

Investor Presentation – Signing of Business Combination Agreement



Hapag-Lloyd

18 July 2016

Forward-looking Statements

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

This presentation does not constitute an offer to sell or a solicitation or offer to buy any securities of the Company, and no part of this presentation shall form the basis of or may be relied upon in connection with any offer or commitment whatsoever. This presentation is being presented solely for your information and is subject to change without notice.

Opening remarks

INDUSTRY CONTEXT

- The industry has at last started changing rapidly through long overdue consolidation and reshaping of alliances
- After the mergers with CP Ships and CSAV, Hapag-Lloyd and UASC take next step to consolidate the industry
- The currently disappointing freight rate development further underlines strategic importance of this combination

STRATEGIC RATIONALE

- Combination forms a top tier liner company with one of the most modern and efficient fleets (Ø age 6.6 years)
- Significant value creation via expected synergies of at least USD 400 m p.a. and clearly reduced investments

DEAL STRUCTURE

- UASC business to be contributed in-kind into Hapag-Lloyd against issuance of new shares by Hapag-Lloyd
- USD 400 m cash capital increase within six months from Closing (backstopped by certain key shareholders)

NEXT STEPS

- Agreements signed – Merger expected to be completed by the end of 2016 (subject to necessary approvals)
- Going forward, the main focus will be on profitability and on deleveraging (net leverage target ~3.5x by 2018)

The combination will create a top tier pure-play carrier with one of the youngest and most fuel efficient fleets in the industry

Combined Entity at a glance



	Hapag-Lloyd	UASC	Combined Entity ³⁾
Ships¹⁾ [#]	175	62	237
Capacity¹⁾ [TEU m]	1.0	0.6	1.6
Volume²⁾ [TEU m]	7.4	2.6	10.0
Revenue²⁾ [USD bn]	9.8	2.1	12.0
EBITDA²⁾ [USD m]	922	33 ⁴⁾	1,355⁵⁾
Employees¹⁾ [#]	9,412	2,698	12,110

1) 31 March 2016 2) FY 2015 (revenue excl. slot revenue)
5) Pro forma EBITDA incl. USD 400 m synergies

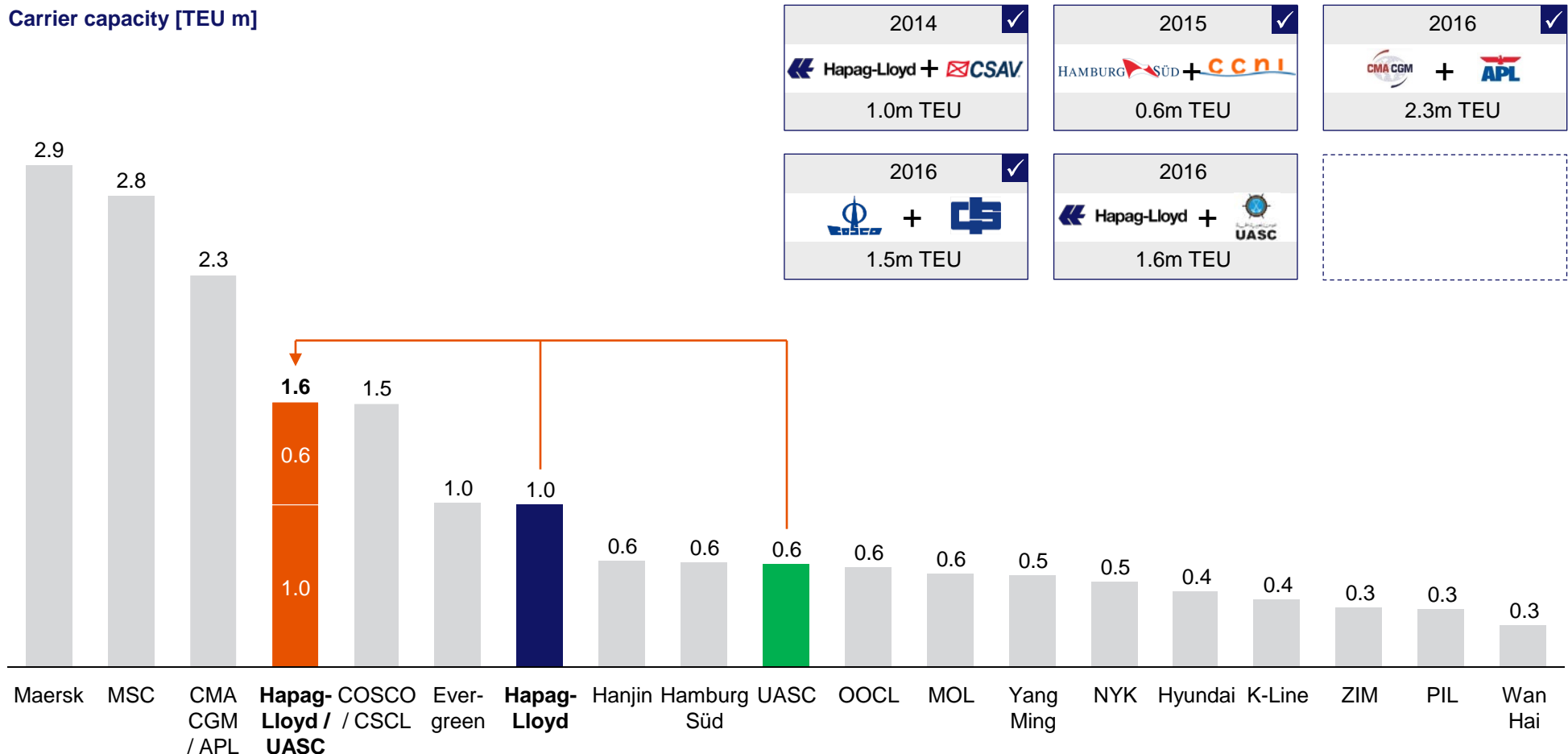
3) Sum of stand-alone figures 4) Adjusted for one-offs/extraordinary items (e.g. bunker hedging)

The industry has at last started changing rapidly, through long overdue consolidation...



