



# Investor Presentation – Preliminary Financials FY 2015

2 March 2016



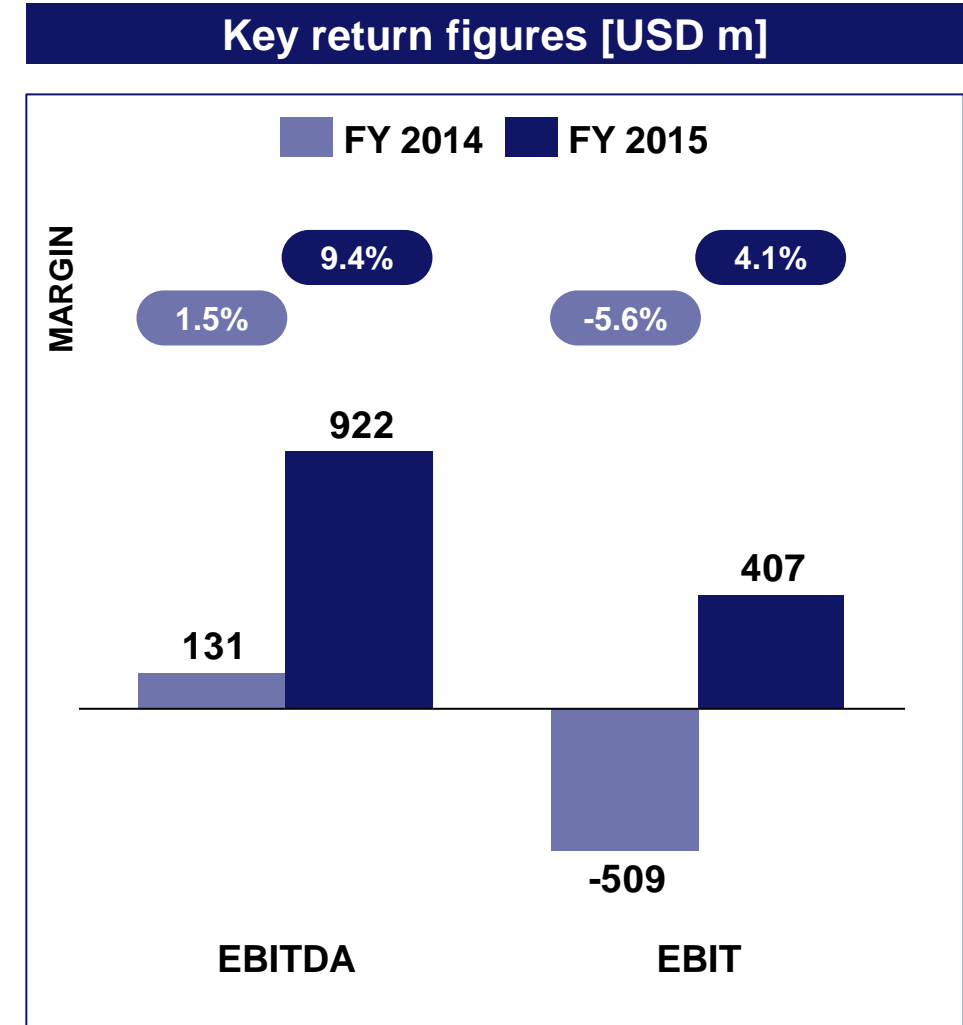
## STRATEGIC HIGHLIGHTS

- **CUATRO:** The **integration is completed** – substantial portion of synergies already realized in FY 2015
  - Net synergies of USD 400 m to be achieved in 2016
- **OCTAVE:** The additional cost saving program **OCTAVE is on track** and made a noticeable contribution
  - In Q4, **OCTAVE 2 has been launched** – 8 additional work streams to further improve profitability
- **Close the Cost Gap:** Further investments in the modernization and renewal of our fleet
  - Acquisition of 5x 10,500 TEU vessels and 2x 3,500 TEU vessels particularly suited for the Latin America trade
- **Compete to Win:** Increase in revenue quality and better utilization of stronger market presence
  - Improve customer service, raise percentage of higher-value cargo and increase customers' contribution margin
- **IPO:** In a challenging stock market environment, Hapag-Lloyd **completed its IPO** in November 2015

## FINANCIAL HIGHLIGHTS

- Hapag-Lloyd significantly increased its EBITDA to USD 922 m (margin: 9.4%) in 2015 – the EBIT reached USD 407 m (margin: 4.1%)
- Transport volume increased to 7.4 TEU m (2014: 5.9 TEU m), while freight rate decreased to USD 1,225/TEU (2014: USD 1,427/TEU)
- Next to reduced bunker prices, the significant result improvement stems from our strategic measures such as cost synergies due to the CCS<sup>1)</sup> integration and the OCTAVE program
- We plan to further improve our operating result by the full realization of synergies, further cost savings from our strategic initiatives, an expected volume growth and an improvement in revenue quality

1) CSAV container shipping activities



## A. Industry – Our Positioning

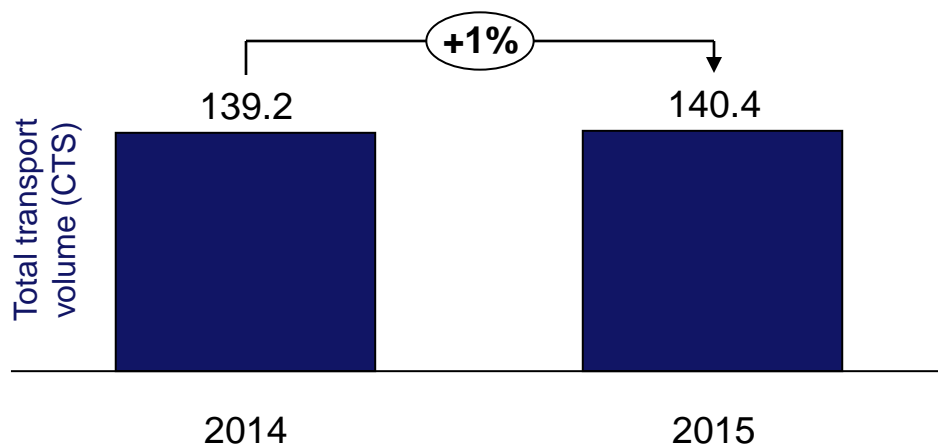
## B. Strategy – Our “Way Forward”

## C. Financials – Strong Earnings Growth

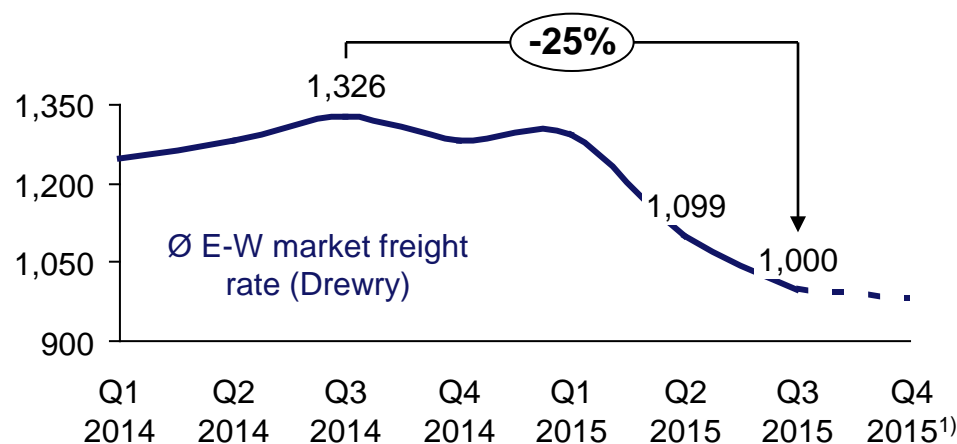


# Since our IPO, some peer results have been under pressure especially due to freight rates and very low volume growth

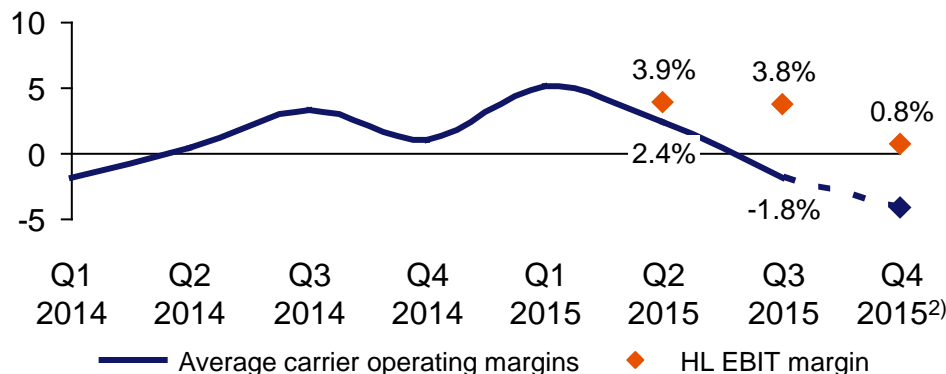
## Global transport volume [TEU m]



