Q2 I H1 2021

Hapag-Lloyd AG

Investor Report

1 January to
30 June 2021

Hapag-Lloyd

SUMMARY OF HAPAG-LLOYD KEY FIGURES

		Q2 2021	Q2 2020	H1 2021	H1 2020	Change
Key operating figures						
Total vessels, of which		250	239	250	239	5%
Own vessels[1]		116	112	116	112	4%
Chartered vessels		134	127	134	127	6%
Aggregate capacity of vessels	TTEU	1,761	1,736	1,761	1,736	1%
Aggregate container capacity	TTEU	2,822	2,621	2,822	2,621	8%
Bunker price (average for the period)	USD/t	458	360	421	448	–6%
Freight rate (average for the period)	USD/TEU	1,714	1,114	1,612	1,104	46%
Transport volume	TTEU	3,029	2,701	6,004	5,755	4%
Revenue	million USD	5,648	3,321	10,551	7,005	51%
Transport expenses	million USD	–2,999	–2,295	–5,736	–5,210	10%
EBITDA	million USD	2,330	770	4,240	1,287	229%
EBIT	million USD	1,948	387	3,487	563	519%
Group profit/loss	million USD	1,833	287	3,284	314	944%
Cash flow from operating activities	million USD	2,268	910	3,915	1,329	194%
Investment in property, plant and equipment[2]	million USD	1,106	542	1,617	806	101%
Key return figures						
EBITDA margin (EBITDA/revenue)	%	41.3	23.2	40.2	18.4	21.8 ppt
EBIT margin (EBIT/revenue)	%	34.5	11.7	33.1	8.0	25.0 ppt
Key balance sheet figures[3]						
Balance sheet total	million USD	21,899	18,640	21,899	18,640	17%
Equity	million USD	10,806	8,253	10,806	8,253	31%
Equity ratio (equity/balance sheet total)	%	49.3	44.3	49.3	44.3	5.1 ppt
Borrowed capital	million USD	11,093	10,387	11,093	10,387	7%
Key financial figures[3]						
Financial debt and lease liabilities	million USD	6,296	6,305	6,296	6,305	–0%
Cash and cash equivalents	million USD	2,392	836	2,392	836	186%
Net debt (financial debt – cash and cash equivalents)	million USD	3,905	5,469	3,905	5,469	–29%
Gearing (net debt/equity)	%	36.1	66.3	36.1	66.3	–30.1 ppt
Liquidity reserve	million USD	2,977	1,421	2,977	1,421	109%
Number of employees						
Marine personnel		2,089	2,109	2,089	2,109	–1%
Shore-based personnel		11,315	10,912	11,315	10,912	4%
Hapag-Lloyd total		13,404	13,021	13,404	13,021	3%

In individual cases, rounding differences may occur in the tables and charts of this investor report for computational reasons.

1 Including lease agreements with purchase option/obligation at maturity
2 As of 2019, investments in property, plant and equipment include additions to the Rights of Use according to IFRS 16
3 The comparison refers to the balance sheet date 31 December 2020.

This report intends to focus on the presentation of the main financial highlights and calculated USD figures of the reporting period. It makes no claim to completeness and does not deal with all aspects and details regarding Hapag-Lloyd. For the full half-year financial report, please visit our website: https://www.hapag-lloyd.com/en/ir/publications/financial-report.html

This investor report was published on 12 August 2021.

MAIN DEVELOPMENTS IN H1 2021

- The first 6 months of the 2021 financial year were dominated by continuing strong demand for transport from the Far East to the rest of the world and the resulting operational challenges. The sharp rise in transport volumes and the effects of the COVID-19 protection measures led to congestion of port and hinterland infrastructure in North America and, in some cases, in Asia and Europe as well.
- Hapag-Lloyd's transport volume increased in the first half of 2021 by 4.3% to 6,004 TTEU compared with the prior year period.
- The average freight rate rose by 46.1% to USD 1,612 / TEU compared with the prior year period (prior year period: USD 1,104 / TEU).
- Revenue increased in the first 6 months of 2021 by 50.6% to USD 10,551.3 million (prior year period: USD 7,005.2 million).
- Transport expenses rose strongly by 10.1% in the first 6 months of the 2021 financial year to USD 5,736.4 million (prior year period: USD 5,209.9 million).
- EBITDA more than tripled to USD 4,239.7 million (prior year period: USD 1,287.2 million). The EBITDA margin was 40.2% (prior year period: 18.4%).
- EBIT of USD 3,487.3 million in the first half of 2021 was also much higher than in the previous year (prior year period: USD 563.2 million).
- Earnings per share jumped to USD 18.65 from USD 1.75 in the prior year period.
- Free cash flow of USD 3,370.8 million was once again clearly positive (prior year period: USD 1,177.1 million).
- Despite payment of a dividend of USD 747.7 million in the first half of 2021, net debt was further reduced by more than USD 1.5 billion.
- At the same time, the liquidity reserve (consisting of cash, cash equivalents and unused credit facilities) rose to USD 3.0 billion as at the end of the first half of 2021 (31 December 2020: USD 1.4 billion).
- As a result of the Company's strong operating performance, the rating agencies Standard & Poor's and Moody's each raised their credit ratings for Hapag-Lloyd once again by one notch in the first half of 2021. The two agencies now rate Hapag-Lloyd's creditworthiness as "BB" and "Ba2" respectively. This is the highest rating obtained by Hapag-Lloyd in the history of the company.
- Against the backdrop of unabated global demand for container transport and the resulting shortage of container and vessel capacity, the Executive Board of Hapag-Lloyd AG expects earnings momentum to remain very strong in the second half of the financial year. Previously, a gradual normalisation of the earnings trend had been expected for the second half-year. Given these circumstances, the Executive Board of Hapag-Lloyd raised its earnings outlook for the 2021 financial year on 30 July 2021.
- EBITDA is now expected to be in the range of USD 9.2 to 11.2 billion or EUR 7.6 to 9.3 billion (previously: clearly above previous year) and EBIT in the range of USD 7.5 to 9.5 billion or EUR 6.2 to 7.9 billion (previously: clearly above previous year), respectively.

CONTENTS

1. MAIN VALUE DRIVERS OF THE CONTAINER SHIPPING SECTOR

1.1. GENERAL ECONOMIC CONDITIONS

The pace at which the global economy grows and, by extension, at which global trade develops is a significant factor that influences demand for container shipping services and thus the development of the container shipping companies' cargo volumes.

Despite the ongoing COVID-19 pandemic, the global economy was comparatively robust in the first half of 2021. According to the IMF, this was helped by companies adapting to the changes in operating conditions and by numerous governments and central banks implementing extensive fiscal and monetary policy measures.

