

Investor Presentation – Full Year Results 2015



23-24 March 2016

Forward-looking Statements

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Our deliverables

- We made very good progress and delivered what we promised



Our industry

- The market is tough, but there are some encouraging signs



Our position

- Hapag-Lloyd is well positioned to be successful in the future



Our track record

- Hapag-Lloyd achieved its ambitious earnings targets in 2015



Our objectives

- Hapag-Lloyd will remain a strong Top 5 player in the future

Hapag-Lloyd look back on 2015



March 2015
New CFO
(Nicolás Burr)

April 2015
5 x 10.500 TEU
ships ordered

June 2015
Structural
improvements
announced

July 2015
■ 7 x 9,300 TEU
ships delivered
■ New coopera-
tion in Latin
America
■ 16 „Old Ladies“
retired

August 2015
6,000 reefer
containers
acquired

October 2015
■ New CCO
(Thorsten
Haeser)
■ Debt repricing
(interest
reduced)

September 2015
■ Integration
of CSAV
completed
■ B2/positive
outlook from
Moody's
■ B+/stable
outlook from
S&P

**December
2015**
■ OCTAVE 2
launched
■ USD 125 m
early bond
redemption

November 2015
Successful IPO
(USD 300 m
primary)

January 2016
Compete to
Win roll-out

February 2016
2 x wide-beam
ships acquired

**March
2016**
Inclusion
in SDAX

Strategic highlights: We have achieved a lot in 2015...



CUATRO



- Integration of CSAV¹⁾ completed in Q3 2015
- USD 400 m net synergies (run-rate)

OCTAVE



- OCTAVE with USD 200 m result improvements
- OCTAVE 2 launched in Q4 2015

CLOSE THE COST GAP



- Increase in ship fleet efficiency and container ownership – 5 x 10.5k ships ordered and 42% container ownership

COMPETE TO WIN



- Increase in revenue quality and better utilization of stronger market presence – rollout started in January 2016

IPO



- Successful initial public offering on 6 November 2015 – USD 300 m primary proceeds to increase fleet efficiency

1) CSAV container shipping activities (CCS)

Financial highlights: ...and delivered as promised

Transport volume

7.4 TEU m

2014: 5.9 TEU m

+25.3%

Freight rate

1,225 USD/TEU

2014: 1,427 USD/TEU

-14.2%

Revenue

USD 9,814 m

2014: USD 9,046 m

+8.5%

Transport expenses

1,089 USD/TEU

2014: 1,363 USD/TEU

-20.1%

EBITDA

USD 922 m

2014: USD 131 m

+602%

Group profit

USD 126 m

2014: USD -802 m

Earnings turnaround

Equity

USD 5.5 bn

2014: USD 5.1 bn

Enhanced equity

Liquidity reserve

USD 1.0 bn

2014: USD 1.1 bn

Adequate liquidity

Financial debt

USD 4.3 bn

2014: USD 4.5 bn

Reduced debt

Tough market – Q4 results unsustainable

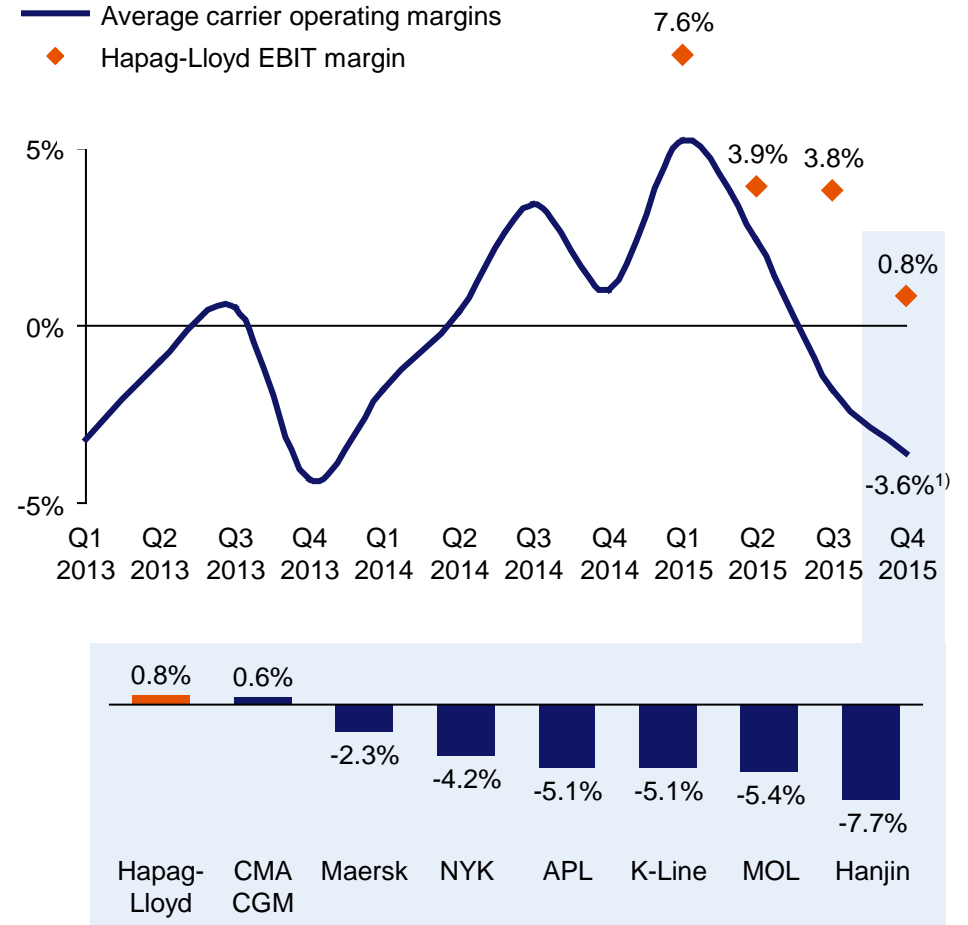
Freight rates expected to recover in 2016



CCFI composite index



Carriers' operating margins



1) Includes financial statements of Hapag-Lloyd, CMA CGM, Maersk, Hanjin, MOL, APL, NYK and K-Line

M&A and new alliances create more stability, but it will take some time before things settle down



Recent M&A activities

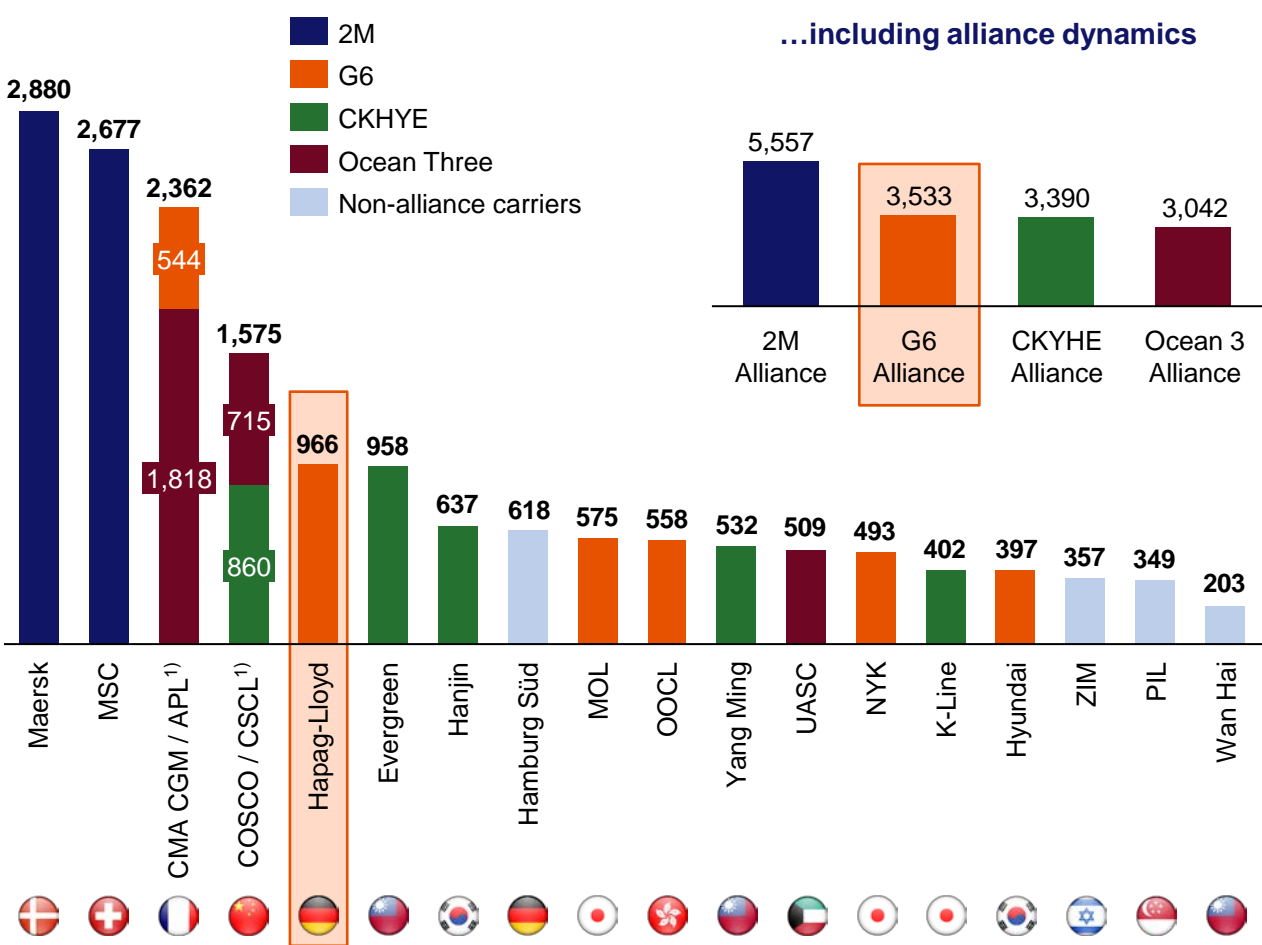
- Contribution in kind vs. new shares
- Integration completed in H2 2015

- All-cash acquisition (0.96x P/B)
- Closing expected by mid 2016

- Merger of two state conglomerates
- COSCO charter/operate CSCL fleet

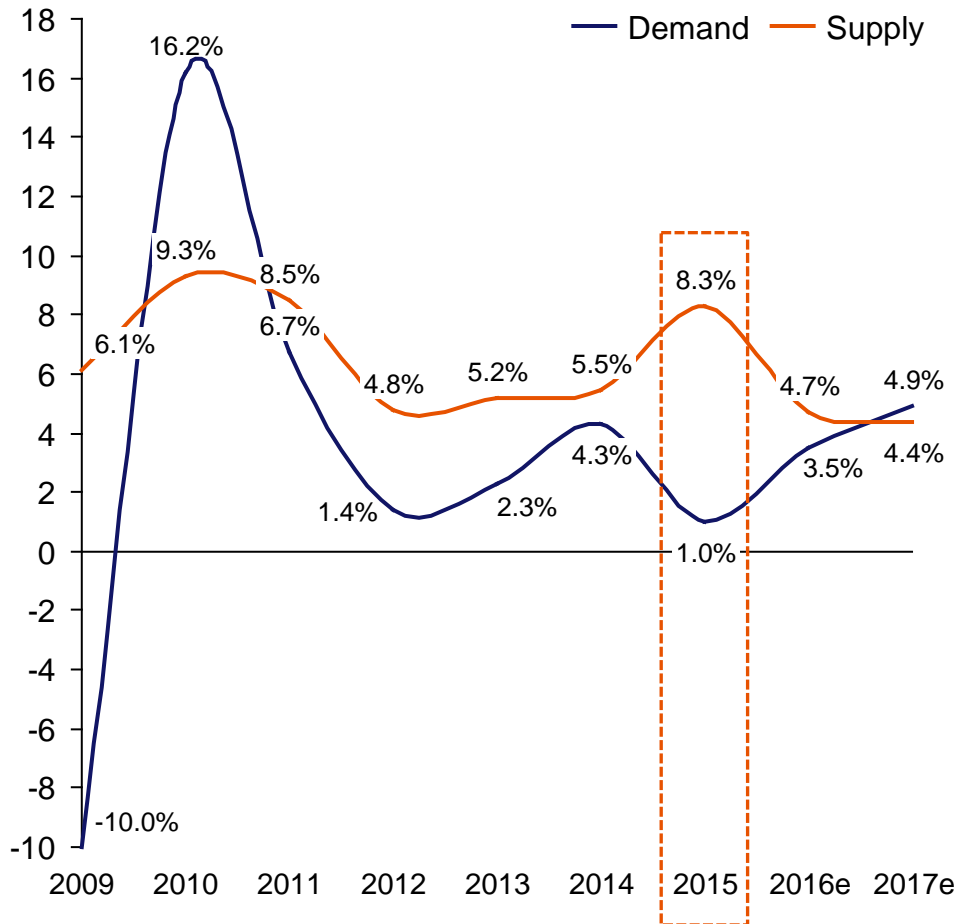
1) Pro-forma combined fleets assuming successful closing

Changing landscape in a fragmented market...

