



# Investor Presentation

## FY 2018 Results

March 26, 2019





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# Agenda

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1. Highlights
2. Market Overview
3. FY 2018 Results
4. Outlook



## Highlights

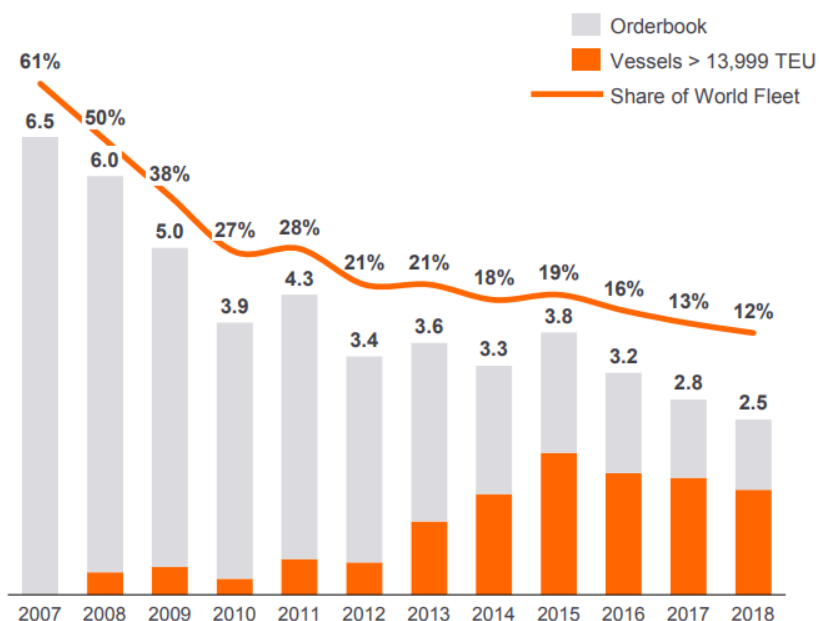
- CSAV reported a net income of US\$ 18.2 M in 2018, mainly explained by the result of its associate Hapag-Lloyd AG (“HLAG”). HLAG obtained profits for US\$ 54.3 M, explained by a higher activity, a recovery of freight rates in relation to the fuel cost and the full capture of synergies by the merger with United Arab Shipping Company ("UASC"). This result represents to CSAV an increase of US\$ 206.3 M in comparison to 2017.
- In 2018, HLAG reported an improvement on its financial results compared to the previous year: EBITDA US\$ 1,345 M, EBIT US\$ 524 M (2018 vs 2017:  $\Delta$  EBITDA US\$ +146 M,  $\Delta$  EBIT US\$ +57 M).
- A positive operating cash flow of US\$ 1,268 M, allowed HLAG to reduce its Net Financial Debt / EBITDA ratio to 4.6x (target of  $\leq$  3.0x to be achieved in 2023). Moody’s upgraded HLAG’s corporate rating from B2 to B1.
- For CSAV, the container transport services segment reported a profit of US\$ 9.3 M in 2018, an improvement of US\$ 201.7 M compared to 2017, mainly explained by the dilution accounting loss of US\$ 167.2 M registered by CSAV in 2017 as a one-off effect due to the merger between HLAG and UASC, successfully completed in May 2017.
- The other transport services segment (car carrier and others) reported a profit of US\$ 8.9 M in 2018, an improvement of US\$ 4.9 M compared to 2017.



# Market Overview

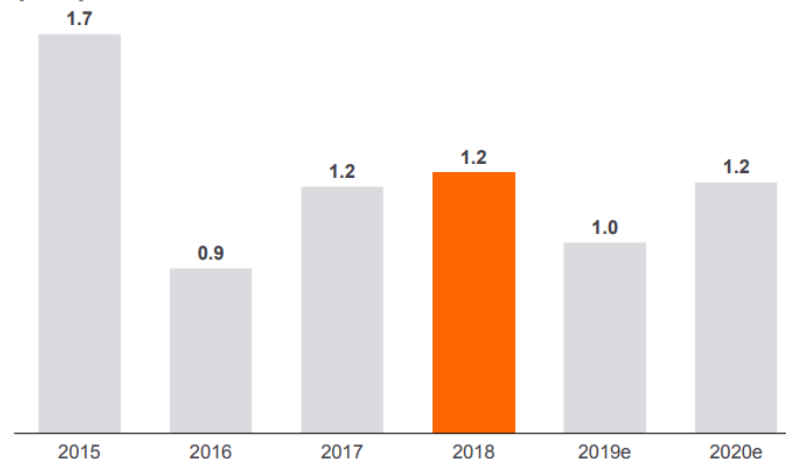
## Orderbook-to-fleet

[TEUm, %]



