Q1 | 2018

Hapag-Lloyd AG

Investor Report

1 January to
31 March 2018

Hapag-Lloyd

SUMMARY OF HAPAG-LLOYD KEY FIGURES

		Q1 2018	Q1 2017	Change
Key operating figures				
Total vessels, of which		221	172	28%
Own vessels		98	74	32%
Leased vessels		14	3	n. m.
Chartered vessels		109	95	15%
Aggregate capacity of vessels	TTEU	1,589	1,008	58%
Aggregate container capacity	TTEU	2,384	1,583	51%
Bunker price (MFO, average for the period)[1]	USD/t	359	300	20%
Bunker price (MDO, average for the period)[2]	USD/t	553	470	18%
Bunker price (combined MFO/MDO, average for the period)	USD/t	372	313	19%
Freight rate (average for the period)[3]	USD/TEU	1,029	1,056	–3%
Transport volume	TTEU	2,861	1,934	48%
Revenue	million USD	3,217	2,271	42%
Transport expenses[4]	million USD	2,648	1,901	39%
EBITDA[5]	million USD	270	144	87%
EBIT[5]	million USD	66	8	n. m.
Group profit/loss[5]	million USD	–42	–62	n. m.
Cash flow from operating activities	million USD	312	158	98%
Investment in property, plant and equipment	million USD	47	122	–61%
Key return figures				
EBITDA margin (EBITDA/revenue)[5]	%	8.4%	6.3%	2.1 ppt
EBIT margin (EBIT/revenue)[5]	%	2.1%	0.4%	1.7 ppt
Key balance sheet figures as at 31 March[6]				
Balance sheet total	million USD	17,660	17,777	–1%
Equity	million USD	7,233	7,263	0%
Equity ratio (equity/balance sheet total)	%	41.0%	40.9%	0.1 ppt
Borrowed capital	million USD	10,427	10,514	–1%
Key financial figures as at 31 March[6]				
Financial debt	million USD	7,455	7,596	–2%
Cash and cash equivalents	million USD	737	725	2%
Net debt (financial debt – cash and cash equivalents)[7]	million USD	6,659	6,812	–2%
Gearing (net debt/equity)	%	92.1%	93.8%	–1.7 ppt
Liquidity reserve	million USD	1,232	1,270	–3%
Number of employees as at 31 March				
Employees at sea		2,059	1,381	49%
Employees on land		10,229	8,032	27%
Hapag-Lloyd total		12,288	9,413	31%

1 MFO = Marine Fuel Oil

2 MDO = Marine Diesel Oil

3 For the financial year 2018, revenues for additional services in Latin America and Turkey were included in the calculation of freight rates. The previous year's figures have been adjusted accordingly.

4 The previous year's figures have been adjusted due to the retrospective application of the rules for designation of option contracts. This improved the previous year's transport expenses by USD 4.3 million.

5 Due to the retrospective application of the provisions for designating options, the previous year's values have been adjusted. This increased the annual profit after taxes for the first quarter of 2017 by USD 4.3 million. Retained earnings as at 31 December 2017 increased by USD 0.8 million and cumulative other equity dropped by USD 1.2 million. Equity remained unchanged overall.

6 The comparison refers to the balance sheet date 31 December 2017.

7 Incl. restricted cash booked as other assets: USD 58.7 million as of 31 March 2018, USD 58.6 million as of 31 December 2017.

CONTENTS

This report intends to focus on the presentation of the main financial highlights and calculated USD figures of the reporting period. It makes no claim to completeness and does not deal with all aspects and details regarding Hapag-Lloyd. For the full report please visit our website: https://www.hapag-lloyd.com/en/ir/publications/financial-report.html

Disclaimer: This 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 14 May 2018.

1. HIGHLIGHTS

- Continued good volume growth: transport volume rises by around 47.9% in the first three months of the year, particularly due to UASC. On a pro forma basis[1], the transport volume would have increased by 2.5% compared to the previous year

- The freight rate was USD 1,029/TEU, which was lower than in the previous year (Q1 2017: USD 1,056/TEU[2]). This was due to the ongoing intense competition and the integration of UASC. On a pro forma basis[1], the average freight rate would have increased by 7.1% compared to the previous year

- Average bunker price[3] rose significantly by USD 59.0 per tonne resulting in 55.6% higher expenses for raw materials, supplies and purchased goods

- At 36.5%, transport expenses (excl. raw materials, supplies and purchased goods)[4] increase at a lower rate than the increase in transport volume (47.9%) and showing the result of the cost-cutting programmes

- Synergy ramp-up as a result of integration with UASC according to plan

- Clearly positive EBITDA of USD 269.8 million in first three months of 2018 (Q1 2017: USD 144.1 million). EBITDA margin of 8.4% in Q1 2018 (Q1 2017: 6.3%)

- EBIT of USD 66.1 million clearly above the previous year's level (Q1 2017: USD 8.0 million)

- Strong operating cash flow of USD 312.0 million (Q1 2017: USD 157.7 million)

- Liquidity reserve totals USD 1,231.5 million as at 31 March 2018

- Equity ratio almost unchanged at 41.0% (31 December 2017: 40.9%)

[1] The pro forma basis assumes that the merger with UASC occurred on 1 January 2016 and facilitates comparability with regard to the Company's performance.

