Q1|2014

INTERIM GROUP REPORT

HAPAG-LLOYD AG

1 JANUARY TO 31 MARCH 2014

Hapag-Lloyd

SUMMARY OF HAPAG-LLOYD KEY FIGURES | INTERIM GROUP REPORT Q1 2014

KEY OPERATING FIGURES		1.1. – 31.3. 2014	1.1. – 31.3. 2013	Change absolute
Total vessels[1]		**153**	149	+4
Aggregate capacity of vessels[1]	TTEU	**749**	712	+37
Aggregate container capacity[1]	TTEU	**1,086**	1,034	+52
Bunker price (average)	USD/t	**595**	627	–32
Freight rate (average)	USD/TEU	**1,422**	1,546	–124
Transport volume	TTEU	**1,399**	1,326	+73
Revenue	Million EUR	**1,554**	1,652	–98
Transport expenses	Million EUR	**1,404**	1,490	–86
EBITDA	Million EUR	**2.9**	24.0	–21.1
EBIT	Million EUR	**–80.6**	–58.9	–21.7
EBIT adjusted	Million EUR	**–63.2**	–53.2	–10.0
Group profit/loss	Million EUR	**–119.1**	–93.6	–25.5
Cash flow from operating activities	Million EUR	**64.4**	–24.3	+88.7
KEY RETURN FIGURES				
EBITDA margin (EBITDA / revenue)	%	**0.2**	1.5	–1.3 ppt
EBIT margin (EBIT / revenue)	%	**–5.2**	–3.6	–1.6 ppt
EBIT margin adjusted	%	**–4.1**	–3.2	–0.9 ppt
KEY BALANCE SHEET FIGURES AS AT 31 MARCH				
Balance sheet total	Million EUR	**6,924**	6,950[2]	–26
Equity	Million EUR	**2,777**	2,915[2]	–138
Equity ratio (equity / balance sheet total)	%	**40.1**	41.9[2]	–1.8 ppt
Borrowed capital	Million EUR	**4,147**	4,035[2]	+112
KEY FINANCIAL FIGURES AS AT 31 MARCH				
Financial debt	Million EUR	**2,978**	2,935[2]	+43
Cash and cash equivalents	Million EUR	**466**	465[2]	+1
Net debt (financial debt – cash and cash equivalents)	Million EUR	**2,511**	2,470[2]	+41
Gearing (net debt / equity)	%	**90.4**	84.7[2]	+5.7 ppt
NUMBER OF EMPLOYEES AS AT 31 MARCH				
Employees at sea		**1,380**	1,314	+66
Employees on land		**5,636**	5,626	+10
HAPAG-LLOYD TOTAL		**7,016**	6,940	+76

[1] As at 31.3. [2] As at 31.12.2013

Disclaimer: This interim report contains statements concerning future developments at Hapag-Lloyd. Due to market fluctuations, the development of the competitive situation, world market prices for commodities, and changes in exchange rates and the economic environment, the actual results may differ considerably from these forecasts. Hapag-Lloyd neither intends nor undertakes to update forward-looking statements to adjust them to events or developments which occur after the date of this report.

This report was published on 13 May 2014.

CONTENTS

HAPAG-LLOYD – CAPITAL MARKET ACTIVITIES

Modest share price gains in the European stock exchanges

The European stock exchanges in particular benefited in the first quarter of 2014 from the brighter outlook for the eurozone economy. The EURO STOXX 50 reached a new six-year high despite the political crisis in Eastern Europe. Asian stock exchanges were, however, unable to maintain the high levels seen at the end of 2013, due to a rising number of payment defaults by Chinese companies and a muted start to the year for the Chinese economy.

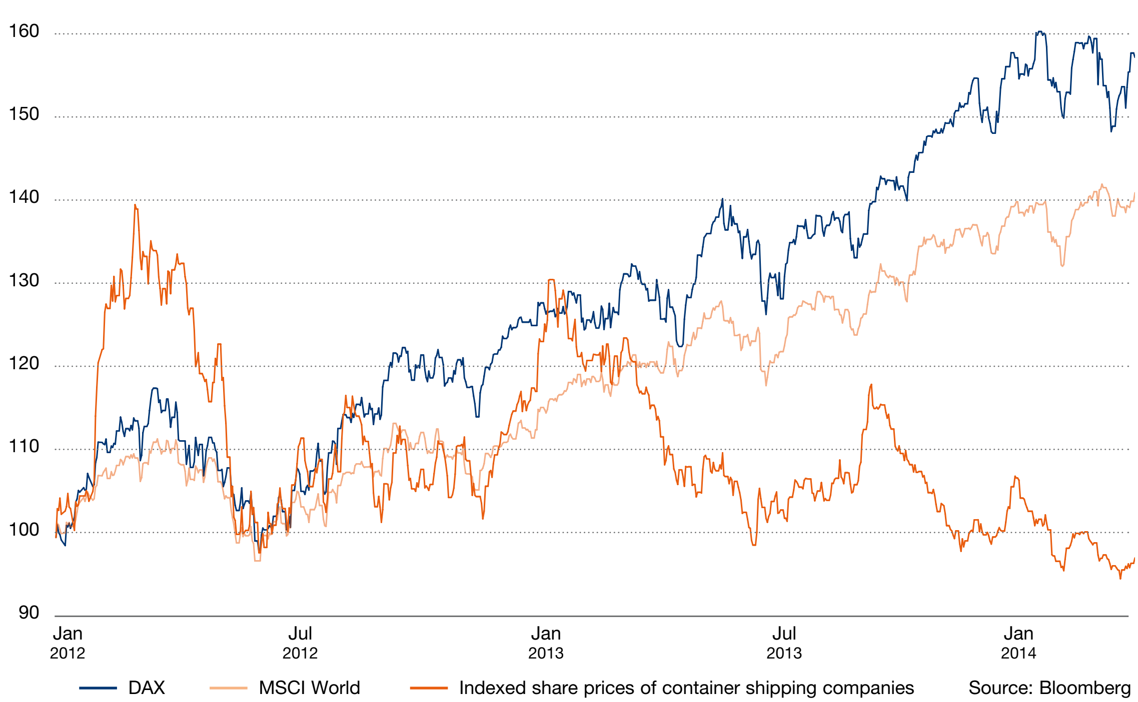
DEVELOPMENTS IN THE MOST IMPORTANT INDICES

Indices*	**31.3.2014**	31.12.2013	31.3.2013	Change (31.3.) 2014 vs 2013
Dow Jones Industrial	16,458	16,577	14,579	+12.9%
MSCI World	1,674	1,661	1,435	+16.7%
EuroStoxx 50	3,162	3,109	2,624	+20.5%
DAX Index	9,556	9,552	7,795	+22.6%
Nikkei 225	14,828	16,291	12,398	+19.6%

Source: Bloomberg; *Last trading day

Due to continuing pressure on freight rates, the shares of publicly listed container liner shipping companies continued to develop below average in the first quarter of 2014.

Indexed share prices of container shipping companies (January 2012 to March 2014)



Issue volume at a high level

Institutional and private investors continued to show a great deal of interest in high-yield corporate bonds. According to an analysis of the investment bank Société Générale, the volume of high-yield corporate bonds issued in Europe amounted to EUR 25.0 billion in the first quarter of 2014, compared with the EUR 25.7 billion in bonds issued by companies in the first quarter of 2013.

Hapag-Lloyd's bonds

On 31 March 2014, the bonds issued by Hapag-Lloyd AG were traded at 105.20% (2015 EUR bond), 107.04% (2018 EUR bond) and 107.00% (2017 USD bond).

The Hapag-Lloyd Group still has solid balance sheet ratios. The equity ratio (equity/balance sheet total) as at 31 March 2014 came to around 40%. Gearing is comparatively moderate at approximately 90%. As at 31 March 2014, cash and cash equivalents accounted for roughly 7% of the balance sheet total. The agreed covenants were once again fulfilled as expected as at 31 March 2014.

In its rating update on 14 April 2014, the international rating agency Standard & Poor's confirmed its issuer rating of B+ for Hapag-Lloyd AG, with a stable outlook. On 17 April 2014, the rating agency Moody's published an unchanged rating of B2 with a negative outlook.

KEY BOND DATA

	Issue volume (total)	Maturity*	Coupon	Initial offering price	Price on **31.3.2014**
EUR tranche 2015	EUR 280 million**	15.10.2015	9.00%	99.50%	105.20%
EUR tranche 2018	EUR 400 million***	01.10.2018	7.75%	100.00%	107.04%
USD tranche 2017	USD 250 million	15.10.2017	9.75%	99.37%	107.00%

Price data: Bloomberg; *Callable; **Outstanding volume after the partial repayment of EUR 200 million in November 2013;
***Increase of EUR 150 million to 101.75%.

