Q2 | H1 2017

Hapag-Lloyd AG

Investor Report

1 January to
30 June 2017

Hapag-Lloyd

SUMMARY OF HAPAG-LLOYD KEY FIGURES

KEY OPERATING FIGURES[1]		**Q2 2017**	Q2 2016	**H1 2017**	H1 2016	% Change
Total vessels, of which		**219**	170	**219**	170	29%
own vessels		**112**	70	**112**	70	60%
leased vessels		**8**	3	**8**	3	167%
chartered vessels		**99**	97	**99**	97	2%
Aggregate capacity of vessels	TTEU	**1,557**	952	**1,557**	952	64%
Aggregate container capacity	TTEU	**2,287**	1,513	**2,287**	1,513	7%
Bunker price (MFO, average for the period)[2]	USD/t	**300**	182	**300**	180	59%
Bunker price (MDO, average for the period)[3]	USD/t	**473**	375	**471**	372	27%
Freight rate (average for the period)	USD/TEU	**1,064**	1,019	**1,056**	1,042	1%
Transport volume	TTEU	**2,287**	1,892	**4,221**	3,703	14%
Revenue	million USD	**2,629**	2,088	**4,900**	4,212	16%
Transport expenses	million USD	**2,130**	1,805	**4,036**	3,561	13%
EBITDA	million USD	**253**	83	**393**	219	80%
EBIT	million USD	**93**	–50	**97**	–44	n.m.
Group profit/loss	million USD	**18**	–111	**-49**	–158	n.m.
Cash flow from operating activities	million USD	**174**	70	**332**	226	47%
Investment in property, plant and equipment	million USD	**78**	115	**200**	220	–9%
KEY RETURN FIGURES[1]						
EBITDA margin (EBITDA/revenue)		**9.6%**	4.0%	**8.0%**	5.2%	2.8 ppt
EBIT margin (EBIT/revenue)		**3.5%**	–2.4%	**1.9%**	–1.0%	2.9 ppt
KEY BALANCE SHEET FIGURES AS AT 30 JUNE[4]						
Balance sheet total	million USD	**18,024**	11,965	**18,024**	11,965	51%
Equity	million USD	**6,763**	5,342	**6,763**	5,342	27%
Equity ratio (equity/balance sheet total)		**37.5%**	44.6%	**37.5%**	44.6%	–7.1 ppt
Borrowed capital	million USD	**11,261**	6,624	**11,261**	6,624	70%
KEY FINANCIAL FIGURES AS AT 30 JUNE[4]						
Financial debt	million USD	**8,339**	4,415	**8,339**	4,415	89%
Cash and cash equivalents	million USD	**860**	602	**860**	602	43%
Net debt (financial debt – cash and cash equivalents)[5]	million USD	**7,408**	3,793	**7,408**	3,793	95%
Gearing (net debt/equity)		**109.5%**	71.0%	**109.5%**	71.0%	38.5 ppt
Liquidity reserve		**1,320**	802	**1,320**	802	65%
NUMBER OF EMPLOYEES AS AT 30 JUNE						
Employees at sea		**1,675**	1,498	**1,675**	1,498	12%
Employees on land		**10,910**	7,807	**10,910**	7,807	40%
HAPAG-LLOYD TOTAL		**12,585**	9,305	**12,585**	9,305	35%

[1]) The comparison of figures refers to the prior year period 1.1.-30.6.2016
[2] MFO = Marine Fuel Oil
[3] MDO = Marine Diesel Oil
[4] The comparison of figures refers to the balance sheet date 31.12.2016
[5] incl. Restricted Cash booked as other assets: USD 71.6 million as of 30.06.2017, USD 19.7 million as of 31.12.2016

The UASC Group has been included in Hapag-Lloyd AG's consolidated financial statements from the date control was transferred on 24 May 2017. The presented figures include the effects of the transaction from this date and can therefore only be compared to the prior year's figures to a limited extent.

Disclaimer: This half-year financial 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 for events or developments which occur after the date of this report. UASC's Ltd. and its subsidiaries (in the following mentioned as UASC Group as well) have been included in the figures from the date control was transferred on 24 May 2017.The key figures used are therefore only comparable with the previous year to a limited extent.

This report was published on 29 August 2017.

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IMPORTANT NOTICE

UASC Ltd. and its subsidiaries (UASC Group) were consolidated on 24 May 2017 and are included in the consolidated financial statements of Hapag-Lloyd AG as at 30 June 2017. This enlarged the group of consolidated subsidiaries from 82 companies to 181 companies. As such, the net asset, financial and earnings position figures for the first half of 2017 can only be compared with those of previous years to a limited extent. This pertains to the Group's net asset and financial position in particular.

Unless stated otherwise, the figures for the first half of 2016 relate to Hapag-Lloyd not including the UASC Group.

The information provided in this Investor Report is based on a calculation of US dollar figures, derived from the figures published in EUR within the respective Interim or Annual Report of Hapag-Lloyd AG (available via https://www.hapag-lloyd.com/en/ir/publications/financial-report.html).

The US dollar figures presented herein have not been reviewed by auditors and are supplemental information to the respective Interim or Annual Report of Hapag-Lloyd AG for capital market participants. The respective Interim and Annual Reports of Hapag-Lloyd AG remain the prevailing and legally binding documents.

Hapag-Lloyd AG 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. Therefore, the functional currency of Hapag-Lloyd AG is the US dollar. However, the reporting currency of Hapag-Lloyd AG is the euro.

For reconciliation to the Interim Report H1 2017, please find below the respective exchange rates:

- Values for Q1 2016 have been converted at the respective Q1 2016 exchange rates
- Values for Q2 2016 have been calculated by subtracting the Q1 2016 figures from the H1 2016 figures
- Values for H1 2016 have been converted at the respective H1 2016 exchange rates
- Values for Q1 2017 have been converted at the respective Q1 2017 exchange rates
- Values for Q2 2017 have been calculated by subtracting the Q1 2017 figures from the H1 2017 figures
- Values for H1 2017 have been converted for Hapag-Lloyd (excl. UASC) at the average exchange rate for January to June 2017 and for UASC since consolidation 24 May 2017 at the average exchange rate for June 2017.

EXCHANGE RATES

	Closing rate			Average rate				
				HLAG AG	UASC Group			
per EUR	**30.06.2017**	31.03.2017	30.06.2016	**H1 2017**	**June 17**	Q1 2017	H1 2016	Q1 2016
US dollars	**1.1405**	1.0681	1.1146	**1.0826**	**1.1237**	1.0651	1.1127	1.103

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

1. HIGHLIGHTS

- The merger with UASC was successfully completed on 24 May 2017 and is expected to provide the following advantages:
  - Strengthened market position as one of the top five players of a container shipping industry which continues to consolidate
  - Enhanced market presence in attractive Middle East trade and solid position in all trades
  - Efficient and young fleet with a low level of investment needed in the future
  - Annual synergies of USD 435 million fully starting in 2019, strong ramp up already in 2018
  - Strong partner in THE Alliance
  - Strong organic increase in transport volume of 7.3% in H1 2017. UASC added 248 TTEU of transport volume since first time consolidation

- Following the acquisition of UASC and reflecting the first optimisation of the combined fleet Hapag-Lloyd's fleet comprised 219 container ships as at 30 June 2017. The TEU capacity of the entire Hapag-Lloyd fleet increased to 1,557,013 TEU

- Moderate recovery of freight rate gains continues in Q2 2017. H1 2017 freight rate of 1,068 USD/TEU exceeds previous year's level. Including UASC the combined freight rate stands at 1,056 USD/TEU

- Transport expenses (excl. bunker cost) increase less than volume growth as a result of further cost savings, e.g. by replacing charter agreements by more favourable contracts and benefitting from additional synergies and savings from cost cutting measures that have now been implemented in full

- UASC integration is well on track with sizeable initial optimisation measures already implemented in the areas of network and ship systems. Following the completed takeover of UASC's container shipping activities, Hapag-Lloyd will not invest in new ship systems in the next few years. The joint fleet should make it possible to utilise the medium-term expansion opportunities resulting from market growth and to realise economies of scale in ship operations

- The first-time consolidation of UASC generated one-off income of USD 52.3 million at Hapag-Lloyd. At the same time, costs for implementing the restructuring of the UASC Group in relation to the operational integration of UASC's business activities into Hapag-Lloyd totalled USD 46.0 million

- Clearly positive EBITDA of USD 393.1 million in first six months of 2017 (H1 2016: USD 218.8 million)

- Positive EBIT of USD 96.5 million clearly above previous year's level (H1 2016: USD – 44.2 million)

- Strong liquidity reserve totalled USD 1.3 billion (as at 30 June 2017)

- Equity ratio decreases to 37.5% due to the substantial increase of the balance sheet total

2. SECTOR-SPECIFIC CONDITIONS

The experts at the International Monetary Fund (IMF) anticipate global economic growth of 3.5% in 2017, followed by stronger global growth of 3.6% in 2018 (IMF, World Economic Outlook, July 2017). The forecasted economic growth remained unchanged from the forecast published in April 2017.

