
# 9M|2014

## INTERIM GROUP REPORT

HAPAG-LLOYD AG

1 JANUARY TO 30 SEPTEMBER 2014

Hapag-Lloyd

## SUMMARY OF HAPAG-LLOYD KEY FIGURES | INTERIM GROUP REPORT 9M 2014

| KEY OPERATING FIGURES | | 1.7. – 30.9. 2014 | 1.7. – 30.9. 2013 | 1.1. – 30.9. 2014 | 1.1. – 30.9. 2013 | Change absolute |
|---|---|---|---|---|---|---|
| Total vessels[1] | | **147** | 152 | **147** | 152 | –5 |
| Aggregate capacity of vessels[1] | TTEU | **760** | 729 | **760** | 729 | +31 |
| Aggregate container capacity[1] | TTEU | **1,160** | 1,081 | **1,160** | 1,081 | +79 |
| Bunker price (average) | USD/t | **585** | 603 | **591** | 617 | –26 |
| Freight rate (average) | USD/TEU | **1,448** | 1,476 | **1,432** | 1,506 | –74 |
| Transport volume | TTEU | **1,473** | 1,392 | **4,347** | 4,107 | +240 |
| Revenue | Million EUR | **1,681** | 1,664 | **4,894** | 5,022 | –128 |
| Transport expenses | Million EUR | **1,459** | 1,425 | **4,333** | 4,379 | –46 |
| EBITDA | Million EUR | **111.4** | 133.6 | **178.6** | 305.4 | –126.8 |
| EBIT | Million EUR | **23.6** | 61.2 | **–77.9** | 63.2 | –141.1 |
| EBIT adjusted | Million EUR | **33.1** | 66.9 | **-40.6** | 80.4 | –121.2 |
| Group profit/loss | Million EUR | **–50.7** | 16.6 | **–224.0** | –56.1 | –167.9 |
| Cash flow from operating activities | Million EUR | **89.9** | 78.9 | **163.2** | 69.5 | +93.7 |
| **KEY RETURN FIGURES** | | | | | | |
| EBITDA margin (EBITDA/revenue) | % | **6.6** | 8.0 | **3.6** | 6.1 | –2.5 ppt |
| EBIT margin (EBIT/revenue) | % | **1.4** | 3.7 | **–1.6** | 1.3 | –2.9 ppt |
| EBIT margin adjusted | % | **2.0** | 4.0 | **–0.8** | 1.6 | –2.4 ppt |
| **KEY BALANCE SHEET FIGURES AS AT 30 SEPTEMBER** | | | | | | |
| Balance sheet total | Million EUR | **7,405** | 6,950[2] | **7,405** | 6,950[2] | +455 |
| Equity | Million EUR | **2,872** | 2,915[2] | **2,872** | 2,915[2] | –43 |
| Equity ratio (equity/balance sheet total) | % | **38.8** | 41.9[2] | **38.8** | 41.9[2] | –3.1 ppt |
| Borrowed capital | Million EUR | **4,533** | 4,035[2] | **4,533** | 4,035[2] | +498 |
| **KEY FINANCIAL FIGURES AS AT 30 SEPTEMBER** | | | | | | |
| Financial debt | Million EUR | **3,279** | 2,935[2] | **3,279** | 2,935[2] | +344 |
| Cash and cash equivalents | Million EUR | **445** | 465[2] | **445** | 465[2] | –20 |
| Net debt (financial debt – cash and cash equivalents) | Million EUR | **2,835** | 2,470[2] | **2,835** | 2,470[2] | +365 |
| Gearing (net debt/equity) | % | **98.7** | 84.7[2] | **98.7** | 84.7[2] | +14.0 ppt |
| **NUMBER OF EMPLOYEES AS AT 30 SEPTEMBER** | | | | | | |
| Employees at sea | | **1,385** | 1,361 | **1,385** | 1,361 | +24 |
| Employees on land | | **5,661** | 5,671 | **5,661** | 5,671 | –10 |
| **HAPAG-LLOYD TOTAL** | | **7,046** | 7,032 | **7,046** | 7,032 | +14 |

[1] As at 30.9. [2] As at 31.12.2013



**This report was published on 13 November 2014.**

# CONTENTS

**4 Hapag-Lloyd's capital market activities**
**7 Interim Group management report**
7 Basic principles of the Group
7 Group structure and shareholders
8 Operating activities
9 Group objectives and strategy
10 Important financial performance indicators
10 Important non-financial principles
12 Economic report
12 General economic conditions
13 Sector-specific conditions
15 Group earnings position
19 Group financial position
21 Group net asset position
23 Events after the balance sheet date
23 Risk and oppportunity report
24 Prospects
**26 Interim consolidated financial statements**
26 Consolidated income statement
27 Consolidated statement of comprehensive income
28 Consolidated statement of financial position
30 Consolidated statement of changes in equity
31 Condensed consolidated statement of cash flows
**32 Condensed notes to the interim consolidated financial statements**
32 Notes on the principles and methods underlying the interim consolidated financial statements
37 Selected notes to the consolidated income statement
37 Selected notes to the consolidated statement of financial position
42 Notes to the condensed consolidated statement of cash flows
42 Other notes
44 Significant transactions after the balance sheet date
**46 Financial calendar 2015**
46 Imprint

# HAPAG-LLOYD'S CAPITAL MARKET ACTIVITIES

**Share price gains dampened by economic uncertainties**

Growing geopolitical risks and a gloomier economic outlook in Europe had a negative impact on share prices in the key international stock markets at the end of the third quarter. The new record highs achieved in the first half of 2014 could not be maintained. Nevertheless, the most important international stock market indices were considerably higher year-on-year on 30 September 2014.

The Asian stock exchanges were also negatively impacted by the political protests in Hong Kong. The high share prices achieved in the international share markets were supported by the returning strength of the US dollar, notably against the Japanese yen and the euro, and by the falling oil prices.

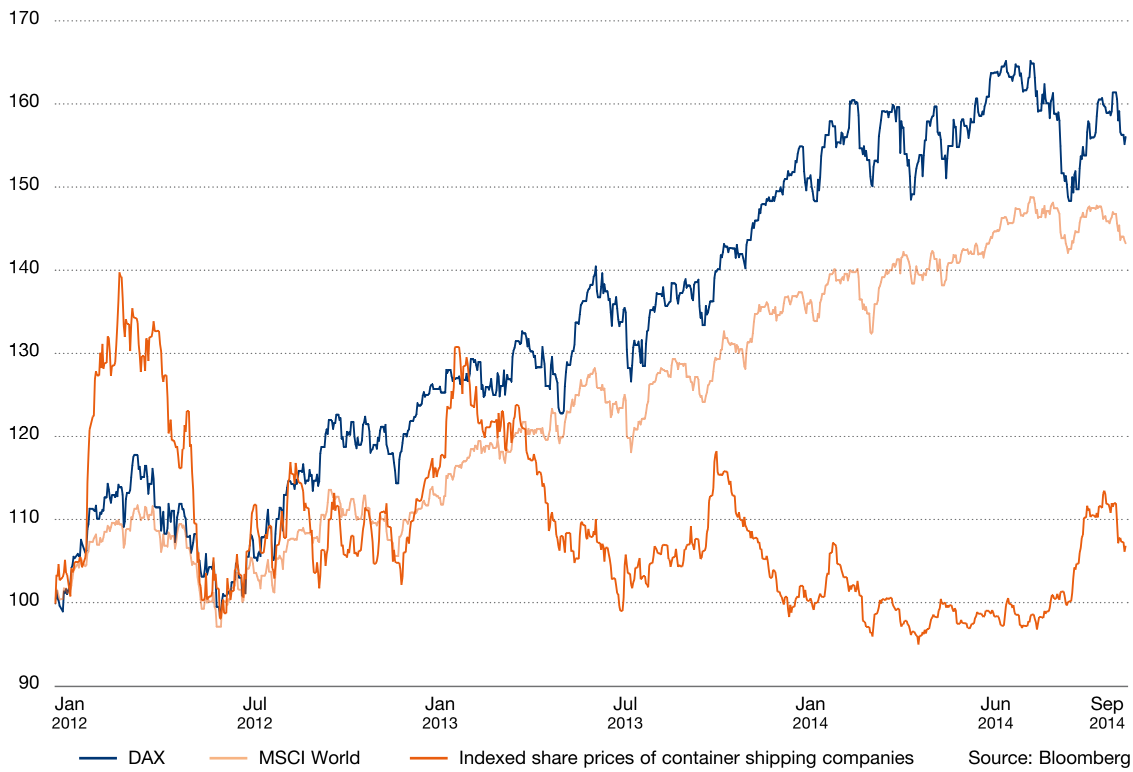
DEVELOPMENTS IN THE MOST IMPORTANT INDICES

| Indices* | **30.9.2014** | 31.12.2013 | 30.9.2013 | Change (30.9.) 2014 vs 2013 |
|---|---|---|---|---|
| Dow Jones Industrial | 17,043 | 16,577 | 15,129 | +12.7% |
| MSCI World | 1,698 | 1,661 | 1,543 | +10.4% |
| EuroStoxx 50 | 3,226 | 3,109 | 2,893 | +11.5% |
| DAX Index | 9,474 | 9,552 | 8,594 | +10.2% |
| Nikkei 225 | 16,173 | 16,291 | 14,455 | +11.9% |

Source: Bloomberg; *Last trading day

Due to continuing pressure on freight rates and the very heterogeneous earnings development of the individual companies, the shares of publicly listed container liner shipping companies once again developed below average in the first nine months of 2014.

**Indexed share prices of container shipping companies (January 2012 to September 2014)**




**Demand for corporate bonds increased**

Institutional and private investors continued to show a great interest in high-yield corporate bonds in the first nine months of 2014. According to an analysis by the investment bank Société Générale, the volume of high-yield corporate bonds issued in Europe amounted to EUR 96.2 billion in the first three quarters of 2014. This means that the previous year's total issue volume of EUR 86.2 billion was exceeded after just nine months.

**Hapag-Lloyd AG's bonds**

On 30 September 2014, the bonds issued by Hapag-Lloyd AG traded at 102.67% (2015 EUR bond), 103.63% (2018 EUR bond) and 104.44% (2017 USD bond).

The Hapag-Lloyd Group continues to have appropriate balance sheet ratios. The equity ratio (equity/ balance sheet total) as at 30 September 2014 came to around 39%. Gearing amounted to 98.7%. As at 30 September 2014, cash and cash equivalents accounted for approximately 6% of the balance sheet total. The stipulated covenants were fulfilled as at 30 September 2014.

