

# Investor Presentation

Q1 2019 Results

Hamburg, 9 May 2019



# Opening Remarks

## 1 | Highlights

- Positive development of **freight rates**; Q1 2019 almost 5% **above previous year's level**
- **Increase in transport volume** of +2.4% YoY to TEU 2.9 m in Q1 2019

## 2 | Market Update

- Despite recent GDP downgrades, trend of **container demand growth still intact**
- **Slowing supply growth** leads to tightening of Supply / Demand Balance in 2019e and 2020e
- Good **acceptance** of new IMO 2020 **bunker formulas** by the market

## 3 | Financials

- Significantly increased **EBIT of USD 243 m** (thereof USD 5 m IFRS 16 impact)
- Clearly positive **group profit of USD 109 m**, although negatively affected by USD -13 m IFRS 16 impact
- Strong **free cash flow of USD 455 m** (thereof USD 119 m IFRS 16 impact)

## 4 | Way Forward

- Focus on further implementing „**Strategy 2023**“
- Continue to **improve results** and **further deleverage** our company
- Prepare for **IMO 2020**

# Financial Highlights Q1 2019

Transport volume

**+2.4%**

Q1 2019: TEU 2.9 m

Transport expenses per TEU<sup>1)</sup>

**+1.1%**

Q1 2019: 1,015 USD/TEU

Freight rate

**+4.9%**

Q1 2019: 1,079 USD/TEU

EBIT

**USD 243 m**

7.0% EBIT margin

Group profit

**USD 109 m**

6.4% ROIC annualized

EBITDA

**USD 556 m**

16.0% EBITDA margin

Equity

**USD 7.2 bn**

Equity ratio: 39.1%

Liquidity reserve

**USD 1.2 bn**

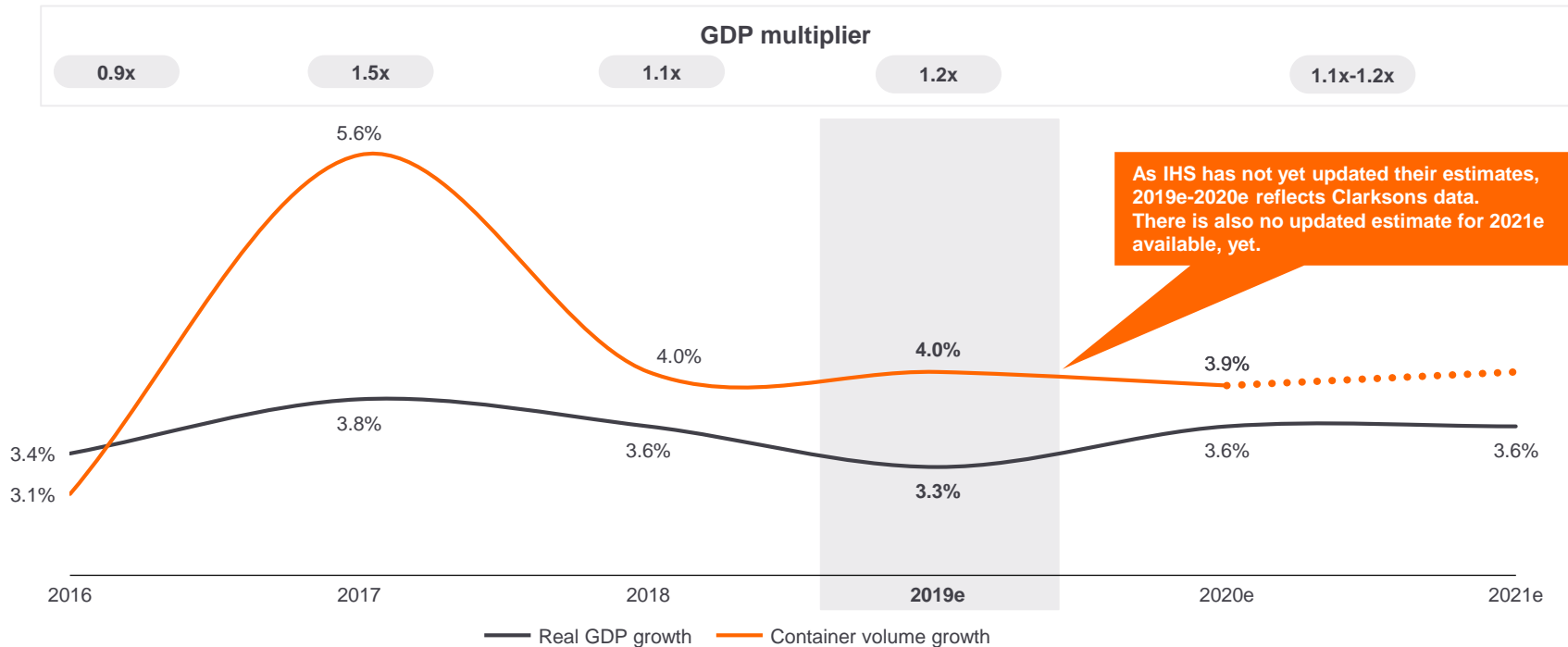
Net debt

**USD 7.2 bn**

Gearing: 99.1%

# Container trade growth conditions remain broadly healthy, with an expected growth of approx. 1.2x GDP in 2019e

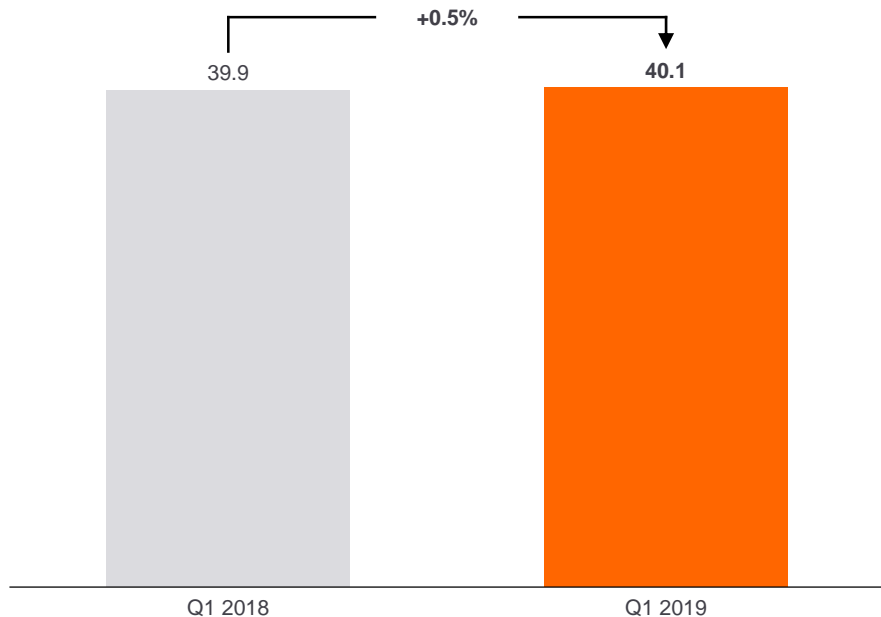
Real GDP Growth vs. Global Container Trade Growth [%]