Clear distinction of leading players versus smaller operators

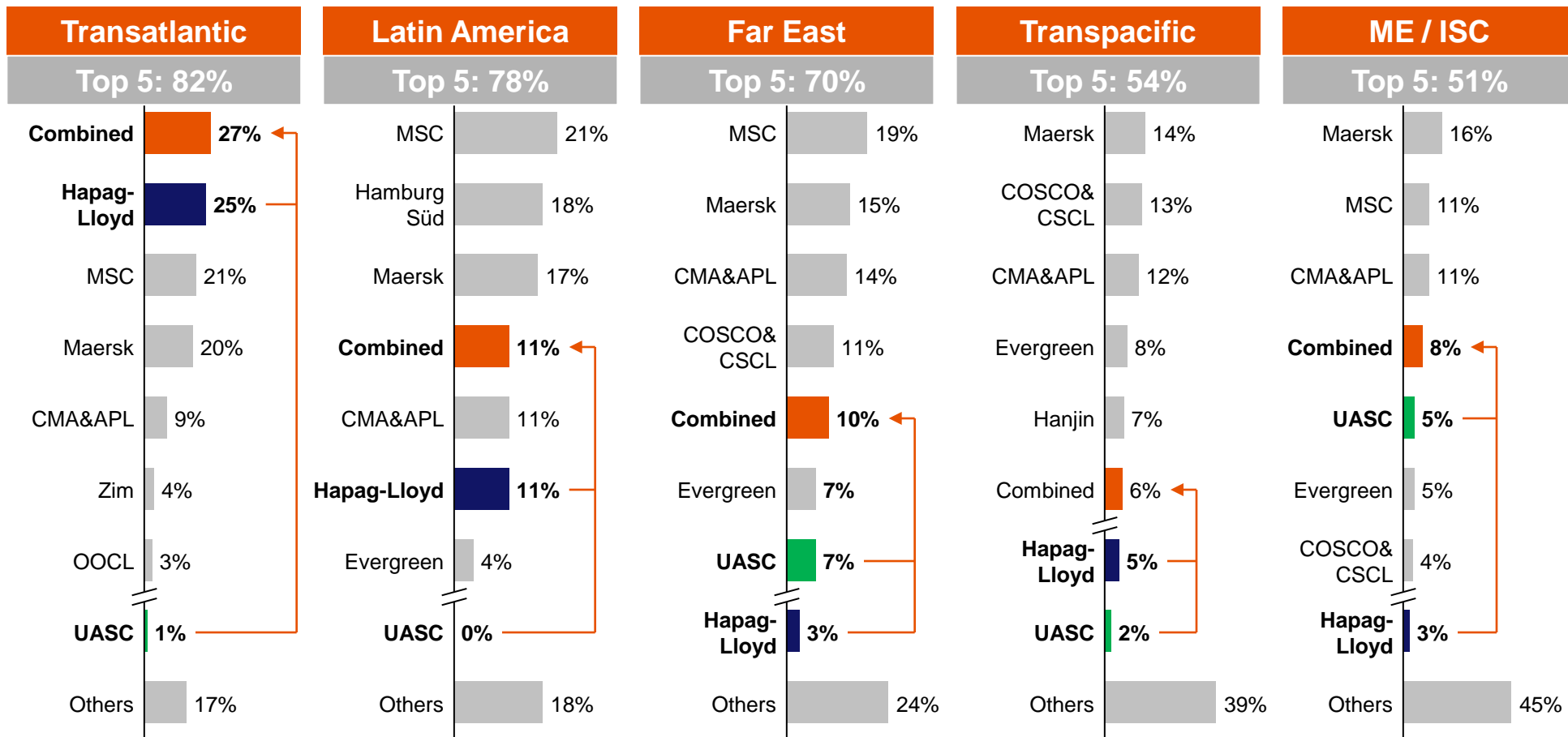
Carrier capacity [TEU m]



...which will create urgently needed concentration as TOP 5 in many cases will control ~70% of trades



Capacity share¹⁾ per trade and player















1) Capacity share as in June 2016

Significant investments in new vessels have been made by various carriers

Hapag-Lloyd would have needed significant investment as well

Announced orders >14k vessels since 2013

140+ ships >14k TEU
on order with est. value
of c. USD 20 bn

	Ships	Capacity ¹⁾	Investment ²⁾
	20	384 k TEU	US\$3.1bn
	20	342 k TEU	US\$2.9bn
 ³⁾	21	338 k TEU	US\$2.9bn
	17	284 k TEU	US\$2.3bn
	16	282 k TEU	US\$2.1bn
	10	140 k TEU	US\$1.2bn
	10	140 k TEU	US\$1.2bn
	10	140 k TEU	US\$1.2bn
	6	120 k TEU	US\$1.0bn
	6	120 k TEU	US\$0.9bn
	6	110 k TEU	US\$0.9bn
	5	92 k TEU	US\$0.7bn

1) Includes investments in vessels with capacities of 14,000 TEU or larger, from 2013 to 2016 YTD 2) Investment costs estimated from benchmarking against reported costs of vessels with similar capacities 3) Including Evergreen's newbuild programs of 11x 18,000 TEU vessels and 10x 14,000 TEU vessels from Costamare and Shoen Kisen Kaisha

Hapag-Lloyd & our new alliance with UASC's big ships are able to compete with the 2M and Ocean Alliances



Completely new alliance landscape (as of April 2017)

