

## Tear Sheet:

# Hapag-Lloyd AG

June 27, 2025

This report does not constitute a rating action.

(Editor's note: S&P Global Ratings believes there is a high degree of unpredictability around policy implementation by the U.S. administration and possible responses—specifically with regard to tariffs—and the potential effect on economies, supply chains, and credit conditions around the world. As a result, our baseline forecasts carry a significant amount of uncertainty, magnified by ongoing regional geopolitical conflicts. As situations evolve, we will gauge the macro and credit materiality of potential shifts and reassess our guidance accordingly (see our research here: [spglobal.com/ratings](https://spglobal.com/ratings)).

**Hapag-Lloyd is on course to outperform our EBITDA forecast for this year, supported by solid first-quarter results.** The company posted a 15% year-on-year increase in revenue to \$5.3 billion (€5.1 billion) and a 17% year-on-year increase in reported EBITDA to \$1.1 billion (€1.0 billion). The results were buoyed by a 9% rise in both transport volumes to 3.3 million twenty-foot equivalent units (TEUs) and the average freight rate to \$1,480 per TEU. This is because the ongoing capacity absorption amid Red Sea rerouting and the decent global trade volumes (as businesses have rushed to move goods ahead of U.S. tariff implementation) have cushioned the impact of new tonnage deliveries.

We anticipate that positive trading will continue into the beginning of the third quarter, underpinned by solid underlying demand. In addition, an early peak season is likely, as frontloading and restocking continues amid erratic shifts in tariff levels and uncertainty over future U.S. trade policies, but visibility beyond that is low.

**We now forecast adjusted EBITDA of €3.0 billion–€3.2 billion for Hapag-Lloyd in 2025, compared with our previous base case of €2.0 billion–€3.0 billion.** In May 2025, Hapag-Lloyd confirmed the full-year EBITDA guidance of €2.4 billion–€3.9 billion that it had initially outlined in February 2025. The S&P Global Ratings-adjusted EBITDA of €3.0 billion–€3.2 billion that we forecast in our 2025 base case is in the middle of the company's guidance range.

Our forecast incorporates low-single-digit annual growth in global transported volumes in 2025 and a similar scenario in 2026. This trajectory is in alignment with global GDP growth trends and follows last year's solid mid-single-digit volume growth and a flat evolution in 2023. That said, the prevailing supply-demand imbalance in the industry runs the risk of pressurizing freight rates. In our base-case forecasts, we assume that average freight rates will decrease by around 10% year on year in 2025. This follows a quarter-on-quarter sequential decline of 5.0% that Hapag-Lloyd reported in first-quarter 2025 as a result of lingering supply-side pressures.

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We anticipate that the diversion of container ships from the Red Sea will persist, as there are no indications of a lasting resolution to the geopolitical conflicts in the Middle East. As a result, significant capacity absorption is likely to continue this year. In addition, we expect that container shipping companies will continue employing a variety of means to manage the inherent volatility and increased operational challenges. Many of these means have been tested in recent years, including cancelling routes (loop withdrawals), skipping or cancelling stops (blank sailings), slow steaming, rerouting, swift capacity reallocation and vessel swapping, and deferring new vessel deliveries.

**The operating environment has become increasingly less predictable for container liners in general, but our rating on Hapag-Lloyd has ample headroom for unexpected adversities.**

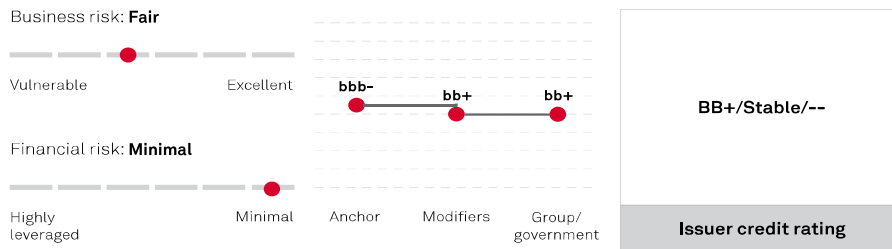
Hapag-Lloyd outperformed our forecasts in 2024, finishing another year with a net cash position (cash and securities exceeding financial debt and lease liabilities) of €910 million. It then reported a slight uptick in its net cash position to €940 million as of March 31, 2025. That said, we forecast that Hapag-Lloyd's free operating cash flow in 2025 (after discretionary capex, mainly for fleet modernization and before annual lease amortization) will not be sufficient to cover its dividend distribution of about €1.4 billion. As a result, the financial leeway that Hapag-Lloyd has built up since 2021 will decline and its financial leverage will return to a net debt position.