The world's second-biggest economy, China, achieved strong year-on-year growth of 12.7% in the first half of 2021, due also to the coronavirus-related weakness of its economy in the prior year period. Rising industrial production combined with strong growth in the service sector contributed to the increase. The country's exports also benefited from the former, which rose by 28.1% in the first half of 2021 compared with the prior year period. The main recipients of Chinese goods are the USA and Europe. The US economy grew in the first and second quarter of 2021 by 0.5% and 12.2% respectively compared with the prior year period thanks to strong consumption which was driven by the stimulus cheques that were issued directly to many US citizens. Imports and exports rose by 18.7% and 11.4% respectively in the period January to May 2021 compared with the prior year period, due in part to the weak volumes in the prior year period. After economic growth in the EU was slightly negative in the first quarter at –0.4%, economic output recovered in the second quarter and recorded growth of 13.2% compared to the same quarter of the previous year. Imports and exports of goods increased by 11.0% and 12.0% respectively in the period January to May 2021 compared with the prior year period. In particular, the movement of goods with the EU's most important trade partner, China, rose sharply once again.

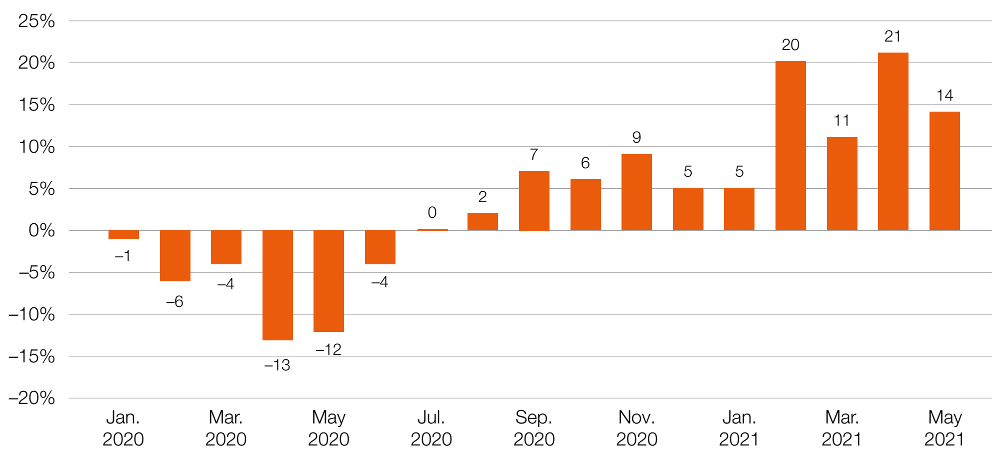
As a result of the global economic upturn, the increase in the oil price continued in the first half of 2021. At the end of June 2021, the price of Brent Crude was USD 75.13 per barrel, up from USD 51.80 per barrel at the end of 2020.

1.2. SECTOR-SPECIFIC CONDITIONS

The sector-specific conditions improved again in the first half of 2021 in line with the general economic recovery. Global container transport volumes increased by 13.9% in the first 5 months of the year compared with the prior year period. This significant rise was mainly due to weak volumes in the prior year period. However, the volumes were still up on the first 5 months of 2019 by 5.6% (CTS, July 2021).

With the exception of the trades from North America to the Far East and Europe, all the main routes recorded increases, in some cases significant, in their transport volumes during the period January to May 2021. The most significant growth in transport volumes was from the Far East to North America, up 44% compared with the prior year period (CTS, July 2021).

Monthly growth in global container transport volumes compared to the previous year period in %



Source: CTS, July 2021

Since the fourth quarter 2020 the increasing container transport from the Far East to North America and Europe resulted in a disruption of global transport chains. Particularly in North America the sharp rise in transport volumes has led to congestion of port and hinterland infrastructure. The already challenging situation was further exacerbated by the blocking of the Suez Canal by a container ship for almost a week at the end of March and the temporary closure of the important seaport of Yantian in southern China in May 2021 due to an outbreak of COVID-19. As a result, there has been a continuous rise in spot freight rates since the fourth quarter of 2020. The Shanghai Containerized Freight Index (SCFI), which tracks spot freight rates on the major trade routes from Shanghai, climbed to a new all-time high of USD 3,785 / TEU at the end of the first half of 2021. In the previous year, the value was USD 1,001 / TEU at the end of the first half of of the year and at the end of 2020 it was USD 2,642 / TEU.

The strong demand in the first half of 2021 was also reflected in the low share of idle ships. This totalled around 2.7 million TEU (Alphaliner Weekly, June 2020) at the end of May 2020, which corresponded to approximately 12% of the global fleet. Due to the rising demand for container transport already from the third quarter of 2020, suspended services were gradually reinstated, with idle ships entering service once again. This significantly reduced the capacity of idle ships again to just 0.2 million TEU at the end of June 2021 (Alphaliner Weekly, July 2021), which equated to around 0.7% of the global fleet (June 2020: approximately 2.3 million TEU or around 9.9% of the global fleet). The majority of idle vessels have a capacity of up to 5,100 TEU.

Based on figures from MDS Transmodal, a total of 87 container ships with a transport capacity of approximately 590 TTEU were placed into service in the first half of 2021 (prior year period: 53 ships with a transport capacity of approximately 352 TTEU). 29 of these ships had a capacity of 11,000 TEU. Scrapping of obsolete ships was at a very low level of approximately 10 TTEU in the first half of 2021 compared with around 99 TTEU in the prior year period. Only 13 very small container ships with capacities of between 320 TEU and 1,840 TEU were scrapped. The average age was 26 years (H1 2020: 24 years, Clarksons, July 2021). Accordingly, the capacity of the container shipping fleet rose by approximately 580 TTEU to 24.3 million TEU, which was a much sharper increase than the 255 TTEU recorded in the first half of 2020.

In the months of January to June 2021, orders were placed for the construction of 317 container ships with a transport capacity totalling approximately 2.9 million TEU. This was not just a very significant increase compared with the 20 ships ordered in H1 2020 with a capacity of 0.2 million TEU but also nearly 3 times more than was ordered in the whole of 2020 (100 ships, 1.0 million TEU, Clarksons Research, July 2021). 34 of the newbuilds ordered with a capacity of 0.5 million TEU will be able to use LNG as fuel.

According to MDS Transmodal, the tonnage of the commissioned container ships rose to around 4.0 million TEU as at the end of the first half of 2021, up from 2.2 million TEU in the previous year. As a result, the order volume in proportion to the current global container fleet capacity of 16.7% at the end of the first half of 2021 was at its highest level since 2016 and above the average for the last 5 years (around 11.9%). However, other information services such as Clarksons and Drewry (these include orders for which details are not fully known yet) reported a higher order volume of around 20% at the end of June. Nevertheless, the order volume in proportion to the current global container fleet capacity is still significantly below the peak of around 61% recorded in 2007.

The bunker price continued to increase in the first half of 2021. At the end of June, the low-sulphur bunker price was USD 514 / t, up from USD 367 / t at the end of 2020 and USD 283 / t as of 30 June 2020 (MFO 0.5%, FOB Rotterdam). However, the average bunker price increased from USD 311 / t in the first half of 2020 to USD 462 / t in the first half of 2021.

2. STRUCTURE OF HAPAG-LLOYD'S VESSEL AND CONTAINER FLEET

As at 30 June 2021, Hapag-Lloyd's fleet comprised a total of 250 container ships (30 June 2020: 239 ships). All of the ships are certified in accordance with the ISM (International Safety Management) Code and have a valid ISSC (ISPS) certificate.

