



**Folgeemissionen von
Corporate Bonds –**

C.I.R.A. / DIRK Mitgliederversammlung

Salzburg, 28. Februar 2014

Agenda



1. Hapag-Lloyd Financing Strategy
2. Initial Bond Offerings (Oct 2010)
3. Recent Capital Market Transactions (Sep – Nov 2013)



Hapag-Lloyd is one of the world's leading container shipping companies



Hapag-Lloyd at a glance



- Pure play **container shipping** company
- Headquartered in **Hamburg, Germany**
- Founding member of **Grand and G6 Alliance**
- **152 container ships** with 729 TTEU¹⁾
- Transport volume of **5.3 million TEU** in 2012
- Linking around **500 ports** in over 120 countries
- Approx. **22,100 customers** around the world
- Employing **7,032 staff** worldwide¹⁾

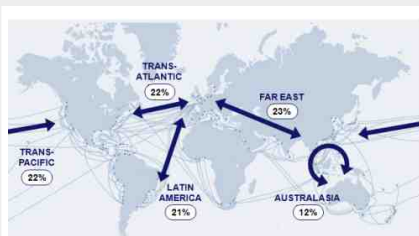
1) As of 30 September 2013

Hapag-Lloyd targets longterm profitable growth based on a stable financing structure



Longterm profitable growth

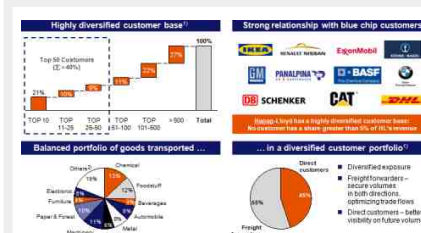
Exploitation of industry growth



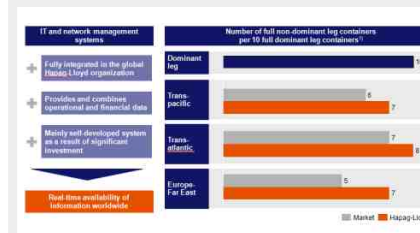
Sustainable and competitive business model



Clear profile and customer orientation



Cost discipline and operative excellence



based on a stable financing structure

Hapag-Lloyd's financial policy focuses on growth, optimal capital structure and an adequate liquidity reserve



Financial policy

GOALS

Finance long-term profitable growth

Optimize capital structure

Maintain liquidity buffer and achieve dividend capability

MEASURES

- Financing for committed order book fully finalized
- Container financing for ordered boxes finalized
- Operating cash flow funding part of long-term growth

- Secure strong equity base
- Aim to improve credit rating
- Further optimize maturity profile

- Sufficient liquidity headroom
- Aim to achieve dividend capability

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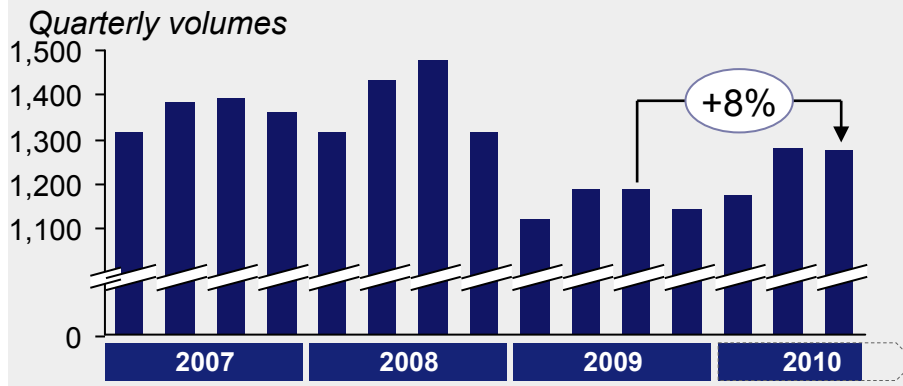


Positive transport volumes and increasing freight rates have driven a fast recovery and supported trading

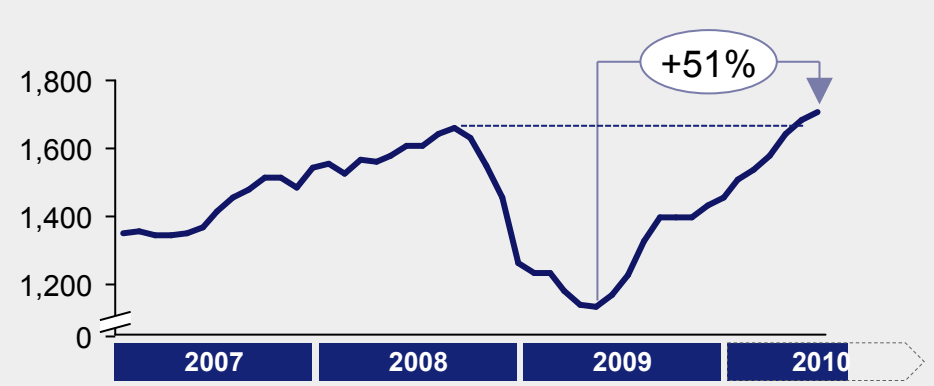


Key financial performance indicators of Hapag-Lloyd, January 2007-September 2010

Volumes transported [TTEU]



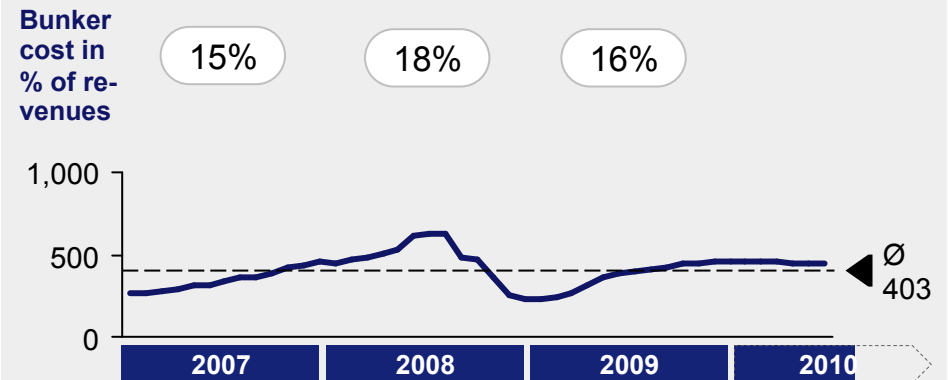
Freight rate [USD/TEU]



Average EUR/USD exchange rate



Average bunker fuel price [USD/mt]



Strong recovery in all key financial aspects



Key financial information on Hapag-Lloyd Container Shipping and BidCo

	2007 ¹⁾	2008 ¹⁾	2009 ²⁾	Jan-Sep 2010
Avg. EUR/USD exchange rate	1.37	1.47	1.39	1.32
Avg. bunker fuel price ³⁾ (USD/mt)	337	507	328	440
Volumes transported [TTEU]	5,454	5,546	4,637	3,728
Freight rate [USD/TEU]	1,411	1,590	1,257	1,547
Revenues [EUR m]	5,981	6,218	4,473	4,670
EBITDA [EUR m]	409	412	-359	744
EBIT [EUR m]	347	133	-583	506
Capex ⁴⁾ [EUR m]	-566	-387	-183	-344

