

Hapag-Lloyd AG

H1 2022

Half-year financial report

1 January to
30 June 2022



SUMMARY OF HAPAG-LLOYD KEY FIGURES

HALF-YEAR FINANCIAL REPORT H1 2022

		Q2 2022	Q2 2021	H1 2022	H1 2021	Change absolute
Key operating figures¹						
Total vessels		253	250	253	250	3
Aggregate capacity of vessels	TTEU	1,771	1,761	1,771	1,761	11
Aggregate container capacity	TTEU	3,030	2,822	3,030	2,822	208
Freight rate (average for the period)	USD/TEU	2,935	1,714	2,855	1,612	1,243
Transport volume	TTEU	3,024	3,029	6,012	6,004	8
Revenue	million EUR	8,993	4,686	16,970	8,753	8,217
EBITDA	million EUR	5,277	1,933	10,004	3,517	6,486
EBIT	million EUR	4,801	1,616	9,068	2,893	6,175
Group profit/loss	million EUR	4,483	1,521	8,654	2,724	5,930
Earnings per share	EUR	25.48	8.64	49.19	15.47	33.72
Cash flow from operating activities	million EUR	4,819	1,881	9,310	3,248	6,062
Key return figures¹						
EBITDA margin (EBITDA/revenue)	%	58.7	41.3	58.9	40.2	18.8 ppt
EBIT margin (EBIT/revenue)	%	53.4	34.5	53.4	33.1	20.4 ppt
ROIC (Return on Invested Capital) ²	%	121.0	52.5	117.0	47.0	70.0 ppt
Key balance sheet figures as at 30. June¹						
Balance sheet total	million EUR	31,789	26,715	31,789	26,715	5,074
Equity	million EUR	20,541	16,162	20,541	16,162	4,379
Equity ratio (equity/balance sheet total)	%	64.6	60.5	64.6	60.5	4.1 ppt
Borrowed capital	million EUR	11,248	10,552	11,248	10,552	695
Key financial figures as at 30. June¹						
Financial debt and lease liabilities	million EUR	5,702	5,497	5,702	5,497	205
Cash and cash equivalents	million EUR	10,000	7,723	10,000	7,723	2,277

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 half-year financial report.

This half-year financial report was published on 11 August 2022.

MAIN DEVELOPMENTS IN H1 2022

- The first six months of the 2022 financial year were dominated by ongoing disruption to global supply chains. This was reflected in longer round voyage times for vessels and containers, which in turn had a negative impact on available transport capacity.
- As a result, the transport volume in the first half of the 2022 financial year was on previous year's level at 6,012 TTEU despite good demand (H1 2021: 6,004 TTEU).
- The average freight rate rose in the first half of 2022 by 77% year-on-year to USD 2,855/TEU (prior year period: USD 1,612/TEU) due to the shortage of transport capacity.
- Revenue increased in the first six months of 2022 by 94% to EUR 16,970 million (prior year period: EUR 8,753 million) as a result of significantly higher freight rates and a stronger US dollar.
- Transport expenses rose by 34% in the first half of 2022 to EUR 6,378 million (prior year period: EUR 4,759 million), primarily due to higher fuel expenses and a stronger US dollar.
- EBITDA increased sharply to EUR 10,004 million (prior year period: EUR 3,517 million). The EBITDA margin was 58.9% (prior year period: 40.2%).
- EBIT for the first six months of 2022 was also very significantly above the previous year's level of EUR 2,893 million at EUR 9,068 million.
- Earnings per share jumped to EUR 49.19 from EUR 15.47 in the prior year period.
- Free cash flow was again clearly positive at EUR 8,641 million and significantly higher than in the first half of 2021 (EUR 2,796 million).
- Despite the payment of a dividend of EUR 35 per share in May 2022, net liquidity increased by EUR 2.1 billion compared with 31 December 2021 to EUR 4.3 billion.
- Hapag-Lloyd posted strong financial performance in the first half year of 2022. Based on current business performance, the second half year should also exceed previous expectations. Against this background, the Executive Board of Hapag-Lloyd AG has raised again its earnings outlook for the current financial year on 28 July 2022. For 2022, Group EBITDA is now expected to be in the range of EUR 18.2 to 20.1 billion (previously: EUR 13.6 to 15.5 billion) and Group EBIT in the range of EUR 16.3 to 18.2 billion (previously: EUR 11.7 to 13.6 billion).
- In view of the war in Ukraine, the continuing disruptions to global supply chains and the effects of the COVID-19 pandemic, the forecast is subject to considerable uncertainty.

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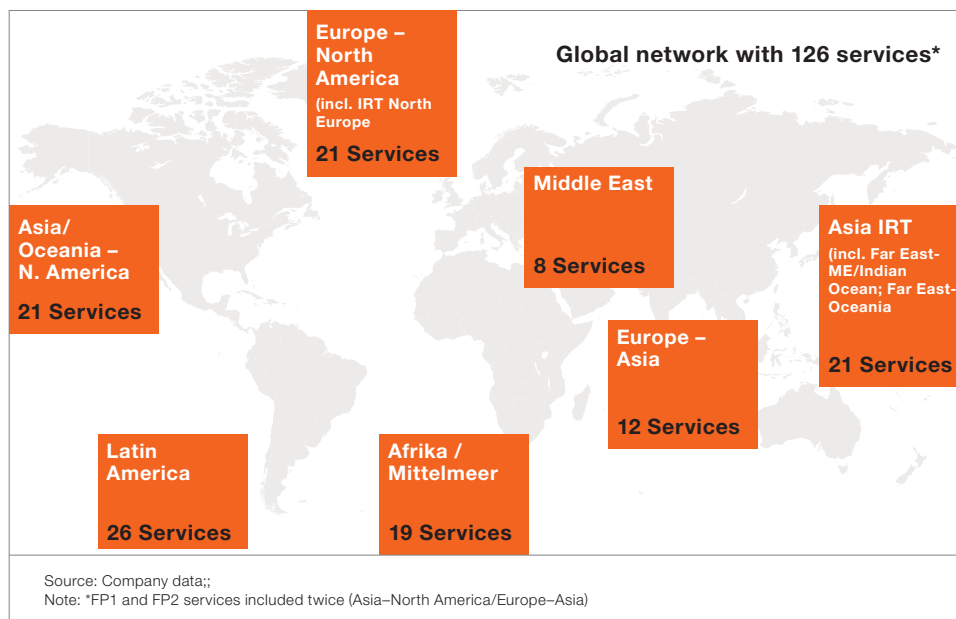
INTERIM GROUP MANAGEMENT REPORT

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 253 container vessels as at 30 June 2022 (30 June 2021: 250) with a transport capacity of 1.8 million TEU (30 June 2021: 1.8 million TEU). The Group has 408 sales offices in 137 countries (30 June 2021: 394 sales offices in 130 countries) and offers its customers worldwide access to a network of 126 liner services (30 June 2021: 121 services). In the first six months of 2022, Hapag-Lloyd served approximately 27,400 customers around the world (prior year period: approximately 26,500).

Network of Hapag-Lloyd services



Alliances are an essential part of the container shipping industry as they enable better utilisation of vessels and provide the opportunity for shipping companies to offer a more extensive service. There are currently 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 30 June 2022, THE Alliance covered all East–West trades with 256 container vessels and 30 services (30 June 2021: 266 container vessels and 29 services).

Capacity share of alliances based on selected trades

in %	Far East trade	Transpacific trade	Atlantic trade
2M	34	26	56
Ocean Alliance	32	37	11
THE ALLIANCE	24	23	27
Other	9	13	7

Source: Alphaliner, June 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 30 June 2022 (unchanged to 31 December 2021) is as follows:

in %	30.06.2022
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 half-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 six months of 2022, Hapag-Lloyd generated an annualised return on invested capital (ROIC) of 117.0% (prior year period: 47.0%). 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	
	H1 2022	H1 2021	H1 2022	H1 2021
Non-current assets	16,830.3	13,701.7	17,492.3	16,293.4
Inventory	577.1	279.3	599.8	332.1
Accounts receivables	3,945.2	2,024.0	4,100.5	2,406.9
Other assets	436.0	399.7	453.2	475.3
Assets	21,788.5	16,404.7	22,645.7	19,507.8
Provisions	938.9	873.2	975.9	1,038.4
Accounts payable	2,633.5	2,059.2	2,737.2	2,448.7
Other liabilities	1,972.8	1,101.8	2,050.2	1,310.2
Liabilities	5,545.2	4,034.1	5,763.2	4,797.2
Invested Capital	16,243.3	12,370.6	16,882.5	14,710.5
EBIT	9,068.2	2,893.2	9,918.5	3,487.3
Taxes	37.4	23.7	40.9	28.6
Net Operating Profit after Tax (NOPAT)	9,030.8	2,869.4	9,877.6	3,458.7
Return on Invested Capital (ROIC, annualised, in %)			117.0	47.0

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 vessel 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, are successively being 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 30 June 2022, Hapag-Lloyd's fleet comprised a total of 253 container vessels (30 June 2021: 250 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 Hapag-Lloyd fleet as at 30 June 2022 was 1,771.4 TTEU, thus 0.6% higher than as per 30 June 2021 (1,760.8 TTEU). Based on the TEU capacities, 61% of the fleet was owned by the Group as at 30 June 2022 (30 June 2021: 61%). At present, three vessels with a capacity of 15.4 TTEU are subchartered to other shipping companies. In the first half of 2022, five second-hand vessels with a total capacity of 19,329 TEU were acquired. As part of the acquisition of the container liner business of Deutsche Afrika-Linien GmbH & Co. KG (DAL), a 6,589 TEU vessel owned by the company was taken over.