Today

2M

Ocean 3

G6

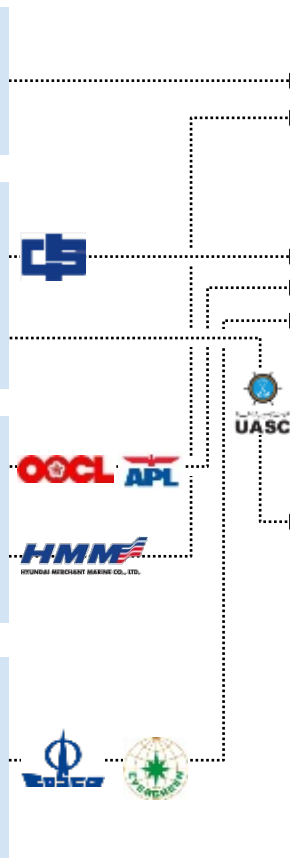
CKYHE

Tomorrow

2M

Ocean Alliance

THE Alliance

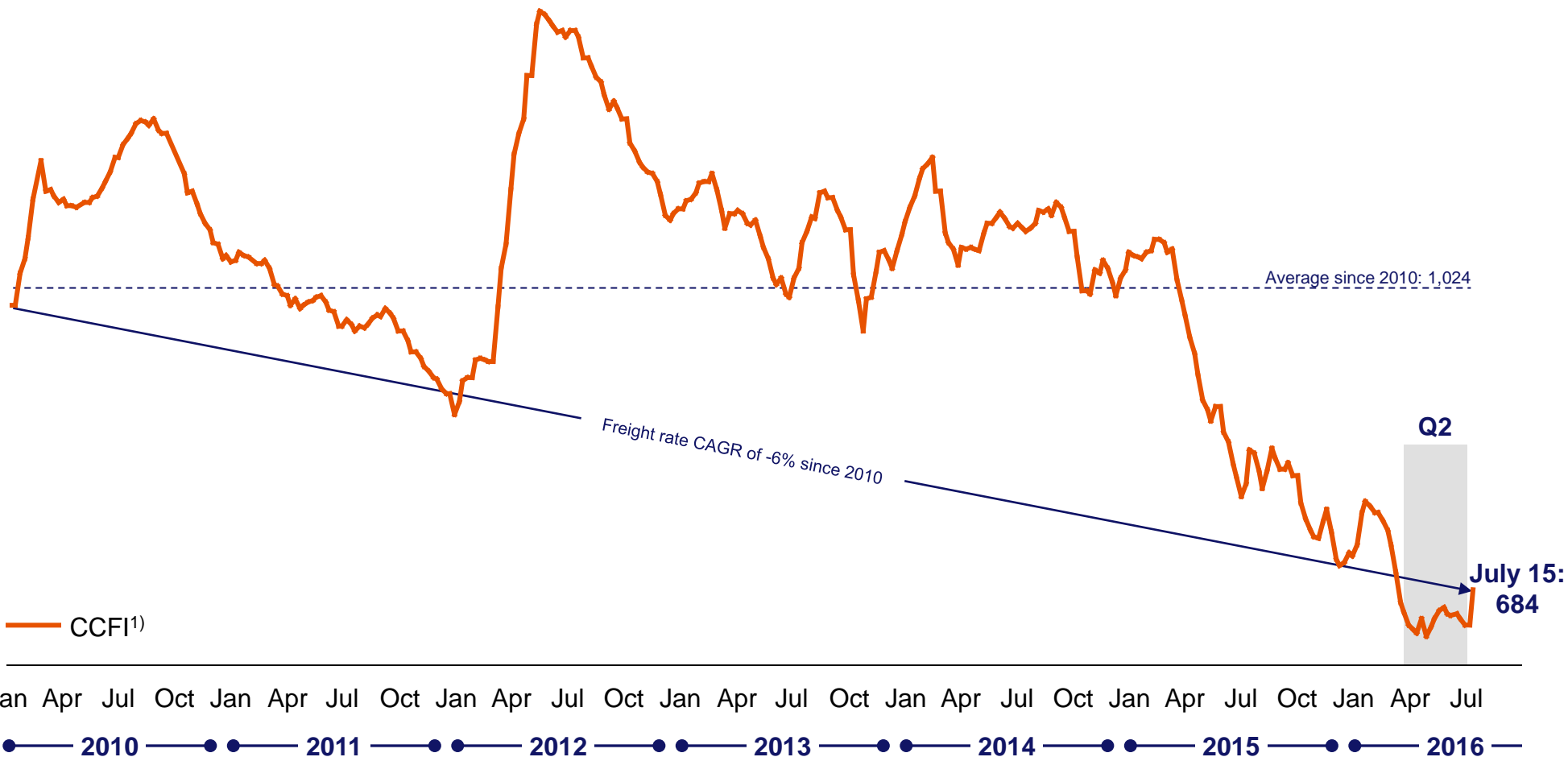


1) HMM announced on 14 July 2016 that they signed an MOU with the 2M Vessel Sharing Agreement

Freight rates have declined in recent years – In Q2 2016 CCFI reached its lowest point



China Containerized Freight Index



1) The CCFI reflects China's nationwide export container transport and comprises the reported freight rates of 22 shipping companies

9 Source: Shanghai Shipping Exchange (15 July 2016)

Hapag-Lloyd adjusts its outlook for 2016 as development of freight rates is significantly weaker than expected



Revised Outlook 2016

Transport volume	Increasing slightly
Bunker consumption price	Clearly decreasing
Freight rate	Clearly decreasing
EBITDA	Clearly decreasing
EBIT	Clearly decreasing

Revised guidance versus Interim Report Q1 2016

Ad-hoc Announcement (18 July 2016)

- **Hapag-Lloyd adjusts its outlook** for the financial year 2016 as the development of the freight rates is significantly weaker than expected
- The revised expectation of the Executive Board is **a clearly decreasing EBITDA** and a clearly decreasing EBIT compared with previous year
- In the second quarter of 2016 **the average freight rate of Hapag-Lloyd decreased to 1,019 USD/TEU**, i.e. 245 USD/TEU below prior year period (1,264 USD/TEU in Q2 2015) – **the recovery at the beginning of July does not seem sufficient** and sustainable enough
- **Additionally bunker prices have increased** throughout the second quarter of 2016
- After the Business Combination with United Arab Shipping Company S.A.G. (UASC) **transaction related one-off costs will also impact the results** in 2016

The combination has a strong strategic rationale

1

Assuring top tier position

- **Top 5 position** globally and on key trades against the backdrop of a consolidating market
- Combination creates a scale **pure-play investment opportunity**

2

Balanced trade portfolio

- Further balancing of trade portfolio and enhancement of **risk diversification**
- Continued commitment to leadership on **Middle East trades**

3

Complementary modern fleet

- Increased competitiveness through complementary **young and fuel-efficient fleet with large share of ULCVs**
- Sustainable market position **without further short-term fleet investments**

4

Significant synergies

- Significant value creation through expected run-rate **synergies of at least USD 400 m per annum**
- **Hapag-Lloyd with track record of successfully** extracting synergies

5

Strong partner and support

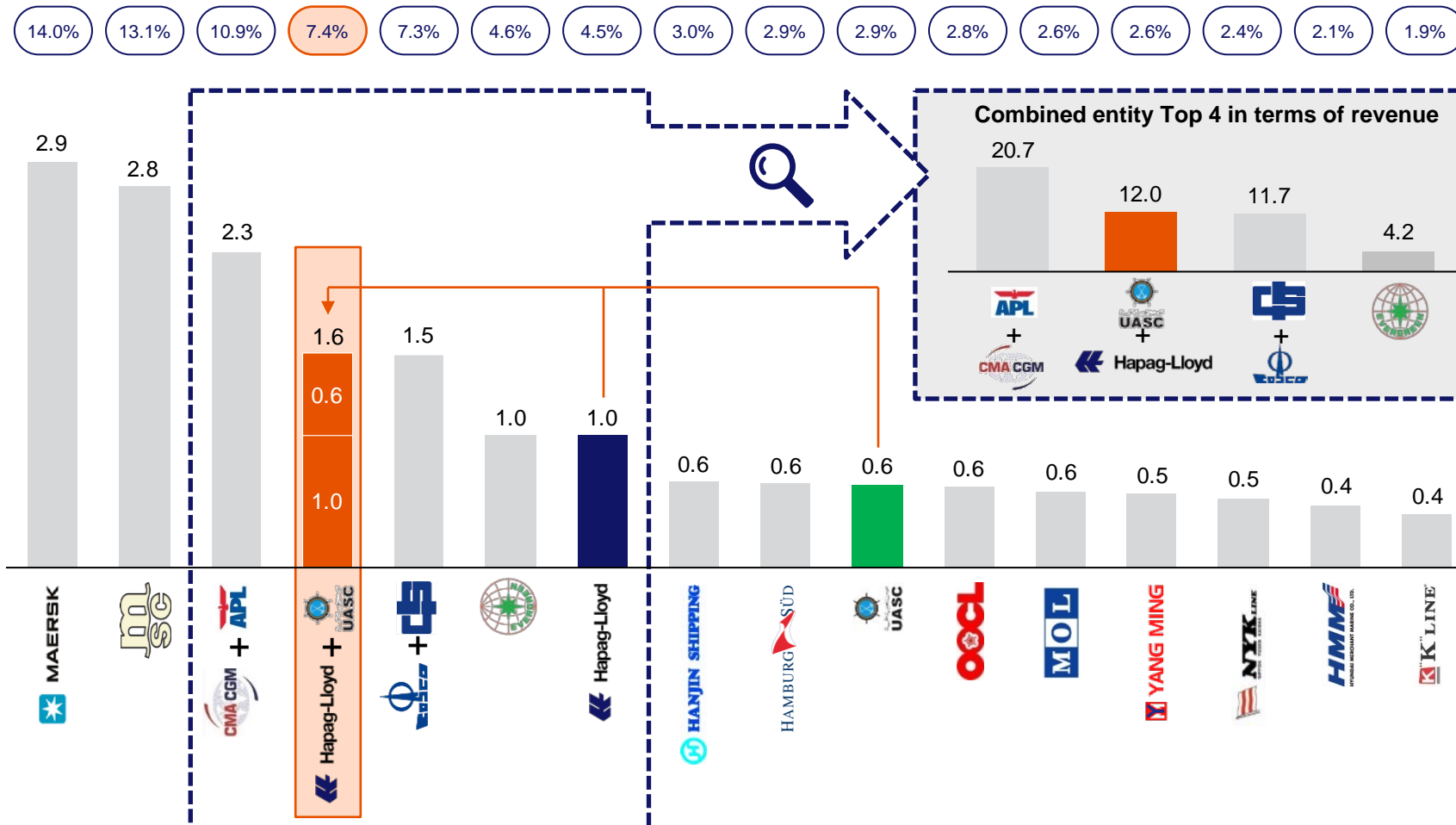
- Strong partner in the light of the **ongoing alliance reshuffling**
- **Supportive core shareholders** and capital market investors

The Combined Entity secures a sustainable 4-5 position globally in the face of a consolidating market...