The majority of the ships are certified as per ISO 9001 (quality management) and ISO 14001 (environmental management). The TEU capacity of the entire Hapag-Lloyd fleet as at 30 June 2021 was 1,760,783 TEU, thus 1.4% higher than as per 30 June 2020 (1,736,429 TEU). The share of ships chartered by Hapag-Lloyd was approximately 39% as at 30 June 2021 based on TEU capacity (30 June 2020: approximately 40%). At present, 3 ships with a capacity of 10,377 TEU are subchartered to other shipping companies.

As at 30 June 2021, the average age of Hapag-Lloyd's total fleet (capacity-weighted) was 10.0 years. The average ship size within the Hapag-Lloyd Group fleet is 7,043 TEU, which is approximately 12% above the comparable average figure for the 10 largest container liner shipping companies worldwide (30 June 2021: 6,270 TEU; Source: MDS Transmodal) and around 60% above the average ship size in the global fleet (30 June 2021: 4,397 TEU; Source: MDS Transmodal).

As at 30 June 2021, Hapag-Lloyd owned or rented 1,695,253 containers (30 June 2020: 1,592,758) with a capacity of 2,822,436 TEU for shipping cargo (30 June 2020: 2,620,584 TEU). The capacity-weighted share of leased containers was around 44% as at 30 June 2021 (30 June 2020: 44%). Having already ordered 83,000 TEU in containers at the end of last year (of which 9,000 TEU related to reefers and 8,000 TEU to special containers) to counteract the capacity shortages and further strengthen its position in the reefer market as per Strategy 2023, Hapag-Lloyd ordered a further 124,800 TEU in containers in the first half of 2021 (of which 24,800 TEU related to reefers).

Hapag-Lloyd's service network comprised 121 services as at 30 June 2021 (30 June 2020: 121 services).

Structure of Hapag-Lloyd's container ship fleet

	30.6.2021	31.12.2020	30.6.2020
Number of vessels	**250**	**237**	**239**
thereof			
Own vessels[1]	116	112	112
Chartered vessels	134	125	127
Aggregate capacity of vessels (TTEU)	**1,761**	**1,719**	**1,736**
Aggregate container capacity (TTEU)	**2,822**	**2,704**	**2,621**
Number of services	**121**	**122**	**121**

[1] Including lease agreements with purchase option / obligation at maturity

In order to improve its competitiveness in Europe-Far East trade, Hapag-Lloyd signed two contracts at the end of 2020 and in June 2021 with Korea's Daewoo Shipbuilding & Marine Engineering for the construction of in total 12 large new container ships. The ships will be sized at 23,660 TEU and will be delivered to Hapag-Lloyd between April 2023 and December 2024. The total value of the investment will be approximately USD 2 billion. The relevant funding has already been agreed on. The purchase price will be paid in a number of instalments until final delivery, with the largest part of the payment due with delivery of the vessel. As part of the Hapag-Lloyd sustainability strategy, the ships will be fitted with modern, high-pressure, dual-fuel engines, which will be highly fuel-efficient. The engines will run on liquefied natural gas (LNG), but will have sufficient tank capacity to run using conventional fuel if required. LNG offers a number of environmental advantages over conventional oil-based fuels, in particular reducing CO_2 emissions by around 15% to 25%.

In addition to ordering the ships that run on LNG, Hapag-Lloyd completed the first conversion of a large container vessel (15,000 TEU "Brussels Express", formerly "Sajir") to run on liquefied natural gas (LNG). The vessel is equipped with a dual-fuel system, i.e. it can use both LNG and/or low-sulphur fuel. The "Brussels Express" has been deployed on the Europe-Far East trade since 1 April.

3. GROUP EARNINGS POSITION

3.1. CONSOLIDATED INCOME STATEMENT

The shipping industry continued to recover from the effects of the COVID-19 pandemic in the first half of 2021 due to strong demand for exported goods from the Asia region. However, there were operational challenges in certain trades with regard to congestion of port and hinterland infrastructure as a result of both the increased transport volumes and lower productivity due to COVID-19 infections among the workforce and the associated higher occupational health and safety regulations. As a result, turnaround times for ships and containers have increased.

Compared with the first half of 2020, the rise in the average freight rate of 46.1% and the transport volume of 4.3% resulted in revenue growth of 50.6%. The decrease in the average bunker consumption price (–6.0%) had a positive impact on the earnings positions. By contrast, higher container handling expenses (16.6%) compared with the prior year period reduced the operating result.

Hapag-Lloyd generated earnings before interest, taxes, depreciation and amortisation (EBITDA) of USD 4,239.7 million in the reporting period (prior year period: USD 1,287.2 million) and earnings before interest and taxes (EBIT) of USD 3,487.3 million (prior year period: USD 563.2 million). The Group profit came to USD 3,284.0 million (prior year period: USD 314.4 million).

Consolidated income statement

million USD	Q2 2021	Q1 2021	Q2 2020	QoQ Change	YoY change	H1 2021	H1 2020	Change
Revenue	**5,648.1**	**4,903.2**	**3,321.2**	**15.2%**	**70.1%**	**10,551.3**	**7,005.2**	**50.6%**
Transport expenses	–2,999.4	–2,737.0	–2,295.4	9.6%	30.7%	–5,736.4	–5,209.9	10.1%
Personnel expenses	–232.6	–198.1	–184.3	17.4%	26.2%	–430.7	–374.8	14.9%
Depreciation, amortisation and impairment	–382.4	–370.0	–382.9	3.3%	–0.1%	–752.4	–724.0	3.9%
Other operating result	–98.6	–60.2	–78.5	–63.8%	–25.6%	–158.7	–150.3	–5.6%
Operating result	**1,935.1**	**1,538.0**	**380.1**	**25.8%**	**409.1%**	**3,473.1**	**546.2**	**535.9%**
Share of profit of equity-accounted investees	12.8	1.5	7.1	743.9%	78.7%	14.3	17.3	–17.6%
Result from investments	–	–	–0.1	n.m.	–104.9%	–	–0.3	n.m.
Earnings before interest and tax (EBIT)	**1,947.9**	**1,539.5**	**387.1**	**26.5%**	**403.2%**	**3,487.3**	**563.2**	**519.2%**
Interest result	–95.0	–77.5	–87.8	22.5%	8.2%	–172.5	–224.7	–23.2%
Other financial items	–4.4	2.1	–1.9	–305.0%	n.m.	–2.2	2.9	n.m.
Income taxes	–15.3	–13.3	–10.4	15.2%	47.7%	–28.6	–27.0	5.8%
Group profit/loss	**1,833.2**	**1,450.7**	**287.1**	**26.4%**	**538.5%**	**3,284.0**	**314.4**	**944.4%**

3.2. TRANSPORT VOLUME PER TRADE

The transport volume increased by 249 TTEU to 6,004 TTEU in the first half of the 2021 financial year (prior year period: 5,755 TTEU). This equates to a rise of 4.3%.

