

Hapag-Lloyd AG

Q1 2020

Quarterly financial report

1 January to
31 March 2020

SUMMARY OF HAPAG-LLOYD KEY FIGURES QUARTERLY FINANCIAL REPORT Q1 2020

		1.1.– 31.3.2020	1.1.– 31.3.2019	Change absolute
Key operating figures¹				
Total vessels		248	235	13
Aggregate capacity of vessels	TTEU	1,745	1,680	65
Aggregate container capacity	TTEU	2,587	2,542	45
Freight rate (average for the period)	USD/TEU	1,094	1,079	15
Transport volume	TTEU	3,053	2,929	125
Revenue	million EUR	3,343	3,063	280
EBITDA	million EUR	469	489	-20
EBIT	million EUR	160	214	-54
Group profit/loss	million EUR	25	96	-71
Earnings per share	EUR	0.12	0.52	-0.40
Cash flow from operating activities	million EUR	381	536	-156
Key return figures¹				
EBITDA margin (EBITDA/revenue)	%	14.0	16.0	-2.0 ppt
EBIT margin (EBIT/revenue)	%	4.8	7.0	-2.2 ppt
ROIC (Return on Invested Capital) ²	%	4.5	6.4	-1.9 ppt
Key balance sheet figures as at 31 March¹				
Balance sheet total	million EUR	16,991	16,200	790
Equity	million EUR	6,812	6,621	192
Equity ratio (equity/balance sheet total)	%	40.1	40.9	-0.8 ppt
Borrowed capital	million EUR	10,178	9,580	599
Key financial figures as at 31 March¹				
Financial debt and lease liabilities	million EUR	6,917	6,397	520
Cash and cash equivalents	million EUR	940	512	428

¹ Key operating figures and return figures refer to the respective reporting period. The comparison of the balance sheet key figures as well as the financial key figures relates to the balance sheet date 31 December 2019.

² Return on invested capital (ROIC) is calculated as the ratio between operating profit after tax (NOPAT) and invested capital (total assets excluding cash and cash equivalents less liabilities excluding financial liabilities and lease obligations). The ratio is calculated on an annualised basis and in US dollars.

For computational reasons, rounding differences may occur in some of the tables and charts of this quarterly financial report.

Disclaimer: This report contains statements relating to the future development of Hapag-Lloyd. Actual results may differ materially from those expected due to market fluctuations, the development of the competitive situation and world market prices for raw materials as well as changes in exchange rates and the economic environment. Hapag-Lloyd neither intends nor assumes any obligation to update any forward-looking statements to reflect events or developments after the date of this report.

This quarterly financial report was published on 15 May 2020.

MAIN DEVELOPMENTS IN Q1 2020

- In the first quarter, the economic consequences of the outbreak and global spread of COVID-19 only had a minor impact on Hapag-Lloyd's operating business and its earnings, financial and net asset position. While first clearer effects can already be seen in the second quarter, the further course of the year is currently difficult to assess and associated with higher uncertainties than usual.
- In the first 3 months of 2020, transport volumes rose by 4.3% year-on-year to 3,053 TTEU (Q1 2019: 2,929 TTEU).
- At 1,094 USD/TEU, freight rates were 1.4% higher year-on-year (Q1 2019: 1,079 USD/TEU).
- Revenues rose by 9.2% to EUR 3.3 billion (Q1 2019: EUR 3.1 billion) due to the increase in transport volumes, higher freight rates and a stronger US dollar.
- Transport costs rose disproportionately to revenues by 12.9%. Besides higher transport volumes, this was mainly due to higher bunker consumption prices.
- In the course of the IMO 2020 introduction, the average bunker consumption price rose significantly by USD 98 to USD 523 per tonne (Q1 2019: USD 425 per tonne), and fuel expenses rose accordingly by 50.6% to EUR 594.2 million (Q1 2019: EUR 394.6 million).
- The rapid drop in oil prices, which began in March, resulted in an extraordinary charge of EUR 58.4 million due to the devaluation of bunker stocks as of the quarterly reporting date.
- Despite the clearly negative bunker effects, EBITDA declined only slightly by 4.1% to EUR 469.4 million (Q1 2019: EUR 489.3 million). The EBITDA margin decreased accordingly by 2.0 percentage points to 14.0% (Q1 2019: 16.0%).
- At EUR 159.8 million, EBIT was well below the prior-year level (Q1 2019: EUR 213.7 million), which is attributable to higher bunker expenses and IFRS 16 related higher depreciation and amortisation. Without the devaluation of bunker stocks, EBIT would have been at previous year's level.
- Consolidated net income of EUR 24.8 million (Q1 2019: EUR 96.2 million) was additionally negatively impacted by the non-cash valuation of derivative financial instruments in the amount of EUR 34.2 million.
- At EUR 273.8 million, free cash flow was again clearly positive (Q1 2019: EUR 400.6 million), while the key debt ratios were virtually unchanged compared with the end of 2019.
- The liquidity reserve stood at EUR 1.1 billion as at 31 March 2020 and thus remains at a good level.
- In light of the current developments, the Executive Board substantiates its earnings forecast from the start of the year. This means that Hapag-Lloyd admittedly still continues to expect EBITDA of EUR 1.7–2.2 billion and EBIT of EUR 0.5–1.0 billion for the current financial year. However, unless there is a recovery in demand for container transport services earlier and stronger than currently expected by the relevant market participants, the upper end of the forecast ranges is barely achievable from today's perspective.

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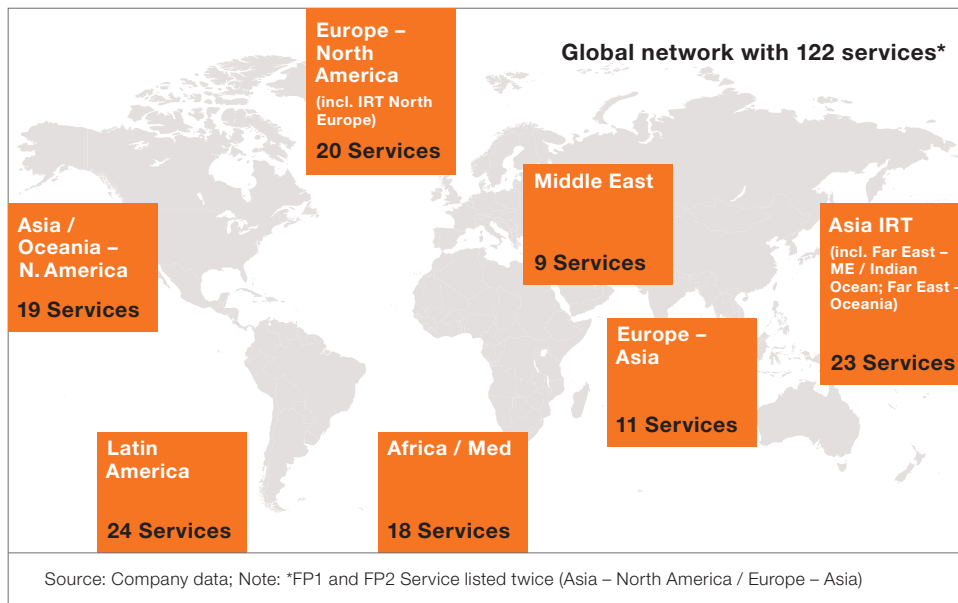
INTERIM GROUP MANAGEMENT REPORT

BUSINESS ACTIVITIES

The Hapag-Lloyd Group is Germany’s largest container liner shipping company and is one of the world’s leading container liner shipping companies in terms of global market coverage. The Group’s core business is the shipping of containers by sea, but also encompasses transport services from door to door.

The Hapag-Lloyd fleet comprised 248 container ships as at 31 March 2020 (31 March 2019: 235). The Group currently has 394 sales offices in 129 countries (31 March 2019: 398 sales offices in 128 countries) and offers its customers worldwide access to a network of 122 liner services (previous year: 121 services). In the first 3 months of 2020, Hapag-Lloyd served approximately 19,800 customers around the world (previous year: approximately 19,600).

Network of Hapag-Lloyd services



Since 1 April 2017, Hapag-Lloyd has been operating THE Alliance in partnership with Ocean Network Express Pte. Ltd. (Singapore) (ONE) (formerly Kawasaki Kisen Kaisha Ltd. (Japan), Mitsui O.S.K. Lines Ltd. (Japan), Nippon Yusen Kabushiki Kaisha Ltd. (Japan)) and Yang Ming Marine Transport Corp. Ltd. (Taiwan) (Yang Ming). On 1 April 2020, the South Korean liner shipping company Hyundai Merchant Marine (HMM) joined the alliance as a full new member. The partnership is scheduled to last for 10 years, after which point it will automatically be extended by 1 more year in each case. Members must remain in the alliance for 36 months and then give 12 months’ notice if they wish to leave. In the event of a change of control or insolvency, a member may be excluded from the alliance. The decision to exclude an alliance member must be taken unanimously by the other members.

As at 31 March 2020, THE Alliance covered all East–West trades with 278 container ships and 31 services.

Hapag-Lloyd conducts its container liner shipping business in an international business environment. 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 and the corresponding financing of investments. The functional currency of Hapag-Lloyd AG and its main subsidiaries is the US dollar. The reporting currency of Hapag-Lloyd AG is, however, the euro. For reporting purposes, the assets and liabilities of the Hapag-Lloyd Group are translated into euros using the mean exchange rate on the balance sheet date (closing rate). The cash flows listed in the consolidated statement of cash flows and the expenses, income and result shown in the consolidated income statement are translated at the average exchange rate for the reporting period. The resulting differences are recognised in other comprehensive income.

Changes to the composition of the Hapag-Lloyd AG Executive Board

Mr Mark Frese was appointed as a new Executive Board member with effect from 25 November 2019 as per a resolution passed by the Supervisory Board on 13 November 2019. Mr Mark Frese succeeded Mr Nicolás Burr as CFO, who stepped down on 29 February 2020.

Shareholder structure of Hapag-Lloyd AG

The shareholder structure of Hapag-Lloyd AG is dominated by its 5 major shareholders, which together hold around 96.3% of the Company's share capital. These include CSAV Germany Container Holding GmbH (CSAV), Kühne Maritime GmbH together with Kühne Holding AG (Kühne), Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH (HGV), and Qatar Holding LLC on behalf of the Qatar Investment Authority (QIA) and Public Investment Fund Saudi Arabia (PIF). In addition, CSAV, Kühne Maritime GmbH and HGV have agreed under a shareholders' agreement to exercise their voting rights from the shares in Hapag-Lloyd AG by issuing a common voting proxy, thereby making important decisions together.

In January 2020, CSAV acquired a share package from QIA of 3,890,899 shares (corresponding to approximately 2.2%), followed by a further 1,000 shares in March. Since then CSAV has held an interest of around 30%. In March, Kühne Maritime GmbH acquired 656,526 shares, which also increased Kühne's interest to around 30%.

The shareholder structure of Hapag-Lloyd AG as at 31 March 2020 is as follows:

in %	
Kühne Holding AG and Kühne Maritime GmbH	30.0
CSAV Germany Container Holding GmbH	30.0
HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH	13.9
Qatar Holding Germany GmbH	12.3
The Public Investment Fund of the Kingdom of Saudi Arabia	10.2
Free float	3.7
Total	100.0

CORPORATE OBJECTIVES AND STRATEGY

The prime strategic objective of the Hapag-Lloyd Group is to achieve long-term profitable growth measured on the basis of the development of transport volume and the key performance indicators of EBITDA, EBIT and return on invested capital (ROIC).

The growing global demand for container transportation is the foundation of the organic growth that Hapag-Lloyd hopes to achieve. In general, Hapag-Lloyd intends to increase the transport volume organically in line with market growth.

The key internal performance indicators for the Company's operating activities are earnings before interest, taxes, depreciation and amortisation (EBITDA) and earnings before interest and taxes (EBIT). The performance of these key financial indicators is outlined in the section "Group earnings, financial and net asset position". EBITDA is an important indicator of the achievement of sustainable company results and gross cash flows. It has a special significance for capital-intensive companies. Hapag-Lloyd uses EBITDA as an important parameter for investment decisions.

The main factors influencing the development of the operating result indicators are transport volume, freight rate, the US dollar exchange rate against the euro and operating costs including bunker price.

Hapag-Lloyd is aiming to be profitable throughout the entire economic cycle, i.e. to achieve a return on invested capital (ROIC) that is at least equal to the Company's weighted average cost of capital (WACC). In the first 3 months of 2020, Hapag-Lloyd generated a return on invested capital (ROIC) of 4.5% (prior year period: 6.4%). The weighted average cost of capital in the same period was 6.8% (prior year period: 8.2%). Details on how the ROIC is calculated can be found in the chapter "Important financial performance indicators".

