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Hapag-Lloyd publishes annual report and confirms significant earnings growth for 2020

- Result significantly increased despite coronavirus pandemic
- Successful cost reductions due to Performance Safeguarding Program
- Proposed dividend of EUR 3.50 per share
- Significant increase in earnings also expected for 2021
- Pandemic-related risks remain for the time being

Hapag-Lloyd published its annual report with audited business results for the 2020 financial year today. In the reporting year, Hapag-Lloyd's earnings before interest, taxes, depreciation and amortisation (EBITDA) increased to more than USD 3 billion (approx. EUR 2.7 billion). Earnings before interest and taxes (EBIT) rose to roughly USD 1.5 billion (approx. EUR 1.3 billion). The Group net result improved to around USD 1.1 billion (EUR 935 million). The main drivers were cost savings of more than USD 500 million (approx. EUR 450 million) as well as slightly improved freight rates and lower bunker prices.

"In 2020, our business was strongly influenced by the coronavirus pandemic. But we took early countermeasures on the cost side and successfully implemented our Performance Safeguarding Program. After transport volumes plummeted in the second quarter, we were able to benefit from unexpectedly strong demand for container transports in the second half of the year. Therefore, we have concluded the year with a much better result than that of 2019, and after the significant improvements achieved in previous years, we have been able to earn our cost of capital for the first time in a decade," said Rolf Habben Jansen, CEO of Hapag-Lloyd AG.

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Revenues increased in the 2020 financial year by around 3 percent, to roughly USD 14.6 billion (approx. EUR 12.8 billion). This is mainly owed to a roughly 4 percent increase in the average freight rate, to 1,115 USD/TEU (2019: 1,072 USD/TEU). The transport volumes at the end of the year were slightly below the level of the previous year, at 11.8 million TEU (2019: 12.0 million TEU) or minus 1.6 percent, but clearly above the level anticipated at the beginning of the pandemic.

In addition, around USD 1.3 billion of financial debt was repaid on balance (excluding IFRS 16) in 2020. The leverage ratio (net debt to EBITDA) decreased to 1.8x and is thereby significantly below the prior-year level of 3.0x.

In light of this very successful financial year, the Executive Board and Supervisory Board of Hapag-Lloyd AG have decided to propose to the Annual General Meeting that a dividend of EUR 3.50 per share be paid out for the 2020 financial year.

Looking ahead, Hapag-Lloyd expects that the EBITDA and EBIT for the 2021 financial year will clearly surpass the prior-year level. This is based on the assumptions that the transport volume can be slightly increased and the average freight rate significantly increased compared to the previous year. Moreover, a significant increase in the average bunker consumption price is anticipated. This forecast remains subject to considerable uncertainty due to a number of factors, including: the above-average volatility of freight rates at this time and operational challenges, such as those caused by infrastructural bottlenecks. In addition, the further course and corresponding economic impacts of the coronavirus pandemic cannot be predicted at present. Accordingly, a detailed earnings outlook is not possible at this time.

“2021 will also be dominated by the global coronavirus pandemic, and the current supply chain bottlenecks will presumably only abate significantly in the second half of the year. Thanks to continuing strong demand for consumer goods, we have gotten the current financial year off to a very positive start. However, the pandemic-related risks will remain for the time being, even if vaccination campaigns across the world hint at the first steps towards normalisation. Overall, we

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are sticking to our existing course: to offer our customers the best-possible service quality and to continue to grow profitably,” Rolf Habben Jansen said.

The detailed full-year 2020 figures, including explanatory notes relating to the performance measures EBITDA and EBIT referred to herein, can be found in the download section of the new digital annual report: <https://hlag-2020.corporate-report.net/en>

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KEY FIGURES (USD)

	Q4 2020	Q4 2019	2020	2019	2020 versus 2019
Transport volume (TTEU)	3,142	3,026	11,838	12,037	-1.6%
Freight rate (USD/TEU)	1,163	1,062	1,115	1,072	4.0%
Revenues (USD million)	4,052	3,460	14,577	14,115	3.3%
EBITDA (USD million)	1,038	526	3,082	2,223	38.6%
EBIT (USD million)	536	186	1,501	908	65.3%
EBITDA margin	25.6%	15.2%	21.1%	15.8%	5.4 Ppt
EBIT margin	13.2%	5.4%	10.3%	6.4%	3.9 Ppt
Group net result (USD million)	463	85	1,068	418	155.4%

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KEY FIGURES (EURO)

	Q4 2020	Q4 2019	2020	2019	2020 versus 2019
Revenues (EUR million)	3,410	3,126	12,772	12,608	1.3%
EBITDA (EUR million)	883	475	2,700	1,986	36.0%
EBIT (EUR million)	457	169	1,315	811	62.1%
Group net result (EUR million)	397	77	935	373	150.5%
Annual average exchange rate (USD/EUR)	n.a.	n.a.	1.14	1.12	1.8%
End of period exchange rate (USD/EUR)	n.a.	n.a.	1.23	1.12	9.8%

About Hapag-Lloyd

With a fleet of 237 modern container ships and a total transport capacity of 1.7 million TEU, Hapag-Lloyd is one of the world's leading liner shipping companies. The Company has around 13,100 employees and 395 offices in 129 countries. Hapag-Lloyd has a container capacity of approximately 2.7 million TEU – including one of the largest and most modern fleets of reefer containers. A total of 122 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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