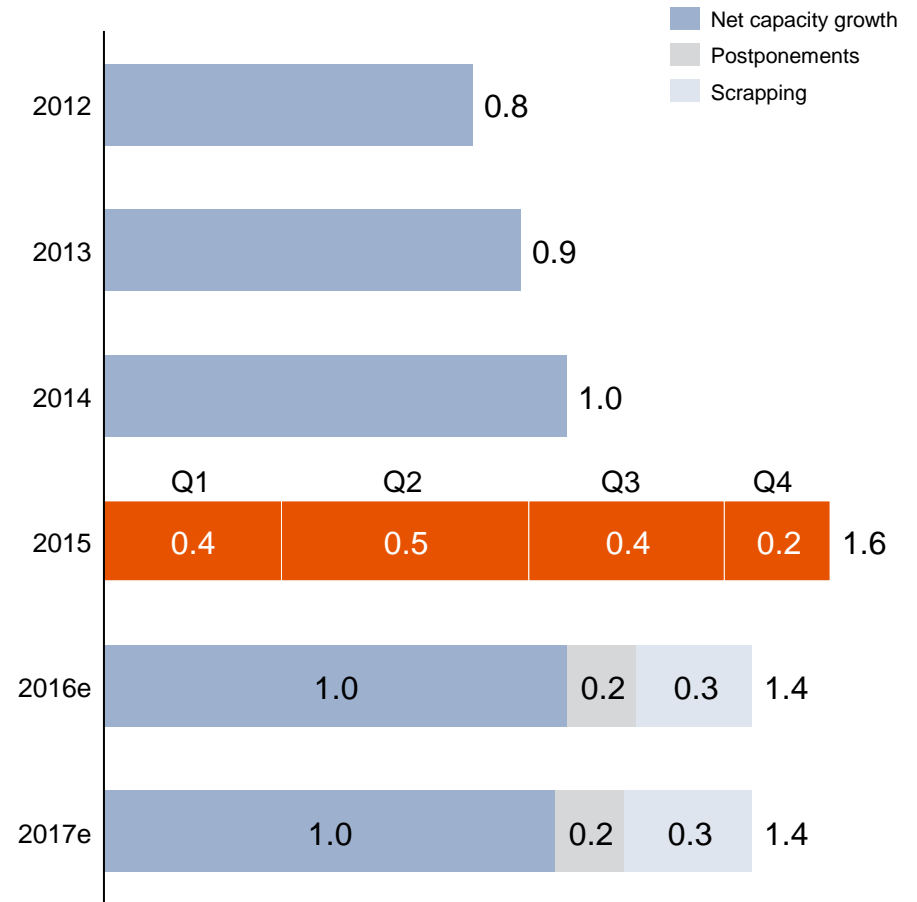


Supply demand gap expected to decrease in 2016

Supply / demand development



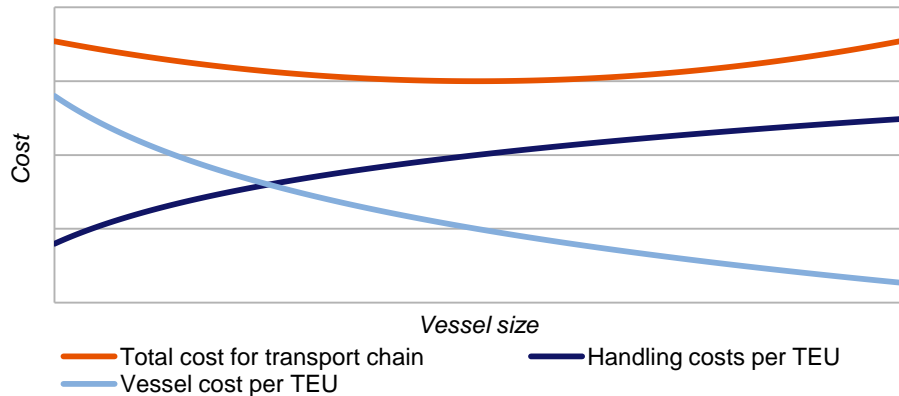
Net capacity growth



Vessel sizes are reaching their economic maximum, which will help reduce the orderbook going forward



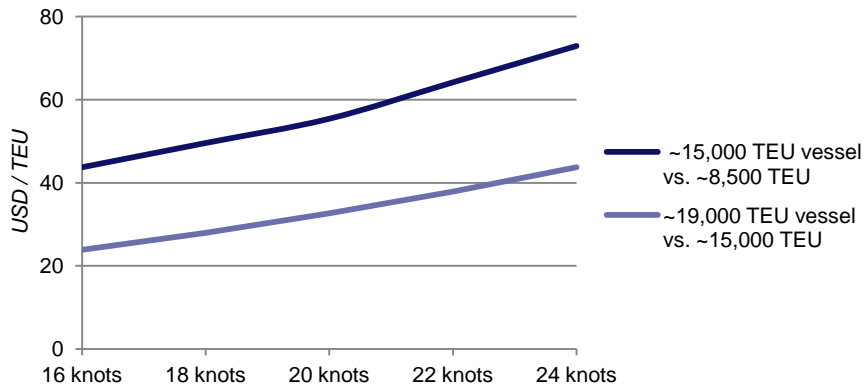
Declining benefits of ever larger vessels



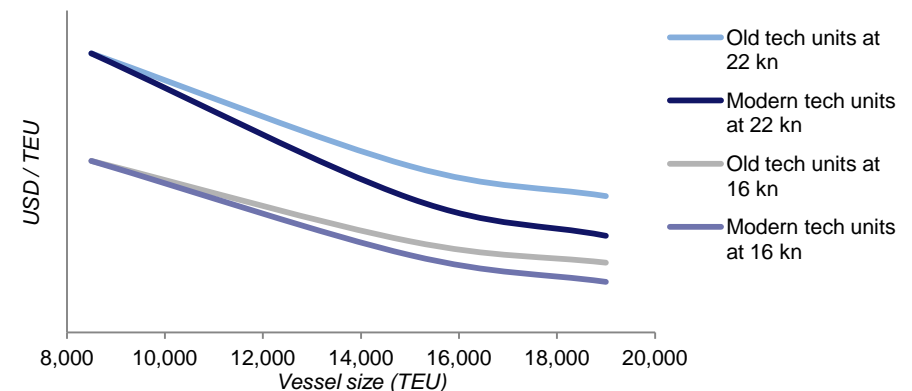
Comments

- Economies of scale slow down with increasing vessel size
- 19,000 TEU ships still offer cost advantages compared to the first 15,000 TEU ships because of new vessel designs and operational concepts
- Approximately half of total savings are attributable to slow steaming
- The “true economies of scale” of ULC’s are only revealed in a comparison with modern 14,000 TEU units
- The rapid technologic advance came from the increasing bunker price
- Container ship size close to maximum, as potential cost advantages by further increased sizes might be outpaced by increased handling costs

OECD study: Estimated total cost savings per TEU¹⁾



Decreasing cost savings of bigger vessels¹⁾²⁾

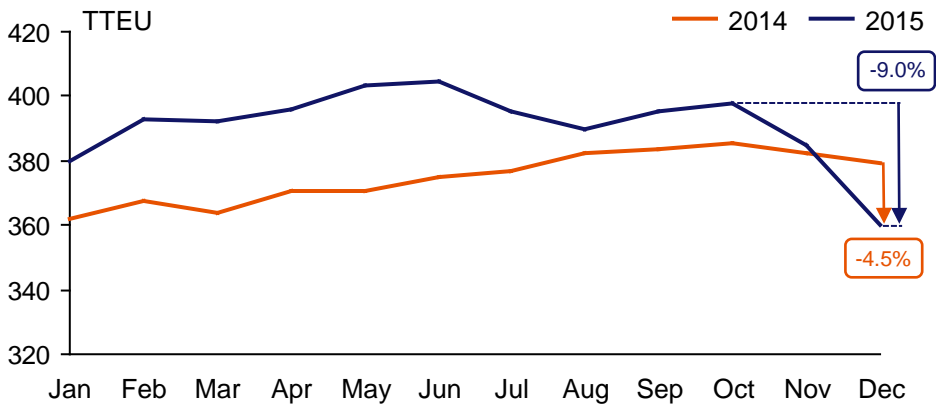


1) Based on bunker price of 350 USD/t aligned from liner assumption of 600 USD/t and on presumed round voyage of 21,000 nautical miles, comparing units of the latest 3 generations at 85% utilization
 2) Starting point are 8,500 TEU vessels, build around 2003

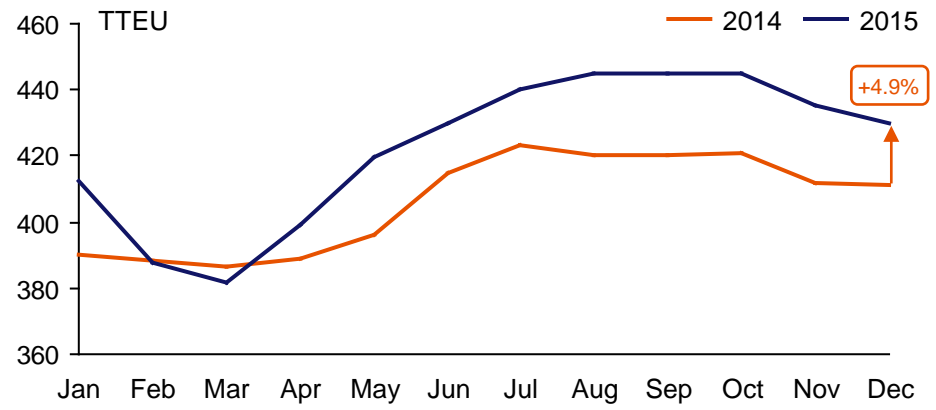
Capacity measures being taken on multiple trades, as response to supply demand imbalances



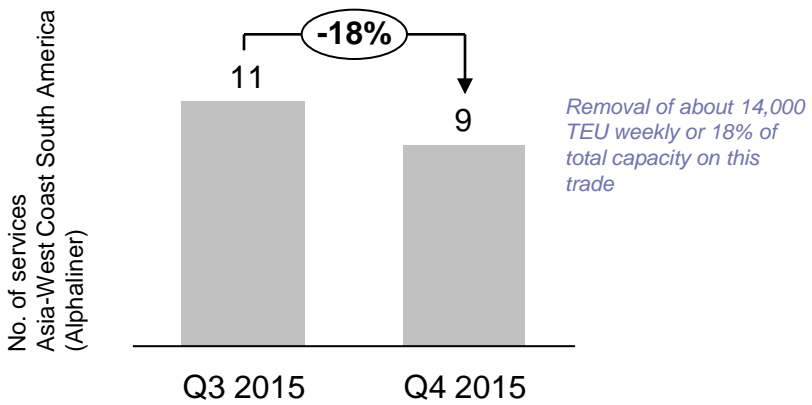
Asia – Europe [weekly capacity]



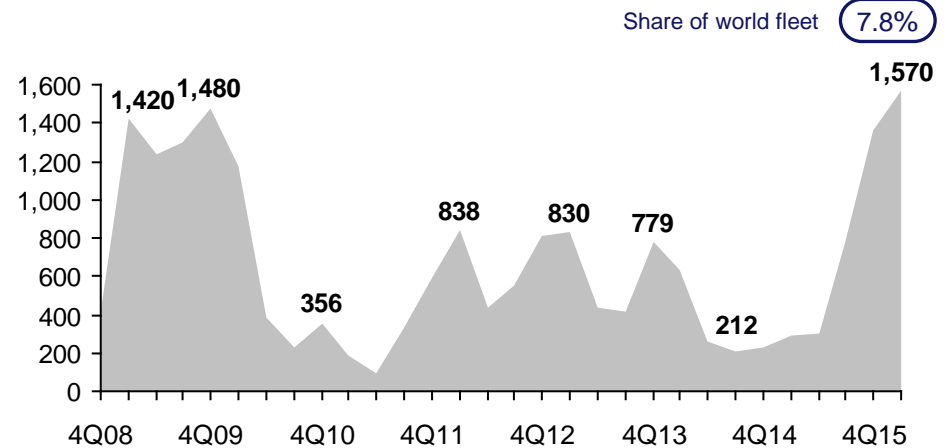
Asia – North America [weekly capacity]



