

Q1 2024

Hapag-Lloyd AG

Investor Report

1 January to
31 March 2024



SUMMARY OF HAPAG-LLOYD KEY FIGURES

		Q1 2024	Q1 2023	Change
Liner Shipping segment				
Total vessels ¹		280	250	12%
Aggregate capacity of vessels ¹	TTEU	2,066	1,818	14%
Aggregate container capacity ¹	TTEU	3,065	2,892	6%
Freight rate	USD/TEU	1,359	1,999	-32%
Transport volume	TTEU	3,037	2,842	7%
Revenue	million USD	4,527	6,023	-25%
EBITDA	million USD	906	2,359	-62%
EBIT	million USD	378	1,855	-80%
Terminal & Infrastructure segment				
Revenue	million USD	107	6	n.m.
EBITDA	million USD	35	19	82%
EBIT	million USD	18	19	-7%
Group key financial figures				
Revenue	million USD	4,623	6,028	-23%
EBITDA	million USD	942	2,379	-60%
EBIT	million USD	396	1,874	-79%
Group profit/loss	million USD	325	2,031	-84%
Earnings per share	USD	1.82	11.54	-84%
Cash flow from operating activities	million USD	609	2,754	-78%
Group key return figures				
EBITDA margin	%	20.4	39.5	-19.1 ppt
EBIT margin	%	8.6	31.1	-22.5 ppt
ROIC ²	%	8.3	45.7	-37.4 ppt
Group balance sheet figures²				
Equity	million USD	21,073	20,787	1%
Equity ratio	%	64.4	64.7	-0.3 ppt
Financial debt and lease liabilities	million USD	5,735	5,572	3%
Cash and cash equivalents	million USD	6,289	6,435	-2%
Net liquidity ³	million USD	2,584	2,907	-11%

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

¹ Reporting date values at the end of the respective quarter.

² The comparison of key balance sheet figures refers to the reporting date 31 December 2023.

³ Including the financial investments recognised in other financial assets (strategic liquidity reserve)

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 quarterly financial report, please visit our website: <https://www.hapag-lloyd.com/en/ir/publications/financial-report.html>

This investor report was published on 15 May 2024.

MAIN DEVELOPMENTS IN Q1 2024

- The first three months of the 2024 financial year were characterised by an upturn in demand and renewed disruptions in global supply chains due to the tense security situation in the Red Sea.
- Group revenue in the first three months of the 2024 financial year fell by 23% to USD 4.6 billion (Q1 2023: USD 6.0 billion), which is mainly due to a significantly lower average freight rate in the Liner Shipping segment.
- Against the backdrop of declining revenues and virtually unchanged operating expenses, Group EBITDA fell to USD 941.5 million (previous year: USD 2,378.7 million) and Group EBIT to USD 395.7 million (previous year: USD 1,874.0 million).
- The Liner Shipping segment recorded a 6.8% year-on-year increase in transport volumes to 3.0 million TEU (previous year: 2.8 million TEU). However, the 32% decline in the average freight rate in particular led to a decrease in EBITDA in the first three months of the 2024 financial year to USD 906.4 million (Q1 2023: USD 2,359.4 million). Segment EBIT fell accordingly from USD 1,855.0 million to USD 378.0 million.
- The Terminal & Infrastructure segment generated EBITDA of USD 35.2 million and EBIT of USD 17.7 million in the first three months of the 2024 financial year.
- Due to the negative operating performance, earnings per share dropped to USD 1.82, from USD 11.54 in the prior year period.
- Free cash flow was once again positive at USD 223.1 million (Q1 2023: USD 3,462.7 million).
- As at 31 March 2024, the Group continued to have high net liquidity of USD 2.6 billion (31 December 2023: USD 2.9 billion).
- Due to the positive business performance, the Executive Board has specified its outlook for the current financial year published on 14 March 2024 and now expects to achieve this in the upper half. Group EBITDA is expected to be in the range of EUR 2.0 to 3.0 billion (previously: EUR 1.0 to 3.0 billion) and Group EBIT in the range of EUR 0.0 to 1.0 billion (previously: EUR -1.0 to 1.0 billion).
- Against the backdrop of very volatile freight rates and major geopolitical challenges, the outlook is subject to a high degree of uncertainty.

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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 terminal services.

According to the International Monetary Fund (IMF), the global economy recorded robust growth and a further decline in inflation at the start of the year despite the numerous geopolitical crises (IMF World Economic Outlook, April 2024).

The economy of the People's Republic of China grew by 5.3% year-on-year in the first three months of 2024, despite the negative impact of the real estate crisis. Exports of goods rose by 4.9%, while imports increased by 5% compared to the first quarter of 2023 (National Bureau of Statistics of China, April 2024). The main recipients of Chinese goods are the USA and Europe. The US economy grew by 3.0% in the first quarter of 2024 compared to the first quarter of 2023. Growth was driven by investments and rising government spending. In the first quarter of 2024, imports of goods rose by 1.0% compared to the same period of the previous year, while exports fell by 1.2% (U.S. Department of Commerce, May 2024). The EU economy grew by 0.5% in the first quarter of 2024 compared to Q1 2023. Exports of goods from the EU increased slightly by 0.5% in the first two months of 2024 compared to the prior year period. In contrast, imports of goods fell significantly by 14.2% (Eurostat, April 2024).

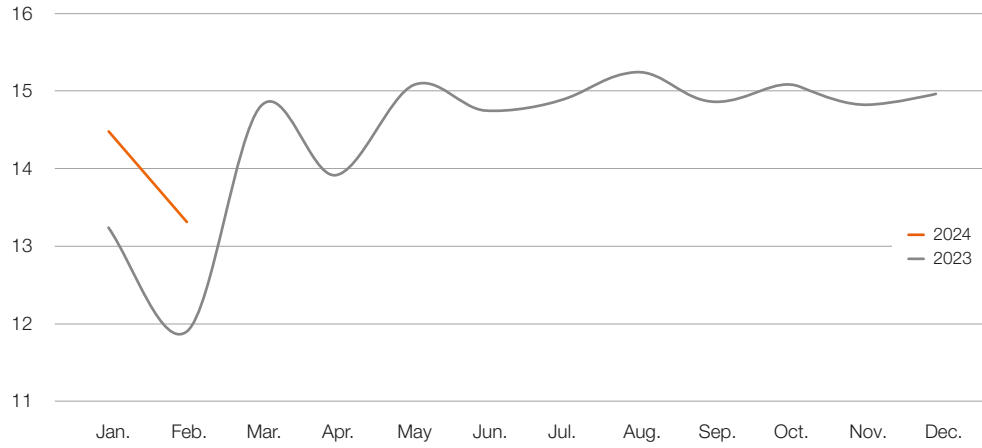
Due to the tensions in the Middle East, crude oil prices rose by 13.6% in the first quarter of 2024 to USD 87.48 per barrel of Brent crude oil as at 31 March 2024 compared to USD 77.04 per barrel at the end of December 2023 (S&P Global Commodity Insights, Bloomberg).

