

Investor Presentation

9M 2020 Results

Hamburg, 13 November 2020



Opening Remarks

1 | Current situation

- Performance of container shipping market and Hapag-Lloyd in Q3 better than anticipated
- Idle fleet continues to decline from record high in May as capacity is coming back into the market
- Performance Safeguarding Program running successfully

2 | Financials

- In spite of COVID-19, we were able to improve profitability and to strengthen our balance sheet
- While transport volumes recovered gradually in Q3, we experienced stable freight rates, lower bunker prices and benefited from active cost management
- S&P and Moody's acknowledged our long-term performance by upgrading our credit rating to BB-/Ba3

3 | Market update

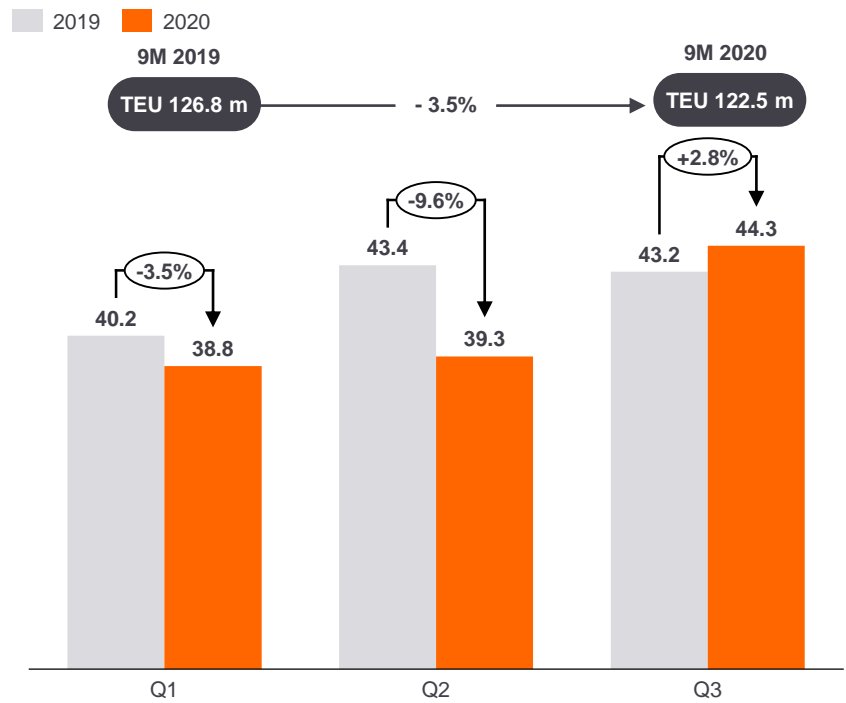
- Container transport volumes are gradually recovering, but market conditions remain volatile and mixed
- Flexible capacity management remains necessary in order to adequately adjust supply to volatile demand
- Container shortage in Asia is currently the limiting factor to volume growth in Q4

4 | Way forward

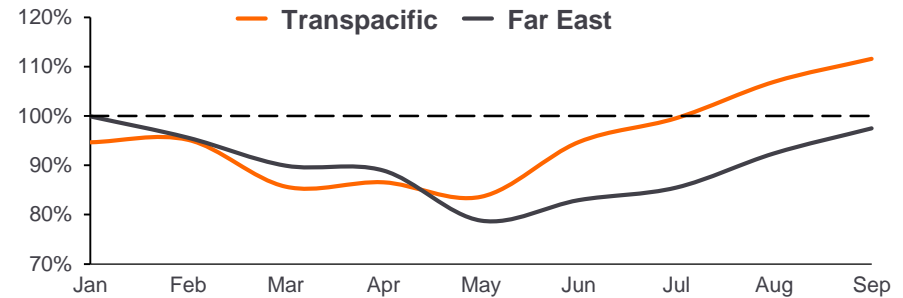
- Earnings guidance has been updated to reflect better than expected business development in Q3 and strong Q4 volume outlook
- Focus on execution of the Performance Safeguarding Program and risk adequate liquidity steering
- Continue to roll-out and execute our Strategy 2023 to mitigate delays in implementation

Global volumes have gradually recovered in Q3 2020, mainly driven by exports from Asia – available capacity have adjusted accordingly

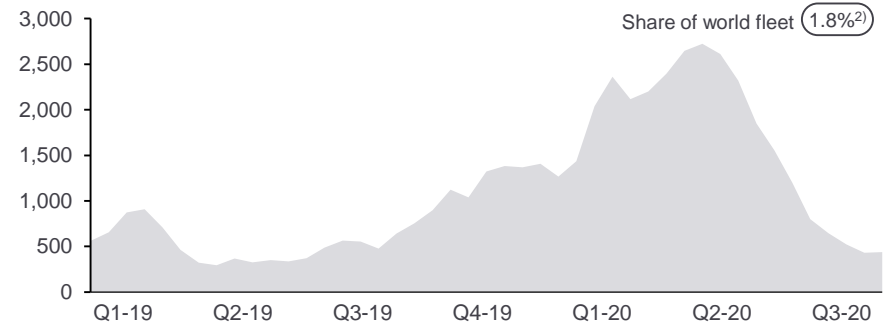
Development of global transport volume [TEUm]



Development of weekly capacity in 2020¹⁾

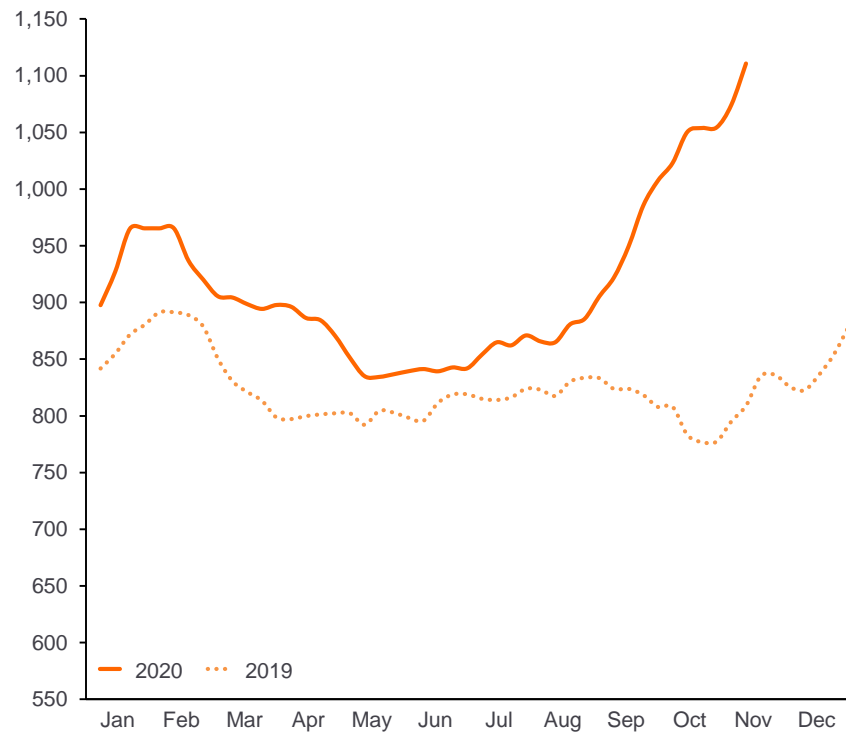


Idle fleet [TTEU]



In light of rising demand, spot freight rates have increased in Q3 2020 while bunker rates remained fairly stable

Weekly CCFI development



Bunker price development



While we are currently seeing a gradual market recovery, COVID-19 uncertainties remain – but we stay focused



OUR TEAM

- We continue to actively track worldwide business continuity risk levels.
- In the light of increasing COVID-19 numbers worldwide, employees are further encouraged to work from home where possible.
- Due to our continuous efforts, we have kept crew changes at a good level, but the situation remains challenging.



OUR BUSINESS

- Volumes recovered somewhat in Q3 but remain well below previous year's level.
- Stable freight rates and implemented savings measures have helped us to offset weak demand situation.
- S&P and Moody's acknowledged our long-term efforts to improve our balance sheet structure through continuous operational improvements and debt repayment by upgrading our credit rating to BB-/Ba3.



OUR FOCUS

- Performance Safeguarding Program (PSP) on track, cost saving measures with positive impact across all categories, almost 80% of our FY target has been achieved already.
- We actively keep track on the execution of our Strategy 2023, and offer total visibility of our quality to customers worldwide – individual quality performance can now be reviewed in the new “Customer Dashboard” on our website.