As at 30 June 2022, the average age of Hapag-Lloyd's total fleet (capacity-weighted) was 11.0 years (30 June 2021: 10.0 years) and thus slightly above the average of the world's ten largest container liner shipping companies of 10.5 years (30 June 2022: 9.9 years). The average vessel size within the Hapag-Lloyd Group fleet was 7.0 TTEU (30 June 2021: 7.0 TTEU), which is approximately 10% above the comparable average figure for the ten largest container liner shipping companies worldwide of 6.4 TTEU (30 June 2021: 6.3 TTEU; Source: MDS Transmodal) and around 58% above the average vessel size in the global fleet of 4.4 TTEU (30 June 2021: 4.4 TTEU; Source: MDS Transmodal).

As at 30 June 2022, Hapag-Lloyd owned or rented 1.8 million (30 June 2021: 1.7 million) containers with a capacity of 3,030.1 TTEU for shipping cargo (30 June 2021: 2,822.4 TTEU). The capacity-weighted share of leased containers was around 43% as at 30 June 2022 (30 June 2021: 44%). In the second quarter, 5,200 TEU of special containers and 11,800 TEU of reefer containers were ordered.

Hapag-Lloyd's service network comprised 126 services as at 30 June 2022 (30 June 2021: 121 services).

Structure of Hapag-Lloyd's container ship fleet

	30.6.2022	31.12.2021	30.6.2021
Number of vessels	253	253	250
thereof			
Own vessels ¹	119	113	116
Chartered vessels	134	140	134
Aggregate capacity of vessels (TTEU)	1,771	1,769	1,761
Aggregate container capacity (TTEU)	3,030	3,058	2,822
Number of services	126	126	121

¹ Including lease agreements with purchase option/obligation at maturity

Bunker consumption totalled 2.12 million tonnes in the first half of 2022 and therefore increased slightly by 0.7% compared with the previous year (H1 2021: approximately 2.11 million tonnes). This increase was essentially caused by a rise in vessel capacity compared with the prior year period.

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 H1 2021 to 88% in the first six 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 very slightly to 2.42 tonnes in H1 2022 (H1 2021: 2.41 tonnes). In terms of transported TEU, bunker consumption of 0.35 tonnes per TEU in H1 2022 was at the same level as in the first half of 2021.

Hapag-Lloyd's order book as at 30 June 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 TTEU. 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 frame-work 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 six months of the 2022 financial year, Hapag-Lloyd completed transport contracts for approximately 27,400 customers (H1 2021: approximately 26,500).

Employees

The Hapag-Lloyd Group employed 14,321 people as at 30 June 2022 (30 June 2021: 13,404). Of this total, 12,240 were shore-based employees (30 June 2021: 11,216), while 1,868 people were employed in the marine division (30 June 2021: 1,987). The number of shore-based employees therefore rose significantly by 1,024, an increase due to the expansion of the Global Service Centers in India, the worldwide Quality Service Centers and the IT Knowledge Center in Gdańsk and the takeover of NileDutch in the third quarter of 2021 and DAL in the second quarter of 2022. Hapag-Lloyd also employed 213 apprentices as at 30 June 2022 (30 June 2021: 201).

Number of employees

	30.6.2022	31.12.2021	30.6.2021
Marine personnel	1,868	1,868	1,987
Shore-based personnel	12,240	11,997	11,216
Apprentices	213	241	201
Total	14,321	14,106	13,404

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 further increased inflationary pressure, with correspondingly negative effects on the global economy.

Following a surprisingly strong first quarter in 2022 with economic growth of 4.8%, economic growth in China slowed significantly in the second quarter of 2022 as a result of the lockdowns in April and May caused by COVID-19. It was only the incipient recovery in June that enabled slight year-on-year growth of 0.4% in the quarter as a whole. Overall, the People's Republic of China recorded economic growth of 2.5% in the first half of the year (H1 2021: +12.7%). Imports of goods increased by 4.8% and exports by 13.2% (National Bureau of Statistics of China, July 2022). The main recipients of Chinese goods are the USA and Europe. The US economy grew by 1.6% in the second quarter of 2022 compared to the same quarter of the previous year. Compared to the first quarter of 2022, however, economic output declined by 0.9%, after growth in the first quarter of 2022 had already fallen by 1.6% compared to the strong fourth quarter of 2021. The decline in the second quarter of 2022 was largely due to a fall in private investment and lower government spending due to the expiry of COVID-19 pandemic related aid programmes. Economic growth was supported by increased exports and higher defence spending. Imports and exports in the first five months of 2022 were significantly higher than in the prior year period, primarily as a result of the sharp rise in energy and commodity prices. Imports of goods from January to May 2022 increased by 22.5% compared with the previous year and exports by 20.4% (U.S. Department of Commerce, July 2022). The EU recorded economic growth of 4.0% year-on-year in Q2 2022 and slight growth of 0.6% compared to Q1 2022. Exports of goods from the EU rose by 17.6% in the period January to May 2022 compared with the prior year period. Imports of goods increased even more significantly by 48.5%, although this was primarily due to a rise in energy imports of 147.9%, which in turn was caused by the jump in energy prices (Eurostat, July 2022).

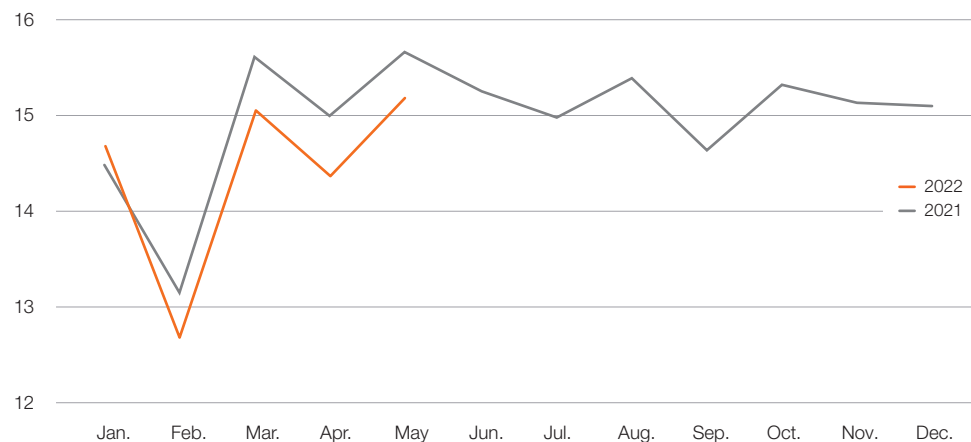
The war in Ukraine and the resulting uncertainty on the international energy markets also drove oil prices up substantially. At the end of June 2022, the price of Brent Crude stood at USD 114.81 per barrel, a significant increase of 52.8% compared with USD 75.13 per barrel on 30 June 2021 (Platts Bunkerwire, Bloomberg, June 2022).

Sector-specific conditions

Following the outbreak of the COVID-19 pandemic at the beginning of 2020, there was a brief but significant decline in global container transport volumes, followed by a strong recovery. As a result, in conjunction with regional COVID-19 restrictions, there has been a noticeable disruption in global supply chains since the fourth quarter of 2020 at the latest. In the first half of 2022, port and hinterland infrastructure in North America continued to be congested. Lockdown measures in China, port strikes and infrastructural problems have also led to worsening port congestion in Europe.

Global container transport volumes decreased by 2.5% in the period January to May 2022 compared with the prior year period (CTS, July 2022). This was due to the high figure in the previous year, the ongoing disruption to global supply chains and weaker demand. Transport volumes on the Intra-Asia trade and from the Far East to North America increased marginally. By contrast, the transport volume on the Far East to Europe trade decreased by 3.6%, while volumes from North America and Europe to the Far East fell sharply by –14.5% and –14.6%, respectively.

Monthly global container transport volumes (in million TEU)



Source: CTS, July 2022

The Shanghai Containerized Freight Index (SCFI), which tracks spot freight rates on the major trade routes from Shanghai, declined gradually in the first half of 2022. With a value of USD 4,216/TEU at the end of June 2022, however, it was still higher than the previous year's figure of USD 3,785/TEU. At the end of 2021, the index stood at USD 5,047/TEU, just short of its all-time high.

The continued high level of demand is also reflected in the low share of idle vessels. As in the previous year, they accounted for 0.2 million TEU at the end of H1 2022, or 0.8% of the global fleet (Alphaliner Weekly, June 2022 and June 2021). 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 69 container vessels with a transport capacity of approximately 413 TTEU were placed into service in the first half of 2022 (prior year period: 87 vessels with a transport capacity of approximately 590 TTEU). According to Clarksons, no container vessels were scrapped in the same period (prior year period: approximately 10 TTEU).

