

Investor Presentation

Preliminary Financials 2017



Hamburg, 28 February 2018

Disclaimer

Forward-looking statements

This presentation contains forward-looking statements that involve a number of risks and uncertainties. Such statements are based on a number of assumptions, estimates, projections or plans that are inherently subject to significant risks, as well as uncertainties and contingencies that are subject to change. Actual results can differ materially from those anticipated in the Company's forward-looking statements as a result of a variety of factors, many of which are beyond the control of the Company, including those set forth from time to time in the Company's press releases and reports and those set forth from time to time in the Company's analyst calls and discussions. We do not assume any obligation to update the forward-looking statements contained in this presentation.

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All information on FY 2017 financials is preliminary and unaudited.



Opening Remarks

01 | Deliverables

- We continued to deliver on our initiatives (UASC integration, cash capital increase & continuous cost control)
- **Operating result (EBIT) of USD 466 m** in FY 2017 (+234% YoY) in line with market expectation

02 | Sector Update

- Sector fundamentals remain favourable
- Orderbook remains at low level despite recent new orders

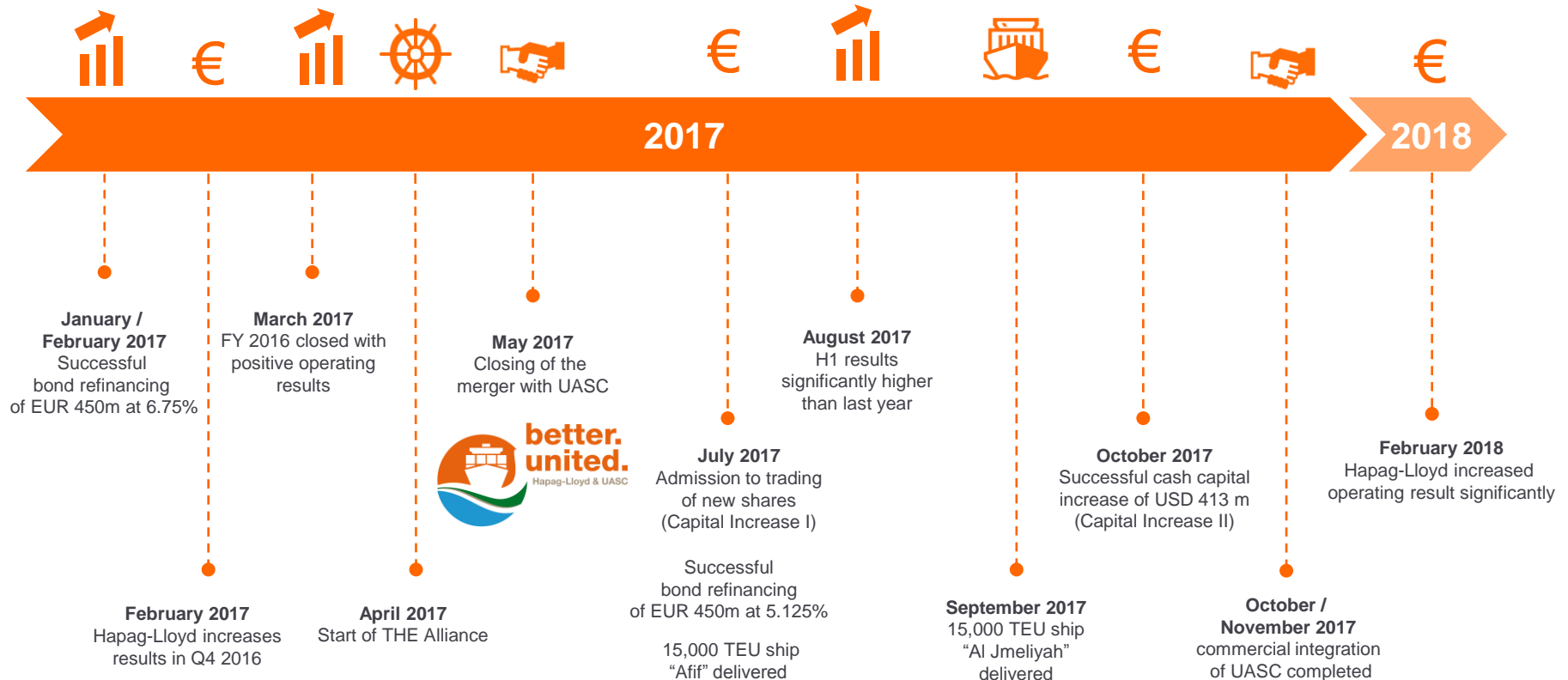
03 | Financials

- Significantly improved **EBITDA of USD 1,198 m** in FY 2017 (USD 390 m in Q4 2017)
- Further reduction of unit cost despite higher bunker prices

04 | Way Forward










- Main focus going forward is to realise the synergies of the UASC integration and further cost optimisation
- Substantial deleveraging from the merger onwards

Throughout the year, we have continued to deliver on our initiatives...



...and have further strengthened Hapag-Lloyd's position as one of the Top 5 global container carriers

At a glance

	 Hapag-Lloyd ¹⁾	 UASC ¹⁾	Combined Entity⁴⁾
 Corporate HQ	Hamburg	Dubai	Hamburg
 Alliance membership	G6 (until 31 March 2017)	Ocean 3 (until 31 March 2017)	The Alliance (since 1 April 2017)
 Services	118	45	120
 Vessels [#]	172	58	219
 Capacity [TEU m]	1.0	0.6	1.6
 Container [TEU m]	1.6	0.7	2.3
 Employees	9,413	3,534	12,567

Deal rationale



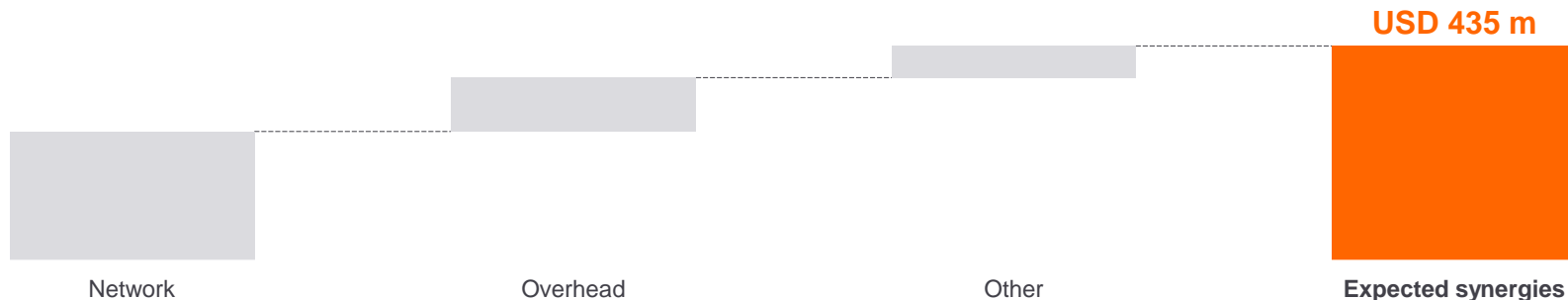
The infographic illustrates the deal rationale through several key points:

- Strengthened market position:** Represented by a globe icon with the Hapag-Lloyd logo.
- Well-balanced trades:** Represented by a circular arrow icon.
- Large, young fleet:** Represented by a ship icon.
- Significant synergy effects:** Represented by a hexagonal icon with nodes.
- Strong partnerships:** Represented by a handshake icon.