[2] For the financial year 2018, revenues for additional services in Latin America and Turkey were included in the calculation of freight rates. The previous year's figures have been adjusted accordingly.

[3] Average of MFO & MDO

[4] The previous year's figures have been adjusted due to the retrospective application of the rules for designation of option contracts. This improved the previous year's transport expenses by USD 4.3 million.

2. MAIN VALUE DRIVERS OF THE CONTAINER SHIPPING SECTOR FOR 2018

According to industry experts, the container shipping sector is a growth sector with an average annual growth of global container shipping volume of approximately 5.1% expected for the period 2018 to 2022 (source: IHS Global Insight, March 2018).

Development of global container transport volume

	2016	2017	2018e	2019e	2020e	2021e	2022e
million TEU	133	140	148	155	163	172	180
Growth rate in %	3.1	5.0	5.3	5.3	5.2	5.1	4.8

Source: IHS Global Insight

According to the IMF's April 2018 report, the volume of global trade, which is key to the demand for container shipping services, is forecasted to increase in 2018 by 5.1% compared to the previous year. With this the IMF has increased it's current growth assumption by 0.5 percentage points above the January 2018 level. For 2019 a growth rate of 4.7% is estimated (January estimate: 4.4%).

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

in %	2016	2017	2018e	2019e	2020e	2021e	2022e
Global economic growth	3.2	3.8	3.9	3.9	3.8	3.8	3.7
World trading volume (goods and services)	2.3	4.9	5.1	4.7	4.3	3.9	3.8

Source: IMF, April 2018

On the supply capacity side, the expected growth for 2018 net of delayed deliveries and scrappings is at 4.2% of the total world fleet while the idle fleet is at a very low level of approximately 2% (source: Alphaliner Weekly, April 2018) of the total world fleet at the end of March 2018. Based on the data from Drewry Container Forecaster (Issue Q1 / 2018) the net capacity growth is expected to go down to 3.2% of the total world fleet by 2022.

Global capacity development[1]

in %	2016	2017	2018e	2019e	2020e	2021e	2022e
Scheduled capacity growth	6.7	7.7	7.0	4.4	7.2	5.8	5.3
Capacity measures							
Delayed deliveries	2.1	2.0	1.1	0.4	0.7	0.0	0.0
Scrappings	3.3	2.0	1.8	1.6	2.1	2.0	2.2
Misc. (reclassifications, conversions etc)	0.1	–0.5	0.0	0.0	0.0	0.0	0.0
Net capacity growth	1.2	4.2	4.2	2.4	4.4	3.8	3.2

[1] Rounding differences may occur

Source: Drewry, Alphaliner, March 2018

More detailed information on the sector-specific conditions is available in the audited financial report of Hapag-Lloyd AG and in the latest Investor Presentation on the Hapag-Lloyd company website.

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

Structure of Hapag-Lloyd's vessel and container fleet

	31.3.2018	31.12.2017	31.3.2017
Number of vessels	**221**	**219**	**172**
Aggregate capacity of vessels (TTEU)	**1,589**	**1,573**	**1,008**
thereof			
Number of own vessels	98	102	74
Aggregate capacity of own vessels (TTEU)	943	959	561
Number of leased vessels	14	14	3
Aggregate capacity of leased vessels (TTEU)	105	105	12
Number of chartered vessels	109	103	95
Aggregate capacity of chartered vessels (TTEU)	542	509	434
Aggregate container capacity (TTEU)	**2,384**	**2,349**	**1,583**
Number of services	**124**	**120**	**118**

As at 31 March 2018, Hapag-Lloyd's fleet comprised a total of 221 container ships (31 December 2017: 219 ships). The TEU capacity of the entire Hapag-Lloyd fleet as at 31 March 2018 was 1,589,446 TEU, which was a slight increase compared to 31 December 2017 (1,573,377 TEU). The share of ships owned outright by Hapag-Lloyd was approximately 66% as at 31 March 2018 based on TEU capacity (31 December 2017: approximately 68%).

As at 31 March 2018, the average age of Hapag-Lloyd's total fleet (capacity-weighted) was 7.2 years. The average ship size within the Hapag-Lloyd Group fleet is 7,192 TEU, which is approximately 25% above the comparable average figure for the ten largest container liner shipping companies (31 March 2018: 5,235 TEU) and around 77% above the average ship size in the global fleet (31 March 2018: 4,068 TEU).