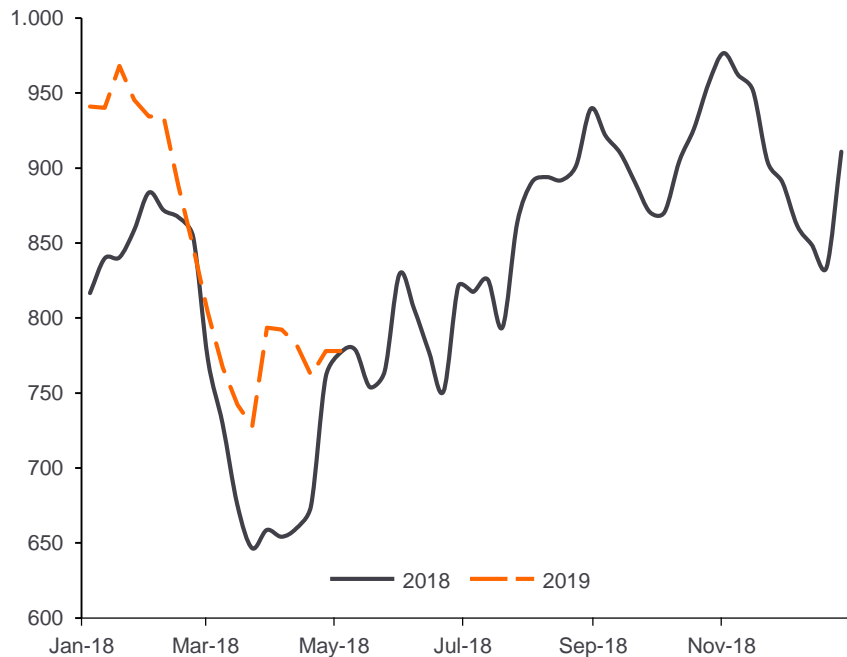
# In the first 3 months of 2019, global transport volume was stable YoY, while freight rates have stayed above previous year's levels

## Global Transport Volume Development

[TEUm]



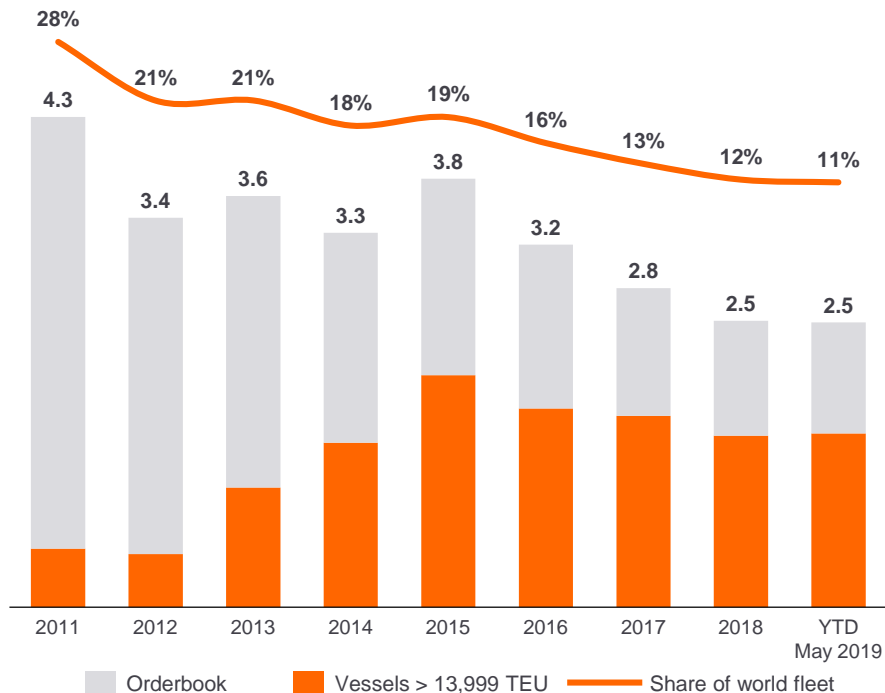
## SCFI Comprehensive Index



# Global orderbook remains historically low at only 11%, while idle fleet fell to only 1.3% of the world fleet...

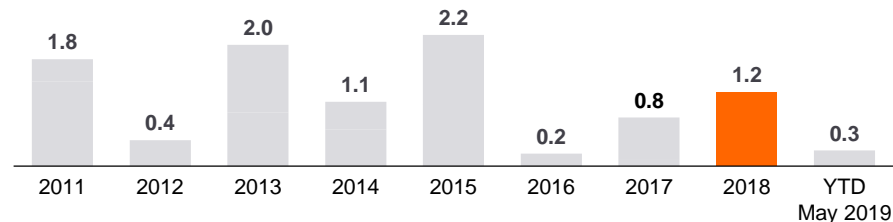
## Orderbook-to-fleet

[TEUm, %]



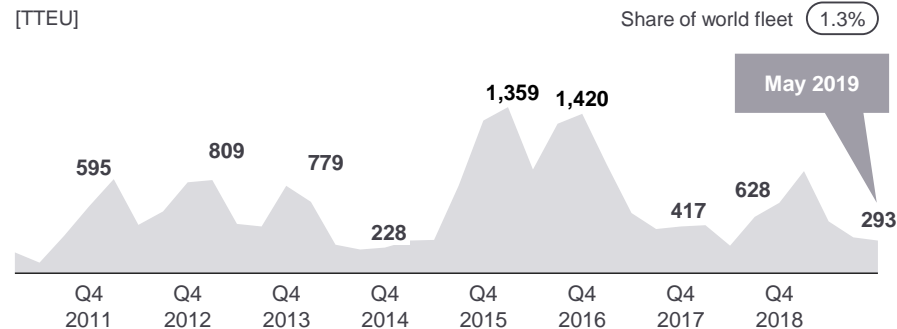
## Newly placed orders

[TEUm, %]



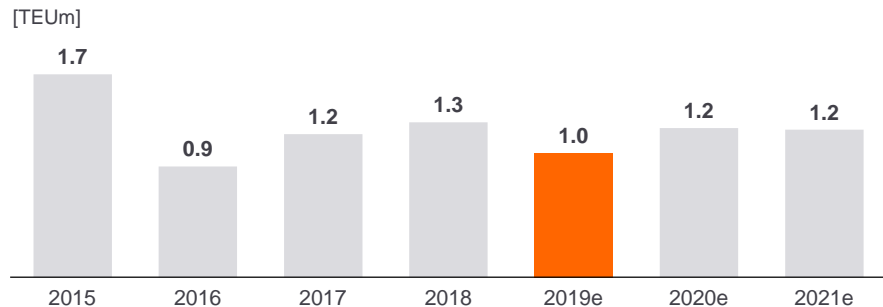
## Idle fleet

[TTEU]