Open and transparent communication
The focus of Hapag-Lloyd's investor relations activities is on communicating promptly with all investors and capital market participants. In the first three months of 2014, Hapag-Lloyd attended the following international capital market conference:

Date	Location	Conference	Host
14 January	London	10^{th} Annual High Yield & Leveraged Finance Conference	BNP Paribas

A large number of individual discussions were also held with interested international analysts and investors.

Published company reports are available on the Investor Relations pages of Hapag-Lloyd's website – **www.hapag-lloyd.com/en/investor_relations/reports.html**

Detailed information regarding Hapag-Lloyd's corporate bonds is available at **www.hapag-lloyd.com/en/investor_relations/bonds.html**

INTERIM GROUP MANAGEMENT REPORT

BASIC PRINCIPLES OF THE GROUP

GROUP STRUCTURE AND SHAREHOLDERS

At the balance sheet date (31 March 2014), a total of 47 direct and indirect subsidiaries and four equity-accounted investees belonged to the group of consolidated companies of Hapag-Lloyd AG. The equity-accounted investees include an investment in a container terminal in Hamburg.

As at 31 March 2014, Hapag-Lloyd AG's shareholders were:

Shareholding in %	2014
HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH	36.9%
Kühne Maritime GmbH	28.2%
TUI AG / TUI-Hapag Beteiligungs GmbH	22.0%
SIGNAL IDUNA Gruppe	5.3%
HSH Nordbank AG	2.9%
Pool of investors led by M.M.Warburg & CO KGaA	2.9%
HanseMerkur Versicherungsgruppe	1.8%
Total	**100.0%**

Change in the Hapag-Lloyd Executive Board

Rolf Habben Jansen was appointed to the Executive Board of Hapag-Lloyd AG with effect from 1 April 2014 and will assume the position of Chairman of the Executive Board on 1 July 2014.

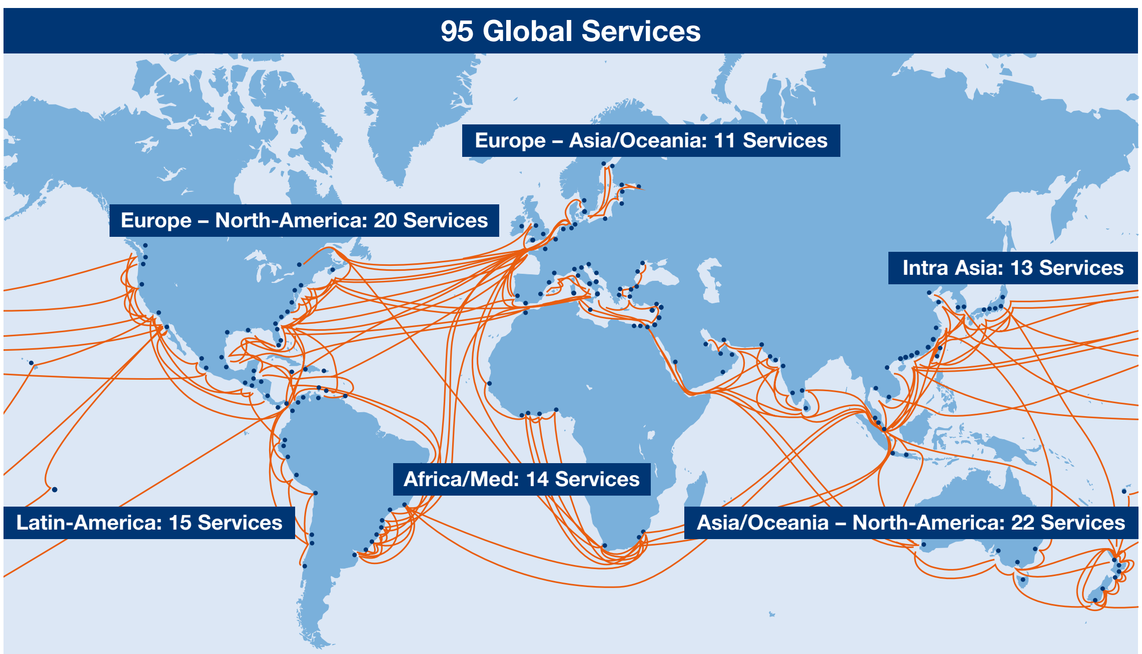
Merger with Compañía Sud Americana de Vapores

Hapag-Lloyd AG and Compañía Sud Americana de Vapores (CSAV) signed a business combination agreement on 16 April 2014. CSAV's container business is to be integrated into the Hapag-Lloyd Group in exchange for shares, subject to the approval of the antitrust authorities. CSAV will therefore initially hold a 30% stake in Hapag-Lloyd. There will be a cash capital increase once the transaction has been concluded, which will increase CSAV's share of Hapag-Lloyd to 34%.

OPERATING ACTIVITIES

Hapag-Lloyd is Germany's largest container liner shipping company and is one of the world's leading liner shipping companies in terms of global market coverage. Its core business is the transporting of containers by sea, but also encompasses transport services from door to door.

Network of Hapag-Lloyd services



The Hapag-Lloyd fleet comprises 153 container ships (31 March 2014). The Group currently has around 340 sales offices in 113 countries and offers its customers worldwide access to a network of 95 liner services. In the first quarter of 2014, Hapag-Lloyd served some 12,200 customers around the world.

Hapag-Lloyd 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 such as the acquisition and the corresponding financing of investments. The functional currency of Hapag-Lloyd AG and its subsidiaries is therefore the US dollar. To limit the risks of changes in exchange rates, hedging transactions are carried out. However, the reporting currency of Hapag-Lloyd AG is the euro. Assets and liabilities recognised in the consolidated financial statements of Hapag-Lloyd AG are translated into euros as at the reporting date (closing date rate) using the middle rate of that day. The transactions listed in the consolidated statement of cash flows as well as the expenses, income and results shown in the consolidated income statement are translated at the average exchange rate for the reporting period. The translation differences are recognised in the Group's other comprehensive income.

GROUP OBJECTIVES AND STRATEGY

The Hapag-Lloyd Group's prime objective is long-term profitable growth. Increasing global demand for container shipping forms the basis for this planned organic growth. Based on current forecasts (IHS Global Insight, April 2014), the volume of global container shipments should grow by 4.3% to around 128 million TEU in 2014 and by a further 5.3% in 2015.

Hapag-Lloyd uses adjusted EBIT – earnings before interest and taxes adjusted for special items – as the key parameter for the internal management of its operating activities. The main influencing factors are transport volume, freight rate, the US dollar exchange rate against the euro, and operating costs including bunker price. The strategy of achieving long-term profitable growth in operating activities is pursued with the help of this key figure. In addition to the operating result (adjusted EBIT), earnings before interest, taxes, depreciation and amortisation (EBITDA) is likewise used as an important parameter. EBITDA is an important indicator of the achievement of sustainable company results and gross cash flows. It has a special significance for capital-intensive companies. Hapag-Lloyd – which has a balanced fleet structure, owning approximately 54% of its fleet – uses EBITDA as an important parameter for investment decisions.

The generation of sustainable cash flows, solid corporate financing, and therefore in particular a good liquidity and equity base, are once again key cornerstones of the corporate strategy in the 2014 financial year. As at 31 March 2014, Hapag-Lloyd had a liquidity reserve (consisting of cash, cash equivalents and unused credit facilities) totalling EUR 535.1 million (31 December 2013: EUR 533.8 million). In line with its financial strategy, it secured financing for all its completed and planned investments in ships and containers before placing orders.

With demand for container transport services continuing to rise, container shipping will remain a growth industry in the long term. In order to utilise the medium-term expansion opportunities resulting from market growth and to realise economies of scale in its ship operations, Hapag-Lloyd put a total of ten new very large container vessels into service up to the end of April 2014, each with a capacity of approximately 13,200 TEU.

IMPORTANT FINANCIAL PERFORMANCE INDICATORS

Important financial performance indicators for the Hapag-Lloyd Group include (adjusted) EBIT, the transport volume and freight rates. The development of the most important financial performance indicators in the first quarter of 2014 is presented in the section “Group earnings position”.

IMPORTANT NON-FINANCIAL PRINCIPLES

The optimum utilisation of the available ship and container capacities also has a substantial influence on whether long-term profitable growth is achieved. Furthermore, sustainable and quality-conscious corporate governance and highly qualified and motivated employees are important principles for the targeted profitable growth of Hapag-Lloyd.

Efficient fleet
As at 31 March 2014, Hapag-Lloyd’s fleet comprised a total of 153 container ships, which are all 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 Hapag-Lloyd fleet’s total TEU capacity amounted to 748,775 TEU. Hapag-Lloyd also owned or leased 674,768 containers with a capacity of 1,085,783 TEU for transporting cargo.