The generation of sustainable cash flows, solid corporate financing, and therefore in particular a sufficient liquidity and equity base, are once again key cornerstones of the Hapag-Lloyd Group's corporate strategy in the 2020 financial year. As at 31 March 2020, the Hapag-Lloyd Group had a liquidity reserve (consisting of cash, cash equivalents and unused credit facilities) totalling EUR 1,108.3 million (31 December 2019: EUR 1,032.8 million). The equity ratio was 40.1% as at the balance sheet date (31 December 2019: 40.9%).

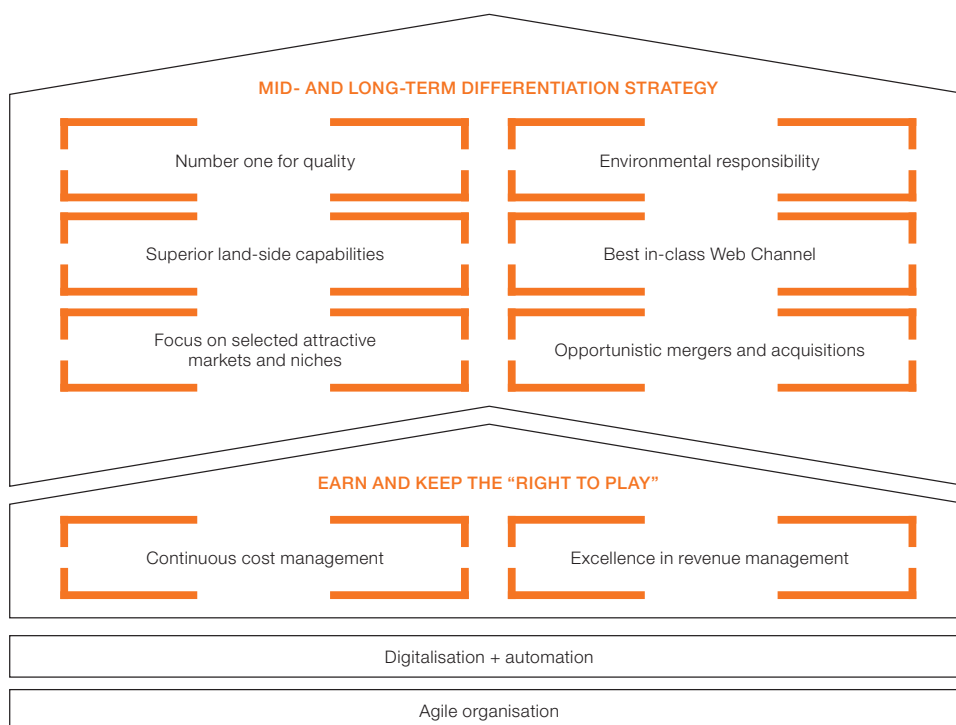
Strategy 2023

The Executive Board of Hapag-Lloyd AG first presented the Group's new strategy ("Strategy 2023") at a capital market day in November 2018. Strategy 2023 is also described in detail on pages 58 ff. of the Group management report in the 2019 annual report, including information on the current status of target achievement.

The 3 core objectives of Strategy 2023 are:

- Become number one for quality
- Remain a global player
- Profitability throughout the entire economic cycle

The focus of Strategy 2023 is on becoming number one for quality and achieving profitable growth. The basis is continuous and consistent cost and revenue management as well as improving internal processes through greater agility and taking advantage of technological opportunities, such as digitalisation and automation. The most important elements of Strategy 2023 are presented in the following illustration. The focus here is on clearly differentiating the Company from its competitors.



Strategy 2023, including the aforementioned targets and goals, will become even more concrete as the strategy is implemented and it will be flexibly adapted to the changing operating environment.

IMPORTANT FINANCIAL PERFORMANCE INDICATORS

Important financial performance indicators for the Hapag-Lloyd Group include EBITDA, EBIT, the transport volume and freight rates. Transport volume and freight rates are important factors influencing revenue development. The development of the financial performance indicators in the first 3 months of 2020 is presented in the section “Group earnings position”.

In addition to EBITDA and EBIT as operating performance indicators, the return on invested capital (ROIC) is calculated at Group level as an indicator of the performance within a period. ROIC compares net operating profit after tax (NOPAT), defined as EBIT less taxes, with invested capital as at the reporting date. Invested capital is defined as assets excluding cash and cash equivalents less liabilities excluding financial debt. To facilitate comparison with other international shipping companies, the return on invested capital is calculated and presented exclusively on the basis of the functional currency, the US dollar.

Calculation of the return on invested capital is as follows:

	million EUR		million USD	
	Q1 2020	Q1 2019	Q1 2020	Q1 2019
Non-current assets	14,026.6	13,954.5	15,379.7	15,672.6
Inventory	210.0	257.3	230.2	288.9
Accounts receivables	1,423.0	1,253.2	1,560.3	1,407.5
Other assets	391.6	378.3	429.3	424.9
Assets	16,051.1	15,843.3	17,599.5	17,793.9
Provisions	759.7	709.0	833.0	796.3
Accounts payable	1,798.7	1,789.4	1,972.2	2,009.7
Other liabilities	702.9	544.6	770.9	611.9
Liabilities	3,261.4	3,043.0	3,576.1	3,417.9
Invested Capital	12,789.8	12,800.3	14,023.4	14,376.0
EBIT	159.8	213.7	176.1	242.7
Taxes	15.1	11.4	16.7	13.0
Net Operating Profit after Tax (NOPAT)	144.7	202.3	159.4	229.7
Return on Invested Capital (ROIC)			4.5%	6.4%

Figures in USD, rounded, aggregated and calculated on an annualised basis.

The table outlines selected items from the consolidated statement of financial position and the consolidated income statement in abbreviated form only. Currencies are translated as per the reporting date rates and average rates given in the Notes to the consolidated financial statements in the section “Fundamental accounting principles”.

IMPORTANT NON-FINANCIAL PRINCIPLES

In addition to the financial performance indicators, the optimum utilisation of the available ship and container capacities has a substantial influence on whether Hapag-Lloyd achieves long-term profitable growth. Sustainable and quality-conscious corporate governance and highly qualified and motivated employees are also important principles for Hapag-Lloyd's targeted profitable growth.

The following non-financial parameters are important for understanding Hapag-Lloyd as a container liner shipping company. However, they are not used by the Company as performance indicators.

Flexible fleet and capacity development

As at 31 March 2020, Hapag-Lloyd's fleet comprised a total of 248 container ships (31 March 2019: 235 ships). All of the vessels are certified in accordance with the ISM (International Safety Management) Code and have a valid ISSC (ISPS) certificate.

The majority of the ships are certified as per ISO 9001 (quality management) and ISO 14001 (environmental management). The TEU capacity of the entire Hapag-Lloyd fleet as at 31 March 2020 was 1,744,920 TEU, which was an increase of 3.9% compared to 31 March 2019 (1,679,996 TEU). The share of vessels chartered by Hapag-Lloyd was approximately 40% as at 31 March 2020 based on TEU capacity (31 March 2019: approximately 37%).

As at 31 March 2020, the average age of Hapag-Lloyd's total fleet (capacity-weighted) was 9.3 years. The average ship size within the Hapag-Lloyd Group fleet is 7,036 TEU, which is approximately 13% above the comparable average figure for the 10 largest container liner shipping companies (31 March 2020: 6,203 TEU) and around 65% above the average ship size in the global fleet (31 March 2020: 4,268 TEU).

As at 31 March 2020, Hapag-Lloyd owned or rented 1,573,701 containers (31 March 2019: 1,545,740) with a capacity of 2,587,294 TEU for shipping cargo (31 March 2019: 2,542,226). The capacity-weighted share of leased containers was around 46% as at 31 March 2020 (31 March 2019: 47%).

Hapag-Lloyd's service network comprised 122 services as at 31 March 2020 (31 March 2019: 121 services).

Structure of Hapag-Lloyd's container ship fleet

	31.3.2020	31.12.2019	31.3.2019
Number of vessels	248	239	235
thereof			
Own vessels ¹	112	112	112
Chartered vessels	136	127	123
Aggregate capacity of vessels (TTEU)	1,745	1,707	1,680
Aggregate container capacity (TTEU)	2,587	2,540	2,542
Number of services	122	121	121

¹ Including 17 lease agreements with purchase option/obligation at maturity. Previous year's figures have been adjusted accordingly.

Bunker consumption totalled approximately 1.1 million tonnes in the first 3 months of 2020 and was therefore on a par with the previous year (Q1 2019: approximately 1.1 million tonnes). Due to the new requirement to reduce sulphur emissions from 1 January 2020, the percentage of low-sulphur bunker (MFO low sulphur 0.1% and 0.5%, MDO) increased to 93% (Q1 2019: around 15%). The efficiency of the container ship fleet is also reflected in the bunker consumption data per slot (as measured by the average annual container storage space) of 2.55 tonnes (Q1 2019: 2.65 tonnes). In terms of transported TEU, bunker consumption decreased to 0.36 tonnes per TEU compared with the previous year (Q1 2019: 0.38 tonnes per TEU).

There were no orders for newbuilds as at the reporting date. Particularly since the merger with UASC, Hapag-Lloyd has had a modern and efficient fleet. The Executive Board of Hapag-Lloyd AG believes that the existing fleet and cooperation with the partners in THE Alliance (including HMM from 1 April 2020) will make it possible to utilise expansion opportunities resulting from market growth and to realise economies of scale in ship operations. However, in order to remain competitive in the medium term, the Executive Board of Hapag-Lloyd AG believes that the Group will invest in new ship systems again in the foreseeable future.

With regard to the new regulations of the International Maritime Organization (IMO), which came into effect in 2020 to reduce sulphur emissions, Hapag-Lloyd will predominantly use low-sulphur fuel. On 10 of its own larger vessels and 9 container ships chartered on a long-term basis, the Company is installing exhaust gas cleaning systems (EGCS) to filter the sulphur from the exhaust gases. One large vessel will also be retrofitted to test how it runs on liquefied natural gas (LNG). Up till now, from the perspective of Hapag-Lloyd AG's Executive Board, the conversion to the new exhaust gas thresholds and the associated switch to low-sulphur fuel went according to plan.

Customers

Top clients are supported globally and locally by the Global Account Management team in Hamburg and in the regional head offices. This enables the Company to establish and maintain long-standing, sustainable customer relationships. The Key Account Programme also ensures that top regional clients receive particular care and attention. Hapag-Lloyd's aim is to maintain a diversified customer portfolio consisting of direct customers and freight forwarders, with the latter ensuring a permanent regular supply of cargo volumes.

In the first 3 months of the 2020 financial year, Hapag-Lloyd completed transport contracts for approximately 19,800 customers (Q1 2019: approximately 19,600).

Employees

The Hapag-Lloyd Group employed 13,106 people as at 31 March 2020 (31 March 2019: 12,853). Of this total, 10,881 were shore-based employees (31 March 2019: 10,657), while 2,010 people were sea-based (31 March 2019: 1,982). Hapag-Lloyd also employed 215 apprentices as at 31 March 2020 (31 March 2019: 214).

Number of employees

	31.3.2020	31.12.2019	31.3.2019
Marine personnel	2,010	2,072	1,982
Shore-based personnel	10,881	10,691	10,657
Apprentices	215	233	214
Total	13,106	12,996	12,853

Maintaining business operations during the coronavirus crisis

The COVID-19 pandemic now affects every country in the world, including their companies and economic activity.

Hapag-Lloyd is continuously monitoring the risk situation affecting the Company's global activities. Emergency plans (business continuity plans) are in place for every department and office to ensure the safety of employees and maintain stable business operations on land and on the vessels. Since the outbreak of the disease in Wuhan, China and the first official warnings and restrictions, Hapag-Lloyd has constantly monitored the situation and implemented measures to protect its employees while also maintaining its business operations.

As the pandemic spread, a central crisis committee was set up at the beginning of March 2020. It is led by the Executive Board and assesses the current situation on a regular basis, approving and implementing immediate measures as necessary. This has enabled the Company to ensure that its operations continue to run smoothly despite comprehensive protective measures and extensive office closures. As at 31 March 2020, more than 90% of shore-based employees were working from home. This was achieved by the creation of additional IT capacities worldwide which aim to ensure that operations continue to run stable.

The safety of crews on board is also a top priority for the executive management. While shipping operations have largely continued without any significant disruptions, there are some restrictions at ports that are preventing ship crews from going ashore and are making crew changes much more difficult at present. Hapag-Lloyd has currently suspended crew changes in high-risk regions. The Company also has put in place additional safety measures on board of our ships to ensure the safety of our crews as best we can.

Hapag-Lloyd's employees are also receiving extensive updates via the intranet on the current situation and protective measures.

Maintaining uninterrupted services for our customers is also a key priority. For example, we have leased around 100,000 TEU in additional container capacity in order to minimise the impact on our customers' supply chains. Our service structure remained virtually unchanged in the first quarter, although individual voyages were cancelled due to the decline in demand for transport services from Asia.

As well as ensuring the continuation of our current operations, our second area of focus is to minimise the negative effects of the expected fall in demand associated with the COVID-19 pandemic and to maintain the Company's financial stability at all times.

