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Hapag-Lloyd unveils details about its ‘Strategy 2023’

- **Focus on quality, selective global growth and profitability**
- **More investment in digitalisation**
- **Continuous cost and revenue management**
- **Return on Invested Capital (ROIC) above the Weighted Average Cost of Capital (WACC)**

Hapag-Lloyd has disclosed details of its new mid-term Strategy 2023. Following a period of consolidation, the liner shipping industry has changed significantly. Hapag-Lloyd is more than two times larger than it was in 2014 in terms of transport capacity. At the same time, further consolidation amongst the largest players in the industry is less attractive due to decreasing incremental scale benefits. As a result, the industry has come to a turning point. Hapag-Lloyd will therefore focus on significantly improving quality for its customers, selective global growth and becoming profitable throughout the cycle.

“Size is not the name of the game anymore, but customer orientation. It is obvious that customers expect more reliable supply chains, so our industry needs to change and invest more. At the same time, we know that people are prepared to pay for value. Going forward, delivering value to get the most attractive cargo on board is at the heart of our new Strategy

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2023. To be number one for quality is the ultimate promise to our customers and a strong differentiator from our competitors”, said Rolf Habben Jansen, CEO of Hapag-Lloyd.

Hapag-Lloyd’s Strategy 2023 is based on various elements: Key cost initiatives focus on network optimisation, terminal partnering and further improvements in procurement and container steering. Furthermore, an optimised revenue management will ensure that the most attractive cargo gets on board. At the core of the new Strategy is an enhanced differentiation by offering unrivalled levels of reliability and service quality. Hapag-Lloyd is making changes to its structures, systems, processes and operations and focusing single-mindedly on delivering customers a better and more efficient experience in their supply chains.

At the same time, additional improvements aim to turn Hapag-Lloyd into a more agile, dynamic and analytically driven organisation. More investments in digitalisation and automation will be made to further exploit digital excellence. One example is to increase the share of the online business via the web channel to 15 percent of Hapag-Lloyd’s overall volume by 2023.

Financial targets by 2023 will focus on generating economic value by delivering a Return on Invested Capital (ROIC) which is higher than the Weighted Average Cost of Capital (WACC). This implies an EBITDA margin of approximately 12 percent. A cost management programme with a savings run-rate target of USD 350 to 400 million has been launched to ensure a competitive cost position is maintained also after launching the strategy initiatives. On leverage, the net debt-to-EBITDA ratio is targeted to be less than 3.0x with an equity ratio of more than 45 percent. An adequate liquidity reserve of around 1.1 billion US dollar will be maintained.

Additional information on Hapag-Lloyd’s new Strategy 2023 is available on the [Hapag-Lloyd website](#).

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About Hapag-Lloyd

With a fleet of 222 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 12,000 employees and 394 offices in 127 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 120 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.

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