
ANNUAL REPORT 2014
Hapag-Lloyd

SUMMARY OF HAPAG-LLOYD KEY FIGURES

KEY OPERATING FIGURES		1.1.–31.12. 2014*	1.1.–31.12. 2013	Change absolute
Total vessels[1], of which		191	151	+40
own vessels[1]		77	57	+20
leased vessels[1]		5	7	–2
chartered vessels[1]		109	87	+22
Aggregate capacity of vessels[1]	TTEU	1,009	729	+280
Total containers[1]	TTEU	1,619	1,072	+547
Bunker price[2] (average for the year)	USD/t	575	613	–38
Freight rate[2] (average for the year)	USD/TEU	1,434	1,482	–48
Transport volume	TTEU	5,907	5,496	+411
Revenue	million EUR	6,808	6,567	+241
Transport expenses	million EUR	6,060	5,773	+287
EBITDA	million EUR	99	389	–290
EBIT	million EUR	–383	64	–447
EBIT adjusted	million EUR	–112	67	–179
Consolidated net income for the year	million EUR	–604	–97	–507
Cash flow from operating activities	million EUR	377	67	+310
Investment in property, plant and equipment	million EUR	334	741	–407
KEY RETURN FIGURES				
EBITDA margin (EBITDA / revenue)	%	1.5	5.9	–4.4 ppt
EBIT margin (EBIT / revenue)	%	–5.6	1.0	–6.6 ppt
EBIT margin adjusted	%	–1.6	1.0	–2.6 ppt
KEY BALANCE SHEET FIGURES AS AT 31 DECEMBER				
Balance sheet total	million EUR	10,108	6,950	+3,158
Equity	million EUR	4,170	2,915	+1,255
Equity ratio (equity/balance sheet total)	%	41.2	41.9	–0.7 ppt
Borrowed capital	million EUR	5,939	4,035	+1,904
KEY FINANCIAL FIGURES AS AT 31 DECEMBER				
Financial debt	million EUR	3,717	2,935	+782
Cash and cash equivalents	million EUR	711	465	+246
Net debt (financial debt – cash and cash equivalents)	million EUR	3,006	2,470	+536
Gearing (net debt/equity)	%	72.1	84.7	–12.6 ppt
Asset coverage ratio I (equity/fixed assets)	%	50.6	52.1	–1.5 ppt
Asset coverage ratio II (equity+long-term debt)/fixed assets)	%	95.8	99.6	–3.8 ppt
Liquidity ratio I (liquid assets/short-term debt)	%	32.3	33.7	–1.4 ppt
NUMBER OF EMPLOYEES AS AT 31 DECEMBER				
Employees at sea		1,930	1,339	+591
Employees on land		9,019	5,662	+3,357
Hapag-Lloyd total		10,949	7,001	+3,948

1) As at 31.12. 2) Only Hapag-Lloyd * The CSAV container shipping activities are included in the numbers for 2014 from the date of the consolidation (2 December 2014) onwards and are therefore only included for the month of December.

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

This report was published on 27 March 2015.

ANNUAL REPORT 2014

HAPAG-LLOYD AG

Hapag-Lloyd

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Ladies and Gentlemen,

For Hapag-Lloyd, the past year was characterised by the merger with Chilean shipping company CSAV's container business – a key event that will give a significant boost to Hapag-Lloyd's market position and profitability and that will have a long-term positive influence on the future of our Company. As a result, Hapag-Lloyd has not just become the fourth-largest liner shipping company in the world, but it has also become one of the market leaders in the attractive North–South trades – in addition to our already strong position in the North Atlantic. Size – and the associated economies of scale – is an unavoidable prerequisite for long-term commercial success and further growth in our industry.

Work to complete the integration of CSAV's container shipping activities into Hapag-Lloyd is currently under way at a very brisk pace. We were able to begin with the merger immediately following the closing thanks to intensive preparatory work, and have already made good progress in the first few weeks. Two things are proving to be particularly helpful in merging the two organisations: our experience from the acquisition and integration of CP Ships in 2006, and our uniform processes with a worldwide standardised blueprint organisation. Both of these provide the perfect basis to ensure a swift and successful integration.

A swift and successful integration is important to be able to achieve the planned synergies amounting to at least USD 300 million per year as quickly as possible. It is our aim to tangibly benefit from these cost effects as early as 2015 and to have fully harnessed these synergies by 2017 at the latest. This will enable us to significantly improve our ability to compete and to return more quickly to profitability.

We are very grateful for having such strong and committed owners on our side: CSAV, Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement (HGV) and Kühne Maritime have made an explicit, long-term commitment to Hapag-Lloyd. They hold a clear majority in the Company and make important decisions jointly.

I would also like to thank the many employees who, through their dedication and expertise, have made this merger with CSAV possible, from early negotiations right through to closing. And those who have been working hard to implement and complete the merger since closing – in addition to the challenges of day-to-day business.

Another important step was taken last year with the launch of a new programme to reduce costs and boost income in the three-digit million range. The programme's measures include the improved utilisation of market opportunities, making savings in the areas of purchasing or inland transport, achieving greater ship utilisation as well as acquiring new ships. With an average vessel size of around 5,200 TEU, Hapag-Lloyd is already part of an elite group in the industry. It is our intention to build further on this position.

In autumn 2014, Hapag-Lloyd demonstrated the extent of the trust the capital market has in the Company and its strategic direction. In just a few short hours, it was possible to place a corporate bond with a volume of EUR 250 million. The proceeds were used to refinance, ahead of schedule, the remaining amount of a bond due in October 2015.

Despite the significant events, 2014 was also a very ambivalent year for Hapag-Lloyd, as we were again unable to achieve a positive operating result. Persistently strong competition and various one-off effects had a major impact on our earnings, although we were able to increase our transport volume in all trades. In total, Hapag-Lloyd transported almost 5% more containers than in the previous year. However, this was offset by an average decline in rates of more than 3% over the year. The compensatory effect of bunker prices that fell dramatically from September onwards will only start to be felt in the earnings of a liner shipping company after a delay of several months. This situation, together with the high bunker price in the first half of the year, led to an average bunker consumption price of USD 575 per tonne for the full-year 2014.

Even though we cannot be satisfied with the result for 2014, Hapag-Lloyd's statement of financial position is solid. With equity of EUR 4 billion and a liquidity reserve of around EUR 900 million, we are in a good position among our competitors.

There is every indication that the container shipping industry will grow in 2015. The IHS Global Insight research institute forecasts volume growth of almost 5% in the global container business this year – increasing to more than 5% in subsequent years. According to the International Monetary Fund, the global economy should grow by more than 3% in 2015 and global trade by almost 4%. Hapag-Lloyd will also benefit from this positive growth trend around the world – on the one hand, thanks to our strong market position in North Atlantic and Latin America trades, and on the other, thanks to our membership of the G6 Alliance in the other two main trades of the Far East and Transpacific.

The current financial year started promisingly and was in line with our expectations. We also take an optimistic view of the measures already in place to reduce costs and boost income, along with the positive trend in oil and bunker prices as well as the good progress made in achieving the first synergies in the integration of CSAV's container shipping activities. This will all translate into tangible relief in the current year, and thereby to an improvement in our earnings. Overall, we expect a clearly positive operating result for 2015.

Thank you for the trust you continue to place in Hapag-Lloyd, and please remain at our side this coming year.

Rolf Habben Jansen

Chairman of the Executive Board

REPORT OF THE SUPERVISORY BOARD

Over the past financial year, the Supervisory Board of Hapag-Lloyd AG executed the duties incumbent upon it in accordance with the law and the articles of association and as stipulated by its rules of procedure. It also advised and monitored the Executive Board in its governance of the Company. At all times, the benchmark for all of the activities of the Supervisory Board was to protect the interests of Hapag-Lloyd AG, the primary operating unit responsible for the Group's performance.

Duties of the Supervisory Board

In the last financial year, the Supervisory Board was regularly, comprehensively and promptly informed by the Executive Board of the general economic conditions, considerations concerning the Company's future focus, its position and development, the key financial figures, business transactions of note and risk management.

In the 2014 financial year, the Supervisory Board convened for six meetings. The Executive Board reported to the Supervisory Board in its meetings, both orally and in writing. It answered all of the Supervisory Board's questions fully and comprehensively. The Executive Board also furnished the Supervisory Board with regular written reports between its meetings. There was also a regular exchange between the Chair of the Supervisory Board and the Chief Executive Officer. The Supervisory Board was therefore provided with information promptly at all times.

The Supervisory Board of Hapag-Lloyd AG met for its first meeting of the reporting period on 25 March 2014. This meeting was primarily dedicated to the annual financial statements; the Supervisory Board approved both the individual company and consolidated financial statements and the Group management report. The Supervisory Board also informed itself about the current business position and about the progress of the talks with Compañía Sud Americana de Vapores (CSAV) concerning the merger of container shipping activities.

At its meeting on 15 April 2014, the focus of discussions was on the signing of a business combination agreement with CSAV. On 25 June, the Supervisory Board met to prepare for an extraordinary AGM (25 June 2014), to discuss the current business position and the progress of the planned merger with CSAV's container activities. In addition, the Supervisory Board decided on the appointment of Rolf Habben Jansen to the position of Labour Director. During the Supervisory Board meeting, Dr Jürgen Weber thanked Michael Behrendt and Ulrich Kranich for their many years of responsible work on the Executive Board of Hapag-Lloyd AG.

At its meeting on 24 September 2014, the Supervisory Board concentrated on the intended appointment of Michael Behrendt to the position of Chairman of the Supervisory Board (conditional to this being on the day following the departure of Dr Jürgen Weber from the Supervisory Board), the reorganisation of the allocation of duties of the Executive Board and on the current progress made with the planned merger with CSAV's container activities. Furthermore, the Supervisory Board took stock of the Executive Board's report on the current development of business and discussed this with the Executive Board. The focus of the meeting held on 7 November 2014 was on preparations for an extraordinary AGM in December.

On 14 November 2014, the Supervisory Board voted in favour of issuing a new high-yield corporate bond by circular resolution. The new corporate bond was issued on 20 November 2014. The proceeds from the issue were used for the early repayment of the bond due in 2015.

At the meeting on 25 November 2014, the Executive Board explained the current business position in the light of the industry environment which was still dominated by intense competition. The focal point of the meeting was the annual budget for 2015, including the Group's result, finance and investment planning, and the forecast for the period from 2016 to 2019. The Executive Board gave a precise account of the annual budget and went into detail on the underlying planning assumptions. The Supervisory Board approved the Executive Board's plans. The Executive Board also informed the Supervisory Board about the current status of the antitrust approval processes regarding the integration of CSAV's container activities. The Supervisory Board also discussed additional resolution proposals for the extraordinary AGM scheduled for December.

With effect from 2 December 2014, Dr Jürgen Weber, Ulrich Leitermann and Dr Andreas Rittstieg stepped down from the Supervisory Board. Oscar Hasbun Martines and Francisco Perez Mackenna were appointed to the Supervisory Board. Michael Behrendt took over as Chairman of the Supervisory Board, and thanked his predecessor, Jürgen Weber, and the other former member of the Supervisory Board for their valuable advice and great commitment.

Duties of the Supervisory Board's committees
The Presedential and Personnel Committee met five times in 2014. At each meeting, it made preparations for the Supervisory Board meetings held later on the same day as well as dealing with matters relating to the Executive Board as required.

At its meeting on 25 June 2014, the Nomination Committee focused on the appointment of Michael Behrendt to the Supervisory Board, conditional to this being on the day following the departure of Dr Jürgen Weber.

The Audit and Finance Committee convened on five occasions in the financial year. In the first meeting of the year on 25 March 2014, the discussions centred on issues relating to the annual financial statements, including the auditors' report on the individual and consolidated financial statements for the 2013 financial year. The Executive Board also reported on the current business position and the status of the talks with CSAV.

In the meeting on 24 June 2014, the focus was on the presentation by the Executive Board of the current business position, a report on the risk situation within the Group with explanations regarding the financial reporting process and the effectiveness of the internal control system (ICS) and the risk management system. The committee also had the Executive Board present it with an overview of the antitrust approval processes for the planned merger with CSAV's container shipping activities.

The meeting on 23 September 2014 focused on the Executive Board's report on the current business position and on hedging transactions.

The Audit and Finance Committee's meeting on 24 November 2014 concentrated on the Group's result, finance and investment planning for 2015, and the forecast for the period from 2016 to 2017. The Executive Board gave a detailed account of the assumptions upon which its plans were based, in particular in relation to the development of freight rates and the development of the hedging strategy. The committee discussed the targets and measures with the Executive Board in detail. It resolved to recommend that the Supervisory Board approves the proposed annual budget for 2015, including the finance and investment planning.

The Audit and Finance Committee also studied reports by the Compliance Officer and the Corporate Audit department. In addition, the Audit and Finance Committee discussed the focal points of the audit of the annual financial statements and the current status of the preparations for the integration of CSAV's container activities.

Audit of individual and consolidated financial statements 2014
The individual financial statements and management report and the consolidated financial statements and Group management report of Hapag-Lloyd AG for the 2014 financial year were audited and each granted the unqualified auditors' report by KPMG AG Wirtschaftsprüfungsgesellschaft, Hamburg, the auditors appointed by the Supervisory Board. The financial statement documents, the proposal by the Executive Board on the appropriation of profits, and the audit reports by the auditors were available to the Supervisory Board in good time. The documents were examined and discussed at length at the meeting of the Audit and Finance Committee on 23 March 2015 in the presence of the auditors, who gave an account of the findings of their audit, and the Executive Board.

In its meeting on 26 March 2015, the Supervisory Board concurred with the findings of the audit presented by the auditors and with the recommendation of the Audit and Finance Committee and, having conducted its own examination of the financial statement documents, determined that it had no reservations.

The Supervisory Board approved the financial statements and the management reports prepared by the Executive Board. The annual financial statements of Hapag-Lloyd AG are thereby adopted.

Review of the dependent company report
The Executive Board presented its dependent company report for the 2014 financial year to the Supervisory Board in good time.

The external auditor audited the dependent company report and issued the following audit opinion:

"Based on the results of our statutory audit and our judgment we confirm that
1. the actual information included in the report is correct;
2. the Company's compensation with respect to the legal transactions listed in the report was not inappropriately high."

The external auditor submitted the audit report to the Supervisory Board. The dependent company report and the associated audit report were made available to all members of the Supervisory Board in good time.

The Supervisory Board reviewed the dependent company report of the Executive Board and the audit report of the external auditor.

Prior to the review and resolution by the Supervisory Board, the Audit and Finance Committee conducted a thorough review of the aforementioned documents. At its meeting on 23 March 2015, the Audit and Finance Committee asked the members of the Executive Board to explain the details of the dependent company report. The members of the Executive Board also answered the committee members' questions.

Moreover, the external auditor, who also attended the meeting, reported on its audit, in particular its key audit areas and the significant results of its audit, and explained its audit report. The members of the Audit and Finance Committee acknowledged and critically reviewed the audit report and audit opinion, and discussed them, as well as the audit itself, with the external auditor. The review included questions about the nature and extent of the audit and about the audit findings.

The Audit and Finance Committee satisfied itself that the audit and the audit report were compliant. In particular, it satisfied itself that the audit report, and the audit conducted by the external auditor, met the legal requirements. The Audit and Finance Committee recommended to the Supervisory Board to approve the results presented by the external auditor and, as the committee saw no grounds for objections to the Executive Board's declaration on the dependent company report, to pass a corresponding resolution.

The Supervisory Board performed the final review at its meeting on 26 March, 2015, taking into account the resolution and the Audit and Finance Committee's recommendation as well as the external auditor's report. The members of the Executive Board also attended this meeting, explained the dependent company report, and answered questions from the Supervisory Board. The external auditor also attended this meeting and reported on its audit of the dependent company report and the main findings of its audit, explained its audit report, and answered the questions raised by the Supervisory Board, in particular relating to the nature and extent of the audit of the dependent company report and the audit findings.

Based on this and the report presented by the Audit and Finance Committee, the Supervisory Board satisfied itself that the audit of the dependent company report and the audit report were compliant. In particular, it satisfied itself that the audit report, and the

audit conducted by the external auditor, met the legal requirements. The Supervisory Board examined the dependent company report in particular for completeness and accuracy. In doing so, it also satisfied itself that the group of dependent companies had been defined with due care and that the necessary systems had been put in place for recording legal transactions and measures subject to disclosure. The review revealed no reason to raise objections to the dependent company report. The Supervisory Board followed the Audit and Finance Committee's recommendation and approved the result of the external auditor's audit of the dependent company report. Based on the final result of the Supervisory Board's own review of the dependent company report, the Supervisory Board has no objections to the Executive Board's declaration on the dependent company report.

The Supervisory Board adopted the report of the Supervisory Board in the meeting on 26 March 2015 by resolution.

Thanks

The Supervisory Board thanks the Hapag-Lloyd Group's Executive Board and employees for all their commitment.

Hamburg, 26 March 2015

Michael Behrendt

Michael Behrendt

Chairman of the Supervisory Board

HAPAG-LLOYD – CAPITAL MARKET ACTIVITIES

INTERNATIONAL STOCK EXCHANGES WITH FURTHER GAINS

The overall positive development of the international stock markets continued in the reporting period. Despite the increasing geo-political risks as well as the clouded economic prospects in Europe, China and Japan, the important international stock exchanged reached historic of multi-years highs during 2014. Good economic numbers from the US and the renewed strength of the US dollar provided support for the international equity markets. Additionally, share prices benefitted from the sustained very expansive monetary policy of the Japanese central bank and the surprising interest rate cut in China. To support the still sluggish economic growth, the Chinese central bank cut the rates for one-year credits by 40 basis points to 5.60% on 21 November 2014. The rapid decline of the oil price and the related increased deflation fears as well as the renewed outburst of the Euro crisis caused a higher volatility of share prices in December 2014 and increased profit taking towards year end.

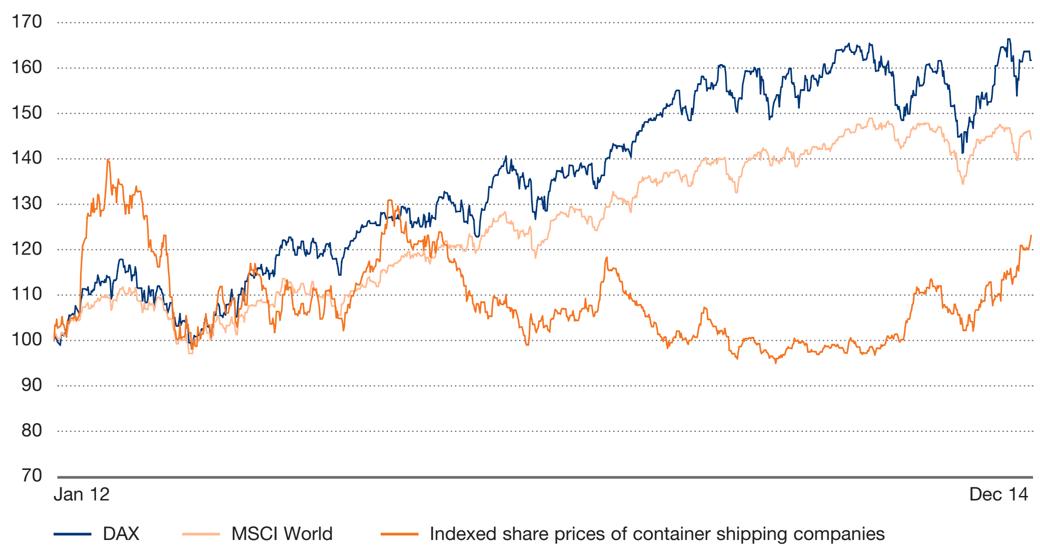
Developments in the most important indices

Indices	**31.12. 2014***	31.12. 2013*	31.12. 2012*	High/Low 2014	Change 2014 vs. 2013
Dow Jones Industrial	17,823	16,577	13,104	18,054 / 15,373	+7.5%
MSCI World	1,710	1,661	1,339	1,764 / 1,570	+3.0%
EuroStoxx 50	3,146	3,109	2,636	3,315 / 2,875	+1.2%
DAX Index	9,806	9,552	7,612	10,087 / 8,572	+2.7%
Nikkei 225	17,451	16,291	10,395	17,936 / 13,910	+7.1%

Source: Bloomberg * Prices as at 31.12. or last trading day.

Despite the continuous pressure on freight rates in the Far East trade and the overall still unsatisfying profitability situation of the sector in general, share prices of the listed container shipping companies gained momentum in the second half of 2014. Particularly the better results of Maersk, CMA and some Asian liner companies had a positive influence on share prices.

Indexed share prices of container shipping companies (January 2012 – December 2014)



Source: Bloomberg

STRONG DEMAND FROM INSTITUTIONAL INVESTORS

Also in 2014, institutional and private investors had a strong interest in high-yield corporate bonds. According to an analysis of the investment bank Société Générale, the volume of high-yield corporate bonds issued in Europe in 2014 amounted to EUR 106 billion, exceeding the prior-year level of EUR 86.2 million considerably.

Hapag-Lloyd's bonds

On 20 November 2014, Hapag-Lloyd issued an additional corporate bond. A volume of EUR 250 million was placed with qualified investors. The new bond has a maturity of five years and a coupon of 7.50%. The issue price was 100.00%. Like the previously issued bonds the new corporate bond is listed in the over-the-counter market on the Luxembourg Stock Exchange. The proceeds as well a liquid assets were used for the early redemption of the Euro bond maturing in 2015.

As at 31 December 2014, the Hapag-Lloyd bonds traded at 103.25% (2018 EUR bond), 103.50% (2019 EUR bond) and 102.91% (2017 USD bond).

Key bond data

	Issue volume (total)	Maturity*	Coupon	Initial offering price	**Price on 31.12.2014**
EUR tranche 2018	EUR 400 million**	01.10.2018	7.75%	100.00%	103.25%
EUR tranche 2019	EUR 250 million	15.10.2019	7.50%	100.00%	103.50%
USD tranche 2017	USD 250 million	15.10.2017	9.75%	99.37%	102.91%

Price data: Bloomberg; *Callable; **Increase of EUR 150 million to 101.75%

The Hapag-Lloyd Group still has robust balance sheet ratios. Following the capital increases, the equity ratio (equity/balance sheet total) as at 31 December 2014 came to around 41%. Net gearing (net financial debt/equity) stood at approximately 72%. On 31 December 2014, cash and cash equivalents accounted for around 7% of the balance sheet total. The agreed covenants were fulfilled as at 31 December 2014.

On 17 September and on 8 December 2014, the international rating agency Standard & Poor's confirmed its issuer rating of B+ with a "stable outlook" for Hapag-Lloyd AG. On 17 April 2014, Moody's reiterated its unchanged B2 rating with a "negative outlook". This rating was confirmed on 17 October 2014. Both rating agencies assess the acquisition of the container shipping activities of CSAV in respect of the competitive position of Hapag-Lloyd as well as the possibility to generate further cost savings as positive.

OPEN AND TRANSARENT COMMUNICATION

The focus of Hapag-Lloyd's investor relations activities is on communicating promptly with all investors and capital market participants. In 2014, Hapag-Lloyd attended the following international capital market conferences:

Capital market conferences 2014

Date	Location	Conference	Host
14 January	London	10th Annual High Yield and Leveraged Finance Conference 2014	BNP Paribas
14 May	Düsseldorf	German Credit Conference	IKB
11 June	London	18th Annual European Leveraged Finance Conference	Deutsche Bank
2 – 3 July	Santiago	Hapag-Lloyd – Introductory Non-Deal Chilean Roadshow	Hapag-Lloyd
30 October	London	European High Yield and Leveraged Finance Conference 2014	Barclays
3 December	Teleconference	Hapag-Lloyd Analysts' and Investors' Conference Call	Hapag-Lloyd
4 December	London	European Credit Conference 2014	Citi

Additionally, a large number of individual discussions were also held with interested international analysts and investors.

Published reports are available on the Investor Relations pages of Hapag-Lloyd's website **www.hapag-lloyd.com/en/investor_relations/reports.html**
Detailed information regarding Hapag-Lloyd's corporate bonds is available at **www.hapag-lloyd.com/en/investor_relations/bonds.html**

Our goal is clear

The merger of Hapag-Lloyd and CSAV combines two liner shipping companies, two great traditions. It brings together ships and liner services. But, more than anything, it unites people – more than 10,000 employees – who will now share a single goal: To get even better together and even closer to our customers worldwide. Whether in New York or Shanghai, in Valparaíso or Durban, in Hamburg or – of course – on board our ships, we are one big team with one big pledge: We are better together!

Discovering new possibilities together

Chris Tang
CSAV Shanghai

32 years old, a Sales Assistant with CSAV since 2006: “It makes me proud to now be working for one of the market leaders.”

Danzel Gan
Hapag-Lloyd Shanghai

33 years old and already with Hapag-Lloyd for a decade: “The merger creates new possibilities for every employee. For me, too,” says Danzel Gan, Sales Manager Trans Pacific.

Closer to customers together

Paul Hofhuis
Hapag-Lloyd Hamburg

57 years old, with Hapag-Lloyd since 2006: As Director Sales, Paul Hofhuis will be leading a team of over 100 employees in Area Germany. He and Gabriela Stegmeyer talk almost daily on how to manage best the future challenges: "I am absolutely convinced that we will get even better."

Gabriela Stegmeyer
CSAV Hamburg

Gabriela Stegmeyer, 42, has a lot of experience to offer. The head of Sales has been with CSAV for 16 years and will be coordinating the integration in Germany alongside her colleagues: "Our teams are working hard to ensure that the merger goes as smoothly as possible for our customers."

Living one idea together

Matthias Müller
Hapag-Lloyd Valparaíso

Matthias Müller (43) and his family moved from Hamburg to Chile so he could help build up the new, fourth Region South America as Senior Vice President Business Administration: "From the very beginning, I've sensed the enthusiasm here for our common path forward."

Renée Scholem
CSAV Valparaíso

South America is the hot spot of the integration – and Hapag-Lloyd will have a very strong presence in CSAV's homeland, too. Renée Scholem, 49, Senior Vice President Human Resources: "Chileans and Germans are also a good match in terms of culture. We're excited about the new Hapag-Lloyd."

Shaping the future together

Raveshnee Moodley
CSAV Durban

The 29-year-old Sales Executive analyses market opportunities in South Africa: “I am ready to take on the challenges that come with being a part of one of the largest liner shipping companies in the world.”

Mikogan Reddy
Hapag-Lloyd Durban

The 30-year-old Equipment Dispatcher supplies sub-Saharan customers with containers: “As a market, Africa is only going to become more important.”

Tackling challenges together

Emoke Kotroczo
CSAV Islin, New Jersey

"A merger also means change, for each of us," says Emoke. The 37 year old has been working in Customer Service for CSAV, but now she – and her husband – will be headed to Houston, Texas, for Hapag-Lloyd.

Gabor Pataki
Hapag-Lloyd Piscataway, New Jersey

The 45-year-old Senior Coordinator Global Accounts supports major customers – in Piscataway, just a 30-minute drive from New York's Brooklyn Bridge. As a result of the merger, Pataki and his wife will be moving more than 2,000 kilometres to the southwest for the job: "We just wanted to work for Hapag-Lloyd together."

Staying the course together

Bernd Ströh
Captain with Hapag-Lloyd

With more than four decades of experience with Hapag-Lloyd, Captain Ströh steers big containerships across the oceans. It takes a lot to unsettle him: “Shipping has gone through enormous changes. But the merger is surely a step in the right direction for the future.”

Sergio Yovich
Captain with CSAV

Only 38 years old, but already in charge of keeping together a crew from many different countries on board: “I’m look forward to having new colleagues. Having us seafarers share our knowledge should be one of the keys to our success!”

Group management report

BASIC PRINCIPLES OF THE GROUP

GROUP STRUCTURE AND SHAREHOLDERS

Hapag-Lloyd AG together with its subsidiaries (hereinafter referred to as "the Hapag-Lloyd Group", "Hapag-Lloyd" or "the Group") is Germany's largest liner shipping company and the fourth-largest in the world, ranked on the basis of its transport capacity of more than one million TEU. The controlling company, Hapag-Lloyd AG, is also the largest single operating company within the Group.

On 16 April 2014, Hapag-Lloyd AG and the Chilean shipping company Compañía Sud Americana de Vapores (CSAV) signed a business combination agreement with the aim of assessing the merger of the two companies' container liner shipping activities. The corporate merger of CSAV's container shipping activities with those of Hapag-Lloyd was completed on 2 December 2014 by means of a contribution in kind as part of a non-cash capital increase following approval from all the relevant competition authorities.

The Group's business operations now encompass Hapag-Lloyd's container liner shipping and CSAV's container business. The container shipping activities acquired from CSAV (hereinafter referred to as "CCS", "CSAV business activities" or "CSAV container shipping activities") trade under the name of CSAV Germany Container GmbH (CC Co). In return for its container liner shipping activities, CSAV acquired a 30% stake in the share capital of Hapag-Lloyd AG, which was increased by the contribution in kind. With regard to its other shipping activities, CSAV remains an independent company listed on the stock market in Chile. The merger has made Hapag-Lloyd the fourth-largest container liner shipping company in the world (as at 31 December 2014) with a much stronger market presence both in east-west and north-south trades. As at 31 December 2014, the Hapag-Lloyd Group had a total of 191 vessels, a transport capacity of more than one million TEU and an extended global network of 119 services. This means that, being one of the world's leading container liner shipping companies, Hapag-Lloyd's ability to compete has significantly improved.

A stronger equity base of EUR 4.2 billion and a considerably improved liquidity reserve serve as the basis for the Company to take advantage of additional growth opportunities.

At the balance sheet date, a total of 120 direct and indirect subsidiaries and four equity-accounted investees belonged to the group of consolidated companies of the Hapag-Lloyd Group (a list of holdings can be found on pages 208–210 of the Notes to the consolidated financial statements). A total of 114 companies are based outside of Germany. The group of consolidated companies also comprises 10 companies in Germany. Key holdings, including an investment in a container terminal in Hamburg, are accounted for in the consolidated financial statements using the equity method (see page 128).

With the addition of CSAV, Hapag-Lloyd was able to obtain another important anchor shareholder. By contributing its container shipping activities in exchange for shares and a stake in a subsequent capital increase in December 2014, CSAV became the largest single shareholder and thus also one of the anchor shareholders of Hapag-Lloyd AG, together with HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH, HGV and Kühne Maritime GmbH. CSAV, HGV and Kühne Maritime have pooled 51% of the Hapag-Lloyd voting rights in a dedicated investment company and make key decisions together. The agreement has been concluded for a period of ten years.

The three anchor shareholders hold a total of 78% of Hapag-Lloyd's share capital.

As at 31 December 2014, Hapag-Lloyd AG's shareholders were:

Shareholding in %	**2014**	2013
CSAV Germany Container Holding GmbH	34.0%	0.0%
HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH	23.2%	36.9%
Kühne Maritime GmbH	20.8%	28.2%
TUI AG / TUI-Hapag Beteiligungs GmbH	13.9%	22.0%
SIGNAL IDUNA Gruppe	3.3%	5.3%
Pool of investors led by M.M.Warburg & CO KGaA	1.9%	2.9%
HSH Nordbank AG	1.8%	2.9%
HanseMerkur Versicherungsgruppe	1.1%	1.8%
Total	**100.0%**	**100.0%**

Changes in the Supervisory Board and the Hapag-Lloyd Executive Board

The Hapag-Lloyd AG Supervisory Board is the highest supervising body of the Hapag-Lloyd Group. The corporate governance report contains details relating to the structure of the Supervisory Board (see page 217).

Michael Behrendt took over from Dr Jürgen Weber as Chairman of the Supervisory Board on 3 December 2014. Dr Jürgen Weber stepped down from his Supervisory Board position on 2 December 2014, as agreed. Oscar Hasbún Martínez (CEO of CSAV) and Francisco Pérez Mackenna (Chairman of the Board of Directors of CSAV) were newly appointed to the Supervisory Board of Hapag-Lloyd AG as representatives of the shareholder CSAV.

Rolf Habben Jansen succeeded Michael Behrendt as Chief Executive Officer of Hapag-Lloyd AG on 1 July 2014, having previously been appointed to the Company's Executive Board on 1 April 2014.

Anthony James Firmin was appointed to the Executive Board of Hapag-Lloyd AG as Ulrich Kranich's successor (COO) with effect from 1 July 2014.

The explanations in this annual report relate to the operating activities of Hapag-Lloyd AG and its subsidiaries, and include the business activities acquired from CSAV from 2 December 2014. The figures for 2013 relate to the consolidated operating activities of Hapag-Lloyd AG as at 31 December 2013. As a result of the changes in the Group structure, the figures for the 2014 financial year are only comparable with previous years to a limited extent.

OPERATING ACTIVITIES

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

Network of Hapag-Lloyd services

The Hapag-Lloyd fleet (including the vessels acquired from CSAV) comprises 191 container ships (31 December 2014). The Group currently has 588 sales offices in 113 countries and offers its customers worldwide access to a network of 119 liner services (all including CSAV's container shipping activities). With its acquisition of CSAV's container shipping activities, Hapag-Lloyd has significantly strengthened its market position as one of the world's leading container liner shipping companies. In the 2014 financial year, Hapag-Lloyd served approximately 19,100 customers around the world (not including CSAV's container shipping activities).

Hapag-Lloyd conducts its container shipping business in an international business environment in which transactions are invoiced mainly in US dollars and payment procedures are handled in US dollars. This relates not only to operating business transactions, but also to investment activities, an example being the purchase, chartering and rental of vessels and containers, as well as the corresponding financing of investments. The functional currency of Hapag-Lloyd AG and its subsidiaries is therefore the US dollar. The reporting currency of Hapag-Lloyd AG is, however, the euro. To limit the risks of changes in exchange rates, hedging transactions are carried out. Assets and liabilities recognised in the consolidated financial statements of Hapag-Lloyd AG are translated into euros as at the reporting date (closing date rate) using the middle rate of that day. The translation differences are recognised directly in the Group's other comprehensive income.

The framework conditions and principles that are of considerable importance for the Group to conduct business successfully are presented below. These include achieving sustainable operating cash flows, a solid financing structure and a sound liquidity and equity base.

GROUP OBJECTIVES AND STRATEGY

The prime strategic objective of the Hapag-Lloyd Group is to achieve long-term profitable growth measured by the developments in the transport volume as well as the key performance indicators of EBITDA and adjusted EBIT. In terms of transport volume, Hapag-Lloyd was able to achieve growth of approximately 19% over the past five years and therefore mirrored market growth. The integration of CSAV's container shipping activities into the Hapag-Lloyd Group will generate additional growth. However, due the persistently strong competition in the trades, the operating result (adjusted EBIT) developed very unsatisfactorily over the past four years.

Development of (adjusted) EBIT and EBITDA

	2014	2013	2012	2011	2010
Transport volume (in TTEU)	5,907	5,496	5,255	5,198	4,947
EBITDA	99	389	335	367	904
EBIT (adjusted, in million EUR)	–112	67	26	101	550
EBITDA margin (in % of revenue)	1.5	5.9	4.9	6.0	14.6
EBIT margin (adjusted, in % of revenue)	–1.6	1.0	0.4	1.7	8.9

CSAV's container shipping activities are included in the figures for 2014 from the consolidation date, 2 December 2014.

Hapag-Lloyd expects the solid growth in volumes to continue, based on an ongoing increase in global demand for container shipping. According to the latest forecasts (IHS Global Insight, January 2015), the demand for container shipping services is likely to increase to around 134 million TEU in 2015 (+4.8%). IHS Global Insight expects average annual growth of 5.3% for the years from 2015 to 2019, with global cargo volumes increasing to around 166 million TEU by 2019.

Hapag-Lloyd's profitability should dramatically improve in the next three years, based on the anticipated solid rise in volumes and the rapid implementation of the following strategic measures. It should be possible to significantly improve earnings (EBITDA) and achieve an EBITDA margin of 10% to 12% by 2017 by harnessing synergies and by means of additional cost savings, continued growth in volume and an improvement in revenue quality. The focus will be on the following measures:

- **Rapid integration of CSAV's container operations**
  The aim is to integrate CSAV's container shipping activities (in particular merging services), sales activities and key head office functions in the first half of 2015 as far as possible, thereby in particular ensuring that the customers of both companies continue to receive top-quality service. The experience gained from the successful integration of CP Ships and the strengths of the blueprint organisational structure are important guarantors of the rapid and successful combination of the container shipping operations.

- **Harnessing extensive synergies**
  Combining the container shipping activities of CSAV and Hapag-Lloyd offers the chance to harness extensives synergies, amongst others in the areas of ship system costs, the network of services, equipment, service procurement, personnel and IT. The aim is to achieve most of these synergies by 2017. A sizeable proportion of the cost savings generated by these synergies is expected to already be achieved in 2015.

- **Improving fleet efficiency**
  More targeted investments in the modernisation and renewal of the fleet and the chartering of more modern vessels are to be used to further increase productivity and fleet efficiency (e.g. in terms of bunker consumption). These measures form a key part of the corporate strategy. The average ship size within the combined Hapag-Lloyd and CSAV fleet was 5,271 TEU (31 December 2014), which is 2,194 TEU above the average for the global container ship fleet.

- **Comprehensive reduction in costs and improvement in revenue quality**
  Further improvements in efficiency and cost savings are required in order to achieve profitability on a par with that of the world's leading container shipping companies. In the course of a multi-stage optimisation programme, further considerable annual cost savings and increased revenues are to be achieved by 2016 in addition to the synergies from the merger with CSAV's container shipping activities. Key measures to harness additional revenue quality include improving timekeeping, increasing the proportion of profitable project cargo, paying closer attention to SME customers and more spot cargo.

- **Making the most of a stronger market presence**
  Together with the container shipping activities acquired from CSAV, Hapag-Lloyd offers its customers an extended global network of around 119 services. This global network of services gives Hapag-Lloyd a strong presence in all the key trades. The strengthened market position and local market leadership in the Transatlantic trade and in the trades between North and South America are to be used to improve the range of services offered to customers and to increase market penetration.

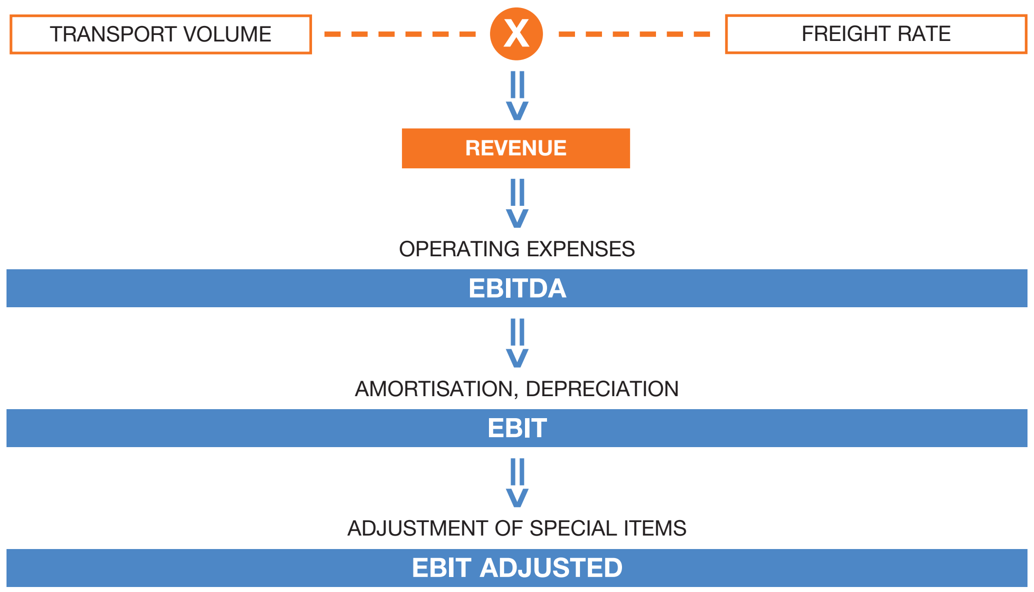
CORPORATE MANAGEMENT

The key performance indicators for the internal management of the Company's operating activities are earnings before interest, taxes, depreciation and amortisation (EBITDA) and earnings before interest and taxes adjusted for special items (adjusted EBIT). The main factors influencing these are transport volume, freight rate, the US dollar exchange rate against the euro, and operating costs including bunker price.

The EBIT figure is calculated from the total revenue achieved in a period less operating expenses, depreciation and amortisation. In order to calculate the adjusted operating result (adjusted EBIT), the operating result in the income statement is adjusted for special items such as the purchase price allocation, transaction costs and impairment charges.

The global transport volume is dependent on the prevailing economic developments around the world. Other factors influencing Hapag-Lloyd's transport volume are container ship capacity and the accompanying change in the competitive situation in the trades. Freight rates can be managed only to a limited degree because they are heavily dependent on market capacity and market demand.

Factors influencing EBITDA and adjusted EBIT



The Group follows a yield management approach, according to which individual container shipments are examined using profitability criteria. Yield management is used to ascertain the optimum relationship between transport volume and freight rate in accordance with the current market situation. Innovative IT systems are used for the continuous, real-time observation of the yield rate. Unprofitable freight can be identified and avoided, thus providing a strategic approach for ensuring a positive EBIT result.

Efficient cost management provides essential control over the (adjusted) EBIT value. The system of cost management is supported by a standardised, integrated IT solution, thereby providing essential and up-to-date data required for management and for implementing and maintaining cost reduction measures.

The cost base is, however, largely dependent on external influencing factors. Due to the global nature of the Group's business operations, exchange rate fluctuations can have a considerable influence on costs. The Group manages and hedges its cash outflows in euros by using options on a twelve-month basis with the aim of limiting currency risks. Operating costs are also influenced by bunker price changes. The bunker price correlates with the development of crude oil prices and is subject to substantial fluctuations. Depending on the competitive situation, a proportion of the fluctuations can be compensated for via the freight rate in the form of bunker surcharges. However, the extent to which this can be implemented depends very much on the prevailing market situation. If applicable, up to 80% of the Group's likely bunker fuel needs over twelve months are hedged using options in order to lessen the risk of increasing oil prices.

At the Group level, earnings before interest, taxes, depreciation and amortisation (EBITDA) is likewise used as an important performance indicator, in addition to the operating result (adjusted EBIT). EBITDA is an important indicator of the achievement of sustainable company results and gross cash flows. Tracking the development of EBITDA is especially important for capital-intensive companies.

Hapag-Lloyd – which has a balanced fleet structure, owning more than 50% of its fleet – uses EBITDA as an important parameter for investment and financing decisions. The level of depreciation and amortisation is determined by the volume of investments made as well as the useful life of property, plant and equipment and intangible assets. Over the past five years, Hapag-Lloyd has achieved a positive EBITDA margin of up to 15%.

The generation of sustainable cash flows, solid corporate financing, and therefore in particular a good liquidity and equity base which extends beyond the respective covenant requirements, are once again key objectives of the corporate strategy in the 2015 financial year.

Financial stability

In the 2014 financial year, the Group's financial stability was further strengthened as a result of far-reaching measures. Its equity base increased considerably. As at 31 December 2014, Hapag-Lloyd had a liquidity reserve (consisting of liquid assets and unused credit lines) totalling EUR 921.9 million (2013: EUR 533.8 million). Equity came to approximately EUR 4.2 billion (31 December 2013: EUR 2.9 billion). Over the past five years, the liquidity reserve needed at any given time and the solid equity base were above the stipulated covenant requirements.

PRINCIPLES AND PERFORMANCE INDICATORS

Legal framework

Hapag-Lloyd's business is subject to a multiplicity of legal provisions. In order to engage in business operations, it is necessary to have authorisations, licences and certificates. Compliance with the ISM Code (International Safety Management), which regulates the measures required for ensuring safety at sea, and the ISPS Code (International Ship and Port Facility Security) must be given particular emphasis. The latter stipulates what measures are to be taken to prevent hazards on board vessels and in ports, thereby contributing to supply chain security. There are also numerous country-specific rules, such as "advance manifest rules", which stipulate certain disclosure obligations in relation to the ship's cargo.

IMPORTANT FINANCIAL PERFORMANCE INDICATORS

Important financial performance indicators for the Hapag-Lloyd Group include EBITDA, (adjusted) EBIT, the transport volume and freight rates. Transport volume and freight rates are important factors influencing revenue development. A description of and calculation of the performance indicators can be found on page 39ff.

IMPORTANT NON-FINANCIAL PRINCIPLES

The optimum utilisation of the available ship and container capacities also 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 long-term profitable growth.

Productivity and efficiency

Hapag-Lloyd also pays special attention to productivity and efficiency. In this respect, important measures include yield management and ongoing cost control. More importance has been placed on cost management since the end of 2008 following the introduction of an extensive cost reduction programme. This programme has been consistently pursued since then.

The proportion of unprofitable cargo has been reduced further in the last few years due to targeted yield management. Business operations around the globe have benefited from the deployment of customised IT systems.

The globally standardised blueprint organisational structure allows for a standardised exchange of information between head offices, regions and offices, thus also ensuring that this standardised information is used all over the world. This enables the Group to increase productivity and ensures that the fleet is used efficiently.

Hapag-Lloyd's membership of the Grand Alliance, the G6 Alliance and various other collaborative projects makes it possible to optimise fleet deployment and expand the services provided. This likewise guarantees that the fleet is used efficiently and keeps the cost per transport unit low, thereby ensuring increased productivity.

Due to increasing requirements to cut emissions and further reduce energy consumption and costs, the Fleet Support Center (FSC) department was created in 2014 as the first step towards establishing an integrated energy management concept for both the Company's own as well as chartered vessels. Its primary aim is to achieve optimum fleet deployment across all trades and regions.