Shipping capacity has been gradually reduced since February in coordination with our alliance partners to lower costs. Further reductions in departures as well as the temporary suspension of services are planned for the second quarter. A comprehensive set of measures has also been developed to maintain profitability and liquidity. This includes amongst others a review of all capital expenditure.

In order to secure liquidity and minimise the risks of the greatly increased financial market volatility caused by the COVID-19 pandemic and the resulting process and credit risks of the counterparties ("counterparty risk"), Hapag-Lloyd decided to utilise part of the committed credit lines in the amount of EUR 363.0 million. At the end of the reporting period on 31 March 2020, Hapag-Lloyd thus had cash and cash equivalents of EUR 939.5 million (31 March 2019: EUR 573.6 million) available. In addition, Hapag-Lloyd further has available credit lines of EUR 168.7 million (31 March 2019: EUR 485.3 million), resulting in a liquidity reserve (consisting of cash and cash equivalents and unused credit lines) totalling EUR 1,108.2 million (31 March 2019: EUR 1,058.9 million). In addition, there is further potential for drawings of approximately EUR 300 million under the existing receivables securitisation program. In total, Hapag-Lloyd therefore had liquid funds of around EUR 1.4 billion available as at 31 March 2020.

More detailed information on the set of measures to maintain profitability and liquidity can be found in the Outlook section of this quarterly financial report.

ECONOMIC REPORT

General economic conditions

The pace at which the global economy grows and, by extension, at which global trade evolves is a significant factor that influences demand for container shipping services and thus the development of the container shipping companies' cargo volumes.

Global economic conditions deteriorated dramatically during the first quarter due to the increasing spread of COVID-19. According to the International Monetary Fund, global economic growth in 2019 was already at its lowest level since the 2008/2009 financial and economic crisis, at 2.9% (2018: 3.6%), (IMF, World Economic Outlook, April 2020). At the start of the year, the IMF predicted growth of 3.3% for 2020 (IMF, World Economic Outlook, January 2020). Due to the spread of COVID-19 and the associated measures to control the pandemic such as social distancing, the closure of factories, businesses and event venues, and the almost complete suspension of international air passenger travel, the IMF has reduced its forecast dramatically for 2020 and now expects global economic output to contract by 3.0% (IMF, World Economic Outlook, April 2020).

Initially, the effects of the pandemic were largely restricted to China in January and February. Chinese economic output fell by 6.8% in the first quarter. The export of goods and services plummeted by 17.2% in January and February. Following a gradual relaxation of measures to control the pandemic, however, exports were only down by around 6.6% in March. The increasing spread of COVID-19 meant that the economic effects of the pandemic also become clearly visible in the rest of Asia and Europe in March or earlier. The Purchasing Managers' Indices (PMI), which reflect the current and expected short-term performance of industrial companies and provide an indication of general economic developments in the next 3 months, dropped at a significant rate, reaching levels that were lower than those seen during the 2009 financial crisis in some cases (IHS Markit PMI, April and May 2020).

Developments in global economic growth (GDP) and world trade volume

in %	2021e	2020e	2019	2018	2017	2016	2015
Global economic growth	5.8	-3.0	2.9	3.6	3.9	3.4	3.5
Industrialised countries	4.5	-6.1	1.7	2.2	2.5	1.7	2.3
Developing and newly industrialised countries	6.6	-1.0	3.7	4.5	4.8	4.6	4.3
World trade volume (goods and services)	8.4	-11.0	0.9	3.8	5.7	2.3	2.8

Source: IMF, April 2020

Sector-specific conditions

As with global economic growth and the volume of global trade, the global cargo volume grew by a relatively small amount in 2019, increasing by 0.8% (Seabury, December 2019). At the start of the year, Seabury predicted a recovery of 3.1% for 2020. Due to the effects of the COVID-19 pandemic, however, and the resulting economic and trade restrictions, industry experts now expect the global container transport volume to decrease. For example, the industry experts at Clarksons currently predict that the container transport volume will fall by 10.6% overall in 2020. (Clarksons Research, Container Intelligence Monthly, April 2020)¹. The industry experts believe that, if the pandemic is brought under control, the demand for container transport will increase again in 2021 and much of the decline in 2020 will be reversed.

¹ As Seabury has not yet published an updated forecast for 2020, data from other industry experts are used in this chapter

Development of global container transport volume

	2021e	2020e	2019	2018	2017	2016	2015
Growth rate in %	9.6	-10.6	0.8	4.5	4.8	1.4	-0.4

Source: Seabury (December) for the actual data 2015–2019, Clarksons (April 2020) for 2020 and 2021

In the first 3 months of 2020, the volume of TEU transported globally fell by 5.1% (CTS, May 2020). The largest decline was recorded on the Intra-Asia, Far East and Transpacific trades, mainly as a result of a sharp decline in export volumes from China due to the measures to control the pandemic. The trades not directly related to China such as the Atlantic, Middle East and Europe–Latin America still recorded a stable overall development compared to the previous year's period.

The bunker price was very volatile in the first quarter of 2020. Low-sulphur bunker, the fuel predominantly used since the start of 2020, cost around USD 560/t on the year's first day of trading (MFO 0.5%, FOB Rotterdam). However, the bunker price decreased significantly during the quarter due to the global decline in demand and a simultaneous sharp fall in the price of oil caused by a dispute about production volumes among leading oil-producing countries. As at 31 March 2020, it was only around USD 204/t (MFO 0.5%, FOB Rotterdam).

Due to the introduction of the new fuel type and differing supply situations at the various ports, there were clear price differences at the start of the year for MFO 0.5% bunker. In Singapore, for example, the price at the start of the year was around USD 700/t, which was more than USD 140/t higher than the price in Rotterdam. At the end of the quarter, the price difference normalised again and was only around USD 50/t.

At the beginning of 2020, the aggregate capacity of the global container ship fleet was approximately 22.9 million TEU (Drewry Container Forecaster Q1 2020). Based on the container ships on order and planned deliveries, the globally available transport capacity should see increases of around 0.4 million TEU in 2020 and around 0.9 million TEU in 2021 (Drewry Container Forecaster Q1 2020). This includes the expected delays of deliveries in the current financial year and expected scrapping. The tonnage of the commissioned container ships of approximately 2.5 million TEU (MDS Transmodal, April 2020) is equivalent to around 11% of the present global container fleet's capacity (approximately 23 million TEU as at March 2020). It therefore remains well below the highest level seen to date, which was around 61% in 2007, and the average over the last 5 years (around 16%).

In the period from January to March 2020, orders were placed for the construction of 13 container ships with a transport capacity totalling approximately 153,000 TEU (Q1 2019: 33 ships; approximately 230,000 TEU (Clarksons Research, April 2020)).

Expected development of global container fleet capacity

million TEU	2021e	2020e	2019	2018
Existing fleet (beginning of the year)	23.4	22.9	22.1	20.9
Planned deliveries	1.4	1.1	1.1	1.5
Expected scrappings	0.4	0.4	0.2	0.1
Postponed deliveries and other changes	0.1	0.3	0.1	0.2
Net capacity growth	0.9	0.4	0.9	1.2

Source: Drewry Container Forecaster Q1 2020, March 2020. Expected nominal capacity based on planned deliveries. Based on existing orders and current predictions for scrapping and postponed deliveries. Figures rounded. Rounding differences may be the result of changes in the databases.

The actual growth in the global container ship fleet's transport capacity is regularly lower than the projected nominal increase, as old and inefficient ships are scrapped and deliveries of new-builds are postponed. Based on figures from MDS Transmodal, a total of 26 container ships with a transport capacity of approximately 121,000 TEU were placed into service in the first 3 months of 2020 (Q1 2019: 33 ships with a transport capacity of approximately 256,000 TEU). At 0.2 million TEU, the scrapping of inefficient vessels was once again lower in 2019 than in previous years (2015 to 2018: average of 0.3 million TEU). According to Drewry (Container Forecaster Q1), however, the figure is expected to rise again slightly in 2020 to approximately 0.4 million TEU. According to Clarksons, scrapping in the first 3 months of 2020 was only around 35,000 TEU, due also to COVID-19 restrictions (prior year period: around 100,000 TEU).

Idle capacity was around 2.1 million TEU at the end of March 2020 (Alphaliner Weekly, April 2020), accounting for approximately 9.1% of the global fleet (previous year: approximately 0.5 million TEU, or around 2% of the global fleet). While the majority of idle ships have a capacity of up to 5,100 TEU, there were also 62 idle ships with a capacity of over 12,500 TEU. Following the announcement of further departure cancellations and suspensions of services in April 2020, the idle fleet is expected to increase significantly again in the second quarter of 2020. By end of April, idle capacity had increased to 2.4 million TEU (Alphaliner Weekly, May 2020). On the major shipping routes to and from Asia, capacities are likely to be reduced by at least 20% in May and June. According to Alphaliner, 250 ship voyages scheduled for Q2 2020 had already been cancelled by the end of March.

Consolidation of the industry and alliances

In recent years, the container shipping industry has gone through a phase of significant consolidation. According to data from MDS Transmodal (April 2020), the 10 largest container liner shipping companies provide approximately 84% of the total capacity of the global fleet of container ships. This figure was just 61% in 2013.

Alliances are an essential part of the container shipping industry as they enable better utilisation of vessels and provide the opportunity for shipping companies to offer a more extensive service. There are currently 3 global alliances. Measured in terms of transport capacity, the largest alliance is the "2M Alliance", consisting of the two market leaders – Maersk (Denmark) and Mediterranean Shipping Company S. A. (Switzerland) (MSC). The "Ocean Alliance" consists of CMA CGM S. A. (France), including its subsidiary APL (Singapore), COSCO (China), including its

subsidiary OOIL (Hong Kong), and Evergreen Marine Corp. Ltd. (Taiwan) (Evergreen) and is the second-biggest alliance. Hapag-Lloyd (Germany) operates “THE Alliance” in partnership with ONE (Singapore) and Yang Ming Marine Transport Corp. Ltd. (Taiwan) (Yang Ming). As at 31 March 2020, THE Alliance covered all East–West trades with 278 container ships and 31 services. On 1 April 2020, the South Korean liner shipping company Hyundai Merchant Marine (South Korea) (HMM) joined THE Alliance as a new member.

Capacity share of alliances based on selected trades

in %	Far East trade	Transpacific trade	Atlantic trade
2M	40	22	45
Ocean Alliance	36	41	13
THE ALLIANCE	24	26	36
Other	0	12	6

Source: Alphaliner, April 2020

GROUP EARNINGS, FINANCIAL AND NET ASSET POSITION

Group earnings position

The first 3 months of the 2020 financial year were dominated by very volatile bunker prices, while the economic effects of the outbreak and global spread of COVID-19 have had only a marginal impact on Hapag-Lloyd’s earnings, financial and net asset position in the first quarter of 2020.

Hapag-Lloyd generated earnings before interest and taxes (EBIT) of EUR 159.8 million in the first quarter of 2020 (prior year period: EUR 213.7 million). Without the devaluation of the bunker stocks EBIT would have been at last year’s level. The Group profit stood at EUR 24.8 million (prior year period: EUR 96.2 million).

The increase in transport volume developed positively compared with the previous year on almost all trades and, with a growth rate of 4.3% in the first quarter, was in line with expectations. The freight rate was also up on the previous year by 1.4%. In addition, the stronger US dollar against the euro had a positive effect on the Group’s earnings position in the first 3 months of the financial year. At USD 1.10/EUR, the average US dollar/EUR exchange rate was stronger than in the prior year period (USD 1.14/EUR).

Transport costs rose by 12.9% compared to the previous year. This was primarily due to higher bunker consumption costs resulting from the IMO 2020-related use of fuels with low sulphur content. Furthermore, a decline in bunker prices at the end of the quarter led to a devaluation of bunker stocks combined with a corresponding increase in expenses of EUR 58.4 million. In addition, transport expenses rose due to a volume-related increase in container handling expenses, in particular for terminal costs.

The valuation of the embedded derivative of the bond in the amount of EUR –25.6 million (prior year period: income of EUR 8.6 million) had a negative impact on net interest income, as did the valuation of interest rate swaps of EUR –8.3 million (prior year period: EUR –1.3 million).

Consolidated income statement

million EUR	Q1 2020	Q1 2019
Revenue	3,343.3	3,062.9
Transport expenses	2,644.9	2,343.0
Personnel expenses	172.9	166.7
Depreciation, amortisation and impairment	309.6	275.6
Other operating result	-65.2	-72.6
Operating result	150.8	205.1
Share of profit of equity-accounted investees	9.2	8.5
Result from investments and securities	-0.2	0.1
Earnings before interest and tax (EBIT)	159.8	213.7
Interest result	-124.2	-106.2
Other financial items	4.3	0.2
Income taxes	15.1	11.4
Group profit/loss	24.8	96.2
thereof profit/loss attributable to shareholders of Hapag-Lloyd AG	21.8	91.6
thereof profit/loss attributable to non-controlling interests	3.0	4.6
Basic/diluted earnings per share (in EUR)	0.12	0.52
EBITDA	469.4	489.3
EBITDA margin (%)	14.0	16.0
EBIT	159.8	213.7
EBIT margin (%)	4.8	7.0

Transport volume per trade¹

TTEU	Q1 2020	Q1 2019
Atlantic	481	470
Transpacific	472	450
Far East	567	594
Middle East	391	351
Intra-Asia	212	221
Latin America	744	677
EMA (Europe – Mediterranean – Africa)	186	167
Total	3,053	2,929

¹ Since the third quarter of 2019, transport volumes to and from Oceania have been assigned to the Far East trade. The previous year's values have been adjusted accordingly.