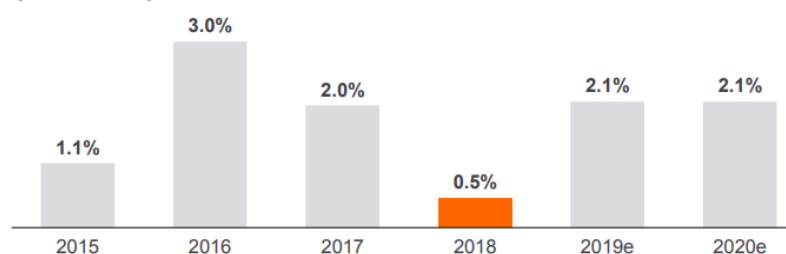
## Scheduled vessel deliveries

[TEUm]



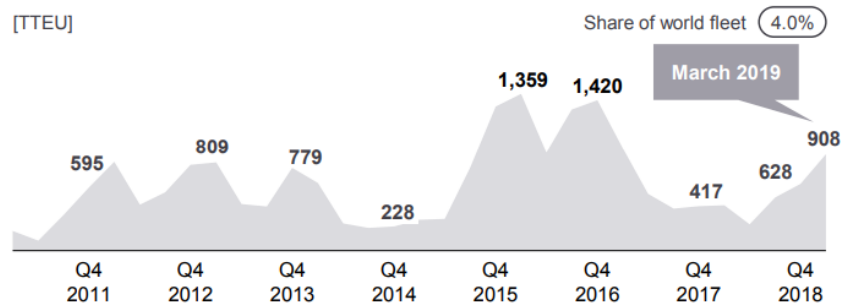
## Scrapping

[% of world fleet]



## Idle fleet

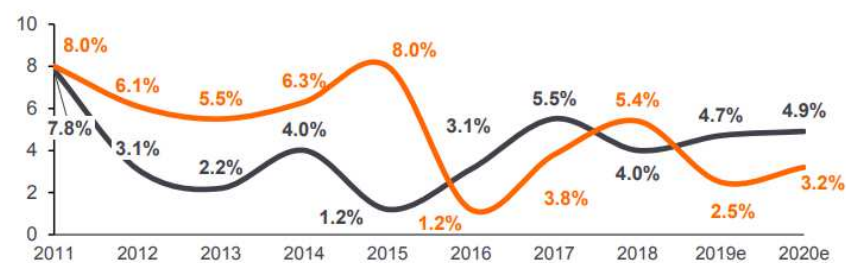
[TTEU]



Source: MDS Transmodal (Feb 2018), Drewry (Forecaster 4Q18), Clarksons (March 2019), Alphaliner weekly (various sources), IHS Global Insight (January 2019)