According to the IMF, the volume of global trade, which is key to the demand for container shipping services, will increase by 4.0% in the current year (IMF, World Economic Outlook July 2017: 3.8%). Growth of 3.9% is expected in 2018.

DEVELOPMENTS IN GLOBAL ECONOMIC GROWTH (GDP), WORLD TRADING VOLUME AND GLOBAL CONTAINER TRANSPORT VOLUME

in %	2015	2016	**2017e**	2018e
Global economic growth	3.4	3.2	**3.5**	3.6
World trading volume (goods and services)	2.6	2.3	**4.0**	3.9
Global container transport volume	1.1	3.2	**4.6**	4.9

Source: IMF August 2017, IHS Global Insight May 2017

Based on the current forecasts, the global cargo volume could rise to 139 million TEU in 2017 (IHS Global Insight, May 2017). IHS Global Insight expects the global container shipping volume to increase by 4.6% in 2017, outpacing the forecast rate of growth for global trade. For the period 2018 to 2021, IHS Global Insight is predicting annual growth of between 4.7% and 4.9% in the global container shipping volume.

At the beginning of 2017, the aggregate capacity of the global container ship fleet was approximately 20 million TEU (Drewry Container Forecaster Q2 2017, June 2017). Based on the container ships on order and planned deliveries, the globally available transport capacity should see increases of around 1.1 million TEU in 2017 and around 1.5 million TEU in 2018 (Drewry Container Forecaster Q2 2017, June 2017). This includes the expected delays of deliveries in the current financial year. The tonnage of the commissioned container ships of approximately 2.9 million TEU (MDS Transmodal, July 2017) is equivalent to around 14% of the present global container fleet's capacity (approximately 20 million TEU). It therefore remains well below the highest level seen to date, which was around 56% in 2008. In the period from January to June 2017, orders were placed for the construction of 38 container ships with a transport capacity totalling approximately 37,600 TEU (FY 2016: capacity of 0.2 million TEU [Clarksons Research, July 2017]).

GLOBAL CAPACITY DEVELOPMENT [1)]

in %	2015	2016	**2017e**	2018e
Scheduled capacity growth	11	5	**8**	9
Capacity measures				
Delayed deliveries	2	0	**2**	1
Scrappings	1	3	**3**	2
Net capacity growth	8	1	**3**	5

[1)] Based on current orderbook and predictions for scrappings and postponed deliveries

Source: Drewry Container Forecaster Q2 2017

Based on figures from MDS Transmodal, a total of 70 container ships with a transport capacity of approximately 578,000 TEU were placed into service in the first six months of 2017 (H1 2016: 77 ships with a transport capacity of approximately 518,000 million TEU). In the future, the actual growth in the global container ship fleet's transport capacity is expected to be lower than the projected nominal increase, as old and inefficient ships are scrapped, deliveries of newbuilds are postponed and slow steaming (reducing the speed at which services operate) is used. According to Drewry (Container Forecaster Q2 2017), the scrapping of inefficient ships reached a record high of 659,000 TEU in 2016 (2013: 444,000 TEU). Drewry expects 500,000 TEU to be scrapped in 2017.

Idle capacity fell to around 0.5 million TEU at the end of June 2017 – approximately 69% lower than the current record of around 1.6 million TEU recorded in October 2016 (Alphaliner, Weekly Issue 29, July 2017). This reduction stemmed from the large number of vessels which were scrapped and the rise in demand for chartered ships. The majority of idle ships have a capacity of up to 5,100 TEU.

3. STRUCTURE OF HAPAG-LLOYD'S VESSEL AND CONTAINER FLEET

STRUCTURE OF HAPAG-LLOYD'S VESSEL AND CONTAINER FLEET[1)]

	30.06.2017	31.03.2017	30.06.2016
Number of vessels	**219**	172	170
Aggregate capacity of vessels (TTEU)	**1,557**	1,008	952
thereof			
Number of own vessels	**112**	74	70
Aggregate capacity of own vessels (TTEU)	**1,006**	561	519
Number of leased vessels	**8**	3	3
Aggregate capacity of leased vessels (TTEU)	**52**	12	12
Number of chartered vessels	**99**	95	97
Aggregate capacity of chartered vessels (TTEU)	**498**	434	421
Aggregate container capacity (TTEU)	**2,287**	**1,583**	**1,513**
Number of services	**129**	**118**	**128**

[1)] The figures for 30.06.2017 relate to Hapag-Lloyd's fleet including the business activities acquired from UASC. The figures for 31.12.2016 and 30.06.2016 relate to Hapag-Lloyd only and do not include UASC's container shipping activities.

Following the acquisition of UASC and reflecting first optimisation measures, Hapag-Lloyd's fleet comprised 219 container ships as at 30 June 2017. The TEU capacity of the entire Hapag-Lloyd fleet increased to 1,557,013 TEU. As a result of the merger with UASC, the share of ships owned outright based on TEU capacity increased to approximately 68% as at 30 June 2017 (H1 2016, without the UASC Group: approximately 57%). The average age of the ships (capacity-weighted) was 7.1 years. The average ship size within the Hapag-Lloyd Group fleet is 7,110 TEU, which is approximately 27% above the comparable average figure for the ten largest container liner shipping companies and around 83% above the average ship size in the global fleet (H1 2017: 3,893 TEU). The container capacity also increased substantially as a result of the merger with UASC. As at 30 June 2017, Hapag-Lloyd owned or rented 1,398,327 containers with a capacity of 2,286,955 TEU for shipping cargo. The capacity-weighted share of containers owned by the Group increased to around 67% as at 30 June 2017 (H1 2016, without the UASC Group: approximately 43%). Furthermore, the service structures of both companies have already been merged and the first steps towards optimising the new structures have taken place. As at 30 June 2017, Hapag-Lloyd (with the UASC Group) now offers over 129 services. Prior to the merger, Hapag-Lloyd had a global network of 118 services (31 March 2017). UASC offered its customers a network of 45 services.

In the first half of 2017, Hapag-Lloyd used three chartered ships to reposition empty containers. Together, the vessels had a capacity of 10,611 TEU. As the ships were not employed in a liner service, they are not included in the above fleet data.

The final vessel from Hapag-Lloyd's original order book of five container ships, each with a capacity of 10,500 TEU (incl. 2,100 slots for reefer containers), was delivered in April 2017. One of two ships from UASC's current order book with a capacity of 15,000 TEU each will be delivered to Hapag-Lloyd on 27 July 2017. The second ship will be delivered in the second half of 2017.

4. GROUP EARNINGS POSITION

4.1 Freight rate per trade

Not including the UASC Group, the average freight rate in the first six months of 2017 was USD 1,068/TEU and was therefore USD 26/TEU (2%) up on the prior year period (USD 1,042/TEU). Freight rate increases in the Far East, Middle East, Intra-Asia and Latin America trades had a positive impact on the rate level in the first half of 2017. However, as competition remains intense, the freight rate increases announced in a number of trades could not be fully implemented. The main reason for this was the persistently difficult market environment, with pressure on freight rates continuing.

The UASC Group was included in the consolidated financial statements as at 24 May 2017. The average freight rate for the acquired UASC Group activities since this date was USD 870/TEU.

FREIGHT RATE PER TRADE [1]

USD/TEU	**Q2 2017**	Q1 2017	Q2 2016	QoQ % change	YoY % change	**H1 2017**	H1 2016	% change
Atlantic	**1,292**	1,293	1,319	0%	–2%	**1,293**	1,350	–4%
Transpacific	**1,272**	1,218	1,223	4%	4%	**1,245**	1,285	–3%
Far East	**1,007**	897	719	12%	40%	**955**	757	26%
Middle East	**1,017**	791	689	29%	48%	**902**	695	30%
Latin America	**1,008**	1,017	965	–1%	4%	**1,012**	963	5%
Intra-Asia	**607**	539	563	13%	8%	**573**	570	1%
EMAO (Europe–Mediterranean–Africa–Oceania)	**1,048**	1,009	1,064	4%	–2%	**1,030**	1,071	–4%
Total Hapag-Lloyd excluding UASC Group (weighted average)	**1,087**	**1,047**	**1,019**	**4%**	**7%**	**1,068**	**1,042**	**2%**
UASC Group	**870**	n.a.	n.a.	n.a.	n.a.	**870**	n.a.	n.a.
Total (weighted average)	**1,064**	**1,047**	**1,019**	**1%**	**4%**	**1,056**	**1,042**	**1%**

[1] In connection with the merger of the UASC group, the trades have been restructured and the assignment of individual services amended. The prior period figures have been amended accordingly.