The growth in transport volumes on the Middle East trade was largely due to the increase in the exportation of goods from India, which had come to a virtual standstill in the prior year period as a result of local COVID-19 restrictions. The strong demand for exported goods from Asia led to an increase in transport volumes on the Latin America and Far East trades in particular compared with the prior year period. The same applied to the EMA trade, although the congestion of local port infrastructure and the resulting delays in and suspension of container handling counteracted this rise.

The lower transport volume on the Intra-Asia trade was essentially due to the optimised repositioning of containers to other trades, aimed at meeting the strong demand for container transport from the Asia region as a result of the coronavirus.

Transport volume per trade

TTEU	Q2 2021	Q1 2021	Q2 2020	QoQ change	YoY change	H1 2021	H1 2020	Change
Atlantic	467	453	442	2.9%	5.6%	920	923	–0.3%
Transpacific	462	437	418	5.8%	10.5%	899	890	1.0%
Far East	596	585	495	1.8%	20.5%	1,181	1,062	11.2%
Middle East	395	389	307	1.3%	28.3%	784	699	12.2%
Intra-Asia	159	171	211	–7.0%	–24.7%	330	423	–22.0%
Latin America	766	769	667	–0.4%	14.8%	1,535	1,411	8.8%
EMA (Europe – Mediterranean – Africa)	185	170	161	9.2%	15.1%	355	347	2.4%
Total	**3,029**	**2,975**	**2,701**	**1.8%**	**12.1%**	**6,004**	**5,755**	**4.3%**

3.3. FREIGHT RATE PER TRADE

The average freight rate in the first half of the 2021 financial year was USD 1,612/TEU, which was USD 509/TEU, or 46.1%, up on the prior year period (USD 1,104/TEU).

The continuing increase in the freight rate was primarily due to ongoing strong demand for consumer goods from Asia as a result of the coronavirus.

Freight rate per trade

USD/TEU	Q2 2021	Q1 2021	Q2 2020	QoQ change	YoY change	H1 2021	H1 2020	Change
Atlantic	1,669	1,374	1,405	21.4%	18.8%	1,523	1,405	8.4%
Transpacific	2,256	1,936	1,378	16.5%	63.7%	2,101	1,351	55.5%
Far East	2,117	1,967	982	7.6%	115.6%	2,043	971	110.4%
Middle East	1,352	1,114	856	21.3%	57.9%	1,233	818	50.8%
Intra-Asia	1,131	1,020	563	10.9%	101.0%	1,073	587	82.9%
Latin America	1,473	1,360	1,164	8.3%	26.6%	1,416	1,163	21.8%
EMA (Europe – Mediterranean – Africa)	1,444	1,265	1,046	14.2%	38.1%	1,358	1,038	30.9%
Total	**1,714**	**1,509**	**1,114**	**13.6%**	**53.8%**	**1,612**	**1,104**	**46.1%**

3.4. REVENUE PER TRADE

The Hapag-Lloyd Group's revenue rose by USD 3,546.1 million to USD 10,551.3 million in the first half of the 2021 financial year (prior year period: USD 7,005.2 million), representing an increase of 50.6%.

The main reasons for this was the rise in the average freight rate of 46.1% and the growth in the transport volume of 4.3% compared with the prior year period.

Revenue per trade

million USD	Q2 2021	Q1 2021	Q2 2020	QoQ Change	YoY change	H1 2021	H1 2020	Change
Atlantic	778.4	622.4	620.7	25.1%	25.4%	1,400.9	1,296.4	8.1%
Transpacific	1,042.8	845.6	576.6	23.3%	80.9%	1,888.4	1,202.9	57.0%
Far East	1,261.8	1,151.4	485.8	9.6%	159.8%	2,413.2	1,031.8	133.9%
Middle East	533.2	433.7	263.2	23.0%	102.6%	966.9	571.6	69.2%
Intra-Asia	179.7	174.3	118.7	3.1%	51.4%	354.0	248.2	42.6%
Latin America	1,128.4	1,046.3	776.4	7.8%	45.3%	2,174.6	1,640.6	32.6%
EMA (Europe – Mediterranean – Africa)	267.4	214.6	168.2	24.6%	59.0%	482.1	359.7	34.0%
Revenue not assigned to trades	456.3	415.0	311.6	10.0%	46.4%	871.3	654.1	33.2%
Total	**5,648.1**	**4,903.2**	**3,321.2**	**15.2%**	**70.1%**	**10,551.3**	**7,005.2**	**50.6%**

3.5. OPERATING EXPENSES

Transport expenses

Transport expenses rose by USD 526.5 million in the first half of the 2021 financial year to USD 5,736.4 million (prior year period: USD 5,209.9 million). This represents an increase of 10.1%, which was primarily due to the rise in container handling expenses compared with the previous year.

In the first half of the 2021 financial year, the average bunker consumption price for Hapag-Lloyd was USD 421 / t, down USD 27 / t (–6.0%) on the figure of USD 448 / t for the prior year period.

Container handling expenses increased by 16.6% in the first half of the reporting year to USD 3,076.8 million. This mainly resulted from increased demurrage and detention for containers due to partial congestion of port and hinterland infrastructure and local COVID-19 restrictions.

Container and repositioning expenses increased by 10.0% due to higher expenses for demurrage and detention for empty containers at port terminals, particularly in North America.

Expenses for vessels and voyages (excluding bunker) increased by 7.6% due to rising container slotcharter costs on third-party ships.

Personnel expenses

Personnel expenses rose by 14.9% to USD 430.7 million in the first half of the 2021 financial year (prior year period: USD 374.8 million). The increase was mainly attributable to a special bonus paid to employees in relation to COVID-19.

Depreciation and amortisation

Depreciation and amortisation increased by 3.9% to USD 752.4 million primarily due to the rise in the percentage of ships chartered in on a medium-term basis and the resulting increase in rights of use. The amortisation of rights of use relating to leased assets (essentially vessels, containers, buildings) led to amortisation of USD 355.8 million (prior year period: USD 288.4 million).

Other operating result

The other operating result of USD –158.7 million (prior year period: USD –150.3 million) comprised the net balance of other operating income and expenses. Other operating expenses totalled USD 192.0 million for the first half of the 2021 financial year (prior year period: expenses of USD 183.8 million). This mainly included IT expenses (USD 110.8 million; prior year period: USD 92.5 million), consultancy fees (USD 15.4 million; prior year period: USD 17.0 million), office and administrative costs (USD 15.0 million; prior year period: USD 21.1 million) and expenses for allowances for doubtful accounts (USD 9.2 million; prior year period: USD 10.7 million). Other operating income totalled USD 33.3 million for the first half of the 2021 financial year (prior year period: USD 33.5 million).