The transport volume increased by 125 TTEU to 3,053 TTEU in the first 3 months of the 2020 financial year (prior year period: 2,929 TTEU). This equates to a rise of 4.3%.

Due to the outbreak and spread of COVID-19 in Wuhan, China and the resulting suspension of services to and from China, transport volumes on the Far East trade decreased in the first 3 months of the financial year. The decline on the Intra-Asia trade was due both to the outbreak of COVID-19 and to the strategic decision to actively reduce the transport capacity on this trade and focus instead on profitable services.

The transport volumes on all other trades rose in the first 3 months of the financial year compared with the previous year. On the Latin America trade in particular, the transport volume was significantly higher due to capacity increases on certain services and a rise in exports to Europe and Asia compared with the previous year. The growth in the transport volume on the Transpacific trade was essentially due to the trade agreement signed between China and the USA at the start of the year and the resulting increase in trade as well as to a comparatively low volume in the previous year's quarter. The introduction of two new services to the Middle East trade in October 2019 led to a rise in the transport volume here compared with the previous year.

Freight rates per trade¹

USD/TEU	Q1 2020	Q1 2019
Atlantic	1,405	1,351
Transpacific	1,326	1,338
Far East	962	962
Middle East	788	757
Intra-Asia	611	528
Latin America	1,162	1,181
EMA (Europe – Mediterranean – Africa)	1,031	1,024
Total (weighted average)	1,094	1,079

¹ Since the third quarter of 2019, transport volumes to and from Oceania have been assigned to the Far East trade. The previous year's values have been adjusted accordingly.

The average freight rate in the first 3 months of the 2020 financial year was USD 1,094/TEU, which was USD 15/TEU, or 1.4%, up on the prior year period (USD 1,079/TEU).

Compared with the previous year, the freight rate increased primarily due to the transfer of bunker costs for low-sulphur fuel and active revenue management.

Revenue per trade¹

million EUR	Q1 2020	Q1 2019
Atlantic	613.2	559.1
Transpacific	568.4	530.4
Far East	495.6	503.0
Middle East	279.8	233.8
Intra-Asia	117.5	102.6
Latin America	784.3	703.5
EMA (Europe – Mediterranean – Africa)	173.8	150.2
Revenue not assigned to trades	310.8	280.2
Total	3,343.3	3,062.9

¹ Since the third quarter of 2019, transport volumes to and from Oceania have been assigned to the Far East trade. The previous year's values have been adjusted accordingly.

The Hapag-Lloyd Group's revenue rose by EUR 280.4 million to EUR 3,343.3 million in the first 3 months of the 2020 financial year (prior year period: EUR 3,062.9 million), representing an increase of 9.2%. The main reasons for this were the increased transport volumes and the rise in the average freight rate. The stronger US dollar against the euro compared with the previous year also led to an increase in revenue compared with the previous year. Adjusted for exchange rate movements, revenue would have risen by EUR 187.3 million (5.9%).

Operating expenses

million EUR	Q1 2020	Q1 2019
Transport expenses	2,644.9	2,343.0
thereof		
Transport expenses for finished voyages	2,611.6	2,365.1
Bunker	594.2	394.6
Handling & haulage	1,257.4	1,192.3
Equipment and repositioning ¹	280.1	284.8
Vessel & voyage (excluding bunker) ¹	479.9	493.3
Transport expenses for pending voyages ²	33.3	-22.1
Personnel expenses	172.9	166.7
Depreciation, amortisation and impairments	309.6	275.6
Other operating result	-65.2	-72.6
Total operating expenses	3,192.6	2,857.8

¹ Including lease expenses for short-term leases

² The amounts presented as transport expenses for pending voyages represent the difference between the transport expenses for pending voyages for the current period and the transport expenses for pending voyages for the previous period. The transport expenses for pending voyages recognised in the previous periods are presented in the current period as completed transport expenses.

Transport expenses rose by EUR 301.9 million in the first 3 months of the 2020 financial year to EUR 2,644.9 million (prior year period: EUR 2,343.0 million). This represents an increase of 12.9%. This was primarily due to the higher transport volumes, in particular in relation to container handling, the increased bunker prices for low-sulphur fuel and the devaluation of bunker reserves to their lower net realisable value at the end of the quarter.

At USD 1.10/EUR, the average US dollar/euro exchange rate was 3.0% stronger than in the prior year period (USD 1.14/EUR). The conversion of transport expenses from the functional currency, the US dollar, into the reporting currency, the euro, resulted in an increase in transport expenses due to the strengthening of the US dollar in the first 3 months of the 2020 financial year compared to the prior year period. Adjusted for exchange rate movements, transport expenses in the first 3 months would have risen by around EUR 231 million (9.6%).

In the first 3 months of the 2020 financial year, the average bunker consumption price for Hapag-Lloyd was USD 523 per tonne, up USD 98 per tonne (23.1%) on the figure of USD 425 per tonne for the prior year period. The increase was essentially due to the required use of the more expensive low-sulphur fuel from 1 January 2020 following the implementation of IMO 2020. However, the price of low-sulphur fuel decreased during the quarter as a result of the global decline in the demand for oil and a simultaneous dispute about production volumes among leading oil-producing countries. As at 31 March 2020, it was only around USD 204 per tonne (MFO 0.5%, FOB Rotterdam). The sharp drop in prices worldwide led to a devaluation of bunker reserves at the end of the quarter of the financial year 2020 to their net realisable value in the amount of EUR 58.4 million.

The decrease in expenses for vessel and voyage (excluding bunker) was mainly due to the suspension of services on the Far East and Transpacific trades as well as a higher number of ships chartered on a medium-term basis compared with the previous year. If ships are chartered in on a medium-term basis, they must be recognised in accordance with the provisions of IFRS 16 Leases as at 1 January 2019, and the associated expenses must be reported as the amortisation of the rights of use recognised in property, plant and equipment and as interest expenses for the corresponding lease liabilities. However, charter expenses for ships with a term up to 12 months are recognised in the transport expenses.

The increase in transport expenses for pending voyages was due to more pending voyages as at the reporting date than in the prior year period. In line with the increased costs, revenue for pending voyages rose by EUR 70.7 million compared with the previous year. This revenue is recognised in revenue not assigned to trades (see chapter revenue per trade).

Personnel expenses rose by EUR 6.2 million (3.7%) to EUR 172.9 million in the first 3 months of the 2020 financial year (prior year period: EUR 166.7 million). The increase in expenses was almost entirely due to the strengthening of the US dollar against the euro.

Depreciation and amortisation came to EUR 309.6 million in the first 3 months of the 2020 financial year (prior year period: EUR 275.6 million). The year-on-year increase in depreciation and amortisation resulted essentially from the rise in the share of ships chartered on a medium-term basis and the resulting increase in rights of use. The amortisation of rights of use relating to leased assets (essentially ships, containers, buildings) led to amortisation of EUR 123.3 million (prior year period: EUR 95.5 million).

The other operating result of EUR –65.2 million (prior year period: EUR –72.6 million) comprised the net balance of other operating income and expenses. The other operating expenses included in this item totalled EUR 83.2 million for the first 3 months of the 2020 financial year (prior year period: expenses of EUR 81.3 million). This included mainly IT expenses (EUR 40.8 million), administrative expenses (EUR 10.6 million) and consultancy fees (EUR 9.5 million).

Key earnings figures

million EUR	Q1 2020	Q1 2019
Revenue	3,343.3	3,062.9
EBIT	159.8	213.7
EBITDA	469.4	489.3
EBIT margin (%)	4.8	7.0
EBITDA margin (%)	14.0	16.0
Basic earnings per share (in EUR)	0.12	0.52
Return on invested capital (ROIC) annualised (%) ¹	4.5	6.4

¹ The calculation of the return on invested capital is based on the functional currency USD.

Interest result

The interest result for the first 3 months of the 2020 financial year was EUR –124.2 million (prior year period: EUR –106.2 million). The increase in interest expenses compared with the first 3 months of the 2019 financial year was primarily due to the valuation of the embedded derivative of the bond in the amount of EUR –25.6 million (prior year period: income of EUR 8.6 million) and the interest swap valuation in the amount of EUR –8.3 million (prior year period: EUR –1.3 million) which had a negative impact on the interest result.

Income taxes

Income tax expense rose by EUR 3.7 million to EUR 15.1 million compared to the previous year. The increase in expenses is almost entirely due to exchange rate effects on deferred tax assets.

Group profit

A Group profit of EUR 24.8 million was achieved in the first 3 months of 2020 (prior year period: EUR 96.2 million). This includes expenses for valuation effects for bunker reserves in the amount of EUR 58.4 million and expenses for valuation effects for the embedded derivative in the amount of EUR 25.6 million.

Group financial position

Condensed statement of cash flows

million EUR	Q1 2020	Q1 2019
Cash flow from operating activities	380.6	536.2
Cash flow from investment activities	–106.8	–135.6
Free cash flow	273.8	400.6
Cash flow from financing activities	140.1	–495.8
Changes in cash and cash equivalents	413.9	–95.2

Cash flow from operating activities

Hapag-Lloyd generated an operating cash flow of EUR 380.6 million in the first 3 months of the 2020 financial year (prior year period: EUR 536.2 million). The reduction in the cash flow from operating activities was primarily due to lower quarterly earnings in 2020 and the development of working capital at the end of the quarter.

Cash flow from investing activities

In the first 3 months of the 2020 financial year, the cash outflow from investing activities totalled EUR 106.8 million (prior year period: EUR 135.6 million) and related to payments for investments of EUR 116.0 million (prior year period: EUR 145.7 million), primarily in containers and ship equipment associated with adherence to the new IMO 2020 regulations. The aforementioned investment amount included payments in the amount of EUR 50.6 million for containers acquired in the previous year. This contrasted with cash inflows of EUR 9.2 million (prior year period: EUR 9.8 million), which were primarily due to the sale of containers.

Cash flow from financing activities

Financing activities resulted in a net cash inflow of EUR 140.1 million in the current reporting period (previous year: cash outflow of EUR 495.8 million). The net inflow was essentially caused by the utilisation of revolving credit lines in the amount of EUR 363.0 million (previous year: EUR 39.9 million). The drawing of credit lines was made as a preventive measure, in order to minimize the risks from increased financial market volatility through COVID-19. The borrowed funds were invested with banks with high ratings. Other significant cash inflows resulted from the expansion of the existing ABS programme in the amount of EUR 54.5 million (previous year: EUR 88.1 million) and from the financing of containers using Japanese operating leases (JOLs) in the amount of EUR 51.7 million (previous year: EUR 113.1 million).

The inflow in the first 3 months of the financial year contrasted with the interest and redemption payments from lease liabilities as per IFRS 16 in the amount of EUR 144.3 million (prior year period: EUR 113.8 million). Additional cash outflows resulted from the scheduled repayment of financial liabilities in the amount of EUR 135.8 million (previous year: EUR 472.4 million primarily due to the repayment of a bond in the amount of EUR 170.0 million and the repayment of the ABS programme in the amount of EUR 176.2 million) and from interest payments in the amount of EUR 64.5 million (previous year: EUR 95.8 million).

Developments in cash and cash equivalents

million EUR	Q1 2020	Q1 2019
Cash and cash equivalents at beginning of period	511.6	657.1
Changes due to exchange rate fluctuations	14.1	11.8
Net changes	413.9	-95.2
Cash and cash equivalents at end of period	939.5	573.6

Overall, cash inflow totalled EUR 413.9 million in the first 3 months of the 2020 financial year. After accounting for exchange rate-related effects in the amount of EUR 14.1 million, cash and cash equivalents of EUR 939.5 million were reported at the end of the reporting period on 31 March 2020 (previous year: EUR 573.6 million). The cash and cash equivalents dealt with in the statement of cash flows correspond to the balance sheet item "cash and cash equivalents". In addition, there are credit facilities available of EUR 168.7 million (31 March 2019: EUR 485.3 million). The liquidity reserve (consisting of cash, cash equivalents and unused credit facilities) therefore totalled EUR 1,108.2 million (31 March 2019: EUR 1,058.9 million).