4.2 Transport volume per trade

The transport volume performed particularly well in the first six months of the 2017 financial year. Hapag-Lloyd (without the UASC Group) was able to increase its transport volume by 270 TTEU to 3,973 TTEU (prior year period: 3,703 TTEU) as a result of its balanced positioning in all trades. This growth of 7.3% was higher than the predicted overall market trend (source: Clarkson Research, July 2017). All of the trades contributed to this positive performance. The inclusion of the UASC led to a further rise in the transport volume of 248 TTEU since consolidation, resulting in a total transport volume of 4,221 TTEU (+14.0%) in the first half of 2017 (prior year period: 3,703 TTEU).

TRANSPORT VOLUME PER TRADE[1)]

TTEU	Q2 2017	Q1 2017	Q2 2016	QoQ % change	YoY % change	H1 2017	H1 2016	% change
Atlantic	**422**	389	398	8%	6%	**811**	774	5%
Transpacific	**374**	386	365	–3%	2%	**760**	712	7%
Far East	**234**	215	201	9%	16%	**449**	412	9%
Middle East	**119**	123	114	–3%	4%	**242**	223	9%
Latin America	**604**	552	551	9%	10%	**1,156**	1,087	6%
Intra-Asia	**158**	152	157	4%	1%	**310**	287	8%
EMAO (Europe–Mediterranean–Africa–Oceania)	**128**	117	106	9%	21%	**245**	208	18%
Total Hapag-Lloyd excluding UASC Group	**2,039**	**1,934**	**1,892**	**5%**	**8%**	**3,973**	**3,703**	**7.3%**
UASC Group	**248**	n.a.	n.a.	n.a.	n.a.	**248**	n.a.	n.a.
Total	**2,287**	**1,934**	**1,892**	**18%**	**21%**	**4,221**	**3,703**	**14.0%**

1) In connection with the merger of the UASC group, the trades have been restructured and the assignment of individual services amended. The prior period figures have been amended accordingly.

4.3 Revenue per trade

Not including the UASC Group, the Hapag-Lloyd Group's revenue increased by USD 474.3 million to USD 4,686.5 million in the first half of 2017 (prior year period: USD 4,212.2 million). With the inclusion of the UASC Group as at 24 May 2017, revenue increased by an additional USD 213.2 million. As a result, revenue rose in the first half of 2017 to USD 4,889.7 million overall (prior year period: USD 4,212.2 million).

REVENUE PER TRADE[1)]

million USD	Q2 2017	Q1 2017	Q2 2016	QoQ % change	YoY % change	H1 2017	H1 2016	% change
Atlantic	**545.4**	503.4	523.2	8%	4%	**1,048.8**	1,044.0	0%
Transpacific	**475.8**	470.4	447.2	1%	6%	**946.2**	915.3	3%
Far East	**236.1**	192.6	144.9	23%	63%	**428.7**	312.1	37%
Middle East	**120.3**	97.6	78.5	23%	53%	**217.9**	154.6	41%
Latin America	**609.4**	560.8	532.6	9%	14%	**1,170.2**	1,047.2	12%
Intra-Asia	**95.4**	82.1	88.4	16%	8%	**177.5**	163.8	8%
EMAO (Europe–Mediterranean–Africa–Oceania)	**134.8**	117.7	112.7	15%	20%	**252.5**	223.2	13%
Other	**198.4**	246.3	160.7	–19%	23%	**444.7**	352.0	26%
Total Hapag-Lloyd excluding UASC Group	**2,415.6**	**2,270.9**	**2,088.2**	**6%**	**16%**	**4,686.5**	**4,212.2**	**11%**
UASC Group	**213.2**	n.a.	n.a.	n.a.	n.a.	**213.2**	n.a.	n.a.
Total	**2,628.8**	**2,270.9**	**2,088.2**	**16%**	**26%**	**4,899.7**	**4,212.2**	**16%**

1) In connection with the merger of the UASC group, the trades have been restructured and the assignment of individual services amended. The prior period figures have been amended accordingly.

4.4 Consolidated income statement

The Hapag-Lloyd Group's performance in the first half of 2017 was dominated by the first-time consolidation of the UASC Group and by the ongoing challenges in the container shipping industry.

The first-time consolidation generated one-off income from the first-time consolidation of USD 52.3 million at Hapag-Lloyd. At the same time, costs for implementing the restructuring of the UASC Group in relation to the operational integration of UASC's business activities into Hapag-Lloyd totalled USD 46.0 million.

In terms of operations, Hapag-Lloyd's freight rates (not including the UASC Group) continued to increase in the first half of 2017 following their low point in the second quarter of 2016. However, this recovery was not sufficient to fully compensate for the costs of the higher bunker price. Nevertheless, the freight rate increases implemented in the second quarter of 2017 impacted positively on the Group's overall earnings position. The higher bunker price and weaker US dollar compared with the euro at the end of the first half of 2017 had a negative effect on earnings. At USD 1.08/EUR, the average US dollar/euro exchange rate at the end of the first half of 2017 was stronger than in the prior year period (USD 1.11/EUR). By contrast, the significant rise in the transport volume, the full realisation of synergy effects resulting from the integration of CSAV, and the cost savings from the cost-cutting programmes initiated in the preceding years had a positive effect on earnings.

CONSOLIDATED INCOME STATEMENT

million USD	**Q2 2017**	Q1 2017	Q2 2016	QoQ % change	YoY % change	**H1 2017**	H1 2016	% change
Revenue	**2,628.8**	**2,270.9**	**2,088.2**	**16%**	**26%**	**4,899.7**	**4,212.2**	**16%**
Other operating income	**86.3**	28.0	40.4	208%	114%	**114.3**	65.2	75%
Transport expenses	**–2,129.9**	–1,905.6	–1,805.3	12%	18%	**–4,035.5**	–3,561.3	13%
Personnel expenses	**-216.3**	–157.0	–126.7	38%	71%	**–373.3**	–283.0	32%
Depreciation, amortisation and impairment	**–160.5**	–136.1	–132.2	18%	21%	**–296.6**	–263.0	13%
Other operating expenses	**–127.6**	–104.6	–121.0	22%	5%	**–232.2**	–227.8	n.m.
Operating result	**80.8**	**-4.4**	**–56.6**	**n.m.**	**n.m.**	**76.4**	**-57.7**	**n.m.**
Share of profit of equity-accounted investees	**11.8**	8.1	7.0	46%	69%	**19.9**	13.4	49%
Other financial result	**0.2**	0.0	0.1	n.m.	n.m.	**0.2**	0.1	n.m.
Earnings before interest and tax (EBIT)	**92.8**	**3.7**	**–49.5**	**n.m.**	**n.m.**	**96.5**	**–44.2**	**n.m.**
Interest result	**–66.3**	–65.7	–52.5	1%	26%	**–132.0**	–100.0	32%
Income taxes	**–8.9**	–4.1	–8.9	n.m.	n.m.	**–13.0**	–13.9	n.m.
Group profit/loss	**17.6**	**–66.1**	**–110.9**	**–127%**	**n.m.**	**–48.5**	**–158.1**	**n.m.**

Changes in the US dollar/euro exchange rate caused period-specific exchange rate gains and losses to decrease in the period under review. This was reflected in other operating income and other operating expenses. Netted, this resulted in an exchange rate gain of USD 9.7 million in the first half of 2017 (prior year period: exchange rate loss of USD 14.2 million). At USD 1.08/EUR, the average US dollar/euro exchange rate was stronger than in the prior year period (USD 1.11/EUR). Other operating expenses included one-off special items of EUR 17.4 million, primarily for advisory services.

Personnel expenses rose by USD 90.3 million to USD 373.3 million in the first half of 2017 (prior year period: USD 283.0 million). The main reason for this increase were the costs incurred for the restructuring of the UASC Group as part of the operational integration of UASC's business activities and associated one-off effects amounting to USD 41.6 million. Furthermore, the first-time inclusion of the personnel costs of the UASC Group led to an increase in personal expenses. In addition, the exchange rate losses at the balance sheet date resulting from the valuation of pension provisions in the amount of USD 10.3 million (prior year period: USD 3.1 million) led to a year-on-year increase in personnel expenses.

Depreciation and amortisation came to USD 296.6 million in the first six months of the 2017 financial year (prior year period: USD 263.0 million). The year-on-year increase in depreciation and amortisation was primarily due to depreciation of the acquired newly built ships and containers as well as the first-time inclusion of the UASC Group.

The Group's earnings before interest and taxes (EBIT) amounted to USD 96.5 million in the reporting period. They were therefore well above the corresponding figure in the prior year period of USD -44.2 million. The Group's earnings before interest, taxes, depreciation and amortisation (EBITDA) came in at USD 393.1 million in the first six months of the 2017 financial year (prior year period: USD 218.8 million).

