

Hapag-Lloyd AG

Q1 | 2022

Quarterly financial report

1 January to
31 March 2022



SUMMARY OF HAPAG-LLOYD KEY FIGURES

QUARTERLY FINANCIAL REPORT Q1 2022

		Q1 2022	Q1 2021	Change absolute
Key operating figures¹				
Total vessels		248	241	7
Aggregate capacity of vessels	TTEU	1,750	1,734	16
Aggregate container capacity	TTEU	3,033	2,758	275
Freight rate (average for the period)	USD / TEU	2,774	1,509	1,266
Transport volume	TTEU	2,987	2,975	13
Revenue	million EUR	7,977	4,067	3,909
EBITDA	million EUR	4,726	1,584	3,142
EBIT	million EUR	4,267	1,277	2,990
Group profit/loss	million EUR	4,171	1,203	2,968
Earnings per share	EUR	23.71	6.83	16.88
Cash flow from operating activities	million EUR	4,491	1,366	3,125
Key return figures¹				
EBITDA margin (EBITDA / revenue)	%	59.3	38.9	20.3 ppt
EBIT margin (EBIT / revenue)	%	53.5	31.4	22.1 ppt
ROIC (Return on Invested Capital) ²	%	118.5	43.3	75.1 ppt
Key balance sheet figures as at 31 March¹				
Balance sheet total	million EUR	31,335	26,715	4,621
Equity	million EUR	20,752	16,162	4,590
Equity ratio (equity / balance sheet total)	%	66.2	60.5	5.7 ppt
Borrowed capital	million EUR	10,584	10,552	31
Key financial figures as at 31 March¹				
Financial debt and lease liabilities	million EUR	5,400	5,497	-97
Cash and cash equivalents	million EUR	11,637	7,723	3,914

¹ The key operating figures and key return figures refer to the respective reporting period. The comparison of key balance sheet figures and key financial figures refers to the reporting date 31 December 2021.

² The return on invested capital (ROIC) is calculated as the ratio of net operating profit after taxes (NOPAT) to invested capital (assets excluding cash and cash equivalents less liabilities excluding financial debt). This key operating figure 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.

This quarterly financial report was published on 12 May 2022.

MAIN DEVELOPMENTS IN Q1 2022

- The first quarter of the 2022 financial year was characterised by an ongoing disruption of the global supply chains. This was reflected in longer round voyage times for ships and containers, which in turn had a negative impact on available transport capacity.
- As a result, the transport volume in the first quarter of the 2022 financial year was only at the previous year's level of 2,987 TTEU (prior year period: 2,975 TTEU) despite high demand.
- The average freight rate rose in the first quarter of 2022 by 84% year-on-year to USD 2,774 / TEU (prior year period: USD 1,509 / TEU) due to the high level of demand and simultaneous shortage of transport capacity.
- Revenue increased in the first three months of 2022 by 96% to EUR 7,977 million (prior year period: EUR 4,067 million) as a result of higher freight rates and a stronger US dollar.
- Transport expenses rose by 30% to EUR 2,951 million in the first quarter of 2022 (prior year period: EUR 2,270 million), primarily due to higher fuel expenses.
- EBITDA increased sharply to EUR 4,726 million in the first quarter of 2022 (prior year period: EUR 1,584 million). The EBITDA margin was 59.3% (prior year period: 38.9%).
- EBIT for the first three months of 2022 was also very significantly above the previous year's level of EUR 1,277 million at EUR 4,267 million.
- Earnings per share jumped to EUR 23.71 from EUR 6.83 in the prior year period.
- Free cash flow was again clearly positive at EUR 4,122 million and significantly higher than in the first quarter of 2021 (EUR 1,289 million).
- Due to the positive development of earnings, net liquidity increased further by EUR 4.0 billion compared with 31 December 2021 to EUR 6.2 billion.
- Hapag-Lloyd posted another strong financial performance in the first quarter of 2022. Based on current business performance, the second quarter should also exceed previous expectations. Against this background, the Executive Board of Hapag-Lloyd AG has raised its earnings outlook for the current financial year on 28 April 2022. For 2022, Group EBITDA is now expected to be in the range of EUR 13.6 to 15.5 billion (previously: EUR 10.7 to 12.4 billion) and Group EBIT in the range of EUR 11.7 to 13.6 billion (previously: EUR 8.9 to 10.7 billion).
- Due to the ongoing COVID-19 pandemic and the war in Ukraine, the forecast is subject to a high degree of uncertainty.

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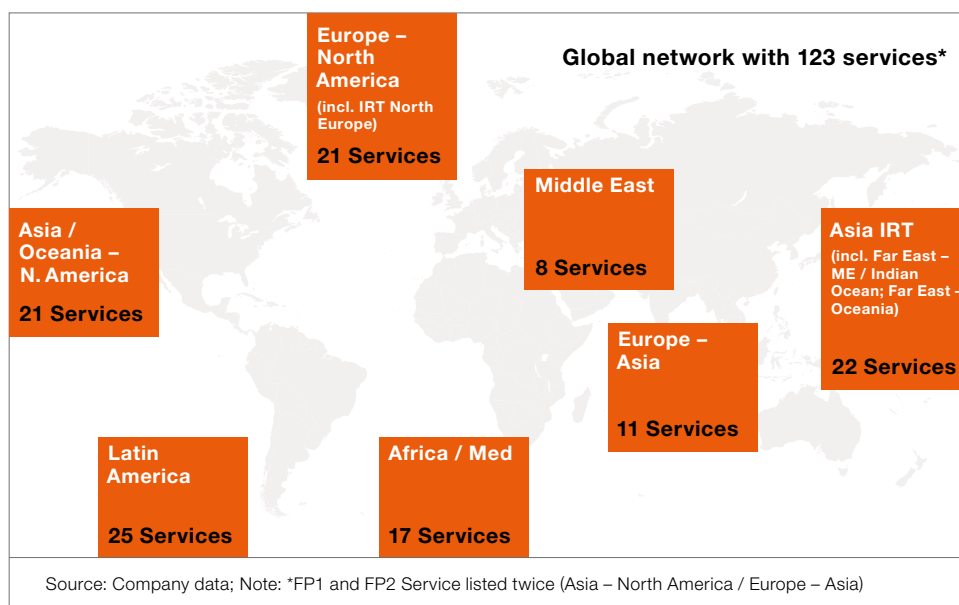
INTERIM GROUP MANAGEMENT REPORT

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.

Hapag-Lloyd's fleet comprised 248 container vessels as at 31 March 2022 (31 March 2021: 241) with a transport capacity of around 1.8 million TEU (31 March 2021: around 1.7 million TEU). The Group currently has 418 sales offices in 137 countries (31 March 2021: 395 sales offices in 131 countries) and offers its customers worldwide access to a network of 123 liner services (31 March 2021: 121 services). In the first three months of 2022, Hapag-Lloyd served approximately 22,000 customers around the world (prior year period: approximately 20,800).

Network of Hapag-Lloyd services



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

Limited (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), Hyundai Merchant Marine (South Korea) (HMM) and Yang Ming Marine Transport Corp. Ltd. (Taiwan) (Yang Ming). As at 31 March 2022, “THE Alliance” covered all East–West trades with 258 container vessels and 29 services (31 March 2021: 268 container vessels and 31 services).

Capacity share of alliances based on selected trades

in %	Far East trade	Transpacific trade	Atlantic trade
2M	34	29	45
Ocean Alliance	32	36	13
THE ALLIANCE	23	25	31
Other	11	10	11

Source: Alphaliner, March 2022

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 Hapag-Lloyd Group's functional currency is the US dollar. The reporting currency of the interim consolidated financial statements of Hapag-Lloyd AG is, however, the euro. Assets and liabilities recognised in the interim consolidated financial statements of Hapag-Lloyd AG are translated into euros as at the balance sheet date (closing date rate) using the mean rate of that day. 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 currency translation differences are recognised directly in the Group's other comprehensive income. If required, hedging transactions are conducted in the Hapag-Lloyd Group to hedge against the USD/EUR exchange rate.

Shareholder structure of Hapag-Lloyd AG

The shareholder structure of Hapag-Lloyd AG is dominated by its five major shareholders, which together hold around 96.4% of the Company's share capital. These include Kühne Maritime GmbH together with Kühne Holding AG (Kühne), CSAV Germany Container Holding GmbH (CSAV), Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH (HGV), and Qatar Holding Germany GmbH on behalf of the Qatar Investment Authority (QIA) and Public Investment Fund of the Kingdom of 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.

The shareholder structure of Hapag-Lloyd AG as at 31 March 2022 (unchanged to 31 March 2021) is as follows:

in %	31.03.2022
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
Public Investment Fund of the Kingdom of Saudi Arabia	10.2
Free float	3.6
Total	100.0

IMPORTANT FINANCIAL PERFORMANCE INDICATORS

Important financial performance indicators for the Hapag-Lloyd Group include earnings before interest, taxes, depreciation and amortisation (EBITDA) and earnings before interest and taxes (EBIT). Transport volume and freight rates are important factors influencing the development of revenue and results. The development of the financial performance indicators in the first quarter of the year 2022 is presented in the section "Group earnings position".

