

# Investor Presentation

9M 2023 Results

Hamburg, 9 November 2023



# Opening Remarks

## 1 | HIGHLIGHTS

- Freight rates remain under pressure leading to an increasingly challenging market environment
- Growing terminal activities bundled in new business segment
- Launch of new joint venture company for the growing cabotage business in Brazil

## 2 | FINANCIAL PERFORMANCE

- Solid financial performance in 9M 2023 but quarterly earnings trend clearly declining
- While volumes picked up in Q3, the average freight rate continued to fall
- With a net liquidity position of USD 3.0 bn balance sheet ratios remain strong

## 3 | MARKET UPDATE

- High orderbook will lead to strong capacity growth in the coming quarters
- Demand is expected to recover only slowly
- Supply will outpace demand in 2023 & 2024 making active cost management inevitable

## 4 | WAY FORWARD

- Gradual normalisation of the earnings trend set in as expected – FY 2023 outlook narrowed
- EBITDA is now expected between USD 4.5 to 5.5 bn and EBIT between USD 2.4 to 3.4 bn
- Focus on quality, competitive cost base and expansion of terminal business

# Container volumes picked up recently, but freight rates remain under pressure leading to an increasingly challenging market environment

## GLOBAL CONTAINER VOLUMES



## SHANGHAI CONTAINERIZED FREIGHT INDEX



## MARKET DEVELOPMENT



Q3 2023 container volumes picked up but overall demand situation remains muted



Effective capacity increased strongly due to normalisation of supply-chains and continuing influx of newbuild vessels



Spot rates have reached unsustainable territory on many trade lanes



Inflationary pressure keeps transport costs on elevated levels despite easing of congestion

# We are intensifying our efficiency and cost-cutting measures to mitigate the impact of lower freight rates

## COST SAVING INITIATIVES

- Accelerate full removal of congestion related cost
- Adjust service network swiftly to market demand
- Bring down non-essential spend and improve efficiency
- Improve the procurement process and actively renegotiate contracts
- Deliver benefits from investments (e.g., newbuilds, terminals, Fleet Upgrade Programme)

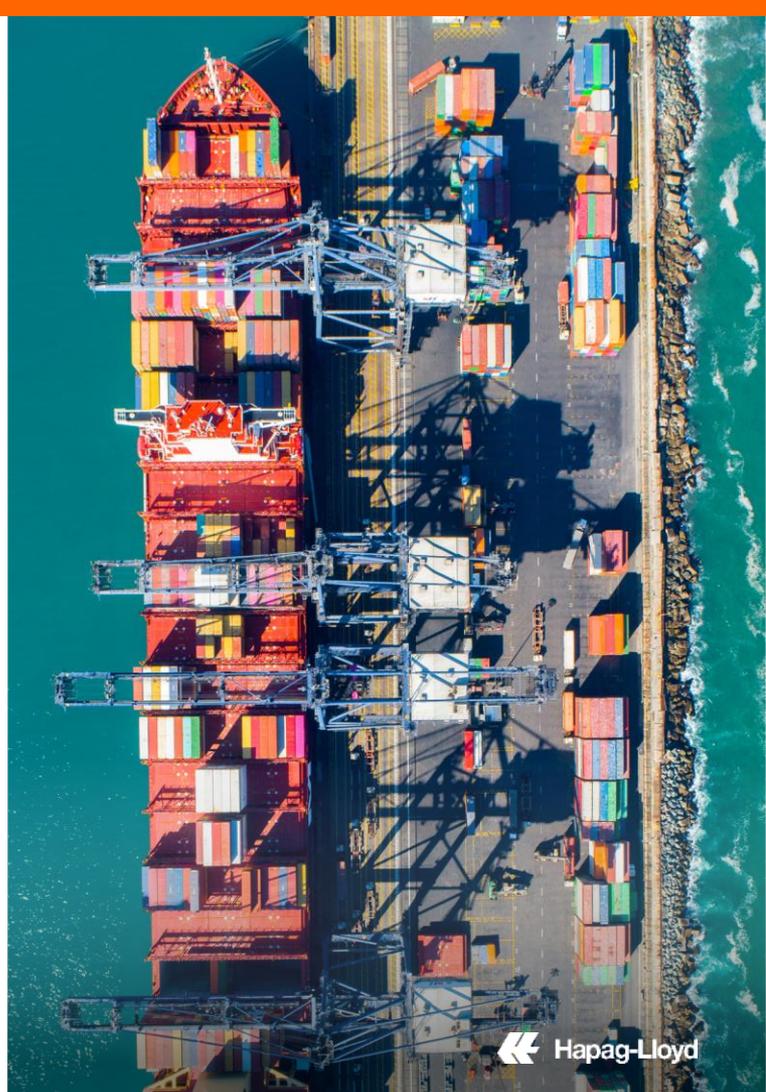


# Since Q3, Terminal & Infrastructure serves as a second pillar of our business



## TERMINAL HOLDING

- Set up of Terminal Holding in Rotterdam to deliver safe, sustainable, reliable & efficient terminal operations supporting Number One For Quality
- Dheeraj Bhatia has been appointed the CEO of the Terminal Holding and Chief Terminal Officer (CTO) of the Group as of January 2024



# Launch of new cabotage joint venture in Brazil

## NEW PLAYER NORCOAST



Founded by Hapag-Lloyd and Norsul as a 50-50 partnership



Weekly service offering for cabotage & feeder cargo



Integrated container transport and inland services

## STRATEGIC RATIONALE



- Brazil is the largest economy in South America with a constantly growing coastal transport sector
- Improved connectivity for deep-sea cargo to and from secondary ports in Brazil
- High synergy potential, such as added volumes and terminal cost savings

