

# **Annual General Meeting**

**Hapag-Lloyd AG**

**on**

**30 April 2024**

**Speech of**

**Rolf Habben Jansen**

**Chairman of the Board**

**Hapag-Lloyd AG, Hamburg**

Ladies and gentlemen,  
dear shareholders,

On behalf of the entire Executive Board, I would like to welcome you to the Annual General Meeting of Hapag-Lloyd AG.

We are very happy that you have taken the time today to look back with us on the 2023 financial year.

In a moment, I will discuss the financial outlook for the current year and outline the medium-term development prospects of your company.

In addition, we have formulated a new Group strategy and set ourselves ambitious targets in terms of growth, quality, sustainability and profitability, which I will later describe in more detail.

I would like to start with an overview of the key developments in the now completed 2023 financial year, followed by the business figures.

In the 2023 financial year, the market environment continued to normalise due to a cooling economy, which was initially reflected in correspondingly weaker demand and declining freight rates.

In this market environment, we were able to achieve a strong financial result for the year as a whole – the third-best result in our company’s history. Our long-term customer contracts and broad geographical presence also contributed to this result.

We were able to considerably boost customer satisfaction and push ahead with our sustainability initiatives.

At the same time, we made good progress in our efforts to set up our new Terminal & Infrastructure business segment.

With our new Strategy 2030, we have built on our previous successes, made some needed adjustments and sharpened our focus.

I would now like to take a closer look at what happened on the market and how our business performed in the previous financial year.

After a sluggish start to the year and the usual seasonal dip in demand, global container transport volumes started recovering in March.

Despite good utilisation of vessel capacity, occasional overbookings and a low number of idle vessels, the expectations of overcapacities in the market resulting from an increasing number of ship deliveries exerted pressure on freight rates. As a result, the rates were no longer satisfactory in many trades in the second half of the year. The Shanghai Containerized Freight Index (SCFI) – meaning the index for spot rates for Chinese exports – initially reached its low of 887 points in September 2023.

The freight rates then significantly increased in some trades towards the end of the year, partly due to capacity bottlenecks following Houthi attacks on merchant vessels in the Red Sea. The SCFI has risen steadily since then, closing the year at 1,760 points, a level last seen in mid-2022.

All in all, 2023 was another successful year for Hapag-Lloyd.

In a difficult market, we were able to increase transport volumes in our liner shipping segment by 0.5 percent, to 11.9 million TEU,

especially because we were able to increase our volumes in the Transpacific, Intra-Asia and Africa trades.

After the lifting of COVID restrictions and a cooling of the economy, the supply chain situation eased and things started to normalise. This was also reflected in a significantly lower average freight rate, which stood at 1,500 US dollars per TEU for 2023 as a whole, or 48 percent below the prior-year figure.

The significantly lower freight rate was also a decisive factor in the development of revenues, which fell to 17.9 billion euros.

Our Group EBITDA totalled 4.5 billion euros and, as expected, was below the level of the exceptionally strong 2022 financial year.

Our Group EBIT fell by 85 percent compared to the previous year, to 2.5 billion euros.

The Group consolidated profit for the year was 3 billion euros.

Since last year, in addition to our Group key figures, we have also been reporting our business performance in two segments.

The Liner Shipping segment, which covers our container transport operations, generated revenues totalling 17.8 billion euros. The EBITDA for 2023 decreased compared to the prior year, to 4.4 billion euros. The EBIT fell to 2.5 billion euros.

We have been reporting on our second business segment, “Terminal & Infrastructure”, since the second half of last year. This segment comprises Hapag-Lloyd’s equity stakes in 20 terminals in Europe, Latin America, the United States, India and North Africa as well as other infrastructure stakes.

In the Terminal & Infrastructure segment, an EBITDA of 46 million euros and an EBIT of 19 million euros were achieved in the 2023 financial year. Revenues stood at 187 million euros.

Since the segment is still in the process of being formed, the figures I have mentioned do not reflect the results of a full financial year.

On 31 December 2023, Equity amounted to a total of 18.8 billion euros.

This corresponds to a very good equity ratio of around 65 percent.

The decrease in equity is mainly due to the pay-out of a record dividend of over EUR 11 billion to you, our shareholders, for the exceptional 2022 financial year.

As at 31 December 2023, we had a net liquidity position of 2.6 billion euros, which means that we continue to have a very strong balance sheet.

Despite the high dividends paid to our shareholders and the investments in our fleet and terminal portfolio, we have paid off all of the company's debt over the past few years.

