

Q4 | FY 2022

Hapag-Lloyd AG

Investor Report

1 January to
31 December 2022



SUMMARY OF HAPAG-LLOYD KEY FIGURES

		Q4 2022	Q4 2021	FY 2022	FY 2021	Change
Key operating figures						
Total vessels, of which		251	253	251	253	-1%
Own vessels ¹		121	113	121	113	7%
Chartered vessels		130	140	130	140	-7%
Aggregate capacity of vessels	TTEU	1,797	1,769	1,797	1,769	2%
Aggregate container capacity	TTEU	2,972	3,058	2,972	3,058	-3%
Bunker price (average for the period)	USD/t	746	543	753	475	59%
Freight rate (average for the period)	USD/TEU	2,625	2,577	2,863	2,003	43%
Transport volume	TTEU	2,857	2,892	11,843	11,872	0%
Revenue	million USD	7,962	8,411	36,401	26,356	38%
Transport expenses	million USD	-3,665	-3,321	-14,469	-12,216	18%
EBITDA	million USD	3,825	4,679	20,474	12,842	59%
EBIT	million USD	3,324	4,173	18,467	11,111	66%
Group profit/loss	million USD	3,295	4,095	17,959	10,750	67%
Cash flow from operating activities ²	million USD	4,611	4,840	20,591	12,309	67%
Investment in property, plant and equipment ³	million USD	715	1,105	2,731	3,323	-18%
Key return figures						
EBITDA margin (EBITDA/revenue)	%	48.0	55.6	56.2	48.7	7.5 ppt
EBIT margin (EBIT/revenue)	%	41.8	49.6	50.7	42.2	8.6 ppt
Key balance sheet figures⁴						
Balance sheet total	million USD	41,298	30,236	41,298	30,236	37%
Equity	million USD	29,795	18,292	29,795	18,292	63%
Equity ratio (equity/balance sheet total)	%	72.1	60.5	72.1	60.5	11.6 ppt
Borrowed capital	million USD	11,503	11,943	11,503	11,943	-4%
Key financial figures⁴						
Financial debt and lease liabilities	million USD	5,804	6,222	5,804	6,222	-7%
Cash and cash equivalents	million USD	16,265	8,741	16,265	8,741	86%
Net liquidity	million USD	13,437	2,520	13,437	2,520	433%
Gearing (net debt/equity)	%	-45.1	-13.8	-45.1	-13.8	-31.3 ppt
Liquidity reserve	million USD	16,990	9,326	16,990	9,326	82%
Number of employees⁴						
Marine personnel		1,802	1,964	1,802	1,964	-8%
Shore-based personnel		12,446	12,142	12,446	12,142	3%
Hapag-Lloyd total		14,248	14,106	14,248	14,106	1%

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

¹ Including lease agreements with purchase option/obligation at maturity

² From the 2022 financial year onwards, payments received for interest are not reported under cash inflow/outflow from operating activities, but under cash inflow/outflow from investing activities. The previous year's values were adjusted accordingly.

³ As of 2019, investments in property, plant and equipment include additions to the Rights of Use according to IFRS 16.

⁴ Figures as per 31 December of the respective financial year

This report intends to focus on the presentation of the main financial highlights and calculated USD figures of the reporting period. It makes no claim to completeness and does not deal with all aspects and details regarding Hapag-Lloyd. For the full annual report, please visit our website: <https://www.hapag-lloyd.com/en/ir/publications/financial-report.html>

This investor report was published on 2 March 2023.

MAIN DEVELOPMENTS IN THE 2022 FINANCIAL YEAR

- The 2022 financial year was initially characterised by high transport demand and the accompanying disruption to global supply chains. However, as demand began to decline in the course of the second half of the year, port congestion had largely dissipated by the end of the year.
- Hapag-Lloyd's transport volume was on a par with the previous year at 11,843 TTEU in the 2022 financial year (–0.2%).
- Hapag-Lloyd's average freight rate rose by 43% to USD 2,863/TEU in 2022 (prior year period: USD 2,003/TEU) in view of the initial shortage of transport capacity.
- Revenue in the 2022 financial year increased by 38% to USD 36.4 billion (prior year period: USD 26.4 billion) due to higher freight rates.
- Transport costs rose by 18% to USD 14.5 billion (prior year period: USD 12.2 billion) due to higher bunker prices and supply chain disruptions.
- At USD 20.5 billion, EBITDA was well above the previous year's figure of USD 12.8 billion. The EBITDA margin improved by 7.5 percentage points to 56.2% (previous year: 48.7%).
- EBIT also rose significantly to USD 18.5 billion (prior year period: USD 11.1 billion).
- The improved operating result led to an increase in Group profit to USD 18.0 billion (prior year period: USD 10.8 billion).
- At the balance sheet date 31 December 2022, Hapag-Lloyd had net liquidity of USD 13.4 billion (31 December 2021: USD 2.5 billion) and equity of USD 29.8 billion (31 December 2021: USD 18.3 billion).
- Due to the increase in earnings and the very good balance sheet figures, the Executive Board and the Supervisory Board propose to the Annual General Meeting to increase the dividend for the financial year 2022 to EUR 63.00 per share (2021 financial year: EUR 35.00 per share).
- Hapag-Lloyd recorded very strong business performance in 2022, primarily due to the exceptional market environment. Against the background of changing market conditions, the Hapag-Lloyd AG Executive Board expects a gradual normalisation of the earnings trend in the current 2023 financial year.
- Group EBITDA is expected to be in the range of USD 4.3 to 6.5 billion or EUR 4.0 to 6.0 billion (prior year period: EUR 19.4 billion) and EBIT in the range of USD 2.1 to 4.3 billion or EUR 2.0 to 4.0 billion (prior year period: EUR 17.5 billion).
- The forecast is subject to considerable uncertainty given the ongoing war in Ukraine and other geopolitical conflicts, as well as the impact of high inflation.

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1. MAIN VALUE DRIVERS OF THE CONTAINER SHIPPING SECTOR

1.1. GENERAL ECONOMIC CONDITIONS

The pace at which the global economy grows and, by extension, at which global trade develops is a significant factor that influences demand for container shipping services and thus the development of the container shipping companies' transport volumes.

Despite the rapid spread of the Omicron variant of COVID-19, the global economy got off to a good start in 2022 before the situation deteriorated significantly due to Russia's invasion of Ukraine at the end of February. Sharp increases in energy and commodity prices, as well as a temporary worsening of supply bottlenecks due to, among other things, production stoppages in Ukraine and the sanctions against Russia, led to high inflationary pressures that negatively impacted consumer behaviour and global economic growth.

The economy of the People's Republic of China recorded growth of only 3.0% in 2022, down from 8.1% in the previous year (National Bureau of Statistics of China, January 2023). With the exception of 2020, this was the weakest growth since 1976, according to the World Bank. This development is due in particular to the prolonged lockdowns in important economic centres. Imports of goods increased by 1.1% and exports by 7.0% (General Administration of Customs of the People's Republic of China, January 2023). The main recipients of Chinese goods are the USA and Europe. The US economy grew by 2.1% in 2022 (in 2021: 5.9%). The main growth drivers were higher consumer spending, exports, private inventory investment, and non-residential fixed investment. The increase in consumer spending was due to higher spending on services, while spending on goods declined. Imports as well as exports in 2022 increased significantly compared with 2021, primarily due to the sharp rise in energy and raw material prices. Imports of goods in 2022 increased 14.9% from the same period a year earlier, and exports increased 18.4% (U.S. Department of Commerce, February 2023). The EU recorded economic growth of 3.6% in 2022, down from 5.4% in 2021. Due to persistently high inflation and the corresponding negative impact on private consumer spending, economic growth in the EU increasingly weakened over the course of the year and stagnated in the fourth quarter. Exports of goods from the EU increased by 18.7% year-on-year in the period from January to November 2022. Imports of goods grew even more significantly by 44.8%, mainly due to a 124.2% increase in energy imports, which in turn was attributable to the sharp rise in energy prices (Eurostat, January 2023).