## Norcoast



**Jan 2024**  
First sailing



**NORSUL**  
JV partner

# Solid financial performance in 9M 2023 but quarterly earnings trend clearly declining

## 9M 2023 GROUP RESULTS

Transport volume<sup>1</sup>

**8.9 MTEU**

PY: 9.0 MTEU

Revenue

**USD 15.3 bn**

PY: USD 28.4 bn

EBITDA

**USD 4.5 bn**

PY: USD 16.6 bn

Free Cash Flow

**USD 3.4 bn**

PY: USD 14.3 bn

Net Liquidity

**USD 3.0 bn**

FY 2022: USD 13.4 bn

Equity

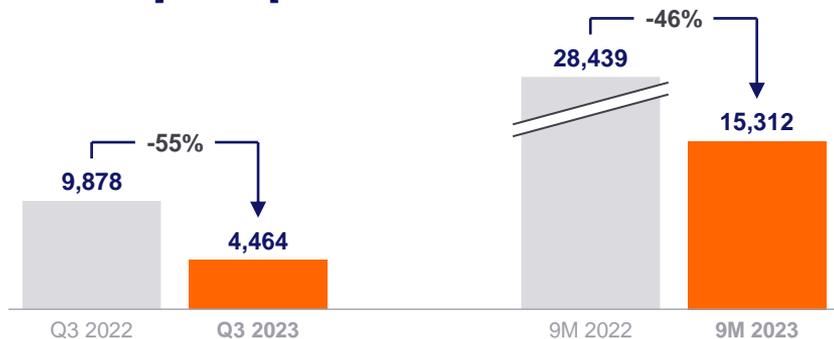
**USD 21.0 bn**

FY 2022: USD 29.8



# Earnings normalised in Q3 as the full tailwind from last year's exceptional freight rate environment dissipated

## REVENUE [USD m]



## EBITDA [USD m]



## EBIT [USD m]



## GROUP PROFIT [USD m]



# Growing terminal activities have contributed USD 29 m to Group EBIT in 9M 2023 (Spinelli as of 01/23, J M Baxi as of 04/23, SAAM as of 08/23)



## SEGMENT PERFORMANCE



### Liner Shipping

USD m	9M 2023	9M 2022
Revenue	15,230	28,424
<b>EBITDA</b>	<b>4,481</b>	<b>16,557</b>
EBITDA margin	29.4%	58.3%
<b>EBIT</b>	<b>2,960</b>	<b>15,052</b>
EBIT margin	19.4%	53.0%

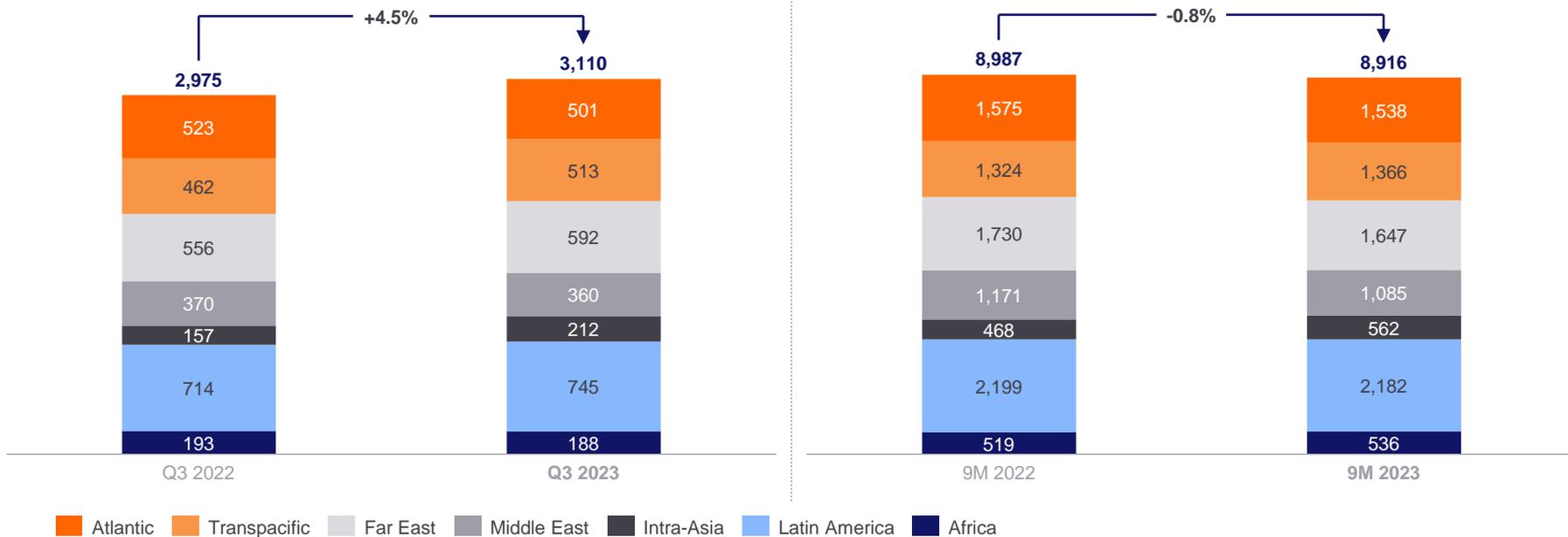


### Terminal & Infrastructure<sup>1</sup>

USD m	9M 2023
Revenue	92.1
<b>EBITDA</b>	<b>38.4</b>
EBITDA margin	41.7%
<b>EBIT</b>	<b>29.4</b>
EBIT margin	31.9%