Hapag-Lloyd is aiming to be profitable throughout the entire economic cycle, i.e., to achieve a return on invested capital that is at least equal to the Company's weighted average cost of capital. For this reason, return on invested capital (ROIC) is used as an additional strategic performance indicator. 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 and lease liabilities. 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.

In the first three months of 2022, Hapag-Lloyd generated an annualised return on invested capital (ROIC) of 118.5% (prior year period: 43.3%). The weighted average cost of capital at the balance sheet date 31 December 2021 was 7.0%.

Calculation of the ROIC is as follows:

	million EUR		million USD	
	Q1 2022	Q1 2021	Q1 2022	Q1 2021
Non-current assets	15,498.5	13,260.9	17,206.9	15,557.0
Inventory	424.5	237.4	471.3	278.5
Accounts receivables	3,374.1	1,728.4	3,746.1	2,027.7
Other assets	401.1	456.3	445.3	535.3
Assets	19,698.2	15,683.0	21,869.6	18,398.6
Provisions	1,070.0	888.1	1,188.0	1,041.9
Accounts payable	2,332.7	1,906.1	2,589.9	2,236.1
Other liabilities	1,781.3	880.5	1,977.4	1,033.0
Liabilities	5,184.0	3,674.7	5,755.3	4,311.0
Invested Capital	14,514.1	12,008.3	16,114.3	14,087.5
EBIT	4,266.9	1,277.0	4,790.9	1,539.5
Taxes	16.6	11.0	18.7	13.3
Net Operating Profit after Tax (NOPAT)	4,250.3	1,266.0	4,772.2	1,526.2
Return on Invested Capital (ROIC, annualised, in %)			118.5	43.3

Figures are in USD, rounded, aggregated and calculated on an annualised basis (i.e. extrapolating NOPAT to the full financial year). 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. As part of Strategy 2023, further non-financial parameters, such as quantifiable quality targets in particular, were successively implemented. The majority of the quality targets have already been published and the customer is provided with Hapag-Lloyd's performance in relation to these quality promises.

Flexible fleet and capacity development

As at 31 March 2022, Hapag-Lloyd's fleet comprised a total of 248 container vessels (31 March 2021: 241 vessels). The takeover of NileDutch in the third quarter of 2021 increased the fleet by ten container vessels. 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 vessels are also 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 2022 was 1,750.1 TTEU, thus 1.0% higher than as per 31 March 2021 (1,733.6 TTEU). The takeover of NileDutch in the third quarter of 2021 had increased the capacity by 29.5 TTEU. Based on the TEU capacities, 61% of the fleet was owned by the Group as at 31 March 2022 (31 March 2021: 61%). At present, two vessels with a capacity of 9.3 TTEU are subchartered to other shipping companies. In the first quarter of 2022, three second-hand vessels were acquired and purchase contracts for two further vessels were signed. The total capacity of these five vessels is 19,329 TEU.

As at 31 March 2022, the average age of Hapag-Lloyd's total fleet (capacity-weighted) was 10.7 years (31. March 2021: 9.7 years) and thus slightly above the average level of the world's ten largest container shipping lines of 10.3 years (31 March 2021: 9.9 years). The average vessel size within the Hapag-Lloyd Group fleet is 7.1 TTEU (31 March 2021: 7.2 TTEU), which is approximately 11% above the comparable average figure for the ten largest container liner shipping companies worldwide of 6.4 TTEU (31 March 2021: 6.3 TTEU; Source: MDS Transmodal) and around 60% above the average vessel size in the global fleet of 4.4 TTEU (31 March 2021: 4.3 TTEU; source: MDS Transmodal).

As at 31 March 2022, Hapag-Lloyd owned or rented 1.81 million containers (31 March 2021: 1.66 million) with a capacity of 3,033.0 TTEU for shipping cargo (31 March 2021: 2,757.8 TTEU). The capacity-weighted share of leased containers was around 42% as at 31 March 2022 (31 March 2021: 45%).

Hapag-Lloyd's service network comprised 123 services as at 31 March 2022 (31 March 2021: 121 services).

Structure of Hapag-Lloyd's container ship fleet

	31.3.2022	31.12.2021	31.3.2021
Number of vessels	248	253	241
thereof	–	–	–
Own vessels ¹	116	113	112
Chartered vessels	132	140	129
Aggregate capacity of vessels (TTEU)	1,750	1,769	1,734
Aggregate container capacity (TTEU)	3,033	3,058	2,758
Number of services	123	126	121

¹ Including lease agreements with purchase option/obligation at maturity

Bunker consumption totalled approximately 1.06 million tonnes in the first quarter of 2022 and therefore increased slightly by around 1.1% compared with the previous year (Q1 2021: approximately 1.05 million tonnes). This increase was essentially caused by a rise in vessel capacity compared with the prior year period and longer waiting times at and outside of ports.

The percentage of low-sulphur bunker (MFO low sulphur 0.1% and 0.5%, MDO) and liquefied natural gas (LNG) fell slightly from 92% in Q1 2021 to 89% in the first three months of 2022 as a result of scrubbers being fitted on additional vessels. Bunker consumption per slot (as measured by the average container storage capacity, annualised) increased slightly to 2.43 tonnes in Q1 2022 (Q1 2021: 2.41 tonnes). In terms of transported TEU, bunker consumption also increased slightly from 0.35 tonnes per TEU in Q1 2021 to 0.36 tonnes per TEU in Q1 2022.

Hapag-Lloyd's order book as at 31 March 2022 comprised twelve newbuilds with a size of 23,660 TEU and five newbuilds of different sizes of about 13,000 TEU. The total capacity of the newbuilds is around 350,000 TEU. While two of the 13,000 TEU vessels are expected to be delivered at the end of the current financial year, the other vessels are scheduled for completion and delivery in 2023 and 2024.

In addition to the newbuilds owned by the Company, Hapag-Lloyd will add five new vessels of different sizes of about 13,000 TEU to its fleet as long-term charters. Two of these newbuilds will be received in the current financial year.

Customers

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. Contractual relationships of up to 36 months generally exist with direct customers. Direct customers allow Hapag-Lloyd to plan the required transport capacity better because of the framework agreements concluded with them. Hapag-Lloyd has a balanced customer base, as demonstrated by the fact that its 50 largest customers represent considerably less than 50% of its cargo volume. In the first three months of the 2022 financial year, Hapag-Lloyd completed transport contracts for approximately 22,000 customers (Q1 2021: approximately 20,800).

Employees

The Hapag-Lloyd Group employed 14,023 people as at 31 March 2022 (31 March 2021: 13,340). Of this total, 11,939 were shore-based employees (31 March 2021: 11,106), while 1,857 people were employed in the marine division (31 March 2021: 2,017). The number of shore-based employees therefore rose significantly by 833, an increase due to the expansion of the Global Service Centers in India, the worldwide Quality Service Centers, the IT Knowledge Center in Gdańsk and the takeover of NileDutch in the third quarter of 2021. Hapag-Lloyd also employed 227 apprentices as at 31 March 2022 (31 March 2021: 217).

Number of employees

	31.3.2022	31.12.2021	31.3.2021
Marine personnel	1,857	1,868	2,017
Shore-based personnel	11,939	11,997	11,106
Apprentices	227	241	217
Total	14,023	14,106	13,340

ECONOMIC REPORT

General economic conditions

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

Despite the rapid spread of the Omicron variant of COVID-19, the global economy got off to a good start in 2022 before the situation deteriorated due to Russia's invasion of Ukraine at the end of February. A sharp rise in energy and commodity prices and an increase in supply shortages, due in part to suspended production in Ukraine and sanctions against Russia, have had an adverse effect on the European economy in particular in the recent period.

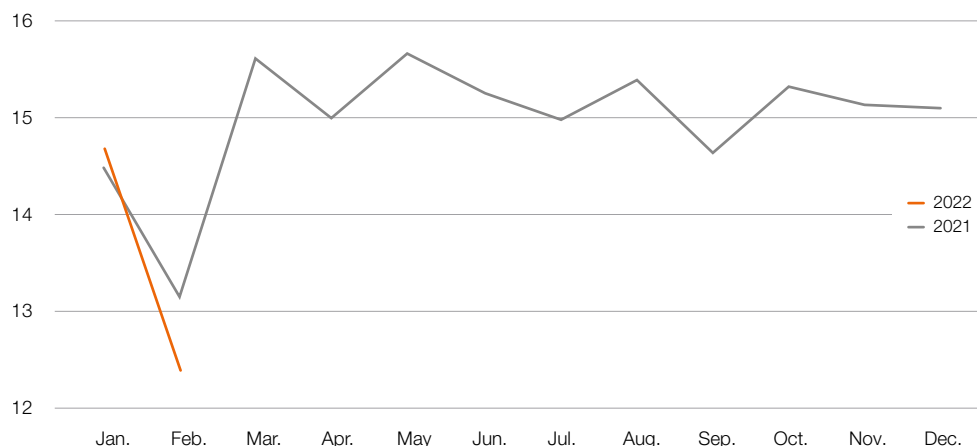
The Chinese economy grew in the first quarter of 2022 by a surprisingly strong 4.8% compared with the prior year period. The growth rate was thus higher than in the previous quarter (Q4 2021: +4.0%). Imports of goods increased by 7.5 % and exports by 13.4 % (National Bureau of Statistics of China, April 2022). The main recipients of Chinese goods are the USA and Europe. The US economy grew by 3.6% year-on-year in the first quarter of 2022. Compared with the strong fourth quarter of 2021, however, economic output declined slightly, partly also due to a widening of the trade deficit. While imports of goods were up 10.5% year-on-year in the first quarter, the increase in exports was just 3.0% (U.S. Department of Commerce, April 2022). The EU recorded economic growth of 5.2% year-on-year in Q1 2022 and a slight growth compared to Q4 2021. Exports of goods from the EU rose by 18.4% in the period January to February 2022 compared with the prior year period. Imports of goods increased even more significantly by 49.3%, although this was primarily due to a rise in energy imports of 136.7%, which in turn was caused by the jump in energy prices (Eurostat, April 2022).