The resulting significant improvements in our balance sheet figures have been repeatedly acknowledged by the rating agencies Moody's and Standard & Poor's (S&P) with corresponding upgrades in our credit rating, which further underscores Hapag-Lloyd's financial stability.

The results we achieved in 2023 and our good balance sheet structure enable us to propose an appropriate sharing of profits.

In view of the very good development of earnings and key balance sheet figures, our Executive Board and our Supervisory Board,

together with the Annual General Meeting, propose the pay-out of a dividend of 9.25 euros per share.

This corresponds to a total of 1.6 billion euros and is the third-highest amount we have ever paid out.

With a pay-out ratio of 55 percent, we are continuing our dividend policy, which is geared towards the company's success and financial strength.

Over the past five years, we have been able to extensively implement our Strategy 2023 and thereby successfully develop Hapag-Lloyd.

In addition to a strong balance sheet structure, the record results of recent years have also given us the leeway to invest in our future.

We have significantly expanded our terminal portfolio as well as our vessel and container fleets.

We have made our existing fleet more efficient and, in doing so, pushed ahead with the decarbonisation of our operations. What's



more, we have made significant progress in the digitalisation of our container fleet.

Thanks to the improvements in the quality of our services, we were once again able to boost customer satisfaction to a record level.

Our newly established Hapag-Lloyd Academy also plays an important role here, as it enables us to strengthen the skills and competences of our employees.

Through the “Gemini Cooperation” we have entered into with Maersk, we have also laid the groundwork for additional improvements in operational quality.

I would now like to describe the most important steps in more detail.

With our terminal investments in the South America-based SAAM Terminals, the Italy-based Spinelli Group and the India-based JM Baxi, we significantly strengthened our terminal segment last year.

We have bundled these activities in our second business segment, Terminal & Infrastructure, and set up a terminal holding company in Rotterdam.

In addition, we have added a fifth division to our Executive Board and are delighted to have Dheeraj Bhatia on board since 1 January 2024 as Chief Terminal & Infrastructure Officer (CTIO).

Climate change is one of the greatest challenges facing the global community, so continuously boosting efficiency and reducing the emissions of our fleet are important issues.

In 2023, we made good progress on these efforts and were able to save a total of more than 800,000 tonnes of CO<sub>2e</sub> emissions.

One of the things helping us to reduce our emissions are the new, highly efficient dual-fuel large container ships that we have been gradually integrating into our fleet since last year. In addition, we are chartering in modern ships while phasing out older, less efficient units for recycling at the same time.

Second, we have made good progress with our Fleet Optimisation Program, which will allow us to significantly reduce the fuel consumption of more than 150 ships. We have already carried out

the relevant measures on more than 80 units – and achieved efficiency gains of between 5 and 7 percent as a result.

We also reduced the average speed of our ships by around 5 percent in 2023, which corresponds to roughly one knot. This so-called “slow steaming” has enabled us to realise significant savings in fuel and therefore emissions.

Another important factor in these efforts is alternative fuels. In 2023, we bunkered 220,000 tonnes of biofuel. Compared to conventional fuels, biofuels can reduce greenhouse gas emissions by more than 80 percent.

Since last May, we have also been offering our customers “Ship Green”, a commercial transport product that enables them to reduce their carbon footprint. This gives our customers a convenient and flexible way to make their supply chain more sustainable. This is becoming increasingly important and being met with growing demand – around 75,000 TEU were transported with Ship Green last year.

In 2019, we launched Hapag-Lloyd LIVE. With this service, our customers can monitor their sensitive cargo in our refrigerated containers using real-time data – for example, via GPS tracking or with information on temperature, humidity or CO<sub>2</sub> levels.

On top of that, Hapag-Lloyd is the first liner shipping company to equip all of its owned and leased standard containers with trackers. This enables us to provide even more track-and-trace data in real time and to thereby offer our customers full transparency on all container movements worldwide.

To date, we have equipped more than a million containers with this technology, and we will have largely completed this large-scale digitalisation project by the end of 2024.

This will create a top-notch foundation in equipment terms that will enable us to offer our customers greater transparency on their shipments and even more flexible online solutions to meet their individual needs.

In 2023, we continued to vigorously pursue our goal of being the number one for our customers in terms of quality.

We expanded our digital capabilities and opened technology and competence centres in Gdansk and Chennai, which work closely

with our IT operations in Hamburg. Another new addition is our AI HUB, where we are focussing on artificial intelligence, among other things.