Financial solidity

million EUR	31.3.2020	31.12.2019
Financial debt and lease liabilities	6,917.0	6,397.2
Cash and cash equivalents	939.5	511.6
Net debt	5,977.5	5,885.6
Gearing (%)¹	87.7	88.9
Unused credit lines	168.7	521.3
Equity ratio (%)	40.1	40.9

¹ Ratio net debt to equity

The Group's net debt amounted to EUR 5,977.5 million as at 31 March 2020. This was a rise of EUR 91.9 million (1.6%) compared to net debt of EUR 5,885.6 million as at 31 December 2019. The rise in net debt was essentially due to the increase in lease liabilities in the amount of EUR 45.6 million. Drawings on the revolving credit lines only increased gross debt, as the funds raised were invested as overnight deposits with banks with high ratings, increasing cash on hand as of 31 March 2020. Consequently, net debt remained unaffected by the credit lines drawn on as a precautionary measure.

The equity ratio decreased by 0.8 percentage points, from 40.9% as at 31 December 2019 to 40.1%. The reduction was primarily due to an increase in current financial liabilities from the drawing on the revolving credit lines in the amount of EUR 363.0 million, a rise in contract liabilities in the amount of EUR 69.9 million and an increase in lease liabilities in the amount of EUR 45.6 million. Equity was up by EUR 191.6 million compared with 31 December 2019 and came to EUR 6,812.3 million as at 31 March 2020. A detailed overview of the change in equity can be found in the interim consolidated financial statements.

Group net asset position
Changes in the asset structure

million EUR	31.3.2020	31.12.2019
Assets		
Non-current assets	14,026.6	13,811.8
of which fixed assets	13,959.7	13,716.1
Current assets	2,964.1	2,388.6
of which cash and cash equivalents	939.5	511.6
Total assets	16,990.7	16,200.4
Equity and liabilities		
Equity	6,812.3	6,620.6
Borrowed capital	10,178.4	9,579.8
of which non-current liabilities	5,700.4	5,586.2
of which current liabilities	4,477.9	3,993.6
of which financial debt and lease liabilities	6,917.0	6,397.2
of which non-current financial debt and lease liabilities	5,297.6	5,156.0
of which current financial debt and lease liabilities	1,619.4	1,241.2
Total equity and liabilities	16,990.7	16,200.4
Net debt	5,977.5	5,885.6
Equity ratio (%)	40.1	40.9

As at 31 March 2020, the Group's balance sheet total was EUR 16,990.7 million, which is EUR 790.3 million higher than the figure at year-end 2019. The reasons for this change included exchange rate effects as at the reporting date due to the stronger US dollar against the euro. The US dollar/euro exchange rate was quoted at 1.10 on 31 March 2020 (31 December 2019: 1.12).

Within non-current assets, the carrying amounts of fixed assets increased by a total of EUR 243.6 million to EUR 13,959.7 million (31 December 2019: EUR 13,716.1 million). The increase essentially resulted from newly received rights of use for lease assets in the amount of EUR 165.8 million as well as further investments totalling EUR 77.8 million relating primarily to containers and ship equipment. Exchange rate effects of EUR 313.5 million at the reporting date contributed to the increase in fixed assets. Depreciation and amortisation had an opposite effect, reducing fixed assets by EUR 309.6 million. This figure includes an amount of EUR 123.3 million for the amortisation of capitalised rights of use relating to lease assets.

Cash and cash equivalents of EUR 939.5 million increased by EUR 428.0 million compared to the end of 2019 (EUR 511.6 million). The main reason for this was the drawdown of revolving credit lines in the amount of EUR 363.0 million. The increase in cash and cash equivalents was made for reasons of prudence in order to minimize risks from increased financial market volatility due to COVID-19.

On the liabilities side, equity (including non-controlling interests) grew by EUR 191.6 million to a total of EUR 6,812.3 million. The increase was mainly due to the unrealised gains from foreign currency translation recognised in other comprehensive income amounting to EUR 152.2 million, the measurement of pension provisions through other comprehensive income in the amount of EUR 48.8 million and the Group profit of EUR 24.8 million. The changes in the reserves for hedging relationships in the amount of EUR –33.2 million had an offsetting effect. The equity ratio was 40.1% as at 31 March of the current year (31 December 2019: 40.9%).

The Group's borrowed capital has risen by EUR 598.6 million to EUR 10,178.4 million since the 2019 financial statements were prepared, which was mainly due to an increase in financial debt and lease liabilities of EUR 519.8 million to EUR 6,917.0 million as at 31 March 2020. The main reason for the increase in financial debt was the utilisation of revolving credit facilities in the amount of EUR 363.0 million as a precautionary measure. In addition, the payments from new financing in the amount of EUR 83.2 million and the ABS programme in the amount of EUR 54.5 led to an increase. Exchange rate effects on financial debt and lease liabilities in the amount of EUR 133.0 million also caused borrowed capital to rise. Redemption payments totalling EUR 262.4 million including repayments of lease liabilities in the amount of EUR 126.7 million reduced financial debt.

Taking cash and cash equivalents, financial debt and lease liabilities into account, net debt as at 31 March 2020 was EUR 5,977.5 million (31 December 2019: EUR 5,885.6 million).

For further information on significant changes to specific balance sheet items, please refer to the Notes to the consolidated statement of financial position, which can be found in the condensed Notes to the consolidated financial statements.

Executive Board's statement on overall expected developments

Due to the global spread of COVID-19, the accompanying restrictive measures of various countries and the resulting consequences on the international trade of goods, the world economy recorded negative growth in the first quarter of 2020. How the spread of COVID-19 will develop in the further course of the year is difficult to estimate at this point in time and a prediction of when and how the worldwide trade in goods will recover is connected with uncertainty. Overall, the Executive Board expects that the peak of the pandemic will be passed in the second quarter, so that the global economy will gradually recover from the second half of the year onwards. This expectation also forms the basis of the outlook described in the following section. The development of volumes, freight rates and bunker prices in particular will have a significant impact on Hapag-Lloyd's earnings in the 2020 financial year.

Despite the global spread of the COVID-19 pandemic and its initial effects on Hapag-Lloyd's business operations in March, both freight rates and transport volumes were up on the previous year. In addition, the stronger US dollar against the euro had a positive impact on the Group's earnings position. By contrast, higher costs for the use of low-sulphur fuel, the volume-related rise in transport costs, in particular for container handling, and the effects resulting from the valuation of bunker reserves and the valuation of the embedded derivative had an opposite effect. Adjusted for the aforementioned special effects, the development of earnings in the first 3 months of the 2020 financial year was still within the range of the Executive Board's expectations.

The general economic conditions have deteriorated significantly compared with the Executive Board's expectations at the start of the year. The measures implemented in this context to secure profitability and the liquidity position are presented in the following Outlook section. Current risks are highlighted in the risk and opportunity report.

OUTLOOK, RISK AND OPPORTUNITY REPORT

Outlook

General economic outlook and outlook for industry environment

The general economic and sector-specific conditions which are of importance to container shipping have deteriorated significantly since the 2019 annual report was published. Due to the rapid spread of COVID-19 since the start of 2020, almost every country in the world has implemented extensive measures to control the pandemic. Restrictions on travel and movement led to a sharp decline in economic activity in the first quarter, initially in China and subsequently in Europe and North America in particular. Since the start of the second quarter and earlier, all of the world's major economies have been subject to severe restrictions on freedom of movement and travel, with direct implications for the international movement of goods. Based on the premise that the pandemic will peak in the second quarter and the situation will gradually return to normal in the second half of the year (base scenario), the International Monetary Fund (IMF) has predicted in its forecast updated in April that global economic output will fall by around 3% in 2020, having initially forecast growth of 3.3% in January. At the same time, the IMF has indicated that the course of the pandemic is highly uncertain and that more severe consequences for the global economy cannot be ruled out if recovery takes longer. The international movement of goods is likely to be affected by the pandemic to an even greater extent. In its base scenario, the IMF has predicted a decline in the volume of trade of around 11% for 2020 (previously: growth of 2.9%). This would represent an unprecedented decrease in global economic output, the extent of which would be significantly greater than during the 2008/2009 financial and economic crisis.

To reduce the economic impact of the pandemic, more than 190 countries as well as national and supranational central banks have now adopted fiscal and monetary measures. The US Federal Reserve and the European Central Bank have cut their key interest rates and increased their bond purchasing. Nevertheless, the uncertainty on the financial markets has led to significant risk premiums, providing companies with little relief in terms of interest rates. The fiscal measures include direct subventions, (interest-free) loans and tax relief for companies and private individuals. According to the IMF, these measures are likely to be effective in protecting the global economy from an even sharper downturn.

There was a sharp drop in the price of oil in the first quarter due to weak demand caused by the fall in economic output and a price war among key oil producers. While the price of Brent Crude was more than USD 60 per barrel at the start of the year, this had plummeted by over 50% to less than USD 30 by the end of March. In response to the sharp price decrease, key oil producers jointly announced a significant cut in oil production in April of around 10 million barrels per day, or 10% of the daily production volume. Nevertheless, the price of oil remained at a historically low level at the start of May 2020.

While industry experts expected the global container transport volume to increase at the start of the year (Seabury, December 2019: 3.1%), it is now forecast to decrease substantially as a result of the extreme restrictions on global economic activities and the associated fall in the demand for container transport services. For example, the industry experts at Clarksons (April 2020) now expect the global container transport volume to fall by 10.6% in 2020.

Following a rise in transport capacities (following scrapping and delays in deliveries) of approximately 0.9 million TEU to 22.9 million TEU in 2019, Drewry now only forecasts an increase in nominal transport capacities of approximately 0.4 million TEU for the current year (March 2020). In relation to the total capacity of the global trading fleet, this represents an increase of around 1.9%. At the beginning of the year, Drewry expected an increase of approximately 0.8 million TEU (approximately 3.7%). Drewry believes that the lower demand for container transport services is likely to cause orders to be postponed and scrapping to remain at a low level for the time being. Due to the substantial drop in demand emerging in the second quarter of the current financial year, all 3 alliances, which are responsible for around 80% of the world's container ship transport, have announced significant capacity changes. On the major shipping routes to and from Asia, capacities are likely to be reduced by at least 20% in May and June. If weak demand continues beyond the second quarter, all market participants are expected to implement further capacity measures. These measures, combined with ships spending extended periods in shipyards due to the installation of scrubbers in connection with IMO 2020, will lead to a further reduction in the capacity actually available during the year. This is likely to be reflected in a corresponding reduction in capacity growth.

Expected business development of Hapag-Lloyd

Against the background of the general economic and sector specific conditions described above, Hapag-Lloyd currently expects both, transport volumes and average bunker consumption prices to fall short of the previous year's level for the overall year 2020.

In anticipation of the expected decline in the demand for transport capacity and the associated transport volume decline, Hapag-Lloyd has specified a comprehensive package of measures to secure its profitability and liquidity.

In cooperation with the other THE Alliance partners, the schedules for the major East–West routes have been revised and some departures in May and June have been amalgamated or cancelled. These measures should allow the alliance partners to ensure adequate utilisation of their ships, thereby reducing costs.

Following its merger with UASC, Hapag-Lloyd approved a cost-cutting programme which is expected to deliver an annual earnings contribution of around USD 350–400 million by 2021. Much of the targeted savings were already achieved in the 2019 financial year. Building on this success, Hapag-Lloyd has identified additional cost-cutting measures that should reduce container handling and transport costs, equipment costs (primarily for containers) and ship system and overhead costs during the COVID-19 crisis. The capacity and cost saving measures aim at reducing costs by a mid tripple-digit million US dollar amount.

In order to maintain its current strong liquidity position, the Company is aiming to further improve its global cash pooling and working capital management. Additional liquidity reserves exist as part of a programme to securitise trade accounts receivable and the mortgaging potential of unmortgaged ships and containers. The capital expenditure budget will also be evaluated again, and planned capital expenditure will be prioritised. Hapag-Lloyd has not ordered any newbuilds at present, nor has it signed any binding agreement for their construction. Any purchasing of large new container ships or additional containers will only occur if there is contractually secured financing for them. The budgeted capital expenditure is spread across numerous measures, some of which are smaller in scale. This will provide Hapag-Lloyd with a certain degree of latitude in terms of postponing or cancelling planned capital expenditure. For necessary capital expenditure, financing that conserves liquidity, such as chartering/leasing, will also be examined. Another key component of the liquidity measures is to identify and examine suitable government programmes to support companies in order to be appropriately prepared should the crisis worsen further.

Taking into account the prevailing uncertainties and building on the capacity and cost cutting measures described above as well as based on the premise that the pandemic will peak in the second quarter and give way to a gradual recovery in the global economy in the second half of the year, the Executive Board has substantiated its earnings forecast from the start of the year. This means that Hapag-Lloyd admittedly still continues to expect EBITDA of EUR 1.7–2.2 billion and EBIT of EUR 0.5–1.0 billion for the current financial year. However, unless there is a recovery in demand for container transport services earlier and stronger than expected in the market studies described above, the upper end of the forecast ranges is barely achievable from today's perspective. The earnings forecast is based on the assumption of an average exchange rate of USD 1.11/EUR.