1) The financial information as of and for the year ended December 31, 2007 and 2008 was derived from the Audited Combined Financial Statements

2) The P&L statement information included for the year ended December 31, 2009 is derived from the 2009 Unaudited Pro Forma Combined Financial Information

3) Hapag-Lloyd average consumption price 4) Mainly vessels and down payments as well as containers

Shareholders agreed to support Hapag-Lloyd with a turnaround concept comprising contributions of EUR 1.9 bn in 2009



Overview of turnaround concept

Σ = EUR ~4.3 bn¹⁾

Turnaround Concept

A

Shareholder contribution

**Total:
EUR 1.9 bn**

B

Financiers contribution

**Total:
EUR 400 m**

C

Bank loan with government guarantee

**Total:
EUR 1.2 bn**

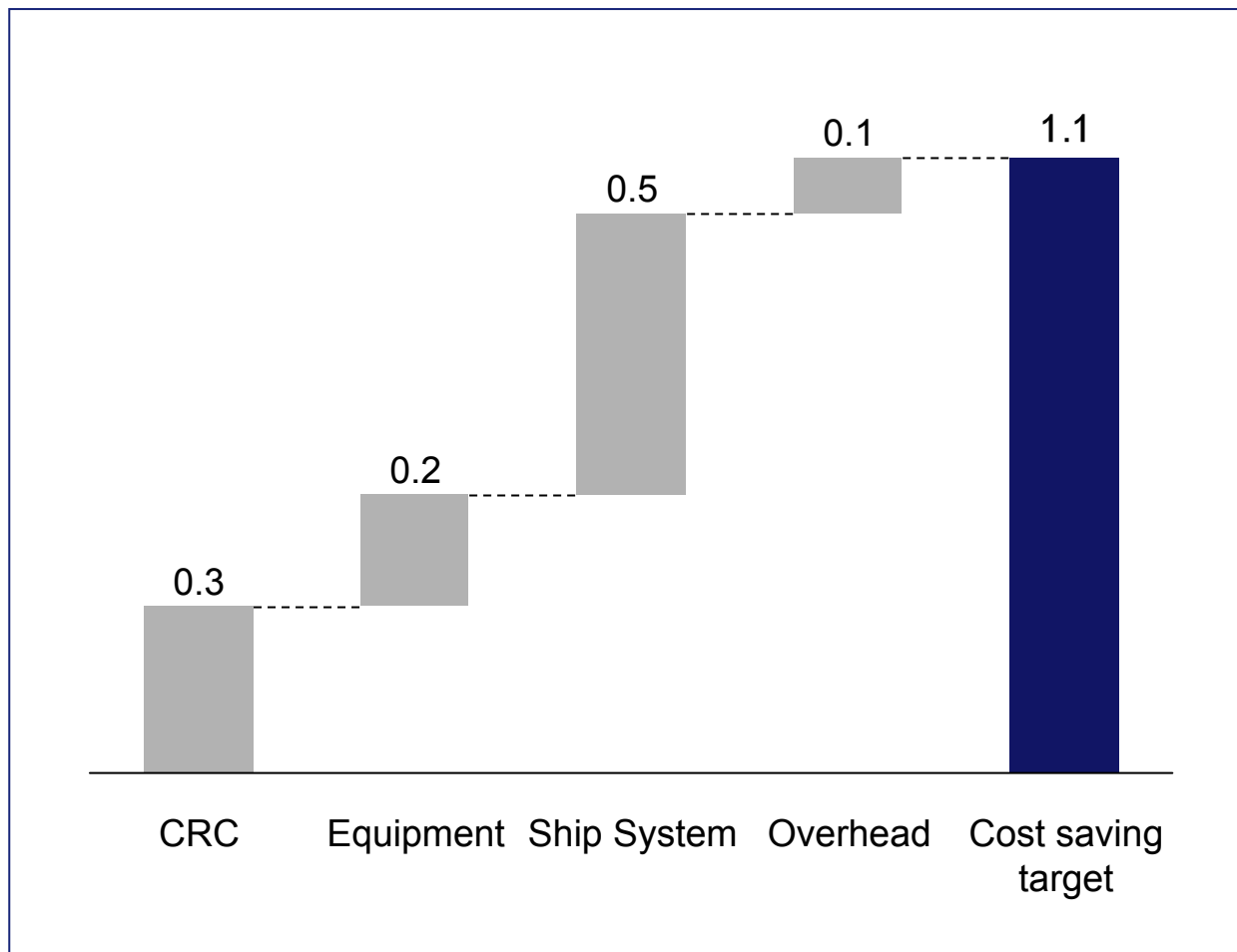
Based on: Hapag-Lloyd's internal contribution of cost cutting measures (USD 1.1 bn \approx EUR 0.8 bn)¹⁾

1) Assumption: 1.3 USD/EUR

Hapag-Lloyd targeted over USD 1.1 bn in cost savings and will continue to increase operational efficiency, productivity and profitability



Overview of cost savings by cost type, 2010¹⁾ [USD bn]



COMMENTS

- **CRC** (cargo-related costs)
Renegotiation of transport costs with more than a thousand suppliers
- **Equipment**
Reduction of empty movements, renegotiation of leasing terms
- **Ship system**
Termination of services, termination of slot charter agreements, replacement of own services with slot charters, merging similar services
- **Overhead**
Headcount reduction
- Measures are documented and tracked in a project monitoring and measure tracking tool

1) Compared to the cost base of 2008

Hapag-Lloyd's rating in 2010 was at BB- (S&P)



Overview issuer rating Hapag-Lloyd – S&P

		FINANCIAL RISK PROFILE					
		Minimal	Modest	Inter-mediate	Signi-ficant	Aggre-ssive	High leveraged
BUSINESS RISK PROFILE	Excel-lent	AAA	AA	A	A-	BBB	–
	Strong	AA	A	A-	BBB	BB	BB-
	Satisfac-turing	A-	BBB+	BBB	BB+	BB-	B+
	Fair	–	BBB-	BB+	BB	BB-	B
	Weak	–	–	BB	BB-	B+	B-
	Vulne-rable	–	–	–	B+	B	CCC+

● Previous S&P rating
● Current S&P rating

COMMENTS

- Standard & Poor's has given Hapag-Lloyd a corporate credit rating of **BB-** in 2010
- The corresponding **bond rating** is two notches lower: **B**
- Due to changes in underlying parameters and the challenging supply-demand situation in the shipping industry , the **rating was downgraded to B+** in the months after
- **Areas for active improvement** by Hapag-Lloyd mainly exist in the **Financial Risk Profile**

Initial EUR-Notes, initial USD-Notes and additional EUR-Notes



Overview bond emission Oct 2010			
Emissions	EUR-tranche	USD-tranche	Add. EUR-tranche
Issuer	■ Hapag-Lloyd AG		
Guarantor	■ "Albert Ballin" Holding GmbH & Co. KG		
Volume	■ EUR 330,000,000	■ USD 250,000,000	■ EUR 150,000,000
Proceeds	■ EUR 328,354,950	■ USD 248,432,750	■ EUR 155,062,500
Maturity	■ 15. October 2015	■ 15. October 2017	■ 15. October 2015
Interest payment days	■ 15. April und 15. October, starting at 15. April 2011		
Issuer rating	■ B1 (Moody's); BB- (S&P)		
Issuance rating	■ B3 (Moody's); B (S&P)		
Coupon	■ 9.000%	■ 9.750%	■ 9.000%
Price	■ 99.5015	■ 99.3731	■ 103.375 ¹⁾
Yield	■ 9.125%	■ 9.875%	■ 8.157%
Price at 30.12.2010	■ 106.88	■ 107.88	■ 106.88