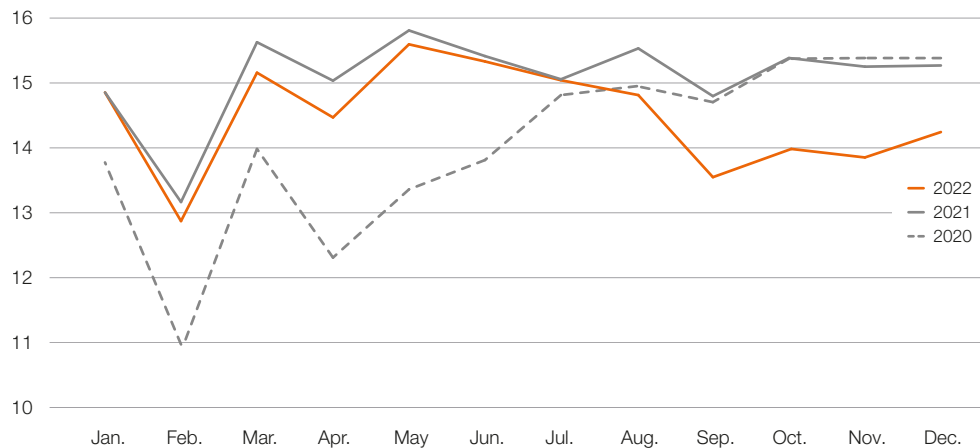
Energy prices were characterised by strong volatility and sharp increases as a result of the war in Ukraine and the resulting uncertainty on the international energy markets. For a time, the price of Brent crude was more than USD 120 per barrel. However, as the economy began to cool, the oil price fell significantly in the second half of the year. As at 31 December 2022, the price of Brent crude was USD 85.91 per barrel, up 10.5% from USD 77.78 per barrel at the end of December 2021 (S&P Global Commodity Insights, Bloomberg).

1.2. SECTOR-SPECIFIC CONDITIONS

Following the outbreak of the COVID-19 pandemic at the beginning of 2020, there was a brief but significant decline in global container transport volumes, followed by a strong recovery. In conjunction with regional COVID-19 restrictions, this led to a noticeable disruption to global supply chains since the fourth quarter of 2020 at the latest, which initially continued into the 2022 financial year. With the abrupt cooling of demand for transport in the second half of 2022, port congestion was largely cleared by the end of the year, which also significantly improved the supply chain situation.

Global container transport volumes were initially only slightly below the high level of the previous year, before there was a significant drop in demand in the second half of the year. Compared to the previous year, global container transport volumes declined by 3.9% in 2022 (Container Trade Statistics (CTS), February 2023). This is the sharpest decline since the global financial crisis in 2009.

Monthly global container transport volumes (in million TEU)



Source: CTS, February 2023

Transport volumes declined significantly, especially in the major trades from Asia to Europe and North America. Volumes also declined on the routes between Europe and North and South America. Only the trades to and from India recorded notable growth.

Transport volume and growth rates for global container traffic per trade
(volume 2022 in million TEU; in brackets: 2022 vs. 2021 in %)



The Shanghai Containerized Freight Index (SCFI), which tracks spot freight rates on the major trade routes from Shanghai, declined gradually in the course of 2022 as a result of the weakening demand. With a value of USD 1,108/TEU at the end of 2022, this was significantly lower than the previous year's figure of USD 5,047/TEU.

The share of idle vessels continued to be at a moderate level at 0.7 million TEU, or 2.6% of the global fleet (previous year: 1.0%) (Alphaliner Weekly, January 2023, December 2022 and 2021). By comparison, the figure totalled around 2.7 million TEU (Alphaliner Weekly, June 2020) at the end of May 2020, which corresponded to 12% of the global fleet. This was due to the collapse in demand caused by the outbreak of the COVID-19 pandemic.

Based on figures from MDS Transmodal, a total of 178 container vessels with a transport capacity of approximately 967 TTEU were placed into service in 2022 (prior year period: 162 vessels with a transport capacity of approximately 1,086 TTEU). According to Clarksons, only eight very small container vessels with a capacity of 11.3 TTEU were scrapped in the same period (prior year period: approximately 0.1 TTEU).

In 2022, orders were placed for the construction of 344 container vessels with a transport capacity totalling 2.5 million TEU, significantly less than the 4.3 million TEU in the prior year period (Clarksons Research, January 2023). Compared with previous years, however, the volume of new orders remains at a high level. According to MDS Transmodal, the tonnage of commissioned container ships rose further to around 7.2 million TEU at the end of December 2022, up from around 5.4 million TEU in the previous year. This means that, although the order volume in proportion to the current global container fleet capacity is 28.0% and therefore at its highest level since 2011, it is still significantly below the peak of around 61% recorded in 2007.

The bunker price initially increased significantly in the first half of 2022. Bunker with low sulphur content was quoted at times above 900 USD/t (MFO 0.5%, FOB Rotterdam). However, the bunker price fell gradually in the second half of 2022 to 514 USD/t at the end of 2022, which was even below the level of 550 USD/t at the end of 2021.

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

Fleet and capacity development

As at 31 December 2022, Hapag-Lloyd's fleet comprised a total of 251 container vessels (31 December 2021: 253). All of the vessels are certified in accordance with the ISM (International Safety Management) Code and have a valid ISSC (ISPS) certificate. The majority of the vessels are certified as per ISO 9001 (quality management) and ISO 14001 (environmental management).

The TEU capacity of the entire Hapag-Lloyd fleet as at 31 December 2022 was 1,796.8 TTEU and therefore 1.6% higher compared to 31 December 2021 (1,768.7 TTEU). In the first half of 2022, five second-hand vessels with a total capacity of 19.3 TEU were acquired. As part of the acquisition of the container liner business of Deutsche Afrika-Linien GmbH & Co. KG (DAL), a 6,589 TEU vessel owned by the company was taken over. Two newbuilds with a capacity of 13,312 TEU each were commissioned in the second half of 2022.

Based on the TEU capacities, 62% of the fleet was owned by the Group as at 31 December 2022 (previous year: 60%).

As at the reporting date, the average age of the total Hapag-Lloyd fleet was 11.2 years (capacity weighted; 31 December 2021: 10.5 years). This is slightly above the average of the ten biggest container liner shipping companies, which is 10.8 years (31 December 2021 : 10.0 years; source: MDS Transmodal). The average size of vessels in the Hapag-Lloyd Group fleet as at 31 December 2022 was 7,159 TEU (31 December 2021: 6,991 TEU). This figure was approximately 11% above the comparable average of the ten biggest container liner shipping companies worldwide as at 31 December 2022, which was 6,458 TEU (31 December 2021: 6,279 TEU; source: MDS Transmodal).