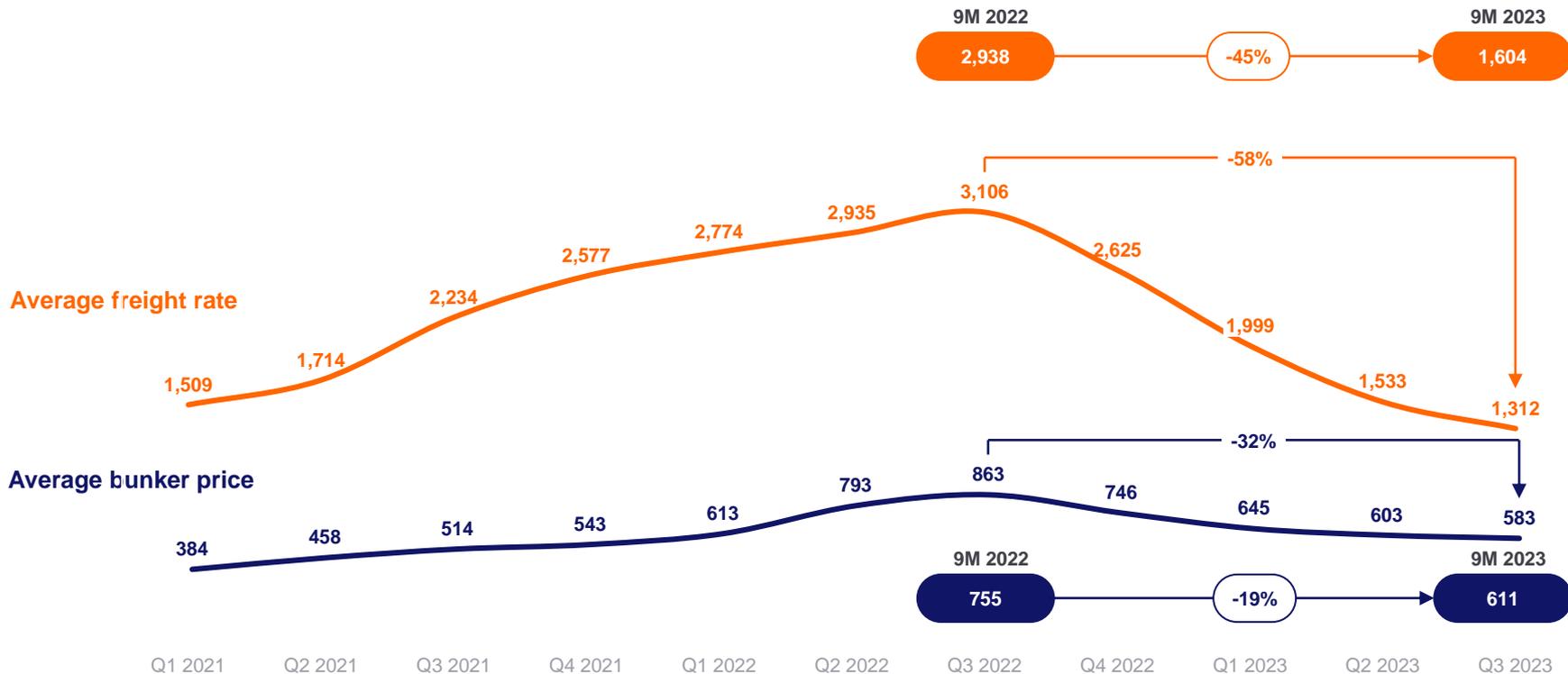
# 9M 2023 volumes close to previous year's level following volume rebound in Q3

## TRANSPORT VOLUME DEVELOPMENT BY TRADE [TTEU]<sup>1</sup>



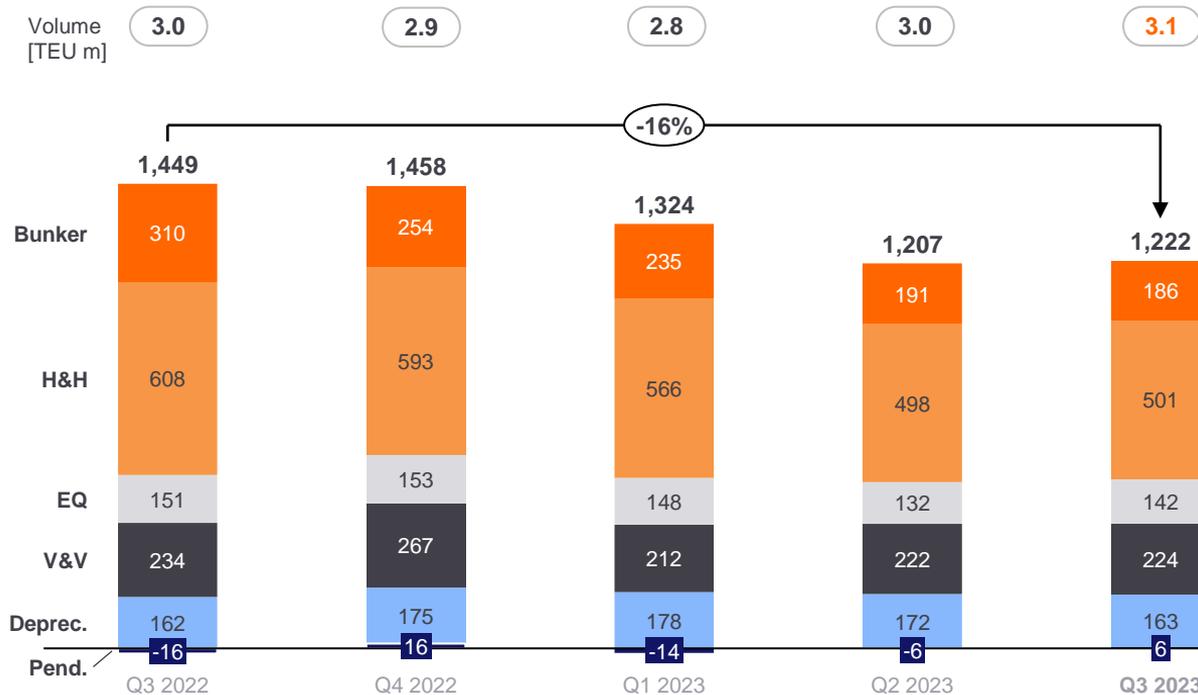
# Average freight rate continued to fall due to supply pressure