We were able to improve profitability and to strengthen our balance sheet in the first 9 months of 2020

Operational KPIs



Volume TTEU	8,696 (9,011)	» Volume declined by 3.5% YoY due to COVID-19 impact on almost all trades, but mainly on main East-West trades
Rate USD/TEU	1,097 (1,075)	» Average freight rate increased by 2.0% YoY
Bunker USD/mt	402 (425)	» Average bunker consumption price decreased slightly by 23 USD/mt due to a drop of bunker market prices

Balance sheet



Assets USD m	18,545 (18,182)	» Total assets increased by USD 363 m vs. 31.12 mainly due to higher cash
Fin. Debt USD m	6,980 (7,180)	» Strong cash flow was used to repay financial debt...
Liquidity USD m	1,546 (1,159)	» ... and to increase liquidity as a precautionary measure

P&L effects



Revenue USD m	10,525 (10,654)	» 9M revenue decreased slightly (-1.2% YoY) due to lower transport volumes
EBITDA USD m	2,044 (1,697)	» EBITDA increased by USD 347 m on the back of a strict cost management and lower bunker expenses
EAT USD m	605 (333)	» Net profit nearly doubled YoY, interest result improved due to bond repayments in 2019

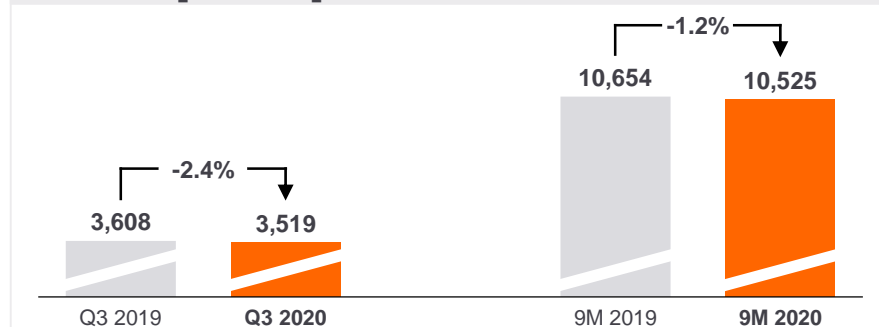
Financial KPIs



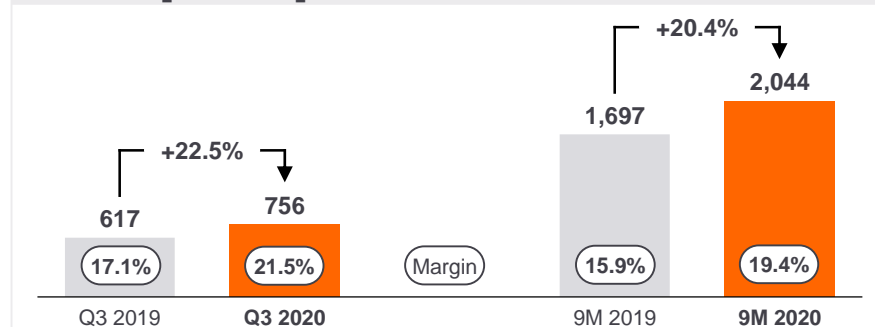
FCF USD m	1,866 (1,483)	» Strong Free Cash Flow generation due to improved profitability and low investments
Net debt / EBITDA	2.3x (3.0x)	» Ratio of net debt to EBITDA declined to lowest level since the financial crisis
ROIC %	8.9% (6.5%)	» Return on Invested Capital exceeded Cost of Capital of 6.8% clearly

Earnings increased on the back of strict cost management driven by our PSP program and lower bunker expenses

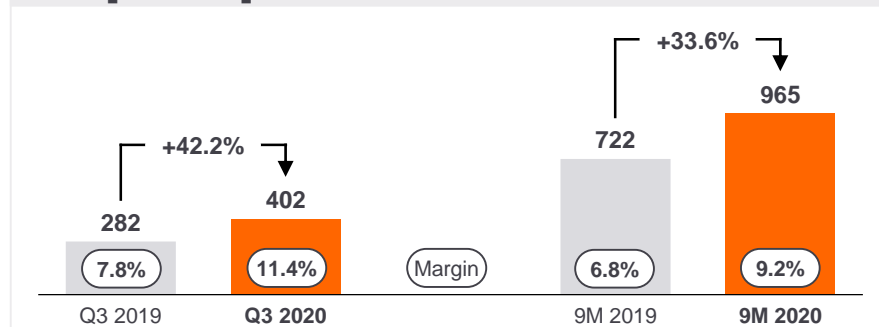
Revenue [USD m]



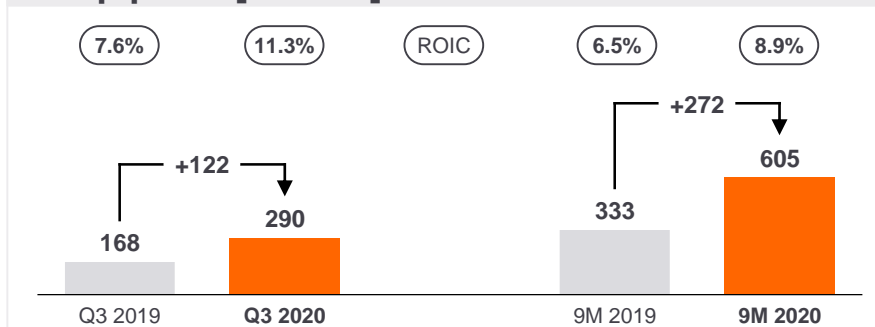
EBITDA [USD m]



EBIT [USD m]

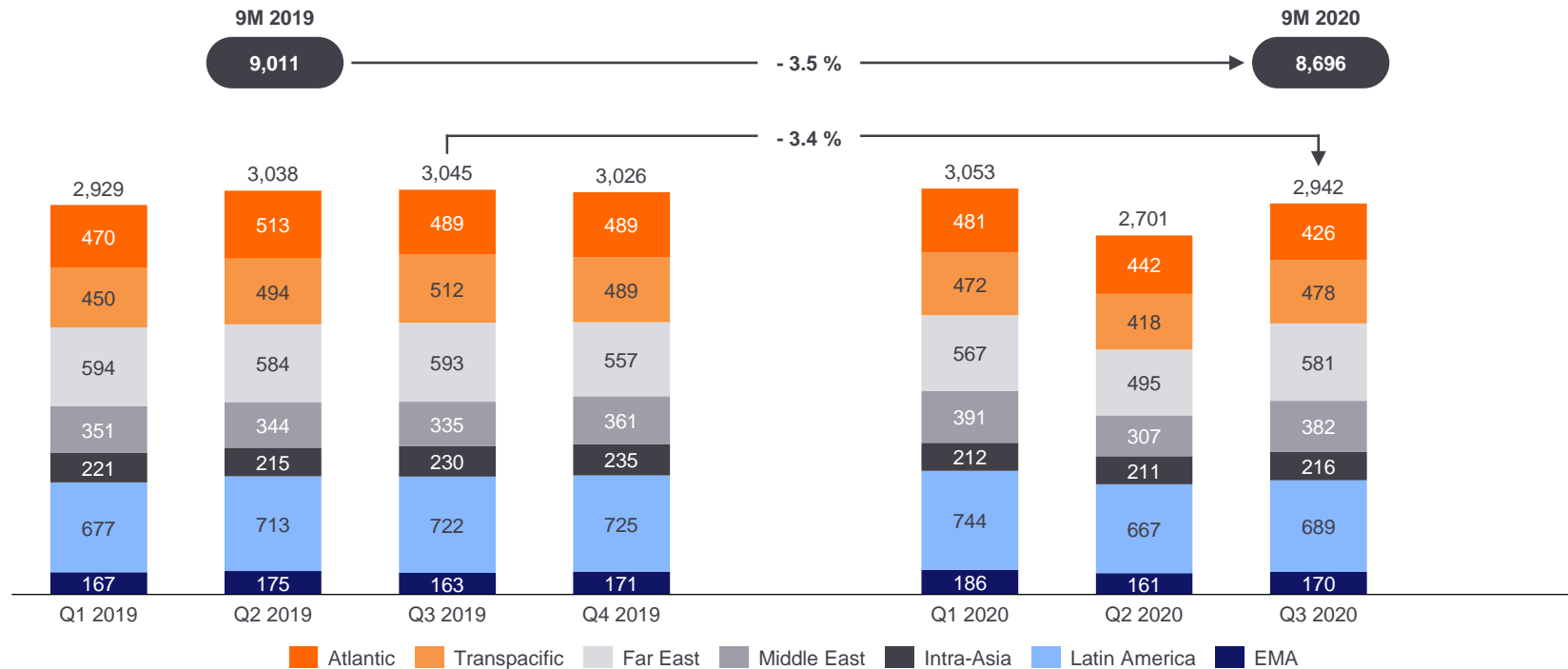


Group profit [USD m]