In order to improve its competitiveness in the Europe–Far East trade, Hapag-Lloyd signed two newbuild contracts, each for the construction of six large container vessels, at the end of 2020 and in June 2021 with a size of 23,660 TEU each. The vessels will be built by Korea's Daewoo Shipbuilding & Marine Engineering and delivered to Hapag-Lloyd between June 2023 and April 2025. The total value of the investment will be approximately USD 2 billion. The relevant funding has already been agreed on. The purchase price will be paid in a number of instalments until final delivery, with the largest part of the payment due with delivery of the vessel. As part of Hapag-Lloyd's sustainability strategy, the vessels will be equipped with a high-pressure dual-fuel engine, which can run on both LNG and conventional fuel. LNG offers a number of environmental advantages over conventional oil-based fuels, in particular CO₂ emissions can be reduced by around 15% to 25% (European Commission, July 2021).

Hapag-Lloyd's order book as at 31 December 2022 comprised twelve newbuilds with a size of 23,660 TEU and three newbuilds of different sizes of about 13,000 TEU. The total capacity of the newbuilds is around 323 TTEU, deliveries are planned between 2023 and 2025.

In addition to the newbuilds owned by the company, Hapag-Lloyd will add five new vessels of different sizes of about 13,000 TEU to its fleet as long-term charters. One of these newbuilds was taken over in 2022, while the remaining four charter vessels are scheduled for delivery in 2023 and 2024.

As at 31 December 2022, Hapag-Lloyd owned or rented 1.75 million containers (31 December 2021: 1.83 million) with a capacity of 2.97 million TEU (31 December 2021: 3.06 million TEU) for shipping cargo. The capacity-weighted proportion of owned containers as at 31 December 2022 is 58% (31 December 2021: 58%). In 2022, 5,200 TEU of special containers and 11,800 TEU reefer containers were purchased and delivered.

Structure of Hapag-Lloyd's ship and container fleets

	31.12.2022	31.12.2021	31.12.2020	31.12.2019
Number of vessels	251	253	237	239
thereof				
Own vessels ¹	121	113	112	112
Chartered vessels	130	140	125	127
Aggregate capacity of vessels (TTEU)	1,797	1,769	1,719	1,707
Aggregate container capacity (TTEU)	2,972	3,058	2,704	2,540
Number of services	119	126	122	121

¹ Including lease agreements with a purchase option/obligation at the end of the term

In 2022, Hapag-Lloyd chartered a total of 19 container vessels with a capacity of 35.4 TTEU for the carriage of empty containers at short notice (prior year period: 23 container vessels, capacity 57.3 TTEU) in order to counter the tight container availability in Asia as far as possible. As at 31 December 2022, no vessel was used for empty container transport (31 December 2021: one vessel). The vessels are not deployed in a liner service and are therefore not included in the display of the fleet structure.

3. GROUP EARNINGS POSITION

3.1. CONSOLIDATED INCOME STATEMENT

In the 2022 financial year, good demand for container transport contributed to the positive development of the sector which became increasingly weakened in the course of the second half of the year. However, a difficult market environment prompted in particular by ongoing disruption to global supply chains resulted in operational challenges in the reporting year that were reflected in longer round voyage times for vessels and containers. Furthermore, commodity and energy costs increased significantly as a result of the Russia-Ukraine war. In the last quarter of the financial year, this market situation began to ease with a pro rata release of port congestion.

Compared with the 2021 financial year, the rise in the average freight rate (in USD/TEU) of 42.9% resulted in revenue growth of 38.1%, while the transport volume remained at the previous year's level. By contrast, an increase in the average bunker consumption price (+58.5%) and higher handling and haulage expenses (+9.4%) adversely affected the operating result.

Hapag-Lloyd generated earnings before interest, taxes, depreciation and amortisation (EBITDA) of USD 20,473.9 million in the reporting period (prior year period: USD 12,841.9 million) and earnings before interest and taxes (EBIT) of USD 18,467.3 million (prior year period: USD 11,111.0 million). The Group profit came to USD 17,959.4 million (prior year period: USD 10,750.3 million).

Consolidated income statement

million USD	Q4 2022	Q3 2022	Q4 2021	QoQ Change	YoY change	FY 2022	FY 2021	Change
Revenue	7,961.7	9,877.7	8,411.0	-19.4%	-5.3%	36,401.1	26,356.2	38.1%
Transport expenses	-3,664.7	-3,828.3	-3,320.6	-4.3%	10.4%	-14,469.4	-12,215.6	18.5%
Personnel expenses	-343.3	-224.5	-321.6	53.0%	6.8%	-1,034.8	-958.5	8.0%
Depreciation, amortisation and impairment	-500.4	-483.1	-506.1	3.6%	-1.1%	-2,006.6	-1,730.9	15.9%
Other operating result	-137.5	-123.9	-100.9	-11.0%	-36.3%	-517.8	-372.9	38.9%
Operating result	3,315.8	5,217.9	4,161.9	-36.5%	-20.3%	18,372.6	11,078.3	65.8%
Share of profit of equity-accounted investees	8.5	10.8	12.2	-21.6%	-30.0%	94.8	34.1	178.2%
Result from investments	-0.1	-4.1	-0.9	-96.4%	-84.3%	-0.1	-1.4	-92.3%
Earnings before interest and tax (EBIT)	3,324.1	5,224.6	4,173.1	-36.4%	-20.3%	18,467.3	11,111.0	66.2%
Interest result	105.3	11.4	-54.8	825.4%	n.m.	23.8	-290.2	n.m.
Other financial items	-5.4	4.1	2.7	n.m.	n.m.	-320.3	2.0	n.m.
Income taxes	-129.4	-41.1	-25.6	214.8%	405.6%	-211.4	-72.5	191.4%
Group profit/loss	3,294.7	5,199.0	4,095.5	-36.6%	-19.6%	17,959.4	10,750.3	67.1%

3.2. TRANSPORT VOLUME PER TRADE

The transport volume of 11,843 TTEU in the 2022 financial year remained at the previous year's level (prior year period: 11,872 TTEU) (-0.2%).

The increase in the transport volume on the Africa trade resulted primarily from the expansion of Hapag-Lloyd's market presence there since the middle of 2021, in particular following the integration of the container shipping company NileDutch and the acquisition of the container liner shipping business of Deutsche Afrika-Linien GmbH & Co. KG (DAL).

The lower transport volume on the Latin America trade was essentially due to the optimised repositioning of containers to other trades. On the Middle East, Far East and Transpacific trades, a difficult market environment characterised by the congestion of local port infrastructure and the resulting delays and suspension of container handling led to a slight decline in the transport volume. Furthermore, all of the aforementioned trades saw a decline in demand in the course of the second half of 2022.

Transport volume per trade

TTEU	Q4 2022	Q3 2022	Q4 2021	QoQ change	YoY change	FY 2022	FY 2021	Change
Atlantic	541	523	521	3.5%	3.9%	2,116	2,105	0.5%
Transpacific	412	462	414	-10.9%	-0.5%	1,735	1,768	-1.9%
Far East	500	556	534	-10.1%	-6.4%	2,230	2,274	-1.9%
Middle East	342	370	395	-7.5%	-13.4%	1,514	1,557	-2.8%
Intra-Asia	166	157	148	5.8%	12.0%	634	608	4.2%
Latin America	734	714	748	2.8%	-1.9%	2,933	3,038	-3.4%
Africa	162	193	132	-16.3%	22.6%	681	522	30.4%
Total	2,857	2,975	2,892	-4.0%	-1.2%	11,843	11,872	-0.2%

3.3. FREIGHT RATE PER TRADE

The average freight rate in the 2022 financial year was USD 2,863/TEU, which was USD 860/TEU, or 42.9%, above the prior year period (USD 2,003/TEU).