The interest result for the first six months of the 2017 financial year was USD –132.0 million (prior year period: USD –100.0 million). The change was primarily due to the early redemption of a US dollar bond and a euro bond. These transactions were associated with one-off effects totalling USD –15.1 million as a result of redemption charges, the partial disposal of associated embedded derivatives and other associated transaction costs. In addition to interest expenses resulting from newly utilised ship and container financing and other financing agreements, the first-time inclusion of the UASC Group with USD –12.3 million prompted overall interest expenses to rise. This was counteracted by income of USD 24.7 million (prior year period: USD 10.3 million) from a change in the fair value of the derivatives embedded in the bonds issued.

The Group recorded a loss of USD 48.5 million in the first half of 2017 (prior year period: USD –158.1 million).

4.5 Transport expenses

Transport expenses rose by USD 474.2 million in the first six months of 2017 to USD 4,035.5 million (prior year period: USD 3,561.3 million). This represents an increase of 13%. This development was particularly attributable to an increase of USD 268.2 million (84%) in expenses for raw materials, supplies and purchase goods as a result of the higher bunker price. In the first half of 2017, the average bunker consumption price for Hapag-Lloyd was USD 312 per tonne, up USD 114 per tonne on the figure for the prior year period. From the 2017 financial year onwards, the average bunker consumption price used by Hapag-Lloyd is a combined figure for marine fuel oil (MFO) and marine diesel oil (MDO). The previous year's figure has been restated accordingly. The cost of purchased services has risen disproportionately by USD 206.0 million (6%) against the growth of transport volumes. This increase is a reflection of the significant 14.0% rise in transport volumes and, in particular, the initial inclusion of the UASC Group. Both the integration of UASC's fleet and lower charter rates enabled Hapag-Lloyd to enter into more favourable agreements in place of existing charter contracts. As such, chartering, lease and container rentals fell by USD 129.7 million to USD 496.4 million (prior year period: USD 626.1 million). Transport expenses were also down thanks to the full achievement of synergy effects resulting from the integration of CSAV and cost savings from the cost-cutting measures that have now been implemented in full. The rise in container transport costs was essentially due to the increase in transport volumes of around 14%.

TRANSPORT EXPENSES

million USD	Q2 2017	Q1 2017	Q2 2016	QoQ % change	YoY % change	H1 2017	H1 2016	% change
Expenses for raw materials and supplies	**307.6**	279.6	164.3	10%	87%	**587.2**	319.0	84%
Cost of purchased services[1]	**1,822.3**	1,626.0	1,641.0	12%	11%	**3,448.3**	3,242.3	6%
thereof								
Port, canal and terminal costs	**897.1**	765.1	741.8	17%	21%	**1,662.2**	1,460.2	14%
Chartering, leases and container rentals	**238.1**	258.3	314.8	–8%	–24%	**496.4**	626.1	–21%
Container transport costs	**615.8**	539.3	528.8	14%	16%	**1,155.1**	1,036.3	11%
Maintenance/repair/other	**71.3**	63.3	55.6	13%	28%	**134.6**	119.7	12%
Transport expenses	**2,129.9**	**1,905.6**	**1,805.3**	**12%**	**18%**	**4,035.5**	**3,561.3**	**13%**

[1] Within the cost of purchased services there has been a reclassification between port, canal and terminal costs and chartering, leases and container rentals for the year 2016.

Transport expenses per unit decreased slightly by USD 5.8/TEU to USD 955.9/TEU in the first half of 2017 as compared to the prior year period. Higher expenses for raw materials and supplies (increase of USD 53.0/TEU, +61.0% as compared to the prior year period) were more than offset by savings in cost of purchased services (decrease of USD 58.8/TEU, –7% as compared to the prior year period).

TRANSPORT EXPENSES PER TEU

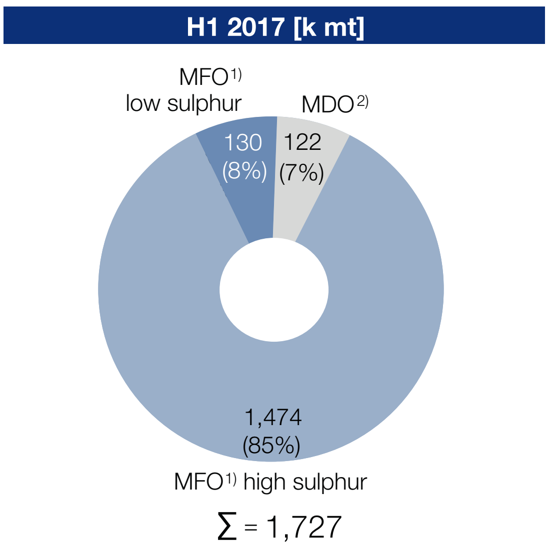
USD/TEU	Q2 2017	Q1 2017	Q2 2016	QoQ % change	YoY % change	H1 2017	H1 2016	% change
Expenses for raw materials and supplies	**134.5**	144.6	86.8	–7%	55%	**139.1**	86.1	61%
Cost of purchased services[1]	**796.9**	840.6	867.3	–5%	–8%	**816.8**	875.6	–7%
thereof								
Port, canal and terminal costs	**392.2**	395.6	392.1	–1%	0%	**393.8**	394.4	0%
Chartering, leases and container rentals	**104.1**	133.5	166.4	–22%	–37%	**117.6**	169.1	–30%
Container transport costs	**269.3**	278.8	279.5	–3%	–4%	**273.6**	279.8	–2%
Maintenance/repair/other	**31.3**	32.7	29.3	–4%	7%	**31.8**	32.3	–2%
Transport expenses	**931.4**	**985.2**	**954.1**	**–5%**	**–2%**	**955.9**	**961.7**	**–1%**

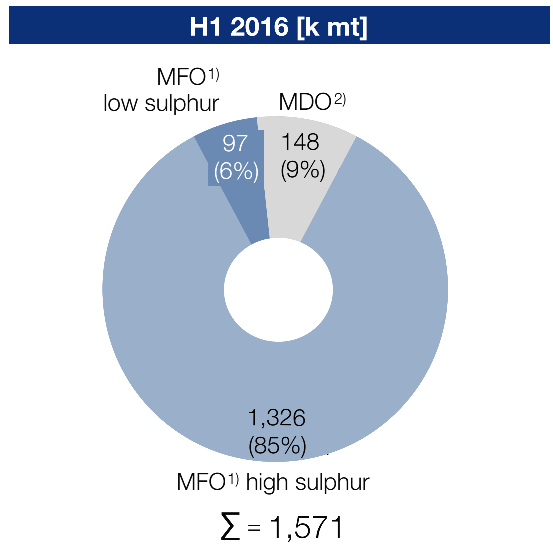
Rounding differences may occur

[1] Within the cost of purchased services there has been a reclassification between port, canal and terminal costs and chartering, leases and container rentals for the year 2016.

Bunker consumption development

Bunker consumption totalled approximately 1.73 million tonnes (metric tons) in the first six months of 2017 (H1 2016 without the UASC Group: 1.57 million metric tonnes). Around 15% (H1 2016, without the UASC Group: approximately 16%) of this comprised bunker with a low proportion of sulphur (MFO low sulphur, MDO). Based on the total transport volume, the bunker consumption per TEU amounted to 0.41 metric tonnes (H1 2016, without the UASC Group: 0.42 metric tonnes per TEU).





[1] MFO = Marine Fuel Oil; [2] MDO = Marine Diesel Oil

4.6 Earnings position

The Group's earnings before interest and taxes (EBIT) amounted to USD 96.5 million in the reporting period. They were therefore well above the corresponding figure in the prior year period of USD −44.2 million. The Group's earnings before interest, taxes, depreciation and amortisation (EBITDA) came in at USD 393.1 million in the first six months of the 2017 financial year (prior year period: USD 218.8 million).

EBIT AND EBITDA MARGIN

million USD	**Q2 2017**	Q1 2017	Q2 2016	QoQ % change	YoY % change	**H1 2017**	H1 2016	% change
Revenue	**2,628.8**	2,270.9	2,088.2	16%	26%	**4,899.7**	4,212.2	16%
EBIT	**92.8**	3.7	−49.5	n.m.	n.m.	**96.5**	−44.2	n.m.
EBITDA	**253.3**	139.8	82.7	81%	206%	**393.1**	218.8	80%
EBIT margin	**3.5%**	0.2%	−2.4%	3.4 ppt	5.9 ppt	**1.9%**	−1.0%	2.9 ppt
EBITDA margin	**9.6%**	6.2%	4.0%	3.5 ppt	5.7 ppt	**8.0%**	5.2%	2.8 ppt

5. GROUP NET ASSET POSITION

GROUP NET ASSET POSITION			
million USD	**30.06.2017**	31.12.2016	30.06.2016
Assets			
Non-current assets	**15,443.3**	10,267.4	10,320.0
of which fixed assets	**15,169.7**	10,183.3	10,249.0
Current assets	**2,580.3**	1,698.0	1,577.4
of which cash and cash equivalents	**859.6**	602.1	527.2
Total assets	**18,023.6**	11,965.4	11,897.4
Equity and liabilities			
Equity	**6,763.1**	5,341.7	5,283.3
Borrowed capital	**11,260.5**	6,623.7	6,614.1
of which non-current liabilities	**7,712.4**	3,836.7	3,914.9
of which current liabilities	**3,548.1**	2,787.0	2,699.2
of which financial debt	**8,339.3**	4,414.9	4,264.6
thereof			
Non-current financial debt	**7,274.2**	3,448.4	3,489.7
Current financial debt	**1,065.1**	966.5	774.9
Total equity and liabilites	**18,023.6**	11,965.4	11,897.4

The initial inclusion of UASC Group as at 24 May 2017 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 50.6%, from USD 11,965.4 million to USD 18,023.6 million. This was primarily due to the acquisition of the UASC Group.