In an industry environment dominated by volatile freight rates and stiff competition, business developments at Hapag-Lloyd are subject to far-reaching risks and opportunities that could cause them to differ from the forecast. The general risks are described in detail in the risk and opportunity report in the combined management report of the 2019 annual report (page 100 ff.). Risks and opportunities that may have an impact on the forecast for business development are also described in detail in the risk and opportunity report in the combined management report. Discrepancies and in particular supplementary information relating to the economic consequences of the spread of COVID-19 are presented below in the risk and opportunity report of this quarterly financial report. The occurrence of one or more of these risks could have a substantial negative impact on the industry and, by extension, on the business development of Hapag-Lloyd, which could also lead to impairments on goodwill, other intangible assets, and property, plant and equipment.

Risk and opportunity report

Please refer to the 2019 annual report for details of significant opportunities and risks and their assessment.

The assessment of the risks and opportunities detailed in the 2019 annual report for the financial year 2020 has changed significantly against the background of the developments to date and forthcoming developments of the COVID-19 pandemic as follows.

The radical deterioration of the global economic growth and world trade due to among others coronavirus-related production stoppages as well as shutting down the public and business life has a mediate effect on Hapag-Lloyd's main risks and opportunities. A stable political framework and global trade are important prerequisites for the development of container shipping. Apart from a few exceptions such as medical products, government intervention to contain the pandemic has so far hardly focused on directly restricting trade flows – should this change as the pandemic worsens, additional trade barriers or even interventions in business activities could have a negative impact on the earning's position of Hapag-Lloyd. A further risk is that the course of the pandemic lasts longer than assumed in Hapag-Lloyd's base scenario or one or more infection waves follow similarly with high infection rates. The state interventions expected in this context to contain the pandemic may have a strong negative impact on the Hapag-Lloyd's result and may cause EBIT and EBITDA falling outside the range indicated in the outlook. If, on the other hand, the different containment efforts worldwide were to have a timely positive effect on the pandemic and gain broad acceptance among the population in the long term, this new normality could have a positive impact on consumer confidence and the demand for goods worldwide. In addition, reference is made to the possible negative impact on the development of container shipping due to a relapsing escalation of the trade dispute between the USA and China.

With regard to the sector- and company-specific risks and opportunities the fluctuation of the average freight rate is significantly influenced by the available container shipping capacities and the intense competition. State aid could put selected competitors in the position to offer a more cost-effective service and lower freight rates and therefore have a mediate effect on the transport volume fluctuation. In the year to date commodity prices show high volatility. The current low price level has a positive effect on the cost structure, but the price trend for the remainder of the business year remains subject to uncertainty. A negative development of transport volumes, the average freight rate and fuel prices could have a negative impact on earnings and result in EBIT and EBITDA falling outside the range indicated in the outlook.

To safeguard the performance Hapag-Lloyd has taken several measures such as accelerating the release of new features for Hapag-Lloyds mobile services, establishing an ad-hoc reporting to monitor key metrics on a daily basis as well as coordinating the revision of schedules with the members of THE Alliance. In the event that a member of THE Alliance experiences payment difficulties, in 2017 already THE Alliance established an emergency mechanism that provides funds to continue the alliance operations. Also, the review of charter contract durations and of contractually agreed rebate structures could have a positive impact on the result. If these measures do not deliver the expected efficiency contribution, this could have a negative effect on the earning's position. If the cost saving potentials of the Performance Safeguarding Program (PSP), which are considered in the forecast, cannot be realized in full, this could result in a negative deviation from the plan and could result in EBIT and EBITDA falling outside the range indicated in the outlook. The financial impact of the risk of not realising the saving ambition from the PSP is classified as high and the probability of occurrence is classified as low. Another risk relating to liquidity represent default or loss of receivables from customers and contractual partners. Taking into account the measures taken to ensure liquidity, which are described in the chapter "Important non-financial principles" in the section "Maintaining business operations during the coronavirus crisis", the probability of occurrence of the risk continues to be classified as low.

The main risks regarding the Group's expected performance for the rest of the financial year are with regard to the business development planned and presented in the outlook currently classified as follows:

Risk	Probability of occurrence	Potential impact
Fluctuations in transport volumes	Medium	Medium
Fluctuations in freight rates	Medium	High
US dollar exchange rate fluctuations	Low	Low
Fuel price fluctuations	Medium	Medium
Liquidity ¹	Low	High
Earnings contribution of efficiency and cost saving projects ²	Low	High

¹ The assessment related to the impact on the covenants to be complied with and on the liquidity situation.

² In comparison to the presentation in the Annual report 2019, the analysis now further comprises the risk position that the savings ambition of the Performance Safeguarding Program (PSP) cannot be realised.

At the time of reporting on the first quarter of 2020, there were no risks which threatened the continued existence of the Hapag-Lloyd Group.

NOTE ON SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES

The notes on relationships and transactions with related parties can be found in the section Other Notes to the condensed interim consolidated financial statements.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

of Hapag-Lloyd AG for the period 1 January to 31 March 2020

million EUR	Q1 2020	Q1 2019
Revenue	3,343.3	3,062.9
Transport expenses	2,644.9	2,343.0
Personnel expenses	172.9	166.7
Depreciation, amortisation and impairment	309.6	275.6
Other operating result	-65.2	-72.6
Operating result	150.8	205.1
Share of profit of equity-accounted investees	9.2	8.5
Result from investments and securities	-0.2	0.1
Earnings before interest and taxes (EBIT)	159.8	213.7
Interest income and similar income	1.4	2.9
Interest expenses and similar expenses	125.6	109.1
Other financial items	4.3	0.2
Earnings before taxes	39.9	107.7
Income taxes	15.1	11.4
Group profit/loss	24.8	96.2
thereof attributable to shareholders of Hapag-Lloyd AG	21.8	91.6
thereof attributable to non-controlling interests	3.0	4.6
Basic / diluted earnings per share (in EUR)	0.12	0.52

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
of Hapag-Lloyd AG for the period 1 January to 31 March 2020

million EUR	Q1 2020	Q1 2019
Group profit/loss	24.8	96.2
Items which will not be reclassified to profit and loss:		
Remeasurements from defined benefit plans after tax	48.8	-26.5
Remeasurements from defined benefit plans before tax	49.0	-26.6
Tax effect	-0.3	0.1
Cash flow hedges (no tax effect)	-	-
Effective share of the changes in fair value	-	-
Currency translation differences	-	-
Cost of hedging (no tax effect)	-22.7	1.0
Changes in fair value	-22.5	1.1
Currency translation differences	-0.3	-0.1
Currency translation differences (no tax effect)	152.2	118.8
Items which may be reclassified to profit and loss:		
Cash flow hedges (no tax effect)	-15.3	-5.8
Effective share of the changes in fair value	-33.7	-25.5
Reclassification to profit or loss	18.8	19.7
Currency translation differences	-0.4	-0.1
Cost of hedging (no tax effect)	-1.1	-0.3
Changes in fair value	-5.5	-8.3
Reclassification to profit or loss	4.5	8.0
Other comprehensive income after tax	161.9	87.2
Total comprehensive income	186.7	183.4
thereof attributable to shareholders of Hapag-Lloyd AG	183.4	178.6
thereof attributable to non-controlling interests	3.3	4.9

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
of Hapag-Lloyd AG as at 31 March 2020

Assets

million EUR	31.3.2020	31.12.2019
Goodwill	1,638.4	1,600.7
Other intangible assets	1,736.2	1,716.9
Property, plant and equipment	10,242.1	10,064.9
Investments in equity-accounted investees	342.9	333.6
Other assets	25.3	23.7
Derivative financial instruments	2.3	27.6
Income tax receivables	5.2	4.7
Deferred tax assets	34.0	39.7
Non-current assets	14,026.6	13,811.8
Inventories	210.0	248.5
Trade accounts receivable	1,423.0	1,239.8
Other assets	362.5	346.9
Derivative financial instruments	8.2	14.5
Income tax receivables	20.8	27.4
Cash and cash equivalents	939.5	511.6
Current assets	2,964.1	2,388.6
Total assets	16,990.7	16,200.4

Equity and liabilities

million EUR	31.3.2020	31.12.2019
Subscribed capital	175.8	175.8
Capital reserves	2,637.4	2,637.4
Retained earnings	3,451.7	3,430.8
Cumulative other equity	530.1	362.6
Equity attributable to shareholders of Hapag-Lloyd AG	6,795.0	6,606.6
Non-controlling interests	17.3	14.0
Equity	6,812.3	6,620.6
Provisions for pensions and similar obligations	285.1	327.6
Other provisions	58.0	65.7
Financial debt	4,536.8	4,445.1
Lease liabilities	760.8	710.9
Other liabilities	5.1	5.3
Derivative financial instruments	45.7	22.8
Deferred tax liabilities	9.0	8.7
Non-current liabilities	5,700.4	5,586.2
Provisions for pensions and similar obligations	9.0	12.6
Other provisions	407.6	399.3
Income tax liabilities	46.5	50.0
Financial debt	1,141.3	758.7
Lease liabilities	478.2	482.4
Trade accounts payable	1,798.7	1,779.4
Contract liabilities	442.8	372.9
Other liabilities	119.7	126.6
Derivative financial instruments	34.2	11.6
Current liabilities	4,477.9	3,993.6
Total equity and liabilities	16,990.7	16,200.4

CONSOLIDATED STATEMENT OF CASH FLOWS
of Hapag-Lloyd AG for the period 1 January to 31 March 2020

million EUR	Q1 2020	Q1 2019
Group profit/loss	24.8	96.2
Income tax expenses (+)/income (-)	15.1	11.4
Other financial items	-4.3	-0.2
Interest result	124.2	106.2
Depreciation, amortisation and impairment (+)/write-backs (-)	309.6	275.6
Profit (-)/loss (+) from disposals of non-current assets	-2.4	-4.2
Income (-)/expenses (+) from equity accounted investees and dividends from other investments	-9.2	-8.5
Other non-cash expenses (+)/income (-)	8.4	-1.0
Increase (-)/decrease (+) in inventories	44.1	-14.4
Increase (-)/decrease (+) in receivables and other assets	-173.2	-31.1
Increase (+)/decrease (-) in provisions	-12.9	13.3
Increase (+)/decrease (-) in liabilities (excl. financial debt)	61.4	97.3
Payments received from (+)/made for (-) income taxes	-5.6	-5.7
Payments received for interest	0.7	1.2
Cash inflow (+)/outflow (-) from operating activities	380.6	536.2
Payments received from disposals of property, plant and equipment and intangible assets	9.2	9.8
Payments received from dividends	-	0.2
Payments made for investments in property, plant and equipment and intangible assets	-116.0	-145.7
Cash inflow (+)/outflow (-) from investing activities	-106.8	-135.6

million EUR	Q1 2020	Q1 2019
Payments made for dividends	-1.0	-3.3
Payments received from raising financial debt	501.3	241.5
Payments made for the redemption of financial debt	-135.8	-472.4
Payments made for the redemption of lease liabilities	-126.7	-96.4
Payments made for leasehold improvements	-14.3	-
Payments made for interest and fees	-82.2	-113.1
Payments received (+) and made (-) from hedges for financial debt	-1.4	-52.2
Change in restricted cash	-	0.1
Cash inflow (+)/outflow (-) from financing activities	140.1	-495.8
Net change in cash and cash equivalents	413.9	-95.2
Cash and cash equivalents at beginning of period	511.6	657.1
Change in cash and cash equivalents due to exchange rate fluctuations	14.1	11.8
Net change in cash and cash equivalents	413.9	-95.2
Cash and cash equivalents at end of period	939.5	573.6

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
of Hapag-Lloyd AG for the period 1 January to 31 March 2020

million EUR	Equity attributable to shareholders		
	Subscribed capital	Capital reserves	Retained earnings
As at 1.1.2019	175.8	2,637.4	3,117.4
Effect from the initial application of IFRS 16	–	–	–17.4
Adjusted as at 1.1.2019	175.8	2,637.4	3,100.0
Total comprehensive income	–	–	91.6
thereof			
Group profit/loss	–	–	91.6
Other comprehensive income	–	–	–
Hedging gains and losses transferred to the cost of inventory	–	–	–
Transactions with shareholders	–	–	–1.0
thereof			
Distribution to non-controlling interests	–	–	–1.0
As at 31.3.2019	175.8	2,637.4	3,190.6
As at 1.1.2020	175.8	2,637.4	3,430.8
Total comprehensive income	–	–	21.8
thereof			
Group profit/loss	–	–	21.8
Other comprehensive income	–	–	–
Hedging gains and losses transferred to the cost of inventory	–	–	–
Transactions with shareholders	–	–	–1.0
thereof			
Distribution to non-controlling interests	–	–	–1.0
As at 31.3.2020	175.8	2,637.4	3,451.7

of Hapag-Lloyd AG

Remeasurements from defined benefit plans	Reserve for cash flow hedges	Reserve for cost of hedging	Translation reserve	Reserve for put-options on non-controlling interests	Cumulative other equity	Total	Non-controlling interests	Total equity
-112.6	-0.8	-7.7	439.7	-0.5	318.1	6,248.7	10.6	6,259.3
-	-	-	-	-	-	-17.4	-	-17.4
-112.6	-0.8	-7.7	439.7	-0.5	318.1	6,231.3	10.6	6,241.9
-26.5	-5.8	0.6	118.6	-	86.9	178.6	4.9	183.4
-	-	-	-	-	-	91.6	4.6	96.2
-26.5	-5.8	0.6	118.6	-	86.9	86.9	0.2	87.2
-	-	3.0	-	-	3.0	3.0	-	3.0
-	-	-	-	-	-	-1.0	-2.2	-3.3
-	-	-	-	-	-	-1.0	-2.2	-3.3
-139.0	-6.6	-4.1	558.3	-0.5	408.0	6,411.8	13.2	6,425.0
-173.3	-14.0	-10.2	560.5	-0.5	362.6	6,606.6	14.0	6,620.6
48.8	-15.3	-23.8	151.9	-	161.6	183.4	3.3	186.7
-	-	-	-	-	-	21.8	3.0	24.8
48.8	-15.3	-23.8	151.9	-	161.6	161.6	0.3	161.9
-	-	5.9	-	-	5.9	5.9	-	5.9
-	-	-	-	-	-	-1.0	-	-1.0
-	-	-	-	-	-	-1.0	-	-1.0
-124.6	-29.2	-28.1	712.4	-0.5	530.1	6,795.0	17.4	6,812.3

CONDENSED NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FUNDAMENTAL ACCOUNTING PRINCIPLES

General information

Hapag-Lloyd is an international group whose primary purpose is to provide ocean container liner shipping activities, logistical services and all other associated business operations and services.