STRUCTURE OF HAPAG-LLOYD’S CONTAINER SHIP FLEET

	31.3.2014	31.12.2013	31.3.2013
Number of vessels	153	151	149
thereof			
Own vessels	59	57	61
Leased vessels	6	7	7
Chartered vessels	88	87	81
Aggregate capacity of vessels (TTEU)	749	729	712
Aggregate container capacity (TTEU)	1,086	1,072	1,034
Number of services	95	97	90

As at 31 March 2014, Hapag-Lloyd had taken delivery of eight “Hamburg Express” class vessels with a capacity of approximately 13,200 TEU. Two additional ships, the “Ludwigshafen Express” and the “Ulsan Express” were put into service in April 2014.

Sustainability and quality management

The emission standards set by the International Maritime Organization (IMO), the US state of California and the EU provide for a further significant reduction in emissions. The legally stipulated use of particularly low-sulphur fuels has been required off the coast of California since January 2014. Likewise since January 2014, it has been mandatory for a certain percentage of each shipping company's vessels which call at ports in California to use cold ironing. Two of Hapag-Lloyd's ship classes, "Dallas Express" and "Kobe Express", have already been fitted with the equipment needed for cold ironing. The charter ships used by Hapag-Lloyd will also be refitted in line with the requirements in good time.

The efficiency and sustainability of the Hapag-Lloyd fleet will be further improved with the placing into service of ten new "Hamburg Express" class vessels to be concluded in April 2014. The ten units in the "Hamburg Express" class achieve particularly low figures for fuel consumption and emissions thanks to innovative on-board technology. Bunker consumption per slot (container storage space) has already been considerably reduced over the past four years.

Customers

Long-term, close business relations with clients are also important in driving value for corporate development. Relationships with major customers are managed by a global key account team. This enables the Company to establish and maintain sustainable customer relationships. In the first three months of the 2014 financial year, transport contracts were completed for approximately 12,200 customers (prior year period: approximately 12,400).

Employees

The Hapag-Lloyd Group employed a workforce of 7,016 as at 31 March 2014. The number of employees rose by 76 compared with 31 March 2013. Of the shore-based employees, some 77% worked outside Germany as at 31 March 2014.

NUMBER OF EMPLOYEES

	31.3.2014	31.12.2013	31.3.2013
Marine personnel	1,298	1,254	1,232
Shore-based personnel	5,549	5,553	5,537
Apprentices	169	194	171
Total	**7,016**	**7,001**	**6,940**

As at 31 March 2014, 1,298 people were employed in the marine division (31 March 2013: 1,232). The increase in the marine division was brought about by changes in the fleet structure. The land-based workforce remained largely unchanged at 5,549 during the same period. Hapag-Lloyd employed 169 apprentices as at 31 March 2014.

There were 6,873 full-time equivalent employees (FTE), up from 6,808 as at 31 March 2013 (+65 employees).

ECONOMIC REPORT

GENERAL ECONOMIC CONDITIONS

More than 70% of goods transported around the world are carried by ship. Therefore, container ships play a significant role in handling the global transport volume. The pace at which the global economy grows and, by extension, at which global trade expands are significant factors that influence demand for container transport services and the development of the container liner shipping companies' cargo volumes.

Economic experts from the International Monetary Fund (IMF) believe that the outlook for economic growth in Europe and the United States has continued to stabilize in recent months. In contrast, the outlook for economic growth in developing and emerging markets was revised downwards slightly once again. In its latest economic outlook (April 2014), the IMF expects global economic growth to reach 3.6% overall in 2014 (2013: 3.0%) and to gather pace and reach 3.9% in 2015.

Despite experiencing something of a slowdown, the pace of economic growth in the emerging markets of Asia and Latin America will continue to comfortably outstrip growth rates in the established industrialised nations in 2014 and 2015. The lasting economic impact of the debt crisis in the eurozone, the sanctions imposed on Russia and the slowdown in emerging markets represent the most imminent risks to global economic growth in 2014.

According to the IMF, the volume of global trade, which is key to the demand for container transport services, is forecast to increase by 4.3% in the current year and by 5.3% in 2015.

DEVELOPMENTS IN GLOBAL ECONOMIC GROWTH (GDP) AND WORLD TRADING VOLUME

%	2012	2013	2014e	2015e
Global economic growth	3.2	3.0	3.6	3.9
Industrialised countries	1.4	1.3	2.2	2.3
Developing and newly industrialised countries	5.0	4.7	4.9	5.3
World trading volume (goods and services)	2.8	3.0	4.3	5.3

Source: IMF April 2014

SECTOR-SPECIFIC CONDITIONS

In the medium term, demand for container transport services should rise in tandem with expected ongoing growth in the world trading volume.

Growth in the global container transport volume is set to accelerate noticeably in 2014. In its current forecast, IHS Global Insight anticipates a 4.3% rise in global cargo volumes to 128 million TEU. The growth in global cargo volumes may reach 5.3% in the coming year. This would put the rise in global container shipping volumes in 2014 and 2015 roughly in line with the forecast rate of growth for global trade. For the period 2014 to 2018, the average annual growth rate in the global container transport volume is expected to be 5.3%.

With the total capacity of the world container ship fleet estimated at 18.3 million TEU at the beginning of 2014 (MDS Transmodal, February 2014), the supply capacity should see increases totalling 1.2 million TEU in 2014 and 1.1 million TEU in 2015. Due to the sharp fall in orders for new vessels, the tonnage of commissioned container ships is currently equivalent to approximately 20% of the global container fleet's capacity. It is therefore at its lowest since Q4 2002 and still well below the highest level seen to date, which was approximately 56% in 2008.

FACTORS INFLUENCING CAPACITY DEVELOPMENT

Million TEU	2011	2012	2013	2014e	2015e
Planned deliveries	1.5	1.7	2.1	1.9	1.7
Postponed deliveries	0.1	0.6	0.7	0.2	0.2
Scrappings	0.1	0.3	0.5	0.5	0.4
Actual increase in capacity	1.3	0.8	0.9	1.2	1.1

Source: MDS Transmodal, Drewry Maritime Research

In the future as well, the actual growth in the global container ship fleet's transport capacity is expected to be lower than the projected nominal increase, as old and inefficient vessels are scrapped, deliveries of newbuilds are postponed and slow steaming (reducing the speed at which services operate) is used. According to data provided by the information platform Clarksons Shipping Intelligence Network (March 2014), the container ship volume likely to be scrapped in the current year is around 0.5 million TEU and the volume will remain around this high level next year.

Although the prospects for growth remain positive in the medium term, there may be temporary imbalances in supply and demand, which could have a substantial impact on the respective transport volumes and freight rates. The persistently high level of energy costs in particular is likely to burden short-term industry developments. The bunker price has more than trebled since the beginning of 2009. As competitive pressure has remained high, it has only been possible to implement the necessary freight rate increases to a limited degree. Once again in 2014, freight rates in the various trades are likely to fluctuate considerably in some cases.

The continued pressure on freight rates is also due to a relatively low level of idle vessels. At around 637,000 TEU (Alphaliner, March 2014), the laid-up capacity corresponded to approximately 3.6% of the global container fleet's total tonnage at the end of March 2014, well below the level in the first quarter of 2013 of 830,000 TEU. The majority of idle ships have a tonnage of up to 3,000 TEU.

GROUP EARNINGS POSITION

The first three months of the 2014 financial year were mainly characterised by persistently strong competition and the associated drop in freight rates, as well as by negative exchange rate effects.

CONSOLIDATED INCOME STATEMENT

Million EUR	**Q1 2014**	Q1 2013
Revenue	1,554.0	1,651.9
Other operating income	12.5	13.6
Transport expenses	1,403.5	1,489.6
Personnel expenses	96.7	93.6
Depreciation, amortisation and impairment	83.5	82.9
Other operating expenses	68.8	71.5
Operating result	**–86.0**	**–72.1**
Share of profit of equity-accounted investees	7.7	7.4
Other financial result	–2.3	5.8
Earnings before interest and tax (EBIT)	**–80.6**	**–58.9**
Interest result	–37.6	–34.1
Income taxes	0.9	0.6
Group profit/loss	**–119.1**	**–93.6**
EBITDA	**2.9**	**24.0**
EBITDA margin (%)	**0.2**	**1.5**
EBIT adjusted	**–63.2**	**–53.2**
EBIT margin adjusted (%)	**–4.1**	**–3.2**
EBIT	**–80.6**	**–58.9**
EBIT margin (%)	**–5.2**	**–3.6**

The development of freight rates, which was significantly lower than expectations, and a comparatively weak US dollar against the euro had a negative impact on the Group’s earnings position and were only partially offset by transport volume growth. At USD 1.37/EUR, the average dollar/euro exchange rate was significantly weaker than in the prior year period (USD 1.32/EUR). Freight rates could not be increased as announced as a result of the continued intensive competitive pressure being felt in all trades. At USD 1,422/TEU, the average freight rate remained 8.0% down on the figure of USD 1,546/TEU in the prior year period.