1.2. SECTOR-SPECIFIC CONDITIONS

The Liner Shipping and Terminal & Infrastructure segments are both fundamentally affected by the same sector-specific developments, in particular international trade.

Global container transport volumes recovered significantly by 12.0% year-on-year in the period from January to February 2024 (CTS, April 2024). This development is due in particular to a weak prior year basis, which was due to the reduction of excessively high inventories world-wide. Almost all major trades recorded significant growth. The transport volume in the Far East to North America trade rose by 25.4% and from the Far East to Europe by 11.5%.

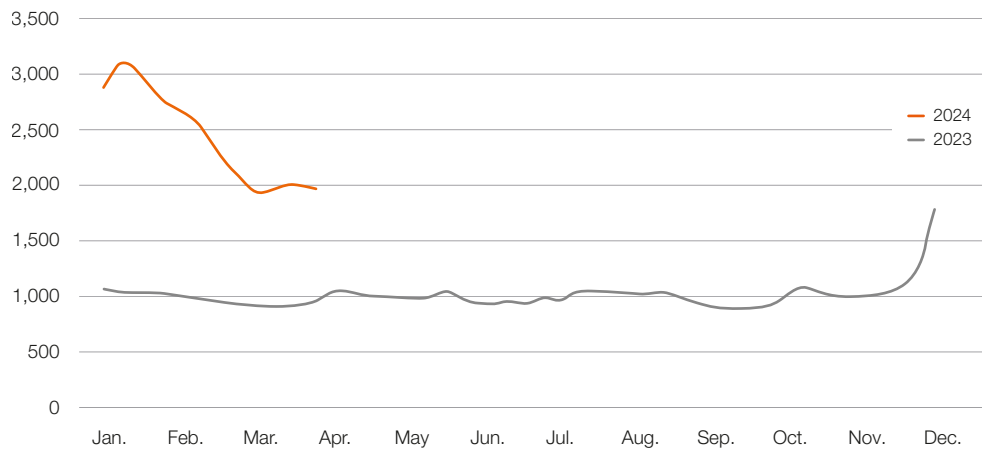
Monthly global container transport volumes (in million TEU)



Source: CTS, April 2024

The Shanghai Containerized Freight Index (SCFI), which tracks spot freight rate trends on Shanghai's most important trade routes, was significantly higher in the first quarter of 2024 than in the same quarter of the previous year. Against the backdrop of a growing number of attacks on ships in the Red Sea by the Houthi rebels, many container shipping companies began re-routing their ships around the Cape of Good Hope from mid-December 2023. The longer journey times lead to a shortage of shipping capacity and rising transportation costs. As a result, there has been a sharp rise in spot freight rates since the end of 2023. The SCFI was quoted at USD 1.994/TEU at the end of March 2024 (previous year: USD 863/TEU).

Development of the Shanghai Containerized Freight Index (in USD/TEU)



Source: Shanghai Shipping Exchange, April 2024

At the end of March 2024, the proportion of laid-up, i.e. idle, ships was 0.25 million TEU or 0.9% of the global fleet, down on the previous year's level (31 March 2023: 0.60 million TEU; 2.3%, Alphaliner Weekly, March 2023). The reason for this is the increased demand for ship capacity due to the longer routes around the Cape of Good Hope.

According to MDS Transmodal, a total of 108 container ships with a transport capacity of around 0.8 million TEU were put into service in the first three months of 2024 (prior year period: 60 ships, transport capacity: around 0.4 million TEU). According to Clarksons, only 14 small container ships with a total of 23 TTEU were scrapped in the same period (previous year: 19 ships, 31 TTEU).

In the first three months of 2024, orders were placed for the construction of 26 container ships with a total transport capacity of 0.2 million TEU, less than the 0.4 million TEU in the prior year period (Clarksons Research, April 2024).

According to MDS Transmodal, the tonnage of container ships on order fell to around 6.1 million TEU at the end of March 2024, compared to around 7.1 million TEU at the end of March 2023. Accordingly, the ratio of order backlog to current global container fleet capacity remained at a high level of 21.4% (as at 31 March 2023: 27.6%), albeit well below the peak of around 61% reached in 2007.

Low sulphur bunker was quoted at USD 588/t on 31 March 2024, 12.4% higher than the 2023 year-end price of USD 523/t (MFO 0.5%, FOB Rotterdam).

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

Fleet and capacity development

As at 31 March 2024, Hapag-Lloyd's fleet consisted of a total of 280 ships (31 March 2023: 250 ships). All of the vessels are certified in accordance with the ISM (International Safety Management) Code and have a valid ISSC (ISPS) certificate. The majority of the vessels are also certified as per ISO 9001 (quality management) and ISO 14001 (environmental management).

The TEU capacity of the Hapag-Lloyd fleet as at 31 March 2024 amounted to 2,066 TTEU, an increase of 13.7% compared with 31 March 2023 (1,818 TTEU). Based on TEU capacity, 60% of the fleet was owned as at 31 March 2024 (31 March 2023: 62%). In the first quarter of 2024, three newbuilds (two vessels owned and one as a long-term charter) with a total capacity of 50 TTEU were put into service.

As at 31 March 2024, Hapag-Lloyd's order book comprised eight newbuilds of 23,664 TEU and one newbuild of 13,288 TEU. The total capacity of the newbuilds is 202.6 TTEU. The delivery of the vessels is planned for the years 2024 to 2025.