The increase in the freight rate in the 2022 financial year was primarily due to good demand for container transport alongside a simultaneous scarcity of transport capacities in an overstrained market environment. Over the course of the second half of the year, the market situation with regard to demand and the market environment turned around, resulting in a slowly declining freight rate at a still high level.

Freight rate per trade

USD/TEU	Q4 2022	Q3 2022	Q4 2021	QoQ change	YoY change	FY 2022	FY 2021	Change
Atlantic	3,164	3,260	2,300	-2.9%	37.6%	2,948	1,808	63.1%
Transpacific	3,190	4,299	3,736	-25.8%	-14.6%	3,835	2,746	39.6%
Far East	2,650	3,318	3,063	-20.1%	-13.5%	3,134	2,479	26.4%
Middle East	1,677	2,184	1,978	-23.2%	-15.2%	2,077	1,512	37.3%
Intra-Asia	1,395	2,020	1,714	-30.9%	-18.6%	1,845	1,295	42.5%
Latin America	2,653	2,898	2,294	-8.4%	15.6%	2,718	1,745	55.7%
Africa	2,454	2,636	2,439	-6.9%	0.6%	2,549	1,997	27.7%
Total	2,625	3,106	2,577	-15.5%	1.9%	2,863	2,003	42.9%

3.4. REVENUE PER TRADE

The Hapag-Lloyd Group's revenue rose by USD 10,044.9 million to USD 36,401.1 million in the 2022 financial year (prior year period: USD 26,356.2 million), representing an increase of 38.1%. The primary reason for this was the rise in the average freight rate of 42.9% compared with the previous year.

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

Revenue per trade

million USD	Q4 2022	Q3 2022	Q4 2021	QoQ Change	YoY change	FY 2022	FY 2021	Change
Atlantic	1,713.0	1,704.5	1,198.2	0.5%	43.0%	6,239.1	3,804.9	64.0%
Transpacific	1,313.3	1,986.7	1,545.1	-33.9%	-15.0%	6,654.5	4,856.0	37.0%
Far East	1,325.4	1,846.2	1,636.7	-28.2%	-19.0%	6,991.0	5,636.8	24.0%
Middle East	574.0	807.9	781.9	-29.0%	-26.6%	3,143.2	2,354.1	33.5%
Intra-Asia	231.7	317.1	254.1	-26.9%	-8.8%	1,169.8	788.2	48.4%
Latin America	1,946.8	2,067.8	1,716.8	-5.9%	13.4%	7,972.2	5,302.2	50.4%
Africa	396.4	509.0	321.4	-22.1%	23.4%	1,735.2	1,042.2	66.5%
Revenue not assigned to trades	461.1	638.5	956.9	-27.8%	-51.8%	2,496.1	2,572.0	-2.9%
Total	7,961.7	9,877.7	8,411.0	-19.4%	-5.3%	36,401.1	26,356.2	38.1%

3.5. OPERATING EXPENSES

Transport expenses

Transport expenses rose by USD 2,253.8 million in the 2022 financial year to USD 14,469.4 million (prior year period: USD 12,215.6 million). This represents an increase of 18.5%, which was primarily due to the higher bunker consumption price compared with the previous year, as well as a rise in container handling expenses.

Over the 2022 financial year, the average bunker consumption price for Hapag-Lloyd was USD 753/t, up USD 278/t (+58.5%) on the figure of USD 475/t for the prior year period. This led to an increase in fuel expenses of USD 1,159.4 million to USD 3,145.2 million (prior year period: USD 1,985.8 million).

Container handling expenses rose by USD 596.5 million over the reporting year to USD 6,973.3 million (prior year period: USD 6,376.8 million). This essentially resulted from increased demurrage and detention for containers due to partial congestion of port and hinterland infrastructure. In addition, a rise in expenses for the onward transportation of containers, mainly by feeder vessels, contributed to the increase.

Container and repositioning expenses increased year-on-year due to higher expenses for demurrage and detention for empty containers at port terminals and for repositioning them.

The increase in expenses for vessels and voyages (excluding fuel) resulted primarily from the rise in the percentage of vessels chartered on a medium-term basis and the resulting operating expenses (non-leasing components) as well as from the increased expenses for container slot charter costs on third-party vessels.

The gross profit margin (ratio of revenue less transport expenses to revenue) for the 2022 financial year came to 60.3% (prior year period: 53.7%).

Personnel expenses

Personnel expenses rose by USD 76.3 million to USD 1,034.8 million in the 2022 financial year (prior year period: USD 958.5 million). The increase is mainly attributable the special bonus already paid for the 2022 financial year and the increased number of employees in the Hapag-Lloyd Group.

The Group employed an annual average of 14,267 people (prior year period: 13,634 people). The personnel expenses ratio (measured in terms of revenue) decreased compared to the previous year from 3.6% to 2.8%.

Depreciation, amortisation and impairment

In the 2022 financial year, there was a year-on-year rise in depreciation and amortisation of USD 275.7 million to USD 2,006.6 million (prior year period: USD 1,730.9 million). This increase was primarily due to the year-on-year rise in the percentage of vessels chartered in on a medium-term basis at simultaneously higher charter rates and the resulting increase in rights of use. The amortisation of right-of-use assets relating to leased assets (essentially vessels and containers) led to amortisation of USD 1,086.3 million (prior year period: USD 843.4 million).

Other operating result

The other operating result of USD –517.8 million (prior year period: USD –372.9 million) comprised the net balance of other operating expenses and income. Other operating expenses came to a total of USD 648.6 million in the 2022 financial year (prior year period: expenses of USD 471.1 million). This mainly included IT and communication costs (USD 267.0 million; prior year period: USD 248.3 million), consultancy fees (USD 90.0 million; prior year period USD 45.6 million), training and other personnel costs (USD 46.0 million; prior-year period: USD 29.4 million) and administrative expenses (USD 45.6 million; prior year period: USD 34.3 million). The other operating income of USD 130.8 million (prior year period: USD 98.1 million) included in the figure resulted primarily from the disposal of non-current assets (USD 68.1 million; prior year period: USD 14.7 million).