DEVELOPMENTS IN FREIGHT RATES BY TRADE

USD/TEU	Q1 2014	Q1 2013
Atlantic	1,622	1,687
Far East	1,173	1,307
Latin America	1,352	1,444
Transpacific	1,693	1,891
Australasia	1,149	1,265
Total (weighted average)	**1,422**	**1,546**

There was a positive development in transport volumes. In the first three months of 2014, Hapag-Lloyd was able to increase its transport volume by 5.5% to 1,399 TTEU (prior year period: 1,326 TTEU) as a result of its balanced positioning in all trades and the ongoing expansion of its service network. Transport volumes were thus increased in nearly all of the trades in the reporting period.

DEVELOPMENTS IN TRANSPORT VOLUME BY TRADE

TTEU	Q1 2014	Q1 2013
Atlantic	304	296
Far East	340	307
Latin America	295	271
Transpacific	313	298
Australasia	147	154
Total	**1,399**	**1,326**

The Hapag-Lloyd Group's revenue declined year-on-year during the first three months of the 2014 financial year, falling by 5.9% to EUR 1,554.0 million (prior year period: EUR 1,651.9 million). Adjusted for exchange rate fluctuations, the decline in revenue came to just 2.3%, only slightly below the level in the prior year period.

REVENUE PER SHIPPING AREA

Million EUR	Q1 2014	Q1 2013
Atlantic	360.2	377.7
Far East	290.8	303.8
Latin America	291.2	296.8
Transpacific	386.4	426.6
Australasia	122.9	147.4
Other	102.5	99.6
Total	**1,554.0**	**1,651.9**

Transport expenses fell by EUR 86.1 million in the first three months of 2014 to EUR 1,403.5 million (prior year period: EUR 1,489.6 million). This represents a drop of around 6%. This development was in part attributable to a decline of EUR 32.7 million (–8.9%) in expenses for raw materials and supplies, which came to EUR 333.2 million. This decline was due to a 5.1% drop in bunker consumption prices offset by expenses from bunker hedging. In the first quarter of 2014, the average bunker price was USD 595 per tonne, down USD 32 from USD 627 per tonne in the prior year period. The cost of purchased services also declined around 4.8% year-on-year, despite higher transport volume. In addition to cost savings, this was mainly due to the lower use of charter ships compared with the prior year period as a result of the addition of new own vessels during the past twelve months.

TRANSPORT EXPENSES

Million EUR	Q1 2014	Q1 2013
Expenses for raw materials and supplies	333.2	365.9
Cost of purchased services	1,070.3	1,123.7
thereof		
Port, canal and terminal costs	473.0	464.6
Chartering, leases and container rentals	147.5	174.2
Container transport costs	415.9	448.1
Maintenance/repair/other	33.9	36.8
Transport expenses	**1,403.5**	**1,489.6**

Other operating income and expenses were virtually unchanged from the prior year period. In the first quarter of 2014, exchange rate-related expenses and income on balance resulted in a negative exchange rate effect of EUR 2.9 million (prior year period: EUR 9.8 million).

The other financial result totalled EUR –2.3 million (prior year period: EUR 5.8 million) and included changes in the fair value of currency options.

The Group's earnings before interest and taxes (EBIT) amounted to EUR –80.6 million in the reporting period, below the level of the prior year period (EUR –58.9 million). The Group's earnings result before interest, taxes, depreciation and amortisation (EBITDA) came to EUR 2.9 million in the first three months of the financial year (prior year period: EUR 24.0 million).

EBIT MARGIN

Million EUR	**Q1 2014**	Q1 2013
Revenue	1,554.0	1,651.9
EBIT	–80.6	–58.9
Purchase price allocation	7.2	5.7
Project costs	10.2	0.0
EBIT adjusted	–63.2	–53.2
EBITDA	2.9	24.0
EBIT margin	–5.2	–3.6
EBIT margin adjusted	–4.1	–3.2
EBITDA margin	0.2	1.5

Having been adjusted for special items, the Group's earnings before interest and taxes (EBIT adjusted) totalled EUR –63.2 million (prior year period: EUR –53.2 million).

The Group recorded a loss of EUR 119.1 million in the first three months of 2014 (prior year period: loss of EUR 93.6 million).

GROUP FINANCIAL POSITION

CONDENSED STATEMENT OF CASH FLOWS

Million EUR	Q1 2014	Q1 2013
Cash flow from operating activities	64.4	–24.3
Cash flow from investment activities	–73.8	–172.4
Free cash flow	**–9.4**	**–196.7**
Cash flow from financing activities	11.9	61.4
Changes in cash and cash equivalents	**2.5**	**–135.3**

Cash flow from operating activities

The Group generated a positive operating cash flow of EUR 64.4 million in the first three months of the 2014 financial year (prior year period: EUR –24.3 million).

Cash flow from investing activities

The cash outflow from investing activities amounted to EUR 73.8 million in the first three months of the financial year (prior year period: EUR 172.4 million). This mainly consisted of payments for investments in newbuilds.

Cash flow from financing activities

Financing activities resulted in a net cash inflow of EUR 11.9 million in the reporting period (prior year period: EUR 61.4 million). Cash inflows in the amount of EUR 159.1 million were partially offset by interest and capital repayments of EUR 147.2 million. New borrowing primarily related to additional payments to finance vessels and containers.

DEVELOPMENTS IN CASH AND CASH EQUIVALENTS

Million EUR	Q1 2014	Q1 2013
Cash and cash equivalents at beginning of period	**464.8**	**560.8**
Changes due to exchange rate fluctuations	–1.1	11.5
Net changes	2.5	–135.3
Cash and cash equivalents at end of period	**466.2**	**437.0**

Overall, the aggregate cash inflow totalled EUR 2.5 million in the first three months of 2014, such that after accounting for exchange rate effects at the end of the reporting period, cash and cash equivalents of EUR 466.2 million were reported (previous year: EUR 437.0 million). The cash and cash equivalents dealt with in the statement of cash flows correspond to the balance sheet item “Cash and cash equivalents”. In addition, there continues to be an as yet unused credit facility worth USD 95.0 million (EUR 68.9 million).

Net debt

At EUR 2,511.4 million, the Group’s net debt increased as at 31 March 2014 from the end of 2013, when it stood at EUR 2,470.2 million. This was largely due to the financing of vessels and containers.

FINANCIAL SOLIDITY

Million EUR	31.3.2014	31.12.2013
Cash and cash equivalents	466.2	464.8
Financial debt	2,977.6	2,935.0
Net debt	**2,511.4**	**2,470.2**
Gearing (%)	**90.4**	**84.7**
Unused credit lines	68.9	69.0
Equity ratio (%)	**40.1**	**41.9**

GROUP NET ASSET POSITION

CONDENSED BALANCE SHEET

Million EUR	**31.3.2014**	31.12.2013
Assets		
Non-current assets	5,664.2	5,689.7
thereof fixed assets	5,566.9	5,594.7
Current assets	1,259.8	1,260.1
thereof cash and cash equivalents	466.2	464.8
Total assets	**6,924.0**	**6,949.8**
Equity and liabilities		
Equity	2,776.9	2,915.1
Borrowed capital	4,147.1	4,034.7
thereof non-current liabilities	2,714.1	2,657.1
thereof current liabilities 1,433.0	1,377.6	
thereof financial debt	2,977.6	2,935.0
thereof non-current financial debt	2,509.3	2,460.1
thereof current financial debt	468.3	474.9
Total equity and liabilities	**6,924.0**	**6,949.8**
Asset coverage ratio I (%)	49.9	52.1
Asset coverage ratio II (%)	98.6	99.6
Liquidity ratio I (%)	32.5	33.7
Net debt	2,511.4	2,470.2
Equity ratio (%)	40.1	41.9

As at 31 March 2014, the Group's balance sheet total was EUR 6,924.0 million – EUR 25.8 million lower than the figure at year-end 2013. The change was the result of a decline of EUR 25.5 million in non-current assets, while current assets remained virtually unchanged.

Within non-current assets, the carrying amounts for fixed assets decreased by a total of EUR 27.8 million to EUR 5,566.9 million. This decline was largely due to depreciation of EUR 83.5 million and exchange rate effects of EUR 11.5 million on the reporting date. This was offset by investments totalling EUR 59.7 million relating primarily to newbuilds.

Cash and cash equivalents increased only slightly compared to the end of 2013, by EUR 1.4 million to EUR 466.2 million.

On the liabilities side, equity (including non-controlling interests) contracted by EUR 138.2 million to a total of EUR 2,776.9 million. The decline was primarily attributable to the EUR 119.1 million loss recorded by the Group. The equity ratio was approximately 40% as at 31 March 2014 (31 December 2013: approximately 42%).

The Group's borrowed capital has risen by EUR 112.4 million to EUR 4,147.1 million since the 2013 year end. Current and non-current liabilities contributed to this increase in equal measure. This rise was primarily attributable to the increase in non-current financial debt as a result of additional loan disbursements for newbuilds totalling EUR 86.9 million and financing agreements for new and used containers amounting to EUR 53.1 million, offset by capital repayments in the amount of EUR 115.3 million. The increase in current liabilities arose in particular from a rise in trade payables due to invoicing reasons.