1) Plus accrued interest from 8. October 2010

Proceeds have been used for repayment of existing liabilities and general corporate purposes



Sources and uses		
Sources of Funds		
Sources	USD m	EUR m
The Notes offered hereby	500	407
K-sure Financing	304	247
Total sources	804	654
Revolving Credit Facility (undrawn)	360	293
↓		
Uses of Funds		
Uses	USD m	EUR m
Pay accrued debt amortization from standstill	218	177
Pay accrued interest on TUI financings	82	67
Pay charter and lease obligations	31	25
Repayment of bridge loan agreement	278	226
Estimated fees & expenses	34	28
General corporate purposes	161	131
Total uses	804	654
Liquidity headroom	360	293

Pro forma capitalisation, June 30, 2010		
EUR m	Pro forma (unaudited)	x adj. EBITDA ³⁾
Cash	545	
<i>Undrawn RCF</i>	293	
Fleet financing	271	
Bilateral financing	356	
K-sure I	349	
Container finance leases	119	
Total Senior Secured Debt	1,095	1,9x
Other financial liabilities	9	
Notes offered hereby ¹⁾	407	
TUI Vendor loan	176	
Total Debt	1,687	2,9x
Capital of limited partnership ²⁾	3.088	
Hybrid Capital	670	
Reserves	30	
Total Capitalization	5,475	

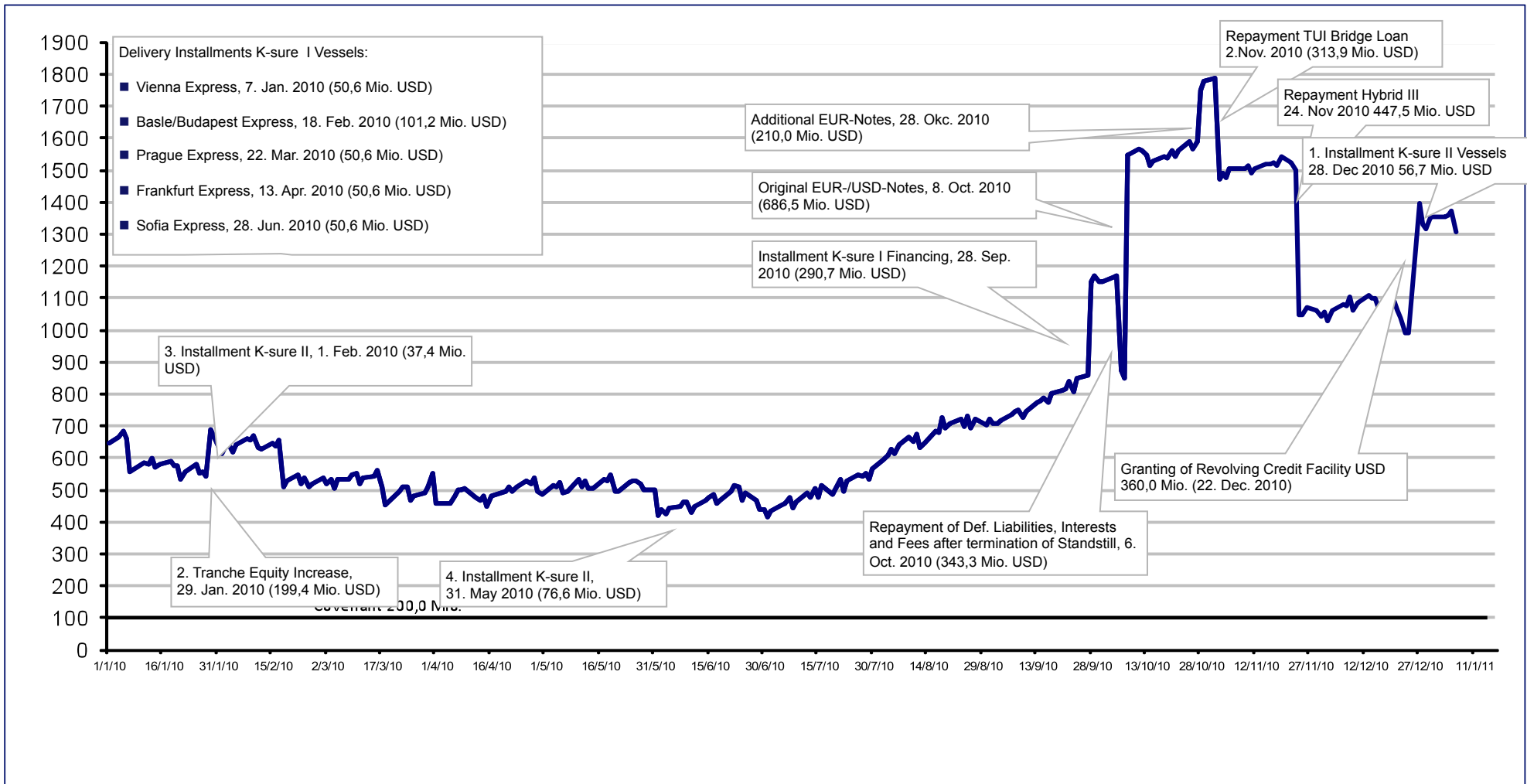
1) Indebtedness reflected at its principal amount. Under IFRS, however, debt issuance costs will be deducted from the principal amount of the debt to which they relate

2) Includes conversion of hybrid I to straight equity (EUR 350 m) 3) Based on adj. EBITDA of EUR 591.6 m as of Jan-Aug 2010

Proceeds from the bond offerings significantly improved Hapag-Lloyd's liquidity position



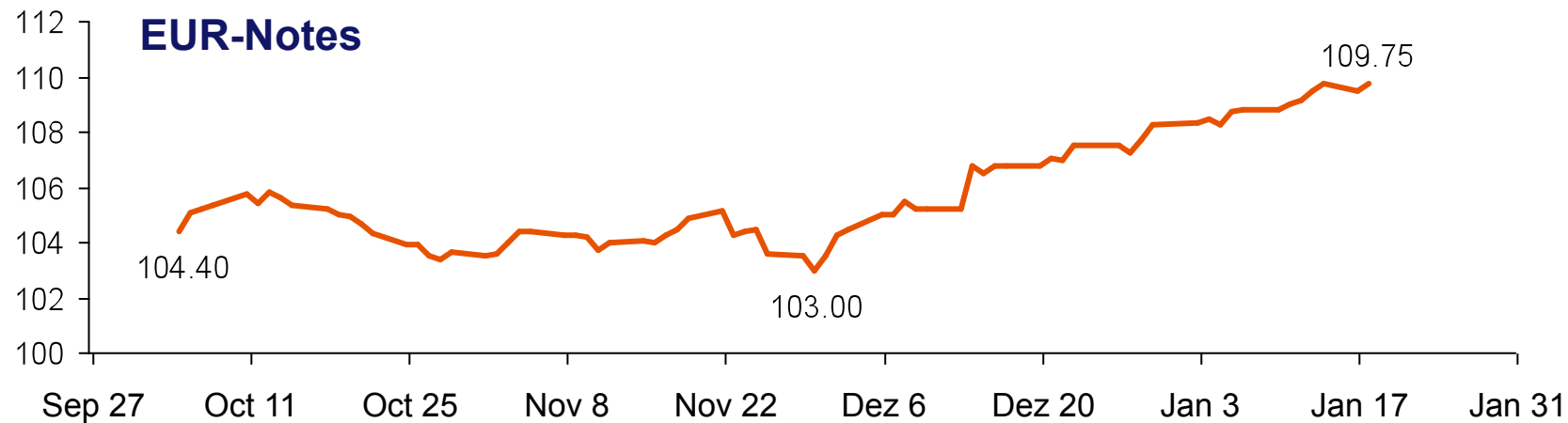
Liquidity development [USD m]



