Annual General Meeting

Hapag-Lloyd AG

on

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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 pleased that you are joining us today to look back at the key developments of the 2024 financial year.

I will inform you about the progress we have made with our Strategy 2030 in terms of growth, quality and sustainability.

I will also explain to you how our strategic initiatives are ultimately also reflected in the good business figures of the past year.

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

In a difficult market environment, and despite operational challenges, we were able to meet the welcome demand of our customers in 2024. This strong demand also led to higher spot rates – meaning short-term freight rates – compared to the previous year. As a result, we were able to achieve the third-best operating result in our company’s history.

Thanks to investments in continued digitalization, numerous product and service initiatives, and customer-oriented solutions, we were able to keep customer satisfaction at a high level.

We have further expanded our terminal business in addition to consolidating and establishing it as an independent global terminal operator under the Hanseatic Global Terminals brand.

In addition, we have developed our new Gemini network, with which we are setting new quality standards in our industry.

At the end of last year, we ordered 24 new container ships, thereby launching the biggest newbuild program in our company’s history. This is a further step toward making the transport of containers more efficient as well as toward the decarbonization of Hapag-Lloyd.

We have gotten the current 2025 financial year off to a good start, but the market environment is currently characterized by many uncertainties resulting from a series of protectionist measures.

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Twenty-two percent of global container traffic and about 27 percent of our cargo volume is tied to the US. Thanks to our long history, we have a strong position in transatlantic transports.

Against this backdrop, the tariffs announced on April 2 – some of which are currently suspended – weigh particularly heavily on us.

In addition, the US has decided that shipping companies using ships built in China will have to pay new levies for making port calls in the US.

All parties who trade goods with the US are now looking to see what concrete impacts these measures will have. The associated uncertainties are a burden for trade itself and make planning and the outlook more difficult.

We will now also very precisely analyze how this is impacting our costs, network and operations. We anticipate that the new port charges will lead to higher prices for consumers and that US trade as a whole will be weakened.

However, we remain firmly convinced that free global trade contributes to prosperity in countries and that the US has also massively benefited from it in recent decades.

Ladies and gentlemen, in addition to growing protectionism, we have been having to contend with a number of ongoing operational challenges.

Regrettably, the security situation in the Red Sea remains tense. Due to Houthi attacks on merchant ships, the largest liner shipping companies are still avoiding the passage through the Red Sea and have been sailing around the Cape of Good Hope since the end of 2023. This leads not only to higher costs and longer transit times, but also to higher emissions.

At the same time, significantly more ships are needed due to the longer sailing times. This led to bottlenecks in 2024 and higher freight rates.

We have adjusted our services and increased the speed of our ships to keep our customers’ supply chains intact and to minimize delays.

In addition, the Panama Canal was only navigable to a limited extent at times in 2024 due to the low water level caused by the climate, which prompted the Panama Canal Authority to introduce draught restrictions and transit limits. Then, over the course of the year, this situation eased up.

On top of that, port congestion and numerous strikes in important ports led to disruptions in global supply chains.

Let us now take a look back at the general development of the market before I go into more detail about the Group’s financial result.

After an initially strong start to the year and the subsequent usual seasonal slump in demand, demand picked up again significantly starting in May and was up 6.2 percent in 2024 as a whole compared to the prior year.

This was the highest growth in transport volumes since 2021. Beginning in the second quarter, this positive trend was also reflected in the freight rates.

The Shanghai Containerized Freight Index (SCFI) – meaning the rate index for short-term Chinese exports – rose steadily and reached its peak in July 2024. Although the index trended downward in the second half of the year, it still remained at a satisfactory level by historical standards.

At the same time, however, I would like to emphasize that freight rates on other routes that are important to Hapag-Lloyd, such as the Atlantic trades, developed far less favorably and, in some cases, were even lower than in the previous year.

All in all, 2024 was another successful year for Hapag-Lloyd.