On 17 October 2014, the international rating agency Moody's confirmed Hapag-Lloyd's previous corporate rating of B2 with a negative outlook.

**KEY BOND DATA**

| | Issue volume (total) | Maturity* | Coupon | Initial offering price | Price on **30.9.2014** |
|---|---|---|---|---|---|
| EUR tranche 2015 | EUR 280 million** | 15.10.2015 | 9.00% | 99.50% | 102.67% |
| EUR tranche 2018 | EUR 400 million*** | 1.10.2018 | 7.75% | 100.00% | 103.63% |
| USD tranche 2017 | USD 250 million | 15.10.2017 | 9.75% | 99.37% | 104.44% |

Price data: Bloomberg; *Callable; **Outstanding volume after the partial repayment of EUR 200 million in November 2013;
***Increase of EUR 150 million to 101.75%.

**Open and transparent communication**

The focus of Hapag-Lloyd's investor relations activities is on communicating promptly with all investors and capital market participants. In the first nine months of 2014, Hapag-Lloyd attended the following international capital market conferences:

| Date | Location | Conference | Host |
|---|---|---|---|
| 14 January | London | 10th Annual High Yield & Leveraged Finance Conference | BNP Paribas |
| 14 May | Düsseldorf | German Credit Conference | IKB |
| 11 June | London | 18th Annual European Leveraged Finance Conference | Deutsche Bank |
| 2 – 3 July | Santiago | Hapag-Lloyd – Introductory Non-Deal Chilean Roadshow | Hapag-Lloyd |
| 30 October | London | European High Yield and Leveraged Finance Conference | Barclays |

A large number of individual discussions were also held with interested international analysts and investors.

Published Company reports are available on the Investor Relations pages of Hapag-Lloyd's website – **www.hapag-lloyd.com/en/investor_relations/reports.html**

Detailed information regarding Hapag-Lloyd's corporate bonds is available at **www.hapag-lloyd.com/en/investor_relations/bonds.html**

# INTERIM GROUP MANAGEMENT REPORT

## BASIC PRINCIPLES OF THE GROUP

### GROUP STRUCTURE AND SHAREHOLDERS

At the balance sheet date (30 September 2014), a total of 47 direct and indirect subsidiaries and three equity-accounted investees belonged to the group of consolidated companies of Hapag-Lloyd AG. The equity-accounted investees include an investment in a container terminal in Hamburg.

As at 30 September 2014, Hapag-Lloyd AG's shareholders were:

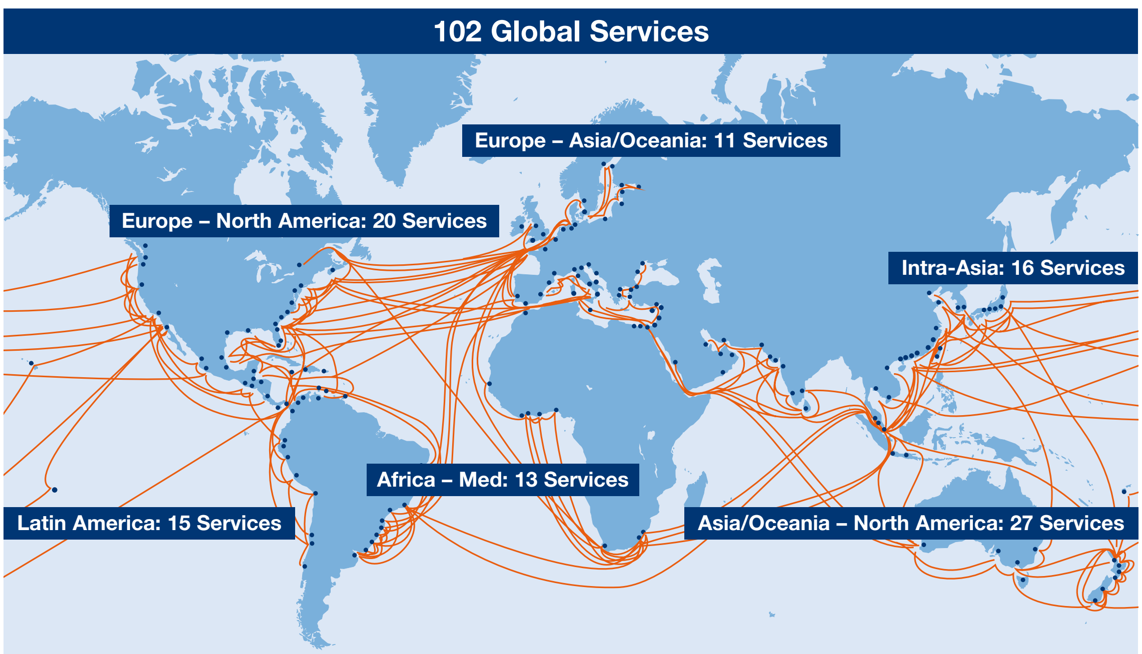
| Shareholding in % | **2014** |
|---|---|
| HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH | 36.9% |
| Kühne Maritime GmbH | 28.2% |
| TUI AG/TUI-Hapag Beteiligungs GmbH | 22.0% |
| SIGNAL IDUNA Gruppe | 5.3% |
| HSH Nordbank AG | 2.9% |
| Pool of investors led by M.M.Warburg & CO KGaA | 2.9% |
| HanseMerkur Versicherungsgruppe | 1.8% |
| **Total** | **100.0%** |

**Merger with Compañía Sud Americana de Vapores**
Hapag-Lloyd AG and Compañía Sud Americana de Vapores (CSAV) signed a business combination agreement on 16 April 2014. CSAV's container business is to be integrated into the Hapag-Lloyd Group in exchange for shares, subject to the approval of the antitrust authorities. CSAV will therefore initially hold a 30% stake in Hapag-Lloyd. There will be a cash capital increase in the amount of EUR 370 million once the transaction has been concluded, which will increase CSAV's share of Hapag-Lloyd to 34%.

## OPERATING ACTIVITIES

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

**Network of Hapag-Lloyd services**




The Hapag-Lloyd fleet comprises 147 container ships (30 September 2014). The Group currently has around 338 sales offices in 112 countries and offers its customers worldwide access to a network of 102 liner services. In the first nine months of 2014, Hapag-Lloyd served approximately 17,900 customers around the world.

Hapag-Lloyd conducts its container shipping business in an international business environment in which transactions are invoiced mainly in US dollars and payment procedures are handled in US dollars. This relates not only to operating business transactions, but also to investment activities and the corresponding financing of investments. The functional currency of Hapag-Lloyd AG and its subsidiaries is therefore the US dollar. To limit the risks of changes in exchange rates, hedging transactions are carried out. The reporting currency of Hapag-Lloyd AG is, however, the euro. Assets and liabilities recognised in the consolidated financial statements of Hapag-Lloyd AG are translated into euros as at the reporting date (closing date rate) using the middle rate of that day. The transactions listed in the consolidated statement of cash flows and the expenses and income shown in the consolidated income statement are translated at the average exchange rate for the reporting period. The translation differences are recognised in the Group's other comprehensive income.

## GROUP OBJECTIVES AND STRATEGY

The Hapag-Lloyd Group's prime objective is long-term profitable growth. Increasing global demand for container shipping forms the basis for this targeted organic growth. Based on current forecasts (IHS Global Insight, October 2014), the volume of global container shipments should grow by 4.8% to around 128.6 million TEU in 2014 and by a further 5.3% in 2015.

Hapag-Lloyd focuses on adjusted EBIT – earnings before interest and taxes adjusted for special items – as the key parameter for the internal management of its operating activities. The main factors influencing this parameter are transport volume, freight rate, the US dollar exchange rate against the euro, and operating costs including bunker price. The strategy of achieving long-term profitable growth in operating activities is pursued with the help of this key figure. In addition to the operating result (adjusted EBIT), earnings before interest, taxes, depreciation and amortisation (EBITDA) is likewise used as an important parameter. EBITDA is an important indicator of the achievement of sustainable company results and gross cash flows. It has a special significance for capital-intensive companies. Hapag-Lloyd – which has a balanced fleet structure, owning approximately 50% of its fleet – uses EBITDA as an important parameter for investment decisions.

The generation of sustainable cash flows, solid corporate financing, and therefore in particular a good liquidity and equity base, are once again key cornerstones of the corporate strategy in the 2014 financial year. As at 30 September 2014, Hapag-Lloyd had a liquidity reserve (consisting of cash, cash equivalents and unused credit facilities) totalling EUR 519.9 million (31 December 2013: EUR 533.8 million). In line with its financial strategy, it secured financing for all its completed and planned investments in ships and containers before placing orders.

Alongside the expected synergies of around USD 300 million from the merger with CSAV's container business, Hapag-Lloyd is also using a comprehensive optimisation package to face the continuing pressure of the market and the competition. At the centre of this are targeted measures to further cut costs, in addition to optimising sales.

With demand for container transport services continuing to rise, container shipping will remain a growth industry in the long term. In order to utilise the medium-term expansion opportunities resulting from market growth and to realise economies of scale in its ship operations, Hapag-Lloyd put a total of ten new very large container vessels into service up to the end of April 2014, each with a capacity of approximately 13,200 TEU. In addition to organic growth, Hapag-Lloyd seeks to actively participate in industry consolidation.

## IMPORTANT FINANCIAL PERFORMANCE INDICATORS

Important financial performance indicators for the Hapag-Lloyd Group include adjusted EBIT, the transport volume and freight rates. The development of the most important financial performance indicators in the first three quarters of 2014 is presented in the section “Group earnings position”.

## IMPORTANT NON-FINANCIAL PRINCIPLES

The optimum utilisation of the available ship and container capacities also 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.

**Efficient fleet**

As at 30 September 2014, Hapag-Lloyd’s fleet comprised a total of 147 container ships, which are all 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 Hapag-Lloyd fleet’s total TEU capacity amounted to 760,157 TEU. Hapag-Lloyd also owned or leased 717,996 containers with a capacity of 1,160,164 TEU for transporting cargo.

STRUCTURE OF HAPAG-LLOYD’S CONTAINER SHIP FLEET

| | **30.9.2014** | 31.12.2013 | 30.9.2013 |
|---|---|---|---|
| Number of vessels | 147 | 151 | 152 |
| thereof | | | |
| Own vessels | 61 | 57 | 60 |
| Leased vessels | 5 | 7 | 7 |
| Chartered vessels | 81 | 87 | 85 |
| Aggregate capacity of vessels (TTEU) | 760 | 729 | 729 |
| Aggregate container capacity (TTEU) | 1,160 | 1,072 | 1,081 |
| Number of services | 102 | 97 | 98 |

By 30 April 2014, Hapag-Lloyd had taken delivery of ten “Hamburg Express” class vessels with a capacity of approximately 13,200 TEU. Hapag-Lloyd currently has no other vessels on order.