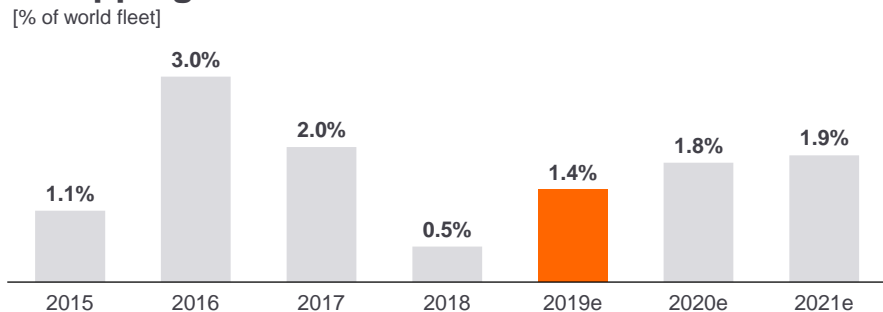


# ...and scrapping activity is expected to increase and the pace of deliveries will slow, which leads to further tightening of S/D balance

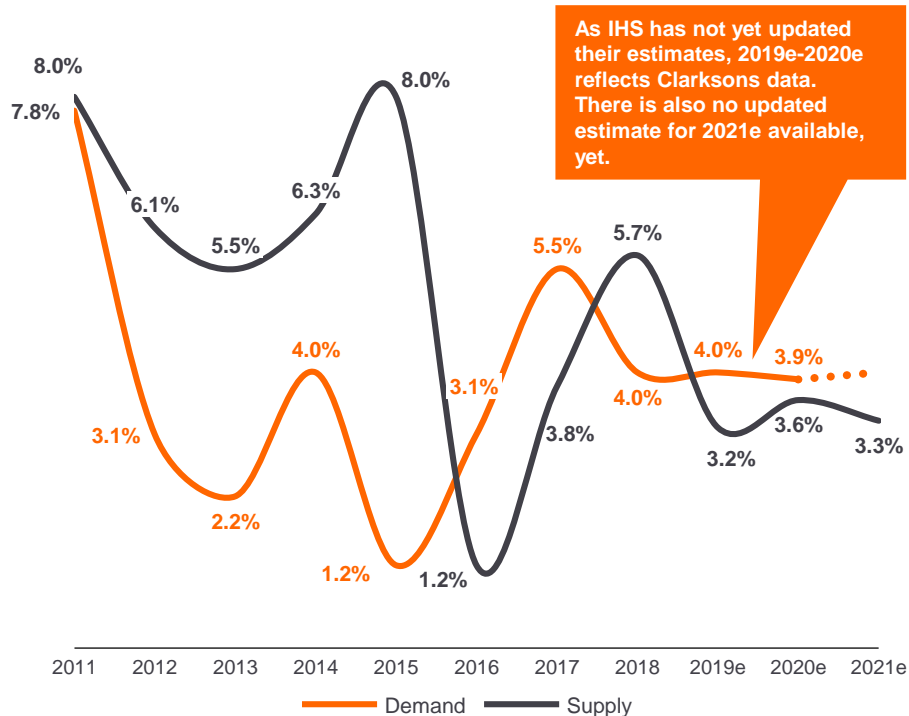
## Scheduled vessel deliveries



## Scrapping



## Supply / Demand Balance



## Clearly increased EBIT of USD 243 m and a strong improvement in group profit to USD 109 m in Q1 2019

Operational KPIs	Q1 2019	Q1 2018	YoY
Transport volume [TTEU]	2,929	2,861	+2%
Freight rate [USD/TEU]	1,079	1,029	+5%
Bunker [USD/mt]	425	372	+14%
Exchange rate <sup>1)</sup> [USD/EUR]	1.14	1.23	n.m.
Revenue [USD m]	3,478	3,221	+8%
EBITDA [USD m]	556	266	+109%
<i>EBITDA margin</i>	16.0%	8.3%	+7.7ppt
EBIT [USD m]	243	62	+292%
<i>EBIT margin</i>	7.0%	1.9%	+5.0ppt
Group profit [USD m]	109	-42	n.m.
<i>ROIC [annualized]</i>	6.4%	1.6%	+4.8ppt

### Note:

Due to the first-time application of IFRS 16 "Leases" as at 1 January 2019, the presentation of the group earnings, financial and net asset positions is only comparable with that of the corresponding prior year period to a limited degree. Unless stated otherwise, the figures for Q1 2018 refer to the provisions for leases pursuant to IAS 17.1

1) Average rate for the period. Note: Figures as stated in the Investor Report Q1 2019. Rounding differences may occur. Due to the first-time application of IFRS 16 "Leases" as at 1 January 2019, the presentation of the group earnings, financial and net asset positions is only comparable with that of the corresponding prior year period to a limited degree. Unless stated otherwise, the figures for Q1 2018 refer to the provisions for leases pursuant to IAS 17.1



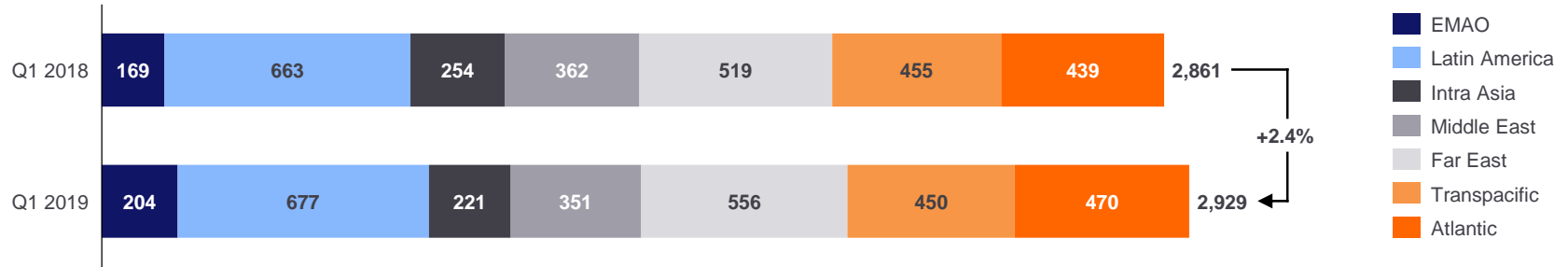
## Group profit of USD 109 m in Q1 2019 was negatively impacted by USD ~13 m due to IFRS 16 effects