## Global freight rate [USD / TEU]



## Average carrier operating margins



## Comments

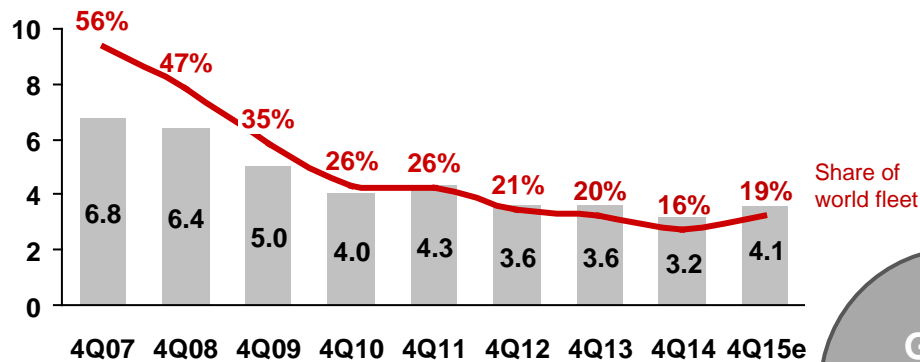
- In 2015 the total container transport volume increased by +1% compared to 2014
- Market freight rates decreased throughout 2015 and were down -25% in Q3 2015 vs. Q3 2014
- Average carrier operating margins are negative at c. -4% in Q4 2015 while HLAG maintained above average with an EBIT margin of 0.8% in Q4 2015

1) Includes Hapag-Lloyd, Maersk, K-Line, APL and OOCL    2) Includes financial statements of Hapag-Lloyd, Maersk, Hanjin, MOL, APL, NYK and K-Line  
 Source: Company information, Alphaliner, CTS, Drewry Container Forecaster Q4 2015c

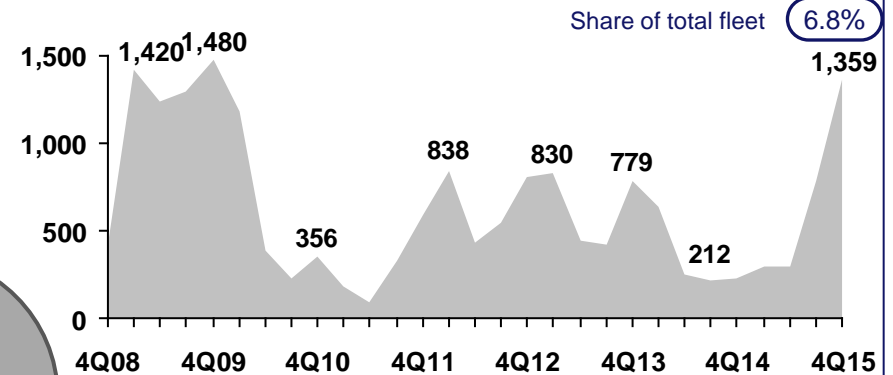
# Capacity measures offer a flexible response to demand fluctuations

## Global capacity management

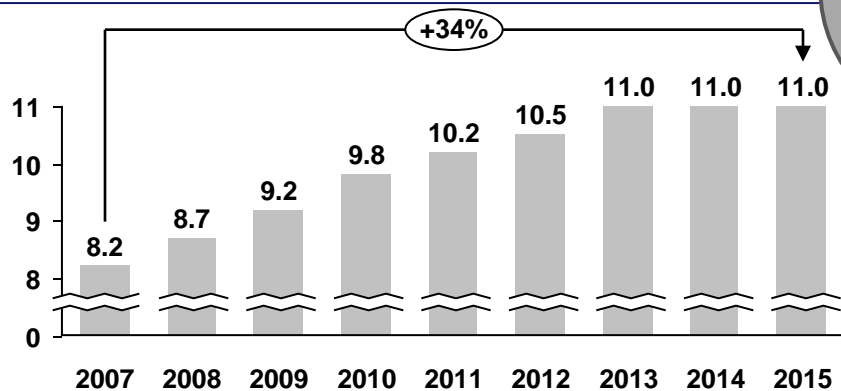
### Global order book [TEU m / %]



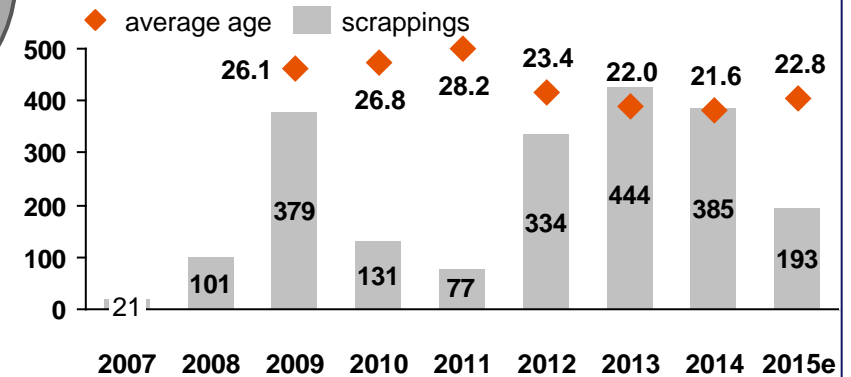
### Idle fleet capacity [TTEU]



Global capacity measures

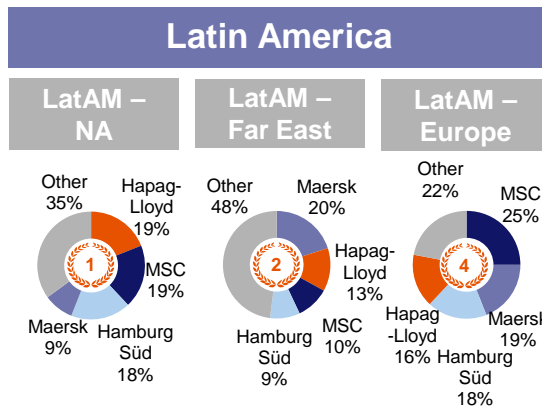
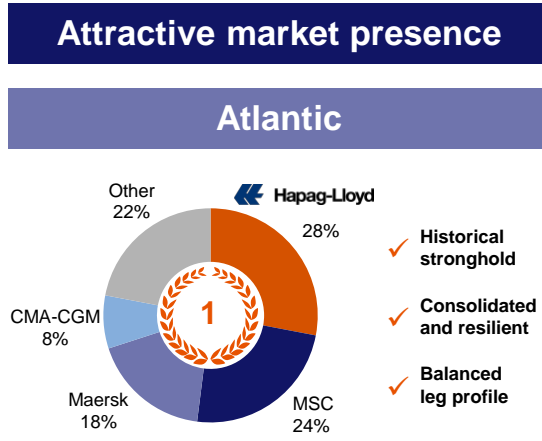
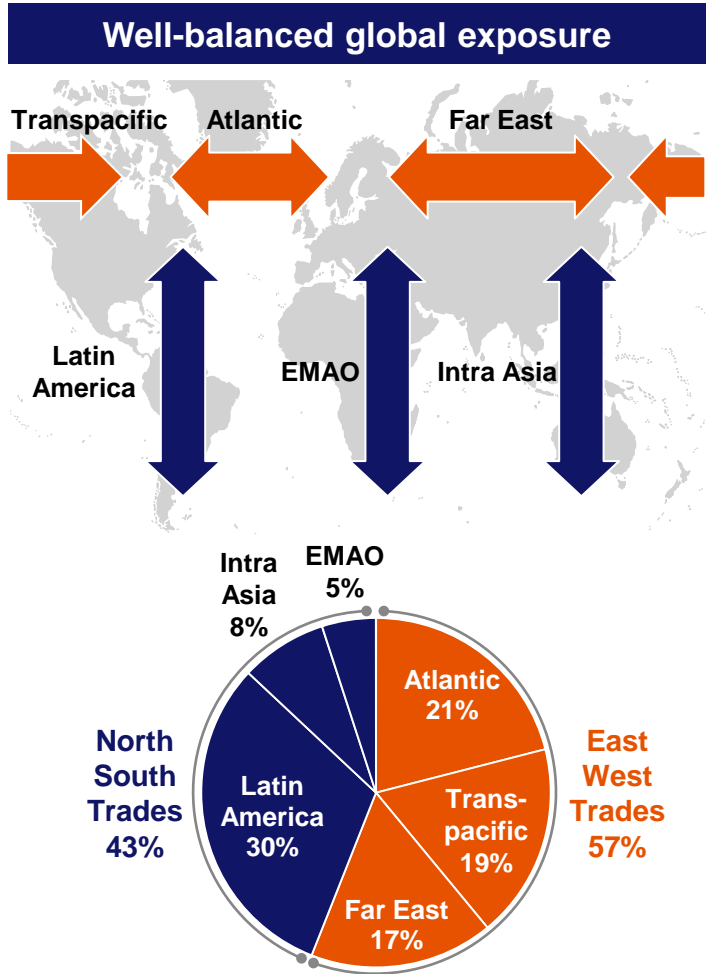


### Slow Steaming (Avg. duration FE-N.Europe loops) [Weeks]



### Scrapping [TTEU]

# Hapag-Lloyd's balanced exposure to global trade puts us in a strong position to be successful in tough market conditions



### Strong niche businesses

Reefer Services	4 Globally
Special Cargo	Strong presence
Dangerous Cargo	Historical stronghold
US Flag	1 of 3 certified carriers
Cabotage	Flag-protected niche market