## FREIGHT RATE [USD/TEU] VS. BUNKER PRICE DEVELOPMENT [USD/MT]<sup>1</sup>



# Unit cost improved clearly as a result of lower bunker prices, active cost management and easing of port congestion

## UNIT COST DEVELOPMENT Q3 2022 – Q3 2023 [in USD/TEU]<sup>1</sup>

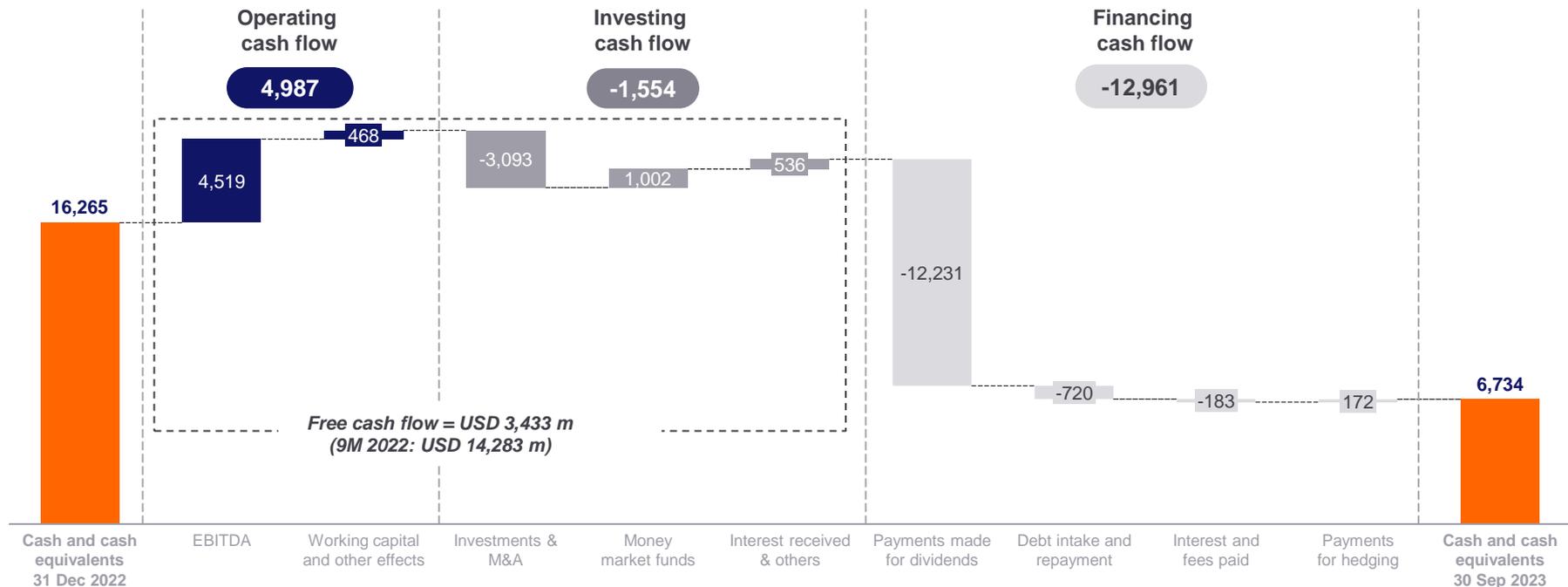


## 9M 2023 vs 9M 2022 [in USD/TEU]<sup>1</sup>



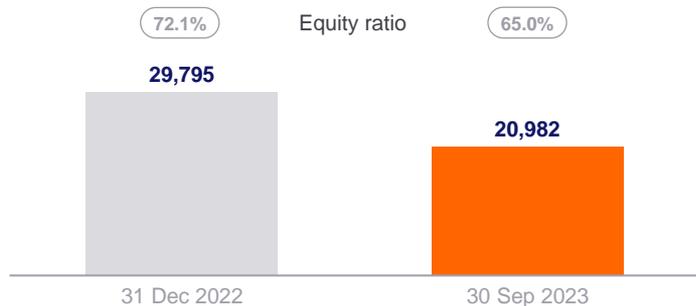
# Good cash generation used for fleet investments, expansion of terminal business and dividend distribution

## CASH FLOW 9M 2023 [USD m]

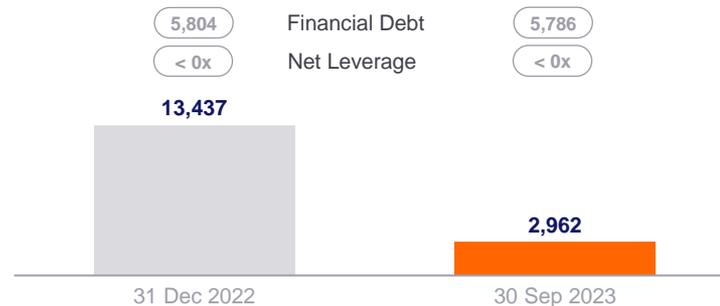


# With a net liquidity position of USD 3.0 bn balance sheet ratios remain strong

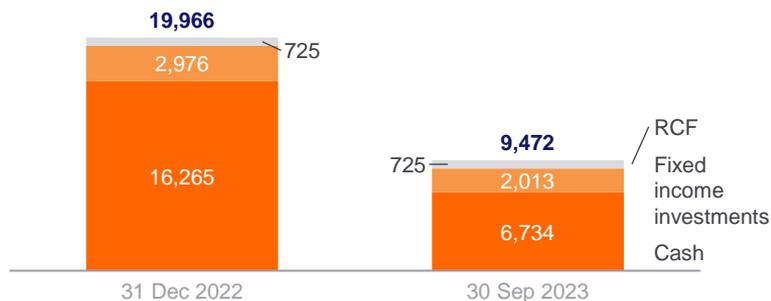
## EQUITY [USD m]