In the first half of 2022, orders were placed for the construction of 245 container vessels with a transport capacity totalling 1.7 million TEU, significantly less than the 3.1 million TEU in the prior year period (Clarksons Research, July 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 vessels rose to around 6.7 million TEU at the end of June 2022 as a result, up from 4.0 million TEU as at 30 June 2021. This means that, although the order volume in proportion to the current global container fleet capacity is 26.6% 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 half of 2022 due primarily to the war between Russia and Ukraine. At the end of June 2022, low-sulphur bunker fuel cost USD 869/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 half of the 2022 financial year, continuing good demand for container transport was the main reason for the positive development of the sector. However, a difficult market environment prompted in particular by ongoing disruption to global supply chains resulted in operational challenges that were reflected in longer round voyage times for vessels and containers.

Compared with the first half of 2021, the rise in the average freight rate (in USD) of 77.1% resulted in revenue growth of 93.9%, 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 USD 1.09/EUR in the first half of 2022, compared with USD 1.21/EUR in the corresponding prior year period. By contrast, an increase in the average bunker consumption price (+67.0%) and higher container handling expenses (+24.3%) adversely affected the operating result.

Hapag-Lloyd generated earnings before interest, taxes, depreciation and amortisation (EBITDA) of EUR 10,003.5 million in the reporting period (prior year period: EUR 3,517.3 million) and earnings before interest and taxes (EBIT) of EUR 9,068.2 million (prior year period: EUR 2,893.2 million). The Group profit came to EUR 8,654.2 million (prior year period: EUR 2,724.5 million).

Consolidated income statement

million EUR	Q2 2022	Q2 2021	H1 2022	H1 2021
Revenue	8,993.4	4,686.0	16,970.0	8,753.4
Transport expenses	3,427.4	2,488.5	6,378.1	4,758.9
Personnel expenses	217.0	193.0	427.0	357.3
Depreciation, amortisation and impairment	475.8	317.2	935.3	624.2
Other operating result	-133.5	-81.8	-234.5	-131.7
Operating result	4,739.7	1,605.5	8,995.2	2,881.3
Share of profit of equity-accounted investees	57.5	10.6	69.0	11.8
Result from investments and securities	4.0	0.1	4.0	0.1
Earnings before interest and tax (EBIT)	4,801.3	1,616.1	9,068.2	2,893.2
Interest result	-37.0	-78.8	-85.0	-143.1
Other financial items	-260.6	-3.6	-291.6	-1.9
Income taxes	20.8	12.7	37.4	23.7
Group profit/loss	4,482.9	1,521.0	8,654.2	2,724.5
thereof profit/loss attributable to shareholders of Hapag-Lloyd AG	4,479.0	1,518.6	8,646.1	2,719.4
thereof profit/loss attributable to non-controlling interests	3.9	2.4	8.1	5.0
Basic/diluted earnings per share (in EUR)	25.48	8.64	49.19	15.47
EBITDA	5,277.1	1,933.4	10,003.5	3,517.3
EBITDA margin (%)	58.7	41.3	58.9	40.2
EBIT	4,801.3	1,616.1	9,068.2	2,893.2
EBIT margin (%)	53.4	34.5	53.4	33.1

Transport volume per trade

TTEU	Q2 2022	Q2 2021	H1 2022	H1 2021
Atlantic ¹	563	532	1,052	1,048
Transpacific	430	462	861	899
Far East	573	596	1,174	1,181
Middle East	388	395	802	784
Intra-Asia	154	159	311	330
Latin America	751	766	1,486	1,535
Africa ¹	166	120	326	227
Total	3,024	3,029	6,012	6,004

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 6,012 TTEU in the first half of 2022 remained at the previous year's level (prior year period: 6,004 TTEU) (+0.1%).

The increase in the transport volume on the Africa trade was primarily due to the integration of NileDutch into the Hapag-Lloyd Group in the third quarter of 2021. The continuing strong demand for container transport contributed to an increase in the transport volume on the Middle East trade in particular compared with the prior year period.

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 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	Q2 2022	Q2 2021	H1 2022	H1 2021
Atlantic ¹	2,893	1,578	2,682	1,445
Transpacific	4,001	2,256	3,894	2,101
Far East	3,242	2,117	3,254	2,043
Middle East	2,357	1,352	2,197	1,233
Intra-Asia	1,939	1,131	1,998	1,073
Latin America	2,710	1,473	2,663	1,416
Africa ¹	2,559	1,725	2,545	1,629
Total (weighted average)	2,935	1,714	2,855	1,612

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 half of the 2022 financial year was USD 2,855/TEU, which was USD 1,243/TEU, or 77.1%, up on the prior year period (USD 1,612/TEU).

The continuing increase in the freight rate was primarily due to ongoing good demand for container transport alongside a simultaneous scarcity of transport capacity in an overstrained market environment.

Revenue per trade

million EUR	Q2 2022	Q2 2021	H1 2022	H1 2021
Atlantic ¹	1,517.4	696.0	2,579.6	1,256.0
Transpacific	1,609.9	865.1	3,066.9	1,566.6
Far East	1,744.1	1,046.9	3,491.8	2,002.0
Middle East	856.4	442.4	1,610.3	802.1
Intra-Asia	280.8	149.1	567.8	293.7
Latin America	1,904.9	936.2	3,618.2	1,804.1
Africa ¹	398.3	171.7	758.6	306.1
Revenue not assigned to trades	681.6	378.6	1,276.8	722.8
Total	8,993.4	4,686.0	16,970.0	8,753.4

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 8,216.7 Mio. EUR to 16,970.0 Mio. EUR in the first half of the 2022 financial year (prior year period: 8,753.4 Mio. EUR), representing an increase of 93.9%. The main reason for this was the rise in the average freight rate of 77.1% 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 7.3 billion, or 75.9%.

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	Q2 2022	Q2 2021	H1 2022	H1 2021
Transport expenses	3,427.4	2,488.5	6,378.1	4,758.9
thereof				
Transport expenses for completed voyages	3,426.5	2,490.9	6,381.1	4,750.2
Bunker	786.0	403.5	1,367.4	725.3
Handling and haulage	1,678.4	1,339.6	3,173.5	2,552.5
Equipment and repositioning ¹	375.5	287.2	717.3	564.8
Vessels and voyages (excluding bunker) ¹	586.5	460.5	1,122.9	907.6
Transport expenses for pending voyages ²	0.9	-2.4	-3.1	8.7
Personnel expenses	217.0	193.0	427.0	357.3
Depreciation, amortisation and impairments	475.8	317.2	935.3	624.2
Other operating result	-133.5	-81.8	-234.5	-131.7
Total operating expenses	4,253.7	3,080.5	7,974.9	5,872.1

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 transport expenses for completed voyages.

Transport expenses rose by EUR 1,619.2 million in the first half of the 2022 financial year to EUR 6,378.1 million (prior year period: EUR 4,758.9 million). This represents an increase of 34.0%, which was primarily due to the higher average bunker consumption price compared with the previous year and the rise in container handling expenses. 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 1.1 billion, or 21.6%.

In the first half of the 2022 financial year, the average bunker consumption price for Hapag-Lloyd was USD 703/t, up USD 282/t (+67.0%) on the figure of USD 421/t for the prior year period. This led to an increase in fuel expenses of EUR 642.1 million to EUR 1,367.4 million (prior year period: EUR 725.3 million).

Container handling expenses rose by EUR 621.0 million in the first half of the reporting year to EUR 3,173.5 million (prior year period: EUR 2,552.5 million). This essentially resulted from increased demurrage and detention for containers due to partial congestion of port and hinterland infrastructure. In addition, a rise in expenses for hinterland transport of containers, mainly by feeder vessels 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 vessels 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 vessels.

Personnel expenses rose by EUR 69.6 million to EUR 427.0 million in the first half of the 2022 financial year (prior year period: EUR 357.3 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 half of the 2022 financial year, there was a year-on-year rise in depreciation and amortisation of EUR 311.2 million to EUR 935.3 million (prior year period: EUR 624.2 million). This increase was primarily due to the year-on-year rise in the percentage of vessels chartered in on a medium-term basis 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 470.8 million (prior year period: EUR 295.2 million). In addition, the adjustment to the remaining useful life of selected older vessels in the 2021 financial year and the acquisition of vessels during 2022 contributed to the increase in depreciation and amortisation. The stronger US dollar compared with the euro also led to a rise in depreciation and amortisation.

The other operating result of EUR –234.5 million (prior year period: EUR –131.7 million) comprised the net balance of other operating income and expenses. Other operating expenses totalled EUR 281.7 million for the first half of the 2022 financial year (prior year period: expenses of EUR 159.3 million). This mainly included IT expenses (EUR 113.7 million; prior year period: EUR 91.9 million), consultancy fees (EUR 32.3 million; prior year period EUR 12.8 million), office and administrative costs (EUR 17.5 million; prior year period: EUR 12.5 million) and expenses for allowances for doubtful accounts (EUR 14.3 million; prior year period: EUR 7.6 million). Other operating income totalled EUR 47.2 million for the first half of the 2022 financial year (prior year period: EUR 27.6 million).