A. Industry – Our Positioning

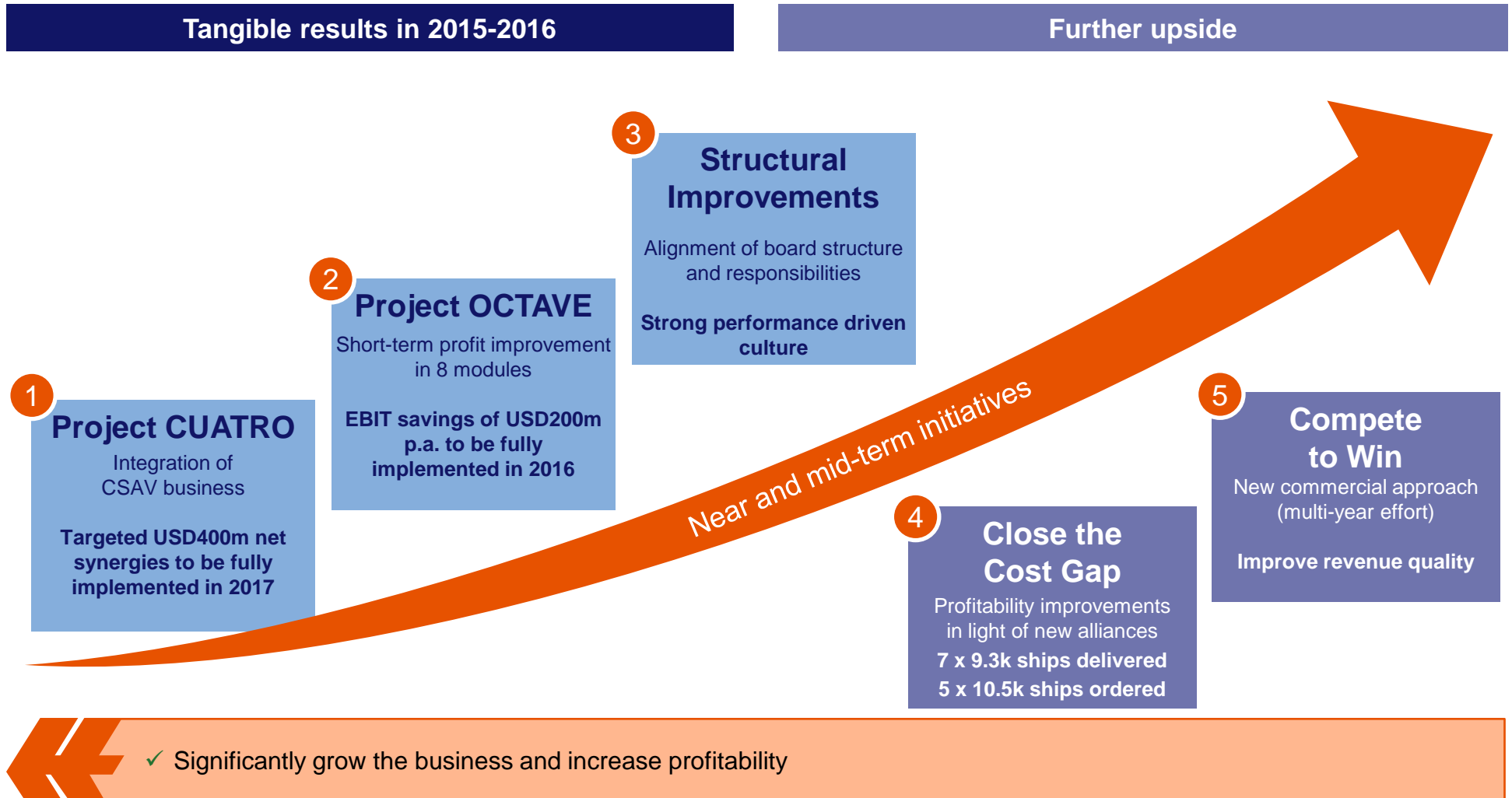
**B. Strategy – Our “Way Forward”**

C. Financials – Strong Earnings Growth





# We have defined our "Way Forward" – Five key initiatives delivering significant contributions with further upside



# Project CUATRO: Integration completed – USD 400 m net synergies will be achieved in 2016

## Strong consolidation track record



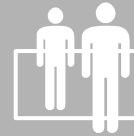
- Canadian container shipping company with global network
- 38 services worldwide
- Targeted net synergies of EUR218m in 2008**



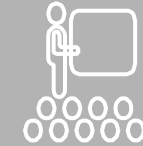
- Chilean container shipping company in Valparaíso
- 39 services worldwide
- Targeted net synergies of USD400m in 2017**

## Integration: 4 key elements

### PREPARATION



### TRAINING



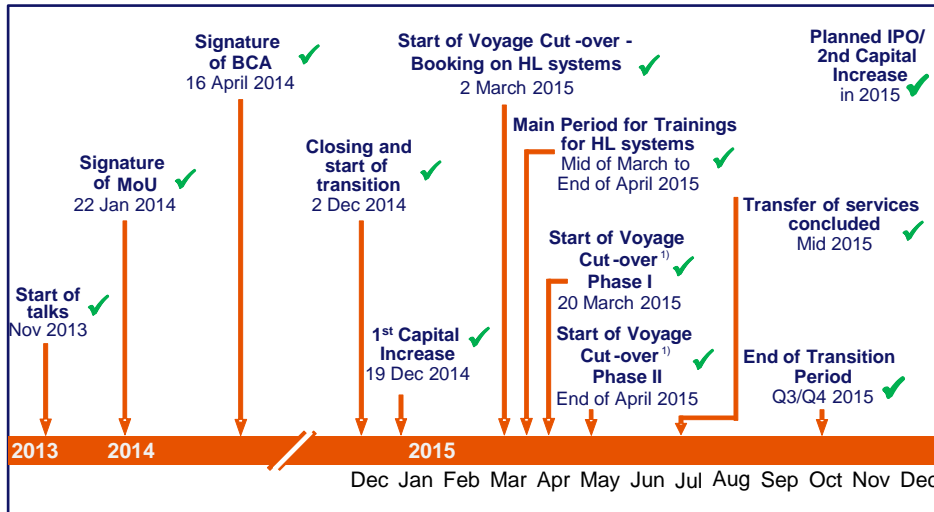
### TRANSITION



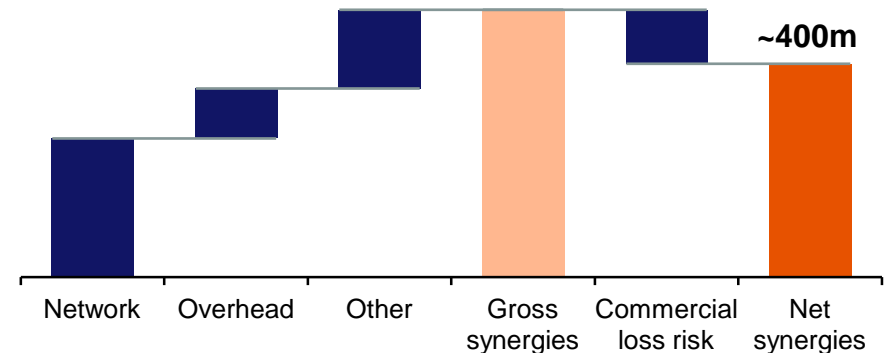
### MONITORING



## Transfer of operating business completed



## USD400m net synergies targeted

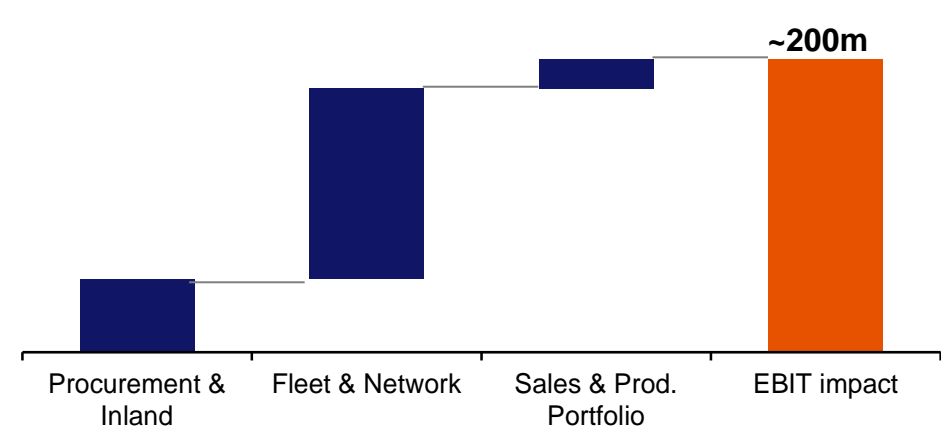


# Project OCTAVE: USD 200 m cost improvements across all operation areas – Project OCTAVE 2 launched

## Eight clear workstreams defined

Procurement & Inland	Inland Pricing & Steering
	Bunker Procurement
Fleet & Network	Fleet Renewal
	Fleet Refurbishment
	Service Structure
Sales & Product Portfolio	Utilisation
	Special Cargo
	Spot Market

## USD200m cost improvements



## Retiring of “Old Ladies” successfully completed

Decommission	Jan	Feb	Mar	Apr	May	Jun	Jul
Bonn Express		✓					
Paris Express		✓					
Hoechst Express		✓	✓				
Atlanta Express			✓	✓			
Kiel Express			✓	✓	✓		
Boston Express				✓	✓		
Dresden Express				✓	✓		
Portland Express				✓	✓		
Livorno Express					✓	✓	
Norfolk Express					✓	✓	
Stuttgart Express						✓	
Sydney Express						✓	✓
Wellington Express						✓	✓
Canberra Express						✓	✓
Heidelberg Express						✓	✓
Fremantle Express							✓