Flexible fleet and capacity development

A key aspect of the corporate strategy is having a balanced programme of investment aimed at sustainable growth. The Company's objective is to develop a fleet policy that enables it to react flexibly to market volatility. In this respect, long-term charter agreements and the considerable time span between the ordering and delivery of ship newbuilds pose a particular challenge. Global capacity can therefore generally only be brought into line with fluctuations in demand for transport volume subject to a delay. The resultant market imbalances have a direct impact on freight rates, and therefore on the profitability of container shipping. In order to limit the impact that these fluctuations can have on profitability, Hapag-Lloyd strives to ensure that its fleet contains roughly equal proportions of Company-owned and chartered vessels.

As at 31 December 2014, Hapag-Lloyd's fleet comprised 191 container ships. All Hapag-Lloyd and CSAV container ships 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 total TEU capacity of Hapag-Lloyd's container ship fleet amounted to approximately 1,009 TTEU as at the balance sheet date. The average ship size within Hapag-Lloyd's operational fleet was 5,271 TEU, which is 2,194 TEU above the average for the global container ship fleet. Hapag-Lloyd also owned or leased 1,008,502 containers (including reefer containers) with a capacity of approximately 1,619 TTEU for transporting cargo. With a fleet of around 76,000 reefer containers capable of transporting 144,310 TEU, Hapag-Lloyd has a much stronger competitive position in the attractive market segment for refrigerated shipping.

The use of charter ships allows the Company to react relatively flexibly to fluctuations in demand and therefore exploit growth opportunities on the one hand and limit the risk of overcapacity on the other. The Company's own or leased ships represented around 53% of total TEU capacity at the end of 2014 (31 December 2013: 53%).

The placing into service of a total of ten new "Hamburg Express" class vessels was completed in April 2014. Of a total of seven vessels ordered for CSAV's container shipping activities specifically in the Latin American trades, each with a capacity of 9,300 TEU, two ships were delivered in the fourth quarter of 2014. There are another five ships of this size ordered by CSAV, which are due to be placed into service by June 2015. These ship newbuilds allow the Company to achieve economies of scale in its ship operations.

As at the balance sheet date of 31 December 2014, the order book corresponded to around 4.6% of the transport capacity of the total Hapag-Lloyd fleet. Depending on the expected growth in demand for container shipping services, Hapag-Lloyd may invest in new ship systems to exploit medium-term market opportunities.

Structure of Hapag-Lloyd's container ship fleet

	31.12.2014	31.12.2013	31.12.2012	31.12.2011	31.12.2010
Number of vessels	191	151	144	149	137
thereof					
Own vessels	77	57	59	58	59
Leased vessels	5	7	7	9	9
Chartered vessels	109	87	78	82	69
Aggregate capacity of vessels (TTEU)	1,009	729	670	679	605
Aggregate container capacity (TTEU)	1,619	1,072	1,047	1,042	1,025
Number of services	119	97	89	84	77

The figures for 2014 relate to Hapag-Lloyd's fleet, including the business activities acquired from CSAV. The figures for 2010 to 2013 relate to Hapag-Lloyd only and do not include CSAV's container shipping activities.

Unless stated otherwise, the following figures relate to Hapag-Lloyd only and do not include the container shipping activities acquired from CSAV.

Efficient transport services

In container shipping, the flows of goods to and from different regions vary in terms of their size and structure. This is due to volume differences in the import and export of goods. Most trades therefore have a "dominant leg" with a higher freight volume and a "non-dominant leg" with a lower freight volume.

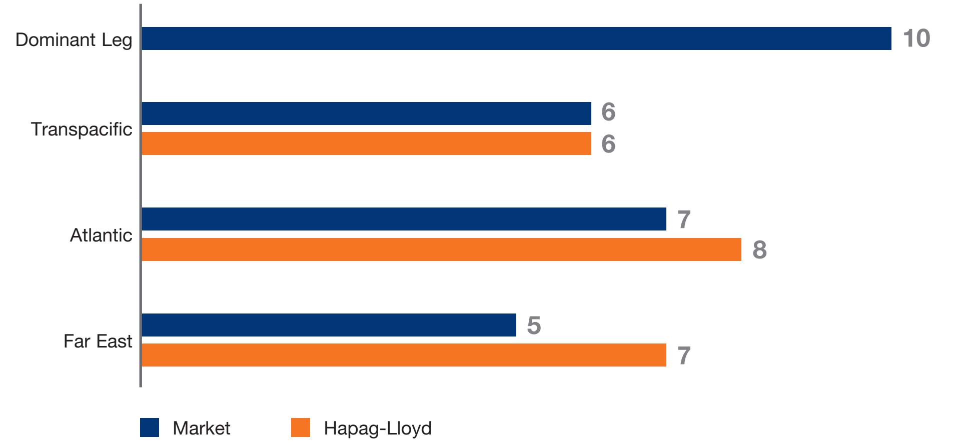
Imbalances in the trades

Transport volume (in TTEU)*	**2014**
Transpacific	
Far East – North America	14,300
North America – Far East	8,000
Transatlantic	
Europe – North America	4,100
North America – Europe	2,900
Far East	
Far East – Europe	20,000
Europe – Far East	9,600

Source: IHS Global Insight, January 2015 * Figures rounded.

The transport capacities must be planned to meet the volumes on the dominant leg. The return transport of empty containers also involves costs. The relevant performance indicator here is the ratio of loaded containers on the dominant leg to the number of loaded containers on the non-dominant leg. The objective is to keep the number of empty container transport operations low or balance the ratio to the greatest possible extent. Furthermore, empty containers are positioned in the regions with high demand via the shortest, quickest and cheapest route. The number of loaded containers transported on the key trades remains above the market average thanks to Hapag-Lloyd's use of modern IT and network management systems.

Hapag-Lloyd reduces imbalances better than the market[1)]



[1)] Ratio between the number of full containers on the non-dominant leg per 10 full containers on the dominant leg (the higher the ratio, the more balanced in both directions).
Source: IHS Global Insight, January 2015; Hapag-Lloyd FY 2014: market data according to HLAG trade definition.

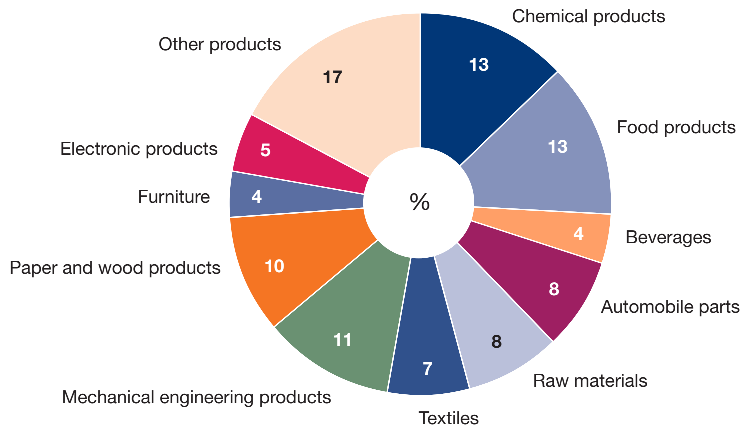
Another important performance indicator in connection with the fleet's capacity utilisation is the turnaround frequency of the containers. Each container was turned around 5.1 times on average in 2014 (2013: 5.2 times). Here, the average number of deployments per container per year is calculated. The objective is to increase the turnaround frequency in order to boost productivity and keep the total number of containers required as low as possible. Here, also, Hapag-Lloyd makes beneficial use of modern IT systems.

Customers and customer orientation

Hapag-Lloyd has established itself as a high-quality provider among container liner shipping companies. The reliability and high quality that the customer experiences with Hapag-Lloyd services are at the very heart of Hapag-Lloyd's market presence. This market positioning is underpinned by Hapag-Lloyd's high profile and the significance of the "Hapag-Lloyd" brand. Targeted customer services play an important part in achieving customer loyalty. Top clients are supported by the Global Account Management team in Hamburg and are visited by key account managers. This enables the Company to establish and maintain long-standing, sustainable customer relationships. To do so, Hapag-Lloyd focuses on achieving a high degree of customer satisfaction and having a diversified portfolio of customers comprising both direct customers and shipping companies, with the latter guaranteeing a permanent supply of cargo volumes. In general, the Company has long-standing contractual arrangements with its 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 total, not including CSAV's container shipping activities, transport contracts were completed for approximately 19,100 customers in the 2014 financial year (previous year: approximately 20,500 customers).

Another important element of our focus on the needs of the customer is our global presence, both in terms of land-based administration and of providing global coverage by means of the network of the Group's own container shipping services and international cooperations. A breakdown of the goods shipped by Hapag-Lloyd according to product category shows a relatively balanced distribution. As in the previous year, no single product category accounted for a share of more than 13% during the past financial year.

Transport volume by product category in 2014



This means that the economic cycles affecting individual sectors have relatively little impact on developments in the transport volume. In a normal economic environment, the volume transported will therefore increase continuously. Together with the fact that the transport volume is relatively well balanced in regional terms, this is an important element of Hapag-Lloyd's solid business model.

RESEARCH AND DEVELOPMENT

Hapag-Lloyd does not pursue any noteworthy research and development activities of its own. Expenses relating to the modernisation and optimisation of the IT systems and software components (IT) developed in-house are recorded in operating expenses. The IT system developed by the Company is constantly optimised.

The use of modern, networked systems guarantees a swift exchange of data between partners in the transport chain around the world. This places considerable demands on the IT systems used. Some examples of how IT systems are used for container shipping are presented here: operating empty legs as efficiently as possible using modern forecast algorithms as part of the Company's **equipment deficit action planning**, using IT-supported processes in **yield management** to determine the earnings contribution of container shipments, writing quotations, profit-oriented cargo volume management, and also designing new shipment services. Special IT systems support the efficient commissioning and **invoicing of terminal services**. The use of efficient IT solutions is also particularly important in **transshipment planning and commissioning**. In 2014, Hapag-Lloyd shipped containers to some 500 ports in 112 countries (not including CSAV's container shipping activities). More than one million containers are in use to ship cargo. The Transshipment and Work Order planning and commissioning module has vastly improved the efficiency of processing these transshippers.

SUSTAINABILITY AND QUALITY MANAGEMENT

CSAV's environmental activities in respect of their container shipping activities are not included. In 1994, Hapag-Lloyd was the first of the world's liner shipping companies to implement a quality management system for all activities along the international transport chain from the sender to the recipient. This system was enhanced in 2003 with a certification in accordance with the ISO environmental standard 14001 and has been run as an integrated quality and environmental management system ever since. Certification is issued by Det Norske Veritas Germanischer Lloyd (DNV GL). The certificate was renewed for the third time in 2012 and is valid until 21 June 2015.

As a global company, Hapag-Lloyd performs annual audits in order to maintain its high quality and environmental protection standards. In 2014, a total of 146 audits were carried out in the Group, not including CSAV's container shipping activities (2013: 153).

All of Hapag-Lloyd's sustainability activities, such as environmental protection measures, charitable projects and matters of quality assurance, are coordinated and managed in the Sustainability Management department. In total, there are 125 contacts for sustainability and quality matters in all of the regions/areas around the world, in the central departments and on the ships (2013: 122).

As Hapag-Lloyd's customers are becoming increasingly aware of environmental issues, it is providing more and more information regarding eco-friendly transport services when it tenders for transport contracts.

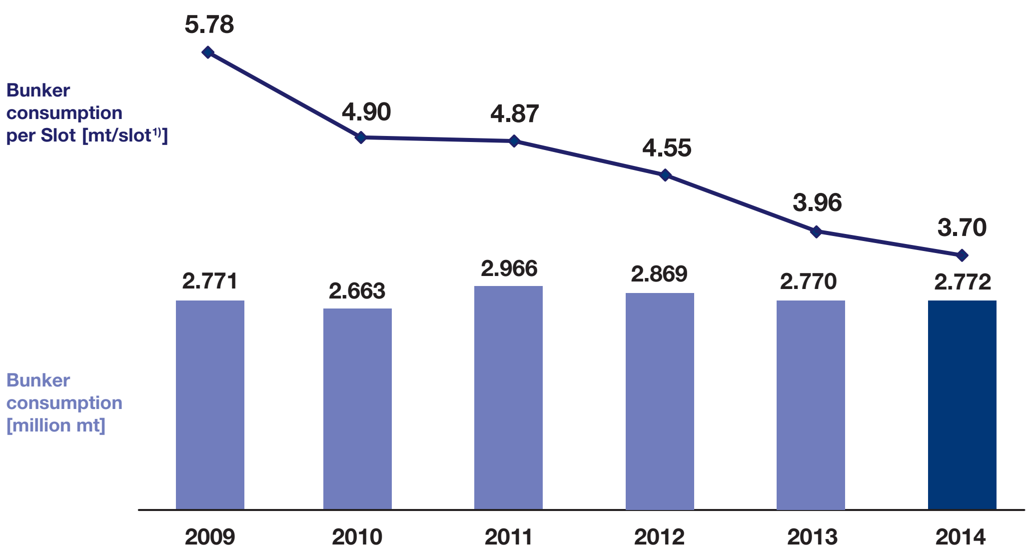
Efficiency and environmental protection
Measured by its share of global carbon emissions, shipping is the most carbon-efficient mode of transport. Ships transport around 90% of all the goods transported globally. In 2012, carbon emissions from international shipping accounted for just 2.2% of global carbon emissions. In addition, the international shipping industry has reduced its absolute carbon emissions by 10% since 2007. Even container shipping companies have cut their vessels' carbon emissions to around 205 million tonnes in the past few years. Between 2007 and 2012, the global transport volume rose by approximately 15% to around 120 million TEU.

Hapag-Lloyd introduced a number of technical and operational measures early on to further reduce carbon emissions. One crucial measure to reduce fuel consumption and emissions is known as "derating", which is a reduction in the output of ships' engines. Adapting the engine output to slower speeds (slow steaming) ensures that the ships operate in a way that is more cost-effective and considerably more environmentally friendly. In this way, the Hapag-Lloyd fleet's recorded carbon emissions have already been reduced on a sustainable basis over the past few years. The carbon emission data is verified by DNV GL.

In addition, Germanischer Lloyd renewed the "GL Excellence – 5 Stars" certificate for Hapag-Lloyd on 12 December 2013 and thus certified the high safety, environmental protection and operational standards on Hapag-Lloyd's container ships. In addition to the implementation of occupational health and safety measures, this certificate requires certification according to ISO 9001 (quality), ISO 14001 (environment), the ISM (International Safety Management) Code and the ISPS (International Ship and Port Facility Security) Code on preventing maritime hazards. The certificate also includes requirements that go above and beyond international norms and rules. The certificate is valid until 20 December 2016.

The efficiency and sustainability of the Hapag-Lloyd fleet (not including CSAV's container ships) further improved as a result of ten new "Hamburg Express" class vessels being placed into service up to April 2014. Bunker consumption per slot (container storage space) and therefore also per transported TEU has been considerably reduced over the past five years. The design and technical equipment of the ships will be further optimised in order to lower bunker consumption.

Bunker consumption 2009–2014



[1] Based on average nominal operating capacity in TEU (without CSAV container shipping activities).

In addition, most of the ship newbuilds placed into service by Hapag-Lloyd in 2014 were equipped with connections for shore-based power when in port. Using this shore-to-ship energy supply – also known as cold ironing – means that the on-board auxiliary diesel engines which generate electricity can be shut down. Emissions and noise pollution are reduced. Since 2014, it has been mandatory for a certain percentage of each shipping company's vessels which call at ports in California to use cold ironing. Other ports around the world are also developing shore-based power concepts.
On 24 November, Hapag-Lloyd was presented with the Hanse Globe, Hamburg's award for sustainable logistics, for its pioneering role in establishing a zero-emission power supply in ports. Together with the Hamburg-based company SAM Electronics, Hapag-Lloyd designed a 40-foot container which enables container ships in Hapag-Lloyd's fleet to connect to an onshore power supply when berthed in port.
In addition, Hapag-Lloyd again received various awards for the quality of its container shipping services in 2014.

Awards in 2014

Date	Name of Award	Awarding Organisation
December	Global Ocean Freight Carrier Survey 2014 (Rank 2)	Panalpina
December	Global Ocean Carrier of the Year Award 2014 – Silver	Hellmann Worldwide Logistics
November	Hanse Globe – Hamburg's Award for Sustainable Logistics	Logistik Initiative Hamburg
November	2014 Ocean Carrier of the Year	Schenker
September	2014 CN EcoConnexions Partnership Award	CN Rail
June	Chrysler's Logistics Supplier of the Year 2013	Chrysler
May	Eastman Chemical Excellence Award 2013	Eastman Chemical Company
April	2013 Ocean Carrier of the Year Award	Alcoa
February	Carrier of the Year 2013 (Phillippines)	INTTRA

The figures relate to Hapag-Lloyd only and do not include the business activities acquired from CSAV.

EMPLOYEES

Together with CSAV's container shipping activities, the Hapag-Lloyd Group employed 10,949 people as at 31 December 2014. The following figures relate to Hapag-Lloyd only and do not include CSAV's container shipping activities. These are presented separately.

Not including the CSAV's container shipping activities, a total of 7,049 people were employed at Hapag-Lloyd as at 31 December 2014 (previous year: 7,001). The number of employees rose by 48 compared with the previous year. 1,355 people were employed in the marine division as at 31 December 2014 (previous year: 1,339).

The number of shore-based staff rose by 32 to 5,694. More than two-thirds of the shore-based employees are younger than 50 years old and a good third of them are below the age of 35. Male and female employees each make up 50% of the shore-based headcount. The average period of employment for shore-based staff remains unchanged at around eleven years.

Age structure of shore-based employees (31 December 2014)

Age group	60+	50+	49–36	35–26	25–16
Percentage of employees	6%	19%	37%	25%	13%

The figures relate to Hapag-Lloyd only and do not include the business activities acquired from CSAV.

At the end of the reporting period, the number of full-time equivalent employees (FTE) at the Group had risen from 6,857 (31 December 2013) to 6,902, not including CSAV's container shipping activities.

Number of employees

	31.12.2014	31.12.2013	31.12.2012	31.12.2011	31.12.2010
Marine personnel	1,259	1,254	1,245	1,198	1,179
Shore-based personnel	5,589	5,553	5,505	5,465	5,457
Apprentices	201	194	200	210	236
Total	**7,049**	**7,001**	**6,950**	**6,873**	**6,872**

The figures relate to Hapag-Lloyd only and do not include the business activities acquired from CSAV.

The business activities acquired from CSAV employed 3,900 people as at 31 December 2014. Of this figure, 3,325 people were shore-based staff. Together with 68 shore-based administrative staff, the marine division of the container shipping activities acquired from CSAV comprises 575 employees.

Internationality also plays a significant role at Hapag-Lloyd. Of the shore-based employees, not including CSAV's container shipping activities, some 77% worked outside Germany as at 31 December 2014. Excluding CSAV's container shipping activities, people from 63 nations currently work at Hapag-Lloyd in more than 45 countries. In particular, employees are encouraged to take on foreign deployments and are shown possible ways of broadening their experience and their intercultural skills. This philosophy pervades all staff levels right up to the management of Hapag-Lloyd, where half the posts are occupied by international executives.

In 2012, Hapag-Lloyd revised its management principles in relation to worldwide management training courses in consultation with senior management. This leadership culture serves as a basis for all personnel development measures and as a job specification for current and future executives. Providing the employees with further development opportunities geared to specific target groups, such as special management training courses, remained one of the most important objectives for 2014. In total, 43 management trainees are currently training within the framework of the Management Career Programme (MCP), which was established in 2002. Trainees are required to rotate between a number of different roles in various countries to prepare them for their future executive duties. In addition, there are currently 189 trainees advancing their individual career prospects as part of the Talent Development Programme (TDP). Tailored individual and group training courses are offered to all employees. There is also a strong focus on vocational training and qualifications in both the shore-based and marine division. Hapag-Lloyd attaches particular importance to extensive, high-quality training. The proportion of those offered jobs at the end of their training has been and still is between 80 and 90%. As at 31 December 2014, Hapag-Lloyd employed 96 apprentices in shore-based positions and 105 at sea, not including CSAV's container shipping activities. In recent years, the Group's apprentices have regularly achieved some of the best grades among their peers in Germany. These new employees underwent excellent further training to achieve the necessary qualification levels and performed exceptionally well in the course of this training. In recent years, Hapag-Lloyd has also received a number of awards from the body responsible for maritime vocational training, the Berufsbildungsstelle Seeschifffahrt (BBS), in recognition of its outstanding achievements in the field of ship mechanic training. Our goal is to maintain this high quality standard.

ECONOMIC REPORT

GENERAL ECONOMIC CONDITIONS

Close to 90% of goods transported around the world are carried by ship. In addition to tankers and general cargo ships, container ships play a significant role in handling the global transport volume. The pace at which the global economy grows and, by extension, at which global trade expands is therefore a significant factor that influences demand for container shipping services and thus the development of the container shipping companies' cargo volumes.

In the opinion of economic experts at the International Monetary Fund (IMF), global economic growth as a whole is being held back by the poor economic developments in Japan and the eurozone, the ongoing slowdown in growth in China and the sanctions imposed on Russia. The sharp drop in oil prices and the robust economic upswing in the USA do not provide enough impetus on their own to boost global economic growth rates more. The eurozone put the recession of the previous two years behind it in 2014, with economic growth of 0.8%. Nevertheless, economic growth remains weak in the eurozone and Japan, and therefore continues to dampen economic development in the industrialised countries. Only the USA, the world's largest economy, could come close to making the most of its growth potential in 2015 with a forecast increase of 3.6% and achieve a relatively high growth rate of 3.3% in 2016. Despite the weakening growth dynamic in China and the still only modest economic performance of Brazil and Mexico, the anticipated pace of economic growth in the emerging markets of Asia and Latin America will continue to comfortably outstrip growth rates in the established industrialised nations in 2015 and 2016.

In its latest economic outlook (January 2015), the IMF expects global economic growth to reach 3.5% overall in 2015 (2014: 3.3%) and for this to increase marginally to 3.7% in 2016. This means the current forecasts for 2015 are 0.4 percentage points below the original growth expectations (January 2014).

According to the IMF, the volume of global trade, which is key to the demand for container shipping services, is forecast to increase by 3.8% in the current year and by 5.3% in 2016. This means that the growth in global trade will continue to outpace that of the global economy in both years. Above all, imports and exports to and from the emerging markets and the US are expected to continue to rise at an above-average rate compared with global trade in the period under review.

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

(in %)	2016e	2015e	2014e	2013	2012
Global economic growth	3.7	3.5	3.3	3.3	3.4
Industrialised countries	2.4	2.4	1.8	1.3	1.2
Developing and newly industrialised countries	4.7	4.3	4.4	4.7	5.1
World trading volume (goods and services)	5.3	3.8	3.1	3.4	2.9

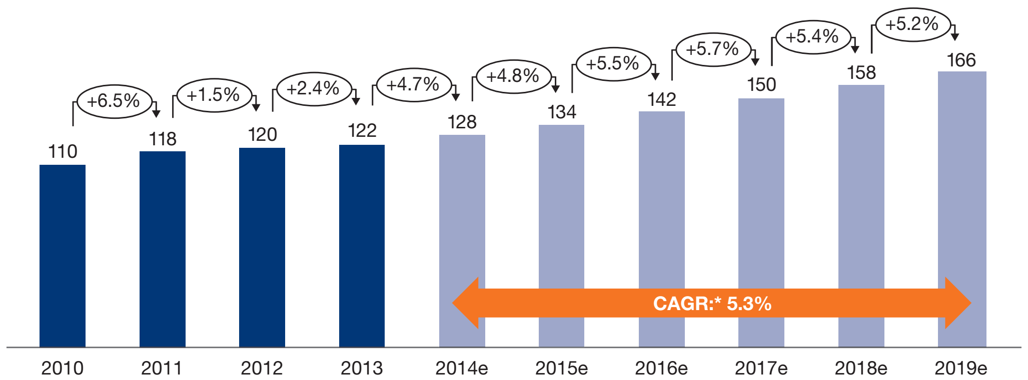
Source: IMF, January 2015

The US dollar is the main invoicing currency for the international shipping industry. The USD/EUR exchange rate was volatile in the reporting period. Factors influencing this were slowing economic growth in the eurozone and an increasingly robust economic recovery in the USA. As a result, the US Federal Reserve ended its comprehensive bond buying programme in October 2014. The euro's year-end exchange rate was approximately USD 1.22/EUR (2013: USD 1.38/EUR). The average US dollar exchange rate for the 2014 financial year was approximately USD 1.33/EUR (2013: approximately USD 1.33/EUR). In the course of 2014, the dollar reached a high of USD 1.38/EUR and a low of USD 1.22/EUR.

SECTOR-SPECIFIC CONDITIONS

With the world trading volume forecast to grow, demand for container shipping services is likewise expected to continue to increase over the next few years. For instance, IHS Global Insight (January 2015) expects a 4.8% increase in the global container shipping volume in 2015 and growth of 5.5% to approximately 142 million TEU in 2016. This would put the forecast rise in worldwide transport volumes in container shipping for 2015 and 2016 slightly above the rate of growth for global trade. Current forecasts put the compound annual growth rate (CAGR) for the period from 2015 to 2019 at 5.3%, compared with an average growth rate of 3.8% between 2010 and 2014. The volume of global container shipping could reach some 166 million TEU in 2019. As a result, container shipping will continue to be a growth industry in the medium to long term.

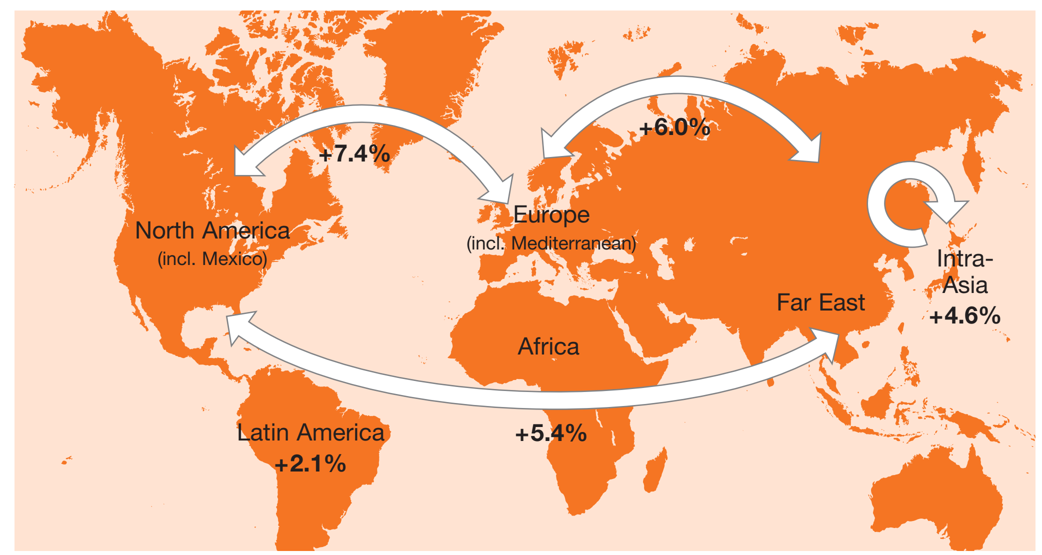
Development of global container transport volume 2010–2019 (million TEU)



Source: IHS Global Insight January 2015 *Compound Annual Growth Rate

Despite only modest global economic growth as a whole, the increase in global container shipping services rose to a rate of 4.7% last year (2013: 2.4%), according to calculations by IHS Global Insight (January 2015). All the trades saw an increase in container shipping volumes in 2014: Transpacific (+5.4%), Far East (+6.0%), Intra-Asia (+4.6%), Atlantic (+7.4%) and Latin America (+2.1%).

Growth rates for global container traffic in 2014



Source: IHS Global Insight January 2015

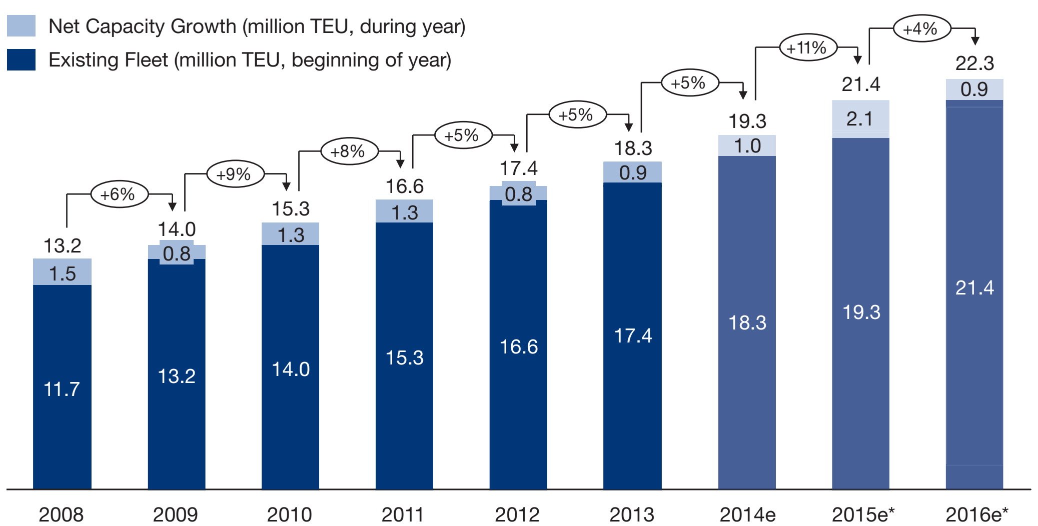
Transport volumes and freight rates in container liner shipping are subject to seasonal fluctuations. Demand for transport services is traditionally higher in the second and third quarter of any given year.

While the rate of global trade growth determines the demand for container shipping services, putting new vessels into service and scrapping inefficient ones are the most important factors influencing the supply of transport capacities. Supply has grown at a faster pace than demand in recent years as a result of new and particularly large container ships continually being put into service. This also led to continued pressure on freight rates in all trades in 2014.

The capacity of all the ship newbuilds on order as at 31 December 2014 totalled approximately 3.2 million TEU. However, at around 16% of the global container fleet's capacity, the TEU capacity of the container ships on order in the fourth quarter of 2014 remained far below the record high of 56% seen in 2008. The heightened trend towards larger vessels is reflected in the distribution of the orders. Some 84% of ship newbuild orders are for vessels with a capacity of over 8,000 TEU (MDS Transmodal, February 2015).

With the total capacity of the world container ship fleet estimated at 19.3 million TEU at the end of 2014 (MDS Transmodal, February 2015), the supply capacity should – based on the current orders – see increases of 2.1 million TEU in 2015 and a further 0.9 million TEU in 2016.

Development of global container fleet capacity



Source: MDS Transmodal; February 2014 and previous years; only vessels >399 TEU

* Based on existing orders.

The unrelenting pressure on freight rates in 2014 was, in part, also caused by the very small size of the idle fleet. Due to the growth in the volume of cargo across all the trades in the course of 2014, the level of idle vessels at the end of 2014 reduced around 228,000 TEU (AXS-Alphaliner, January 2015), compared with available capacities of around 780,000 TEU at the end of 2013. Consequently, the idle capacity corresponded to only around 1.2% of the global container fleet's total tonnage. Indeed, the average amount of idle transport capacities in 2014 was approximately 40% lower than the average in 2013 (approximately 595,000 TEU). Of the 118 vessels idle at the end of 2014, some 86% were smaller ships of up to 3,000 TEU.

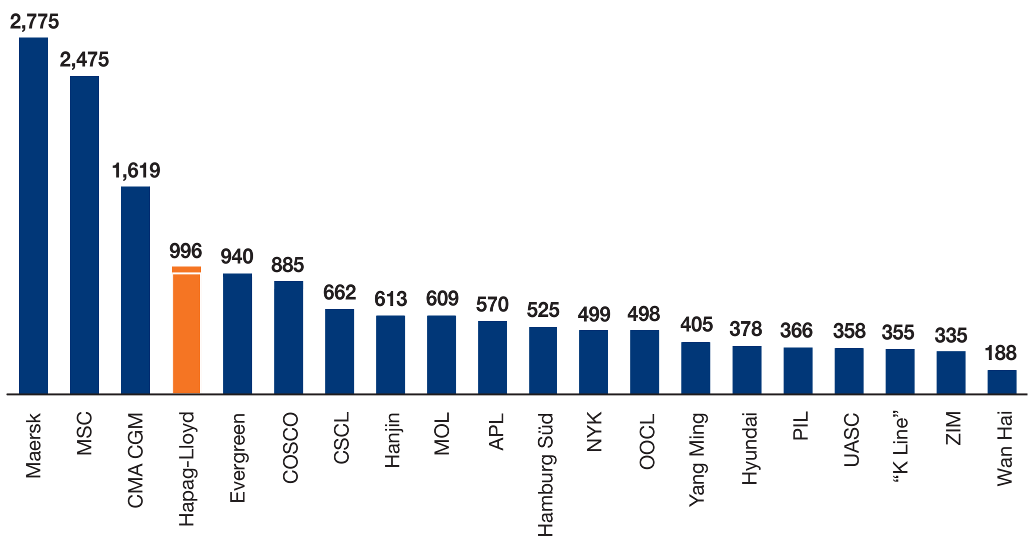
The projected nominal increase in the global container ship fleet's transport capacity is expected to weaken due to the scrapping of older and less efficient vessels, delays in the delivery of ship newbuilds and the use of slow steaming (reducing the speed at which services operate).

According to the sector information service AXS-Alphaliner (December 2014), container vessels with an aggregate transport capacity of around 400,000 TEU were scrapped in 2014 (2013: 450,000 TEU). Scrapping activities in 2014 therefore fell well short of the anticipated level of around 500,000 TEU. A scrapping level of 350,000 TEU is predicted for 2015. The lower than expected level of scrapping may lead to increased pressure on freight rates.

Although the prospects for growth remain positive in the medium term, there may be temporary imbalances in supply and demand, which could have a substantial impact on the respective transport volumes and freight rates. For example, as more and more new vessels go into service, transport capacities will increase sharply, further affecting the development of freight rates, especially on services to and from Asia.

The world's 20 largest container shipping companies have further intensified their cooperations and alliances in order to expand their networks, reduce costs and improve service for their customers. The world's two largest container liner shipping companies, Maersk Line and Mediterranean Shipping Company (MSC), announced the creation of a new alliance, the 2M Network, in July 2014. In September 2014, the shipping companies CMA CGM, China Shipping Container Lines (CSCL) and United Arab Shipping Company (UASC) founded the Ocean Three alliance. On 1 March 2014, the Taiwanese shipping company Evergreen joined the CYKH Alliance (Cosco, "K Line", Yang Mine and Hanjin Shipping).

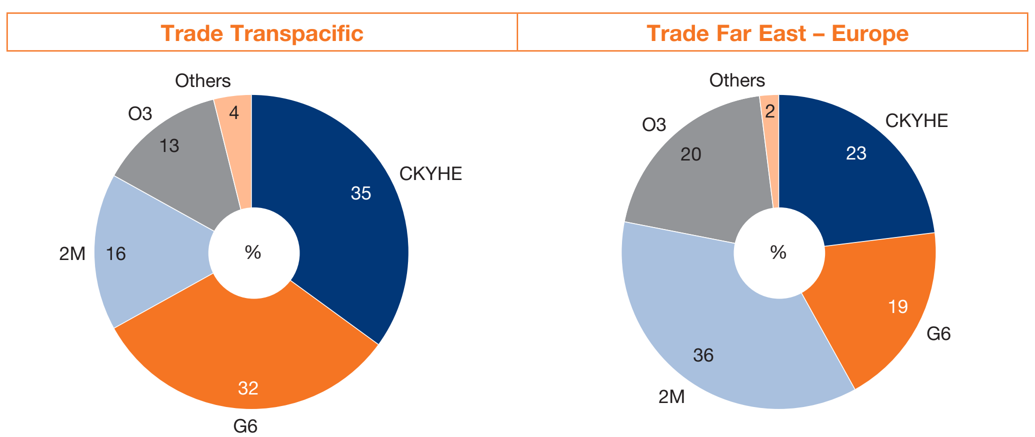
Fleet capacity of the Top 20 container liner shipping companies (in TTEU)



Source: MDS Transmodal, January 2015
Hapag-Lloyd's operational fleet capacity (not including chartered vessels) includes CSAV's container shipping activities.

Together with five shipping company partners from Asia, Hapag-Lloyd expanded its cooperation on the Transpacific–West Coast and Atlantic trades starting in the second quarter of 2014 as part of the G6 Alliance. These various alliances have differing degrees of presence in the key trades.

Capacity share of the key alliances in selected trades



Source: AXS-Alphaliner February 2015

The bunker price is the most important factor influencing fuel costs, which is one of the main cost components for the container shipping industry. In the year under review, the average bunker consumption price was USD 575 per tonne (not including CSAV's container shipping activities). This was USD 38 per tonne less than the average for the previous year. Quoted at approximately 300 USD per tonne (10 February 2015), the (3.5% Rotterdam) bunker price in the first few weeks of 2015 remained well below the level seen in the same period of the previous year.

Report on forecast development in 2014

The transport volume rose by 7.5% in the reporting period. Not including CSAV's container shipping activities, the transport volume increased by 4.7%. The forecast of a "moderately increasing" transport volume was therefore fulfilled in 2014. It was not possible to meet the forecasts for average freight rates and earnings development (adjusted EBIT) due to the slower than expected rise in rates during the 2014 peak season, coupled with an industry environment that remained challenging in 2014. This was already stated in the interim management report for the period up to 30 September 2014.

In addition to the Company's weaker than expected operating performance, considerable one-off expenses incurred in connection with the acquisition and impending integration of CSAV's container shipping activities acquired as at 2 December 2014 and included for the month of December, as well as (non-operating) valuation effects related to the closing date, had a negative impact on reported earnings as at 31 December 2014.

The container shipping activities acquired from CSAV (CCS) are included for the month of December as of the consolidation date of 2 December 2014. The forecasts in the management report dated 31 December 2013 and the interim report dated 30 September 2014 relate to Hapag-Lloyd only.

	Value per 31.12.2013	Prognosis from Group management report per 31.12.2013	Prognosis from Interim management report per 30.9.2014	Value per 31.12.2014 Hapag-Lloyd	Value per 31.12.2014 CCS	Value per 31.12.2014 total Group
Transport volume (TTEU)	5,496	Increasing moderately	Increasing moderately	5,757	150	5,907
Average freight rate Hapag-Lloyd (USD/TEU)	1,482	Slightly increasing	Declining slightly	1,434	1,154	n a
EBIT (adjusted, million EUR)	67.2	Increasing significantly	Declining significantly	–104.0	–8.1	–112.1

EARNINGS, FINANCIAL AND NET ASSET POSITION

The container shipping activities acquired from CSAV are included for the month of December as of the consolidation date of 2 December 2014. As such, the net asset, financial and earnings position figures for 2014 can only be compared with those of previous years to a limited extent.

GROUP EARNINGS POSITION

Persistently strong competition and the muted growth in the global economy and global trade continued to have an impact on the development of the Hapag-Lloyd Group's business in the 2014 financial year. The global economy grew by just 3.3% in 2014, falling short of the IMF's original forecast of 3.7%.

Group income statement

million EUR	**1.1.–31.12. 2014**	1.1.–31.12. 2013
Revenue	6,807.5	6,567.4
Other operating income	116.8	156.3
Transport expenses	6,060.1	5,773.1
Personnel expenses	403.3	365.2
Depreciation, amortisation and impairment	481.7	325.4
Other operating expenses	393.3	251.7
Operating result	**–414.1**	**8.3**
Share of profit of equity-accounted investees	34.2	36.8
Other financial result	–2.9	18.6
Earnings before interest and tax (EBIT)	**–382.8**	**63.7**
Interest result	–209.7	–153.6
Income taxes	11.2	7.5
Group profit/loss	**–603.7**	**–97.4**
EBITDA	**98.9**	**389.1**
EBITDA margin (%)	**1.5**	**5.9**
EBIT adjusted	**–112.1**	**67.2**
EBIT margin adjusted (%)	**–1.6**	**1.0**
EBIT	**–382.8**	**63.7**
EBIT margin (%)	**–5.6**	**1.0**

The container shipping activities acquired from Compañía Sud Americana de Vapores S.A. are included in the consolidated income statement for the reporting year from their first-time consolidation as at 2 December 2014. As such, the consolidated income statement figures are only comparable with the previous year to a limited extent.

Pressure on the Hapag-Lloyd Group's freight rates (not including CSAV's container shipping activities) continued in the 2014 financial year due to persistently strong competition, which had a negative impact on the Group's earnings position. In contrast, the EUR/USD exchange rate, which is a key factor influencing the Group's earnings position, trended rather erratically. While a weak US dollar had a mainly negative impact on earnings in the first three quarters, the strength of the US dollar in the final few months of the financial year had a positive effect on the Group's earnings position. Overall, the average USD/EUR exchange rate remained unchanged year-on-year at USD 1.33/EUR. At USD 1.22/EUR, the exchange rate on the reporting date of 31 December 2014 was USD 0.16/EUR stronger than in the previous year (USD 1.38/EUR).

Group revenue in the 2014 financial year totalled EUR 6,807.5 million (previous year: EUR 6,567.4 million). In addition to the inclusion of the revenue from CSAV's container shipping activities in the month of December, the development of revenue was affected by a 4.7% rise in transport volume to 5,757 TTEU (rise including CSAV container shipping activities to 5,907 TTEU) and a decline in the average freight rate to USD 1,434/TEU due to strong competition. At USD 1,434/TEU, the average freight rate remained 3.2% down on the previous year's figure of USD 1,482/TEU. The global container shipping business of CSAV was included in the consolidated financial statements as of 2 December 2014. The average freight rate for the acquired activities in December 2014 was USD 1,154/TEU.

Freight rates per trade

USD/TEU	**1.1.–31.12. 2014**	1.1.–31.12. 2013
Atlantic	1,634	1,679
Far East	1,162	1,237
Latin America	1,365	1,390
Transpacific	1,740	1,747
Australasia	1,153	1,236
Total Hapag-Lloyd excluding CSAV's container shipping activities (weighted average)	**1,434**	**1,482**
CSAV's container shipping activities December 2014	**1,154**	**n a**

The transport volume developed positively in the 2014 financial year. In the last financial year, Hapag-Lloyd (not including the container shipping activities acquired from CSAV) was able to increase its transport volume by 261 TTEU to 5,757 TTEU (previous year: 5,496 TTEU) as a result of its balanced positioning in all the trades and the ongoing expansion of its service network. Transport volumes were thus increased in all of the trades in the reporting period. The increase of 4.7% was in line with market developments. The acquired container shipping activities transported 150 TTEU in December, resulting in a total transport volume of 5,907 TTEU as at 31 December 2014 (previous year: 5,496 TTEU).

Transport volume per trade

TTEU	1.1.–31.12. 2014	1.1.–31.12. 2013
Atlantic	1,272	1,204
Far East	1,354	1,246
Latin America	1,226	1,172
Transpacific	1,249	1,245
Australasia	656	629
Total Hapag-Lloyd excluding CSAV's container shipping activities	**5,757**	**5,496**
CSAV's container shipping activities December 2014	**150**	**n a**
Total	**5,907**	**5,496**

Not including the newly acquired CSAV container shipping activities, the Hapag-Lloyd Group's revenue increased by EUR 39.4 million to EUR 6,606.8 million in the 2014 financial year (previous year: EUR 6,567.4 million). With the inclusion of CSAV's container shipping activities as at 2 December 2014, revenue increased by an additional EUR 200.7 million. Group revenue for the 2014 financial year therefore came to EUR 6,807.5 million (previous year: EUR 6,567.4 million).

Revenue per trade

milion EUR	1.1.–31.12. 2014	1.1.–31.12. 2013
Atlantic	1,563.8	1,522.6
Far East	1,184.0	1,160.7
Latin America	1,259.7	1,226.0
Transpacific	1,635.5	1,636.8
Australasia	569.1	584.7
Other	394.7	436.6
Total Hapag-Lloyd excluding CSAV's container shipping activities	**6,606.8**	**6,567.4**
CSAV's container shipping activities December 2014	**200.7**	**n a**
Total	**6,807.5**	**6,567.4**

CSAV's container shipping activities are included in the expenses and income presented below from their first-time consolidation as at 2 December 2014. A comparison with the previous year is therefore only possible to a limited extent. The rise in expenses is a negative reflection of the comparatively higher cost/income ratios.

In total, transport expenses increased by EUR 287.0 million to EUR 6,060.1 million in the 2014 financial year (previous year: EUR 5,773.1 million). This represents an increase of around 5%. This development was primarily attributable to an increase of EUR 361.3 million (+8.3%) in the cost of purchased services, which came to EUR 4,697.8 million. This increase is a reflection of the significantly higher transport volumes and, in particular, the initial inclusion of CSAV's container shipping activities. Port, canal and terminal costs in particular saw a considerable increase of EUR 199.3 million to EUR 2,030.4 million (prior year period: EUR 1,831.1 million). This was attributable to unusually high loading costs caused by delays in a number of terminals along the west coast of the USA as a result of industrial action and also a higher transport volume. This resulted in higher transshipment costs and a considerable increase in container shipping costs. In total, container transport costs increased by EUR 150.0 million to EUR 1,841.4 million (prior year period: EUR 1,691.4 million). Ongoing cost savings, particularly due to lower maintenance and repair costs thanks to a more modern fleet of ships, as well as lower rates for chartered ships, could only offset the rise in the cost of purchased services to a limited extent. It was also not possible to compensate for this increase in the cost of purchased services with the fall of EUR 74.3 million (–5.2%) in the cost of raw materials and supplies to EUR 1,362.3 million (prior year period: EUR 1,436.6 million). This decline was due primarily to a 6.2% drop in bunker consumption prices offset by minimal expenses for bunker hedges. Raw materials and supplies held in stock had to be written down at the end of the year due to the sharp fall in bunker prices in the fourth quarter of 2014. At USD 575 per tonne, the average bunker price in the 2014 financial year (not including CSAV's container shipping activities) was USD 38 below the level of the prior-year period (USD 613 per tonne). Bunker efficiency improved further compared to the previous year.