Fixed assets increased by USD 4,986.4 million in the reporting period to USD 15,169.7 million. USD 5,056.2 million of this related to the changes in the group of consolidated companies following the acquisition of the UASC Group, in particular the addition of ships and containers as well as intangible assets such as the customer base, brand and software. Apart from these additions relating to the group of consolidated companies, three new ships with a capacity of 10,500 TEU each were delivered to Hapag-Lloyd in the first half of 2017.

Current assets also rose primarily as a result of changes in the group of consolidated companies. Trade accounts receivable increased by USD 359.1 million (previous year: USD 715.5 million).

On the liabilities side, the Group's equity increased by USD 1,421.4 million to USD 6,763.1 million. This change resulted on the one hand from the issuing of new ordinary shares as part of the acquisition of the UASC Group in the amount of USD 1,438.4 million and, on the other hand, from the Group loss of USD 48.5 million and from the balance of unrealised gains and losses of USD 29.2 million due to currency translation, as recognised in other comprehensive income. The equity ratio fell to 37.5% as at 30 June 2017 (31 December 2016: 44.6%), mainly as a result of the significant rise in borrowed capital following the first-time consolidation of the UASC Group.

The Group's borrowed capital rose by USD 4,636.8 million to USD 11,260.5 million in comparison to the 2016 consolidated financial statements, primarily as a result of the acquisition of the UASC Group.

There was a considerable change in the Company's financial debt, which increased by USD 3,924.4 million compared with 31 December 2016 to USD 8,339.3 million. The inclusion of the UASC Group as at 30 June 2017 contributed USD 3,910.7 million to this increase. Financial debt also rose as a result of loan disbursements received for newbuilds and financing for containers amounting to USD 984.1 million. Hapag-Lloyd issued a new corporate bond with an issue volume of EUR 250.0 million on 1 February 2017. This was increased by EUR 200 million on 15 February 2017, taking the total amount to EUR 450 million. Together with existing liquidity, the proceeds from the bond's issuance were used for the early repayment of the US dollar bond due in 2017 as well as for the partial repayment of the euro bond due in 2018. Hapag-Lloyd exercised its contractually agreed early termination options here. The raising of cash and cash equivalents was offset by capital repayments of USD 1,128.1 million.

Among others, the major impact that the acquisition of the UASC Group had on the development of the Hapag-Lloyd Group's borrowed capital can also be seen in the associated increase in current provisions amounting to USD 178.2 million, in particular relating also to the creation of a restructuring provision in the amount of USD 36.9 million.

Within current liabilities, trade accounts payable increased by USD 476.6 million to USD 1,829.9 million, primarily as a result of the change in the group of consolidated companies and exchange rate fluctuations.

Net debt came to USD 7,408.1 million as at 30 June 2017 (31 December 2016: USD 3,793.1 million) including cash and cash equivalents of USD 71.6 million (31 December 2016: USD 19.7 million) which serve as collateral for existing financial debt and are classified as other assets due to their maturity.

6. GROUP FINANCIAL POSITION

6.1 Developments in cash and cash equivalents

DEVELOPMENT OF LIQUIDITY RESERVE				
million USD	**Q2 2017**	Q2 2016	**H1 2017**	H1 2016
Cash and cash equivalents beginning of the period	**555.2**	518.8	**602.1**	625.0
Unused credit lines beginning of the period	**350.0**	385.0	**200.0**	423.4
Liquidity reserve beginning of the period	**905.2**	**903.8**	**802.1**	**1,048.4**
EBITDA	**253.3**	82.7	**393.1**	218.8
Working capital	**–26.0**	8.3	**–8.8**	31.3
Others	**–52.9**	–20.7	**–52.3**	–24.1
Operating cash flow	**174.3**	**70.3**	**332.0**	**226.0**
Investments	**–80.0**	–107.3	**–201.6**	–229.3
thereof vessel	**–74.7**	–100.4	**–193.2**	–200.6
thereof container	**–1.8**	–2.2	**–1.8**	–19.5
thereof other	**–3.5**	–4.7	**–6.6**	–9.2
Cash and cash equivalents received from acquisitions	**407.4**	0.0	**407.4**	0.0
Disinvestments	**1.6**	1.9	**3.3**	4.8
Dividends received	**30.2**	31.5	**30.3**	31.6
Investing cash flow	**359.2**	**–73.9**	**239.4**	**–192.9**
Payments for capital increase	**–0.1**	0.0	**–0.1**	0.0
Payments made from changes in ownership interests	**–0.3**	–0.3	**–0.3**	–0.3
Debt intake	**309.4**	158.4	**984.1**	294.0
Debt repayment	**–460.8**	–98.9	**–1,128.1**	–328.3
Dividends paid	**–0.8**	–0.3	**–1.7**	–2.6
Interest	**–68.0**	–46.6	**–133.7**	–93.5
Payments made from hedges for financial debts	**–5.2**	–0.3	**–5.2**	–0.3
Change in restricted cash	**–3.4**	0.0	**–29.0**	0.0
Financing cash flow	**–229.1**	**12.0**	**–314.0**	**–131.0**
Changes due to exchange rate fluctuations	**0.1**	0.0	**0.1**	0.1
Liquidity reserve end of the period	**1,319.6**	**863.8**	**1,319.6**	**863.8**
Cash and cash equivalents end of the period	**859.6**	527.2	**859.6**	527.2
Unused credit lines end of the period	**460.0**	336.6	**460.0**	336.6

Cash flow from operating activities

Including UASC Group and its subsidiaries, Hapag-Lloyd generated an operating cash flow of USD 332.0 million in the first six months of the 2017 financial year (prior year period: USD 226.0 million).

Cash flow from investing activities

The cash inflow from investing activities totalled USD 239.4 million (prior year period: cash outflow of USD 192.9 million). This mainly consisted of cash outflows for investments in ships and containers totalling USD 195.0 million (prior year period: USD 220.1 million). The UASC Group was acquired by means of a non-cash investment involving the issuing of new shares. The inclusion of UASC resulted in the addition of cash and cash equivalents of USD 407.4 million. This includes cash inflows of USD 409.9 million from the liquidity reserves of the UASC Group and payments of USD 2.5 million for incurred acquisition costs. The Group received additional cash inflows, in particular from dividend payments received.

Cash flow from financing activities

Financing activities resulted in a net cash outflow of USD 314.0 million in the current reporting period (prior year period: USD 131.0 million). Borrowing amounting to USD 984.1 million (prior year period: USD 294.0 million) related primarily to cash inflows from the issuing of a new euro bond and to loans for the financing of vessels and containers. This was offset by cash outflows from the early repayment of the US dollar bond issued in 2010 and the euro bond issued in 2013 and by interest and capital repayments amounting to USD 1,128.1 million (prior year period: USD 328.3 million).

6.2 Financial position

As at 30 June 2017, the Group's net debt came to USD 7,408.1 million, which was an increase of USD 3.6 billion compared with 31 December 2016 as a result of the first-time consolidation of the UASC Group. The first-time consolidation of the UASC Group also reduced the equity ratio from 44.6% as at 31 December 2016 to 37.5% as at 30 June 2017. Gearing – the ratio of net debt to balance sheet equity – increased from 71.0% to 109.5% as a result.