Asia – Latin America

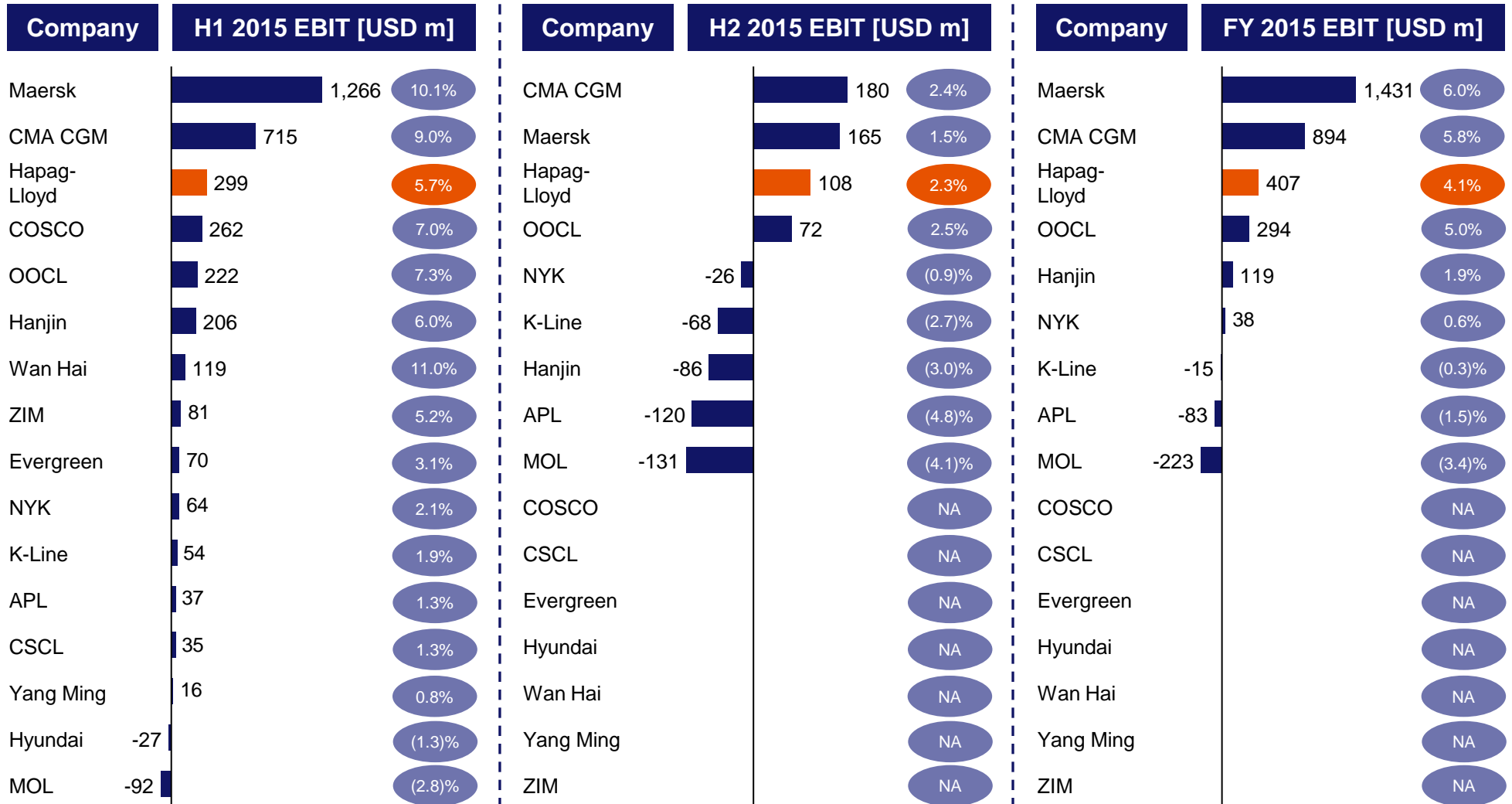


Idle fleet soars to new record high



- 1 Our deliverables
- 2 Our industry
- 3 **Our position**
- 4 Our track record
- 5 Our objectives

Step-change in results underlines our improved competitiveness



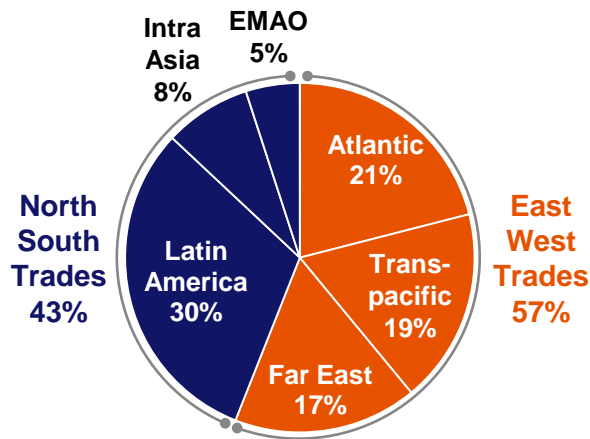
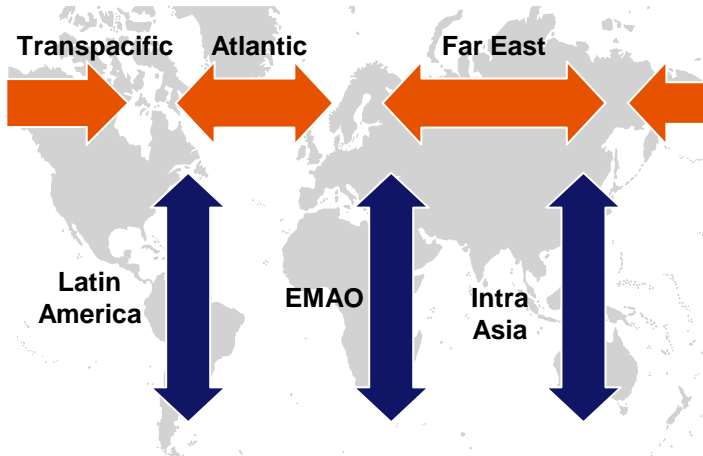
Note: For selected peers including terminals and other business if no liner figure available

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Well-balanced exposure to global trade with strong position in attractive markets and niche businesses

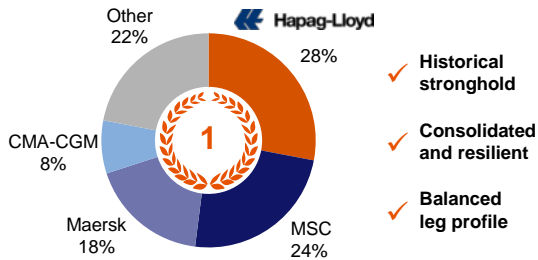


Well-balanced global exposure

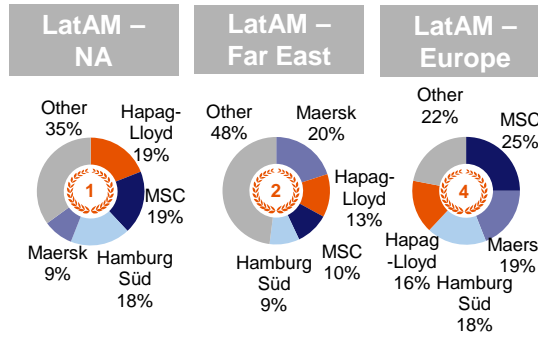


Attractive market presence

Atlantic



Latin America



Strong niche businesses




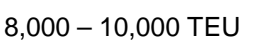




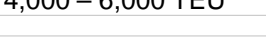

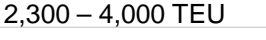

Reefer Services	Globally (4)
Special Cargo	Strong presence
Dangerous Cargo	Historical stronghold
US Flag	1 of 3 certified carriers
Cabotage	Flag-protected niche market

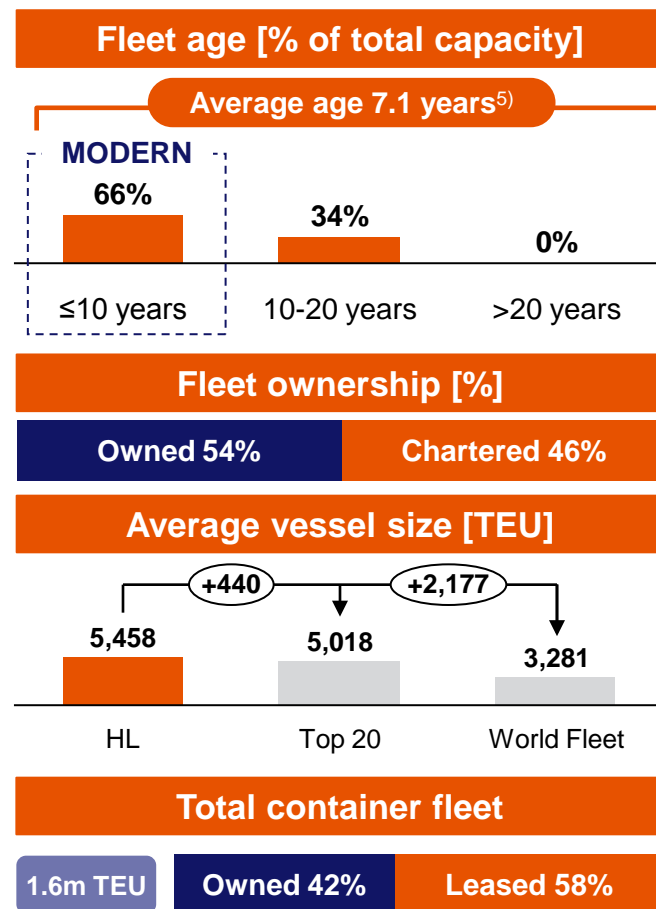
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The right assets – We have a competitive fleet and the means to further invest where needed



Vessel fleet as of 31 December 2015

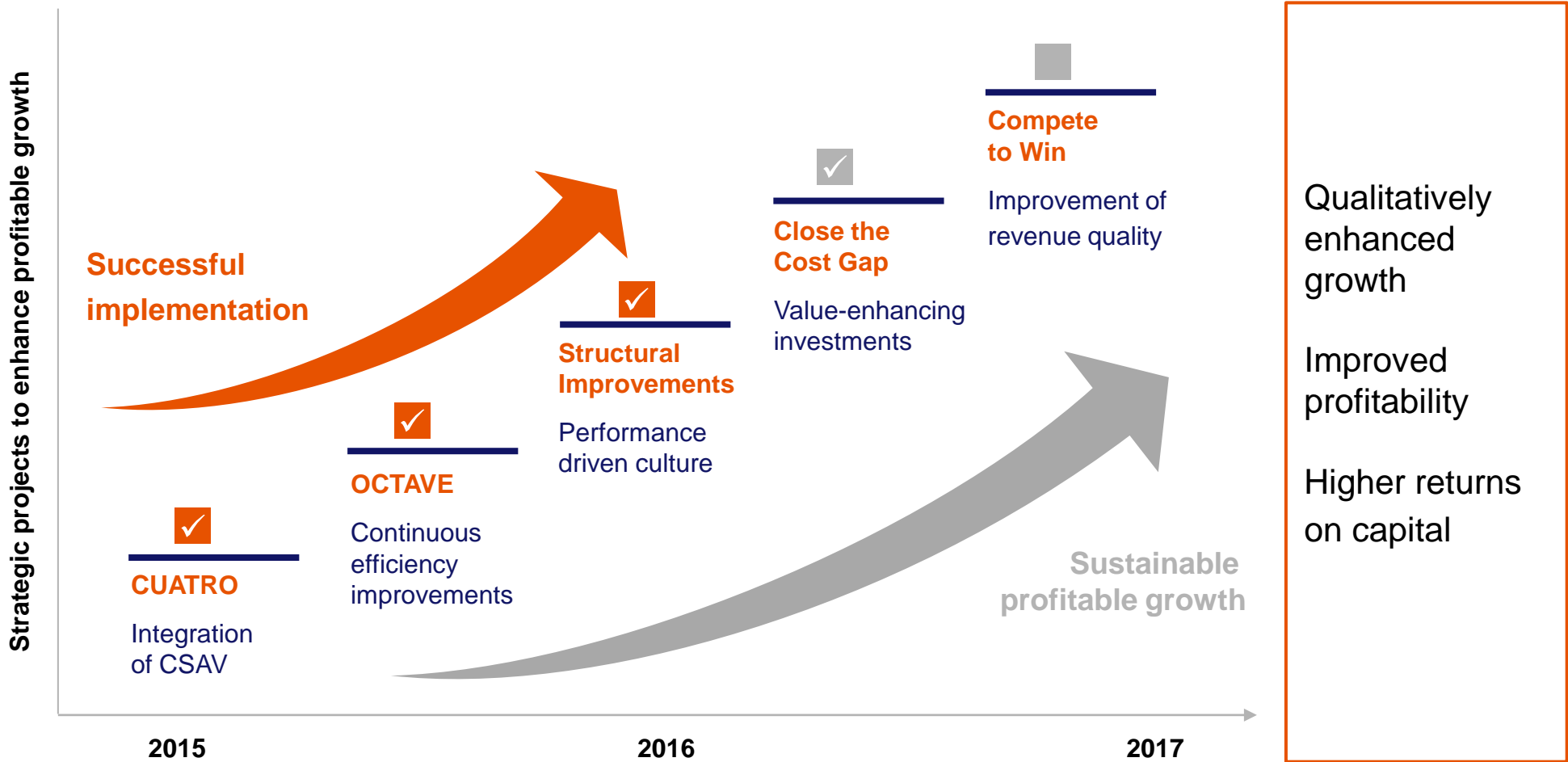
		Owned ¹⁾	Chartered ⁴⁾	Current fleet	Current orderbook
 Capacity [TEU]	>10,000 TEU	131,674		131,674	52,945
 Vessels	>10,000 TEU	10		10	5
 Capacity [TEU]	8,000 – 10,000 TEU	243,614	85,416	329,030	
 Vessels	8,000 – 10,000 TEU	28	10	38	
 Capacity [TEU]	6,000 – 8,000 TEU	49,743	44,983	94,726	
 Vessels	6,000 – 8,000 TEU	7	7	14	
 Capacity [TEU]	4,000 – 6,000 TEU	68,154	209,069	277,223	
 Vessels	4,000 – 6,000 TEU	15	44	59	
 Capacity [TEU]	2,300 – 4,000 TEU	26,784	74,418	101,202	7,016 ⁶⁾
 Vessels	2,300 – 4,000 TEU	9	26	35	2
 Capacity [TEU]	<2,300 TEU	3,918	28,343	32,261	
 Vessels	<2,300 TEU	2	19	21	
Total	Capacity [TEU]	523,887²⁾	442,229³⁾	966,116	59,961
	Vessels	71	106	177	7