## Supply / Demand Balance

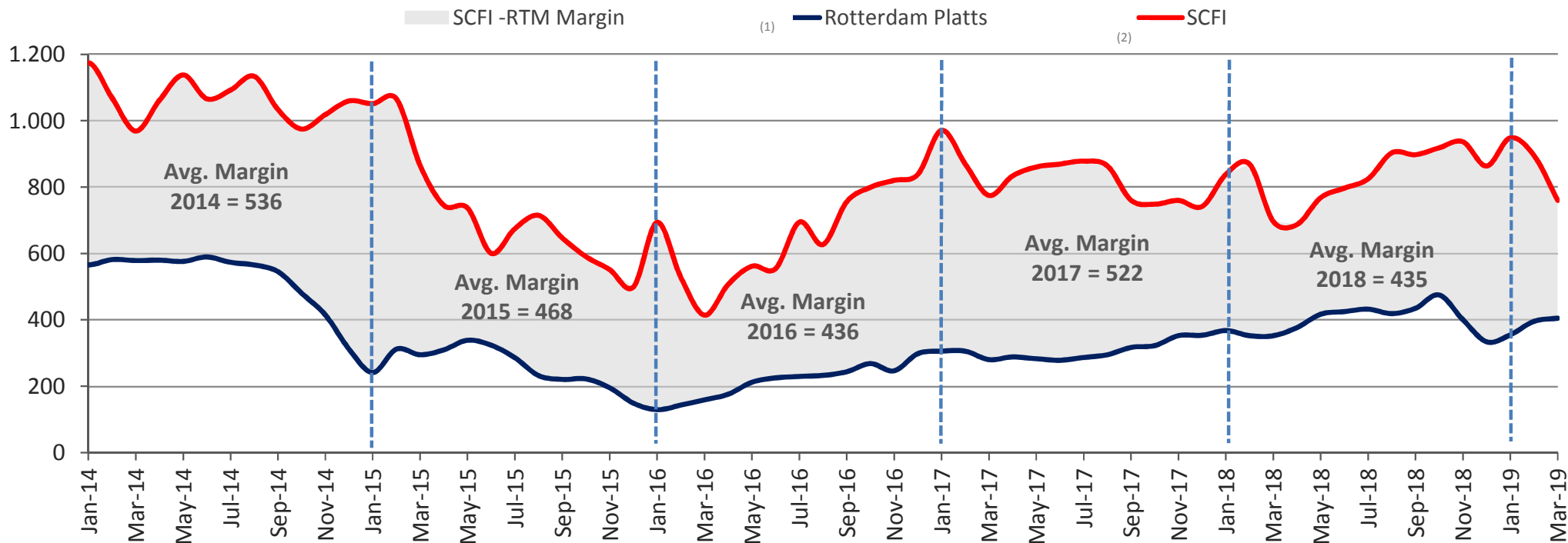
— Demand — Supply





# Market Overview

## SCFI vs Rotterdam Platts (March 2019)



**Notes:**

- (1) SCFI – RTM Margin is only referential since bunker consumption per TEU may vary depending on the trade and on vessel efficiency
- (2) The SCFI index includes: Spot rates for Main Haul trade exports from Shanghai

Margin	Monthly	Margin	Monthly	Margin	Jan-Mar
Jan 18	471	Jul 18	393	2015	712
Feb 18	517	Aug 18	485	2016	402
Mar 18	345	Sep 18	463	2017	575
Abr 18	311	Oct 18	444	2018	444
May 18	351	Nov 18	536	<b>2019</b>	<b>483</b>
Jun 18	372	Dec 18	530		