As at 31 March 2018, Hapag-Lloyd owned or rented 1,459,031 containers (31 December 2017: 1,435,345) with a capacity of 2,383,926 TEU for shipping cargo (31 December 2017: 2,348,602). The capacity-weighted share of containers owned by the Group stood at around 54% as at 31 March 2018 and was therefore unchanged compared to 31 December 2017.

Hapag-Lloyd's service network comprises 124 services (31 December 2017: 120 services).

4. HAPAG-LLOYD: GROUP EARNINGS POSITION Q1 2018

4.1 FREIGHT RATE PER TRADE

Including the UASC Group, the average freight rate in the first quarter of 2018 was USD 1,029/TEU and was therefore USD 27/TEU, or 2.6%, down on the prior year period (USD 1,056/TEU without the UASC Group). Besides the inclusion of the UASC Group, which had a lower freight rate level overall, the main reason for the decline was the ongoing difficult market environment.

On a comparable basis (if the UASC Group had been included from Q1 2017), the average freight rate for the prior year period would have been USD 961/TEU. This would have meant an increase of USD 68/TEU, or 7.1%, in the average freight rate.

Freight rate per trade[1]

USD/TEU	Q1 2018	Q4 2017	Q1 2017	QoQ change	YoY change
Atlantic	1,293	1,312	1,293	–1%	0%
Transpacific	1,250	1,227	1,218	2%	3%
Far East	897	894	897	0%	0%
Middle East	783	827	791	–5%	–1%
Intra-Asia	522	542	539	–4%	–3%
Latin America	1,130	1,121	1,051	1%	8%
EMAO (Europe, Mediterranean, Africa, Oceania)	1,081	1,077	1,010	0%	7%
Total	**1,029**	**1,038**	**1,056**	**–1%**	**–3%**

[1] For the financial year 2018, revenues for additional services in Latin America and Turkey were included in the calculation of freight rates. The previous year's figures have been adjusted accordingly.

4.2 TRANSPORT VOLUME PER TRADE

With the inclusion of the UASC Group and its balanced positioning in all trades, Hapag-Lloyd was able to increase its transport volume by 927 TTEU to 2,861 TTEU (prior year period: 1,934 TTEU without the UASC Group), representing a rise of around 48%. On a comparable basis (if the UASC Group had been included from Q1 2017), the transport volume (prior year period: 2,792 TTEU) in the first three months of 2018 would have increased by 69 TTEU, representing a rise of 2.5%.

Transport volume per trade [1]

TTEU	Q1 2018	Q4 2017	Q1 2017	QoQ change	YoY change
Atlantic	439	442	389	–1%	13%
Transpacific	455	455	386	0%	18%
Far East	519	464	215	12%	142%
Middle East	375	358	123	5%	204%
Intra-Asia	257	253	152	1%	69%
Latin America	663	654	552	1%	20%
EMAO (Europe, Mediterranean, Africa, Oceania)	153	147	117	4%	31%
Total	**2,861**	**2,774**	**1,934**	**3%**	**48%**

[1] Rounding differences may occur

4.3 REVENUE PER TRADE

The Hapag-Lloyd Group's revenue rose by USD 946.3 million to USD 3,217.2 million in the first quarter of 2018 (prior year period: USD 2,270.9 million without the UASC Group), representing an increase of 42%. This was primarily due to the growth in transport volumes as a result of incorporating the UASC Group.

Revenue per trade [1, 2]

million USD	Q1 2018	Q4 2017	Q1 2017	QoQ change	YoY change
Atlantic	567.5	580.6	503.4	–2%	13%
Transpacific	569.0	558.7	470.4	2%	21%
Far East	465.6	414.3	192.6	12%	142%
Middle East	293.7	295.9	97.6	–1%	n. m.
Intra-Asia	134.3	137.2	82.1	–2%	64%
Latin America	749.0	733.3	579.5	2%	29%
EMAO (Europe, Mediterranean, Africa, Oceania)	165.3	158.6	117.8	4%	40%
Revenue not assigned to trades	272.8	240.0	227.5	14%	20%
Total	**3,217.2**	**3,118.5**	**2,270.9**	**3%**	**42%**

[1] Rounding differences may occur

[2] For the financial year 2018, revenues for additional services in Latin America and Turkey were included in the calculation of freight rates. The previous year's figures have been adjusted accordingly.