### Overview of IFRS 16 effects on P&L accounts

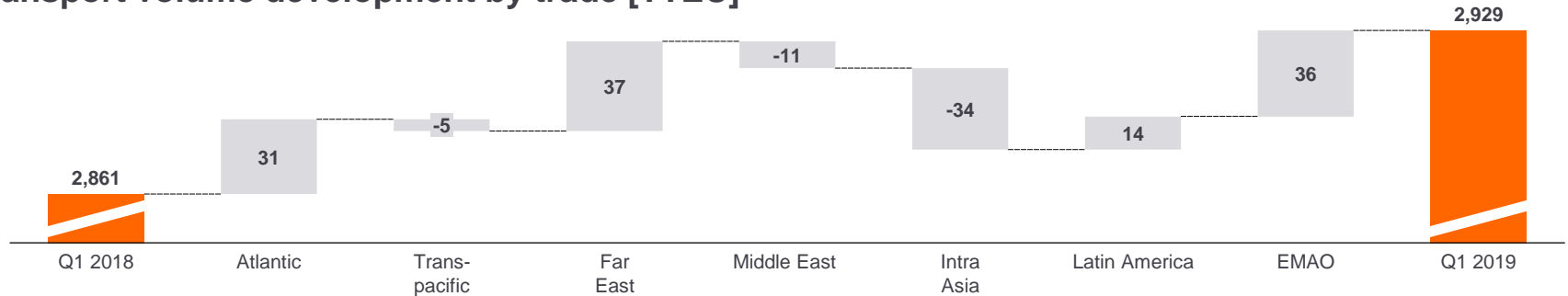
[USD m]	Q1 2019	Q1 2018	Δ	Thereof IFRS 16	Δ ex. IFRS 16
Revenue	3,478	3,221	+257	0	+257
Operating expenses (before D&A)	-2,922	-2,955	+33	+113	-80
EBITDA	556	266	+290	+113	+177
Depreciation & Amortization	-313	-204	-109	-108	-1
EBIT	243	62	+181	+5	+176
Interest result	-121	-101	-20	-18	-2
Income tax / other financial items	-13	-3	-10	0	-10
Group profit	109	-42	151	-13	164

# Transport volume increased by 2.4% YoY to 2,929 TTEU in Q1 2019 mainly driven by Atlantic, Far East, Latin America and EMAO

## Transport volume by trade [TTEU]

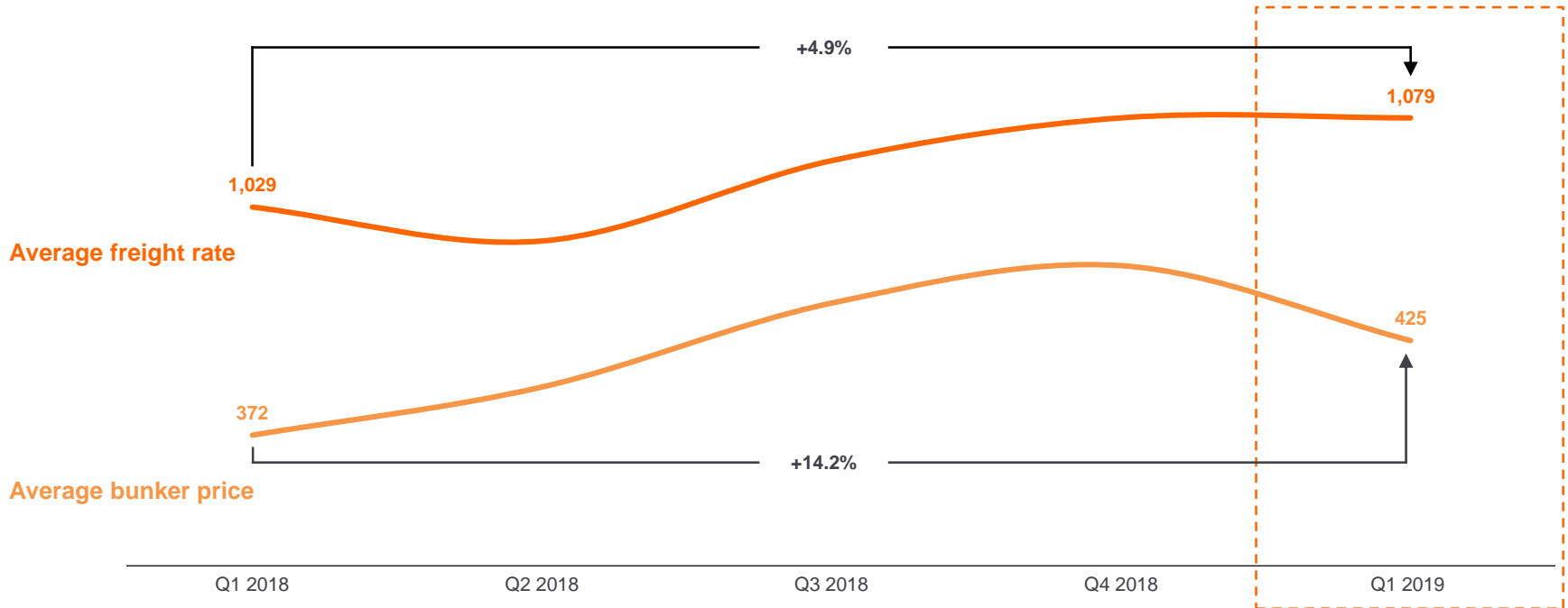


## Transport volume development by trade [TTEU]



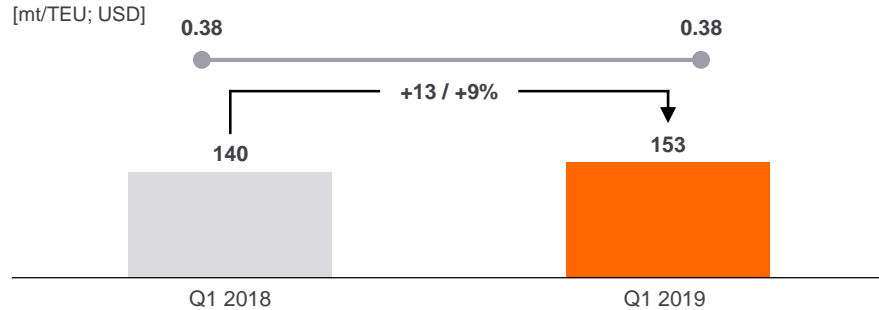
## Average freight rate has increased by 4.9% YoY, driven by a positive development in almost all trades

Freight rate [USD/TEU] vs. Bunker price development [USD/mt]