We significantly expanded our product portfolio and the range of digital products we offer our customers. These has made it even easier for customers to transport their containers with us.

We have established a global network of Quality Service Centers to deliver a more consistent and higher level of service quality.

This progress is then also reflected in the satisfaction of our customers, which we measure using the recommendation rate – known as the Net Promoter Score (NPS).

At the end of last year, our NPS rose to a record value of 58, which is the highest level we have achieved since we launched our regular customer surveys in 2018. This also represents a doubling of our score from the prior year, which was 29.

Hapag-Lloyd and Maersk have signed an agreement for a new, long-term operational collaboration – known as the “Gemini Cooperation” – that will start in February 2025.

The new cooperation between Hapag-Lloyd and Maersk will comprise a fleet pool of around 290 vessels with a combined capacity of 3.4 million standard containers (TEU). The cooperation will cover 7 trades and comprise 26 mainline services, which will be complemented by a global network of over 30 shuttle services.

The Gemini Cooperation will also help us to further improve the level of quality we provide our customers. The goal is to deliver schedule reliability of over 90 percent once the network is fully phased in.

What's more, we will benefit from efficiency gains in our operations as well as in joint efforts to further accelerate the decarbonisation of our industry.

Over the past year, we have worked intensively on our new Strategy 2030 and are in the process of gradually rolling it out.

We are basically focusing on five core building blocks:

First, we will continue to strengthen our core business by further expanding our terminal business as well as our share of the hinterland business, which will enable us to provide our customers with door-to-door transports in addition to ocean transports.

Second, we will consolidate our position among the five largest liner shipping companies by growing slightly above market level, slightly increasing our market share and further expanding our business with direct customers, known as Beneficial Cargo Owners (BCOs).

Third, we aim to be the “undisputed number one for quality”. This is connected to our goal of keeping our Net Promoter Score (NPS) above 50 points, but especially to making significant progress in terms of punctuality. We also aim to be number one for our customers compared to our competitors when it comes to our digital solutions.

Fourth, we will further accelerate our sustainability efforts and aim to play a leading role in our industry’s related collective efforts. This will require us to set ourselves concrete interim targets on our path to achieving climate neutrality by 2045.

Fifth, we want to be one of the best liner shipping companies in terms of our financial performance. This includes our profitability, but it also means that, by 2030, we will need to reduce our per-unit costs by 20 percent and increase the productivity of our employees by 30 percent.

As part of our new Strategy 2030, we will be increasing the number of terminals to more than 30. We will be looking very closely at potential opportunities for further investments – whether in established markets, such as the United States or Europe, or in growth markets, such as Africa.

In addition, we will continue to develop and strengthen our Terminal Holding so that we can also ensure the best possible management of our equity stakes and leverage joint synergies with our Liner Shipping segment.

To further consolidate our position among the five largest liner shipping companies, we want to expand in selected attractive growth markets and grow faster than the market. Besides India and Africa, our growth markets also include, for example, the Southeast Asia and Transpacific regions and trades.

According to a survey we conducted of 6,000 customers, quality is of crucial importance to more than 50 percent of customers.

At the same time, we see a willingness to pay for good quality. That is why we want to create further added value with our Strategy 2030 and become the “undisputed number one for quality” for our customers.



We have been measuring our quality delivery against our Quality Promises for several years now. This gives us a shared basis with our customers that enables us to make continuous improvements. In recent years, we have met or exceeded our targets for most of our Quality Promises.

However, we still want to improve a lot in terms of operational performance and schedule reliability. As part of our Strategy 2030, we have set ourselves the goal of increasing the proportion of on-time deliveries to more than 80 percent by 2030.

We will achieve this by further standardising our operations, simplifying our network, increasing our control over assets and using data-based decisions to identify or avoid delays at an early stage.

One of our new digital solutions is Hapag-Lloyd “Live Position”, our first digital tracking product for standard containers. “Live Position” gives our customers a quick overview of the current location of their consignment, enabling them to make any necessary adjustments in real time.

Even though we are already at a good level in terms of customer satisfaction, our customers can rest assured that we are working hard every day to retain their trust.

Our “Gemini Cooperation” aims to bring about a positive change in the reliability of sailing schedules. For direct connections with our large ships, we will focus on a smaller number of selected import and export ports – usually two or three per region. This will significantly reduce the risk of encountering delays on voyages. We will compliment these direct connections with an extensive network of shuttles providing fast, direct and reliable connections to other ports.