Despite the increase in debt we anticipate, our base case points to adjusted debt to EBITDA of up to 1.0x, as well as adjusted funds from operations (FFO) to debt of 100%-200% in 2025 and 2026, which is well above our rating guideline of at least 35%. This provides the company with ample financial headroom for unforeseen operational setbacks or selected external growth. That said, our base case is susceptible to various risks relating to trade policy, macroeconomic conditions, and geopolitical factors. Additionally, there is uncertainty about how the resilience of profitable freight rates will interact with the capacity-management strategies of industry players, particularly when the disruptions in the Red Sea ease and capacity is released into the network, potentially during 2026.

We also see Hapag-Lloyd's absolute EBITDA, and consequently its credit metrics, as being highly sensitive to shipping freight rates. We note that Hapag-Lloyd remains overall more exposed to container shipping operations than some of its peers, such as [A.P. Moller - Maersk A/S](#) or [CMA CGM S.A.](#) This is because the €100 million-€150 million EBITDA contribution from Hapag-Lloyd's terminals segment--which it recently expanded and which is infrastructure-like and typically more resilient than its container shipping segment--is relatively small.

We continue to apply a negative financial policy adjustment to our rating on Hapag-Lloyd, lowering it by one notch to 'BB+'. This captures Hapag-Lloyd's capital-allocation policy on potential cash- or debt-funded acquisitions, which we assume that the company will carry out while maintaining debt to EBITDA at less than 3.0x, as per its guidance.

## Ratings Score Snapshot



## Recent Research

- [CreditWeek: What's Behind The Resilience Of Our Container Shipping Ratings Amid Trade And Tariff Disruptions?](#), June 12, 2025
- [Industry Credit Outlook 2025: Transportation](#), Jan. 14, 2025

## Company Description

Hapag-Lloyd is a leading global container liner operator with 308 modern ships. Hapag-Lloyd transports 12.5 million TEUs of cargo per year and has about 17,100 employees in more than 400 offices across 140 countries.

Hapag-Lloyd has a fleet with a total capacity of approximately 2.4 million TEUs, as well as container stock of approximately 3.7 million TEUs, including one of the world's largest and most modern refrigerated container fleets.

Hapag-Lloyd's global network provides connections between more than 600 ports on every continent. In addition, Hapag-Lloyd has equity stakes in 21 terminals in Europe, Latin America, the U.S., India, and North Africa.

Hapag-Lloyd is owned by:

- CSAV (30.0%);
- Klaus Michael Kühne (including Kühne Holding AG and Kühne Maritime GmbH) (30.0%);
- HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH (13.9%);
- Qatar Investment Authority (12.3%); and
- The Public Investment Fund on behalf of the Kingdom of Saudi Arabia (10.2%).

Free-floating shares constitute 3.6% of total shares.

The company generated revenue of €19.1 billion and EBITDA of €4.7 billion in 2024.

## Outlook

The stable outlook reflects our expectation that Hapag-Lloyd will maintain adjusted FFO to debt above 35%, our threshold for a 'BB+' rating, because the continued Red Sea rerouting, moderate growth in global trade volumes, and port congestion are cushioning the impact of new tonnage deliveries. We also factor in industry players' stringent capacity management when the Red Sea disruption and port congestion ease, releasing capacity into the network, which is unlikely to happen in 2025. We think that this will result in Hapag-Lloyd's adjusted EBITDA staying above the 2019 pre-pandemic level, with the company's adherence to a balanced financial policy supporting its credit metrics.

### Downside scenario

We could lower the rating if we expect Hapag-Lloyd's adjusted FFO to debt to fall sustainably below 35%, for example due to a plunge in trade volumes, along with industry players' unexpected failure to adjust excess capacity, thereby sustainably depressing freight rates. A large cash- or debt-funded acquisition that results in credit measures falling short of our guidelines for a long period might also lead to a downgrade.