Share of profit of equity-accounted investees

The Notes to the share of profit of equity-accounted investees can be found in the section "Share of profit of equity-accounted investees" in the condensed interim consolidated financial statements.

Key earnings figures

million EUR	Q2 2022	Q2 2021	H1 2022	H1 2021
Revenue	8,993.4	4,686.0	16,970.0	8,753.4
EBIT	4,801.3	1,616.1	9,068.2	2,893.2
EBITDA	5,277.1	1,933.4	10,003.5	3,517.3
EBIT margin (%)	53.4	34.5	53.4	33.1
EBITDA margin (%)	58.7	41.3	58.9	40.2
Basic earnings per share (in EUR)	25.48	8.64	49.19	15.47
Return on invested capital (ROIC) annualised (%) ¹	121.0	52.5	117.0	47.0

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

Interest result

The interest result in the first half of the 2022 financial year was EUR –85.0 million (prior year period: EUR –143.1 million). The year-on-year decrease in interest expenses was mainly due to the refinancing of the EUR bond carried out in the 2021 financial year and the early repayments of bank debt. Furthermore, interest income increased primarily due to the significant expansion of money market transactions carried out in the reporting year.

Other financial items

The result for other financial items in the first half of the 2022 financial year was EUR –291.6 million (prior year period: EUR –1.9 million). The main reasons for this change were the realisation of the currency forward contracts for the euro dividend paid in May 2022 and the realised foreign currency losses from the corresponding dividend payment.

Group profit

A Group profit of EUR 8,654.2 million was achieved in the first half of the 2022 financial year (prior year period: EUR 2,724.5 million).

Group financial position

Condensed statement of cash flows

million EUR	Q2 2022	Q2 2021	H1 2022	H1 2021
Cash flow from operating activities	4,819.2	1,881.3	9,310.1	3,247.7
Cash flow from investing activities	–300.4	–374.1	–669.4	–451.3
Free cash flow	4,518.7	1,507.3	8,640.7	2,796.4
Cash flow from financing activities	–6,888.0	–1,089.4	–7,288.0	–1,501.1
Changes in cash and cash equivalents	–2,369.3	417.8	1,352.7	1,295.3

Cash flow from operating activities

Hapag-Lloyd generated an operating cash flow of EUR 9,310.1 million in the first half of the 2022 financial year (prior year period: EUR 3,247.7 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 half of the 2022 financial year, the cash outflow from investing activities totalled EUR 669.4 million (prior year period: EUR 451.3 million). This primarily included payments for investments of EUR 591.5 million (prior year period: EUR 474.5 million) in vessels, vessel equipment and new containers. The payments for containers acquired in the previous year included in the investment amount were EUR 194.8 million. As at 30 June 2022, a total of EUR 115.2 million had been paid for the acquisition of the container liner shipping business of Deutsche Afrika-Linien GmbH & Co. KG and the acquisition of shares in the joint venture EUROGATE Container Terminal Wilhelmshaven GmbH & Co. KG.

Cash flow from financing activities

Financing activities resulted in a net cash outflow of EUR 7,288.0 million in the first half of the financial year (prior year period: EUR 1,501.1 million). The cash outflow essentially resulted from the dividend payment to the shareholders of Hapag-Lloyd AG in the amount of EUR 6,151.6 million (prior year period: EUR 615.2 million). The interest and redemption payments from lease liabilities in accordance with IFRS 16 totalled EUR 544.6 million (prior year period: EUR 316.8 million). In the first half of the financial year, EUR 301.9 million was paid for the interest and redemption payments for vessel and container financing (prior year period: EUR 622.8 million). Furthermore, payments were made for hedging transactions of financial debts and dividend payments in the amount of EUR 268.3 million.

Developments in cash and cash equivalents

million EUR	Q2 2022	Q2 2021	H1 2022	H1 2021
Cash and cash equivalents at beginning of period	11,637.3	1,614.6	7,723.4	681.3
Changes due to exchange rate fluctuations	732.4	-21.3	924.3	34.5
Net changes	-2,369.3	417.8	1,352.7	1,295.3
Cash and cash equivalents at end of period	10,000.4	2,011.1	10,000.4	2,011.1

Overall, cash inflow totalled EUR 1,352.7 million in the first half of the 2022 financial year. After accounting for exchange rate-related effects in the amount of EUR 924.3 million, cash and cash equivalents of EUR 10,000.4 million were reported at the end of the reporting period on 30 June 2022 (30 June 2021: EUR 2,011.1 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 697.6 million (30 June 2021: EUR 491.9 million). The liquidity reserve (consisting of cash, cash equivalents and unused credit lines) therefore totalled EUR 10,698.0 million (30 June 2021: EUR 2,503.0 million).

Financial solidity

million EUR	30.6.2022	31.12.2021
Financial debt and lease liabilities	5,702.5	5,497.2
Cash and cash equivalents	10,000.4	7,723.4
Net liquidity¹	4,297.9	2,226.3
Unused credit lines	697.6	516.9
Equity ratio (%)	64.6	60.5

¹ Cash and cash equivalents less financial debt and lease liabilities

The Group's net liquidity amounted to EUR 4,297.9 million as at 30 June 2022. This was a rise of EUR 2,071.6 million compared to net liquidity as at 31 December 2021. The improvement was primarily due to a positive operating cash flow. This contrasted with the dividend payment to the shareholders of HLAG, which was recognised in the cash flow from financing activities.

The equity ratio increased by 4.1 percentage points, from 60.5% as at 31 December 2021 to 64.6%. Equity was up by EUR 4,379.2 million compared with 31 December 2021 and came to EUR 20,541.2 million as at 30 June 2022. A detailed overview of the change in equity can be found in the consolidated statement of changes in equity in the interim consolidated financial statements.

Group net asset position

Changes in the asset structure

million EUR	30.6.2022	31.12.2021
Assets		
Non-current assets	16,830.3	15,284.0
of which fixed assets	16,720.6	15,204.5
Current assets	14,958.7	11,430.5
of which cash and cash equivalents	10,000.4	7,723.4
Total assets	31,789.0	26,714.5
Equity and liabilities		
Equity	20,541.2	16,162.0
Borrowed capital	11,247.7	10,552.5
of which non-current liabilities	4,534.1	4,594.2
of which current liabilities	6,713.6	5,958.3
of which financial debt and lease liabilities	5,702.5	5,497.2
of which non-current financial debt and lease liabilities	4,221.7	4,138.5
of which current financial debt and lease liabilities	1,480.8	1,358.6
Total equity and liabilities	31,789.0	26,714.5
Net liquidity	4,297.9	2,226.3
Equity ratio (%)	64.6	60.5

As at 30 June 2022, the Group's statement of financial position total was EUR 31,789.0 million, which is EUR 5,074.4 million higher than the figure at year-end 2021. The reasons for this change primarily included the increase in cash and cash equivalents, the rise in fixed assets, price-related increases in receivables and the higher equity. The USD/EUR exchange rate was quoted at 1.04 on 30 June 2022 (31 December 2021: 1.13).

Within non-current assets, the carrying amounts of fixed assets increased by a total of EUR 1,516.1 million to EUR 16,720.6 million (31 December 2021: EUR 15,204.5 million). This rise was essentially due to exchange rate effects as at the reporting date in the amount of EUR 1,323.8 million (prior year period: EUR 400.9 million), investments in vessels, vessel equipment and containers in the amount of EUR 530.1 million (prior year period: EUR 581.3 million) and newly received and extended rights of use for lease assets in the amount of EUR 550.6 million (prior year period: EUR 755.9 million). Depreciation and amortisation of EUR 937.8 million had an opposite effect (prior year period: EUR 635.4 million) on fixed assets. This includes an amount of EUR 470.8 million (prior year period: EUR 295.2 million) for the amortisation of capitalised rights of use relating to lease assets.

Cash and cash equivalents increased by EUR 2,277.0 million to EUR 10,000.4 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 4,379.2 million to a total of EUR 20,541.2 million. This increase was mainly due to the Group profit of EUR 8,654.2 million (prior year period: EUR 2,724.5 million) recognised in retained earnings and the unrealised gains from currency translation of EUR 1,714.3 million (prior year period: EUR 235.6 million) recognised in other comprehensive income. The dividend paid from the previous year's retained earnings in the amount of EUR 35.00 (previous year: EUR 3.50) per dividend-eligible individual share, i.e. EUR 6,151.6 million (previous year: EUR 615.2 million) in total, had an offsetting effect. The equity ratio was 64.6% as at 30 June of the current year (31 December 2021: 60.5%).