An important role in this will be played by hubs in which Hapag-Lloyd and Maersk have either an ownership stake or control over the capacity at the terminals called at. This will enable us to plan and coordinate better with our ships.

With the “Gemini Cooperation”, we will strengthen our important East-West traffic. On the other hand, we will serve the North-South traffic with our own network and with other partners. Both Maersk and Hapag-Lloyd will be able to flexibly adjust their activities outside the Gemini network to scale their capacity according to customer needs.

What's more, Maersk and Hapag-Lloyd have very similar ambitions when it comes to decarbonisation. This is why the new Gemini network aims to put in place a more fuel-efficient structure that will reduce greenhouse gas emissions per container transported by as early as 2025.

Both parties have also committed to boosting their efficiency in the coming years.

We have set ourselves a specific interim target regarding decarbonisation: By 2030, we aim to have reduced our absolute CO<sub>2e</sub> emissions by a third compared to 2022 – to 10 million tonnes of CO<sub>2e</sub> – thereby making our contribution to meeting the 1.5-degree target of the Paris Climate Agreement.

We will achieve this by bringing new efficient ships into our fleet, reducing the cruising speed of our ships and thereby saving fuel, optimising the efficiency of our existing fleet, and using alternative fuels.

Five more large container ships from our newbuilding programme will be joining our fleet this year. In addition, we have plans to retrofit 45 more ships this year as part of our existing Fleet Optimisation Programme.

However, there are still many unknowns when it comes to the fuels and propulsion technologies of the future. That is why we are intensively examining the technical possibilities and testing them with a view to their practicality and scalability.

On 6 April of this year, our “Brussels Express” bunkered 2,200 tonnes of liquefied biomethane in the Port of Rotterdam – which was the largest quantity of this fuel ever delivered by barge.

Biomethane also plays an important role for the Zero Emission Maritime Buyers Alliance (ZEMBA), to cite one example. ZEMBA is an initiative founded by cargo owners to bundle cargo that is to be transported using fuels that do not emit greenhouse gases. In April 2024, Hapag-Lloyd was able to secure a tender for this initiative and will now help ZEMBA members to reduce a total of more than 82,000 tonnes of CO<sub>2e</sub> by using biomethane.

The recent decision to retrofit five charter vessels to methanol propulsion, which we agreed with our partner Seaspan, will also help us to further decarbonise our fleet. The retrofits are scheduled to begin in the first quarter of 2026. The total investment for the five units will amount to around 120 million US dollars.

The aim of our efforts is to achieve climate neutrality by 2045, and we will remain committed to this goal while realising our Strategy 2030.

Since we are convinced that Hapag-Lloyd's success is directly linked to our colleagues around the world, we will continue to strengthen their skills. As part of this effort, we founded an in-house academy in 2023.

Looking to the years ahead, we will continue to work tirelessly to foster an attractive working environment both on shore and at sea. We are talking, for example, about personal development and career opportunities, modern workplaces, agile working methods, and safeguarding the health and well-being of our employees.

At the same time, Hapag-Lloyd is an international company with people from roughly 100 nations – and we want to continue to benefit from this diversity going forward. For this reason, diversity will remain a particular focus of our strategic HR agenda.

In the coming years, as well, we will continue to pursue our prudent financial policy.

With a view to our long-term financial goals, we aim to remain one of the most profitable companies in our industry.

The target for our gearing – meaning net debt to EBITDA – is a factor of less than 3 and an equity ratio of more than 45 percent.

In addition, an adequate liquidity reserve of more than 1.1 billion US dollars is to be maintained at all times.

As part of our dividend policy, we would like our shareholders to continue to share in our success by distributing at least 30 percent of our consolidated Group profit each year.

We will continue to make targeted investments: in our container and vessel fleets as well as in their sustainability; in inorganic growth opportunities, with a focus on expanding our terminal activities; and in the skills of our employees.

We are talking about a total volume of between 20 and 25 billion US dollars between now and 2030.

Let us now take a look at some of the issues currently affecting us in 2024.

The escalation of the conflict in the Middle East last year also had an impact on shipping. One of our ships was also attacked and damaged in December. Our crew thankfully remained unharmed. We immediately decided to avoid the route through the Red Sea. Instead, our ships have been taking the longer route around the Cape of Good Hope, because the safety of our seafarers is our top priority.

