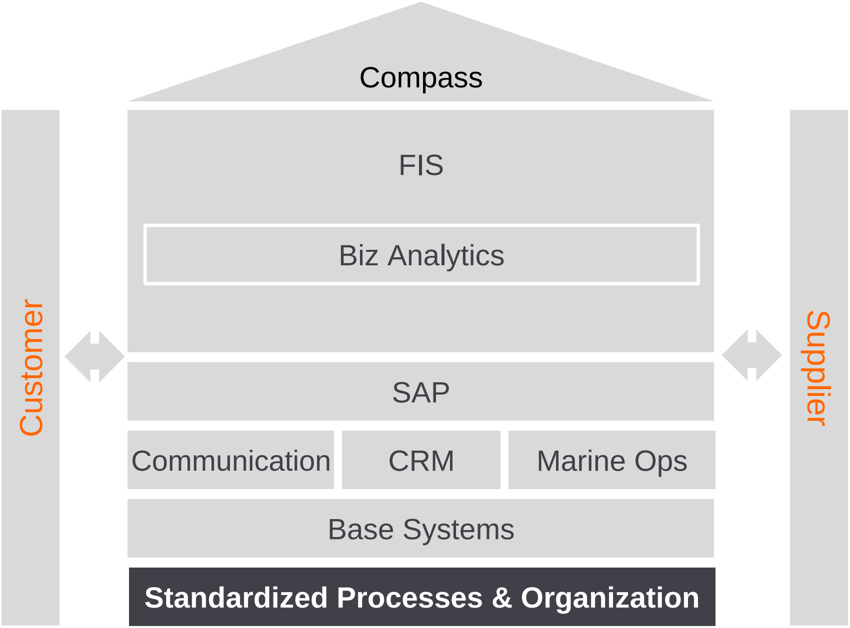
Hapag-Lloyd's existing IT is the basis for our digitization efforts…

Integration → Single Version of Truth

High Degree of Automation,
i.e. Quality and Efficiency

Connectivity EDI/API/Web/Mobile

Analytics to manage global networks



Excellent starting point to continuously enhance Hapag-Lloyd's service products and quality by leveraging digital technologies

Hapag-Lloyd

…which can only be successful if there is close alignment between Business and IT

HL IT + Biz-IT Alignment = Digital Excellence

Tech Watch Unit
- Track >200 start-ups
- Discussions with >50
- Partnerships with ~10

Integrated management of digital development programme
- Commercial, Operations, BA, IT, Board
- Agile project pipeline management
- Disciplined project execution – on time, on budget

Digital Channel & e-Biz Unit
- Hapag-Lloyd online channel
- Portal partnerships
- Agile product development

~ 100 IT projects p.a.
- Process excellence
- Automation
- Collaboration

Hapag-Lloyd is actively monitoring digital developments and partnering with leading-edge companies…

Objective

- To build on our strong operating backbone and IT competence to **differentiate from the competition**
- Become an increasingly agile and **customer-responsive organization**

TechWatch

We are closely monitoring developments. Where sufficiently interesting we start discussions, **leading to pilots**, and eventually to **partnerships**

Artificial Intelligence, Machine Learning

Forecasting of empty container demand, **network analysis** and **yield management**

Blockchain

Participating in three consortia to evaluate different opportunities to exploit blockchain technology.
In parallel preparation of technical setup

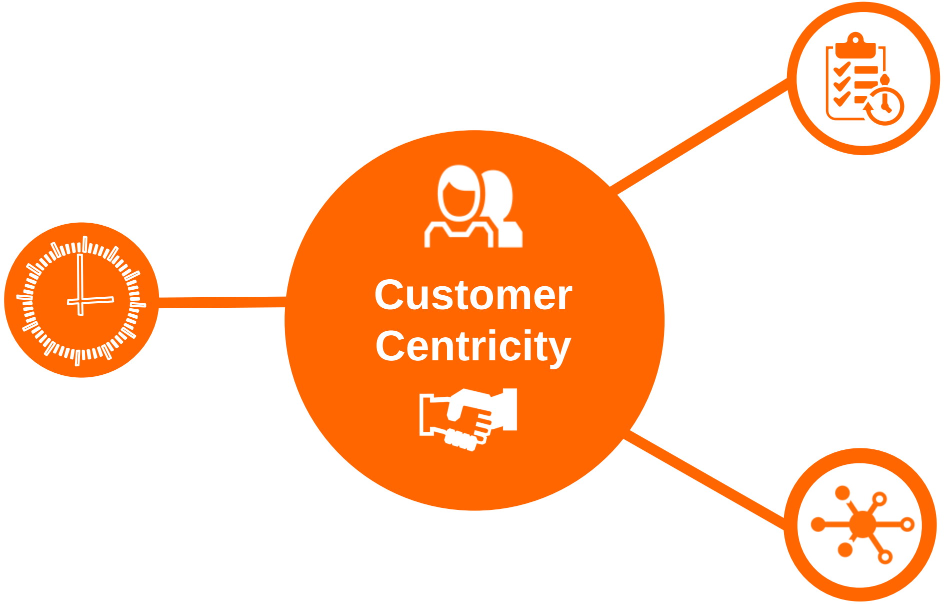
Automation

Already very active with **Web Channel**, **FIS Macros**, **Container Steering**, Auto Booking Confirmation, Auto Shipping Instruction and a steadily increasing number of simple process robots