## OCTAVE 2 program launched in Q4

Improvement potential identified in 8 additional work streams	Transshipment
	Weight & Utilization
	Service Portfolio
	G6 Enhancements
	Procurement
	Stowage
	Ship Size
	Demurrage & Detention

# Close the Cost Gap: Investments done throughout the cycle – Further investments to come

## Recent projects...

### Hamburg Express Class

- ✓ 10 x 13,200 TEU
- ✓ Delivered 2012 – 2014
- ✓ Cost efficient growth

### C-Class

- ✓ 7 x 9,300 TEU
- ✓ Delivered 2014 – 2015
- ✓ 1,400 reefer plugs

### Consolidate leadership in Latin America

- ✓ 5 x 10,500 TEU (ordered)
- ✓ Best ship for the trade
- ✓ 2,100 reefer plugs

## ... with more to come

### Secure competitiveness on East West and other Trades

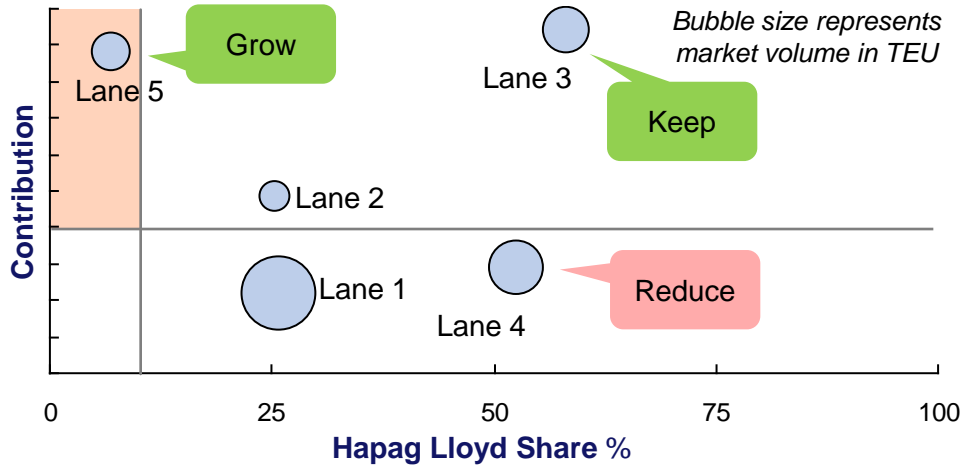
- ✓ Investments in niche markets where and when needed
- ✓ Hapag-Lloyd has purchased two 3,500 TEU vessels suited for the Latin America trade
- ✓ 12 ULCVs will come into service within G6
- ✓ Further investment planning for the upcoming years being finalized

### Invest in container boxes

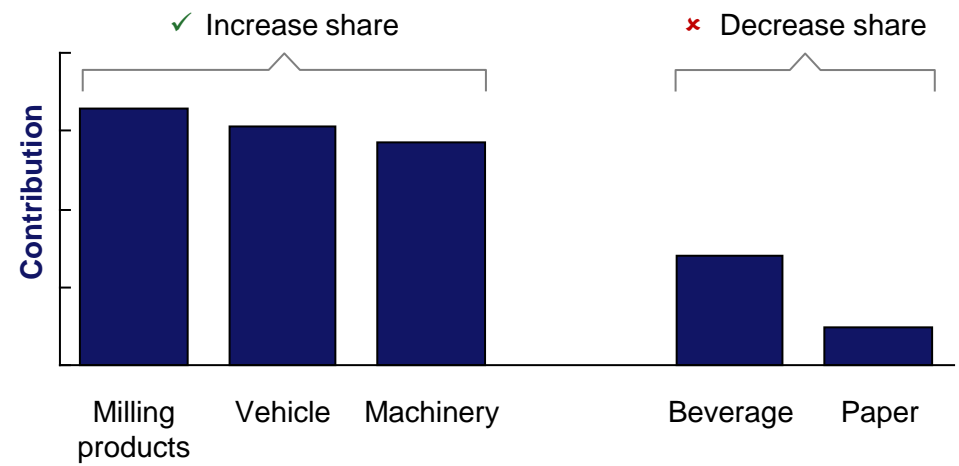
- ✓ Investment in new containers
- ✓ Increase ownership ratio over time
- ✓ Positive earnings impact expected from purchasing rather than renting

# Compete to Win: Significant potential to further optimize customer profiles and cargo mix

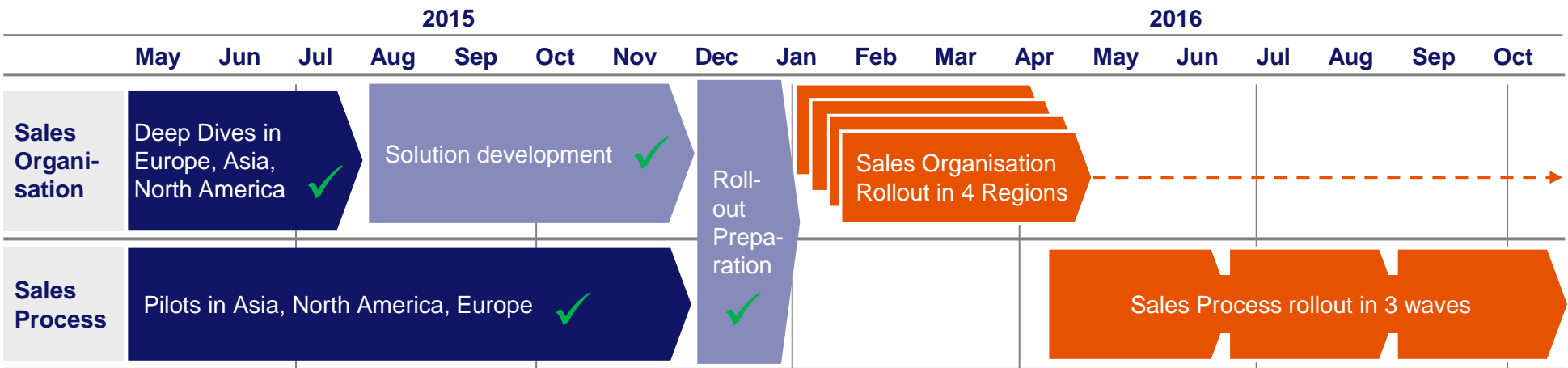
## Improve profitability per customer (example)



## Improve cargo mix (example)



## Pilots successfully completed and implementation ramping up



A. Industry – Our Positioning

B. Strategy – Our “Way Forward”

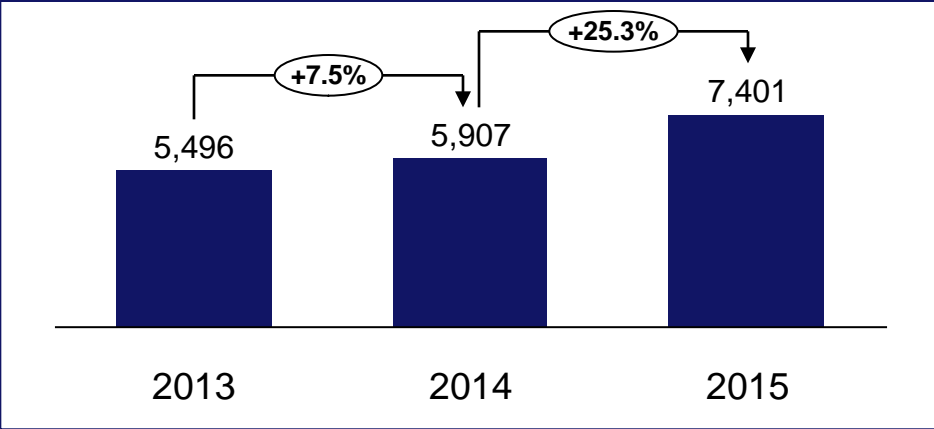
**C. Financials – Strong Earnings Growth**



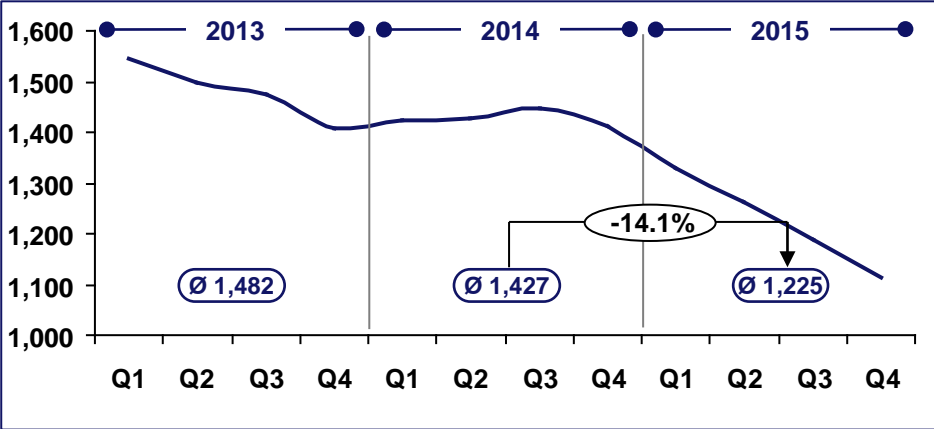
# Strong increase in transport volume (+25.3%) driven by integration of CSAV container shipping activities