The Group's borrowed capital rose slightly by EUR 695.2 million in comparison to the 2021 consolidated financial statements. Within borrowed capital, financial debt and lease liabilities increased slightly by a total of EUR 205.3 million. This rise was essentially due to exchange rate effects as at the reporting date in the amount of EUR 469.5 million (prior year period: EUR 154.2 million). The increase in financial debt and lease liabilities due to newly acquired or extended rights of use for lease assets in the amount of EUR 542.7 million (prior year period: EUR 749.8 million) was more than offset by redemption payments for financial debt and lease liabilities totalling EUR 763.6 million (prior year period: EUR 1,202.3 million).

While trade accounts payable also contributed to the increase in borrowed capital, long-term pension provisions fell by EUR 128.4 million due to the higher discount rate.

Taking cash and cash equivalents, financial debt and lease liabilities into account, net liquidity as at 30 June 2022 was EUR 4,297.9 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 the business developments

The global economy developed slightly positively in the first half of the 2022 financial year despite the war in Ukraine and the ongoing local COVID-19 restrictions. With the existing disruptions to global supply chains, worldwide transport volumes were down; however, spot freight rates, particularly for exports from the Asian region, were at a high level compared with the prior year period, although with a slight downward trend. The Russia-Ukraine war weighted on overall economic development. The geopolitical and economic environment, particularly in Europe, has changed as a result, and raw material and energy prices have risen sharply.

In the first half of the 2022 financial year, the earnings of the Hapag-Lloyd Group were significantly positively impacted in particular by the year-on-year increase in the average freight rate. A strong increase in the bunker consumption price and operational challenges have reduced the Group's earnings. Despite the good financial business performance in the first half of the 2022 financial year, the Executive Board assesses the market environment for the second half of 2022 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 slightly positive overall, even though the global economy and global trade are likely to grow at a significantly slower rate than forecast at the beginning of the year.

In its July report, the IMF expects the global economy to have contracted in the second quarter of 2022. This was due to the effects of the Ukraine war and the strict lockdowns in China. According to the IMF's July forecast, the global economy will grow by 3.2% in 2022, after a plus of 6.1% in the previous year. This is the second time this year that the IMF has lowered its forecast for 2022: by 0.8 percentage points in April 2022 and again by 0.4 percentage points in July 2022. In addition to the very weak second quarter, the reasons for the significant deterioration in the global economic outlook are the continuing effects of the war in Ukraine, in particular the uncertain gas supply for Europe and the resulting high energy prices, and the persistently high inflation in all parts of the world. High inflation has led most central banks to tighten monetary policy significantly. In turn, higher interest rates are hampering economic activity, while consumer confidence is falling significantly due to declining purchasing power.

International trade in goods and services is expected to grow by 4.1% in 2022 (1.9 percentage points less than expected in January 2022), after 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	2.9	3.2	6.1	-3.1	2.9
Industrialised countries	1.4	2.5	5.2	-4.5	1.7
Developing and newly industrialised countries	3.9	3.6	6.8	-2.0	3.7
World trade volume (goods and services)	3.2	4.1	10.1	-7.9	0.9

Source: IMF World Economic Outlook, July 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 ongoing COVID-19 restrictions in China. Seabury predicts that the global container transport volume will grow by 2.1% this year and by 3.4% in 2023. In 2021, volume grew by 6.6%, due also to a weak base in the previous year as a result of the pandemic (CTS July 2022).

Development of container transport volume

	2023e	2022e	2021	2020	2019
Growth rate in %	3.4	2.1	6.6	-1.1	1.3

Sources: CTS (July 2022) for 2019–2021, Seabury (June 2022) for 2022 and 2023

The strong demand for transport combined with a shortage of available vessels has resulted in a noticeable increase in vessel orders since the fourth quarter of 2020. According to MDS Transmodal (July 2022), the tonnage of the commissioned container vessels rose significantly to around 6.7 million TEU at the end of June 2022, up from around 4.0 million TEU as at 30 June 2021. This means that, although the order volume in proportion to the current global container fleet capacity is 26.6% 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 vessel fleet to grow by 0.9 million TEU, or 3.4%. Although capacity growth is therefore higher than the increase in demand of 2.1%, vessel 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 vessels ordered will be delivered in 2023 (around 2.5 million TEU) and 2024 (around 3.4 million TEU) (Drewry Container Forecaster Q2 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	0.4	0.1	0.1	0.3	0.1
Net capacity growth	1.8	0.9	1.1	0.7	0.9
Net capacity growth (in %)	7.1	3.4	4.5	3.0	4.0

Source: Drewry Container Forecaster Q2 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 half year of 2022. Based on current business performance, the second half year should also exceed previous expectations. Against this background, the Executive Board of Hapag-Lloyd AG has raised again its earnings outlook for the current financial year on 28 July 2022. For 2022, Group EBITDA is now expected to be in the range of USD 19.5 to 21.5 billion (previously: USD 14.5 to 16.5 billion) and Group EBIT in the range of USD 17.5 to 19.5 billion (previously: USD 12.5 to 14.5 billion). In Euro, this corresponds to an expected Group EBITDA of EUR 18.2 to 20.1 billion (previously: EUR 13.6 to 15.5 billion) and Group EBIT in the range of EUR 16.3 to 18.2 billion (previously: EUR 11.7 to 13.6 billion).

The earnings outlook is based on the assumptions that transport volumes will increase slightly (previously: on previous year's level) and that the average freight rate will increase clearly 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. In view of the war in Ukraine, the continuing disruptions to global supply chains and the effects of the COVID-19 pandemic, the forecast is subject to considerable 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 (from 10 March 2022)	Forecast 2022 (from 28 April 2022)	Forecast 2022 (from 28 July 2022)
Global economic growth (IMF, July 2022)	6.1%	4.4%	3.6%	3.2%
Increase in global trade (IMF, July 2022)	10.1%	6.0%	5.0%	4.1%
Increase in global container transport volume (CTS, July 2022; Seabury, June 2022)	6.6%	3.0%	2.6%	2.6%
Transport volume, Hapag-Lloyd	11.9 million TEU	Increasing slightly	On previous year's level	Increasing slightly
Average bunker consumption prices, Hapag-Lloyd	USD 475/t	Increasing clearly	Increasing clearly	Increasing clearly
Average freight rate, Hapag-Lloyd	USD 2,003/TEU	Increasing moderately	Increasing clearly	Increasing clearly
EBITDA (earnings before interest, taxes, depreciation and amortisation), Hapag-Lloyd	EUR 10.9 billion	EUR 10.7 – 12.4 billion	EUR 13.6 – 15.5 billion	EUR 18.2 – 20.1 billion
EBIT (earnings before interest and taxes), Hapag-Lloyd	EUR 9.4 billion	EUR 8.9 – 10.7 billion	EUR 11.7 – 13.6 billion	EUR 16.3 – 18.2 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 half-year 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 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 bearable and the probability of occurrence as low.

Due to the demand for container transport in the rest of the year factored into the forecast, the reduced risk due to the already advanced financial year and partly already concluded rate agreements for the second half 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 bearable and the probability of occurrence as medium.

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	Medium	Bearable
Bunker consumption price fluctuation	Low	Bearable
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 half year 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 30 June 2022

million EUR	Q2 2022	Q2 2021	H1 2022	H1 2021
Revenue	8,993.4	4,686.0	16,970.0	8,753.4
Transport expenses	3,427.4	2,488.5	6,378.1	4,758.9
Personnel expenses	217.0	193.0	427.0	357.3
Depreciation, amortisation and impairment	475.8	317.2	935.3	624.2
Other operating result	-133.5	-81.8	-234.5	-131.7
Operating result	4,739.7	1,605.5	8,995.2	2,881.3
Share of profit of equity-accounted investees	57.5	10.6	69.0	11.8
Result from investments and securities	4.0	0.1	4.0	0.1
Earnings before interest and taxes (EBIT)	4,801.3	1,616.1	9,068.2	2,893.2
Interest income and similar income	17.4	2.1	23.0	5.9
Interest expenses and similar expenses	54.4	80.9	108.0	149.0
Other financial items	-260.6	-3.6	-291.6	-1.9
Earnings before taxes	4,503.7	1,533.7	8,691.6	2,748.2
Income taxes	20.8	12.7	37.4	23.7
Group profit/loss	4,482.9	1,521.0	8,654.2	2,724.5
thereof attributable to shareholders of Hapag-Lloyd AG	4,479.0	1,518.6	8,646.1	2,719.4
thereof attributable to non-controlling interests	3.9	2.4	8.1	5.0
Basic/diluted earnings per share (in EUR)	25.48	8.64	49.19	15.47