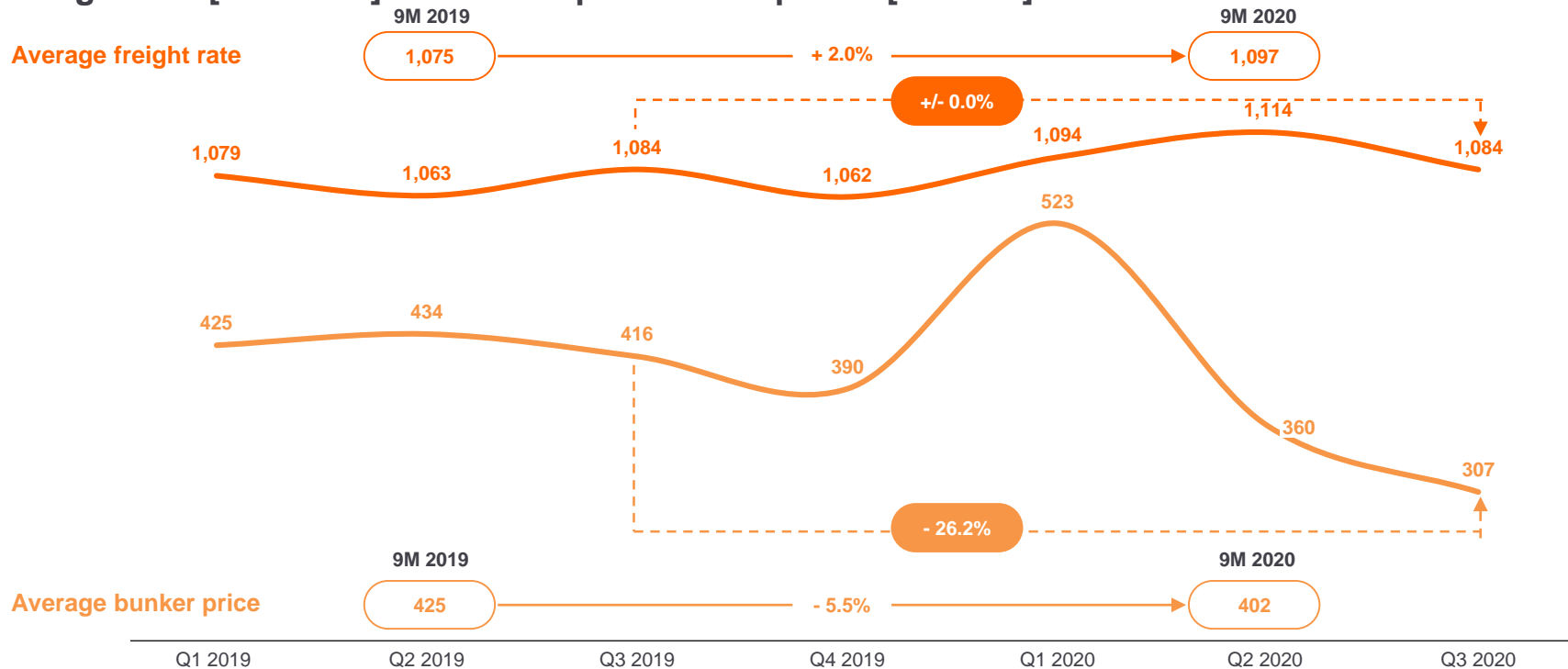
Volumes bottomed out in Q2 and gained momentum in Q3, 9M 2020 volumes declined in-line with market trend by 3.5% YoY

Transport volume development by trade Q1 2019 – Q3 2020 [TTEU]



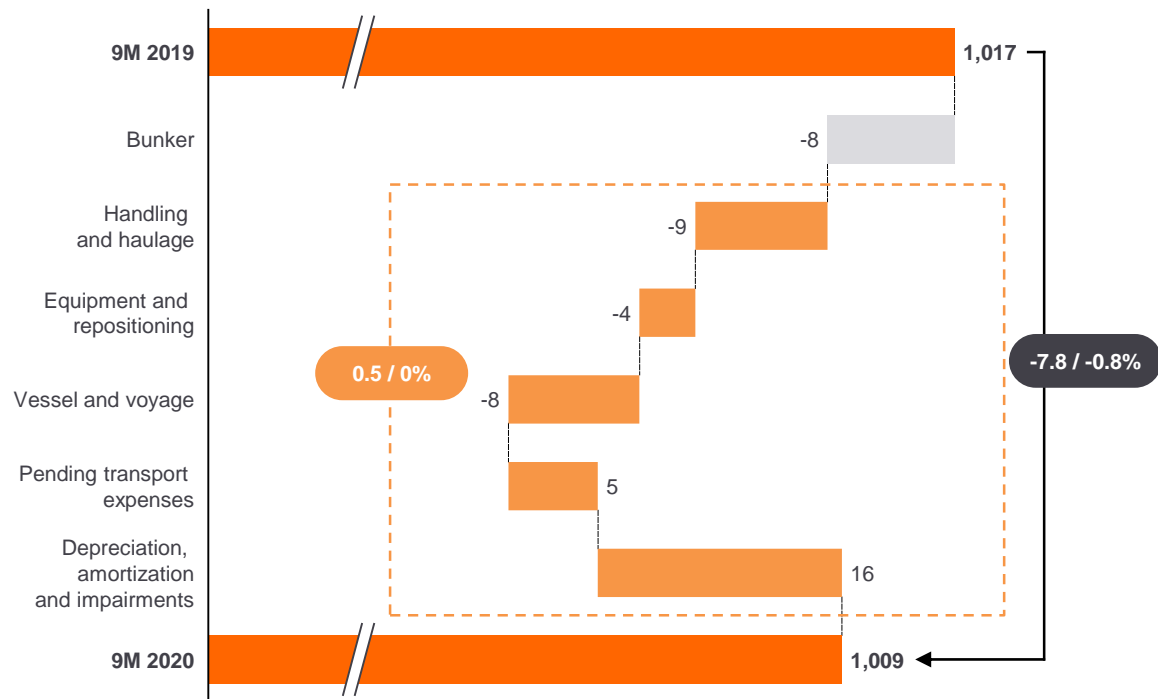
Freight rates were fairly stable throughout the first 9 months despite very volatile bunker price trend

Freight rate [USD/TEU] vs. Bunker price development [USD/mt]



Unit cost were flat, PSP savings and lower bunker cost were offset by higher D&A expenses

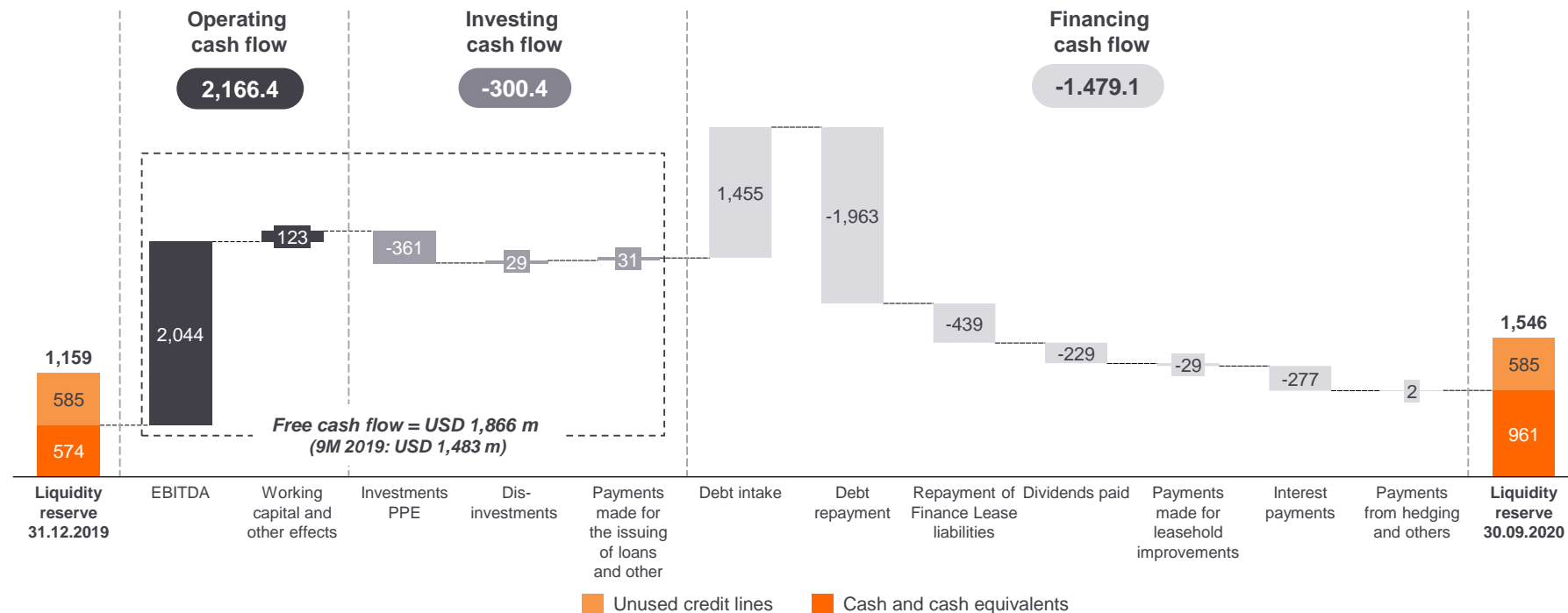
Transport expenses per unit [USD/TEU]



- PSP measures have helped to reduce ex bunker unit cost in spite of lower volumes
- In addition, costs for “**Vessel and voyage**” decreased due to a higher share of charter vessels considered as Right of Use (RoU) with a respective negative impact on **depreciation**.
- Besides the Rights of Use related increase, **depreciation & amortization** increased also due to investments in scrubbers