1) Incl. 3 long-term finance leases 2) Incl. 3 chartered-out 3) Incl. 1 chartered-out 4) Includes long-term (>3 years), mid-term (1-3 years) and short-term (<1 year) charters
 5) Weighted average age by capacity 6) 2x 3,508 TEU vessels built 2015 acquired by HLAG from NileDutch in February / April 2016

Our Way Forward – Further improvements expected from our existing initiatives

Tangible results in 2015 and further upside



OCTAVE 2 as additional optimization project – Further efficiency improvements targeted

OCTAVE 2



G6 ENHANCEMENT

- Explore potential **further areas of cooperation** with partners



TRANS-SHIPMENT

- Improvement of **transshipment management**



STOWAGE

- Further **improvement of stowage** and increase of process efficiency



WEIGHT / UTILIZATION

- Improvement of utilization by increased **focus on lighter cargo**



PROCUREMENT

- **Reduction of expenses** in key categories, e.g. inland transport, terminal



SHIP SIZE

- Increase of **operational intake** of existing vessel fleet



SERVICE PORTFOLIO

- Reduction of **number of (smaller) services** to reduce complexity and improve profitability



DEMURRAGE & DETENTION

- Increase **collection of Demurrage & Detention** by aligning and improving schemes across the organization

Hapag-Lloyd significantly increased its EBITDA to USD 922 m (margin: 9.4%) in full year 2015



Operational KPIs

	FY 2015	FY 2014	Δ/%
Transport volume [TTEU]	7,401	5,907	+1,494 / +25.3%
Freight rate [USD/TEU]	1,225	1,427	-202 / -14.2%
Bunker price [USD/t]	312	575	-263 / -45.8%
Exchange rate [EUR/USD]	1.11	1.33	-0.22 / -16.5%
Revenue [USD m]	9,814	9,046	+768 / +8.5%
EBITDA [USD m]	922	131	+791 / +602%
EBIT [USD m]	407	-509	+916 / NA
EAT [USD m]	126	-802	+928 / NA
Investments [USD m] ¹⁾	836	439	+397 / +91%

Comments

- 2015 with full reflection of CSAV transaction

Revenue

- Transport volume increase and lower freight rate influenced by CCS integration

Results

- Step-change in FY 2015 due to significant synergies and cost savings from Project CUATRO & Project OCTAVE
- EBITDA margin at 9.4% for full year 2015
- EBIT margin at 4.1% for full year 2015

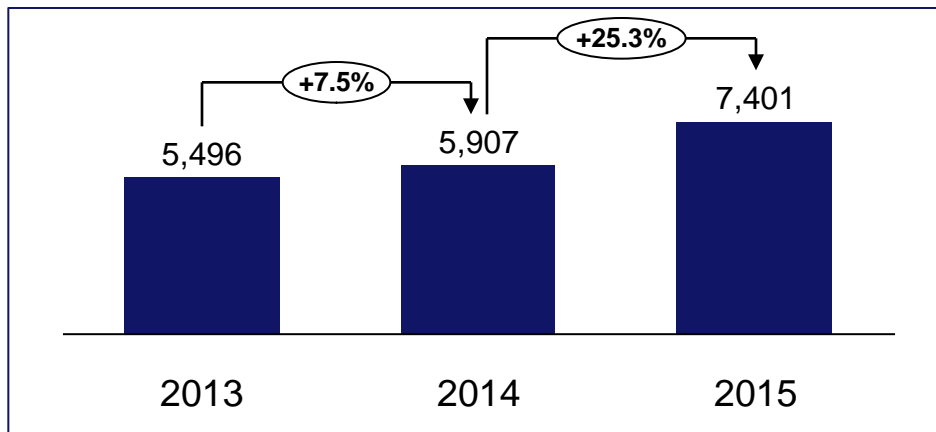
1) Balance sheet investments in PPE

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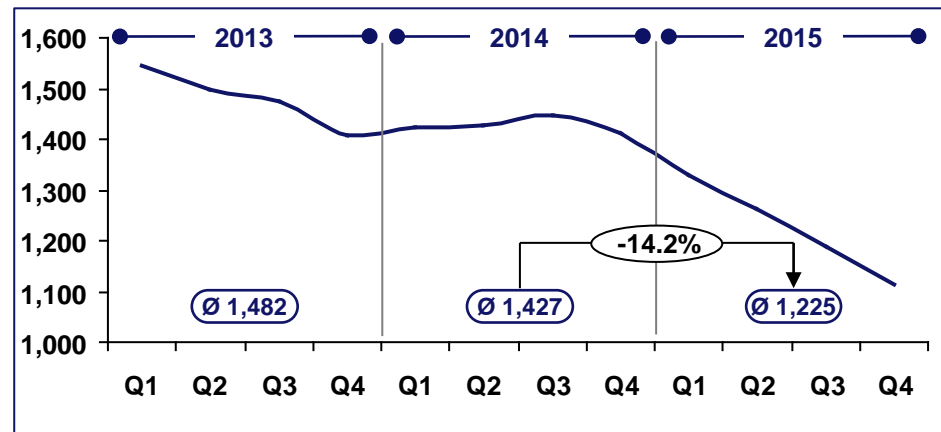
Transport volume increase due to CSAV integration – Strong pressure on freight rates esp. in H2 2015



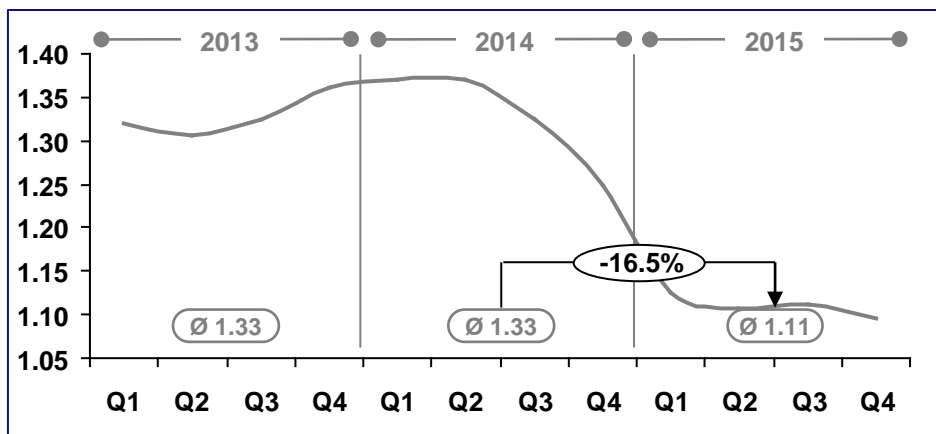
Transport volume [TTEU]



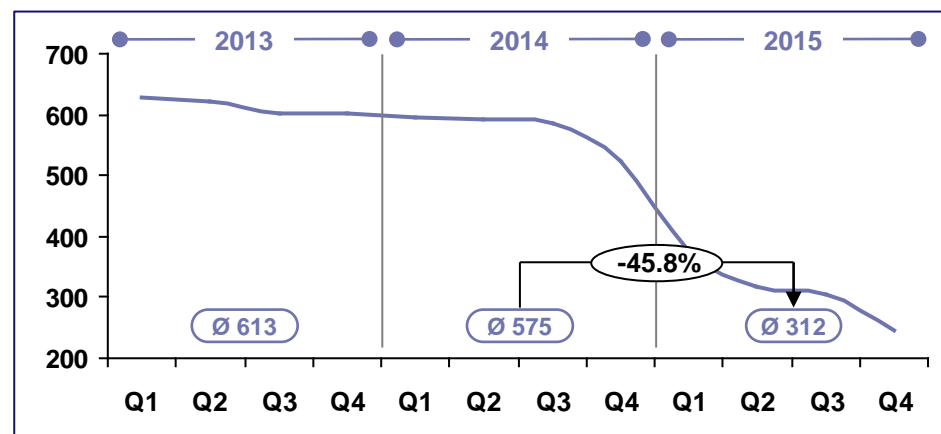
Freight rate [USD/TEU]



FX-rate (USD/EUR)



Bunker price [USD/mt]

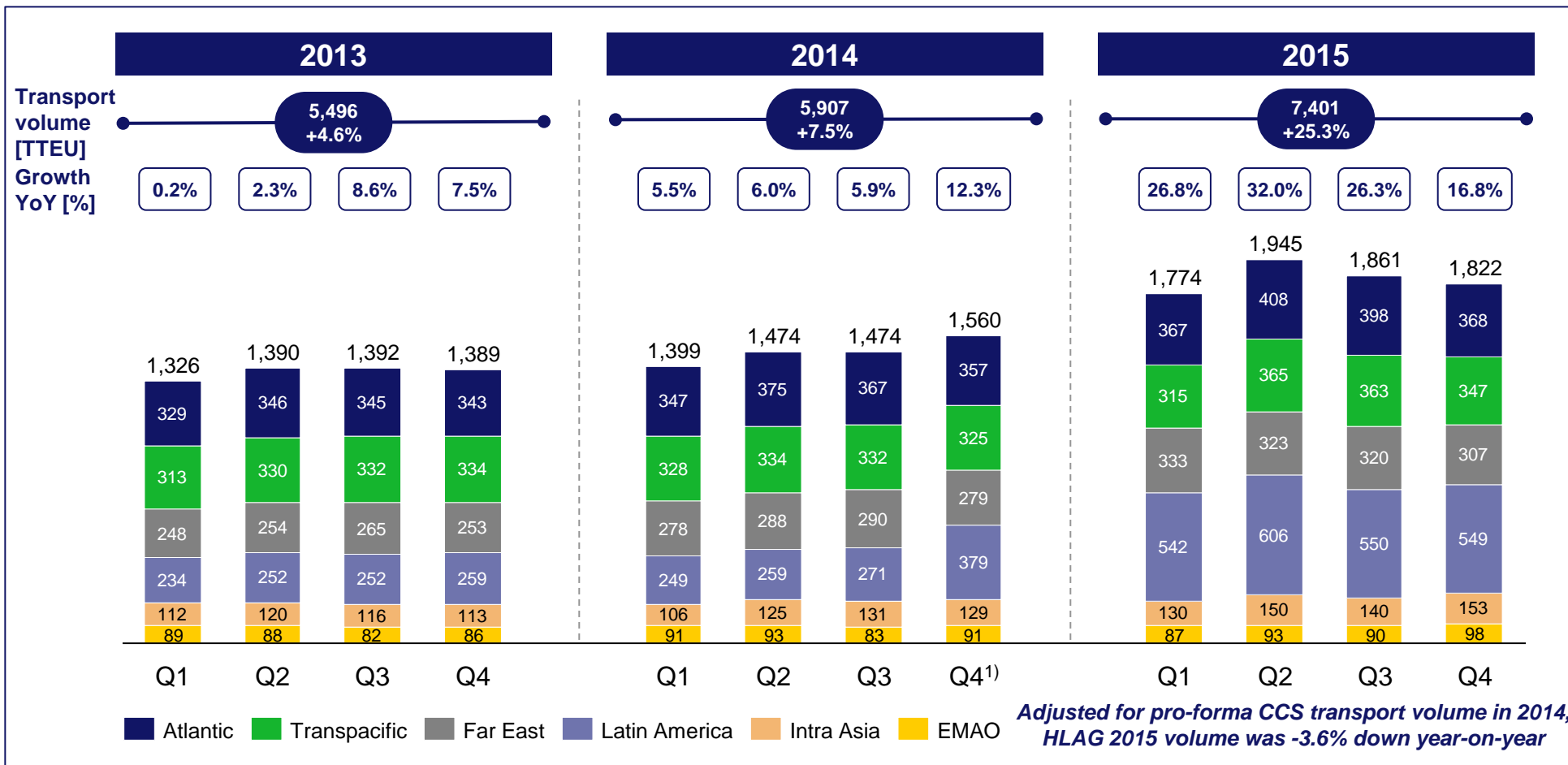


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25.3% increase in transport volume driven by CSAV integration – Balanced exposure to global trade



Transport volume [TTEU]