### Sustainability and quality management

The efficiency and sustainability of the Hapag-Lloyd fleet will improve further by the placing into service of the ten new "Hamburg Express" class vessels, completed in April 2014. The ten units in the "Hamburg Express" class achieve particularly low figures for fuel consumption and emissions thanks to innovative on-board technology. Bunker consumption per slot (container storage space) has been considerably reduced over the past four years.

### Customers

Long-term, close business relations with clients are also important in driving value for corporate development. Relationships with major customers are managed by a global key account team. This enables the Company to establish and maintain sustainable customer relationships. In the first nine months of the 2014 financial year, transport contracts were completed for approximately 17,900 customers (prior year period: 18,427).

### Employees

The Hapag-Lloyd Group employed a workforce of 7,046 as at 30 September 2014. The number of employees rose by 14 compared with 30 September 2013. Of the shore-based employees, some 78% worked outside Germany as at 30 September 2014.

NUMBER OF EMPLOYEES

| | **30.9.2014** | 31.12.2013 | 30.9.2013 |
|---|---|---|---|
| Marine personnel | 1,274 | 1,254 | 1,263 |
| Shore-based personnel | 5,548 | 5,553 | 5,556 |
| Apprentices | 224 | 194 | 213 |
| **Total** | **7,046** | **7,001** | **7,032** |

As at 30 September 2014, employee numbers for both the marine division and shore-based staff were virtually unchanged year-on-year, at 1,274 and 5,548 respectively. Hapag-Lloyd employed 224 apprentices as at 30 September 2014.

The number of full-time equivalent employees (FTE) was 6,892 (30 September 2013: 6,890).

# ECONOMIC REPORT

## GENERAL ECONOMIC CONDITIONS

More than 70% of goods transported around the world are carried by ship. Container ships play a significant role in handling the global transport volume. The pace at which the global economy grows and, by extension, at which global trade expands are significant factors that influence demand for container transport services and the development of the container liner shipping companies' cargo volumes.

In view of growing geopolitical risks and lower growth expectations for both industrialised nations and emerging markets, economic experts at the International Monetary Fund (IMF) have revised their growth forecasts for the global economy in 2014 and 2015 downwards slightly by 0.1 and 0.2 percentage points respectively. In its latest economic outlook (October 2014), the IMF expects global economic growth to reach 3.3% overall in 2014 (2013: 3.3%) and to increase to 3.8% in 2015. Despite weakening, the pace of economic growth in the emerging and developing markets will continue to comfortably outstrip growth rates in the established industrialised nations in 2014 and 2015. The economic after-effects of the debt crisis in the eurozone, the sanctions imposed on Russia and the present slowdown in emerging markets represent the most imminent risks to global economic growth in 2014.

According to the IMF, the volume of global trade, which is key to the demand for container transport services, is forecast to increase by 3.8% in the current year and by 5.0% in 2015. This means that growth in 2014 and 2015 will be lower than originally anticipated.

DEVELOPMENTS IN GLOBAL ECONOMIC GROWTH (GDP) AND WORLD TRADING VOLUME

| % | 2012 | 2013 | 2014e | 2015e |
|---|---|---|---|---|
| Global economic growth | 3.4 | 3.3 | 3.3 | 3.8 |
| Industrialised countries | 1.2 | 1.4 | 1.8 | 2.3 |
| Developing and newly industrialised countries | 5.1 | 4.7 | 4.4 | 5.0 |
| World trading volume (goods and services) | 2.9 | 3.0 | 3.8 | 5.0 |

Source: IMF October 2014

## SECTOR-SPECIFIC CONDITIONS

In the medium term, demand for container transport services should rise in tandem with expected ongoing growth in the world trading volume.

Growth in the global container transport volume is set to pick up pace noticeably in 2014. In its current forecast, IHS Global Insight anticipates a 4.8% rise in global cargo volumes to 128.6 million TEU. In contrast to the forecast made in July 2014, IHS Global Insight increased its expectations for the increase in transport volumes by 1.2 million TEU. The growth in global cargo volumes may reach 5.3% in the coming year. This means global container shipping volumes would increase slightly more strongly in 2014 and 2015 than the forecast rate of growth for global trade. For the period 2015 to 2019, the average annual growth rate in the global container transport volume is expected to be 5.4%, following average growth of 3.9% between 2011 and 2014.

The capacity of newbuilds ordered until 30 September 2014 amounted to 3.4 million TEU. The tonnage of commissioned container ships is currently equivalent to approximately 18% of the global container fleet's capacity. It is therefore at its lowest since Q4 2002 and still well below the highest level seen to date, which was approximately 56% in the fourth quarter of 2007.

With the total capacity of the world container ship fleet estimated at 18.3 million TEU at the beginning of 2014 (MDS Transmodal, February 2014), the supply capacity should see increases of 1.7 million TEU in 2014 and 1.8 million TEU in 2015.

GLOBAL CONTAINER SHIP FLEET CAPACITY DEVELOPMENT

| Million TEU | 2011 | 2012 | 2013 | 2014e | 2015e |
|---|---|---|---|---|---|
| Total capacity global container ship fleet | 16.6 | 17.4 | 18.3 | 20.0 | 21.8 |

Source: MDS Transmodal, end of each year

The effects of scrapping old and inefficient vessels, delays to the deliveries of newbuilds and slow steaming practices (reducing the speed at which services operate) will continue to dampen the growth in the global container ship fleet's capacity in the future.

### FORECASTED AND ACTUAL CAPACITY GROWTH

| % | 2010 | 2011 | 2012 | 2013 |
|---|---|---|---|---|
| Forecasted capacity growth | 14.0 | 10.0 | 10.0 | 12.0 |
| Actual capacity growth | 9.0 | 8.0 | 5.0 | 5.0 |

Source: Alphaliner, Clarksons, MDS Transmodal

According to data provided by the information platform Clarksons Shipping Intelligence Network (October 2014), the scrapping of container ships in the first nine months of 2014 equated to 344,000 TEU and is expected to increase to around 0.5 million TEU in the current year. A similarly high level is expected for 2015.

Although the prospects for growth remain positive in the medium term, there may be temporary imbalances in supply and demand, which could have a substantial impact on the respective transport volumes and freight rates. The persistently high level of energy costs, in particular, is likely to weaken short-term industry developments. The bunker price increased substantially since the beginning of 2009. As competitive pressure has remained high, it has only been possible to implement the necessary freight rate increases to a limited degree.

The continued pressure on freight rates is also due to a relatively low level of idle vessels. At around 212,000 TEU (Alphaliner, October 2014), the laid-up capacity corresponded to just approximately 1.2% of the global container fleet's total tonnage at the end of September 2014 – its lowest level since the first quarter of 2011 and well below the highest level of the past 27 months reached in the second quarter of 2013 of 830,000 TEU. The majority of idle ships have a tonnage of up to 3,000 TEU.

In the third quarter of 2014, a number of container liner shipping companies announced far-reaching cooperations. Maersk and MSC, the two largest container liner shipping companies in the world, signed a ten-year vessel sharing agreement after the P3 alliance previously planned with the French shipping company was not approved by the Chinese competition authorities. China Shipping Container Lines (COSCO), United Arab Shipping Co. (USAC) and CMA CGM intend to work together as part of the newly founded Ocean Three alliance. In addition, Hamburg Süd and UASC plan to cooperate in various trades.

## GROUP EARNINGS POSITION

The pressure on freight rates continued in the third quarter of the current financial year due to persistently strong competition. Together with a comparatively weak US dollar against the euro, this development had a negative impact on the Group's earnings position in the first nine months of the 2014 financial year.

CONSOLIDATED INCOME STATEMENT

| Million EUR | **Q3 2014** | Q3 2013 | **9M 2014** | 9M 2013 |
|---|---|---|---|---|
| Revenue | 1,680.7 | 1,663.9 | 4,894.4 | 5,021.6 |
| Other operating income | 30.9 | 44.0 | 57.2 | 106.1 |
| Transport expenses | 1,458.5 | 1,425.3 | 4,333.4 | 4,379.3 |
| Personnel expenses | 76.2 | 92.8 | 260.7 | 283.9 |
| Depreciation, amortisation and impairment | 87.8 | 72.4 | 256.5 | 242.2 |
| Other operating expenses | 76.8 | 60.2 | 205.3 | 186.6 |
| **Operating result** | **12.3** | **57.2** | **–104.3** | **35.7** |
| Share of profit of equity-accounted investees | 9.2 | 9.0 | 26.6 | 27.4 |
| Other financial result | 2.1 | –5.0 | –0.2 | 0.1 |
| **Earnings before interest and tax (EBIT)** | **23.6** | **61.2** | **–77.9** | **63.2** |
| Interest result | –73.3 | –41.9 | –142.1 | –115.2 |
| Income taxes | 1.0 | 2.7 | 4.0 | 4.1 |
| **Group profit/loss** | **–50.7** | **16.6** | **–224.0** | **–56.1** |
| | | | | |
| **EBITDA** | **111.4** | **133.6** | **178.6** | **305.4** |
| **EBITDA margin (%)** | **6.6** | **8.0** | **3.6** | **6.1** |
| **EBIT adjusted** | **33.1** | **66.9** | **–40.6** | **80.4** |
| **EBIT margin adjusted (%)** | **2.0** | **4.0** | **-0.8** | **1.6** |
| **EBIT** | **23.6** | **61.2** | **–77.9** | **63.2** |
| **EBIT margin (%)** | **1.4** | **3.7** | **–1.6** | **1.3** |

The development of the average freight rate, which fell significantly short of expectations, could only be partially offset by transport volume growth. Again in the third quarter of 2014, freight rates could not be increased as announced, as a result of the continued competitive pressure being felt in all trades. At USD 1,432/TEU, the average freight rate in the first nine months of the 2014 financial year remained 4.9% lower than in the prior year period (USD 1,506/TEU).