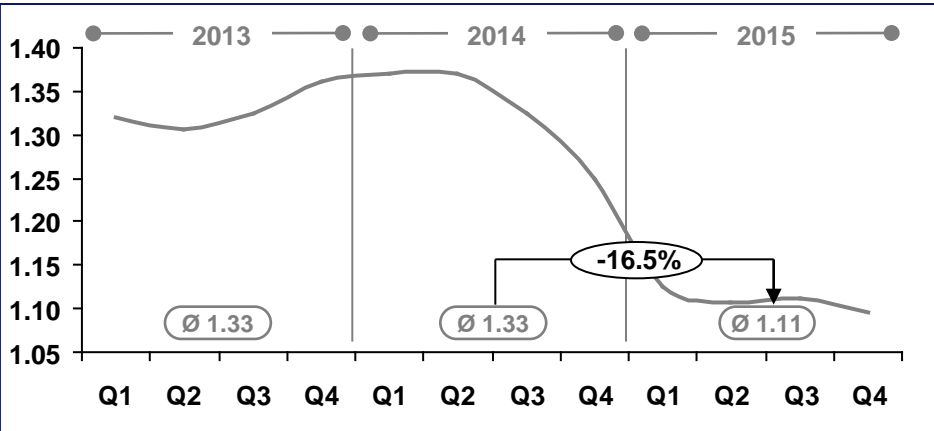
**Transport volume [TTEU]**



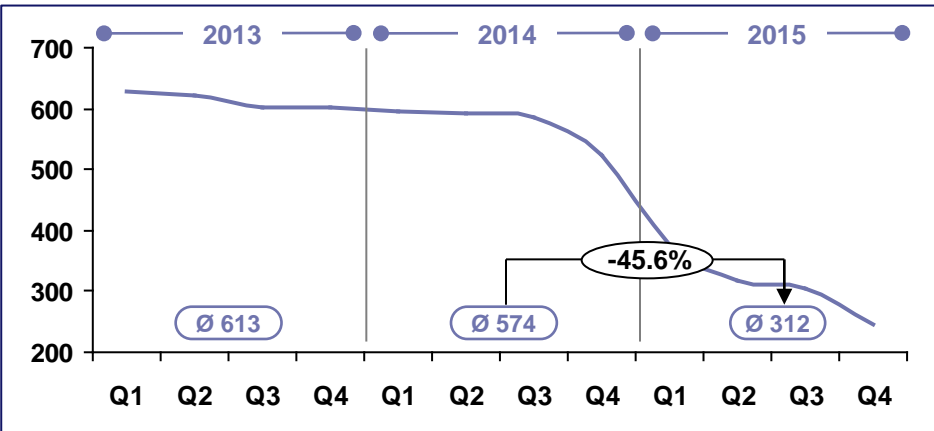
**Freight rate [USD/TEU]**



**FX-rate (USD/EUR)**



**Bunker price [USD/mt]**



# Hapag-Lloyd significantly increased its EBITDA to USD 922 m (EBITDA margin: 9.4%) in the full-year 2015



## Operational KPIs

	FY 2015	FY 2014	Δ/%
Transport volume [TTEU]	7,401	5,907	+1,494 / +25.3%
Freight rate [USD/TEU]	1,225	1,427	-202 / -14.2%
Bunker price [USD/t]	312	574	-262 / -45.6%
Exchange rate [EUR/USD]	1.11	1.33	-0.22 / -16.5%
Revenue [USD m]	9,814	9,046	+768 / +8.5%
EBITDA [USD m]	922	131	+791 / +603.8%
EBITDA margin	9.4%	1.5%	+7.9 ppt
EBIT [USD m]	407	-509	+916 / n.a.
EBIT margin	4.1%	-5.6%	+9.7 ppt

## Comments

- 2015 first fiscal year with full reflection of CSAV transaction

### Revenue

- Transport volume increase and lower freight rate influenced by the CCS integration

### EBITDA

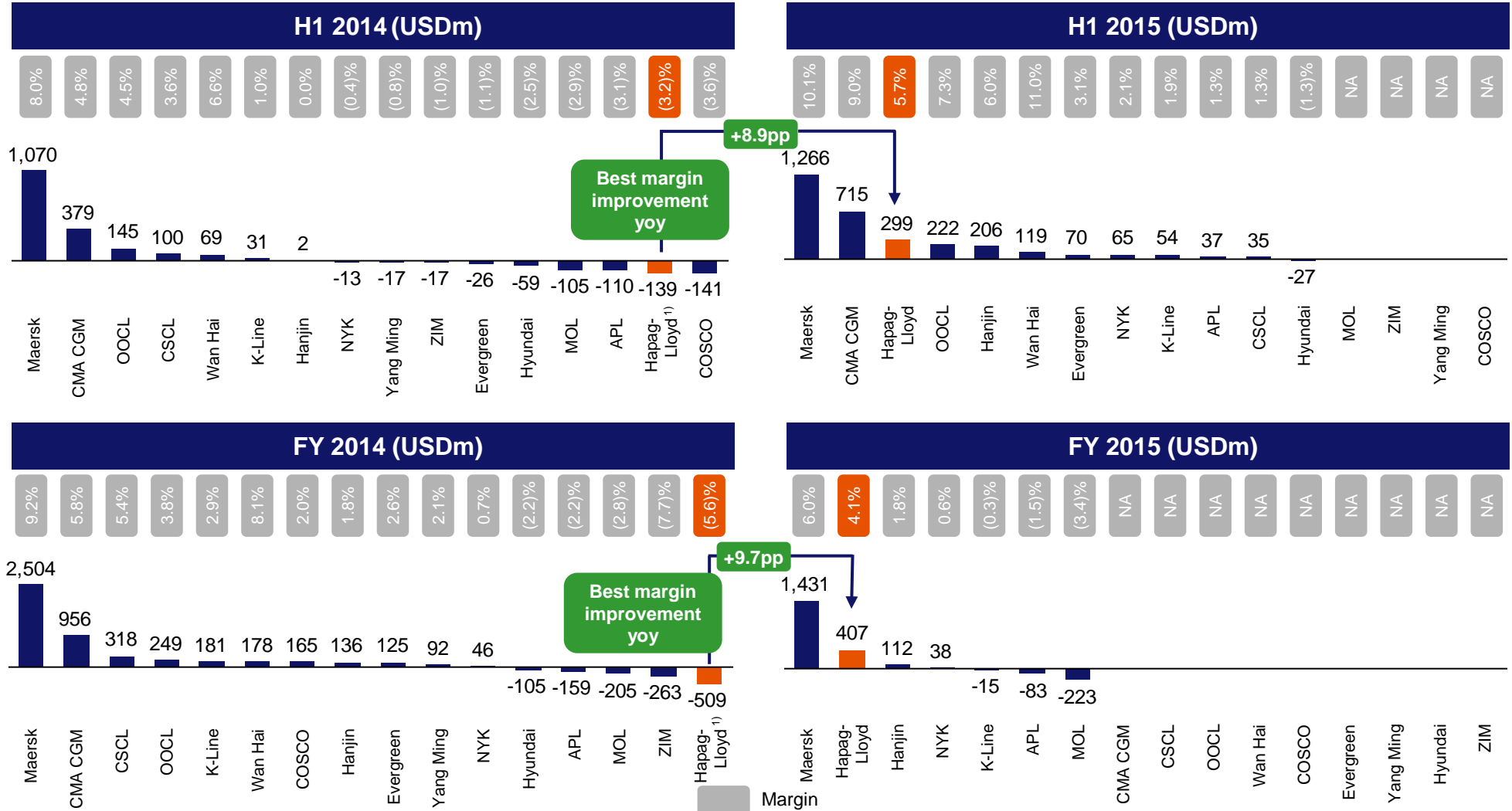
- Step-change in FY 2015 due to significant synergies and cost savings from Project CUATRO & Project OCTAVE
- EBITDA margin at 9.4% for full-year 2015

### EBIT

- EBIT at USD 407 m, up from USD -509 m in full-year 2014
- EBIT margin at 4.1%



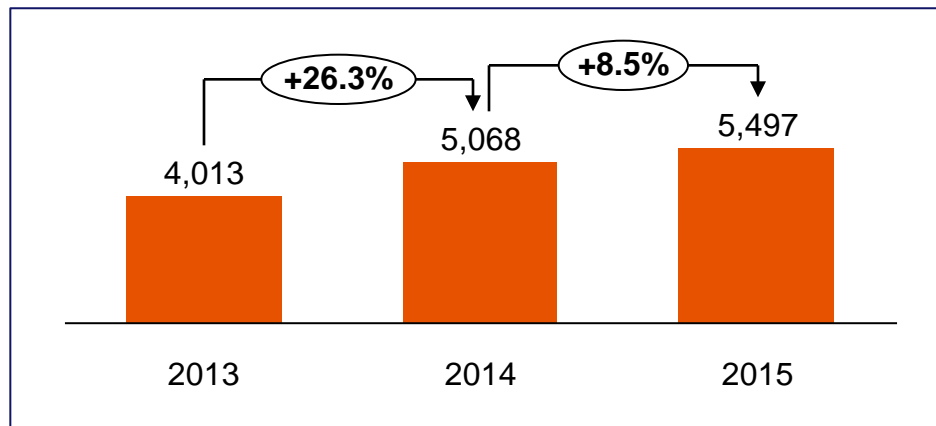
# Step-change in Hapag-Lloyd's profitability also versus peers



