

## GROUP EARNINGS POSITION

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 55.1%, while the transport volume remained at the previous year's level. The stronger US dollar had a positive effect overall and also increased the results. The average USD/EUR exchange rate was 1.05 USD/EUR in the 2022 financial year, after 1.18 USD/EUR in the corresponding prior year period. By contrast, an increase in the average bunker consumption price (+58.5%) and higher handling and haulage expenses (+22.8%) adversely affected the operating result.

Hapag-Lloyd generated earnings before interest, taxes, depreciation and amortisation (EBITDA) of EUR 19,428.7 million in the reporting period (prior year period: EUR 10,852.6 million) and earnings before interest and taxes (EBIT) of EUR 17,524.5 million (prior year period: EUR 9,389.8 million). The Group profit came to EUR 17,042.6 million (prior year period: EUR 9,085.0 million).

## Consolidated income statement

million EUR	1.1.–31.12.2022	1.1.–31.12.2021
Revenue	34,542.7	22,273.5
Transport expenses	13,730.7	10,323.3
Personnel expenses	982.0	810.0
Depreciation, amortisation and impairment	1,904.2	1,462.8
Other operating result	-491.3	-315.1
<b>Operating result</b>	<b>17,434.6</b>	<b>9,362.2</b>
Share of profit of equity-accounted investees	90.0	28.8
Result from investments	-	-1.2
<b>Earnings before interest and taxes (EBIT)</b>	<b>17,524.5</b>	<b>9,389.8</b>
Interest result and other financial result	22.6	-245.2
Other financial items	-303.9	1.7
Income taxes	200.6	61.3
<b>Group profit/loss</b>	<b>17,042.6</b>	<b>9,085.0</b>
thereof profit/loss attributable to shareholders of Hapag-Lloyd AG	17,030.1	9,074.7
thereof profit/loss attributable to non-controlling interests	12.5	10.4
Basic/diluted earnings per share (in EUR)	96.89	51.63
<b>EBITDA</b>	<b>19,428.7</b>	<b>10,852.6</b>
<b>EBITDA margin (%)</b>	<b>56.2</b>	<b>48.7</b>
<b>EBIT</b>	<b>17,524.5</b>	<b>9,389.8</b>
<b>EBIT margin (%)</b>	<b>50.7</b>	<b>42.2</b>

## Transport volume per trade

TTEU	1.1.–31.12.2022	1.1.–31.12.2021
Atlantic	2,116	2,105
Transpacific	1,735	1,768
Far East	2,230	2,274
Middle East	1,514	1,557
Intra-Asia	634	608
Latin America	2,933	3,038
Africa	681	522
<b>Total</b>	<b>11,843</b>	<b>11,872</b>

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.

#### Freight rates per trade

USD/TEU	1.1.–31.12.2022	1.1.–31.12.2021
Atlantic	2,948	1,808
Transpacific	3,835	2,746
Far East	3,134	2,479
Middle East	2,077	1,512
Intra-Asia	1,845	1,295
Latin America	2,718	1,745
Africa	2,549	1,997
<b>Total (weighted average)</b>	<b>2,863</b>	<b>2,003</b>

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

#### Revenue per trade

million EUR	1.1.–31.12.2022	1.1.–31.12.2021
Atlantic	5,920.5	3,215.5
Transpacific	6,314.8	4,103.7
Far East	6,634.1	4,763.6
Middle East	2,982.7	1,989.4
Intra-Asia	1,110.1	666.1
Latin America	7,565.2	4,480.8
Africa	1,646.6	880.7
Revenue not assigned to trades	2,368.7	2,173.6
<b>Total</b>	<b>34,542.7</b>	<b>22,273.5</b>

The Hapag-Lloyd Group's revenue rose by EUR 12,269.2 million to EUR 34,542.7 million in the 2022 financial year (prior year period: EUR 22,273.5 million), representing an increase of 55.1%. The primary reason for this was the rise in the average freight rate of 42.9% compared with the previous year. The strengthening of the US dollar against the euro also caused revenue to increase. Adjusted for exchange rate movements, revenue would have risen by approximately EUR 9.5 billion, or 38.1%.

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.

## Operating expenses

million EUR	1.1.–31.12.2022	1.1.–31.12.2021
Transport expenses	13,730.7	10,323.3
thereof:		
Bunker	2,984.6	1,678.2
Handling and haulage	6,617.3	5,389.0
Equipment and repositioning <sup>1</sup>	1,585.0	1,219.3
Vessel and voyage (excluding bunker) <sup>1</sup>	2,548.2	1,936.6
Change in transport expenses for pending voyages <sup>2</sup>	-4.4	100.2
Personnel expenses	982.0	810.0
Depreciation, amortisation and impairments	1,904.2	1,462.8
Other operating result	-491.3	-315.1
<b>Total operating expenses</b>	<b>17,108.1</b>	<b>12,911.3</b>

<sup>1</sup> Including lease expenses for short-term leases

<sup>2</sup> 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 completed transport expenses.

## Transport expenses

Transport expenses rose by EUR 3,407.4 million in the 2022 financial year to EUR 13,730.7 million (prior year period: EUR 10,323.3 million). This represents an increase of 33.0%, which was primarily due to the higher bunker consumption price compared with the previous year, as well as a rise in container handling expenses. In addition, the stronger US dollar against the euro contributed to the increase in transport expenses. Adjusted for exchange rate movements, transport expenses would have risen by EUR 2.1 billion, or 18.5%.