The war in Ukraine and the resulting uncertainty on the international energy markets also drove oil prices up substantially. At the end of March 2022, the price of Brent Crude stood at USD 107.91 per barrel, a significant increase of 69.8% compared with USD 63.54 per barrel on 31 March 2021 (Platts Bunkerwire, Bloomberg, March 2022).

Sector-specific conditions

Global container transport volumes fell by 2.0% in the period January to February 2022 compared with the prior year period (CTS, April 2022). This was due in part to the strong figure in the previous year but also resulted from the ongoing disruption to global supply chains. While the transport volume on the Intra-Asia trade rose slightly, it decreased on most of the other major trades. Transport volumes from North America and Europe to the Far East in particular fell sharply by 14.4% and 13.3%. Due to the Chinese New Year's festival, the monthly cargo volume is traditionally at its lowest in February and subject to strong fluctuations.

Monthly global container transport volumes (in million TEU)



Source: CTS, April 2022

The Shanghai Containerized Freight Index (SCFI), which tracks spot freight rates on the major trade routes from Shanghai, was also lower in the first quarter of 2022. The index was at USD 4,434/TEU at the end of March 2022, down from USD 5,047/TEU at the end of 2021. Compared with its historical performance, however, the index is still at a very high level. The index stood at just USD 2,571/TEU at the end of March 2021.

The continued strong level of demand is also reflected in the low share of idle ships. They accounted for 0.2 million TEU at the end of the first quarter 2022, or 0.8% of the global fleet (Alphaliner Weekly, April 2022; Drewry Q1 2022). The figure was at a similar level as at 31 March 2021 with 0.2 million TEU, or 1.0% of the global fleet. By comparison, the figure totalled around 2.7 million TEU (Alphaliner Weekly, June 2020) at the end of May 2020, which corresponded to 12% of the global fleet. This was due to the collapse in demand caused by the outbreak of the COVID-19 pandemic.

Based on figures from MDS Transmodal, a total of 27 container ships with a transport capacity of 177 TTEU were placed into service in the first quarter of 2022 (prior year period: 44 ships with a transport capacity of 243 TTEU). According to Clarksons, no container ships were scrapped in the same period (prior year period: 8 TTEU).

In the first quarter of 2022, orders were placed for the construction of 137 container ships with a transport capacity totalling 1.0 million TEU, significantly less than the 1.9 million TEU in the previous year's quarter (Clarksons Research, April 2022). Compared with previous years, however, the volume of new orders remains at a high level. According to MDS Transmodal, the tonnage of the commissioned container ships rose to around 6.3 million TEU at the end of March 2022 as a result, up from 3.0 million TEU at 31 March 2021. This means that, although the order volume in proportion to the current global container fleet capacity is 25.4% and therefore at its highest level since 2011, it is still significantly below the peak of around 61% recorded in 2007.

The bunker price increased significantly once again in the first quarter of 2022 due to the war between Russia and Ukraine. At the end of March 2022, low-sulphur bunker fuel cost USD 806/t, up from USD 550/t at the end of 2021 (MFO 0.5%, FOB Rotterdam).

GROUP EARNINGS, FINANCIAL AND NET ASSET POSITION

Group earnings position

In the first quarter of the 2022 financial year, unabatedly strong demand for container transport in particular contributed to the positive development of the sector. However, in a difficult market environment prompted by ongoing disruption to global supply chains, operational challenges resulted in extended round voyage times for ships and containers.

Compared with the first quarter of 2021, the rise in the average freight rate (in USD) of 83.9% resulted in revenue growth of 96.1%, while the transport volume remained at the previous year's level. The stronger US dollar had a positive effect overall and also caused earnings to increase. The average USD/EUR exchange rate was 1.12 USD/EUR in the first quarter of 2022, compared with 1.21 USD/EUR in the corresponding prior year period. By contrast, higher container handling expenses (+23.3%) and an increase in the average bunker consumption price (+59.6%) reduced the operating result.

Hapag-Lloyd generated earnings before interest, taxes, depreciation and amortisation (EBITDA) of EUR 4,726.4 million in the reporting period (prior year period: EUR 1,584.0 million) and earnings before interest and taxes (EBIT) of EUR 4,266.9 million (prior year period: EUR 1,277.0 million). The Group profit came to EUR 4,171.3 million (prior year period: EUR 1,203.4 million).

Consolidated income statement

million EUR	Q1 2022	Q1 2021
Revenue	7,976.6	4,067.4
Transport expenses	2,950.7	2,270.4
Personnel expenses	210.0	164.3
Depreciation, amortisation and impairment	459.5	306.9
Other operating result	-100.9	-49.9
Operating result	4,255.4	1,275.8
Share of profit of equity-accounted investees	11.5	1.3
Earnings before interest and tax (EBIT)	4,266.9	1,277.0
Interest result	-48.0	-64.3
Other financial items	-31.0	1.8
Income taxes	16.6	11.0
Group profit/loss	4,171.3	1,203.4
thereof profit/loss attributable to shareholders of Hapag-Lloyd AG	4,167.1	1,200.8
thereof profit/loss attributable to non-controlling interests	4.2	2.6
Basic / diluted earnings per share (in EUR)	23.71	6.83
EBITDA	4,726.4	1,584.0
EBITDA margin (%)	59.3	38.9
EBIT	4,266.9	1,277.0
EBIT margin (%)	53.5	31.4

Transport volume per trade

TTEU	Q1 2022	Q1 2021
Atlantic ¹	489	516
Transpacific	432	437
Far East	601	585
Middle East	414	389
Intra-Asia	157	171
Latin America	735	769
Africa ¹	160	107
Total	2,987	2,975

¹ As part of the integration of NileDutch in the third quarter of 2021, the EMA trade (Europe – Mediterranean – Africa) was renamed the Africa trade. Transport volumes within Europe are now added to the Atlantic trade. The previous year's figures have been adjusted accordingly.

The transport volume of 2,987 TTEU in the first quarter of 2022 (prior year period: 2,975 TTEU) remained at the previous year's level (+0,4%).

The strong demand for exported goods from Asia led to an increase in transport volumes on the Middle East and Far East trades in particular compared with the prior year period. On the Africa trade, the transport volume increased primarily due to the integration of Nile Dutch into the Hapag-Lloyd Group in the third quarter of 2021.

The lower transport volume on the Intra-Asia and Latin America trade was essentially due to the optimised repositioning of containers to other trades. On the Atlantic and Transpacific trade, a difficult market environment characterised by the congestion of local port infrastructure and the resulting delays and suspension of container handling led to a decline in the transport volume, despite high demand for container transport.

Freight rates per trade

USD/TEU	Q1 2022	Q1 2021
Atlantic ¹	2,439	1,308
Transpacific	3,788	1,936
Far East	3,265	1,967
Middle East	2,047	1,114
Intra-Asia	2,055	1,020
Latin America	2,616	1,360
Africa ¹	2,530	1,520
Total (weighted average)	2,774	1,509

¹ As part of the integration of NileDutch in the third quarter of 2021, the EMA trade (Europe – Mediterranean – Africa) was renamed the Africa trade. Transport volumes within Europe are now added to the Atlantic trade. The previous year's figures have been adjusted accordingly.

The average freight rate in the first quarter of the 2022 financial year was USD 2,774/TEU, which was USD 1,266/TEU, or 83.9%, up on the prior year period (USD 1,509/TEU).

The continuing increase in the freight rate was primarily due to ongoing strong demand for consumer goods from Asia and to a simultaneous scarcity of transport capacity in an overstrained market environment.

Revenue per trade

million EUR	Q1 2022	Q1 2021
Atlantic ¹	1,062.2	560.1
Transpacific	1,457.0	701.4
Far East	1,747.7	955.1
Middle East	753.9	359.7
Intra-Asia	287.0	144.6
Latin America	1,713.3	867.9
Africa ¹	360.3	134.3
Revenue not assigned to trades	595.2	344.2
Total	7,976.6	4,067.4

¹ As part of the integration of NileDutch in the third quarter of 2021, the EMA trade (Europe – Mediterranean – Africa) was renamed the Africa trade. Transport volumes within Europe are now added to the Atlantic trade. The previous year's figures have been adjusted accordingly.