Operating expenses

million USD	Q4 2022	Q3 2022	Q4 2021	QoQ Change	YoY change	FY 2022	FY 2021	Change
Transport expenses	-3,664.7	-3,828.3	-3,320.6	-4.3%	10.4%	-14,469.4	-12,215.6	18.5%
thereof								
Bunker	-726.1	-923.4	-571.7	-21.4%	27.0%	-3,145.2	-1,985.8	58.4%
Handling and haulage	-1,694.0	-1,808.1	-1,655.1	-6.3%	2.4%	-6,973.3	-6,376.8	9.4%
Equipment and repositioning	-437.1	-448.6	-389.4	-2.6%	12.2%	-1,670.3	-1,442.8	15.8%
Vessels and voyages (excluding bunker)	-761.6	-695.4	-602.9	9.5%	26.3%	-2,685.3	-2,291.6	17.2%
Pending transport expenses ¹	-45.9	47.2	-101.6	n.m.	-54.8%	4.6	-118.6	n.m.
Personnel expenses	-343.3	-224.5	-321.6	53.0%	6.8%	-1,034.8	-958.5	8.0%
Depreciation, amortisation and impairments	-500.4	-483.1	-506.1	3.6%	-1.1%	-2,006.6	-1,730.9	15.9%
Other operating result	-137.5	-123.9	-100.9	-11.0%	36.3%	-517.8	-372.9	-38.9%
Total operating expenses	-4,645.9	-4,659.8	-4,249.2	-0.3%	9.3%	-18,028.6	-15,277.9	18.0%

¹ The amounts presented as transport expenses for pending voyages represent the difference between the transport expenses for pending voyages for the current period and the transport expenses for pending voyages for the previous period. The transport expenses for pending voyages recognised in the previous periods are presented in the current period as transport expenses for completed voyages.

3.6. UNIT COSTS

In total, transport expenses per unit (incl. D&A) in the financial year 2022 increased by 18% to USD 1,391/TEU as compared to the prior year period. "Bunker" expenses increased by 59% or USD 98/TEU because of higher bunker prices. "Handling and Haulage" expenses increased by 10% or USD 52/TEU due to partial congestion of port and hinterland infrastructure leading to increased storage costs for containers. In addition, rising expenses for hinterland transport of containers, mainly by feeder vessels, contributed to the increase. "Equipment and Repositioning" expenses increased by 16% or USD 19/TEU due to higher expenses for repositioning of empty containers. "Vessel and voyage" expenses increased by 17% or USD 34/TEU. This was primarily related to the increased expenses for container slot charter costs on third-party vessels as well as from the rise in the percentage of ships chartered in on a medium-term basis and the resulting operating expenses (non-leasing components). "Depreciation and amortisation" unit cost increased by 16% (USD 24/TEU) due to the rise in the percentage of ships chartered in on a medium-term basis at simultaneously higher charter rates and the resulting increase in rights of use.

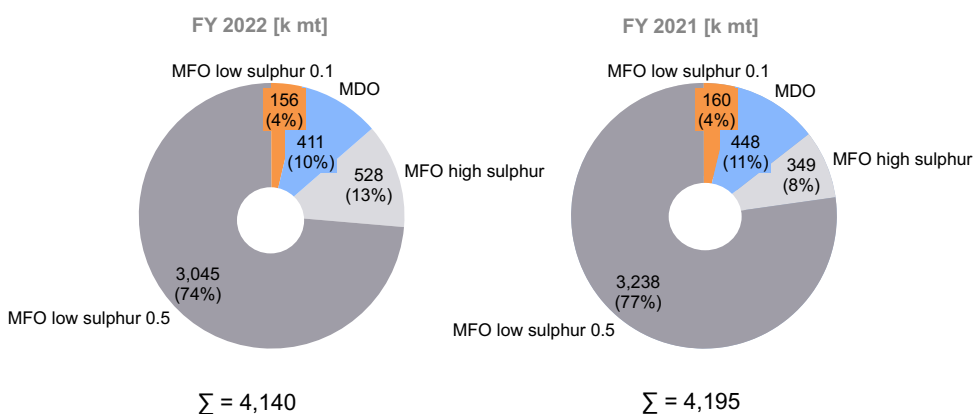
Unit cost

USD/TEU	Q4 2022	Q3 2022	Q4 2021	QoQ Change	YoY change	FY 2022	FY 2021	Change
Transport expenses	-1,283	-1,287	-1,148	-0.3%	11.7%	-1,222	-1,029	18.7%
thereof								
Bunker	-254	-310	-198	-18.1%	28.6%	-266	-167	58.8%
Handling and haulage	-593	-608	-572	-2.4%	3.6%	-589	-537	9.6%
Equipment and repositioning	-153	-151	-135	1.5%	13.6%	-141	-122	16.0%
Vessel and voyage (excl. bunker)	-267	-234	-208	14.1%	27.9%	-227	-193	17.5%
Pending transport expenses	-16	16	-35	n.m.	-54.2%	0	-10	n.m.
Depreciation, amortisation and impairment (D&A)	-175	-162	-175	7.9%	0.1%	-169	-146	16.2%
Transport expenses incl. D&A	-1,458	-1,449	-1,323	0.6%	10.2%	-1,391	-1,175	18.4%

Bunker consumption development

An essential criterion for assessing a container vessel fleet is the vessel's bunker consumption. In the 2022 financial year, bunker consumption by Hapag-Lloyd's fleet totalled 4.14 million tonnes, which was down 1.3% from the previous year (prior year period: 4.20 million tonnes). The easing of waiting times at ports led to the slight decrease in bunker consumption. Bunker consumption per transported quantity remained constant compared to the prior year period at 0.35 tonnes per TEU. Compared with 2009, bunker consumption per TEU has been cut by 42%. Bunker consumption per slot (as measured by the annual average container storage capacity) was 2.35 t/slot, which was 2% below the previous year's figure of 2.40t/slot (reference year 2009: 5.8t/slot).

The share of bunker with a low sulphur content (MFO Low Sulphur 0.1% and 0.5%, MDO) and Liquefied Natural Gas (LNG) decreased from 92% in 2021 to 87% in the 2022 financial year due to the equipping of additional vessels with scrubbers. Biofuel use in 2022 has increased significantly from 18,500t in 2021 to 120,500t in 2022.



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

3.7. OPERATING PROFIT

Hapag-Lloyd generated earnings before interest, taxes, depreciation and amortisation (EBITDA) of USD 20,473.9 million in the reporting period (prior year period: USD 12,841.9 million) and earnings before interest and taxes (EBIT) of USD 18,467.3 million (prior year period: USD 11,111.0 million).

EBIT and EBITDA margin

million USD	Q4 2022	Q3 2022	Q4 2021	QoQ change	YoY change	FY 2022	FY 2021	Change
Revenue	7,961.7	9,877.7	8,411.0	-19.4%	-5.3%	36,401.1	26,356.2	38.1%
EBIT	3,324.1	5,224.6	4,173.1	-36.4%	-20.3%	18,467.3	11,111.0	66.2%
EBITDA	3,824.5	5,707.7	4,679.2	-33.0%	-18.3%	20,473.9	12,841.9	59.4%
EBIT margin	41.8%	52.9%	49.6%	-11.1 ppt	-7.9 ppt	50.7%	42.2%	8.6 ppt
EBITDA margin	48.0%	57.8%	55.6%	-9.7 ppt	-7.6 ppt	56.2%	48.7%	7.5 ppt

3.8. OTHER EXPENSES

Operating result

Interest result and other financial result

The interest result and other financial result in the 2022 financial year was USD 23.8 million (prior year period: USD -290.2 million). On the one hand, interest income of USD 210.7 million increased compared to the prior-year period (USD 25.2 million), mainly due to the significant increase in the volume of money market transactions. On the other hand, interest expenses of USD 242.1 million decreased compared with the prior-year period (USD 315.4 million), in particular due to the refinancing of the euro bond carried out in fiscal year 2021. In addition, other financial income of USD 55.2 million (prior-year period: USD 0.0 million) increased due to the investments in money market funds carried out for the first time in the reporting year.