## FREIGHT RATE PER TRADE

| USD/TEU | **Q3 2014** | Q3 2013 | **9M 2014** | 9M 2013 |
|---|---|---|---|---|
| Atlantic | 1,647 | 1,673 | 1,628 | 1,679 |
| Far East | 1,193 | 1,225 | 1,175 | 1,266 |
| Latin America | 1,368 | 1,390 | 1,357 | 1,412 |
| Transpacific | 1,764 | 1,748 | 1,732 | 1,797 |
| Australasia | 1,157 | 1,231 | 1,157 | 1,258 |
| **Total (weighted average)** | **1,448** | **1,476** | **1,432** | **1,506** |

In contrast, the transport volume developed positively in the period under review. In the first nine months of the 2014 financial year, Hapag-Lloyd was able to increase its transport volume by around 6% to 4,347 TTEU (prior year period: 4,107 TTEU) as a result of its balanced positioning in all trades and the ongoing expansion of its service network. In comparison to the respective prior year periods transport volume increased in almost all trades.

## TRANSPORT VOLUME PER TRADE

| TTEU | **Q3 2014** | Q3 2013 | **9M 2014** | 9M 2013 |
|---|---|---|---|---|
| Atlantic | 323 | 300 | 959 | 902 |
| Far East | 341 | 318 | 1,033 | 935 |
| Latin America | 319 | 301 | 921 | 867 |
| Transpacific | 314 | 315 | 945 | 927 |
| Australasia | 176 | 158 | 489 | 476 |
| **Total** | **1,473** | **1,392** | **4,347** | **4,107** |

Despite the considerable increase of around 6% in the transport volume, revenue fell by EUR 127.2 million or 2.5% year-on-year to EUR 4,894.4 million. In addition to falling freight rates, this was attributable in particular to the considerable weakening of the US dollar. At USD 1.36/EUR, the average dollar/euro exchange rate was significantly weaker than in the prior year period (USD 1.32/EUR). Adjusted for exchange rate fluctuations, the revenue generated was on a par with the corresponding prior year period.

## REVENUE PER TRADE

| Million EUR | **Q3 2014** | Q3 2013 | **9M 2014** | 9M 2013 |
|---|---|---|---|---|
| Atlantic | 401.3 | 379.1 | 1,151.2 | 1,150.0 |
| Far East | 307.3 | 293.6 | 895.5 | 898.1 |
| Latin America | 328.8 | 315.2 | 922.0 | 929.5 |
| Transpacific | 417.3 | 416.0 | 1,207.0 | 1,264.8 |
| Australasia | 153.0 | 146.8 | 417.2 | 454.2 |
| Other | 73.0 | 113.2 | 301.5 | 325.0 |
| **Total** | **1,680.7** | **1,663.9** | **4,894.4** | **5,021.6** |

Transport expenses decreased by EUR 45.9 million in the first nine months of 2014 to EUR 4,333.4 million (prior year period: EUR 4,379.3 million). This development was attributable to a reduction of EUR 72.1 million (6.6%) in expenses for raw materials and supplies, which came to EUR 1,020.5 million. This decline was due primarily to an approximately 4% drop in bunker consumption prices offset by expenses for bunker hedges. At USD 591 per tonne, the average bunker price in the first nine months of the current financial year was USD 26 below the level of the prior year period (USD 617 per tonne). Bunker efficiency improved compared to the previous year. In the current financial year, the significantly increased transport volume led to an increase in purchased services of EUR 262 million to EUR 3,312.9 million. This development could be offset by the effects of ongoing cost reductions achieved in particular by means of lower charter rates for chartered vessels.

## TRANSPORT EXPENSES

| Million EUR | **Q3 2014** | Q3 2013 | **9M 2014** | 9M 2013 |
|---|---|---|---|---|
| Expenses for raw materials and supplies | 344.6 | 353.3 | 1,020.5 | 1,092.6 |
| Cost of purchased services | 1,113.9 | 1,072.0 | 3,312.9 | 3,286.7 |
| thereof | | | | |
| Port, canal and terminal costs | 500.1 | 456.1 | 1,463.3 | 1,384.3 |
| Chartering, leases and container rentals | 132.2 | 145.3 | 433.7 | 491.0 |
| Container transport costs | 460.6 | 425.7 | 1,324.4 | 1,289.3 |
| Maintenance/repair/other | 21.0 | 44.9 | 91.5 | 122.1 |
| **Transport expenses** | **1,458.5** | **1,425.3** | **4,333.4** | **4,379.3** |

Changes in the USD/EUR exchange rate caused period-specific exchange rate gains and losses to increase in the period under review. This was reflected in other operating income and other operating expenses. On balance, exchange-rate-related income and expenses virtually offset each other in the first nine months of the financial year 2014 (prior year period: drop in earnings of EUR 13.0 million).

As at 30 September 2014, cumulative depreciation and amortisation in the financial year totalled EUR 256.5 million. The increase compared to the prior year period resulted in particular from the scheduled depreciation of vessels and container newbuilds acquired in the current financial year.

The Group's net operating result before interest and taxes (EBIT) amounted to EUR –77.9 million in the reporting period. It was therefore well below the previous year's corresponding figure of EUR 63.2 million. The Group's earnings before interest, taxes, depreciation and amortisation (EBITDA) came to EUR 178.6 million in the first nine months of the financial year 2014 (prior year period: EUR 305.4 million).

EBIT MARGIN

| Million EUR | **Q3 2014** | Q3 2013 | **9M 2014** | 9M 2013 |
|---|---|---|---|---|
| Revenue | 1,680.7 | 1,663.9 | 4,894.4 | 5,021.6 |
| EBIT | 23.6 | 61.2 | –77.9 | 63.2 |
| Purchase price allocation | 4.3 | 5.7 | 17.0 | 17.2 |
| Project costs | 5.2 | 0.0 | 20.3 | 0.0 |
| EBIT adjusted | 33.1 | 66.9 | –40.6 | 80.4 |
| EBITDA | 111.4 | 133.6 | 178.6 | 305.4 |
| EBIT margin (%) | 1.4 | 3.7 | –1.6 | 1.3 |
| EBIT margin adjusted (%) | 2.0 | 4.0 | –0.8 | 1.6 |
| EBITDA margin (%) | 6.6 | 8.0 | 3.6 | 6.1 |

Having been adjusted for special items from the purchase price allocation and project costs, the Group's earnings before interest and taxes (adjusted EBIT) – provides a key internal performance indicator – totalled EUR –40.6 million in the first nine months of the current financial year (prior year period: EUR 80.4 million). The positive adjusted EBIT in the third quarter contributed EUR 33.1 million to improving the earnings position in the financial year.

The interest result decreased by EUR 26.9 million year-on-year to EUR –142.1 million due to new financial debt.

The Group recorded a loss of EUR 224.0 million in the first nine months of 2014 (prior year period: loss of EUR 56.1 million).

## GROUP FINANCIAL POSITION

### CONDENSED STATEMENT OF CASH FLOWS

| Million EUR | Q3 2014 | Q3 2013 | 9M 2014 | 9M 2013 |
|---|---|---|---|---|
| Cash flow from operating activities | 89.9 | 78.9 | 163.2 | 69.5 |
| Cash flow from investing activities | –89.5 | –183.3 | –194.1 | –519.6 |
| **Free cash flow** | **0.4** | **–104.4** | **–30.9** | **–450.1** |
| Cash flow from financing activities | –18.3 | 402.8 | –22.0 | 525.6 |
| **Changes in cash and cash equivalents** | **–17.9** | **298.4** | **–52.9** | **75.5** |

**Cash flow from operating activities**

The Group generated a positive operating cash flow of EUR 163.2 million in the first nine months of the 2014 financial year (prior year period: EUR 69.5 million).

**Cash flow from investing activities**

The cash outflow from investing activities amounted to EUR 194.1 million in the first nine months of the 2014 financial year (prior year period: EUR 519.6 million). This mainly consisted of payments for investments in newly built ships and containers. Further non-cash investments were made in the current financial year. An obligation was entered into in relation to three existing container operating lease contracts to exercise the purchase options they include by the end of the financial year. The corresponding container lease contracts will be recognised as finance leases until final transfer of ownership.

**Cash flow from financing activities**

Financing activities resulted in a net cash outflow of EUR 22.0 million in the reporting period (prior year period: cash inflow of EUR 525.6 million). Cash inflows from new borrowing in the amount of EUR 461.2 million were offset by interest and capital repayments of EUR 482.3 million. The new borrowing primarily related to payments for ship newbuilds placed into service, the financing of containers, and payments from the existing ABS facility.

## DEVELOPMENTS IN CASH AND CASH EQUIVALENTS

| Million EUR | **Q3 2014** | Q3 2013 | **9M 2014** | 9M 2013 |
|---|---|---|---|---|
| **Cash and cash equivalents at beginning of period** | **427.6** | **341.7** | **464.8** | **560.8** |
| Changes due to exchange rate fluctuations | 34.8 | –18.6 | 32.6 | –14.8 |
| Net changes | –17.9 | 298.4 | –52.9 | 75.5 |
| **Cash and cash equivalents at end of period** | **444.5** | **621.5** | **444.5** | **621.5** |

Overall, the aggregate cash outflow totalled EUR 52.9 million in the first nine months of 2014, such that after accounting for exchange rate effects at the end of the reporting period, cash and cash equivalents of EUR 444.5 million were reported (previous year: EUR 621.5 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 continues to be an as yet unused credit facility worth USD 95.0 million (EUR 75.4 million).

### Net debt

At EUR 2,834.7 million, the Group's net debt had increased as at 30 September 2014 from the end of 2013, when it stood at EUR 2,470.2 million. This was largely due to the financing of vessels and containers.

## FINANCIAL SOLIDITY

| Million EUR | **30.9.2014** | 31.12.2013 |
|---|---|---|
| Cash and cash equivalents | 444.5 | 464.8 |
| Financial debt | 3,279.2 | 2,935.0 |
| **Net debt** | **2,834.7** | **2,470.2** |
| **Gearing (%)** | **98.7** | **84.7** |
| Unused credit lines | 75.4 | 69.0 |
| **Equity ratio (%)** | **38.8** | **41.9** |

## GROUP NET ASSET POSITION

### CONDENSED BALANCE SHEET

| Million EUR | | **30.9.2014** | 31.12.2013 |
|---|---|---|---|
| **Assets** | | | |
| Non-current assets | | 6,115.8 | 5,689.7 |
| thereof fixed assets | | 6,064.0 | 5,594.7 |
| Current assets | | 1,289.5 | 1,260.1 |
| thereof cash and cash equivalents | | 444.5 | 464.8 |
| **Total assets** | | **7,405.3** | **6,949.8** |
| | | | |
| **Equity and liabilities** | | | |
| Equity | | 2,872.1 | 2,915.1 |
| Borrowed capital | | 4,533.2 | 4,034.7 |
| thereof non-current liabilities | | 3,061.3 | 2,657.1 |
| thereof current liabilities | | 1,471.9 | 1,377.6 |
| thereof financial debt | | 3,279.2 | 2,935.0 |
| thereof non-current financial debt | | 2,830.8 | 2,460.1 |
| thereof current financial debt | | 448.4 | 474.9 |
| **Total equity and liabilities** | | **7,405.3** | **6,949.8** |
| Asset coverage ratio I | (%) | 47.4 | 52.1 |
| Asset coverage ratio II | (%) | 97.8 | 99.6 |
| Liquidity ratio I | (%) | 30.2 | 33.7 |
| Net debt | | 2,834.7 | 2,470.2 |
| Equity ratio | (%) | 38.8 | 41.9 |

As at 30 September 2014, the Group's balance sheet total was EUR 7,405.3 million – EUR 455.5 million higher than the figure at year-end 2013. The change was primarily the result of an increase of EUR 426.1 million in non-current assets, while current assets rose by EUR 29.4 million.