Thanks to higher transport volumes and stable average freight rates over the year, turnover increased by 6.6 percent to reach 19.1 billion euros.

Our Group EBITDA amounted to 4.6 billion euros, which is 4.2 percent higher than it was in the prior year.

Our Group EBIT increased by 1.9 percent compared to the prior year, to reach 2.6 billion euros.

At 2.4 billion US dollars, the Group profit was slightly below that of the prior year, mainly owing to lower interest earnings and higher tax expenses.

Revenues in the Liner Shipping segment rose to 18.8 billion euros. Despite higher transport expenses in connection with the necessary rerouting of ships around the Cape of Good Hope, our EBITDA increased to 4.5 billion euros, while our EBIT remained at the prior-year level of 2.5 billion euros.

Thanks to good demand, we were able to increase transport volumes by 4.7 percent, to 12.5 million standard containers (or TEU). Higher volumes in the Pacific, Atlantic and Africa trade lanes have particularly contributed to this.

At the same time, the average freight rate in the liner shipping segment was roughly on a par with the previous year, at 1,492 US dollars per TEU. In this context, it should be noted that due to our balanced geographical coverage and the high proportion of long-term contract cargo, our average freight rate is much less susceptible to fluctuation than the spot rates on the China trades.

Our second business segment, “Terminal & Infrastructure,” comprises Hapag-Lloyd’s equity stakes in 21 terminals in Europe, Latin America, the US, India and North Africa as well as other infrastructure stakes.

In the Terminal & Infrastructure segment, an EBITDA of 139 million euros and an EBIT of 66 million euros were achieved in the 2024 financial year. Revenues amounted to 401 million euros, with a good container handling volume and the full-year inclusion of SAAM Ports & Logistics particularly contributing to this figure.

The new segment is still in the process of being formed, and it reflects the results of a full financial year for the first time in 2024. For this reason, consolidation effects must be taken into account when making comparisons with the prior-year figures.

We also remain very well positioned in terms of our balance sheet. On December 31, 2024, we had a total of 20.7 billion euros in equity. This corresponds to a very good equity ratio of roughly 62 percent.

In addition, we were able to report a net liquidity position of 910 million euros.

Over the past few years, we have significantly invested in the further expansion of our business and paid out attractive dividends to our shareholders while strengthening the company's balance sheet at the same time.

This positive business performance is also reflected in the credit ratings issued by the rating agencies. For example, the rating agency Moody's has today raised Hapag-Lloyd's credit rating by one notch, from "Ba2" to "Ba1." This is the highest credit rating that Hapag-Lloyd has received since Moody's began rating it in 2010.

In view of the very good development of earnings and key balance sheet figures, our Executive Board and our Supervisory Board propose to the Annual General Meeting the pay-out of a dividend of 8.20 euros per share. This corresponds to a total payout amount of 1.4 billion euros.

With a payout ratio of 60 percent, we are slightly above the previous year's figure and are also continuing our dividend policy, which is geared toward the company's success and financial strength.

If we look at the so-called total shareholder return (TSR) in 2024 – meaning the combination of the increase in value of the Hapag-Lloyd share and the paid-out dividend in relation to the value at the beginning of the year – we see that the total return, dear shareholders, is 21 percent.

For the current year, the TSR has so far been much lower, as the share price is being impacted at present by the tariff-related market turbulence.

Ladies and gentlemen, we presented our Strategy 2030 last year. It consists of five core pillars.

First, we are strengthening 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 from a single provider.

Second, we are consolidating our position among the five largest liner shipping companies by aiming to grow slightly above market level, to slightly increase our market share, and to further expand our business with direct customers, known as Beneficial Cargo Owners (BCOs).

Third, we aim to be the undisputed number one for quality. This is linked to our goal of keeping our customers' satisfaction (NPS) above 50 points and of making significant progress in terms of punctuality. In addition, we aim to offer our customers first-class digital solutions.