## NET LIQUIDITY [USD m]



## LIQUIDITY RESERVE [USD m]<sup>1</sup>



## COMMENTS

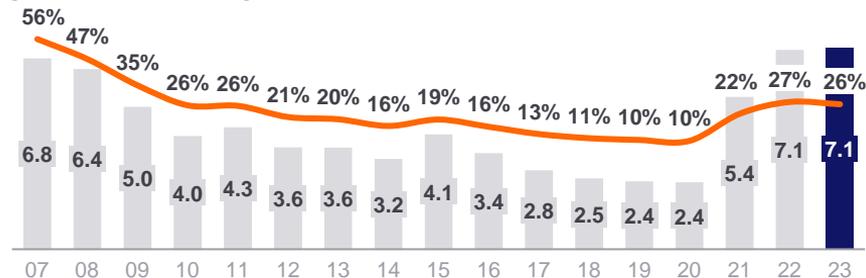
- Following the AGM approval on 3 May 2023, we used excess funds for a dividend distribution to our shareholders in the amount of USD 12.2 bn.
- Fixed-income investments recognised under other financial assets amounted to USD 2.0 bn.

1) From the first quarter 2023, the liquidity reserve includes money market transactions and fixed income investments which are recognised under other financial assets. Prior year figures adjusted accordingly.

# High orderbook will lead to strong capacity growth in the coming quarters

## GLOBAL ORDERBOOK

[TEU m; % of world fleet]



Source: MDS Transmodal (October 2023)

## SCHEDULED VESSEL DELIVERIES

[before scrapping]

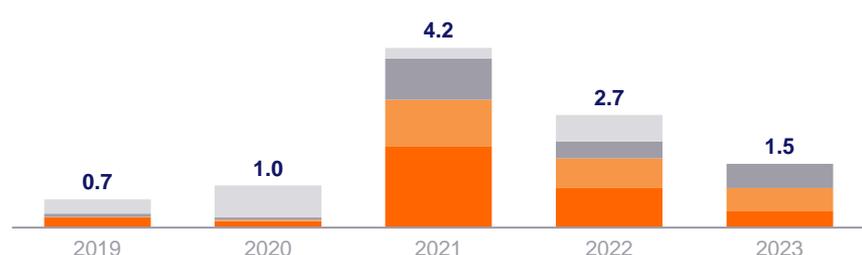
[TEU m]



Source: Drewry Container Forecaster (3Q23) until 2022; Alphaliner Monthly Monitor (Oct 2023) from 2023 onwards

## NEWLY PLACED ORDERS

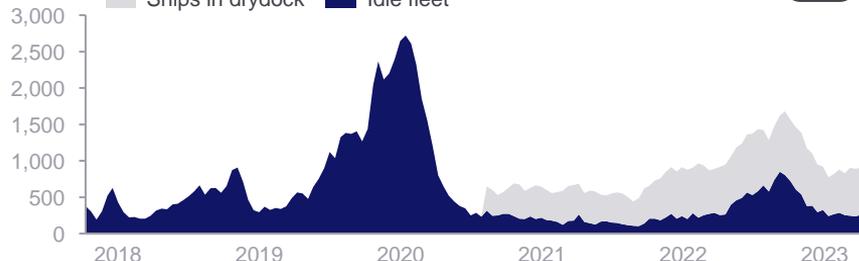
[TEU m]



Source: Clarksons (16 October 2023)

## INACTIVE FLEET

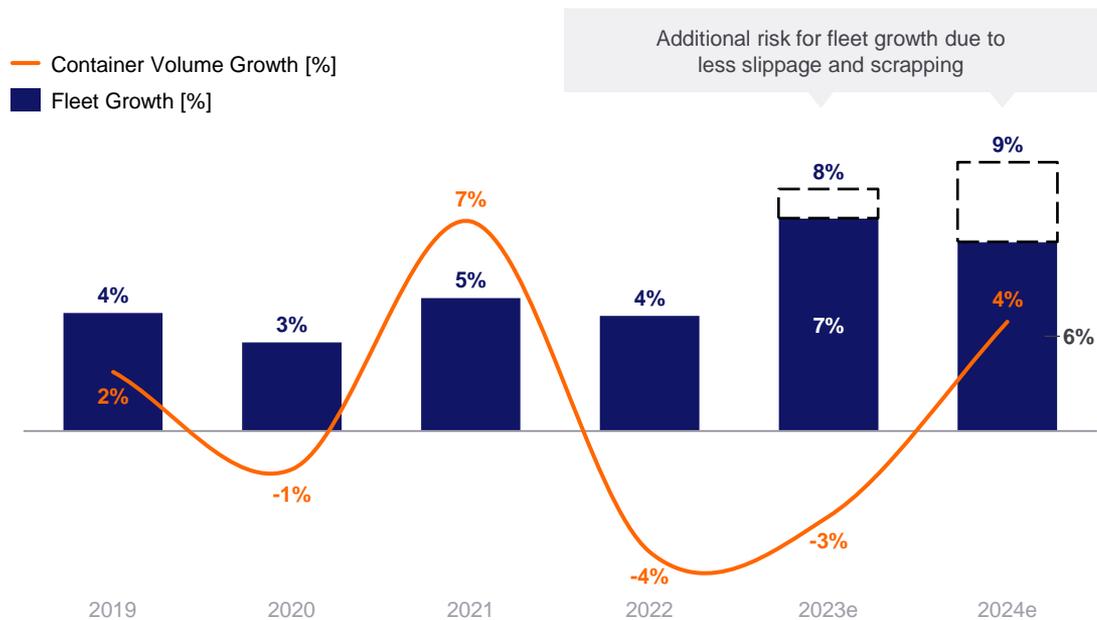
[TTEU]