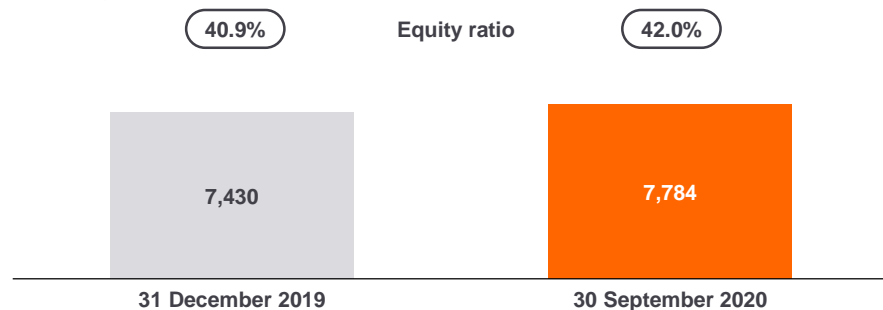
Good earnings development and prudent investment strategy boosted free cash flow to USD 1,866 m in 9M 2020

Cash flow 9M 2020 [USD m]

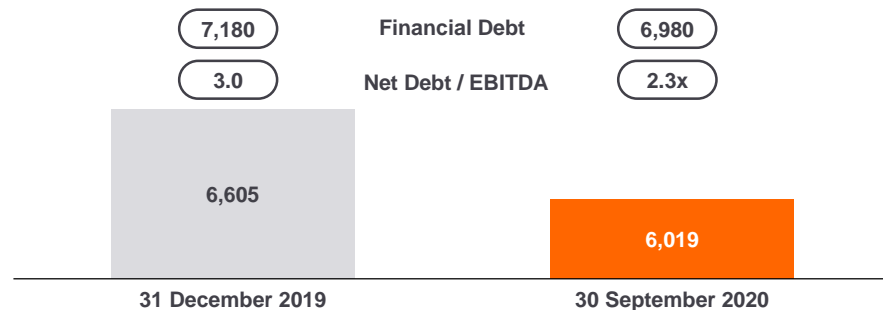


Net debt substantially reduced, leverage ratio down to 2.3x

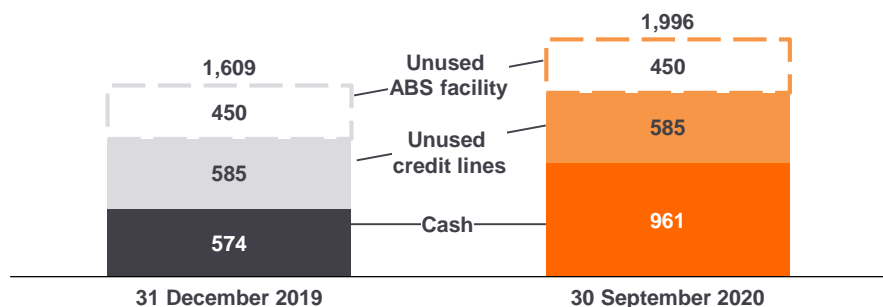
Equity base [USD m]



Net debt [USD m]



Liquidity reserve [USD m]

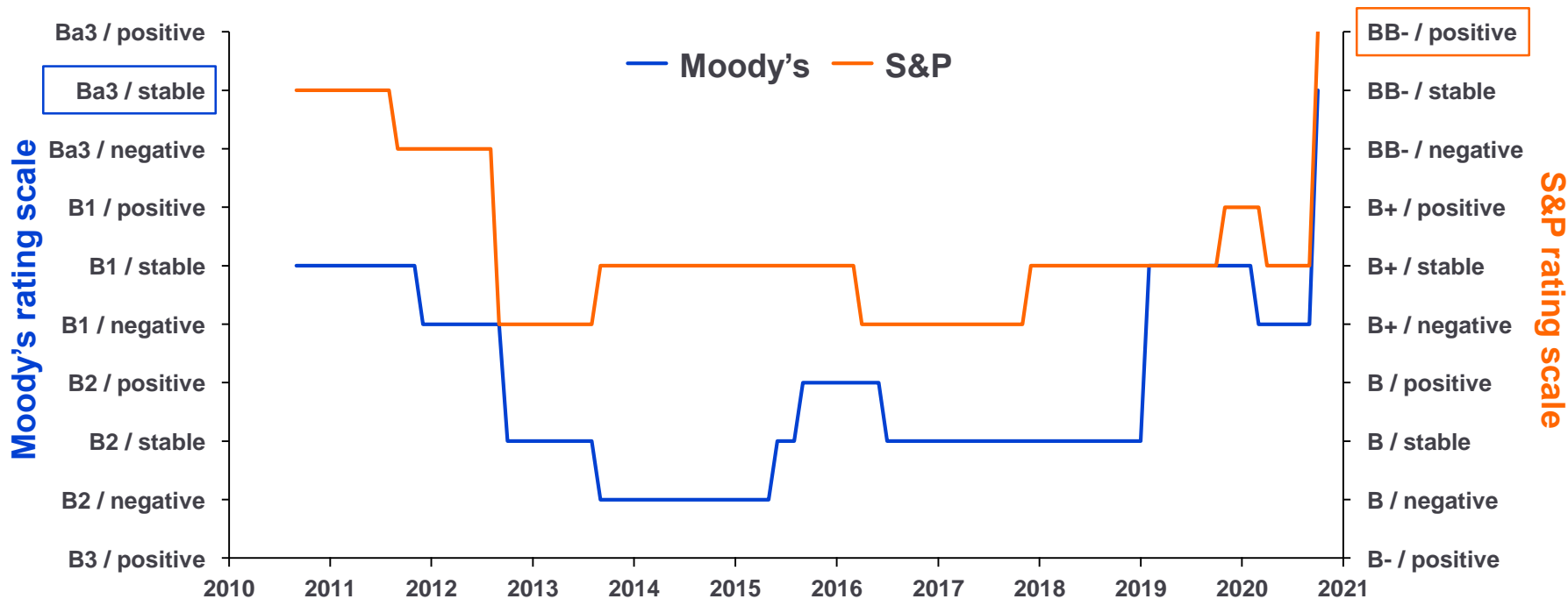


Comments

- Liquidity reserve substantially improved due to strong free cash flow and precautionary liquidity measures
- Net debt decreased due to positive free cash flow generation
- Leverage ratio (based on LTM calculation) has come down to 2.3x

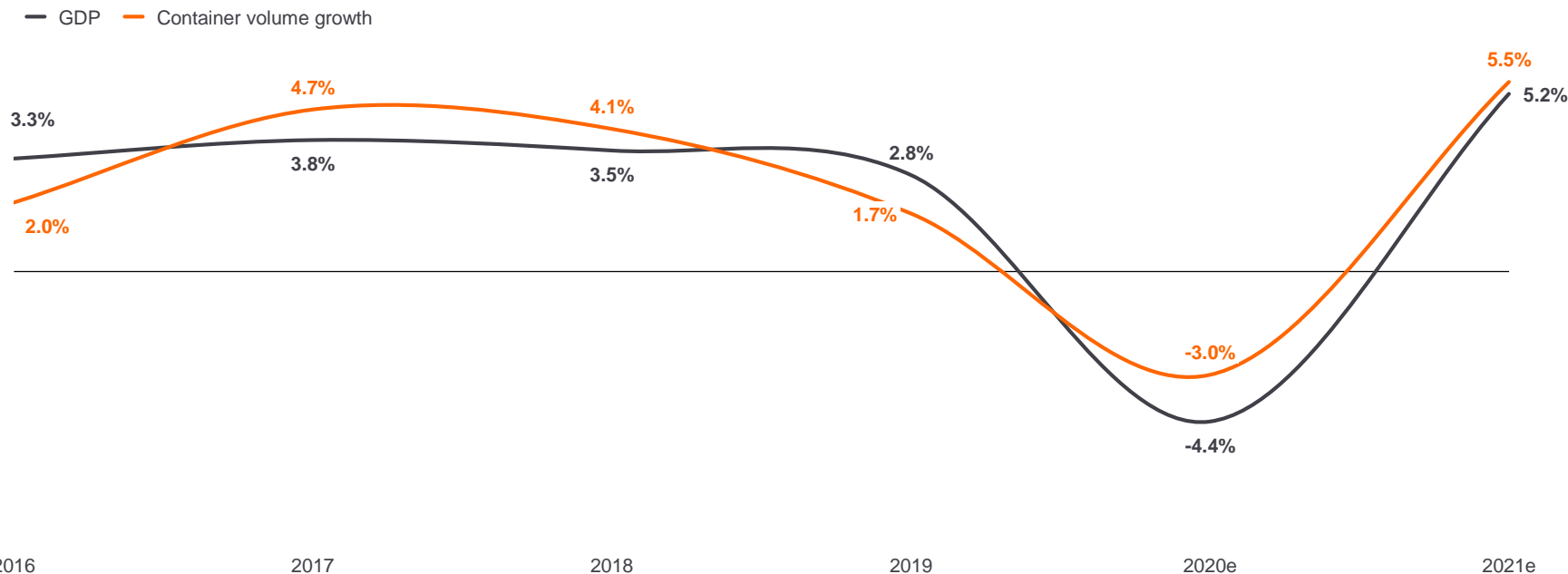
S&P and Moody's upgraded our rating to highest level ever based on Hapag-Lloyd's performance over the last couple of years