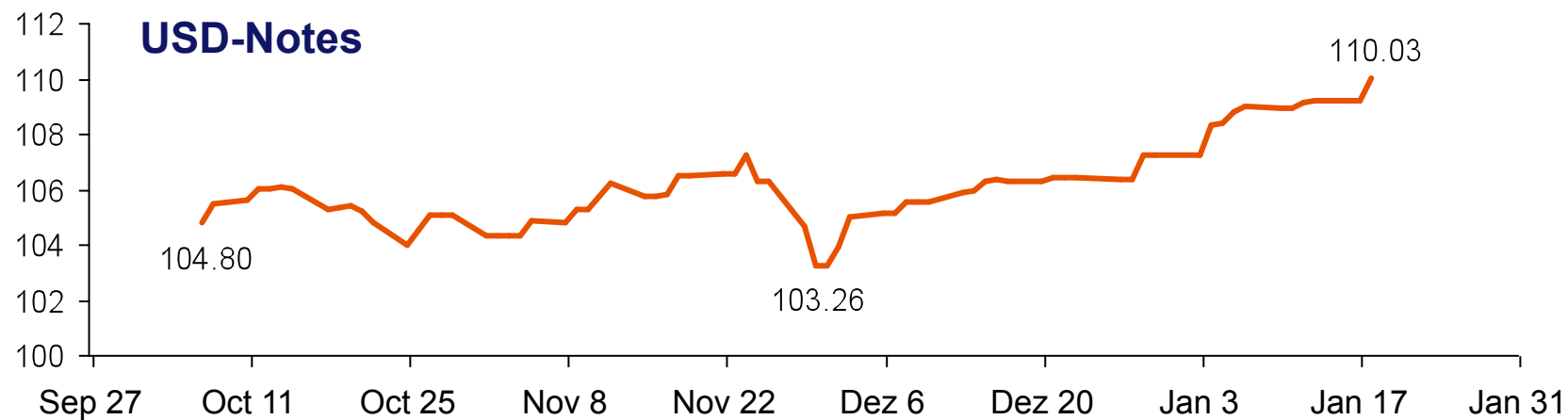
Until the end of 2010, EUR and USD notes traded between 103% and 110%

Trading EUR and USD Notes Sept. 2010 – Jan 2011 [%]

EUR-Notes



USD-Notes



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Management Summary

- In September and October 2013 Hapag-Lloyd issued Senior Notes in a volume of EUR 400 m and therewith capitalized on the attractive window in the capital market. The proceeds have been used for general corporate purposes (EUR 200 m) and an early repayment of the EUR-bond 2015 (EUR 200 m)
- Due to the successful issuance and the repayment program of the EUR-bond 2015, Hapag-Lloyd was able to achieve its capital market targets:
 - Liquidity cushion: EUR 200 m serve the sustainable strengthening of our adequate liquidity reserve and the refinancing of existing liabilities
 - The maturity profile has been optimized by means of the Optional Redemptions and the Tender offer of the EUR-2015 bond in an amount of EUR 200 m
 - Due to the attractive market environment, the coupon was considerably reduced to 7.75% (as compared to 9% for the EUR-bond 2015) and the capital structure optimized
 - In addition, Hapag-Lloyd was able to implement more flexible terms for the new bond with regard to the dividend potential (via the introduction of a Net Leverage Test)

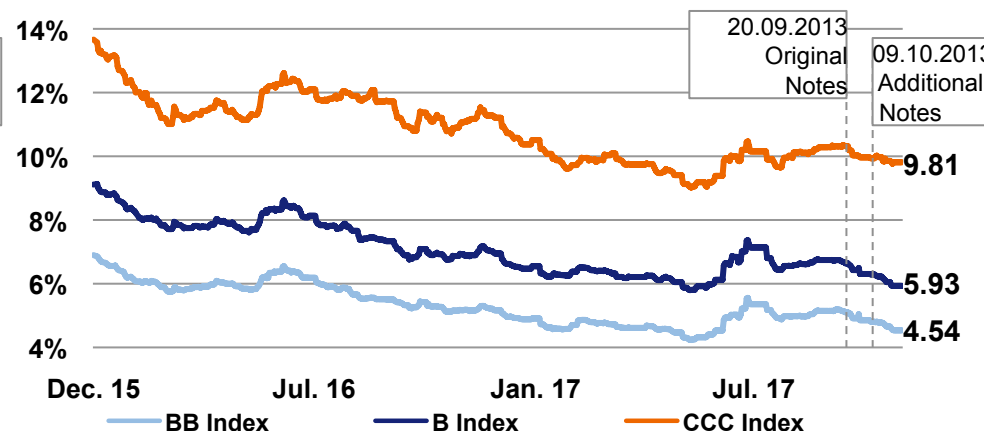
Hapag-Lloyd made optimal use of the emission windows in the bond market in September and October 2013



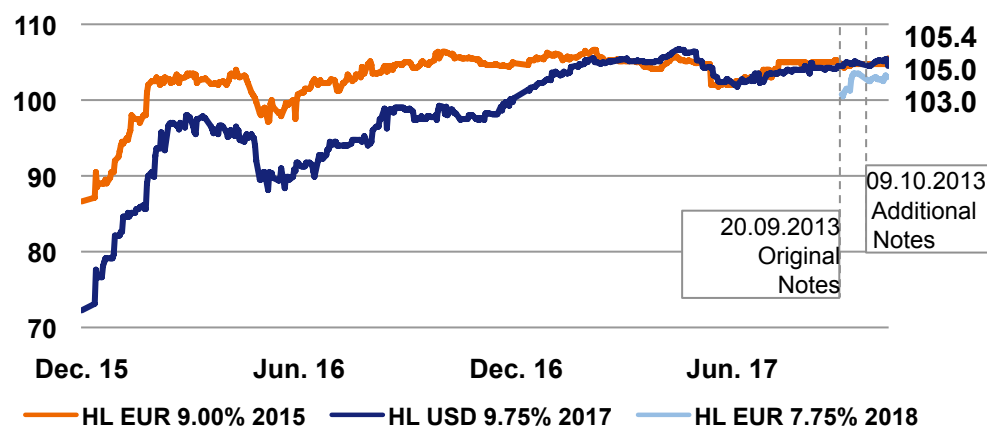
iTraxx Xover



High Yield indices



Hapag-Lloyd bonds



Comments

- The past months have been characterized by high volatilities of the bond markets. Before the summer break volatility has strongly increased and yields reached a higher level
- After the summer break yields substantially decreased and traded on an attractive level of approx. 350 bps, below the historic average and near the historic low
- Especially the Fed's statement to continue its expansive monetary policy contributed to the positive market development