Transport expenses

million EUR	1.1.–31.12. 2014	1.1.–31.12. 2013
Expenses for raw materials and supplies	1,362.3	1,436.6
Cost of purchased services	4,697.8	4,336.5
thereof		
Port, canal and terminal costs	2,030.4	1,831.1
Chartering, leases and container rentals	693.5	653.3
Container transport costs	1,841.4	1,691.4
Maintenance/repair/other	132.5	160.7
Transport expenses	**6,060.1**	**5,773.1**

A gross profit margin (ratio of gross earnings to revenue) of 11.0% could be achieved (previous year: 12.1%) due to the intensely competitive market environment.

At EUR 116.8 million, other operating income in the 2014 financial year was lower than in the prior-year period (EUR 156.3 million). This was attributable in particular to the noticeable drop in income from the disposal of assets and lower income from the release of provisions. The volatility of the USD/EUR exchange rate in the course of the year resulted in period-specific exchange rate gains and losses, which are reflected in other operating income and other operating expenses. Netted, the exchange rate-related income and expenses resulted in an increase in earnings of EUR 3.9 million in the 2014 financial year (previous year: decrease of EUR 11.6 million).

Other operating expenses rose by 56.3% to EUR 393.3 million year-on-year (previous year: EUR 251.7 million), notably as a result of one-off expenses amounting to EUR 84.0 million relating mainly to the acquisition of CSAV's container shipping activities. These include not only legal and consultancy expenses, but also expenses for creating provisions for restructuring the container shipping activities acquired from CSAV totalling EUR 39.5 million.

Personnel expenses increased by 10.4% to EUR 403.3 million in the 2014 financial year (previous year: EUR 365.2 million). This rise is primarily attributable to one-off expenses of EUR 46.7 million relating to the acquisition of CSAV's container shipping activities and to the inclusion of the personnel expenses relating to CSAV's container shipping activities in the month of December totalling EUR 10.3 million. The personnel expenses ratio remained essentially unchanged year-on-year at 5.9% (previous year: 5.6%). Not including the new employees relating to the acquisition of CSAV's container shipping activities, the Group's workforce average for the year was 7,015 employees (+0.5%).

Development of personnel expenses

million EUR	**1.1.–31.12. 2014**	1.1.–31.12. 2013
Personnel expenses	403.3	365.2
Revenue	6,807.5	6,567.4
Personnel expenses ratio	**5.9%**	**5.6%**

Accumulated depreciation and amortisation totalled EUR 481.7 million in the 2014 financial year (previous year: EUR 325.4 million). The increase of EUR 156.3 million in depreciation and amortisation is due in particular to the planned sale of a portfolio of older vessels ("Old Ladies II") and the impairment charge of EUR 127.4 million required in order to recognise these assets as held for sale. The year-on-year increase in scheduled depreciation is attributable to the addition of ship newbuilds and new containers in the financial year, as well as the initial inclusion of CSAV's container shipping activities.

The financial result consists of the share of profits of equity-accounted investees totalling EUR 34.2 million (previous year: EUR 36.8 million) and the other financial result amounting to EUR –2.9 million (previous year: EUR 18.6 million). The previous year's other financial result included the income from the sale of the Company's stake in Montreal Gateway Terminals Ltd. Partnership, Montreal, totalling EUR 19.1 million. The other financial result additionally includes changes in the fair values of the currency options used.

The Group's net operating result before interest and taxes (EBIT) amounted to EUR –382.8 million in the 2014 financial year. It was therefore well below that of the corresponding prior-year period (EUR 63.7 million). The Group's earnings before interest, taxes, depreciation and amortisation (EBITDA) fell by EUR 290.2 million to EUR 98.9 million (previous year: EUR 389.1 million).

The EBIT margin was negative at –5.6% (previous year: 1.0%), in particular due to the one-off expenses relating to the merger of CSAV's container shipping activities, and also because of ongoing stiff competition. The EBITDA margin remained positive, however, at 1.5% (previous year: 5.9%).

EBIT margin

million EUR	**1.1.–31.12. 2014**	1.1.–31.12. 2013
Revenue	6,807.5	6,567.4
EBIT	– 382.8	63.7
Purchase price allocation	12.8	22.6
Transaction and restructuring costs	107.3	-
Impairments	127.4	-
One-off effects	23.2	-
Sale of Montreal Gateway Terminals Ltd. Partnership, Montreal	-	–19.1
EBIT adjusted	–112.1	67.2
EBITDA	98.9	389.1
EBIT margin	**–5.6%**	**1.0%**
EBIT margin adjusted	**–1.6%**	**1.0%**
EBITDA margin	**1.5%**	**5.9%**

Having been adjusted for special items amounting to EUR 270.7 million, the Group's earnings before interest and taxes (adjusted EBIT) totalled EUR –112.1 million in the financial year (prior-year period: EUR 67.2 million). This figure includes adjusted EBIT of EUR –8.1 million for CSAV's container shipping activities. The adjusted items include impairments of EUR 127.4 million for a portfolio of older vessels held for sale. In addition, adjustments were made for transaction and restructuring costs totalling EUR 107.3 million in the financial year. These were incurred in the course of the acquisition of CSAV's container shipping activities and relate in particular to the creation of a restructuring provision in the amount of EUR 82.0 million. Adjustments were also made for other unusual one-off effects totalling EUR 23.2 million.

An interest result of EUR –209.7 million was reported for the 2014 financial year (previous year: EUR –153.6 million). The year-on-year change in the interest result was primarily due to the conclusion of new financing contracts in connection with investments in ships and containers, the valuation effects of embedded derivatives and expenses relating to the early repayment of the EUR bond due in 2015. The Group generated a net result of EUR –603.7 million in the 2014 financial year (previous year: EUR –97.4 million). This included a negative earnings contribution of EUR 14.9 million relating to CSAV's container shipping activities in the month of December.

GROUP FINANCIAL POSITION

Principles and objectives of financial management

The Hapag-Lloyd Group's financial management aims to ensure the permanent solvency of the Company and thus its ability to maintain financial stability at all times.

Maintaining an appropriate minimum liquidity level is its overriding objective. Efficient financial management is therefore primarily based on optimising short- and medium-term cash outflows. This is based on budgetary planning for a number of years and a rolling monthly liquidity plan that spans a period of a year. Financial management is carried out within the framework of relevant legislation as well as internal principles and regulations.

The Hapag-Lloyd Group is an international company that is active around the world. It is exposed to financial risks which result from the business operations of Hapag-Lloyd AG. In particular, these risks include currency risk, fuel price risk and interest rate risk. The transactions of the group companies are conducted mainly in US dollars. The euro, Canadian dollar, British pound, Swiss franc, Hong Kong dollar, Singapore dollar, Japanese yen, Chilean peso, Brazilian real and Chinese renminbi are also significant currencies.

Derivative hedging transactions are entered into so as to hedge against euro exchange rate risks. Wherever possible, changes in the bunker price are passed on to the customers as surcharges. In addition, hedging instruments are used to limit fluctuations caused by changes in the prices of commodities. If applicable, up to 80% of the anticipated annual fuel requirements are hedged against price increases. Interest rate risks which arise as a result of liquidity procurement on the international money and capital markets are managed centrally within the scope of interest rate management.

Other disclosures about hedging strategies and risk management, as well as financial transactions and their scope as at the balance sheet date, can be found in the risk report contained within the Group management report, and in the “Financial instruments” section in the Notes to the consolidated financial statements.

Issuer ratings

Rating/Outlook	**31.12.2014**	31.12.2013
Standard & Poor's	B+/stable	B+/stable
Moody's	B2/negative	B2/negative

Despite the persistently difficult economic environment in the 2014 financial year, especially in global shipping, the international rating agency Standard & Poor's reaffirmed its issuer rating for Hapag-Lloyd AG in its rating updates on 14 April and 8 December 2014. On 17 October 2014, the rating agency Moody's confirmed its previous year's rating of B2, negative outlook. Both rating agencies have taken a positive view of the takeover of CSAV's container shipping activities with regard to the competitiveness of Hapag-Lloyd and the opportunity to achieve cost savings.

Financing

The Group covers its financing requirements with cash inflows from operating activities and by assuming short-, medium- and long-term financial debt. In addition, the Group's equity was strengthened and additional liquidity was generated by means of a contribution in kind relating to the acquisition of CSAV's container shipping activities and a subsequent capital increase in the amount of EUR 370 million on 19 December 2014.

Its financing mix in terms of borrowing is designed to optimise its financing conditions, have a balanced range of maturities and achieve investor diversification. The focus in the 2014 financial year was on the final disbursement of ship financing, ongoing container financing and transactions in the bond market.

Financing activities
In November 2014, Hapag-Lloyd issued another corporate bond worth EUR 250 million on the capital market with a maturity of five years. Together with existing liquidity, the proceeds from the bond's issuance were used for the early repayment of the EUR bond due in 2015. The bond with an outstanding nominal volume of EUR 280 million was repaid by exercising an early termination option at the end of December 2014. This transaction allowed the Group to optimise its current capital structure thanks to a lower 7.50% coupon for the new bond compared to 9.00% for the existing bond and also its maturity range.

In addition, loans for the financing of three ship newbuilds, each with a capacity of 13,200 TEU upon delivery, were paid out in the financial year (USD 276.7 million). In return, the existing bridging loans for these vessels were fully repaid (USD 143.2 million).

Once again in 2014, containers held by the Company were sold to a group of investors and were then leased back through several Japanese operating lease contracts, with the option of buying them back at the end of their terms. These lease contracts are a form of credit financing, with the containers transferred by way of security. The refinancing volume associated with the transaction amounts to USD 166.0 million.

The current ABS programme was utilised by drawing down a further USD 55.6 million and EUR 44.6 million.

Covenant clauses of a type customary on the market have been arranged for existing financing from bonds or loans. These clauses primarily concern the Group's equity and liquidity along with certain loan-to-value ratios for ship investments. As at 31 December 2014, all the newly negotiated covenants that came into effect upon execution of the transaction were fulfilled. Based on current planning, the Executive Board expects that the covenants will also be adhered to during the next period.

Net debt

Financial solidity

million EUR	2014	2013
Cash and cash equivalents	711.4	464.8
Financial debt	3,717.1	2,935.0
Net debt	**3,005.7**	**2,470.2**
EBITDA	98.9	389.1
Gearing (%)	**72.1**	**84.7**
Unused credit lines	**210.5**	**69.0**
Equity ratio (%)	**41.2**	**41.9**

At EUR 3,005.7 million, the Group's net debt was higher as at 31 December 2014 than one year earlier, when it stood at EUR 2,470.2 million. Gearing (net debt/equity) fell to 72.1% (previous year: 84.7%). This was due to the financing of the investments made in vessels and containers and the initial inclusion of CSAV's container shipping activities.

Liquidity analysis
The Hapag-Lloyd Group's solvency was guaranteed at all times in the last financial year by cash inflows from operating activities, a portfolio of cash and cash equivalents, and bilateral and syndicated credit facilities. There was an additional inflow of liquidity as a result of the capital increase effected on 19 December 2014. The Company had a liquidity reserve (consisting of cash, cash equivalents and unused credit facilities) totalling EUR 921.9 million (previous year: EUR 533.8 million).

Statement of cash flows and capital expenditure

Condensed statement of cash flows

million EUR	1.1.–31.12. 2014	1.1.–31.12. 2013
EBITDA	**98.9**	**389.1**
Changes in working capital	309.5	−277.9
Other effects	−31.2	−44.7
Cash flow from operating activities	377.2	66.5
Cash flow from investment activities	−257.6	−544.7
Free cash flow	**119.6**	**−478.2**
Cash flow from financing activities	81.6	403.2
Changes in cash and cash equivalents	**201.2**	**−75.0**

Cash flow from operating activities

Based on EBITDA of EUR 98.9 million, the Hapag-Lloyd Group generated operating cash flow of EUR 377.2 million (previous year: EUR 66.5 million).

The sizeable difference between the Group's EBITDA and its operating cash flow was mainly caused by non-cash expenses and valuation effects, such as for creating provisions, for equity valuation and for the valuation of financial debt. In addition, working capital changes in inventories and liabilities led to considerable cash inflows.

Cash flow from investing activities

The cash outflow from investing activities totalled EUR 257.6 million (previous year: EUR 544.7 million). This includes cash investments of EUR 340.5 million, in particular for ships and containers. CSAV's container shipping activities were acquired by means of a non-cash investment involving the issuing of new shares. This led to cash inflows of EUR 44.0 million from the liquidity reserves of the acquired companies. The Group received additional cash inflows, in particular from dividend payments received from associated companies in the amount of EUR 34.2 million.

Cash flow from financing activities

Financing activities resulted in a cash inflow of EUR 81.6 million in the 2014 financial year (previous year: EUR 403.2 million). Borrowing amounting to EUR 1,055.1 million (previous year: EUR 1,118.8 million) related primarily to cash inflows from the placement of a new EUR bond, to loans for the financing of vessels and containers, and cash inflows of EUR 306.9 million from the cash capital increase in the course of acquiring CSAV's container shipping activities.

This was offset by the repayment of the EUR bond issued in 2010 by exercising a buy-back option and interest and capital repayments amounting to EUR 972.6 million (previous year: EUR 707.9 million).

Changes in cash and cash equivalents

million EUR	1.1.–31.12. 2014	1.1.–31.12. 2013
Cash and cash equivalents at beginning of period	**464.8**	**560.8**
Changes due to exchange rate fluctuations	45.4	–21.0
Net changes	201.2	–75.0
Cash and cash equivalents at end of period	**711.4**	**464.8**

Cash and cash equivalents increased by EUR 246.6 million in the 2014 financial year with the result that, taking account of cash- and exchange rate-related changes, cash and cash equivalents amounting to EUR 711.4 million were reported as at the end of the reporting period (previous year: EUR 464.8 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 available credit facilities of EUR 210.5 million (previous year: EUR 69.0 million). The liquidity reserve (consisting of cash, cash equivalents and unused credit facilities) therefore totalled EUR 921.9 million (previous year: EUR 533.8 million).

The detailed statement of cash flows can be found in the Notes to the consolidated financial statements.

Capital expenditure

With the acquisition of CSAV's container shipping activities and the additions to property, plant and equipment and intangible assets associated with the expansion of the group of consolidated companies, capital expenditure came to EUR 338.0 million in the 2014 financial year (previous year: EUR 743.0 million) and related in particular to investments in ocean-going vessels and containers. Three ocean-going vessels with a capacity of 13,200 TEU and a vessel with a capacity of 9,300 TEU were delivered to Hapag-Lloyd in the financial year. Further investments were also made in new containers. The development of fixed assets is discussed in the "Group net asset position" section of the Group management report. For further details, see the Notes to the consolidated financial statements.

Off-balance-sheet obligations

Purchase commitments increased year-on-year from EUR 113.4 million to EUR 276.1 million. A reduction relating to the vessels delivered in 2014 was offset by an increase for five ship newbuilds with a capacity of 9,300 TEU.

In the course of its normal business activities, Hapag-Lloyd uses assets of which it is not the beneficial owner. These are, in particular, vessels and containers which are leased within the framework of rental, lease and charter agreements as are customary in the industry. These agreements give rise to future payment obligations in the amount of EUR 1,364.9 million (previous year: EUR 787.2 million). Details of the operating rental, lease and charter agreements and the structure of the remaining terms and fair values of financial obligations can be found in the "Leases" section in the Notes to the consolidated financial statements.

GROUP NET ASSET POSITION

Changes in the net asset structure

million EUR		31.12.2014	31.12.2013
Assets			
Non-current assets		8,303.0	5,689.7
of which fixed assets		8,246.2	5,594.7
Current assets		1,805.4	1,260.1
of which cash and cash equivalents		711.4	464.8
Total assets		**10,108.4**	**6,949.8**
Equity and liabilities			
Equity		4,169.6	2,915.1
Borrowed capital		5,938.8	4,034.7
of which non-current liabilities		3,733.2	2,657.1
of which current liabilities		2,205.6	1,377.6
of which financial debt3,717.1		2,935.0	
of which non-current financial debt		3,309.1	2,460.1
of which current financial debt		408.0	474.9
Total equity and liabilities		**10,108.4**	**6,949.8**
Asset coverage ratio I	(in %)	50.6	52.1
Asset coverage ratio II	(in %)	95.8	99.6
Liquidity ratio I	(in %)	32.3	33.7
Net debt		3,005.7	2,470.2
Equity ratio	(in %)	41.2	41.9

The initial inclusion of the container shipping activities acquired from CSAV as at 2 December 2014 resulted in a significant change in the consolidated statement of financial position and means that comparisons with the previous year are only possible to a limited extent. The Group's balance sheet total increased by 45.4% year-on-year from EUR 6,949.8 million to EUR 10,108.4 million. This change was the result of an increase of EUR 2,613.3 million in non-current assets to EUR 8,303.0 million and of EUR 545.3 million in current assets to EUR 1,805.4 million. In addition to the change in the group of consolidated companies as a result of the acquisition of CSAV's container shipping activities, this was principally caused by the strength of the US dollar which, at USD 1.22/EUR on 31 December 2014, was well above the previous year's exchange rate (USD 1.38/EUR).

Within non-current assets, the carrying amounts for fixed assets increased by a total of EUR 2,651.5 million to EUR 8,246.2 million. The first-time consolidation of CSAV's container shipping activities in particular led to an increase of EUR 1,491.0 million in intangible

assets to EUR 2,685.3 million. The acquisition generated goodwill of EUR 606.9 million after the consideration was allocated to acquired assets and liabilities based on its fair value in accordance with the provisions of IFRS 3.

Property, plant and equipment increased by EUR 1,108.4 million to EUR 5,176.0 million in the reporting period. This change was mainly the result of an increase of EUR 1,059.5 million in the carrying amounts of ocean-going vessels to EUR 4,185.7 million and an increase of EUR 182.0 million in the carrying amounts of containers to EUR 784.7 million. Of this sum, EUR 646.5 million is attributable to the change in the group of consolidated companies caused by the acquisition of CSAV's container shipping activities. In addition, three new container ships with a capacity of 13,200 TEU and a ship with a capacity of 9,300 TEU were delivered to Hapag-Lloyd in the 2014 financial year. Exchange rate effects of EUR 527.8 million also caused property, plant and equipment to increase markedly. Depreciation totalling EUR 430.6 million reduced the value of property, plant and equipment. EUR 303.2 million of this was attributable to scheduled depreciation and EUR 127.4 million to impairment losses.

The drop in the market value of non-current derivative financial instruments was mainly attributable to the development of forward prices for currency hedges. Non-current derivative financial instruments totalled EUR 15.8 million at the end of the year (previous year: EUR 74.5 million).

Within current assets, trade accounts receivable increased to EUR 716.0 million (previous year: EUR 473.3 million), in particular due to changes in the group of consolidated companies. Cash and cash equivalents increased by EUR 246.6 million year-on-year to EUR 711.4 million, of which EUR 44.0 million was attributable to the initial inclusion of CSAV's container shipping activities.

On the liabilities side, equity increased by EUR 1,254.5 million to EUR 4,169.6 million. On the one hand, this change resulted from the acquisition of CSAV's container shipping activities and the subsequent capital increase by a total of EUR 1,600.6 million and, on the other hand, from the Group's negative net result of EUR 603.7 million and the balance of unrealised gains and losses of EUR 320.8 million due to currency translation, as recognised in other comprehensive income. The change in the reserve for the remeasurement of defined benefit plans (EUR –58.2 million) and the reserve for cash flow hedges (EUR –6.4 million) had an offsetting effect.

The Group's borrowed capital rose by EUR 1,904.1 million to EUR 5,938.8 million in comparison to the 2013 consolidated financial statements, primarily as a result of the acquisition of CSAV's container shipping activities. There was a considerable change in the Company's financial debt, which increased by EUR 782.1 million year-on-year to EUR 3,717.1 million. The initial inclusion of CSAV's container shipping activities contributed EUR 519.0 million to this increase. Financial debt also increased due to loan payments received for ship newbuilds and financing for containers amounting to EUR 403.4 million as well as the expansion of the existing ABS programme by EUR 90.3 million. Exchange rate fluctuations also contributed greatly to the increase in financial debt. Hapag-Lloyd issued another corporate bond with a volume of EUR 250 million on 20 November 2014. Together with existing liquidity, the proceeds from the bond's issuance were used for the early repayment of the EUR bond due in 2015. Hapag-Lloyd exercised its contractually agreed early termination option. The raising of funds was offset by capital repayments in the amount of EUR 790.6 million.

The major impact that the acquisition of CSAV's container shipping activities had on the development of the Hapag-Lloyd Group's borrowed capital can also be seen in the associated increase in current and non-current other provisions amounting to EUR 459.4 million, in particular relating to the creation of restructuring provisions.

Within current liabilities, trade accounts payable increased by EUR 532.0 million to EUR 1,232.3 million, primarily as a result of the change in the group of consolidated companies and exchange rate fluctuations.

Taking cash and cash equivalents and financial debt into account, net debt as at 31 December 2014 was EUR 3,005.7 million (previous year: EUR 2,470.2 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 Notes to the consolidated financial statements.

STATEMENT ON THE OVERALL ECONOMIC POSITION

At the time that the management report was being prepared, the Executive Board considered the Hapag-Lloyd Group to be in a good economic position despite what remained a difficult market situation. With its financial profile and portfolio of services, the Hapag-Lloyd Group is well positioned in the market and has strengthened its market position with the integration of CSAV's container shipping activities. Business has developed in accordance with expectations in the first few weeks of 2015. The earnings position has improved significantly compared to the dissatisfying previous year.

EVENTS AFTER THE BALANCE SHEET DATE

The merger of CSAV Germany Container GmbH (CC Co) with Hapag-Lloyd AG is planned for the first quarter of 2015. Three ships from a portfolio of 16 vessels to be decommissioned ("Old Ladies") will be sold to certified ship breaking yards in the first quarter of 2015. Negotiations regarding the sale of a further five vessels to a shipping company that will continue to operate them are at an advanced stage and preliminary contracts have been signed. Two additional ships on the current order book were delivered by 27 February 2015.

RISK AND OPPORTUNITY REPORT

Risk management and the strategic focus on business opportunities are designed to enhance the Company's value by providing stable, long-term growth, contribute to the attainment of its medium-term financial goals and ensure its long-term existence as a going concern.

RISK MANAGEMENT

The objective of risk management is to recognise and assess risks of all kinds at an early stage and promptly minimise them by taking appropriate steps. Thanks to monitoring and control systems installed throughout the Group, business developments and their associated risks are regularly recorded, assessed and monitored with regard to their effects on the Group. The Executive Board and operational management have integrated multilevel reporting systems at their disposal for risk management purposes. The planning and controlling system, for example, conducts a monthly analysis of how actual business developments have deviated from planned developments, and uses this analysis to identify and report risks early on that may jeopardise the operating result of the Company. Active monitoring and control of the operating risks are a crucial factor in the success of the risk management system (RMS).

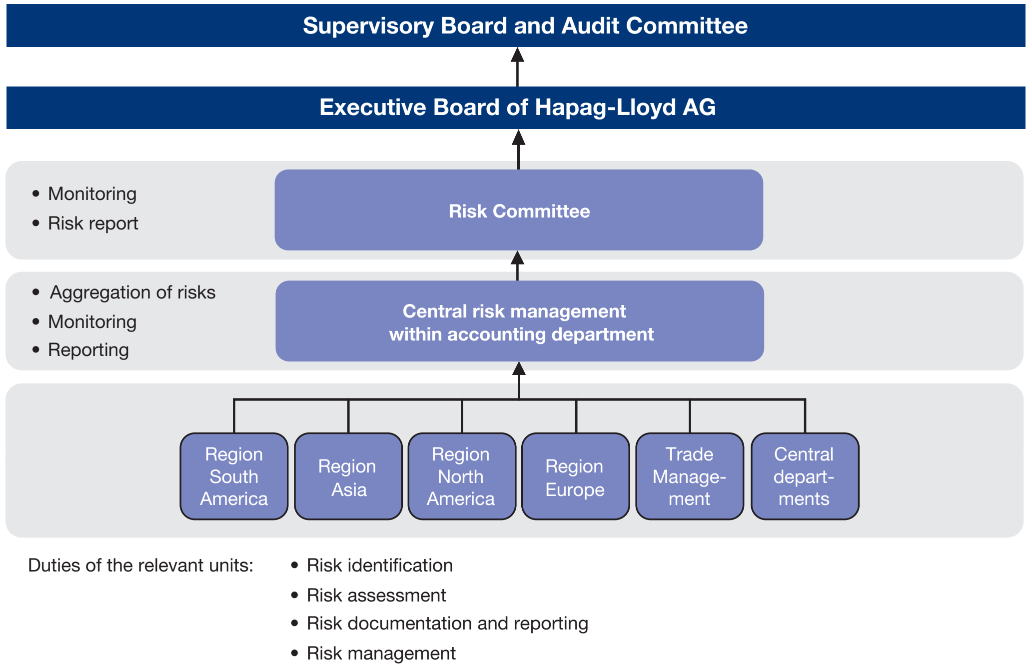
Risk management is monitored by the Corporate Audit department. It does this by conducting regular checks of the risk management processes and – in particular – the risk early-warning system for risks, focusing on different aspects each time.

The risk management system is decentralised in accordance with the Group's organisational structure. In addition to the reports on operating risks, special, independently organised reporting systems have been set up as early-warning systems for risks that threaten the existence of the Company as a going concern. The management of these risks is entirely separate from the operational risk management. Risks are identified, documented, assessed and continuously monitored in the individual departments and regions. They are reported to the central Risk Management department on a quarterly basis, with emergency unscheduled reports being issued in urgent cases. The central Risk Management department monitors the risks faced by the entire organisation, summarises them in an overall assessment, and reports on a regular, as well as unscheduled, basis to the Risk Committee and the Group's Executive Board. The risks arising from CSAV's container shipping activities were first included in the risk reporting in the fourth quarter of 2014.

In connection with the auditing of Hapag-Lloyd AG's financial statements for 2014, the auditors examined the fundamental suitability of the early-warning system for risks to identify going-concern risks in accordance with the principles of Section 317 (4) of the German Commercial Code (HGB).

The necessary measures within the framework of the Group's risk management are implemented in each of the operating units. Operational systems give an overview of the measures to provide assistance. Nevertheless, the early-warning system for risks and the operational risk management do communicate with one another.

Risk management system chart of Hapag-Lloyd AG



In risk management, the methods applied, systems used and time spent on monitoring are adapted according to the type of risk and are continuously checked, enhanced and adapted to the constantly changing business conditions. Risk management involves hedging against risks as much as possible. Insurance policies are concluded to cover claims and various other risks that arise in everyday business operations, insofar as these are economically justifiable. The Company also holds a number of insurance policies which are customary in the industry and tailored to the requirements of Hapag-Lloyd AG. These include third-party liability, property and personal insurance, as well as shipping insurance. The policies are examined regularly and adjusted if required.

DESCRIPTION OF THE SIGNIFICANT CHARACTERISTICS OF THE ACCOUNTING ICS/RMS PURSUANT TO SECTION 315 (2) (5) OF THE GERMAN COMMERCIAL CODE (HGB)

Concept and objectives

Hapag-Lloyd AG has established an internal control system (ICS) on the basis of the internationally acknowledged framework "COSO (The Committee of Sponsoring Organizations of the Treadway Commission) Internal Control – Integrated Framework". The system was documented as part of a project in 2010 and safeguarded by means of a verification process. A central ICS coordination framework was put in place to strengthen the continuous further development of the internal control system. A technical platform was also implemented to monitor processes globally. This ICS includes the accounting-related ICS.

The primary objectives of the accounting-related ICS are to prevent the risk of significant errors in accounting, detect substantially incorrect valuations and ensure compliance with applicable regulations. The principles, processes and measures implemented to this end are regularly checked and enhanced. Irrespective of its form or structure, however, an ICS cannot provide absolute assurance that these objectives will be achieved.

ORGANISATION AND SIGNIFICANT PROCESSES IN ACCOUNTING AND CONSOLIDATION

Hapag-Lloyd AG prepares the consolidated financial statements in accordance with the IASB international accounting standards (IFRS) as adopted by the European Commission and implemented in national legislation. Thereby an accounting guideline in the form of work instructions and individual regulations is applied group wide. Changes to the legal provisions and standards are constantly monitored and the accounting guidelines and procedures are examined promptly for any adjustments that might be required.

The Accounting department has overall responsibility for the consolidation process, the preparation of the financial statements and the internal and external Group reporting.

Information is obtained from other departments and processed in the course of preparing the consolidated financial statements. This includes information from the Treasury department for the reporting of hedge relationships and financial derivatives, and information from the Controlling department pertaining to Group planning in relation to the impairment tests that are carried out.

Individual items are accounted for based on the input of external specialists and appraisers, such as actuaries for pension valuation.

The process of preparing the consolidated financial statements is carried out in accordance with a detailed time schedule (the financial statements calendar), which is agreed with the departments and subsidiaries. The Accounting department is responsible for ensuring that these time limits are adhered to.

Accounting throughout the Group is supported by means of suitable and standard market accounting systems at the subsidiaries. The subsidiaries send the Group reporting packages needed for the preparation of the consolidated financial statements. These packages are compiled to form the consolidated financial statements using the SAP Financial Consolidations (FC) system. The necessary steps to be taken in the consolidation process are initiated by the Accounting department.

General and internal controlling activities

Compliance with accounting and valuation regulations is monitored by internal controls. Some of these internal controls are integrated into processes, while others are established independently of them. These internal controls encompass preventive as well as downstream activities.

Segregation of duties and a dual control principle have been implemented as fundamental process-integrated controls to ensure proper accounting. For example, entries are generally authorised by way of a multilevel approval and release procedure. Controls have also been implemented in the IT systems; the booking systems, for example, can only be accessed by authorised employees due to the presence of an authorisation concept. In addition, reports concerning changes and exceptions, for example, are verified as downstream control activities for sensitive areas. The existence of such fundamental control activities was confirmed for the main companies joining the Group following the merger with CSAV's container shipping activities based on a questionnaire and with the support of the Corporate Audit department and the auditors.

The Corporate Audit department has a fundamental supervisory role to play in the process-independent control measures. The Corporate Audit department reports directly to the CEO of Hapag-Lloyd AG and has a wide range of informational, auditing and access rights to enable it to fulfil its role as an internal auditor and advisor. In 2012, the Corporate Audit department was subject to an independent quality assessment examining compliance with the professional regulations issued by the German Institute of Internal Auditors (DIIR). The subjects examined by Corporate Audit are systematically selected using a risk-based approach to auditing. They regularly include processes and controls which are relevant to accounting. The auditing and advisory duties of the Corporate Audit department and also its informational, auditing and access rights were extended accordingly following the merger with CSAV's container shipping companies. The Corporate Audit department familiarised itself with CSAV's internal auditing system in December 2014 and began to integrate it. In the course of the first-time consolidation of CSAV's container shipping activities, selected aspects of the accounting-related internal control system were specifically commended by the external auditors in the report to the management produced as part of the audit of the annual financial statements. Furthermore, the auditors of the annual financial statements complete an independent check of key accounting-related aspects of the ICS as part of the risk-based approach to auditing.

ICS verification process
Hapag-Lloyd AG has a procedure to confirm the effectiveness of the ICS ("ICS verification process"). This was introduced in 2010 and has been continuously conducted ever since. This verification process will be expanded in 2015 to accommodate the container shipping activities integrated as a result of the merger with CSAV. In this regard, the management confirmed on 31 December 2014 that fundamental controlling activities were in place at the main new companies.

The results of the effectiveness verification are compiled each year in a report. The Hapag-Lloyd AG Audit Committee is kept abreast of the effectivness of the internal control system by the Executive Board. In the event of any significant alterations, findings or weaknesses, the Executive Board sends the Audit Committee a relevant interim report.

RISKS

STRATEGIC RISKS

Macroeconomic risks
Container shipping is heavily dependent on the general prevailing conditions in the world's economies. Fluctuations in the economic climate have an above-average effect on this industry. The development of freight rates, which have a significant influence on Hapag-Lloyd's financial and earnings position, is particularly dependent on the transport volume on routes and therefore on the economic development of the individual regions.

In light of the slowdown in the emerging markets and the rather hesitant recovery of the eurozone economy, the International Monetary Fund (IMF) has once again revised its growth forecasts downwards for the global economy and global trade in 2014. While global economic growth is expected to pick up in 2015, there continue to be a number of significant risks for the global economy in 2015. A detailed forecast can be found in the "General economic conditions" chapter. The ongoing economic impact of the debt crisis in the eurozone, the slowdown in emerging markets and the economic sanctions imposed on Russia represent the most imminent risks for global economic growth in 2015. A slowdown in economic growth could lead to a significant decrease in the global transport volume in the container shipping segment. According to IHS Global Insight, the rise in global demand for container shipping services fell short of the original forecast in both 2013 and 2014. The main reason for this was the modest pace of global economic growth.

Risks resulting from intense competition
Global container shipping is characterised by intense competition among the shipping companies. Some of the competitors are larger than Hapag-Lloyd in respect of business volume, fleet size, transport volume and capacities. Others have better capital resources. This means that these competitors can be better positioned on the market to achieve economies of scale and are able to invest in more efficient vessels. They would therefore be able to offer more cost-effective service and lower freight rates. This, in turn, might have an adverse effect on Hapag-Lloyd's market share.

Generally, Hapag-Lloyd does not conclude long-term or exclusive contracts with its customers. Many of the forwarders maintain similar business relationships with other shipping companies. Depending on the market circumstances, customers may partially or solely use other shipping companies' services. In global container shipping there are no restrictions for competitors who want to expand their service to cover other trades or routes. Each of the competitors might therefore offer a comparable service on the routes where Hapag-Lloyd maintains a liner service and try to undercut the Group's freight rates. In view of the currently low charter rates for ships, new competitors could also emerge and provide a liner service with particularly low freight rates.

Container shipping went through a phase of consolidation up to 2007. In December 2014, Hapag-Lloyd took over CSAV's container shipping activities. If there is another round of consolidation measures, some individual shipping companies might achieve greater economies of scale and increase their financial strength, with the result that these companies could be more competitive in terms of price and more able to endure greater market volatility than Hapag-Lloyd.

Risks arising from changes in trade flows
The utilisation of the Group's capacities is influenced by the development of the trade flows between the various regions. In the case of transport between regions comprising net exporters and regions comprising net importers, capacity utilisation in the two directions is divergent. This results in empty legs and the costs that arise from them. An increase in the imbalances in global trade could further push up the costs associated with empty legs.

Risks arising from membership of alliances

Membership of the Grand Alliance and the G6 Alliance can involve risks alongside the opportunities described in the opportunity report. The conditions within the Grand Alliance could change or other shipping companies could relinquish or not renew their membership. Any member of the Grand Alliance can terminate its membership with six months' notice. The Grand Alliance's predecessor organisation – the Global Alliance – was established back in 1995. Membership agreements have been renewed regularly to date. The contract which currently applies will expire in 2018. In the event of a dissolution of the Grand Alliance, Hapag-Lloyd would lose the benefits it gains from the collaboration. This would considerably restrict the flexibility, capacities and available spectrum of liner services. The aforementioned risks apply equally to membership of the G6 Alliance. The agreement reached between the members of the G6 Alliance is due to expire in 2016. In 2014, most of the Grand Alliance's services were transferred to the G6 Alliance.

Risks arising from competition from new alliances

The world's 20 largest container shipping companies further intensified their partnerships and alliances in 2014. The world's two largest container liner shipping companies, Maersk Line and Mediterranean Shipping Company (MSC), announced the creation of a new alliance, the 2M Network, in July 2014. In September 2014, the shipping companies CMA CGM, China Shipping Container Lines (CSCL) and United Arab Shipping Company (UASC) founded the Ocean Three alliance. On 1 March 2014, the shipping company Evergreen joined the CYKH Alliance (Cosco, "K Line", Yang Mine and Hanjin Shipping). These various alliances have varying degrees of presence in the respective trades. Different cost advantages may arise as a result of the expansion of the networks and the range of services on offer to customers. Hapag-Lloyd may not be able to match the cost advantages offered by other container liner shipping companies.

OPERATING RISK

Raw materials price risks

Hapag-Lloyd's business activity exposes it to market price risks arising from the procurement of fuels (bunker fuel) for the container fleet. Bunker fuel expenditure accounts for a substantial proportion of overall operating costs. Bunker price fluctuations have a delayed effect on transport expenses, depending on when the bunker fuel was purchased. In the 2014 financial year, the cost of the vessels' fuel accounted for 19.4% of revenue. The bunker price is the most important factor influencing fuel costs, which is one of the main cost components for the container shipping industry. In the year under review, the average bunker consumption price was USD 575 per tonne (not including CSAV's container shipping activities). This was USD 38 per tonne less than the average for the previous year. Changes in the price of bunker fuel are aligned with the price of crude oil, which has been subject to substantial fluctuations and influenced by a number of economic and geopolitical factors in the past. These include global terrorism as well as political instability and tensions in the Middle East. In the long term, the price is determined by global demand and by economic developments in emerging, newly industrialised countries such as China, Brazil and India.

The average freight rate contains bunker surcharges. These bunker surcharges vary, depending on the trade. Fluctuating bunker prices can therefore have a major impact on average freight rates, depending on the trade in question. To limit the effect that rising bunker prices have on its shipping costs, Hapag-Lloyd is endeavouring to offset a large proportion of the fluctuations in raw material prices by means of a bunker fuel surcharge on freight rates. However, the extent to which this can be implemented depends very much on the prevailing market situation.

In addition, price risks emanating from fuel procurement are hedged against by means of hedging transactions in accordance with the internal hedging strategy. This involves hedging up to a maximum of 80% of the Company's anticipated bunker requirements. Please refer to the "Financial instruments" section in the Notes to the consolidated financial statements for more information on the scope and type of hedging instruments used as at the balance sheet date. By the end of February 2015, approximately 21% of the planned fuel consumption volumes for the 2015 financial year had been hedged.

Another method for limiting the risk from increasing bunker prices is reducing bunker fuel consumption with measures such as slow steaming or improved ship design. In connection with this, please also refer to the explanations in the chapter "Sustainability and quality management".

The requirement to use marine diesel oil (MDO) as a result of stricter environmental regulations governing the traversing of coastal regions in Europe and North America may lead to a considerable rise in transport costs given the significantly higher price of MDO.

Risk from fluctuations in charter rates

Within the framework of a charter contract, a shipowner puts a ship at the disposal of a container shipping company for a contractually agreed period, with the owner usually also providing the crew, insuring the vessel and being responsible for maintenance. As charter rates are subject to severe fluctuations influenced by how market participants anticipate that supply and demand will develop in the future – especially for short-term contracts – chartering ships in periods of increasing demand can be more expensive than operating own vessels. It cannot be ruled out that charter rates could rise sharply in the future and that it might not be possible to pass on these cost increases to customers in the form of higher freight rates.

Charter rates are determined by the supply of and demand for ship capacities and by developments in freight rates. As a rule, charter rates follow the trend in freight rates, which are dependent on expectations regarding the future development of the supply of and demand for transport capacities, with a time lag of several months.

This time lag in adjusting charter rates is caused by the contractual bond between the ship's owner and the liner shipping company. This means that in the event of increasing demand, the owner cannot raise his charter rates before the contract expires. If demand is weakening, on the other hand, the shipping company cannot reduce its charter rates before existing contracts expire. In this case, falling freight rates accompanied by fixed charter rates can lead to a decrease in revenue, particularly after a phase of high demand for ship chartering. As a result, Hapag-Lloyd may be unable to reduce its portfolio of chartered ships with above-average charter rates in comparison to the market for several months as a response to falling freight rates. The proportion of own and leased ships in terms of the total capacity (in TEU) of the Hapag-Lloyd fleet as at 31 December 2014 was approximately 53%. The remaining 47% are chartered, of which 32 ships are chartered long-term, 24 medium-term and 53 short-term.

Risks resulting from fluctuating transport volumes and freight rates
In respect of the development of transport volumes and freight rates, there are differences between the various trades in which Hapag-Lloyd is active. The development of transport volumes depends heavily on economic activity in the regions linked together by the trades. Freight rate developments are also largely determined by the available transport capacities within a trade. In view of the fact that transport capacities are set to increase further in the near future, intensified competition between the shipping companies may again lead to greater price competition in individual trades in 2015, as was the case in the preceding two years. Transport volumes and freight rates in container shipping are traditionally subject to sharp seasonal fluctuations. The so-called peak season, the third quarter of the calendar year, is of particular importance to the Company's performance and earnings.

Risks from capacity bottlenecks at individual ports
Over the past few years, capacities in container shipping have grown more quickly than the number of available berths at the ports. This leads to waiting times at the ports in question and results in a sometimes considerable amount of lost time during loading and unloading of the vessels. If capacities were further increased, the loss of time at the ports concerned could be even greater. This would make it harder to keep to the timetables and could put pressure on the Company's earnings and financial position. Decisions on whether to expand the ports are the responsibility of the respective governments and are therefore beyond the influence of Hapag-Lloyd. The handling of cargo vessels has been significantly impeded at a number of ports on the west coast of the USA since the fourth quarter of 2014 due to industrial action there. Container ships are also affected. In the event of protracted labour disputes, handling delays can lead to higher transport expenses.

Risks from long delivery periods for newbuilds
The lead time between the ordering and delivery of newbuilds is two to three years, with the placement of the order being based on expectations of future demand for transport capacities. The market situation can change by the time new ships are delivered. There is also the risk that the available capacity will be too low and Hapag-Lloyd cannot meet its customers' demands. This would lead to falls in revenue and a loss of market share. If additional capacities had to be chartered to retain customers, higher charter rates would have to be paid as a consequence of increased demand, leading to an additional cost burden. If, on the other hand, capacity demand falls short of expectations, overcapacity might develop.

Risk in the operation of ships
The operation of ships involves specific risks, which include accidents, collisions, total loss of a ship, environmental damage, fire, explosions, loss of or damage to the cargo, damage caused by material defects, human error, war, terrorism, piracy, political activities in individual countries, difficult weather conditions and delays resulting from strikes by the crews or dock employees.

All of the points listed above can impede a shipment's progress or lead to the death or injury of people as well as to the loss of or damage to property. This could damage the reputation of the Company and put pressure on customer relationships. As far as possible, Hapag-Lloyd has concluded economically appropriate insurance policies to counter these risks. However, it cannot be ruled out that the existing insurance policies do not cover the full amount of all types of damage.

Risks caused by general political conditions and protectionism
Hapag-Lloyd is active in many countries around the world. Its commercial activities can be hindered by political tension, wars, terrorism, and economic and social problems. This can result in disruptions to the production processes of its customers or interruptions in its own liner services. The use of ports or other major shipping channels (Panama Canal, Suez Canal) might be hindered as a further result.

Individual countries could react to financial or economic crises by resorting to protectionist measures, for example by introducing import or foreign exchange restrictions. Other countries could initiate countermeasures, thereby encouraging protectionism around the world. This would have a negative impact on the development of container shipping.

Risks from piracy
Piracy has long had a considerable adverse effect on commercial shipping. Since 2008, there has been a significant increase in the levels of piracy in the Gulf of Aden, in the south of the Red Sea and across increasingly large swathes of the Indian Ocean. As was the case in previous years, there was a sharp drop in the number of attacks initiated and successfully completed by pirates in this region in 2014, thanks in part to greater use of armed security officers.

Since 2011, there has also been a rise in piracy off the western coast of Africa (Gulf of Guinea). While Somali pirates tend to hijack vessels and then demand a ransom, this was not the primary motive in the Gulf of Guinea and in the usual piracy areas, such as the South China Sea. However, there has been an increase in demands for ransom resulting from piracy in this region since 2012, where violent attacks have also become more commonplace. When Hapag-Lloyd employs its own or chartered vessels in these regions, the increased risks (of piracy) can result in significantly higher insurance premiums and can make it difficult or even impossible to secure the relevant insurance cover, including for possible ransom payments. The possibility of Hapag-Lloyd not being adequately insured for such cases, including the payment of ransom money, cannot be ruled out. An act of piracy could therefore have a significant impact on the business development and earnings position of Hapag-Lloyd.

COMPLIANCE RISKS

Risks caused by regulatory frameworks
As a container shipping company, Hapag-Lloyd is confronted with numerous regulations with domestic and international applicability. The alteration or broadening of such regulations and the necessity of obtaining further authorisations can be a burden on the course of business and possibly require a change of strategy. The Company could face considerable compensation demands and fines if it infringes upon applicable regulations.

Container shipping is subject to numerous safety, security and customs regulations in the respective countries of origin, transit and destination. Checks by the authorities responsible could lead to the seizure of containers or their contents, and to delays in the loading or unloading of the ships. In connection with this, customs duties could be levied or fines imposed on exporters, importers or the shipping company.

Based on current and foreseeable regulatory frameworks, there are no discernible factors that could lead to restrictions affecting the Group’s commercial activity.

Risks resulting from the tightening of climate protection regulations
The emission standards set by the International Maritime Organization (IMO), the US state of California and the EU provide for a further significant reduction in emissions. The legally stipulated use of particularly low-sulphur fuels in US coastal areas since January 2015 (and the coastal areas of California since January 2014), as well as in Hong Kong and certain coastal areas around Europe, may result in a dramatic rise in specific fuel prices. If the rise in costs cannot be passed on to the customers in the form of fuel surcharges, either wholly or in part, this will have a negative impact on the earnings position.