Source: Alphaliner (October 2023)

# Global supply will outpace demand in 2023 & 2024

## GLOBAL DEVELOPMENTS OF SUPPLY AND DEMAND



Only slow recovery of demand expected in the next quarters



Strong inflow of new capacity



Scrapping, slippage and slow steaming will offset high newbuild supply partly



Supply will outpace demand in 2023 & 2024 making active cost management inevitable

# Normalisation of earnings set in as expected – FY 2023 outlook narrowed

	FY 2022	Original Outlook	Updated Outlook
 <b>Transport volume</b>	11,843 TTEU	Increasing slightly	Increasing slightly
 <b>Bunker consumption price</b>	753 USD/mt	Decreasing clearly	Decreasing clearly
 <b>Freight rate</b>	2,863 USD/TEU	Decreasing clearly	Decreasing clearly
 <b>EBITDA</b>	20,474 USD m	USD 4.3 – 6.5 bn EUR 4.0 – 6.0 bn	USD 4.5 – 5.5 bn EUR 4.1 – 5.0 bn
 <b>EBIT</b>	18,467 USD m	USD 2.1 – 4.3 bn EUR 2.0 – 4.0 bn	USD 2.4 – 3.4 bn EUR 2.2 – 3.1 bn

## Comments

- Gradual normalisation of the earnings trend set in as expected.
- The FY 2023 outlook has been narrowed to reflect a solid 9M 2023 performance and an increasingly challenging market environment.
- The outlook is subject to uncertainty given the many geopolitical conflicts, persistent inflationary pressures, and the high inventory levels of customers.
- While freight rates are likely to stabilise above the cost level in the medium term, rising overcapacity could have a significant negative impact on industry profitability in 2024.

# Priorities

## for 2023 and beyond



- » Remain focused on service quality and customer satisfaction
- » Adapt to challenging market environment by improving cost base
- » Expand terminal business further and leverage synergies between both segments
- » Finalise new medium-term strategy to set the course for 2030



# Appendix

# Hapag-Lloyd's group profit came in at USD 3.4 bn in 9M 2023

## INCOME STATEMENT [USD M]

million USD	Q3 2023	Q2 2023	Q3 2022	QoQ Change	YoY change	9M 2023	9M 2022	Change
Revenue	4,464.5	4,819.0	9,877.7	-7.4%	-54.8%	15,311.6	28,439.5	-46.2%
Transport and terminal expenses	-3,303.0	-3,070.2	-3,828.3	7.6%	-13.7%	-9,632.7	-10,804.7	-10.8%
Personnel expenses	-292.8	-255.2	-224.5	14.7%	30.5%	-807.0	-691.5	16.7%
Depreciation, amortisation and impairment	-516.2	-508.8	-483.1	1.4%	6.8%	-1,529.7	-1,506.2	1.6%
Other operating result	-123.6	-105.4	-123.9	17.3%	-0.2%	-376.7	-380.3	-1.0%
<b>Operating result</b>	<b>228.9</b>	<b>879.3</b>	<b>5,217.9</b>	<b>-74.0%</b>	<b>-95.6%</b>	<b>2,965.6</b>	<b>15,056.8</b>	<b>-80.3%</b>
Share of profit of equity-accounted investees	-1.3	5.8	10.8	-122.2%	-112.0%	21.2	86.3	-75.4%
Result from investments	-0.1	2.4	-4.1	n.m.	-98.3%	2.4	0.0	n.m.
<b>Earnings before interest and tax (EBIT)</b>	<b>227.5</b>	<b>887.6</b>	<b>5,224.6</b>	<b>-74.4%</b>	<b>-95.6%</b>	<b>2,989.1</b>	<b>15,143.2</b>	<b>-80.3%</b>
Interest result and other financial result	53.1	110.5	11.4	-52.0%	366.2%	326.3	-81.6	n.m.
Other financial items	2.2	102.1	4.1	-97.8%	-46.3%	166.8	-314.9	n.m.
Income taxes	9.9	1.4	-41.1	n.m.	n.m.	-57.0	-82.0	-30.6%
<b>Group profit / loss</b>	<b>292.7</b>	<b>1,101.6</b>	<b>5,199.0</b>	<b>-73.4%</b>	<b>-94.4%</b>	<b>3,425.3</b>	<b>14,664.7</b>	<b>-76.6%</b>
Basic/diluted earnings per share (in USD)	1.63	6.25	29.56	-73.9%	-94.5%	19.42	83.36	-76.7%
<b>EBITDA</b>	<b>743.7</b>	<b>1,396.5</b>	<b>5,707.7</b>	<b>-46.7%</b>	<b>-87.0%</b>	<b>4,518.8</b>	<b>16,649.3</b>	<b>-72.9%</b>
<i>EBITDA margin (%)</i>	16.7	29.0	57.8	-12.3 ppt	-41.1 ppt	29.51	58.54	-29.0 ppt
<b>EBIT</b>	<b>227.5</b>	<b>887.6</b>	<b>5,224.6</b>	<b>-74.4%</b>	<b>-95.6%</b>	<b>2,989.1</b>	<b>15,143.2</b>	<b>-80.3%</b>
<i>EBIT margin (%)</i>	5.1	18.4	52.9	-13.3 ppt	-47.8 ppt	19.52	53.25	-33.7 ppt