Operating expenses

million USD	Q2 2021	Q1 2021	Q2 2020	QoQ Change	YoY change	H1 2021	H1 2020	Change
Transport expenses	**–2,999.4**	**–2,737.0**	**–2,295.4**	**9.6%**	**30.7%**	**–5,736.4**	**–5,209.9**	**10.1%**
thereof								
Bunker	–486.3	–387.9	–295.6	25.4%	64.5%	–874.3	–950.4	–8.0%
Handling and haulage	–1,614.7	–1,462.1	–1,253.8	10.4%	28.8%	–3,076.8	–2,639.3	16.6%
Equipment and repositioning	–346.2	–334.6	–310.4	3.5%	11.5%	–680.8	–619.0	10.0%
Vessels and voyages (excluding bunker)	–555.1	–539.0	–487.8	3.0%	13.8%	–1,094.1	–1,016.6	7.6%
Pending transport expenses[1]	2.9	–13.3	52.1	n.m.	n.m.	–10.5	15.4	–167.9%
Personnel expenses	–232.6	–198.1	–184.3	17.4%	26.2%	–430.7	–374.8	14.9%
Depreciation, amortisation and impairments	–382.4	–370.0	–382.9	3.3%	–0.1%	–752.4	–724.0	3.9%
Other operating result	–98.6	–60.2	–78.5	–63.8%	25.6%	–158.7	–150.3	–5.6%
Total operating expenses	**–3,713.0**	**–3,365.3**	**–2,941.1**	**10.3%**	**26.2%**	**–7,078.2**	**–6,459.0**	**9.6%**

[1] The amounts presented as transport expenses for pending voyages represent the difference between the transport expenses for pending voyages for the current period and the transport expenses for pending voyages for the previous period. The transport expenses for pending voyages recognised in the previous periods are presented in the current period as transport expenses for completed voyages

3.6. UNIT COSTS

Transport expenses per unit (incl. D&A) in the first 6 months of the financial year 2021 increased by 4.8% to USD 1,081 / TEU as compared to the prior year period. Clearly lower bunker expenses were more than offset by the negative effects of port congestions and COVID-19 related restrictions. H1 2021 "Bunker" expenses decreased by 11.8% or USD 20 / TEU on the back of lower average bunker consumption prices. In contrast, "Handling and Haulage" as well as "Equipment and Repositioning" expenses increased by 11.7% and 5.4% (USD 54 / TEU and USD 6 / TEU) respectively due to operational disruptions leading to higher storage and labour cost at the ports and a tight equipment situation. "Vessel and voyage" expenses increased by 3.2% (USD 6 / TEU) mainly as a result of higher slotcharter costs. "Depreciation and amortisation" unit cost were almost in line with prior year period as higher absolute D&A expenses were offset by higher volumes.

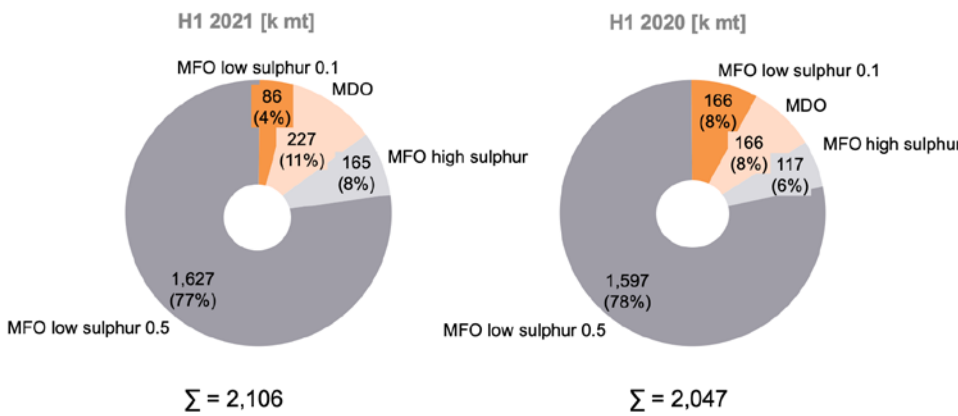
Unit cost

USD / TEU	Q2 2021	Q1 2021	Q2 2020	QoQ Change	YoY change	H1 2021	H1 2020	Change
Transport expenses	**–990**	**–920**	**–850**	**7.6%**	**16.5%**	**–955**	**–905**	**5.5%**
thereof								
Bunker	–161	–130	–109	23.1%	46.7%	–146	–165	–11.8%
Handling and haulage	–533	–492	–464	8.4%	14.8%	–512	–459	11.7%
Equipment and repositioning	–114	–112	–115	1.6%	–0.5%	–113	–108	5.4%
Vessel and voyage (excl. bunker)	–183	–181	–181	1.1%	1.5%	–182	–177	3.2%
Pending transport expenses	1	–4	19	n.m.	n.m.	–2	3	n.m.
Depreciation, amortisation and impairment (D&A)	**–126**	**–124**	**–142**	**1.5%**	**–10.9%**	**–125**	**–126**	**–0.4%**
Transport expenses incl. D&A	**–1,116**	**–1,044**	**–992**	**6.9%**	**12.6%**	**–1,081**	**–1,031**	**4.8%**

Bunker consumption development

Bunker consumption totalled approximately 2.106 million tonnes in the first half of the year 2021 and was therefore around 2.9% higher than in the previous year (H1 2020: approximately 2.047 million tonnes). This increase was essentially caused by a rise in ship capacity and transport volumes compared with the prior year period and longer waiting times at and before ports. For the first time 915 tonnes LNG was used as a fuel in the first half of 2021.

The percentage of low-sulphur bunker (MFO low sulphur 0.1% and 0.5%, MDO) and LNG fell slightly from 94% in H1 2020 to 92% in the first half of 2021. Bunker consumption per slot (as measured by the average container storage capacity, annualised) increased slightly to 2.41 tonnes (H1 2020: 2.35 tonnes). In terms of transported TEU, bunker consumption decreased to 0.35 tonnes per TEU compared with the previous year (H1 2020: 0.36 tonnes per TEU).



[1] MFO = Marine Fuel Oil;
[2] MDO = Marine Diesel Oil

3.7. OPERATING PROFIT

Hapag-Lloyd generated earnings before interest, taxes, depreciation and amortisation (EBITDA) of USD 4,239.7 million in the reporting period (prior year period: USD 1,287.2 million) and earnings before interest and taxes (EBIT) of USD 3,487.3 million (prior year period: USD 563.2 million).