Legal disputes and legal risks
Hapag-Lloyd AG and some of its subsidiaries are currently involved in legal disputes. These include disputes with foreign tax authorities, claims asserted by departed employees and disputes arising from contractual relationships with suppliers, former agents and customers. Even if the Company is successful in legal disputes, they can involve substantial costs if uninsured and can damage the Company’s reputation.

At Hapag-Lloyd Mexico, tax audits were completed for the years 2004 and 2005. The Company appealed against the resulting tax assessments which, among other things, obliged it to make significant additional value added tax payments. The lawyers handling the case and the Executive Board of Hapag-Lloyd are of the opinion that the tax assessments are not lawful. The quantification of a financial risk, the determination of the maturity of possible outflows and the evaluation of third-party rights to reimbursement relating to these circumstances are therefore currently not possible.

In addition, the Mexican tax authorities intend to publish a letter of application designed to limit non-refundable value added tax in Mexico retroactively from 2014. Hapag-Lloyd remains subject to regular tax audits and these may lead to the payment of tax arrears. Investigations by local tax authorities concerning individual circumstances are currently taking place in a number of jurisdictions, such as in India and Brazil. To the extent that the Company can expect to incur charges and these charges are quantifiable, these were accounted for by creating corresponding provisions.

Since May 2011, the European Commission has been examining whether EU competition law has been violated since the exemption regulation for liner conferences was abolished in October 2008. The Company believes that shipping services are provided in line with EU competition regulations.

FINANCIAL RISKS

Management of financial risks
Hapag-Lloyd is represented with its business activities all over the world. Within the scope of its ordinary business activities, Hapag-Lloyd is primarily exposed to currency risks, interest rate risks, raw materials price risks and liquidity risks which can have a significant impact on its net asset, financial and earnings position.

Its corporate strategy is to limit the currency and commodity price risks resulting from ordinary business operations by using hedging transactions. The individual rules, responsibility assignments and processes as well as the limits for transactions and risk positions are established in guidelines and implementation rules. Compliance with the guidelines and transaction limits is monitored on an ongoing basis. Hedging transactions are only concluded in order to hedge anticipated underlying transactions or such transactions recognised in the statement of financial position. Approved, standardised software is used for the recording, valuation and reporting of the hedging transactions concluded.

Currency risks
In international container shipping, the US dollar is the currency in which the bulk of services are usually invoiced. This applies to freight and charter rates, fuel, and the financing of containers and ships. The US dollar is the functional currency within the Hapag-Lloyd Group. However, the Group is a business which conducts its operations worldwide and is therefore exposed to the risk of currency fluctuations because various currencies account for its income and expenses. This also applies to financial debt assumed in euros. The euro, Canadian dollar, British pound, Swiss franc, Hong Kong dollar, Singapore dollar, Japanese yen, Chilean peso, Brazilian real and Chinese renminbi are also of significance.

Key risks arising from exchange rate fluctuations are monitored on an ongoing basis. To limit the risks of changes in exchange rates, hedging transactions are carried out. At the balance sheet date of 31 December 2014, this related to EUR/USD transactions. Additional currency hedging transactions may also be effected as required. Despite this, fluctuations in exchange rates can have a significant influence on Hapag-Lloyd's earnings position.

Risks from fluctuations in bunker prices
Fuel consumption constitutes a substantial cost factor for Hapag-Lloyd and can influence the Company's result if there are market price fluctuations. To limit the negative impact on earnings caused by volatile bunker prices and to achieve planning reliability, Hapag-Lloyd makes use of typical market instruments to hedge against fuel price risks. The relevant basic features of financial risk management have been established and described in a financial guideline approved by the Executive Board. They are implemented by the Group's Treasury department. The Group hedges up to a maximum of 80% of its planned fuel requirements for the next twelve months.

Interest rate risks
Interest rate risks which arise as a result of raising new funds are reduced with a balanced portfolio of fixed and variable interest rate structures. Interest rate hedges can also be effected, if necessary.

Risks resulting from changes in the lending values of vessels
The lending values for vessels financed by loans may also change as a result of fluctuations in the market prices for vessels and changes in the costs for ship newbuilds. In agreement with the lending financial institutions, Hapag-Lloyd may make early repayments on its ship financing. This could have a negative impact on the Company's liquidity situation and could result in the need to take out unsecured loans at unfavourable conditions.

Liquidity risks
Liquidity risk, i.e. the risk of not being able to fulfil existing or future payment obligations, is managed centrally at Hapag-Lloyd. The Company secures an adequate liquidity reserve for itself by means of syndicated credit facilities and bilateral bank loans, as well as its portfolio of cash and cash equivalents. Arrangements with the banks to provide lines of credit are based on a rolling liquidity plan. Bank default risk management also covers the derivative financial instruments and financial investments in the Hapag-Lloyd Group. The maximum default risk of the derivative financial instruments concluded is restricted to the sum of the positive market values of all of these instruments because the financial damages in the event of their non-fulfilment by the contractual partners would not exceed this amount. No default risks are expected as derivative financial instruments have been concluded with different borrowers of impeccable credit standing. Nonetheless, the counterparty risk is monitored constantly and managed by means of internal bank limits. The bonds issued entail certain limitations with regard to possible payments to the shareholders and subordinated creditors. In addition, there are termination clauses which are customary in the market relating to much of the financial debt in the event that more than 50% of the Company's shares are acquired by a third party.

Credit default risks
In order to prevent or reduce bad debt losses, Hapag-Lloyd operates a uniform, centrally controlled receivables management system. Its components include a standardised approval procedure for granting loans, complete with a creditworthiness risk check by Dun & Bradstreet (the world's largest provider of business information and analyses), securing the customer receivables by means of credit insurance, and a centrally managed monthly reporting system for monitoring the outstanding amounts, including their age structure and the guidelines and rules of receivables management.

With regard to derivative financial instruments, all the counterparties must have a credit rating or, alternatively, a corresponding internal credit assessment determined according to clear specifications.

Risks arising from debt
As at 31 December 2014, the Company's financial debt amounted to EUR 3,717.1 million (previous year, Hapag-Lloyd only, not including CSAV's container shipping activities: EUR 2,935.0 million). The ability to finance the operating capital, debt servicing and other expenditure depends on the future course of business and the development of income. Due to the existing borrowed capital, a portion of income has to be used to pay interest and service debt. An increase in the total interest-bearing liabilities could possibly make it more difficult for the Company to fulfil the payment obligations for its bonds and loans taken out. In addition, it may put Hapag-Lloyd at a disadvantage when it comes to raising new funds on favourable terms.

Covenant clauses that are customary in the market and are based on IFRS financial statements and individual contractual agreements are in place for existing financing from bonds or loans. They primarily require the Company to comply with minimum adjusted equity requirements, maintain a minimum liquidity level and achieve certain loan-to-value ratios. In the course of 2014 and as at 31 December 2014, all of the covenants were complied with. Based on current planning, the Executive Board expects that the covenants will also be adhered to during the next period.

Risks from a downgrading of the rating
The bonds issued are assessed by the rating agencies Moody's and Standard & Poor's. In principle, the Company intends its future bond issues to be rated in the same way. The credit rating given by the rating agencies influences the Group's ability to take on additional financial debt. Any downgrading of the Hapag-Lloyd Group's rating or that of the bonds it issues could result in less favourable conditions for raising new funds and could adversely affect the price and the fungibility of the securities it has already issued.

In its rating updates on 14 April and 8 December 2014, the international rating agency Standard & Poor's reaffirmed its issuer rating of B+ with a stable outlook for Hapag-Lloyd AG. On 17 April 2014, the rating agency Moody's published an unchanged rating of B2 with a negative outlook. This rating assessment was likewise reaffirmed by the rating agency Moody's on 17 October 2014. Both rating agencies have taken a positive view of the acquisition of CSAV's container shipping activities with regard to Hapag-Lloyd's competitiveness and the opportunity to achieve additional cost savings.

If there is no sustained improvement in the Hapag-Lloyd Group's earnings position, the rating agencies could downgrade Hapag-Lloyd's creditworthiness.

Risks from taxation
In 1999, Hapag-Lloyd decided to avail itself of the possibility of having its commercial activities taxed on the basis of the transport capacities utilised ("tonnage tax"). There are also comparable taxation systems in other European countries. In this way, the tax burden is determined by the capacity of the fleet, not by the earnings actually achieved. It requires a certain percentage of the fleet to be registered in Germany (managed domestically) and deployed in international waters or only as a liner service between foreign ports. Any change in or discontinuation of tonnage tax or any failure of the Company to meet the prerequisites for continuing to use the tonnage tax option could considerably increase the tax burden, particularly in periods of high earnings.

Some of the older ships do not fulfil these requirements, and as a result approximately 10% of the Group's income was subject to regular German taxation in 2014 (2013: approximately 10%).

RISKS ARISING FROM THE INTEGRATION OF CSAV'S CONTAINER SHIPPING ACTIVITIES (CCS)

Risks arising from the increased importance of the Latin America trade
The importance of the Latin America trade has risen significantly since CSAV's container shipping activities were integrated into the Hapag-Lloyd Group. According to the latest IMF forecast (January 2015), the region of Latin America and the Caribbean grew by just 1.2% in 2014 (2013: 2.8%). Economic growth is expected to increase slightly to 1.3% in 2015, then rising to 2.3% in 2016. The current modest pace of economic growth may have a negative impact on the region's import and export activities, and therefore also on demand for container shipments and consequently on the revenue and earnings performance of Hapag-Lloyd.

Risks arising from the loss of customers and employees
The integration of the activities acquired from CSAV may result in an unwanted increase in employee and customer fluctuation. If Hapag-Lloyd is unsuccessful in binding key customers and employees to the Company over the long term, this may have negative consequences for the revenue and earnings position of Hapag-Lloyd. In addition, the integration of CSAV's container shipping activities may lead to an unwanted loss of managers.

Risks arising from delayed integration and unforeseen obstacles in the integration process

The synergies anticipated from the integration of the acquired CSAV container shipping activities are expected to total approximately USD 300 million per annum as of the 2019 financial year. In December 2014, the Executive Board decided on a comprehensive restructuring programme in order to take advantage of these synergies. This includes merging the two head offices in Hamburg and reducing the number of regional headquarters from nine to four, to lower both personnel and overhead costs. In addition, the aim is to improve operational efficiency by boosting productivity, merging IT platforms, using best practice solutions and further reducing overheads (e.g. costs relating to rent, suppliers and insurance). Possible delays in the integration process or additional unexpected costs may endanger the chances of achieving the anticipated level of synergies. Changes in the market situation may likewise result in the anticipated synergies not being achieved.

Risks arising from a persistently unsatisfactory earnings position

The earnings position of Hapag-Lloyd and the CSAV container shipping activities has been characterised by some significant losses in recent years. If such losses continue, this may have a negative impact on the value of goodwill recognised in the consolidated financial statements and on Hapag-Lloyd's ability to obtain financing due to its high level of financial debt.

OTHER RISKS

IT risks

Hapag-Lloyd ensures that all necessary data on transport volumes, freight rates, transport costs, container locations and timetables is supplied by means of its own IT systems. The availability of the systems is necessary for the management of the fleet and the containers, for the efficient management of business processes and for cost control. An IT systems failure could hinder business processes and lead to higher costs.

The IT systems are protected in several ways. It can nevertheless not be ruled out that damage, such as that caused by fire, power failures, system errors, hacker attacks, cases of fraud or terrorism, could lead to the loss of data. The recovery of this data, if at all possible, could lead to increased costs and/or negatively affect the customer or partner relationship.

SUMMARISED OVERVIEW OF CORPORATE RISKS

The key risks relate to a possible decline in transport volume, a noticeably negative trend in average freight rates, a potentially sharp rise in average bunker prices, a sustained depreciation of the US dollar against the euro, and liquidity developments that were much poorer than expected. The probability of the potential risks occurring and their potential impact on corporate development were classified on the basis of the system for assessing the Group's risk situation in internal Group risk management reports (based on internal sensitivity analyses and models). The operating risk situation was also compared and contrasted with that of the previous year. The details relating to possible effects on the Group net result are netted, i.e. after the effects of risk mitigation measures have been accounted for. The probability of possible risks occurring based on the annual budget for the 2015 financial year as at the time of preparation of the management report is classified as follows:

- Low: The probability of occurrence is 25% or less
- Medium: The probability of occurrence is more than 25% and up to 50%
- High: The probability of occurrence is more than 50%

After taking countermeasures into consideration, the possible effects on the Group net result in the financial year are classified as follows:

- Low: In the event of occurrence, the negative impact on the Group net result will be USD 25 million or less
- Medium: In the event of occurrence, the negative impact on the Group net result will be more than USD 25 million and up to USD 100 million
- High: In the event of occurrence, the negative impact on the Group net result will be more than USD 100 million

The assessment of the risk situation compared to the previous year results from the change in the probability of occurrence:

- Lower: The probability of occurrence has considerably decreased
- Equal: The probability of occurrence is unchanged
- Higher: The probability of occurrence has considerably increased

Key risks

Risk	Probability of occurrence	Potential impact	Probability of occurrence in 2015 in comparison to the prior year
Decline of transport volume	High	Medium	Higher
Decline of average freight rate	Medium	High	Unchanged
Decline of USD vs. EUR	Low	Medium	Lower
Increase of bunker prices	Low	High	Unchanged
Liquidity	Low	High*	Lower

* The assessment relates to the impact on the covenants to be complied with and on the liquidity situation.

OPPORTUNITIES

Opportunities management – strategic focus on opportunities

At Hapag-Lloyd, recognising and exploiting opportunities are core elements of strategic management. Fundamentally, opportunities are identified by systematically observing and analysing developments on the markets relevant to the Company and general and sector-specific trends from which opportunities can be derived and assessed. This analysis and assessment forms the basis for the initiation of measures which are geared towards long-term profitable growth and are designed to contribute to a lasting increase in the Company's value.

As one of the world's leading container liner shipping companies, Hapag-Lloyd is subject to a wide range of developments on the domestic and international markets. The general conditions described in this report and the information regarding market, competition and business developments reveal a diversity of potential opportunities. By utilising and enhancing its own strengths and competitive advantages, Hapag-Lloyd strives to exploit any potential opportunities that arise to the greatest possible extent.

The continuous identification of potential opportunities is an integral part of the strategy described in the chapter "Group objectives and strategy". Significant potential opportunities arise from the following developments:

STRATEGIC AND OPERATIONAL OPPORTUNITIES

Macroeconomic opportunities

Container shipping is heavily dependent on the general prevailing conditions in the world's economies. Fluctuations in the economic climate have an above-average effect on this industry. The development of freight rates, which have a significant influence on Hapag-Lloyd's financial and earnings position, is particularly dependent on the transport volume on routes and therefore on economic developments. According to IMF estimates, in 2015, the world trading volume may again grow at a faster pace than the overall global economy. IHS Global Insight believes that the volume of global container shipments will rise at a slighter faster pace than world trade in 2015 and, moreover, at a much faster rate than in 2014. Furthermore, all trades can expect to see an increase in transport volumes again in 2015. If the economic recovery and, by extension, the demand for container shipping services progresses at a faster rate than forecast in the current year, this would present an opportunity to achieve additional volume growth.

Opportunities arising from changes in trade flows

The increasing industrialisation of the emerging economic regions in Latin America, Asia and Africa, and the rising consumption-related demand in these countries may result in more goods being exchanged between these countries and with industrialised nations. This could offer additional opportunities for growth in container shipping in 2015, particularly if the emerging markets are able to overcome their current weak growth in the course of 2015. Hapag-Lloyd is endeavouring to make the most of these opportunities by enlarging its service network.

Opportunities arising from developments in ship and container capacities

Fluctuations in the supply of and demand for shipping services on the market can result in both opportunities and risks. For a description of the risks, see the subchapter "Risks". Opportunities result from the realisation of cost advantages and/or an increase in freight rates, which are described in the following examples:

- If the cost of ship newbuilds falls, the long lead time between ordering and keel laying provides the opportunity to realise cost advantages by retroactively increasing the order volume or by transforming and supplementing the order.
- If there is a large inventory of chartered ships, there may be cost advantages lasting several months if ships are chartered at favourable rates and the freight rates increase as a result of higher demand.
- Hapag-Lloyd is working continuously on the further development of IT-based forecast models in order to minimise empty legs and reduce the costs incurred because of them. This results in revenue advantages if efforts to reduce the empty leg ratio to below the market average prove to be successful.

Opportunities arising from membership of the Grand Alliance and the G6 Alliance
Hapag-Lloyd's membership of the Grand Alliance and the G6 Alliance puts it in a position to offer its own customers a more comprehensive network of liner services on important trades with regular departure times, which would not be possible with its own fleet. This means the Company is better able to capitalise on opportunities arising from developments in transport volumes and ship capacities.

Hapag-Lloyd established the G6 Alliance with five of the world's leading liner shipping companies from the Grand Alliance and the New World Alliance to serve the Far East–Europe trade. Since March 2012, this alliance has been operating multiple services between Asia and Europe and between Asia and the Mediterranean. The G6 Alliance partners extended their joint range of services to include the Transpacific–US Eastern Seaboard trade from May 2013 and extended them again to include the Transpacific–US Western Seaboard and North Atlantic trades from the second quarter of 2014.

Opportunities arising from local market leadership
With the acquisition of CSAV's container shipping activities, Hapag-Lloyd has especially strengthened its market position in the North and South America trades as well as its local market leadership in the Transatlantic trade. This gives the Company the opportunity to increase its share of container shipments in these trades.

Opportunities arising from synergies
The acquisition of CSAV's container shipping activities will make it possible to harness a wide range of synergies. It is expected that annual synergies worth USD 300 million will be achieved by 2019. These relate primarily to ship system costs, service procurement, the optimisation of services and personnel. Harnessing these synergies will enable Hapag-Lloyd to significantly improve its cost position.

Opportunities arising from industry consolidation
Container shipping went through a phase of consolidation up to 2007. The merger of Hapag-Lloyd and the container shipping activities of the Chilean shipping company Compañía Sud Americana de Vapores (CSAV) was completed on 2 December 2014. If Hapag-Lloyd were to take an active role in another process of consolidation, this could result in a stronger competitive position with a larger alliance of companies. This could then translate into additional revenue and earnings for the Company.

Opportunities arising from improvements to operating efficiency
In 2014, Hapag-Lloyd initiated an extensive range of projects with a view to increasing operating efficiency. If implemented successfully, these projects may result in the more efficient use of operating resources in 2015 and beyond, leading to improvements in efficiency and, potentially, to lower operating costs.

Opportunities arising from the trend towards sustainability and energy efficiency
Hapag-Lloyd sees the trend towards sustainability – in particular environmental protection and energy efficiency – as an opportunity. This trend provides Hapag-Lloyd with an opportunity to achieve cost advantages and reduce carbon emissions by means of measures to reduce fuel consumption and optimise ship operations. In connection with this, please refer to the explanations in the chapter "Sustainability and quality management".

With the launching of the "Hamburg Express" class vessels, the fuel efficiency of shipments as measured in terms of bunker consumption per slot improved further in 2014. A further reduction in bunker consumption per shipped container by using more efficient ships may lead to a decline in consumption-related costs.

FINANCIAL OPPORTUNITIES

Opportunities arising from improvements to financing possibilities in the shipping industry
A number of major banks continue to remain cautious with regard to providing ship loans. Although Hapag-Lloyd was able to successfully secure key financing in 2014, a less restrictive lending policy would give the Company additional options in raising financing for possible growth-related investments.

SUMMARISED OVERVIEW OF CORPORATE OPPORTUNITIES

In the opinion of Hapag-Lloyd's Executive Board, the key opportunities relate to a much sharper than expected increase in transport volume, a noticeably positive trend in average freight rates, appreciation of the US dollar against the euro, a possible continuation of the fall in bunker prices and a better than expected development in liquidity.

Key opportunities

Opportunity	Probability of occurrence	Potential impact	Probability of occurrence in 2015 in comparison to the prior year
Increase of transport volume	Medium	Medium	Unchanged
Increase of average freight rate	Low	High	Lower
Increase of USD vs. EUR	High	Medium	Higher
Decline of bunker prices	Medium	High	Higher
Liquidity	Low	Low*	Higher

* The assessment relates to the liquidity situation.

These opportunities are regularly analysed and discussed in Hapag-Lloyd's management bodies. The Executive Board informs the Supervisory Board about the potential impact of the aforementioned opportunities on the Company's performance in its scheduled meetings and in individual discussions.

OVERALL ASSESSMENT OF RISKS AND OPPORTUNITIES

The assessment of Hapag-Lloyd's overall risk situation is the result of an examination of all of the Group's significant individual risks as they affect the Group as a whole. After the balance sheet date of 31 December 2014, there are currently no indications of any risks, either alone or in combination with other risks, that endanger the continued existence of Hapag-Lloyd as a going concern. The solid balance sheet and the more than sufficient liquidity situation provide a stable foundation for Hapag-Lloyd's future organic growth. In light of slightly stronger global economic growth in 2015, the assessment of overall risk remains unchanged from 2014.

The main risks facing Hapag-Lloyd in 2015 will again be the volatile development of freight rates caused by strong competition and, in turn, the major impact this may have on the earnings position. The outlook for global economic growth in 2015 is expected to brighten further, as should the outlook for global trade as the main driver behind any growth in demand for container shipping services.

PROSPECTS

The forecast below for the Company's anticipated development includes the container shipping activities acquired from CSAV. The forecast made here thus relates to the extended Group (including CSAV's container shipping activities) and therefore cannot be compared to the forecast in the 2013 annual report with regard to the system used. However, one-off transport volume and freight rate effects from this inclusion are not taken into account in the forecast. In 2014, CSAV container ships transported a total volume of 1,924 TTEU. The average freight rate of CSAV's container shipping activities in the course of the year was USD 1,174/TEU. CSAV's container shipping activities are only included in the 2014 consolidated financial statements from the time at which they were consolidated (2 December 2014) and are thus prorated for the month of December 2014.

The underlying macroeconomic and industry-specific conditions which are of importance to container shipping are presented and analysed in detail in the "Economic report". A summary of the most important external influencing factors is given below.

In its latest economic outlook (January 2015), the International Monetary Fund (IMF) expects global economic growth to reach 3.5% in the current year. This means that the global economy is set to grow at only a marginally faster rate in 2015 than in the previous year (+3.3%). According to the IMF, the volume of global trade, which is key to the demand for container shipping services, is forecast to increase by 3.8% in the current year (2014: +3.1%). This means that the growth in global trade will outpace that of the global economy in 2015. In view of the forecast rise in global trade, the growth in the global container shipping volume in 2015 is expected to match the rate seen in 2014. For instance, IHS Global Insight (January 2015) expects the global container shipping volume to increase by 4.8% to approximately 134.4 million TEU in 2015 (2014: 4.7%). The forecast rise in the global container shipping volume in 2015 should therefore be greater than the rate of growth in global trade. Global growth in container shipping is the basis for Hapag-Lloyd's planned increase in transport volumes.

Once again, growth in the capacity of the global container fleet, largely as a result of the launching of very large container ships in Asia-related trades, is expected to outpace demand for container shipping services in 2015. Following a rise in transport capacities of approximately 1.0 million TEU to 19.3 million TEU in 2014, MDS Transmodal forecasts an increase in transport capacities of around 2.1 million TEU to approximately 21.4 million TEU for the current year. Continued growth in capacity could again make it difficult to push through freight rate increases in 2015. Based on the general economic and sector-specific conditions, Hapag-Lloyd expects its transport volume to increase moderately in 2015.

Key benchmark figures for the 2015 outlook

Global economic growth	+3.5%
Increase in global trade	+3.8%
Increase in global container transport volume (IHS)	+4.8%
Transport volume, Hapag-Lloyd	Increasing moderately
Average freight rate, Hapag Lloyd	Decreasing moderately
Group net result before interest, taxes, depreciation and amortisation (EBITDA)	Clearly increasing
Group net result before interest and taxes (EBIT adjusted)	Clearly positive

For 2015 as a whole, Hapag-Lloyd plans to significantly improve its operating result (adjusted EBIT), taking into account the persistently challenging industry environment and the costs incurred due to the integration of the business activities acquired from CSAV. In particular, all the synergy effects that can be realised in 2015, additional cost savings, the intended improvement in revenue quality and continued volume growth should contribute to this. Provided the 2015 peak season is better and the comprehensive cost optimisation drive begins to have an effect on the Company's results, it should once again be possible to achieve a clearly positive operating result (adjusted EBIT) in 2015. Earnings before interest, taxes, depreciation and amortisation (EBITDA) are also expected to increase significantly.

In view of the impact that the rapid integration of CSAV's business activities and the considerable contribution made to earnings by the third quarter (peak season) have on Hapag-Lloyd's earnings position, it is only possible to firm up the forecast during the course of the year and once the Company is in possession of sufficient knowledge about its performance in the peak season, particularly with regard to the development of freight rates.

Hapag-Lloyd concluded appropriate financing agreements at an early stage in order to safeguard its financing requirements for investments. All of the new ships which have been ordered will be funded through long-term loan agreements. The investments in ship newbuilds ordered by CSAV, which are set to be completed by summer 2015 with the launching of five additional 9,300 TEU vessels for the Latin America trades, may lead to a moderate rise in net debt. Overall, Hapag-Lloyd expects its liquidity reserve to remain adequate for the 2015 financial year and for it to have balanced maturity dates.

Risks that may have an impact on the forecast for business development are described in detail in the risk report. Significant risks include the possibility of a slowdown in global economic and trade volume growth, a significant and lasting rise in bunker prices extending beyond the average level seen in 2014, and a further reduction in freight rates. The occurrence of one or more of these risks could have a significant negative impact on the industry in 2015 and, by extension, on the business development of Hapag-Lloyd in the current financial year.

27 February 2015 **Hapag-Lloyd AG** **The Executive Board**

Consolidated financial statements

CONSOLIDATED INCOME STATEMENT

Consolidated income statement of Hapag-Lloyd AG for the period 1 January to 31 December 2014

million EUR	Notes	1.1.–31.12. 2014	1.1.–31.12. 2013
Revenue	(1)	6,807.5	6,567.4
Other operating income	(2)	116.8	156.3
Transport expenses	(3)	6,060.1	5,773.1
Personnel expenses	(4)	403.3	365.2
Depreciation, amortisation and impairment	(5)	481.7	325.4
Other operating expenses	(6)	393.3	251.7
Operating result		**–414.1**	**8.3**
Share of profit of equity-accounted investees	(13)	34.2	36.8
Other financial result	(7)	–2.9	18.6
Earnings before interest and taxes (EBIT)		**–382.8**	**63.7**
Interest income	(8)	7.0	5.6
Interest expenses	(8)	216.7	159.2
Earnings before income taxes		**–592.5**	**–89.9**
Income taxes	(9)	11.2	7.5
Group profit/loss		**–603.7**	**–97.4**
thereof attributable to shareholders of Hapag-Lloyd AG		–605.0	–98.3
thereof attributable to non-controlling interests	(21)	1.3	0.9

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Consolidated statement of comprehensive income of Hapag-Lloyd AG for the period 1 January to 31 December 2014

million EUR	Notes	1.1.–31.12. 2014	1.1.–31.12. 2013
Group profit/loss		**–603.7**	**–97.4**
Items which will not be reclassified to profit and loss:		**–58.2**	**16.1**
Remeasurements from defined benefit plans after tax	(20)	–58.2	16.1
Remeasurements from defined benefit plans before tax		–60.1	16.9
Tax effect		1.9	–0.8
Items which may be reclassified to profit and loss:		**314.6**	**–118.6**
Cash flow hedges (no tax effect)	(20)	–6.4	–2.7
Additions to cumulative other equity		8.7	38.7
Release from cumulative other equity		–15.1	–41.4
Currency translation (no tax effect)	(20)	321.0	–115.9
Other comprehensive income after tax		**256.4**	**–102.5**
Total comprehensive income		**–347.3**	**–199.9**
thereof attributable to shareholders of Hapag-Lloyd AG		–348.8	–200.8
thereof attributable to non-controlling interests	(21)	1.5	0.9

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Consolidated statement of financial position of Hapag-Lloyd AG as of 31 December 2014

million EUR	Notes	31.12.2014	31.12.2013
Assets			
Goodwill	(10)	1,375.6	664.6
Other intangible assets	(10)	1,309.7	529.7
Property, plant and equipment	(11)	5,176.0	4,067.6
Investments in equity-accounted investees	(13)	384.9	332.8
Other assets	(14)	13.1	7.9
Derivative financial instruments	(15)	15.8	74.5
Deferred tax assets	(9)	27.9	12.6
Non-current assets		**8,303.0**	**5,689.7**
Inventories	(16)	152.1	168.9
Trade accounts receivable	(14)	716.0	473.3
Other assets	(14)	134.3	106.8
Derivative financial instruments	(15)	3.8	25.1
Income tax receivables	(9)	28.6	21.2
Cash and cash equivalents	(17)	711.4	464.8
Non-current assets held for sale	(18)	59.2	-
Current assets		**1,805.4**	**1,260.1**
Total assets		**10,108.4**	**6,949.8**

million EUR	Notes	31.12.2014	31.12. 2013
Equity and liabilities			
Subscribed capital	(19)	104.9	66.1
Capital reserves	(19)	1,651.9	935.3
Retained earnings	(19)	2,286.1	2,045.8
Cumulative other equity	(20)	121.4	–134.8
Equity attributable to the shareholders of Hapag-Lloyd AG		**4,164.3**	**2,912.4**
Non-controlling interests	(21)	5.3	2.7
Equity		**4,169.6**	**2,915.1**
Provisions for pensions and similar obligations	(22)	208.4	142.4
Other provisions	(23)	207.0	41.7
Financial debt	(24)	3,309.1	2,460.1
Trade accounts payable	(25)	0.5	-
Other liabilities	(25)	6.7	5.2
Derivative financial instruments	(26)	-	6.7
Deferred tax liabilities	(9)	1.5	1.0
Non-current liabilities		**3,733.2**	**2,657.1**
Provisions for pensions and similar obligations	(22)	6.5	4.4
Other provisions	(23)	385.4	91.3
Income tax liabilities	(9)	18.3	7.4
Financial debt	(24)	408.0	474.9
Trade accounts payable	(25)	1,232.3	700.3
Other liabilities	(25)	131.3	99.3
Derivative financial instruments	(26)	23.8	-
Current liabilities		**2,205.6**	**1,377.6**
Total equity and liabilities		**10,108.4**	**6,949.8**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Consolidated statement of changes in equity of Hapag-Lloyd AG for the period 1 January to 31 December 2014

million EUR	Equity attributable to shareholders			of Hapag-Lloyd AG					Non-controlling interests	Total equity
	Sub-scribed capital	Capital reserves	Retained earnings	Remeasurements from defined benefit plans	Reserve for cash flow hedges	Translation reserve	Cumulative other equity	Total		
Notes	(19)	(19)	(19)				(20)		(21)	
As per 1.1.2013	**66.1**	**3,269.8**	**−190.4**	**−62.7**	**9.1**	**21.3**	**−32.3**	**3,113,2**	**0.8**	**3,114.0**
Total comprehensive income	**-**	**-**	**−98.3**	**16.1**	**−2.7**	**−115.9**	**−102.5**	**−200.8**	**0.9**	**−199.9**
thereof										
Group profit/loss	-	-	−98.3	-	-	-	-	−98.3	0.9	−97.4
Other comprehensive income	-	-	-	16.1	−2.7	−115.9	−102.5	−102.5	-	−102.5
Transactions with shareholders	**-**	**−2,334.5**	**2,334.5**	**-**	**-**	**-**	**-**	**-**	**1.0**	**1.0**
thereof										
Merger	-	−2,334.5	2,334.5	-	-	-	-	-	-	-
Sale of shares	-	-	-	-	-	-	-	-	1.6	1.6
Distribution to non-controlling interests	-	-	-	-	-	-	-	-	−0.6	−0.6
As per 31.12.2013	**66.1**	**935.3**	**2,045.8**	**−46.6**	**6.4**	**−94.6**	**−134.8**	**2,912.4**	**2.7**	**2,915.1**
Total comprehensive income	**-**	**-**	**−605.0**	**−58.2**	**−6.4**	**320.8**	**256.2**	**−348.8**	**1.5**	**−347.3**
thereof										
Group profit/loss	-	-	−605.0				-	−605.0	1.3	−603.7
Other comprehensive income	-	-		−58.2	−6.4	320.8	256.2	256.2	0.2	256.4
Transactions with shareholders	**38.8**	**716.6**	**845.3**	**-**	**-**	**-**	**-**	**1,600.7**	**1.1**	**1,601.8**
thereof										
First-time consolidation of CC Co	28.3	1,202.3	0.1	-	-	-	-	1,230.7	2.0	1,232.7
Capital increase	10.5	359.5	-	-	-	-	-	370.0	-	370.0
Transfer from capital reserves	-	−845.2	845.2	-	-	-	-	-	-	-
Distribution to non-controlling interests	-	-	-	-	-	-	-	-	−0.9	−0.9
As per 31.12.2014	**104.9**	**1,651.9**	**2,286.1**	**−104.8**	**-**	**226.2**	**121.4**	**4,164.3**	**5.3**	**4,169.6**

CONSOLIDATED STATEMENT OF CASH FLOWS

Consolidated statement of cash flows of Hapag-Lloyd AG for the period 1 January to 31 December 2014

million EUR	Notes	**1.1.–31.12. 2014**	1.1.–31.12. 2013
Group profit/loss		–603.7	–97.4
Depreciation, amortisation and impairment (+) / write-backs (–)		481.7	324.8
Other non-cash expenses (+) / income (–)		16.9	58.5
Interest expenses (excl. interest expenses relating to pension obligations)		207.1	150.2
Profit (–) / loss (+) from disposals of non-current assets		-	–54.8
Income (–) / Expenses (+) from equity-accounted investees and dividends		–34.3	–36.9
Increase (–) / decrease (+) in inventories		70.9	2.9
Increase (–) / decrease (+) in receivables and other assets		58.2	–89.9
Increase (+) / decrease (–) in provisions		96.2	–43.0
Increase (+) / decrease (–) in debt (excl. financial debt)		84.2	–147.9
Cash inflow (+)/outflow (–) from operating activities	(28)	**377.2**	**66.5**
Payments received from disposals of property, plant and equipment and intangible assets		4.8	66.0
Payments received from the disposal of companies		-	20.6
Payments from dividends		34.2	33.2
Payments made for investment in property, plant and equipment and intangible assets		–340.5	–664.5
Payments made for investment in financial assets		–0.1	-
Payments received from acquisitions		44.0	-
Cash inflow (+)/outflow (–) from investing activities	(29)	**–257.6**	**–544.7**

million EUR	Notes	**1.1.–31.12. 2014**	1.1.–31.12. 2013
Payments made for capital increases		306.9	-
Payments made for dividends		–0.9	–0.6
Payments received from the issuance of financial debt		748.2	1,118.8
Payments made for the redemption of financial debt		–790.6	–531.8
Payments made for interest		–182.0	–176.1
Payments received (+) and made (–) from hedges for financial debt		-	–7.1
Cash inflow (+)/outflow (–) from financing activities	(30)	**81.6**	**403.2**
Net change in cash and cash equivalents		**201.2**	**–75.0**
Cash and cash equivalents at beginning of period		**464.8**	**560.8**
Change in cash and cash equivalents due to exchange rate fluctuations		45.4	–21.0
Net change in cash and cash equivalents		201.2	–75.0
Cash and cash equivalents at the end of the period	(31)	**711.4**	**464.8**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTES ON THE PRINCIPLES AND METHODS UNDERLYING THE CONSOLIDATED FINANCIAL STATEMENTS

General notes

Hapag-Lloyd AG (hereinafter "the Company" or "Hapag-Lloyd") domiciled in Hamburg, Ballindamm 25, is a German corporation registered in the commercial register of Hamburg district court under HRB 97937. The purpose of the Company is primarily ocean liner shipping, providing logistical, shipping company, ship brokerage, freight forwarding, agency and warehousing services, and all other associated business operations and services.

Hapag-Lloyd AG and the Chilean shipping company Compañía Sud Americana de Vapores ("CSAV") signed a business combination agreement on 16 April 2014. As a result, CSAV and Tollo Shipping Co. S.A. ("Tollo"), a wholly owned subsidiary of CSAV, incorporated their global container shipping activities (CSAV container shipping activities ["CCS"]) into CSAV Germany Container GmbH, Hamburg, ("CC Co") on 2 December 2014. The GmbH shares in CC Co were transferred to Hapag-Lloyd AG as a contribution in kind ("first capital increase") in the amount of EUR 1,230.6 million. Subsequent to closing, a further capital increase ("second capital increase") with a mixed contribution (cash capital increase and contribution in kind) totalling EUR 370 million was effected. Hapag-Lloyd AG held all the shares in CC Co on 31 December 2014. CC Co is to be merged into Hapag-Lloyd AG in the 2015 financial year by way of an upstream merger with economic effect from 1 January 2015.

As at 31 December 2014, Hapag-Lloyd's biggest shareholders were CSAV Germany Container Holding GmbH ("CG Hold Co") with 34.0%, HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH ("HGV") as a company of the Free and Hanseatic City of Hamburg with 23.2%, Kühne Maritime GmbH ("Kühne") with 20.7% and TUI-Hapag Beteiligungs GmbH with 13.9%. CG Hold Co, HGV and Kühne have agreed to pool their voting rights as part of a shareholder agreement.

Hapag-Lloyd AG prepares the consolidated financial statements for the largest circle of group companies.

These consolidated financial statements were prepared in compliance with the International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB) and adopted as European law by the European Union (EU), and the German commercial law provisions that must be observed pursuant to Section 315a (1) of the German Commercial Code (HGB).

These consolidated financial statements encompass the financial year from 1 January to 31 December 2014. The consolidated financial statements were prepared in euros (EUR). All amounts recognised for the financial year are reported in million euros (EUR million) unless otherwise stated.

The consolidated financial statements for the 2014 financial year are due to be examined and approved by the Supervisory Board on 26 March 2015.

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 (= revenue) by geographic region and adjusted EBIT at the overall Group level. Decisions regarding the allocation of resources (use of vessels and containers) are made on the basis of the entire liner service network and deployment of the entire fleet. The Group generates its revenue solely through its activities as a container liner shipping company. The revenue comprises income from transporting and handling containers and from related services and commissions, all of which are generated globally. As the Hapag-Lloyd Group operates with the same product around the world via a complete liner service network, the Executive Board has decided that there is no appropriate measure for internal reporting with which assets, liabilities and adjusted EBIT as the key performance indicators can be allocated to multiple geographic regions. All of the Group's assets, liabilities, income and expenses are thus only allocable to the one segment, container shipping. The figures given per trade are the transport volume and freight rate, as well as the revenue allocable to said trade.

Transport volume per trade

TTEU	**1.1.–31.12. 2014**	1.1.–31.12. 2013
Atlantic	1,272	1,204
Far East	1,354	1,246
Latin America	1,226	1,172
Transpacific	1,249	1,245
Australasia	656	629
Total Hapag-Lloyd excluding CSAV's container shipping activities	**5,757**	**5,496**
CSAV's container shipping activities December 2014	150	n a
Total	**5,907**	**5,496**

Freight rate per trade

USD/TEU	**1.1.–31.12. 2014**	1.1.–31.12. 2013
Atlantic	1,634	1,679
Far East	1,162	1,237
Latin America	1,365	1,390
Transpacific	1,740	1,747
Australasia	1,153	1,236
Total Hapag-Lloyd excluding CSAV's container shipping activities (weighted average)	**1,434**	**1,482**
CSAV's container shipping activities December 2014	1,154	n a

Revenue per trade

million EUR	**1.1.–31.12. 2014**	1.1.–31.12. 2013
Atlantic	1,563.8	1,522.6
Far East	1,184.0	1,160.7
Latin America	1,259.7	1,226.0
Transpacific	1,635.5	1,636.8
Australasia	569.1	584.7
Other	394.7	436.6
Total Hapag-Lloyd excluding CSAV's container shipping activities	**6,606.8**	**6,567.4**
CSAV's container shipping activities December 2014	200.7	n a
Total	**6,807.5**	**6,567.4**

Adjusted EBIT is calculated on the basis of the operating earnings before interest and taxes as follows:

million EUR	**1.1.–31.12. 2014**	1.1.–31.12. 2013
EBIT	–382.8	63.7
Purchase price allocation	12.8	22.6
Transaction and restructuring costs	107.3	0.0
Impairments	127.4	0.0
One-off effects	23.2	0.0
Sale of Montreal Gateway Terminals Ltd. Partnership, Montreal	0.0	–19.1
Total	**–112.1**	**67.2**

The adjusted items include impairments of EUR 127.4 million for a portfolio of older vessels held for sale. In addition, adjustments were made for transaction and restructuring costs totalling EUR 107.3 million in the financial year. These were incurred in the course of the acquisition of CSAV's container shipping activities and relate in particular to the creation of a restructuring provision in the amount of EUR 82.0 million. Adjustments were also made for other unusual one-off effects totalling EUR 23.2 million.

New accounting standards

The following new standards and amendments of already endorsed existing standards issued by the IASB had to be adopted for the first time for these financial statements. The first-time adoption did not have a significant impact on the net asset, financial and earnings position of the Hapag-Lloyd Group, unless otherwise stated:

- Amendment to IAS 27: *Separate Financial Statements*
- Amendment to IAS 28: *Investments in Associates and Joint Ventures*
- Amendment to IAS 32: *Offsetting Financial Assets and Financial Liabilities*
- Amendment to IAS 39: *Novation of Derivatives and Continuation of Hedge Accounting*
- IFRS 10: *Consolidated Financial Statements*
- IFRS 11: *Joint Arrangements*
- IFRS 12: *Disclosure of Interests in Other Entities*
- Amendments to IFRS 10, IFRS 11 and IFRS 12: *Transition Guidance*
- Amendments to IFRS 10, IFRS 12 and IAS 27: *Investment Entities*

The amendment to IAS 27 *Separate Financial Statements* is a consequence of the combination of provisions stated in the new IFRS 10 *Consolidated Financial Statements*, the previous IAS 27 *Consolidated and Separate Financial Statements* as well as SIC 12 *Consolidation – Special Purpose Entities*. Consequently, IAS 27 henceforth only comprises rulings for the accounting treatment of subsidiaries, joint ventures and associated companies in separate IFRS financial statements.

With the adoption of IFRS 11 *Joint Arrangements*, an amendment was made to IAS 28 as a result of the now expanded scope of application of IAS 28, as investments both in associated companies and in joint ventures must henceforth be measured using the equity method. The proportionate consolidation of joint ventures therefore no longer applies. Potential voting rights and other derivative financial instruments are henceforth to be taken into consideration when assessing whether a company has a significant influence or when assessing the investor's share of the assets of the company. Another amendment relates to accounting in accordance with IFRS 5 if only a portion of the share in an associated company or a joint venture is to be sold. IFRS 5 is partially applicable if only a share or a portion of a share in an associated company (or joint venture) is deemed to be "held for sale".

Prerequisites contained in IAS 32 regarding netting were made more concrete through additional application guidelines. On the one hand, it is specified that there must be an unconditional, legally enforceable claim for compensation, even if one of the parties has filed for bankruptcy, and on the other hand, exemplary criteria are provided under which the offsetting of financial assets and financial liabilities is done.

With the amendment to IAS 39 Novation of *Derivatives and Continuation of Hedge Accounting*, under certain conditions, the novation of a hedging instrument to a central counterparty as required by legislation does not lead to the dissolution of an existing hedging relationship. This means that a hedging relationship does not need to be dissolved if novation becomes necessary as a result of new legislation or the introduction of legislation, if the central counterparty becomes the contractual partner of all parties to the derivative contract as a result of the novation and if there are no changes to the terms and conditions of the contract relating to the original derivative, aside from changes that are a necessary result of the novation.

The new IFRS 10 *Consolidated Financial Statements* replaces parts of the regulations of the previous IAS 27 *Consolidated and Separate Financial Statements* and SIC 12 *Consolidation – Special Purpose Entities*. This standard comprehensively redefines the term “control”. If one company controls another, it is the responsibility of the parent company to consolidate the subsidiary. Based on the new concept, there is an instance of control if the parent company has the power to make decisions for the subsidiary due to voting rights or other rights and is exposed to positive or negative variable returns from the subsidiary and can influence these returns through its power to make decisions.

IFRS 11 *Joint Arrangements* replaces IAS 31 Interests in Joint Ventures. According to the new concept, it must be determined whether a joint operation or a joint venture exists. A joint operation exists if the jointly controlling parties have direct rights to assets and direct obligations for liabilities. The individual rights and obligations are proportionally accounted for in the consolidated financial statements. In a joint venture, the jointly controlling parties only have rights to the equity. These rights are disclosed in the consolidated financial statements using the equity method; the option of a proportional value for the consolidated financial statements thus no longer applies. For further explanations regarding joint ventures, please refer to Note (13).

With the new IFRS 12 *Disclosure of Interests in Other Entities*, all disclosure requirements for subsidiaries, joint ventures and associated companies as well as non-consolidated special purpose entities are combined in one standard. Thus, companies must disclose both quantitative and qualitative information concerning type, risks and financial effects in connection with the engagement of the company with these affiliated companies. The disclosures in the Notes to the consolidated financial statements relating to the new IFRS 12 standard were adjusted in line with the new regulations (see in particular Notes [12] and [13]).

The amendments to IFRS 10, IFRS 11 and IFRS 12 *Transition Guidance* clarify that the time of first-time adoption of IFRS 10 is the start of the reporting period in which the standard was first applied. Decisions as to whether investments should be consolidated in accordance with IFRS 10 or not are thus to be made at the beginning of this period. The amendments also stipulate that, in the case of the first-time application of the new consolidation rules, only comparative figures for the previous comparative period are mandatory for subsidiaries, associated companies and joint arrangements. Disclosures relating to unconsolidated structured companies are wholly exempt from the obligation to provide comparative figures.