Hapag-Lloyd successfully placed a total volume of EUR 400 m at the bond market

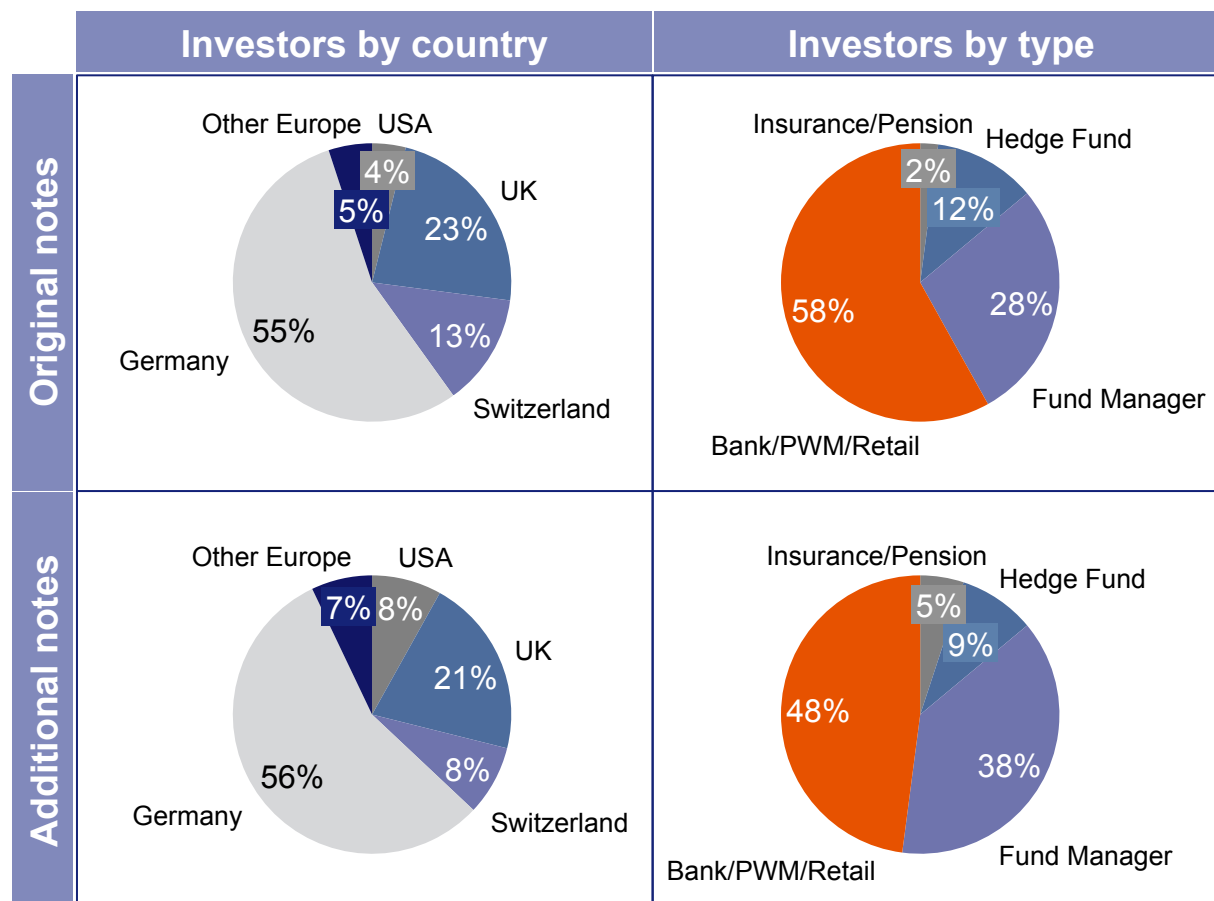


Termsheet

	Original notes	Additional notes
Issuer	Hapag-Lloyd AG	
Instrument	Senior Notes	
Currency	EUR	
Rating	Caa1 / B-	
Volume	EUR 250 m	EUR 150 m
Use of proceeds	1. General corporate purposes incl. refinancing of existing liabilities: EUR 200 m 2. Refinancing of existing EUR bond 2015: EUR 50 m	Refinancing of existing EUR bond 2015: EUR 150 m
Maturity	5 years	
Coupon	7.75%	
Issue price	100.00%	101.75%
Denomination	EUR 100,000	
Approval	LXSE	
Listing	EURO MTF market of LXSE	
Bookrunners / Co-Managers	Deutsche Bank, Citigroup, JP Morgan Berenberg, M.M. Warburg & CO, IKB, Morgan Stanley	

Qualified demand from the German private wealth section as well as from institutional investors

Investor structure



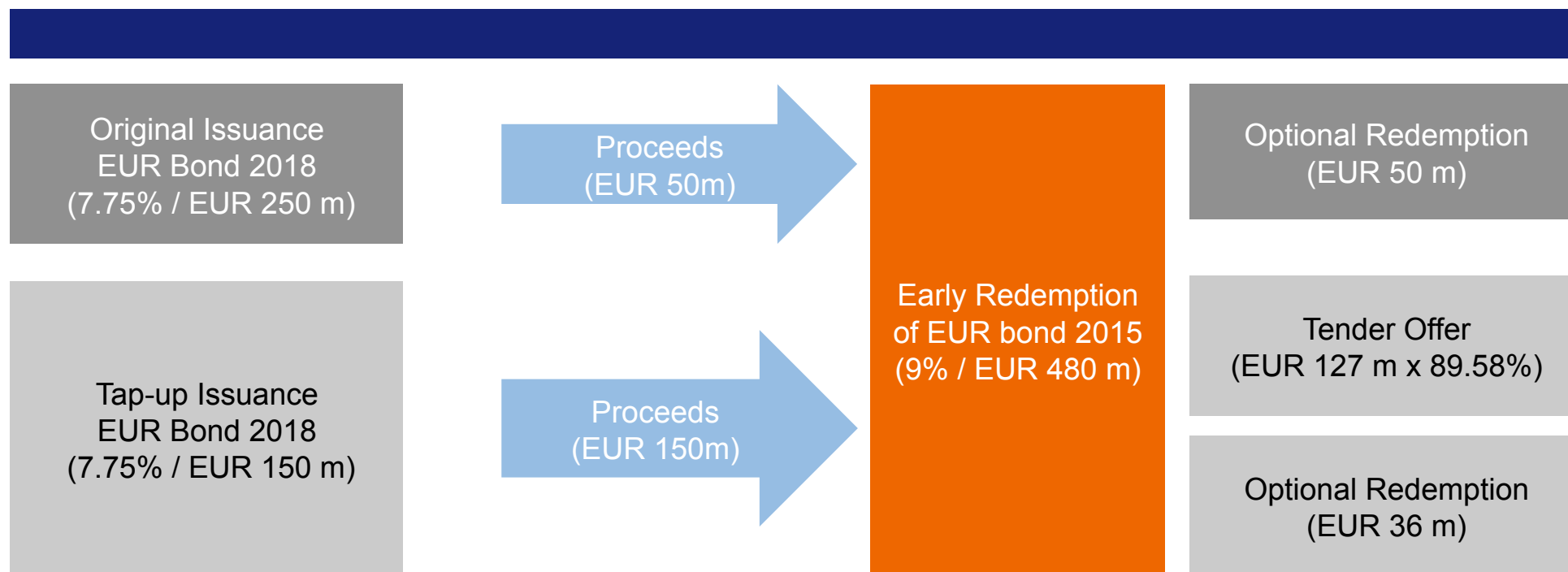
Original notes

- The orderbook for the initial transaction several times oversubscribed
- Composition of Private Wealth Management (PWM) investors and institutional investors (long-only fund managers and hedge funds)