Global container shipping companies [TEU m]

Capacity market share [%]

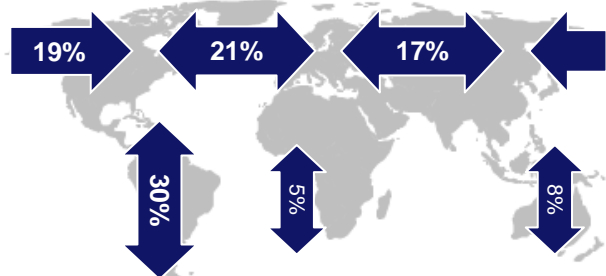


...with a well balanced trade portfolio...



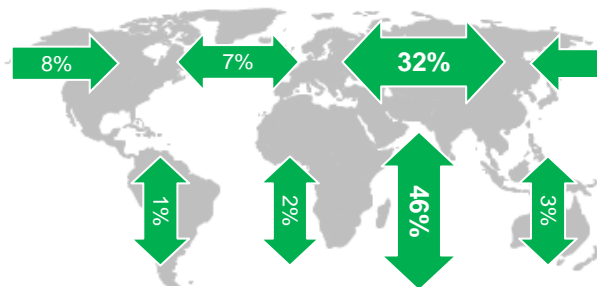
Transport volume by trade, 2015 (indicative)

Hapag-Lloyd



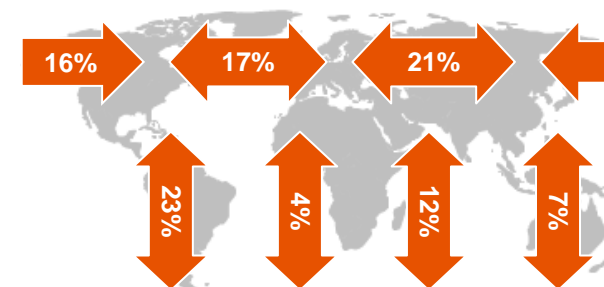
Trade	TEU m
Atlantic	1.5
Transpacific	1.4
Far East ¹⁾	1.3
Latin America	2.2
Intra Asia ¹⁾	0.6
EMAO	0.4
Total	7.4

UASC

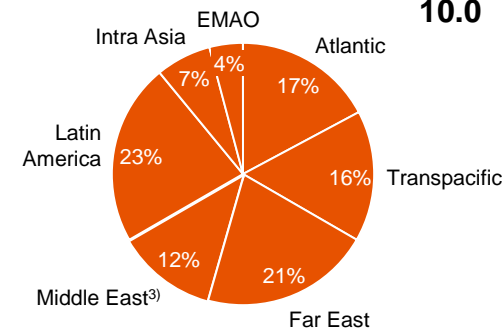


Trade ²⁾	TEU m
Atlantic	0.2
Transpacific	0.2
Far East	0.9
Latin America	0.0
Middle East	1.2
Intra Asia	0.1
EMAO	0.1
Total	2.6

Combined Entity



Trade ²⁾	TEU m
Atlantic	1.7
Transpacific	1.6
Far East	2.1
Latin America	2.3
Middle East ³⁾	1.2
Intra Asia	0.7
EMAO	0.4
Total	10.0



1) Including Middle East volume as Middle East is no reported Hapag-Lloyd trade








2) Allocation of UASC volume according to Hapag-Lloyd trade definition plus Middle East trade based on assumptions and not necessarily final

3) Middle East is no reported Hapag-Lloyd trade

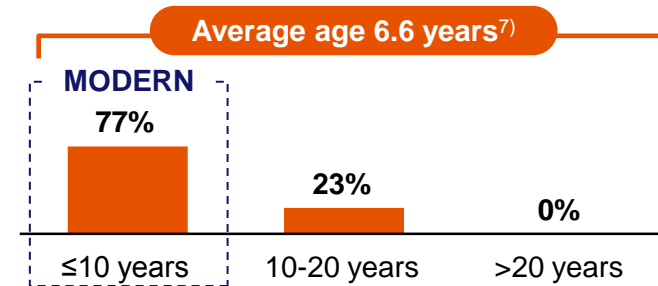
...and the right assets. Combined Entity to operate one of the youngest and most efficient fleets in the industry...



Vessel fleet as of 31 March 2016

		Owned ¹⁾	Chartered ⁴⁾	Current fleet	Current orderbook
 Capacity [TEU]	14,000 – 18,000 TEU	239,400	–	239,400	45,000 ⁵⁾
Vessels		14	–	14	3 ⁵⁾
 Capacity [TEU]	10,000 – 14,000 TEU	253,174	20,072	273,246	52,945
Vessels		19	2	21	5
 Capacity [TEU]	8,000 – 10,000 TEU	243,614	159,072	402,686	
Vessels		28	18	46	
 Capacity [TEU]	6,000 – 8,000 TEU	98,522	78,807	177,329	
Vessels		14	12	26	
 Capacity [TEU]	4,000 – 6,000 TEU	109,164	206,690	315,854	
Vessels		25	44	69	
 Capacity [TEU]	2,300 – 4,000 TEU	30,292	81,632	111,924	3,508 ⁶⁾
Vessels		10	27	37	1
 Capacity [TEU]	<2,300 TEU	3,918	33,367	37,285	
Vessels		2	22	24	
Total	Capacity [TEU]	984,673²⁾	573,051³⁾	1,557,724	101,453
	Vessels	113²⁾	124³⁾	237	9

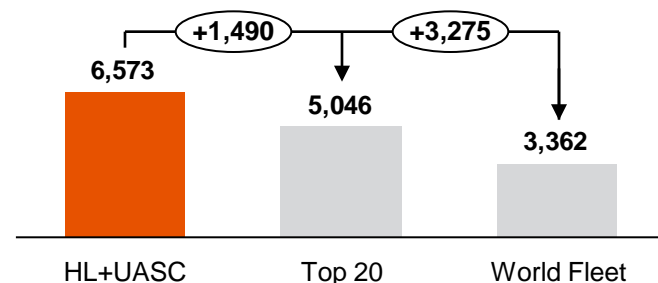
Fleet age [% of total capacity]



Fleet ownership [%]




Average vessel size [TEU]



1) Incl. 3 long-term finance leases 2) Incl. 3 chartered-out 3) Incl. 1 chartered-out 4) Includes long-term (>3 years), mid-term (1-3 years) and short-term (<1 year) charters
5) One 15,000 TEU vessel has been delivered in Q2 2016 6) 3,508 TEU vessel built 2015 acquired by HLAG from NileDutch April 2016 7) Weighted average age by capacity

...without a need to further invest in the next years

Vessel delivery schedule 2015-2017

VESSEL	2015		2016e		2017e
	H1	H2	H1	H2	H1
18,000 TEU Vessels					
 Capacity [TEU]	18,000	54,000	36,000	-	-
Vessels	1	3	2	-	-
15,000 TEU Vessels					
 Capacity [TEU]	45,000	15,000	60,000 ¹⁾	30,000 ²⁾	-
Vessels	3	1	4 ¹⁾	2 ²⁾	-
10,500 TEU Vessels					
 Capacity [TEU]	-	-	-	21,000	31,500
Vessels	-	-	-	2	3
9,300 TEU Vessels					
 Capacity [TEU]	37,200	9,300	-	-	-
Vessels	4	1	-	-	-
3,500 TEU Vessels					
 Capacity [TEU]	-	-	7,000	-	-
Vessels	-	-	2	-	-
TOTAL Capacity [TEU]	100,200	78,300	103,000¹⁾	51,000²⁾	31,500
TOTAL Vessels	8	5	8¹⁾	4²⁾	3