With the amendments to IFRS 10, IFRS 12 and IAS 27 entitled *Investment Entities*, a definition of investment entities is given and these are excluded from the obligation to consolidate subsidiaries in accordance with IFRS 10. Instead, subsidiaries must be recognised at fair value through profit or loss in accordance with IFRS 9 *Financial Instruments* in an investment company’s consolidated financial statements. Insofar as the investment company is itself the subsidiary of a non-investment company, the exclusion does not apply to the parent company’s consolidated financial statements and, as the parent company, the non-investment company must consolidate its controlled investment company and its subsidiaries in accordance with IFRS 10.

The following standards that were adopted, amended or newly issued by the IASB at the time these consolidated financial statements were prepared were not yet mandatory in the 2014 financial year:

Standard/Interpretation		Mandatory application as per	Adopted by EU Commission
IFRIC 21	Levies	1.1.2014*	yes
IAS 19	Amendment to IAS 19 Employee Contributions	1.7.2014***	yes
Various	Annual Improvements to IFRS (2010–2012)	1.7.2014***	yes
Various	Annual Improvements to IFRS (2011–2013)	1.7.2014**	yes
IAS 1	Amendments to IAS 1: Presentation of Financial Statements	1.1.2016	no
IAS 16 IAS 38	Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation	1.1.2016	no
IAS 16 IAS 41	Amendments to IAS 16 and IAS 41: Agriculture: Bearer Plants	1.1.2016	no
IAS 27	Amendments to IAS 27: Equity Method in Separate Financial Statements	1.1.2016	no
IFRS 9	Financial Instruments	1.1.2018	no
IFRS 10 IAS 28	Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1.1.2016	no
IFRS 10 IFRS 12 IAS 28	Amendments to IFRS 10, IFRS 12 and IAS 28: Investment Entities: Applying the Consolidation Exception	1.1.2016	no
IFRS 11	Amendment to IFRS 11: Acquisition of an Interest in a Joint Operation	1.1.2016	no
IFRS 14	Regulatory Deferral Accounts	1.1.2016	no
IFRS 15	Revenue from Contracts with Customers	1.1.2017	no
Various	Annual Improvements to IFRS (2012–2014)	1.1.2016	no

*For the EU 17.6.2014. **For the EU 1.1.2015. ***For the EU 1.2.2015.

These are regulations which will not be mandatory until the 2015 financial year or later. The Company does not plan to early adopt any of them. Unless stated otherwise, the effects are currently being reviewed.

EU endorsement has been given

Interpretation IFRIC 21 *Levies* clarifies how and when levies charged by a level of government and not covered by another IFRS standard are to be recognised as liabilities pursuant to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*. According to the current interpretation, an obligation is to be recognised in the financial statements as soon as the obligating event which triggers the obligation to pay pursuant to the legislation underpinning the levy occurs. This interpretation has no impact on the net asset, financial and earnings position of the Hapag-Lloyd Group.

The amendment to IAS 19 *Employee Contributions* clarifies that contributions paid by employees themselves (or by third parties) can be recognised simply by an approving company in such a way that the principal amount of the employee contributions is deducted from the service costs for the period in which the corresponding term of service is provided. This is subject to the contributions being independent of the number of service years, e.g. contributions which are set as a fixed percentage of the annual salary. This amendment has no impact on the net asset, financial and earnings position of the Hapag-Lloyd Group.

Amendments were made to seven standards as part of the *Annual Improvements to IFRS (2010–2012)* process. The aim of making amendments to the wording of particular IFRS standards is to clarify the existing set of regulations. In addition, there are amendments that have an effect on the disclosures made in the Notes. The standards in question are IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38.

Amendments were made to four standards as part of the *Annual Improvements to IFRS (2011–2013)* process. Here, too, the aim of making amendments to the wording of particular IFRS standards is to clarify the existing set of regulations. The standards in question are IFRS 1, IFRS 3, IFRS 13 and IAS 40.

EU endorsement still pending

The amendments to IAS 1 primarily include the clarification that disclosures made in the Notes are only necessary if their content is not immaterial (even if an IFRS stipulates a list of minimum disclosures), explanations regarding the aggregation and disaggregation of items in the statement of financial position and the statement of comprehensive income, clarification of how shares in the other comprehensive income of equity-accounted investments are to be presented in the statement of comprehensive income, and the removal of a model for the Notes in favour of considering the relevance to individual companies.

The amendments to IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets* clarify that, in the case of property, plant and equipment, it is not permissible to effect depreciation based on the revenue of the goods it produces as revenue not only depends on the use of an asset, but also on other factors such as price or inflation. This also applies in principle to intangible assets with a finite useful life, although exceptions apply here for special situations to be determined individually. These amendments have no impact on the net asset, financial and earnings position of the Hapag-Lloyd Group.

IFRS 9, which was published in July 2014, supersedes the existing guidelines set out in IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 contains revised guidelines for the classification and measurement of financial instruments, including a new model for the impairment of expected losses on financial assets, and new general requirements for hedge accounting. It also adopts the IAS 39 guidelines on the recognition and derecognition of financial instruments.

With the amendments to IAS 28 *Investments in Associates and Joint Ventures* and IFRS 10 *Consolidated Financial Statements*, the total gain or loss on a sale or contribution of assets between an investor and its associate or joint venture shall only be recognised if the assets sold or contributed represent a business within the meaning of IFRS 3, irrespective of whether the transaction is designed as a share or asset deal. However, if the assets do not constitute a business, the gain/loss should only be recognised pro rata. This amendment will only affect the net asset, financial and earnings position of the Hapag-Lloyd Group if such transactions are made after 1 January 2016.

The amendments to IFRS 10, IFRS 12 and IAS 28 are designed to clarify three questions regarding application of the exemption from the obligation of investment entities to prepare consolidated financial statements in accordance with IFRS 10. On the one hand, an investment entity is exempted from the obligation to prepare consolidated financial statements if it recognises its subsidiaries at fair value in accordance with IFRS 10. In addition, a subsidiary is not to be consolidated if it meets the criteria of an investment entity itself and provides services that relate to the investment operations of the parent entity. Thirdly, if an investor that does not meet the criteria of an investment entity uses the equity method for an associate or a joint venture, it may continue to measure these at fair value as applied by the associated company to its investments in subsidiaries.

The amendment to IFRS 11 clarifies that acquisitions and additional acquisitions of interests in joint operations that constitute a business pursuant to IFRS 3 *Business Combinations* are to be recognised in accordance with the provisions of IFRS 3 and other applicable IFRS insofar as they do not contradict the provisions of IFRS 11. This will only affect the net asset, financial and earnings position of the Hapag-Lloyd Group if such an acquisition takes place after 1 January 2016.

With the introduction of IFRS 14 *Regulatory Deferral Accounts*, an entity which is a first-time adopter of IFRS is permitted to continue to account for rate-regulated sales transactions in accordance with its previously applicable accounting standards. However, in this case, any effects of the capitalisation or deferral of economic benefits are to be presented separately. In addition, specific disclosures are required regarding the type of the underlying rate regulation and the associated risks. Given that entities already using IFRS are specifically excluded from the application of these rules, there is no effect on the net asset, financial and earnings position of the Hapag-Lloyd Group.

With the introduction of IFRS 15, the rules on recognising revenue contained in various standards and interpretations were combined. At the same time, uniform basic principles were defined that are applicable to all sectors and to all types of revenue transaction. A five-step model will henceforth apply to assessing the amount of revenue to be recognised and at which time or over which period it is to be recognised. The standard also contains a range of additional rules regarding detailed issues such as presenting contract fees and contract amendments.

Changes may arise in particular due to the following new provisions of IFRS 15:

- Recognition of revenue as control is passed: the key factor determining the point in time or period of time of revenue recognition is the passing of the control of goods or services to the customer (control approach). The transfer of risks and rewards (risk and reward approach) now only constitutes an indicator for the passing of control.
- Clear rules on multi-component transactions.
- New criteria for the recognition of revenue over the period of performance.
- Expansion of the disclosures required in the Notes.

A further four standards were amended as part of the *Annual Improvements to IFRS (2012–2014)* process to clarify the existing rules. The standards in question are IFRS 5, IFRS 7, IAS 19 and IAS 34.

Consolidation principles and methods

Subsidiaries

Subsidiaries are all companies that are subject to direct or indirect control by Hapag-Lloyd AG. Control exists if Hapag-Lloyd AG has the power to make decisions due to voting rights or other rights and is exposed to positive or negative variable returns from the subsidiary and can influence these returns through its power to make decisions. Subsidiaries are fully consolidated from the time at which control over the subsidiary is acquired. If control over the subsidiary is lost, the company is deconsolidated.

Capital consolidation is carried out using the acquisition method. When the acquisition method is applied, the acquisition costs of the acquired shares are compared with the proportionate fair value of the acquired assets, debts and contingent liabilities of the subsidiary as at the acquisition date. Any positive difference is recognised as goodwill and is recorded as an asset. Any negative difference is recognised in the income statement once the carrying amounts of the assets and liabilities have been reviewed again. The option to capitalise the proportionate goodwill on non-controlling interests is not applied. Transaction costs incurred in connection with a business combination are recognised as expenses.

Any resulting goodwill is examined for impairment at least once a year at the end of the planning process or, if there are any indications of a possible impairment in value in the subsequent periods, is examined for its recoverable amount and, in the event of impairment, is written down to the lower recoverable amount (impairment test). Any impairments of this kind are recognised separately in the consolidated income statement as impairment of goodwill.

The individual financial statements of Hapag-Lloyd AG and its subsidiaries, which were prepared using the standard Group accounting and measurement principles, with the financial statements of the key companies being reviewed by auditors, were included in the preparation of the consolidated financial statements.

Intercompany receivables and liabilities, as well as expenses and income, are eliminated during the process of consolidation. Intercompany profits and losses are eliminated insofar as they are not of minor significance for the Group. Deferred taxes are reported for consolidation measures with an impact on income taxes.

The share of Group profit and of subsidiaries' equity which is attributable to non-controlling interests is reported separately in the consolidated income statement, in the consolidated statement of comprehensive income and within Group equity. When non-controlling interests are acquired, the difference between the acquisition cost of these shares and the non-controlling interests previously reported in the Group's equity for these shares is recognised directly in equity. When shares are sold to other shareholders without any loss of control, any difference between the realisable value and the proportion of net assets attributable to other shareholders is recognised directly in equity under the items "Retained earnings" and "Non-controlling interests".

If a subsidiary is sold, the difference between the proceeds from the sale and the net assets recorded in the balance sheet, including currency translation differences which had previously been recorded in cumulative other equity, is recognised at the disposal date in the consolidated income statement. The carrying amounts of the capitalised goodwill attributable to the outgoing legal entity are taken into account in the calculation of the gain or loss on disposal.

Joint arrangements
If the Hapag-Lloyd Group jointly controls a company together with other parties, an assessment is made as to whether this is a joint operation or a joint venture. A joint operation exists if the jointly controlling parties have direct rights to assets and direct obligations for liabilities. In a joint venture, the jointly controlling parties only have rights to the equity. This right is disclosed in the consolidated financial statements using the equity method.

The joint arrangements within the Hapag-Lloyd Group are currently joint ventures only.

Joint operations
Hapag-Lloyd is a party to joint arrangements. Of particular importance here are the G6 Alliance and the Grand Alliance (GA). The aim of both arrangements is to offer a network of (liner) services in certain trade lanes together with the liner shipping companies involved in the respective arrangement. To this end, the shipping companies involved have joint operations. Since May 2014, the majority of GA services have been transferred to the G6 Alliance. As such, the GA has been less important to Hapag-Lloyd since then.

As no independent companies, i.e. no legally separate entities, exist in relation to these cooperation agreements and as there are also no joint assets, the alliances are not to be classified as joint operations within the meaning of IFRS 11.

Associated companies and joint ventures
Companies in which the Hapag-Lloyd Group is able to exert a significant influence over the business and financial policy (associated companies) or which are jointly controlled with other parties (joint ventures) are included in the consolidated financial statements from their acquisition date using the equity method. The acquisition date constitutes the point in time from which it becomes possible to exert significant influence or exercise joint control.

A positive difference between the cost of acquisition of the acquired shares and the proportionate fair value of the acquired assets, liabilities and contingent liabilities at the time of acquisition is included as goodwill in the carrying amount of the associated company or joint venture.

The Hapag-Lloyd Group's share of the result for the period or other comprehensive income from associated companies or joint ventures is reported in the consolidated income statement or in the Group's other comprehensive income. The cumulative changes since the acquisition date increase or decrease the carrying amount of the associated company or joint venture. Proportional losses that exceed the investment carrying amount of the associated company or joint venture are not recognised.

If the carrying amount exceeds the recoverable amount of an investment in an associated company or joint venture, the carrying amount of the investment is written down to the recoverable amount. Impairments of the carrying amount are recognised in the share of profit of equity-accounted investees in the consolidated income statement.

If it is no longer possible to exert significant influence or joint control due to the sale of shares, the difference between the proceeds from the sale and the net assets recorded in the balance sheet, including currency translation differences which had previously been recorded in other comprehensive income, is recognised at the disposal date in the consolidated income statement.

Group of consolidated companies
In addition to Hapag-Lloyd AG, a total of 124 companies are included in the group of consolidated companies:

	Fully consolidated		Equity method		**Total**
	domestic	foreign	domestic	foreign	
31.12.2013	3	45	2	2	52
Additions	6	68	0	1	75
Disposals	0	2	1	0	3
31.12.2014	9	111	1	3	**124**

Hapag-Lloyd Holding AG was merged with Hapag-Lloyd AG with effect from 1 January 2013 in the form of a downstream merger. Hapag-Lloyd AG is consequently the new parent company of the Hapag-Lloyd Group.

With the incorporation of CSAV's container shipping activities into the Hapag-Lloyd Group, 74 fully consolidated companies and one equity-accounted investee were included in the group of consolidated companies as at 2 December 2014.

Hapag-Lloyd Crew Management Pte. Ltd., Singapore, and Hapag-Lloyd Belgium N.V., Antwerp, were liquidated and subsequently deconsolidated in the reporting year.
HHLA CTA Besitzgesellschaft mbH, which is consolidated using the equity method, was merged with HHLA Container Terminal Altenwerder GmbH, another equity-accounted investee. In the previous year, all of the Company's shares in the associated company Montreal Gateway Terminals Ltd. Partnership, Montreal, Canada, were sold to the majority shareholder.

Hapag-Lloyd AG holds 49.9% of the shares in Hapag-Lloyd (Thailand) Ltd., Bangkok, 49.0% of the shares in Hapag-Lloyd Agency LLC, Dubai, and 49.0% of the shares in CSAV Shipping LLC, Dubai. As Hapag-Lloyd AG has majority voting rights in all of these companies, it exerts full control over them and they are therefore fully consolidated.

Hapag-Lloyd AG holds 49.94% of the voting shares in CSAV Austral SpA, Valparaíso. Hapag-Lloyd AG also holds 100% of the shares entitled to dividend payments. As such, beneficial ownership is exclusively within the Hapag-Lloyd Group. The investment share therefore totals 49.99%. Despite holding less than 50% of the voting rights, Hapag-Lloyd AG has control over this company because it provides the majority of the members of the decision-making body.

For details of non-controlling interests, please refer to Note (12).

The financial year for a number of CCS companies had to be changed in the 2014 financial year due to the carve-out activities required in order to incorporate CSAV's container shipping business. 46 fully consolidated companies and one equity-accounted investee (2013: one equity-accounted investee) had a financial year that differed from that of the Group in the reporting year. The values carried forward as at 31 December are used for purposes relating to inclusion in the consolidated financial statements. All other companies have financial years that correspond with Hapag-Lloyd AG.

Three domestic and seven foreign subsidiaries of overall minor significance for the Group's net asset, financial and earnings position are not included in the consolidated financial statements. The shares are recognised as other assets.

A complete list of the subsidiaries and associated companies in the Hapag-Lloyd Group is provided in Note (41).

Addition of CSAV's container shipping activities
On 2 December 2014, Hapag-Lloyd acquired 100% of the shares and voting rights in CSAV Germany Container GmbH, which comprises the global container shipping business of Compañía Sud Americana de Vapores.

With the integration of this leading South American container shipping company, Hapag-Lloyd has become the fourth-largest liner shipping company in the world, with 191 ships, an annual transport volume of 8.0 million TEU and revenue of around EUR 8.5 billion. The merger is expected to result in annual synergies of USD 300 million starting in 2019.

The consideration transferred totalled USD 1,531.0 million (EUR 1,227.4 million) and was made by issuing 28,313,862 new ordinary shares. In return for this transfer, the seller CSAV initially received 30% of the shares in Hapag-Lloyd AG, the parent company of the Hapag-Lloyd Group.

The consideration transferred for the acquisition corresponds to the fair value of the equity instruments issued at the time of acquisition. Given that the shares issued are not listed on a stock exchange, the fair value was calculated on the basis of a discounted cash flow method using level 3 input factors (non-observable parameters) in accordance with IFRS 13. This measurement technique is based on a cash flow forecast that a hypothetical market participant would assume if they held equity instruments in the Hapag-Lloyd Group on the date of acquisition.

The key assumptions used to derive the fair value are based on internal and external sources, in particular the future development of the transport volume, freight and charter rates, fuel prices and exchange rate fluctuations.

An average EBITDA margin of comparable companies within the industry and a growth rate of 1% were assumed for the period of sustainably achievable cash flows (perpetual annuity). The weighted average cost of capital comes to 8.5% or 7.5% for the period of perpetual annuity.

The fair value of the issued equity instruments takes appropriate account of the synergies (network optimisations, productivity improvements and cost reductions) expected as a result of the merger.

Costs amounting to EUR 25.5 million were incurred in the course of the transaction; these were recognised as other operating expenses.

The fair values recognised for the acquired assets and liabilities at the time of acquisition are summarised below. The amounts are preliminary measurements:

Provisional fair values as at the date of acquisition

Assets	**million EUR**
Other intangible assets	744.9
Property, plant and equipment	733.1
Investments in equity-accounted investees	50.0
Other assets	4.3
Derivative financial instruments	0.0
Deferred tax assets	13.5
Non-current assets	**1,545.8**
Inventories	37.1
Trade account receivables	218.3
Other assets	23.8
Income tax receivables	9.2
Cash and cash equivalents	69.5
Current assets	**357.9**
Total assets	**1,903.7**
Equity and liabilities	
Provisions for pensions and similar obligations	0.5
Other provisions	178.3
Financial debt	412.7
Other liabilities	2.3
Deferred tax liabilities	0.0
Non-current liabilities	**593.8**
Provisions for pensions and similar obligations	0.2
Other provisions	157.7
Income tax liabilities	7.6
Financial debt	123.2
Trade account payables	381.4
Other liabiliies / non-controlling interests	19.3
Current liabilities	**689.4**
Total equity and liabilities	**1,283.2**
Acquired net assets	**620.5**
Acquisition costs	1,227.4
Goodwill	**606.9**

Pursuant to the requirements of IFRS 3, all acquired assets, liabilities and contingent liabilities are to be measured at fair value. The valuation methods used to determine the fair values of the main assets are as follows:

Relief from royalty method: The relief from royalty method considers the discounted estimated payments of royalties that may be saved by owning the brand. This method was used for brand valuation.

Residual value method: The residual value method considers the present value of expected net cash flows generated by the customer relationships, with the exception of all cash flows that are linked to supporting assets. This method was used for customer relationship valuation.

Incremental cash flow method: In the incremental cash flow method, expected cash flows are compared to alternative values (market value conditions). This method was used for the measurement of advantageous and disadvantageous contracts.

Market comparison method: This valuation method considers the listed market prices of similar objects if these are available and, if applicable, depreciated replacement costs. Depreciated replacement costs reflect changes relating to physical deterioration as well as functional overhauling and economic obsolescence. This method was used for the valuation of the Group's vessels, software and inventories.

This resulted in acquired net assets with a fair value of EUR 620.5 million, in particular due to the discovery of hidden reserves and liabilities.

Provisional nature of the purchase price allocation

The purchase price allocation for the acquisition of CCS is provisional, as the date of acquisition was shortly before the balance sheet date. In particular, there may be changes in the valuation of the customer relationship in the extent to which charter and lease contracts are advantageous or disadvantageous as well as in the area of contingent liabilities. If facts and circumstances become known within a year of the date of acquisition that existed on the date of acquisition and that would have resulted in changes to the amounts indicated above, recognition of the company acquisition will be amended accordingly.

The provisional purchase price allocation results in goodwill of EUR 606.9 million. This goodwill in particular comprises the synergies expected as a result of the merger, including network optimisations, productivity improvements and cost reductions.

Goodwill of EUR 217.8 million is expected to be deducted for tax purposes.

The following table presents the net cash inflow resulting from the company acquisition:

	million EUR
Acquired net assets	620.5
Goodwill	606.9
Acquisition costs	1,227.4
./. Acquisition through issuance of shares	1,227.4
Cash-effective incidental acquisition costs	25.5
+ Acquired cash	69.5
Net payments received from acquisitions	**44.0**

In the course of the acquisition, receivables with a fair value of EUR 218.3 million were recognised. The gross amount comes to EUR 222.3 million. Of this amount, EUR 4.0 million is likely to be irrecoverable.

At the time of acquisition, contingent liabilities in the amount of EUR 7.1 million were recognised that were primarily attributable to tax and legal risks. The settlement amount was determined on the basis of internal estimates. It is currently not possible to determine a fixed utilisation date. The assumptions underlying the measurements relating to the potential scenarios to be assessed had not changed as at the balance sheet date.

Since the date of acquisition and taking into account the purchase price allocation, revenue of EUR 205.7 million (before the elimination of revenue from Hapag-Lloyd companies) and earnings (EBIT) of EUR –2.2 million have been attributed to CCS.

Had the acquisition taken place on 1 January 2014 (pro forma consideration), Group revenue would have come to EUR 8,420.3 million and earnings (EBIT) would have totalled EUR –477.6 million, taking into account the effects of the purchase price allocation.

The earnings parameter EBIT served as the starting point for the preparation of the pro forma consolidated net income of CCS in accordance with IFRS for the period from 1 January to 31 December 2014. The required pro forma adjustments are based on the available information and on assumptions.

Based on the outlined assumptions, the presented pro forma result does not necessarily equate to the net result that the Group would have generated had the acquisition of CCS in fact been completed on 1 January 2014. Additionally, commenting on the future development of the Group net result is only possible to a very limited extent due to the one-time factors.

Currency translation

The annual financial statements of companies are prepared in the respective functional currency. The respective functional currency of a company corresponds to the currency of the primary economic environment in which the company operates. The functional currency of Hapag-Lloyd AG and the majority of its subsidiaries is the US dollar. The reporting currency of Hapag-Lloyd AG is, however, the euro.

For purposes relating to their inclusion in the consolidated financial statements of Hapag-Lloyd AG, the assets and liabilities of the Hapag-Lloyd Group are translated into euros at the exchange rate applicable as at 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.

Transactions in foreign currency are recorded at the applicable exchange rate as at the date of the transaction. As at the balance sheet date, monetary items are translated at the closing rate at year-end, while non-monetary items are translated at the historical rate. Any differences arising during translation are recognised through profit or loss. Exceptions are gains and losses that must be recorded as qualified cash flow hedges as part of other comprehensive income.

Gains and losses due to exchange rates that are in connection with transport services are recorded in both sales and transport expenses. Other gains and losses due to exchange rates are shown in other operating income or other operating expenses as well as in personnel expenses.

per EUR	Closing rate		Average rate	
	31.12.2014	31.12.2013	**2014**	2013
US dollar	1.21550	1.37670	1.32880	1.32840
British pound sterling	0.77880	0.83310	0.80715	0.84974
Canadian dollar	1.40750	1.46360	1.46783	1.36841
Swiss franc	1.20230	1.22680	1.21619	1.23108
Chilean peso	738.27039	722.23059	758.45444	658.16246
Brazilian real	3.22825	3.22464	3.12760	2.86685
Hong Kong dollar	9.42640	10.67470	10.30447	10.30394
Singapore dollar	1.60589	1.73910	1.68379	1.66213
Japanese yen	145.04000	144.51000	140.68782	129.63705
Chinese renminbi	7.43764	8.39349	8.18740	8.16775

Accounting and measurement

The annual financial statements of the subsidiaries included in the Group are prepared in accordance with consistent accounting and measurement principles. The amounts stated in the consolidated financial statements are not determined by tax regulations, but solely by the commercial presentation of the net asset, financial and earnings position as set out in the rules of the IASB.

Recognition of income

Revenue is primarily generated from the rendering of transport services. Revenue is therefore recognised using the percentage-of-completion method as per IAS 18.20. This percentage of completion/transport progress is determined on the basis of the ratio of expenses incurred to expected total expenses.

The revenue amount is measured by the fair value of the consideration received or to which there will be an entitlement. Revenue is recognised net of value added tax and reductions in earnings. Other operating income and other revenue are generally recorded upon delivery of the assets or upon transfer of their ownership or risk.

Please refer to Note (25) for the recording of gains and losses from derivative financial instruments used in hedges.

Dividends are recorded when the legal claim to them has arisen.

Interest income and expenses are recognised pro rata using the effective interest method.

Other intangible assets

Acquired intangible assets such as advantageous contracts, customer base and/or trademark rights are capitalised at their fair value as at the acquisition date. Other intangible assets are capitalised at cost.

If intangible assets can be used for a limited period only, they are amortised regularly over their expected useful lives. Intangible assets with indefinite useful lives are not amortised, but are tested for impairment on an annual basis, as is the case with goodwill. In addition, impairment tests are conducted if there are any indications of a potential loss in value of the assets.

For detailed information about the impairment test, see the section “Impairment testing”.

The anticipated useful lives of the intangible assets are as follows:

	Useful life in years
Customer base	22–30
“Hapag-Lloyd” brand	unlimited
”CSAV” brand	20
Charter and lease agreements	5–10
Transport and supply contracts	2–5
Computer software	5–8
Other	3

Until now, the global container liner service has been exclusively operated under the acquired brand “Hapag-Lloyd”, which, due to national and international declaration and registration, is subject to indefinite legal protection. The indefinite useful life is the result of the brand recognition already being maintained by international operations, so that additional measures or investments for the conservation of the value of the brand are not necessary. With the incorporation of CCS’s global business activities, the right to also use the “CSAV” brand was acquired, which will initially continue to be used in particular for the South America services.

For intangible assets with finite useful lives, their useful life is examined at least at the end of every financial year. For intangible assets with indefinite useful lives, an annual check is carried out as to whether the assessment of an indefinite useful life can be maintained. Any changes in the anticipated useful life are treated prospectively as changes in estimates.

Property, plant and equipment

Property, plant and equipment are measured at depreciated cost of acquisition or production. The cost of acquisition comprises all costs incurred to purchase an asset and bring it to working condition. The cost of production is determined on the basis of direct costs and appropriate allocations of overheads.

Borrowing costs as defined by IAS 23, which are directly associated with the acquisition, construction or production of qualifying assets, are included in the cost of acquisition or production until the assets in question are ready for their intended use. The weighted average borrowing costs for the general raising of borrowed funds (cost of debt) amounted to 8.29% p.a. for the 2014 financial year (2013: 8.96% p.a.).

Scheduled use-related depreciation using the straight-line method is based on the following useful economic lives, which are the same as in the previous year:

	Useful life in years
Buildings	40
Vessels	25
Containers, chassis	13
Other equipment	3–10

Vessel classification costs are depreciated as a separate component over a period of five years. Furthermore, the level of depreciation is determined by the residual values recoverable at the end of the useful economic life of an asset. The residual value of container ships is based on their scrap value.

Useful economic lives and assumed residual values are both reviewed on an annual basis during the preparation of the financial statements.

Impairment tests are conducted if there are any indications of a potential loss in value of the assets.

For detailed information about the impairment test, see the section “Impairment testing”.

Leases

A lease is the term given to all arrangements that transfer the right of use of specified assets in return for payment. This includes rental agreements for buildings and containers as well as charter agreements for vessels. On the basis of the commercial opportunities and risks inherent in a leased item, it is assessed whether beneficial ownership of the leased item is attributable to the lessee or the lessor.

Finance lease

Provided that the Hapag-Lloyd Group as lessee bears all the substantial risks and rewards associated with the lease, the leased assets are included in the statement of financial position upon commencement of the lease agreement at the assets’ fair value or the net present value of the minimum lease payments, whichever is lower. They are subject to straight-line depreciation throughout the term of the lease or the useful life of the asset (whichever is longer), provided that it is sufficiently certain at the beginning of the lease that legal ownership of the asset will be transferred to the Company once the contractual term expires.

At the same time, a lease obligation is entered which is equivalent to the carrying amount of the leased asset upon recognition. Each leasing rate is divided into an interest portion and a repayment element. The interest portion is recognised as an expense in the consolidated income statement; the repayment element reduces the lease obligation recognised.

Operating lease

Rental expenses from operating lease contracts are recorded through the consolidated income statement using the straight-line method over the terms of the respective contracts.

If the Group acts as lessor in the context of operating leases, the respective leasing object is still recorded and depreciated as planned in the consolidated financial statements. Lease income from operating leases is recorded in revenue or other operating income using the straight-line method over the term of the respective contracts.

Profits or losses from sale-and-leaseback transactions that result in operating lease contracts are recognised immediately if the transactions were effected at market values. If a loss is offset by future lease instalments being below the market price, this loss is deferred and amortised over the term of the lease agreement. If the agreed sales price exceeds the fair value, the profit from the difference between these two values is also deferred and amortised.

Impairment testing

Intangible assets with finite useful lives and property, plant and equipment are tested regularly for impairment if there are any indications of a possible loss in value. This test compares the recoverable amount of the asset in question with its carrying amount. If an asset's carrying amount exceeds its recoverable amount, an impairment is recognised.

If no recoverable amount can be ascertained for an individual asset, this value is determined for the smallest identifiable group of assets to which the asset in question can be attributed and which is capable of achieving cash inflows (cash-generating unit, CGU) largely independently of other assets.

Intangible assets with indefinite useful lives are tested for impairment if circumstances require, but at least annually at the end of the financial year. This applies in particular to the Hapag-Lloyd brand, for which the recoverable amount at fair value was determined at the level of the container shipping CGU. A need for impairment was not ascertained. For further information on determining fair value less costs of disposal, we refer to the following explanations concerning the impairment testing of goodwill.

Goodwill is tested for impairment once a year. Impairment testing is also conducted if events or circumstances occur that indicate that it may no longer be possible to recover the carrying amount. Goodwill is tested for impairment at the level of the cash-generating unit container shipping.

Container shipping in its entirety is defined as a cash-generating unit in the Group, as it is not possible to allocate the operating cash flows to individual assets due to the complexity of the transport business (see Notes in the “Segment reporting” section).

An impairment loss is recognised if the recoverable amount is lower than the cash-generating unit's carrying amount. If a need for impairment has been ascertained in connection with a cash-generating unit containing goodwill, the goodwill is impaired first. Any need for impairment over and above this is spread in proportion to the carrying amount over the remaining non-current assets.

If, following an impairment recognised in previous years, the asset or cash-generating unit has a higher recoverable amount at some later date, a reversal of the impairment to no higher than the amortised cost is carried out. No reversals of impairment of goodwill are carried out as they are not permitted under IAS 36.

The recoverable amount is the higher of the fair value less costs of disposal and the value in use of the cash-generating unit. If one of these amounts is greater than the carrying amount, it is not always necessary to calculate both values. These values are essentially based on discounted cash flows.

The fair value is the price that independent market participants would pay at the balance sheet date under normal market conditions if the asset or cash-generating unit were sold. The value in use is ascertained by discounting the cash flows anticipated from future operational use.

The recoverable amount for the impairment of goodwill is calculated on the basis of fair value less costs of disposal. This was calculated on the basis of a discounted cash flow method using level 3 input factors (non-observable parameters) in accordance with IFRS 13.

The future expected cash flows from Hapag-Lloyd's current management planning together with the CCS forecast and additional assumptions arising from the combination of the two companies are taken as the calculation basis.

The cash flow forecasts contain specific estimates for five years and a perpetual rate of growth thereafter. The central planning assumptions for container shipping are the future development of transport volumes and freight rates as well as bunker prices and exchange rates. These are dependent on a number of macroeconomic factors, in particular the trends in gross domestic product and global trade. For that reason, the assessments of external economic and market research institutes regarding the future development of global container shipping are obtained while the plans are being prepared and are adjusted and supplemented with experiences and assessments of the Group's own competitive position on its various trades. At the time of planning, IHS Global Insight expected an increase in global container traffic of 5.3% in 2015 and of between 5.2% and 5.6% for the following years. Additionally, it is expected that freight rates will increase slightly only in the context of typical seasonal fluctuations, alongside an increase in transport expenses.

The long-term growth rate was ascertained on the basis of the forecast for long-term annual average industry developments.

The budgeted after-tax cash flows are discounted using the weighted average cost of capital after income taxes. This is calculated on the basis of capital market-oriented models as a weighted average of the costs of equity and borrowed capital. Due to tonnage tax regulations, the pre-tax weighted average cost of capital corresponds to the weighted average cost of capital after income taxes.

The weighted average cost of capital after income taxes as used for discounting purposes is 8.5% for the planning period (2013: 9.26%). In order to extrapolate the plans beyond the planning period, a growth reduction of 1.0% was taken into consideration (2013: 1.0%). As such, the weighted average cost of capital for the subsequent period is 7.5% (2013: 8.26%).

As part of the impairment test performed, the respective results were verified using a sensitivity analysis.

Various capitalisation rates were used for the sensitivity analysis. There was no need for impairment for capitalisation costs of up to approximately 9%. In addition, to take account of the volatility of the value-driving factors (transport volumes, freight rates, bunker prices and the USD/EUR exchange rate), a sensitivity analysis as to the anticipated surplus (free cash flow) in the period thereafter was performed in the context of a cash flow determination. A decrease in the free cash flow of approximately 9% in the period thereafter did not result in a need for impairment. Even taking more recent findings into account before the preparation of the consolidated financial statements on 27 February 2015 did not lead to any significant changes in previous estimates regarding future development.

At the balance sheet date, the fair values less cost of disposal exceeded the carrying amounts on the basis of both the plans and the sensitivity analyses, with the result that no impairment needed to be recognised at the level of the cash-generating unit.

Ship portfolio impairment testing

Against the backdrop of a comprehensive project to boost operational efficiency, the decision was made to sell a portfolio of 16 ships in the course of 2015. Due to their limited remaining useful lives, the recoverable amount of these ships was estimated on the basis of fair value less costs of disposal. This value was calculated using level 2 input factors (indirect inference of observable market prices) in accordance with IFRS 13. The recoverable amount is essentially determined on the basis of the budgeted disposal proceeds, with current sales transactions also being taken into account. The market prices are currently based on the proceeds generated from the scrapping of comparable ship classes.

This resulted in an impairment of EUR 127.4 million being recognised for the portfolio of ships at the balance sheet date. In the previous year, reversals of impairment losses amounting to EUR 0.6 million were recorded in relation to two ships held for sale.

Financial instruments

Financial instruments are contractually agreed rights or obligations that will lead to an inflow or outflow of financial assets or the issue of equity rights. They also encompass derivative rights or obligations derived from primary financial instruments.

In accordance with IAS 39, financial instruments are broken down into financial assets or liabilities measured at fair value through profit or loss, loans and receivables, available-for-sale financial assets, held-to-maturity financial assets and other liabilities. The valuation category of financial assets or liabilities measured at fair value through profit or loss is subdivided into the categories “held for trading” and “fair value option”.

Derivative financial instruments that are not part of an effective hedging relationship as set out in IAS 39 (hedge accounting) are classified as “held for trading”. The Group also holds financial assets in the “loans and receivables” and “available-for-sale financial assets” categories. By contrast, there are no held-to-maturity financial assets in these financial statements. Primary liabilities only exist in the category of financial liabilities measured at amortised cost.

Non-derivative host contracts are analysed to determine the existence of embedded derivatives. Embedded derivatives are to be recognised separately from the host contract as an independent financial instrument if the two components demonstrate different economic properties which are not closely linked to each other. Embedded derivatives are likewise classified as "held for trading".

Financial assets and financial liabilities that fall within the scope of IAS 39 can be irrecoverably assigned to the subcategory "fair value option" under certain circumstances. Neither for financial assets nor for financial liabilities was the fair value option used.

In the 2014 financial year, as in the previous financial year, there were no reclassifications within the individual classification categories.

Primary financial assets

Financial assets are recognised at their value as at the trading date, i.e. the date on which the Group commits to buying the asset. Primary financial assets are classified as loans and receivables or as available-for-sale financial assets when recognised for the first time. Loans and receivables as well as available-for-sale financial assets are initially recognised at fair value plus directly attributable transaction costs.

Loans and receivables are non-derivative financial assets with fixed or determinable contractual payments which are not listed on an active market. They are shown in the statement of financial position under trade accounts receivables and other assets, and are classified as current assets if they mature within twelve months of the balance sheet date.

As part of subsequent measurements, loans and receivables are measured at amortised cost using the effective interest method. Impairments are recognised for identifiable individual risks. Where default of a certain proportion of the receivables portfolio is probable, impairments are recognised to the extent that the carrying amount of a financial asset exceeds its recoverable amount. Indications for identifiable individual risks include, for example, a material deterioration in creditworthiness, considerable default as well as a high probability of insolvency and the corresponding inability of the customer to repay debt. If the reasons for impairment cease to exist, write-backs are recorded, however, not in excess of the amortised costs. Impairments and impairment reversals are recorded in other operating expenses and income.

Impairments of trade receivables are, in part, recorded using an impairment account. The decision to record impairment either by using an impairment account or by directly reducing the trade receivable depends on the degree of reliability of the risk evaluation. Concrete losses lead to a write-off of the respective asset. No direct impairments on trade receivables were recorded in the financial year.

Available-for-sale financial assets are non-derivative financial assets which are either explicitly allocated to this category individually or are unable to be allocated to any other category of financial assets. In the Hapag-Lloyd Group, these consist solely of shares in companies. They are allocated to non-current assets unless the management intends to sell them within twelve months of the balance sheet date.

Available-for-sale financial assets are measured at fair value after their initial measurement. Changes in fair values are recorded under other comprehensive income until the disposal of the assets. A long-term reduction in fair value gives rise to impairments recognised in the income statement. In the event of a subsequent write-back of the impairment recorded in the income statement, the impairment is not reversed, but is posted against other comprehensive income. If no listed market price on an active market is available for shares held and other methods to determine an objective market value are not applicable, the shares are measured at cost.

Assets are no longer recognised as at the date when all the risks and opportunities associated with their ownership are transferred or cease.

Cash and cash equivalents

Cash and cash equivalents encompass cash in hand, bank balances and other financial investments that can be converted into defined cash amounts at any time and are only subject to minor changes in value. Fully utilised overdraft facilities are shown as liabilities to banks under current financial debt.

Primary financial liabilities

The initial recognition of a primary financial liability is carried out at fair value, taking account of directly allocable transaction costs. In subsequent measurements, primary financial liabilities are measured at amortised cost using the effective interest method.

Primary financial liabilities are written off if contractual obligations have been settled, annulled or expired. If a review of changes in contractual conditions using quantitative and qualitative criteria leads to the assessment that both contracts are substantially the same, the old liability continues to exist with the new conditions.

Derivative financial instruments and hedge accounting

Derivative financial instruments are initially measured at their fair values on the day when the agreement was concluded. Subsequent measurement is also carried out at the fair value applicable on the respective balance sheet date. The method used to record gains and losses depends on whether the derivative financial instrument is classified as a hedge and on the type of hedging relationship.

Derivative financial instruments are classified either as fair value hedges of assets or liabilities, or as cash flow hedges to hedge against the risks of future cash flows from recorded assets and liabilities or highly probable future transactions.

Upon conclusion of the transaction in accordance with IAS 39, the hedging relationships between the hedging instrument and the underlying transaction and between the risk management goal and the underlying strategy are documented. In addition, an assessment is made and documented both at the beginning of the hedging relationship and on a continual basis as to whether the derivatives used in the hedging relationship compensate for the changes in the fair values or cash flows of the underlying transactions in a highly effective manner. Derivative financial instruments are recorded as current or non-current financial assets or liabilities according to their remaining terms.

The effective proportion of changes in the fair value of derivatives which are designated as cash flow hedges is recognised in other comprehensive income. The ineffective proportion of such changes in fair value is recognised immediately in the other financial result. Hedge accounting by means of options records the changes in time value affecting net income because they are excluded from the hedging relationship. Amounts recorded in other comprehensive income are reclassified to the consolidated income statement and recognised as income or expenses in the period in which the hedged underlying transaction impacts the consolidated income statement. In the case of hedging relationships based on currency forward contracts, the entire effective market value change in the hedging transaction is initially recorded under other comprehensive income. In the next step, the spot component is reclassified from other comprehensive income to the consolidated income statement and is recognised through profit or loss in line with the change in the value of the underlying transaction. The forward component is recognised through profit or loss on a pro rata basis over the term of the hedging relationship.

If a hedge expires, is sold or no longer meets the criteria for hedge accounting, the cumulative gain or loss remains in other comprehensive income and is not recognised with effect on the consolidated income statement until the underlying transaction occurs. If the future transaction is no longer expected to occur, the cumulative gains or losses recognised outside the consolidated income statement must immediately be recognised through the consolidated income statement.

Changes in the fair values of derivative financial instruments not meeting the criteria for hedge accounting, including embedded derivatives, are recognised directly in the consolidated income statement with effect on net income.

Hedging measures that do not comply with the strict requirements of hedge accounting according to IAS 39 are used to hedge currency risks of monetary liabilities in the statement of financial position. This is done based on risk management principles and effectively contributes to the hedging of a financial risk. The use of hedge accounting according to IAS 39 is foregone since gains and losses from conversions of the underlying transactions and gains and losses from the respective hedging instrument affect net income simultaneously.

Inventories

Inventories are measured at the lower of cost of acquisition or net realisable value. The measurement method applied to similar inventory items is the weighted average cost formula. The net realisable value is the estimated selling price in the ordinary course of business.

Inventories mainly comprise fuel and lubricants.

Pensions and similar obligations

The valuation of defined benefit plans from pension obligations and other post-employment benefits (e.g. healthcare benefits) is carried out in accordance with IAS 19 Employee Benefits using the projected unit credit method. The defined benefit obligation (DBO) is calculated annually by an independent actuarial expert. The present value of the DBO is calculated by discounting the expected future outflows at the interest rate of first-rate corporate bonds. The corporate bonds are issued in the currency of the payment to be made and have matching maturities with the pension obligations.

Differences between the assumptions made and the actual developments, as well as changes in the actuarial assumptions for the valuation of defined benefit pension plans and similar obligations, lead to actuarial gains and losses. As with the difference between calculated interest income and the actual return on plan assets, these are reported in full in other comprehensive income, i.e. not in the consolidated income statement.

If the benefits accruing from a plan are changed or cut, both the part of the change in benefits which relates to previous periods (past service cost) and the gains or losses arising from the plan cuts are recognised immediately with effect on net income. Gains or losses arising from a defined benefit plan being cut or paid out are recognised at the time at which the cut or payment is made.

If individual benefit obligations are financed using external assets (e.g. through qualified insurance policies), provisions for pension benefits and similar obligations which match the present value of defined benefit obligations on the balance sheet date are recorded after deducting the fair value of the plan assets.

A negative net pension obligation resulting from advance payments for future contributions is included as an asset only insofar as it leads to a reimbursement from the plan or a reduction in future contributions.

With defined benefit contribution plans, the Group makes contributions to statutory or private pension insurance plans on the basis of a legal, contractual or voluntary obligation. The Group does not have any further payment obligations on top of the payment of the contributions. The contributions are recorded as personnel expenses when they fall due.

Other provisions

Provisions are recognised for all legal or factual obligations resulting from a past event insofar as their utilisation is probable and their amount can be reliably determined. Provisions are recorded at the best estimate of their repayable amount and take account of cost increases. The present value is assessed for provisions with terms exceeding twelve months. Over the course of time, the provisions are adjusted on the basis of new knowledge gained. Provision reversals are generally recorded in the same consolidated income statement position that was originally used for the expense. Exceptions to this rule are significant reversals, which are recorded as other operating income.

If there are many similar obligations, the probability of utilisation is determined on the basis of this group of obligations. A provision is also recognised even if the probability of a charge is low in relation to an individual obligation contained within this group.

Provisions for guarantee, warranty and liability risks are created based on existing or estimated future damages. Provisions for restructuring measures are created if a detailed formal restructuring plan was prepared and a justified expectation existed among the affected parties.

Taxes

As a liner shipping company, Hapag-Lloyd AG, the largest company in the Hapag-Lloyd Group, has opted for taxation in accordance with tonnage. Tax liability for tonnage taxation is not calculated using the actual profits, but rather depends on the net tonnage and the operating days of the Company’s ship fleet. Current income taxes for the reporting period and for previous periods are measured as the amount at which their payment to or rebate from the tax authority is anticipated. They are ascertained on the basis of the Company’s tax rates as at the balance sheet date. Income tax provisions are netted against the corresponding tax rebate claims if they apply in the same fiscal territory and are of the same type and maturity.

Deferred taxes are recognised using the balance sheet liability method in accordance with IAS 12. They result from temporary differences between the recognised amounts of assets and liabilities in the consolidated statement of financial position and those in the tax balance sheet.

Expected tax savings from the use of tax loss carry-forwards are capitalised if they are estimated to be recoverable in the future. In their valuation, time limitations are taken into account accordingly. In order to evaluate whether deferred tax assets from tax loss carry-forwards can be used, i.e. recovered, the tax-related budget of the Group is consulted. The tax-related budget is based on the medium-term budget for 2015 to 2019.

Deferred taxes are charged or credited directly to other comprehensive income if the tax relates to items likewise recognised directly in other comprehensive income.