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**of Hapag-Lloyd AG for the period 1 January to 30 June 2022**

million EUR	Q2 2022	Q2 2021	H1 2022	H1 2021
Group profit/loss	4,482.9	1,521.0	8,654.2	2,724.5
Items which will not be reclassified to profit and loss:				
Remeasurements from defined benefit plans after tax	97.1	–	136.0	29.2
Remeasurements from defined benefit plans before tax	97.0	–	135.7	29.0
Tax effect	0.2	–	0.2	0.2
Currency translation differences (no tax effect)	1,359.0	–102.7	1,714.3	235.6
Items which may be reclassified to profit and loss:				
Cash flow hedges (no tax effect)	8.7	0.3	30.6	19.1
Effective share of the changes in fair value	–15.7	2.0	–2.1	5.4
Reclassification to profit or loss	23.2	–1.9	31.2	14.0
Currency translation differences	1.3	0.2	1.5	–0.4
Cost of hedging (no tax effect)	1.1	–0.8	4.5	–1.0
Changes in fair value	–	–1.6	2.4	–2.5
Reclassification to profit or loss	0.9	0.8	1.8	1.6
Currency translation differences	0.2	–	0.3	–
Other comprehensive income after tax	1,466.0	–103.2	1,885.4	283.0
Total comprehensive income	5,948.9	1,417.8	10,539.5	3,007.4
thereof attributable to shareholders of Hapag-Lloyd AG	5,944.1	1,415.5	10,530.3	3,002.0
thereof attributable to non-controlling interests	4.8	2.3	9.2	5.4

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
of Hapag-Lloyd AG as at 30 June 2022

Assets

million EUR	30.6.2022	31.12.2021
Goodwill	1,758.4	1,597.2
Other intangible assets	1,625.2	1,510.1
Property, plant and equipment	12,983.7	11,764.8
Investments in equity-accounted investees	353.3	332.4
Other assets	44.4	35.6
Derivative financial instruments	30.7	12.5
Income tax receivables	6.2	5.4
Deferred tax assets	28.4	26.0
Non-current assets	16,830.3	15,284.0
Inventories	577.1	337.2
Trade accounts receivable	3,945.2	2,999.2
Other assets	420.2	353.6
Derivative financial instruments	–	0.3
Income tax receivables	15.8	16.8
Cash and cash equivalents	10,000.4	7,723.4
Current assets	14,958.7	11,430.5
Total assets	31,789.0	26,714.5

Equity and liabilities

million EUR	30.6.2022	31.12.2021
Subscribed capital	175.8	175.8
Capital reserves	2,637.4	2,637.4
Retained earnings	15,101.0	12,608.8
Cumulative other equity	2,611.4	727.1
Equity attributable to shareholders of Hapag-Lloyd AG	20,525.5	16,149.1
Non-controlling interests	15.7	12.9
Equity	20,541.2	16,162.0
Provisions for pensions and similar obligations	182.8	311.1
Other provisions	111.1	101.3
Financial debt	2,514.3	2,572.1
Lease liabilities	1,707.4	1,566.4
Other liabilities	2.0	3.3
Derivative financial instruments	0.2	25.9
Deferred tax liabilities	16.3	14.1
Non-current liabilities	4,534.1	4,594.2
Provisions for pensions and similar obligations	10.3	9.5
Other provisions	634.8	598.6
Income tax liabilities	60.4	49.6
Financial debt	536.7	502.0
Lease liabilities	944.0	856.7
Trade accounts payable	2,633.5	2,323.9
Contract liabilities	1,616.0	1,445.8
Other liabilities	233.3	171.1
Derivative financial instruments	44.6	1.2
Current liabilities	6,713.6	5,958.3
Total equity and liabilities	31,789.0	26,714.5

CONSOLIDATED STATEMENT OF CASH FLOWS**of Hapag-Lloyd AG for the period 1 January to 30 June 2022**

million EUR	Q2 2022	Q2 2021	H1 2022	H1 2021
Group profit/loss	4,482.9	1,521.0	8,654.2	2,724.5
Income tax expenses (+)/income (-)	20.8	12.7	37.4	23.7
Other financial items	260.6	3.6	291.6	1.9
Interest result	37.0	78.8	85.0	143.1
Depreciation, amortisation and impairment (+)/write-backs (-)	475.8	317.2	935.3	624.2
Profit (-)/loss (+) from disposals of non-current assets	-18.1	-1.4	-30.1	-2.5
Income (-)/expenses (+) from equity accounted investees and dividends from other investments	-57.8	-10.7	-69.2	-11.9
Other non-cash expenses (+)/income (-)	-36.7	3.2	-38.7	-21.4
Increase (-)/decrease (+) in inventories	-118.0	-44.5	-197.8	-100.1
Increase (-)/decrease (+) in receivables and other assets	-318.3	-301.1	-653.7	-637.5
Increase (+)/decrease (-) in provisions	-99.2	-15.3	-19.3	41.9
Increase (+)/decrease (-) in liabilities (excl. financial debt)	184.9	320.7	315.3	469.6
Payments received from (+)/made for (-) income taxes	-8.3	-3.8	-16.7	-9.0
Payments received for interest	13.5	0.8	16.8	1.3
Cash inflow (+)/outflow (-) from operating activities	4,819.2	1,881.3	9,310.1	3,247.7
Payments received from disposals of property, plant and equipment and intangible assets	29.6	3.1	45.3	5.8
Payments received from the disposal of other investments	-	1.3	-	1.3
Payments received from dividends	-	0.2	-	0.2
Payments received from the disposal of assets held for sale	-	6.4	-	6.4
Payments made for investments in property, plant and equipment and intangible assets	-206.9	-395.5	-591.6	-474.5
Payments made for investment in financial assets	-8.0	-	-8.0	-0.8
Payments received for the redemption of issued loans	-	10.4	-	10.4
Net cash Inflow (+)/outflow (-) from acquisition	-166.0	-	-166.0	-
Net cash Inflow (+)/outflow (-) from the acquisition of shares in joint ventures	50.8	-	50.8	-
Cash inflow (+)/outflow (-) from investing activities	-300.4	-374.1	-669.4	-451.3

million EUR	Q2 2022	Q2 2021	H1 2022	H1 2021
Payments made for dividends	-6,159.3	-621.9	-6,160.3	-627.9
Payments received from raising financial debt	-0.1	351.0	0.1	470.1
Payments made for the redemption of financial debt	-143.1	-592.5	-255.8	-920.1
Payments made for the redemption of lease liabilities	-268.7	-153.9	-507.8	-282.2
Payments made for leasehold improvements	-	-0.3	-	-0.3
Payments made for interest and fees	-50.7	-68.2	-95.8	-125.3
Payments received (+) and made (-) from hedges for financial debt and payments of dividends	-266.1	-3.4	-268.3	-15.2
Cash inflow (+)/outflow (-) from financing activities	-6,888.0	-1,089.4	-7,288.0	-1,501.1
Net change in cash and cash equivalents	-2,369.3	417.8	1,352.7	1,295.3
Cash and cash equivalents at beginning of period	11,637.3	1,614.6	7,723.4	681.3
Change in cash and cash equivalents due to exchange rate fluctuations	732.4	-21.3	924.3	34.5
Net change in cash and cash equivalents	-2,369.3	417.8	1,352.7	1,295.3
Cash and cash equivalents at end of period	10,000.4	2,011.1	10,000.4	2,011.1

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
of Hapag-Lloyd AG for the period 1 January to 30 June 2022

	Equity attributable to shareholders		
million EUR	Subscribed capital	Capital reserves	Retained earnings
As at 1.1.2021	175.8	2,637.4	4,159.9
thereof			
Group profit/loss	–	–	2,719.4
Other comprehensive income	–	–	–
Hedging gains and losses transferred to the cost of inventory	–	–	–
Transactions with shareholders	–	–	–617.5
thereof			
Disposal of shares and other transactions with non-controlling interests	–	–	–
Deconsolidation	–	–	0.3
As at 30.6.2021	175.8	2,637.4	6,262.1
As at 1.1.2022	175.8	2,637.4	12,608.8
Total comprehensive income	–	–	8,646.1
thereof			
Group profit/loss	–	–	8,646.1
Other comprehensive income	–	–	–
Transactions with shareholders	–	–	–6,153.9
thereof			
Distribution to shareholders	–	–	–6,151.6
Distribution to non-controlling interests	–	–	–2.3
As at 30.6.2022	175.8	2,637.4	15,101.0

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-control- ling interests	Total equity
-208.6	-12.4	-1.9	-42.4	-0.4	-265.8	6,707.2	15.5	6,722.7
-	-	-	-	-	-	2,719.4	5.0	2,724.5
29.2	19.1	-1.0	235.6	-	282.9	282.9	0.3	283.2
-	-17.5	2.1	-	-	-15.4	-15.4	-	-15.4
-	-	-	-	-	-	-617.5	-10.4	-627.9
-	-	-	-	-	-	-	0.1	0.1
-	-	-	-0.3	-	-0.3	-	-	-
-179.4	-10.8	-0.8	192.8	-0.4	1.4	9,076.6	10.5	9,087.1
-149.6	-0.1	0.6	876.7	-0.5	727.1	16,149.1	12.9	16,162.0
136.0	30.6	4.5	1,713.2	-	1,884.3	10,530.3	9.2	10,539.5
-	-	-	-	-	-	8,646.1	8.1	8,654.2
136.0	30.6	4.5	1,713.2	-	1,884.3	1,884.3	1.1	1,885.4
-	-	-	-	-	-	-6,153.9	-6.4	-6,160.3
-	-	-	-	-	-	-6,151.6	-	-6,151.6
-	-	-	-	-	-	-2.3	-6.4	-8.7
-13.6	30.5	5.1	2,589.9	-0.5	2,611.4	20,525.5	15.7	20,541.2

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 30 June 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 9 August 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 against Ukraine in February 2022, the underlying geopolitical and economic conditions have changed. However, the direct effects of the Russia-Ukraine war had only an insignificant impact on the Hapag-Lloyd Group's business operations in the first half 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 30 June 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. 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. 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 interim consolidated financial statements as at 30 June 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. In the first half of 2022, Hapag-Lloyd AG made its first investment in money market funds, and reverse repo transactions were carried out for the first time. Discretion was applied in the decision to report the bank deposits invested in money market funds and reverse repo transactions under "Cash and cash equivalents" in the statement of financial position and 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 30 June 2022, the closing US dollar/euro exchange rate was quoted as 1.03935 USD/EUR (31 December 2021: 1.13180 USD/EUR). For the first half of 2022, the average US dollar/euro exchange rate was 1.09380 USD/EUR (prior year period: 1.20540 USD/EUR).