Historical Ratings and Outlook



Container transport volumes are significantly affected by COVID-19, but the impact has been less severe – recovery faster than expected

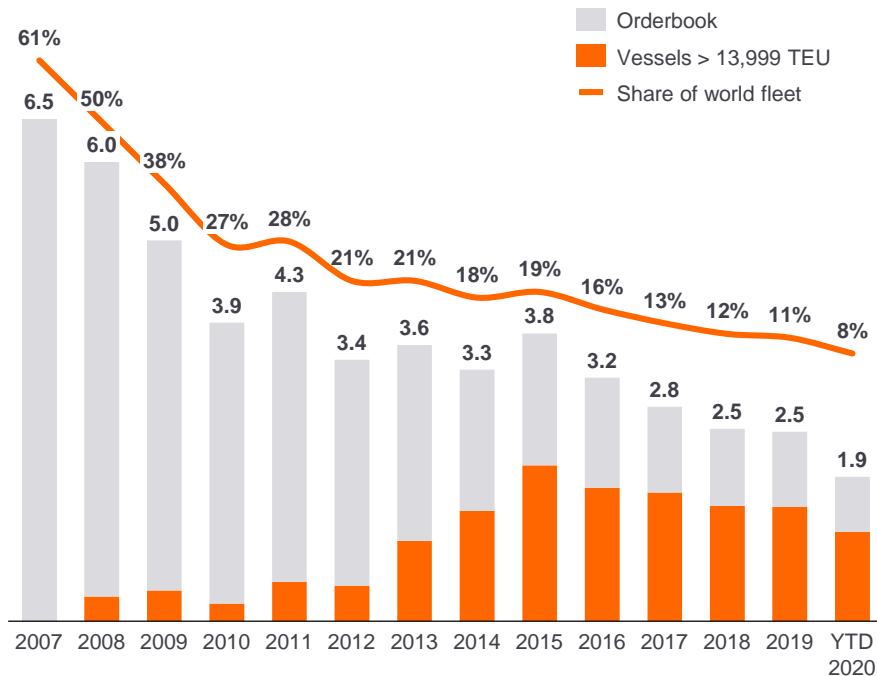
GDP vs. global container volume growth [%]



As demand picks up gradually, idle fleet has decreased to an absolute minimum – Orderbook down to below TEU 2 m and 8% of global fleet

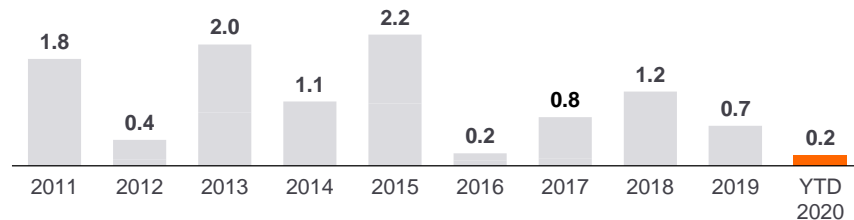
Orderbook-to-fleet

[TEU m, %]



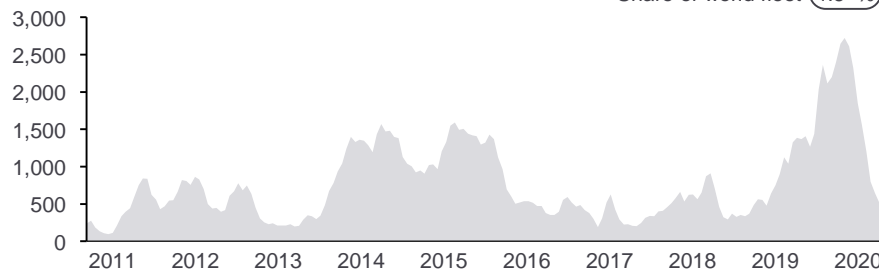
Newly placed orders

[TEU m]



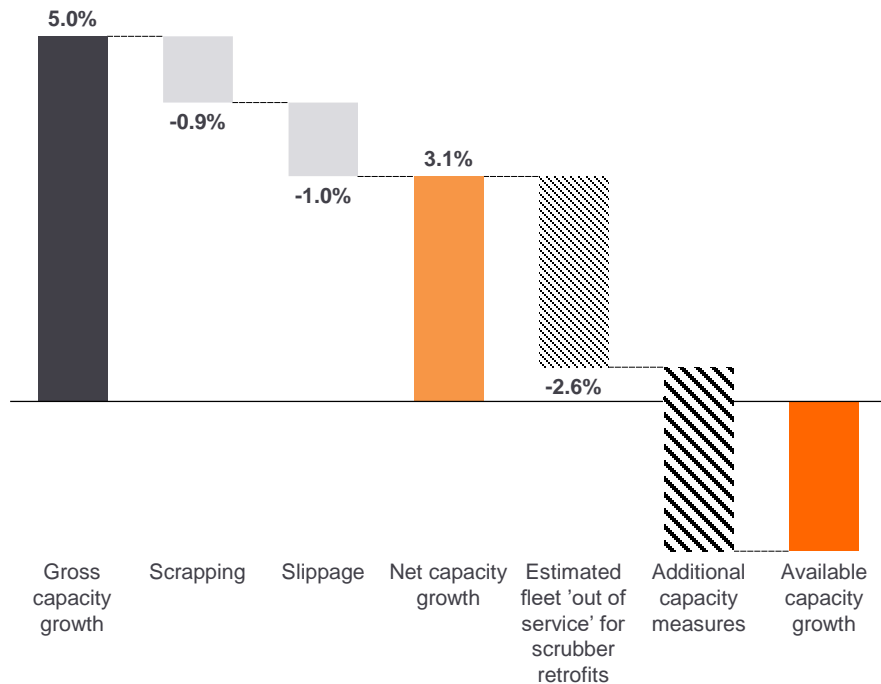
Idle fleet

[TEU m]

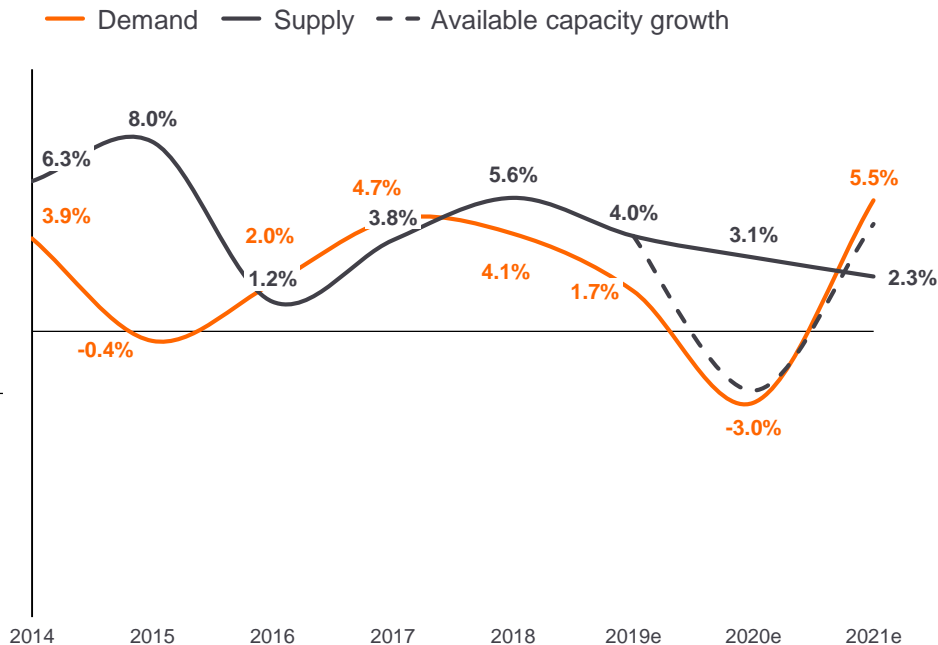


Flexible operational measures continue to be necessary to ensure adequate supply in a volatile and difficult to predict demand situation








Net capacity growth in 2020e



Supply / Demand balance



Earnings guidance updated to reflect better than expected business development and strong Q4 volume outlook

	FY 2019	Initial Guidance 2020	Updated Guidance 2020
 Transport volume	12,037 TTEU	Increasing slightly	Decreasing slightly
 Average freight rate	1,072 USD/TEU	Increasing slightly	Increasing slightly
 Average bunker price	416 USD/mt	Increasing clearly	Decreasing moderately
 EBITDA	EUR 1,986 m	EUR 1.7 – 2.2 bn	 EUR 2.4 – 2.6 bn
 EBIT	EUR 811 m	EUR 0.5 – 1.0 bn	 EUR 1.1 – 1.3 bn

Our priorities for the coming months



Ensure the **safety and health** of our employees



Fully support our customers to **safeguard uninterrupted supply chains** and optimize our tradeflows