Their valuation takes account of the respective national income tax rates prevailing when the differences are recognised.

Deferred tax assets are recorded to the extent that it is probable that future taxable income will be available at the level of the relevant tax authority for utilisation of the deductible temporary differences.

Deferred tax claims (tax assets) and deferred tax debts (tax liabilities) are netted insofar as the Company has the right to net current income tax assets and liabilities against each other and if the deferred tax assets and liabilities relate to current income taxes.

Fair value

A number of accounting and valuation methods require that the fair value of both financial and non-financial assets and liabilities be determined. The fair value is the price that independent market participants would pay at the balance sheet date under normal market conditions if the asset were sold or the liability were transferred.

Fair value is measured using a three-level hierarchy based on the valuation parameters used.

Level 1:
Unchanged adoption of prices from active markets for identical assets or liabilities.

Level 2:
Use of valuation parameters whose prices are not the listed prices referred to in level 1, but can be observed either directly or indirectly for the asset or liability in question.

Level 3:
Use of factors not based on observable market data for the measurement of the asset or liability (non-observable valuation parameters).

Every fair value measurement is set at the lowest level of the hierarchy based on the valuation parameter, provided that the valuation parameter is essential. If the method of determining the fair value of assets or liabilities to be measured on a regular basis changes, resulting in the need to assign them to a different hierarchy level, such reclassification is performed at the end of the reporting period.

Additional explanations of fair values can be found in Note (27) “Financial instruments”.

Discretionary decisions, estimates and assessments

Discretionary decisions when applying accounting and measurement principles

The preparation of consolidated financial statements in accordance with IFRS requires discretionary decisions. All discretionary decisions are continuously re-evaluated and are based on historic experiences and expectations regarding future events which seem reasonable under the existing conditions. This specifically applies to the following cases:

Classification of joint arrangements

Hapag-Lloyd AG holds 50.0% of the shares in Hapag-Lloyd Denizasiri Nakliyat A.S., Izmir. Given that Hapag-Lloyd and the other parties to the shareholder agreement only have rights to the company’s equity, the company was classified as a joint venture.

Furthermore Hapag-Lloyd holds 47.97% of the shares in Consorcio Naviero Peruano S.A., Lima. Given that Hapag-Lloyd and the other parties to the shareholder agreement only have rights to the company’s equity, the company was classified as a joint venture.

For further explanations regarding joint ventures, please refer to Note (13).

Classification of leasing relationships

During the classification of leasing relationships, discretionary decisions are made regarding the assignment of beneficial ownership to either the lessor or the lessee. Regarding the approach, we refer to the presentation concerning the recognition and measurement of leasing relationships; regarding the amounts, see Note (35).

Fair value hierarchy

In a number of cases, the valuation parameters used to determine the fair value of an asset or liability can be assigned to various levels of the fair value hierarchy. In such cases, fair value measurement as a whole is assigned to the same hierarchy level as the valuation parameter of the lowest level that is of significance to the measurement in its entirety. The evaluation of the significance of a specific valuation parameter for measurement as a whole requires a discretionary decision in which the characteristic factors relating to the asset or liability are to be taken into consideration. See the section “Impairment testing” and Note (27) “Financial instruments” on the approach taken.

Management estimates and assessments
In the consolidated financial statements, a certain number of estimates and assessments are made in order to determine the assets and liabilities shown in the statement of financial position, the disclosures of contingent claims and liabilities as at the reporting date, and the recognised income and expenses for the reporting period.

Intangible assets and property, plant and equipment
Verification of the realisable values of intangible assets and property, plant and equipment also requires assumptions and estimates to be made regarding future cash flows, anticipated growth rates, exchange rates and discount rates. All material parameters are therefore at the discretion of the management regarding the future development, particularly in terms of the global economy. They involve the uncertainty of all forecasting activity. The assumptions made for this purpose can be subject to alterations which could lead to impairments in value in future periods. Regarding the approach, we refer to the presentation concerning impairment testing; regarding the amounts, see Notes (10) and (11).

A review of the vessels' scrap values in the 2013 financial year resulted in an adjustment in these values with effect from 1 January 2013, lowering depreciation for the 2013 financial year by EUR 21.4 million.

Against the backdrop of a comprehensive project to boost operational efficiency, the decision was made to sell a portfolio of 16 ships in the course of 2015. Due to their limited remaining useful lives, the fair values of these ships were estimated on the basis of the expected realisable income as at the balance sheet date. Following an impairment charge of EUR 127.4 million, the portfolio of ships had a total carrying amount of EUR 59.2 million as at 31 December 2014.

Allowance for doubtful receivables
The allowance for doubtful receivables largely comprises estimates and valuations of both individual receivables and groups of receivables that are based on the respective creditworthiness of the customer, current economic trends and analysis of maturity structures and historical defaults. For further explanations, we refer to Note (14).

Deferred tax assets on loss carry-forwards
The amount of deferred taxes recognised on loss carry-forwards in the Group is dependent primarily on the estimation of the future usability of the tax loss carry-forwards. In this respect, the amount of the deferred tax assets depends on the budgeting of future tax results. As a result of discrepancies between planned and actual developments, these amounts may need to be adjusted in future periods. Further explanations of deferred taxes are given in Note (9).

Provisions
The valuation of provisions for pensions and similar obligations is based on, among other things, assumptions regarding discount rates, anticipated future increases in salaries and pensions, and mortality tables. These assumptions can diverge from the actual figures as a result of changes in the economic conditions or the market situation as well as mortality rates. For detailed explanations, see Note (22).

The other provisions are naturally subject to a high level of estimation uncertainty with regard to the amount of the obligations or the time of their occurrence. The Company must sometimes use empirical values as the basis for making assumptions regarding regarding the likelihood of occurrence of the obligation or future developments, e.g. such as the costs to be estimated for the valuation of obligations. These can be subject to estimation uncertainties, particularly in the case of non-current provisions.

Provisions are made within the Group if losses from pending transactions are imminent, a loss is probable and the loss can be reliably estimated. Due to the uncertainties associated with this valuation, the actual losses can deviate from the original estimates and the respective provision amount. For provisions for guarantee, warranty and liability risks, there is particular uncertainty concerning the estimate of future damages.

To integrate CCS's business activities, the Executive Board decided on and communicated a comprehensive restructuring programme in December 2014. This includes merging the two head offices in Hamburg and reducing the number of regional headquarters to lower both personnel and overhead costs. In addition, the aim is to improve operational efficiency by merging the companies' IT platforms and by further reducing overheads, e.g. costs relating to rent, suppliers and insurance. A provision was created for the resulting restructuring obligations that is based on estimates and expectations with regard to the forecast amount required to fulfil the restructuring obligations as at the balance sheet date. For example, the amount relating to employee termination benefits takes into account the target number of employees determined in the reorganisation plan and country-specific expectations regarding the severance payments necessary. A definitive, legally binding agreement has yet to be reached with the majority of the employees or suppliers concerned.

For detailed explanations, see Note (23).

Discount rates

The valuation of non-current receivables and liabilities, either non-interest bearing or with interest rates not in line with the market, and of non-current other provisions, depends primarily on the choice and development of discount rates.

Acquisition of CCS

Presentation of the assets, liabilities and contingent liabilities acquired as part of the acquisition of CCS and reported in the consolidated financial statements depends on estimates and assumptions. Existing uncertainties were suitably applied to measurement during the purchase price allocation. All the estimates and assumptions are based on relationships and assessments as at the date of acquisition. There were no changes to these estimates and assumptions as at the balance sheet date.

The assumptions and estimates that could have a material impact on the carrying amounts of assets and liabilities relate mainly to the following cases:

- Setting the parameters for determining the fair value of the transferred contribution and the acquired assets, liabilities and contingent liabilities (e.g. assumptions regarding business development, operating margins and market conditions [charter rates, lease rates] and assumptions used to determine capital costs)
- Determining the useful life of intangible assets (e.g. brand, customer relationship and software)
- Measurement of tax and legal risks

Changes in assumptions and estimates

The purchase price allocation for the acquisition of CCS is provisional, as the date of acquisition was shortly before the balance sheet date. There may be changes, in particular, in the valuation of the customer relationship, in the extent to which charter and lease contracts are advantageous or disadvantageous, and in the area of contingent liabilities. If facts and circumstances become known within a year of the date of acquisition that existed on the date of acquisition and that would have resulted in changes to the amounts indicated above, recognition of the company acquisition will be amended accordingly.

At the time of preparation of the consolidated financial statements, no further material changes in the underlying assumptions and estimates are expected. As such, no material adjustment of the recognised assets and liabilities is expected in the 2014 financial year at this time.

Risks and uncertainties

Influencing factors which can result in deviations from expectations comprise not only macroeconomic factors such as exchange rates, interest rates and bunker prices, but also the future development of container shipping.

NOTES TO THE CONSOLIDATED INCOME STATEMENT

The container shipping activities acquired by the Hapag-Lloyd Group in the course of incorporating CSAV's container shipping business are included for the month of December as of the consolidation date of 2 December 2014. As such, the figures in the consolidated income statement for 2014 can only be compared with those of previous years to a limited extent.

(1) Revenue

Revenue in the amount of EUR 6,807.5 million (2013: EUR 6,567.4 million) was primarily generated from the rendering of transport services amounting to EUR 6,694.0 million (2013: EUR 6,480.2 million).

(2) Other operating income

million EUR	**1.1.–31.12. 2014**	1.1.–31.12. 2013
Exchange rate gains	70.6	20.4
Income from the reversal of provisions	4.9	36.0
Income from the disposal of assets	0.3	36.1
Income from write-backs	0.0	0.6
Government assistance	11.0	10.3
Other income	30.0	52.9
Total	**116.8**	**156.3**

The exchange rate gains from currency items were mainly attributable to exchange rate fluctuations between the origination date and the payment date of assets and liabilities, and to the measurement of financial assets, financial liabilities and currency options as at the balance sheet date.

(3) Transport expenses

million EUR	**1.1.–31.12. 2014**	1.1.–31.12. 2013
Expenses for raw materials, supplies and purchased goods	1,362.3	1,436.6
Cost of purchased services	4,697.8	4,336.5
thereof		
Port, canal and terminal costs	2,030.4	1,831.1
Container transport costs	1,841.4	1,691.4
Chartering, leases and container rentals	693.5	653.3
Maintenance/repair/other	132.5	160.7
Total	**6,060.1**	**5,773.1**

The cost of raw materials and supplies refers in particular to fuel expenses and effects from fuel hedging instruments.

(4) Personnel expenses

million EUR	**1.1.–31.12. 2014**	1.1.–31.12. 2013
Wages and salaries	343.7	292.7
Social security costs, pension costs and other benefits	59.6	72.5
Total	**403.3**	**365.2**

Pension costs include, among other things, expenses for defined benefit pension obligations. The interest portion of the measurement of pension obligations and the interest income from the associated fund assets are recorded within the interest result. A detailed presentation of pension commitments is provided in Note (22).

Personnel expenses include allocations to restructuring provisions in the amount of EUR 41.2 million. The reduction in expenses for social security and pensions is largely the result of exchange rate differences.

Employees

The average number of employees was as follows:

	1.1.–31.12. 2014	1.1.–31.12. 2013
Marine personnel	1,318	1,250
Shore-based personnel	5,835	5,547
Apprentices	188	185
Total	**7,341**	**6,982**

(5) Depreciation, amortisation and impairment

million EUR	**1.1.–31.12. 2014**	1.1.–31.12. 2013
Scheduled amortisation/depreciation	354.3	325.4
Amortisation of intangible assets	51.1	64.0
Depreciation of property, plant and equipment	303.2	261.4
Impairment of intangible assets and property, plant and equipment	127.4	-
Total	**481.7**	**325.4**

The scheduled amortisation of intangible assets largely concerned advantageous contracts.

The scheduled depreciation of property, plant and equipment was largely accounted for by ocean-going vessels and containers.

Impairment in the financial year related to a portfolio of ships whose cash flows were largely determined by the budgeted sales proceeds in the planned sale process.

(6) Other operating expenses

million EUR	**1.1.–31.12. 2014**	1.1.–31.12. 2013
EDP costs	67.1	60.9
Exchange rate losses	66.7	32.0
Commissions	56.2	36.4
Expenses for charges, fees, consultancy and other professional services	33.5	9.9
Other taxes	29.2	19.4
Rental and lease expenses	22.0	21.7
Other social security expenses	14.7	15.1
Administrative expenses	11.2	12.3
Other operating expenses	92.7	44.0
Total	**393.3**	**251.7**

The exchange rate losses from currency items were mainly attributable to exchange rate fluctuations between the origination date and the payment date of assets and liabilities, and to the measurement of financial liabilities, currency options and currency forward contracts as at the balance sheet date.

Other operating expenses include restructuring costs of EUR 39.5 million relating to the planned integration of CSAV's container shipping business. This item also comprises travel costs, insurance payments, audit fees, and maintenance and repair costs.

(7) Other financial result

The other financial result essentially contains expenses due to changes in the fair value of derivative financial instruments amounting to EUR 3.0 million (2013: EUR 0.6 million). In the previous year, it also included income from the sale of the Company's shares in Montreal Gateway Terminals Ltd. Partnership, Montreal, totalling EUR 19.1 million.

(8) Interest result

The interest result was as follows:

million EUR	**1.1.–31.12. 2014**	1.1.–31.12. 2013
Interest income	7.0	5.6
Interest income from fund assets for the financing of pensions and similar obligations	4.5	3.8
Other interest and similar income	2.5	1.8
Interest expenses	216.7	159.2
Interest expenses from the valuation of pensions and similar obligations	9.6	8.9
Interest expenses from the change in fair value of embedded derivatives	17.0	1.5
Other interest and similar expenses	190.1	148.8
Total	**–209.7**	**–153.6**

As in the previous year, other interest and similar income mainly comprises income from interest-bearing bank accounts. In the financial year, interest amounting to EUR 2.3 million was received (2013: EUR 1.6 million).

Other interest and similar expenses mainly comprises interest for bonds and loans as well as interest from finance leases and other financial debt.

Interest expense also includes costs relating to the early repayment of a bond due in October 2015. The cost of early repayment came to EUR 6.3 million.

(9) Income taxes

The taxes on income and earnings actually paid or owed in the individual countries are disclosed as income tax. As in the previous year, for domestic companies subject to corporate income tax, a corporate income tax rate of 15.0% and the solidarity surcharge of 5.5% on corporate income tax apply. Additionally, these companies are subject to trade earnings tax, which for the years 2014 and 2013 is at 16.5% for the Group, corresponding to the specific applicable municipal assessment rate. Comparable actual income taxes are disclosed for foreign subsidiaries within the Group; in 2014, these ranged from 12.5% to 39.0% (2013: between 12.5% and 39.0%).

In addition, deferred taxes are recognised in this item for temporary differences in carrying amounts between the statement of financial position prepared in accordance with IFRS and the tax balance sheet as well as on consolidation measures and, where applicable, realisable loss carry-forwards in accordance with IAS 12 Income Taxes.

Income taxes were as follows:

million EUR	**1.1.–31.12. 2014**	1.1.–31.12. 2013
Actual income taxes	11.1	7.1
thereof domestic	4.1	2.8
thereof foreign	7.0	4.3
Deferred tax income/expenses	0.1	0.4
thereof from temporary differences	–0.5	–2.6
thereof from loss carry-forwards	0.6	3.0
Total	**11.2**	**7.5**

Prior-period tax expenses in the amount of EUR 1.9 million are included in the actual income taxes (2013: income of EUR 0.2 million).

For domestic companies subject to corporate income tax, a combined income tax rate of 32.3% or 19.1% was used to calculate deferred taxes (2013: 32.3% or 19.1%). The combined income tax rate takes into account corporate income tax of 15.0% (2013: 15.0%), a solidarity surcharge of 5.5% of the corporate income tax (2013: 5.5%) and trade earnings tax of 16.5% (2013: 16.5%) or 3.3% (2013: 3.3%) insofar as it relates to income from vessel operations in international transport.

For foreign-based companies, the tax rates of the country in question were used to calculate the deferred taxes. The income tax rates which were applied for foreign-based companies for the 2014 financial year ranged from 16.5% to 39.0% (2013: 16.5% to 39.0%).

The following table shows a reconciliation statement from the expected to the reported income tax expense. In order to ascertain the expected tax expense, the statutory income tax rate of 32.3% prevailing for Hapag-Lloyd AG in the financial year is multiplied by the pre-tax profit, as the bulk of the Group profit was generated by Hapag-Lloyd AG.

million EUR	**1.1.–31.12. 2014**	1.1.–31.12. 2013
Earnings before income taxes	–592.5	–89.9
Expected income tax expense (+) /income (–) (tax rate 32.3%)	**–191.2**	**–29.0**
Difference between the actual tax rates and the expected tax rates	0.3	0.8
Changes in tax rate and tax law	0.0	0.3
Effects of income not subject to income tax	182.2	44.3
Non-deductible expenses and trade tax additions and reductions	8.3	5.3
Changes in unrecognised deferred taxes	20.1	3.1
Effective tax expenses and income relating to other periods	1.9	–0.2
Tax effect from equity-accounted investees	–10.9	–17.8
Exchange rate differences	0.7	0.7
Other differences	–0.2	-
Reported income tax expense (+) / income (–)	**11.2**	**7.5**

Effects due to deviating tax rates for domestic and foreign taxes from the income tax rate of Hapag-Lloyd AG are disclosed in the above reconciliation statement under the difference between the actual tax rates and the expected tax rates.

The effects from income not subject to income tax primarily comprise the effects from tonnage tax.

The adjustments to the recognition of deferred taxes include expenses amounting to EUR 6.1 million allocable to the non-recognition of deferred taxes on tax interest carried forward (2013: EUR 1.6 million) and EUR 16.0 million allocable to adjustments to the recognition of corporate income tax loss carry-forwards both at home and abroad (2013: EUR 1.7 million).

Deferred tax assets and deferred tax liabilities result from temporary differences and tax loss carry-forwards as follows:

million EUR	31.12.2014 Asset	31.12.2014 Liability	31.12.2013 Asset	31.12.2013 Liability
Recognition and valuation differences for property, plant, and equipment and other non-current assets	2.2	6.0	2.1	5.7
Recognition differences for receivables and other assets	0.9	0.3	0.5	0.3
Valuation of pension provisions	6.0	0.1	4.0	-
Recognition and valuation differences for other provisions	1.9	0.0	1.5	-
Other transactions	5.0	0.3	3.7	0.1
Capitalised tax savings from recoverable loss carry-forwards	17.1	0.0	5.9	-
Netting of deferred tax assets and liabilities	–5.2	–5.2	–5.1	–5.1
Balance sheet recognition	**27.9**	**1.5**	**12.6**	**1.0**

The change in deferred taxes in the statement of financial position is recognised as follows:

million EUR	As per 1.1.2013	Recognised as taxes in the income statement	Recognised in other comprehensive income	Recognised as an exchange rate difference	As per 31.12.2013
Recognition and valuation differences for property, plant and equipment and other non-current assets	–6.6	3.1	-	–0.1	–3.6
Recognition differences for receivables and other assets	–0.9	1.4	-	–0.3	0.2
Valuation of pension provisions	5.6	–0.7	–0.8	–0.1	4.0
thereof recognised directly in equity	4.5	-	–0.8	–0.2	3.5
Recognition and valuation differences for other provisions	1.5	–0.2	-	0.2	1.5
Other transactions	4.7	–1.0	-	–0.1	3.6
Capitalised tax savings from recoverable loss carry-forwards	9.2	–3.0	-	–0.3	5.9
Balance sheet recognition	**13.5**	**–0.4**	**–0.8**	**–0.7**	**11.6**

million EUR	As per 1.1.2014	Change in the group of consolidated companies	Recognised as taxes in the income statement	Recognised in other comprehensive income	Recognised as an exchange rate difference	As per 31.12.2014
Recognition and valuation differences for property, plant and equipment and other non-current assets	–3.6	0.1	–0.4	-	0.1	–3.8
Recognition differences for receivables and other assets	0.2	0.3	0.2	-	–0.1	0.6
Valuation of pension provisions	4.0	-	–0.1	1.9	0.1	5.9
thereof recognised directly in equity	3.5	-	-	1.9	0.1	5.5
Recognition and valuation differences for other provisions	1.5	1.1	–0.5	-	–0.2	1.9
Other transactions	3.6	-	1.3	-	–0.2	4.7
Capitalised tax savings from recoverable loss carry-forwards	5.9	12.1	–0.6	-	–0.3	17.1
Balance sheet recognition	**11.6**	**13.6**	**–0.1**	**1.9**	**–0.6**	**26.4**

No deferred tax liabilities were recognised for taxable differences between the net assets and the carrying amount of subsidiaries for tax purposes amounting to EUR 16.8 million (2013: EUR 9.8 million), as Hapag-Lloyd is able to steer how the temporary differences are reversed over time and no reversal of the temporary differences is likely in the near future.

Deferred tax assets and liabilities are classified as non-current in the statement of financial position in accordance with IAS 1, irrespective of their expected realisation date.

Deferred tax assets are recognised for temporary differences and tax loss carry-forwards if their realisation seems certain in the near future. The amounts of unutilised tax losses and the capacity to carry forward the tax losses for which no deferred tax assets were recognised are as follows:

million EUR	31.12.2014	31.12.2013
Loss carry-forwards for which deferred tax assets were recognised	**69.7**	**36.1**
Loss carry-forwards for which no deferred tax assets were recognised	**1,314.6**	**58.5**
thereof loss carry-forwards forfeitable in more than 5 years	2.0	1.8
Non-forfeitable loss carry-forwards	1,312.6	56.7
thereof interest carry-forwards	33.0	15.5
Total of unutilised loss carry-forwards	**1,384.3**	**94.6**

NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The container shipping activities acquired by the Hapag-Lloyd Group in the course of incorporating CSAV's container shipping business are included as of 2 December 2014, when they were consolidated. As such, the figures in the consolidated statement of financial position for 2014 can only be compared with those of previous years to a limited extent.

(10) Intangible assets

million EUR	Goodwill	Customer base	Advantageous contracts	Brand	Software	Other	**Total**
Historical cost							
As per 1.1.2013	693.9	313.2	290.7	191.0	83.3	3.9	1,576.0
Additions	-	-	-	-	1.9	0.1	2.0
Disposals	-	-	13.5	-	-	-	13.5
Transfers	-	-	–15.9	-	–0.1	-	–16.0
Exchange rate differences	–29.3	–13.2	–11.2	–8.1	–3.6	–0.2	–65.6
As per 31.12.2013	**664.6**	**300.0**	**250.1**	**182.9**	**81.5**	**3.8**	**1,482.9**
Accumulated amortisation							
As per 1.1.2013	-	52.2	169.7	-	40.4	0.3	262.6
Additions	-	13.8	39.4	-	10.8	-	64.0
Disposals	-	-	13.5	-	-	-	13.5
Transfers	-	-	–11.9	-	–0.1	-	–12.0
Exchange rate differences	-	–2.7	–7.7	-	–2.1	-	–12.5
As per 31.12.2013	**-**	**63.3**	**176.0**	**-**	**49.0**	**0.3**	**288.6**
Carrying amounts 31.12.2013	**664.6**	**236.7**	**74.1**	**182.9**	**32.5**	**3.5**	**1,194.3**
Historical cost							
As per 1.1.2014	664.6	300.0	250.1	182.9	81.5	3.8	1,482.9
Addition from business combination	606.9	707.4	-	32.7	8.6	0.1	1,355.7
Additions	-	-	-	-	3.6	-	3.6
Disposals	-	-	109.1	-	-	-	109.1
Transfers	-	-	–5.4	-	–1.8	–0.1	–7.3
Exchange rate differences	104.1	58.4	22.3	25.2	11.4	0.6	222.0
As per 31.12.2014	**1,375.6**	**1,065.8**	**157.9**	**240.8**	**103.3**	**4.4**	**2,947.8**
Accumulated amortisation							
As per 1.1.2014	-	63.3	176.0	-	49.0	0.3	288.6
Addition from business combination	-	-	-	-	3.8	0.1	3.9
Additions	-	15.8	23.7	0.1	11.5	-	51.1
Disposals	-	-	109.1	-	-	-	109.1
Transfers	-	-	–2.6	-	–1.8	–0.1	–4.5
Exchange rate differences	-	9.8	15.0	-	7.7	-	32.5
As per 31.12.2014	**-**	**88.9**	**103.0**	**0.1**	**70.2**	**0.3**	**262.5**
Carrying amounts 31.12.2014	**1,375.6**	**976.9**	**54.9**	**240.7**	**33.1**	**4.1**	**2,685.3**

In order to assess the goodwill for impairment, an impairment test was carried out for the entire cash-generating unit container shipping at the end of the financial year 2014, as was the case in the previous year. Please refer to the section “Impairment testing” within the accounting and measurement principles in the Notes to the consolidated financial statements. A need for impairment was not ascertained.

Intangible assets not subject to amortisation comprise goodwill in the amount of EUR 1,375.6 million (2013: EUR 664.6 million) and the Hapag-Lloyd brand in the amount of EUR 207.2 million (2013: EUR 182.9 million).

Existing contracts were identified as being advantageous if their contractual terms had a positive market value compared with the market conditions at the time of acquisition of the companies. This particularly included charter and lease contracts and transport and delivery contracts.

As in the previous year, no development costs were capitalised. The costs for the maintenance of software, which cannot be capitalised, amounted to EUR 7.1 million (2013: EUR 7.4 million) and were recognised as expenses.

(11) Property, plant and equipment

million EUR	Vessels	Containers, chassis	Other equip-ment	Payments on account and assets under construction	Total
Historical cost					
As per 1.1.2013	3,577.4	477.6	125.2	344.4	4,524.6
Additions	17.7	304.7	2.6	416.0	741.0
Disposals	25.1	13.4	0.6	-	39.1
Transfers	524.6	15.5	2.5	–527.0	15.6
Exchange rate differences	–155.9	–30.8	–1.6	–10.6	–198.9
As per 31.12.2013	**3,938.7**	**753.6**	**128.1**	**222.8**	**5,043.2**
Accumulated depreciation					
As per 1.1.2013	633.4	99.6	6.0	-	739.0
Additions	203.9	50.3	7.2	-	261.4
Impairments	0.6	-	-	-	0.6
Disposals	3.5	4.7	0.5	-	8.7
Transfers	-	11.9	–0.3	-	11.6
Exchange rate differences	–20.7	–6.1	–0.3	-	–27.1
As per 31.12.2013	**812.5**	**151.0**	**12.1**	**-**	**975.6**
Carrying amounts 31.12.2013	**3,126.2**	**602.6**	**116.0**	**222.8**	**4,067.6**
Historical cost					
As per 1.1.2014	3,938.7	753.6	128.1	222.8	5,043.2
Addition from business combination	627.1	32.7	24.4	82.5	766.7
Additions	128.1	136.1	9.0	61.1	334.3
Disposals	14.8	4.1	0.5	-	19.4
Reclassifications to held for sale	411.6	-	-	-	411.6
Transfers	302.4	-	1.9	–298.8	5.5
Exchange rate differences	532.8	112.8	6.2	10.6	662.4
As per 31.12.2014	**5,102.7**	**1,031.1**	**169.1**	**78.2**	**6,381.1**
Accumulated depreciation					
As per 1.1.2014	812.5	151.0	12.1	-	975.6
Addition from business combination	12.7	0.7	20.5	-	33.9
Additions	224.3	71.2	7.7	-	303.2
Impairments	127.4	-	-	-	127.4
Disposals	11.5	2.6	0.5	-	14.6
Reclassifications to held for sale	357.5	-	-	-	357.5
Transfers	2.7	-	-	-	2.7
Exchange rate differences	106.4	26.1	1.9	-	134.4
As per 31.12.2014	**917.0**	**246.4**	**41.7**	**-**	**1,205.1**
Carrying amounts 31.12.2014	**4,185.7**	**784.7**	**127.4**	**78.2**	**5,176.0**

The carrying amount of the property, plant and equipment subject to restrictions of ownership was EUR 4,481.1 million as at the balance sheet date (2013: EUR 3,381.1 million). These restrictions of ownership mainly pertain to ship mortgages from existing financing contracts for ships. Additional collateral exists with containers transferred by way of security.

Land charges of EUR 43.4 million and EUR 18.6 million were registered in the land registry as collateral for the loan from Deutsche Genossenschafts-Hypothekenbank for the purchase of the Ballindamm property.

Three “Hamburg Express” class newbuilds (2013: four) with a capacity of 13,200 TEU each and one vessel with a capacity of 9,300 TEU were delivered in the 2014 financial year and new containers were also received. Hapag-Lloyd again acquired containers from existing operating lease contracts and disposed of one vessel in the 2014 financial year. In the previous year, six ships and also containers were disposed of.

In the 2014 financial year, capitalisation of directly attributable borrowing costs amounted to EUR 2.0 million (2013: EUR 1.8 million). In addition, borrowing costs in the amount of EUR 2.8 million relating to general external financing were recognised in the year under review (2013: EUR 14.5 million).

(12) Subsidiaries with non-controlling interests

The following companies within the Hapag-Lloyd Group had non-controlling interests as at the balance sheet date:

Name of the company	Registered office	Proportion of ownership interest (in %)		Proportion of voting rights held (in %)	
		2014	2013	**2014**	2013
CSAV Austral Ltda.	Valparaíso	50.01	0.00	50.06	0.00
CSAV Group Agencies South Africa (Pty) Ltd.	Durban	40.00	0.00	40.00	0.00
CSAV Shipping LLC	Dubai	51.00	0.00	0.00	0.00
Florida Vessel Management LLC	Tampa	25.00	25.00	25.00	25.00
Hapag-Lloyd Agency LLC	Dubai	51.00	51.00	49.00	49.00
Hapag-Lloyd Grundstücks-holding GmbH	Hamburg	5.10	5.10	5.10	5.10
Hapag-Lloyd Spain S.L.	Barcelona	10.00	10.00	10.00	10.00
Hapag-Lloyd (Thailand) Ltd.	Colombo	51.10	51.10	0.00	0.00
Southern Shipmanagement Co. S.A.	Valparaíso	50.00	50.00	50.00	50.00
Southern Shipmanagement (Chile) Ltda.	Valparaíso	49.50	49.50	49.50	49.50

The non-controlling interests within the Hapag-Lloyd Group are not material from a quantitative and qualitative perspective.

(13) Equity-accounted investees

The following companies were incorporated into the Hapag-Lloyd Group using the equity method as at 31 December 2014. Hapag-Lloyd's share of the voting rights for each company corresponds to their share in the company.

Name of the company	Registered office	Proportion of ownership in the group (in %) 2014	2013
Joint venture			
Hapag-Lloyd Denizasiri Nakliyat A.S.*	Izmir	50.00	50.00
Consorcio Naviero Peruano S.A.*	Lima	47.97	-
Associated companies			
Hapag-Lloyd Lanka (Pvt) Ltd*	Colombo	40.00	40.00
HHLA CTA Besitzgesellschaft mbH**	Hamburg	-	25.10
HHLA Container Terminal Altenwerder GmbH**	Hamburg	25.10	25.10

* Container transport services.
** Container terminal.

All of the Company's shares in the associated company Montreal Gateway Terminals Ltd. Partnership, Montreal, with a carrying amount of EUR 0.0, were sold to the majority shareholder in the 2013 financial year.

In the year under review, HHLA Container Terminal Altenwerder GmbH, Hamburg, was merged into HHLA CTA Besitzgesellschaft mbH, Hamburg, and was subsequently renamed HHLA Container Terminal Altenwerder GmbH, Hamburg.

In the course of incorporating CSAV's container shipping business into the Hapag-Lloyd Group, the equity-accounted investee Consorcio Naviero Peruano S.A., Lima, was included. As in the previous year, there were no unrecognised proportionate losses for equity-accounted investees in the reporting period. No impairment losses are included in the proportionate equity result.

HHLA Container Terminal Altenwerder GmbH provides terminal services for the Hapag-Lloyd Group.

Summarised financial information for the main equity-accounted investee reported in the statement of financial position (on a 100% basis and therefore not adjusted to the percentage holding) is contained in the following table:

million EUR	HHLA Container Terminal Altenwerder GmbH* 2014	2013
Balance sheet		
Current assets	168.8	173.7
Non-current assets	93.2	109.6
Liabilities	181.6	202.9
Statement of comprehensive income		
Revenues	261.5	280.4
Annual result	84.4	86.9
Dividend payments to Hapag-Lloyd Group	–30.6	–27.9

* Combined data of CTA Group as of 2013 (HHLA Container Terminal Altenwerder GmbH and HHLA CTA Besitz mbH).

The recognised share of equity-accounted investees developed as follows:

million EUR	HHLA Container Terminal Altenwerder GmbH* 2014	2013	Non-material associated companies 2014	2013	Non-material joint ventures 2014	2013
Participation 1.1.	**327.6**	**324.9**	**0.3**	**0.3**	**4.9**	**4.7**
Addition from business combination	-	-	-	-	50.1	-
Pro-rata share at earnings after taxes	30.3	30.6	0.2	0.3	3.7	4.2
Dividend payments	–30.6	–27.9	–0.2	–0.2	–3.2	–3.1
Exchange rate differences	-	-	-	–0.1	1.8	–0.9
Participation 31.12.	**327.3**	**327.6**	**0.3**	**0.3**	**57.3**	**4.9**

* Combined data of CTA Group as of 2013 (HHLA Container Terminal Altenwerder GmbH and HHLA CTA Besitz mbH).

(14) Trade accounts receivable and other assets

million EUR	**31.12.2014** Total	Remaining term more than 1 year	31.12.2013 Total	Remaining term more than 1 year
Trade accounts receivable	716.0	-	473.3	-
thereof from third parties	713.0	-	470.4	-
thereof from affiliated non-consolidated companies	3.0	-	2.9	-
Other assets	147.4	13.1	114.7	7.9
Other assets and prepaid expenses	92.4	9.3	97.4	4.8
Claims arising from the refund of other taxes	54.8	3.6	17.1	2.9
Available-for-sale financial assets	0.2	0.2	0.2	0.2
Total	**863.4**	**13.1**	**588.0**	**7.9**

With the addition of new companies to the group of consolidated companies due to the acquisition of CSAV's container shipping business, trade accounts receivable and other assets have risen.

As at 31 December 2014, in relation to ship financing there were assignments of earnings of a type customary on the market for trade accounts receivable resulting from revenue.

In addition to this, trade accounts receivable were pledged as part of the programme to securitise receivables.

If no prices listed on an active market are available and the fair value cannot be determined reliably, the available-for-sale financial assets are measured at cost. In the 2014 financial year, as in the previous year, no impairment was recognised in the "available-for-sale financial assets" category.

Credit risks

The following table provides information about the credit risks involved in trade accounts receivable and other financial assets:

million EUR	Carrying amounts of financial instruments	Thereof neither overdue nor impaired	Thereof not impaired and overdue in the following periods: less than 30 days	between 31 and 60 days	between 61 and 90 days	between 91 and 180 days	more than 180 days
31.12.2013							
Trade accounts receivable	473.3	333.0	114.8	9.6	8.5	6.2	1.2
Other assets	51.0	51.0	-	-	-	-	-
Total	**524.3**	**384.0**	**114.8**	**9.6**	**8.5**	**6.2**	**1.2**
31.12.2014							
Trade accounts receivable	716.0	556.0	131.0	14.4	6.1	2.9	5.7
Other assets	58.9	58.9	-	-	-	-	-
Total	**774.9**	**614.9**	**131.0**	**14.4**	**6.1**	**2.9**	**5.7**

With regard to the portfolio of trade accounts receivable and other assets which are neither impaired nor defaulted, there are no indications as at the balance sheet date that the respective debtors will not honour their obligations to pay.

Impairment allowances

The impairment allowances on trade accounts receivable developed as follows:

million EUR	**2014**	2013
Impairment allowances as of 1.1.	**12.5**	**9.9**
Addition from business combination	8.0	-
Additions	9.1	6.0
Utilisation	3.7	1.1
Release	7.9	2.1
Exchange rate differences	–1.7	–0.2
Impairment allowances as of 31.12.	**19.8**	**12.5**

There were minor cash inflows from impaired trade accounts receivable in the financial year.

(15) Derivative financial instruments

million EUR	**31.12.2014** Total	**31.12.2014** Remaining term more than 1 year	31.12.2013 Total	31.12.2013 Remaining term more than 1 year
Receivables from derivative financial instruments	19.6	15.8	99.6	74.5
thereof derivatives with hedge accounting applied	0.2	-	41.2	16.1
thereof derivatives with hedge accounting not applied	19.4	15.8	58.4	58.4

Derivative financial instruments are shown at fair value (market value). They serve to hedge both the future operating business and the currency risks in the area of financing. This item also contains embedded derivatives in the form of early buy-back options for issued bonds. A detailed presentation of the derivative financial instruments is contained in the explanatory note on financial instruments (Note [27]).

(16) Inventories

The inventories were as follows:

million EUR	**31.12.2014**	31.12.2013
Raw materials and supplies	149.0	168.7
Prepayments	3.1	0.2
Total	**152.1**	**168.9**

The raw materials and supplies were primarily fuel and lubricating oil (2014: EUR 146.7 million; 2013: EUR 166.9 million).

Impairments of fuel inventories in the amount of EUR 19.0 million were recognised as expenses in the reporting period (2013: EUR 1.1 million). No write-backs were recognised.

(17) Cash and cash equivalents

million EUR	31.12.2014	31.12.2013
Securities	0.3	0.5
Cash at bank	707.7	459.4
Cash in hand and cheques	3.4	4.9
Total	**711.4**	**464.8**

The balances of a number of bank accounts belonging to the Hapag-Lloyd Group are only freely available once the redemption payments and interest obligations due have been settled. These account balances came to EUR 7.8 million as at 31 December 2014.

In the previous year, cash and cash equivalents were not subject to any restrictions.

(18) Non-current assets held for sale

The Executive Board of Hapag-Lloyd AG has decided to sell a portfolio of vessels in 2015. Pursuant to IFRS 5, the assets were reported separately as non-current assets held for sale in the consolidated statement of financial position as at 31 December 2014.

The carrying amount of the ships to be sold totalled EUR 59.2 million as at 31 December 2014. Previously, impairment amounting to EUR 127.4 million was recognised. Twelve ships serve as collateral for a fleet financing arrangement entered into in 2011. An additional ship is financed on a bilateral basis. The contract terms require that the sales proceeds of eleven of these ships be used to repay these loan liabilities should those ships be disposed of earlier than originally planned. As a result, additional early repayments are expected in the 2015 financial year.

(19) Subscribed capital, capital reserves and retained earnings

Following the retrospective merger of Hapag-Lloyd Holding AG with Hapag-Lloyd AG, capital reserves of EUR 935.3 million were recognised for Hapag-Lloyd AG within the Hapag-Lloyd Group from 1 January 2013. The reduction in capital reserves of EUR 2,334.5 million as a result of the merger led to a corresponding increase in retained earnings. Overall, there were no changes to the Group's equity as a result of the merger.

The Company's subscribed capital increased by EUR 28.3 million and the capital reserves by EUR 1,202.3 million with effect from 2 December 2014 as a result of the incorporation of CSAV's container shipping business in Hapag-Lloyd AG in exchange for new shares. In a second capital increase on 19 December 2014, the subscribed capital was increased by a further EUR 10.5 million and capital reserves by EUR 359.5 million. Under a resolution dated 17 February 2015, EUR 845.2 million was transferred from capital reserves to offset Hapag-Lloyd AG's net loss for the year, thereby increasing retained earnings.

Under a resolution approved at the AGM on 25 June 2014, the Executive Board is, subject to the approval of the Supervisory Board, authorised to increase the Company's share capital by up to EUR 33.0 million up to 31 March 2015 by issuing new no-par registered shares in exchange for cash and/or contributions in kind on one or more occasions. This authorised capital was utilised to effect the capital increase of EUR 28.3 million on 2 December 2014. EUR 4.7 million of authorised capital therefore now remains.

In addition, under a resolution approved at the AGM on 2 December 2014, the Executive Board is, subject to the approval of the Supervisory Board, authorised to increase the Company's share capital by up to EUR 12.5 million up to 31 December 2017 by issuing up to 12.5 million new no-par registered shares in exchange for a minimum subscription fee of EUR 1.00 per share, payable in cash. This authorised capital may only be used for the purposes of effecting a public share offer in connection with a listing of the Company's shares on the Frankfurt Stock Exchange.

As at 31 December 2014, Hapag-Lloyd AG's subscribed capital is divided into 104.9 million no-par registered shares with equal rights.

In addition to the effect caused by the merger, retained earnings include earnings from the financial year as well as previous years.

(20) Cumulative other equity

Cumulative other equity comprises the reserve for cash flow hedges, the reserve for remeasurements from defined benefit plans and the translation reserve.

The reserve for cash flow hedges contains changes in market value from hedging transactions that are recognised in other comprehensive income and amounted to EUR 0.0 million as at 31 December 2014 (2013: EUR 6.4 million).

The item for remeasurements from defined benefit plans (2014: EUR –104.8 million; 2013: EUR –46.6 million) results from actuarial gains and losses recognised in other comprehensive income, among other things due to the change in actuarial parameters in connection with the valuation of pension obligations and the associated fund assets.

The differences from currency translation of EUR 320.8 million in the year under review (previous year: EUR –115.9 million) were due to the translation of the financial statements of subsidiaries prepared in foreign currency and from the conversion of goodwill carried in foreign currency as well as other purchase price allocation items. The translation reserve as at 31 December 2014 amounted to EUR 226.2 million (2013: EUR –94.6 million).

(21) Non-controlling interests

Non-controlling interests rose to EUR 5.3 million in the year under review as a result of the addition of five former CSAV companies with minority interests. This item rose by EUR 2.7 million in the previous year as a result of the sale of 5.1% of the Company's shares in Hapag-Lloyd Grundstücksholding. For more information about the companies, please refer to Note (12).

(22) Provisions for pensions and similar obligations

Defined benefit pension plans

Hapag-Lloyd AG maintains domestic and foreign defined benefit pension plans.

Provisions for domestic benefit obligations and similar obligations are primarily made due to benefit commitments for pensions, survivorship annuities and disability benefits. The amount of the benefit depends on which benefit group, based on years of service, the employees belong to and therefore on the total number of years of service. The monthly pension payable corresponds to the balance of the benefit account of the employee when pension payments begin. The balance of the benefit account is zero when employment begins. It increases by the increment set for the benefit group for every year of eligible service. After the 25th year of service, the annual amount increases by a fifth of the increment applicable to the benefit group. There is no obligation for employees to participate in the pension plan by way of paying contributions.

The Group also makes contributions to a separate defined benefit plan for current and former members of the Executive Board. This plan also entails entitlement to pension, survivorship annuity and disability benefits. Pension sums are based on an individually defined percentage of pensionable emoluments. There is also the option of forgoing bonus payments in favour of the company pension scheme. Executive Board pensions are secured by plan assets in the form of reinsurance. Retirement benefits are paid out in the form of monthly pension payments.

Foreign defined benefit pension plans relate primarily to plans in the United Kingdom, the Netherlands, Canada and Mexico. These likewise include entitlements to pension, survivorship annuity and disability benefits. The amount of the benefits corresponds to a defined percentage together with the eligible years of service and emoluments. The net income generated from the amounts paid in is also taken into account. Plan assets exist for these plans. Contributions to the foreign plans are paid by Hapag-Lloyd and its employees. In Mexico, the contributions are paid solely by the employer. Benefits abroad are usually paid out in the form of monthly pension payments. However, in Mexico employees have the option of choosing between ongoing pension payments and one-time payments.

The Company is exposed to a variety of risks associated with defined benefit pension plans. Aside from general actuarial risks such as longevity risks and interest rate risks, the Company is exposed to currency risk and investment/capital market risk.

Financing status of the pension plans

million EUR	**31.12.2014**	31.12.2013
Domestic defined benefit obligations		
Net present value of defined benefit obligations	182.1	132.1
Less fair value of plan assets	10.8	10.0
Deficit (net liabilities)	**171.3**	**122.1**
Foreign defined benefit obligations		
Net present value of defined benefit obligations	150.6	116.6
Less fair value of plan assets	107.1	91.9
Deficit (net liabilities)	**43.5**	**24.7**

Composition and management of plan assets

The Group's plan assets are as follows:

million EUR	**31.12.2014**	31.12.2013
Equity instruments		
with quoted market price in an active market	20.6	29.0
without quoted market price in an active market	2.3	2.3
Government bonds		
with quoted market price in an active market	34.6	27.1
without quoted market price in an active market	-	-
Corporate bonds		
with quoted market price in an active market	22.9	14.2
without quoted market price in an active market	-	-
Other debt instruments		
mortgage-backed securities		
with quoted market price in an active market	6.2	5.6
without quoted market price in an active market	-	-
(other) asset-backed securities		
with quoted market price in an active market	3.5	2.9
without quoted market price in an active market	-	-
Derivatives		
with quoted market price in an active market	2.1	1.8
without quoted market price in an active market	-	-
Pension plan reinsurance	10.8	10.0
Real estate	1.0	0.9
Cash and cash equivalents	8.5	2.4
Other	5.4	5.7
Fair value of plan assets	**117.9**	**101.9**

The plan assets have been entrusted to independent external financial service providers for investment and management. The plan assets contain neither the Group's own financial instruments nor real estate used by the Group itself. All bonds had a rating of at least AA as at the balance sheet date.

Committees (trustees) exist in the United Kingdom, Canada and Mexico to manage the foreign plan assets; these consist of plan participants and representatives of Hapag-Lloyd management.