Other financial items

The result for other financial items in the 2022 financial year was USD -320.3 million (prior year period: USD 2.0 million). The main reasons for this change were the realisation of the currency forward contracts for the euro dividend paid in May 2022 and the realised foreign currency losses from the corresponding dividend payment.

Income taxes

The general increase in income taxes by USD 138.8 million to USD 211.4 million in the financial year – is mainly attributable to higher current German income taxes of Hapag-Lloyd AG of USD 95.4 million. This increase is due to two effects. Firstly, there was a further increase in intra-Group dividend income at the level of Hapag-Lloyd AG in the financial year. Secondly, Hapag-Lloyd AG generated significant income from investments for the first time, which is not in the scope of tonnage profit calculation.

4. GROUP NET ASSET POSITION

As at 31 December 2022, the Group's total assets amounted to USD 41,298.5 million, which is USD 11,063.0 million higher than the figure at year-end 2021. The change resulted primarily from the increase in cash and cash equivalents, the increase in other current financial assets and fixed assets as well as the higher equity.

Within non-current assets, the carrying amounts of fixed assets increased by a total of USD 668.1 million to USD 17,876.5 million (31 December 2021: USD 17,208.5 million). The increase was essentially due to investments in vessels, vessel equipment and containers in the amount of USD 1,390.0 million (prior year period: USD 1,632.6 million) and new and extended rights of use for leased assets in the amount of USD 1,271.1 million (prior year period: USD 1,715.1 million). Depreciation and amortisation of USD 2,012.1 million had an opposite effect (prior year period: USD 1,734.3 million) on fixed assets. This includes an amount of USD 1,086.4 million (prior year period: USD 843.4 million) for the depreciation of capitalised right of use relating to lease assets.

The increase in other current financial assets resulted primarily from time deposits with a nominal value of USD 2,976.0 million and a remaining term of more than three months as at 31 December 2022.

Cash and cash equivalents increased by USD 7,523.2 million to USD 16,264.5 million compared to the end of 2021 (USD 8,741.4 million) primarily as a result of the positive operating cash flow.

On the liabilities side, equity (including non-controlling interests) grew by USD 11,502.9 million to USD 29,795.1 million. This increase was mainly due to the Group profit of USD 17,959.4 million (prior year period: USD 10,750.3 million) recognised in retained earnings. The dividend paid from the previous year's retained earnings in the amount of EUR 35.00 (previous year: EUR 3.50) per dividend-eligible individual share, i.e. USD 6,555.5 million (previous year: USD 747.7 million) in total, had an offsetting effect. The equity ratio was 72.1% as at 31 December 2022 (31 December 2021: 60.5%).

The Group's borrowed capital decreased slightly by USD 439.9 million in comparison to the 2021 consolidated financial statements. Within borrowed capital, the financial debt and lease liabilities decreased slightly to USD 5,803.8 (31 December 2021: USD 6,221.7 million). The increase in lease liabilities associated with newly acquired or extended charter and leasing contracts in the amount of USD 1,252.3 million (prior year period: USD 1,719.6 million) were offset by redemption payments of financial debt and lease liabilities totalling USD 1,671.0 million (prior year period: USD 2,477.2 million).

While trade and other payables contributed to the increase in borrowed capital, contract liabilities fell significantly by USD 619.2 million to USD 1,017.2 million (31 December 2021: USD 1,636.3 million) as a result of lower freight rates for transport orders and a simultaneous decline in volumes on pending voyages as at the reporting date.

Long-term pension provisions decreased by USD 125.3 million to USD 226.9 million as a result of a higher discounting rate. The increase in current other provisions to USD 1,029.8 million (31 December 2021: USD 677.5 million) is mainly due to legal disputes at the reporting date relating to country-specific issues.

As at 31 December 2022, net liquidity, including cash and cash equivalents, time deposits with a maturity of more than three months included in the items of other financial assets as well as financial debt and lease liabilities, amounted to USD 13,436.7 million (31 December 2021: USD 2,519.7 million).

Group net asset position

million USD	31.12.2022	31.12.2021
Assets		
Non-current assets	18,034.8	17,298.4
of which fixed assets	17,876.5	17,208.5
Current assets	23,263.7	12,937.1
of which cash and cash equivalents	16,264.5	8,741.4
Total assets	41,298.5	30,235.5
Equity and liabilities		
Equity	29,795.1	18,292.2
Borrowed capital	11,503.4	11,943.3
of which non-current liabilities	4,674.6	5,199.7
of which current liabilities	6,828.7	6,743.6
of which financial debt and lease liabilities	5,803.8	6,221.7
of which non-current financial debt and lease liabilities	4,317.9	4,684.0
of which current financial debt and lease liabilities	1,485.9	1,537.7
Total equity and liabilities	41,298.5	30,235.5

5. GROUP FINANCIAL POSITION

5.1. DEVELOPMENTS IN CASH AND CASH EQUIVALENTS

Cash flow from operating activities

Hapag-Lloyd generated an operating cash flow of USD 20,590.7 million in the 2022 financial year (prior year period: USD 12,309.0 million). The increase in the cash flow from operating activities was primarily due to higher earnings in the 2022 financial year.

Cash flow from investing activities

In the 2022 financial year, the cash outflow from investing activities totalled USD 4,287.5 million (prior year period: USD 1,450.9 million). This primarily included investments of cash and cash equivalents in time deposits with a maturity of more than three months totalling USD 2,976.0 million (prior year period: USD 0.0 million). Additionally, payments for investments of USD 1,518.1 million (prior year period: USD 1,482.3 million) in vessels, ship equipment and new containers were made. The payments for containers acquired in the previous year included in the investment amount were USD 213.0 million. A total of USD 145.4 million was already paid in the first half of 2022 for the acquisition of the container liner business of Deutsche Afrika-Linien GmbH & Co. KG and the acquisition of shares in joint ventures and associates in the subsequent quarters. This was mainly offset by cash flows from interest of USD 205.1 million (prior year period: USD 5.1 million) and cash flows from disposal of property, plant and equipment and intangible assets of USD 118.7 million (prior year period: USD 23.9 million).

Cash flow from financing activities

Financing activities resulted in a net cash outflow of USD 8,779.8 million in the current reporting period (prior year period: USD 2,952.9 million). The cash outflow essentially resulted from the dividend payment to the shareholders of Hapag-Lloyd AG in the amount of USD 6,589.9 million (prior year period: USD 747.7 million). The interest and redemption payments from lease liabilities in accordance with IFRS 16 totalled USD 1,205.8 million in the current financial year (prior year period: USD 886.0 million). In the 2022 financial year, USD 657.9 million was paid for interest and redemption payments from financial liabilities for vessel and container financing (prior year period: USD 1,376.4). Furthermore, payments were made for hedging transactions of dividend payments in the amount of USD 295.1 million (prior year period: USD 34.8 million).

Developments in cash and cash equivalents

In total, there was a cash inflow of USD 7,523.3 million in the 2022 financial year, with the result that, accounting for changes due to the scope of consolidation, cash and cash equivalents at the end of the reporting period on 31 December 2022 amounted to USD 16,264.5 million (31 December 2021: USD 8,741.4 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 are unused credit facilities of USD 725.0 million (31 December 2021: USD 585 million). The liquidity reserve (cash, cash equivalents and unused credit facilities) therefore totalled USD 16,989.5 million (31 December 2021: USD 9,326.4 million).