Additional Notes

- Also for the additional transaction the orderbook was several times oversubscribed
- The investor structure was largely equal to the initial transaction

Use of proceeds for early redemption

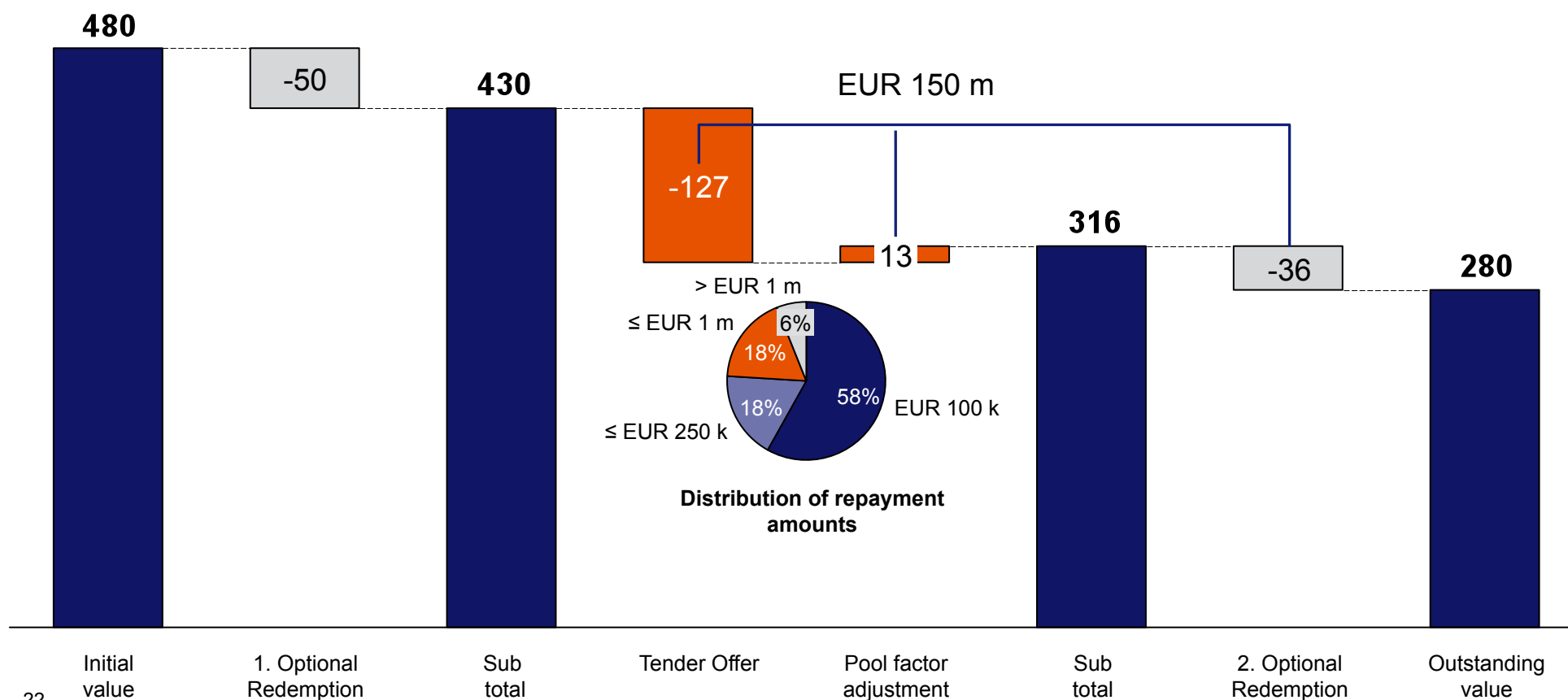


- After the successful issuance of EUR 250 m Senior Notes in September, Hapag-Lloyd issued additional notes in a volume of EUR 150 m in October 2013
- EUR 200 m of the proceeds of both issuances were used for early redemption of the existing EUR bond 2015:
 - EUR 50 m first optional redemption (leading to a pool factor of 89.58%) on October 21, 2013
 - EUR 127 m (nominal amount x 89.50 % pool factor) have been bought back via a tender offer on October 21, 2013
 - EUR 36 m second optional redemption on November 9, 2013

The outstanding amount of the EUR bond 2015 was reduced from EUR 480 m to EUR 280 m