1) One 15,000 TEU vessel has been delivered in Q2 2016

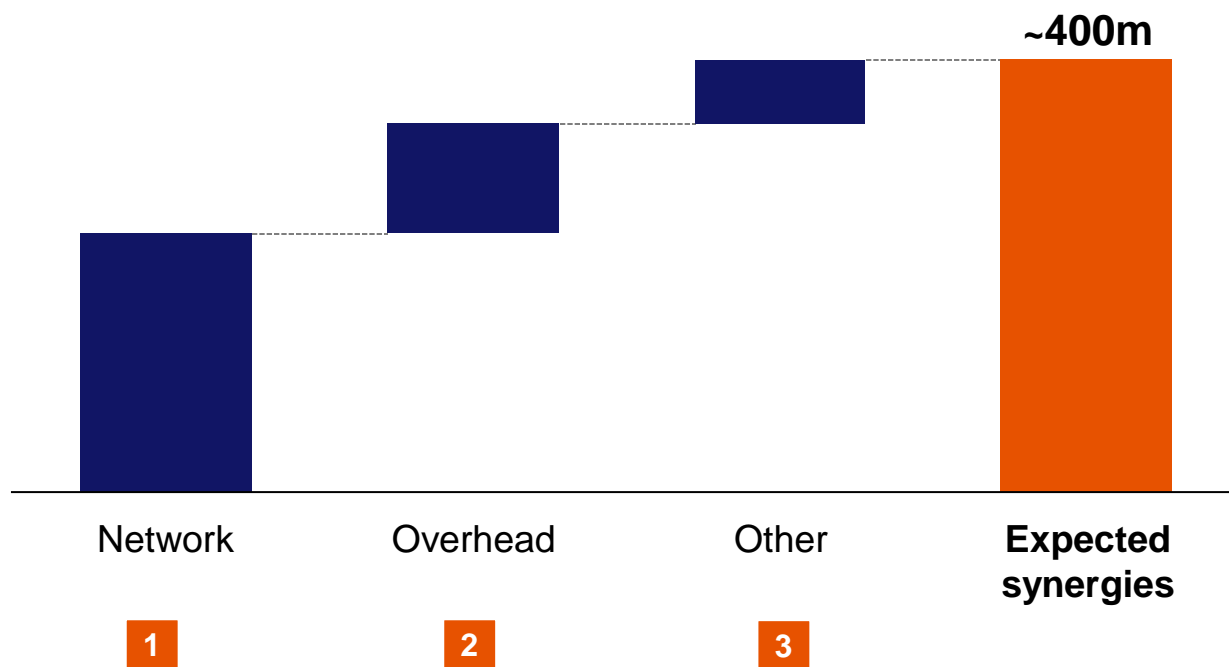
2) Delivery of last two 15,000 TEU vessels to be delayed from H2 2016 into 2017

No further investments needed

- In order to be competitive mid-term, **Hapag-Lloyd would have needed significant investments** in ultra-large container vessels in upcoming years (as envisaged in IPO process)
- UASC had recently ordered 17x fuel-efficient big ships** (6x 18,000 TEU and 11x 15,000 TEU) most of them being delivered in 2015/2016
- The Combined Entity will thereby operate **one of the youngest and most efficient fleets** in the industry
- Hence, no need for new vessel investment in next years – the **fleet expenditures have been basically “pulled forward”**
- The Combined Entity will **focus on maximizing free cash flow to deleverage quickly**

Synergies of at least USD 400 m expected – Mainly in network and overhead...

Synergy potential, full run-rate [USD m]



Comments

1 Network

- Optimized new vessel deployment / network
- Efficient use of new fleet

2 Overhead

- Consolidation of Corp. and Regional HQs
- Consolidation of country organizations
- Other overhead reductions

3 Other (terminals, equipment and intermodal)

- Lower container handling rates per vendor/location
- Imbalance reduction and leasing costs optimization
- Best practice sharing

Synergies of at least USD 400 m per year from 2019 onwards –
approx. 1/3 to be achieved in 2017 already
One-off costs of approx. USD 150 m largely payable in 2016/2017

...and Hapag-Lloyd has a track record of delivering on synergies (with CP and CSAV we did better than plan)



Strong consolidation track record

Management delivered synergies



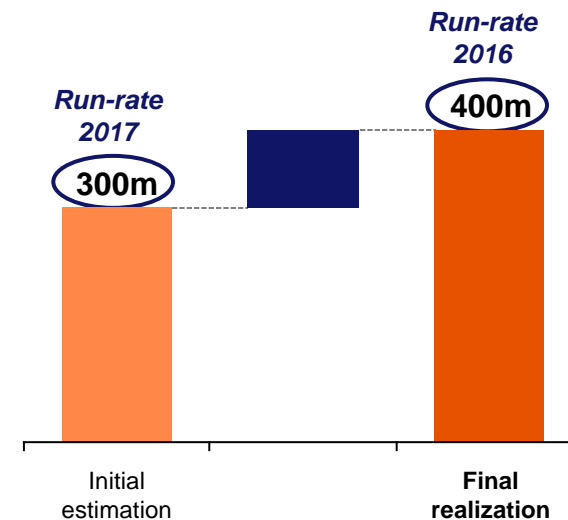
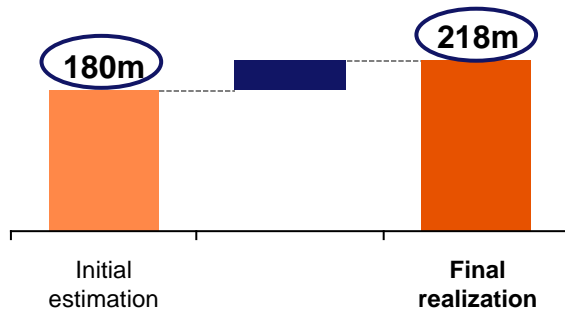
(2005)

- Canadian container shipping company with global network
- Leading regional market positions with a strong position on the Atlantic market
- 38 services worldwide
- Realized net synergies of EUR 218 m in 2008**



(2014)

- Chilean container shipping company in Valparaíso
- Top 20 container player with focus on Latin America – largest carrier in this trade
- 39 services worldwide
- Targeted net synergies of USD 400 m in 2017**



The Combined Entity will be a leading partner in our new integrated alliance with balanced capacity shares