4.4 CONSOLIDATED INCOME STATEMENT

Consolidated income statement [1]

million USD	Q1 2018	Q4 2017	Q1 2017	QoQ change	YoY change
Revenue	**3,217.2**	**3,118.5**	**2,270.9**	**3%**	**42%**
Other operating income	44.1	6.5	28.0	n. m.	58%
Transport expenses	–2,647.9	–2,441.9	–1,901.3	8%	39%
Personnel expenses	–206.0	–193.3	–157.0	7%	31%
Depreciation, amortisation and impairment	–203.7	–222.9	–136.1	–9%	50%
Other operating expenses	–147.5	–130.2	–104.6	13%	41%
Operating result	**56.2**	**136.7**	**–0.1**	**–59%**	**n. m.**
Share of profit of equity-accounted investees	9.9	8.7	8.1	14%	22%
Other financial result	0.0	21.5	0.0	n. m.	n. m.
Earnings before interest and tax (EBIT)	**66.1**	**166.9**	**8.0**	**–60%**	**n. m.**
Interest result	–101.3	–132.3	–65.7	–23%	54%
Income taxes	–7.0	–7.3	–4.1	–4%	71%
Group profit/loss	**–42.2**	**27.3**	**–61.8**	**n. m.**	**–32%**

1 Due to the retrospective application of the provisions for designating options, the previous year's values have been adjusted. This increased the annual profit after taxes for the first quarter of 2017 by USD 4.3 million.

The gross profit margin (ratio of revenue less transport expenses to revenue) for the first three months of the current financial year came to 17.7% (prior year period: 16.3%).

Personnel expenses rose by 31.2% to USD 206.0 million in the first three months of 2018 (prior year period: USD –157.0 million). The main reason for this increase was the higher number of employees as a result of incorporating the UASC Group on 24 May 2017. In addition, the exchange rate losses at the balance sheet date resulting from the valuation of pension provisions in the amount of USD 4.1 million (prior year period: USD 1.4 million) and additional pension expenses of USD 11.4 million (prior year period: USD 7.4 million) increased personnel expenses year-on-year.

Depreciation and amortisation came to USD 203.7 million in the first three months of the 2018 financial year (prior year period: USD 136.1 million). The year-on-year increase in depreciation and amortisation was primarily due to the first-time inclusion of the UASC Group as well as depreciation of the newly built ships acquired in 2017.

The interest result for the first three months of the 2018 financial year was USD –101.3 million (prior year period: USD –65.7 million). The rise in interest expenses was primarily due to the financial debt assumed as a result of incorporating the UASC Group, which increased interest expenses by USD 40.7 million. Losses of USD 2.3 million (prior year period: gain of USD 13.1 million) from a change in the fair value of the derivatives embedded in the bonds issued had a negative effect on the interest result. Adjustments to the carrying amounts of financial debt reduced the interest burden by USD 2.7 million.

The Group recorded a loss of USD 42.2 million in the first three months of 2018 (prior year period: loss of USD 61.8 million).

4.5 TRANSPORT EXPENSES

Transport expenses rose by USD 746.6 million in the first three months of 2018 to USD 2,647.9 million (prior year period: USD 1,901.3 million). This represents an increase of 39% that is primarily due to the acquisition of the UASC Group and the relating growth in transport volume as well as increased bunker prices. The increase in the expenses for raw materials, supplies and purchased goods of USD 153.0 million (56%) to USD 428.3 million primarily results from the significantly higher bunker price in the current reporting period. In the first three months of the 2018 financial year, the average bunker consumption price for Hapag-Lloyd was USD 372 per tonne, up USD 59 per tonne on the figure of USD 313 per tonne for the prior year period.

The cost of purchased services rose by USD 593.6 million (37%) which was a lower increase compared to revenue growth. This increase is a reflection of the rise in transport volumes and, in particular, the inclusion of the UASC Group. The increase in transport expenses was moderated by synergy effects resulting from the incorporation of the UASC Group and cost savings from the cost-cutting measures that have now been implemented in full.

Transport expenses [1]

million USD	Q1 2018	Q4 2017	Q1 2017	QoQ change	YoY change
Expenses for raw materials and supplies	428.3	391.1	275.3	10%	56%
Cost of purchased services	2,219.6	2,050.8	1,626.0	8%	37%
thereof					
Port, canal and terminal costs	1,181.7	1,167.6	765.1	1%	54%
Chartering, leases and container rentals	270.3	139.0	258.3	94%	5%
Container transport costs	690.2	672.3	539.3	3%	28%
Maintenance / repair / other	77.4	71.9	63.3	8%	22%
Transport expenses	**2,647.9**	**2,441.9**	**1,901.3**	**8%**	**39%**

[1] The previous year's figures have been adjusted due to the retrospective application of the rules for designation of option contracts. This improved the previous year's transport expenses by USD 4.3 million.

Transport expenses per unit decreased by 6% in the first quarter of 2018 compared to the prior year period. Higher expenses for raw materials and supplies (increase of USD 7.4 / TEU, +5% as compared to the prior year period) were more than offset by savings in cost of purchased services (decrease of USD 64.9 / TEU, –8% as compared to the prior year period) as a result of the cost-cutting programmes and initial synergies.