…as we know that technological innovations help to create new and better customer solutions…

While the basic customer needs have not changed much, **customers today expect to conduct their business with the comfort of modern technology**:

- Mobile applications
- Transparency
- Fast response



There are plenty of opportunities for carriers to **differentiate**, also with regard to **digitization**

- Customer service
- Physical services
- Contractual commitments
- **Digital services**

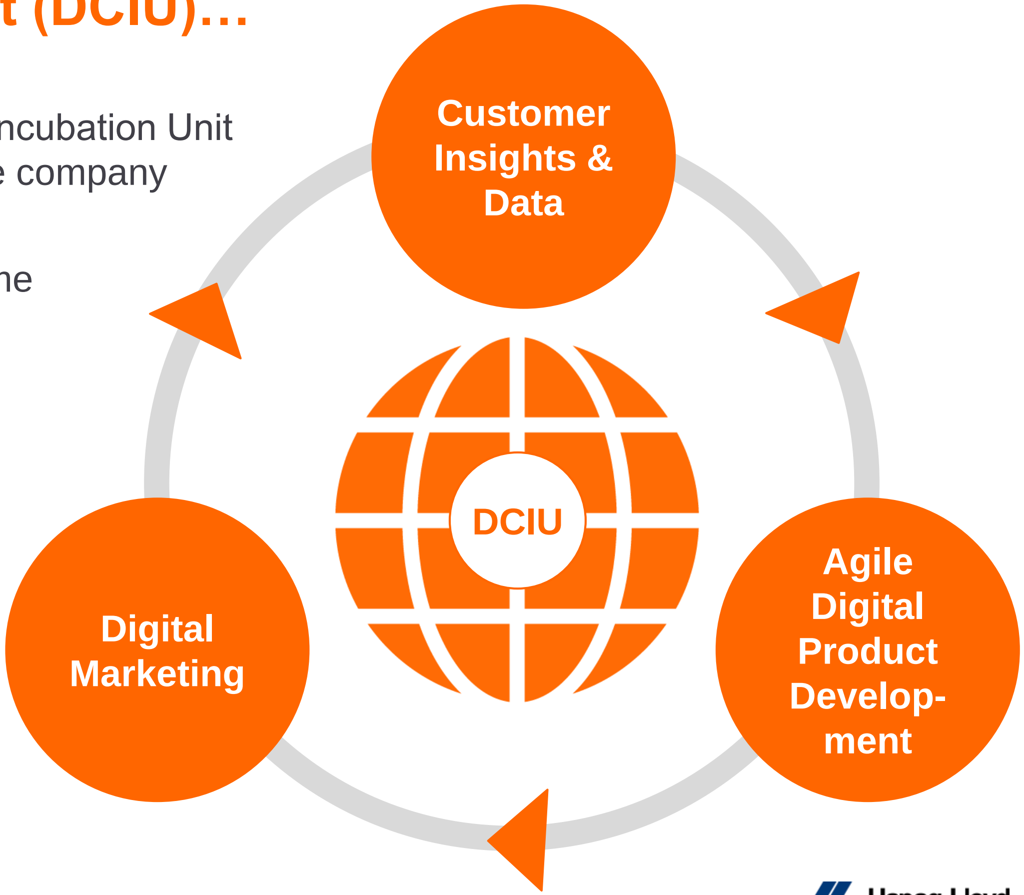
Digitization enables us to **interact more directly with customers** (and suppliers)

…and to accelerate this we set up the Digital Channel Incubation Unit (DCIU)…

Hapag-Lloyd's new Digital Channel Incubation Unit (**DCIU**) **drives digitization** within the company

Working with continuous real-time market & customer **research**, product **development**, **marketing** and **IT** together as **one team**

By empowering digital transformation, we provide customer solutions to unleash the potential of the future of logistics