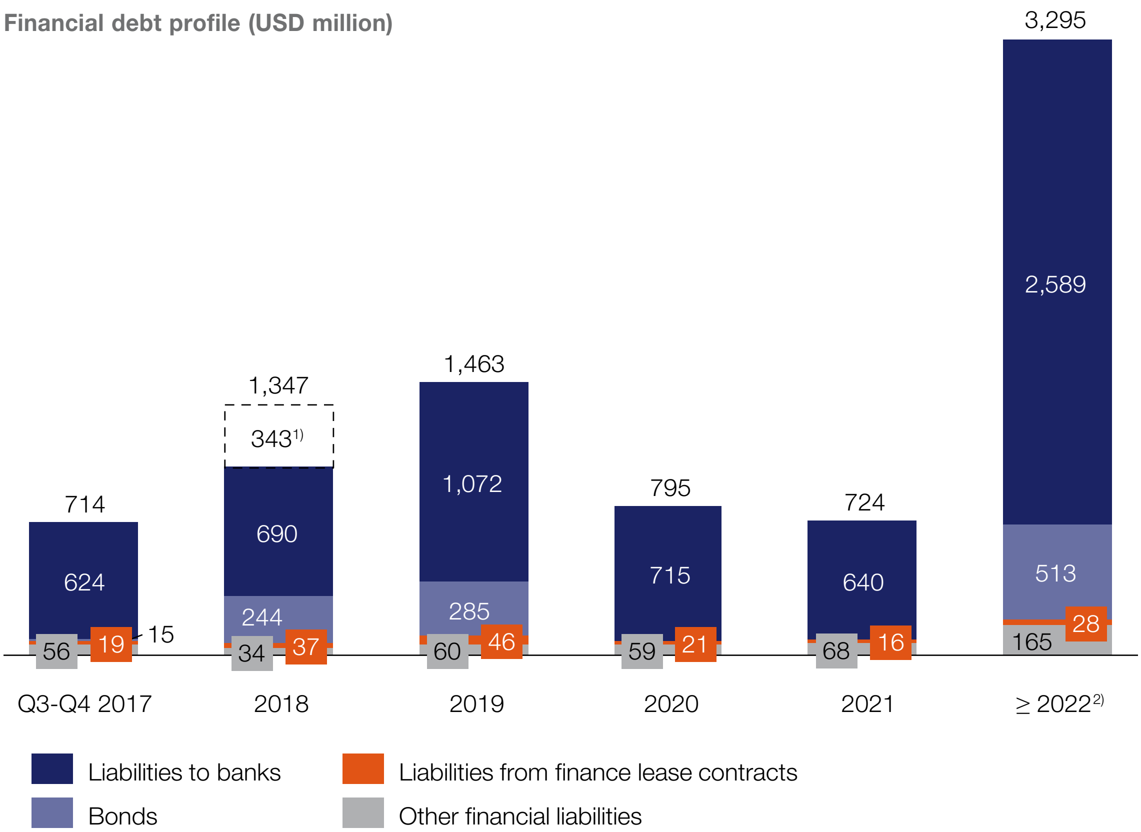
Restricted cash and cash equivalents in the amount of USD 71.6 million (31 December 2016: USD 19.7 million) essentially comprise cash and cash equivalents which serve as collateral for existing financial debt. The increase was primarily due to the ship financing utilised in relation to the newly built ships delivered in the first half of 2017.

As at 30 June 2017, the Hapag-Lloyd Group had a liquidity reserve (consisting of cash, cash equivalents and unused credit facilities) totalling USD 1,319.6 million (31 December 2016: USD 802.1 million).

FINANCIAL SOLIDITY

million USD	**30.06.2017**	31.12.2016	30.06.2016
Financial debt	**8,339.3**	4,414.9	4,264.6
Cash and cash equivalents	**859.6**	602.1	527.2
Restricted Cash	**71.6**	19.7	0.0
Net debt	**7,408.1**	**3,793.1**	**3,737.4**
Unused credit lines	**460.0**	423.4	336.6
Liquidity reserve	**1,319.6**	**802.1**	**863.8**
Equity	**6,763.1**	5,341.7	5,283.3
Gearing (net debt/equity) (%)	**109.5%**	**71.0%**	**70.7%**
Equity ratio (%)	**37.5%**	**44.6%**	**44.4%**

Financial debt profile (USD million)



[1)] ABS programme prolongated on 3-year basis in 2017   [2)] EUR 450 million 5.125% Senior Notes issued in July 2017 due 2024

The financial debt of USD 8,339.3 million is categorized between (1) liabilities to banks, (2) bonds, (3) liabilities from finance lease contracts and (4) other financial liabilities.

Liabilities to banks comprise loans to finance the existing fleet of vessels and containers. Furthermore, liabilities to banks include the ABS programme (USD 343 million).

Hapag-Lloyd had three bonds outstanding as per 30 March 2017: EUR 200 million 7.75% Senior Notes due October 2018, EUR 250 million 7.50% Senior Notes due October 2019 and EUR 450 million 6.75% Senior Notes due February 2022. In July 2017, Hapag-Lloyd issued a new EUR 450.0 million corporate bond with a coupon of 5.125% and maturity in 2024 (see chapter 7 for further details).

7. EVENTS AFTER THE BALANCE SHEET DATE

Hapag-Lloyd issued a EUR bond with a volume of EUR 450.0 million on 18 July 2017. The bond has a maturity of seven years and a coupon of 5.125%. The purpose of the issue proceeds is to service Hapag-Lloyd's existing 7.75% and 7.50% EUR bonds which fall due in 2018 and 2019.

On 19 July 2017, 42.7 million shares assigned to UASC's existing shareholders in the course of the merger between Hapag-Lloyd and UASC were admitted to trading.

On 27 July 2017, Hapag-Lloyd launched the MV Afif, a ship with a transport capacity of 15,000 TEU. The last instalment of USD 25.5 million for the construction work was paid to the shipyard upon delivery. The ship is financed with a long-term loan in the amount of USD 94.8 million, which had already been utilised in full upon delivery.

8. REVISED OUTLOOK

The outlook for the 2017 financial year published in the Investor Report for the FY 2016 was based on the Hapag-Lloyd Group's existing business activities as at 31 December 2016 and therefore does not include the UASC Group's business activities. The outlook detailed in the Investor Report for Q1 2017 is no longer valid.

Hapag-Lloyd acquired the assets and assumed the liabilities of the UASC Group on 24 May 2017. The first outlook for the Hapag-Lloyd Group since the acquisition of UASC has been provided for the current 2017 financial year. The following forecast for the Company's expected performance includes UASC from the date of its first-time consolidation, 24 May 2017. The forecast made here thus relates for the first time to the extended Group (including UASC's container shipping activities) and cannot therefore be compared to the forecast in the 2016 annual report with regard to the system used.

In its latest economic outlook (July 2017), the International Monetary Fund (IMF) expects global economic growth to reach 3.5% in the current year. This forecast means that the global economy is set to grow at a faster rate in 2017 than in the previous year (+3.2%). According to the IMF, the volume of global trade, which is key to the demand for container shipping services, will increase by 4.0% in the current year (2016: +2.3%). Compared with its previous forecast (April 2017), the IMF has raised its outlook slightly for the increase in global trade (+0.2 percentage points). This means that in 2017 the growth in global trade will outpace that of the global economy. IHS Global Insight (May 2017) is forecasting that the global container shipping volume will increase by 4.6% to approximately 139 million TEU in 2017 (2016: 3.2%). The current value is therefore 0.9 percentage points higher than the one published in the forecast from February 2017. As such, the expected rise in worldwide transport volumes in container shipping for 2017 would once again be sharper than the rate of growth for global trade.

Following a rise in transport capacities of approximately 0.9 million TEU to 20.0 million TEU in 2016 (including delays in deliveries), Drewry forecasts a nominal increase in transport capacities of up to approximately 1.1 million TEU for the current year. The growth in capacity supply could make it difficult again to push through freight rate increases in 2017. Based on unchanged optimism about the general economic and sector-specific conditions, Hapag-Lloyd, including the integration of UASC's business activities from 24 May 2017, expects its transport volume to increase significantly.

For 2017, Hapag-Lloyd expects a clear increase in the average bunker consumption price, above both the average level for 2016 as well as the recorded level at the end of 2016. Due to the strong focus on the Middle East and Far East trades as well as fewer hinterland services, UASC has a lower average freight rate than Hapag-Lloyd. The average freight rate for the combined business activities is therefore likely to be broadly unchanged in 2017 compared to the average freight rate for 2016 (without the UASC Group).

If the anticipated growth in volumes, a return to a better peak season in 2017, a significant contribution to the positive result from UASC and the planned one-off expenses for the restructuring are considered, Hapag-Lloyd's EBITDA and EBIT, including UASC's business activities, are expected to considerably exceed the level reached in 2016 (without the UASC Group). Not accounted for here are impairments on goodwill, other intangible assets and property, plant and equipment. Although not expected at present, these cannot be ruled out especially given current political developments.

The key benchmark figures for the 2017 outlook are contained in the following table:

Key benchmark figures for the 2017 outlook

Global economic growth (IMF)	+3.5%
Increase in global trade (IMF)	+4.0%
Increase in global container transport volume (IHS)	+4.6%
Transport volume, Hapag-Lloyd Group	Increasing clearly
Average bunker consumption price, Hapag-Lloyd Group	Increasing clearly
Average freight rate, Hapag-Lloyd Group	Unchanged
EBITDA (Earnings before interest, taxes, depreciation and amortisation)	Increasing clearly
EBIT (Earnings before interest and taxes)	Increasing clearly

The revenue and earnings forecast is based on the assumption of unchanged exchange rates.