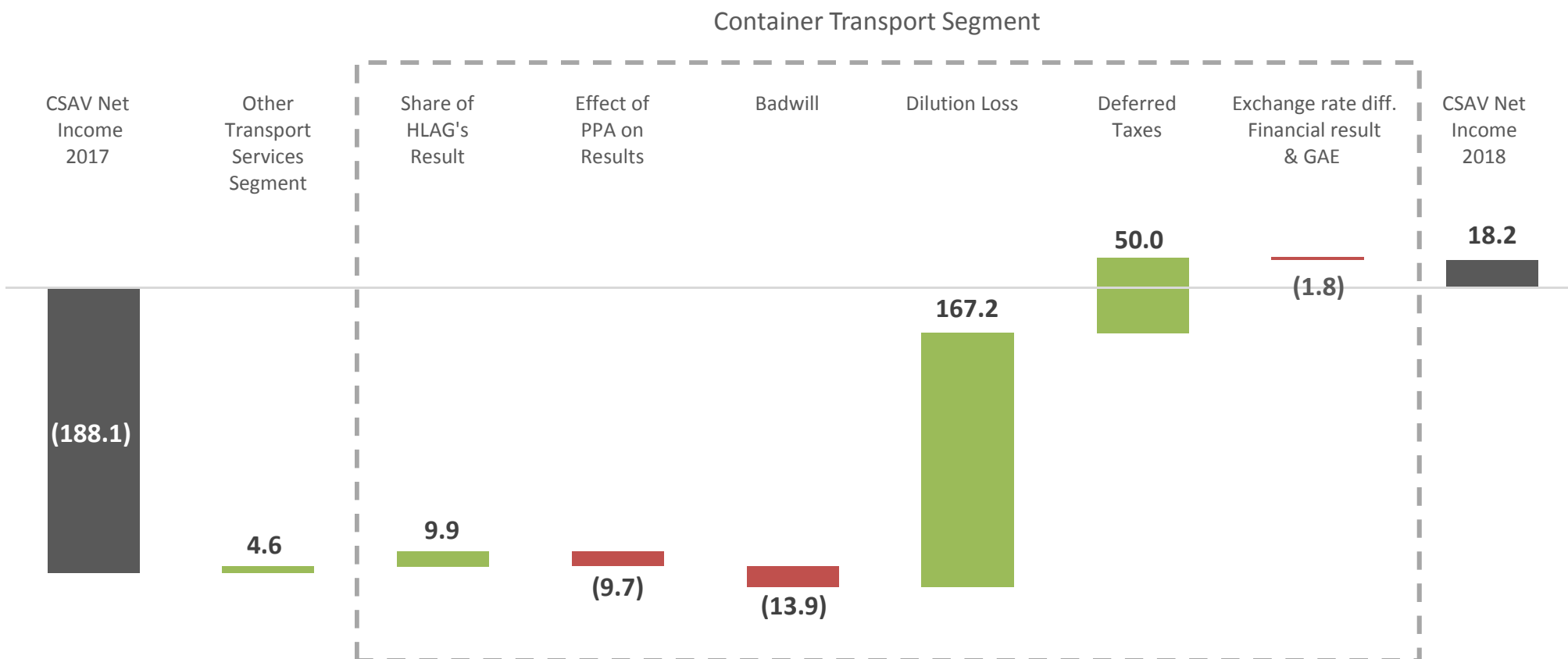




# FY 2018 Results: CSAV

## CSAV Net Income 2017 vs 2018

Figures in USD million





# FY 2018 Results: CS&AV

Figures in USD million

	2018	2017	YoY	Q4 2018	Q4 2017	QoQ
Operating revenue	91.4	109.9	(18.5)	22.4	27.8	(5.4)
Operating cost	(87.2)	(102.6)	15.4	(22.1)	(26.5)	4.4
SG&A and others	(0.5)	(6.0)	5.5	(2.0)	(2.8)	0.8
<b>Operational result</b>	<b>3.7</b>	<b>1.3</b>	<b>2.4</b>	<b>(1.7)</b>	<b>(1.5)</b>	<b>(0.2)</b>
<i>EBITDA (w/o equity-accounted investees)</i>	<i>3.9</i>	<i>1.5</i>	<i>2.3</i>	<i>(1.6)</i>	<i>(1.4)</i>	<i>(0.2)</i>
Equity-accounted investees	14.0	(139.5)	153.5	10.3	21.3	(11.0)
Financial result & Ex. rate diff.	(6.1)	(3.4)	(2.7)	(1.7)	(0.7)	(1.0)
Taxes	7.1	(45.2)	52.3	6.1	(7.1)	13.2
Discontinued operations	(0.5)	(1.3)	0.8	(0.2)	(0.7)	0.5
<b>Net profit result</b>	<b>18.2</b>	<b>(188.1)</b>	<b>206.3</b>	<b>12.8</b>	<b>11.3</b>	<b>1.5</b>

Note 1: EBITDA = Operational result - Depreciation - Amortization

Note 2: 2017 results has been restated to account for the logistics business unit as discontinued operations, according to IFRS 5.





## FY 2018 Results: CS&AV Segments Results

Figures in USD million

Container transport services	2018	2017	YoY	Q4 2018	Q4 2017	QoQ
SG&A & others	(4.2)	(4.5)	0.3	(1.1)	(1.9)	0.8
<b>Equity-accounted investees</b>	<b>14.0</b>	<b>(139.5)</b>	<b>153.5</b>	<b>10.3</b>	<b>21.3</b>	<b>(11.0)</b>
Financial result & Ex. rate diff	(6.2)	(4.1)	(2.1)	(1.3)	(1.0)	(0.3)
Taxes	5.7	(44.3)	50.0	2.2	(7.4)	9.6
<b>Net profit result</b>	<b>9.3</b>	<b>(192.4)</b>	<b>201.7</b>	<b>10.1</b>	<b>11.0</b>	<b>(0.9)</b>