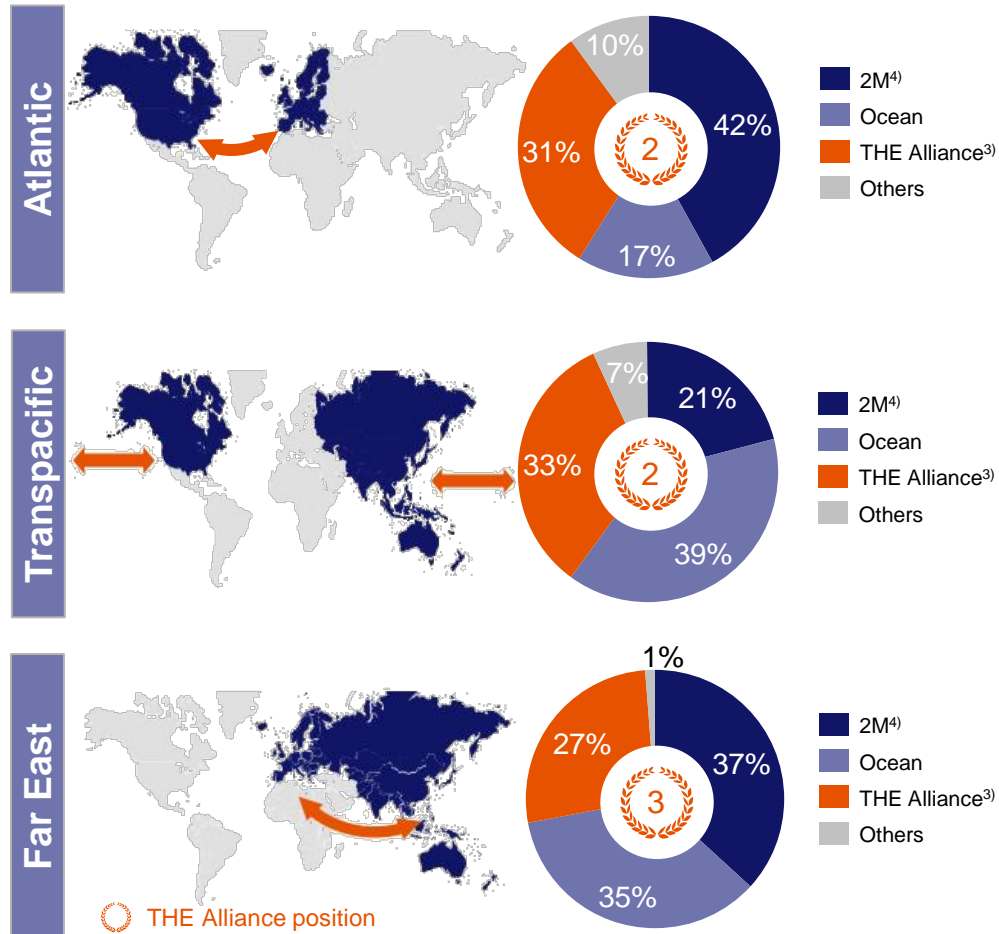


Six leading players create THE Alliance



- THE Alliance covers all East-West trades
 - Atlantic, Transpacific and Far East
 - Asia-Middle East / Arabian Gulf and Red Sea
- Binding agreement signed by all six partners
 - Begin of operation in April 2017²⁾
 - The initial period will be 5 years
- Combined capacity of 4 m TEU or over 20% of world fleet¹⁾ – vessel pool taken from more than 620 ships
- Leading product characterized by fast transit times, broad port coverage and the latest vessels

Competitive position on East-West trades¹⁾

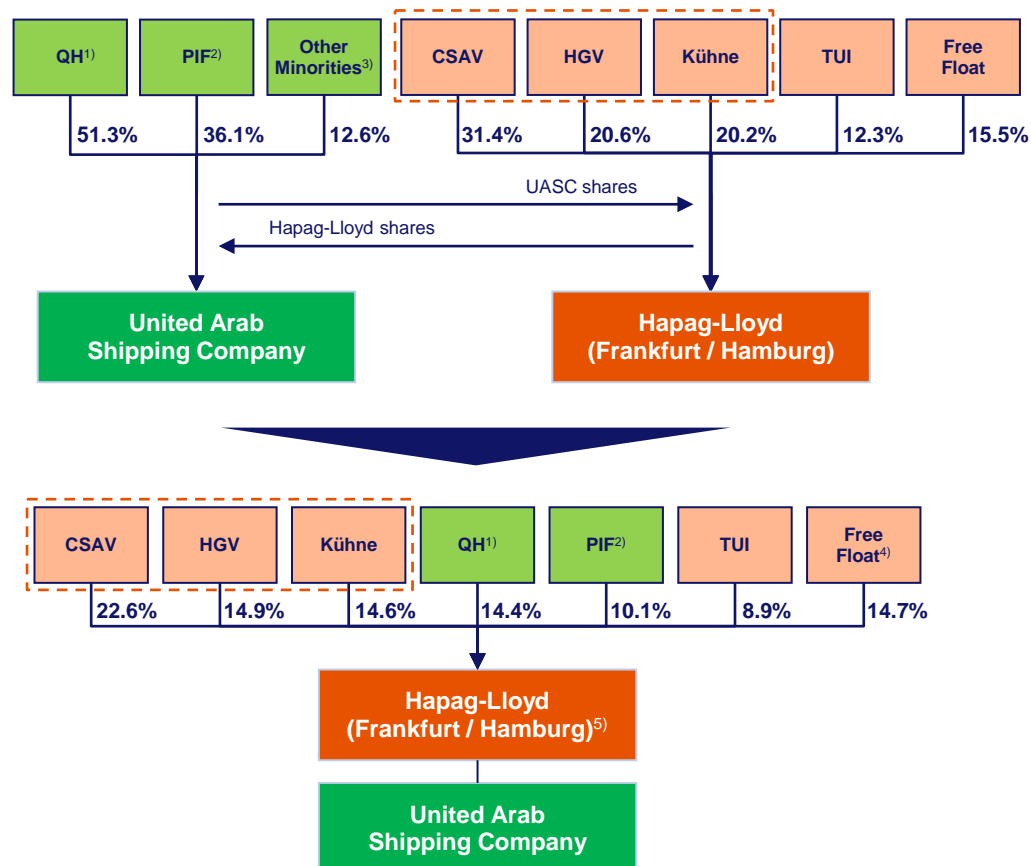


1) Subject to the necessary regulatory and contractual approvals, the UASC tonnage will become part of THE Alliance 2) Subject to approval of all relevant authorities 3) THE Alliance incl. UASC 4) 2M incl. HMM

UASC to be contributed in-kind into Hapag-Lloyd in exchange for issuance of new shares by Hapag-Lloyd



Transaction overview



Shareholders' agreement / Controlling shareholders

- UASC shares contributed to Hapag-Lloyd in exchange for newly issued Hapag-Lloyd shares
- Within six months after Closing, Hapag-Lloyd to procure the implementation of a cash capital increase of USD 400 m backstopped by certain key shareholders
- Hapag-Lloyd to remain as a Hamburg-headquartered business and retain Frankfurt / Hamburg listing
- Hapag-Lloyd to enlarge its Supervisory Board from twelve to sixteen seats; QH¹ and PIF² to be represented with one seat each

1) "QH" refers to Qatar Holding LLC on behalf of the State of Qatar 2) "PIF" refers to The Public Investment Fund on behalf of the Kingdom of Saudi Arabia 3) Other UASC Shareholders include Kuwait Investment Authority on behalf of the state of Kuwait (5.1%), Republic of Iraq (5.1%), United Arab Emirates (2.1%) and Bahrain (0.4%) 4) Including 3.6% Other UASC Shareholders (KIA, Iraq, UAE and Bahrain) 5) Shareholding structure prior to cash capital increase

Business Combination Agreement sets out the key transaction terms incl. 72/28 relative shareholdings

Cornerstones of the deal

Ownership

- Hapag-Lloyd: 72%
- UASC: 28%

Organization

- Headquarters will remain in Hamburg
- Integration will be based on Hapag-Lloyd's systems, processes and organizational blueprint
- Hapag-Lloyd will establish a fifth Regional Center in Dubai