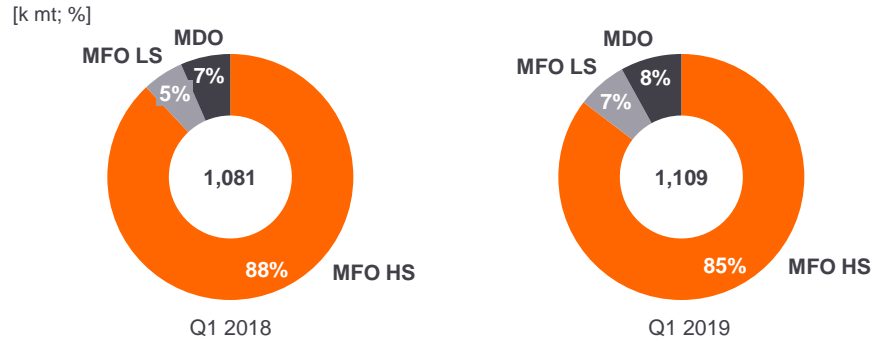


# Bunker price significantly increased by 14% YoY to 425 USD/mt which drove up bunker expenses per unit by 13 USD/TEU

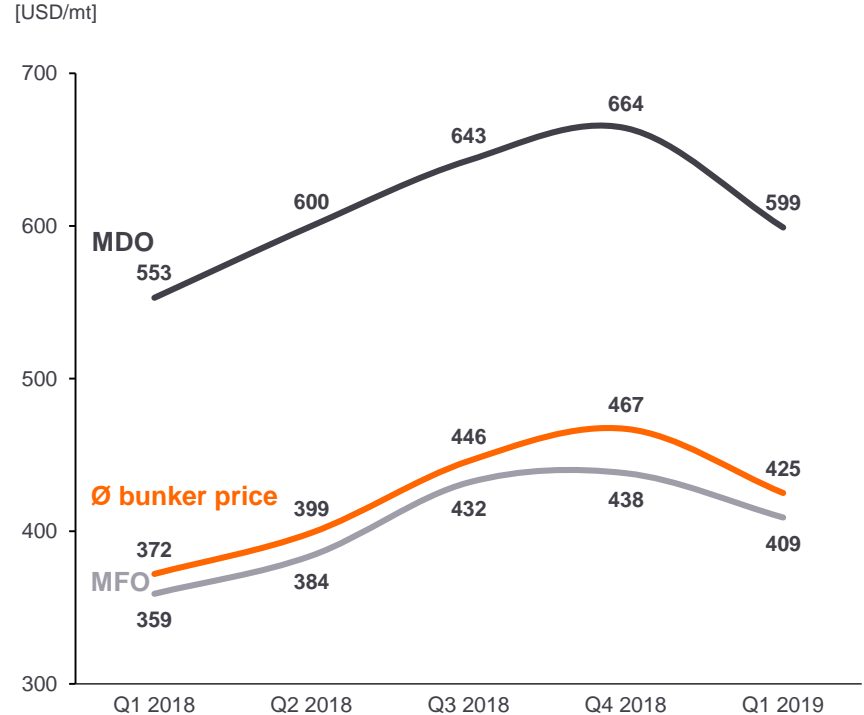
## Bunker consumption & expenses per TEU



## Total bunker consumption



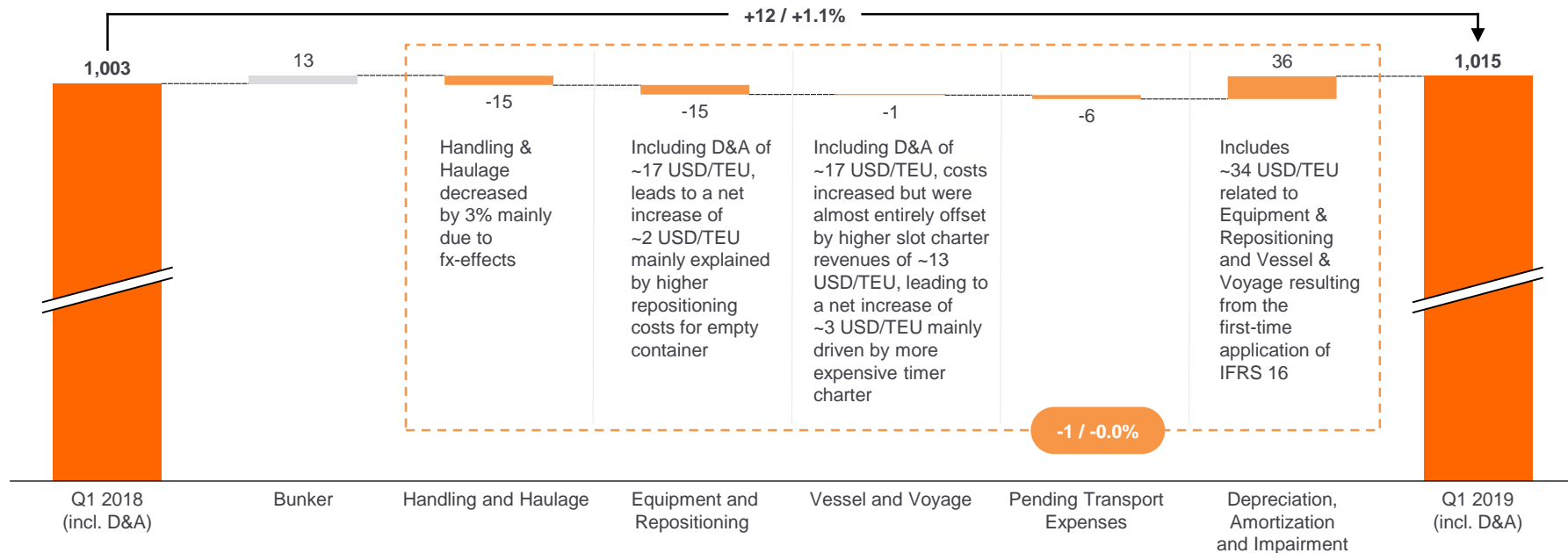
## Bunker consumption price



# Transport expenses (ex. bunker) remained almost flat YoY

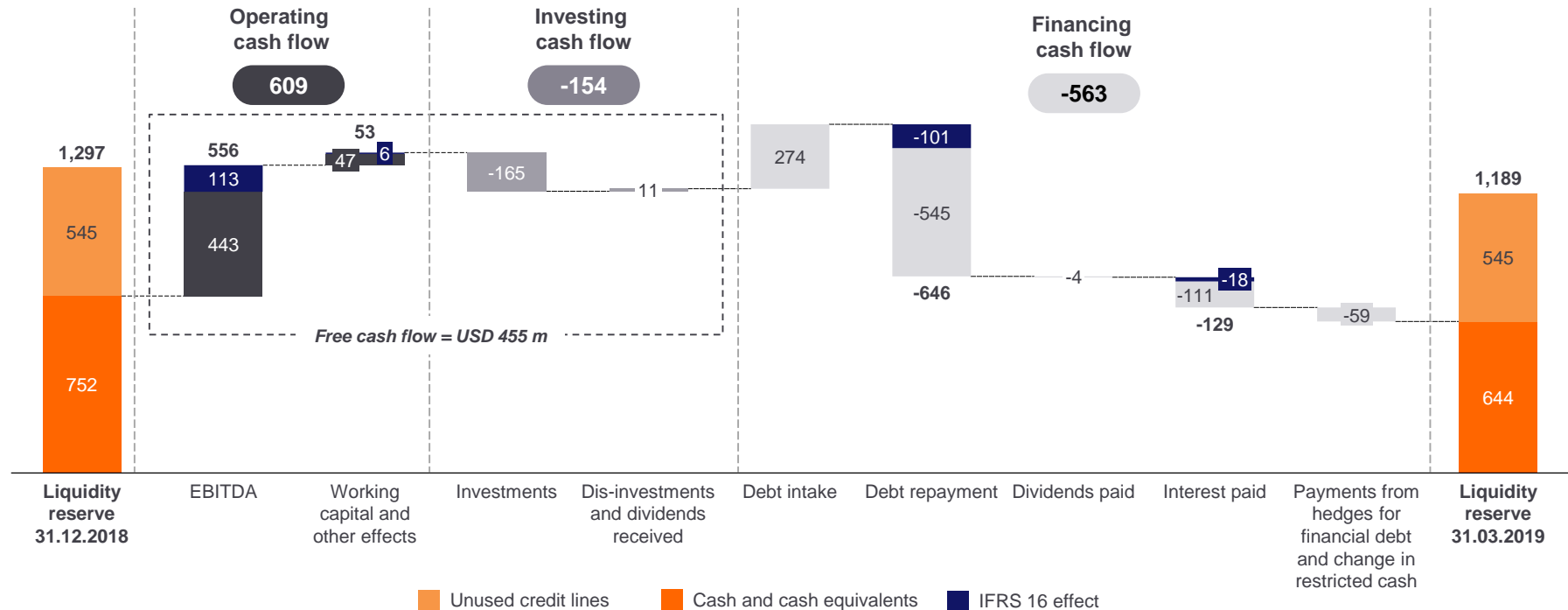
## Transport expenses per TEU [USD/TEU]

Due to the application of IFRS 16, for analysis purposes and **better traceability** of unit cost development, **transport expenses** are now shown **together with depreciation**.