The Hapag-Lloyd Group's revenue rose by EUR 3,909.2 million to EUR 7,976.6 million in the first quarter of the 2022 financial year (prior year period: EUR 4,067.4 million), representing an increase of 96.1%. The main reason for this was the rise in the average freight rate of 83.9% compared with the previous year. The strengthening of the US dollar against the euro also caused revenue to increase. Adjusted for exchange rate movements, revenue would have risen by EUR 3.6 billion, or 82.7%.

The item for revenue not assigned to trades mainly comprises income from demurrage and detention for containers, as well as income from charter rents and compensation payments for shipping space. At the same time, revenue for pending voyages already generated is recognised under revenue not assigned to trades.

Operating expenses

million EUR	Q1 2022	Q1 2021
Transport expenses	2,950.7	2,270.4
thereof		
Transport expenses for completed voyages	2,954.7	2,259.4
Bunker	581.4	321.8
Handling and haulage	1,495.1	1,212.9
Equipment and repositioning ¹	341.8	277.5
Vessels and voyages (excluding bunker) ¹	536.4	447.1
Transport expenses for pending voyages ²	–3.9	11.1
Personnel expenses	210.0	164.3
Depreciation, amortisation and impairments	459.5	306.9
Other operating result	–100.9	–49.9
Total operating expenses	3,721.2	2,791.6

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 680.3 million in the first quarter of the 2022 financial year to EUR 2,950.7 million (prior year period: EUR 2,270.4 million). This represents an increase of 30.0%, which was primarily due to the rise in container handling expenses compared with the previous year and the higher average bunker consumption price. In addition, the stronger US dollar against the euro contributed to the increase in transport expenses. Adjusted for exchange rate movements, transport expenses would have risen by EUR 0.5 billion, or 21.0%.

In the first quarter of the 2022 financial year, the average bunker consumption price for Hapag-Lloyd was USD 613/t, up USD 229/t (+59.6%) on the figure of USD 384/t for the prior year period. This led to an increase in fuel expenses of EUR 259.5 million to EUR 581.4 million (prior year period: EUR 321.8 million).

Container handling expenses rose by EUR 282.2 million in the first quarter of the reporting year to EUR 1,495.1 million (prior year period: EUR 1,212.9 million). This essentially resulted from increased demurrage and detention for containers due to partial congestion of port and hinterland infrastructure. In addition, increased expenses for hinterland transport of containers, mainly by feeder ships and trucks, contributed to the increase.

Container and repositioning expenses increased year-on-year due to higher expenses for demurrage and detention for empty containers at port terminals and for repositioning them.

The increase in expenses for vessels and voyages (excluding fuel) resulted primarily from the rise in the percentage of ships chartered in on a medium-term basis and the resulting operating expenses (non-leasing components) as well as from the increased expenses for container slot charter costs on third-party ships.

Personnel expenses rose by EUR 45.6 million to EUR 210.0 million in the first quarter of the 2022 financial year (prior year period: EUR 164.3 million). The increase was mainly attributable to the structural adjustment to the bonus system at the end of the 2021 financial year and the higher number of employees within the Hapag-Lloyd Group. The strengthening of the US dollar against the euro also caused expenses to increase.

In the first quarter of the 2022 financial year, there was a year-on-year rise in depreciation and amortisation of EUR 152.6 million to EUR 459.5 million (prior year period: EUR 306.9 million). This increase was primarily due to the rise in the percentage of ships chartered in on a medium-term basis compared with the prior year period at simultaneously higher charter rates and the resulting increase in rights of use. The amortisation of rights of use relating to leased assets (essentially vessels and containers) led to amortisation of EUR 227.1 million (prior year period: EUR 137.3 million). The stronger US dollar compared with the euro also led to a rise in depreciation and amortisation.

The other operating result of EUR –100.9 million (prior year period: EUR –49.9 million) comprised the net balance of other operating income and expenses. Other operating expenses totalled EUR 120.8 million for the first quarter of the 2022 financial year (prior year period: expenses of EUR 66.8 million). This mainly included IT expenses (EUR 54.8 million; prior year period: EUR 39.1 million), consultancy fees (EUR 10.3 million; prior year period EUR 4.6 million), office and administrative costs (EUR 8.5 million; prior year period: EUR 5.7 million) and expenses for allowances for doubtful accounts (EUR 11.6 million; prior year period: EUR 6.3 million). Other operating income totalled EUR 19.9 million for the first quarter of the 2022 financial year (prior year period: EUR 16.9 million).

Key earnings figures

million EUR	Q1 2022	Q1 2021
Revenue	7,976.6	4,067.4
EBIT	4,266.9	1,277.0
EBITDA	4,726.4	1,584.0
EBIT margin (%)	53.5	31.4
EBITDA margin (%)	59.3	38.9
Basic earnings per share (in EUR)	23.71	6.83
Return on invested capital (ROIC) annualised (%) ¹	118.5	43.3

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

Interest result

The interest result in the first quarter of the 2022 financial year was EUR –48.0 million (prior year period: EUR –64.3 million). The decrease in interest expenses compared with the first quarter of 2021 were mainly due to the early repayments of bank debt and to the refinancing of the EUR bond carried out in the previous year.

Other financial items

In the first quarter, a currency forward contract was concluded for the dividend held in euros which is payable to shareholders three days after the Annual General Meeting to be held on 25 May 2022. As hedge accounting is not applicable to this currency forward contract, it should be classified as an FVTPL derivative whose change of market value as at 31 March 2022 of EUR –31.3 million should be recognised immediately through profit or loss.

Group profit

A Group profit of EUR 4,171.3 million was achieved in the first quarter of the 2022 financial year (prior year period: EUR 1,203.4 million).

Group financial position**Condensed statement of cash flows**

million EUR	Q1 2022	Q1 2021
Cash flow from operating activities	4,490.9	1,366.4
Cash flow from investing activities	-369.0	-77.2
Free cash flow	4,122.0	1,289.2
Cash flow from financing activities	-400.0	-411.7
Changes in cash and cash equivalents	3,722.0	877.5

Cash flow from operating activities

Hapag-Lloyd generated an operating cash flow of EUR 4,490.9 million in the first quarter of the 2022 financial year (prior year period: EUR 1,366.4 million). The increase in the cash flow from operating activities was primarily due to higher earnings in the current financial year.

Cash flow from investing activities

In the first quarter of the 2022 financial year, the cash outflow from investing activities totalled EUR 369.0 million (prior year period: EUR 77.2 million). This primarily included payments for investments of EUR 384.7 million (prior year period: EUR 79.1 million) in ships, ship equipment and new containers. The payments for containers acquired in the previous year included in the investment amount were EUR 189.7 million.

Cash flow from financing activities

Financing activities resulted in a net cash outflow of EUR 400.0 million in the first quarter of the financial year (prior year period: EUR 411.7 million). The cash outflow essentially resulted from interest and redemption payments from lease liabilities in accordance with IFRS 16 in the amount of EUR 256.7 million (prior year period: EUR 145.6 million). The interest and redemption payment relating to financial liabilities for vessel and container financing totalled EUR 134.1 million in the first quarter of the financial year (prior year period: EUR 281.3 million).

Developments in cash and cash equivalents

million EUR	Q1 2022	Q1 2021
Cash and cash equivalents at beginning of period	7,723.4	681.3
Changes due to exchange rate fluctuations	192.0	55.7
Net changes	3,722.0	877.5
Cash and cash equivalents at end of period	11,637.3	1,614.6

Overall, cash inflow totalled EUR 3,722.0 million in the first quarter of the 2022 financial year. After accounting for exchange rate-related effects in the amount of EUR 192.0 million, cash and cash equivalents of EUR 11,637.3 million were reported at the end of the reporting period on 31 March 2022 (31 March 2021: EUR 1,614.6 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 unused credit lines of EUR 653.0 million (31 March 2021: EUR 498.7 million). The liquidity reserve (consisting of cash, cash equivalents and unused credit lines) therefore totalled EUR 12,290.3 million (31 March 2021: EUR 2,133.3 million).

Financial solidity

million EUR	31.3.2022	31.12.2021
Financial debt and lease liabilities	5,399.8	5,497.2
Cash and cash equivalents	11,637.3	7,723.4
Net liquidity¹	6,237.5	2,226.3
Unused credit lines	653.0	516.9
Equity ratio (%)	66.2	60.5

¹ Cash and cash equivalents less financial debt and lease liabilities

The Group's net liquidity amounted to EUR 6,237.5 million as at 31 March 2022. This was a rise of EUR 4,011.2 million compared to net liquidity of EUR 2,226.3 million as at 31 December 2021. The improvement was primarily due to a positive operating cash flow.

The equity ratio increased by 5.7 percentage points, from 60.5% as at 31 December 2021 to 66.2%. Due to the earnings in the reporting period, equity was up by EUR 4,589.7 million compared with 31 December 2021 and came to EUR 20,751.7 million as at 31 March 2022. A detailed overview of the change in equity can be found in the consolidated statement of changes in equity of the interim consolidated financial statements.