Quarter on quarter, unit costs for raw materials and supplies increased by USD 8.7 / TEU (+6%) due to a further increase in bunker costs. Costs for chartering, leases and container rentals have increased by USD 44.4 / TEU (+89%), which was mainly driven by a technical effect in Q4 2017 (full year effect of netting pool revenues with chartering costs) and by higher pool costs partly resulting from higher fuel charges. All other cost of purchased services per TEU have been fairly stable compared to Q4 2017.

Transport expenses per TEU[1,2]

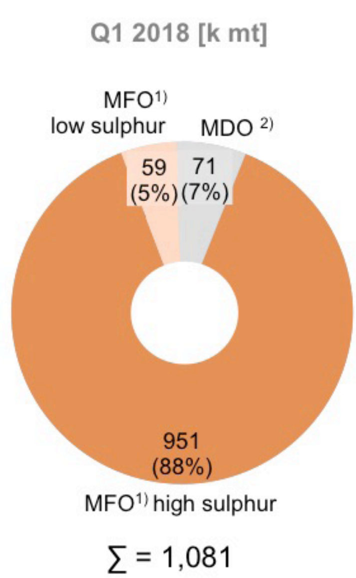
USD/TEU	Q1 2018	Q4 2017	Q1 2017	QoQ change	YoY change
Expenses for raw materials and supplies	149.7	141.0	142.3	6%	5%
Cost of purchased services	775.8	739.4	840.7	5%	–8%
thereof					
Port, canal and terminal costs	413.0	421.0	395.6	–2%	4%
Chartering, leases and container rentals	94.5	50.1	133.6	89%	–29%
Container transport costs	241.2	242.4	278.9	0%	–13%
Maintenance/repair/other	27.1	25.9	32.7	4%	–17%
Transport expenses	**925.5**	**880.4**	**983.1**	**5%**	**–6%**

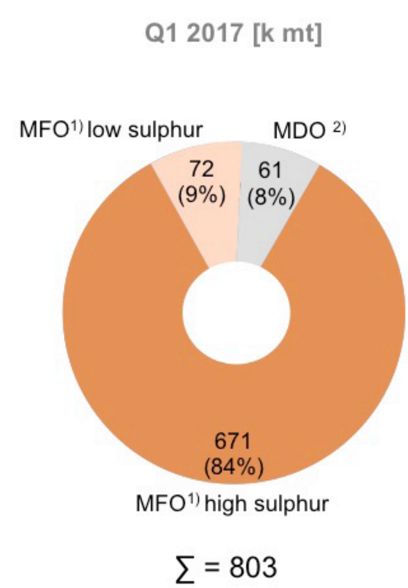
1 Rounding differences may occur

2 The previous year's figures have been adjusted due to the retrospective application of the rules for designation of option contracts. This improved the previous year's transport expenses by USD 4.3 million.

Bunker consumption development

Bunker consumption totalled approximately 1.1 million tonnes in the first quarter 2018 (Q1 without the UASC Group: 803,000 tonnes). Around 12% (Q1 2017, without the UASC Group: approximately 16%) of this comprised bunker with a lower proportion of sulphur (MFO low sulphur, MDO). Based on the total transport volume, the bunker consumption per TEU amounted to 0.38 metric tonnes (Q1 2018, 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 earnings before interest and taxes (EBIT) amounted to USD 66.1 million in the reporting period. They were therefore above the corresponding figure in the prior year period (USD 8.0 million). The earnings before interest, taxes, depreciation and amortisation (EBITDA) came in at USD 269.8 million in the first three months of the 2018 financial year (prior year period: USD 144.1 million).

EBIT and EBITDA margin[1]

million USD	Q1 2018	Q4 2017	Q1 2017	QoQ change	YoY change
Revenue	3,217.2	3,118.5	2,270.9	3%	42%
EBIT	66.1	166.9	8.0	–60%	n. m.
EBITDA	269.8	389.8	144.1	–31%	87%
EBIT margin	2.1%	5.4%	0.4%	–3.3 ppt	1.7 ppt
EBITDA margin	8.4%	12.5%	6.3%	–4.1 ppt	2.0 ppt

[1] Due to the retrospective application of the provisions for designating options, the previous year's values have been adjusted

5. GROUP NET ASSET POSITION

5.1 CHANGES IN THE NET ASSET STRUCTURE

Group net asset position

million USD	31.3.2018	31.12.2017
Assets		
Non-current assets	15,028.2	15,146.1
of which fixed assets	14,936.7	15,071.1
Current assets	2,632.1	2,630.8
of which cash and cash equivalents	736.5	725.2
Total assets	**17,660.3**	**17,776.9**
Equity and liabilities		
Equity	7,233.0	7,263.3
Borrowed capital	10,427.3	10,513.6
of which non-current liabilities	7,039.7	7,197.8
of which current liabilities	3,387.6	3,315.8
of which financial debt	7,454.6	7,595.5
thereof		
Non-current financial debt	6,608.2	6,750.6
Current financial debt	846.4	844.9
Total equity and liabilites	**17,660.3**	**17,776.9**

As at 31 March 2018, the Group's balance sheet total was USD 17,660.3 million and thus almost stable compared to the figure at year-end 2017 (USD 17,776.9 million).