At the center of the infographic is the slogan **better. united.** with the text **Hapag-Lloyd & UASC** below it, accompanied by a logo featuring a ship on a globe.

Total synergies of USD 435 m p.a. to be achieved from 2019 onwards – Significant synergy ramp-up in 2018 expected

Synergy potential, full run-rate [USD m]



Total transaction and integration related one-off costs are expected to amount to USD 130 m¹⁾

Synergies

Network

- Optimized new vessel deployment/network
- Slot cost advantages
- Efficient use of new fleet

Overhead

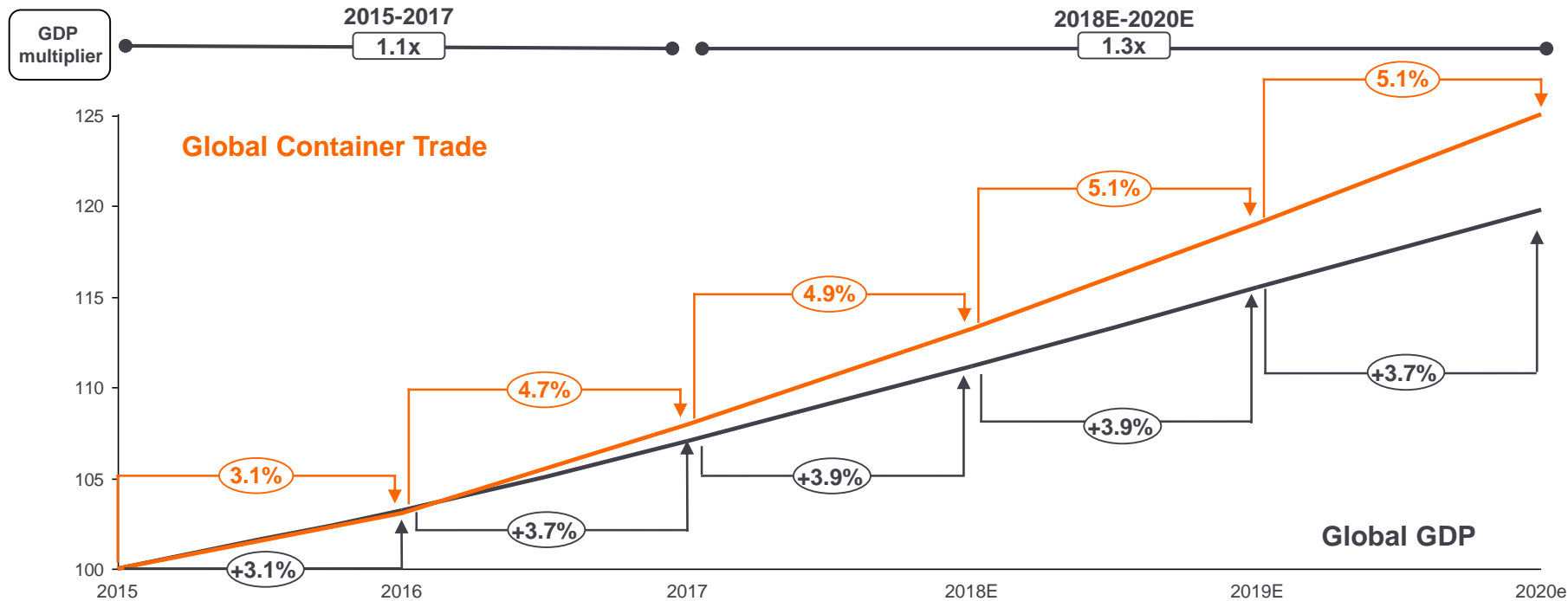
- Consolidation of Corp. and Regional HQs
- Consolidation of country organizations
- Other overhead reductions (e.g. marketing, consultancy, audit)

Other (terminals, equipment and intermodal)

- Lower container handling rates per vendor/location
- Imbalance reduction and leasing costs optimization
- Optimization of inland haulage network
- Best practice sharing

Demand: Container shipping growth remains on a healthy and constant level driven by a solid global economic growth

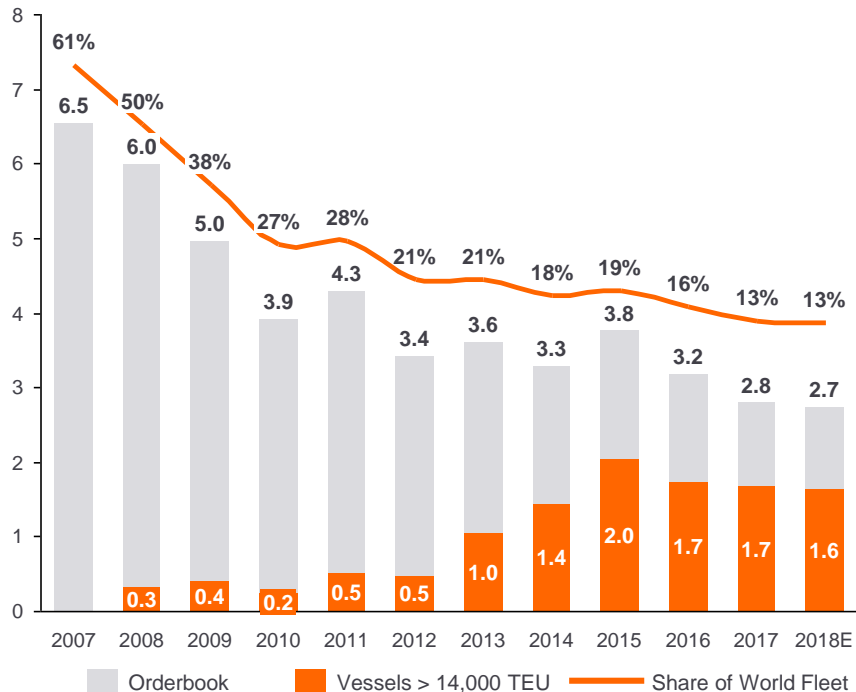
Global Container Trade & Global GDP Growth [%]