Development of liquidity reserve

million USD	Q4 2022	Q4 2021	FY 2022	FY 2021
Cash and cash equivalents beginning of the period	14,762.2	5,181.2	8,741.4	836.4
Unused credit lines beginning of the period	725.0	585.0	585.0	585.0
Liquidity reserve beginning of the period	15,487.2	5,766.2	9,326.4	1,421.4
EBITDA	3,824.5	4,679.2	20,473.9	12,841.9
Working capital	909.3	219.1	346.2	-407.5
Others	-47.1	-55.5	-229.4	-125.3
Operating cash flow¹	4,686.8	4,842.8	20,590.7	12,309.0
Investments	-624.2	-595.4	-1,518.1	-1,482.3
thereof vessel	-527.8	-269.7	-1,111.3	-684.8
thereof container	-71.5	-300.0	-332.7	-756.5
thereof other	-24.9	-25.8	-74.1	-41.0
Net Cash received (+)/made (-) from acquisitions	-4.1	-	-181.8	-82.5
Disinvestments	40.0	9.6	118.7	65.7
Dividends received	-	1.3	36.9	31.5
Payments made for Investments in financial assets	-	-	-8.7	-1.0
Payments received (+) for the redemption of issued loans	-	-	-	12.6
Change of financial assets and financial assets held for sale	-2,191.0	-	-2,976.0	-
Payments received from the acquisition of shares in joint ventures	-0.2	-	53.3	-
Payments made for the acquisition of shares in joint ventures	-17.0	-	-17.0	-
Payments received for interests	129.6	2.4	205.1	5.1
Investing cash flow¹	-2,666.8	-582.1	-4,287.5	-1,450.9
Payments made from changes in ownership interests	-38.5	-	-38.5	-0.7
Debt intake	32.7	-	49.3	595.5
Debt repayment	-177.4	-390.3	-559.0	-1,674.3
Repayment of Lease liabilities	-273.3	-239.2	-1,112.1	-802.8
Dividends paid	-2.9	-2.3	-6,604.0	-769.4
Payments made for leasehold improvements	-	-	-	-0.4
Interest	-61.3	-57.3	-220.6	-266.0
Payments made from hedges for financial debts	3.2	-11.4	-295.0	-34.8
Financing cash flow	-517.5	-700.4	-8,779.8	-2,952.9
Changes due to exchange rate fluctuations	-	-0.1	-0.1	-0.2
Liquidity reserve end of the period	16,989.5	9,326.4	16,989.5	9,326.4
Cash and cash equivalents end of the period	16,264.5	8,741.4	16,264.5	8,741.4
Unused credit lines end of the period	725.0	585.0	725.0	585.0

¹ From the 2022 financial year onwards, payments received for interest are not reported under cash inflow/outflow from operating activities, but under cash inflow/outflow from investing activities. The previous year's values were adjusted accordingly.

5.2. FINANCIAL SOLIDITY

The Group's net liquidity amounted to USD 13,436.7 million as at 31 December 2022. This represents a rise of USD 10,917.0 million compared to net liquidity as at 31 December 2021. The improvement was primarily due to a positive operating cash flow. This contrasted with the dividend payment to the shareholders of HLAG, which was recognised in the cash flow from financing activities.

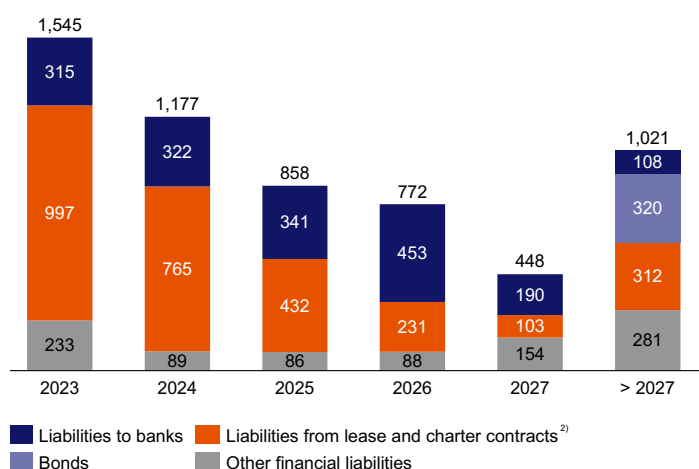
The equity ratio increased by 11.6 percentage points, from 60.5% as at 31 December 2021 to 72.1%. The rise was primarily due to the increase in earnings for the year. Equity was up by USD 11,502.9 million compared with 31 December 2021 and amounts to USD 29,795.1 million as at 31 December 2022.

Financial solidity

million USD	31.12.2022	31.12.2021
Financial debt and lease liabilities	5,803.8	6,221.7
Cash and cash equivalents	16,264.5	8,741.4
Time deposit investments	2,976.0	–
Net liquidity	13,436.7	2,519.7
Unused credit lines	725.0	585.0
Liquidity reserve	16,989.5	9,326.4
Equity	29,795.1	18,292.2
Gearing (net debt/equity) (%)	–45.1	–13.8
EBITDA	20,473.9	12,841.9
Net debt to EBITDA¹	<0	<0
Equity ratio (%)	72.1%	60.5%

¹ Based on last twelve months

Contractual maturity profile of financial debt (USD million)¹



¹ Deviation from the total financial debt as shown in the balance sheet as per 31.12.2022 consists of transaction costs and accrued interest

² Liabilities from lease and charter contracts consist of USD 16 million liabilities from former finance lease contracts and USD 2,824 million from lease contracts presented as on-balance financial liability due to first-time application of IFRS 16

The total repayment amount of USD 5,821 million is categorized between (1) liabilities to banks, (2) bonds, (3) liabilities from lease and on-balance charter contracts and (4) other financial liabilities.

6. SIGNIFICANT EVENTS AFTER BALANCE SHEET DATE

On 12 January 2023, Hapag-Lloyd AG acquired 49% of the shares in the Italian logistics company Spinelli S.r.l. (Spinelli). The Spinelli family continues to hold the majority of shares.

7. OUTLOOK

General economic outlook

According to the International Monetary Fund (IMF), the global economy is likely to continue its growth at a slower pace in the current fiscal year 2023. According to the IMF's January forecast, a moderate increase of 2.9% is expected in 2023, compared with 3.4% in 2022. Economic growth would thus be below the historical average of 3.8% in the period from 2000 to 2019. The increase in key interest rates by many central banks to combat inflation and Russia's war in Ukraine are likely to dampen the pace of growth in many economies. Only China is expected to see stronger economic growth due to the lifting of COVID-19 restrictions. Global trade is also expected to lose momentum, according to the IMF. The volume of world trade is expected to increase by just 2.4% in 2023, compared with 5.4% in the prior-year period.

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

in %	2024e	2023e	2022	2021	2020
Global economic growth	3.1	2.9	3.4	6.2	-3.0
Industrialised countries	1.4	1.2	2.7	5.4	-4.4
Developing and newly industrialised countries	4.2	4.0	3.9	6.7	-1.9
World trade volume (goods and services)	3.4	2.4	5.4	10.4	-7.8

Source: IMF, January 2023

Sector-specific outlook

Following the decline in the global container transport volume of 3.9% in 2022, a slight recovery in demand is expected in the current year. Seabury predicts that the container transport volume will increase by 2.2% in 2023. This growth is likely to originate primarily in South East Asia, while only a low level of growth is expected on routes to and from Europe.