Fourth, we are accelerating our sustainability efforts and aspire to play a leading role. By 2030, the absolute greenhouse gas emissions of our fleet are to be reduced by around a third compared to 2022 – in what will be another step toward net-zero fleet operation by 2045.

Fifth, we want to be one of the best liner shipping companies in terms of our financial performance. This includes not only our profitability, but also the goal of reducing our per-unit costs by 20 percent and boosting the productivity of our employees by 30 percent by 2030.

In the Terminal & Infrastructure business segment, we have bundled our activities under the new Hanseatic Global Terminals (HGT) brand.

At the same time, we have further expanded the team in Rotterdam led by Dheeraj Bhatia, our Chief Terminal and Infrastructure Officer (CTIO), and filled important positions, thereby significantly strengthening our expertise in the terminal and infrastructure sector.

We extended our concessions in Florida and Haldia, India, and put the Tuticorin terminal into operation.

In addition, we recently acquired a majority stake in the CNMP LH Terminal in Le Havre. This new stake contributes to the expansion of our global terminal portfolio to 21 terminals and thereby directly contributes to the vigorous implementation of our Strategy 2030.

The construction of the new terminal in Damietta, Egypt, is making progress, and we expect it to be completed in the second half of the current year.

In the 2024 financial year, we significantly expanded our ship and container fleets.

In terms of ship capacity, we grew by 19 percent, to 2.3 million TEU, thereby securing our top 5 position and our global market share of 10 percent. In addition, by taking delivery of new vessels in the first quarter of 2025, we increased our capacity to 2.4 million TEU.

We have also significantly expanded our container fleet to 3.7 million TEU, which has helped us enormously to keep the supply chains of our customers intact.

Moreover, as part of our Fleet Optimization Program, we upgraded the energy efficiency of 39 units last year and more than 100 ships in total since 2022, thereby further advancing the decarbonization of our operations.

By ordering 24 ultra-modern ships, we have launched the largest newbuild program in our history. The ships, which will be delivered between 2027 and 2029, will be equipped with highly efficient dual-fuel liquid gas propulsion systems. Through these efforts, we are further modernizing and decarbonizing our fleet at the same time. The related investment volume for these vessels amounts to around 4 billion US dollars, which has been largely secured through long-term green financing.

An increasingly important component in the decarbonization of our fleet operations is alternative fuels. For example, by using biofuels, we can reduce greenhouse gas emissions by more than 80 percent compared to conventional fuels. They are allowing us to offer our customers low-emission transportation services.

For two years, we have been offering our customers “Ship Green”, a commercial transport product that enables them to reduce their carbon footprint and make their own supply chain more sustainable. Last year, we once again saw an increase in demand for this product from our customers and were able to transport 200,000 TEU with “Ship Green”. This means that we have more than doubled the number of low-emission transports at Hapag-Lloyd within a single year.

In addition, we are continuously tapping new sources to secure alternative fuels.

In April 2024, our “Brussels Express” container ship bunkered 2,200 metric tons 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 greenhouse gas-free fuels. In April 2024, Hapag-Lloyd was able to secure a tender for this initiative and will now help ZEMBA members to reduce their emissions by a total of more than 82,000 metric tons of CO_{2e} by using biomethane.

In addition, we have concluded a long-term offtake agreement for the supply of 250,000 metric tons of green methanol per year. The green methanol, which will consist of a mixture of bioethanol and e-methanol, will reduce greenhouse gas emissions by least 70 percent and thereby comply with all current sustainability certifications.

Among other things, the five 10,100 TEU charter ships that Hapag-Lloyd and Seaspan will convert to methanol dual-fuel propulsion in 2026 will be powered by green methanol.

Last year, we worked intensively with AP Møller – Maersk on our new Gemini Cooperation.

We successfully launched this east-west network on February 1, 2025, with the aim to set new standards in terms of schedule reliability.