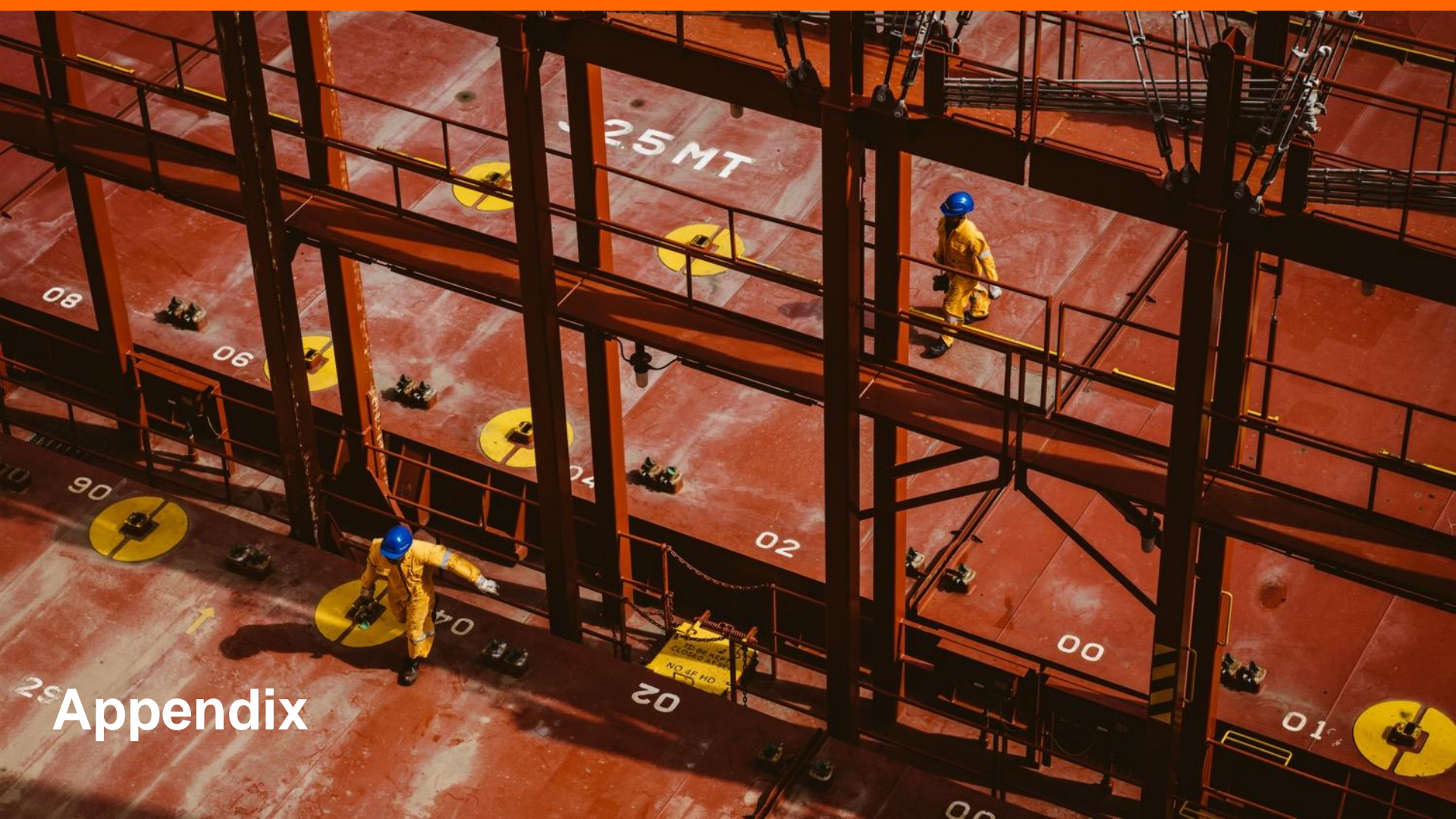
Continue to follow a **prudent financial policy** with focus on cost and risk adequate liquidity steering



Keep track on execution of our **Strategy 2023**



Continuously monitor the **global economic impact of the COVID-19** pandemic and **adapt to evolving market conditions**



Appendix

Hapag-Lloyd with an equity ratio of 42.0% and a gearing of 77.3%

Balance sheet [USD m]

million USD	30.9.2020	31.12.2019
Assets		
Non-current assets	15,517.2	15,501.0
of which fixed assets	15,440.1	15,393.6
Current assets	3,027.5	2,680.7
of which cash and cash equivalents	961.1	574.1
Total assets	18,544.7	18,181.7
Equity and liabilities		
Equity	7,783.8	7,430.3
Borrowed capital	10,760.9	10,751.4
of which non-current liabilities	6,146.5	6,269.4
of which current liabilities	4,614.4	4,482.0
of which financial debt and lease liabilities	6,980.4	7,179.6
of which non-current financial debt and lease liabilities	5,588.1	5,786.6
of which current financial debt and lease liabilities	1,392.3	1,393.0
Total equity and liabilities	18,544.7	18,181.7

Financial position [USD m]

million USD	30.9.2020	31.12.2019
Financial debt and lease liabilities	6,980.4	7,179.6
Cash and cash equivalents	961.1	574.1
Restricted Cash	–	–
Net debt	6,019.3	6,605.4
Unused credit lines	585.0	585.0
Liquidity reserve	1,546.1	1,159.1
Equity	7,783.8	7,430.3
Gearing (net debt / equity) (%)	77.3	88.9
Net debt to EBITDA¹	2.3x	3.0x
Equity ratio (%)	42.0	40.9

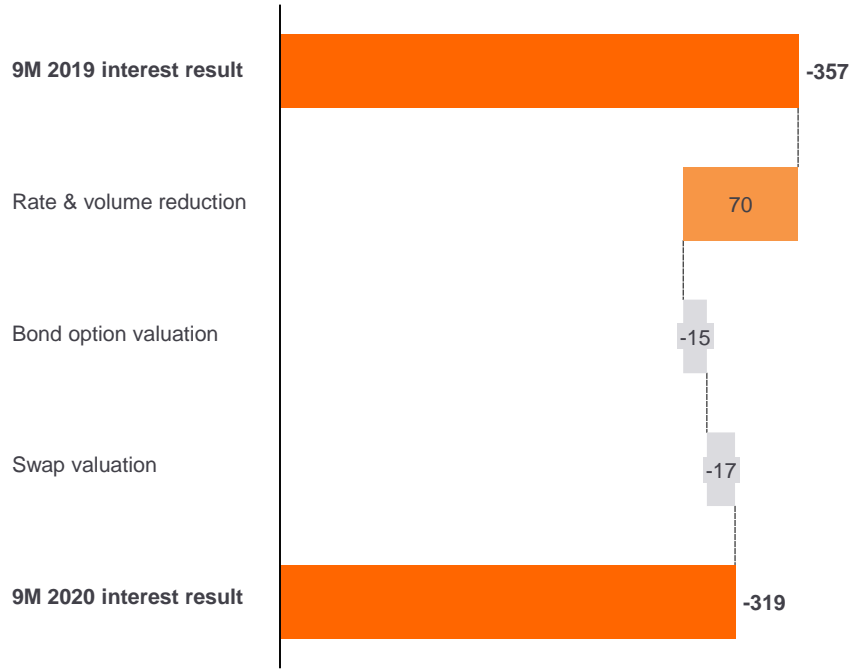
Hapag-Lloyd with positive EBIT of USD 937.3 m in 9M 2020

Income statement [USD m]

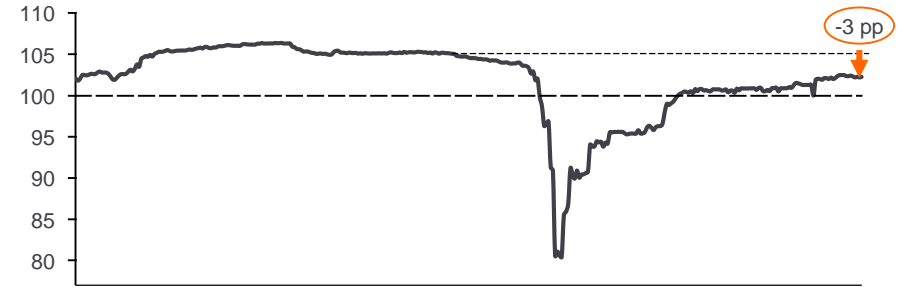
million USD	Q3 2020	Q2 2020	Q3 2019	QoQ Change	YoY change	9M 2020	9M 2019	Change
Revenue	3,519.4	3,321.2	3,607.5	6.0%	-2.4%	10,524.6	10,654.1	-1.2%
Transport expenses	-2,486.1	-2,295.4	-2,736.7	8.3%	-9.2%	-7,696.0	-8,187.4	-6.0%
Personnel expenses	-201.1	-184.3	-191.8	9.1%	4.9%	-576.0	-566.6	1.7%
Depreciation, amortisation and impairment	-354.6	-382.9	-334.7	-7.4%	5.9%	-1,078.6	-975.0	10.6%
Other operating result	-86.5	-78.5	-74.4	-10.2%	-16.3%	-236.8	-235.5	-0.6%
Operating result	391.1	380.1	269.9	2.9%	44.9%	937.3	689.7	35.9%
Share of profit of equity-accounted investees	10.6	7.1	11.3	48.0%	-6.8%	27.9	31.1	-10.4%
Result from investments	0.1	-0.1	1.2	n.m.	-92.7%	-0.2	1.4	n.m.
Earnings before interest and tax (EBIT)	401.7	387.1	282.4	3.8%	42.2%	964.9	722.2	33.6%
Interest result	-93.9	-87.8	-103.1	7.0%	-9.0%	-318.6	-357.2	-10.8%
Other financial items	-4.8	-1.9	3.3	156.0%	n.m.	-1.8	2.3	n.m.
Income taxes	-12.8	-10.4	-14.5	23.1%	-12.0%	-39.8	-34.0	16.9%
Group profit / loss	290.3	287.1	168.1	1.1%	72.7%	604.8	333.3	81.4%