### Upside scenario

We could raise the rating if Hapag-Lloyd's adjusted FFO to debt remains above 50% once freight rates normalize, and if the company commits to a financial policy to ensure that this ratio is sustainable.

## Key Metrics

Period ending	Dec-31-2023	Dec-31-2024	Dec-31-2025	Dec-31-2026
(Mil. €)	2023a	2024a	2025e	2026f
Container volume growth (%)	0.5	4.7	1.0-3.0	3.0-5.0
Average freight rate growth (%)	-45.9	-0.5	Negative up to 10.0	Negative up to 5.0
Revenue	17,930	19,112	17,000-19,000	16,000-18,000
EBITDA	4,458	4,668	3,000-3,200	2,600-2,800
FFO	4,050	4,229	2,500-2,700	2,100-2,300
Capital expenditure (capex)	1,667	2,134	1,500-2,500	1,000-2,000
<b>Adjusted ratios</b>				
Debt/EBITDA (x)	--	--	0.5-1.0	0.5-1.0
FFO/debt (%)	N.M.	N.M.	100.0-200.0	100.0-200.0

\*All figures adjusted by S&P Global Ratings. a--Actual, e--Estimate, f--Forecast. N.M.--Not meaningful.

## Financial Summary

### Hapag-Lloyd AG--Financial Summary

Period ending	Dec-31-2019	Dec-31-2020	Dec-31-2021	Dec-31-2022	Dec-31-2023	Dec-31-2024
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## Hapag-Lloyd AG

### Hapag-Lloyd AG--Financial Summary

Reporting period	2019a	2020a	2021a	2022a	2023a	2024a
Display currency (mil.)	EUR	EUR	EUR	EUR	EUR	EUR
Revenues	12,608	12,772	22,274	34,543	17,930	19,112
EBITDA	1,960	2,694	10,840	19,310	4,458	4,668
Funds from operations (FFO)	1,533	2,356	10,589	19,022	4,050	4,229
Interest expense	429	344	243	245	272	345
Cash interest paid	397	316	225	228	269	344
Operating cash flow (OCF)	1,661	2,618	10,211	19,506	5,341	4,397
Capital expenditure	426	534	1,253	1,422	1,667	2,134
Free operating cash flow (FOCF)	1,235	2,084	8,958	18,083	3,675	2,263
Discretionary cash flow (DCF)	1,195	1,881	8,325	11,918	(7,414)	624
Cash and short-term investments	499	668	7,701	17,959	7,559	7,478
Gross available cash	499	668	7,701	17,959	7,559	7,478
Debt	6,733	4,848	0	0	0	0
Common equity	6,621	6,723	16,162	27,911	18,767	20,723
<b>Adjusted ratios</b>						
EBITDA margin (%)	15.5	21.1	48.7	55.9	24.9	24.4
Return on capital (%)	5.9	11.4	67.8	80.1	12.5	14.3
EBITDA interest coverage (x)	4.6	7.8	44.6	78.8	16.4	13.5
FFO cash interest coverage (x)	4.9	8.5	48.1	84.6	16.0	13.3
Debt/EBITDA (x)	3.4	1.8	0.0	0.0	0.0	0.0
FFO/debt (%)	22.8	48.6	NM	NM	NM	NM
OCF/debt (%)	24.7	54.0	NM	NM	NM	NM
FOCF/debt (%)	18.3	43.0	NM	NM	NM	NM
DCF/debt (%)	17.8	38.8	NM	NM	NM	NM

## Peer Comparison

### Hapag-Lloyd AG--Peer Comparisons

	Hapag-Lloyd AG	A.P. Moller - Maersk A/S	Wan Hai Lines Ltd.
Foreign currency issuer credit rating	BB+/Stable/--	BBB+/Stable/--	BB+/Stable/--
Local currency issuer credit rating	BB+/Stable/--	BBB+/Stable/--	BB+/Stable/--
Period	Annual	Annual	Annual
Period ending	2024-12-31	2024-12-31	2024-12-31
Mil.	EUR	EUR	EUR
Revenue	19,112	53,590	4,767
EBITDA	4,668	11,749	1,936
Funds from operations (FFO)	4,229	10,079	1,741
Interest	345	969	61
Cash interest paid	344	1,034	61