When plan assets are invested in these countries, legally independent financial service providers are called in to provide advice and support. They make a capital investment proposal to the respective committee, complete with risk and success scenarios. The committee is then responsible for taking the investment decision in close consultation with Hapag-Lloyd AG; their decisions tally with their respective investment strategy. The investment strategy first and foremost focuses on reducing the interest rate risk and on safeguarding liquidity and optimising returns. To this end, the anticipated pension payments, which will be incurred in a specific time frame, are aligned with the maturity of the capital investments. In the case of maturities from eight to twelve years, low-risk investment forms are chosen, e.g. fixed-interest or index-linked government and corporate bonds. For other obligations falling due beyond this, investments are made with a higher risk, but with a greater expected return.

In the Netherlands, an independent financial service provider is responsible both for managing the plan assets and for deciding how to invest them.

In addition, it must be taken into account that the financing conditions in the United Kingdom are set by the regulatory body for pensions together with the corresponding laws and regulations. Accordingly, a valuation is carried out in line with local regulations every three years, which usually leads to a greater obligation compared to measurement pursuant to IAS 19. Based on the most recent technical valuation, the defined benefit plan in the United Kingdom has a financing deficit. The company and trustees have agreed on a plan to reduce the deficit, which includes additional annual payments for a limited period.

Development of the present value of defined benefit obligations

The present value of defined benefit obligations has developed as follows:

million EUR	**2014**	2013
Net present value of defined benefit obligations as at 1.1.	**248.7**	**254.1**
Current service cost	6.7	7.4
Interest expenses	9.7	8.9
Remeasurements:		
Actuarial gains (–)/losses (+) from changes in demographic assumptions	-	0.3
Actuarial gains (–)/losses (+) from changes in financial assumptions	68.2	–16.0
Actuarial gains (–)/losses (+) from changes due to experience	–0.5	0.9
(Negative (–)) Past service cost	1.3	-
Plan settlements	–0.1	–0.1
Contributions by plan participants	0.5	0.4
Benefits paid	–7.1	–6.4
Exchange rate differences	4.5	–0.8
Additions from change in the group of consolidated companies	0.7	-
Net present value of defined benefit obligations as at 31.12.	**332.6**	**248.7**

The weighted average maturity of defined benefit obligations was 20.4 years as at 31 December 2014 (2013: 17.8 years).

Development of the fair value of the plan assets

The fair value of the plan assets has developed as follows:

million EUR	**2014**	2013
Fair value of plan assets as at 1.1.	**101.9**	**98.6**
Interest income	4.5	3.8
Return on plan assets (excluding interest income)	8.9	1.6
Employer contributions	2.8	4.0
Contributions by plan participants	0.4	0.4
Plan settlements	–0.1	-
Benefits paid	–3.8	–3.3
Exchange rate differences	3.3	–3.2
Fair value of plan assets as at 31.12.	**117.9**	**101.9**

Net pension expenses

Net pension expenses reported in the income statement for the period are as follows:

million EUR	**1.1.–31.12. 2014**	1.1.–31.12. 2013
Current service cost	6.7	7.4
Interest expenses	9.6	8,9
Interest income	–4.5	–3.8
(Negative (–)) Past service cost	1.3	-
Plan settlements	–0.1	–0.1
Net pension expenses	**13.0**	**12.4**

The expenses incurred in connection with pensions and similar obligations are contained in the following items in the consolidated income statement:

million EUR	**1.1.–31.12. 2014**	1.1.–31.12. 2013
Personnel expenses	7.9	7.3
Interest expenses (+)/interest income (–)	5.1	5.1
Total	**13.0**	**12.4**

Actuarial assumptions

The valuation date for pension obligations and plan assets is generally 31 December. The valuation date for current net pension expenses is generally 1 January. The parameters established for the calculation of the pension obligations and the interest rate to determine interest income on plan assets to be reported in the income statement vary in accordance with the prevailing market conditions in the currency region in which the pension plan was set up.

The 2005 G mortality tables devised by Heubeck served as the demographic basis for calculating the domestic pension obligations. The following significant financial and actuarial assumptions were also used:

percentage points	**2014**	2013
Discount factors	2.00	3.50
Expected rate of pension increases	1.80	1.80

Demographic assumptions based on locally generally applicable guidance tables were used to measure the significant foreign pension obligations. The following financial and actuarial assumptions were also used:

percentage points	**2014**	2013
Discount factors for pension obligations		
– United Kingdom	3.60	4.60
– Netherlands	2.00	3.50
– Canada	3.75	4.50
– Mexico	7.20	7.20
Expected rate of pension increases		
– United Kingdom	2.90	3.20
– Netherlands	2.00	2.00
– Canada	n a	n a
– Mexico	3.30	3.30

The discount factors for the pension plans are determined annually as at 31 December on the basis of first-rate corporate bonds with maturities and values matching those of the pension payments. An index based on corporate bonds with relatively short terms is used for this purpose. The resultant interest rate structure is extrapolated on the basis of the yield curves for almost risk-free bonds, taking account of an appropriate risk premium, and the discount rate is then determined in line with the duration of the obligation.

Remeasurements

Remeasurements from defined benefit pension plans recognised in other comprehensive income amounted to EUR –60.1 million before tax as at 31 December 2014 for the 2014 financial year (2013: EUR 16.9 million) and can be broken down as follows:

million EUR	**31.12.2014**	31.12.2013
Actuarial gains (+)/losses (–) from		
Changes in demographic assumptions	0.0	–0.3
Changes in financial assumptions	–68.2	16.0
Changes from experience	0.4	–0.9
Return on plan assets (excluding interest income)	8.9	1.6
Exchange rate differences	–1.2	0.5
Remeasurements	**–60.1**	**16.9**

The cumulative amount of remeasurements recognised in other comprehensive income after taxes totalled EUR –104.8 million as at 31 December 2014 (2013: EUR –46.6 million).

Future contribution and pension payments

For 2015, the Group is planning to make contributions to pension plan assets amounting to EUR 4.4 million (2014: EUR 4.1 million). Payments for unfunded pension plans are anticipated in the amount of EUR 3.2 million in 2015 (2014: EUR 3.0 million).

Sensitivity analyses

An increase or decrease in the material actuarial assumptions would have the following effects on the present value of pension obligations as at 31 December 2014:

million EUR	**Present value 31.12.2014**	Present value 31.12.2013
Discount factor 0.8% points higher	–55.1	–30.5
Discount factor 0.8% points lower	70.4	37.7
Expected rate of pension increase 0.2% higher	18.3	4.8
Expected rate of pension increase 0.2% lower	–17.6	–4.5
Life expectancy 1 year longer	22.2	6.9

The sensitivity calculations are based on the average maturity of pension obligations determined as at 31 December 2014. In order to present the effects on the present value of obligations as at 31 December 2014 separately, the calculations for the key actuarial parameters were performed individually. Correlations between the effects and valuation assumptions were not considered either. Given that sensitivity analyses are based on the average duration of the anticipated pension obligations and, as a result, the expected payout date is not considered, they only provide approximate information and indications of trends.

Defined contribution pension plans

At Hapag-Lloyd, the expenses for defined contribution pension plans relate predominantly to the contributions to the statutory retirement pension system. In the period from 1 January to 31 December 2014, expenses incurred in connection with defined contribution pension plans totalled EUR 18.2 million (2013: EUR 17.9 million). This amount includes an expense of EUR 0.7 million in connection with a joint plan operated by several employers (2013: EUR 0.3 million).

In the 2008 financial year, pension and medical benefit obligations in the USA were transferred, together with the corresponding plan assets, from the Company's own benefit plan to the joint plan of several employers. This plan is a defined benefit pension plan. As the joint plan does not provide sufficient and timely information regarding the development of the entitlement of employees of the Group or the Group's share in the plan assets, this plan has been recognised as a contribution plan since then.

Contributions are paid to finance the plan. These are determined on the basis of current service cost, the anticipated costs of the earned entitlement of active participants for the current year and the distribution of shortfalls. The total amount required is spread in an amount calculated per working hour which falls due per participant and paid working hour.

A total of 17 shipping companies participate in the plan. When joining the plan, the companies brought with them deficits of EUR 20.6 million (pensions) and EUR 57.7 million (medical care). Hapag-Lloyd's share amounted to a surplus of EUR 0.9 million (pensions) and a deficit of EUR 1.9 million (medical care). These initial surpluses and deficits are being equalised over a period of ten years by means of reduced contributions or additional contributions respectively. In this context, the Company reported a net liability of EUR 1.0 million as at 31 December 2014 (2013: EUR 0.7 million).

Deficits which have arisen since the calculation of the initial deficits are spread over 15 years, which results in higher contributions. Deficits are calculated by deducting the market value of the plan assets from the cumulative obligations.

According to the most recent report (1 January 2014; previous year: 1 January 2013), the plan participants were as follows:

Plan participants (total)	**Medical care 2014**	**Pensions 2014**	Medical care 2013	Pensions 2013
Active vested participants	559	523	581	539
Inactive vested participants	0	47	0	48
Beneficiaries	144	144	123	122
Total	**703**	**714**	**704**	**709**

Plan participants (Hapag-Lloyd)	**Medical care 2014**	**Pensions 2014**	Medical care 2013	Pensions 2013
Active vested participants	39	39	37	37
Inactive vested participants	2	2	3	3
Beneficiaries	2	1	1	1
Total	**43**	**42**	**41**	**41**

In the event that a company wishes to leave the plan, they must pay a withdrawal liability. This withdrawal liability is calculated on the basis of the current proportionate deficit by taking into account only the non-forfeitable benefits less the market value of the plan assets. If a company leaves the plan without being able to pay the withdrawal liability, for instance in the event of insolvency, the deficit remains within the plan and must be covered by the other companies.

For 2015, payments to the plan are expected to amount to EUR 0.8 million (2014: EUR 0.8 million).

(23) Other provisions

Other provisions developed as follows in the financial year and previous year:

million EUR	**As per 1.1.2013**	Addition from business combination	Reclassification	Utilisation	Release	Addition	Exchange rate differences	**As per 31.12.2013**
Guarantee, warranty and liability risks	63.6	-	-	5.9	25.7	5.9	−1.8	36.1
Risks from pending transactions	49.8	-	-	14.5	-	-	−1.7	33.6
Personnel costs	38.8	-	−3.6	23.7	0.6	28.5	−1.3	38.1
Insurance premiums	11.6	-	-	11.4	-	5.8	−0.3	5.7
Provisions for other taxes	3.4	-	−0.5	2.5	0.4	2.1	−0.2	1.9
Restructuring	0.6	-		0.4	-	-	−0.1	0.1
Other provisions	39.2	-	0.3	19.5	9.9	8.3	−0.9	17.5
Other provisions	**207.0**	**0.0**	**−3.8**	**77.9**	**36.6**	**50.6**	**−6.3**	**133.0**

million EUR	**As per 1.1.2014**	Addition from business combination	Reclassification	Utilisation	Release	Addition	Exchange rate differences	**As per 31.12.2014**
Guarantee, warranty and liability risks	33.6	265.6	-	24.0	10.8	17.4	9.9	291.7
Restructuring	0.1	-	-	0.1	-	82.0	7.7	89.7
Risks from pending transactions	36.1	43.7	-	8.3	0.8	12.7	6.4	89.8
Personnel costs	38.1	5.2	0.1	27.8	2.2	25.4	2.7	41.5
Insurance premiums	5.7	-	-	4.9	0.3	8.0	1.0	9.5
Provisions for other taxes	1.9	3.9	-	2.0	-	2.2	0.3	6.3
Other provisions	17.5	17.5	-	8.2	3.0	35.5	4.6	63.9
Other provisions	**133.0**	**335.9**	**0.1**	**75.3**	**17.1**	**183.2**	**32.6**	**592.4**

In relation to the incorporation of CSAV's container shipping business into the Hapag-Lloyd Group with effect from 2 December 2014, the Hapag-Lloyd Group's Executive Board approved a comprehensive restructuring plan to implement the Group's new organisational structure directly caused by this integration. Following the announcement of the plan, the Group recognised provisions for the expected restructuring costs, including estimated costs incurred for closing and merging offices, IT modifications, discontinuing and restructuring services, agent terminations, consultancy costs and employee termination benefits, amounting to EUR 88.2 million as at 31 December 2014. Half of the estimated restructuring costs relate to employee termination benefits. It is expected that the restructuring measures will be largely completed by the end of 2015.

Provisions for guarantee, warranty and liability risks relate primarily to maintenance obligations in connection with leased containers and to obligations to compensate for uninsured damage to cargo. In the 2013 financial year, provisions for liability losses were released in the amount of EUR 25.7 million following the end of a legal dispute by means of settlement with the parties involved. Following the acquisition of CSAV's container shipping business, provisions for expenses relating to the return of containers in the amount of EUR 53.9 million were created as at 31 December 2014.

Provisions for risks from pending transactions relate to contracts identified with regard to purchase price allocations pursuant to IFRS 3 that have a negative market value compared to the market conditions at the time of the purchase. During the current financial year, disadvantageous charter and lease agreements amounting to EUR 256.6 million were reported in connection with the acquisition of CSAV's container shipping activities. Provisions for risks from pending transactions are utilised over the respective contractual terms of the underlying contracts.

Provisions for personnel costs comprise provisions for holidays not yet taken, bonuses not yet paid, severance compensation and anniversary payments.

Provisions for insurance premiums include outstanding premiums for general and business insurance policies entered into with insurers outside the Group.

Other provisions in particular include provisions for country-specific risks (EUR 19.0 million; 2013: EUR 6.0 million) and archiving provisions (EUR 3.9 million; 2013: EUR 3.7 million).

The increase in non-current provisions in the year under review primarily resulted from the incorporation of CSAV's container shipping business. The increase in the discounted amount during the financial year due to the passage of time is insignificant, as is the change in discounted provisions as a result of the change in the discount rate in relation to the Hapag-Lloyd Group's existing provisions.

The maturities of the other provisions are as follows:

million EUR	31.12.2014				31.12.2013			
	Remaining terms				Remaining terms			
	Total	up to 1 year	1–5 years	more than 5 years	Total	up to 1 year	1–5 years	more than 5 years
Guarantee, warranty and liability risks	291.7	150.7	122.3	18.7	33.6	14.0	19.6	-
Restructuring	89.7	88.3	1.4	-	0.1	0.1	-	-
Risks from pending transactions	89.8	44.3	43.2	2.3	36.1	26.6	7.6	1.9
Personnel costs	41.5	27.4	6.4	7.7	38.1	30.1	3.5	4.5
Insurance premiums	9.5	9.5	-	-	5.7	5.7	-	-
Provisions for other taxes	6.3	6.3	-	-	1.9	1.9	-	-
Other provisions	63.9	58.9	0.9	4.1	17.5	12.9	0.7	3.9
Other provisions	**592.4**	**385.4**	**174.2**	**32.8**	**133.0**	**91.3**	**31.4**	**10.3**

(24) Financial debt

million EUR	31.12.2014				31.12.2013			
	Remaining terms				Remaining terms			
	Total	up to 1 year	1–5 years	more than 5 years	Total	up to 1 year	1–5 years	more than 5 years
Liabilities to banks	2,489.1	337.2	1,396.7	755.2	1,694.2	334.4	848.1	511.7
Bonds	869.3	18.7	850.6	-	873.0	16.2	856.8	-
Liabilities from finance lease contracts	206.3	34.3	122.1	49.9	233.6	110.8	83.1	39.7
Other financial liabilities	152.4	17.8	78.6	56.0	134.2	13.5	58.7	62.0
Total	**3,717.1**	**408.0**	**2,448.0**	**861.1**	**2,935.0**	**474.9**	**1,846.7**	**613.4**

Financial debt by currency exposure:

million EUR	31.12.2014	31.12.2013
Financial liabilities denoted in USD (excl. transaction costs)	2,970.1	2,192.4
Financial liabilities denoted in EUR (excl. transaction costs)	786.5	773.3
Financial liabilities denoted in CLP (excl. transaction costs)	12.2	0.0
Interest payable	29.8	27.9
Accounting for transaction costs	–81.5	–58.6
Total	**3,717.1**	**2,935.0**

Financial debt increased significantly in the financial year due to the incorporation of CSAV's container shipping business.

Liabilities to banks comprise loans to finance the existing fleet of vessels and to finance containers. Liabilities to banks increased as a result of the addition of financial debt from the CCS companies and due to the drawdown of USD 276.7 million (EUR 227.6 million) in connection with the delivery of three "Hamburg Express" class newbuilds in the first half of 2014. The existing bridging loans for these vessels in the amount of USD 143.2 million (EUR 117.8 million) were repaid in full.

In the previous year, liabilities to banks increased in particular as a result of four credit tranches in connection with the financing of the ship newbuilds in the "Hamburg Express" class delivered in 2013 (as at 31 December 2013: EUR 241.9 million) and financing in connection with the keel laying and launching of three additional ship newbuilds (as at 31 December 2013: EUR 83.2 million). The existing loans for four vessels were paid off in full and were replaced by new financing (as at 31 December 2013: EUR 111.9 million).

EUR 41.5 million was drawn down from an available credit facility in 2013 to finance container investments.

In addition, various sale and operating leaseback transactions were effected and investments were made in new containers. The economic substance of these transactions is credit financing secured by the assignment of containers as collateral. Classification is in accordance with SIC 27 Evaluating the Substance of Transactions in the Legal Form of a Lease. Three such transactions were concluded in 2014. Overall, such financial debt resulted in carrying amounts totalling EUR 351.1 million (2013: EUR 207.0 million), with interest of EUR 14.2 million being recognised in interest expense in the 2014 financial year (2013: EUR 5.1 million).

As part of the receivables securitisation programme, liabilities to banks increased by EUR 90.3 million.

Significant elements of the liabilities to banks are collateralised with ship mortgages. Additional collateral exists in the form of securitised trade accounts receivable amounting to EUR 236.9 million (2013: EUR 135.3 million).

On 20 November 2014, Hapag-Lloyd issued another corporate bond on the capital market with a maturity of five years. The bond has a volume of EUR 250 million and a coupon of 7.50% p.a. The proceeds from the bond's issuance and an additional EUR 30 million of existing cash balances were used for the early repayment of the EUR bond due in 2015.

Hapag-Lloyd has available credit facilities in the amount of EUR 210.5 million (2013: EUR 69.0 million). These free liquidity reserves have maturities ranging between one and two years.

(25) Trade accounts payable and other liabilities

million EUR	31.12.2014				31.12.2013			
		Remaining terms				Remaining terms		
	Total	up to 1 year	1–5 years	more than 5 years	Total	up to 1 year	1–5 years	more than 5 years
Trade accounts payable	1,232.8	1,232.3	0.5	-	700.3	700.3	-	-
thereof to third parties	1,228.9	1,228.4	0.5	-	691.9	691.9	-	-
thereof to investments	3.9	3.9	-	-	8.4	8.4	-	-
Other liabilities	138.0	131.3	6.1	0.6	104.5	99.3	4.7	0.5
Prepayments received	78.3	78.3	-	-	62.5	62.5	-	-
Other liabilities and deferred income	41.4	37.7	3.4	0.3	26.8	24.5	2.1	0.2
Other liabilities as part of social security	10.9	8.1	2.7	0.1	10.1	7.4	2.6	0.1
Other liabilities from other taxes	5.3	5.3	-	-	3.7	3.7	-	-
Other liabilities to employees	1.9	1.7	-	0.2	1.2	1.0	-	0.2
Other liabilities to affiliated non-consolidated companies	0.2	0.2	-	-	0.2	0.2	-	-
Total	**1,370.8**	**1,363.6**	**6.6**	**0.6**	**804.8**	**799.6**	**4.7**	**0.5**

(26) Derivative financial instruments

million EUR	31.12.2014		31.12.2013	
	Total	Remaining term more than 1 year	Total	Remaining term more than 1 year
Liabilities from derivative financial instruments	−23.8	-	6.7	6.7
thereof derivatives in hedge accounting	−0.2	-	-	-
thereof derivatives not included in hedge accounting	−23.6	-	6.7	6.7

Liabilities from derivative financial instruments were mainly attributable to currency forward contracts and currency put options. A detailed presentation of the derivative financial instruments is contained in the explanatory note on financial instruments (Note [27]).

(27) Financial instruments

FINANCIAL RISKS AND RISK MANAGEMENT

Risk management principles

The Hapag-Lloyd Group is exposed to market risks as a result of Hapag-Lloyd AG's international operations. The market risks include, in particular, currency risk, fuel price risk and interest rate risk. The objective of financial risk management is to reduce market risks. For this purpose, selected derivative financial instruments are deployed at Hapag-Lloyd AG; these are used solely as a hedging instrument and not for trading or other speculative purposes.

In addition to market risks, the Hapag-Lloyd Group is subject to liquidity risks and default risks, which involve the risk that the Group itself or one of its contractual partners cannot meet its contractually agreed payment obligations.

The basic features of financial risk management have been established and described in a financial management guideline approved by the Executive Board. The guideline stipulates areas of responsibility, describes the framework for action and the reporting function, and establishes the strict separation of trading and handling with binding force. The risk management processes are examined for their effectiveness annually by the Corporate Audit department and by external auditors.

The derivative financial instruments used to limit market risks are acquired only through financial institutions with first-rate creditworthiness. The hedging strategy is approved by the Executive Board of Hapag-Lloyd AG. Implementation, reporting and ongoing financial risk management are the responsibility of the Treasury department.

Market risk
Market risk is defined as the risk that the fair values or future cash flows of a primary or derivative financial instrument fluctuate as a result of underlying risk factors.

The causes of the existing market price risks to which the Hapag-Lloyd Group is exposed lie particularly in the significant cash flows in foreign currencies at the level of Hapag-Lloyd AG, fuel consumption and interest rate risks that result from external financing.

In order to portray the market risks, IFRS 7 demands sensitivity analyses that show the effects of hypothetical changes in relevant risk variables on after-tax earnings and equity. The hypothetical changes in these risk variables relate to the respective portfolio of primary and derivative financial instruments on the balance sheet date.

The analyses of the risk reduction activities outlined below and the amounts determined using sensitivity analyses constitute hypothetical and therefore risky and uncertain disclosures. Due to unforeseeable developments on the global financial markets, actual events may deviate substantially from the disclosures provided.

Currency risk
Currency risks are hedged if they influence the Hapag-Lloyd Group's cash flow. The objective of currency hedging is the fixing of cash flows based on hedging rates for preventing future disadvantageous fluctuations of the currency exchange rate.

The Hapag-Lloyd Group's functional currency is the US dollar. Currency risks mainly result from incoming or outgoing payments in currencies other than the US dollar and from financial debt taken on in euros.

Hapag-Lloyd AG's currency management generally provides for the hedging of operating euro-denominated cost exposure of up to 80%. The repayment of euro-denominated financial debt is also hedged up to as much as 100%. The risks are hedged by making customised use of derivative financial instruments in the form of currency options and currency forward contracts, as well as instruments that have a natural hedging effect (e.g. euro money market investments).

The following sensitivity analysis contains the Hapag-Lloyd Group's currency risks in relation to primary and derivative financial instruments. It reflects the risk that the US dollar as the functional currency might appreciate or depreciate by 10% against the major Group currencies (EUR, CAD, GBP). The analysis is accordingly depicted in US dollars.

million USD	**31.12.2014**		31.12.2013	
	Effect on earnings	Reserve for cash flow hedges (equity)	Effect on earnings	Reserve for cash flow hedges (equity)
USD/EUR				
+10%	–20.1	-	12.6	26.8
–10%	44.6	-	36.9	–7.8
USD/CAD				
+10%	–4.9	-	0.3	-
–10%	4.9	-	–0.3	-
USD/GBP				
+10%	0.9	-	6.4	-
–10%	–0.9	-	–6.4	-

Risks at the level of Hapag-Lloyd AG's consolidated financial statements arise from the translation of the financial statements of consolidated companies in US dollars into the reporting currency of euros (translation risk). This risk has no impact on the Group's cash flow; instead, it is reflected in equity and is not currently hedged.

Fuel price risk
As a result of its operating activities, the Hapag-Lloyd Group is exposed to a market price risk for the procurement of bunker fuel.

The risk management's basic objective is to secure up to 80% of the forecasted bunker requirements. Derivative financial instruments in the form of commodity options are used to hedge against price fluctuations. Hapag-Lloyd is also endeavouring to offset a large proportion of the raw materials price fluctuations by means of a bunker fuel surcharge on freight rates. However, the extent to which this can be implemented depends very much on the prevailing market situation.

In order to portray the fuel price risks according to IFRS 7, a sensitivity analysis was performed with the effects of a hypothetical market price change of +/-10%. Based on the current hedging instruments and the underlying market prices, a hypothetical market price change of +/-10% would have virtually no effect on the reserve for cash flow hedges or the Group net result. The decision was therefore made not to present this information in a table.

Interest rate risk
The Hapag-Lloyd Group is exposed to interest rate risks affecting cash flow, particularly from financial debt based on variable interest rates. In order to minimise the interest rate risk, the Group strives to achieve a balanced combination of assets and liabilities with variable

and fixed interest rates. Interest rate hedging instruments were not used in 2014. In addition, non-cash interest rate risks relating to the measurement of separately recognised embedded derivatives exist in the form of early buy-back options for issued bonds. Effects from the market valuation of these financial instruments are also reflected in the interest result.

In order to present the interest rate risks pursuant to IFRS 7, a sensitivity analysis was performed and used to determine the effects of hypothetical changes in market interest rates on interest income and expenses. The market interest rate as at 31 December 2014 was increased or decreased by +/–100 basis points. Taking into account the low interest rate level, hypothetical, negative changes in interest rates were only made up to nil. The determined effect on earnings relates to financial debt with a variable interest rate amounting to EUR 2,197.1 million that existed at the balance sheet date (2013: EUR 1,566.8 million) and the market value of embedded derivatives totalling EUR 14.5 million (previous year: EUR 25.0 million). It is assumed that this exposure also constitutes a representative figure for the next financial year.

million EUR	31.12.2014		31.12.2013	
Change in variable interest rate	+100 base points	–100 base points	+100 base points	–100 base points
Earnings before income taxes	–17.8	2.3	–20.8	11.6

Credit risk
In addition to the market risks described above, the Hapag-Lloyd Group is exposed to default risks. Default risk constitutes the risk that a contracting partner will be unable to meet its contractual payment obligations. It refers to both the Hapag-Lloyd Group's operating activities and the counterparty risk vis-à-vis external banks.

Generally, a risk of this kind is minimised by the creditworthiness requirements which the respective contracting partners are required to fulfil. With regard to its operational activities, the Group has an established credit and receivables management system at area, regional and head office level which is based on internal guidelines. Payment periods for customers are determined and continuously monitored within the framework of a credit check. This process takes account of both internal data based on empirical values and external information on the respective customer's creditworthiness and rating. To provide protection against default risks, a credit insurance policy or bank guarantees are also used to hedge more than half of the trade accounts receivable as at the balance sheet date.

The Hapag-Lloyd Group is not exposed to a major default risk from an individual counterparty. The concentration of the default risk is limited due to the broad and heterogeneous customer base.

If there are discernible risks in the area of trade accounts receivable and other assets, these are taken into account by means of appropriate impairment allowances. With regard to the age structure analysis for the trade accounts receivable and other assets, please refer to Note (14).

The portfolio of primary financial assets is reported in the statement of financial position. The carrying amounts of the financial assets correspond to the maximum default risk.

With regard to derivative financial instruments, all the counterparties must have a credit rating or, alternatively, a corresponding internal credit assessment determined according to clear specifications. The maximum risk corresponds to the sum total of the positive market values as at the balance sheet date, as this is the extent of the loss that would have to be borne.

Taking into account the positive and negative market values of the derivative financial instruments in the amount of EUR 5.1 million and EUR -23.8 million respectively, this results in the potential to offset financial assets and financial liabilities to the tune of EUR 1.3 million subject to the German Master Agreement for Financial Derivatives Transactions. The market values of embedded derivatives linked to the buy-back option of issued bonds totalling EUR 14.5 million were not taken into account here.

In addition to these, there are no further long-term financial obligations or loans with external contracting partners from which a potential default risk may arise.

Liquidity risk
Generally, liquidity risk constitutes the risk that a company will be unable to meet its obligations resulting from financial liabilities. Permanent solvency is ensured and refinancing costs are continuously optimised as part of central financial management.

To ensure solvency at all times, the liquidity requirements are determined by means of multi-year financial planning and a monthly rolling liquidity forecast and are managed centrally. Liquidity needs were covered by liquid funds and confirmed lines of credit at all times over the past financial year.

The bonds issued entail certain limitations with regard to possible payments to the shareholders and subordinated creditors. In addition, there are termination clauses which are customary in the market relating to much of the financial debt in the event that more than 50% of the Company's shares are acquired by a third party.

Further explanatory notes regarding the management of liquidity risks are included in the Group management report.

Current undiscounted contractually fixed cash flows from both primary financial liabilities (interest and redemption) and derivative financial instruments are as follows:

Cash flows of financial instruments (31.12.2013)

million EUR	Cash inflows and outflows				
	2014	2015	2016–2018	from 2019	Total
Primary financial liabilities					
Liabilities to banks[1]	–318.6	–267.6	–777.2	–615.8	–1,979.2
Bonds	–73.9	–353.9	–716.5	-	–1,144.3
Finance leases	–55.0	–45.2	–108.3	–92.7	–301.2
Other financial liabilities (excl. operating leases)	–20.2	–20.1	–60.5	–77.9	–178.7
Trade accounts payable	–700.3	-	-	-	–700.3
Other liabilities	–21.5	–3.5	-	-	–25.0
Total primary financial liabilities	**–1,189.5**	**–690.3**	**–1,662.5**	**–786.4**	**–4,328.7**

[1] In relation to a contractually fixed loan for the financing of new vessels, there is a further nominal amount of USD 162.1 million to be paid upon delivery of the vessels. The loan has a term of twelve years starting with the delivery of the financed vessels and is subject to an interest rate of USD LIBOR +2.25%.

Cash flows of financial instruments (31.12.2014)

million EUR	Cash inflows and outflows				
	2015	2016	2017–2019	from 2020	Total
Primary financial liabilities					
Liabilities to banks[1]	–423.9	–721.1	–871.0	–874.4	–2,890.4
Bonds	–67.3	–69.8	–1,000.4	0.0	–1,137.5
Finance leases	–49.9	–41.2	–111.3	–59.3	–261.7
Other financial liabilities (excl. operating leases)	–25.3	–24.8	–76.7	–71.8	–198.6
Trade accounts payable	–1,232.3	–0.5	-	-	–1,232.8
Other liabilities	–32.7	–5.5	-	-	–38.2
Total primary financial liabilities	**–1,831.4**	**–862.8**	**–2,059.4**	**–1,005.5**	**–5,759.2**
Total derivative financial liabilities	**–22.8**	**-**	**-**	**-**	**–22.8**

[1] In relation to contractually fixed loans for the financing of new vessels, there is a further nominal amount of USD 247.9 million to be paid upon delivery of the vessels. The loans have a term of ten years starting with the delivery of the financed vessels and are subject to an interest rate of USD LIBOR +2.81%.

All financial instruments for which payments had already been contractually agreed as at the reporting date of 31 December 2014 were included. Amounts in foreign currencies were translated at the spot rate as at the reporting date. In order to ascertain the variable interest payments arising from the financial instruments, the interest rates fixed on the balance sheet date were used for the following periods as well.

Cash outflows from derivative financial instruments include the undiscounted market values of the currency forward contracts used as at the balance sheet date.

Derivative financial instruments and hedges

Derivative financial instruments are generally used to hedge existing or planned underlying transactions and serve to reduce foreign currency risks and fuel price risks, which occur in day-to-day business activities and in the context of investment and financial transactions.

Currency risks are currently hedged by means of currency options and currency forward contracts. Commodity options are used as hedges for fuel price risks.

Hedging relationships in accordance with IAS 39 (Hedge Accounting) were exclusively shown as cash flow hedges in the year under review. Until the underlying transaction is realised, the effective share of the accumulated changes in market value is shown in other comprehensive income and, upon completion of the hedged underlying transaction, is recognised in the consolidated income statement.

As at 31 December 2014, there were hedges that were classified as hedge accounting in accordance with IAS 39, with remaining terms of up to one year. Hedged cash flows from the underlying transactions are recognised through profit or loss during the same period.

In the 2014 financial year, changes in the fair values of derivative financial instruments in hedging relationships resulted in gains totalling EUR 8.9 million, which were recognised in other comprehensive income (2013: EUR 38.7 million). These changes in value represent the effective share of the hedging relationship.

In the reporting period, EUR 15.3 million from other comprehensive income was reclassified and recognised through profit or loss (2013: EUR 41.4 million). EUR 12.5 million (2013: EUR 36.1 million) of this related to exchange rate hedging, which was recognised in other operating income. An additional EUR 0.7 million was recognised in other operating income as a result of the termination of hedge accounting when an underlying transaction was repaid early. A further EUR 1.6 million (2013: EUR 1.6 million) relating to the interest portion from currency forward contracts was recognised as interest expenses. In addition, EUR 0.5 million (2013: EUR 7.0 million) relating to commodity hedges, the earnings contribution of which is shown in transport expenses, was reclassified and recognised through profit or loss.

In the reporting period and in the previous year, inefficiencies from hedging relationships occurred to an insignificant extent.

In addition, the Hapag-Lloyd Group uses optional hedges to hedge currency risks from existing foreign currency liabilities which are in an economic relationship with the respective underlying transaction, but were not designated as a hedging relationship according to IAS 39. Derivative financial instruments were at no time used for speculative purposes.

The following table shows the nominal values of the derivative financial instruments:

million EUR	31.12.2014 Remaining terms up to 1 year	31.12.2014 Remaining terms more than 1 year	31.12.2014 Total	31.12.2013 Remaining terms up to 1 year	31.12.2013 Remaining terms more than 1 year	31.12.2013 Total
Currency options						
Asset	320.0	100.0	420.0	176.9	420.0	596.9
Liability	80.0	-	80.0	-	80.0	80.0
Currency forwards	319.6	-	319.6	-	275.0	275.0
Cross-currency swaps	12.7	-	12.7	-	-	-
Commodity options	279.4	-	279.4	381.3	-	381.3

The fair value determined for the derivative financial instruments is the price at which a contracting party would assume the rights and/or obligations of the other contracting party.

The fair values of currency and commodity options are calculated using the Black & Scholes model or the modified Turnbull & Wakeman model and are based on the current exchange rates, commodity prices, currency and commodity price volatility, yield curves and forward prices. Currency forward contracts and cross-currency swaps are measured on the basis of their market-traded forward prices as at the reporting date.

An analysis of the underlying contracts conducted on the bonds issued by Hapag-Lloyd resulted in the identification of embedded derivatives in the form of early buy-back options. These are presented at their fair values as separate derivatives independently of the underlying contract and are classified as held for trading. The market value of the embedded derivatives is calculated using the Hull-White model together with a trinomial decision tree based on current market values.

The positive and/or negative fair values of derivative financial instruments are shown as follows:

million EUR	31.12.2014 Positive market values	31.12.2014 Negative market values	31.12.2013 Positive market values	31.12.2013 Negative market values
Hedging instruments acc. to IAS 39 (Hedge accounting)				
Currency options	-	-	7.6	-
Commodity options	0.2	-	17.5	-
Currency forwards	-	-	16.1	-
Cross-currency swaps	-	–0.2	-	-
Hedges	**0.2**	**–0.2**	**41.2**	**-**
Hedging instruments (Held for trading)				
Currency options	4.9	–0.9	33.4	–6.7
Currency forwards	-	–22.7	-	-
Embedded derivatives	14.5	-	25.0	-
Cross-currency swaps	-	-	-	-
Other derivative financial instruments	**19.4**	**–23.6**	**58.4**	**–6.7**
Total	**19.6**	**–23.8**	**99.6**	**–6.7**

Financial instruments – additional disclosures, carrying amounts and fair values
The fair value of a financial instrument is the price that would be received for an asset or that would be paid for the transfer of a liability on the balance sheet date in the course of a normal transaction between market participants.

Where financial instruments are quoted in an active market, as with bond issues in particular, the fair value of the financial instrument corresponds to the respective price on the balance sheet date.

The carrying amounts of cash and cash equivalents, trade accounts receivable and significant portions of other assets, and trade accounts payable and other liabilities are a suitable approximation of the fair values. The decision was taken not to report the fair value in these cases. The available-for-sale financial assets included in other assets are generally measured at fair value. If no reliable fair value is available, the assets are measured at cost.

For liabilities to banks and other non-current financial liabilities, the fair value is determined as the net present value of the future cash flows taking account of yield curves and the relevant credit spreads. Traded bonds are measured at the market price as at the balance sheet date.

Carrying amounts, assessed values and fair values by class and valuation category as at 31.12.2013

million EUR	Classification category according to IAS 39	Carrying amount 31.12.2013	Amount recognised in the balance sheet under IAS 39				Amount recognised in the balance sheet under IAS 17	Fair value of financial instruments
		Total	Amortised acquisiton cost	Acquisiton cost	Fair value with no effect on profit or loss	Fair value through profit and loss		
Assets								
Other assets	LaR/n a	114.7	51.0	-	-	-	-	-
	AfS	0.2	-	0.2	-	-	-	-
Derivative financial instruments								
Derivatives (Held for trading)	FAHfT	58.4	-	-	-	58.4	-	58.4
Hedges (Hedge accounting)	n a	41.2	-	-	3.9	37.3	-	41.2
Trade accounts receivable	LaR	473.3	473.3	-	-	-	-	-
Cash and cash equivalents	LaR	464.8	464.8	-	-	-	-	-
Liabilities								
Financial debt	FLAC	2,701.4	2,701.4	-	-	-	-	2,792.6
Liabilities from finance lease[1]	n a	233.6	-	-	-	-	233.6	244.6
Other liabilities	FLAC/n a	104.5	25.0	-	-	-	-	-
Derivative financial liabilities								
Derivatives (Held for trading)	FLHfT	6.7	-	-	-	6.7	-	6.7
Hedges (Hedge accounting)	n a	-	-	-	-	-	-	-
Trade accounts payable	FLAC	700.3	700.3	-	-	-	-	-
Thereof aggregated according to IAS 39 classification category								
Loans and receivables (LaR)		989.1	989.1	-	-	-	-	-
Held-to-maturity investments (HtM)		-	-	-	-	-	-	-
Available-for-sale financial assets (AfS)		0.2	-	0.2	-	-	-	-
Financial assets held for trading (FAHfT)		58.4	-	-	-	58.4	-	-
Financial liabilities measured at amortised cost (FLAC)		3,426.7	3,426.7	-	-	-	-	-
Financial liabilities held for trading (FLHfT)		6.7	-	-	-	6.7	-	-

[1] Part of financial debt.

Carrying amounts, assessed values and fair values by class and valuation category as at 31.12.2014

million EUR	Classification category according to IAS 39	Carrying amount 31.12.2014	Amount recognised in the balance sheet under IAS 39				Amount recognised in the balance sheet under IAS 17	Fair value of financial instruments
		Total	Amortised acquisiton cost	Acquisiton cost	Fair value with no effect on profit or loss	Fair value through profit and loss		
Assets								
Other assets	LaR/n a	147.4	58.9	-	-	-	-	58.9
	AfS	0.2	-	0.2	-	-	-	0.2
Derivative financial instruments								
Derivatives (Held for trading)	FAHfT	19.4	-	-	-	19.4	-	19.4
Hedges (Hedge accounting)	n a	0.2	-	-	0.2	-	-	0.2
Trade accounts receivable	LaR	716.0	716.0	-	-	-	-	716.0
Cash and cash equivalents	LaR	711.4	711.4	-	-	-	-	711.4
Liabilities								
Financial debt	FLAC	3,510.8	3,510.8	-	-	-	-	3,796.4
Liabilities from finance lease[1]	n a	206.3	-	-	-	-	206.3	216.2
Other liabilities	FLAC/n a	138.0	38.0	-	-	-	-	38.0
Derivative financial liabilities								
Derivatives (Held for trading)	FLHfT	23.6	-	-	-	23.6	-	23.6
Hedges (Hedge accounting)	n a	0.2	-	-	0.2	-	-	0.2
Trade accounts payable	FLAC	1,232.8	1,232.8	-	-	-	-	1,232.8
Thereof aggregated according to IAS 39 classification category								
Loans and receivables (LaR)		1,486.3	1,486.3	-	-	-	-	-
Held-to-maturity investments (HtM)		-	-	-	-	-	-	-
Available-for-sale financial assets (AfS)		0.2	-	0.2	-	-	-	-
Financial assets held for trading (FAHfT)		19.4	-	-	-	19.4	-	-
Financial liabilities measured at amortised cost (FLAC)		4,781.6	4,781.6	-	-	-	-	-
Financial liabilities held for trading (FLHfT)		23.6	-	-	-	23.6	-	-

[1] Part of financial debt.

The financial instruments in the available-for-sale category which are included in other assets contain, among other things, investments not listed on a stock exchange for which there are no market prices listed on an active market. The market values were not determined as these do not provide any additional information of value. The disposal of the investments is not planned at present.

The fair values are allocated to different levels of the fair value hierarchy based on the input factors used in the valuation methods. An explanation of the individual levels from 1 to 3 of the fair value hierarchy can be found in the chapter "Accounting and measurement principles" in the Notes to the consolidated financial statements. There were no transfers between levels 1 to 3 in the previous financial year.

The following table shows the classification of the financial instruments measured at fair value in the three levels of the fair value hierarchy:

million EUR	31.12.2013			
	Level 1	Level 2	Level 3	Total
Assets				
Derivative financial instruments (Hedge accounting)	-	41.2	-	41.2
Derivative financial instruments (Trading)	-	58.4	-	58.4
Liabilities				
Financial debt	-	2,792.6	-	2,792.6
Liabilities from finance lease	-	244.6	-	244.6
Derivative financial instruments (Trading)	-	6.7	-	6.7

million EUR	31.12.2014			
	Level 1	Level 2	Level 3	Total
Assets				
Derivative financial instruments (Hedge accounting)	-	0.2	-	0.2
Derivative financial instruments (Trading)	-	19.4	-	19.4
Liabilities				
Derivative financial instruments (Hedge accounting)	-	0.2	-	0.2
Derivative financial instruments (Trading)	-	23.6	-	23.6
Financial debt	-	3,796.4	-	3,796.4
Liabilities from finance lease [1]	-	216.2	-	216.2

[1] Part of financial debt.

Net earnings

The net earnings of the financial instruments by classification category pursuant to IAS 39 are as follows:

million EUR	31.12.2014			31.12.2013		
	From interest	Other net earnings	Net earnings	From interest	Other net earnings	Net earnings
Loans and receivables	–0.2	–63.3	–63.5	–0.6	–11.3	–11.9
Available-for-sale financial assets	-	-	-	-	-	-
Financial assets and liabilities held for trading	–18.1	–28.7	–46.8	–0.4	2.8	2.4
Financial liabilities measured at amortised cost	–154.5	60.8	–93.7	–133.2	–13.9	–147.1
Total	**–172.8**	**–31.2**	**–204.0**	**–134.2**	**–22.4**	**–156.6**

In addition to interest income and expenses from the liabilities to banks and other financial debt, the net earnings mainly comprise the foreign currency valuation of Hapag-Lloyd AG's trade accounts receivable as well as the valuation result from derivative financial instruments that are not part of an effective hedging relationship as set out in IAS 39.

Capital management

The Hapag-Lloyd Group strives to achieve an adequate financial profile in order to guarantee the continuation of the Company and its financial flexibility and independence. Its objective is to strengthen the trust of the parties involved in the Company in a lasting manner. To achieve this, the Hapag-Lloyd Group aims for a high equity ratio.

The goal of its capital management is to safeguard the capital base at its disposal over the long term. It intends to achieve this with a healthy balance of financing requirements for the desired profitable growth.

A key performance indicator within the scope of capital risk management is the relationship between equity and the balance sheet total (equity ratio).

Covenant clauses that are customary in the market have been arranged for existing financing from bonds or loans (financial covenants regarding equity, liquidity and loan-to-value ratio), and are used as an additional control tool. In the reporting period, as in the previous year, the financial covenants were adhered to for all the reporting dates. Based on current planning, the Executive Board expects that the covenants will also be adhered to during the next period.

NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

The statement of cash flows shows the development of cash and cash equivalents using separate presentation of cash inflows and outflows from operating, investing and financing activities. The effects of the acquisition of CSAV's container shipping business are eliminated.

(28) Cash inflow/outflow from operating activities
In the financial year, interest amounting to EUR 2.3 million was received (2013: EUR 1.6 million). Income tax payments in the 2014 financial year led to a cash inflow of EUR 0.4 million (2013: EUR 0.0 million) and a cash outflow of EUR 5.0 million (2013: EUR 5.9 million).

The other non-cash expenses and income contained in the reconciliation from Group profit/loss to cash inflow/outflow from operating activities essentially encompass the effects of the measurement of financial debt in a foreign currency, income from the recognition of companies using the equity method and the effects of the measurement of the fair value of derivative financial instruments.

(29) Cash inflow/outflow from investing activities
In the year under review, the cash outflow from investing activities amounted to EUR 257.6 million (2013: EUR 544.7 million). Cash payments for investments in property, plant and equipment and intangible assets totalling EUR 340.5 million (2013: EUR 664.5 million) mainly consisted of investments in new containers and final payments for ship newbuilds delivered in 2014.

The addition of EUR 44.0 million from the incorporation of CSAV's container shipping business had an offsetting effect. This includes cash inflows of EUR 69.5 million from the liquidity reserves of the acquired companies and payments of EUR 25.5 million for incidental acquisition costs. For the assets and liabilities of the acquired companies, please refer to the section "Addition of CSAV's container shipping activities" in the Notes to the consolidated financial statements. Dividend payments totalled EUR 34.2 million (2013: EUR 33.2 million). The proceeds from the disposal of companies in the amount of EUR 20.6 million in the previous year came from the sale of Montreal Gateway Terminals Ltd. Partnership, Montreal, (EUR 19.1 million) and the sale of 4.9% of the Company's shares in Hapag-Lloyd Grundstücksholding GmbH, Hamburg (EUR 1.5 million).