…who in a joint effort with IT & Business launched *Quick Quotes* in 2018…

24/7 access to the Quick Quotes tool whenever and wherever

Reception of rate in **immediate response**

Quotation with just a few clicks

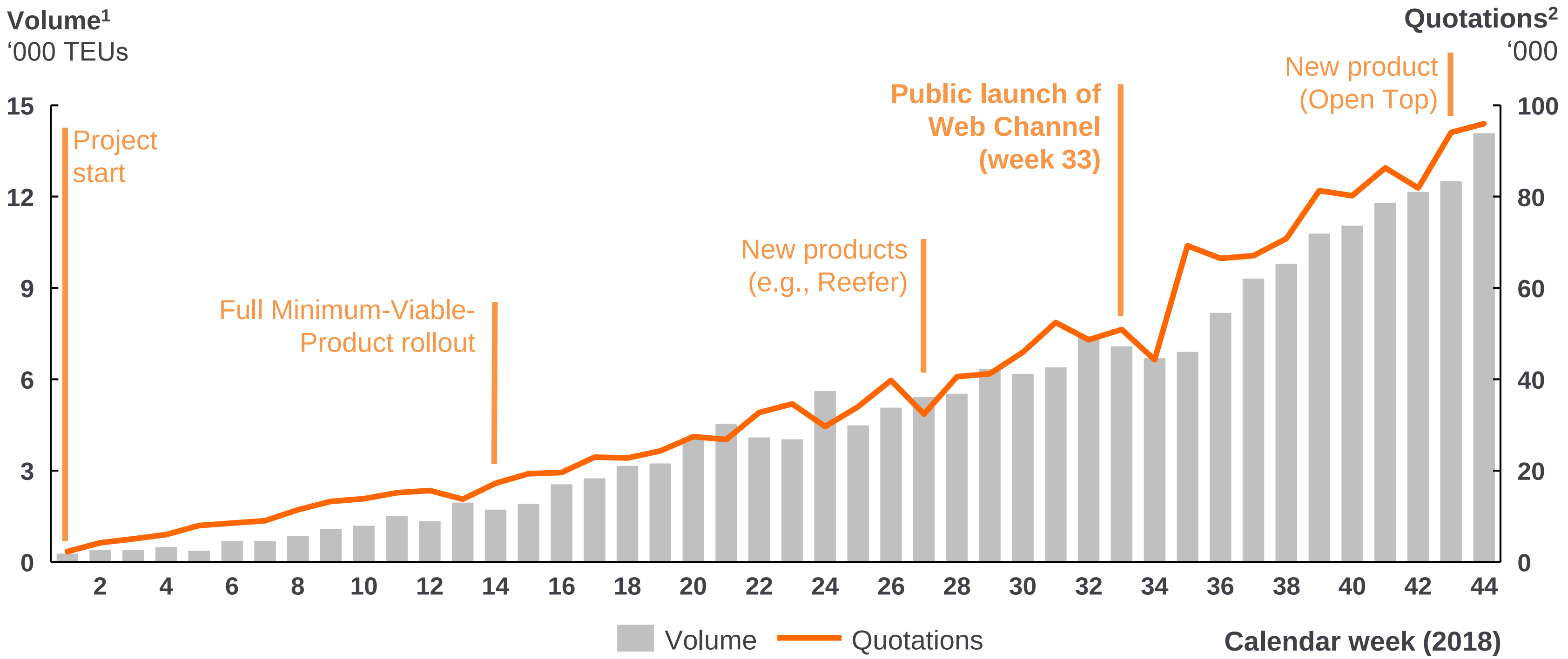
Access for **all customers** regardless of size or location

Start of **booking process** follows directly

Flexible access to Hapag-Lloyds extensive **global network**

…which in 10 months has grown to around 6% of global Hapag-Lloyd volume – a business of over USD 0.5 bn annualized revenue!

Quick Quotes volume development



1 Start of Shipment based 2 Quotations: Successful customer requests based on creation date (excl. 2nd quotes)
Data as of: November 5th, 2018

Wrap-up

Key takeaways

Single operating system	▪ Hapag-Lloyd has always been at the **forefront** of **IT developments** ▪ Our global **single operating system** is an industry acclaimed **competitive advantage**… ▪ …and a **strong basis** for **further digital development**
Digitization focus & customer solutions	▪ Providing **customer solutions** by **driving digital transformation** ▪ New focus on **collaboration** and **customer centricity** ▪ Digital Channel Incubation Unit (**DCIU**) **drives digitization** within the company… ▪ …and develops **new digital products** in an agile way
New products, features and enhancements	▪ We **kicked off** a number of potentially interesting **collaboration efforts** ▪ **Web Channel** has so far been a huge **success** ▪ **Further digitization** products and features are **in the pipeline**

Number One for Quality!

- Actively drive change by building on our capabilities
- Continually earn and keep our right to play
- Deliver unparalleled quality
- Become a more agile organization
- Deal with regulatory changes in an environmentally friendly manner
- Create new and better customer solutions through digitization
- Systematically monitor progress and development

Hapag-Lloyd STRATEGY 2023