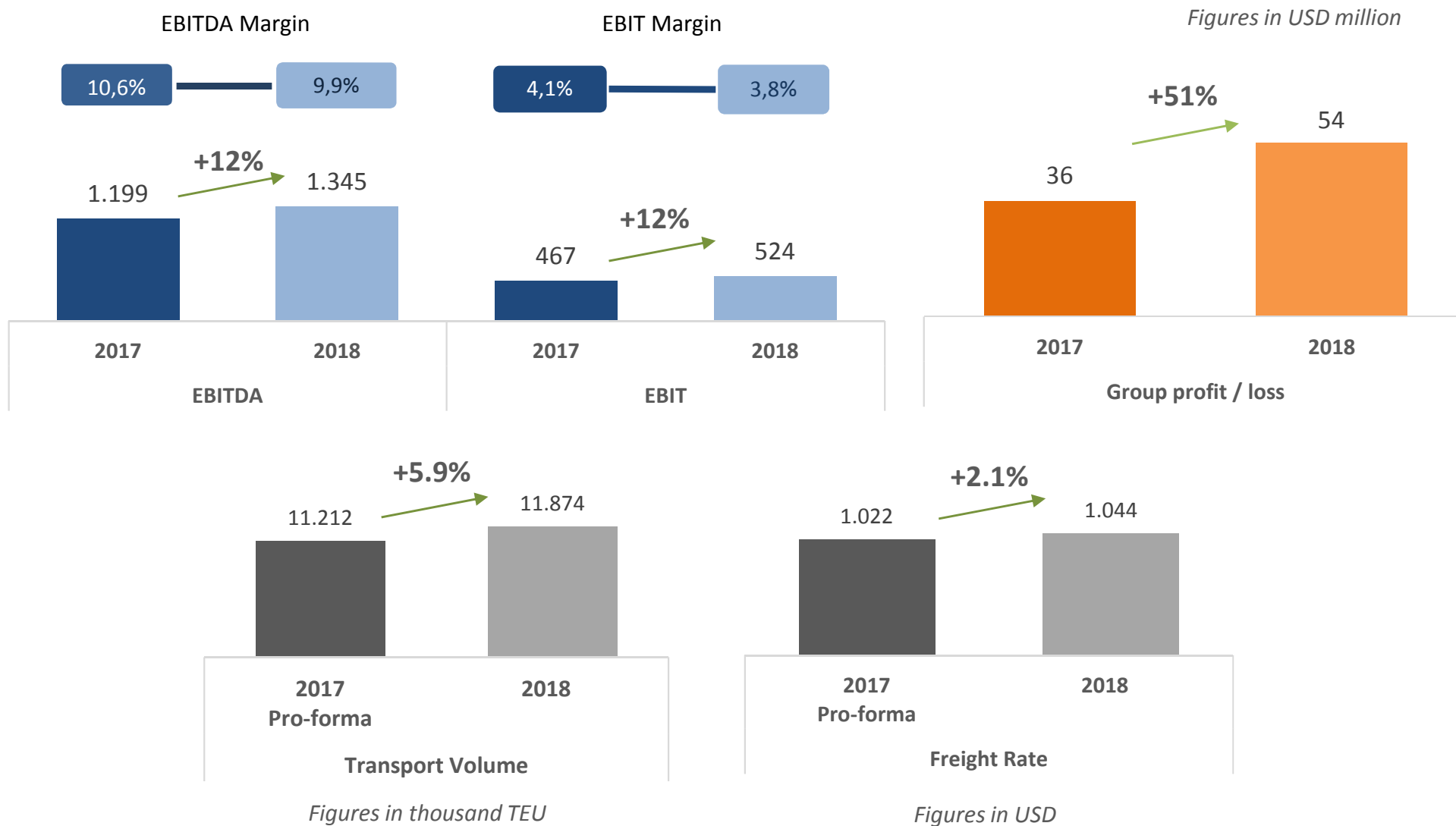
Other transport services	2018	2017	YoY	Q4 2018	Q4 2017	QoQ
<b>Operating revenue</b>	<b>91.4</b>	<b>109.9</b>	<b>(18.5)</b>	<b>22.4</b>	<b>27.8</b>	<b>(5.4)</b>
<b>Operating cost</b>	<b>(87.2)</b>	<b>(102.6)</b>	<b>15.4</b>	<b>(22.1)</b>	<b>(26.5)</b>	<b>4.4</b>
SG&A and others	3.7	(1.5)	5.2	(0.9)	(0.9)	-
Operational result	7.9	5.8	2.1	(0.6)	0.4	(1.0)
Financial result & Ex. rate diff.	0.1	0.7	(0.6)	(0.4)	0.3	(0.7)
Taxes	1.4	(0.9)	2.3	3.9	0.3	3.6
Discontinued operations	(0.5)	(1.3)	0.8	(0.2)	(0.7)	0.5
<b>Net profit result</b>	<b>8.9</b>	<b>4.3</b>	<b>4.6</b>	<b>2.7</b>	<b>0.3</b>	<b>2.4</b>