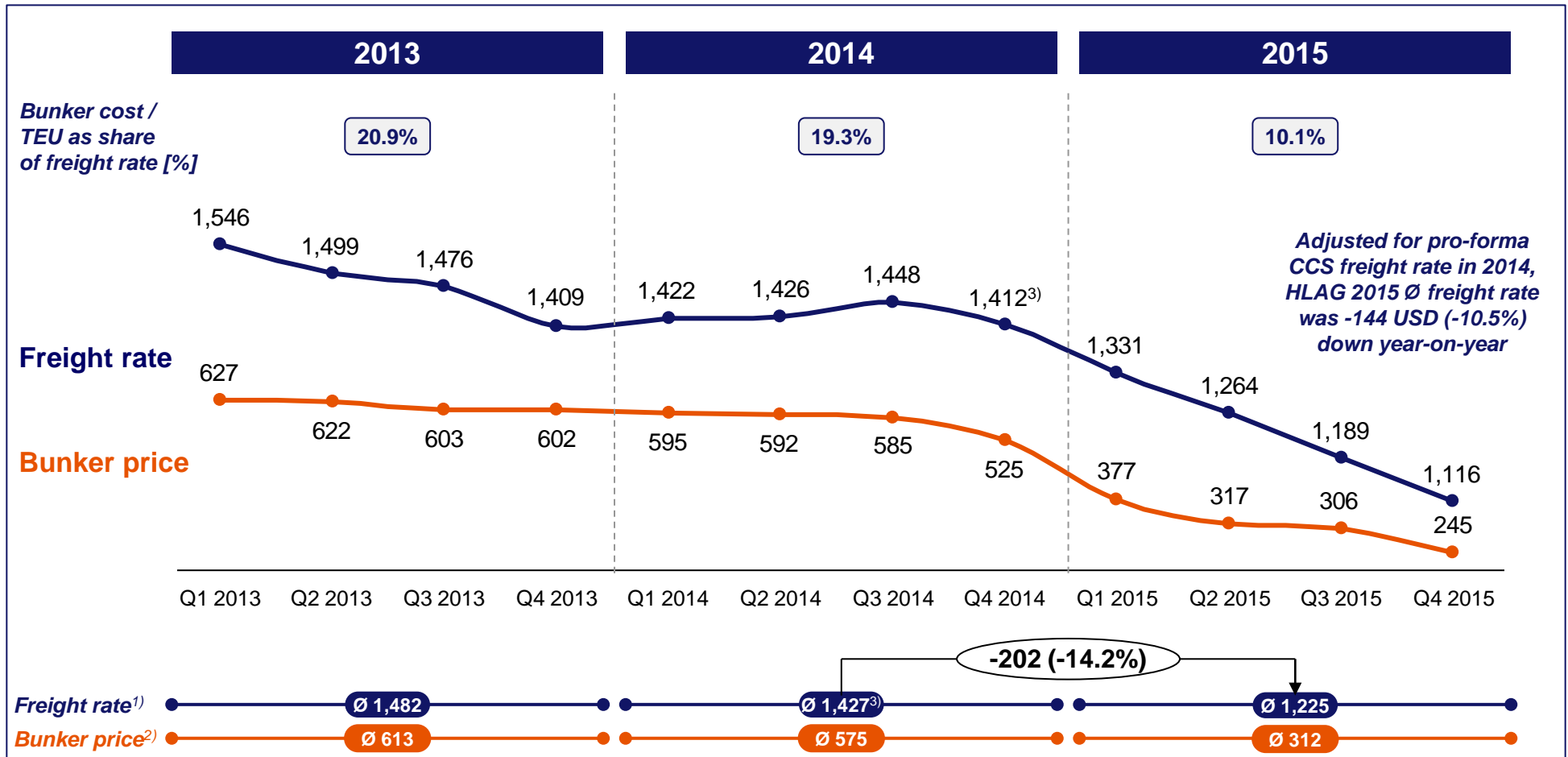
1) HLAG + CCS as of 2 December 2014

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Freight rate dropped -202 USD/TEU to 1,225 USD/TEU – HLAG average bunker price decreased to 312 USD/t



Freight rate¹⁾ [USD/TEU] vs. bunker price²⁾ [USD/t]

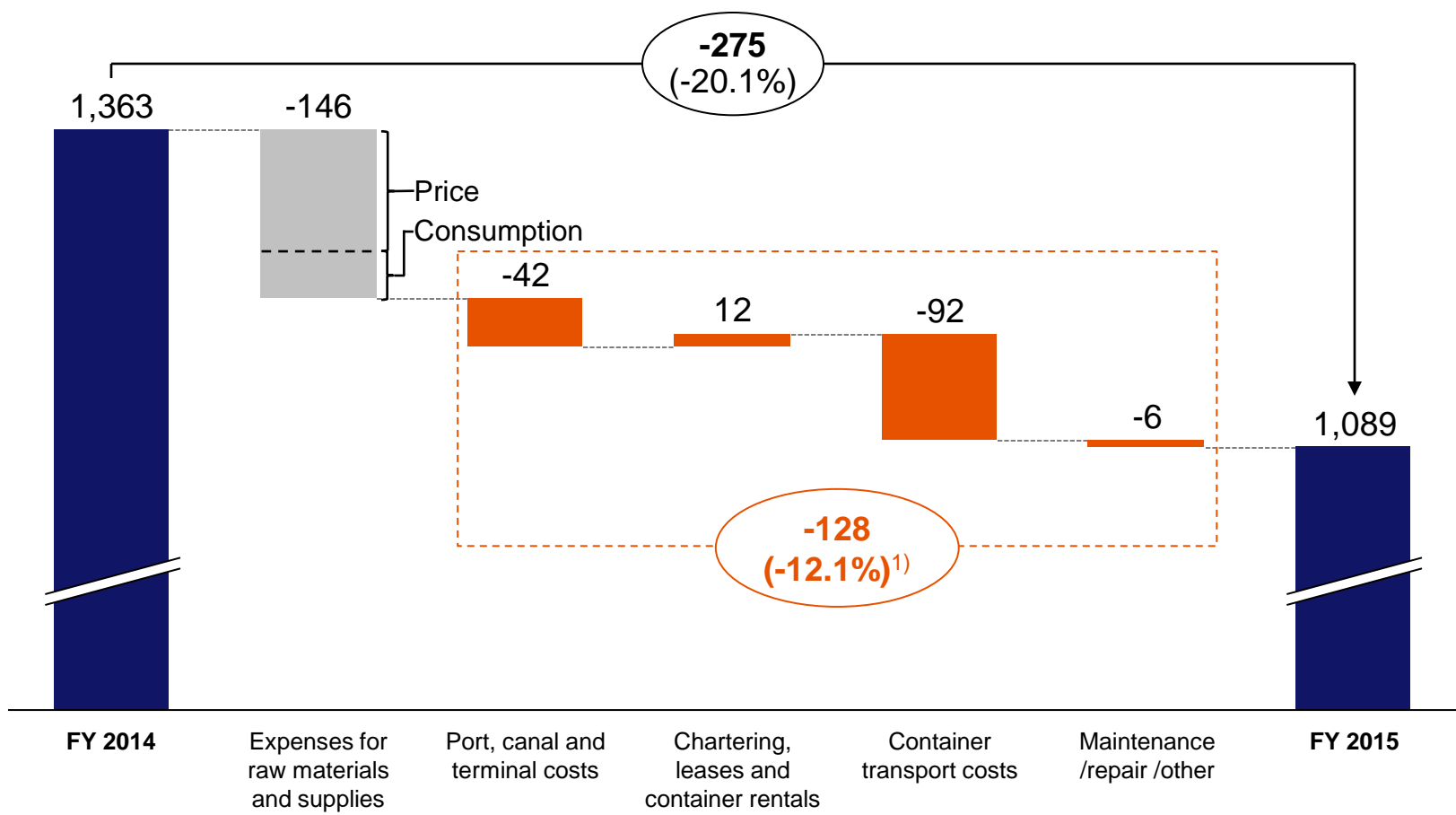


1) Hapag-Lloyd average freight rate per year 2) Hapag-Lloyd average consumption price per year, excl. CCS (1M) 3) HLAG + CCS as of 2 December 2014

Hapag-Lloyd remains focused on unit cost reduction



Transport expenses per TEU [USD/TEU]



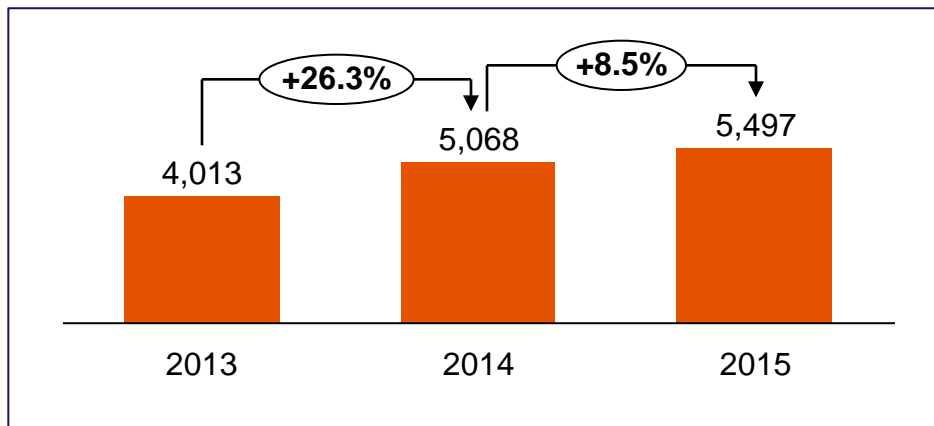
- 5 **Compete to Win**
- 4 **Close the Cost Gap**
- 3 **Structural Improvements**
- 2 **OCTAVE**
- 1 **CUATRO**

1) Cost of purchased services 2014: 1,057 USD/TEU

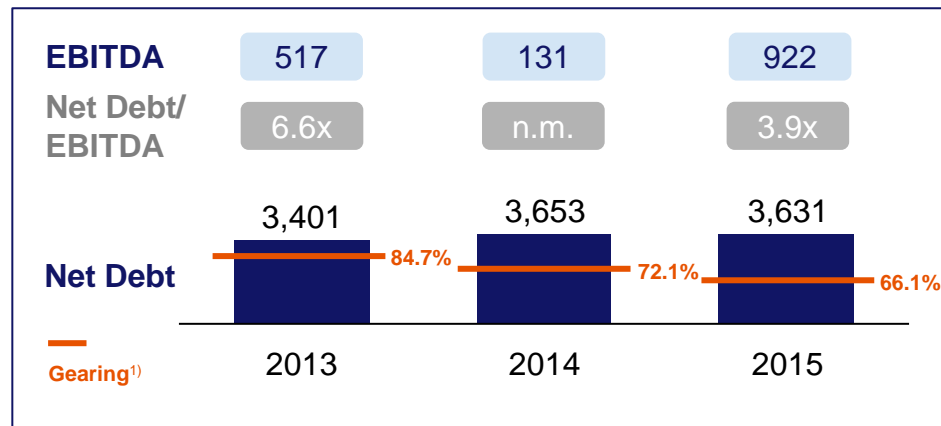
Optimization of capital structure and financial position with further tangible savings in 2015



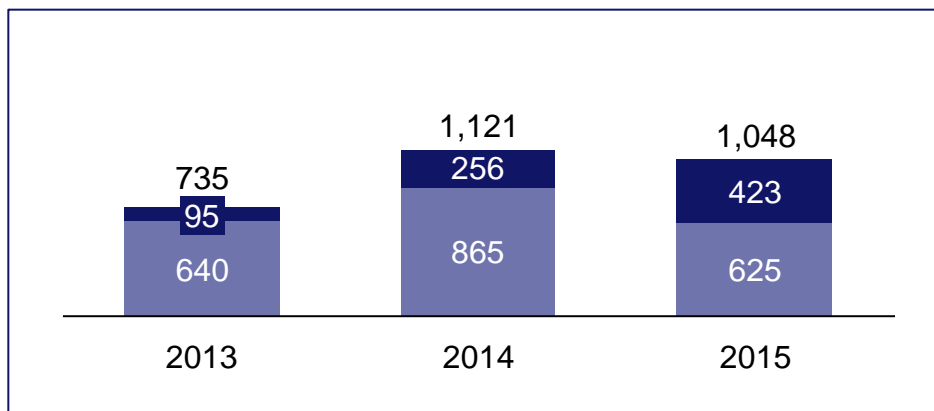
Enhanced equity base [USDm]



Improved leverage position [USDm]



Strong liquidity reserve [USDm]



Successful financial measures

- 1 **Debt repricing**
Reduced interest by USD 40 m (over remaining life)

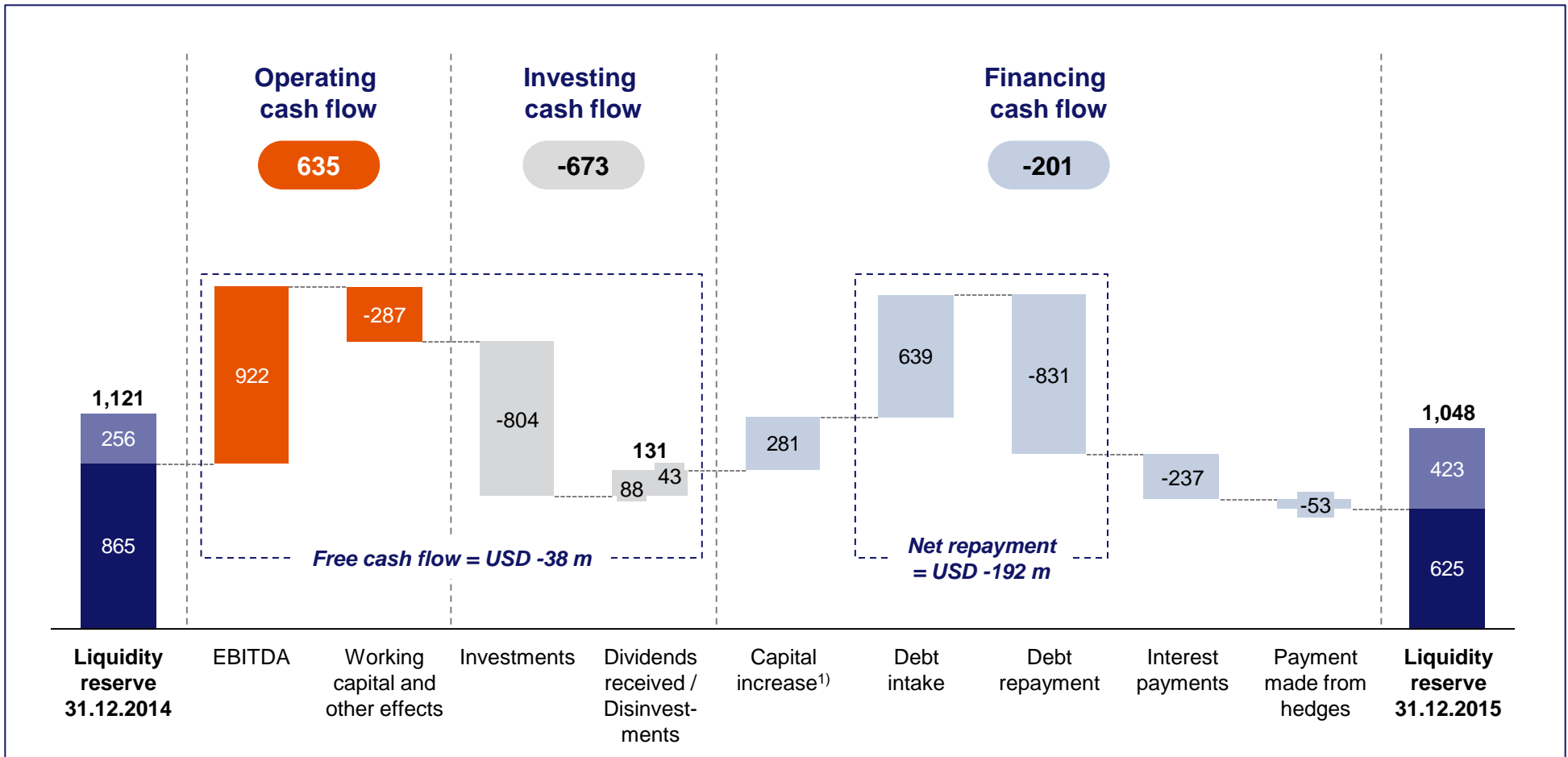
- 2 **Bond optimization**
Saving of bond interest of USD 12 m p.a.