Within non-current assets, the carrying amounts of fixed assets increased by a total of EUR 469.3 million to EUR 6,064.0 million, while changes in fair values of derivative financial instruments in the amount of EUR 43.8 million had an offsetting effect on non-current assets. Investments in fixed assets in the current financial year amounted to EUR 255.4 million and in particular comprised investments of EUR 122.9 million in ship newbuilds and container acquisitions totalling EUR 121.3 million. Exchange rate effects of EUR 482.2 million as at the reporting date likewise caused fixed assets to increase. In contrast, scheduled depreciation in the amount of EUR 256.5 million reduced the value of fixed assets.

The change in current assets compared to the level at the end of 2013 resulted from an increase of EUR 68.1 million in trade receivables offset against a reduction in the market values of current derivative financial instruments in the amount of EUR 24.2 million.

Cash and cash equivalents declined to EUR 444.5 million due to cash outflows, in particular for investments, as well as scheduled interest and capital repayments (31 December 2013: EUR 464.8 million).

On the liabilities side, equity decreased by EUR 43.0 million to EUR 2,872.1 million. The decline was primarily attributable to the EUR 224.0 million loss recorded by the Group and to the offsetting currency conversion effects in the amount of EUR 222.1 million. The equity ratio was approximately 39% as at 30 September 2014 (31 December 2013: approximately 42%).

The Group's borrowed capital has risen by EUR 498.5 million to EUR 4,533.2 million since the end of 2013. The rise was primarily attributable to the increase in financial debt as a result of loan disbursements received for newly built ships and financing for containers amounting to EUR 429.6 million. Expansion of the existing ABS facility in the amount of EUR 88.8 million likewise contributed to the increase in financial debt. The raising of funds was offset by capital repayments in the amount of EUR 395.7 million. The increase in current liabilities arose in particular from a rise in trade payables due to invoicing reasons.

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 Notes to the consolidated financial statements.

## EVENTS AFTER THE BALANCE SHEET DATE

On 17 October 2014, the international rating agency Moody's confirmed Hapag Lloyd's corporate rating of B2 with a negative outlook.

In October 2014, the term of the existing revolving credit facility of USD 95 million was extended by another year until 1 October 2017 under otherwise unchanged conditions.

## RISK AND OPPORTUNITY REPORT

Please refer to the 2013 annual report for details of specific opportunities and risks. At the time of reporting, there were no risks which threatened the continued existence of the Hapag-Lloyd Group.

The pressure on the freight rate continued throughout the first nine months of 2014 due to the persistently strong competition and the very low number of idle vessels. The average freight rate was therefore still substantially below expectations in the first three quarters of 2014. We currently assess the risk of a reduction in the rate for 2014 as a whole as high, in contrast to the assessment of this risk in the 2013 annual report. The reduction in the average freight rate will have a significant impact on the earnings position in 2014 as a whole. There were no further changes to the risk situation as at 30 September 2014.

Hapag-Lloyd AG and Compañía Sud Americana de Vapores (CSAV) signed a business combination agreement on 16 April 2014. CSAV's container business is to be integrated into the Hapag-Lloyd Group, subject to the approval of the antitrust authorities. Should this transaction take place, the integration of CSAV's container activities into the Hapag-Lloyd Group could result in substantial one-off expenses in 2014. Important milestones, such as the approval by competition authorities of key jurisdictions, have already been achieved. Based on the present knowledge, the Executive Board of Hapag-Lloyd AG expects the transaction to close in the fourth quarter.

A downgrading of Hapag-Lloyd AG's rating and that of the bonds it issues could result in less favourable conditions for raising new funds and could adversely affect the price and the fungibility of the securities. In connection with this, please refer to the corresponding explanations in the risk and opportunity report of the Group management report for the 2013 financial year.

## PROSPECTS

The statements made in the “Prospects” section of the Group management report for 2013 generally remain valid as regards the growth prospects for container shipping. In the medium term, demand for container transport services should continue to rise in tandem with expected ongoing growth in the world trading volume.

A summary of the most important external influencing factors is given below. In its latest economic outlook (October 2014), the International Monetary Fund (IMF) expects slightly lower global economic growth of 3.3% in the current year. This means that global economic growth is set to be as strong in 2014 as it was in the previous year (+3.3%).

According to the IMF, the volume of global trade, which is key to the demand for container transport services, is forecast to increase by 3.8% in the current year (2013: +3.0%). IHS Global Insight (October 2014) expects global container transport volumes to increase by 4.8% to approximately 128.6 million TEU in 2014 (2013: +2.3%). Global growth in container transport is the basis for Hapag-Lloyd’s planned increase in transport volumes. Based on the general economic and industry-related conditions, Hapag-Lloyd continues to expect its transport volume to increase in 2014.

Once again, growth in the capacity of the global container fleet, largely as a result of the deployment of very large container ships in Asia-related trades, will outpace demand for container transport services in 2014 as a whole. For example, the MDS Transmodal industry experts are anticipating an approximately 9% increase in transport capacities this year, to around 20.0 million TEU. The additional increase in capacity and the currently very low number of idle vessels are likely to negatively impact the development of the average freight rate in the fourth quarter of 2014 as well.

The average freight rate in the first nine months of 2014 fell significantly short of expectations as a result of persistently strong competition. Consequently, the usual rise in freight rates during the peak season did not materialise. A decline in the average freight rate is expected for 2014 as a whole.

The development of the transport volume and the freight rates in the peak season is extremely important for earnings development in 2014 as a whole. In view of the negative impact on earnings in the first nine months of 2014 resulting from sustained pressure on freight rates and in consideration of an unchanged difficult sector environment, Hapag-Lloyd expects that the negative operating result (adjusted EBIT) of the first nine months of 2014 cannot be compensated for over the remainder of 2014. The operating result (adjusted EBIT) for 2014 will therefore fall well short of the previous year's level and also of the original expectations.

**Key benchmark figures for the 2014 outlook (vs. 2013)**

| | |
|---|---|
| Global economic growth | +3.3% |
| Increase in global trade | +3.8% |
| Increase in global container transport volume (IHS) | +4.8% |
| Transport volume, Hapag-Lloyd | Moderately increasing |
| Average freight rate, Hapag-Lloyd | Slightly decreasing |
| Operating result (EBIT adjusted) | Substantially decreasing |

The investments in ship newbuilds completed in April 2014 and the investments in containers are financed by means of long-term loan agreements and will lead to a further scheduled year-on-year increase in net debt in 2014. Overall, Hapag-Lloyd expects its liquidity situation to remain adequate for the 2014 financial year.

Risks that may have an impact on the forecast for business development are described in detail in the risk report in the Group management report of the 2013 annual report (page 91 ff.). Significant risks include the possibility of a further slowdown in global economic and trade volume growth as well as a further significant reduction in freight rates. The occurrence of one or more of these risks in the fourth quarter of 2014 could have a substantial negative impact on the industry and, by extension, on the business development of Hapag-Lloyd in the remaining months of the 2014 financial year.

# INTERIM CONSOLIDATED FINANCIAL STATEMENTS

## CONSOLIDATED INCOME STATEMENT

CONSOLIDATED INCOME STATEMENT OF HAPAG-LLOYD AG
FOR THE PERIOD 1 JANUARY TO 30 SEPTEMBER 2014

| Million EUR | **Q3 2014** | Q3 2013 | **9M 2014** | 9M 2013 |
|---|---|---|---|---|
| Revenue | 1,680.7 | 1,663.9 | 4,894.4 | 5,021.6 |
| Other operating income | 30.9 | 44.0 | 57.2 | 106.1 |
| Transport expenses | 1,458.5 | 1,425.3 | 4,333.4 | 4,379.3 |
| Personnel expenses | 76.2 | 92.8 | 260.7 | 283.9 |
| Depreciation, amortisation and impairment of intangible assets and property, plant and equipment | 87.8 | 72.4 | 256.5 | 242.2 |
| Other operating expenses | 76.8 | 60.2 | 205.3 | 186.6 |
| **Operating result** | **12.3** | **57.2** | **–104.3** | **35.7** |
| Share of profit of equity-accounted investees | 9.2 | 9.0 | 26.6 | 27.4 |
| Other financial result | 2.1 | –5.0 | –0.2 | 0.1 |
| **Earnings before interest and tax (EBIT)** | **23.6** | **61.2** | **–77.9** | **63.2** |
| Interest income | 2.1 | 1.3 | 5.1 | 4.2 |
| Interest expenses | 75.4 | 43.2 | 147.2 | 119.4 |
| **Earnings before income taxes** | **–49.7** | **19.3** | **–220.0** | **–52.0** |
| Income taxes | 1.0 | 2.7 | 4.0 | 4.1 |
| **Group profit/loss** | **–50.7** | **16.6** | **–224.0** | **–56.1** |
| thereof attributable to shareholders of Hapag-Lloyd AG | –51.0 | 16.4 | –224.9 | –56.7 |
| thereof attributable to non-controlling interests | 0.3 | 0.2 | 0.9 | 0.6 |