Within non-current assets, the carrying amounts for fixed assets decreased by a total of USD 134.4 million to USD 14,936.7 million. This decline was largely due to depreciation of USD 203.7 million. This was partly offset by investments totalling USD 49.5 million relating primarily to containers and ship equipment.

Current assets remained almost stable compared to the level as at 31 December 2017. Cash and cash equivalents increased only slightly compared to the end of 2017, by USD 11.3 million to USD 736.5 million.

On the liabilities side, equity (including non-controlling interests) slightly contracted by USD 30.3 million to a total of USD 7,233.0 million. This decrease is mainly attributable to the Group loss of USD 42.2 million and partly offset by foreign currency translation recognised in other comprehensive income amounting to USD 11.0 million. The equity ratio as at 31 March 2018 came to around 41.0% (31 December 2017: 40.9%).

The Group's borrowed capital has fallen by USD 86.3 million to USD 10,427.3 million since the end of 2017. Taking cash and cash equivalents and financial debt into account, net debt as at 31 March 2018 was USD 6,659.4 million (31 December 2017: USD 6,811.7 million).

For further information on significant changes to specific balance sheet items and on the extent of the investment obligations, please refer to the Notes of the audited Quarterly Financial Report Q1 2018 on the Hapag-Lloyd company website.

6. GROUP FINANCIAL POSITION

6.1 DEVELOPMENTS IN CASH AND CASH EQUIVALENTS

Development of liquidity reserve

million USD	Q1 2018	Q1 2017
Cash and cash equivalents beginning of the period	725.2	602.1
Unused credit lines beginning of the period	545.0	200.0
Liquidity reserve beginning of the period	**1,270.2**	**802.1**
EBITDA	269.8	144.1
Working capital	59.7	17.2
Others	–17.5	–3.6
Operating cash flow	**312.0**	**157.7**
Investments	–96.4	–121.6
thereof vessel	–31.5	–118.5
thereof container	–60.4	0.0
thereof other	–4.5	–3.1
Cash received from acquisitions	0.0	0.0
Disinvestments	23.8	1.7
Dividends received	0.3	0.1
Investing cash flow	**–72.3**	**–119.8**
Capital increase	0.0	0.0
Payments for capital increase	–2.4	0.0
Payments made from changes in ownership interests	0.0	0.0
Debt intake	189.0	674.7
Debt repayment	–350.3	–667.3
Dividends paid	–10.3	–0.9
Interest	–101.7	–65.7
Payments made for / received from hedges for financial debts	47.4	0.0
Change in restricted cash	–0.1	–25.6
Financing cash flow	**–228.4**	**–84.8**
Changes due to exchange rate fluctuations	0.0	0.0
Liquidity reserve end of the period	**1,231.5**	**905.2**
Cash and cash equivalents end of the period	736.5	555.2
Unused credit lines end of the period	495.0	350.0

Cash flow from operating activities

Hapag-Lloyd generated an operating cash flow of USD 312.0 million in the first three months of the 2018 financial year (prior year period: USD 157.7 million).

Cash flow from investing activities

The cash outflows from investing activities totalled USD 72.3 million (prior year period: USD 119.8 million) and related in particular to payments for containers and ship equipment of USD 91.9 million. This contrasted with cash inflows of USD 23.8 million, which were primarily due to the sale in the first quarter 2018 of the ocean-going vessels held for sale as at 31 December 2017 (USD 19.5 million).

Cash flow from financing activities

Overall, there was a cash outflow from financing activities in the current reporting period in the amount of USD 228.4 million (prior year period: USD 84.8 million) which mainly comprised interest and redemption payments of USD 452.0 million (prior year period: USD 733.0 million). By contrast, there were cash inflows totalling USD 189.0 million (prior year period: USD 674.7 million) from the increase in the ABS programme in the amount of USD 138.4 million and the utilisation of credit facilities for container financing in the amount of USD 50.0 million. There were also cash inflows from the realisation of derivative financial instruments used to hedge financial debt in the amount of USD 47.4 million.