Value protection

- Customary set of provisions, including operational guarantees and pre-Closing covenants, to secure Merger Parties' value until Closing
- As of certain Relevant Dates, minimum levels of cash, debt and equity levels to be guaranteed

Synergies

- Mutually agreed potential run-rate synergies of at least USD 400 million p.a.
- Significant CAPEX savings – no new vessel investments in next years

Capital increase

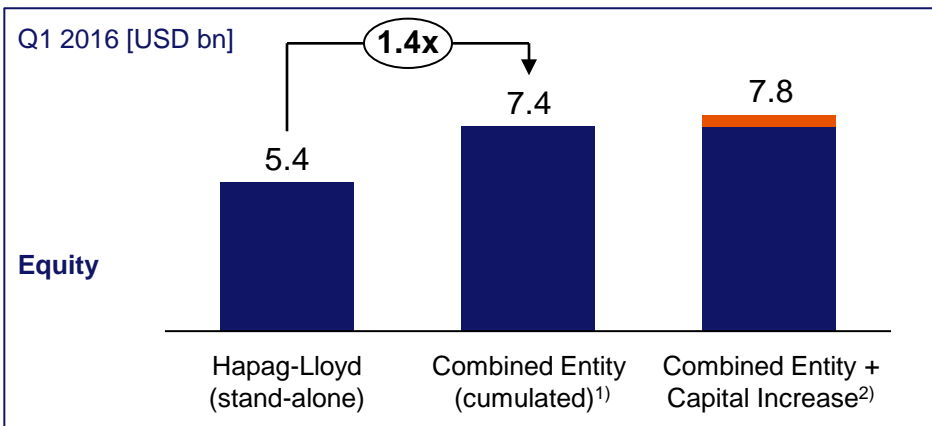
- Cash capital increase of USD 400 m within 6 months from Closing via publicly offered rights issue
- Certain key shareholders committed to backstop full capital increase (50% backstopped by QH and PIF, 50% backstopped by CSAV and Kühne) via Shareholder Support Agreement

Closing conditions

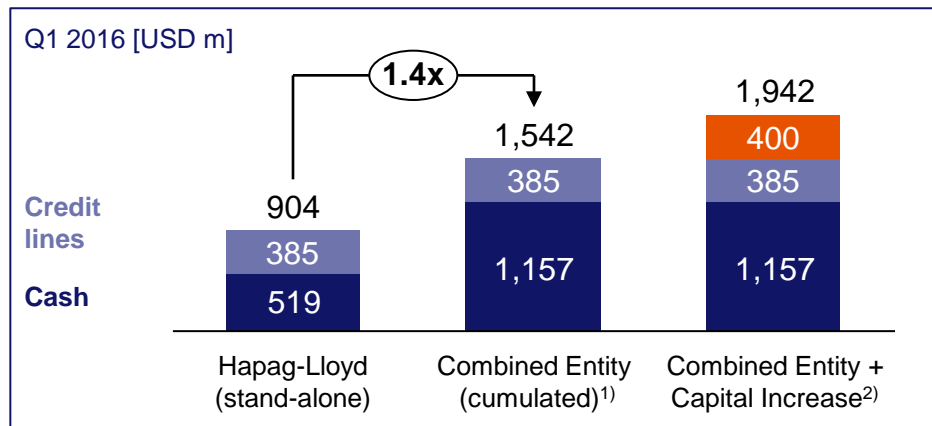
- Antitrust and other regulatory clearance
- Contractually required consents and waivers
- Certain legal reorganization measures completed
- Authorized capital of Hapag-Lloyd validly created
- Relevant date accounts established

Equity base and liquidity reserve clearly strengthened – Going forward main focus on deleveraging quickly