Group net asset position

Changes in the asset structure

million EUR	31.3.2022	31.12.2021
Assets		
Non-current assets	15,498.5	15,284.0
of which fixed assets	15,400.3	15,204.5
Current assets	15,837.0	11,430.5
of which cash and cash equivalents	11,637.3	7,723.4
Total assets	31,335.5	26,714.5
Equity and liabilities		
Equity	20,751.7	16,162.0
Borrowed capital	10,583.8	10,552.5
of which non-current liabilities	4,441.8	4,594.2
of which current liabilities	6,142.1	5,958.3
of which financial debt and lease liabilities	5,399.8	5,497.2
of which non-current financial debt and lease liabilities	4,038.7	4,138.5
of which current financial debt and lease liabilities	1,361.1	1,358.6
Total equity and liabilities	31,335.5	26,714.5
Net liquidity	6,237.5	2,226.3
Equity ratio (%)	66.2	60.5

As at 31 March 2022, the Group's statement of financial position total was EUR 31,335.5 million, which is EUR 4,621.0 million higher than the figure at year-end 2021. The reasons for this change primarily included the rise in cash and cash equivalents, price-related increases in receivables and the higher equity as a result of the result for the period. The USD/EUR exchange rate was quoted at 1.11 on 31 March 2022 (31 December 2021: 1.13).

Within non-current assets, the carrying amounts of fixed assets increased slightly by a total of EUR 195.8 million to EUR 15,400.3 million (31 December 2021: EUR 15,204.5 million). This rise was essentially due to investments in ships, ship equipment and containers in the amount of EUR 205.0 million (prior year period: EUR 98.3 million), newly received and extended rights of use for lease assets in the amount of EUR 161.4 million (prior year period: EUR 321.0 million) and exchange rate effects as at the reporting date in the amount of EUR 285.4 million (prior year period: EUR 565.5 million). Depreciation and amortisation of EUR 459.5 million had an opposite effect (prior year period: EUR 306.9 million) on fixed assets. This includes an amount of EUR 227.1 million (prior year period: EUR 137.3 million) for the amortisation of capitalised rights of use relating to lease assets.

Cash and cash equivalents increased by EUR 3,913.9 million to EUR 11,637.3 million compared to the end of 2021 (EUR 7,723.4 million) primarily as a result of the positive operating cash flow.

On the liabilities side, equity (including non-controlling interests) grew by EUR 4,589.6 million to a total of EUR 20,751.7 million. This increase was mainly due to the Group profit of EUR 4,171.3 million (prior year period: EUR 1,203.4 million) recognised in retained earnings and the unrealised gains from currency translation of EUR 355.2 million (prior year period: EUR 338.3 million) recognised in other comprehensive income. The equity ratio was 66.2% as at 31 March of the current year (31 December 2021: 60.5%).

The Group's borrowed capital remained virtually the same as in the consolidated financial statements for 2021. Within borrowed capital, financial debt and lease liabilities fell slightly by a total of EUR 97.4 million. Financial debt and lease liabilities rose due to newly acquired or extended rights of use for lease assets in the amount of EUR 157.1 million (prior year period: EUR 318.5 million) and exchange rate effects as at the reporting date in the amount of EUR 97.0 million (prior year period: EUR 217.7 million). This increase was more than offset by redemption payments for financial debt and lease liabilities totalling EUR 351.8 million (prior year period: EUR 455.9 million).

Taking cash and cash equivalents, financial debt and lease liabilities into account, net liquidity as at 31 March 2022 was EUR 6,237.5 million (31 December 2021: EUR 2,226.3 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 interim consolidated financial statements.

Executive Board's statement on overall expected developments

The global economy developed positively in the first quarter of the 2022 financial year despite the ongoing COVID-19 pandemic. With the existing disruptions to global supply chains, world-wide transport volumes were down, but spot freight rates, particularly for exports from the Asian region, were at a very high level compared with the prior year period, if also with a slight downward trend. By contrast, Russia's invasion of Ukraine at the end of February impacted overall economic development. The geopolitical and economic environment, particularly in Europe, has changed since then and raw material and energy prices have risen sharply.

In the first quarter of the 2022 financial year, earnings of the Hapag-Lloyd Group were significantly positively impacted in particular by the year-on-year increase in average freight rates. A difficult market environment caused by operational challenges as well as a strong increase in the bunker consumption price reduced the Group's earnings. Despite the good financial business performance in the first quarter of the 2022 financial year, the Executive Board assesses the market environment for the next quarters as challenging and highly uncertain.

OUTLOOK, RISK AND OPPORTUNITY REPORT

Outlook

General economic outlook

Despite the war in Ukraine and its impact on the global economy, the general economic conditions that are important for container shipping remain positive overall, even though the global economy and global trade are likely to grow at a slower rate than forecast at the start of the year.

According to the IMF's April forecast, the global economy will grow by 3.6% in 2022, after expanding by 6.1% in the previous year. This puts expected economic growth for 2022 0.8 percentage points lower than forecast in January 2022. In the USA, the continuing disruption to supply chains is likely to result in supply bottlenecks and ongoing inflationary pressure. For this reason, the Federal Reserve is predicted to significantly tighten monetary policy. In China, by contrast, the strict COVID-19 measures and problems in the real estate sector are expected to weaken growth. In Europe, growth predictions – particularly for the export-driven German economy – have been revised downwards sharply by 1.7 percentage points to 2.1% due to the disruption to supply chains and high energy prices. International trade in goods and services is expected to grow by 5.0% in 2022 (one percentage point less than forecast in January 2022), after increasing by 10.1% in the previous year.

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

in %	2023e	2022e	2021	2020	2019
Global economic growth	3.6	3.6	6.1	-3.1	2.9
Industrialised countries	2.4	3.3	5.2	-4.5	1.7
Developing and newly industrialised countries	4.4	3.8	6.8	-2.0	3.7
World trade volume (goods and services)	4.4	5.0	10.1	-7.9	0.9

Source: IMF World Economic Outlook, April 2022

Sector-specific outlook

The slower growth of the global economy in the 2022 financial year is likely to lead to more moderate growth in container transport volumes. The ongoing disruption to global supply chains will also continue to have a negative effect on the development of volumes. A recovery in supply chains will be further delayed as a result of Russia's attack on Ukraine and the tightening of COVID-19 restrictions in China. Seabury predicts that the growth of the global container transport volume will contract to 2.6% this year. In 2021, the volume grew by 6.6%, due also to a weak base in the previous year as a result of the pandemic (CTS 2022).

Development of container transport volume

	2023e	2022e	2021	2020	2019
Growth rate in %	4.0	2.6	6.6	-1.1	1.3

Sources: CTS (March 2022) for 2019–2021, Seabury (March 2022) for 2022 and Seabury (December 2021) for 2023

The strong demand for transport combined with a shortage of available vessels resulted in a noticeable increase in ship orders in the last year and a half. According to MDS Transmodal, the tonnage of the commissioned container ships rose significantly to around 6.3 million TEU at the end of March 2022, up from 2.9 million TEU at 31 March 2021. This means that, although the order volume in proportion to the current global container fleet capacity is 25.4% and therefore at its highest level since 2011, it is still significantly below the peak of around 61% recorded in 2007.

For 2022, Drewry expects the globally available container ship fleet to grow by 0.9 million TEU, or 3.5%. Although capacity growth is therefore slightly higher than the increase in demand of 2.6%, ship capacities are expected to be fully utilised in the 2022 financial year due to the current capacity bottlenecks, longer waiting and berthing times outside of and at ports, and a backlog at shipyards. The majority of the ships ordered will be delivered in 2023 (around 2.5 million TEU) and 2024 (around 2.2 million TEU) (MDS Transmodal, April 2022).

Expected development of global container fleet capacity

million TEU	2023e	2022e	2021	2020	2019
Existing fleet (beginning of the year)	25.6	24.7	23.6	23.0	22.1
Planned deliveries	2.5	1.0	1.2	1.1	1.1
Expected scrappings	0.3	0.0	0.0	0.2	0.2
Postponed deliveries and other changes	0.2	0.1	0.1	0.3	0.1
Net capacity growth	2.0	0.9	1.1	0.7	0.9
Net capacity growth (in %)	7.7	3.5	4.5	3.0	4.0

Source: Drewry Container Forecaster Q1 2022. 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.

Expected business development of Hapag-Lloyd

Hapag-Lloyd posted strong financial performance in the first quarter of 2022. Based on current business performance, the second quarter should also exceed previous expectations. Against this background, the Executive Board of Hapag-Lloyd AG has raised its earnings outlook for the current financial year on 28 April 2022. For 2022, Group EBITDA is now expected to be in the range of USD 14.5 to 16.5 billion (previously: USD 12.0 to 14.0 billion) and Group EBIT in the range of USD 12.5 to 14.5 billion (previously: USD 10.0 to 12.0 billion). In Euro, this corresponds to an expected Group EBITDA of EUR 13.6 to 15.5 billion (previously: EUR 10.7 to 12.4 billion) and Group EBIT in the range of EUR 11.7 to 13.6 billion (previously: EUR 8.9 to 10.7 billion).