Supply: Orderbook remains at a historically low level, while almost no idle capacity is available

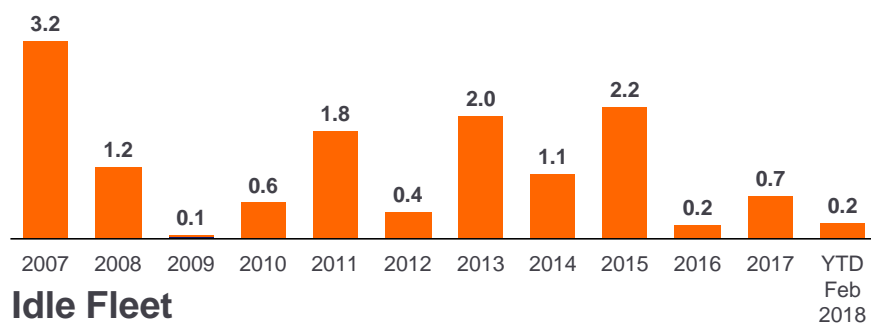
Orderbook-to-fleet

[TEU m, %]



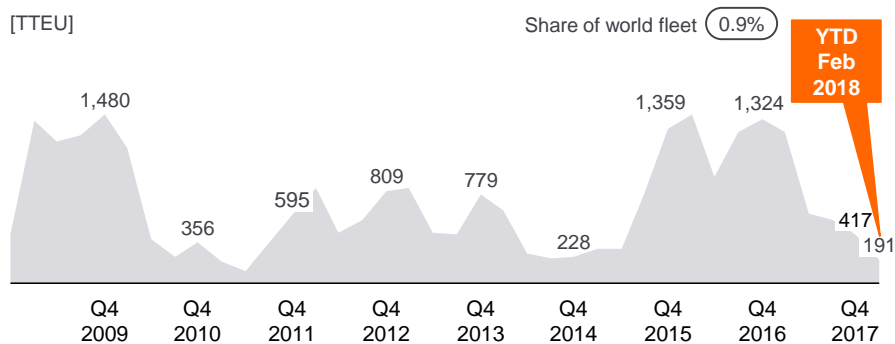
Orders placed

[TEU m]



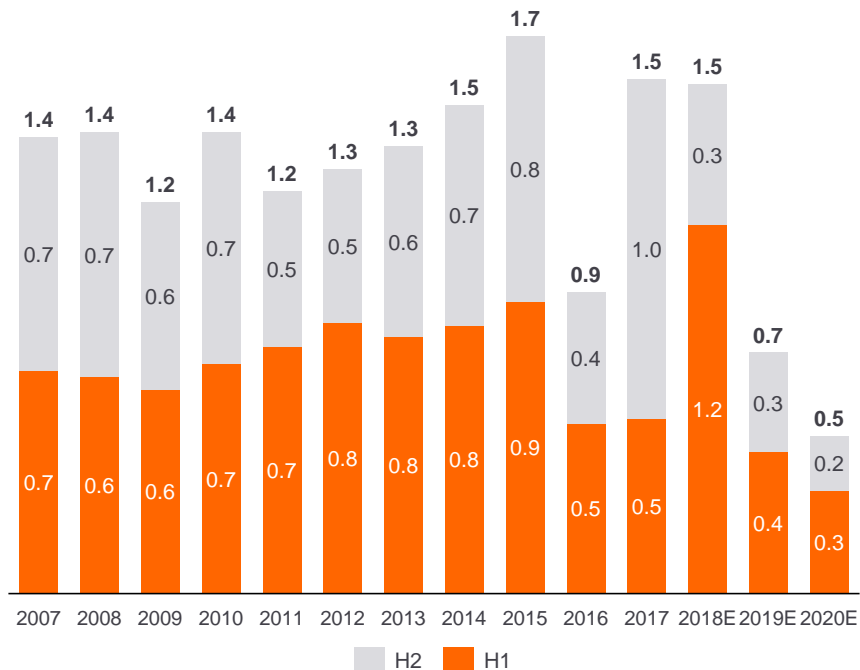
Idle Fleet

[TTEU]

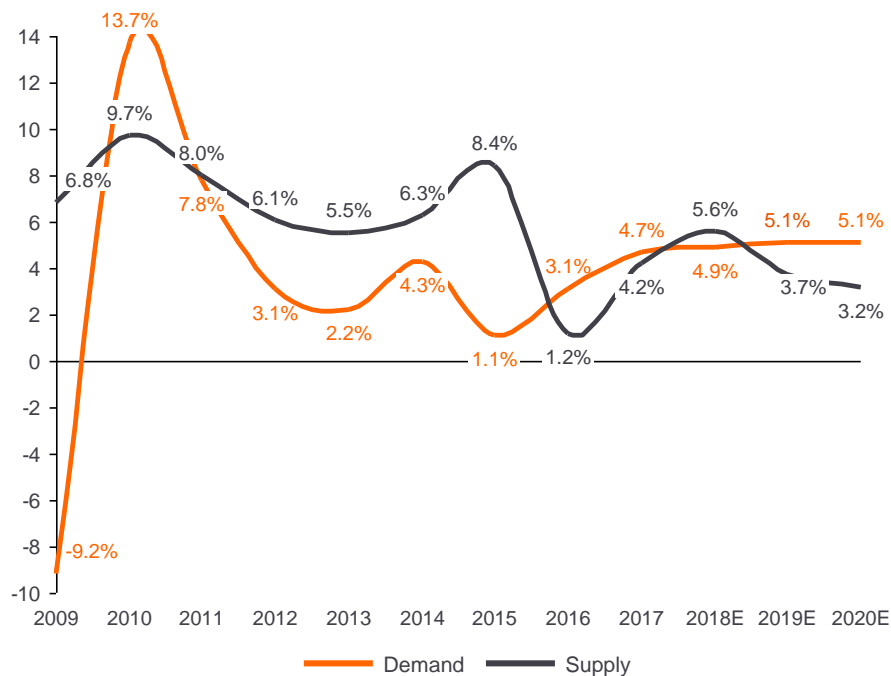


Even though, short term supply pressure will most likely persist, mid-term supply/demand gap is further closing

Vessel deliveries by year [TEU m]