In the first few weeks, we have already achieved very good punctuality rates of around 90 percent. We have thereby clearly set ourselves apart from our competitors' alliances and the average for east-west trades, which is only around 50 percent.

Thus, our Gemini Cooperation has demonstrated that it is possible to significantly increase the punctuality of our industry in just three months.

By specifically concentrating our large ships on a limited number of import and export ports – usually two to three per region – we are significantly reducing the risk of delays.

An extensive network of complementary shuttle connections ensures fast, direct and reliable connections to other ports.

A key role in this is played by hub terminals in which Hapag-Lloyd and/or Maersk have direct equity stakes or actively manage the capacities. This facilitates more efficient planning and coordination of our shipping operations.

Another crucial aspect is joint engagement for more sustainable shipping. The new network of our Gemini Cooperation is designed to reduce emissions per transported container this year through a more fuel-efficient structure. Both companies have committed to further optimizing this efficiency in the coming years.

Looking at digitalization, we made good progress last year.

We have equipped more than 90 percent of our containers with trackers, which enables us to provide even more track-and-trace data in real time.

As a result, we have laid the technical foundation for offering our customers new digital and value-adding products.

One of these products, for example, is Hapag-Lloyd Live Position, which we now offer worldwide, enabling our customers to track the current location of their containers in real time. This allows our customers to keep an overview of their supply chain at all times and to plan better.

In addition, we significantly expanded our product portfolio and the overall range of digital products we offer. These has made it even easier for customers to transport their containers with Hapag-Lloyd.

Furthermore, we were once again able to keep customer satisfaction at a very high NPS level of 59 at the end of last year by improving the quality of our services.

Despite these successes in terms of quality and punctuality, container shipping remains a capital-intensive industry. We will therefore continue to work on our cost structures using a variety of measures. In the second quarter of the current financial year, we will launch a comprehensive cost program with which we aim to achieve savings of 1 billion US dollars over the next 18 months.

Key levers will be the savings that we achieve from synergy effects within the framework of our new Gemini Cooperation. We are also realizing significant improvements on the cost side in procurement.

In addition, we will review our tendering processes and pricing strategies so that we can adapt even more quickly to volatile market conditions.

This year, we will also optimize our liner services outside the Gemini network in order to significantly boost the productivity of our fleet once again beginning in 2026.

Furthermore, we will explore additional measures to help us reach the productivity targets of our Strategy 2030, such as using artificial intelligence more extensively. We are also increasingly building on the growing expertise of our global team, which we are nurturing through the Hapag-Lloyd Academy.

Today, around 17,000 people of more than 100 nationalities work for Hapag-Lloyd. This diversity has been and continues to be a decisive key to our economic success. The continuous training and further education of our colleagues plays an important role in this. That is why we founded our in-house Hapag-Lloyd Academy in 2023, which we use to strengthen the skills of our employees in an ongoing, long-term manner.

In order to live up to our commitment to quality, we need to create a state-of-the-art working environment that attracts the best talent and keeps them in the company.

We are talking, for example, about personal development and career advancement opportunities, modern workplaces and agile working methods. In addition, the well-being and safety of our colleagues around the world is our top priority at all times – today and tomorrow.

We measure how well we live up to our commitment by regularly surveying our employees. In the last survey, we once again achieved a very good employee satisfaction score of 78 points.

Ladies and gentlemen, I would now like to venture an outlook on the expected development of the market in the current financial year, even if this is admittedly a difficult task given the uncertainties I described earlier.

When it comes to demand for container transports in 2025, most industry experts currently expect a slight decline according to initial estimates. In addition, the impact of the new US tariff policy is not yet fully foreseeable.

On the supply side, the available fleet capacity will continue to increase due to additional ship deliveries. However, at 6 percent, the growth rate is expected to be significantly lower than it was in 2024.

On the other hand, additional capacity could become available on the market as soon as safe passage through the Red Sea is possible again. This would lead to a significant decline in transport performance in terms of TEU miles, which have skyrocketed due to the longer rerouting around the Cape of Good Hope in 2024.