6.2 FINANCIAL POSITION

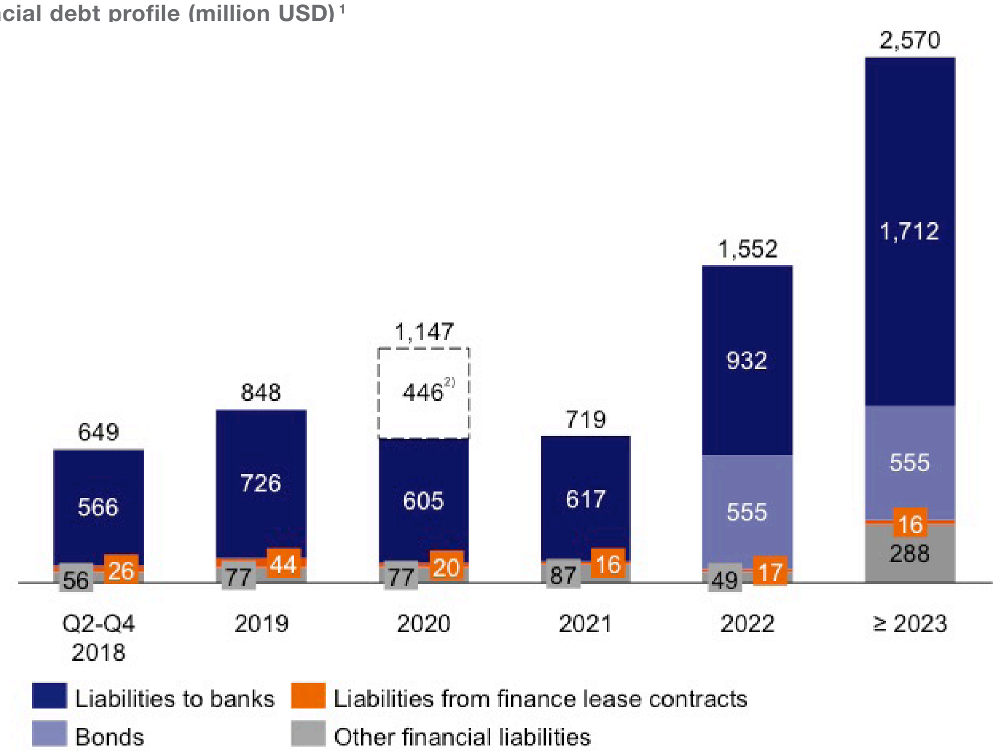
The Group's net debt amounted to USD 6,659.4 million as at 31 March 2018 (31 December 2017: USD 6,811.7 million). The equity ratio of 41.0% was almost unchanged compared with 31 December 2017. Gearing – the ratio of net debt to balance sheet equity – decreased from 93.8% to 92.1% as a result.

Restricted cash and cash equivalents in the amount of USD 58.7 million (31 December 2017: USD 58.6 million) essentially comprise cash and cash equivalents which serve as collateral for existing financial debt.

Financial solidity

million USD	**31.3.2018**	31.12.2017
Financial debt	7,454.6	7,595.5
Cash and cash equivalents	736.5	725.2
Restricted cash	58.7	58.6
Net debt	**6,659.4**	**6,811.7**
Unused credit lines	495.0	545.0
Liquidity reserve	**1,231.5**	**1,270.2**
Equity	7,233.0	7,263.3
Gearing (net debt/equity) (%)	**92.1%**	**93.8%**
Equity ratio (%)	**41.0%**	**40.9%**

Financial debt profile (million USD) [1]



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 31.03.2018 consist of transaction costs and accrued interest in the amount of USD 30.5 million

2) ABS programme prolongated until 2020

The total repayment amount of USD 7,485.1 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 446 million).

Hapag-Lloyd had two bonds outstanding as per 31 March 2018: EUR 450 million 6.75% Senior Notes due February 2022 and EUR 450 million 5.125% Senior Notes due July 2024.

7. EVENTS AFTER THE BALANCE SHEET DATE

At it's meeting on 9 May 2018 the Supervisory Board adopted the resolution that the appointment of Mr Rolf Habben Jansen as Chief Executive Officer (CEO) of Hapag-Lloyd AG will be extended for another five years from 01 April 2019 to 31 March 2024.

8. OUTLOOK

Hapag-Lloyd is expecting a clear increase in its transport volume in 2018 – due in part to the inclusion of UASC's business activities for the whole year. The UASC Group will be included in the consolidated financial statements of Hapag-Lloyd AG for a full twelve months for the first time in 2018 (previous financial year: inclusion of the UASC Group from 24 May 2017). This will involve – in addition to the clear rise in volume – a higher weighting for the Middle East and Far East trades when calculating the average freight rate. These trades have a lower freight rate level than some of Hapag-Lloyd's other trades. Assuming that the general recovery of freight rates continues, Hapag-Lloyd's average freight rate in 2018 is likely to be around the same as in the previous year. Hapag-Lloyd is also expecting a clear rise in the average bunker consumption price in 2018.

Provided that the expected freight rate is achieved and a significant portion of the synergies from the merger with UASC are realised, along with the expected improvement in the quality of earnings and the anticipated growth in volumes, Hapag-Lloyd is forecasting a clear year-on-year increase in its EBITDA and EBIT in 2018. This assumption also takes account of the additional one-off expenses of around USD 10 million which are expected as a result of the merger and integration. Not accounted for here are impairments on goodwill, other intangible assets and property, plant and equipment. Although not expected at present, these adjustments cannot be ruled out, given current geopolitical developments and other factors.