The average age of Hapag-Lloyd's entire fleet as at 31 March 2024 (capacity-weighted) was 11.2 years (31 March 2023: 11.2 years) and was therefore slightly above the average level of the ten largest container liner shipping companies worldwide of 10.8 years (31 March 2023: 10.9 years). At 7.4 TTEU (31 March 2023: 7.3 TTEU), the average ship size of the Hapag-Lloyd Group's fleet was around 8% above the comparable average of 6.8 TTEU for the world's ten largest container liner shipping companies (31 March 2023: 6.5 TTEU; source: MDS Transmodal) and around 64% above the average ship size of the global fleet of 4.5 TTEU (31 March 2023: 4.4 TTEU; source: MDS Transmodal).

As at 31 March 2024, Hapag-Lloyd has 1.8 million (31 March 2023: 1.7 million) owned and leased containers at its disposal to transport cargo with a capacity of 3.1 million TEU (31 March 2023: 2.9 million TEU). The capacity-weighted share of containers owned as at 31 March 2024 was approximately 60% (31 March 2023: approximately 58%). In the first three months of 2024, new construction orders were placed for 1,600 special purpose containers with a capacity of 3,200 TEU and 53,750 general purpose containers with a capacity of 95,000 TEU.

Hapag-Lloyd's service network comprised 114 services as at 31 March 2024 (31 March 2023: 119 services).

Structure of Hapag-Lloyd's vessel and container fleets

	31.3.2024	31.12.2023	31.3.2023
Number of vessels	280	266	250
thereof			
Own vessels ¹	124	123	122
Chartered vessels	156	143	128
Aggregate capacity of vessels (TTEU)	2,066	1,972	1,818
Aggregate container capacity (TTEU)	3,065	2,975	2,892
Number of services	114	113	119

¹ Including lease agreements with purchase option/obligation at maturity

3. GROUP EARNINGS POSITION

3.1. GROUP EARNINGS

The first quarter of the 2024 financial year continued to be characterised by a significantly lower average freight rate compared to the same period of the previous year, which results in particular from the normalisation of supply chains. In contrast, the transport volume increased, driven primarily by an upturn in demand. As a result of these developments, the Hapag-Lloyd Group generated a lower Group result in the first quarter of 2024 compared to the same period of the previous year.

With an amount of USD 941.5 million, consolidated earnings before interest, taxes, depreciation, and amortisation (EBITDA) were significantly lower in the first quarter of the 2024 financial year than the previous year's figure of USD 2,378.7 million. The Hapag-Lloyd Group's earnings before interest and taxes (EBIT) also fell significantly to USD 395.7 million (prior year period: USD 1,874.0 million). The Group result totalled USD 324.6 million (prior year period: USD 2,031,0 million).

Consolidated income statement

million USD	Q1 2024	Q4 2023	Q1 2023	QoQ Change	YoY change
Revenue	4,623.4	4,079.2	6,028.1	13.3%	-23.3%
Transport and terminal expenses	-3,299.6	-3,268.4	-3,259.4	1.0%	1.2%
Personnel expenses	-260.3	-306.6	-259.0	-15.1%	0.5%
Depreciation, amortisation and impairment	-545.8	-556.8	-504.7	-2.0%	8.1%
Other operating result	-115.7	-192.4	-147.6	-39.9%	-21.7%
Operating result	402.0	-245.0	1,857.3	n.m.	-78.4%
Share of profit of equity-accounted investees	-6.3	-6.1	16.7	2.8%	n.m.
Earnings before interest and tax (EBIT)	395.7	-251.1	1,874.0	n.m.	-78.9%
Interest result and other financial result	40.4	53.9	162.8	-25.1%	-75.2%
Other financial items	-11.5	-2.9	62.5	291.8%	n.m.
Income taxes	-100.0	-34.1	-68.3	193.0%	46.5%
Group profit/loss	324.6	-234.3	2,031.0	n.m.	-84.0%
Basic/diluted earnings per share (in USD)	1.82	-1.36	11.54	n.m.	-84.2%
EBITDA	941.5	305.7	2,378.7	208.0%	-60.4%
EBITDA margin (%)	20.4	7.5	39.5	12.9 ppt	-19.1 ppt
EBIT	395.7	-251.1	1,874.0	n.m.	-78.9%
EBIT margin (%)	8.6	-6.2	31.1	14.7 ppt	-22.5 ppt

Revenue in the Group

In the first quarter of the 2024 financial year, the Hapag-Lloyd Group's revenue fell by USD 1,404.8 million to USD 4,623.4 million (prior year period: USD 6,028.1 million), which corresponds to a decrease of 23.3%. This development was mainly due to the lower average freight rates. This was offset by a 6.8% increase in transport volume compared with the prior year period.

Operating expenses in the Group

Transport and terminal expenses increased by USD 40.2 million to USD 3,299.6 million in the first quarter of the 2024 financial year (prior year period: USD 3,259,4 million). This corresponds to an increase of 1.2%.

Personnel expenses increased by USD 1.3 million to USD 260.3 million in the first quarter of the 2024 financial year (prior year period: USD 259.0 million). Lower provisions for bonus payments were more than offset by increased costs for employees taken over as a result of the acquisition of SAAM Terminals in the third quarter of last year.

In the first quarter of the 2024 financial year, depreciation and amortisation increased by USD 41.1 million to USD 545.8 million (prior year period: USD 504.7 million). The increase was mainly due to higher depreciation and amortisation for new ships and containers as well as the addition of depreciation and amortisation from the acquisition of SAAM Terminals. The scheduled amortisation of right-of-use assets (primarily ships and containers) led to depreciation and amortisation of USD 280.1 million (prior year period: USD 285.3 million).

Other operating result

The other operating result of USD –115.7 million (prior year period: USD –147.6 million) comprised the net balance of other operating income and expenses. Other operating expenses totalled USD 139.0 million for the first quarter of the 2024 financial year (prior year period: expenses of USD 170.2 million). This mainly included IT and communication expenses (USD 69.0 million; prior year period: USD 71.2 million), office and administrative expenses (USD 16.7 million; prior year period: USD 11.5 million), expenses for training and other personnel expenses (USD 13.9 million; prior year period: USD 9.4 million) and fees for consultancy and other professional services (USD 13.5 million; prior year period: USD 24.6 million).

Interest result and other financial result

In the first quarter of the 2024 financial year, the interest result and other financial result amounted to USD 28.9 million (prior year period: USD 225.3 million). The decrease in interest income and other financial income to USD 113.6 million (prior year period: USD 226.5 million) was mainly due to the lower volume of money market transactions. Money market transactions yielded income totalling USD 84.6 million (prior year period: USD 225.5 million). Interest income from the securities of the special fund “HLAG Performance Express” totalled USD 17.7 million (prior year period: USD 0.0 million).