## Hapag-Lloyd AG--Peer Comparisons

Operating cash flow (OCF)	4,397	11,393	2,146
Capital expenditure	2,134	3,956	1,053
Free operating cash flow (FOCF)	2,263	7,436	1,093
Discretionary cash flow (DCF)	624	5,496	969
Cash and short-term investments	7,478	6,981	4,963
Gross available cash	7,478	22,175	4,963
Debt	0	0	0
Equity	20,723	55,971	7,709
EBITDA margin (%)	24.4	21.9	40.6
Return on capital (%)	14.3	13.1	27.4
EBITDA interest coverage (x)	13.5	12.1	31.9
FFO cash interest coverage (x)	13.3	10.7	29.6
Debt/EBITDA (x)	0.0	0.0	0.0
FFO/debt (%)	NM	NM	NM
OCF/debt (%)	NM	NM	NM
FOCF/debt (%)	NM	NM	NM
DCF/debt (%)	NM	NM	NM

## Environmental, Social, And Governance

Environmental factors are a negative consideration in our credit rating analysis of Hapag-Lloyd, as the global shipping industry faces a large regulatory burden. This is reflected in increasingly stringent emissions targets; demanding and lumpy capital investments, for example in new vessels powered by alternative fuels; and more expensive emissions-compliant bunkers.

Hapag-Lloyd is proactively investing in dual-fuel vessels that run on liquefied natural gas (LNG). LNG is a transitional fuel that, in addition to reducing air pollution, produces up to 20% less carbon dioxide than traditional fuels. These vessels are also technically capable of using carbon-neutral synthetic natural gas instead of LNG in the future.

Hapag-Lloyd has received 12 ultra-large dual-fuel-engine vessels (over 23,500 TEUs) since 2023. This is equivalent to about 12% of Hapag-Lloyd's current fleet size of 2.4 million TEUs. In addition, the company announced a major renewal plan for its fleet, with 42 dual-fuel vessels with capacity of close to 700,000 TEU to operate by 2030. In 2020, Hapag Lloyd was the first shipping company to retrofit a conventional vessel so that it could run on LNG.

## Rating Component Scores

<b>Foreign currency issuer credit rating</b>	<b>BB+/Stable/--</b>
<b>Local currency issuer credit rating</b>	<b>BB+/Stable/--</b>
<b>Business risk</b>	<b>Fair</b>
Country risk	Intermediate
Industry risk	High
Competitive position	Satisfactory
<b>Financial risk</b>	<b>Minimal</b>
Cash flow/leverage	Minimal
<b>Anchor</b>	<b>bbb-</b>
Diversification/portfolio effect	Neutral (no impact)
Capital structure	Neutral (no impact)
Financial policy	Negative (-1 notch)
Liquidity	Adequate (no impact)
Management and governance	Neutral (no impact)
Comparable rating analysis	Neutral (no impact)
<b>Stand-alone credit profile</b>	<b>bb+</b>

## Related Criteria

- [General Criteria: Environmental, Social, And Governance Principles In Credit Ratings](#), Oct. 10, 2021
- [General Criteria: Group Rating Methodology](#), July 1, 2019
- [Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments](#), April 1, 2019
- [Criteria | Corporates | General: Recovery Rating Criteria For Speculative-Grade Corporate Issuers](#), Dec. 7, 2016
- [Criteria | Corporates | Recovery: Methodology: Jurisdiction Ranking Assessments](#), Jan. 20, 2016
- [Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers](#), Dec. 16, 2014
- [General Criteria: Methodology: Industry Risk](#), Nov. 19, 2013
- [General Criteria: Country Risk Assessment Methodology And Assumptions](#), Nov. 19, 2013
- [Criteria | Corporates | General: Corporate Methodology](#), Nov. 19, 2013
- [General Criteria: Methodology: Management And Governance Credit Factors For Corporate Entities](#), Nov. 13, 2012
- [General Criteria: Principles Of Credit Ratings](#), Feb. 16, 2011

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