The earnings outlook is based on the assumptions that transport volumes will remain on previous year's level (previously: increase slightly) and that the average freight rate will increase clearly (previously: increase moderately) as compared to the previous year. At the same time, a further increase in transport expenses is anticipated. In particular, the average bunker consumption price is expected to increase clearly. The outlook is based on an average exchange rate of 1.07 USD/EUR (previously: 1.13 USD/EUR). Due to the ongoing COVID-19 pandemic and the war in Ukraine, the forecast is subject to a high degree of uncertainty.

The earnings forecast does not take into account material impairments on goodwill, other intangible assets and property, plant and equipment in the course of the 2022 financial year, which are currently not expected but cannot be ruled out.

	Actual 2021	Forecast 2022
Global economic growth (IMF, April 2022)	6.1%	3.6%
Increase in global trade (IMF, April 2022)	10.1%	5.0%
Increase in global container transport volume (CTS, March 2022; Seabury, March 2022)	6.6%	2.6%
Transport volume, Hapag-Lloyd	11.9 million TEU	On previous year's level
Average bunker consumption prices, Hapag-Lloyd	USD 475/t	Increasing clearly
Average freight rate, Hapag-Lloyd	USD 2,003/TEU	Increasing clearly
EBITDA (earnings before interest, taxes, depreciation and amortisation), Hapag-Lloyd	EUR 10.9 billion	EUR 13.6 – 15.5 billion
EBIT (earnings before interest and taxes), Hapag-Lloyd	EUR 9.3 billion	EUR 11.7 – 13.6 billion

In an industry environment dominated by volatile freight rates and stiff competition, business developments at Hapag-Lloyd are subject to risks and opportunities that could cause them to differ from the forecast. These and other 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 of the 2021 annual report. Discrepancies 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

The significant opportunities and risks and an assessment of these are detailed in the 2021 annual report. The assessment of the risks and opportunities detailed for the 2022 financial year has changed as follows.

Against the background of the Russia-Ukraine war and the uncertainty regarding its further development, including the extent of sanctions and embargoes and their direct impact on supply chains and industrial production, it is not possible to make a conclusive assessment of potential consequences either in terms of their extent or with regard to their duration.

Due to the clearly increased commodity price level factored into the forecast as well as the consumption volumes expected for the rest of the financial year, the negative effects of a rise in the bunker consumption price on the financial and earnings situation for this risk are now, based on the forecast assumptions, classified as severe.

With regard to the industry and company-specific risks and opportunities, there continue to be capacity bottlenecks in logistics chains. A temporary tightening of regional COVID-19 restrictions, in particular in China, is compounding the delays in transport chains and continuing to have a negative effect on the availability of ship and container capacities.

Due to the continuing positive market outlook regarding the demand for container transport in the rest of the year, the negative effects on the financial and earnings position as a result of a fluctuation in the average freight rate are now classified as severe.

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

Risk	Probability of occurrence	Potential impact
Fluctuation in transport volume	Medium	Critical
Fluctuation in average freight rate	Low	Severe
Bunker consumption price fluctuation	Medium	Severe
Information technology & security – cyberattack	Medium	Severe
Risks from capacity bottlenecks at ports and in regional logistics chains	Medium	Bearable

At the time of reporting on the first quarter of 2022, 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 2022

million EUR	Q1 2022	Q1 2021
Revenue	7,976.6	4,067.4
Transport expenses	2,950.7	2,270.4
Personnel expenses	210.0	164.3
Depreciation, amortisation and impairment	459.5	306.9
Other operating result	-100.9	-49.9
Operating result	4,255.4	1,275.8
Share of profit of equity-accounted investees	11.5	1.3
Earnings before interest and taxes (EBIT)	4,266.9	1,277.0
Interest income and similar income	5.6	3.8
Interest expenses and similar expenses	53.5	68.1
Other financial items	-31.0	1.8
Earnings before taxes	4,187.9	1,214.5
Income taxes	16.6	11.0
Group profit/loss	4,171.3	1,203.4
thereof attributable to shareholders of Hapag-Lloyd AG	4,167.1	1,200.8
thereof attributable to non-controlling interests	4.2	2.6
Basic/diluted earnings per share (in EUR)	23.71	6.83

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
of Hapag-Lloyd AG for the period 1 January to 31 March 2022

million EUR	Q1 2022	Q1 2021
Group profit/loss	4,171.3	1,203.4
Items which will not be reclassified to profit and loss:		
Remeasurements from defined benefit plans after tax	38.8	29.2
Remeasurements from defined benefit plans before tax	38.8	29.0
Tax effect	0.1	0.2
Currency translation differences (no tax effect)	355.2	338.3
Items which may be reclassified to profit and loss:		
Cash flow hedges (no tax effect)	21.9	18.8
Effective share of the changes in fair value	13.6	3.4
Reclassification to profit or loss	8.1	15.9
Currency translation differences	0.2	-0.5
Cost of hedging (no tax effect) ¹	3.4	-0.2
Changes in fair value	2.4	-0.9
Reclassification to profit or loss	0.9	0.8
Other comprehensive income after tax	419.3	386.2
Total comprehensive income	4,590.6	1,589.6
thereof attributable to shareholders of Hapag-Lloyd AG	4,586.2	1,586.5
thereof attributable to non-controlling interests	4.4	3.1

¹ Since the fourth quarter of the 2020 financial year, the costs of hedging have been reclassified from the items that are not reclassified to profit or loss to the items that are reclassified to profit or loss. The previous year's figures were adjusted accordingly.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
of Hapag-Lloyd AG as at 31 March 2022

Assets

million EUR	31.3.2022	31.12.2021
Goodwill	1,629.0	1,597.2
Other intangible assets	1,520.4	1,510.1
Property, plant and equipment	11,907.6	11,764.8
Investments in equity-accounted investees	343.4	332.4
Other assets	36.6	35.6
Derivative financial instruments	27.1	12.5
Income tax receivables	6.2	5.4
Deferred tax assets	28.2	26.0
Non-current assets	15,498.5	15,284.0
Inventories	424.5	337.2
Trade accounts receivable	3,374.1	2,999.2
Other assets	382.0	353.6
Derivative financial instruments	0.5	0.3
Income tax receivables	18.6	16.8
Cash and cash equivalents	11,637.3	7,723.4
Current assets	15,837.0	11,430.5
Total assets	31,335.5	26,714.5

Equity and liabilities

million EUR	31.3.2022	31.12.2021
Subscribed capital	175.8	175.8
Capital reserves	2,637.4	2,637.4
Retained earnings	16,775.0	12,608.8
Cumulative other equity	1,146.2	727.1
Equity attributable to shareholders of Hapag-Lloyd AG	20,734.3	16,149.1
Non-controlling interests	17.3	12.9
Equity	20,751.7	16,162.0
Provisions for pensions and similar obligations	275.2	311.1
Other provisions	86.9	101.3
Financial debt	2,498.3	2,572.1
Lease liabilities	1,540.4	1,566.4
Other liabilities	3.2	3.3
Derivative financial instruments	22.8	25.9
Deferred tax liabilities	15.0	14.1
Non-current liabilities	4,441.8	4,594.2
Provisions for pensions and similar obligations	9.8	9.5
Other provisions	698.2	598.6
Income tax liabilities	60.3	49.6
Financial debt	520.2	502.0
Lease liabilities	840.9	856.7
Trade accounts payable	2,332.7	2,323.9
Contract liabilities	1,455.2	1,445.8
Other liabilities	192.2	171.1
Derivative financial instruments	32.6	1.2
Current liabilities	6,142.1	5,958.3
Total equity and liabilities	31,335.5	26,714.5

CONSOLIDATED STATEMENT OF CASH FLOWS**of Hapag-Lloyd AG for the period 1 January to 31 March 2022**

million EUR	Q1 2022	Q1 2021
Group profit/loss	4,171.3	1,203.4
Income tax expenses (+)/income (-)	16.6	11.0
Other financial items	31.0	-1.8
Interest result	48.0	64.3
Depreciation, amortisation and impairment (+)/write-backs (-)	459.5	306.9
Profit (-)/loss (+) from disposals of non-current assets	-11.9	-1.1
Income (-)/expenses (+) from equity accounted investees and dividends from other investments	-11.5	-1.3
Other non-cash expenses (+)/income (-)	-2.1	-24.6
Increase (-)/decrease (+) in inventories	-79.8	-55.6
Increase (-)/decrease (+) in receivables and other assets	-335.4	-336.3
Increase (+)/decrease (-) in provisions	79.9	57.2
Increase (+)/decrease (-) in liabilities (excl. financial debt)	130.4	148.9
Payments received from (+)/made for (-) income taxes	-8.4	-5.2
Payments received for interest	3.3	0.5
Cash inflow (+)/outflow (-) from operating activities	4,490.9	1,366.4
Payments received from disposals of property, plant and equipment and intangible assets	15.7	2.7
Payments made for investments in property, plant and equipment and intangible assets	-384.7	-79.1
Cash inflow (+)/outflow (-) from investing activities	-369.0	-77.2

million EUR	Q1 2022	Q1 2021
Payments made for dividends	-1.0	-6.0
Payments received from raising financial debt	0.2	119.1
Payments made for the redemption of financial debt	-112.7	-327.6
Payments made for the redemption of lease liabilities	-239.1	-128.3
Payments made for interest and fees	-45.1	-57.1
Payments received (+) and made (-) from hedges for financial debt	-2.3	-11.8
Cash inflow (+)/outflow (-) from financing activities	-400.0	-411.7
Net change in cash and cash equivalents	3,722.0	877.5
Cash and cash equivalents at beginning of period	7,723.4	681.3
Change in cash and cash equivalents due to exchange rate fluctuations	192.0	55.7
Net change in cash and cash equivalents	3,722.0	877.5
Cash and cash equivalents at end of period	11,637.3	1,614.6