- 3 **Rating upside**
Positive outlook on the back of the IPO

1) Gearing defined as net debt / equity

Hapag-Lloyd reduced its debt by USD 192 m in 2015 and maintained an adequate liquidity reserve

Cash flow 2015 [USD m]



1) Netted with dividends paid of USD 2.3 m and payments for capital increase of USD 5.6 m

We expect a moderate increase in EBITDA for 2016



Hapag-Lloyd guidance for 2016

Transport volume	Increasing slightly
Bunker consumption price	Clearly decreasing
Freight rate	Moderately decreasing
EBITDA	Increasing moderately
EBIT	Clearly increasing

Market forecasts for 2016

Global economic growth	+3.4%
Increase in global trade	+3.4%
Increase in global container transport volume	+3.5%

Hapag-Lloyd sensitivities for 2016

Transport volume	+/- 100 TTEU	+/- USD <0.1 bn
Freight rate	+/- 50 USD/TEU	+/- USD ~0.4 bn
Bunker price	+/- 100 USD/t	+/- USD ~0.3 bn
EUR / USD	+/- 0.1 EUR/USD	+/- USD <0.1 bn

Our objective is to assure our strong competitive position as one of the top players in the industry

To deliver on our objectives we need to remain focused

2016 PLAN

- Deliver the planned benefits of the existing programs

ALLIANCES

- Secure our position in a strong and integrated alliance

WAY FORWARD

- Shape Hapag-Lloyd for the future to assure Top 5 position

CONSOLIDATION

- Participate in industry consolidation only if right opportunity arises



Our deliverables

- We made very good progress and delivered what we promised



Our industry

- The market is tough, but there are some encouraging signs



Our position

- Hapag-Lloyd is well positioned to be successful in the future



Our track record

- Hapag-Lloyd achieved its ambitious earnings targets in 2015



Our objectives

- Hapag-Lloyd will remain a strong Top 5 player in the future

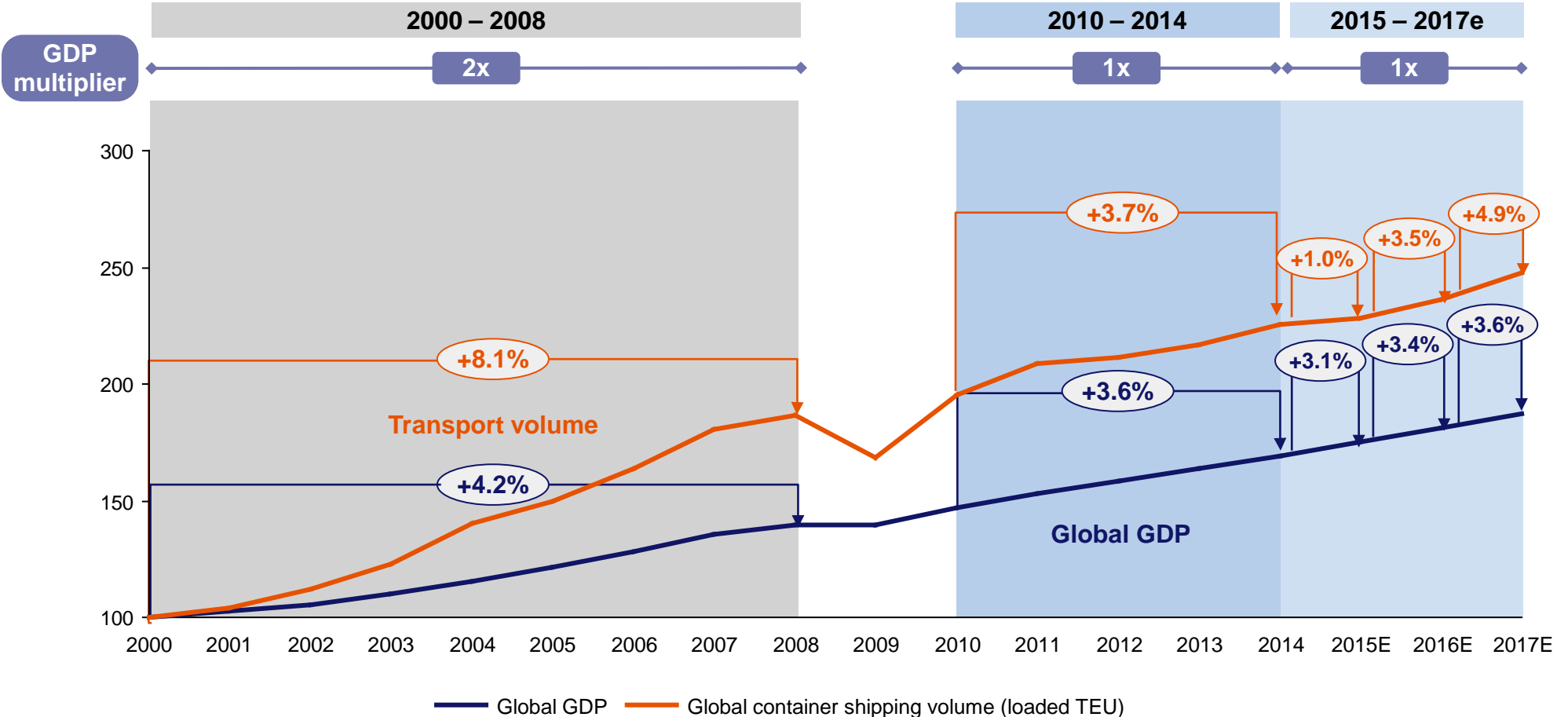
Q&A



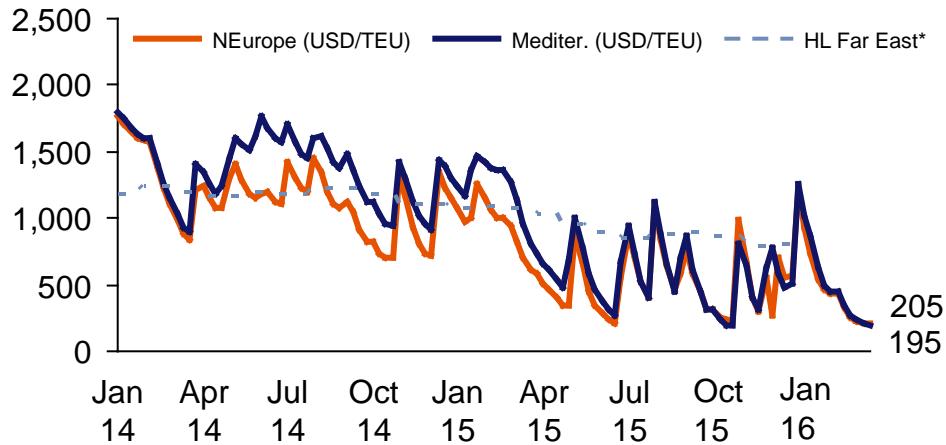
The industry stays highly correlated with global growth – Short term outlook at lower end of mid term 3-5% range

Container shipping volume and global GDP growth

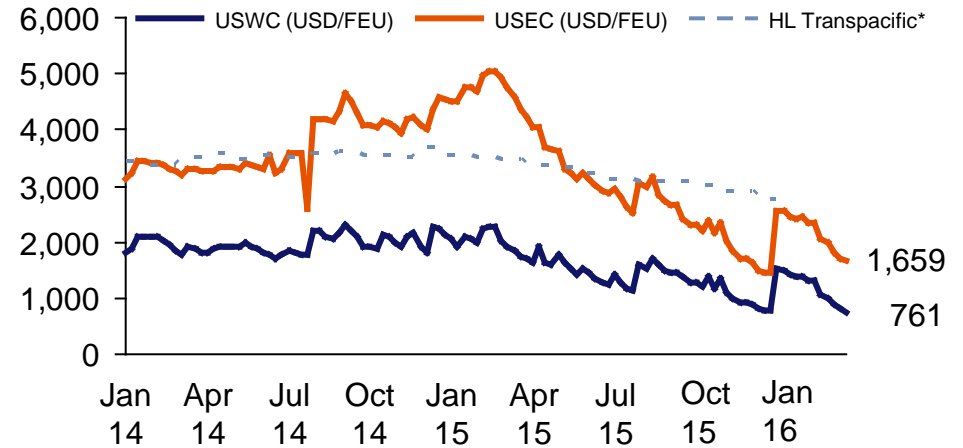
2000 = Indexed to 100



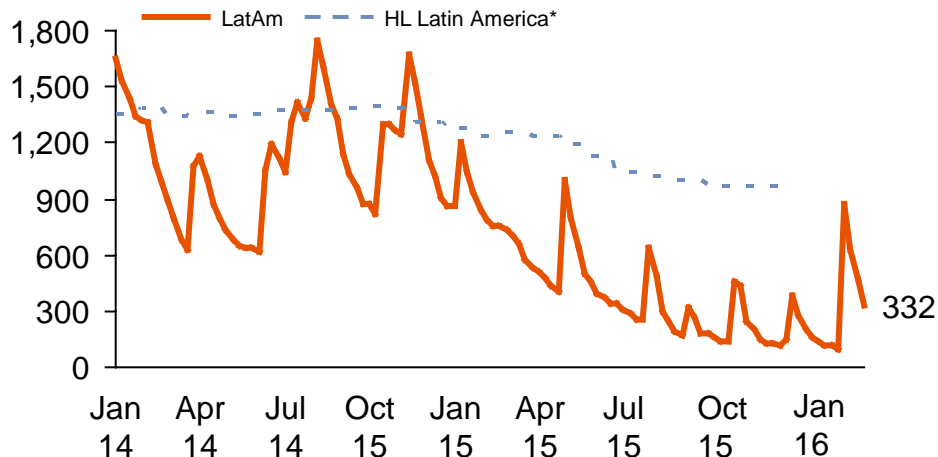
Shanghai – Europe (SCFI)



Shanghai – USA (SCFI)



Shanghai – Latin America (SCFI)



Comments

- Shanghai Containerized Freight Index (SCFI) only reflects Shanghai outbound rate development
- Freight rates especially on Asia / Europe trade remain volatile
- Freight rates on Transpacific trade tend to be less volatile while freight rates on Latin America show a downward trend
- Hapag-Lloyd freight rates with more stable development

Close the Cost Gap: Investments done throughout the cycle – Further investments to come

Recent projects...