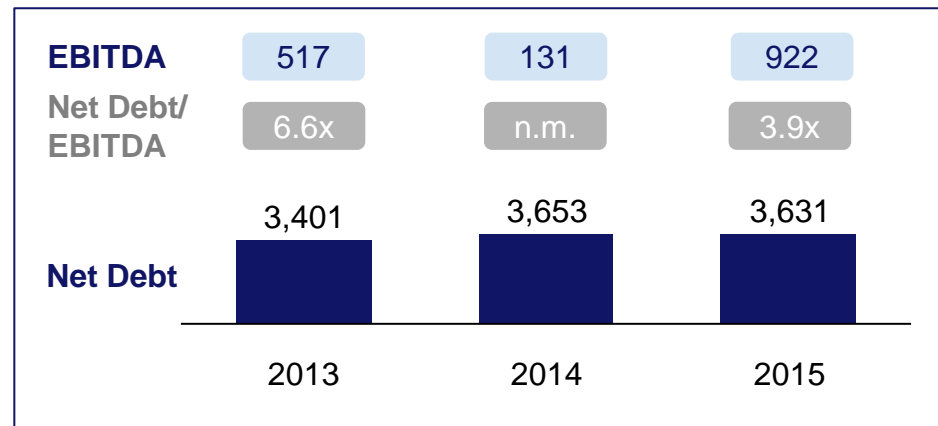
Note: Hapag-Lloyd reports in EUR. EBIT for peer converted based on the respective average exchange rate for H1 2014, FY 2014, H1 2015 and FY 2015. For selected peers including terminals and other business if no liner figure available  
 1) H1 2014 excl. CCS and FY 2014 including 1M of CCS

# Optimization of capital structure and financial position with further tangible savings in 2015

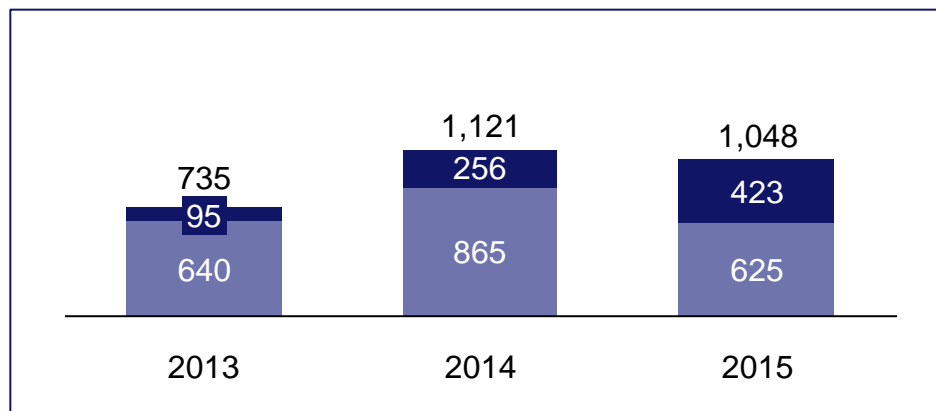
## Enhanced equity base [USDm]



## Improved leverage position [USDm]



## Strong liquidity reserve [USDm]



■ Unused credit lines   ■ Cash and cash equivalents

## Successful financial measures

- 1 **Debt repricing**  
Reduced interest by USD 40 m (over remaining life)

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- 2 **Bond optimization**  
Saving of bond interest of USD 12 m p.a.

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- 3 **Rating upside**  
Positive outlook on the back of the IPO

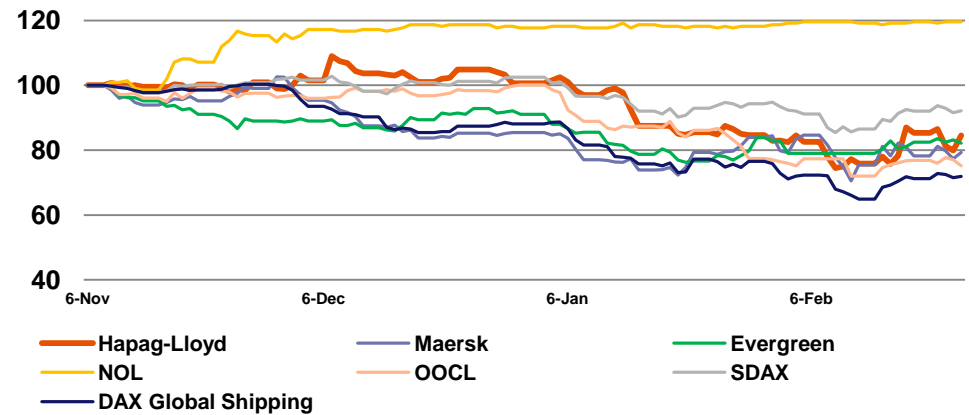
# Hapag-Lloyd was successfully listed on 6 Nov 2015

## Hapag-Lloyd executed IPO in Q4 2015

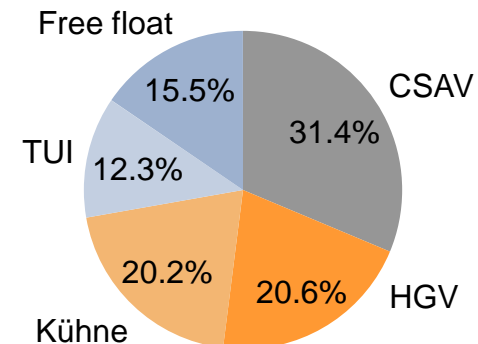
### Basic data

<b>Stock exchange</b>	Frankfurt Stock Exchange Hamburg Stock Exchange
<b>Market segment</b>	Regulated market (Prime Standard)
<b>ISIN</b>	DE000HLAG475
<b>WKN</b>	HLAG47
<b>Ticker Symbol</b>	HLAG
<b>Primary listing</b>	6. November 2015
<b>Placement price</b>	EUR 20
<b>Number of shares</b>	118,110,917
<b>Primary</b>	USD 300 m
<b>Lock-up</b>	4 May 2016