EBIT and EBITDA margin

million USD	Q2 2021	Q1 2021	Q2 2020	QoQ change	YoY change	H1 2021	H1 2020	Change
Revenue	5,648.1	4,903.2	3,321.2	15.2%	70.1%	10,551.3	7,005.2	50.6%
EBIT	1,947.9	1,539.5	387.1	26.5%	403.2%	3,487.3	563.2	519.2%
EBITDA	2,330.2	1,909.5	770.0	22.0%	202.6%	4,239.7	1,287.2	229.4%
EBIT margin	34.5%	31.4%	11.7%	3.1 ppt	22.8 ppt	33.1%	8.0%	25.0 ppt
EBITDA margin	**41.3%**	**38.9%**	**23.2%**	**2.3 ppt**	**18.1 ppt**	**40.2%**	**18.4%**	**21.8 ppt**

3.8. OTHER EXPENSES

Interest result

The interest result for the first half of the 2021 financial year was USD –172.5 million (prior year period: USD –224.7 million). The decrease in interest expenses compared with the prior year period resulted primarily from savings on interest expenses in the amount of USD 60.4 million which was mainly due to the reduction of bank debt (including the EUR bond) through early unscheduled repayments and the lower capital market interest rates as a result of the COVID-19 pandemic. The valuation and realisation of the interest rate swaps (USD –5.4 million; prior year period: USD –13.9 million) improved the interest result by a further USD 8.6 million. In addition, the valuation of the embedded derivative (USD 1.4 million) contributed to a positive change in interest expenses in the amount of USD 17.4 million. In the prior year period, the valuation effect of the embedded derivative due to the uncertainty of the COVID-19 pandemic that began on the financial markets had still made a clearly negative contribution to the interest result (USD –16.0 million). By contrast, the derecognition of the embedded derivative in relation to the exercising of the early repurchase option of the EUR bond as at 7 April 2021, which was originally due in 2024, caused interest expenses to increase by USD 28.8 million. The adjustment to the carrying amount of the bond liability through profit or loss associated with the early repayment also had a negative effect on the interest result, reducing it by USD 10.3 million.

Income taxes

The income tax expense was essentially unchanged compared to the prior year period.

4. GROUP NET ASSET POSITION

As at 30 June 2021, the Group's statement of financial position total was USD 21,899.3 million, which is USD 3,259.0 million higher than the figure at year-end 2020. The reasons for this change included the rise in cash and cash equivalents as well as price-related increases in receivables and liabilities.

Within non-current assets, the carrying amounts of fixed assets increased by a total of USD 749.9 million to USD 16,208.2 million (31 December 2020: USD 15,413.3 million). This rise was essentially due to newly received and extended rights of use for lease assets in the amount of USD 911.2 million (prior year period: USD 563.8 million) and investments in vessels, equipment and container in the amount of USD 699.9 million. Depreciation and amortisation of USD 752.4 million had an opposite effect (prior year period: USD 724.0 million) on fixed assets. This includes an amount of USD 355.8 million (prior year period: USD 288.4 million) for the amortisation of capitalised rights of use relating to lease assets.

Cash and cash equivalents increased by USD 1,555.2 million to USD 2,391.5 million compared to the end of 2020 (USD 836.4 million) primarily as a result of the positive operating cash flow.

On the liabilities side, equity (including non-controlling interests) grew by USD 2,553.1 million to a total of USD 10,805.9 million. This increase was mainly due to the Group profit of USD 3,284.0 million (prior year period: USD 314.4 million). The equity ratio was 49.3% as at 30 June of the current year (31 December 2020: 44.3%).

The Group's borrowed capital has risen by USD 705.9 million to USD 11,093.4 million since the 2020 consolidated financial statements were prepared. The increase in financial debt and lease liabilities due to the placement of a sustainability-linked euro bond totalling USD 358.8 million (EUR 300.0 million) and new lease liabilities relating to newly acquired rights of use for lease assets in the amount of USD 903.8 million (prior year period: USD 505.9 million) contrasted with redemption payments for financial debt and lease liabilities totalling USD 1,449.3 million (prior year period: USD 883.7 million). The redemption payments included USD 356.6 million for the early redemption of Hapag-Lloyd's existing 5.125% euro bond (original maturity in 2024).

A further increase of USD 694.8 million resulted from higher trade accounts payable and contract liabilities (30 June 2021: USD 3,510.7 million; 31 December 2020: USD 2,815.9 million).

Taking cash and cash equivalents, financial debt and lease liabilities into account, net debt as at 30 June 2021 was USD 3,904.6 million (31 December 2020: USD 5,468.8 million).

Group net asset position

million USD	30.6.2021	31.12.2020
Assets		
Non-current assets	16,293.4	15,508.3
of which fixed assets	16,208.2	15,413.3
Current assets	5,605.8	3,131.9
of which cash and cash equivalents	2,391.5	836.4
Total assets	**21,899.3**	**18,640.2**
Equity and liabilities		
Equity	10,805.9	8,252.8
Borrowed capital	11,093.4	10,387.4
of which non-current liabilities	5,468.4	5,731.3
of which current liabilities	5,624.9	4,656.1
of which financial debt and lease liabilities	6,296.1	6,305.1
of which non-current financial debt and lease liabilities	4,928.4	5,119.6
of which current financial debt and lease liabilities	1,367.8	1,185.5
Total equity and liabilities	**21,899.3**	**18,640.2**

5. GROUP FINANCIAL POSITION

5.1. DEVELOPMENTS IN CASH AND CASH EQUIVALENTS

Cash flow from operating activities

Hapag-Lloyd generated an operating cash flow of USD 3,914.8 million in the first half of the 2021 financial year (prior year period: USD 1,329.3 million). The increase in the cash flow from operating activities was primarily due to higher earnings in the current financial year.

Cash flow from investing activities

In the first half of the 2021 financial year, the cash outflow from investing activities totalled USD 543.9 million (prior year period: USD 152.2 million). This primarily included payments for investments of USD 572.0 million (prior year period: USD 163.9 million) in ships, ship equipment and new containers. The payments for containers acquired in the previous year included in the investment amount were USD 26.1 million.

Cash flow from financing activities

Financing activities resulted in a net cash outflow of USD 1,815.6 million in the first half of the financial year (prior year period: cash outflow of USD 60.0 million). The cash outflow essentially resulted from interest and redemption payments relating to financial liabilities for vessel and container financing in the amount of USD 750.7 million (prior year period: USD 729.0 million). In addition, the corporate bond maturing in 2024 in the amount of USD 356.6 million and the loan from the ABS programme in the amount of USD 100.0 million were repaid in full. The payment of a dividend to the shareholders of Hapag-Lloyd AG for the 2020 financial year led to an additional cash outflow of USD 747.7 million (prior year period: USD 219.0 million). The interest and redemption payment from lease liabilities in accordance with IFRS 16 totalled USD 381.9 million in the first half of the financial year (prior year period: USD 325.9 million).

The cash outflows contrasted with cash inflows from the placement of a new corporate bond of USD 354.1 million. Cash inflows of USD 211.6 million resulted from the financing of containers and ship equipment (prior year period: USD 700.0 million).