Hamburg Express Class

- ✓ 10 x 13,200 TEU
- ✓ Delivered 2012 – 2014
- ✓ Cost efficient growth

C-Class

- ✓ 7 x 9,300 TEU
- ✓ Delivered 2014 – 2015
- ✓ 1,400 reefer plugs

Consolidate leadership in Latin America

- ✓ 5 x 10,500 TEU (ordered)
- ✓ Best ship for the trade
- ✓ 2,100 reefer plugs

... with more to come

Secure competitiveness on East West and other Trades

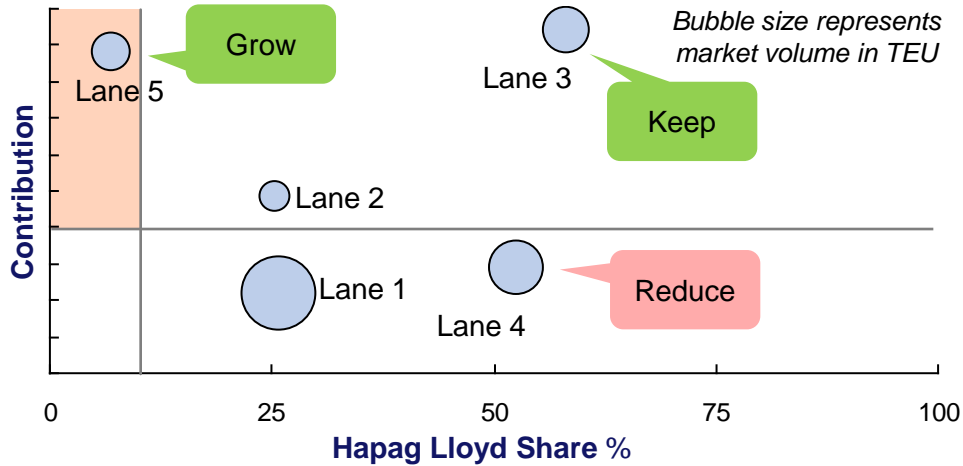
- ✓ Investments in niche markets where and when needed
- ✓ Hapag-Lloyd has purchased two 3,500 TEU vessels suited for the Latin America trade
- ✓ 12 ULCVs will come into service within G6
- ✓ Further investment planning for the upcoming years being finalized

Invest in container boxes

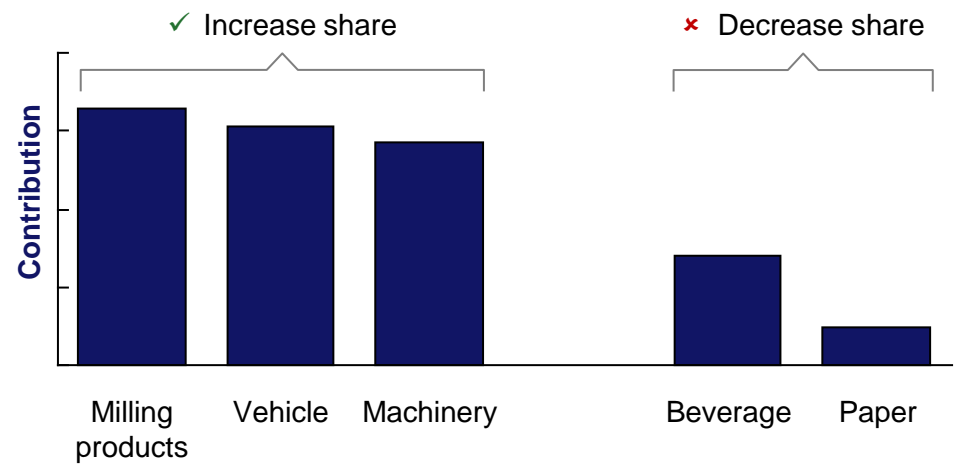
- ✓ Investment in new containers
- ✓ Increase ownership ratio to 50%+ over time
- ✓ Positive earnings impact expected from purchasing rather than renting

Compete to Win: Significant potential to further optimize customer profiles and cargo mix

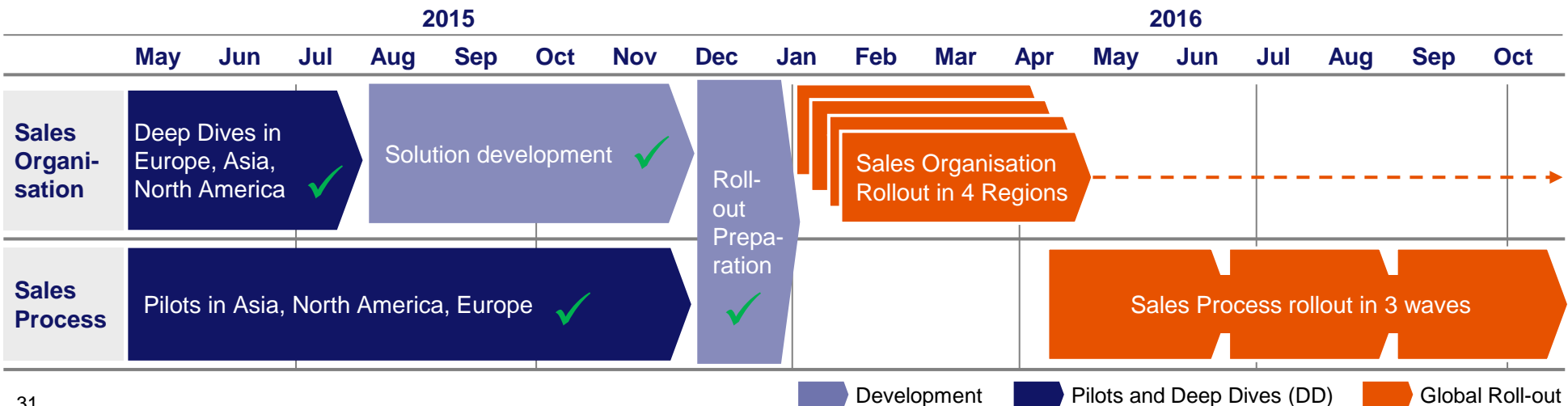
Improve profitability per customer (example)



Improve cargo mix (example)

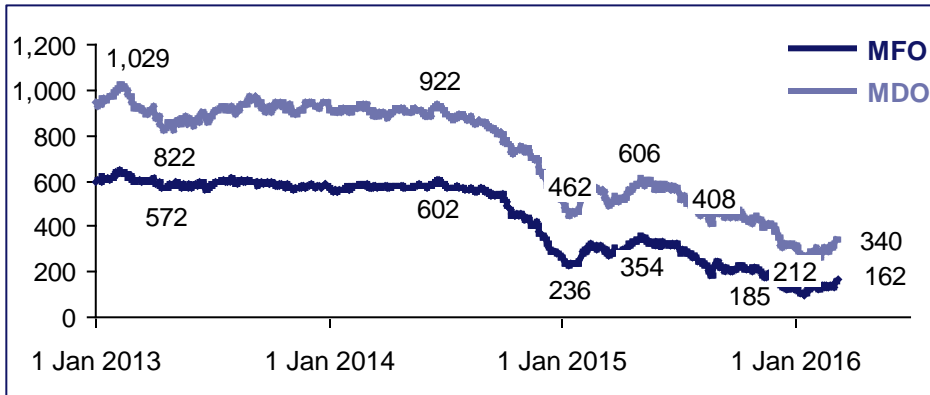


Pilots successfully completed and implementation ramping up

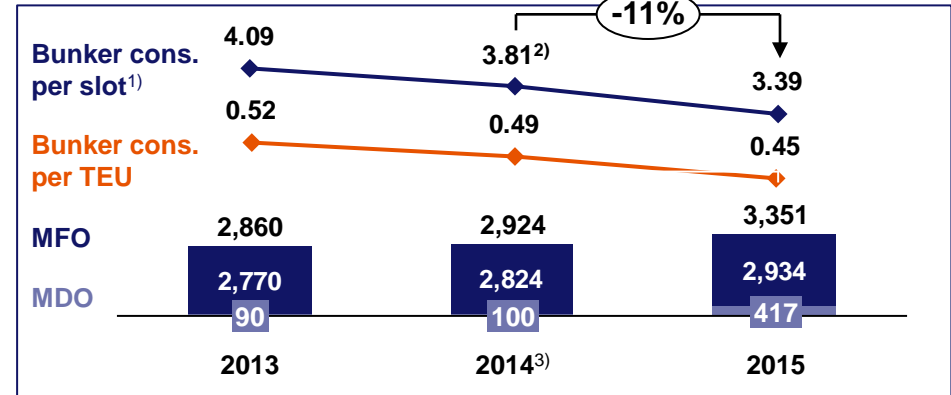


Benefits from a reduced bunker price and consumption

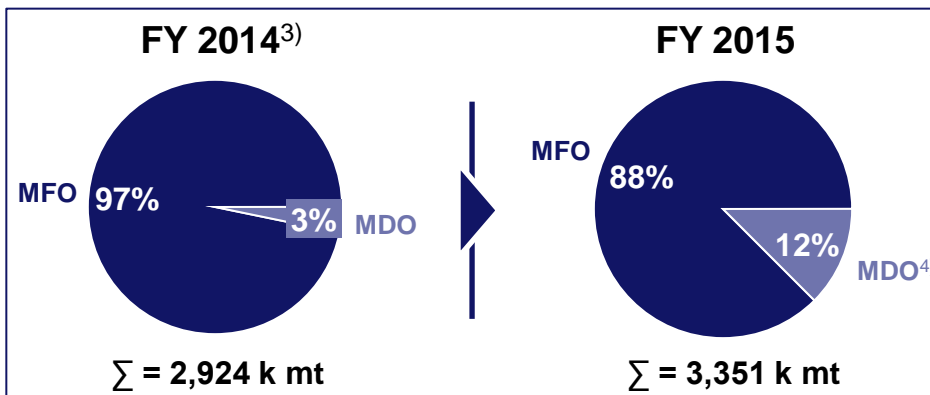
Bunker price [Rotterdam; USD/mt]



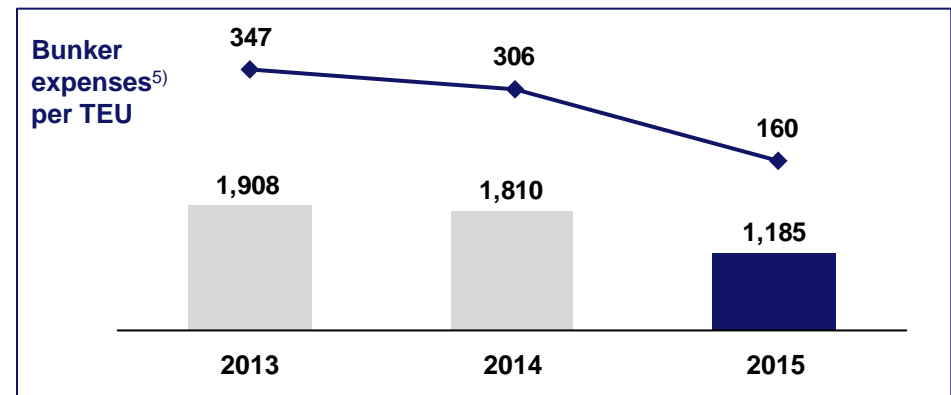
Bunker consumption [mt/slot; mt/TEU; k mt]



Bunker mix [MFO; MDO]



Bunker expenses⁵⁾ [USD/TEU; USD m]



1) Average nominal deployed capacity in TEU 2) HLAG excluding CCS 3) HLAG + CCS as of 2nd December 2014 4) Due to CCS integration slight categorization differences may occur 5) Expenses for raw materials and supplies

Income statement [USD m]

	FY 2015	FY 2014	% change
Revenue	9,814.4	9,045.8	8%
Other operating income	215.0	155.2	39%
Transport expenses	-8,056.9	-8,052.6	0%
Personnel expenses	-537.8	-535.9	0%
Deprecation, amortization and impairment	-515.7	-640.1	-19%
Other operating expenses	-574.6	-522.7	10%
Operating result	344.4	-550.3	-163%
Share of profit of equity-acc. investees	31.6	45.4	-30%
Other financial result	30.7	-3.8	n.m.
Earnings before interest and tax (EBIT)	406.7	-508.7	n.m.
Interest result	-252.3	-278.6	-9%
Income taxes	28.0	14.9	88%
Group profit/loss	126.4	-802.2	n.m.

Transport expenses [USD m]

	FY 2015	FY 2014	% change
Expenses for raw materials and supplies	1,185.3	1,810.2	-35%
Cost of purchased services	6,871.6	6,242.5	10%
Thereof			
Port, canal and terminal costs	3,070.5	2,698.0	14%
Chartering, leases and container rentals	1,242.7	921.5	35%
Container transport costs	2,384.7	2,446.9	-3%
Maintenance/repair/other	173.7	176.1	-1%
Transport expenses	8,056.9	8,052.6	0%

Transport expenses per TEU [USD/TEU]

	FY 2015	FY 2014	% change
Expenses for raw materials and supplies	160.2	306.4	-48%
Cost of purchased services	928.5	1,056.8	-12%
Thereof			
Port, canal and terminal costs	414.9	456.7	-9%
Chartering, leases and container rentals	167.9	156.0	8%
Container transport costs	322.2	414.2	-22%
Maintenance/repair/other	23.5	29.8	-21%
Transport expenses	1,088.6	1,363.2	20%

Balance sheet [USD m]

GROUP NET ASSET POSITION

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

Financial position [USD m]

GROUP NET ASSET POSITION

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

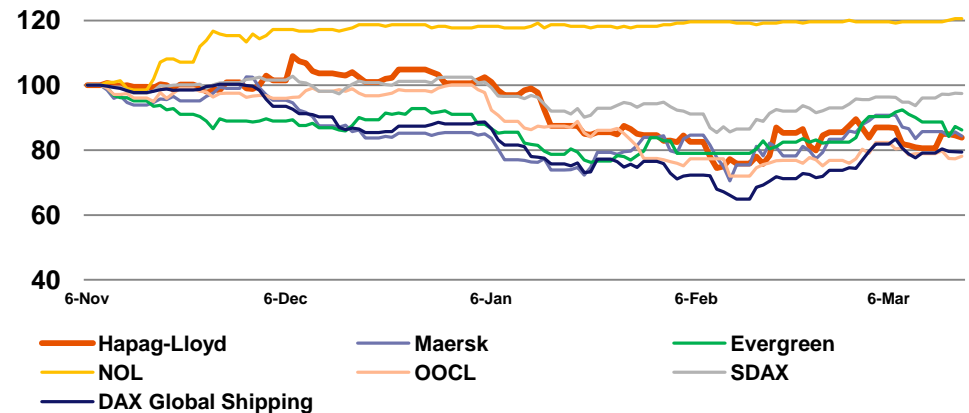
Hapag-Lloyd was successfully listed on 6 Nov 2015