Other financial items

In the first quarter of the 2024 financial year, the result for other financial items amounted to USD –11.5 million (prior year period: USD 62.5 million). The main reason for this development was the valuation effect from the derivatives in connection with the dividend distributions in euros for the financial years 2022 and 2023.

Income taxes

The increase in income taxes in the first quarter of the 2024 financial year by USD 31.8 million to USD 100.0 million (prior year period: USD 68.3 million) is mainly due to the development of deferred taxes in the Hapag-Lloyd Group. While current income taxes fell by USD 53.9 million to USD 14.0 million (prior year period: USD 67.8 million), there was a significant increase in expenses for deferred taxes to USD 86.1 million (prior year period: USD 0.4 million). The increase is mainly the result of the decrease in deferred tax assets due to the reduction in temporary prior-year differences in the area of exchange rate effects on investments totalling USD 34.3 million (prior year period: USD 0.0 million) and from the recognition of deferred tax liabilities on unrealised exchange rate effects of the first quarter of 2024 on investments in the amount of USD 32.4 million (prior year period: USD 0.0 million) as well as on valuation differences of the special fund in the amount of USD 25.1 million (prior year period: USD 0.0 million).

3.2. LINER SHIPPING EARNINGS

In the first quarter of the 2024 financial year, the Liner Shipping segment recorded a sharp decline in earnings due to a significant fall in the average freight rate. Revenue fell by 24.8% to USD 4,526.6 million (prior year period: USD 6,023.2 million). Operating earnings before interest, taxes, depreciation and amortisation (EBITDA) in Liner Shipping amounted to USD 906.4 million, compared to USD 2,359.4 million in the prior year period, while operating earnings before interest and taxes (EBIT) stood at USD 378.0 million (prior year period: USD 1,855.0 million).

Income statement Liner Shipping

million USD	Q1 2024	Q1 2023	YoY change
Revenue	4,526.6	6,023.2	-24.8%
Transport expenses	-3,286.2	-3,260.6	0.8%
thereof			
Transport expenses for completed voyages	-3,358.1	-3,299.0	1.8%
Bunker and emissions	-708.9	-667.8	6.2%
Handling and haulage	-1,606.2	-1,607.2	-0.1%
Equipment and repositioning ¹	-434.5	-420.4	3.4%
Vessels and voyages (excluding bunker) ¹	-608.5	-603.6	0.8%
Transport expenses for pending voyages ²	71.9	38.4	87.3%
Amortization and depreciation	-528.4	-504.4	4.7%
Other income and expenses	-334.0	-403.3	-17.2%
EBITDA	906.4	2,359.4	-61.6%
EBITDA margin (%)	20.0	39.2	-19.1 ppt
EBIT	378.0	1,855.0	-79.6%
EBIT margin (%)	8.4	30.8	-22.4 ppt

¹ Including lease expenses for short-term leases

² 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.

Transport volume per trade

At 3,037 TTEU (prior year period: 2,842 TTEU), the transport volume in the first quarter of the 2024 financial year was up on the previous year (+6.8%). The increase in transport volumes in the Transpacific, Far East and Intra-Asia trades is due in particular to increased transport capacity. By contrast, transport volumes in the Middle East trade fell, primarily due to the ongoing conflict in the Red Sea and the associated additional transit times and proportionate suspension of services.

Transport volume per trade

TTEU	Q1 2024	Q4 2023	Q1 2023	QoQ change	YoY change
Atlantic	531	493	527	7.8%	0.8%
Transpacific	539	505	420	6.8%	28.3%
Far East	559	533	482	4.8%	15.8%
Middle East	276	342	369	-19.3%	-25.4%
Intra-Asia	185	207	163	-10.4%	13.8%
Latin America	763	726	711	5.1%	7.4%
Africa	184	185	170	-0.6%	8.0%
Total	3,037	2,990	2,842	1.6%	6.8%

Freight rate per trade

In the first quarter of 2024, the average freight rate was USD 1,359/TEU and was therefore USD 639/TEU or 32.0% lower than in the same period of the previous year (USD 1,999/TEU).

The lower average freight rates are mainly due to the normalisation of global supply chains and the associated release of transport capacity.

Freight rate per trade

USD/TEU	Q1 2024	Q4 2023	Q1 2023	QoQ change	YoY change
Atlantic	1,390	1,368	2,649	1.6%	-47.5%
Transpacific	1,600	1,388	2,176	15.2%	-26.5%
Far East	1,343	1,007	1,861	33.4%	-27.8%
Middle East	1,127	785	1,260	43.6%	-10.6%
Intra-Asia	790	625	995	26.3%	-20.6%
Latin America	1,356	1,363	2,130	-0.6%	-36.3%
Africa	1,550	1,401	1,955	10.6%	-20.7%
Total	1,359	1,190	1,999	14.2%	-32.0%

Revenue per trade

In the first quarter of the 2024 financial year, revenue in the Liner Shipping segment fell by USD 1,496.6 million to USD 4,526.6 million (prior year period: USD 6,023.2 million), which corresponds to a decrease of 24.8%. This was mainly due to a 32.0% decline in the average freight rate compared to the same period in the previous year. The 6.8% increase in transport volumes compared to the same period in the previous year had a slightly offsetting effect.

The item for revenue not assigned to trades mainly comprises income from demurrage and detention for containers and compensation payments for shipping space. At the same time, revenue for pending voyages already generated is recognised under revenue not assigned to trades.

Revenue per trade

million USD	Q1 2024	Q4 2023	Q1 2023	QoQ Change	YoY change
Atlantic	737.6	673.8	1,394.9	9.5%	-47.1%
Transpacific	862.9	701.2	914.0	23.0%	-5.6%
Far East	750.3	536.6	897.6	39.8%	-16.4%
Middle East	310.7	268.1	465.6	15.9%	-33.3%
Intra-Asia	146.3	129.3	161.9	13.2%	-9.7%
Latin America	1,034.7	989.9	1,513.1	4.5%	-31.6%
Africa	285.2	259.6	333.3	9.9%	-14.4%
Revenue not assigned to trades	399.0	421.7	342.9	-5.4%	16.4%
Total	4,526.6	3,980.3	6,023.2	13.7%	-24.8%

Transport expenses

Transport expenses rose by USD 25.6 million to USD 3,286.2 million in the first quarter of the 2024 financial year (prior year period: USD 3,260.6 million). This corresponds to an increase of 0.8%.