Note: 2017 results has been restated to account for the logistics business unit as discontinued operations, according to IFRS 5.



# FY 2018 Results: Hapag-Lloyd

## EBITDA, EBIT, Net income, Transport Volume and Freight Rate trends





# HLAG 2018: Improved results, EBITDA and EBIT compared to 2017

## Operational KPIs

	FY 2018	FY 2017	YoY	Q4 2018	Q4 2017	YoY
Transport volume [TTEU]	11,874	9,803	+21%	2,974	2,774	+7%
Freight rate <sup>1)</sup> [USD/TEU]	1,044	1,060	-1%	1,079	1,038	+4%
Bunker [USD/mt]	421	318	+32%	467	338	+38%
Exchange rate [USD/EUR]	1.18	1.13	n.m.	1.14	1.18	n.m.
Revenue [USD m]	13,605	11,286	+21%	3,534	3,119	+13%
EBITDA <sup>2)</sup> [USD m]	1,345	1,199	+12%	372	390	-4%
EBITDA margin <sup>2)</sup>	9.9%	10.6%	-0.7ppt	10.5%	12.5%	-2.0ppt
EBIT <sup>2)</sup> [USD m]	524	467	+12%	164	167	-2%
EBIT margin <sup>2)</sup>	3.8%	4.1%	-0.3ppt	4.6%	5.3%	-0.7ppt
Group profit <sup>2)</sup> [USD m]	54	36	+51%	39	27	+45%

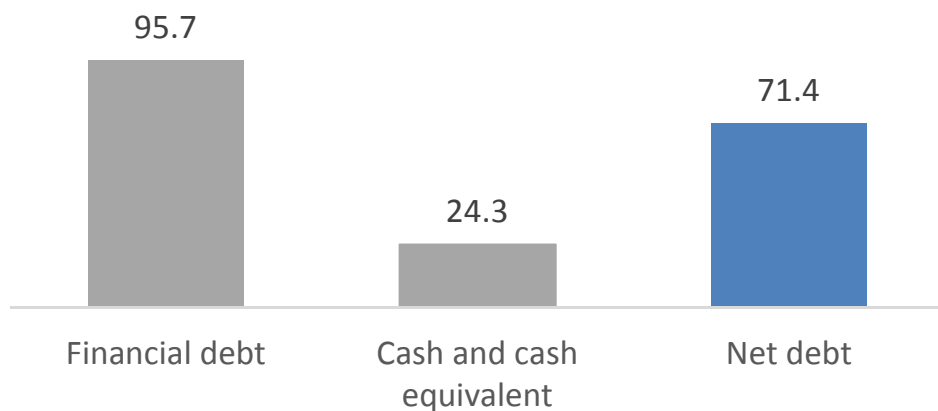
Note: UASC's Ltd. and its subsidiaries have been included in the figures from the date control was transferred on 24 May 2017. The key figures used are therefore only comparable with the previous year to a limited extent. USD figures as stated in the Investor Report FY 2018. Rounding differences may occur. 1) For 2018, local revenues were included in the calculation of freight rates. Previous year's figures adjusted accordingly. 2) Due to retrospective application of the provisions for designated options, previous year's figures have been adjusted.