# Hapag-Lloyd with an equity ratio of 65% and a net liquidity of USD 3.0 bn at the end of 9M 2023

## BALANCE SHEET [USD M]

million USD	30.9.2023	31.12.2022
<b>Assets</b>		
Non-current assets	20,563.0	18,034.8
of which fixed assets	20,315.7	17,876.5
Current assets	11,710.5	23,263.7
of which cash and cash equivalents	6,734.0	16,264.5
<b>Total assets</b>	<b>32,273.5</b>	<b>41,298.5</b>
<b>Equity and liabilities</b>		
Equity	20,981.8	29,795.1
Borrowed capital	11,291.6	11,503.4
of which non-current liabilities	4,871.2	4,674.6
of which current liabilities	6,420.4	6,828.7
of which financial debt and lease liabilities	5,785.5	5,803.8
of which non-current financial debt and lease liabilities	4,344.2	4,317.9
of which current financial debt and lease liabilities	1,441.4	1,485.9
<b>Total equity and liabilities</b>	<b>32,273.5</b>	<b>41,298.5</b>

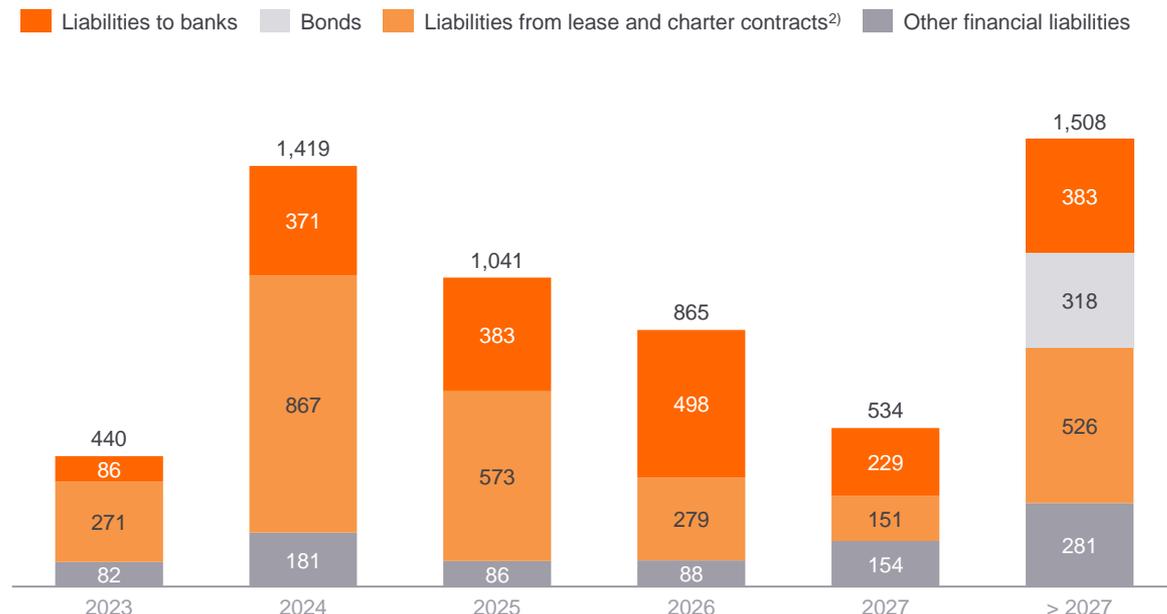
## FINANCIAL POSITION [USD M]

million USD	30.9.2023	31.12.2022
Financial debt and lease liabilities	5,785.5	5,803.8
Cash and cash equivalents	6,734.0	16,264.5
Money market transactions & funds / fixed income investments (other financial assets)	2,013.3	2,976.0
<b>Net Liquidity</b>	<b>2,961.8</b>	<b>13,436.7</b>
Unused credit lines	725.0	725.0
Liquidity reserve <sup>1</sup>	9,472.3	19,965.5
Equity	20,981.8	29,795.1
Assets	32,273.5	41,298.5
<b>Equity ratio (%)</b>	<b>65.0</b>	<b>72.1</b>

# Well balanced maturity structure of financial liabilities

## FINANCIAL DEBT PROFILE AS PER 30 SEPTEMBER 2023<sup>1</sup>, [USD M]

Facility	30 Sep 2023 [USD m]
Vessel Financings	1,969
Container Financings	696
<b>Total Vessel &amp; Container</b>	<b>2,665</b>
EUR Bond 2024	318
<b>Total Bonds</b>	<b>318</b>
Corporate secured	149
Corporate unsecured	8
<b>Total corporate</b>	<b>159</b>
Pre IFRS 16 Leases	8
New IFRS 16 Leases	2,659
<b>Total Finance Leases</b>	<b>2,667</b>
<b>Total financial liabilities</b>	<b>5,807<sup>2)</sup></b>



Note: Rounding differences may occur

1) Repayment amounts based on contractual debt as per 30 September 2023 2) Liabilities from lease and charter contracts consist of USD 8 million liabilities from former finance lease contracts and USD 2,659 million from lease contracts presented as on-balance financial liability due to first-time application of IFRS 16