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 EUR 1,306.4 million to EUR 2,984.6 million (prior year period: EUR 1,678.2 million).

Container handling expenses rose by EUR 1,228.3 million over the reporting year to EUR 6,617.3 million (prior year period: EUR 5,389.0 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 EUR 171.9 million to EUR 982.0 million in the 2022 financial year (prior year period: EUR 810.0 million). The increase is mainly attributable to the special bonus already paid for the 2022 financial year and the increased number of employees in the Hapag-Lloyd Group. The stronger US dollar compared to the euro also led to an increase in personnel expenses. Adjusted for exchange rate movements, personnel expenses would have risen by EUR 72.4 million.

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 EUR 441.4 million to EUR 1,904.2 million (prior year period: EUR 1,462.8 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 EUR 1,030.9 million (prior year period: EUR 712.8 million). The stronger US dollar compared with the euro also led to a rise in depreciation and amortisation. Adjusted for exchange rate movements, depreciation and amortisation would have risen by EUR 261.6 million.

### **Other operating result**

The other operating result of EUR –491.3 million (prior year period: EUR –315.1 million) comprised the net balance of other operating expenses and income. Other operating expenses came to a total of EUR 615.5 million in the 2022 financial year (prior year period: expenses of EUR 398.1 million). This mainly included IT and communication costs (EUR 253.4 million; prior year period: EUR 209.8 million), consultancy fees (EUR 85.4 million; prior year period: EUR 38.6 million), training and other personnel costs (EUR 43.6 million; prior-year period: EUR 24.9 million) and administrative expenses (EUR 40.4 million; prior year period: EUR 29.0 million). The other operating income of EUR 124.2 million (prior year period: EUR 82.9 million) included in the figure resulted primarily from the disposal of non-current assets (EUR 64.7 million; prior year period: EUR 12.5 million). A detailed overview of the other operating result can be found in Note (5) Other operating result in the Notes to the consolidated financial statements.

### Share of profit of equity-accounted investees

The Notes to the share of profit of equity-accounted investees can be found in Note (12) Investments in equity-accounted investees in the Notes to the consolidated financial statements of the consolidated financial statements.

### Operating result

In the 2022 financial year, earnings before interest and taxes (EBIT) amounted to EUR 17,524.5 million. They were therefore well above the corresponding figure in the prior year period (EUR 9,389.8 million). Earnings before interest, taxes, depreciation and amortisation (EBITDA) came in at EUR 19,428.7 million in the 2022 financial year (prior year period: EUR 10,852.6 million). The annualised return on invested capital (ROIC) for the 2022 financial year amounted to 111.6% (prior year period: 70.0%). Basic earnings per share in the reporting period came to EUR 96.89 per share (prior year period: EUR 51.63 per share).

### Key earnings figures

million EUR	2022	2021
Revenue	34,542.7	22,273.5
EBIT	17,524.5	9,389.8
EBITDA	19,428.7	10,852.6
EBIT margin (%)	50.7	42.2
EBITDA margin (%)	56.2	48.7
Basic Earnings Per Share (in EUR)	96.89	51.63
Return on Invested Capital (ROIC) annualised (%) <sup>1</sup>	111.6	70.0

<sup>1</sup> The calculation of the return on invested capital is based on the functional currency USD.

### Interest result and other financial result

The interest result and other financial result in the 2022 financial year was EUR 22.6 million (prior year period: EUR –245.2 million). On the one hand, interest income increased year-on-year, primarily as a result of the significant expansion of money market transactions. On the one hand, interest income of EUR 199.9 million increased compared to the prior-year period (EUR 21.3 million), mainly due to the significant increase in the volume of money market transactions. On the other hand, interest expenses of EUR 229.7 million decreased compared with the prior-year period (EUR 266.5 million), in particular due to the refinancing of the euro bond carried out in fiscal year 2021. In addition, other financial income of EUR 52.4 million (prior-year period: EUR 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 EUR –303.9 million (prior year period: EUR 1.7 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 EUR 139.3 million to EUR 200.6 million in the financial year – is mainly attributable to higher current German income taxes of Hapag-Lloyd AG of EUR 90.6 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.

**Group profit**

Overall, Group profit was significantly up on the previous year at EUR 17,042.6 million (prior year period: EUR 9,085.0 million). Earnings after taxes consist of the earnings attributable to shareholders of the parent company of EUR 17,030.1 million (prior year period: EUR 9,074.7 million) and the earnings attributable to non-controlling interests of EUR 12.5 million (prior year period: EUR 10.4 million).

The total comprehensive income of EUR 17,948.7 million (prior year period: EUR 10,089.0 million) comprises Group profit of EUR 17,042.6 million (prior year period: EUR 9,085.0 million) and other comprehensive income of EUR 906.1 million (prior year period: EUR 1,003.9 million). Other comprehensive income essentially comprises a result from currency translation of EUR 750.3 million (prior year period: EUR 919.7 million), a result from the remeasurement of defined benefit pension plans of EUR 115.8 million (prior year period: EUR 53.7 million) due to a rise in the market interest rate, and earnings effects from hedging instruments in cash flow hedges of EUR 39.1 million (prior year period: EUR 30.1 million).