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
of Hapag-Lloyd AG for the period 1 January to 31 March 2022

million EUR	Equity attributable to shareholders		
	Subscribed capital	Capital reserves	Retained earnings
As at 1.1.2021	175.8	2,637.4	4,159.9
Total comprehensive income	–	–	1,200.8
thereof			
Group profit/loss	–	–	1,200.8
Other comprehensive income	–	–	–
Hedging gains and losses transferred to the cost of inventory	–	–	–
Transactions with shareholders	–	–	–1.3
thereof			
Distribution to non-controlling interests	–	–	–1.3
Deconsolidation	–	–	0.1
As at 31.3.2021	175.8	2,637.4	5,359.5
As at 1.1.2022	175.8	2,637.4	12,608.8
Total comprehensive income	–	–	4,167.1
thereof			
Group profit/loss	–	–	4,167.1
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 31.3.2022	175.8	2,637.4	16,775.0

of Hapag-Lloyd AG

Remeasure- ments 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-con- trolling interests	Total equity
-208.6	-12.4	-1.9	-42.4	-0.4	-265.8	6,707.2	15.5	6.722,7
29.2	18.8	-0.2	337.8	-	385.7	1,586.5	3.1	1.589,6
-	-	-	-	-	-	1,200.8	2.6	1.203,4
29.2	18.8	-0.2	337.8	-	385.7	385.7	0.5	386,2
-	-17.5	2.1	-	-	-15.4	-15.4	-	-15,4
-	-	-	-	-	-	-1.3	-4.7	-6,0
-	-	-	-	-	-	-1.3	-4.7	-6,0
-	-	-	-0.1	-	-0.1	-	-	-
-179.4	-11.1	-	295.3	-0.4	104.4	8,277.0	13.9	8.290,9
-149.6	-0.1	0.6	876.7	-0.5	727.1	16,149.1	12.9	16.162,0
38.8	21.9	3.4	355.0	-	419.1	4,586.2	4.4	4.590,6
-	-	-	-	-	-	4,167.1	4.2	4.171,3
38.8	21.9	3.4	355.0	-	419.1	419.1	0.2	419,3
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-1.0	-	-1,0
-	-	-	-	-	-	-1.0	-	-1,0
-110,8	21,8	4,0	1.231,7	-0,5	1.146,2	20.734,3	17,3	20.751,7

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 at Ballindamm 25, Hamburg, 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 registration 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 2022 and are reported and published in euros (EUR). All amounts recognised for the financial year are reported in millions of euros (EUR million) unless otherwise stated. In individual cases, rounding differences may occur in the tables and charts included in these interim consolidated financial statements. Such differences arise for computational reasons.

On 3 May 2022, the Executive Board approved the condensed interim consolidated financial statements for publication.

Effects of Russia-Ukraine war

As a result of the war started by Russia with Ukraine in February 2022, the underlying geopolitical and economic conditions have changed. However, the effects of the Russia-Ukraine war only had an immaterial impact on the Hapag-Lloyd Group's business operations in the first quarter of the reporting year.

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 2022 was prepared in compliance with the provisions of IAS 34. It is presented in condensed form. These condensed interim consolidated financial statements and the 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 2022 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 are not yet mandatory, we refer to the explanations in the Notes to the consolidated financial statements as at 31 December 2021. The possible effects of standards and interpretations that were adopted in 2022 but are not yet mandatory are currently being examined. The interim consolidated financial statements as at 31 March 2022 are to be read in conjunction with the audited and published IFRS consolidated financial statements as at 31 December 2021. 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 2021. Estimates and discretionary decisions are used in the same way as in the previous year. The actual values may differ from the estimated values. The Company entered into reverse repo transactions for the first time in the first quarter of 2022. Judgement was used in the decision to report the bank balances invested in reverse repo transactions under cash and cash equivalents in the statement of financial position and the statement of cash flows. Further details can be found in the chapter "Cash and cash equivalents". Due to the currently unforeseeable worldwide consequences of the COVID-19 pandemic and the current geopolitical situation, estimates and discretionary decisions are subject to increased uncertainty.

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 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.

As at 31 March 2022, the closing US dollar/euro exchange rate was quoted as USD 1.11025/EUR (31 December 2021: USD 1.13180/EUR). For the first quarter of 2022, the average US dollar/euro exchange rate was USD 1.12280/EUR (prior year period: USD 1.20550/EUR).

New accounting standards

The standards to be applied for the first time in the 2022 financial year have no significant impact on the net asset, financial and earnings position of the Hapag-Lloyd Group.

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 127 fully consolidated companies (31 December 2021: 128) and five equity-accounted investees as at 31 March 2022 (31 December 2021: five).

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 EBITDA and EBIT at the Group level.

The allocation of resources (use of vessels and containers) and the management of the sales market and 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. This revenue comprises income from transporting and handling containers and from related services and commissions, all of which is 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 by which assets, liabilities, EBITDA and EBIT 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 container liner shipping segment. The figures given per trade are the transport volume and freight rate, as well as the revenue allocable to said trade.

Disclosures at Group level

Transport volume per trade

TTEU	Q1 2022	Q1 2021
Atlantic ¹	489	516
Transpacific	432	437
Far East	601	585
Middle East	414	389
Intra-Asia	157	171
Latin America	735	769
Africa ¹	160	107
Total	2,987	2,975

¹ The EMA trade (Europe – Mediterranean – Africa) has been renamed the Africa trade within the scope of the integration of NileDutch in the third quarter of 2021. Intra-European transport volumes are now added to the Atlantic trade. The previous year's figures have been adjusted accordingly.

Freight rates per trade

USD/TEU	Q1 2022	Q1 2021
Atlantic ¹	2,439	1,308
Transpacific	3,788	1,936
Far East	3,265	1,967
Middle East	2,047	1,114
Intra-Asia	2,055	1,020
Latin America	2,616	1,360
Africa ¹	2,530	1,520
Total (weighted average)	2,774	1,509

¹ The EMA trade (Europe – Mediterranean – Africa) has been renamed the Africa trade within the scope of the integration of NileDutch in the third quarter of 2021. Intra-European transport volumes are now added to the Atlantic trade. The previous year's figures have been adjusted accordingly.

Revenue per trade

million EUR	Q1 2022	Q1 2021
Atlantic ¹	1,062.2	560.1
Transpacific	1,457.0	701.4
Far East	1,747.7	955.1
Middle East	753.9	359.7
Intra-Asia	287.0	144.6
Latin America	1,713.3	867.9
Africa ¹	360.3	134.3
Revenue not assigned to trades	595.2	344.2
Total	7,976.6	4,067.4

¹ The EMA trade (Europe – Mediterranean – Africa) has been renamed the Africa trade within the scope of the integration of NileDutch in the third quarter of 2021. Intra-European transport volumes are now added to the Atlantic trade. The previous year's figures have been adjusted accordingly.

The item for revenue not assigned to trades mainly comprises income from demurrage and detention for containers, as well as from the provision of container slots. At the same time, revenue for pending voyages already generated is recognised under revenue not assigned to trades.

Earnings before interest, taxes, depreciation and amortisation (EBITDA) were calculated on the basis of 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 2022	Q1 2021
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	4,726.4	1,584.0
Depreciation, amortisation and impairment	459.5	306.9
Earnings before interest and taxes (EBIT)	4,266.9	1,277.0
Earnings before taxes (EBT)	4,187.9	1,214.5
Share of profit of equity-accounted investees	11.5	1.3

SELECTED NOTES TO THE CONSOLIDATED INCOME STATEMENTS

Detailed Notes to the income statement are contained in the interim Group management report in the chapter "Group earnings position".

Earnings per share

	Q1 2022	Q1 2021
Profit/loss attributable to shareholders of Hapag-Lloyd AG in million EUR	4,167.1	1,200.8
Weighted average number of shares in millions	175.8	175.8
Basic earnings per share in EUR	23.71	6.83

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 the 2022 financial year 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 rose compared to 31 December 2021. This increase stemmed largely from currency translation effects of EUR 60.8 million (prior year period: EUR 135.1 million). However, amortisation of EUR 21.5 million (prior year period: EUR 19.5 million) reduced the carrying amounts of other intangible assets.

Property, plant and equipment

million EUR	31.3.2022	31.12.2021
Vessels	7,986.0	7,890.5
Container	3,225.9	3,250.4
Other equipment	259.9	242.1
Prepayments on account and assets under construction	435.7	381.9
Total	11,907.6	11,764.8

In the first quarter of the 2022 financial year, investments in ships, ship equipment and containers, the conclusion of new charter agreements and the extension of existing agreements for longer terms, as well as the conclusion of new rights of use for long-term container contracts, prompted a rise in property, plant and equipment of EUR 368.7 million. Currency effects associated with the reporting date led to an additional rise of EUR 225.0 million. However, depreciation to property, plant and equipment and amortisation to right-of-use assets in the amount of EUR 438.0 million essentially reduced the carrying amount of property, plant and equipment, meaning that property, plant and equipment rose by EUR 142.8 million overall.