For further information on significant changes to specific balance sheet items, please refer to the Notes to the consolidated statement of financial position, which can be found in the Notes to the consolidated financial statements.

EVENTS AFTER THE BALANCE SHEET DATE

Dr Jürgen Weber, Chairman of the Supervisory Board of Hapag-Lloyd AG, will relinquish this position in the second half of 2014 and will be replaced by Michael Behrendt, who will cease to be the Chairman of the Executive Board of Hapag-Lloyd on 30 June 2014. Corresponding resolutions are to be made at an Annual General Meeting, which is yet to be held.

Two additional "Hamburg Express" class ships, the "Ludwigshafen Express" and the "Ulsan Express", were placed into service in April 2014.

The Federal Maritime Commission in the US approved the expansion of the G6 Alliance to include all East–West trades on 4 April 2014. The new products have been gradually introduced to the Transpacific trade between Asia and the US western seaboard and also to the Atlantic since the start of May 2014.

Hapag-Lloyd AG and Compañía Sud Americana de Vapores (CSAV) signed a business combination agreement on 16 April 2014. CSAV's container business is to be integrated into the Hapag-Lloyd Group in exchange for shares, subject to the approval of the antitrust authorities. CSAV will therefore initially hold a 30% stake in Hapag-Lloyd. There will be a cash capital increase once the transaction has been concluded, which will increase CSAV's share of Hapag-Lloyd to 34%.

RISK AND OPPORTUNITY REPORT

Please refer to the 2013 annual report for details of specific opportunities and risks. At the time of reporting, there were no risks which threatened the continued existence of the Hapag-Lloyd Group. The average freight rate in the first quarter fell short of expectations as a result of persistently strong competition. The risk of a drop in the average freight rate for the full year 2014 is therefore considered to be greater now than was the case when the 2013 annual report was prepared. From today's perspective, we do not anticipate any further changes to the risk position.

In its rating update on 14 April 2014, the international rating agency Standard & Poor's confirmed its issuer rating of B+ for Hapag-Lloyd AG, with a stable outlook. On 17 April 2014, the rating agency Moody's published an unchanged rating of B2 with a negative outlook.

As explained in the risk and opportunity report which forms part of the 2013 annual report, the downgrading of Hapag-Lloyd AG's rating and that of the bonds it issues could result in less favourable conditions for raising new funds and could adversely affect the price and the fungibility of the securities.

PROSPECTS

The statements made in the “Prospects” section of the Group management report for 2013 generally remain valid as regards the medium-term growth prospects for container shipping. In the medium term, demand for container transport services should continue to rise in tandem with expected ongoing growth in the world trading volume.

A summary of the most important external influencing factors is given below. In its latest economic outlook (April 2014), the International Monetary Fund (IMF) expects global economic growth to reach 3.6% in the current year. This means that the global economy is set to grow at a much faster rate in 2014 than in the previous year (+3.0%).

According to the IMF, the volume of global trade, which is key to the demand for container transport services, is forecast to increase by 4.3% in the current year (2013: +3.0%). IHS Global Insight (April 2014) expects global container transport volumes to increase by 4.3% to approximately 128 million TEU in 2014 (2013: +2.3%). Global growth in container transport is the basis for Hapag-Lloyd’s planned increase in transport volumes.

Once again, growth in the capacity of the global container fleet, largely as a result of the placing into service of very large container ships in Asia-related trades, is expected to outpace demand for container transport services in 2014. For example, the MDS Transmodal industry experts are anticipating an approximately 7% increase in transport capacities this year, to around 19.5 million TEU. The additional increase in capacity and the relatively low level of idle vessels could again make it difficult to implement freight rate increases in 2014.

Based on the general economic and industry-related conditions, Hapag-Lloyd expects its transport volume to increase moderately in 2014. The average freight rate in the first quarter fell short of expectations as a result of persistently strong competition. A slight improvement in the average freight rate is a target once again in the full year 2014.

In the 2014 financial year, Hapag-Lloyd plans to achieve a much higher operating result (EBIT adjusted) compared to the previous year, bearing in mind the ongoing challenging industry environment.

Key benchmark figures for the 2014 outlook

Global economic growth	+3.6%
Increase in global trade	+4.3%
Increase in global container transport volume (IHS)	+4.3%
Transport volume, Hapag-Lloyd	Increasing moderately
Average freight rate, Hapag-Lloyd	Increasing marginally
Operating result (EBIT adjusted)	Increasing substantially

In view of the significance of earnings in the third quarter, it is only possible to firm up the forecast once the Company is in possession of sufficient knowledge about its performance in the peak season, particularly with regard to the development of freight rates.

Hapag-Lloyd concluded appropriate financing agreements at an early stage in order to safeguard its financing requirements for investments. The investments in newbuilds, which were completed in April 2014 with the placing into service of two additional “Hamburg Express” class ships, have all been funded through long-term loan agreements and are likely to lead to an additional rise in net debt. Overall, Hapag-Lloyd expects its liquidity situation to remain adequate for the 2014 financial year.

Risks that may have an impact on the forecast for business development are described in detail in the risk report in the Group management report of the 2013 annual report (page 91 ff.). Significant risks include the possibility of another slowdown in global economic and trade volume growth, a significant and lasting rise in bunker prices extending beyond the level seen at the end of 2013, and a further significant reduction in freight rates. The occurrence of one or more of these risks could have a very negative impact on the industry in 2014 and, by extension, on the business development of Hapag-Lloyd in the current financial year.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

CONSOLIDATED INCOME STATEMENT OF HAPAG-LLOYD AG
FOR THE PERIOD 1 JANUARY TO 31 MARCH 2014

Million EUR	**Q1 2014**	Q1 2013
Revenue	1,554.0	1,651.9
Other operating income	12.5	13.6
Transport expenses	1,403.5	1,489.6
Personnel expenses	96.7	93.6
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	83.5	82.9
Other operating expenses	68.8	71.5
Operating result	**–86.0**	**–72.1**
Share of profit of equity-accounted investees	7.7	7.4
Other financial result	–2.3	5.8
Earnings before interest and tax (EBIT)	**–80.6**	**–58.9**
Interest income	1.5	1.6
Interest expenses	39.1	35.7
Earnings before income taxes	**–118.2**	**–93.0**
Income taxes	0.9	0.6
Group profit/loss	**–119.1**	**–93.6**
thereof attributable to shareholders of Hapag-Lloyd AG	–119.3	–93.8
thereof attributable to non-controlling interests	0.2	0.2

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME OF HAPAG-LLOYD AG
FOR THE PERIOD 1 JANUARY TO 31 MARCH 2014

Million EUR	**Q1 2014**	Q1 2013
Group profit/loss	**–119.1**	**–93.6**
Items that will not be reclassified to profit or loss:	**–9.6**	**-**
Remeasurements from defined benefit plans, after taxes	–9.6	-
Remeasurements from defined benefit plans, before taxes	–9.6	-
Tax effect	-	-
Items that may be reclassified to profit or loss:	**–9.5**	**68.5**
Cash flow hedges (no tax effect)	–4.5	–9.8
Addition to other comprehensive income (OCI)	19.0	–1.3
Reclassification to income statement due to realisation	–23.5	–8.5
Currency translation (no tax effect)	–5.0	78.3
Other comprehensive income	**–19.1**	**68.5**
Total comprehensive income	**–138.2**	**–25.1**
thereof attributable to shareholders of Hapag-Lloyd AG	–138.4	–25.3
thereof attributable to non-controlling interests	0.2	0.2

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF HAPAG-LLOYD AG
AS AT 31 MARCH 2014

Million EUR	**31.3.2014**	31.12.2013
Assets		
Goodwill	663.1	664.6
Other intangible assets	512.4	529.7
Property, plant and equipment	4,050.9	4,067.6
Investments in equity-accounted investees	340.5	332.8
Other assets	7.5	7.9
Derivative financial instruments	77.0	74.5
Deferred tax assets	12.8	12.6
Non-current assets	**5,664.2**	**5,689.7**
Inventories	172.4	168.9
Trade accounts receivable	488.0	473.3
Other assets	96.0	106.8
Derivative financial instruments	15.2	25.1
Income tax receivables	22.0	21.2
Cash and cash equivalents	466.2	464.8
Current assets	**1,259.8**	**1,260.1**
Total assets	**6,924.0**	**6,949.8**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF HAPAG-LLOYD AG AS AT 31 MARCH 2014