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME OF HAPAG-LLOYD AG
FOR THE PERIOD 1 JANUARY TO 30 SEPTEMBER 2014

| Million EUR | **Q3 2014** | Q3 2013 | **9M 2014** | 9M 2013 |
|---|---|---|---|---|
| **Group profit/loss** | **–50.7** | **16.6** | **–224.0** | **–56.1** |
| **Items that will not be reclassified to profit or loss:** | **–13.8** | **–0.2** | **–36.5** | **0.2** |
| Remeasurements from defined benefit plans, after taxes | –13.8 | –0.2 | –36.5 | 0.2 |
| Remeasurements from defined benefit plans, before taxes | –13.9 | –0.4 | –36.7 | 0.3 |
| Tax effect | 0.1 | 0.2 | 0.2 | –0.1 |
| **Items that may be reclassified to profit or loss:** | **201.9** | **–83.1** | **218.3** | **–64.4** |
| Cash flow hedges (no tax effect) | –2.0 | 6.0 | –7.1 | –0.1 |
| Addition to other comprehensive income (OCI) | –26.4 | 19.3 | –8.5 | 29.3 |
| Reclassification to income statement due to realisation | 24.4 | –13.3 | 1.4 | –29.4 |
| Currency translation (no tax effect) | 203.9 | –89.1 | 225.4 | –64.3 |
| **Other comprehensive income** | **188.1** | **–83.3** | **181.8** | **–64.2** |
| **Total comprehensive income** | **137.4** | **–66.7** | **–42.2** | **–120.3** |
| thereof attributable to shareholders of Hapag-Lloyd AG | 137.1 | –66.9 | –43.1 | –120.9 |
| thereof attributable to non-controlling interests | 0.3 | 0.2 | 0.9 | 0.6 |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF HAPAG-LLOYD AG
AS AT 30 SEPTEMBER 2014

| Million EUR | **30.9.2014** | 31.12.2013 |
|---|---|---|
| **Assets** | | |
| Goodwill | 726.6 | 664.6 |
| Other intangible assets | 538.2 | 529.7 |
| Property, plant and equipment | 4,473.4 | 4,067.6 |
| Investments in equity-accounted investees | 325.8 | 332.8 |
| Other assets | 7.0 | 7.9 |
| Derivative financial instruments | 30.7 | 74.5 |
| Deferred tax assets | 14.1 | 12.6 |
| **Non-current assets** | **6,115.8** | **5,689.7** |
| Inventories | 168.6 | 168.9 |
| Trade accounts receivable | 541.4 | 473.3 |
| Other assets | 108.8 | 106.8 |
| Derivative financial instruments | 0.9 | 25.1 |
| Income tax receivables | 25.3 | 21.2 |
| Cash and cash equivalents | 444.5 | 464.8 |
| **Current assets** | **1,289.5** | **1,260.1** |
| **Total assets** | **7,405.3** | **6,949.8** |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF HAPAG-LLOYD AG AS AT 30 SEPTEMBER 2014

| Million EUR | **30.9.2014** | 31.12.2013 |
|---|---|---|
| **Equity and liabilities** | | |
| Subscribed capital | 66.1 | 66.1 |
| Capital reserves | 935.3 | 935.3 |
| Retained earnings | 1,820.9 | 2,045.8 |
| Cumulative other equity | 47.0 | –134.8 |
| **Equity attributable to the shareholders of Hapag-Lloyd AG** | **2,869.3** | **2,912.4** |
| Non-controlling interests | 2.8 | 2.7 |
| **Equity** | **2,872.1** | **2,915.1** |
| Provisions for pensions and similar obligations | 184.0 | 142.4 |
| Other provisions | 33.9 | 41.7 |
| Financial debt | 2,830.8 | 2,460.1 |
| Other liabilities | 4.4 | 5.2 |
| Derivative financial instruments | 6.3 | 6.7 |
| Deferred tax liabilities | 1.9 | 1.0 |
| **Non-current liabilities** | **3,061.3** | **2,657.1** |
| Provisions for pensions and similar obligations | 5.3 | 4.4 |
| Other provisions | 96.9 | 91.3 |
| Income tax liabilities | 6.7 | 7.4 |
| Financial debt | 448.4 | 474.9 |
| Trade accounts payable | 800.5 | 700.3 |
| Other liabilities | 108.0 | 99.3 |
| Derivative financial instruments | 6.1 | 0.0 |
| **Current liabilities** | **1,471.9** | **1,377.6** |
| **Total equity and liabilities** | **7,405.3** | **6,949.8** |

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY OF HAPAG-LLOYD AG FOR THE PERIOD 1 JANUARY TO 30 SEPTEMBER 2014

| Million EUR | Equity attributable to shareholders of Hapag-Lloyd AG | | | | | | | | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|---|---|---|
| | Subscribed capital | Capital reserves | Retained earnings | Remeasurements from defined benefit plans | Reserve for cash flow hedges | Translation reserve | Cumulative other equity | Total | | |
| **As per 1.1.2013** | **66.1** | **3,269.8** | **–190.4** | **–62.7** | **9.1** | **21.3** | **–32.3** | **3,113.2** | **0.8** | **3,114.0** |
| **Total comprehensive income** | **-** | **-** | **–56.7** | **0.2** | **–0.1** | **–64.3** | **–64.2** | **–120.9** | **0.6** | **–120.3** |
| thereof | | | | | | | | | | |
| Group profit/loss | - | - | –56.7 | - | - | - | - | –56.7 | 0.6 | –56.1 |
| Other comprehensive income | - | - | - | 0.2 | –0.1 | –64.3 | –64.2 | –64.2 | - | –64.2 |
| **Transactions with shareholders** | **-** | **–2,334.5** | **2,334.5** | **-** | **-** | **-** | **-** | **-** | **1.0** | **1.0** |
| thereof | | | | | | | | | | |
| Merger | - | –2,334.5 | 2,334.5 | - | - | - | - | - | - | - |
| Sale of shares | - | - | - | - | - | - | - | - | 1.6 | 1.6 |
| Distribution to non-controlling interests | - | - | - | - | - | - | - | - | –0.6 | –0.6 |
| **As per 30.9.2013** | **66.1** | **935.3** | **2,087.4** | **–62.5** | **9.0** | **–43.0** | **–96.5** | **2,992.3** | **2.4** | **2,994.7** |
| | | | | | | | | | | |
| **As per 1.1.2014** | **66.1** | **935.3** | **2,045.8** | **–46.6** | **6.4** | **–94.6** | **–134.8** | **2,912.4** | **2.7** | **2,915.1** |
| **Total comprehensive income** | **-** | **-** | **–224.9** | **–36.5** | **–7.1** | **225.4** | **181.8** | **–43.1** | **0.9** | **–42.2** |
| thereof | | | | | | | | | | |
| Group profit/loss | - | - | –224.9 | - | - | - | - | –224.9 | 0.9 | –224.0 |
| Other comprehensive income | - | - | - | –36.5 | –7.1 | 225.4 | 181.8 | 181.8 | - | 181.8 |
| **Transactions with shareholders** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **–0.8** | **–0.8** |
| thereof | | | | | | | | | | |
| Distribution to non-controlling interests | - | - | - | - | - | - | - | - | –0.8 | –0.8 |
| **As per 30.9.2014** | **66.1** | **935.3** | **1,820.9** | **–83.1** | **–0.7** | **130.8** | **47.0** | **2,869.3** | **2.8** | **2,872.1** |

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS OF HAPAG-LLOYD AG FOR THE PERIOD 1 JANUARY TO 30 SEPTEMBER 2014

| Million EUR | **Q3 2014** | Q3 2013 | **9M 2014** | 9M 2013 |
|---|---|---|---|---|
| Cash inflow(+)/outflow(–) from operating activities | 89.9 | 78.9 | 163.2 | 69.5 |
| Cash inflow(+)/outflow(–) from investing activities | –89.5 | –183.3 | –194.1 | –519.6 |
| Cash inflow(+)/outflow(–) from financing activities | –18.3 | 402.8 | –22.0 | 525.6 |
| **Net change in cash and cash equivalents** | **–17.9** | **298.4** | **–52.9** | **75.5** |
| | | | | |
| **Cash and cash equivalents at beginning of the period** | **427.6** | **341.7** | **464.8** | **560.8** |
| Change in cash and cash equivalents due to exchange rate fluctuations | 34.8 | –18.6 | 32.6 | –14.8 |
| Net change in cash and cash equivalents | –17.9 | 298.4 | –52.9 | 75.5 |
| **Cash and cash equivalents at the end of the period** | **444.5** | **621.5** | **444.5** | **621.5** |

# CONDENSED NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

## NOTES ON THE PRINCIPLES AND METHODS UNDERLYING THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

**General notes**

These condensed interim consolidated financial statements of Hapag-Lloyd AG and its subsidiaries, hereinafter referred to as the Hapag-Lloyd Group, were prepared for the interim report according to the International Financial Reporting Standards (IFRS) and the relevant interpretations by the International Accounting Standards Board (IASB) as they are to be applied in the European Union (EU). Therefore, these financial statements within the interim report in accordance with IAS 34 do not contain all information and notes that are necessary according to IFRS for complete consolidated financial statements to the end of a financial year.

These interim consolidated financial statements cover the period 1 January to 30 September 2014. The accounting and measurement principles applied in the interim consolidated financial statements are the same as those used for the last consolidated financial statements at the end of the financial year, with the exception of the necessary adoption of new standards since 1 January 2014.

Results of interim periods are not necessarily indicative of results that can be expected for future periods or the entire financial year. The earnings position of the Hapag-Lloyd Group is principally shaped by the seasonality of transport volumes and freight rates in the container shipping business. Fluctuations result from the usually higher demand for transport services in the container shipping business during the second and, in particular, the third quarter.

The interim consolidated financial statements are presented in euros (EUR). All amounts recognised for the financial year are reported in million euros (EUR million) unless otherwise stated.

The functional currency of Hapag-Lloyd AG and its subsidiaries is the US dollar. However, the reporting currency of Hapag-Lloyd AG is the euro. For the purpose of integrating Hapag-Lloyd AG and its subsidiaries into the financial statements of the Hapag-Lloyd Group, balance sheet assets and liabilities are translated into euros as at the balance sheet date (closing date rate) using the middle rate of that day. The transactions listed in the statement of cash flows and the expenses and income 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 September 2014, the closing USD/EUR exchange rate stood at USD/EUR 1.2592 (31 December 2013: USD/EUR 1.3767). The weakness of the dollar in comparison to the prior year period resulted in an average dollar/euro exchange rate in the first nine months of 2014 of USD/EUR 1.3555 (prior year period: USD/EUR 1.3174).

**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 (= revenue) by geographic region and adjusted EBIT at the overall Group level. Decisions regarding the allocation of resources (use of vessels and containers) are made on the basis of the entire liner service network and deployment of the entire fleet. The Group generates its revenue solely through its activities as a container liner shipping company. The revenue comprises income from transporting and handling containers and from related services and commissions, all of which are generated globally. As the Hapag-Lloyd Group operates with the same product around the world via a complete liner service network, the Executive Board has decided that relating to the internal reporting there is no appropriate measure with which assets, liabilities and adjusted EBIT as the key performance indicators can be allocated to multiple geographic regions. Therefore, all of the Group’s assets, liabilities, income and expenses are only allocable to the segment, container shipping. The figures given per trade are the transport volume and freight rate, as well as the revenue allocable to said trade.