Hapag-Lloyd executed IPO in Q4 2015

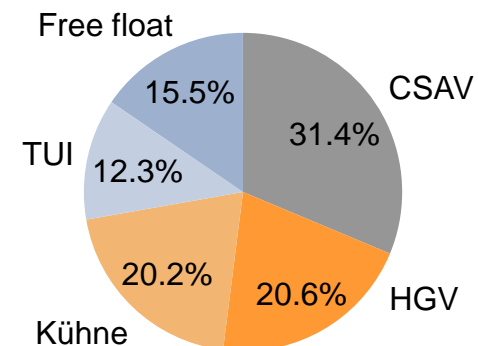
Basic data

Stock exchange	Frankfurt Stock Exchange Hamburg Stock Exchange
Market segment	Regulated market (Prime Standard)
ISIN	DE000HLAG475
WKN	HLAG47
Ticker Symbol	HLAG
Primary listing	6 November 2015
Placement price	EUR 20
Number of shares	118,110,917
Primary component	USD 300 m
Lock-up	4 May 2016

Stock trading (since 6-Nov)



Shareholder structure



Hapag-Lloyd has issued three bonds on debt capital markets



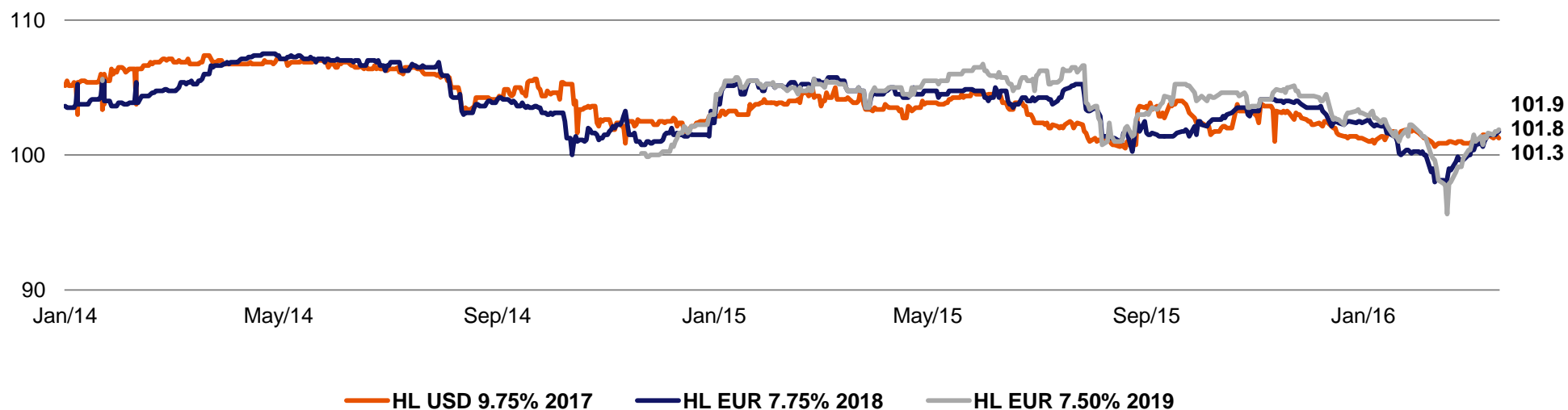
	EUR Bond 2019	EUR Bond 2018	USD Bond 2017
Issuer	Hapag-Lloyd AG	Hapag-Lloyd AG	Hapag-Lloyd AG
Volume	EUR 250 m	EUR 400 m	USD 125 m ¹⁾
Minimum order	100,000 EUR	100,000 EUR	150,000 USD
Issue date	November 20, 2014	September 20, 2013	October 01, 2010
Maturity date	October 15, 2019	October 01, 2018	October 15, 2017
Redemption prices	as of Oct 15, 2016: 103.750% as of Oct 15, 2017: 101.875% as of Oct 15, 2018: 100%	as of Oct 01, 2015: 103.875% as of Oct 01, 2016: 101.938% as of Oct 01, 2017: 100%	as of Oct 15, 2015: 102.4375% as of Oct 15, 2016: 100%
Coupon	7.50%	7.75%	9.75%
Coupon payment	April 15 and October 15	January 15 and July 15	April 15 and October 15
ISIN	XS1144214993	XS0974356262	USD33048AA36
WKN	A13SNX	A1X3QY	A1E8QB
Listing	Open market of the LxSE	Open market of the LxSE	Open market of the LxSE
Trustee	Deutsche Trustee Company Limited	Deutsche Trustee Company Limited	Deutsche Bank AG, London Branch

1) Partially redeemed by nominal USD 125 m on 30 Dec 2015

Hapag-Lloyd bonds continuously trade above par



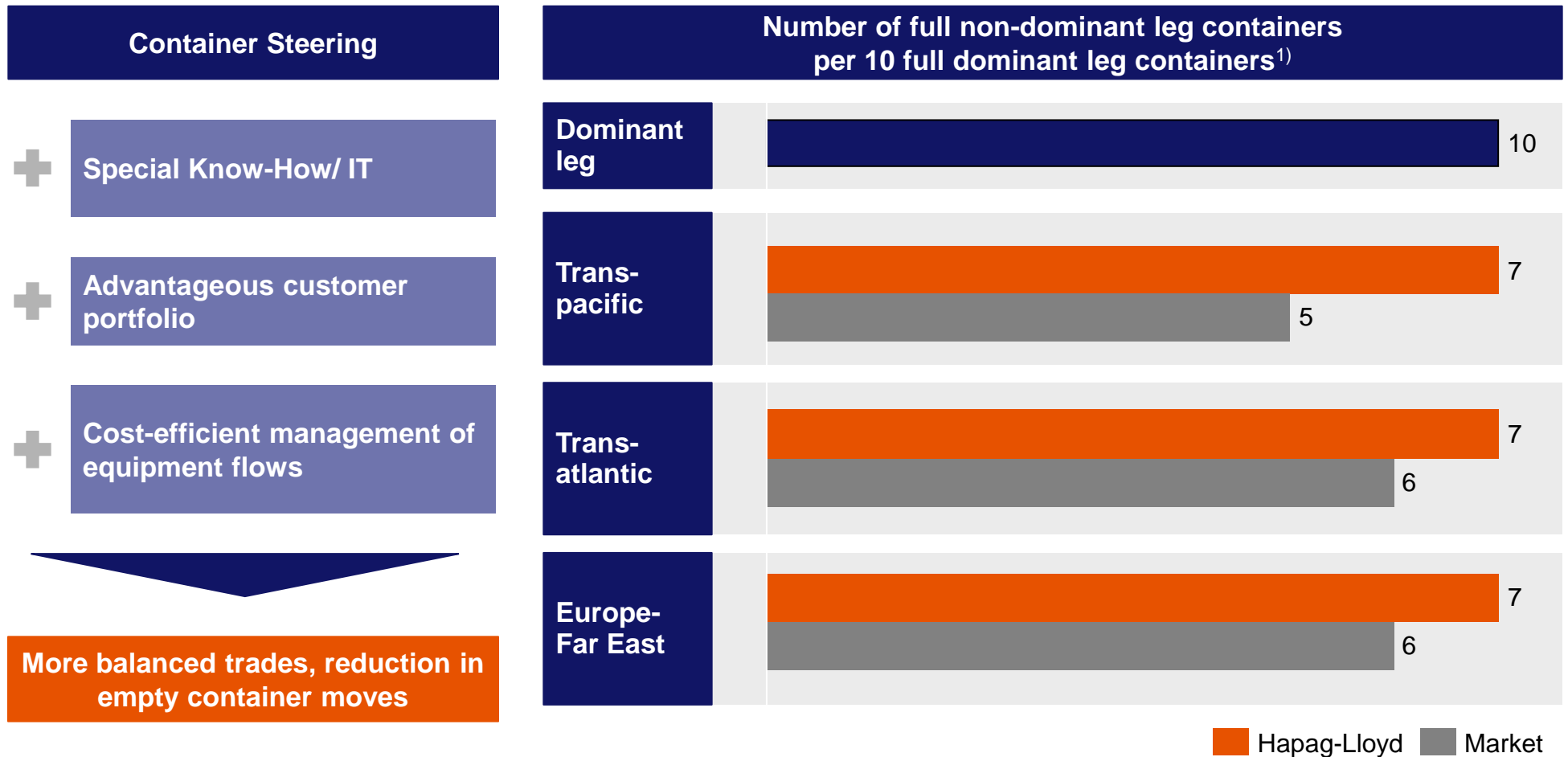
Hapag-Lloyd bonds



YTW Hapag-Lloyd bonds

	9.75% 2017	7.75% 2018	7.50% 2019
Current Yield	7.4%	6.5%	6.7%
Current Trading	101.3%	101.8%	101.9%

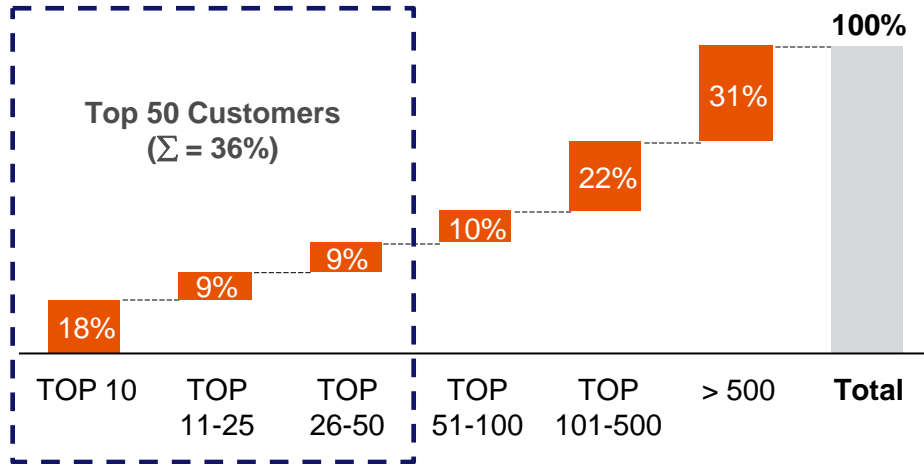
Imbalances: Hapag-Lloyd outperforms the market



1) This ratio reflects the imbalance in the market (industry average) vs. Hapag-Lloyd imbalance of transport volumes (the higher the ratio, the more balanced in both directions). Ratio has been rounded

Long-standing and diversified customer base of blue chip customers and a diversified base of goods transported

Highly diversified customer base¹⁾

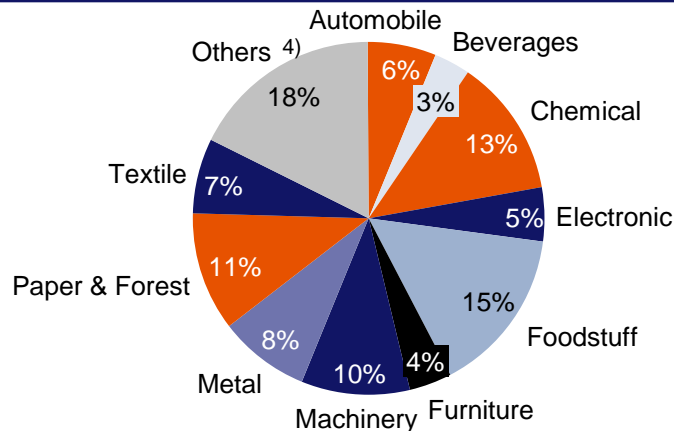


Strong relationship with blue chip customers

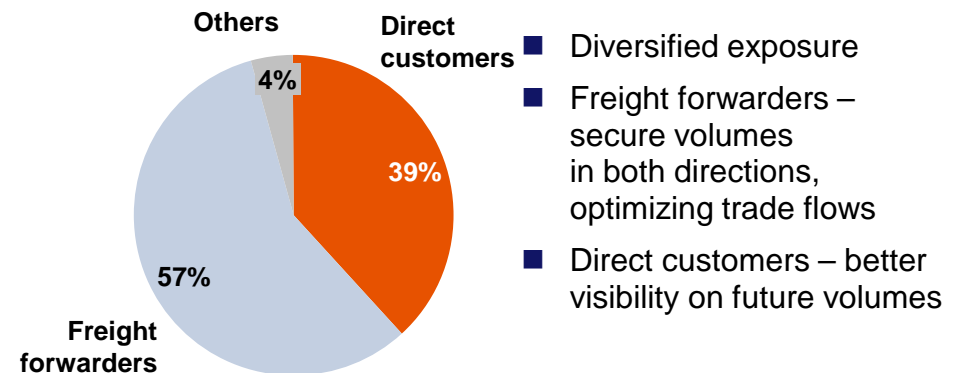


Hapag-Lloyd has a highly diversified customer base:
No customer has a share greater than 5% of HL's revenue

Balanced portfolio of goods transported²⁾...



... in a diversified customer portfolio³⁾



The background of the slide is a photograph of a ship's deck. On the left, there is an orange structure with a large blue arrow logo. In the center, there are stacks of shipping containers on the deck. The sea is visible in the background, with the sun reflecting on the water's surface. The sky is blue with some white clouds.

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