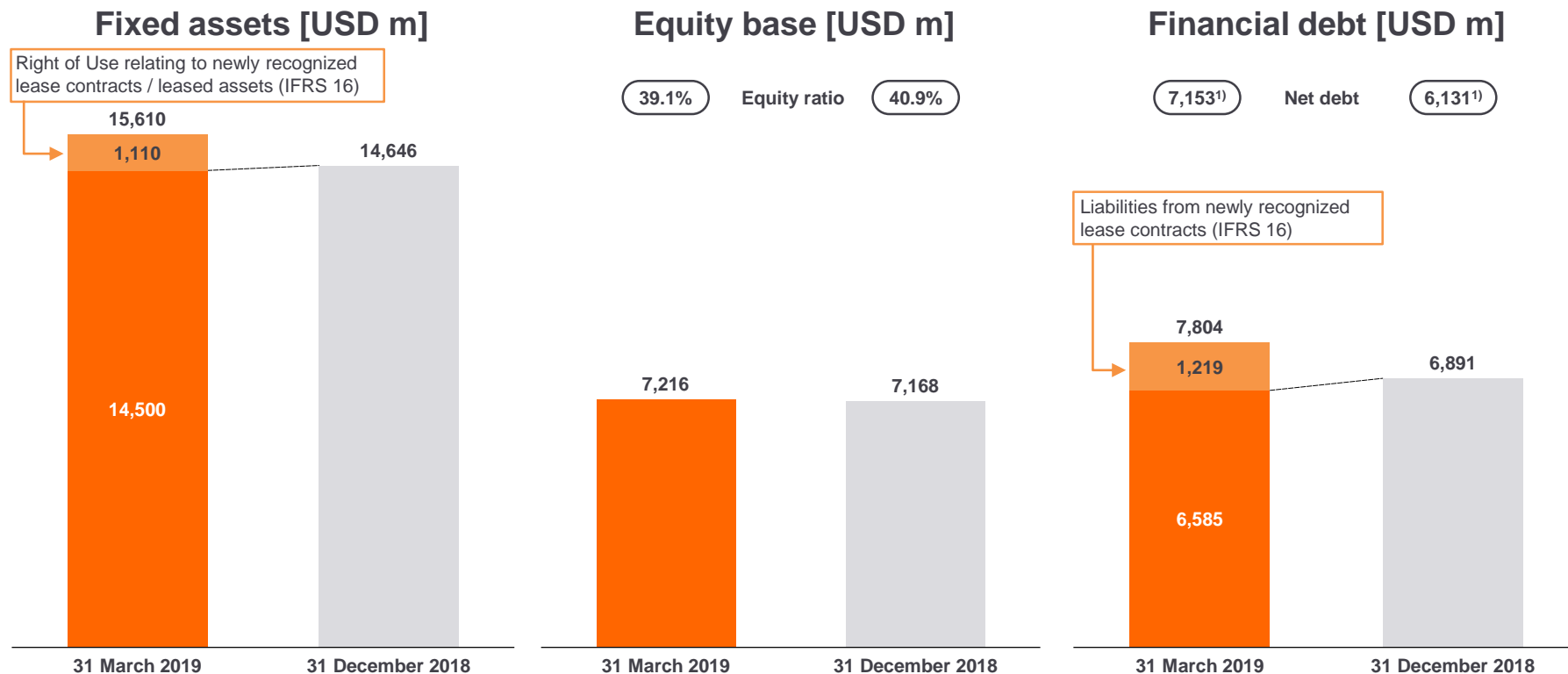


# Strong free cash flow of USD 455 m positively impacted by the first-time application of IFRS 16 in the amount of USD 119 m






## Cash flow Q1 2019 [USD m]



Like for like, financial debt has been decreased by USD ~300 m but first time application of IFRS 16 lead to an increase in assets and debt



# Earnings outlook for 2019 confirmed

	FY 2018	Outlook 2019 (incl. IFRS 16)	Sensitivities for 2019 <sup>1)</sup>	
 Transport volume	11,874 TTEU	Increasing slightly	+/- 100 TTEU	+/- USD <0.1 bn
 Average freight rate	1,044 USD/TEU	Increasing slightly	+/- 50 USD/TEU	+/- USD ~0.6 bn
 Average bunker price	421 USD/mt	Increasing slightly	+/- 50 USD/mt	+/- USD ~0.2 bn
 EBITDA	EUR 1,138 m	EUR 1.6 – 2.0 bn	Thereof IFRS 16 Impact	EUR 370 – 470 m
 EBIT	EUR 443 m	EUR 0.5 – 0.9 bn		EUR 10 – 50 m



## Major targets for 2019 and beyond:



Continue to **increase profitability** and further **deleverage our company**



Prepare for **IMO 2020**



Continue to implement our “**Strategy 2023**” and create more value for our customers and shareholders as we strive to become number one for quality



Further develop and offer more **digitalized solutions** to our customers

# Appendix



# Hapag-Lloyd with an equity ratio of 39.1% and a gearing of 99.1%

## Balance sheet [USD m]

	31.03.2019	31.12.2018
<b>Assets</b>		
Non-current assets	15,672.6	14,709.1
of which fixed assets	15,609.7	14,654.7
Current assets	2,765.6	2,812.6
of which cash and cash equivalents	644.3	752.4
<b>Total assets</b>	<b>18,438.2</b>	<b>17,521.7</b>
<b>Equity and liabilities</b>		
Equity	7,215.9	7,167.5
Borrowed capital	11,222.3	10,354.2
of which non-current liabilities	6,892.9	6,487.4
of which current liabilities	4,329.3	3,866.8
of which financial debt	7,804.4	6,891.1
thereof		
Non-current financial debt	6,476.5	6,070.8
Current financial debt	1,327.9	820.3
<b>Total equity and liabilities</b>	<b>18,438.2</b>	<b>17,521.7</b>