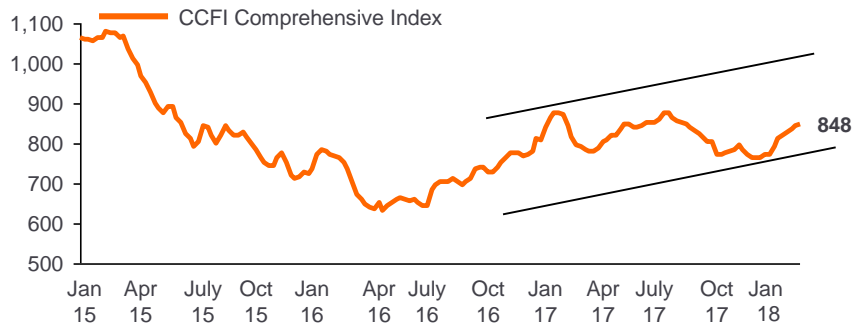
Supply / demand balance



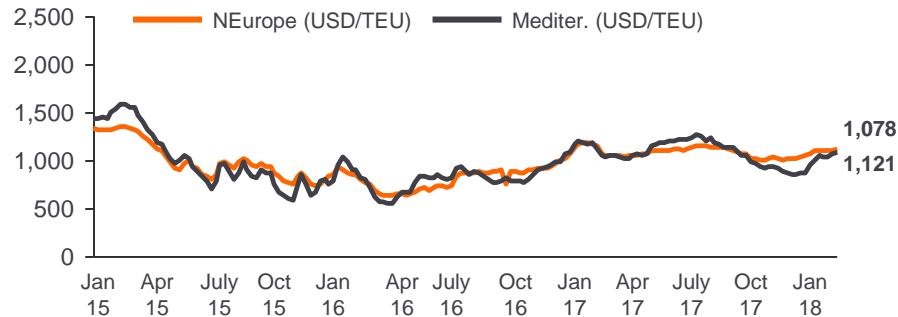
Note: Vessel deliveries 2018E-2020E based on MDS Transmodal data including slippage; Supply based on Drewry data including slippage and scrapping

Contracted freight rates have shown continuous recovery and slightly less volatility

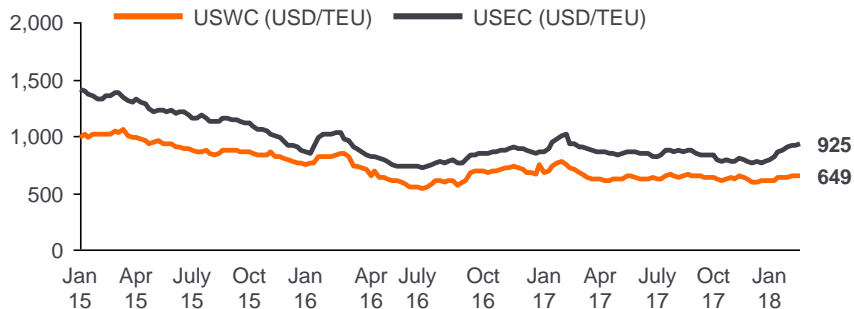
Comprehensive Index (CCFI)



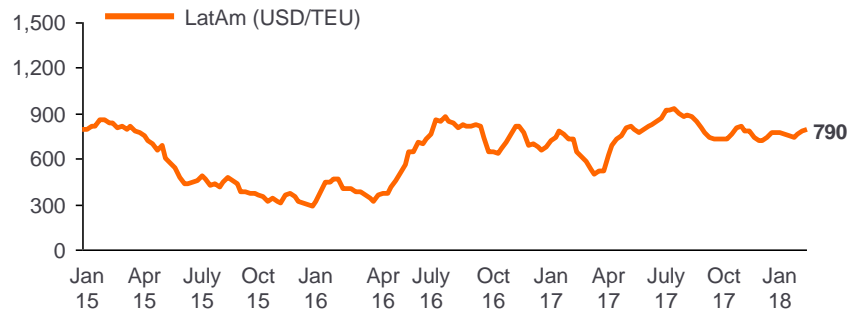
Shanghai – Europe (CCFI)



Shanghai – USA (CCFI)

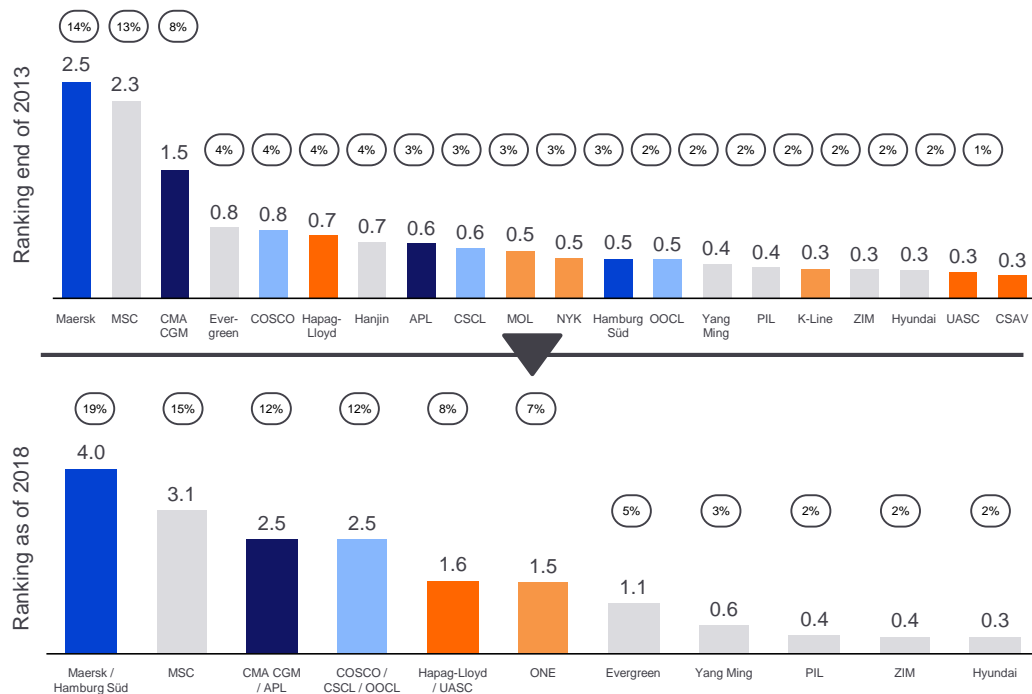


Shanghai – Latin America (CCFI)

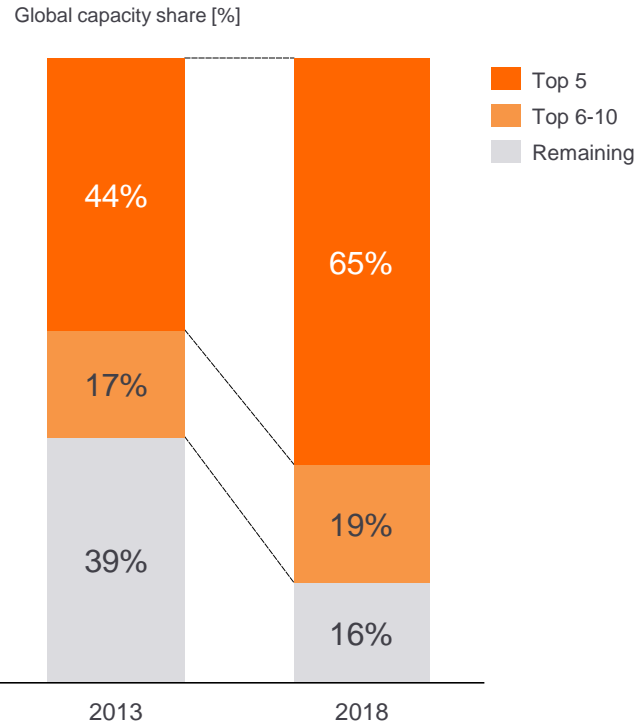


Current consolidation wave leads to higher concentration

Carrier capacity [TEU m] and global capacity share [%]