TRANSPORT VOLUME PER TRADE

| TTEU | **9M 2014** | 9M 2013 |
|---|---|---|
| Atlantic | 959 | 902 |
| Far East | 1,033 | 935 |
| Latin America | 921 | 867 |
| Transpacific | 945 | 927 |
| Australasia | 489 | 476 |
| **Total** | **4,347** | **4,107** |

FREIGHT RATE PER TRADE

| USD/TEU | **9M 2014** | 9M 2013 |
|---|---|---|
| Atlantic | 1,628 | 1,679 |
| Far East | 1,175 | 1,266 |
| Latin America | 1,357 | 1,412 |
| Transpacific | 1,732 | 1,797 |
| Australasia | 1,157 | 1,258 |
| **Total (weighted average)** | **1,432** | **1,506** |

**REVENUE PER TRADE**

| Million EUR | **9M 2014** | 9M 2013 |
|---|---|---|
| Atlantic | 1,151.2 | 1,150.0 |
| Far East | 895.5 | 898.1 |
| Latin America | 922.0 | 929.5 |
| Transpacific | 1,207.0 | 1,264.8 |
| Australasia | 417.2 | 454.2 |
| Other | 301.5 | 325.0 |
| **Total** | **4,894.4** | **5,021.6** |

Adjusted EBIT (earnings before interest and taxes adjusted for special items) is calculated on the basis of the operating earnings before interest and taxes as follows:

| Million EUR | **9M 2014** | 9M 2013 |
|---|---|---|
| EBIT | –77.9 | 63.2 |
| Purchase price allocation | 17.0 | 17.2 |
| Project costs | 20.3 | 0.0 |
| **EBIT adjusted** | **–40.6** | **80.4** |

**New accounting standards**

The following changes to existing standards published by the IASB, which have already been endorsed, had to be applied for the first time in the interim financial statements presented. Unless stated otherwise, their first-time application did not have a significant effect on the net asset, financial and earnings position of the Hapag-Lloyd Group:

- Amendment to IAS 27: *Separate Financial Statements*
- Amendment to IAS 28: *Investments in Associates and Joint Ventures*
- Amendment to IAS 32: *Offsetting Financial Assets and Financial Liabilities*
- Amendment to IAS 39: *Novation of Derivatives and Continuation of Hedge Accounting*
- IFRS 10: *Consolidated Financial Statements*
- IFRS 11: *Joint Arrangements*
- IFRS 12: *Disclosure of Interests in Other Entities*
- Amendments to IFRS 10, IFRS 11 and IFRS 12: *Transition Guidance*
- Amendments to IFRS 10, IFRS 12 and IAS 27: *Investment Entities*

The amendment to IAS 27 *Separate Financial Statements* is a consequence of the combination of provisions stated in the new IFRS 10 *Consolidated Financial Statements*, the previous IAS 27 *Consolidated and Separate Financial Statements* as well as SIC 12 *Consolidation – Special Purpose Entities*. Consequently, IAS 27 henceforth only comprises rulings for the accounting treatment of subsidiaries, joint ventures and associated companies in IFRS separate financial statements.

With the adoption of IFRS 11 *Joint Arrangements*, an amendment was made to IAS 28 as a result of the now expanded scope of application of IAS 28, as investments both in associated companies and in joint ventures must henceforth be measured using the equity method. The proportionate consolidation of joint ventures therefore no longer applies. Potential voting rights and other derivative financial instruments are henceforth to be taken into consideration when assessing whether a company has a significant influence or when assessing the investor’s share of the assets of the company. Another amendment relates to accounting in accordance with IFRS 5 if only a portion of the share in an associated company or a joint venture is to be sold. IFRS 5 is partially applicable if only a share or a portion of a share in an associated company (or joint venture) is deemed to be “held for sale”.

Prerequisites contained in IAS 32 regarding netting were made more concrete through additional application guidelines. On the one hand, it is specified that there must be an unconditional, legally enforceable claim for compensation, even if one of the parties has filed for bankruptcy, and on the other hand, exemplary criteria are provided under which the offsetting of financial assets and financial liabilities is done.

With the amendment to IAS 39 *Novation of Derivatives and Continuation of Hedge Accounting*, under certain conditions, the novation of a hedging instrument to a central counterparty as required by legislation does not lead to the dissolution of an existing hedging relationship. This means that a hedging relationship does not need to be dissolved if novation becomes necessary as a result of new legislation or the introduction of legislation, if the central counterparty becomes the contractual partner of all parties to the derivative contract as a result of the novation and if there are no changes to the terms and conditions of the contract relating to the original derivative, aside from changes that are a necessary result of the novation.

The new IFRS 10 *Consolidated Financial Statements* replaces parts of the regulations of the previous IAS 27 *Consolidated and Separate Financial Statements* and SIC 12 *Consolidation – Special Purpose Entities*. This standard comprehensively redefines the term “control”. If one company controls another, it is the responsibility of the parent company to consolidate the subsidiary. Based on the new concept, there is an instance of control if the parent company has the power to make decisions for the subsidiary due to voting rights or other rights and is exposed to positive or negative variable returns from the subsidiary and can influence these returns through its power to make decisions.

IFRS 11 *Joint Arrangements* replaces IAS 31 *Interests in Joint Ventures*. According to the new concept, it must be determined whether a joint operation or a joint venture exists. A joint operation exists if the jointly controlling parties have direct rights to assets and direct obligations for liabilities. The individual rights and obligations are proportionally accounted for in the consolidated financial statements. In a joint venture, the jointly controlling parties only have rights to the equity. The right is disclosed in the consolidated financial statements using the equity method; the option of a proportional value for the consolidated financial statements thus no longer applies.

With the new IFRS 12 *Disclosure of Interests in Other Entities*, all disclosure requirements for subsidiaries, joint ventures and associated companies as well as non-consolidated special purpose entities are combined in one standard. Thus, companies must disclose both quantitative and qualitative information concerning type, risks and financial effects in connection with the engagement of the company with these affiliated companies. The additional disclosures required pursuant to the new IFRS 12 will be implemented in the consolidated financial statements as at 31 December 2014.

The amendments to IFRS 10, IFRS 11 and IFRS 12 *Transition Guidance* clarify that the time of first-time adoption of IFRS 10 is the start of the reporting period in which the standard was first applied. Decisions as to whether investments should be consolidated in accordance with IFRS 10 or not are thus to be made at the beginning of this period. The amendments also stipulate that, in the case of the first-time application of the new consolidation rules, only comparative figures for the previous comparative period are mandatory for subsidiaries, associated companies and joint arrangements. Disclosures relating to unconsolidated structured companies are wholly exempt from the obligation to provide comparative figures.

With the amendments to IFRS 10, IFRS 12 and IAS 27 entitled *Investment Entities*, a definition of investment entities is given and these are excluded from the obligation to consolidate subsidiaries in accordance with IFRS 10. Instead, subsidiaries must be recognised at fair value through profit or loss in accordance with IFRS 9 *Financial Instruments* in an investment company's consolidated financial statements. Insofar as the investment company is itself the subsidiary of a non-investment company, the exclusion does not apply to the parent company's consolidated financial statements and, as the parent company, the non-investment company must consolidate its controlled investment company and its subsidiaries in accordance with IFRS 10.

**Group of consolidated companies**

The consolidated financial statements include all significant subsidiaries and investments accounted for using the equity method. Hapag-Lloyd AG and 47 companies were fully consolidated within the interim financial statements as at 30 September 2014, with three additional companies included using the equity method.

**Impairment of non-current assets**

Due to the background of unchanged long-term growth forecasts within container shipping, no indication of impairment was found.

## SELECTED NOTES TO THE CONSOLIDATED INCOME STATEMENT

Revenue is primarily generated from the rendering of transport services. Revenue includes proportional income from unfinished voyages as at the balance sheet date.

Transport expenses mainly comprise fuel costs, port, canal and terminal costs, expenditure for container transport services, chartering, leases and container rental expenses, maintenance and repair costs, and charges for other services.

The interest result essentially comprises interest expenses for bank loans and bonds, fees for guarantees and interest from finance leases.

## SELECTED NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

### Property, plant and equipment

PROPERTY, PLANT AND EQUIPMENT

| Million EUR | **30.9.2014** | 31.12.2013 |
|---|---|---|
| Vessels | 3,615.4 | 3,126.2 |
| Container, chassis | 732.4 | 602.6 |
| Other equipment | 122.4 | 116.0 |
| Prepayments on account and assets under construction | 3.2 | 222.8 |
| **Total** | **4,473.4** | **4,067.6** |

Alongside scheduled depreciation, the changes to property, plant and equipment primarily related to the addition of three new ocean-going vessels in the “Hamburg Express” class as well as of containers. The payments on account as at 31 December 2013 for the delivered vessels were reclassified accordingly.

In the first nine months of 2014, a vessel with a carrying amount of EUR 3.5 million (USD 4.4 million) was sold.

In addition, existing operating lease contracts for containers were amended, obliging Hapag-Lloyd to acquire the leased containers at the end of the financial year. The contracts were therefore continued as finance lease contracts and the containers were capitalised with a total carrying amount of EUR 40.4 million (USD 50.9 million). Legal title will be transferred to Hapag-Lloyd upon acquisition of the containers.

The vessels recognised in conjunction with existing finance lease contracts had a net carrying amount of EUR 176.5 million as at 30 September 2014 (31 December 2013: EUR 201.5 million). The finance lease containers were recognised with a total of EUR 104.3 million as at 30 September 2014 (31 December 2013: EUR 75.2 million).

**Equity**

Following the retrospective merging of Hapag-Lloyd Holding AG with Hapag-Lloyd AG on 1 January 2013, Hapag-Lloyd AG's capital reserves are recognised within the Hapag-Lloyd Group. The reduction in capital reserves of EUR 2,334.5 million as a result of the merger led to a corresponding increase in retained earnings and is shown in the statement of changes in equity as transactions with shareholders. Overall, there were no changes to the Group's equity as a result of the merger.

Cumulative other equity comprises the reserve for remeasurements relating to defined benefit plans, the reserve for cash flow hedges and the translation reserve.

The remeasurements relating to defined benefit plans (30 September 2014: EUR –83.1 million; 30 September 2013: EUR –62.5 million) resulted from actuarial gains and losses recognised in other comprehensive income, partially due to the change in actuarial parameters in connection with the measurement of pension obligations and the difference between the calculated interest income and the actual income from associated fund assets.