### Stock trading (since 6-Nov)



### Shareholder structure





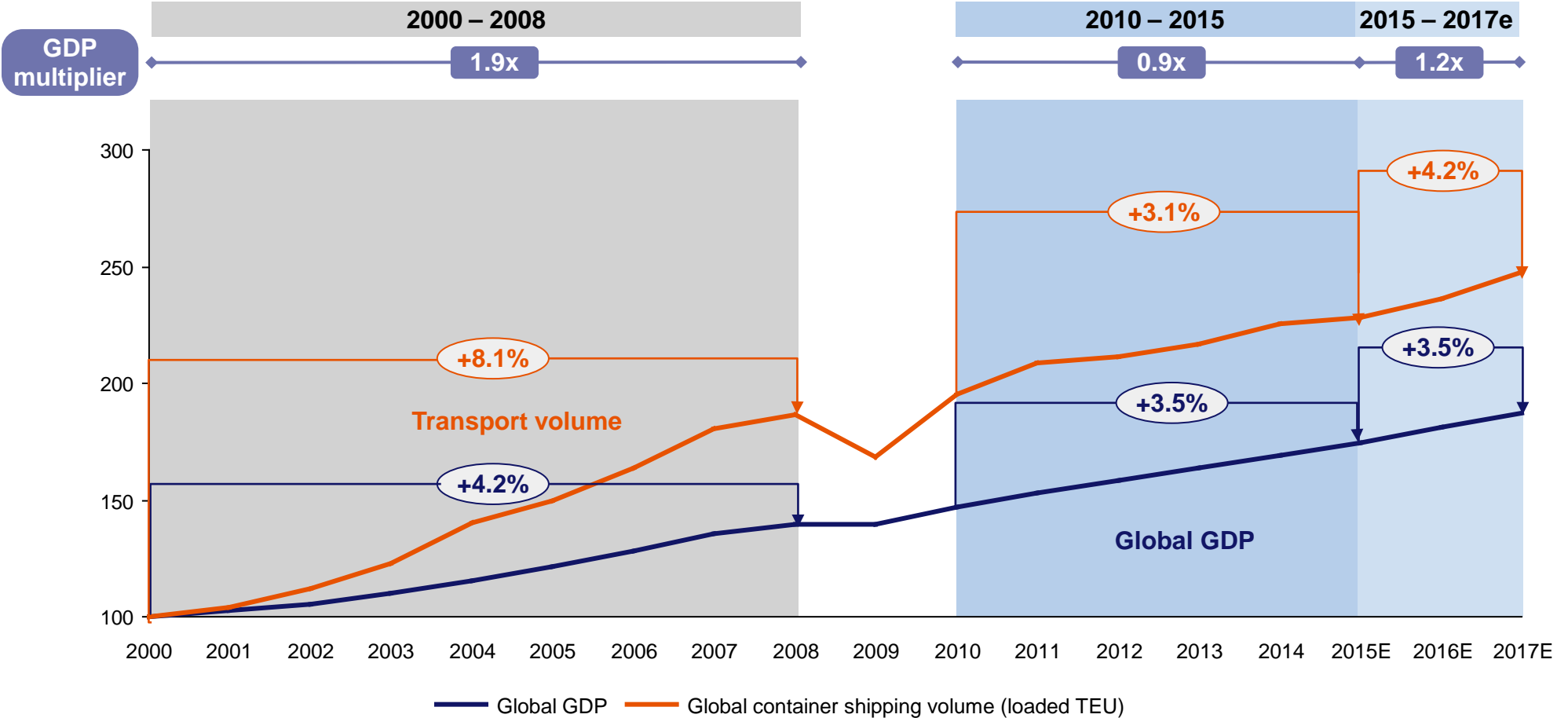
Hapag-Lloyd

HAMBURG EXPRESS

# Industry highly correlated with global growth – Short term outlook on the lower end of mid term 3-5% range

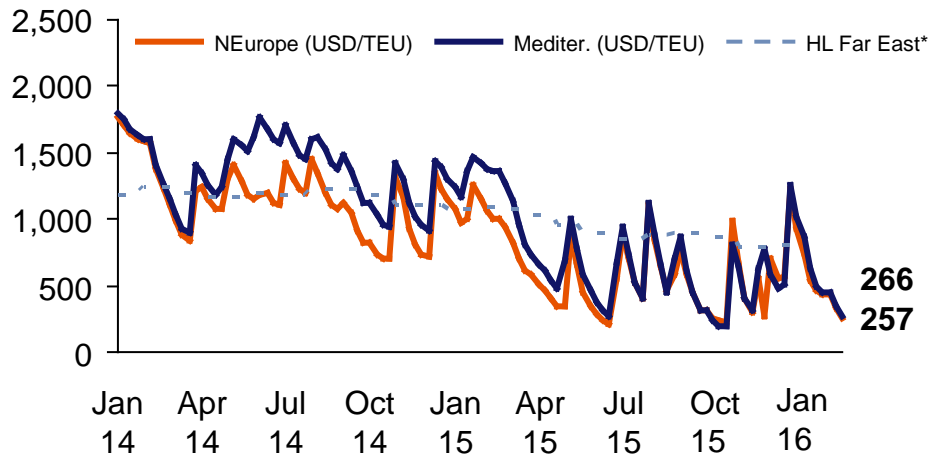
## Attractive container shipping volume and global GDP growth

2000 = Indexed to 100

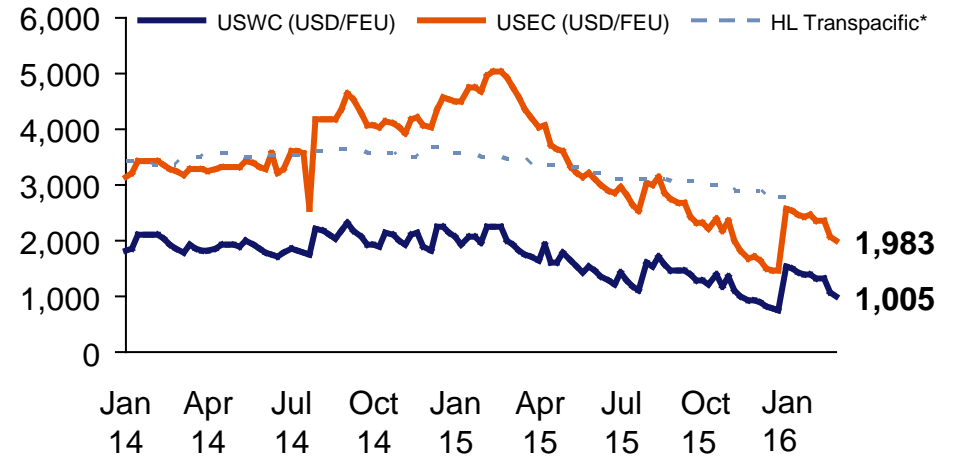


# Volatility of spot rates will remain in the short term – Hapag-Lloyd rates are more stable than SCFI

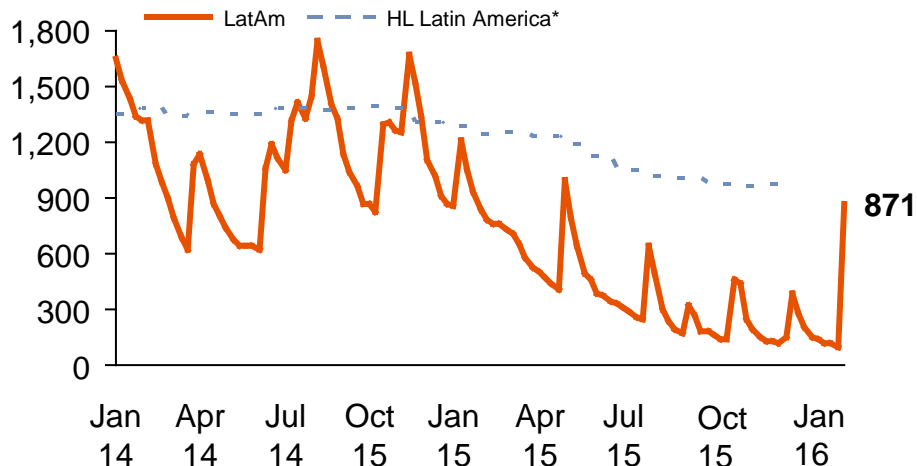
## Shanghai – Europe (SCFI)



## Shanghai – USA (SCFI)



## Shanghai – Latin America (SCFI)

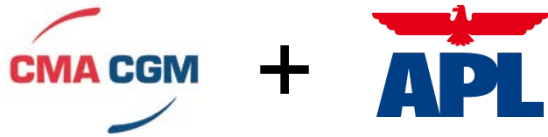


## Comments

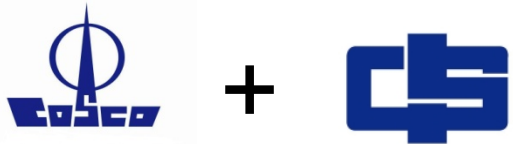
- Shanghai Containerized Freight Index (SCFI) only reflects Shanghai outbound rate development
- Freight rates especially on Asia / Europe trade remain volatile
- Freight rates on Transpacific trade tend to be less volatile while freight rates on Latin America show a downward trend
- Hapag-Lloyd freight rates with more stable development

# Two M&A deals are further consolidating the industry landscape

## Current M&A deals

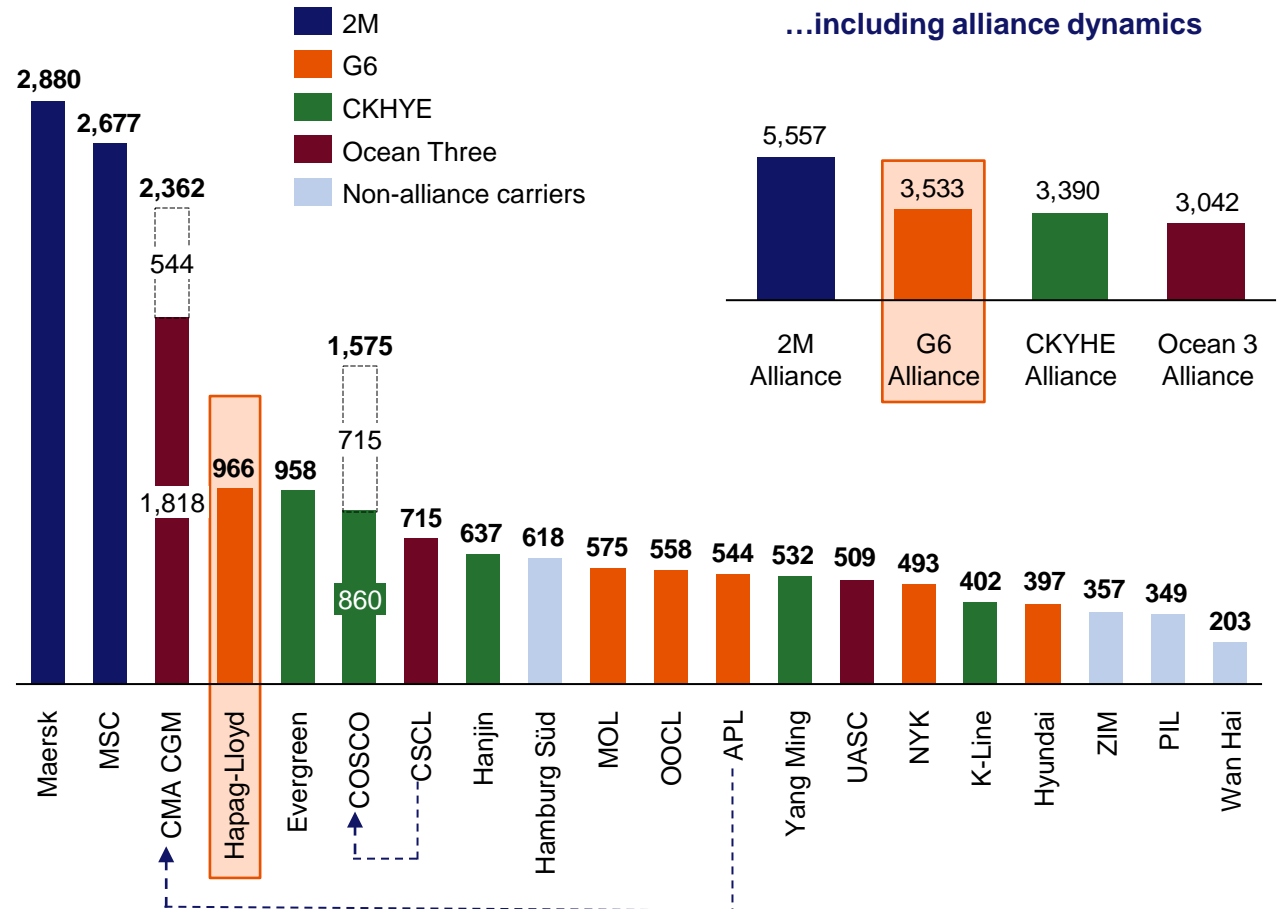


- Announced 7 December 2015
- All-cash acquisition (0.96x P/B)
- Closing expected by mid 2016
- APL to exit G6 earliest in 2017