# Share price development

## PERFORMANCE SINCE 1 JANUARY 2023

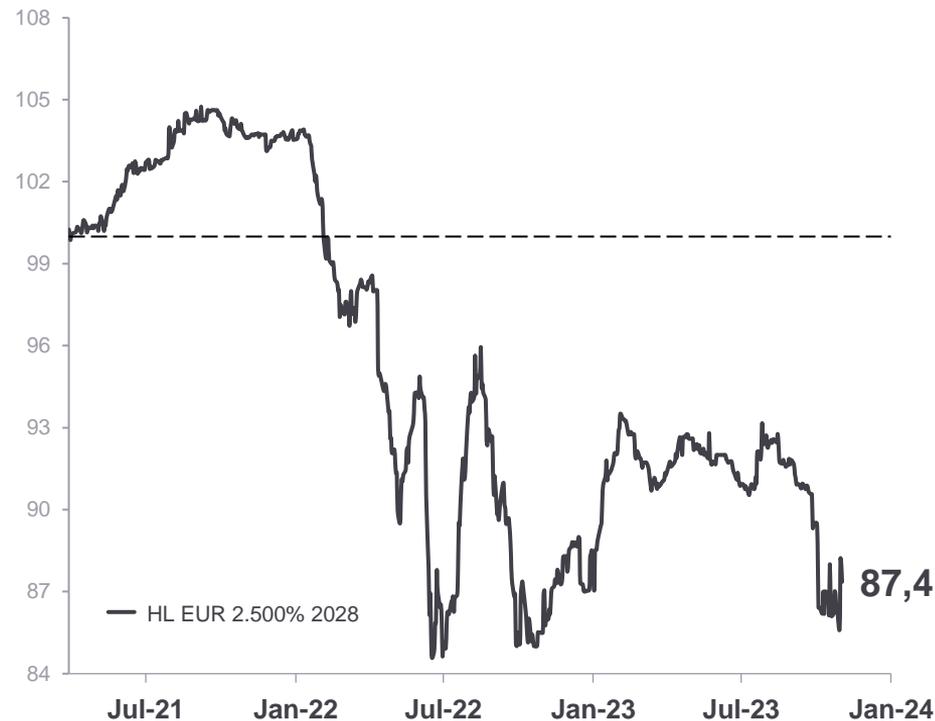
Indexed Price



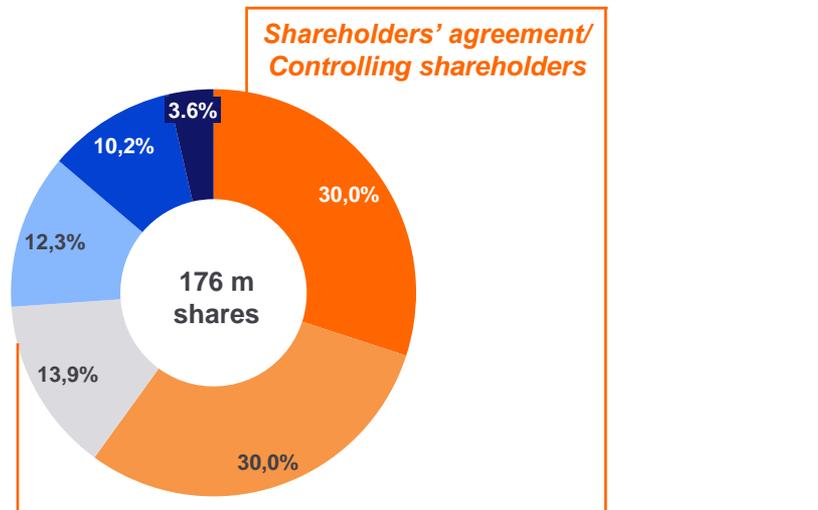
Stock Exchange	Frankfurt Stock Exchange / Hamburg Stock Exchange
Market segment	Regulated market (Prime Standard)
ISIN / WKN	DE000HLAG475 / HLAG47
Ticker Symbol	HLAG
Primary listing	6 November 2015
Number of shares	175,760,293

# Bond trading

	EUR Bond 2028
<b>Listing</b>	Open market of the Luxembourg Stock Exchange (Euro MTF)
<b>Volume</b>	EUR 300 m
<b>ISIN / WKN</b>	XS2326548562
<b>Maturity Date</b>	April 15, 2028
<b>Redemption Price</b>	as of 15 April 2024: 101.375% as of 15 April 2025: 100.688% as of 15 April 2026: 100%
<b>Coupon</b>	2.500%



## Our shareholder base is long-term oriented



- Kühne Maritime GmbH / Kühne Holding AG
- CSAV Germany Container Holding GmbH
- HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH
- Qatar Holding Germany GmbH
- The Public Investment Fund on behalf of the Kingdom of Saudi Arabia
- Free Float

- **Kühne:** majority owner of Kühne + Nagel, shareholder since 2009
- **CSAV:** Chilean stock listed company, majority owned by Luksic Group, shareholder since merger with CSAV in 2014
- **HGV Hamburg:** City of Hamburg, shareholder since 2009
- Kühne, CSAV and HGV agreed to uniformly exercise their voting rights
- Sovereign wealth funds of **Qatar** and **Saudi Arabia** became shareholders after the merger with UASC in 2017

# Disclaimer

## Forward-looking statements

This presentation contains forward-looking statements that involve a number of risks and uncertainties. Such statements are based on a number of assumptions, estimates, projections or plans that are inherently subject to significant risks, as well as uncertainties and contingencies that are subject to change. Actual results can differ materially from those anticipated in the Company's forward-looking statements as a result of a variety of factors, many of which are beyond the control of the Company, including those set forth from time to time in the Company's press releases and reports and those set forth from time to time in the Company's analyst calls and discussions. We do not assume any obligation to update the forward-looking statements contained in this presentation.

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