Cash flows from investing activities contained capitalised interest on debt amounting to EUR 4.8 million (2013: EUR 16.3 million).

(30) Cash inflow/outflow from financing activities
Cash inflow from financing activities amounted to a balance of EUR 81.6 million (2013: EUR 403.2 million).

The cash contribution made in the course of the second capital increase on 19 December 2014 resulted in a cash inflow of EUR 306.9 million. Borrowing amounting to EUR 748.2 million (2013: EUR 1,118.8 million) related primarily to cash inflows from the placement of a new EUR bond and to loans for the financing of vessels and containers. This was offset by the repayment of a bond issued in 2010 and interest and capital repayments amounting to EUR 972.6 million (2013: EUR 707.9 million).

(31) Cash and cash equivalents at the end of the period
Cash and cash equivalents encompass all liquid funds, i.e. cash in hand, bank balances and cheques. The impact of changes in cash and cash equivalents due to exchange rate fluctuations is shown separately.

Please refer to Note (17) for information relating to any restrictions on cash and cash equivalents.

OTHER NOTES

(32) Government assistance
The Federal Maritime and Hydrographic Agency awarded training subsidies and subsidies for marine personnel totalling EUR 11.0 million in 2014 (2013: EUR 10.3 million) according to the guideline for lowering indirect labour costs in the German marine industry; this amount is recorded as other operating income.

(33) Contingencies
Contingencies are contingent liabilities not accounted for in the statement of financial position which are disclosed in accordance with their amounts repayable estimated as at the balance sheet date.

As at 31 December 2014, there were merely guarantees and sureties for liabilities of affiliated consolidated companies.

(34) Legal disputes

Hapag-Lloyd AG and several of its foreign subsidiaries are involved in legal proceedings. These encompass a range of topics, such as disputes with foreign tax authorities, claims asserted by departed employees and disputes arising from contractual relationships with customers, former agents and suppliers. It is regarded as unlikely that these proceedings will result in any noteworthy payment obligations. Consequently, no provisions for litigation risks are formed and no contingent liabilities are reported in the Notes in this context.

Since May 2011, the European Commission has been examining whether EU competition law has been violated since the exemption regulation for liner conferences was abolished in October 2008. The Company believes that shipping services are provided in line with EU competition regulations. There were no new developments in this context in 2014. Consequently, no provisions for litigation risks were formed and no contingent liabilities were reported in the Notes.

At Hapag-Lloyd Mexico in 2013, tax audits were completed for the years 2004 and 2005. The Company appealed against the resulting tax assessments which, among other things, obliged it to make significant additional value added tax payments. The lawyers handling the case are of the opinion that the tax assessments are not lawful. The quantification of a financial risk, the determination of the maturity of possible outflows and the evaluation of third-party rights to reimbursement relating to these circumstances are therefore currently not possible. In addition, the Mexican tax authorities intend to publish a letter of application designed to limit refundable value added tax in Mexico retroactively from 2014. Hapag-Lloyd remains subject to regular tax audits and these may lead to the payment of tax arrears. Investigations by local tax authorities concerning individual circumstances are currently taking place in a number of jurisdictions, such as in India and Brazil.

To the extent that the Company can expect to incur charges and these charges are quantifiable, these were accounted for by creating corresponding provisions.

Naturally, the outcome of the legal disputes cannot be predicted with any certainty. Provisions for pending and imminent proceedings are formed if a payment obligation is probable and its amount can be determined reliably. It is possible that the outcome of individual proceedings for which no provisions were formed may result in payment obligations whose amounts could not have been foreseen with sufficient accuracy as at 31 December 2014. Such payment obligations will not have any significant influence on the Group's net asset, financial and earnings position.

(35) Leases

Lessee – finance leases

The items leased on the basis of finance lease contracts are primarily vessels and containers. In the previous year, existing short-term operating lease contracts for containers were turned into long-term lease contracts, resulting in the classification of the amended container rental agreements as finance lease contracts. The contracts have terms of up to twelve years. The containers can continue to be used in line with the contracts once the term of a contract has expired. As at 31 December 2014, the vessels recognised in connection with the finance lease contracts had a net carrying amount of EUR 179.5 million (2013: EUR 201.5 million); the containers were recognised at EUR 66.5 million as at 31 December 2014 (2013: EUR 75.2 million).

The future minimum lease payments and their present values are as follows:

million EUR	**31.12.2014**				31.12.2013			
	Remaining terms				Remaining terms			
	Total	up to 1 year	1–5 years	more than 5 years	Total	up to 1 year	1–5 years	more than 5 years
Future minimum lease payments	253.7	46.4	150.7	56.6	276.2	126.3	101.8	48.1
Interest portion	47.4	12.1	28.6	6.7	42.6	15.5	18.7	8.4
Present value	**206.3**	**34.3**	**122.1**	**49.9**	**233.6**	**110.8**	**83.1**	**39.7**

At the balance sheet date, there were no expectations of future income from non-cancellable subletting arrangements, nor were there any contingent rents.

Lessee – operating leases

The Group's obligations from operating lease contracts above all relate to charter and lease agreements for vessels and containers, and rental agreements for business premises. The agreements have terms of between one year and 16 years, with the majority of them having a term of up to five years. A number of the agreements include prolongation and purchase options. The containers are used in the short term at standard market leasing rates until they are ultimately transferred to the purchaser. There is no obligation to repurchase them. Some of the rental agreements for business premises include contingent rents based on the consumer price index for Germany.

Charter agreements for ships are always structured as time charter contracts, i.e. in addition to the capital costs, the charterer bears part of the ship operating costs, which are reimbursed as part of the charter rate. In the existing charter agreements, these operating cost refunds account for around 50% of the charter expenses.

In the 2014 financial year, lease payments of EUR 651.7 million were posted to expenses (2013: EUR 698.6 million); thereof EUR 334.5 million were charter expenses (2013: EUR 335.7 million), of which EUR 0.0 million related to contingent rents (2013: EUR 0.1 million).

Total future minimum lease payments from non-cancellable operating lease contracts consist of the following:

million EUR	31.12.2014 Remaining terms				31.12.2013 Remaining terms			
	Total	up to 1 year	1–5 years	more than 5 years	Total	up to 1 year	1–5 years	more than 5 years
Vessels and containers	1,082.1	389.3	561.9	130.9	606.5	355.3	251.2	-
Business premises	104.9	20.5	43.5	40.9	98.7	16.7	39.2	42.8
Other	177.9	50.3	127.6	-	82.0	37.5	44.5	-
Total	**1,364.9**	**460.1**	**733.0**	**171.8**	**787.2**	**409.5**	**334.9**	**42.8**
Fair value	**1,340.1**	**458.5**	**718.7**	**162.9**	**761.5**	**406.1**	**318.8**	**36.6**

The fair value was ascertained by discounting the future minimum lease payments using a market interest rate of 0.67% p.a. (31 December 2013: 1.6% p.a.). Due to the change in the discount rate, other financial obligations increased by EUR 11.9 million.

The increase in liabilities from operating lease contracts in the 2014 financial year primarily resulted from the incorporation of CSAV's container shipping business and the extension of two IT service contracts. The reduction in long-term charter agreements for ships and the lower level of rates and shorter durations for newly concluded ship charter agreements had a partially offsetting effect here. As at 31 December 2014, future minimum lease income from subletting arrangements relating to non-cancellable subletting arrangements totalled EUR 15.2 million (2013: EUR 2.5 million).

Lessor – operating leases

Hapag-Lloyd acts as lessor in the context of operating lease contracts only to a very limited degree. The assets let within the scope of the operating lease contracts are essentially fully owned vessels and slot charters.

The following future minimum lease payments relate to non-cancellable operating lease contracts:

million EUR	31.12.2014 Remaining terms				31.12.2013 Remaining terms			
	Total	up to 1 year	1–5 years	more than 5 years	Total	up to 1 year	1–5 years	more than 5 years
Vessels	26.0	26.0	-	-	24.3	24.3	-	-
Business premises	0.6	0.4	0.2	0.0	0.5	0.1	0.4	-
Total	**26.6**	**26.4**	**0.2**	**0.0**	**24.8**	**24.4**	**0.4**	**-**

At the reporting date, the gross carrying amount of the chartered ship amounted to EUR 95.9 million (2013: EUR 84.7 million). The accumulated depreciation amounted to EUR 28.1 million (2013: EUR 23.0 million) and depreciation for the period amounted to EUR 4.3 million (2013: EUR 4.3 million). No contingent rents were recorded through profit or loss in the 2014 financial year.

(36) Other financial obligations

The Group's other financial obligations as at 31 December 2014 include a purchase obligation for investments in container ships amounting to EUR 276.1 million (2013: EUR 113.4 million), of which EUR 276.1 million is for a term of up to one year (2013: EUR 113.4 million). Neither in the 2014 financial year nor in the previous year was the remaining term of the purchase obligation greater than five years.

(37) Utilisation of Section 264 (3) of the German Commercial Code (HGB)

The following corporate entities, which are affiliated consolidated subsidiaries of Hapag-Lloyd AG and for which the consolidated financial statements of Hapag-Lloyd AG are the exempting consolidated financial statements, utilise the exempting option provided by Section 264 (3) of the German Commercial Code (HGB) in respect of disclosure:

- Hapag-Lloyd Grundstücksholding GmbH, Hamburg
- Hapag-Lloyd Schiffsvermietungsgesellschaft mbH, Hamburg
- Hamburg-Amerika Linie GmbH, Hamburg
- First CSAV Ships Germany GmbH, Hamburg
- Second CSAV Ships Germany GmbH, Hamburg
- Third CSAV Ships Germany GmbH, Hamburg

(38) Services provided by the auditors of the consolidated financial statements

In the 2014 financial year, the following fees were paid to the auditors KPMG AG Wirtschaftsprüfungsgesellschaft within the global KPMG network:

million EUR	**1.1.–31.12. 2014 Total**	**1.1.–31.12. 2014 Domestic**	1.1.–31.12. 2013 Total	1.1.–31.12. 2013 Domestic
Audit fees for annual audit	1.7	0.5	1.2	0.5
Audit fees for other assurance services	0.7	0.6	0.5	0.5
Audit fees for tax consultancy	0.7	0.6	0.1	-
Audit fees for other services	0.5	0.4	0.4	0.4
Total	**3.6**	**2.1**	**2.2**	**1.4**

Fees for audit services mainly related to the audit of the consolidated financial statements as well as the statutory audit of Hapag-Lloyd AG and CSAV Germany Container GmbH.

(39) Related party disclosures

In carrying out its ordinary business activities, Hapag-Lloyd AG maintains indirect or direct relationships with related parties as well as with its own subsidiaries included in the consolidated financial statements.

The Hapag-Lloyd Group applies the relief provisions of IAS 24 regarding government-related entities. During the reporting period, transactions were made with HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH (HGV), which is a wholly owned subsidiary of the Free and Hanseatic City of Hamburg, the shareholder of Hapag-Lloyd AG. Payments in the amount of EUR 4.1 million were made to HGV, its affiliates and its associated companies mainly for harbour dues and mooring fees (2013: EUR 3.8 million).

Following the dissolution of the “Albert Ballin“ consortium per shareholder resolution in September 2013, the former members of the consortium have a direct stake in Hapag-Lloyd AG. With the incorporation of CSAV’s container shipping business into the Hapag-Lloyd Group in exchange for shares, CSAV has become Hapag-Lloyd’s largest shareholder through CSAV Germany Container Holding GmbH. CG HoldCo, HGV and Kühne have agreed to pool their voting rights as part of a shareholder agreement.

Shares in %	**2014**	2013
CSAV Germany Container Holding GmbH	34.0%	0.0%
HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH	23.2%	36.9%
Kühne Maritime GmbH	20.8%	28.2%
TUI AG/TUI-Hapag Beteiligungs GmbH	13.9%	22.0%
SIGNAL IDUNA Gruppe	3.3%	5.3%
Pool of investors led by M.M.Warburg & CO KGaA	1.9%	2.9%
HSH Nordbank AG	1.8%	2.9%
HanseMerkur Versicherungsgruppe	1.1%	1.8%
Total	**100.0%**	**100.0%**

Transactions with related parties (excluding management in key positions):

million EUR	Delivered goods and services and other income recognised		Goods and services received and other expenses recognised	
	1.1.–31.12. 2014	1.1.–31.12. 2013	**1.1.–31.12. 2014**	1.1.–31.12. 2013
Shareholders	279.1	282.5	40.7	42.8
Associated companies	0.2	0.2	57.7	109.6
Other investments	5.5	5.2	2.2	1.3
Total	**284.8**	**287.9**	**100.6**	**153.7**

million EUR	Receivables		Liabilities	
	31.12.2014	31.12.2013	**31.12.2014**	31.12.2013
Shareholders	179.8	118.7	241.9	235.8
Affiliated non-consolidated companies	-	-	0.2	0.2
Associated companies	1.5	0.7	5.1	13.0
Other investments	1.1	1.0	0.3	0.3
Total	**182.4**	**120.4**	**247.5**	**249.3**

The amounts arising from transactions with related parties contained in the above table result from services rendered (EUR 284.0 million; 2013: EUR 287.5 million), interest income (EUR 0.4 million; 2013: EUR 0.2 million) and other services (EUR 0.4 million; 2013: EUR 0.2 million).

Of the expenses shown above, EUR 80.6 million result from operating services (2013: EUR 135.0 million), EUR 16.8 million relate to interest expenses (2013: EUR 18.6 million), and EUR 3.2 million are from other services (2013: EUR 0.1 million).

The remuneration of key management personnel in the Group to be disclosed under IAS 24 encompasses the remuneration paid to the members of the Executive Board and Supervisory Board of Hapag-Lloyd AG.

million EUR	Executive Board		Supervisory Board		Total	
	2014	2013	**2014**	2013	**2014**	2013
Short-term benefits	3.2	1.8	1.2	1.1	4.4	2.9
Termination benefits	0.9	0.6	-	-	0.9	0.6
Post-employment benefits	0.8	0.8	-	-	0.8	0.8
Total	**4.9**	**3.2**	**1.2**	**1.1**	**6.1**	**4.3**

Post-employment benefits refer to the allocations to pension provisions for active Executive Board members. A total of EUR 12.0 million was allocated to pension obligations for former Executive Board members as at 31 December 2014 (2013: EUR 4.8 million).

Additional disclosures pursuant to Section 315a HGB

million EUR	Executive Board		Supervisory Board	
	2014	2013	**2014**	2013
Active board members	3.2	1.8	1.1	1.0
Former board members	1.1	0.8	-	-
Total	**4.3**	**2.6**	**1.1**	**1.0**

The remuneration of members of the Supervisory Board pursuant to IAS 24 includes emoluments paid for employee representatives, who are also Group employees. These salaries were appropriate to the positions and functions.

(40) Significant transactions after the balance sheet date

The merger of CSAV Germany Container GmbH with Hapag-Lloyd AG is planned for the first quarter of 2015.

Three ships from a portfolio of 16 vessels to be decommissioned (“Old Ladies”) will be sold to certified ship breaking yards in the first quarter of 2015. Negotiations regarding the sale of a further five vessels to a shipping company that will continue to operate them are at an advanced stage and preliminary contracts have been signed. An additional two ships on the current order book were delivered by 27 February 2015.

(41) List of holdings pursuant to Section 315a of the German Commercial Code (HGB)

Name of the company	Registered office	Shareholding in %	Currency unit (CU)	Equity in TCU*	Net profit/loss for the year in TCU*
Affiliated consolidated companies					
Head Office					
Hamburg-Amerika Linie GmbH	Hamburg	100.00	EUR	63	**
Hapag-Lloyd Grundstücksholding GmbH	Hamburg	94.90	EUR	30,045	**
Hapag-Lloyd Schiffsvermietungsgesellschaft mbH	Hamburg	100.00	EUR	26	**
CSAV Germany Container GmbH	Hamburg	100.00	EUR	1,072,798	−4,654
Compañía Sudamericana de Vapores GmbH	Hamburg	100.00	EUR	303	189
CSAV North & Central Europe GmbH	Hamburg	100.00	EUR	1,980	58
First CSAV Ships Germany GmbH	Hamburg	100.00	EUR	****	****
Second CSAV Ships Germany GmbH	Hamburg	100.00	EUR	****	****
Third CSAV Ships Germany GmbH	Hamburg	100.00	EUR	****	****
Europe					
Hapag-Lloyd Africa PTY Ltd.	Durban	100.00	ZAR	3,419	602
Hapag-Lloyd (Austria) GmbH	Vienna	100.00	EUR	1,148	−47
Oy Hapag-Lloyd Finland AB	Helsinki	100.00	EUR	142	31
Hapag-Lloyd (France) S.A.S.	Paris	100.00	EUR	4,665	−62
Hapag-Lloyd (Ireland) Ltd.	Dublin	100.00	EUR	226	24
Hapag-Lloyd (Italy) S.R.L.	Milan	100.00	EUR	1,463	241
Hapag-Lloyd Polska Sp.z.o.o.	Gdynia	100.00	PLN	729	82
Hapag-Lloyd Portugal LDA	Lisbon	100.00	EUR	148	12
Hapag-Lloyd (Schweiz) AG	Basel	100.00	CHF	316	32
Hapag-Lloyd Special Finance Limited	Dublin	100.00	USD	48	33
Hapag-Lloyd (Sweden) AB	Gothenberg	100.00	SEK	3,124	940
Hapag-Lloyd Spain S.L.	Barcelona	90.00	EUR	680	53
Hapag-Lloyd (UK) Ltd.	Barking	100.00	GBP	3,516	89
CSAV Agency France S.A.S.	Le Havre	100.00	EUR	−65	1,193
CSAV Group Agencies South Africa (Pty) Ltd.	Durban	60.00	ZAR	12,798	5,967
CSAV Denizcilik Acentasi A.S.	Istanbul	100.00	TRY	4,439	6,840
CSAV Agency Italy, S.p.A.	Genoa	100.00	EUR	503	73
CSAV Holding Europe S.L.	Madrid	100.00	USD	24,607	60
CSAV North & Central Europe B.V.	Rotterdam	100.00	EUR	1,913	138
CSAV North & Central Europe N.V.	Antwerp	100.00	EUR	366	98
Compañía Sud Americana de Vapores Agencia Maritima S.L.	Barcelona	100.00	EUR	2,137	954
Norasia Container Lines Ltd.	Valetta	100.00	USD	−244,215	−202,662
CSAV UK & Ireland Limited	Liverpool	100.00	GBP	703	−38
Asia					
Hapag-Lloyd Agency LLC.	Dubai	49.00	AED	12,985	12,535
Hapag-Lloyd (Australia) Pty.Ltd.	Sydney	100.00	AUD	1,973	84
Hapag-Lloyd (China) Ltd.	Hong Kong	100.00	HKD	6,378	561
Hapag-Lloyd (China) Shipping Ltd.	Shanghai	100.00	CNY	79,467	28,491
Hapag-Lloyd (Eastwind) Pte. Ltd.***	Singapore	100.00	USD	382	−3
Hapag-Lloyd Global Services Pvt.Ltd.	Mumbai	100.00	INR	548,710	56,479
Hapag-Lloyd India Private Ltd.	Mumbai	100.00	INR	216,680	17,922
Hapag-Lloyd (Japan) K.K.	Tokyo	100.00	JPY	231,225	3,970
Hapag-Lloyd (Korea) Ltd.	Seoul	100.00	KRW	1,355,195	68,690
Hapag-Lloyd (Malaysia) Sdn.Bhd.	Kuala Lumpur	100.00	MYR	1,339	30
Hapag-Lloyd (New Zealand) Ltd.	Auckland	100.00	NZD	807	45
Hapag-Lloyd Pte.Ltd.	Singapore	100.00	USD	6,840	95
Hapag-Lloyd (South East Asia) Sdn. Bhd.	Kuala Lumpur	100.00	MYR	2,368	−31
Hapag-Lloyd (Taiwan) Ltd.	Taipei	100.00	TWD	86,876	914
Hapag-Lloyd (Thailand) Ltd.	Bangkok	49.90	THB	5,763	453
Hapag-Lloyd (Vietnam) Ltd.	Ho Chi Minh City	100.00	VND	4,995,944	1,467,578
CSAV Group Agencies Korea Co. Ltd.	Seoul	100.00	KRW	323,712	−107,328
CSAV Shipping LLC	Dubai	49.00	AED	3,804	7,034
CSAV Agencies (Malaysia) Sdn Bhd.	Kuala Lumpur	100.00	MYR	−476	744
CSAV Group (China) Shipping Co. Ltd.	Shanghai	100.00	CNY	57,770	14,925
CSAV Group (Hong Kong) Ltd.	Hong Kong	100.00	HKD	6,153	−1,105
CSAV Group (India) Private Ltd.	Gurgaon	100.00	USD	4,053	609
CSAV Group Agencies (Hong Kong) Ltd.	Hong Kong	100.00	HKD	30,477	19
CSAV Group Agencies (Taiwan) Ltd.	Taipei	100.00	TWD	18,009	12,818
CSAV Group Agencies (India) Private Ltd.	Mumbai	100.00	INR	126,395	20,999

Name of the company	Registered office	Shareholding in %	Currency unit (CU)	Equity in TCU*	Net profit/loss for the year in TCU*
North America					
Hapag-Lloyd (America) Inc.	Piscataway	100.00	USD	2,674	664
Hapag-Lloyd (Canada) Inc.	Montreal	100.00	CAD	364	207
Hapag-Lloyd Mexico S.A. de C.V.	Mexico City	100.00	MXN	222,969	−15,272
Hapag-Lloyd USA LLC	Tampa	100.00	USD	248,648	37,816
Florida Vessel Management LLC	Tampa	75.00	USD	27	−7
Servicios Corporativos Portuarios S.A. de C.V.	Mexico City	100.00	MXN	2,424	−4,112
CSAV Agency LLC	New Jersey	100.00	USD	11,981	5,341
Agencias Grupo CSAV (Mexico) S.A. de C.V.	Mexico City	100.00	MXN	−4,207	−14,266
Prestadora de servicios integrados de personal de SA de C.V.	Mexico City	100.00	MXN	1,131	1,066
CSAV Agency Ltd.	Vancouver	100.00	CAD	1,202	1
South America					
Hapag-Lloyd Argentina S.R.L.	Buenos Aires	100.00	ARS	3,607	318
Hapag-Lloyd Brasil Agenciamento Maritimo Ltda.	São Paolo	100.00	BRL	11,517	−337
Hapag-Lloyd Chile Agencia Maritima Ltda.	Santiago	100.00	CLP	160,344	27,243
Hapag-Lloyd Colombia LTDA	Bogota	100.00	COP	109,105	−40,736
Hapag-Lloyd Costa Rica S.A.	San Jose	100.00	CRC	154,859	7,256
Hapag-Lloyd Guatemala S.A.	Guatemala	100.00	GTQ	−152	67
Hapag-Lloyd (Peru) S.A.C.	Lima	100.00	PEN	1,588	10,416
Hapag-Lloyd Venezuela C.A.	Caracas	100.00	VEF	1,088	121
CSAV Austral SpA	Valparaíso	49.99	USD	6,424	8,191
CSAV Portacontenedores SpA	Valparaíso	100.00	USD	4,581	581
CSAV Agenciamiento Maritimo SpA	Valparaíso	100.00	CLP	797,562	554,862
CSAV Group Agencies Uruguay S.A.	Montevideo	100.00	UYU	61,698	62,908
CSAV Group Agency Colombia Ltda.	Bogota	100.00	COP	−211	2,617
CSAV Agency (Costa Rica) S.A.	San Jose	100.00	CRC	623,713	38,070
CSAV Argentina S.A.	Buenos Aires	100.00	ARS	22,185	27,433
CSAV Group Agencies Puerto Rico Inc.	Guaynabo	100.00	USD	−82	−109
Servicios de Procesamiento Naviero S.R.L.	Montevideo	100.00	USD	1,119	241
Libra Agency (Argentina) S.A.	Buenos Aires	100.00	ARS	250	−159
Invermar Managment S.A.	Panama City	100.00	USD	1,683	1,305
Companhia Libra de Navegacao S.A.	São Paolo	100.00	BRL	155,096	8,813
Andes Operador Multimodal Ltda.	Rio de Janeiro	100.00	BRL	−66	−2,908
Corvina Maritime Holding S.A.	Panama City	100.00	USD	1,251,782	−7
Sea Lion Shipping Co. S.A.	Panama City	100.00	USD	12,081	−1
Southern Shipmanagement Co. S.A.	Panama City	50.00	USD	912	42
Southern Shipmanagement (Chile) Ltda.	Valparaíso	50.50	USD	149	−15
Wellington Holding Group S.A.	Road Town	100.00	USD	146,907	0
Compañía Libra de Navegación (Uruguay) S.A.	Montevideo	100.00	UYU	−748,988	−493,727
Inversiones Consorcio Naviero Peruano S.A.	Lima	100.00	USD	8,055	−3,807
Torksey S.A.	Montevideo	100.00	USD	974	−18
Lanco Investments Internacional Co. S.A.	Panama City	100.00	USD	−43	−53
Rahue Investment Co. S.A.	Panama City	100.00	USD	1,243,213	−5,722
CNP Holding S.A.	Panama City	100.00	USD	985,288	1,407
Others					
CSAV Ships S.A.	Panama City	100.00	USD	11,464	−54,465
CSBC Hull 900 Ltd.	Douglas	100.00	USD	1,076	−5,581
CSBC Hull 898 Ltd.	Douglas	100.00	USD	178	−1,839
Hull 1794 Co. Ltd.	Majuro	100.00	USD	317	−13,647
Hull 1796 Co. Ltd.	Majuro	100.00	USD	6,164	−10,306
Hull 1798 Co. Ltd.	Majuro	100.00	USD	4,094	−12,176
Hull 1800 Co. Ltd.	Majuro	100.00	USD	332	−17,320
Hull 1906 Co. Ltd.	Majuro	100.00	USD	−657	−13,201
Hull 1975 Co. Ltd.	Majuro	100.00	USD	5,271	2,728
Hull 1976 Co. Ltd.	Majuro	100.00	USD	3,970	−149
Hull 2082 Co. Ltd.	Majuro	100.00	USD	717	1,350
Hull 2083 Co. Ltd.	Majuro	100.00	USD	868	1,500
Hull 2084 Co. Ltd.	Majuro	100.00	USD	794	1,163
Hull 2085 Co. Ltd.	Majuro	100.00	USD	724	1,084
Hull 2086 Co. Ltd.	Majuro	100.00	USD	724	1,084
Hull 2087 Co. Ltd.	Majuro	100.00	USD	724	1,084

Name of the company	Registered office	Shareholding in %	Currency unit (CU)	Equity in TCU*	Net profit/ loss for the year in TCU*
Hull 2088 Co. Ltd.	Majuro	100.00	USD	724	1,084
Bureo Shipping Co. S.A.	Majuro	100.00	USD	–1	0
Norasia Alya S.A.	Panama City	100.00	USD	–746	403
Malleco Shipping Co. S.A.	Panama City	100.00	USD	276	–1
Maule Shipping Co. S.A.	Panama City	100.00	USD	343	–1
Joint Venture					
Hapag-Lloyd Denizasiri Nakliyat A.S.	Izmir	50.00	USD	14,907	9,544
Consorcio Naviero Peruano S.A.	Lima	47.97	USD	24,742	8,519
Associated companies					
Hapag-Lloyd Lanka (Pvt) Ltd.	Colombo	40.00	LKR	145,342	89,794
HHLA Container Terminal Altenwerder GmbH	Hamburg	25.10	EUR	80,433	**
Affiliated non-consolidated companies					
Hapag-Lloyd Container Ltd.	Barking	100.00	EUR	3	1
Hapag-Lloyd Container (No. 2) Ltd.	Barking	100.00	EUR	2	1
Hapag-Lloyd Ships Ltd.	Barking	100.00	EUR	112	10
Chacabuco Shipping Ltd.	Majuro	100.00	USD	*****	*****
Limarí Shipping Ltd.	Majuro	100.00	USD	*****	*****
Longavi Shipping Ltd.	Majuro	100.00	USD	*****	*****
Palena Shipping Ltd.	Majuro	100.00	USD	*****	*****
Hamburg-Amerikanische Packetfahrt-Gesellschaft mbH	Hamburg	100.00	EUR	63	**
Norddeutscher Lloyd GmbH	Bremen	100.00	EUR	31	**
Zweite Hapag-Lloyd Schiffsvermietungs-gesellschaft mbH	Hamburg	100.00	EUR	26	**

* TCU = thousand of currency units as at 31.12.2014.
** Profit and loss transfer agreement.
*** In liquidation.
**** No annual results were available for these new companies with a financial year ending on 31.8. when these financial statements were being prepared.
***** No annual financial statements were available for these companies when these financial statements were being prepared.

Hamburg, 27 February 2015

Hapag-Lloyd AG
Executive Board

Rolf Habben Jansen

Anthony J. Firmin

Peter Ganz

AUDITOR'S REPORT

Auditor's report

We have audited the consolidated financial statements prepared by Hapag-Lloyd Aktiengesellschaft, Hamburg – consisting of consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows, and notes to the consolidated financial statements – and the Group management report for the financial year from 1 January to 31 December 2014. The preparation of the consolidated financial statements and the Group management report in accordance with IFRS, as applicable in the EU, and the provisions of German commercial law in accordance with Section 315a (1) of the German Commercial Code (HGB) is the responsibility of the Company's Executive Board. Our responsibility is to express an opinion on the consolidated financial statements and the Group management report on the basis of our audit.

We conducted our audit of the consolidated financial statements in accordance with Section 317 of the German Commercial Code (HGB) and the German generally accepted standards for the audit of financial statements established by the Institute of Public Auditors in Germany (IDW). These stipulate that we plan and conduct the audit in such a way that misstatements which have a material impact on the presentation of the net asset, financial and earnings position as conveyed by the consolidated financial statements, taking account of the applicable accounting principles, and by the Group management report are detected with a reasonable degree of certainty. Knowledge of the business activities and the economic and legal environment of the Group and expectations of possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the Group management report are examined primarily on a sample basis within the framework of the audit. The audit includes an assessment of the annual financial statements of the companies in the consolidated group, the determination of the scope of the group of consolidated companies, the accounting and consolidation principles used and significant estimates made by the Executive Board, as well as an assessment of the overall presentation of the consolidated financial statements and the Group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion based on the results of our audit, the consolidated financial statements are in compliance with the IFRS, as adopted by the EU, and the additional provisions stated in Section 315a (1) of the German Commercial Code (HGB) and give a true and fair view of the net asset, financial and earnings position of the Group in accordance with these provisions. The Group management report is consistent with the consolidated financial statements and as a whole provides an accurate picture of the Group's position and an accurate description of the opportunities and risks of future development.

Hamburg, 27 February 2015

KPMG AG
Wirtschaftsprüfungsgesellschaft

Dr. Gutsche
Wirtschaftsprüfer (German Public Auditor)

Heckert
Wirtschaftsprüfer (German Public Auditor)

CORPORATE GOVERNANCE

RESPONSIBLE CORPORATE GOVERNANCE

Hapag-Lloyd AG and its management bodies feel committed to good and responsible corporate governance. This ethos is shared by the shareholders of Hapag-Lloyd AG.

Hapag-Lloyd AG is not listed on the stock market. Its Executive Board and Supervisory Board are therefore not obliged to issue a declaration on the extent to which they implement the recommendations of the German Corporate Governance Code (DCGK). Nevertheless, Hapag-Lloyd still uses the DCGK as a guideline for the quality and structure of good corporate management and supervision.

In addition to the observation of these generally acknowledged principles of good corporate management, the internal guidelines and standards of the individual companies also contribute to good, sustainable corporate development at Hapag-Lloyd.

In July 2010, Hapag-Lloyd introduced a code of ethics which embodies Hapag-Lloyd's commitment to lawful, upright and sustainable actions and to social responsibility. The code of ethics is intended to act as a guide to all employees as they go about their business. In particular, it serves as a set of guidelines on the fair treatment of customers, suppliers and competitors. It also applies to dealings within the Company.

Not only do the staff of Hapag-Lloyd act with a sense of responsibility and observe high legal and ethical standards, the ethos of Hapag-Lloyd also attaches particular importance to environmental protection, high quality standards, and employee health and safety.

This ethos is firmly anchored in the Company's sustainability policy. The sustainability policy can be viewed at:
http://www.hapag-lloyd.com/en/about_us/environment_policy.html

The great importance attached to quality and environmental protection at Hapag-Lloyd is also reflected in an integrated quality and environmental management system (ISO 9001 and 14001) that is applicable throughout the world. Hapag-Lloyd covers all of the activities along the global transport chain with this system. Detailed information about Hapag-Lloyd's quality and environmental protection programmes is available at:
http://www.hapag-lloyd.com/en/about_us/environment_overview.html

EXECUTIVE BOARD AND SUPERVISORY BOARD

The Executive Board directs the business operations of Hapag-Lloyd AG and represents the Company. It manages the Company on its own responsibility for the benefit of the Company and pursues the goal of sustainable value creation. It also develops the corporate strategy and steers and monitors its implementation. The Executive Board ensures that statutory provisions and internal Company guidelines are complied with. In addition, it has implemented an effective internal control and risk management system.

The Supervisory Board has issued rules of procedure for the Executive Board. These rules stipulate the allocation of duties on the Executive Board, the appointment of its Chairman (CEO), and the transactions and measures for which a resolution of the entire Board is required. In addition, the Supervisory Board has drawn up a catalogue of transactions in its rules of procedure which may only be executed with the consent of the Supervisory Board. The Executive Board currently consists of three members. They work together as colleagues and continuously inform each other about important measures and activities in their areas of business. In general, the Executive Board adopts resolutions at regular meetings. All resolutions require a simple majority. If the vote is tied, the CEO has the casting vote.

As at 31 December 2014, the members of the Executive Board were Rolf Habben Jansen (Chief Executive Officer), Peter Ganz and Anthony James Firmin. One of the members of the Executive Board has a remaining term exceeding three years.

The Executive Board and the Supervisory Board of Hapag-Lloyd AG work together closely and in confidence for the good of the Company. The Executive Board agrees on the Company's strategic focus with the Supervisory Board and they discuss in detail how this strategy is being implemented at regular intervals. The Executive Board informs the Supervisory Board regularly, promptly and comprehensively about all matters relevant to the Company pertaining to planning, business development, the risk position, the internal control and risk management system, and compliance. The Chief Executive Officer also exchanges information with the Chairman of the Supervisory Board regularly between Supervisory Board meetings.

Members of the Executive Board (31 December 2014):

Rolf Habben Jansen Born 1966	**Member of the Executive Board/CEO**
First appointment: *Current appointment:*	Member of the Executive Board of Hapag-Lloyd AG from 2014 CEO at Hapag-Lloyd AG since 2014 Until 31 March 2019

Peter Ganz Born 1967	**Member of the Executive Board/CFO**
First appointment: *Current appointment:*	Member of the Executive Board of Hapag-Lloyd AG from 2009 Until 31 December 2015

Anthony James Firmin Born 1953	**Member of the Executive Board**
First appointment: *Current appointment:*	Member of the Executive Board of Hapag-Lloyd AG from 2014 Until 30 June 2017

Hapag-Lloyd has concluded a pecuniary damage liability insurance policy (D&O insurance) for the members of the Executive Board and the Supervisory Board. For the Executive Board members, an excess of 10% of the loss or damage caused not exceeding one and a half times the annual fixed remuneration of the Executive Board member in question has been agreed.

The Supervisory Board of Hapag-Lloyd AG advises the Executive Board on the management of the Company and supervises its conduct of business. It appoints the members of the Executive Board and, if necessary, also dismisses them. It examines the annual financial statements and the consolidated financial statements and is responsible for their approval and adoption. The Supervisory Board has issued rules of procedure for its work.

The Supervisory Board has twelve members. The six representatives of the shareholders are elected by the AGM, while the six employees' representatives are elected in accordance with the provisions of the German Co-Determination Act (MitbestG). In submitting the proposals for election of Supervisory Board members, attention is paid to the candidates' possession of the knowledge, skills and professional experience necessary to perform the duties required of them. Consideration is also given to the diversity of the Board's composition. At least one independent member has specialist knowledge of accounting or auditing.

Members of the Supervisory Board of Hapag-Lloyd AG (31 December 2014):

Michael Behrendt
(Chairman of the Supervisory Board)

Karl-Heinz Biesold
(1st Deputy Chairman of the Supervisory Board)

Karl Gernandt
(2nd Deputy Chairman of the Supervisory Board)
Chairman of the Board of Directors
Kühne Holding AG, Schindellegi, Switzerland

Andreas Bahn
Trade Union Secretary
ver.di – Vereinte Dienstleistungsgewerkschaft, Hamburg

Horst Baier
Member of the Executive Board
TUI AG, Hannover

Oliver Bringe
Member of the Workers' Council
Hapag-Lloyd AG, Hamburg

Renate Commerell
Commercial clerk
Hapag-Lloyd AG, Hamburg

Jutta Diekamp
Member of the Marine Workers' Council
Hapag-Lloyd AG, Hamburg

Dr Rainer Klemmt-Nissen
Managing Director
HGV Hamburger Gesellschaft für Vermögens- und Beteiligungs-management mbH, Hamburg

Arnold Lipinski
Director of Human Resources, Marine
Hapag-Lloyd AG, Hamburg

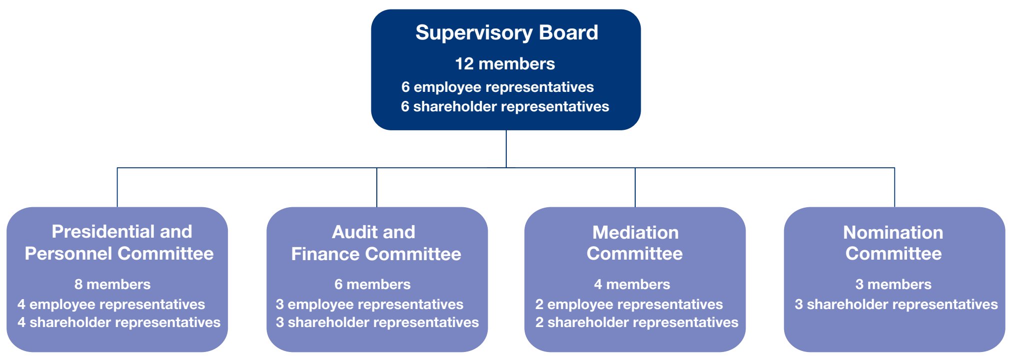
Francisco Pérez Mackenna
Chief Executive Officer (CEO)
Quiñenco S.A., Santiago de Chile

Oscar Hasbún Martínez
Chief Executive Officer (CEO)
Compañía Sud Americana de Vapores S.A., Santiago de Chile

Supervisory Board committees

To help the Supervisory Board perform its tasks efficiently, it has constituted a total of four committees which prepare the Supervisory Board's resolutions and the topics to be dealt with in the joint meetings. In specific cases, decision-making powers of the Supervisory Board are transferred to its committees as far as this is legally permissible. The Supervisory Board has constituted a Presidential and Personnel Committee, an Audit and Finance Committee, a Mediation Committee and a Nomination Committee as permanent committees in accordance with Section 27 (3) of the German Co-Determination Act (MitbestG).

Supervisory Board and Committees of Hapag-Lloyd Holding AG



The **Presidential and Personnel Committee** coordinates the work of the Supervisory Board and its committees. It carries out the preparation work for the Supervisory Board's meetings and monitors the implementation of the resolutions drawn up by the Supervisory Board. As a general rule, it prepares those resolutions of the Supervisory Board that pertain to legal transactions requiring approval. The Presidential and Personnel Committee also prepares the Supervisory Board's decisions on the appointment and dismissal of Executive Board members, on the conclusion, alteration or termination of contracts of employment with the members of the Executive Board, and on the Executive Board's remuneration system. The Presidential and Personnel Committee maintains permanent contact with the Executive Board and also advises the Executive Board between the Supervisory Board's meetings.

Members:
Michael Behrendt (Chairman), Karl Gernandt, Karl-Heinz Biesold, Oliver Bringe, Jutta Diekamp, Dr Rainer Klemmt-Nissen, Arnold Lipinski, Francisco Pérez Mackenna

The Supervisory Board's **Audit and Finance Committee** concerns itself with budgetary planning and examines the Hapag-Lloyd Group's proposed investment projects. It is incumbent upon the Audit and Finance Committee to perform the preliminary examination of the documents for the annual financial statements and the consolidated financial statements. It prepares the adoption of the annual financial statements and the approval of the consolidated financial statements by the Supervisory Board, as well as its decision on the Executive Board's proposed resolution on the appropriation of profits. In addition, the Audit and Finance Committee prepares the Supervisory Board's proposal for the election of the auditors at the AGM, conducts negotiations with the auditors concerning their fee and awards the audit assignment. It also monitors the auditors' independence. In addition to the above, it is responsible for monitoring the effectiveness of the internal control system, the risk management system, the compliance management system and the internal auditing system.

Members:
Karl Gernandt (Chairman), Horst Baier, Oliver Bringe, Jutta Diekamp, Arnold Lipinski, Oscar Hasbún Martínez

The **Nomination Committee** makes proposals to the Supervisory Board regarding suitable candidates to act as shareholders' representatives. In turn, the Supervisory Board puts forward proposals to the AGM.

Members:
Michael Behrendt (Chairman), Karl Gernandt, Dr Rainer Klemmt-Nissen

In addition, a **Mediation Committee** has been constituted in accordance with Section 27 (3) of the German Co-Determination Act (MitbestG).

Members:
Michael Behrendt (Chairman), Karl-Heinz Biesold, Jutta Diekamp, Francisco Pérez Mackenna

Remuneration of the Executive Board and the Supervisory Board

A remuneration system structure for the Executive Board and the Supervisory Board that provides incentives and rewards good performance is an important component of responsible corporate governance. The remuneration of the Executive Board's members currently consists of fixed basic remuneration and a performance-related remuneration component. The Supervisory Board's remuneration is fixed.

Shareholders

Hapag-Lloyd AG, based in Hamburg, is the parent company of the Hapag-Lloyd Group. As at 31 December 2014, Hapag-Lloyd AG's shareholders were:

Shareholding in %	2014	2013
CSAV Compañía Sud Americana Vapores	34.0%	0.0%
HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH	23.2%	36.9%
Kühne Maritime GmbH	20.8%	28.2%
TUI AG / TUI-Hapag Beteiligungs GmbH	13.9%	22.0%
SIGNAL IDUNA Gruppe	3.3%	5.3%
Pool of investors led by M.M.Warburg & CO KGaA	1.9%	2.9%
HSH Nordbank AG	1.8%	2.9%
HanseMerkur Versicherungsgruppe	1.1%	1.8%
Total	**100.0%**	**100.0%**

Accounting and auditing

The annual financial statements and associated management report of Hapag-Lloyd AG are prepared by the Executive Board in accordance with the German Commercial Code (HGB). The consolidated financial statements are prepared in line with the International Financial Reporting Standards (IFRS) as applicable within the European Union. The Group management report was prepared in accordance with the German Commercial Code (HGB). The annual and consolidated financial statements and their respective management reports are examined by the auditors and by the Supervisory Board.

Supervisory Board members' seats on other supervisory boards and other supervising bodies

Michael Behrendt
Barmenia Allgemeine Versicherungs AG · Deputy Chairman of the Supervisory Board
Barmenia Krankenversicherung AG · Deputy Chairman of the Supervisory Board
Barmenia Lebensversicherung AG · Deputy Chairman of the Supervisory Board
ESSO Deutschland GmbH · Member of the Supervisory Board
EXXON Mobil Central Europe Holding GmbH · Member of the Supervisory Board
MAN SE · Member of the Supervisory Board
MAN Diesel Turbo SE · Member of the Supervisory Board
Renk AG · Member of the Supervisory Board
Hamburgische Staatsoper GmbH · Member of the Supervisory Board

Andreas Bahn
HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH · Member of the Supervisory Board
HHLA Container Terminals GmbH · Member of the Supervisory Board

Horst Baier
TUI Deutschland GmbH · Member of the Supervisory Board
TUIfly GmbH · Member of the Supervisory Board
RIUSA II S.A. · President

Karl Gernandt
Kühne + Nagel International AG · Chairman of the Board of Directors
Kühne Holding AG · Member of the Board of Directors
HSV Fußball AG · Chairman of the Supervisory Board
Kühne Logistics University · Member of the Supervisory Board

Arnold Lipinski
Knappschaft Bahn See · Member of the Delegates' Conference
BG Verkehr · Member of the Delegates' Conference

Dr Rainer Klemmt-Nissen
Hamburger Hochbahn AG · Member of the Supervisory Board
HSH Nordbank AG · Member of the Supervisory Board
HMC Hamburg Messe und Congress GmbH · Member of the Supervisory Board
Vattenfall Wärme Hamburg GmbH · Member of the Supervisory Board

Francisco Pérez Mackenna
Banco de Chile · Member of the Board of Directors
Madeco S.A. · Member of the Board of Directors
Compañía Cervecerías Unidas S.A. · Member of the Board of Directors
Inversiones y Rentas S.A. · Member of the Board of Directors
LQ Inversiones Financieras S.A. · Member of the Board of Directors
Embotelladoras Chilenas Unidas S.A. · Member of the Board of Directors
CCU Argentina S.A. · Member of the Board of Directors
Banchile Corredores de Bolsa S.A. · Member of the Board of Directors

Óscar Hasbún Martínez
Odfjell y Vapores S.A. · Member of the Board of Directors

PRELIMINARY FINANCIAL CALENDAR

13 May 2015
Publication of interim report for first quarter of 2015

26 August 2015
Publication of interim report for second quarter/first six months of 2015

11 November 2015
Publication of interim report for third quarter/first nine months of 2015

IMPRINT

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