Million EUR	**31.3.2014**	31.12.2013
Equity and liabilities		
Subscribed capital	66.1	66.1
Capital reserves	935.3	935.3
Retained earnings	1,926.5	2,045.8
Cumulative other equity	–153.9	–134.8
Equity attributable to the shareholders of Hapag-Lloyd AG	**2,774.0**	**2,912.4**
Non-controlling interests	2.9	2.7
Equity	**2,776.9**	**2,915.1**
Provisions for pensions and similar obligations	153.8	142.4
Other provisions	38.4	41.7
Financial debt	2,509.3	2,460.1
Other liabilities	5.1	5.2
Derivative financial instruments	6.2	6.7
Deferred tax liabilities	1.3	1.0
Non-current liabilities	**2,714.1**	**2,657.1**
Provisions for pensions and similar obligations	4.2	4.4
Other provisions	108.3	91.3
Income tax liabilities	6.5	7.4
Financial debt	468.3	474.9
Trade accounts payable	748.0	700.3
Other liabilities	97.7	99.3
Current liabilities	**1,433.0**	**1,377.6**
Total equity and liabilities	**6,924.0**	**6,949.8**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY OF HAPAG-LLOYD AG FOR THE PERIOD 1 JANUARY TO 31 MARCH 2014

Million EUR	Equity attributable to shareholders of Hapag-Lloyd AG									Non-controlling interests	Total equity
	Sub-scribed capital	Capital reserves	Retained earnings	Remeasure-ments from defined benefit plans	Reserve for cash flow hedges	Translation reserve	Cumulative other equity	Hybrid capital	Total		
As per 1.1.2013	**66.1**	**3,269.8**	**–190.4**	**–62.7**	**9.1**	**21.3**	**–32.3**	**-**	**3,113.2**	**0.8**	**3,114.0**
Total comprehensive income	**-**	**-**	**–93.8**	**-**	**–9.8**	**78.3**	**68.5**	**-**	**–25.3**	**0.2**	**–25.1**
thereof											
Group profit/loss	-	-	–93.8	-	-	-	-	-	–93.8	0.2	–93.6
Other comprehensive income	-	-	-	-	–9.8	78.3	68.5	-	68.5	-	68.5
As per 31.3.2013	**66.1**	**3,269.8**	**–284.2**	**–62.7**	**–0.7**	**99.6**	**36.2**	**-**	**3,087.9**	**1.0**	**3,088.9**
Stand 1.1.2014	**66.1**	**935.3**	**2,045.8**	**–46.6**	**6.4**	**–94.6**	**–134.8**	**-**	**2,912.4**	**2.7**	**2,915.1**
Total comprehensive income	**-**	**-**	**–119.3**	**–9.6**	**–4.5**	**–5.0**	**–19.1**	**-**	**–138.4**	**0.2**	**–138.2**
thereof											
Group profit/loss	-	-	–119.3	-	-	-	-	-	–119.3	0.2	–119.1
Other comprehensive income	-	-	-	–9.6	–4.5	–5.0	–19.1	-	–19.1	-	–19.1
As per 31.3.2014	**66.1**	**935.3**	**1,926.5**	**–56.2**	**1.9**	**–99.6**	**–153.9**	**-**	**2,774.0**	**2.9**	**2,776.9**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS OF HAPAG-LLOYD AG
FOR THE PERIOD 1 JANUARY TO 31 MARCH 2014

Million EUR	**Q1 2014**	Q1 2013
Cash inflow(+)/outflow(–) from operating activities	64.4	–24.3
Cash inflow(+)/outflow(–) from investing activities	–73.8	–172.4
Cash inflow(+)/outflow(–) from financing activities	11.9	61.4
Net change in cash and cash equivalents	**2.5**	**–135.3**
Cash and cash equivalents at beginning of the period	**464.8**	**560.8**
Change in cash and cash equivalents due to exchange rate fluctuations	–1.1	11.5
Net change in cash and cash equivalents	2.5	–135.3
Cash and cash equivalents at the end of the period	**466.2**	**437.0**

CONDENSED NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTES ON THE PRINCIPLES AND METHODS UNDERLYING THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

General notes

The presented condensed interim consolidated financial statements of Hapag-Lloyd AG and its subsidiaries, hereinafter referred to as the Hapag-Lloyd Group, were prepared for the interim report according to the International Financial Reporting Standards (IFRS) and the relevant interpretations by the International Accounting Standards Board (IASB) as they are to be applied in the European Union (EU). Therefore, these financial statements to the interim report in accordance with IAS 34 do not contain all information and notes that are necessary according to IFRS for complete consolidated financial statements to the end of a financial year.

The presented interim consolidated financial statements cover the period 1 January to 31 March 2014. The accounting and measurement principles applied in the interim consolidated financial statements are the same as those used for the last consolidated financial statements at the end of the financial year, with the exception of the necessary adoption of new standards since 1 January 2014.

Results of interim periods are not necessarily indicative of results that can be expected for future periods or the entire financial year. The earnings position of the Hapag-Lloyd Group is principally shaped by the seasonality of transport volumes and freight rates in the container shipping business. Fluctuations result from the usually higher demand for transport services in the container shipping business during the second and third quarters.

The interim consolidated financial statements are presented in euros (EUR). All amounts recognised for the financial year are reported in million euros (EUR million) unless otherwise stated.

The functional currency of Hapag-Lloyd AG and its subsidiaries is the US dollar. However, the reporting currency of Hapag-Lloyd AG is the euro. For the purpose of integrating Hapag-Lloyd AG and its subsidiaries into the financial statements of the Hapag-Lloyd Group, balance sheet assets and liabilities are translated into euros as at the balance sheet date (closing date rate) using the middle rate of that day. The transactions listed in the consolidated statement of cash flows as well as the expenses, income and results shown in the consolidated income statement are translated at the average exchange rate for the reporting period. The resulting differences are recognised in other comprehensive income.

As at 31 March 2014, the closing USD/EUR exchange rate stood at USD/EUR 1.3798 (31 December 2013: USD/EUR 1.3767). The weakness of the dollar in comparison to the prior year period resulted in an average dollar/euro exchange rate in the first quarter of 2014 of USD/EUR 1.3705 (prior year period: USD/EUR 1.3203).

Segment reporting

The Hapag-Lloyd Group is managed by the Executive Board as a single, global business unit with one sphere of activity. The primary performance indicators are: freight rates and transport volume (= revenue) by geographic region and adjusted EBIT at the overall Group level. Decisions are made regarding the allocation of resources (use of vessels and containers) on the basis of the entire liner service network and deployment of the entire fleet. The Group generates its revenue solely through its activities as a container liner shipping company. The revenue comprises income from transporting and handling containers and from related services and commissions, all of which are generated globally. As the Hapag-Lloyd Group operates with the same product around the world via a complete liner service network, the Executive Board has decided that there is no appropriate measure with which assets, liabilities and adjusted EBIT as the key performance indicators can be allocated to multiple geographic segments. All of the Group's assets, liabilities, income and expenses are only allocable to the one segment, container shipping. The figures given per trade are the transport volume and freight rate, as well as the revenue allocable to said trade.

TRANSPORT VOLUME PER TRADE

TTEU	**Q1 2014**	Q1 2013
Atlantic	304	296
Far East	340	307
Latin America	295	271
Transpacific	313	298
Australasia	147	154
Total	**1,399**	**1,326**

FREIGHT RATE PER TRADE

USD/TEU	**Q1 2014**	Q1 2013
Atlantic	1,622	1,687
Far East	1,173	1,307
Latin America	1,352	1,444
Transpacific	1,693	1,891
Australasia	1,149	1,265
Total (weighted average)	**1,422**	**1,546**

REVENUE PER TRADE

Million EUR	**Q1 2014**	Q1 2013
Atlantic	360.2	377.7
Far East	290.8	303.8
Latin America	291.2	296.8
Transpacific	386.4	426.6
Australasia	122.9	147.4
Other	102.5	99.6
Total	**1,554.0**	**1,651.9**

Adjusted EBIT is calculated on the basis of the operating earnings before interest and taxes as follows:

Million EUR	**Q1 2014**	Q1 2013
EBIT	–80.6	–58.9
Purchase price allocation	7.2	5.7
Project costs	10.2	0.0
EBIT adjusted	**–63.2**	**–53.2**

New accounting standards

The following changes to existing standards published by the IASB, which have already been endorsed, had to be applied for the first time in the interim financial statements presented. Unless stated otherwise, their first-time application did not have a significant effect on the net asset, financial and earnings position of the Hapag-Lloyd Group:

- Amendment to IAS 27: *Separate Financial Statements*
- Amendment to IAS 28: *Investments in Associates and Joint Ventures*
- Amendment to IAS 32: *Offsetting Financial Assets and Financial Liabilities*
- Amendment to IAS 39: *Novation of Derivatives and Continuation of Hedge Accounting*
- IFRS 10: *Consolidated Financial Statements*
- IFRS 11: *Joint Arrangements*
- IFRS 12: *Disclosure of Interests in Other Entities*
- Amendments to IFRS 10, IFRS 11 and IFRS 12: *Transition Guidance*
- Amendments to IFRS 10, IFRS 12 and IAS 27: *Investment Entities*

The amendment to IAS 27 *Separate Financial Statements* is a consequence of the combination of provisions stated in the new IFRS 10 *Consolidated Financial Statements*, the previous IAS 27 *Consolidated and Separate Financial Statements* as well as SIC 12 *Consolidation – Special Purpose Entities*. Consequently, IAS 27 henceforth only comprises rulings for the accounting treatment of subsidiaries, joint ventures and associated companies in IFRS separate financial statements.