Development of container transport volume

	2024e	2023e	2022	2021	2020
Growth rate (in %)	3.3	2.2	-3.9	7.1	-1.3

Sources: CTS (February 2023: 2020–2022), Seabury (December 2022: 2023–2024)

In 2022, new container vessels with a capacity of 2.5 million TEU were ordered. The order volume thus remained at a very high level, although significantly lower than the record orders of 4.3 million TEU in the year before. According to MDS Transmodal, the tonnage of the commissioned container vessels rose to 7.2 million TEU at the end of 2022, up from 5.4 million TEU in the previous year. This means that, although the order volume in proportion to the current global container fleet capacity is 28% and therefore at its highest level since 2011, it is still significantly below the peak of 61% recorded in 2007.

A significant increase in the delivery of vessels is planned for 2023. However, Drewry predicts that the postponement of deliveries as well as a high level of scrapping should cause the globally available container vessel fleet to grow by just 0.5 million TEU, or 1.9%. This would put the net increase in capacities at an even lower level than in the previous years.

Expected development of global container fleet capacity

million TEU	2024e	2023e	2022	2021	2020
Existing fleet (beginning of the year)	26.2	25.7	24.7	23.6	23.0
Planned deliveries	4.0	2.5	1.0	1.2	1.1
Expected scrappings	1.0	0.9	–	–	0.2
Postponed deliveries and other changes	2.0	1.1	–	0.1	0.3
Net capacity growth	1.0	0.5	1.0	1.1	0.7
Net capacity growth (in %)	3.8	1.9	3.9	4.5	3.0

Source: Drewry Container Forecaster Q4 2022. Expected nominal capacity based on planned deliveries. Based on existing orders and current predictions for scrapping and postponed deliveries. Figures rounded. Rounding differences may be the result of changes in the databases.

Expected business development of Hapag-Lloyd

Hapag-Lloyd recorded very strong business performance in 2022, primarily due to the exceptional market environment. The underlying market conditions at the beginning of 2023 are completely different. With the onset of the decline in demand in the second half of 2022 and the simultaneous lifting of COVID-19 restrictions in relevant import regions, port congestion had largely dissipated by the end of the year. This has significantly improved turnaround times for vessels and containers and led to an increase in available transport capacity. In this environment, spot freight rates on the major trades from Asia to the Americas and Europe have dropped significantly and are currently approaching pre-COVID-19 levels. At the same time, costs remain at an elevated level, essentially due to inflation.

In light of this, the Executive Board of Hapag-Lloyd AG expects a gradual normalisation of the earnings trend in the current 2023 financial year. Group EBITDA is expected to be in the range of EUR 4.0 to 6.0 billion (previous year: EUR 19.4 billion) and EBIT in the range of EUR 2.0 to 4.0 billion (previous year: EUR 17.5 billion). In US dollars, this corresponds to an expected Group EBITDA in the range of USD 4.3 to 6.5 billion (previous year: USD 20.5 billion) and EBIT in the range of USD 2.1 to 4.3 billion (previous year: USD 18.5 billion).

The earnings expectation for the 2023 financial year is based in particular on the assumptions that transport volumes can be increased slightly, while the average freight rate is expected to fall significantly. The recovery of supply chains as well as the implementation of cost reduction measures should simultaneously lead to a decrease in transport expenses. The development in this direction should also be supported by a significantly lower bunker consumption price. However, higher expenses due to inflation are expected to weaken the cost recovery. The earnings forecast is based on the assumption of an average exchange rate of USD 1.09/EUR. (2022 financial year: USD 1.05/EUR).

The earnings forecast does not take into account impairments on goodwill, other intangible assets and property, plant and equipment in the course of the 2023 financial year, which are currently not expected but cannot be ruled out.

Key benchmark figures for the 2023 Outlook

	Actual 2022	Forecast 2023
Global economic growth (IMF, Jan 2023)	3.4%	2.9%
Increase in global trade (IMF, Jan 2023)	5.4%	2.4%
Increase in global container transport volume (CTS, Feb. 2023; Seabury, Dec. 2022)	-3.9%	2.2%
Transport volume, Hapag-Lloyd	11.8 million TEU	Increasing slightly
Average bunker consumption prices, Hapag-Lloyd	USD 753/t	Decreasing clearly
Average freight rate, Hapag-Lloyd	USD 2,863/TEU	Decreasing clearly
EBITDA (earnings before interest, taxes, depreciation and amortisation), Hapag-Lloyd	EUR 19.4 bn	EUR 4.0–6.0 bn
EBIT (earnings before interest and taxes), Hapag-Lloyd	EUR 17.5 bn	EUR 2.0–4.0 bn

The key risks and opportunities that could cause business development to deviate from the outlook are described in detail in the risk and opportunity report in the 2022 annual report. The main risks for the development of the Group's turnover and earnings are, in particular, a slowdown in the growth of the world economy and world trade volume, also due to international crises and geopolitical disputes as well as the unpredictable development of the war in Ukraine, and a resulting decline in transport volume growth as well as a noticeably negative trend in the average freight rate beyond the decline assumed in the outlook. In addition, significantly higher bunker prices than expected belong to the key risks.

The occurrence of one or more of these risks could have a significant negative impact on the industry and thus also on the business performance of Hapag-Lloyd in financial year 2023, resulting in negative effects on liquidity and also impairments of goodwill and other intangible assets and property, plant and equipment.

IMPORTANT NOTICE

The information provided in this Investor Report is based on a calculation of US dollar figures, derived from the figures published in EUR within the respective Interim or Annual Report of Hapag-Lloyd AG (available via <https://www.hapag-lloyd.com/en/ir/publications/financial-report.html>).

The US dollar figures presented herein have not been reviewed by auditors and are supplemental information to the respective Interim or Annual Report of Hapag-Lloyd AG for capital market participants. The respective Interim and Annual Reports of Hapag-Lloyd AG remain the prevailing and legally binding documents.

Hapag-Lloyd AG conducts its container shipping business in an international business environment in which transactions are invoiced mainly in US dollars and payment procedures are handled in US dollars. This relates not only to operating business transactions, but also to investment activities, an example being the purchase, chartering and rental of vessels and containers, as well as the corresponding financing of investments. Therefore, the functional currency of Hapag-Lloyd AG is the US dollar. However, the reporting currency of Hapag-Lloyd AG is the euro.

For reconciliation to the Annual Report 2022 please find below the respective exchange rates:

Exchange rates

per EUR	Closing rate			Average rate		
	31.12.2022	30.9.2022	31.12.2021	FY 2022	9M 2022	FY 2021
US dollars	1.0675	0.9753	1.1318	1.0538	1.0647	1.1833

DISCLAIMER

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

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

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

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

Neither the Company nor any of its affiliates, advisers or representatives make any undertaking to update any such information subsequent to the date hereof.

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

Recipients of this report are not to construe the contents of this summary as legal, tax or investment advice and recipients should consult their own advisors in this regard.

IMPRINT

Hapag-Lloyd AG
Ballindamm 25
20095 Hamburg
Germany

Investor Relations

Phone: +49 40 3001-2896
E-Mail: IR@hlag.com
www.hapag-lloyd.com/en/ir.html

Layout

Silvester Group, Hamburg
www.silvestergroup.com

www.hapag-lloyd.com



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