Inventories

Inventories essentially comprise raw materials and supplies, which include fuel inventories in particular. Compared to 31 December 2021, fuel inventories increased from EUR 332.6 million to EUR 419.3 million, which was primarily due to the significant increase in bunker prices.

Cash and cash equivalents

In the first quarter of 2022, bank balances were invested in reverse repo transactions for the first time. Reverse repo transactions involve the purchase of securities with the agreement to resell them forward plus interest. In economic terms, this is a financial investment collateralized by securities. The reverse repo transactions have a balance of EUR 567.4 million at the reporting date and are reported in the statement of financial position and statement of cash flows under cash and cash equivalents. This is because they constitute short-term, highly liquid financial investments with an original term of no more than three months, can be converted into fixed cash amounts at any time and the risk that their value will change is insignificant. The investment in reverse repo transactions is used to meet short-term payment obligations.

Cumulative other equity

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

The reserve for remeasurements from defined benefit pension plans (31 March 2022: EUR –110,8 million; 31 December 2021: EUR –149,6 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 2022 resulted mainly from the increase in the discount rate from 1.1% as at 31 December 2021 to 1.7% as at 31 March 2022 and led to a decrease of EUR 38,8 million in the negative reserve (prior year period: EUR 29.2 million).

The translation reserve of EUR 1.231,7 million (31 December 2021: EUR 876.7 million) includes differences from currency translation. The differences from currency translation of EUR 355,2 million recognised in other comprehensive income in the first quarter of 2022 (prior year period: EUR 338,3 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.

Financial instruments

Carrying amounts and fair values

The carrying amounts and fair values of the financial instruments as at 31 December 2021 are presented in the table below.

million EUR	Carrying amount		Fair value
	Total	thereof financial instruments	Financial instruments
Assets			
Trade accounts receivable	2,999.2	2,999.2	2,999.2
Other assets	389.2	252.7	252.7
Derivative financial instruments (FVTPL)	3.2	3.2	3.2
Embedded derivatives	3.2	3.2	3.2
Derivative financial instruments (Hedge accounting) ¹	9.6	9.6	9.6
Currency forward contracts	0.3	0.3	0.3
Interest rate swaps	9.3	9.3	9.3
Cash and cash equivalents	7,723.4	7,723.4	7,723.4
Liabilities			
Financial debt	3,074.1	3,074.1	3,133.3
Liabilities from lease contracts	2,423.1	2,423.1	–
Trade accounts payable	2,323.9	2,323.9	2,323.9
Derivative financial liabilities (Hedge accounting) ¹	27.1	27.1	27.1
Currency forward contracts	16.5	16.5	16.5
Interest rate swaps	10.6	10.6	10.6
Other liabilities	172.5	136.7	136.7
Liabilities from put options ²	1.8	1.8	2.1
Contract liabilities	1,445.8	–	–

¹ The market values of the non-designated 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 2022 are presented in the table below.

million EUR	Carrying amount		Fair value
	Total	thereof financial instruments	Financial instruments
Assets			
Trade accounts receivable	3,374.1	3,374.1	3,374.1
Other assets	418.6	280.4	280.4
Derivative financial instruments (FVTPL)	2.7	2.7	2.7
Embedded derivatives	2.7	2.7	2.7
Derivative financial instruments (Hedge accounting) ¹	24.9	24.9	24.9
Currency forward contracts	0.5	0.5	0.5
Interest rate swaps	24.4	24.4	24.4
Cash and cash equivalents	11,637.3	11,637.3	11,637.3
Liabilities			
Financial debt	3,018.5	3,018.5	3,340.0
Liabilities from lease contracts	2,381.3	2,381.3	–
Trade accounts payable	2,332.7	2,332.7	2,332.7
Derivative financial instruments (FVTPL)	31.3	31.3	31.3
Interest rate swaps	31.3	31.3	31.3
Derivative financial liabilities (Hedge accounting) ¹	24.1	24.1	24.1
Currency forward contracts	20.3	20.3	20.3
Interest rate swaps	3.8	3.8	3.8
Other liabilities	193.6	136.2	136.2
Liabilities from put options ²	1.9	1.9	2.0
Contract liabilities	1,455.2	–	–

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

² Part of other liabilities

The derivative financial instruments were measured at fair value. In the first quarter, a currency forward contract was concluded for the dividend held in euros which is payable to shareholders three days after the Annual General Meeting to be held on 25 May 2022. As hedge accounting is not applicable to this currency forward contract, it should be classified as an FVTPL derivative whose change of market value as at 31 March 2022 of EUR –31.3 million should be recognised immediately through profit or loss.

Other assets include securities with a fair value of EUR 0.6 million (31 December 2021: EUR 1.1 million) that are allocated to Level 1 of the fair value hierarchy, as their prices are quoted on an active market.

Other assets also contain investments not listed on a stock exchange for which there are no market prices listed on an active market. As there is insufficient information available to determine the fair values of these investments which belong to Level 3 of the fair value hierarchy, they are measured at cost of acquisition in the amount of EUR 6.6 million (31 December 2021: EUR 6.5 million) as the best possible estimate of their fair values.

The liabilities from the bond included within financial debt, which are allocated to Level 1 of the fair value hierarchy due to quotation on an active market, have a fair value of EUR 295.9 million (31 December 2021: EUR 310.5 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 0.3 million (31 December 2021: EUR 0.3 million) was calculated.

The put options recognised under other liabilities, whose fair value was calculated at EUR 2.0 million (31 December 2021: EUR 2.1 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 quarter of the 2022 financial year.

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	31.3.2022	31.12.2021
Financial debt	3,018.5	3,074.1
Liabilities to banks ¹	1,851.6	1,902.5
Bonds	302.7	300.8
Other financial debt	864.2	870.7
Lease liabilities	2,381.3	2,423.1
Total	5,399.8	5,497.2

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	31.3.2022	31.12.2021
Denoted in USD (excl. transaction costs)	4,954.2	5,055.6
Denoted in EUR (excl. transaction costs)	402.9	402.1
Denoted in other currencies (excl. transaction costs)	65.8	67.0
Interest liabilities	13.3	11.2
Transaction costs	-36.4	-38.7
Total	5,399.8	5,497.2

The Hapag-Lloyd Group had total unused credit lines of EUR 653.0 million as at 31 March 2022 (31 December 2021: EUR 516.9 million).

OTHER NOTES**Legal disputes**

There have been no significant changes regarding legal disputes and tax risks in comparison with the 2021 consolidated financial statements.

As at the reporting date, there was EUR 8.1 million in contingent liabilities from legal disputes not classified as probable (31 December 2021: EUR 8.0 million). As at the reporting date, there was EUR 103.3 million in contingent liabilities from tax risks not classified as probable (31 December 2021: EUR 78.6 million). Key reasons for this increase in the first quarter of the year 2022 were newly identified risks in Cambodia, India and the Philippines.

On 24 February 2022, the U.S. Department of Justice Antitrust Division (DoJ) served Hapag-Lloyd (America) LLC with a summons to provide information and witness statements in connection with a grand jury investigation in international container transportation.

Other financial obligations

The Hapag-Lloyd Group's other financial obligations totalled EUR 2,032.8 million as at 31 March 2022 and comprised purchase obligations (nominal values)

- for investments in the construction and acquisition of 17 container vessels, thereof 12 large container vessels, amounting to EUR 1,912.0 million (31 December 2021: EUR 1,898.6 million),
- for investments in the acquisition of two container vessels on the second-hand market amounting to EUR 77.2 million (31 December 2021: EUR 0 million),
- for investments in exhaust gas cleaning systems (EGCS) on container vessels amounting to EUR 30.0 million (31 December 2021: EUR 9.9 million),
- for investments in diesel generators to supply reefer containers with electricity amounting to EUR 1.4 million (31 December 2021: EUR 5.7 million),
- for investments in equipment for ballast water treatment on container vessels amounting to EUR 5.4 million (31 December 2021: EUR 3.4 million),
- and for further investments on container vessels totalling EUR 6.8 million (31 December 2021: EUR 6.9 million).

The future cash outflows from leases which Hapag-Lloyd has already entered into but which were not yet recognised in the balance sheet as at the reporting date totalled EUR 1,749.2 million (31 December 2021: EUR 1,120.0 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 2021.

SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

No significant transactions took place after the balance sheet date.

Hamburg, 3 May 2022

Hapag-Lloyd Aktiengesellschaft

Executive Board



Rolf Habben Jansen



Donya-Florence Amer



Mark Frese



Dr. Maximilian Rothkopf



Joachim Schlotfeldt

FINANCIAL CALENDAR 2022

25 MAY 2022

Annual general meeting

11 AUGUST 2022

Publication of quarterly financial report H1 2022

10 NOVEMBER 2022

Publication of quarterly financial report 9M 2022

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