The majority of the earnings generation is anticipated in the second half of the year, particularly in the third quarter, when the peak season occurs. This is because the volume of global trade fluctuates throughout the year and is usually much higher in the second half of the year than in the first.

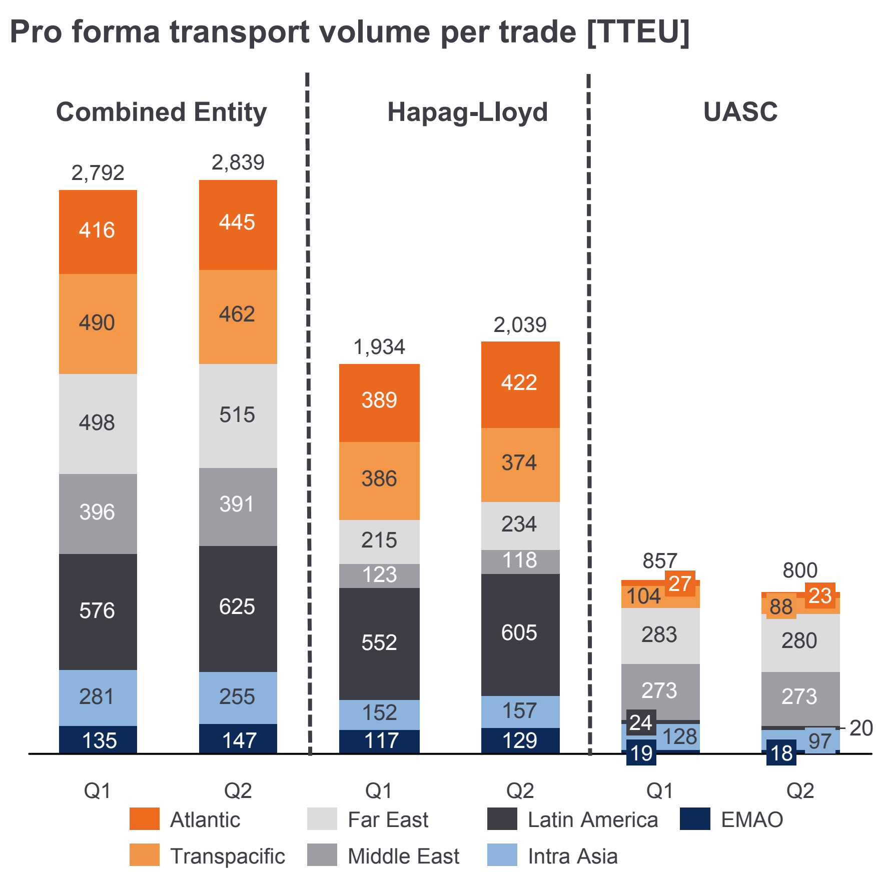
Business developments at Hapag-Lloyd are subject to far-reaching risks in an industry environment dominated by volatile freight rates and stiff competition. The general risks are described in detail in the risk report in the Group management report of the 2016 annual report (page 110 ff.). Risks that may have an impact on the forecast for business development are also described in detail in the risk report. Significant risks for the Group's revenue and earnings development include a renewed slowdown in global economic and trade volume growth, a significant and lasting rise in bunker prices extending beyond the level seen at the start of 2017, a sharp increase in the euro against the US dollar and a stagnation or even a renewed reduction in freight rates. Additional risks could result from the further consolidation of the industry and its possible impact on Hapag-Lloyd's competitive position as well as from the changes in the composition of global alliances.

The occurrence of one or more of these risks could have a significant negative impact on the industry in 2017 and, by extension, on the further business development of Hapag-Lloyd in the current financial year.

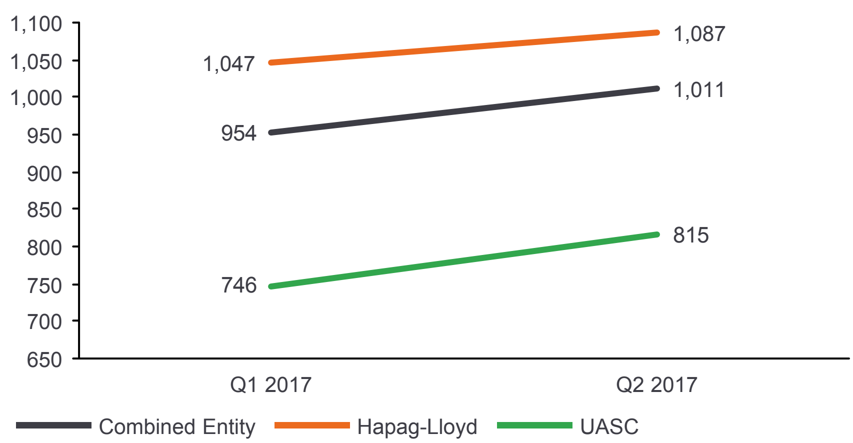
9. COMBINED ENTITY

UASC Ltd. and its subsidiaries (UASC Group) were consolidated on 24 May 2017 and are included in the consolidated financial statements of Hapag-Lloyd AG as at 30 June 2017.

As additional information please find below the unaudited pro forma volume and freight rate development for the Combined Entity:



Pro forma freight rate [USD/TEU]



The combined freight rate of 1,011 USD/TEU reflects the large weighting of USAC business in the Middle East and Far East Trade.

At a glance

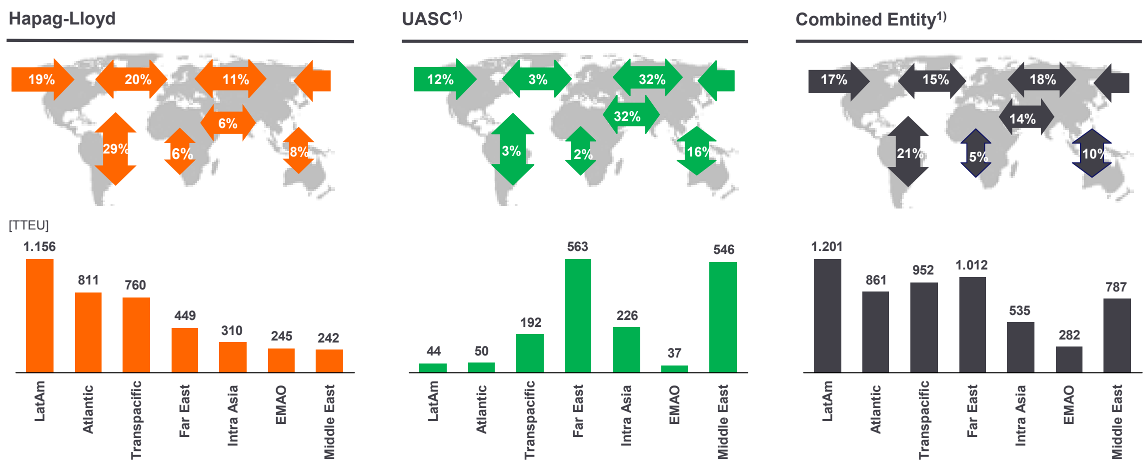
		Hapag-Lloyd	UASC	Combined Entity[1]	Combined Entity[2]
	Corporate HQ	Hamburg	Dubai	**Hamburg**	**Hamburg**
	Alliance membership	G6 (until 31 March 2017)	Ocean 3 (until 31 March 2017)	**THE Alliance (since 1 April 2017)**	**The Alliance (since 1 April 2017)**
	Services	118	45	**153**	**129**
	Ships [#]	172	58	**230**	**219**
	Capacity [TEU m]	1.0	0.6	**1.6**	**1.6**
	Container [TEU m]	1.6	0.7	**2.3**	**2.3**
	Employees	9,413	3,534	**12,947**	**12,585**

1) combined entity as of 24 May 2017   2) combined entity as of 30 June 2017

Deal rationale

The Combined Entity has a very balanced trade portfolio with an additional strong presence in the Middle East.

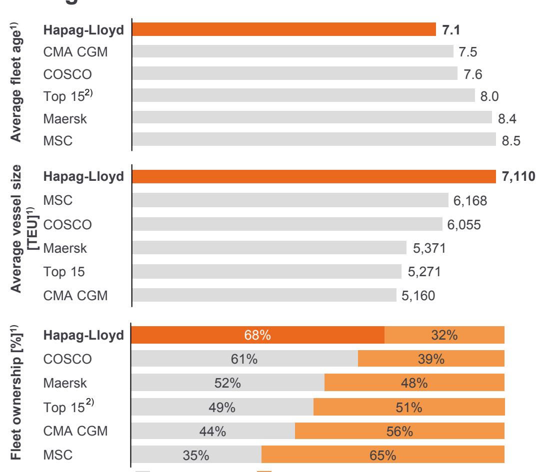
Transport volume by trade, H1 2017 (indicative)



1) Allocation of UASC volume according to Hapag-Lloyd trade definition, not necessarily final

Due to the merger, Hapag-Lloyd has one of the most modern and youngest fleets in the industry.