Almost all major shipping companies have opted for this rerouting, but it results in higher costs and unfortunately also higher emissions. Due to the longer sailing times, we have needed a lot more ships for the transports. This in turn led to a capacity shortage again, particularly at the beginning of the year, which was also reflected in significantly higher freight rates.

However, we expect the bottlenecks in the sailing schedules to gradually ease over the course of the year as new ships are delivered and shipping companies adapt to the situation.

Supply chain disruptions and capacity bottlenecks are also being caused by the climate-related low water levels in the Panama Canal. This has prompted the canal authorities to introduce draught restrictions and transit limits, which are affecting the number of our passages and the loads on our ships. Although the

situation has recently improved slightly, the canal's capacity is still far below normal.

We are sailing around crisis areas, adapting our services, increasing capacities, and giving our customers planning security for their transport operations by offering regular sailings.

In addition, we are increasing the cruising speed of our ships to reduce transit times on longer transport routes as well as offering alternative transport routes, such as overland transport.

On the demand side, we expect to see a noticeable recovery in 2024. In our view, the inventory-reduction efforts in the United States and Europe, which led to a slump in container shipments at the beginning of the previous year, have ended and consumption in North America is now at a good level.

On the whole, we assume that the global volume of container transports will grow by around 4 percent in 2024.

On the supply side, capacity will increase significantly due to rising ship deliveries. The global orderbook accounts for 24 percent of the global fleet and remains at a relatively high level – although it is trending downwards.



However, more capacity is also needed given the current situation in the Red Sea, as the rerouting of ships around the Cape of Good Hope is making sailing times much longer. The increased demand for capacity is also reflected in the low number of idle ships.

Overall, after several years of ups and downs, demand should return to its normal growth path. However, capacity growth in 2024 and 2025 will probably exceed growth in demand.

Nevertheless, in times of long-lasting geopolitical crises, it has also become very clear that a certain degree of extra capacity is very helpful when it comes to keeping global supply chains intact.

In addition, more capacity will be needed in the medium term due to the increasing scrapping of old ships but also due to slower operating speeds, which lead to fuel savings and are linked to new regulatory requirements for the energy efficiency of the global shipping fleet.

As noted in our forecast published on 14 March, we expect to be able to slightly increase our transport volume for 2024 as a whole. We also expect to see a significant decline in the average freight rate compared to the prior year.

At the same time, costs will remain at an elevated level owing in large part to inflation. This also applies to the average bunker price, which we currently do not expect to ease much.

We also expect that our Group EBITDA will be in the range of 1 to 3 billion euros and our Group EBIT to be in the range of minus 1 to 1 billion euros.

While we should have a good start to the year in historical terms due to the temporary capacity bottlenecks and the associated higher freight rates, we cannot rule out a loss in the second half of the year.

I would also like to point out that this forecast is subject to a high degree of uncertainty due to the highly volatile development of freight rates and major geopolitical challenges.

To summarise, 2023 was a good year for Hapag-Lloyd. At the same time, we have started 2024 with a bit of tailwind.

Looking at the years ahead, we will now be putting more focus on realising our new Strategy 2030.

We will continue to grow in both our Liner Shipping and Terminal & Infrastructure segments in addition to expanding our activities in the hinterland business.

Additional improvements in the quality of our services and operations will play an important role in these efforts.

We will remain committed to working on measures and initiatives to achieve our ambitious sustainability and decarbonisation targets, which will enable us to make our contribution to the Paris Climate Agreement.

We will carefully manage our costs and become more efficient, thereby reducing our per-unit costs. At the same time, we will continue pursuing our prudent financial policy based on a solid liquidity reserve and positive free cash flow.

We will provide our customers with a seamless transition from our THE Alliance services to our new Gemini network.

With all our strategic initiatives, one of our main focuses will continue to be on our employees worldwide. We will continue to make targeted investments in their skills while keeping a close eye on their health and safety.

Dear shareholders, thank you very much for your trust and support! In good times and bad, we have always been able to count on your special bond with Hapag-Lloyd. We are therefore very pleased to have concluded another strong financial year.

I would like to take this opportunity to also thank all our employees on land and at sea for their extraordinary dedication. Once again, they have done a great job keeping the supply chains up and running in a difficult market environment and ensuring every day that we provide the best possible solutions to our customers. I would also like to especially thank the members of our Supervisory Board, my colleagues on the Executive Board, and our business partners and customers, who have stood by us in challenging times.

I would like to assure you all of this: We will remain passionate, committed and vigilant – and we are very confident that our new Strategy 2030 will keep us on course for success in the years ahead.

Thank you very much.