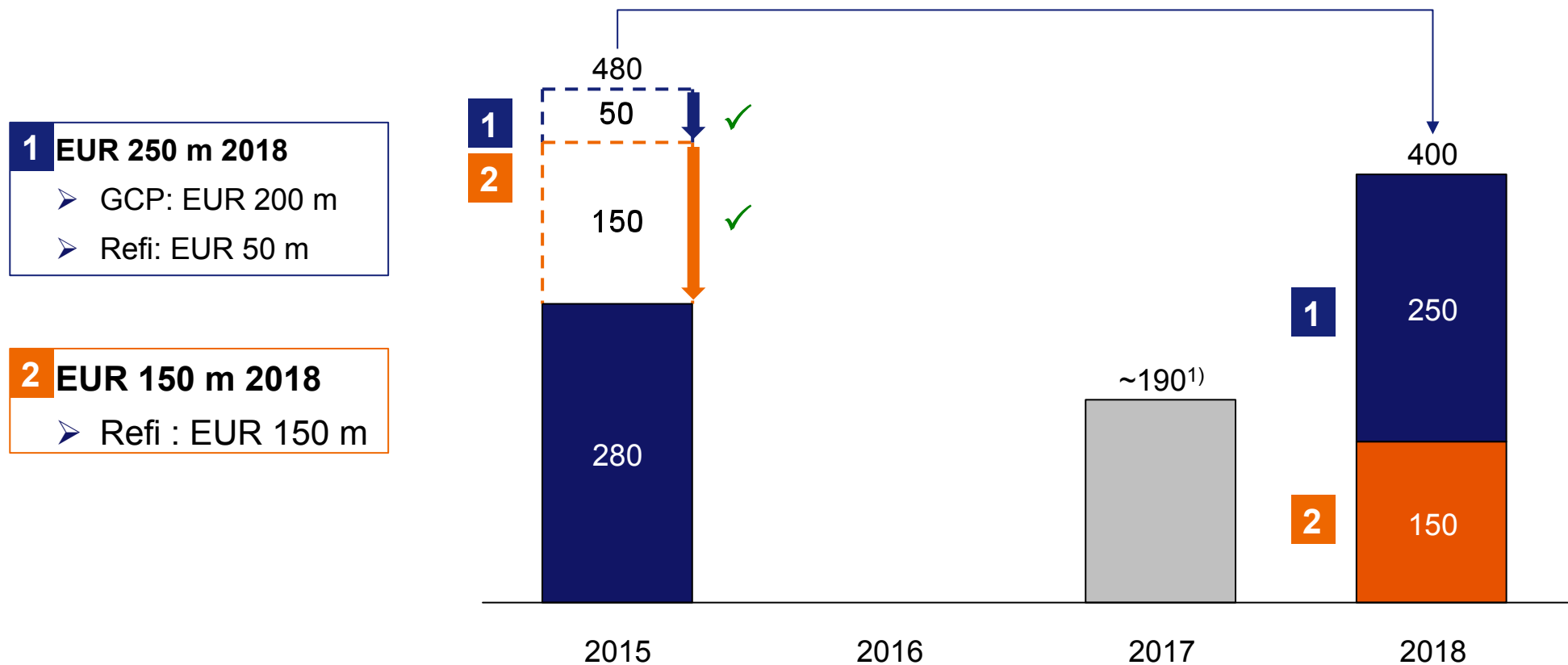


Nominal value EUR bond 2015 [EUR m]

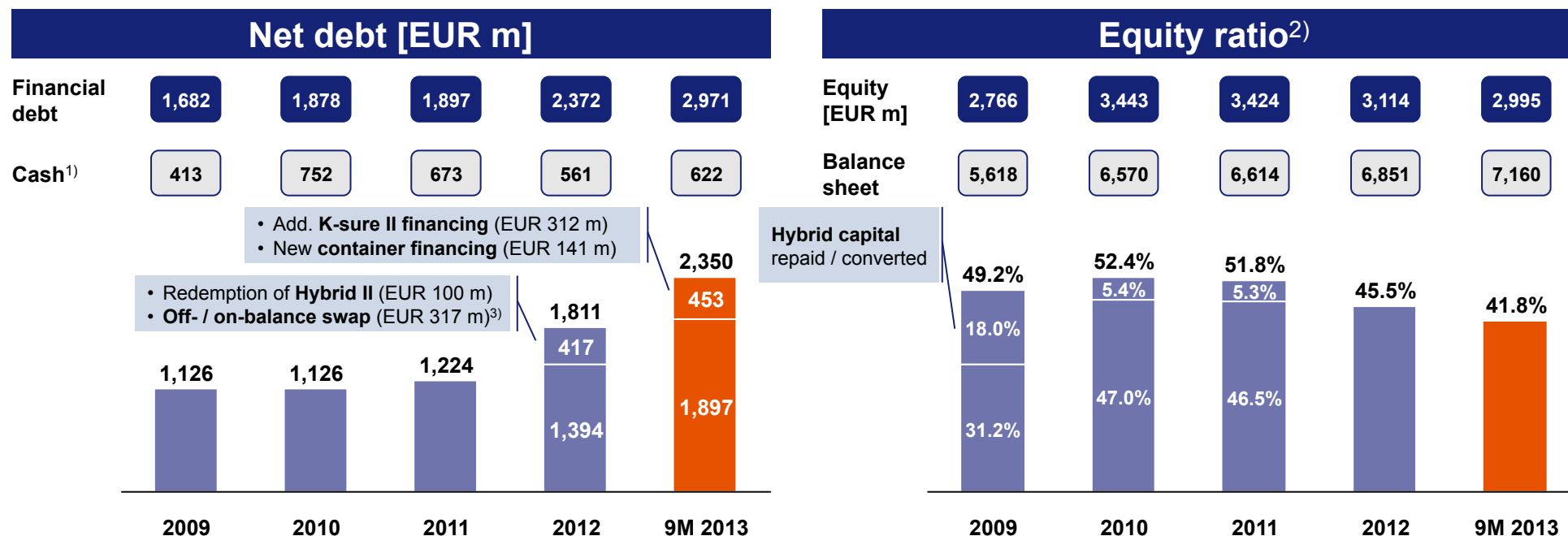


Optimization of the bond maturity profile

Maturity profile [EUR m]



Hapag-Lloyd maintains a solid financial profile – Net debt at EUR 2.3 bn and equity ratio at 42%



- Due to the current investment cycle of Hapag-Lloyd, **net debt rose to EUR 2.3 bn** in 9M 2013 primarily driven by new loans to finance the delivery of four 13,200 TEU vessels and container investments
- Also, in August 2013 the existing **unused credit line of EUR 70.4 m** (USD 95 m) was **extended in advance by further three years** with the option of being extended by up to two additional years

1) Cash and cash equivalents (financial assets of EUR 143 m in 2009 to be adjusted) 2) Equity ratio defined as total equity (incl. hybrid capital 2009 – 2011) over balance sheet total; at end of period

3) In Q1 2012, existing long-term operating lease contracts for seven ships and a container portfolio were swapped into finance lease contracts; additionally, two new loans to fund the purchase of two (former operating lease) vessels increased liabilities to banks

Capital Markets offer distinct chances for the shipping industry and Hapag-Lloyd



Conclusions

- The diversification of financing sources via capital markets is already taking place in container shipping with the advantages of an access to a larger and more liquid investor base, the possibility to place a higher volume with a longer maturity and less restrictive financial covenants
- Corporate bonds can significantly increase shipping companies' flexibility and independence – at the same time lead to a rise of reporting responsibilities and therewith to a more transparent shipping industry
- The capital markets' perception of Hapag-Lloyd continuously improved since the emission of the EUR- and USD-bonds in October 2010, which is also reflected in the positive trading development of the EUR-bond 2015 and the USD-bond 2017
- The increased capital market activities led to a need for professional capital market communication and the establishment of dedicated Capital Markets team within the company
- Besides the general market trends, these developments also positively affected investors' willingness to accept a lower coupon rate as compared to the previous issuances in 2010
- Hapag-Lloyd will continue to monitor market developments and act opportunistically should favorable opportunities arise