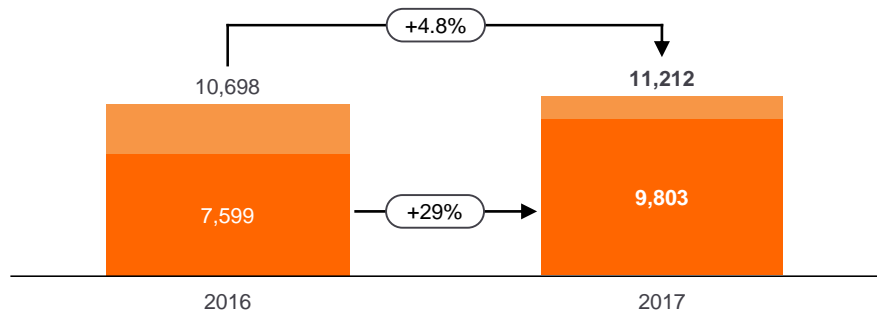
Global capacity share [%]



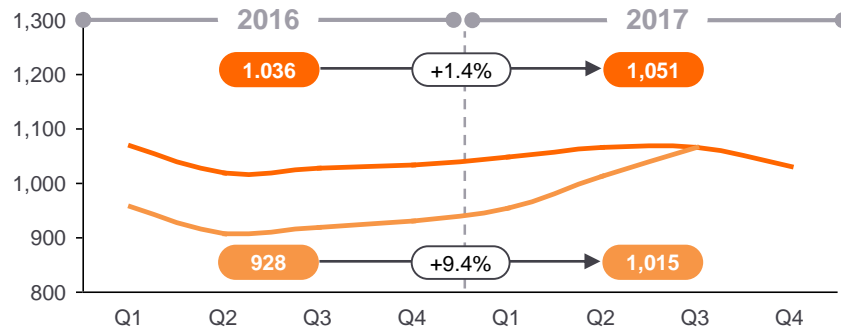
Note: Diagram assuming that all currently announced mergers (NYK & MOL & K-Line, COSCO & OOCL) will receive regulatory approvals and are executed as announced. Simple sum of stand-alone operating capacity as of January 2018.

On a pro-forma basis: Transport volume was up by 4.8% YoY, while freight rates have exceeded previous year's level by 9.4%

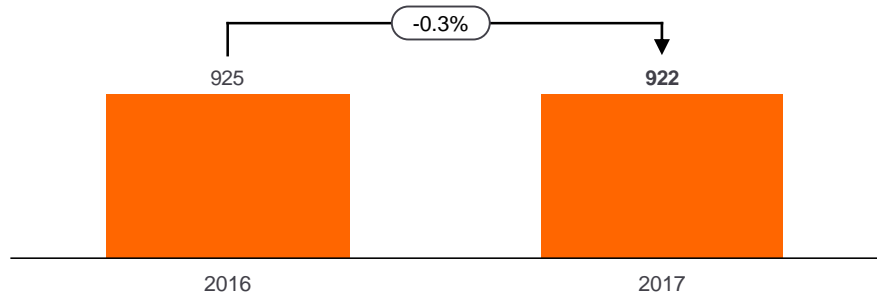
Transport volume [TEU m]



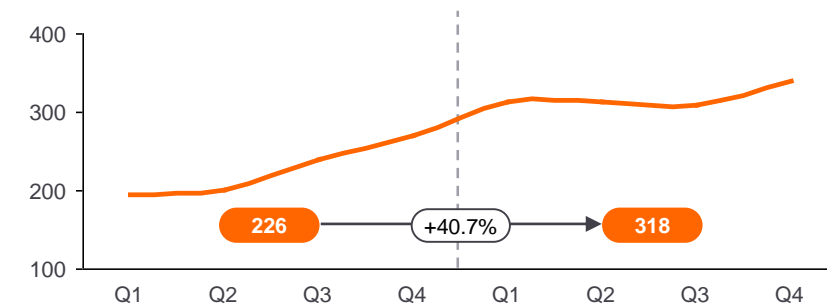
Freight rate [USD/TEU]



Transport expenses per TEU [USD/TEU]



Bunker price [USD/mt]



■ Pro forma figures ■ Reported figures

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We have achieved a significantly improved EBIT of USD 466 m while EBITDA almost doubled to USD 1,198 m in 2017

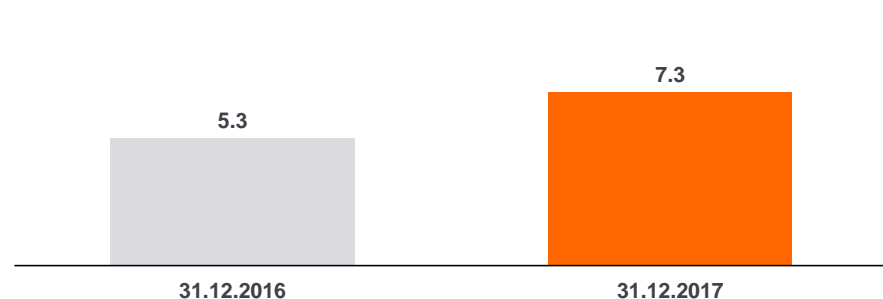
Operational KPIs

	Q4 2017	Q4 2016	Δ%	FY 2017	FY 2016	Δ%
Transport volume [TTEU]	2,774	1,949	+42%	9,803	7,599	+29%
Freight rate [USD/TEU]	1,030	1,033	0%	1,051	1,036	+1%
Revenue [USD m]	3,119	2,182	+43%	11,286	8,546	+32%
EBITDA [USD m]	390	246	+56%	1,198	671	+79%
<i>EBITDA margin</i>	12.5%	11.3%	+1.2 ppt	10.6%	7.9%	+2.7 ppt
EBIT [USD m]	167	111	+51%	466	140	+234%
<i>EBIT margin</i>	5.4%	5.1%	+0.3 ppt	4.1%	1.6%	+2.5 ppt