Interest burden clearly reduced – extraordinary valuation effects weigh on financial result

Extraordinary interest result items [USD m]



HLAG Bond trading

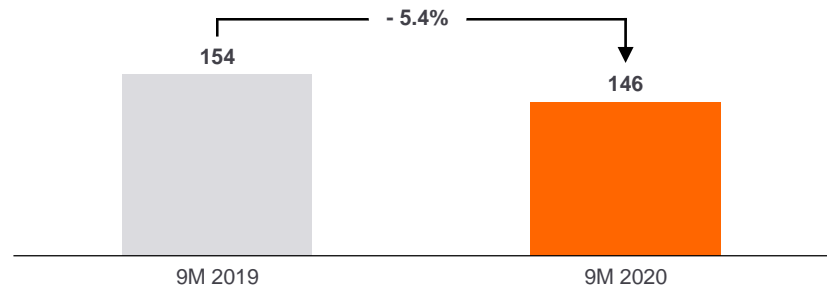


Comments

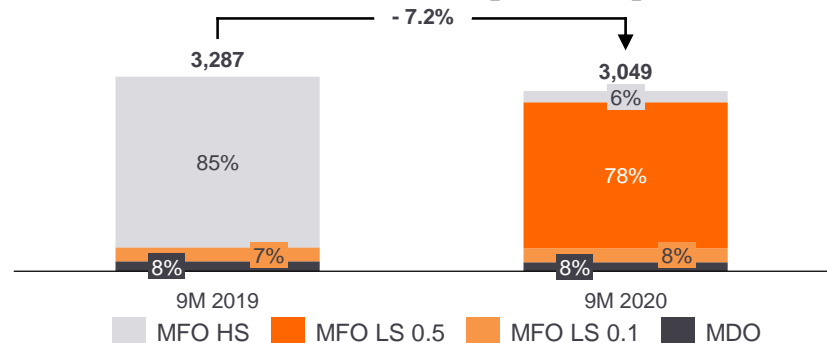
- On the back of successful deleveraging and the early repayment of our 6.75% bond initially due 2022, interest result has substantially improved
- Market turbulences led to a devaluation of interest swaps and the early bond repurchase option in total of USD -32 million in 9M 2020

Bunker expenses per unit decreased by 5% YoY mainly due lower average bunker prices in 9M 2020

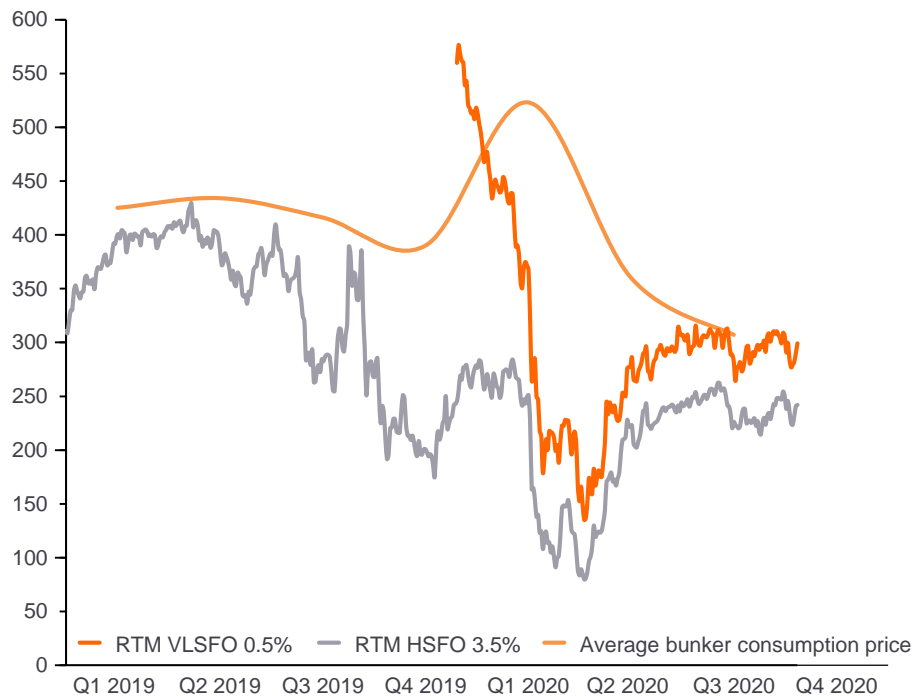
Bunker expenses per TEU [USD/TEU]



Total bunker consumption [k mt; %]