Overall, capacity growth in 2025 is likely to exceed the increase in demand. However, in times of prolonged geopolitical crises, this extra capacity also helps to keep global supply chains intact.

The ratio of ship orders to existing fleet capacity currently stands at 28 percent and is therefore still at a relatively high level.

On the one hand, growth expectations on the part of shipowners are decisive for this development. At the same time, however, we are also adjusting to the decarbonization of shipping, which means we need far more ships than before – especially because we will be sailing more slowly and therefore more energy-efficiently.

In addition, by 2030 more than 4 million TEU – or 14 percent of the current global fleet – will exceed their expected service life of around 25 years and become uneconomical, meaning that we can expect an above-average number to be scrapped in the years ahead.

Let us now turn to the financial outlook for the current financial year. For 2025 as a whole, we expect to be able to significantly increase our transport volume – also thanks to our Gemini Cooperation.

We also expect to see a clear decline in the average freight rate compared to the prior year.

We expect the average bunker price in 2025 to be at the same level it was the previous year.

We have gotten the current financial year off to a good start so far, but the economic and geopolitical environment remains fragile. Given these circumstances, we expect earnings in 2025 to be lower than they were in 2024.

We also expect that our Group EBITDA will be in the range of 2.4 to 3.9 billion euros and that our Group EBIT will be in the range of 0.0 to 1.5 billion euros.

However, this forecast remains subject to considerable uncertainty due to the highly volatile development of freight rates and major geopolitical challenges.

On the one hand, we got the current financial year off to a good start in the first quarter: We were able to increase our transport volume by 9 percent, to 3.3 million TEU, compared to the same period last year. This is reflected in a 27 percent increase in our EBIT, to around 0.5 billion euros.

On the other hand, the effects of the trade conflicts and the unclear developments around the Red Sea will be creating considerable uncertainty for the upcoming period.

In this challenging environment, we will remain vigilant and at our customers’ side while making any necessary adjustments in response to new market conditions.

To summarize, 2024 was a good year for Hapag-Lloyd. At the same time, we have gotten off to a good start in 2025 – also thanks to the vigorous and successful implementation of our Strategy 2030.

In the current 2025 financial year, we are pressing ahead on the seamless phase-in of our Gemini network in order to establish our punctuality target of 90 percent as the new standard in our industry in the long term.

We will continue our efforts to grow in selected markets and customer segments, invest more in operational excellence and the exceptional quality of our services, and offer digital, value-adding products.

This will help us to maintain a very high level of customer satisfaction in keeping with our goal of becoming the undisputed number one for quality.

We will expand our terminal business under the Hanseatic Global Terminals brand and leverage joint synergies with our liner shipping activities.

We will continue to make targeted investments in our workforce. To boost our operational efficiency, we are focusing on strengthening our teams and the targeted expansion of our IT infrastructure.

We will remain committed to the Paris Climate Agreement, make our contribution to it, and diligently work on initiatives to help us achieve our own ambitious sustainability and decarbonization targets.

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.

Dear shareholders, thank you very much for your trust and continued support! We have always been able to rely on your close ties with Hapag-Lloyd in both challenging and successful times. We are therefore all the more pleased that we were able to close another successful financial year.

I would like to take this opportunity to express my special thanks to all our employees – on land and at sea. With great dedication and professionalism, they have once again achieved outstanding results by maintaining global supply chains under challenging market conditions and finding the best solutions for our customers each and every day. I would also like to thank the members of our Supervisory Board, my colleagues on the Executive Board, and our business partners and customers, who have stood by our side – especially in challenging times.

We would like to assure you all of this: We will continue on our path with passion, engagement and the necessary sound judgment. We are convinced that our Strategy 2030 will keep us on course – successfully and in a forward-looking manner – in the years to come.

Thank you very much.