

Hamburg, 22 March 2019

Hapag-Lloyd 2018: Group net result significantly improved, proposed dividend of 15 cents per share

Hapag-Lloyd has disclosed its 2018 annual report today. Based on the audited figures, the group net result increased to EUR 46 million for the year 2018 and was EUR 13 million higher compared to the previous year (2017: EUR 33 million). Earnings before interest, taxes, depreciation and amortisation (EBITDA) rose to EUR 1,138 million (2017: EUR 1,055 million). Earnings before interest and taxes (EBIT) went up to EUR 443 million (2017: EUR 411 million). Both, EBITDA and EBIT, are at the upper end of the ranges forecast for the 2018 full financial year (EBITDA: EUR 900 to 1,150 million; EBIT: EUR 200 to 450 million).

“The market environment in 2018 was certainly not easy: In the first half of the year, freight rates were below our expectations and bunker prices and costs increased during the year. In the second half of the year, however, these effects were partially offset as we benefitted from higher global transport volumes, better freight rates and improvements on the cost side. All in all, we are satisfied with the financial results for 2018”, said Rolf Habben Jansen, Chief Executive Officer of Hapag-Lloyd.

Revenues increased by 15 % in 2018 to EUR 11.5 billion (2017: EUR 10.0 billion), in particular due to the merger with UASC and the associated 21 % increase in transport volume, to 11.9 million TEU (2017: 9.8 million TEU). Transport expenses were primarily driven by strong volume growth and a significantly higher average bunker consumption

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price of 421 USD/tonne (2017: 318 USD/tonne), increasing by 18 %, to EUR 9.4 billion (2017: EUR 8.0 billion), proportionally less than transport volume. At 1,044 USD/TEU, the average freight rate for the year as a whole was below the prior-year level (2017: 1,060 USD/TEU), with a better fourth quarter at 1,079 USD/TEU (Q4/17: 1,038 USD/TEU). On a pro forma basis and when compared to the combined business of Hapag-Lloyd and UASC for the full year 2017, the transport volume is up 6 % and the average freight rate is up 2 %.

As of 31 December 2018, Hapag-Lloyd had EUR 6.3 billion (2017: EUR 6.1 billion) in equity and a liquidity reserve (cash, cash equivalents and unused credit facilities) of EUR 1.1 billion (2017: EUR 1.1 billion). Net debt amounted to EUR 5.4 billion (2017: EUR 5.7 billion) at the balance sheet reporting date.

Rolf Habben Jansen: “While our business is and will remain cyclical, market conditions have gradually improved for liner shipping companies over the last few years. Our course for the next few years is set and our objectives for 2019 are clear: Improve earnings, further reduce our debt and continue to implement our Strategy 2023 – all aimed at creating more value for our customers and for our shareholders as we strive to become number one for quality.”

Based on the positive business development, the executive board and the supervisory board of Hapag-Lloyd AG have decided to propose to the Annual General Meeting the payment of a dividend of around EUR 26 million, equivalent to 15 cents per share, for the business year 2018.

In its most recent economic outlook for the year 2019, the IMF expects a global economic growth of 3.5 % and global trade volume to increase by 4.0 %. Hapag-Lloyd is anticipating a rise in the transport volume in 2019 in line with the general growth of the market.

Additionally assuming a lower increase in global transport capacity compared to 2018, Hapag-Lloyd’s average freight rate in 2019 is likely to increase slightly compared with the

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previous year. Hapag-Lloyd is also expecting the average bunker consumption price in 2019 to be moderately higher compared to the previous year.

Provided that Hapag-Lloyd achieves the expected freight rate, the anticipated improvement in revenue quality combined with the cost savings as part of Strategy 2023, and the expected growth in volumes, it is forecasting an EBITDA in the range of EUR 1.6 to 2.0 billion and an EBIT in the range of EUR 0.5 to 0.9 billion. Accounted for here is the currently expected impact on EBITDA in the range of EUR 370 to 470 million as well as EBIT in the range of EUR 10 to 50 million related to the implementation of the reporting standard IFRS 16.

The annual report is available under

<https://www.hapag-lloyd.com/en/ir/publications/financial-report.html>

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KEY FIGURES (EURO)*

	Q4 2018	Q4 2017	2018	2017	2018 vs 2017
Transport volume (TTEU)	2,974	2,774	11,874	9,803	2,071
Freight rate (USD/TEU)	1,079	1,038	1,044	1,060	-16
Revenues (EUR million)	3,087	2,659	11,515	9,973	1,542
EBITDA (EUR million)	324	332	1,138	1,055	83
EBIT (EUR million)	142	143	443	411	32
EBITDA margin	10.5 %	12.5 %	9.9 %	10.6 %	-0.7 Ppt
EBIT margin	4.6 %	5.4 %	3.8 %	4.1 %	-0.3 Ppt
Group net result (EUR million)	34	24	46	33	13

KEY FIGURES (USD)*

	Q4 2018	Q4 2017	2018	2017	2018 vs 2017
Revenues (USD million)	3,534	3,119	13,605	11,286	2,319
EBITDA (USD million)	372	390	1,345	1,199	146
EBIT (USD million)	164	167	524	467	57
Group net result (USD million)	39	27	54	36	18
Annual average exchange rate USD/EUR	n.a.	n.a.	1.18	1.13	+0.05
exchange rate USD/EUR as of 31 December 2018	1.15	1.20	1.15	1.20	-0.05

* UASC Ltd. and its subsidiaries have been incorporated into the consolidated financial statements of Hapag-Lloyd since 24 May 2017, the date of transfer of control. As a result, the presented figures include the effects of the transaction and combined business activities from this time on and the 2018 financial year (with UASC) can therefore only be compared to a limited extent with the figures for 2017 (with UASC since 24 May 2017). The cash flows, income and expenses of the acquired UASC Group were translated at the average US dollar/euro exchange rate between 24 May and 31 December 2017 of 1.1687. Due to the retrospective application of the provisions for designating options, the previous year's values have been adjusted.

About Hapag-Lloyd

With a fleet of 227 modern container ships and a total transport capacity of 1.6 million TEU, Hapag-Lloyd is one of the world's leading liner shipping companies. The Company has around 12,800 employees and 407 offices in 128 countries. Hapag-Lloyd has a container capacity of approximately 2.6 million TEU – including one of the largest and most modern fleets of reefer containers. A total of 119 liner services worldwide ensure fast and reliable connections between more than 600 ports on all the continents. Hapag-Lloyd is one of the leading operators in the Transatlantic, Middle East, Latin America and Intra-America trades.

Disclaimer

This press release contains forward-looking statements that involve a number of risks and uncertainties. Such statements are based on a number of assumptions, estimates, projections or plans that are inherently subject to significant risks, uncertainties and contingencies. Actual results can differ materially from those anticipated in the Company's forward-looking statements.