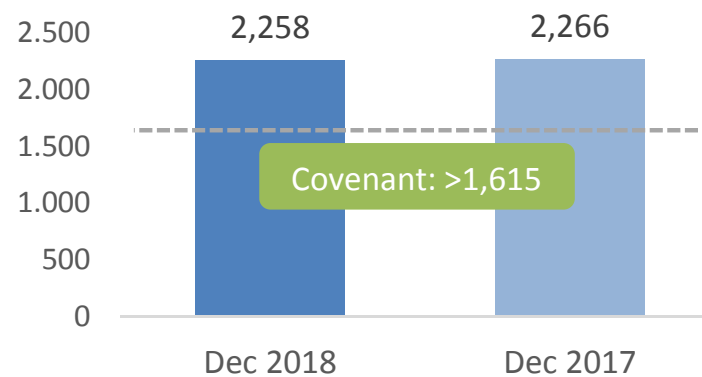
# Financial Position

(Figures in USD million)

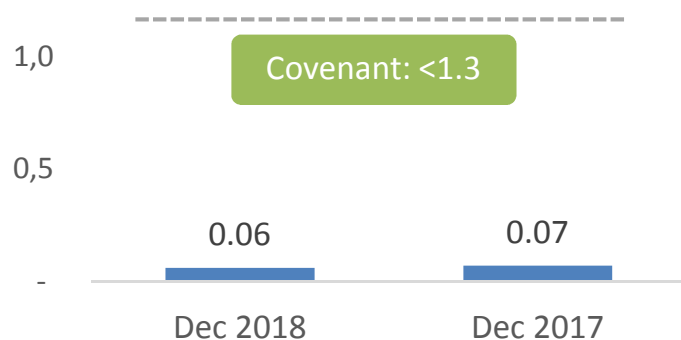
Net debt (Dec 2018)



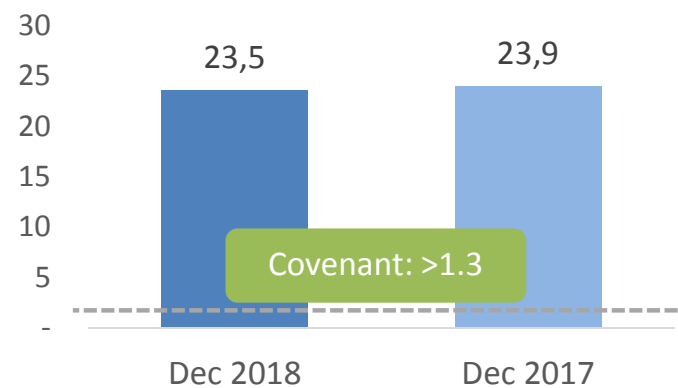
Total assets



Leverage



Free asset ratio





# Outlook

## HLAG's Guidance 2019

Global economic growth (IMF)	3.5%
Increase in global trade (IMF)	4.0%
Increase in global container transport volume (IHS)	4.7%
Transport volume, Hapag-Lloyd	Increasing slightly
Average bunker consumption prices, Hapag-Lloyd	Increasing moderately
Average freight rate, Hapag-Lloyd	Increasing slightly
EBITDA (earnings before interest, taxes, depreciation and amortisation), Hapag-Lloyd	EUR 1.6 – 2.0 billion
EBIT (earnings before interest and taxes), Hapag-Lloyd	EUR 0.5 – 0.9 billion



## Outlook

- HLAG's synergies by US\$ 435 M will be fully visible in P&L 2019 and onward. Additionally, a new cost management program with saving run-rate of US\$ 350-400 M p.a. by 2021 and a new strategy program for 2023, both already started, will allow HLAG to increase its performance and profitability in the next years.
- HLAG has defined a clear plan to comply with low-sulfur regulation (IMO 2020), based on the utilization of compliant fuels as the most relevant short-term solution. The additional cost involved in these solutions will be recovered through a new Marine Fuel Recovery (MFR) mechanism. Further, HLAG is carrying out a pilot plan for mid-term solutions such as LNG and EGCS.
- HLAG will continue with deleverage over next years, reducing its net financial debt.
- Container business: transport volumes expected to increase around 4-5% in 2019, despite lower global growth projections and geopolitical risks.
- Car Carrier business: volume projections for 2019 are similar to 2018, with pressure on the cost structure coming from bunker and charter rates.