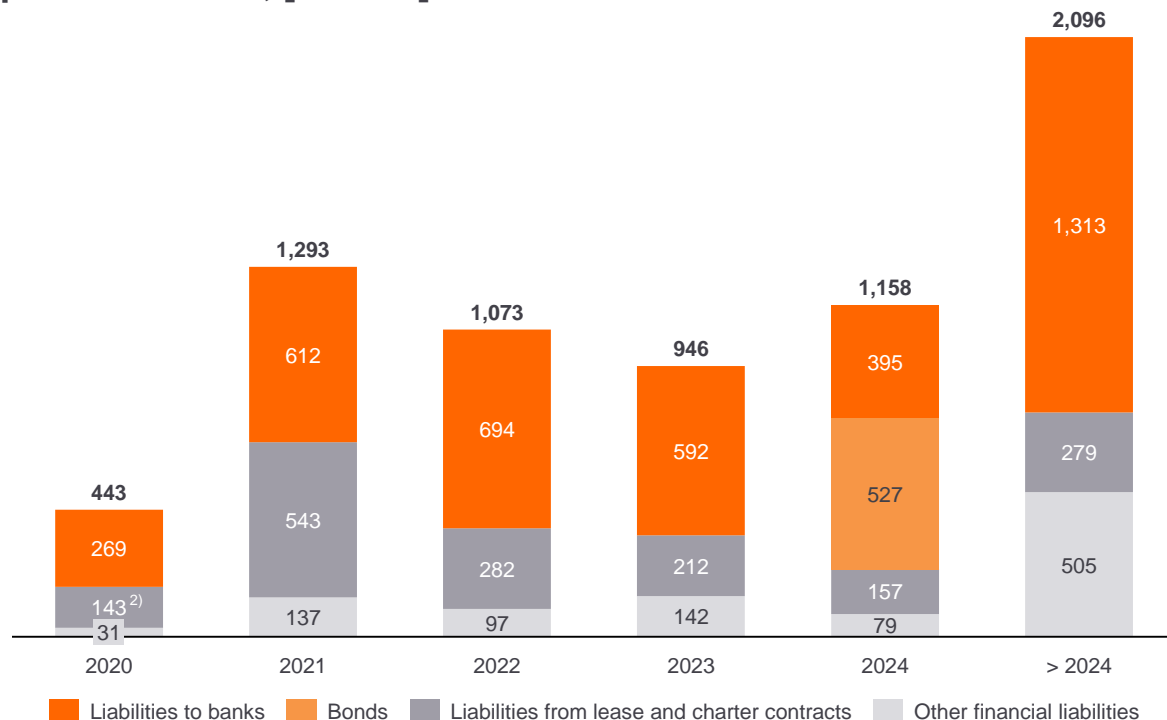
Bunker price development



Well balanced maturity structure of financial liabilities

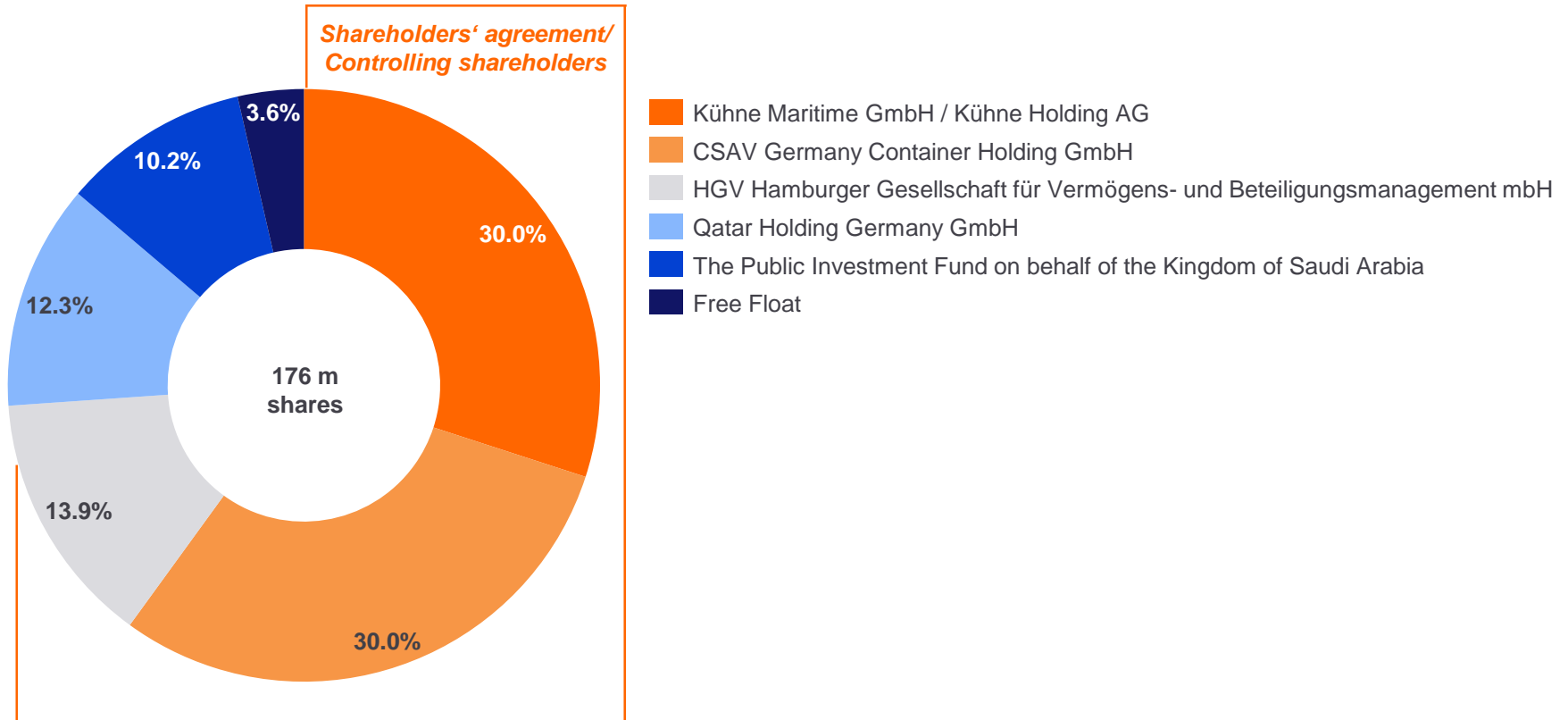
Financial Debt Profile as per 30 September 2020¹⁾, [USD m]

Facility	30 September 2020 [USD m]
Vessel Financings	3,041
Container Financings	1,396
Total Vessel & Container	4,437
EUR Bond 2024	527
Total Bonds	527
Corporate secured	87
Corporate unsecured	343
Total corporate	430
Pre IFRS 16 Leases	54
New IFRS 16 Leases	1,561
Total Finance Leases	1,615
Total financial liabilities	7,009²⁾³⁾



1) As of January 2018 financial debt profile has been changed to the statement of repayment amounts. Deviation from the total financial debt as shown in the balance sheet as per 30.09.2020 consists of transaction costs and accrued interest 2) Liabilities from lease and charter contracts consist of USD 54 million liabilities from former finance lease contracts and USD 1,561 USD million from lease contracts presented as on-balance financial liability due to first-time application of IFRS 16 3) Repayment amounts based on contractual debt as per 30.09.2020 Note: Rounding differences may occur

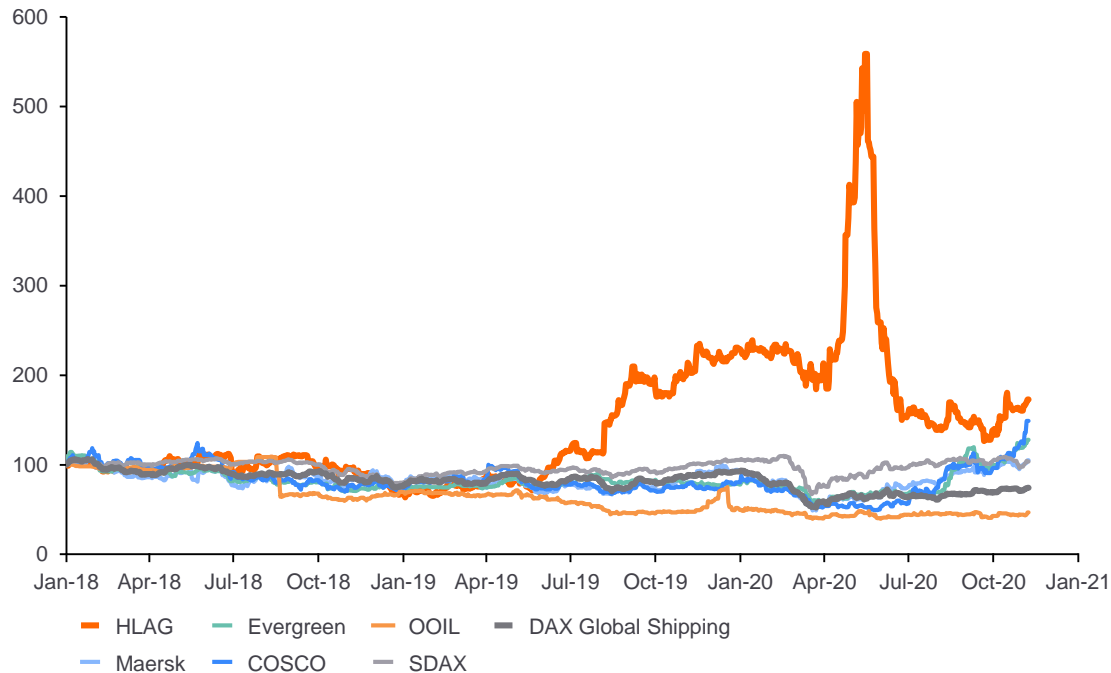
Hapag-Lloyd's shareholder structure



Share price development

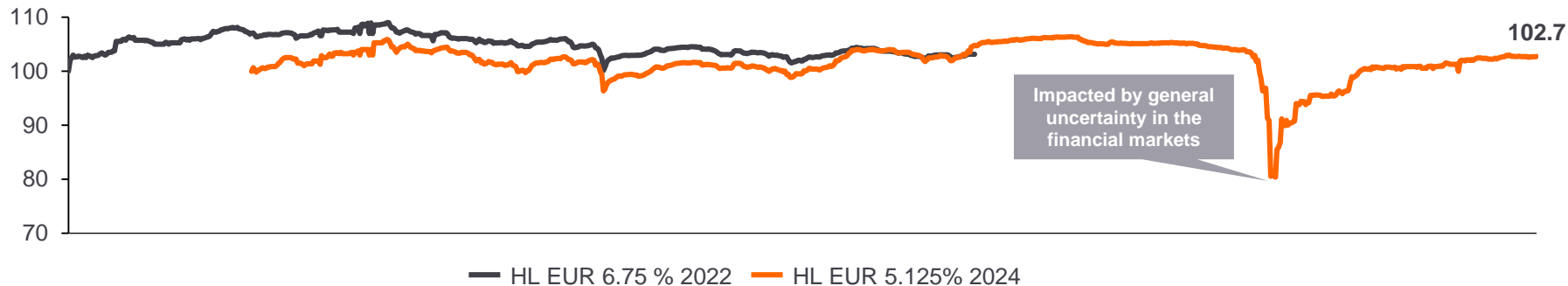
Performance since 1 January 2018

Indexed Price



Stock Exchange	Frankfurt Stock Exchange / Hamburg Stock Exchange
Market segment	Regulated market (Prime Standard)
ISIN / WKN	DE000HLAG475 / HLAG47
Ticker Symbol	HLAG
Primary listing	6 November 2015
Number of shares	175,760,293

Bond trading



	EUR Bond 2024	EUR Bond 2022
Listing	Open market of the Luxembourg Stock Exchange (Euro MTF)	
Volume	EUR 450 m	EUR 450 m
ISIN / WKN	XS1645113322	XS1555576641 / A2E4V1
Maturity Date	Jul 15, 2024	Feb 1, 2022
Redemption Price	as of July 15, 2020:102.563%; as of July 15, 2021:101.281%; as of July 15, 2022:100%	as of Feb 1, 2019: 103.375%; as of Feb 1, 2020: 101.688%; as of Feb 1, 2021: 100%
Coupon	5.125%	6.75%

Financial Calendar 2021

January 2021	Preliminary Financials 2020
March 2021	Annual Report 2020
May 2021	Quarterly Financial Report Q1 2021
May 2021	Annual General Meeting 2021
August 2021	Half-year Financial Report 2021
November 2021	Quarterly Financial Report 9M 2021

Disclaimer

Forward-looking statements

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