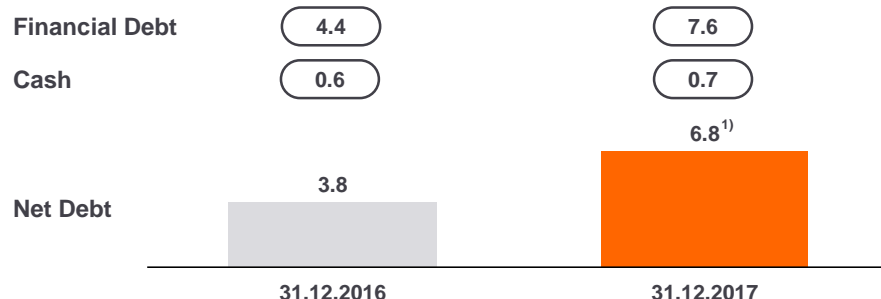
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Solid equity at USD 7.3 bn and strong liquidity reserve at USD 1.3 bn as well as higher net debt as a result of the merger with UASC

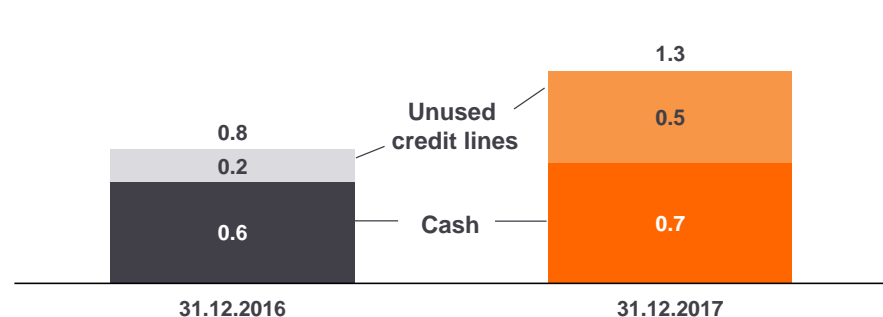
Equity base [USD bn]



Net debt [USD bn]



Liquidity position [USD bn]



Comments

- Strong liquidity reserve of USD 1.3 bn
- Capital Increase of USD 413.4 m in October has strengthened equity
- Net debt increased compared to 31.12.2016 as a result of first time consolidation of UASC Group

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1) incl. Restricted Cash

Hapag-Lloyd with clearly defined financial policy

Profitability	Profitability going forward supported by improved fleet ownership structure and synergy realization
Investments	No planned new vessel investments in next years – Maximize free cash flow
Deleveraging	Clear target to significantly deleverage over time
Liquidity	Maintain an adequate liquidity reserve for the Combined Entity



NAV ROOM

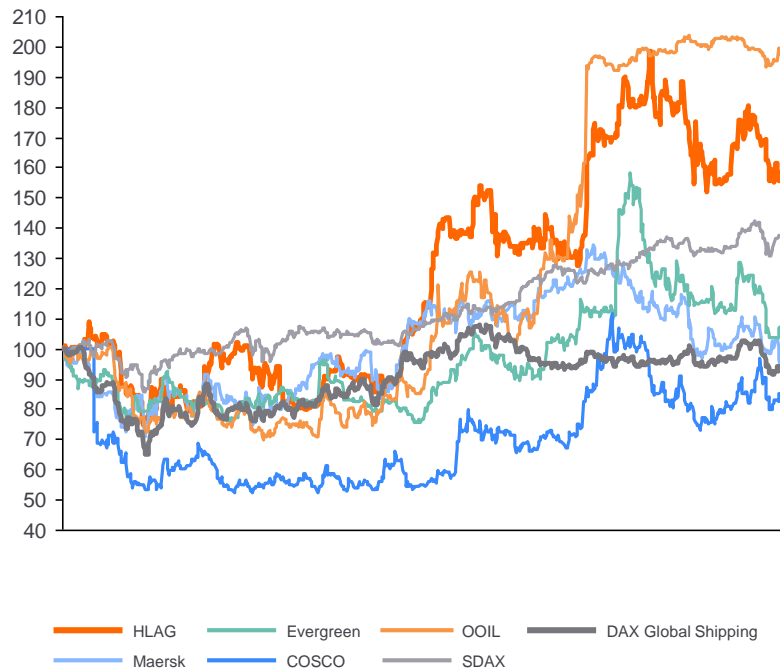
NAVIGATION ROOM

KEEP SHUT
AT S

INI DRM B
R OR GO
KEY ISL

Convincing equity story resulted in higher share price...

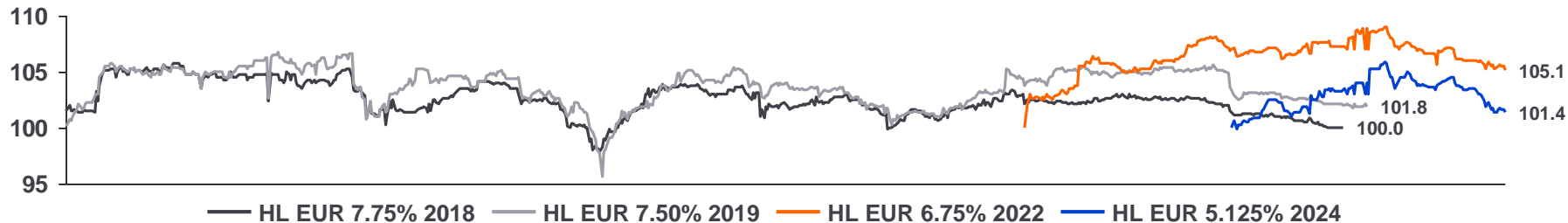
Share trading



Stock Exchange	Frankfurt Stock Exchange / Hamburg Stock Exchange
Market segment / Index	Regulated market (Prime Standard) / SDAX
ISIN / WKN	DE000HLAG475 / HLAG47
Ticker Symbol	HLAG
Primary listing	6 November 2015
Number of shares	175,760,293