Hapag-Lloyd Aktiengesellschaft (Hapag-Lloyd AG), domiciled in Hamburg, Ballindamm 25, Germany, is the parent company of the Hapag-Lloyd Group and a listed company in accordance with German law. The Company is registered in commercial register B of the district court in Hamburg under the number HRB 97937. The Company's shares are traded on the Frankfurt and Hamburg Stock Exchanges.

The interim consolidated financial statements cover the period 1 January to 31 March 2020 and are reported and published in euros (EUR). All amounts recognised for the financial year are reported in million euros (EUR million) unless otherwise stated. In individual cases, rounding differences may occur in the tables and charts of these interim consolidated financial statements for computational reasons.

On 13 May 2020, the Executive Board approved the condensed interim consolidated financial statements for publication.

Accounting principles

The consolidated financial statements of Hapag-Lloyd AG and its subsidiaries were prepared in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB), including the interpretations of the IFRS Interpretations Committee (IFRIC), as they are to be applied in the European Union (EU). This interim report as at 31 March 2020 was prepared in compliance with the provisions of IAS 34. It is presented in condensed form. These condensed interim consolidated financial statements and interim Group management report of Hapag-Lloyd AG have not been subject to an audit review nor have they been reviewed in accordance with Section 317 of the German Commercial Code (HGB).

The standards and interpretations valid in the EU since 1 January 2020 were applied during the preparation of the interim consolidated financial statements. As regards the possible effects of standards and interpretations that have already been adopted, but that are not yet mandatory, we refer to the explanations in the Notes to the consolidated financial statements as at 31 December 2019, which remain valid and have not changed. The interim consolidated financial statements as at 31 March 2020 are to be read in conjunction with the audited and published IFRS consolidated financial statements as at 31 December 2019. With the exception of the changes

outlined in the “New accounting standards” section, the interim consolidated financial statements were prepared in compliance with the same accounting and measurement principles that formed the basis for the consolidated financial statements as at 31 December 2019. Estimates and discretionary decisions were made in the same manner as in the previous year. The actual values may differ from the estimated values.

The functional currency of Hapag-Lloyd AG and all of its main subsidiaries is the US dollar. The reporting currency of Hapag-Lloyd AG is, however, the euro. For reporting purposes, the assets and liabilities of the Hapag-Lloyd Group are translated into euros using the average exchange rate applicable as at the balance sheet date (closing rate). The cash flows listed in the consolidated statement of cash flows and the expenses, income and result shown in the consolidated income statement are translated at the average exchange rate for the reporting period. The resulting differences are recognised in other comprehensive income.

As at 31 March 2020, the closing US dollar/euro exchange rate was quoted as USD 1.09645/EUR (31 December 2019: USD 1.1223/EUR). For the first quarter of 2020, the average US dollar/euro exchange rate was USD 1.10190/EUR (prior year period: USD 1.13540/EUR).

New accounting standards

The standards which are to be applied for the first time in the 2020 financial year have no significant impact on the net asset, financial and earnings position of the Hapag-Lloyd Group.

Significant assumptions and estimates

Estimates and judgment decisions may affect the amount of assets and liabilities recognized, the disclosure of contingent liabilities at the reporting date, and the reported amounts of income and expenses for the reporting period. Due to the currently unforeseeable worldwide consequences of the COVID 19 pandemic, estimates and discretionary decisions are subject to increased uncertainty.

The Executive Board of Hapag-Lloyd has reassessed its assumptions and estimates used in the measurement of assets and liabilities as at 31 December 2019 against the background of the effects of the COVID-19 pandemic. The assessment as at the balance sheet date did not result in any indications of changes in assumptions and estimates with a material impact on the Group’s net assets, financial position and results of operations. In particular, there are no indications of any significant impairment or valuation risks for existing receivables and other tangible and intangible assets as of the reporting date.

Group of consolidated companies

The consolidated financial statements include all significant subsidiaries and equity-accounted investments. In addition to Hapag-Lloyd AG, the group of consolidated companies comprised 137 fully consolidated companies (31 December 2019: 135) and 6 equity-accounted investees as at 31 March 2020 (the same as at year-end 2019). Two newly established companies were added to the group of consolidated companies in the first quarter of 2020.

SEGMENT REPORTING

The Hapag-Lloyd Group is managed by the Executive Board as a single, global business unit with one sphere of activity. The primary performance indicators are freight rates and transport volume by geographic region as well as EBIT and EBITDA at the Group level.

The allocation of resources (use of vessels and containers) and the management of the sales market and of key customers are done on the basis of the entire liner service network and deployment of all of the maritime assets. The Group generates its revenue solely through its activities as a container liner shipping company. The revenue comprises income from transporting and handling containers and from related services and commissions, all of which are generated globally. As the Hapag-Lloyd Group operates with the same product around the world throughout its entire liner service network, the Executive Board has decided that there is no appropriate measure with which assets, liabilities, EBIT and EBITDA as the key performance indicators can be allocated to different trades. All of the Group's assets, liabilities, income and expenses are thus only allocable to the one segment, container liner shipping. The figures given per trade are the transport volume and freight rate, as well as the revenue allocable to said trade.

Transport volume per trade¹

TTEU	Q1 2020	Q1 2019
Atlantic	481	470
Transpacific	472	450
Far East	567	594
Middle East	391	351
Intra-Asia	212	221
Latin America	744	677
EMA (Europe – Mediterranean – Africa)	186	167
Total	3,053	2,929

¹ Since the third quarter of 2019, transport volumes to and from Oceania have been assigned to the Far East trade. The previous year's values have been adjusted accordingly.

Freight rates per trade¹

USD/TEU	Q1 2020	Q1 2019
Atlantic	1,405	1,351
Transpacific	1,326	1,338
Far East	962	962
Middle East	788	757
Intra-Asia	611	528
Latin America	1,162	1,181
EMA (Europe – Mediterranean – Africa)	1,031	1,024
Total (weighted average)	1,094	1,079

¹ Since the third quarter of 2019, transport volumes to and from Oceania have been assigned to the Far East trade. The previous year's values have been adjusted accordingly.

Revenue per trade¹

million EUR	Q1 2020	Q1 2019
Atlantic	613.2	559.1
Transpacific	568.4	530.4
Far East	495.6	503.0
Middle East	279.8	233.8
Intra-Asia	117.5	102.6
Latin America	784.3	703.5
EMA (Europe – Mediterranean – Africa)	173.8	150.2
Revenue not assigned to trades	310.8	280.2
Total	3,343.3	3,062.9

¹ Since the third quarter of 2019, transport volumes to and from Oceania have been assigned to the Far East trade. The previous year's values have been adjusted accordingly.

Revenue not assigned to trades essentially comprises income from demurrage and detention and income from charter rent and the provision of container slots. At the same time, revenue for pending journeys already generated is recognised under revenue not assigned to trades.

Earnings before interest, taxes, depreciation and amortisation (EBITDA) are calculated on the basis of the Group's earnings before interest and taxes (EBIT) as presented in the following table. Earnings before taxes (EBT) and the share of profits of the segment's equity-accounted investees correspond to those of the Group.

million EUR	Q1 2020	Q1 2019
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	469.4	489.3
Depreciation, amortisation and impairment	309.6	275.6
Earnings before interest and taxes (EBIT)	159.8	213.7
Earnings before taxes (EBT)	39.9	107.7
Share of profit of equity-accounted investees	9.2	8.5

SELECTED NOTES TO THE CONSOLIDATED INCOME STATEMENTS

Detailed Notes to the income statement and the current COVID-19 pandemic on business activities are contained in the interim Group management report in the chapter “Group earnings, financial and net asset position”.

Earnings per share

	Q1 2020	Q1 2019
Profit/loss attributable to shareholders of Hapag-Lloyd AG in million EUR	21.8	91.6
Weighted average number of shares in millions	175.8	175.8
Basic earnings per share in EUR	0.12	0.52

Basic earnings per share is the quotient of the Group net result attributable to the shareholders of Hapag-Lloyd AG and the weighted average of the number of shares in circulation during the financial year.

There were no dilutive effects in the first quarter of 2020 or in the corresponding prior year period.

SELECTED NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Goodwill and other intangible assets

Goodwill and intangible assets increased by EUR 78.1 million compared with 31 December 2019 due to currency translation effects. The amortisation of other intangible assets of EUR 25.3 million had an opposite effect.

Property, plant and equipment

million EUR	31.3.2020	31.12.2019
Vessels	7,625.0	7,484.9
Container	2,327.0	2,291.7
Other equipment	227.9	223.3
Prepayments on account and assets under construction	62.2	65.0
Total	10,242.1	10,064.9

Property, plant and equipment increased primarily as a result of investments in ship equipment and containers and rights of use received in relation to ocean-going-vessels and containers totaling EUR 216.7 million as well as currency effects as at the reporting date in the amount of EUR 235.0 million. By contrast, the carrying amounts were reduced by depreciation to property, plant and equipment and amortisation to rights of use in the amount of EUR 284.3 million.

Inventories

In the first quarter of the 2020 financial year, the average bunker consumption price for Hapag-Lloyd was USD 523 per tonne, up USD 98 per tonne (23.1%) on the figure of USD 425 per tonne for the prior year period. Due to the global decline in the demand for oil and a simultaneous dispute about production volumes among leading oil-producing countries impairments for fuel inventories in the amount of EUR 58.4 million (prior year period: EUR 1.8 million) were recognised as of March 31, 2020. No write-backs were recognised.

Cash and cash equivalents

million EUR	31.3.2020	31.12.2019
Cash at bank	920.9	490.6
Cash in hand and cheques	18.6	21.0
Total	939.5	511.6

As at 31 March 2020, a sum totalling EUR 10.1 million with a term of up to 3 months was deposited in pledged accounts (31 December 2019: EUR 10.0 million) and was therefore subject to a limitation on disposal.

Due to local restrictions, the Hapag-Lloyd Group has limited access to cash and cash equivalents of EUR 2.4 million (31 December 2019: EUR 2.3 million) at individual subsidiaries.

The rise in cash and cash equivalents primarily resulted from the drawdown of revolving credit lines in the amount of EUR 363.0 million, which was made for reasons of prudence in order to minimize risks from increased financial market volatility due to COVID-19.

Cumulative other equity

Cumulative other equity comprises the reserve for remeasurements from defined benefit pension plans, the reserve for cash flow hedges, the translation reserve and the reserve for put options on non-controlling interests.

The reserve for remeasurements from defined benefit pension plans (31 March 2020: EUR -124.6 million; 31 December 2019: EUR -173.3 million) contains gains and losses from the remeasurement of pension obligations and plan assets recognised cumulatively in other comprehensive income, among other things due to the change in actuarial and financial parameters in connection with the measurement of pension obligations and the associated fund assets. The effect of remeasuring pension obligations and the associated plan assets recognised in other comprehensive income in the first quarter of 2020 resulted in a decrease of EUR 48.8 million in the negative reserve (prior year period: increase of EUR 26.5 million).

The reserve for cash flow hedges contains changes in the intrinsic value and in the cash component from hedging transactions that are recognised in other comprehensive income and amounted to EUR –29.2 million as at 31 March 2020 (31 December 2019: EUR –14.0 million). In the first quarter of 2020, the resulting gains and losses totalling EUR –33.7 million were recognised in other comprehensive income as an effective part of the hedging relationship (prior year period: EUR –25.5 million), while gains and losses of EUR 18.8 million (prior year period: EUR 19.7 million) were reclassified and recognised through profit or loss.