Key benchmark figures for the 2018 outlook

Global economic growth (IMF)	3.9%
Increase in global trade (IMF)	5.1%
Increase in global container transport volume (IHS)	5,3%
Transport volume, Hapag-Lloyd Group	Increasing clearly
Average bunker consumption price, Hapag-Lloyd Group	Increasing clearly
Average freight rate, Hapag-Lloyd Group	On previous year's level
EBITDA (Earnings before interest, taxes, depreciation and amortisation), Hapag-Lloyd Group	Increasing clearly
EBIT (Earnings before interest and taxes), Hapag-Lloyd Group	Increasing clearly

The benchmark figures for the 2018 outlook, which relate to transport volume, the average bunker consumption price, the average freight rate and the key performance indicators EBITDA and EBIT, therefore remain unchanged compared to the forecast published in the Investor Report Q4 | FY 2017.

The majority of the earnings are expected to be generated 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.

Risks that may have an impact on the forecast for business development are described in detail in the risk report of the audited Annual Report 2017 on the Hapag-Lloyd company website. Significant risks for the Group's revenue and earnings development include a slowdown in global economic and trade volume growth, a significant and lasting rise in bunker prices extending beyond the level seen at the end of 2017, a further sharp and persistent 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 substantial negative impact on the industry and, by extension, on the further business development of Hapag-Lloyd in the remaining months of 2018.

IMPORTANT NOTICE

With the incorporation of the UASC Group into the Hapag-Lloyd Group as at 24 May 2017, 96 fully consolidated companies and five equity-accounted investees were included in the group of consolidated companies.

As such, the net asset, financial and earnings position figures for the first quarter of 2018 can only be compared with those of previous year’s period to a limited extent.

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 Q1 2018, please find below the respective exchange rates:

- Values for Q1 2017 have been calculated at the respective Q1 2017 exchange rates
- Values for Q1 2018 have been calculated at the respective Q1 2018 exchange rates
- Values for FY 2017 have been converted for Hapag-Lloyd (excl. UASC) at the average exchange rate for January to December 2017 and for UASC since consolidation 24 May 2017 at the average exchange rate for June to December 2017
- Values for 9M 2017 have been converted for Hapag-Lloyd (excl. UASC) at the average exchange rate for January to September 2017 and for UASC since consolidation 24 May 2017 at the average exchange rate for June to September 2017

Exchange rates

	Closing rate			Average rate					
					HLAG AG	**UASC Group**	HLAG AG	UASC Group	
per EUR	**31.3.2018**	31.12.2017	31.3.2017	**Q1 2018**	**FY 2017**	Jun–Dec 17	9M 2017	Jun–Sep 2017	Q1 2017
US dollars	1.2323	1.1989	1.0681	1.2295	1.1294	1.1687	1.1138	1.1620	1.0651

DISCLAIMER

This report provides general information about Hapag-Lloyd AG. It consists of summary information based on a calculation of USD figures. It does not purport to be complete and it is not intended to be relied upon as advice to investors.

No representations or warranties, expressed or implied, are made as to, and no reliance should be placed on, the accuracy, fairness or completeness of the information presented or contained in this report.

This report contains forward looking statements within the meaning of the “safe harbor” provision of the US securities laws. These statements are based on management’s current expectations or beliefs and are subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. Actual results may differ from those set forth in the forward-looking statements as a result of various factors (including, but not limited to, future global economic conditions, market conditions affecting the container shipping industry, intense competition in the markets in which we operate, potential environmental liability and capital costs of compliance with applicable laws, regulations and standards in the markets in which we operate, diverse political, legal, economic and other conditions affecting the markets in which we operate, our ability to successfully integrate business acquisitions and our ability to service our debt requirements). Many of these factors are beyond our control.

This report is intended to provide a general overview of Hapag-Lloyd’s business and does not purport to deal with all aspects and details regarding Hapag-Lloyd. Accordingly, neither Hapag-Lloyd nor any of its directors, officers, employees or advisers nor any other person makes any representation or warranty, expressed or implied, as to, and accordingly no reliance should be placed on, the fairness, accuracy or completeness of the information contained in the presentation or of the views given or implied. Neither Hapag-Lloyd nor any of its directors, officers, employees or advisors nor any other person shall have any liability whatsoever for any errors or omissions or any loss howsoever arising, directly or indirectly, from any use of this information or its contents or otherwise arising in connection therewith.

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Each investor must conduct and rely on its own evaluation in taking an investment decision.

Recipients of this report are not to construe the contents of this summary as legal, tax or investment advice and recipients should consult their own advisors in this regard.

FINANCIAL CALENDAR 2018

10 July 2018
Annual General Meeting 2018

10 August 2018
Publication of half-year financial report H1 2018

8 November 2018
Publication of quarterly financial report 9M 2018

IMPRINT

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