...and lower bond yields

Bonds trading

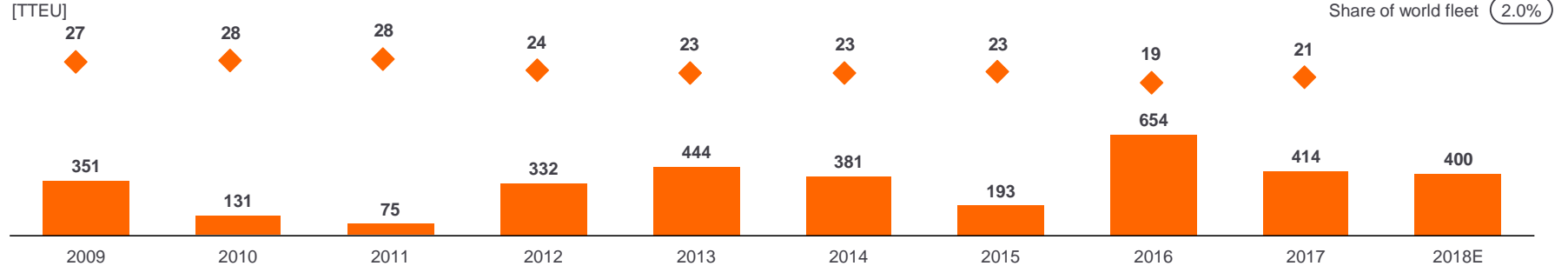


	EUR Bond 2024	EUR Bond 2022	EUR Bond 2019	EUR Bond 2018
Listing	Open market of the Luxembourg Stock Exchange (Euro MTF)			
Volume	EUR 450 m	EUR 450 m	EUR 250 m ²⁾	EUR 200 m ¹⁾
ISIN / WKN	XS1645113322	XS1555576641 / A2E4V1	XS1144214993 / A13SNX	XS0974356262 / A1X3QY
Maturity Date	Jul 15, 2024	Feb 1, 2022	Oct 15, 2019	Oct 1, 2018
Redemption Price	as of July 15, 2020:102.563%; as of July 15, 2021:101.281%; as of July 15, 2022:100%	as of Feb 1, 2019:103.375%; as of Feb 1, 2020:101.688%; as of Feb 1, 2021:100%	as of Oct 15, 2016:103.750%; as of Oct 15, 2017:101.875%; as of Oct 15, 2018:100%	as of Oct 1, 2015:103.875%; as of Oct 1, 2016:101.938%; as of Oct 1, 2017:100%
Coupon	5.125%	6.75%	7.50% <i>repaid</i>	7.75% <i>repaid</i>

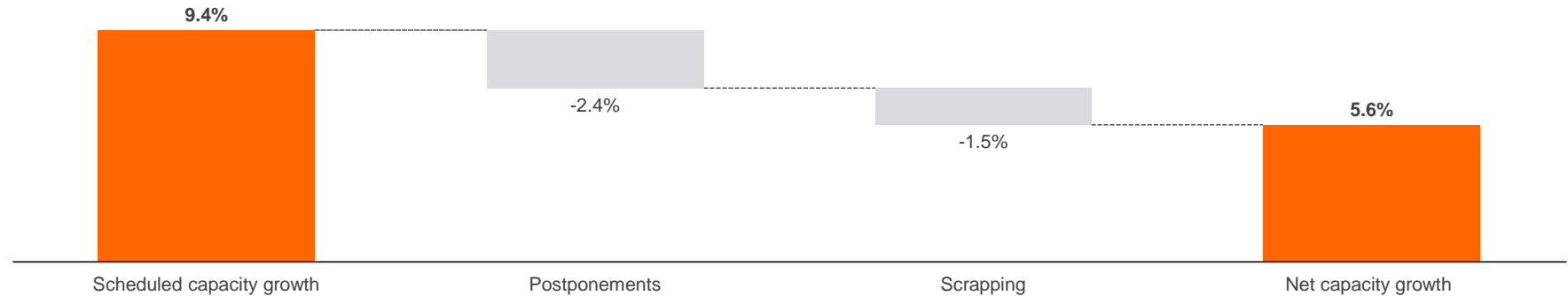
1) Full redemption on 1 October 2017; 2) Full Redemption on 15 October 2017

Supply: Scrapping expected to stay at previous year's level, while net capacity growth slightly exceeds last year's growth

Scrapping

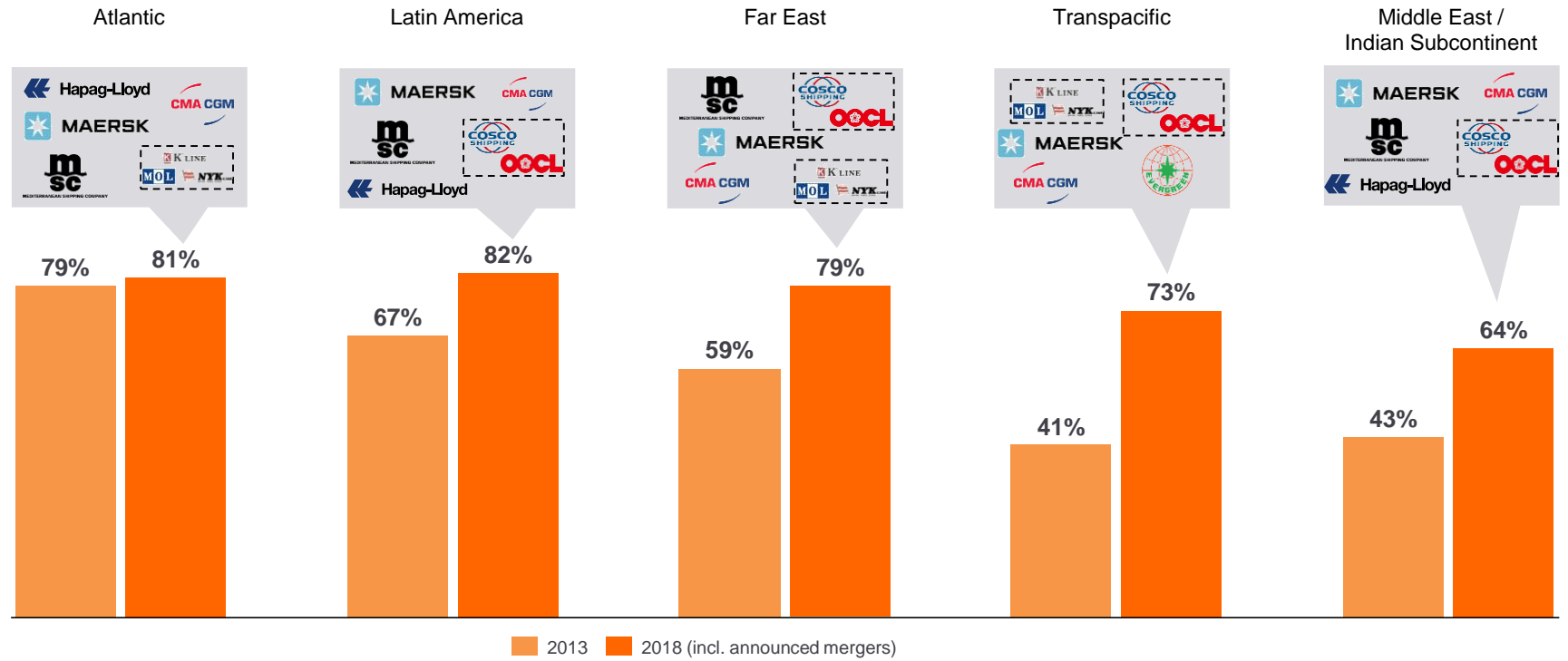


Net Capacity Growth 2018E



Scale: On important trades TOP 5 players now make up more than 64% capacity share