The increase in expenses for bunker and emissions is mainly due to the first-time recognition of expenses for CO₂ emission certificates totalling USD 24.2 million (prior year period: USD 0.0 million). With the inclusion of shipping emissions in the EU Emissions Trading System, Hapag-Lloyd has been obliged to purchase and submit EU allowances (EUAs) for CO₂ emissions since the 2024 financial year. At USD 597/t, the average bunker consumption price for Hapag-Lloyd in the first quarter of the 2024 financial year was USD 48/t lower than the figure of USD 645/t in the same period of the previous year. However, driven by higher bunker consumption compared to the prior year period, expenses for bunker increased by USD 16.9 million to USD 684.7 million (prior year period: USD 667.8 million).

Expenses for container handling fell by USD 1.0 million to USD 1,606.2 million in the first quarter of the reporting year (prior year period: USD 1,607.2 million). This decline is due in particular to lower demurrage and storage fees for containers.

Expenses for containers and repositioning increased compared to the prior year period, mainly due to the additional transshipments in connection with the conflict in the Red Sea.

The increase in expenses for vessels and voyages (excluding bunker) is mainly due to higher expenses for short-term chartered ships and container slot charter costs on third-party vessels. By contrast, canal costs in connection with the transshipment of the Suez Canal in particular decreased compared to the same period of the previous year.

Depreciation, amortisation and impairments

In the first quarter of the 2024 financial year, depreciation and amortisation increased by USD 24.0 million year-on-year to USD 528.4 million (prior year period: USD 504.4 million). This was mainly due to the scheduled depreciation of ships and containers totalling USD 500.0 million (prior year period: USD 478.2 million).

Unit cost

In total, transport expenses per unit (incl. D&A) in the first quarter 2024 decreased by 5.2% to USD 1,256/TEU as compared to the prior year period. “Bunker and emissions” expenses decreased by 0.6% or USD 2/TEU because of lower bunker prices. The first time recognition of expenses for CO₂ emission certificates had an offsetting effect. “Handling and Haulage” expenses fell by 6.5% or USD 37/TEU due to lower demurrage and storage fees for containers. “Equipment and Repositioning” expenses decreased by 3.0% or USD 4/TEU due to lower expenses for demurrage and detention for empty containers at port terminals. “Vessel and voyage” expenses decreased by 5.6% or USD 12/TEU. This mainly results from lower expenses for canal cost in connection with the transshipment of the Suez Canal. By contrast, vessels on short-term charter and container slot charter costs on third-party vessels increased compared to the same period of the previous year. “Depreciation and amortisation” unit costs decreased by 2.0% (USD 4/TEU).

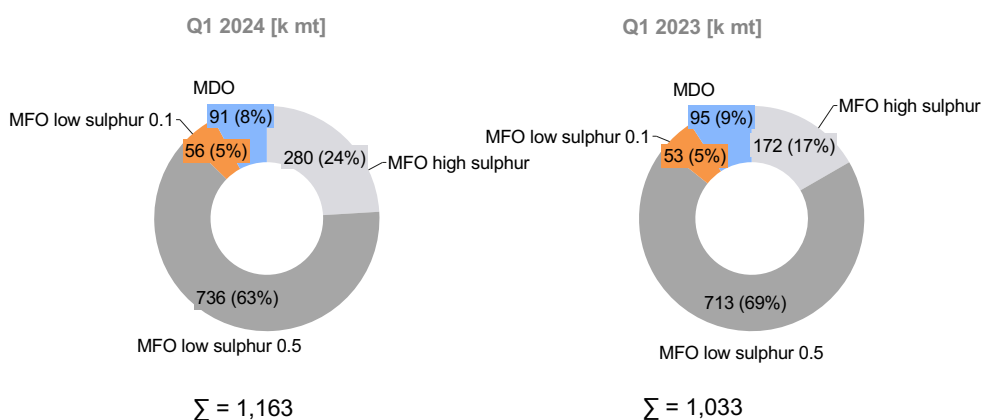
Unit cost

USD/TEU	Q1 2024	Q4 2023	Q1 2023	QoQ Change	YoY change
Transport expenses	-1,082	-1,089	-1,147	-0.6%	-5.6%
thereof					
Bunker	-233	-209	-235	11.7%	-0.6%
Handling and haulage	-529	-485	-566	9.1%	-6.5%
Equipment and repositioning	-143	-133	-148	7.3%	-3.0%
Vessel and voyage (excl. bunker)	-200	-225	-212	-10.9%	-5.6%
Pending transport expenses	24	-37	14	-163.8%	75.4%
Depreciation, amortisation and impairment (D&A)	-174	-179	-178	-3.1%	-2.0%
Transport expenses incl. D&A	-1,256	-1,269	-1,324	-1.0%	-5.2%

Bunker consumption development

In the first three months of 2024, bunker consumption totalled 1.2 million tonnes, up 12.6% on the previous year (prior year period: 1.0 million tonnes). The increase in bunker consumption is due in particular to the tense security situation in the Red Sea and the resulting need to divert ships around the Cape of Good Hope.

The percentage of low-sulphur bunker (MFO low sulphur 0.1% and 0.5%, MDO) and liquefied natural gas (LNG) bunkers decreased from 83% in Q1 2023 to 76% in Q1 2024 due to the fitting of more vessels with scrubbers. Bunker consumption per slot (measured in terms of average container storage capacity, annualized) in the first three months of 2024 was at the same level as in the same period of the previous year (Q1 2023: 2.29 tonnes), but significantly higher than the Q4 2023 figure of 2.01 tonnes. After consumption per slot was significantly reduced in the course of 2023, there was an increase again in Q1 2024 due to the longer routes around the Cape of Good Hope. Bunker consumption per transported TEU increased accordingly by 5.6% from 0.36 tonnes per TEU in Q1 2023 to 0.38 tonnes in Q1 2024.



MFO = Marine Fuel Oil
MDO = Marine Diesel Oil
MFO low sulphur 0.1 including LNG

3.3. TERMINAL & INFRASTRUCTURE EARNINGS

The figures in the results of operations for the Terminal & Infrastructure segment for the first quarter of the 2024 financial year are only comparable with the figures for the same period of the previous year to a limited extent, as the activities reclassified in this segment as part of the new segmentation were very small in the same period of the previous year.