The reserve for cash flow hedges contains changes in market value from hedging transactions that are recorded within other comprehensive income and amounted to EUR –0.7 million as at 30 September 2014 (30 September 2013: EUR 9.0 million).

The differences from currency translation of EUR 225.4 million in the first nine months of 2014 (prior year period: EUR –64.3 million) were due to the translation of the financial statements of subsidiaries prepared in foreign currency and from the conversion of goodwill carried in foreign currency as well as other purchase price allocation items. The translation reserve as at 30 September 2014 amounted to EUR 130.8 million (30 September 2013: EUR –43.0 million).

### Financial debt

**FINANCIAL DEBT**

| Million EUR | **30.9.2014** | 31.12.2013 |
|---|---|---|
| Liabilities to banks | 1,974.7 | 1,694.2 |
| Bonds | 900.1 | 873.0 |
| Liabilities from finance lease contracts | 253.3 | 233.6 |
| Other financial debt | 151.1 | 134.2 |
| **Total** | **3,279.2** | **2,935.0** |

**FINANCIAL DEBT BY CURRENCY EXPOSURE**

| Million EUR | **30.9.2014** | 31.12.2013 |
|---|---|---|
| Financial debt denoted in USD (excl. transaction costs) | 2,497.8 | 2,192.4 |
| Financial debt denoted in EUR (excl. transaction costs) | 816.7 | 773.3 |
| Interest liabilities | 36.4 | 27.9 |
| Transaction costs | –71.7 | –58.6 |
| **Total** | **3,279.2** | **2,935.0** |

Liabilities to banks increased, largely as a result of the drawdown of USD 276.7 million (EUR 219.7 million) in connection with the delivery of three “Hamburg Express” class newbuilds in the first half of 2014.

In addition, containers were transferred to Japanese operating lease contracts with a group of Japanese investors. Their terms are between 3.5 and seven years. Due to existing purchase options which are likely to be exercised, they will be classified according to SIC 27 as credit financing with the container portfolio transferred by way of security.

A leasing contract with a repurchase agreement was concluded with an international leasing company for an investment in new containers, which is also classified according to SIC 27.

These two transactions increased financial debt by a total of EUR 142.8 million as at 30 September 2014.

In the first nine months of 2014, Hapag-Lloyd committed to purchasing the containers leased on the basis of existing operating lease contracts for containers at the end of the financial year. The agreements are therefore now classified as finance lease contracts. The resulting liabilities amounted to EUR 38.0 million as at 30 September 2014.

As part of the receivables securitisation programme, liabilities to banks increased by EUR 88.8 million.

**Financial instruments**

The carrying amounts and fair values of the financial instruments as at 31 December 2013 are presented in the table below.

| Million EUR | Carrying amount | | Fair value |
|---|---|---|---|
| | Total | thereof financial instruments | Financial instruments |
| **Assets** | | | |
| Trade accounts receivable | 473.3 | 473.3 | - |
| Other receivables | 114.9 | 51.2 | - |
| Derivative financial assets | 99.6 | 99.6 | 99.6 |
| Cash and cash equivalents | 464.8 | 464.8 | - |
| | | | |
| **Liabilities** | | | |
| Financial debt | 2,701.4 | 2,701.4 | 2,792.6 |
| Liabilities from financial lease[1)] | 233.6 | 233.6 | 244.6 |
| Trade accounts payable | 700.3 | 700.3 | - |
| Derivative financial liabilities | 6.7 | 6.7 | 6.7 |
| Other liabilities | 104.5 | 25.0 | - |

[1)] Part of financial debt

The carrying amounts and fair values of the financial instruments as at 30 September 2014 are presented in the table below.

| Million EUR | Carrying amount | | Fair value |
|---|---|---|---|
| | Total | thereof financial instruments | Financial instruments |
| **Assets** | | | |
| Trade accounts receivable | 541.4 | 541.4 | - |
| Other receivables | 115.8 | 46.6 | - |
| Derivative financial assets | 31.6 | 31.6 | 31.6 |
| Cash and cash equivalents | 444.5 | 444.5 | - |
| | | | |
| **Liabilities** | | | |
| Financial debt | 3,025.9 | 3,025.9 | 3,118.4 |
| Liabilities from financial lease[1)] | 253.3 | 253.3 | 263.0 |
| Trade accounts payable | 800.5 | 800.5 | - |
| Derivative financial liabilities | 12.4 | 12.4 | 12.4 |
| Other liabilities | 112.4 | 18.9 | - |

[1)] Part of financial debt

Derivative financial instruments include positive and negative market values from currency and commodity options and currency forward contracts. This item also contains embedded derivatives for early buy-back options for issued bonds. The derivative financial instruments are shown at fair value.

All reported fair values are assigned to level two of the fair value hierarchy.

The fair values of currency and commodity options are calculated using the Black & Scholes model or the modified Turnbull & Wakeman model and are based on the current exchange rates, commodity prices, currency and commodity price volatility, yield curves and forward prices. Currency forward contracts are measured on the basis of their market-traded forward price as at the reporting date.

The fair values of the embedded derivatives are calculated using the Hull-White model together with a trinomial decision tree based on current market values.

For liabilities to banks and other non-current financial liabilities, the fair value is determined as the net present value of the future cash flows taking account of yield curves and the relevant credit spreads. Traded bonds are measured at the market price as at the balance sheet date.

The carrying amounts of all other financial instruments are a suitable approximation of the fair values.
The decision was taken not to report the fair value in these cases.

## NOTES TO THE CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Ordinary business activities resulted in an inflow of cash and cash equivalents totalling EUR 163.2 million in the first nine months of 2014 (prior year period: outflow of EUR 69.5 million).

The cash outflow from investing activities amounted to EUR 194.1 million in the first nine months of 2014 (prior year period: EUR 519.6 million). EUR 232.6 million was paid for investments in property, plant and equipment and intangible assets (prior year period: EUR 593.7 million). These payments mainly relate to the delivery of three newbuilds and to the acquisition of new containers. They were partly offset by incoming payments from the sale of property, plant and equipment as well as dividends received totalling EUR 38.5 million (prior year period: EUR 74.1 million).

Financing activities generated an outflow of cash and cash equivalents totalling EUR 22.0 million in the first nine months of 2014 (prior year period: inflow of EUR 525.6 million). This primarily resulted from cash inflows of EUR 461.2 million (prior year period: EUR 978.9 million) offset by interest and capital repayments of EUR 482.3 million (prior year period: EUR 449.1 million), and dividends of EUR 0.9 million paid to subsidiaries' non-controlling interests. The inflow of funds in the first nine months of 2014 resulted primarily from the financing of the delivered newbuilds and of containers.

## OTHER NOTES

### Legal disputes

Since May 2011, the European Commission has been examining whether EU competition law has been violated since the exemption regulation for liner conferences was abolished in October 2008. Hapag-Lloyd is also affected by the investigations. The Company believes that the transport services are provided in line with EU competition regulations.

At Hapag-Lloyd Mexico, tax audits were completed for the years 2004 and 2005. The Company appealed against the resulting tax assessments which, among other things, obliged it to make significant additional value added tax payments. The lawyers handling the case are of the opinion that the tax assessments are not lawful. The quantification of a financial risk, the determination of the maturity of possible outflows and the evaluation of third-party rights to reimbursement relating to these circumstances are therefore currently not possible.

In several jurisdictions, such as India, investigations by local tax authorities of individual matters are currently taking place. The Company assumes that no additional costs are to be expected. Due to the investigations currently in progress, it is not possible to quantify the financial risk.

**Obligations from operating lease contracts**

The Group's obligations from operating lease contracts above all relate to charter and lease agreements for vessels and containers, and rental agreements for business premises. The agreements have terms of between one year and 17 years, with the majority of them having a term of up to five years. A number of the agreements include prolongation and purchase options and price adjustment clauses. Some of the rental agreements for business premises include conditional rental payments based on the consumer price index for Germany.

Charter agreements for ships are always structured as time charter contracts, i.e. in addition to the capital costs, the charterer bears part of the ship operating costs, which are reimbursed as part of the charter rate. In the existing charter agreements, these operating cost refunds account for around 50% of the charter expenses.

In the first nine months of 2014, lease payments of EUR 467.0 million were posted to expenses (prior year period: EUR 524.8 million), of which EUR 233.9 million were charter expenses (prior year period: EUR 240.8 million).

Total future minimum lease payments from non-cancellable operating lease contracts consist of the following:

| Million EUR | **30.9.2014** | 31.12.2013 |
|---|---|---|
| Vessels and containers | 440.4 | 606.5 |
| Administrative buildings | 97.0 | 98.7 |
| Other | 171.2 | 82.0 |
| **Total** | **708.6** | **787.2** |
| **Fair value** | **693.3** | **761.5** |

The fair value was ascertained by discounting the future minimum lease payments using a market interest rate of 1.0% p.a. (31 December 2013: 1.6% p.a.).

**Related party disclosures**

In carrying out its ordinary business activities, the Hapag-Lloyd Group maintains indirect or direct relationships with related companies and individuals and with its own subsidiaries included in the consolidated financial statements. Further information on related parties is included in the Notes to the consolidated financial statements for 2013 under "Other notes".

## SIGNIFICANT TRANSACTIONS AFTER THE BALANCE SHEET DATE

On 17 October 2014, the international rating agency Moody's confirmed Hapag-Lloyd's corporate rating of B2 with a negative outlook.

In October 2014, the term of the existing revolving credit facility of USD 95 million was extended by another year until 1 October 2017 under otherwise unchanged conditions.

Hamburg, 13 November 2014

Hapag-Lloyd AG
Executive Board

Rolf Habben Jansen

Anthony J. Firmin

Peter Ganz

# FINANCIAL CALENDAR 2015

| | |
|---|---|
| **March 2015** | Publication of annual financial statements and annual report 2014 |
| **May 2015** | Publication of interim report for first quarter of 2015 |
| **August 2015** | Publication of interim report for second quarter/first six months of 2015 |
| **November 2015** | Publication of interim report for third quarter/first nine months of 2015 |

## IMPRINT

Hapag-Lloyd AG
Ballindamm 25
20095 Hamburg

Investor Relations
Telephone: +49 (0)40 3001-2896
Fax: +49 (0)40 3001-72896

Group Communication
Telephone: +49 (0)40 3001-2529
Fax: +49 (0)40 335360

**www.hapag-lloyd.com**

**Hapag-Lloyd AG** · Ballindamm 25 · 20095 Hamburg · www.hapag-lloyd.com