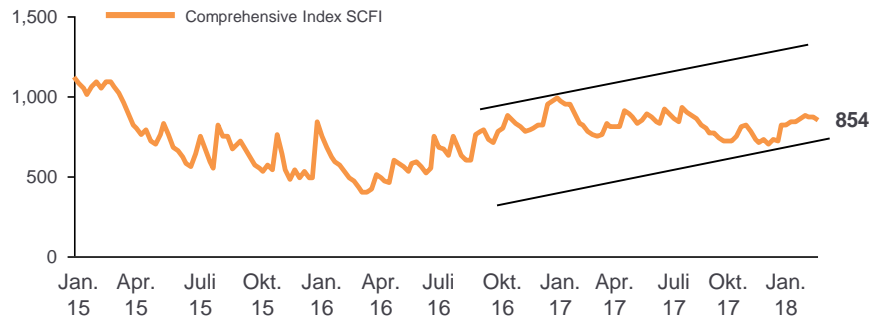
TOP 5 concentration on individual trades (2013 versus 2018)



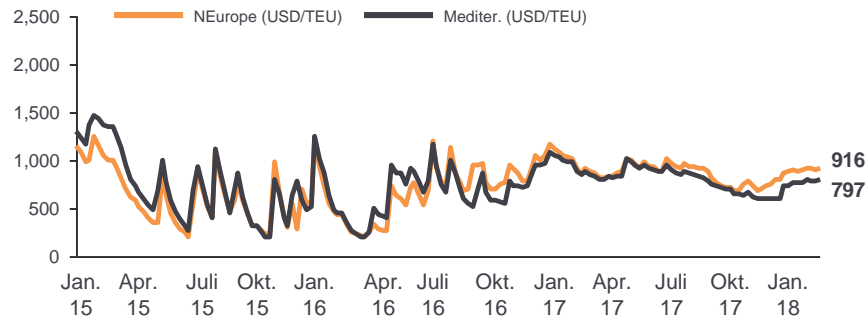
Note: Diagram assuming that all currently announced mergers (COSCO & OOCL; NYK & MOL & K-Line) will receive regulatory approvals and are executed as announced. Simple sum of stand-alone operating capacity as of February 2018.

Spot rates with continued recovery since historic low in Q2 2016

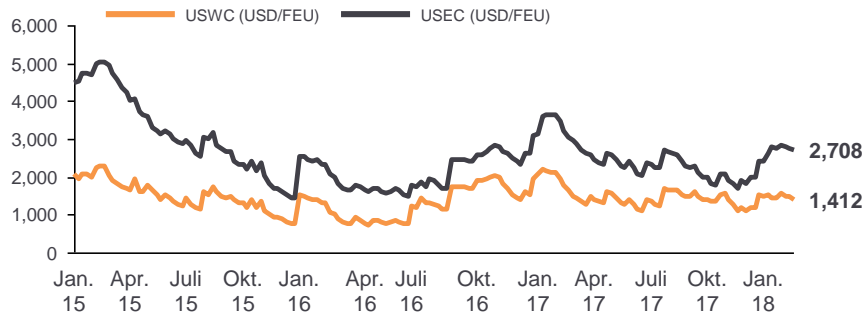
Comprehensive Index (SCFI)



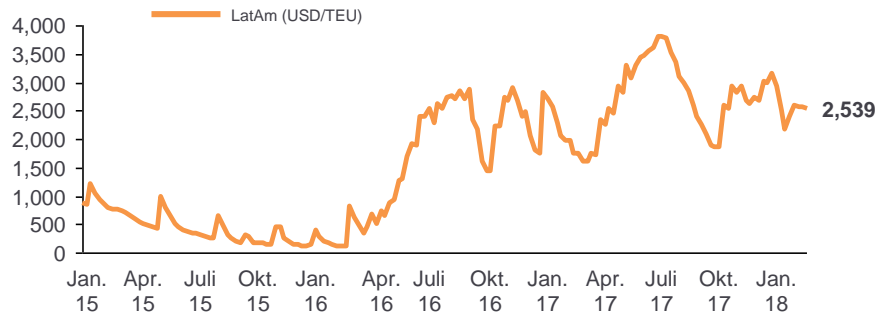
Shanghai – Europe (SCFI)



Shanghai – USA (SCFI)

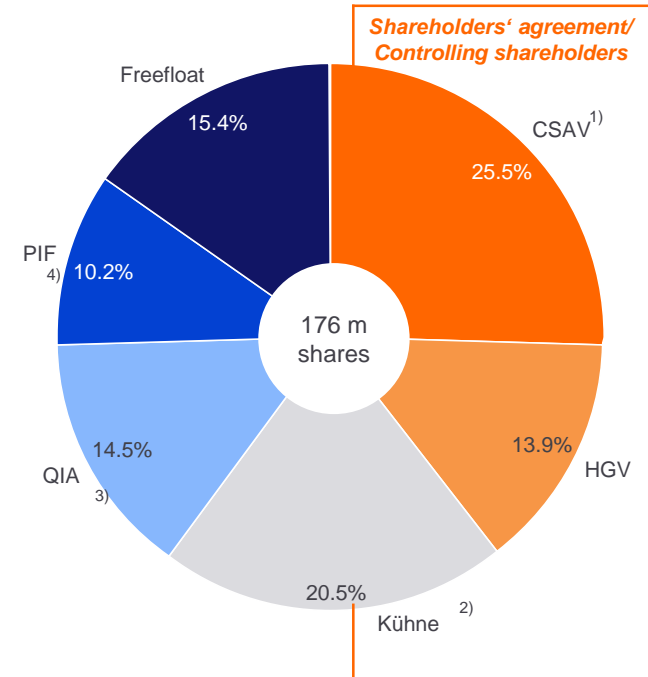


Shanghai – Latin America (SCFI)



Capital increase successfully completed – Key terms of the rights issue

Offer size	– 11,717,353 new shares (c. 7.1 % of current share capital), resulting in EUR 351.5 m of gross proceeds
Subscription price	– EUR 30 per share (17.8 % discount to XETRA closing price as of 27 September 2017, 16.8 % discount to TERP)
Use of proceeds	– Repayment of existing indebtedness, with any remainder to be used for general corporate purposes
Listing	– Regulated market of Frankfurt Stock Exchange (Prime Standard) and the regulated market of the Hamburg Stock Exchange
Distribution	– Public offer in Germany and Luxembourg – Offering in the US to QIBs under Rule 144A – Private placement to institutional investors outside the US in reliance on Reg S
Take-up ratio	– 96%





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