- 2 state conglomerates merge
- COSCO to charter and operate CSCL's ships and containers
- Influences alliance composition

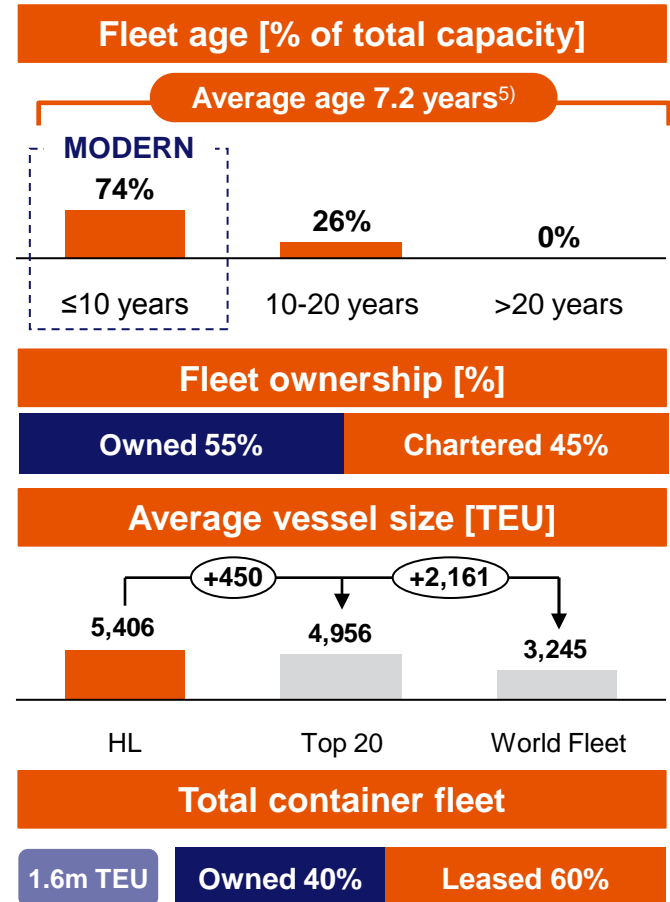
## Changing landscape in a fragmented market...



# Our assets are a competitive fleet, and we have the means to further invest where needed

## Vessel fleet structure as of 30 September 2015

		Owned <sup>1)</sup>	Chartered <sup>4)</sup>	Current fleet	Current orderbook
	Capacity [TEU]	131,674		131,674	52,945
>10,000 TEU	Vessels	10		10	5
	Capacity [TEU]	243,614	68,036	311,650	
8,000 – 10,000 TEU	Vessels	28	8	36	
	Capacity [TEU]	49,743	38,905	88,648	
6,000 – 8,000 TEU	Vessels	7	6	13	
	Capacity [TEU]	68,154	209,094	277,248	
4,000 – 6,000 TEU	Vessels	15	44	59	
	Capacity [TEU]	26,784	76,141	102,925	
2,300 – 4,000 TEU	Vessels	9	26	35	
	Capacity [TEU]	3,918	29,952	33,870	
<2,300 TEU	Vessels	2	20	22	
<b>Total</b>	<b>Capacity [TEU]</b>	<b>523,887<sup>2)</sup></b>	<b>422,128<sup>3)</sup></b>	<b>946,015</b>	<b>52,945</b>
	<b>Vessels</b>	<b>71<sup>2)</sup></b>	<b>104<sup>3)</sup></b>	<b>175</b>	<b>5</b>



1) Incl. 3 long-term finance leases 2) Incl. 2 chartered -out 3) Incl. 1 chartered-out (1-3 years) and short-term (<1 year) charters 4) includes long-term (>3 years), mid-term 5) Weighted average age by capacity



# Hapag-Lloyd has issued three bonds on debt capital markets

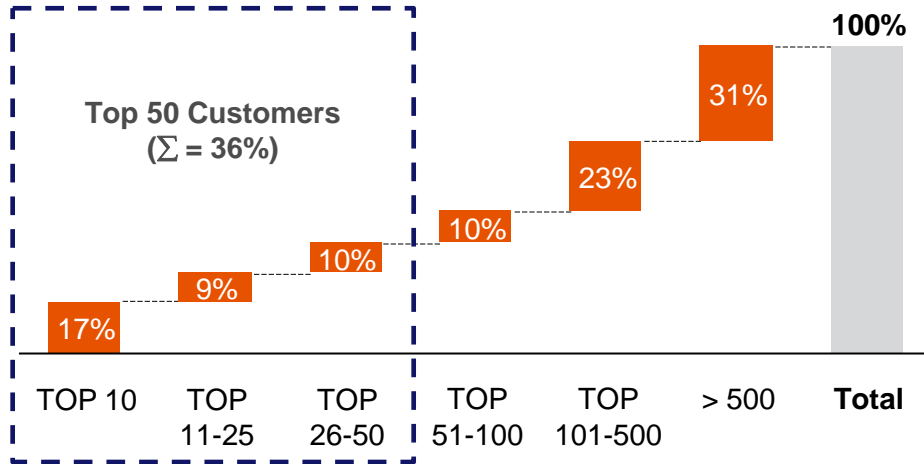


	EUR Bond 2019	EUR Bond 2018	USD Bond 2017
Issuer	Hapag-Lloyd AG	Hapag-Lloyd AG	Hapag-Lloyd AG
Volume	EUR 250 m	EUR 400 m	USD 125 m <sup>1)</sup>
Minimum order	100,000 EUR	100,000 EUR	150,000 USD
Issue date	November 20, 2014	September 20, 2013	October 01, 2010
Maturity date	October 15, 2019	October 01, 2018	October 15, 2017
Redemption prices	as of Oct 15, 2016: 103.750% as of Oct 15, 2017: 101.875% as of Oct 15, 2018: 100%	<b>as of Oct 01, 2015: 103.875%</b> as of Oct 01, 2016: 101.938% as of Oct 01, 2017: 100%	<b>as of Oct 15, 2015: 102.4375%</b> as of Oct 15, 2016: 100%
Coupon	7.50%	7.75%	9.75%
Coupon payment	April 15 and October 15	January 15 and July 15	April 15 and October 15
ISIN	XS1144214993	XS0974356262	USD33048AA36
WKN	A13SNX	A1X3QY	A1E8QB
Listing	Open market of the LxSE	Open market of the LxSE	Open market of the LxSE
Trustee	Deutsche Trustee Company Limited	Deutsche Trustee Company Limited	Deutsche Bank AG, London Branch

1) Partially redeemed by nominal USD 125 m on 30 Dec 2015

# Long-standing and diversified customer base of blue chip customers and a diversified base of goods transported

## Highly diversified customer base<sup>1)</sup>

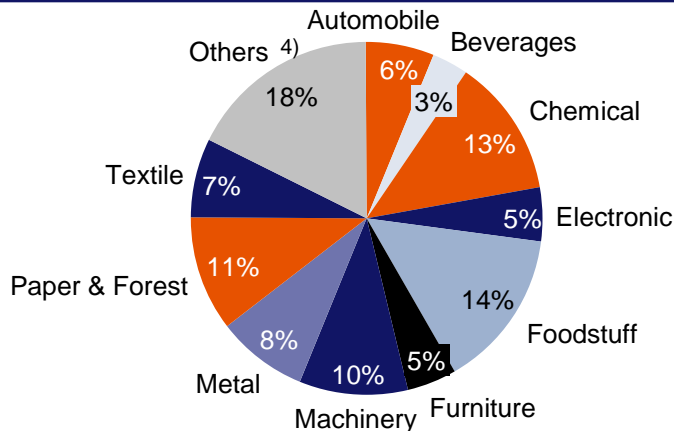


## Strong relationship with blue chip customers

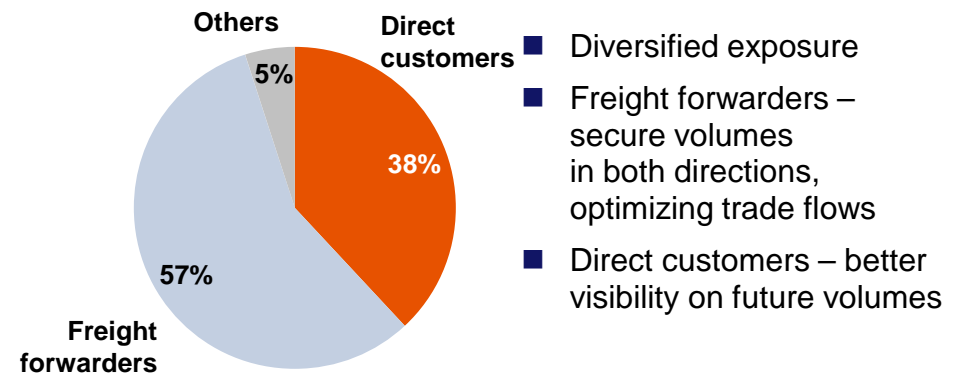


Hapag-Lloyd has a highly diversified customer base:  
No customer has a share greater than 5% of HL's revenue

## Balanced portfolio of goods transported<sup>2)</sup>...



## ... in a diversified customer portfolio<sup>3)</sup>





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