With the adoption of IFRS 11 *Joint Arrangements*, an amendment was made to IAS 28 as a result of the now expanded scope of application of IAS 28, as investments both in associated companies and in joint ventures must henceforth be measured using the equity method. The proportionate consolidation of joint ventures therefore no longer applies. Potential voting rights and other derivative financial instruments are henceforth to be taken into consideration when assessing whether a company has a significant influence or when assessing the investor's share of the assets of the company. Another amendment relates to accounting in accordance with IFRS 5 if only a portion of the share in an associated company or a joint venture is to be sold. IFRS 5 is partially applicable if only a share or a portion of a share in an associated company (or joint venture) is deemed to be "held for sale".

Prerequisites contained in IAS 32 regarding netting were made more concrete through additional application guidelines. On the one hand, it is specified that there must be an unconditional, legally enforceable claim for compensation, even if one of the parties has filed for bankruptcy, and on the other hand, exemplary criteria are provided under which the offsetting of financial assets and financial liabilities is done.

With the amendment to IAS 39 *Novation of Derivatives and Continuation of Hedge Accounting*, under certain conditions, the novation of a hedging instrument to a central counterparty as required by legislation does not lead to the dissolution of an existing hedging relationship. This means that a hedging relationship does not need to be dissolved if novation becomes necessary as a result of new legislation or the introduction of legislation, if the central counterparty becomes the contractual partner of all parties to the derivative contract as a result of the novation and if there are no changes to the terms and conditions of the contract relating to the original derivative, aside from changes that are a necessary result of the novation.

The new IFRS 10 *Consolidated Financial Statements* replaces parts of the regulations of the previous IAS 27 *Consolidated and Separate Financial Statements* and SIC 12 *Consolidation – Special Purpose Entities*. This standard comprehensively redefines the term "control". If one company controls another, it is the responsibility of the parent company to consolidate the subsidiary. Based on the new concept, there is an instance of control if the potential parent company has the power to make decisions for the potential subsidiary due to voting rights or other rights and is exposed to positive or negative variable returns from the subsidiary and can have a bearing on these returns due to its power to make decisions.

IFRS 11 *Joint Arrangements* replaces IAS 31 *Interests in Joint Ventures*. According to the new concept, it must be determined whether a joint operation or a joint venture exists. A joint operation exists if the jointly controlling parties have direct rights to assets and direct obligations for liabilities. The individual rights and obligations are proportionally accounted for in the consolidated financial statements. In a joint venture, the jointly controlling parties only have rights to the equity. This right is disclosed in the consolidated financial statements using the equity method; the option of a proportional value for the consolidated financial statements thus no longer applies.

With the new IFRS 12 *Disclosure of Interests in Other Entities*, all disclosure requirements for subsidiaries, joint ventures and associated companies as well as non-consolidated special purpose entities are combined in one standard. Thus, companies must disclose both quantitative and qualitative information concerning type, risks and financial effects in connection with the engagement of the company with these affiliated companies. The additional disclosures required pursuant to the new IFRS 12 will be implemented in the consolidated financial statements as at 31 December 2014.

The amendments to IFRS 10, IFRS 11 and IFRS 12 *Transition Guidance* clarify that the time of first-time adoption of IFRS 10 is the start of the reporting period in which the standard was first applied. Decisions as to whether investments should be consolidated in accordance with IFRS 10 or not are thus to be made at the beginning of this period. The amendments also stipulate that, in the case of the first-time application of the new consolidation rules, only comparative figures for the previous comparative period are mandatory for subsidiaries, associated companies and joint arrangements. Disclosures relating to unconsolidated structured companies are wholly exempt from the obligation to provide comparative figures.

With the amendments to IFRS 10, IFRS 12 and IAS 27 *Investment Entities*, a definition of investment entities is given and these are excluded from the obligation to consolidate subsidiaries in accordance with IFRS 10. Instead, subsidiaries must be recognised at fair value through profit or loss in accordance with IFRS 9 *Financial Instruments* in an investment company's consolidated financial statements. Insofar as the investment company is itself the subsidiary of a non-investment company, the exclusion does not apply to the parent company's consolidated financial statements and, as the parent company, the non-investment company must consolidate its controlled investment company and its subsidiaries in accordance with IFRS 10.

Group of consolidated companies
The consolidated financial statements include all significant subsidiaries and investments accounted for using the equity method. Hapag-Lloyd AG and 47 companies were fully consolidated within the interim financial statements as at 31 March 2014, with four additional companies included using the equity method.

SELECTED NOTES TO THE CONSOLIDATED INCOME STATEMENT

Revenue is primarily generated from the rendering of transport services. Revenue includes proportional income from unfinished voyages as at the balance sheet date.

Transport expenses mainly comprise fuel costs, expenditure for port, terminal and container transport services, chartering, leases and container rental expenses, maintenance and repair costs, and charges for other services.

The interest result essentially comprises interest expenses for bank loans and bonds, fees for guarantees and interest from finance leases.

SELECTED NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Property, plant and equipment

PROPERTY, PLANT AND EQUIPMENT

Million EUR	**31.3.2014**	31.12.2013
Vessels	3,184.0	3,126.2
Container, chassis	585.5	602.6
Other equipment	114.4	116.0
Prepayments on account and assets under construction	167.0	222.8
Total	**4,050.9**	**4,067.6**

Alongside depreciation, the changes to property, plant and equipment primarily relate to the addition of one new ocean-going vessel in the “Hamburg Express” class and payments on account for other ordered newbuilds. The payments on account for the delivered vessel as at 31 December 2013 were reclassified accordingly.

Ownership of a vessel previously recognised as part of a finance lease contract was transferred to the Company following the early termination of the lease contract. The remaining vessels recognised in conjunction with existing finance lease contracts had a net carrying amount of EUR 182.9 million as at 31 March 2014 (31 December 2013: EUR 201.5 million). The finance lease containers were recognised at a total of EUR 72.8 million as at 31 March 2014 (31 December 2013: EUR 75.2 million).

Equity

Following the retrospective merging of Hapag-Lloyd Holding AG with Hapag-Lloyd AG, capital reserves of EUR 935.3 million were recognised for Hapag-Lloyd AG within the Hapag-Lloyd Group from 1 January 2013. The reduction in capital reserves of EUR 2,334.5 million as a result of the merger led to a corresponding increase in retained earnings. Overall, there were no changes to the Group's equity as a result of the merger.

Cumulative other equity comprises the reserve for remeasurements relating to defined benefit plans, the reserve for cash flow hedges and the translation reserve.

The remeasurements relating to defined benefit plans (31 March 2014: EUR –56.2 million; 31 March 2013: EUR –62.7 million) resulted from actuarial gains and losses recognised in other comprehensive income, partially due to the change in actuarial parameters in connection with the measurement of pension obligations and the difference between the calculated interest income and the actual income from associated fund assets.

The reserve for cash flow hedges contains changes in market value from hedging transactions that are recorded within other comprehensive income and amounted to EUR 1.9 million as at 31 March 2014 (31 March 2013: EUR –0.7 million).

The differences from currency translation of EUR –5.0 million in the first quarter of 2014 (prior year period: EUR 78.3 million) were due to the translation of the financial statements of subsidiaries prepared in foreign currency and from the conversion of goodwill carried in foreign currency as well as other purchase price allocation items. The translation reserve as at 31 March 2014 amounted to EUR –99.6 million (31 March 2013: EUR 99.6 million).

Financial debt

FINANCIAL DEBT

Million EUR	**31.3.2014**	31.12.2013
Liabilities to banks	1,723.1	1,694.2
Bonds	882.0	873.0
Liabilities from finance lease contracts	227.5	233.6
Other financial debt	145.0	134.2
Total	**2,977.6**	**2,935.0**

FINANCIAL DEBT BY CURRENCY EXPOSURE		
Million EUR	**31.3.2014**	31.12.2013
Financial debt denoted in USD (excl. transaction costs)	2,230.5	2,192.4
Financial debt denoted in EUR (excl. transaction costs)	772.9	773.3
Interest liabilities	34.4	27.9
Transaction costs	–60.2	–58.6
Total	**2,977.6**	**2,935.0**

Liabilities to banks increased, largely as a result of a credit tranche in the amount of USD 92.1 million (EUR 66.8 million) disbursed in connection with the financing of the newbuild in the “Hamburg Express” class delivered in the first quarter of 2014 and also due to the recognition of liabilities totalling USD 27.8 million (EUR 20.1 million) in connection with the launching of two other newbuilds. In addition, USD 47.7 million (EUR 34.6 million) was repaid as scheduled as part of the delivery of the newbuild.