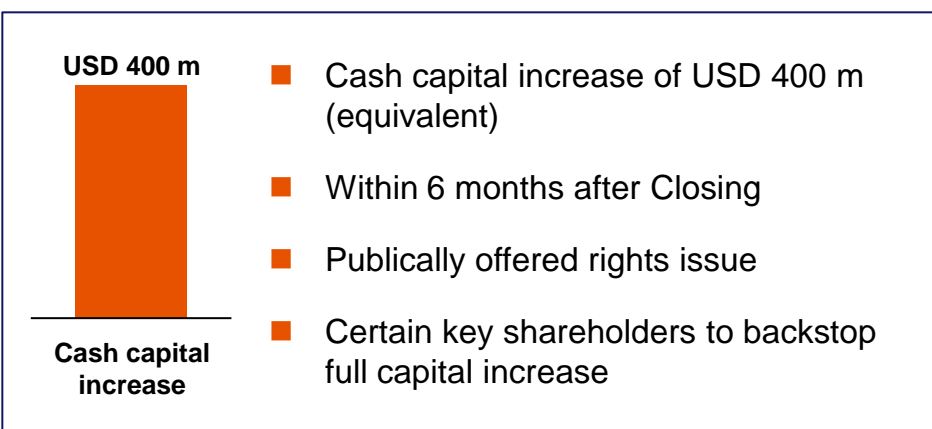
Improving equity base



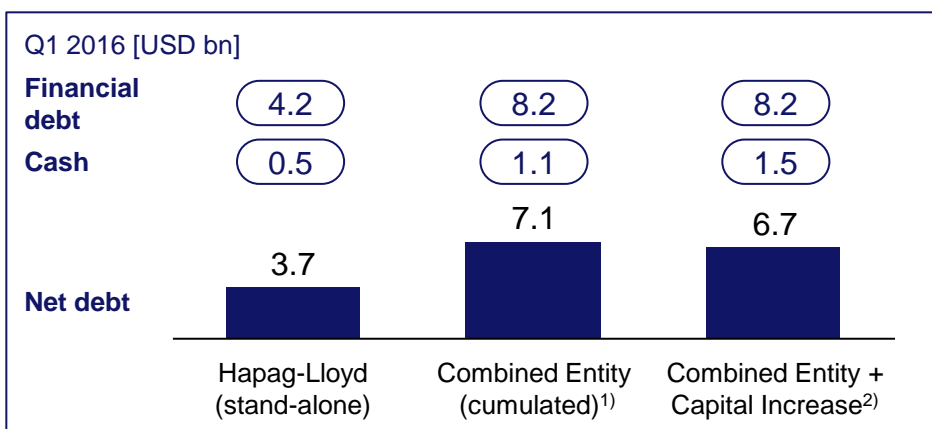
Strong liquidity reserve



Cash capital increase



Clear deleveraging target

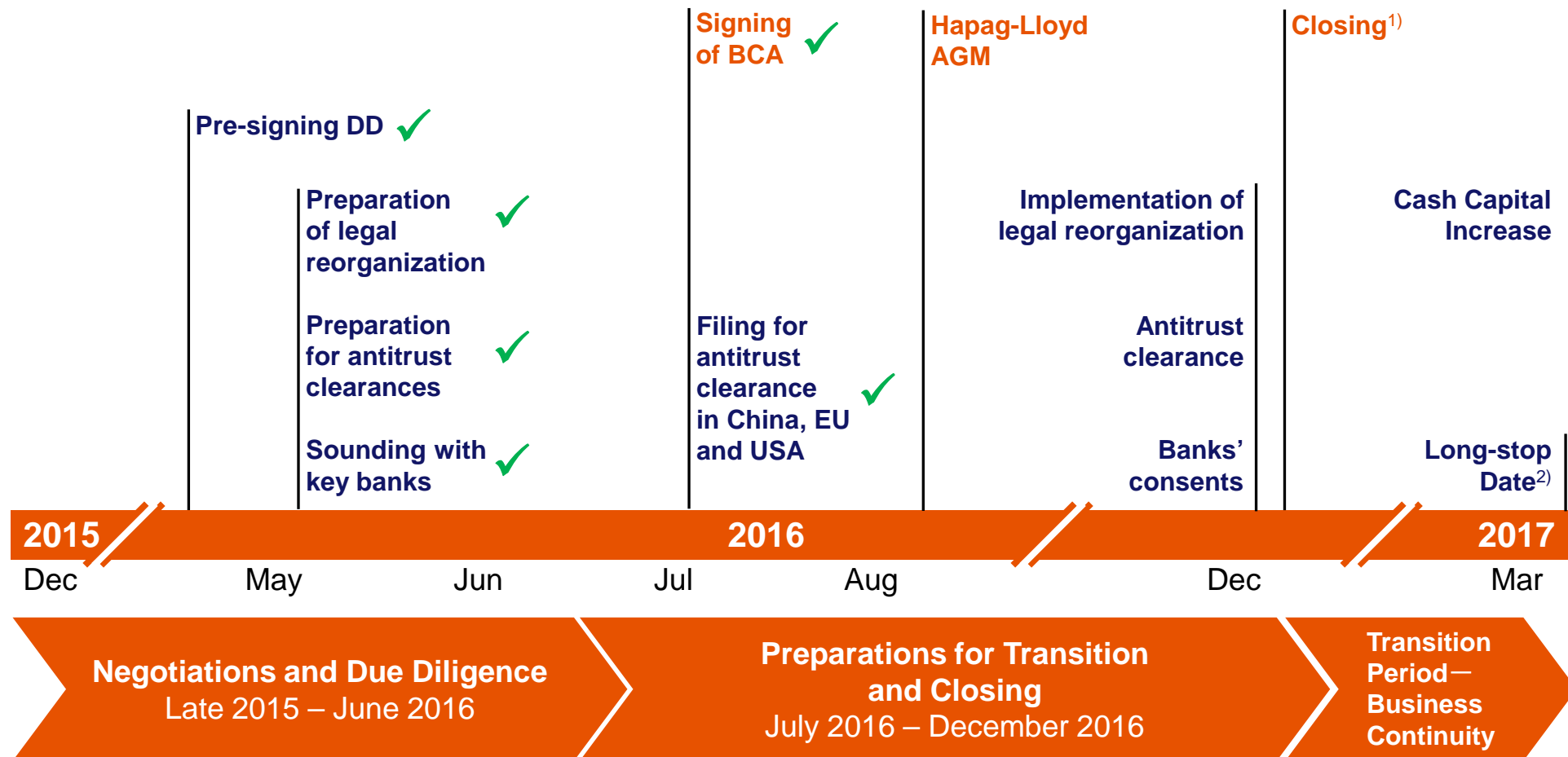


1) Sum of stand-alone figures; acquisition accounting such as purchase price allocation or closing adjustments not taken into account yet 2) Within 6 months after Closing

Closing of the transaction expected by end of 2016 (subject to necessary approvals)

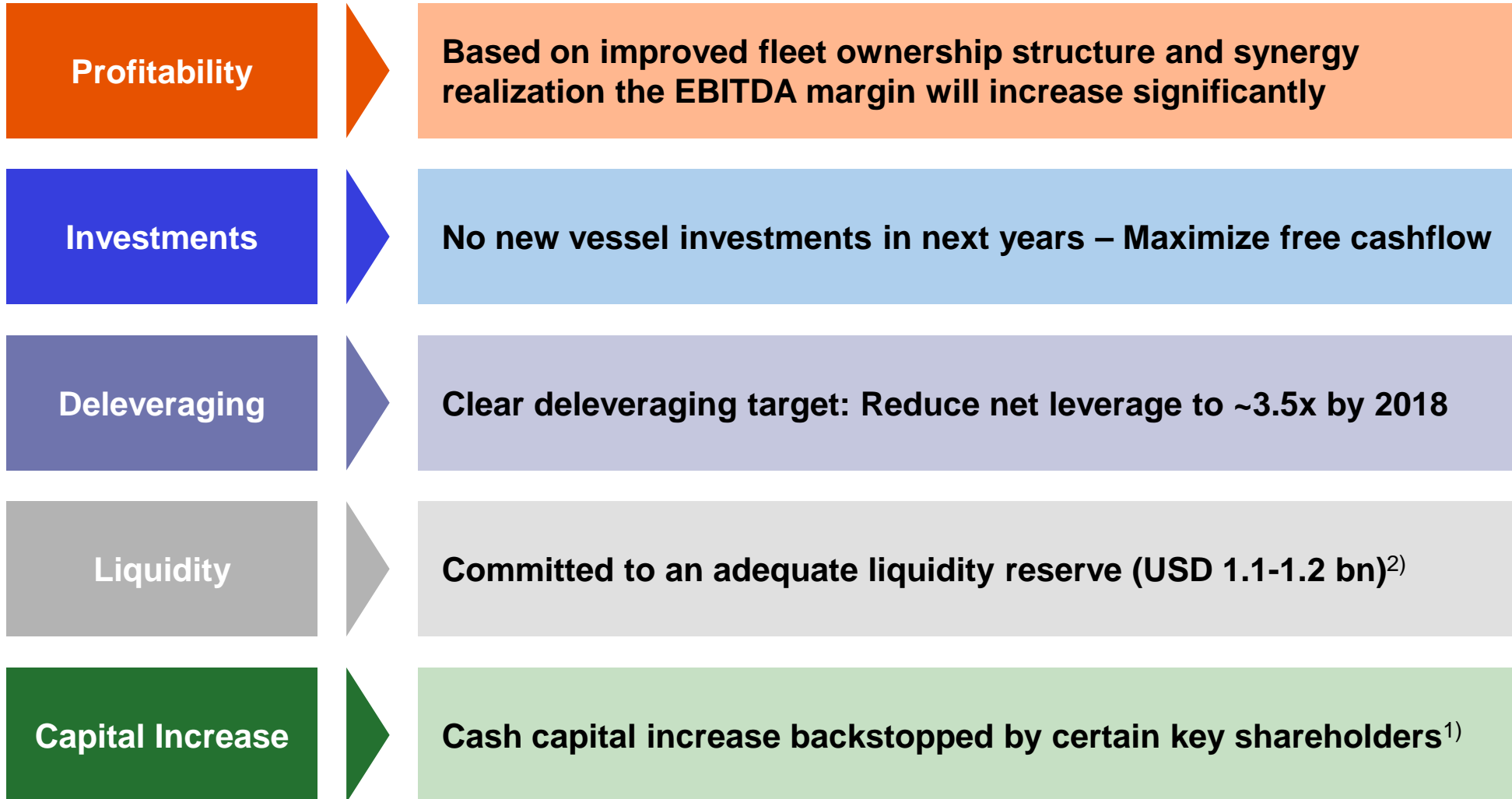


Indicative timeline



1) Subject to necessary approvals 2) Long stop date for closing conditions

Financial Policy: Going forward the main focus will be on profitability and on deleveraging quickly



1) 50% backstopped by QH and PIF, 50% backstopped by CSAV and Kühne 2) Cash and cash equivalents plus undrawn credit lines



Henrik Schilling

Senior Director Investor Relations

Tel +49 40 3001-2896

Fax +49 40 3001-72896

Henrik.Schilling@hlag.com

<https://www.hapag-lloyd.com/en/ir.html>