The reserve for hedging costs contains changes in the time value and in the forward component from hedging transactions that are recognised in other comprehensive income and amounted to EUR –28.1 million as at 31 March 2020 (31 December 2019: EUR –10.2 million). In the first quarter of 2020, the resulting gains and losses totalling EUR –28.0 million were recognised in other comprehensive income (prior year period: EUR –7.2 million), while gains and losses of EUR 4.5 million (prior year period: EUR 8.0 million) were reclassified and recognised through profit or loss.

The translation reserve of EUR 712.4 million (31 December 2019: EUR 560.5 million) includes differences from currency translation. The differences from currency translation of EUR 152.2 million recognised in other comprehensive income in the first quarter of 2020 (prior year period: EUR 118.8 million) were due to the translation of the financial statements of Hapag-Lloyd AG and its subsidiaries into the reporting currency. Currency translation differences are recognised in the statement of comprehensive income under the items that are not reclassified and recognised through profit or loss, because the currency translation effects of subsidiaries with the same functional currency as the parent company cannot be recycled.

Provisions

As part of the implementation of Strategy 2023, plans to optimise the organisation were approved in the 2019 financial year in order to further strengthen and increase the Company's competitiveness. A provision of EUR 9.5 million was created for severance payments in connection with this, EUR 0.5 million of which had been used as at 31 March 2020.

Financial instruments

The carrying amounts and fair values of the financial instruments as at 31 December 2019 are presented in the table below.

million EUR	Carrying amount		Fair value
	Total	thereof financial instruments	Financial instruments
Assets			
Trade accounts receivable	1,239.8	1,239.8	1,239.8
Other assets	370.6	257.2	257.2
Derivative financial instruments (FVTPL)	27.3	27.3	27.3
Embedded derivatives	27.3	27.3	27.3
Derivative financial instruments (Hedge accounting) ¹	14.8	14.8	14.8
Currency forward contracts	1.0	1.0	1.0
Commodity options	13.5	13.5	13.5
Interest rate swaps	0.3	0.3	0.3
Cash and cash equivalents	511.6	511.6	511.6
Liabilities			
Financial debt	5,203.8	5,203.8	5,277.8
Liabilities from lease contracts	1,193.4	1,193.4	–
Trade accounts payable	1,779.4	1,779.4	1,779.4
Derivative financial instruments (FVTPL)	8.0	8.0	8.0
Interest rate swaps	8.0	8.0	8.0
Derivative financial liabilities (Hedge accounting) ¹	26.4	26.4	26.4
Currency forward contracts	11.6	11.6	11.6
Interest rate swaps	14.9	14.9	14.9
Other liabilities	130.3	104.0	104.0
Liabilities from put options ²	1.6	1.6	1.8
Contract liabilities	372.9	–	–

¹ The market values of the non-designated time values and forward components, the changes of which are recognised in the reserve for cost of hedging, are also recognised here.

² Part of other liabilities

The carrying amounts and fair values of the financial instruments as at 31 March 2020 are presented in the table below.

million EUR	Carrying amount		Fair value
	Total	thereof financial instruments	Financial instruments
Assets			
Trade accounts receivable	1,423.0	1,423.0	1,423.0
Other assets	387.9	275.0	275.0
Derivative financial instruments (FVTPL)	2.3	2.3	2.3
Embedded derivatives	2.3	2.3	2.3
Derivative financial instruments (Hedge accounting) ¹	8.2	8.2	8.2
Currency forward contracts	0.1	0.1	0.1
Commodity options	8.1	8.1	8.1
Cash and cash equivalents	939.5	939.5	939.5
Liabilities			
Financial debt	5,678.1	5,678.1	5,756.9
Liabilities from lease contracts	1,239.0	1,239.0	–
Trade accounts payable	1,798.7	1,798.7	1,798.7
Derivative financial instruments (FVTPL)	16.4	16.4	16.4
Interest rate swaps	16.4	16.4	16.4
Derivative financial liabilities (Hedge accounting) ¹	63.6	63.6	63.6
Currency forward contracts	34.2	34.2	34.2
Interest rate swaps	29.3	29.3	29.3
Other liabilities	122.4	95.1	95.1
Liabilities from put options ²	2.3	2.3	2.6
Contract liabilities	442.8	–	–

¹ The market values of the non-designated time values and forward components, the changes of which are recognised in the reserve for cost of hedging, are also recognised here.

² Part of other liabilities

The derivative financial instruments were measured at fair value.

Other assets include securities with a fair value of EUR 2.0 million (31 December 2019: EUR 1.9 million) that are allocated to level 1 of the fair value hierarchy, as their prices are quoted on an active market.

The liabilities from the bond included within financial debt that, due to the quotation on an active market, are also allocated to level 1 of the fair value hierarchy have a fair value of EUR 405.2 million (31 December 2019: EUR 472.8 million).

Financial debt also includes a liability to reflect a contingent consideration payable for a business combination for which a fair value at level 3 of EUR 1.0 million (31 December 2019: EUR 0.6 million) was calculated.

The put options recognised under other liabilities, whose fair value was calculated at EUR 2.6 million (31 December 2019: EUR 1.8 million), also belong to level 3 of the fair value hierarchy.

The fair values indicated for the remaining financial debt and the derivative financial instruments are assigned to level 2 of the fair value hierarchy. This means that the instruments are measured using methods which are based on factors derived directly or indirectly from observable market data.

As a rule, the carrying amounts of all other level 2 financial instruments are a suitable approximation of the fair values.

There were no transfers between levels 1, 2 and 3 in the first 3 months of 2020.

As part of the IBOR reform, the existing reference interest rates (interbank offered rates – IBOR) are to be replaced by alternative risk-free interest rates by the end of 2021. To ensure that hedging relationships can still be recognised in financial statements, Hapag-Lloyd has adopted the resulting changes to IFRS 9, IAS 39 and IFRS 7 as and from 1 January 2020. In the Hapag-Lloyd Group, only the hedging relationships for interest rate risks are directly affected by these amendments. The reference interest rate that the hedged variable cash flows are based on is the USD LIBOR. As at 31 March 2020, the nominal volume of the financial instruments in a hedging relationship for hedging interest rates risks was USD 540.9 million.

The Hapag-Lloyd Group is currently examining the effects of the alternative reference interest rates on existing IBOR-based agreements and preparing relevant IT systems, where possible, so that they can reproduce the financing agreements and the hedging instruments based on the new reference interest rates. However, there is still a high level of uncertainty in the market about how the alternative reference interest rates are calculated, when they will be ready and therefore also about how they will affect existing and new financing agreements and hedging instruments in particular. However, Hapag-Lloyd assumes that the replacement of the reference interest rates in the hedged item and hedging instrument and the associated contractual changes will occur at the same time. As a result, there will be no incongruence between the hedged item and the hedging instrument, thereby ensuring that the existing hedging relationships remain effective. With regard to further developments relating to alternative reference interest rates, Hapag-Lloyd is in regular contact with its international bank partners.

Financial debt and lease liabilities

The following tables contain the carrying amounts for the individual categories of financial debt and lease liabilities.

Financial debt and lease liabilities

million EUR	31.3.2020	31.12.2019
Financial debt	5,678.1	5,203.8
Liabilities to bank ¹	4,778.5	4,292.9
Bonds	452.6	458.3
Other financial debt	447.0	452.6
Lease liabilities	1,239.0	1,193.4
Total	6,917.0	6,397.2

¹ This includes liabilities which result from sale and leaseback transactions that are accounted for as loan financing in accordance with IFRS 16 in conjunction with IFRS 15 insofar as the liabilities are to banks or special purpose entities, which are established and financed by banks.

Financial debt and lease liabilities by currency

million EUR	31.3.2020	31.12.2019
Denoted in USD (excl. transaction costs)	5,997.6	5,472.9
Denoted in EUR (excl. transaction costs)	733.8	736.1
Denoted in SAR (excl. transaction costs)	149.5	152.0
Denoted in other currencies (excl. transaction costs)	58.0	56.6
Interest liabilities	29.5	32.5
Transaction costs	-51.4	-52.9
Total	6,917.0	6,397.2

In the first 3 months of the financial year 2020, Hapag-Lloyd conducted one container sale and leaseback transaction to refinance investments in reefer containers (JOLs – Japanese operating leases). The lease agreement includes a substantial purchase option that entitles Hapag-Lloyd to repurchase the containers after 7 years. As a result, the transaction is recognised as loan financing in accordance with the provisions of IFRS 16 in conjunction with IFRS 15. The financing volume has a total amount of EUR 51.4 million.

The Hapag-Lloyd Group had total available credit facilities of EUR 168.7 million as at 31 March 2020 (31 December 2019: EUR 521.3 million).

OTHER NOTES

Legal disputes

There have been no significant changes regarding legal disputes in comparison with the 2019 consolidated financial statements.

As at the reporting date, there was also USD 10.2 million, or EUR 9.3 million (31 December 2019: USD 10.2 million, or EUR 9.1 million) in contingent liabilities from legal disputes not classified as probable and EUR 35.9 million (31 December 2019: EUR 48.5 million) in contingent liabilities from tax risks not classified as probable.

Other financial obligations

The Hapag-Lloyd Group's other financial obligations as at 31 March 2020 essentially comprised purchase obligations

- for investments in exhaust gas cleaning systems (EGCS) on container ships amounting to EUR 21.4 million (31 December 2019: EUR 33.3 million),
- for investments in containers amounting to EUR 141.6 million (31 December 2019: EUR 34.0 million),
- for investments in conversion to the use of liquid gas on container ships amounting to EUR 13.4 million (31 December 2019: EUR 13.2 million),
- for investments in equipment for ballast water treatment on container ships amounting to EUR 8.4 million (31 December 2019: EUR 5.2 million),
- for investments in the use of low-sulphur fuel on container ships amounting to EUR 2.1 million (31 December 2019: EUR 2.6 million),
- for further investments on container ships totalling EUR 6.5 million (31 December 2019: EUR 3.6 million).

Related party disclosures

In carrying out its ordinary business activities, the Hapag-Lloyd Group maintained indirect or direct relationships with related companies and individuals and with its own subsidiaries included in the consolidated financial statements. These supply and service relationships are transacted at market prices. No significant changes in these supply and service relationships have arisen since 31 December 2019. With the exception of the modification to the long-term variable remuneration of the Executive Board members detailed below, the contractual relationships with related parties described in the remuneration report from page 127 onwards of the 2019 annual report remain essentially unchanged, but are not of material importance to the Group.

With effect from 1 January 2020, the long-term variable remuneration of the Executive Board members was modified such that it will no longer be linked to the Hapag-Lloyd share. Under the new model, the annual allocation amount granted is divided equally into a retention component and a performance component at an unchanged amount. As a rule, the vesting period will be 3 years (instead of the previous 4 years). The payment amount for the retention component after 3 years is calculated by multiplying half of the allocation amount by the respective target achievement. As a rule, the target achievement for the retention component is calculated using the 3-year average of the Group's EBITDA in the vesting period (for the 2020 tranche: 2020 to 2022) compared to the Group's EBITDA in the reference period (for the 2020 tranche: 2017 to 2019). The target achievement for the performance component is calculated in the same way as outlined above and adjusted upwards or downwards based on the 3-year average of the ROIC in the vesting period using a defined matrix. The payment amounts for both components are limited to 150% of the individual allocation amount.

SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE**Measures to strengthen the liquidity reserve**

By drawing on the credit lines under the receivables securitisation programme and newly concluded sale-and-lease-back transactions for investments already made, Hapag-Lloyd strengthened its liquid funds by USD 187.7 million (EUR 171.2 million) in April. In addition, liquid funds of approximately USD 220 million (approximately EUR 200 million) are available from the credit line of the securitisation programme. Furthermore, future cash and cash equivalents of approximately USD 274 million (approximately EUR 250 million) could be secured through committed financing for investments already made. An inflow of the above-mentioned funds is expected in the second and third quarter of 2020.

Taking into account all the aforementioned measures to strengthen the Group's liquidity, Hapag-Lloyd has a pro-forma liquidity reserve of around USD 1.9 billion (approx. EUR 1.7 billion).

In addition, in May 2020 the term of a drawing of USD 109.6 million (EUR 100.0 million) under a revolving credit facility was extended from June 2020 to December 2020, thus optimising the short-term repayment profile.

Hamburg, 13 May 2020

Hapag-Lloyd Aktiengesellschaft

Executive Board



Rolf Habben Jansen



Mark Frese



Dr Maximilian Rothkopf



Joachim Schlotfeldt

FINANCIAL CALENDAR 2020

5 June 2020

Annual general meeting

14 August 2020

Publication of quarterly financial report H1 2020

13 November 2020

Publication of quarterly financial report 9M 2020

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