Young and fuel-efficient fleet



Vessel fleet (as of 30 June)

Vessel	Owned	Chartered	Current fleet
>14,000 TEU			
TEU	254,157	-	254,157
Vessels	15	-	15
10,000 – 14,000 TEU			
TEU	305,876	61,087	366,963
Vessels	24	6	30
8,000 – 10,000 TEU			
TEU	243,613	142,175	385,789
Vessels	28	16	44
6,000 – 8,000 TEU			
TEU	108,327	71,779	180,106
Vessels	15	11	26
4,000 – 6,000 TEU			
TEU	109,164	118,318	227,482
Vessels	25	23	48
2,300 – 4,000 TEU			
TEU	33,800	82,930	116,730
Vessels	11	28	39
<2,300 TEU			
TEU	3,918	21,868	25,786
Vessels	2	15	17
Capacity [TEU]	1,058,856	498,157	1,557,013
Vessels	120	99	219

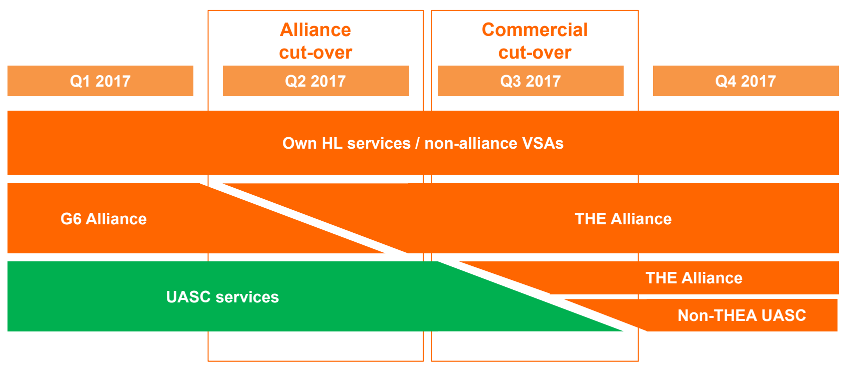
1) Diagram assuming that all currently announced mergers (NYK & MOL & K-Line; Maersk & Hamburg Süd; COSCO & OOCL) will receive regulatory approvals and are executed as announced. Simple sum of stand-alone operating capacity 2) Weighted by carrier capacities

Note: As of 30 June 2017 the order book included 2 vessels with a capacity 15,000 TEU, one of which has been delivered in July 2017, both vessels are not included in the vessel fleet as of 30 June 2017

Successful integration of UASC into Hapag-Lloyd

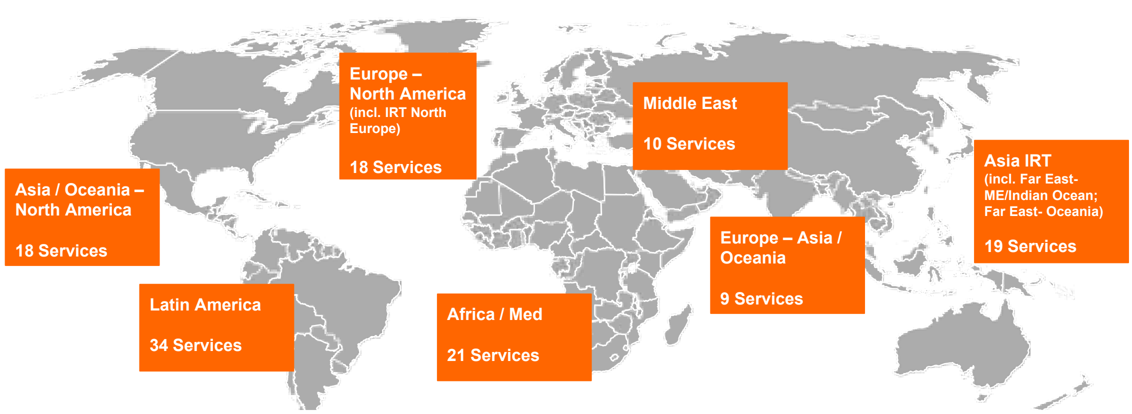
Hapag-Lloyd has so far achieved its aim of a fast and efficient integration of the operating business of UASC. The integration process is well on track and first synergies of the targeted USD 435 million have been realised.

As UASC vessels were already part of the new THE Alliance services which commenced on 1 April 2017, the integration of the vessel fleet had in practice already started ahead of the merger of both companies. After Closing of the merger, the full attention could thus be focussed on the commercial integration. On 11 July 2017 the Commercial cut-over started with first UASC cargo being loaded on a Hapag-Lloyd ship system with a Hapag-Lloyd Bill of Lading. The last cut-over took place on 20 August 2017. Since then all ex-UASC bookings are placed in Hapag-Lloyd systems and transported on Hapag-Lloyd ship systems. By the end of Q3 2017 the commercial integration will be completed with all UASC import cargo being discharged and the integration of offices and staff being finalised.



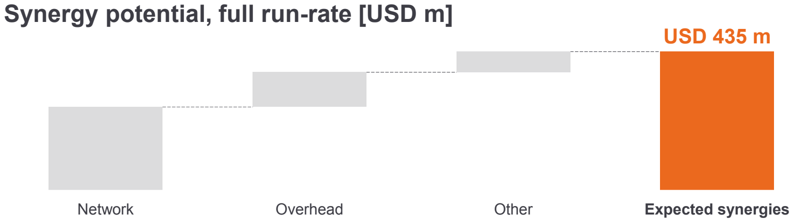
The majority of synergies result from the combined and optimised network. Since the network had already been operational by the time of the merger, first synergies will be realised in 2017 already.

Through combined services and an efficient new fleet Hapag-Lloyd has an increased its network efficiency – 118 former Hapag-Lloyd services and 45 former UASC services have been combined to 129 services offering an improved product.



Run-rate synergies of USD 435 million p.a. are expected from 2019 onwards, with most of the synergies already realised in 2018. Hapag-Lloyd has a proven track record of successfully integrating other container shipping lines and delivering on the planned synergies.

Synergy potential, full run-rate [USD m]



Synergies of USD 435 m p.a. from 2019 onwards
Total transaction and integration related one-off costs amounted to USD 130 m[1)]

Strong consolidation track record

cpships 2005
- Realized net synergies of EUR 218 m in 2008

CSAV 2014
- Realized net synergies of USD 400 m in 2017

Comments

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

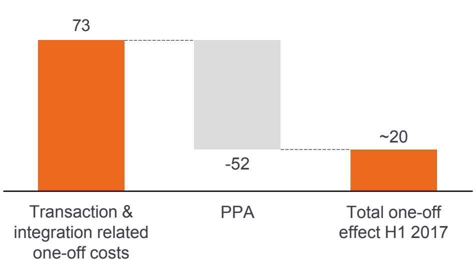
Overhead
- Consolidation of Corp. and Regional HQs
- Consolidation of country organizations
- Other overhead reductions (e.g. marketing, consultancy, audit)

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

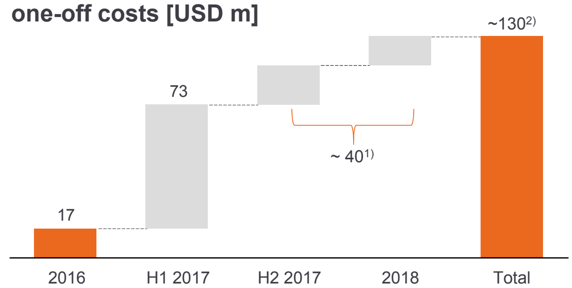
1) Including UASC as of date of first-time consolidation

Total transaction and integration related one-off costs for Hapag-Lloyd AG (including UASC as of date of first-time consolidation) will amount to approx. USD 130 million.

Transaction & integration related one-off costs [USD m] H1 2017



Total transaction & integration related one-off costs [USD m]



1) Not yet provisioned for 2) Including UASC as of date of first-time consolidation

The one-off costs of USD 73 million in H1 2017 consist of USD 27 million transaction costs and USD 46 million integration costs. These one-off costs were partly offset by positive effects from first-time consolidation of USD 52.3 million. This positive one-time effect reflects the difference between the Fair Value of UASC shareholders' equity in comparison to the considerations transferred and is affected by Hapag-Lloyd´s access to UASC's customer relationships.

10. FINANCIAL CALENDAR 2017

14 November 2017	Publication of the Publication of the Financial Report 9M 2017

11. DISCLAIMER

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