In addition, three container tranches were sold to a group of Japanese investors and were then leased back by Hapag-Lloyd for 3.5 and 4.5 years respectively. Hapag-Lloyd has the option of buying back the containers when the lease expires, and it is highly likely that it will do so. The container lease contract is therefore shown as credit financing, in accordance with SIC 27 *Evaluating the Substance of Transactions in the Legal Form of a Lease*. The lease contract is essentially a form of borrowing with the container portfolio transferred by way of security. Accordingly, the containers are still being reported and depreciated in the Group. The interest on the liabilities is recognised in interest expense. Liabilities to banks generated by this transaction totalled EUR 38.8 million as at 31 March 2014.

In relation to ordering new containers, arrangements were made with an international leasing company for legal ownership of the ordered containers to be transferred to the leasing company and then for the containers to be leased back for a period of eight years on the basis of a lease agreement. All of these agreements involve Hapag-Lloyd reacquiring legal ownership of the containers when a lease agreement expires. The container lease contracts are therefore shown as credit financing, in accordance with SIC 27 *Evaluating the Substance of Transactions in the Legal Form of a Lease*. Accordingly, the containers are reported and depreciated in the Group. The interest on the loans is recognised in interest expense. This agreement resulted in other financial debt of EUR 14.1 million as at 31 March 2014.

Financial instruments

The carrying amounts and fair values of the financial instruments as at 31 December 2013 are presented in the table below.

Million EUR	Carrying amount		Fair value
	Total	thereof financial instruments	Financial instruments
Assets			
Trade accounts receivable	473.3	473.3	-
Other receivables	114.9	51.2	-
Derivative financial assets	99.6	99.6	99.6
Cash and cash equivalents	464.8	464.8	-
Liabilities			
Financial debt	2,701.4	2,701.4	2,792.6
Liabilities from financial lease[1]	233.6	233.6	244.6
Trade accounts payable	700.3	700.3	-
Derivative financial liabilities	6.7	6.7	6.7
Other liabilities	104.5	25.0	-

[1] Part of financial debt

The carrying amounts and fair values of the financial instruments as at 31 March 2014 are presented in the table below.

Million EUR	Carrying amount		Fair value
	Total	thereof financial instruments	Financial instruments
Assets			
Trade accounts receivable	488.0	488.0	-
Other receivables	103.5	48.0	-
Derivative financial assets	92.2	92.2	92.2
Cash and cash equivalents	466.2	466.2	-
Liabilities			
Financial debt	2,750.1	2,750.1	2,856.4
Liabilities from financial lease[1]	227.5	227.5	238.3
Trade accounts payable	748.0	748.0	-
Derivative financial liabilities	6.2	6.2	6.2
Other liabilities	102.8	17.5	-

[1] Part of financial debt

Derivative financial instruments include positive and negative market values from currency and commodity options and currency forward contracts. This item also contains embedded derivatives for early buy-back options for issued bonds. The derivative financial instruments are shown at fair value. The valuation methods and input parameters for calculating the fair values which were already used within the 2013 consolidated financial statements were also applied in the first quarter of 2014.

All reported fair values are assigned to level two of the fair value hierarchy. The carrying amounts of all other financial instruments are a suitable approximation of the fair values. The decision was taken not to report the fair value in these cases.

NOTES TO THE CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Ordinary business activities resulted in an inflow of cash and cash equivalents totalling EUR 64.4 million in the first quarter of 2014 (prior year period: EUR –24.3 million).

The cash outflow from investing activities amounted to EUR 73.8 million in the first quarter of the 2014 financial year (prior year period: EUR 172.4 million). EUR 74.1 million was paid for investments in property, plant and equipment and intangible assets (prior year period: EUR 173.8 million). These funds mainly relate to payments for the delivery of one newbuild and prepayments for further newbuilds. These outflows were partly offset by incoming payments from the sale of property, plant and equipment as well as dividends received totalling EUR 0.3 million (prior year period: EUR 1.4 million).

Financing activities generated an inflow of cash and cash equivalents totalling EUR 11.9 million in the first quarter of 2014 (prior year period: EUR 61.4 million). This primarily resulted from cash inflows of EUR 159.1 million (prior year period: EUR 166.1 million) offset by regular interest and capital repayments of EUR 147.2 million (prior year period: EUR 104.7 million). The inflow of funds in the first quarter of 2014 resulted primarily from the financing of the delivered newbuilds and additional financing of vessels and containers.

OTHER NOTES

Legal disputes

Since May 2011, the European Commission has been examining whether EU competition law has been violated since the exemption regulation for liner conferences was abolished in October 2008. Hapag-Lloyd is also affected by the investigations. The Company believes that the transport services are provided in line with EU competition regulations.

At Hapag-Lloyd Mexico, tax audits were completed for the years 2004 and 2005. The Company appealed against the resulting tax assessments which, among other things, obliged it to make significant additional value added tax payments. The lawyers handling the case are of the opinion that the tax assessments are not lawful. The quantification of a financial risk, the determination of the maturity of possible outflows and the evaluation of third-party rights to reimbursement relating to these circumstances are therefore currently not possible.

Obligations from operating lease contracts

The Group's obligations from operating lease contracts above all relate to charter and lease agreements for vessels and containers, and rental agreements for business premises. The agreements have terms of between one year and 17 years, with the majority of them having a term of up to five years. A number of the agreements include prolongation and purchase options and price adjustment clauses. Some of the rental agreements for business premises include conditional rental payments based on the consumer price index for Germany.

Charter agreements for ships are always structured as time charter contracts, i.e. in addition to the capital costs, the charterer bears part of the ship operating costs, which are reimbursed as part of the charter rate. In the existing charter agreements, these operating cost refunds account for around 50% of the charter expenses.

In the first quarter of 2014, lease payments of EUR 159.0 million were posted to expenses (prior year period: EUR 185.8 million), of which EUR 79.8 million were charter expenses (prior year period: EUR 85.0 million).

Total future minimum lease payments from non-cancellable operating lease contracts consist of the following:

Million EUR	**31.3.2014**	31.12.2013
Vessels and containers	520.1	606.5
Administrative buildings	96.8	98.7
Other	68.9	82.0
Total	**685.8**	**787.2**
Fair value	**666.0**	**761.5**

The fair value was ascertained by discounting the future minimum lease payments using a market interest rate of 1.4% p.a. (31 December 2013: 1.6% p.a.).

Other financial obligations

The Group's other financial obligations as at 31 March 2014 comprise a purchase obligation for investments in container ships amounting to EUR 82.1 million (31 December 2013: EUR 113.4 million).

Related party disclosures

In carrying out its ordinary business activities, the Hapag-Lloyd Group maintains indirect or direct relationships with related companies and individuals and with its own subsidiaries included in the consolidated financial statements. Further information on related parties is included in the Notes to the consolidated financial statements for 2013 under "Other notes".

SIGNIFICANT TRANSACTIONS AFTER THE BALANCE SHEET DATE

Dr Jürgen Weber, Chairman of the Supervisory Board of Hapag-Lloyd AG, will relinquish this position in the second half of 2014 and will be replaced by Michael Behrendt, who will cease to be the Chairman of the Executive Board of Hapag-Lloyd on 30 June 2014. Corresponding resolutions are to be made at an Annual General Meeting, which is yet to be held.

Two additional “Hamburg Express” class ships, the “Ludwigshafen Express” and the “Ulsan Express”, were placed into service in April 2014.

The Federal Maritime Commission in the US approved the expansion of the G6 Alliance to include all East–West trades on 4 April 2014. The new products have been gradually introduced to the Transpacific trade between Asia and the US western seaboard and also to the Atlantic since the start of May 2014.

Hapag-Lloyd AG and Compañía Sud Americana de Vapores (CSAV) signed a business combination agreement on 16 April 2014. CSAV’s container business is to be integrated into the Hapag-Lloyd Group in exchange for shares, subject to the approval of the antitrust authorities. CSAV will therefore initially hold a 30% stake in Hapag-Lloyd. There will be a cash capital increase once the transaction has been concluded, which will increase CSAV’s share of Hapag-Lloyd to 34%.

Hamburg, 13 May 2014

Hapag-Lloyd AG
Executive Board

Michael Behrendt

Peter Ganz | Rolf Habben Jansen | Ulrich Kranich

FINANCIAL CALENDAR 2014

August 2014	Publication of interim report for second quarter/first six months of 2014
November 2014	Publication of interim report for third quarter/first nine months of 2014

IMPRINT

Hapag-Lloyd AG
Ballindamm 25
20095 Hamburg

Investor Relations
Telephone: +49 40 3001-2896
Fax: +49 40 3001-72896

Group Communications
Telephone: +49 40 3001-2529
Fax: +49 40 335360

www.hapag-lloyd.com

© Hapag-Lloyd Group Communications 05/2014

Hapag-Lloyd AG · Ballindamm 25 · 20095 Hamburg · www.hapag-lloyd.com