Group of consolidated companies

The consolidated financial statements include all significant subsidiaries and equity-accounted investments. As at 30 June 2022, in addition to Hapag-Lloyd AG, the group of consolidated companies comprised 132 fully consolidated companies (31 December 2021: 128) and seven equity-accounted investees (five as at 31 December 2021:).

In the first half of 2022, four companies were added to the group of consolidated companies in connection with the acquisition of Deutsche Afrika-Linien GmbH & Co. KG (DAL). Due to the Group's investment in JadeWeserPort Wilhelmshaven, one fully-consolidated and two equity-accounted investees joined the group of consolidated companies. One company was merged with another company within the Group.

Business acquisition

On 1 June 2022, Hapag-Lloyd acquired the container liner shipping business of Deutsche Afrika-Linien GmbH & Co. KG (DAL). As a container liner shipping company, DAL ran four liner services between Europe, South Africa and the Indian Ocean. Hapag-Lloyd acquired DAL's entire container liner shipping business through the take over of the operational assets and employees of the existing container liner shipping business as well as all the shares and voting interests in respect of the agency companies. Africa is a key market for Hapag-Lloyd's strategic growth. The integration of DAL's container liner shipping business into the Group will help Hapag-Lloyd to expand its market position in Africa. The acquisition will be particularly valuable with regard to the range of services to and from South Africa, as this will allow Hapag-Lloyd to offer its customers an improved network and additional port coverage in the region.

A cash amount of EUR 172.3 million was transferred as consideration for the business acquisition at the acquisition date. A liability of EUR 3.8 million was also assumed for expected adjustments to the purchase price, meaning that the provisional amount of the consideration transferred is EUR 176.1 million.

Acquisition-related costs were incurred for Hapag-Lloyd in the amount of EUR 0.9 million, which were recognised as other operating expenses and mainly result from consultancy fees.

The fair values recognised for the acquired assets and assumed liabilities at the acquisition date are summarised below:

million EUR	
Other intangible assets	21.7
Property, plant and equipment	141.2
Non-current assets	162.9
Inventories	1.7
Trade accounts receivable	13.7
Other assets and receivables	1.5
Cash and cash equivalents	6.3
Current assets	23.2
Total assets	186.1
Lease liabilities	3.2
Non-current liabilities	3.2
Other provisions	7.3
Financial debt	0.1
Lease liabilities	3.3
Trade accounts payable	14.3
Other liabilities	0.6
Current liabilities	25.6
Total liabilities	28.8
Acquired net assets attributable to Hapag-Lloyd AG shareholders	157.3
Consideration transferred	176.1
Goodwill	18.8

As the acquisition date is close to the reporting date, the purchase price allocation is incomplete with regard to the valuation of trade accounts receivable acquired and trade accounts payable assumed, other receivables and liabilities, and other provisions. If facts and circumstances become known within one year of the acquisition date that existed on the acquisition date and that would have resulted in changes to the amounts indicated above, the accounting of the business acquisition will be amended accordingly.

The provisional purchase price allocation has resulted in goodwill in the amount of EUR 18.8 million. Goodwill includes in particular non-separable intangible assets, such as employee expertise and synergies resulting from the cargo optimisation.

In the course of the acquisition, receivables with a fair value of EUR 15.2 million were recognised, which equates to the gross values of the contractual receivables.

Since the acquisition date, revenue of EUR 12.1 million and earnings (EBIT) of EUR 3.6 million have been attributed to DAL. These amounts were calculated taking the purchase price allocation into account.

Had the acquisition taken place on 1 January 2022 (pro forma consideration), Group revenue would have come to EUR 17,046.6 million and earnings (EBIT) would have totalled EUR 9,081.9 million. In calculating these amounts, it was assumed that the fair values at acquisition date would also have been valid if the acquisition had occurred on 1 January 2022. The pro forma analysis is based on the available information and on assumptions. Based on these assumptions, the presented pro forma amounts do not necessarily equate to the Group revenue and Group earnings (EBIT) that the Group would have generated had the acquisition of DAL in fact been closed on 1 January 2022.

Equity-accounted investees

On 29 April 2022, Hapag-Lloyd indirectly acquired 30% of the shares in EUROGATE Container Terminal Wilhelmshaven GmbH & Co. KG (CTW) and 50% of the shares in Rail Terminal Wilhelmshaven GmbH (RTW), and thus became a shareholder of JadeWeserPort Wilhelmshaven. These shares have been accounted for as an investment in a joint venture using the equity method. The articles of partnership specify that significant decisions regarding financing and business policy must be made jointly and with the agreement of all the shareholders. With this in mind, and applying discretion, a joint control structure has been established.

The cost of acquisition primarily relates to incoming payments to Hapag-Lloyd AG. The shares have initially been recognised on the basis of the net fair values of the identifiable assets and liabilities of CTW. Due to the proximity to the reporting date, the net fair values of the identifiable assets and liabilities has not yet been determined. The acquisition of RTW is of secondary importance in this context.

The provisional difference (EUR 49.5 million) calculated between the initially recognised value of the shares and the lower cost of acquisition has been recognised as revenue in the income statement under “Share of profit of equity-accounted investees”. The difference can be ascribed to operational and commercial benefits that are specific to the purchaser.

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	Q2 2022	Q2 2021	H1 2022	H1 2021
Atlantic ¹	563	532	1,052	1,048
Transpacific	430	462	861	899
Far East	573	596	1,174	1,181
Middle East	388	395	802	784
Intra-Asia	154	159	311	330
Latin America	751	766	1,486	1,535
Africa ¹	166	120	326	227
Total	3,024	3,029	6,012	6,004

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	Q2 2022	Q2 2021	H1 2022	H1 2021
Atlantic ¹	2,893	1,578	2,682	1,445
Transpacific	4,001	2,256	3,894	2,101
Far East	3,242	2,117	3,254	2,043
Middle East	2,357	1,352	2,197	1,233
Intra-Asia	1,939	1,131	1,998	1,073
Latin America	2,710	1,473	2,663	1,416
Africa ¹	2,559	1,725	2,545	1,629
Total (weighted average)	2,935	1,714	2,855	1,612

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	Q2 2022	Q2 2021	H1 2022	H1 2021
Atlantic ¹	1,517.4	696.0	2,579.6	1,256.0
Transpacific	1,609.9	865.1	3,066.9	1,566.6
Far East	1,744.1	1,046.9	3,491.8	2,002.0
Middle East	856.4	442.4	1,610.3	802.1
Intra-Asia	280.8	149.1	567.8	293.7
Latin America	1,904.9	936.2	3,618.2	1,804.1
Africa ¹	398.3	171.7	758.6	306.1
Revenue not assigned to trades	681.6	378.6	1,276.8	722.8
Total	8,993.4	4,686.0	16,970.0	8,753.4

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	Q2 2022	Q2 2021	H1 2022	H1 2021
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	5,277.1	1,933.4	10,003.5	3,517.3
Depreciation, amortisation and impairment	475.8	317.2	935.3	624.2
Earnings before interest and taxes (EBIT)	4,801.3	1,616.1	9,068.2	2,893.2
Earnings before taxes (EBT)	4,503.7	1,533.7	8,691.6	2,748.2
Share of profit of equity-accounted investees	57.5	10.6	69.0	11.8

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

	Q2 2022	Q2 2021	H1 2022	H1 2021
Profit/loss attributable to shareholders of Hapag-Lloyd AG in million EUR	4,479.0	1,518.6	8,646.1	2,719.4
Weighted average number of shares in millions	175.8	175.8	175.8	175.8
Basic earnings per share in EUR	25.48	8.64	49.19	15.47

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 half 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 increased compared to 31 December 2021. This increase stemmed largely from currency translation effects of EUR 276.1 million (prior year period: EUR 94.0 million) as at the reporting date. In addition, the Group acquired a goodwill in the amount of EUR 18,8 million and intangible assets in the amount of EUR 21.7 million through its acquisition of DAL's container shipping business. However, amortisation of EUR 44.6 million (prior year period: EUR 39.1 million) reduced the carrying amounts of other intangible assets.