## Financial position [USD m]

	31.03.2019	31.12.2018
Financial debt	7,804.4	6,891.1
Cash and cash equivalents	644.3	752.4
Restricted Cash	7.2	7.4
<b>Net debt</b>	<b>7,152.9</b>	<b>6131.3</b>
Unused credit lines	545.0	545.0
<b>Liquidity reserve</b>	<b>1,189.3</b>	<b>1,297.4</b>
Equity	7,215.9	7,167.5
<b>Gearing (net debt / equity) (%)</b>	<b>99.1%</b>	<b>85.5%</b>
<b>Equity ratio (%)</b>	<b>39.1%</b>	<b>40.9%</b>

# Hapag-Lloyd with positive EBITDA of USD 555.6 m in Q1 2019

## Income statement [USD m]

	Q1 2019	Q1 2018	% change
Revenue	3,477.6	3,220.6	8%
Transport expenses	-2,660.2	-2,667.7	0%
Personnel expenses	-189.3	-195.8	-3%
Depreciation, amortization & impairment	-312.9	-203.7	54%
Other operating result	-82.4	-101.0	-18%
<b>Operating result</b>	<b>232.8</b>	<b>52.4</b>	<b>n.m.</b>
Share of profit of equity-accounted investees	9.7	9.9	-2%
Result from investments	0.2	0.0	n.m.
<b>Earnings before interest &amp; tax (EBIT)</b>	<b>242.7</b>	<b>62.3</b>	<b>n.m.</b>
<b>EBITDA</b>	<b>555.6</b>	<b>266.0</b>	<b>109%</b>
Interest result	-120.6	-101.2	19%
Income taxes	-13.0	-7.0	86%
Other financial items	0.2	3.8	-95%
<b>Group profit / loss</b>	<b>109.3</b>	<b>-42.2</b>	<b>n.m.</b>

# Unit costs slightly increased by 1% to 1,015 USD/TEU in Q1 2019

## Operating expenses [USD m]

	Q1 2019	Q1 2018	% change
<b>Transport expenses</b>	<b>2,660</b>	<b>2,668</b>	<b>0%</b>
Thereof			
Bunker	448	401	12%
Handling and Haulage	1,354	1,366	-1%
Equipment and repositioning	323	358	-10%
Vessel and voyage (excluding bunker)	560	551	2%
Pending Transport expenses	-25	-8	n.m.
Personnel expenses	189	196	-3%
Depreciation, amortization and impairments	313	204	54%
Other operating result	-82	-101	-18%
<b>Total operating expenses</b>	<b>3,245</b>	<b>3,168</b>	<b>2%</b>

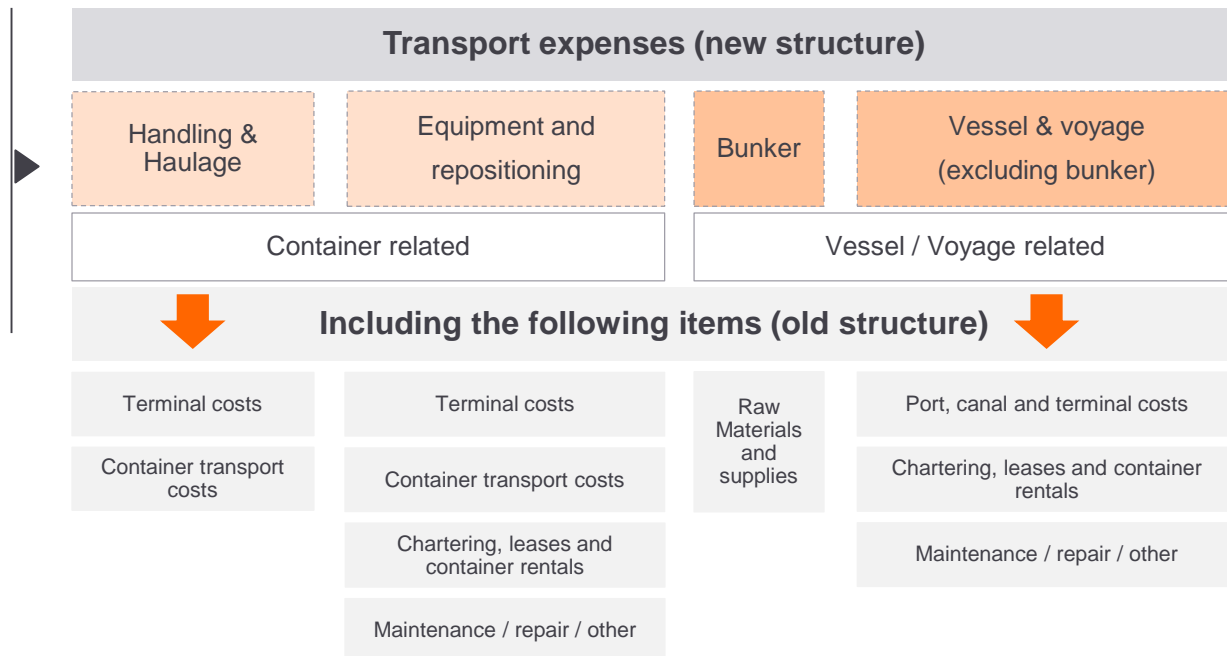
## Unit costs [USD]

	Q1 2019	Q1 2018	% change
<b>Transport expenses</b>	<b>908</b>	<b>932</b>	<b>-3%</b>
Thereof			
Bunker	153	140	9%
Handling and Haulage	462	478	-3%
Equipment and repositioning	110	125	-12%
Vessel and voyage (excluding bunker)	191	192	-1%
Pending Transport expenses	-9	-3	n.m.
<b>Depreciation, amortization and impairment (D&amp;A)</b>	<b>107</b>	<b>71</b>	<b>50%</b>
<b>Transport expenses incl. D&amp;A</b>	<b>1,015</b>	<b>1,003</b>	<b>1%</b>

# Hapag-Lloyd's new P&L structure from Q1 2019 onwards – Transport expenses

## New P&L Structure

Revenues
Transport expenses
Handling & Haulage
Equipment and repositioning
Bunker
Vessel & voyage (excluding bunker)
<i>Pending transport expenses</i>
Personnel expenses
Depreciation, amortization & impairment
Other operating result
Share of profit (equity-acc. Invest.), other fin. result
EBIT
Other financial items
Interest result
Earnings before income taxes



# Change of presentation in the consolidated income statement

Q1 2018 – OLD STRUCTURE		Transport expenses					Other reclassification	Q1 2018 – NEW STRUCTURE	
		Handling & Haulage	Equipment and Repositioning	Bunker	Vessel & voyage (excl. bunker)	Reclassification of Pending transport expenses			
Revenues	3,217						4	Revenues	3,221
Transport expenses	-2,648							Transport expenses	-2,667
Raw materials and supplies	-428	9	1	401	23	-6		Handling & Haulage	-1,366
Port, canal and terminal costs	-1,182	757	155		270			Equipment & Repositioning	-358
Container transport costs	-690	575	123		2	-2	-8	Bunker	-401
Chartering, leases & cont. rentals	-270	1	45		224			Vessel & Voyage (excl. bunker)	-551
Maintenance / repair / other	-77	5	34		32		6	Pending transport expenses	8
Personnel expenses	-206						10	Personnel expenses	-196
Depreciation, amortization & impairment	-204							Depreciation, amortization & imp.	-204
Other operating income , other operating expenses	-103	19					-17	Other operating result	-101
Share of profit of equity accounted investees	10							Share o. profit of equity acc. investees	10
EBIT	66							EBIT	62
							4	Other financial items	4
		1,366	358	401	551	-8			