At USD 35.2 million, earnings before interest, taxes, depreciation and amortisation (EBITDA) in the Terminal & Infrastructure segment in the first quarter of the reporting year were higher than the figure of USD 19.3 million in the same period of the previous year. At USD 17.7 million, earnings before interest and taxes (EBIT) remained at the previous year's level (prior year period: USD 19.0 million).

Income statement Terminal & Infrastructure

million USD	Q1 2024	Q1 2023
Revenue	106.6	6.0
Transport expenses	-24.6	-
thereof		
Material expenses	-5.5	-
Container terminal expenses	-11.8	-
Terminal equipment expenses	-7.2	-
Personnel expenses	-31.0	-1.9
Share of profit of equity-accounted investees	4.3	16.9
Other income and expenses	-37.5	-2.0
EBITDA	35.2	19.3
EBITDA margin (%)	33.0	n.m.
Depreciation, amortisation and impairment	-17.5	-0.3
EBIT	17.7	19.0
EBIT margin (%)	16.6	n.m.

Revenue

In the first quarter of the 2024 financial year, revenue of USD 106.6 million (prior year period: USD 6.0 million) was generated in particular from the handling of containers and other freight and was mainly attributable to the SAAM Terminals companies, which have been included in the scope of consolidation since August 2023.

Operating expenses

Operating expenses in the Terminal & Infrastructure segment in the first quarter of the reporting year were mainly due to expenses for the operation of terminals and container handling totalling USD 24.6 million (prior year period: USD 0.0 million), as well as personnel expenses of USD 31.0 million (prior year period: USD 1.9 million).

Other income and expenses

Other income and expenses in the first quarter of the 2024 financial year mainly resulted from the other operating result of USD -20.1 million (prior year period: USD -1.6 million) and related in particular to administrative expenses. There was also depreciation and amortisation of property, plant and equipment and intangible assets in the amount of USD 17.5 million (prior year period: USD 0.3 million).

Operating result

In the first quarter of the 2024 financial year, the Terminal & Infrastructure segment generated earnings before interest and taxes (EBIT) of USD 17.7 million (prior year period: USD 19.0 million).

4. GROUP NET ASSET POSITION

As at 31 March 2024, the Group's total assets amounted to USD 32,716.0 million and were only slightly higher than at year-end 2023. The change was mainly due to investments in newly built vessels and newly received and extended rights of use for lease assets as well as a higher equity resulting from the positive Group result for the first quarter of 2024.

Within non-current assets, the carrying amounts of fixed assets increased by a total of USD 296.6 million to USD 20,800.3 million (31 December 2023: USD 20,503.7 million), in particular due to the investments in vessels, vessel equipment and containers including payments on accounts and assets under construction in the amount of USD 371.0 million as well as newly received and extended rights of use for lease assets of USD 460.4 million. Scheduled depreciation and amortisation amounting to USD 545.8 million had an offsetting effect. These include an amount of USD 280.1 million for the amortisation of capitalised rights of use relating to lease assets.

The decrease in deferred tax assets to USD 165.5 million compared to the prior year (31 December 2023: USD 206.2 million) resulted from the reduction in temporary differences relating to exchange rate effects on investments from the prior year in the amount of USD 34.3 million.

Cash and cash equivalents decreased to USD 6,289.0 million (31 December 2023: USD 6,435.2 million).

On the liabilities side, equity (including non-controlling interests) increased by USD 285.3 million to USD 21,072.5 million. This increase is mainly due to the Group profit of USD 324.6 million recognised in the retained earnings.

The Group's borrowed capital rose slightly by USD 295.5 million in comparison to the 2023 consolidated financial statements. This results from the increase in contract liabilities by USD 233.2 million, particularly because of higher freight rates for transport orders on pending voyages as at the reporting date, and the increase in financial liabilities and lease liabilities primarily due to newly acquired or extended charter and leasing contracts of USD 439.2 million. This was offset by redemption payments totalling USD 384.6 million.

The increase in deferred tax liabilities to USD 266.3 million compared to the prior year (31 December 2023: USD 222.1 million) is mostly an effect of the recognition of deferred tax liabilities on unrealised exchange rate effects on investments of the first quarter of the financial year 2024 in the amount of USD 32.4 million and on the valuation difference of the special fund in the amount of USD 22.8 million.

As at 31 March 2024, net liquidity, including cash and cash equivalents and assets of the special funds included in the items of other financial assets, as well as financial liabilities and lease liabilities, amounted to USD 2,584.2 million (31 December 2023: USD 2,907.2 million).

Group net asset position

million USD	31.3.2024	31.12.2023
Assets		
Non-current assets	21,046.9	20,801.1
of which fixed assets	20,800.3	20,503.7
Current assets	11,669.1	11,334.1
of which cash and cash equivalents	6,289.0	6,435.2
Total assets	32,716.0	32,135.2
Equity and liabilities		
Equity	21,072.5	20,787.2
Borrowed capital	11,643.5	11,348.0
of which non-current liabilities	5,039.2	4,810.0
of which current liabilities	6,604.3	6,538.0
of which financial debt and lease liabilities	5,735.1	5,572.1
of which non-current financial debt and lease liabilities	4,373.4	4,179.0
of which current financial debt and lease liabilities	1,361.6	1,393.2
Total equity and liabilities	32,716.0	32,135.2

5. GROUP FINANCIAL POSITION

5.1. DEVELOPMENTS IN CASH AND CASH EQUIVALENTS

Cash flow from operating activities

In the first quarter of the 2024 financial year, Hapag-Lloyd generated an operating cash flow of USD 608.5 million (prior year period: USD 2,754.2 million). The lower cash flow from operating activities compared to the prior year period is due to the lower result in the current financial year.

Cash flow from investing activities

Cash outflows from investing activities totalled USD 385.5 million in the first quarter of the 2024 financial year (prior year period cash inflow: USD 708.5 million). This includes payments for investments, mainly for vessels, vessel equipment and for new container constructions of USD 487.9 million (prior year period: USD 234.6 million) and cash outflows for share acquisitions of USD 45.9 million (prior year period: USD 280.1 million). This was mainly offset by cash inflows from interest received of USD 109.4 million (prior year period: USD 219.9 million). The cash inflows in the prior year period mainly resulted from the change in cash and cash equivalents for money market transactions and money market funds with a term of more than three months.