Development of liquidity reserve

million USD	Q2 2021	Q2 2020	H1 2021	H1 2020
Cash and cash equivalents beginning of the period	1,894.2	1,030.1	836.4	574.1
Unused credit lines beginning of the period	585.0	185.0	585.0	585.0
Liquidity reserve beginning of the period	**2,479.2**	**1,215.1**	**1,421.4**	**1,159.1**
EBITDA	2,330.2	770.0	4,239.7	1,287.2
Working capital	–48.4	146.3	–272.4	57.6
Others	–14.3	–6.4	–52.5	–15.5
Operating cash flow	**2,267.6**	**909.9**	**3,914.8**	**1,329.3**
Investments	–476.7	–36.1	–572.0	–163.9
thereof vessel	–348.8	–28.4	–372.4	–64.9
thereof container	–125.0	0.9	–190.1	–79.8
thereof other	–2.9	–8.6	–9.5	–19.2
Disinvestments	13.1	10.1	16.3	20.2
Dividends received	0.2	0.2	0.2	0.2
Payments made for Investments in financial assets	–	–	–1.0	–
Payments received (+) for the redemption of issued loans	12.6	–	12.6	–
Payments made for the issuing of loans	–	–8.7	–	–8.7
Investing cash flow	**–450.9**	**–34.5**	**–543.9**	**–152.2**
Debt intake	423.0	710.6	566.6	1,263.0
Debt repayment	–714.2	–447.3	–1,109.1	–596.9
Repayment of Lease liabilities	–185.5	–147.2	–340.2	–286.8
Dividends paid	–755.9	–224.7	–763.1	–225.7
Payments made for leasehold improvements	–0.4	–10.9	–0.4	–26.6
Interest	–82.3	–89.2	–151.0	–179.8
Payments made from hedges for financial debts	–4.1	–5.6	–18.4	–7.2
Financing cash flow	**–1,319.3**	**–214.3**	**–1,815.6**	**–60.0**
Changes due to exchange rate fluctuations	–	–	–0.1	–
Liquidity reserve end of the period	**2,976.5**	**1,876.2**	**2,976.5**	**1,876.2**
Cash and cash equivalents end of the period	2,391.5	1,691.2	2,391.5	1,691.2
Unused credit lines end of the period	585.0	185.0	585.0	185.0

5.2. FINANCIAL SOLIDITY

The Group's net debt amounted to USD 3,904.6 million as at 30 June 2021. This was a fall of USD 1,564.2 million compared to net debt of USD 5,468.8 million as at 31 December 2020. The improvement in net debt was primarily due to a positive operating cash flow.

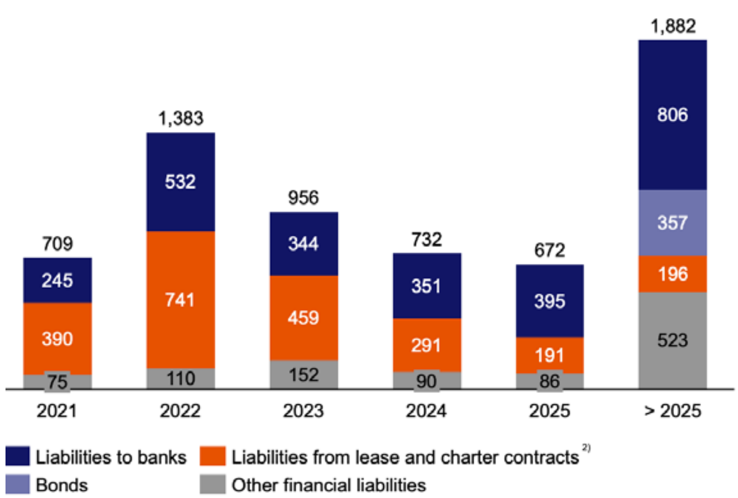
The equity ratio increased by 5.1 percentage points, from 44.3% as at 31 December 2020 to 49.3%. Due to the increased earnings in the reporting period, equity was up by USD 2,553.1 million compared with 31 December 2020 and came to USD 10,805.9 million as at 30 June 2021.

Financial solidity

million USD	30.6.2021	31.12.2020	30.6.2020
Financial debt and lease liabilities	6,296.1	6,305.1	8,058.1
Cash and cash equivalents	2,391.5	836.4	1,691.2
Net debt	**3,904.6**	**5,468.8**	**6,366.9**
Unused credit lines	585.0	585.0	185.0
Liquidity reserve	**2,976.5**	**1,421.4**	**1,876.2**
Equity	10,805.9	8,252.8	7,499.8
Gearing (net debt / equity) (%)	**36.1**	**66.3**	**84.9**
Net debt to EBITDA [1]	**0.6x**	**1.8x**	**2.6x**
Equity ratio (%)	**49.3**	**44.3**	**39.2**

[1] Based on last 12 months.

Contractual maturity profile of financial debt (USD million)[1]



[1] Deviation from the total financial debt as shown in the balance sheet as per 30.06.2021 consists of transaction costs and accrued interest

[2] Liabilities from lease and charter contracts consist of USD 40 million liabilities from former finance lease contracts and USD 2,227 USD million from lease contracts presented as on-balance financial liability due to first-time application of IFRS 1

The total repayment amount of USD 6,334 million is categorized between (1) liabilities to banks, (2) bonds, (3) liabilities from lease and on-balance charter contracts and (4) other financial liabilities.

6. SIGNIFICANT EVENTS AFTER BALANCE SHEET DATE

On 8 July 2021, Hapag-Lloyd acquired 100% of the shares and voting rights of the container shipping company NileDutch Investments B.V. (NileDutch). The company, which is based in Rotterdam, is a leading provider of container services to and from West Africa, with an available transport capacity of around 35,000 TEU. The combination of Hapag-Lloyd and NileDutch will further expand Hapag-Lloyd's market position in Africa. The route network to and from Africa will be intensified, and the frequency of shipments will be increased. Africa is a key market for Hapag-Lloyd's strategic growth, and the acquisition of NileDutch is part of Strategy 2023.

The significant assets acquired as a result of the business combination include intangible assets, fixed assets (including right-of-use assets), trade accounts receivable as well as cash and cash equivalents. The liabilities assumed mainly include leasing liabilities, trade accounts payable and contract liabilities.

As the acquisition date was very close to the date on which the interim financial statements were prepared, the initial accounting for the business combination is incomplete and therefore no further disclosures are made.

7. OUTLOOK

General economic outlook

According to the International Monetary Fund (IMF), the macroeconomic conditions that are important for container shipping are likely to brighten further in the current year. Increasing vaccination rates in the major industrialised countries and additional economic programmes, in particular in the USA, should result in a clear economic upturn in 2021. According to the IMF's July forecast, the global economy is expected to grow by 6.0% in 2021, after contracting by 3.2% in the previous year. The higher growth expectations for the global economy compared with the January forecast (up from 5.5%) are attributable to stronger growth in the advanced economies, particularly in the USA. International trade in goods and services is expected to grow by 9.7% in 2021, even more than the IMF expected in January (January forecast: 8.1%).

Developments in global economic growth (GDP) and world trade volume

in %	2022e	2021e	2020	2019	2018
Global economic growth	4.9	6.0	–3.2	2.8	3.6
Industrialised countries	4.4	5.6	–4.6	1.6	2.3
Developing and newly industrialised countries	5.2	6.3	–2.1	3.7	4.5
World trade volume (goods and services)	7.0	9.7	–8.3	0.9	3.9

Source: IMF World Economic Outlook, July 2021

Sector-specific outlook

Global container transport volumes are also expected to increase again in 2021 as a result of the economic recovery. Seabury predicts growth of 6.3% for 2021. The container transport volume was slightly down in the previous year at –1.0%.