*Simplified view*

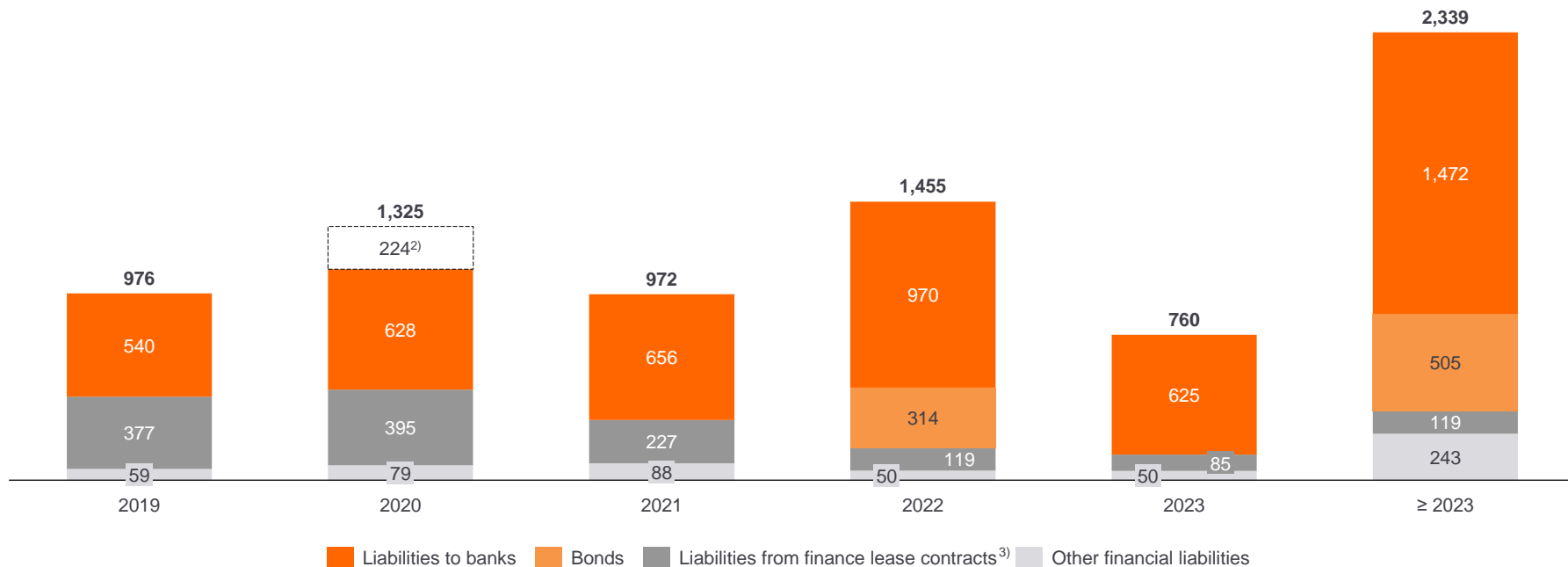
# Overview of IFRS 16 effects on cash flow statement

[USD m]	Q1 2019	Q1 2018	Δ	Thereof IFRS 16	Δ ex. IFRS 16
<b>EBIT</b>	243	62	+181	+5	+176
Depreciation / Amortization	313	204	+109	+108	+1
<b>EBITDA</b>	556	266	+290	+113	+177
Working Capital and other effects	53	46	+7	+6	+1
<b>Cash flow from operating activities</b>	609	312	+297	+119	+178
Investing cash flow	-154	-72	-82	0	-82
<b>Free cash flow</b>	455	240	+215	+119	+96
Additional payments for liabilities from leases	-101	n.a.	-101	-101	0
Additional interest payments for liabilities from leases	-18	n.a.	-18	-18	0
<b>Free cash flow (adjusted by IFRS 16 effect)</b>	336	240	+96	0	+96



# Reduced financing costs as well as improved maturity structure of financial liabilities

Financial Debt Profile as per 31 March 2019<sup>1)</sup>, [USDm]



1) As of January 2018 financial debt profile has been changed to the statement of repayment amounts. Deviation from the total financial debt as shown in the balance sheet as per 31.12.2018 consist of transaction costs and accrued interest 2) ABS program prolonged until 2020 3) Liabilities from lease contracts consist of 104 USD m liabilities from old contracts and 1,219 USD m of new contracts due to first-time IFRS 16 implementation

# Share price development

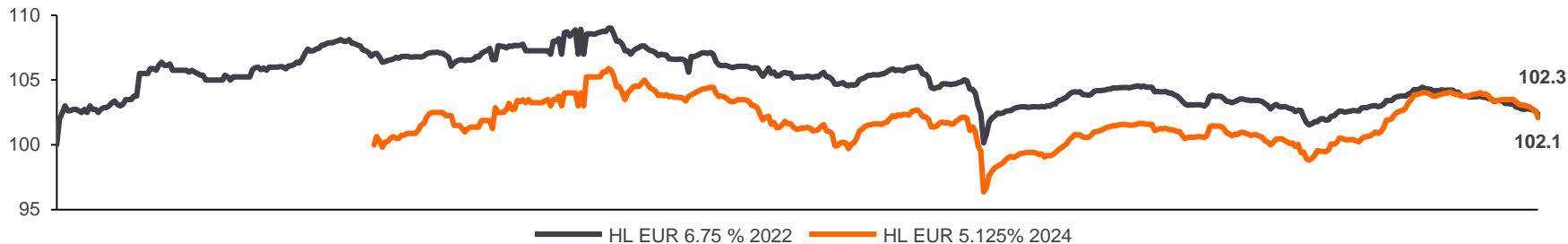
## Share trading since November 2015



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

# Bond trading

## Bonds trading



	EUR Bond 2024	EUR Bond 2022
<b>Listing</b>	Open market of the Luxembourg Stock Exchange (Euro MTF)	
<b>Volume</b>	EUR 450 m	EUR 280 m
<b>ISIN / WKN</b>	XS1645113322	XS1555576641 / A2E4V1
<b>Maturity Date</b>	Jul 15, 2024	Feb 1, 2022
<b>Redemption Price</b>	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%
<b>Coupon</b>	5.125%	6.75%

# Financial Calendar 2019

<b>25 February 2019</b>	Preliminary Financials 2018 ✓
<b>22 March 2019</b>	Annual Report 2018 ✓
<b>09 May 2019</b>	Quarterly Financial Report Q1 2019 ✓
<b>12 June 2019</b>	Annual General Meeting 2019
<b>07 August 2019</b>	Half-year Financial Report 2019
<b>14 November 2019</b>	Quarterly Financial Report 9M 2019

# 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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