Cash flow from financing activities

Financing activities resulted in a net cash outflow of USD 369.5 million in the first quarter of the financial year (prior year period: USD 494.3 million). The cash outflow essentially resulted from the interest and redemption payments from lease liabilities in accordance with IFRS 16 in the amount of USD 302.0 million (prior year period: USD 289.7 million). In the first quarter of the financial year, USD 132.4 million was paid for interest and redemption payments for vessel and container financing (prior year period: USD 151.4 million). This was offset by cash inflows from loans taken out to finance vessels amounting to USD 98.4 million (prior year period: USD 0.0 million).

Development of liquidity reserve

million USD	Q1 2024	Q1 2023
Cash and cash equivalents beginning of the period	6,435.3	16,264.6
EBITDA	941.5	2,378.7
Working capital	-305.8	436.2
Others	-27.2	-60.7
Operating cash flow	608.5	2,754.2
Investments	-487.9	-234.6
thereof vessel	-264.2	-182.7
thereof container	-211.5	-38.1
thereof other	-12.2	-13.8
Net cash received (+)/made (-) from acquisitions	-25.2	5.7
Disinvestments	22.4	26.6
Payments received (+) for the redemption of issued loans	3.1	0.7
Change of financial assets and financial assets held for sale	13.5	976.0
Payments made for the acquisition of shares in joint ventures	-20.7	-285.8
Payments received for interests	109.4	219.9
Investing cash flow	-385.5	708.5
Debt intake	102.3	-
Debt repayment	-116.8	-130.6
Repayment of lease liabilities	-267.8	-261.7
Dividends paid	-14.5	-
Interest	-67.8	-55.5
Payments made from hedges for financial debts	-4.9	-46.5
Financing cash flow	-369.5	-494.3
Changes due to exchange rate fluctuations and impairments	0.2	-1.9
Cash and cash equivalents end of the period	6,289.1	19,231.0

5.2. FINANCIAL SOLIDITY

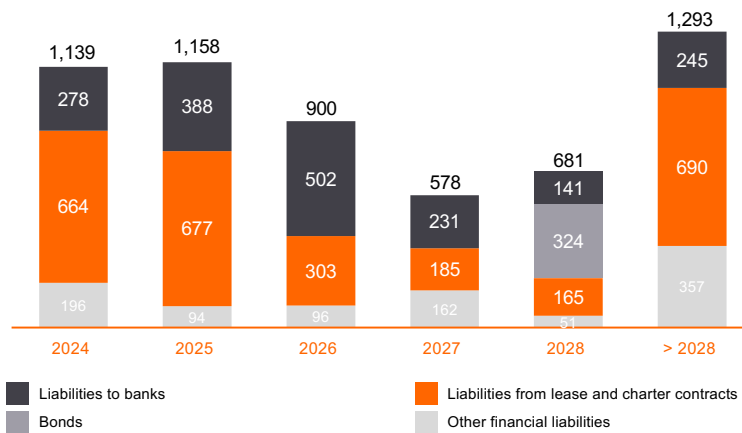
As at 31 March 2024, the Group's net liquidity amounted to USD 2,584.2 million. This represents a fall of USD 323.0 million compared to net liquidity as at 31 December 2023.

Equity increased by USD 285.3 million compared to 31 December 2023 and amounted to USD 21,072.5 million as at 31 March 2024. The equity ratio was 64.4% (31 December 2023: 64.7%).

Financial solidity

million USD	31.3.2024	31.12.2023	31.3.2023
Financial debt and lease liabilities	5,735.1	5,572.1	5,571.7
Cash and cash equivalents	6,289.0	6,435.2	19,231.0
Money market transactions & funds/fixed income investments (other financial assets)	2,030.3	2,044.2	2,024.0
Net liquidity	2,584.2	2,907.2	15,683.3
Unused credit lines	725.0	725.0	725.0
Liquidity reserve	9,044.3	9,204.4	21,980.0
Equity	21,072.5	20,787.2	31,820.5
Assets	32,716.0	32,135.2	42,986.6
Equity ratio (%)	64.4	64.7	74.0

Contractual maturity profile of financial debt (USD million)¹



¹ Deviation from the total financial debt as shown in the balance sheet as per 31.03.2024 consists of transaction costs and accrued interest.

The total repayment amount of USD 5,749 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

No significant transactions took place after the balance sheet date.

7. OUTLOOK

General economic outlook

For 2024, the International Monetary Fund expects global economic growth of 3.2%, similar to the previous year's figure. The forecast is thus below the historical average of 3.8% from 2000 to 2019. This prediction is based in particular on more restrictive monetary policy, the withdrawal of fiscal support and lower productivity growth.

Global trade is expected to grow by 3.0% in 2024, which is below the historical average of 4.9%. Increasing trade distortions and geo-economic fragmentation are likely to continue to weigh on the level of global trade (IMF World Economic Outlook, April 2024).

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

in %	2025e	2024e	2023	2022	2021
Global economic growth	3.2	3.2	3.2	3.5	6.5
Industrialised countries	1.8	1.7	1.6	2.6	5.7
Developing and newly industrialised countries	4.2	4.2	4.3	4.1	7.0
World trade volume (goods and services)	3.3	3.0	0.3	5.6	11.0

Source: IMF World Economic Outlook, April 2024

Sector-specific outlook

The two segments of Liner Shipping and Terminal & Infrastructure are essentially determined by the same economic developments, in particular international trade.

The maritime industry consulting firm Accenture Cargo expects global container transport volumes to increase by 3.8% in 2024, compared to 0.5% in the previous year. According to the forecast, all submarkets will grow.

Development of container transport volume

in %	2025e	2024e	2023	2022	2021
Growth rate	3.0	3.8	0.5	-4.1	6.8

Sources: CTS (April 2024: 2021 – 2023), Accenture Cargo (April 2024: 2024 – 2025)

According to MDS Transmodal, the tonnage of container ships on order fell to around 6.1 million TEU at the end of March 2024, compared to around 7.1 million TEU at the end of March 2023. Accordingly, the ratio of order book to current global container fleet capacity remained at a high level of 21.4% (as at 31 March 2023: 27.6%), albeit well below the peak of around 61% reached in 2007. As in 2023, a very high number of deliveries of vessels is anticipated again in 2024. Drewry assumes that the globally available container ship fleet will grow by 2.2 million TEU or 8.0% compared to the previous year after postponed deliveries and scrapping.