Development of container transport volume

	2022e	2021e	2020	2019	2018
million TEU	166	158	149	151	149
Growth rate in %	5.1	6.3	–1.0	1.0	4.0

Sources: Seabury (June 2021)

The significant rise in container transport from the Far East, particularly to North America, combined with lower productivity at ports due to COVID-19 infections among the workforce and the associated higher occupational health and safety regulations, resulted in clear disruption to global transport chains in the first half of 2021. The already challenging situation was further exacerbated by the blocking of the Suez Canal by a container ship for almost a week at the end of March and the temporary closure of the important seaport of Yantian in southern China in May due to an outbreak of COVID-19. As a result, turnaround times for vessels and containers have increased significantly, leading to a reduction in the transport capacity actually available.

With demand continuing uninterrupted, Drewry expects the situation to further intensify in the third quarter of 2021. It is not expected to ease before the first quarter of 2022 (Drewry Container Forecaster Q2 2021, June 2021).

The strong demand for transport combined with a shortage of available chartered ships resulted in a noticeable increase in ship orders at the end of 2020 and in the first half of 2021. According to MDS Transmodal, the tonnage of the commissioned container ships rose to around 4.0 million TEU as at the end of the first half of 2021, up from 2.2 million TEU in the previous year. As a result, the order volume in proportion to the current global container fleet capacity of 16.7% at the end of the first half of 2021 was at its highest level since 2016 and above the average for the last 5 years (around 11.9%). However, other information services such as Clarksons and Drewry (these include orders for which details are not fully known yet) reported a higher order volume of around 20% at the end of June. Nevertheless, the order volume in proportion to the current global container fleet capacity is still significantly below the peak of around 61% recorded in 2007.

For 2021, Drewry expects the globally available container ship fleet to grow by 1.0 million TEU, or 4.2%, which is slightly less than the growth in demand. The majority of the recently ordered ships are unlikely to be put into service before 2023.

Expected development of global container fleet capacity

million TEU	2022e	2021e	2020	2019	2018
Existing fleet (beginning of the year)	24.6	23.6	23.0	22.1	20.9
Planned deliveries	0.9	1.2	1.1	1.1	1.5
Expected scrappings	0.2	0.1	0.2	0.2	0.1
Postponed deliveries and other changes	0.1	0.1	0.3	0.1	0.2
Net capacity growth	**0.7**	**1.0**	**0.7**	**0.9**	**1.2**
Net capacity growth (in %)	2.8	4.2	3.0	4.0	5.6

Source: Drewry Container Forecaster Q2 2021, June 2021. Expected nominal capacity based on planned deliveries. Based on existing orders and current predictions for scrapping and postponed deliveries. Figures rounded. Rounding differences may be the result of changes in the databases.

Expected business development of Hapag-Lloyd

Hapag-Lloyd recorded an exceptionally positive performance in the first half of 2021 due to the strong demand, combined with capacity bottlenecks, which resulted in a significant increase in freight rate levels.

At the beginning of the second half-year, global demand for container transport remains at a high level. At the same time, operational disruptions along the entire supply chain continue to cause significant delays and thereby contribute to the shortage of available transport capacity. Hapag-Lloyd therefore expects earnings momentum to remain very strong in the second half of the financial year. Previously, a gradual normalisation of the earnings trend had been expected for the second half-year. Given these circumstances, the Executive Board of Hapag-Lloyd raised its earnings outlook for the 2021 financial year on 30 July 2021. EBITDA is now expected to be in the range of USD 9.2 to 11.2 billion or EUR 7.6 to 9.3 billion (previously: clearly above previous year) and EBIT in the range of USD 7.5 to 9.5 billion or EUR 6.2 to 7.9 billion (previously: clearly above previous year), respectively. The earnings expectation for the 2021 financial year is based in particular on the assumptions that the transport volume can be increased slightly and the average freight rate clearly compared to the previous year. At the same time, a clear increase in the average bunker consumption price is assumed, which should have a dampening effect on the development of earnings. Our earnings perspective is based on the assumption of an average exchange rate of USD 1.21 / EUR.

In view of the current above-average high volatility of freight rates, operational challenges due to existing infrastructural bottlenecks and the unpredictable further course of the COVID-19 pandemic and its economic effects, the forecast is subject to considerable uncertainty.

The earnings forecast does not take into account impairments on goodwill, other intangible assets and property, plant and equipment in the course of the 2021 financial year, which are currently not expected but cannot be ruled out.

	Actual 2020	Previous Forecast 2021	Forecast 2021
Global economic growth (IMF, July 2021)	–3.2%	6.0%	6.0%
Increase in global trade (IMF, July 2021)	–8.3%	9.7%	9.7%
Increase in global container transport volume (Seabury, June 2021)	–1.0%	6.3%	6.3%
Transport volume, Hapag-Lloyd	11.8 million TEU	Increasing slightly	Increasing slightly
Average bunker consumption prices, Hapag-Lloyd	USD 379/t	Increasing clearly	Increasing clearly
Average freight rate, Hapag-Lloyd	USD 1,115/TEU	Increasing clearly	Increasing clearly
EBITDA (earnings before interest, taxes, depreciation and amortisation), Hapag-Lloyd	EUR 2.7 billion	Increasing clearly	EUR 7.6–9.3 billion
EBIT (earnings before interest and taxes), Hapag-Lloyd	EUR 1.3 billion	Increasing clearly	EUR 6.2–7.9 billion

In an industry environment dominated by volatile freight rates and stiff competition, business developments at Hapag-Lloyd are subject to risks and opportunities that could cause them to differ from the forecast. The general risks are described in detail in the risk and opportunity report in the combined management report of the 2020 annual report. Risks and opportunities that may have an impact on the forecast for business development are also described in detail in the risk and opportunity report in the combined management report. Discrepancies are presented in the risk and opportunity report of the half-year financial report H1 2021. The occurrence of one or more of these risks could have a substantial negative impact on the industry and, by extension, on the business development of Hapag-Lloyd, which could also lead to impairments on goodwill, other intangible assets, and property, plant and equipment.

IMPORTANT NOTICE

The information provided in this Investor Report is based on a calculation of US dollar figures, derived from the figures published in EUR within the respective Interim or Annual Report of Hapag-Lloyd AG (available via https://www.hapag-lloyd.com/en/ir/publications/financial-report.html).

The US dollar figures presented herein have not been reviewed by auditors and are supplemental information to the respective Interim or Annual Report of Hapag-Lloyd AG for capital market participants. The respective Interim and Annual Reports of Hapag-Lloyd AG remain the prevailing and legally binding documents.

Hapag-Lloyd AG conducts its container shipping business in an international business environment in which transactions are invoiced mainly in US dollars and payment procedures are handled in US dollars. This relates not only to operating business transactions, but also to investment activities, an example being the purchase, chartering and rental of vessels and containers, as well as the corresponding financing of investments. Therefore, the functional currency of Hapag-Lloyd AG is the US dollar. However, the reporting currency of Hapag-Lloyd AG is the euro.

For reconciliation to the Half-year Financial Report H1 2021 please find below the respective exchange rates:

Exchange rates

	Closing Rate			Average rate		
per EUR	**30.6.2021**	31.3.2021	30.6.2020	H1 2021	Q1 2021	H1 2020
USD	1.1892	1.1732	1.1206	1.2054	1.2055	1.1014

DISCLAIMER

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