Property, plant and equipment

million EUR	30.6.2022	31.12.2021
Vessels	8,755.4	7,890.5
Container	3,447.8	3,250.4
Other equipment	273.5	242.1
Prepayments on account and assets under construction	507.1	381.9
Total	12,983.7	11,764.8

In the first half of the 2022 financial year, investments in ships, ship equipment and containers, the conclusion of new charter contracts and container lease agreements at higher charter rates, and the extension of the existing charter contracts resulted in an overall increase in property, plant and equipment totalling EUR 1,100.8 million. The acquisition of DAL's container liner shipping business increased property, plant and equipment by EUR 141.2 million. This increase was largely the result of the acquisition of one ship and containers. Moreover, currency effects associated with the reporting date led to an additional rise of EUR 1,048.0 million. However, depreciation to property, plant and equipment and amortisation to rights of use in the amount of EUR 893,2 million in particular reduced the carrying amount of property, plant and equipment. Therefore, property, plant and equipment rose by EUR 1,218.9 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 571.8 million, which was primarily due to the significant increase in bunker prices.

Cash and cash equivalents

In the first half of 2022, Hapag-Lloyd AG invested bank balances in money market funds for the first time, and reverse repo transactions were carried out. Reverse repo transactions are purchases of securities with an agreement to resell them at a specific point in the future, including interest. From an economic point of view, they are financial investments secured by securities. The money market funds and reverse repo transactions totalled EUR 1,924.3 million and EUR 1,298.9 million as at the reporting date and were recognised under Cash and cash equivalents in the statement of financial position and statement of cash flows. This was because they constitute short-term, highly liquid financial investments with an original term of no more than three months, they can be converted into fixed cash amounts at any time, and the risk that their value will change is insignificant. The investments in money market funds and reverse repo transactions are designed to help meet short-term payment requirements.

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 hedging costs, the translation reserve and the reserve for put options on non-controlling interests.

The reserve for remeasurements from defined benefit pension plans (30 June 2022: EUR –13.6 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 the remeasurement of pension obligations and plan assets, recognised in other comprehensive income in the first half of 2022, resulted primarily from the increase in the discount interest rate from 1.1% as at 31 December 2021 to 3.2% as at 30 June 2022, and reduced the negative reserve by EUR 136.0 million (prior year period, EUR 29.2 million).

The translation reserve of EUR 2,589.9 million (31 December 2021: EUR 876.7 million) includes differences from currency translation. The effects of differences from currency translation recognised in other comprehensive income in the first half of 2022 totalled EUR 1,714.3 million (prior year period: EUR 235.6 million). These 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

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 carrying amounts and fair values of the financial instruments as at 30 June 2022 are presented in the table below.

million EUR	Carrying amount		Fair value
	Total	thereof financial instruments	Financial instruments
Assets			
Trade accounts receivable	3,945.2	3,945.2	3,945.2
Other assets	464.6	293.6	293.6
Derivative financial instruments (FVTPL)	0.2	0.2	0.2
Embedded derivatives	0.2	0.2	0.2
Derivative financial instruments (Hedge accounting) ¹	30.5	30.5	30.5
Interest rate swaps	30.5	30.5	30.5
Cash and cash equivalents	10,000.4	10,000.4	10,000.4
Liabilities			
Financial debt	3,051.0	3,051.0	2,996.4
Liabilities from lease contracts	2,651.4	2,651.4	–
Trade accounts payable	2,633.5	2,633.5	2,633.5
Derivative financial liabilities (Hedge accounting) ¹	44.8	44.8	44.8
Currency forward contracts	44.5	44.5	44.5
Interest rate swaps	0.2	0.2	0.2
Other liabilities	233.3	168.3	168.3
Liabilities from put options ²	2.0	2.0	2.0

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.

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 one 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 three of the fair value hierarchy, they are measured at cost of acquisition in the amount of EUR 15.5 million (31 December 2021: EUR 6.5 million) as the best possible estimate of their fair values.

The cash and cash equivalents include money market funds measured at fair value totalling EUR 1,925.4 million (31 December 2021: EUR 0.0 million). Some of these are allocated to level one of the fair value hierarchy (EUR 914.6 million), and others to level two (EUR 1,010.8 million).

The liabilities from the bond included within financial debt that, due to the quotation on an active market, are allocated to level 1 of the fair value hierarchy, have a fair value of EUR 254.4 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 three of EUR 0.2 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 three of the fair value hierarchy.

The fair values indicated for the remaining financial debt and the derivative financial instruments are assigned to level two 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 financial instruments are a suitable approximation of the fair values.

There were no transfers between levels one, two and three in the first half 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	30.6.2022	31.12.2021
Financial debt	3,051.0	3,074.1
Liabilities to banks ¹	1,853.0	1,902.5
Bonds	300.8	300.8
Other financial debt	897.3	870.7
Lease liabilities	2,651.4	2,423.1
Total	5,702.5	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	30.6.2022	31.12.2021
Denoted in USD (excl. transaction costs)	5,244.0	5,055.6
Denoted in EUR (excl. transaction costs)	400.0	402.1
Denoted in other currencies (excl. transaction costs)	84.6	67.0
Interest liabilities	9.4	11.2
Transaction costs	-35.6	-38.7
Total	5,702.5	5,497.2

The Hapag-Lloyd Group had total unused credit lines of EUR 697.6 million as at 30 June 2022 (31 December 2021: EUR 516.9 million) as at the reporting date.

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 were EUR 8.7 million in contingent liabilities from legal disputes not classified as probable (31 December 2021: EUR 8.0 million) as at the reporting date. As at the reporting date, there were EUR 92.7 million in contingent liabilities from tax risks not classified as probable (31 December 2021: EUR 78.6 million). The main reasons for the increase are newly-identified risks and updated risk assessments for the Southern Europe, Middle East and Asia regions.

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. In the course of this investigation, the DoJ served a second subpoena on Hapag-Lloyd (America) LLC on 14 July 2022. Hapag-Lloyd submitted the data requested in the first subpoena to the DoJ on 15 March 2022 and is working on responding to the information requested by the second subpoena.

Other financial obligations

The Hapag-Lloyd Group's other financial obligations totalled EUR 2,178.1 million as at 30 June 2022 (31 December 2021: EUR 1,924.5 million) 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 2,008.2 million (31 December 2021: EUR 1,898.6 million),
- for investments in containers amounting to EUR 92.3 million (31 December 2021: EUR 0.0 million),
- for investments in exhaust gas cleaning systems (EGCS) on container vessels amounting to EUR 60.6 million (31 December 2021: EUR 9.9 million),
- for investments in equipment for ballast water treatment on container vessels amounting to EUR 4.9 million (31 December 2021: EUR 3.4 million),
- and for further investments on container vessels totalling EUR 12.1 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 1,475.8 million (31 December 2021: EUR 1,120.0 million). Additionally, lease contracts for both, existing and new charter vessels were extended or concluded after the balance sheet date. This will result in future cash outflows of EUR 1,076.2 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.

With effect from 1 January 2022, the long-term variable remuneration of the Executive Board members was modified. Under the new model, the annual amount allocated is split up, with 40% being linked to a retention component, 40% linked to a performance component and 20% linked to an ESG component. The vesting period remains three years. The payment amount for the relevant components after three years is calculated by multiplying the proportionate allocation amount by the degree to which the relevant target is achieved. As a rule, the target achievement for the retention component is calculated using the three-year average of the Group's EBITDA in the vesting period (for the 2022 tranche: 2022 to 2024) compared to the Group's EBITDA in the reference period (for the 2022 tranche: 2019 to 2021). The target achievement for the performance component is calculated in the same way as outlined above and adjusted upwards or downwards based on the three-year average of the ROIC in the vesting period using a defined matrix. The extent to which targets have been achieved in relation to the ESG component is determined using an ESG benchmark set centrally. This benchmark represents the average efficiency ratio (AER), which is used to measure the carbon footprint of the Group's fleet. For the purposes of the calculation, the Supervisory Board sets a value for each financial year based on Hapag-Lloyd AG's sustainability-linked bond framework. If this value is achieved, the ESG target is deemed to have been fully met. It thus serves as a concrete target achievement curve. The payment amounts for the three components are limited to 150% of the individual allocation amount.

SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

No significant transactions took place after the balance sheet date.

Hamburg, 9 August 2022

Hapag-Lloyd Aktiengesellschaft

Executive Board

Rolf Habben Jansen

Donya-Florence Amer

Mark Frese

Dr Maximilian Rothkopf

RESPONSIBILITY STATEMENT PURSUANT TO SECTION 297 (2) AND SECTION 315 (1) OF THE GERMAN COMMERCIAL CODE (HGB)

We confirm that, to the best of our knowledge and in accordance with the applicable accounting principles, the interim consolidated financial statements give a true and fair view of the net asset, financial and earnings position of the Group and that the interim Group management report includes a fair view of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks that it faces in the remainder of the financial year.

Hamburg, 9 August 2022

Hapag-Lloyd Aktiengesellschaft

Executive Board



Rolf Habben Jansen



Donya-Florence Amer



Mark Frese



Dr Maximilian Rothkopf

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