Expected development of global container fleet capacity

million TEU	2025e	2024e	2023	2022	2021
Existing fleet (beginning of the year)	30.1	27.8	25.8	24.7	23.6
Planned deliveries	2.8	3.2	2.5	1.0	1.2
Expected scrappings	0.5	0.2	0.2	–	–
Postponed deliveries and other changes	0.7	0.8	0.3	–0.1	0.1
Net capacity growth	1.6	2.2	2.1	1.0	1.1
Net capacity growth (in %)	5.2	8.0	8.1	4.2	4.5

Source: Drewry Container Forecaster Q1 2024. Expected nominal capacity based on planned deliveries. Based on existing orders and current predictions for scrapping and postponed deliveries. Figures rounded.

Expected business development of Hapag-Lloyd

Hapag-Lloyd recorded a positive business performance in the first quarter of 2024 due to a good demand situation and the increase in freight rates compared to the previous quarter. Against this backdrop, the Executive Board is specifying its outlook for the current financial year published on 14 March 2024 and expects to achieve it in the upper half. Accordingly, Group EBITDA is now expected to be in the range of EUR 2.0 to 3.0 billion (previously: EUR 1.0 to 3.0 billion) and Group EBIT in the range of EUR 0.0 to 1.0 billion (previously: EUR –1.0 to 1.0 billion). In US dollars, this corresponds to an expected Group EBITDA in the range of USD 2.2 to USD 3.3 billion (previously: USD 1.1 to USD 3.3 billion) and a Group EBIT in the range of USD 0.0 to USD 1.1 billion (previously: USD –1.1 to USD 1.1 billion). It is still assumed that a large part of the projected result will be generated in the first half of the year.

The earnings expectation for the 2024 financial year is based in particular on the assumption that the transport volume can be increased slightly, while the average freight rate is likely to decrease moderately (previously: clearly) compared to the previous year. Continuous active cost management in areas such as procurement and the service network is expected to reduce transport costs sustainably. However, it is expected that increased transport expenses in connection with longer voyages around the Cape of Good Hope and the first-time inclusion of shipping in the European Emissions Trading System (ETS) will more than offset these measures in the current financial year. The bunker consumption price is expected to remain at the previous year's level. The earnings forecast is also based on the assumption of an average exchange rate of 1.10 USD/EUR (financial year 2023: 1.08 USD/EUR).

Against the backdrop of very volatile freight rates and major geopolitical challenges, the forecast is subject to a high degree of uncertainty. The difficult security situation in the Red Sea is likely to continue to lead to additional capacity demand and might affect global supply chains. However, the planned commissioning of new tonnage over the course of the year should help to sustain supply chains and avoid substantial disruption.

The earnings forecast does not take into account impairments on goodwill, other intangible assets and property, plant and equipment in the course of the 2024 financial year, which are currently not expected but cannot be ruled out.

Key benchmark figures for the 2024 outlook

	Actual 2023	Forecast 2024 (from 14 March 2024)	Forecast 2024 (updated)
Global economic growth (IWF, January/April 2024)	3.2%	3.1%	3.2%
Increase in global trade (IWF, January/April 2024)	0.3%	3.3%	3.0%
Increase in global container transport volume (CTS, April 2024; Accenture Cargo, December 2023/April 2024)	0.5%	3.8%	3.8%
Transport volume ¹	11.9 million TEU	Increasing slightly	Increasing slightly
Average freight rate ¹	USD 1,500/TEU	Decreasing clearly	Decreasing moderately
Average bunker consumption price ¹	USD 614/t	At previous year's level	At previous year's level
Group EBITDA	EUR 4.5 billion	EUR 1.0 to 3.0 billion	EUR 2.0 to 3.0 billion
Group EBIT	EUR 2.5 billion	EUR -1.0 to 1.0 billion	EUR 0.0 to 1.0 billion

¹ Liner shipping segment

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. These and other risks and opportunities are described in detail in the risk and opportunity report in the combined management report of the 2023 annual report. Significant changes compared to this description are presented in the risk and opportunity report of the quarterly financial report Q1 2024. 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 quarterly financial report Q1 2024 please find below the respective exchange rates:

Exchange rates

per EUR	Closing rate			Average rate		
	31.3.2024	31.12.2023	31.3.2023	Q1 2024	FY 2023	Q1 2023
US dollars	1.0790	1.1077	1.0872	1.0853	1.0815	1.0728

DISCLAIMER

This report provides general information about Hapag-Lloyd AG. It consists of summary information based on a calculation of USD figures. It does not purport to be complete and it is not intended to be relied upon as advice to investors.

No representations or warranties, expressed or implied, are made as to, and no reliance should be placed on the accuracy, fairness or completeness of the information presented or contained in this report.

This report contains forward looking statements within the meaning of the 'safe harbor' provision of the US securities laws. These statements are based on management's current expectations or beliefs and are subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. Actual results may differ from those set forth in the forward-looking statements as a result of various factors (including, but not limited to, future global economic conditions, market conditions affecting the container shipping industry, intense competition in the markets in which we operate, potential environmental liability and capital costs of compliance with applicable laws, regulations and standards in the markets in which we operate, diverse political, legal, economic and other conditions affecting the markets in which we operate, our ability to successfully integrate business acquisitions and our ability to service our debt requirements). Many of these factors are beyond our control.

This report is intended to provide a general overview of Hapag-Lloyd's business and does not purport to deal with all aspects and details regarding Hapag-Lloyd. Accordingly, neither Hapag-Lloyd nor any of its directors, officers, employees or advisers nor any other person makes any representation or warranty, expressed or implied, as to, and accordingly no reliance should be placed on, the fairness, accuracy or completeness of the information contained in the presentation or of the views given or implied. Neither Hapag-Lloyd nor any of its directors, officers, employees or advisers nor any other person shall have any liability whatsoever for any errors or omissions or any loss howsoever arising, directly or indirectly, from any use of this information or its contents or otherwise arising in connection therewith.

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Each investor must conduct and rely on its own evaluation in taking an investment decision.

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IMPRINT

Hapag-Lloyd AG
Ballindamm 25
20095 Hamburg
Germany

Investor Relations

Phone: +49 40 3001-3705
Email: IR@hlag.com
www.hapag-lloyd.com/en/ir.html

Layout

Silvester Group
www.silvestergroup.com

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