Contact Investor Relations



Henrik Schilling

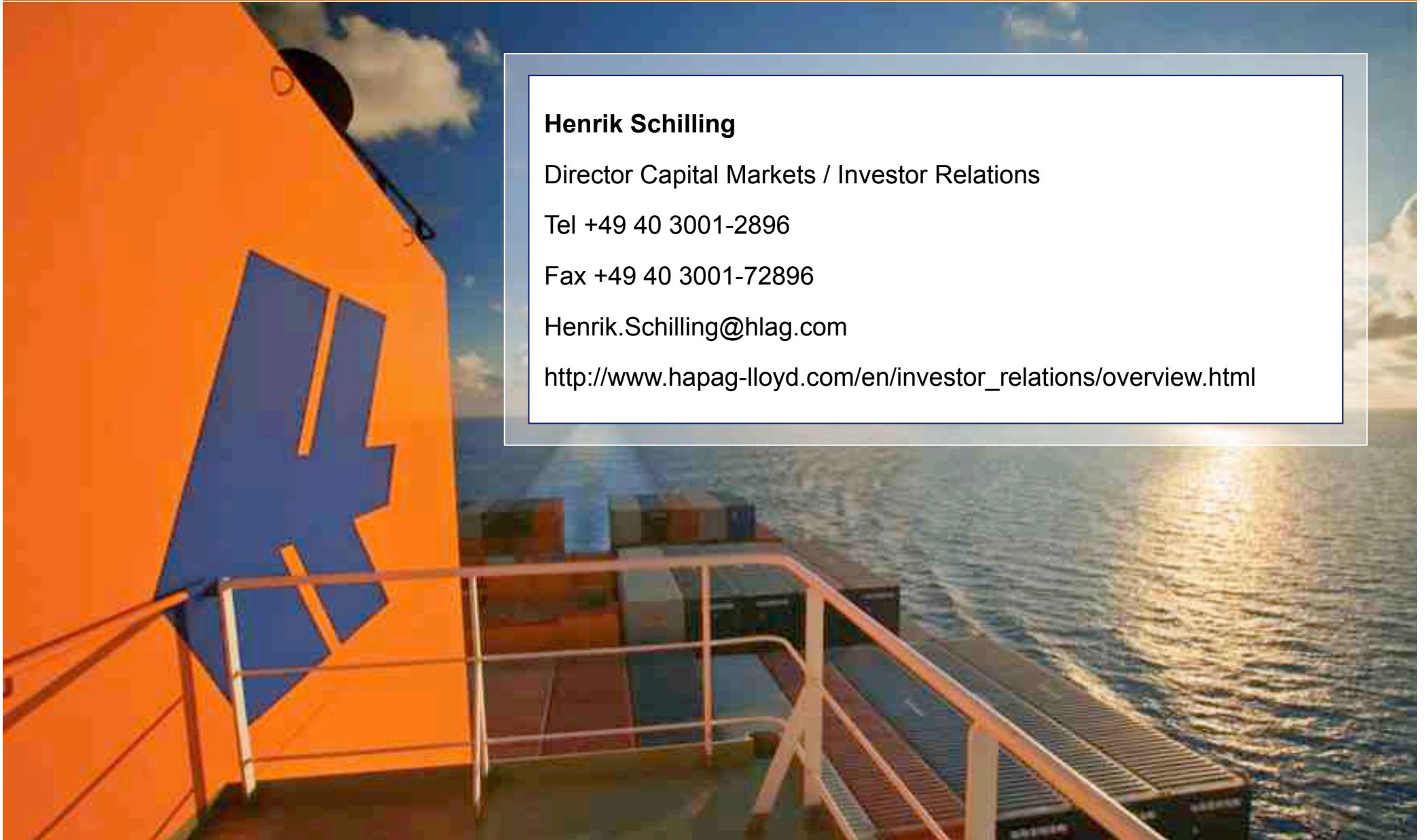
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










The transaction was completed in 5 steps in September, October and November 2013



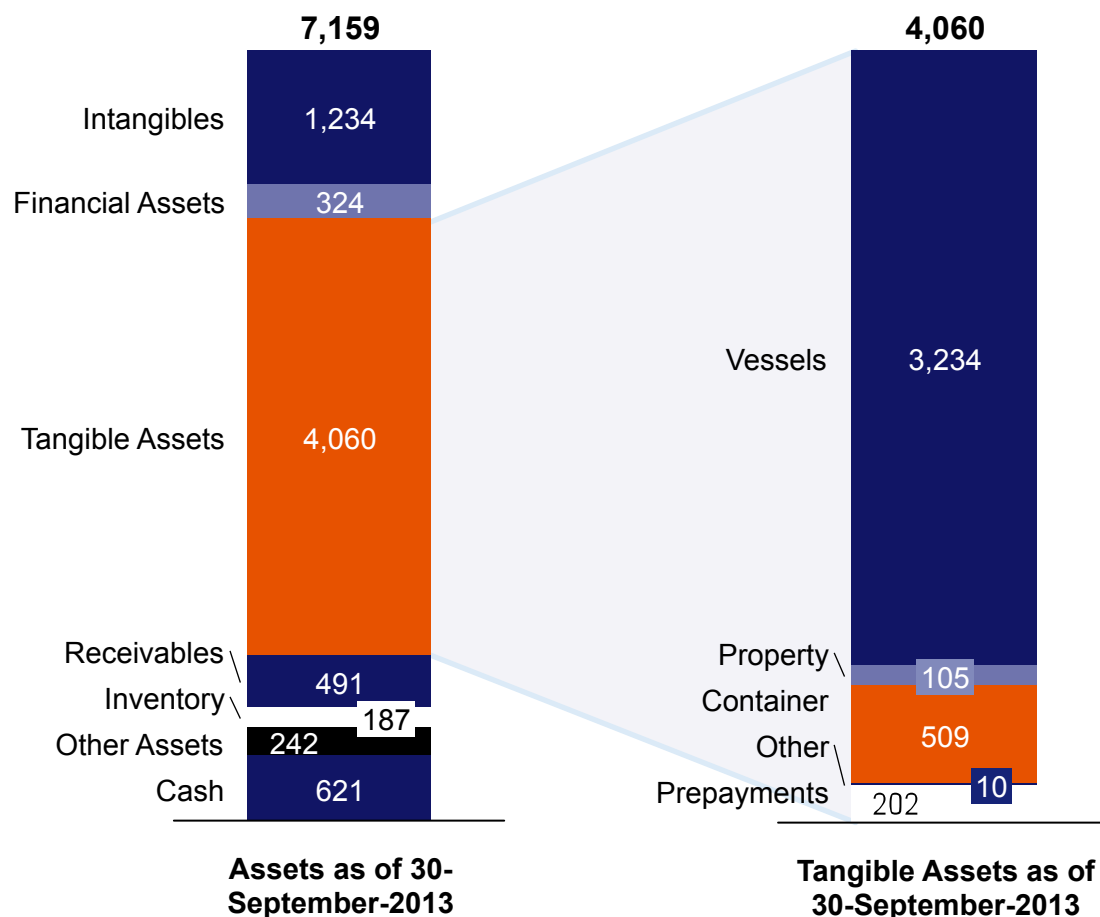
Process steps

	September	October	November
Original notes EUR bond 2018 (EUR 250 m)	 19.09. Launch  20.09. Pricing  27.09. Closing		
Additional notes EUR bond 2018 (EUR 150 m)		 08.10. Launch  09.10. Pricing  23.10. Closing	
1. Optional Redemption EUR bond 2015 (EUR 50 m)	 20.09. Announcement	 15.10. Record Date  21.10. Settlement	
Intermediated Exchange Tender Offer EUR bond 2015 (EUR 127 m x 89.58%)	 08.10. Announcement  09.10. Clarification	 17.10. Expiring Date  18.10. Result  23.10. Exchange  21.10. Settlement  Announcement	
2. Optional Redemption EUR bond 2015 (EUR 36 m)		 09.10. Announcement  23.10. Clarification  01.11. Record Date  09.11. Settlement  12.11. Payment	

Hapag-Lloyd continues to have a strong asset base mainly driven by vessel book values



Assets as of 30 September 2013 [EUR m]



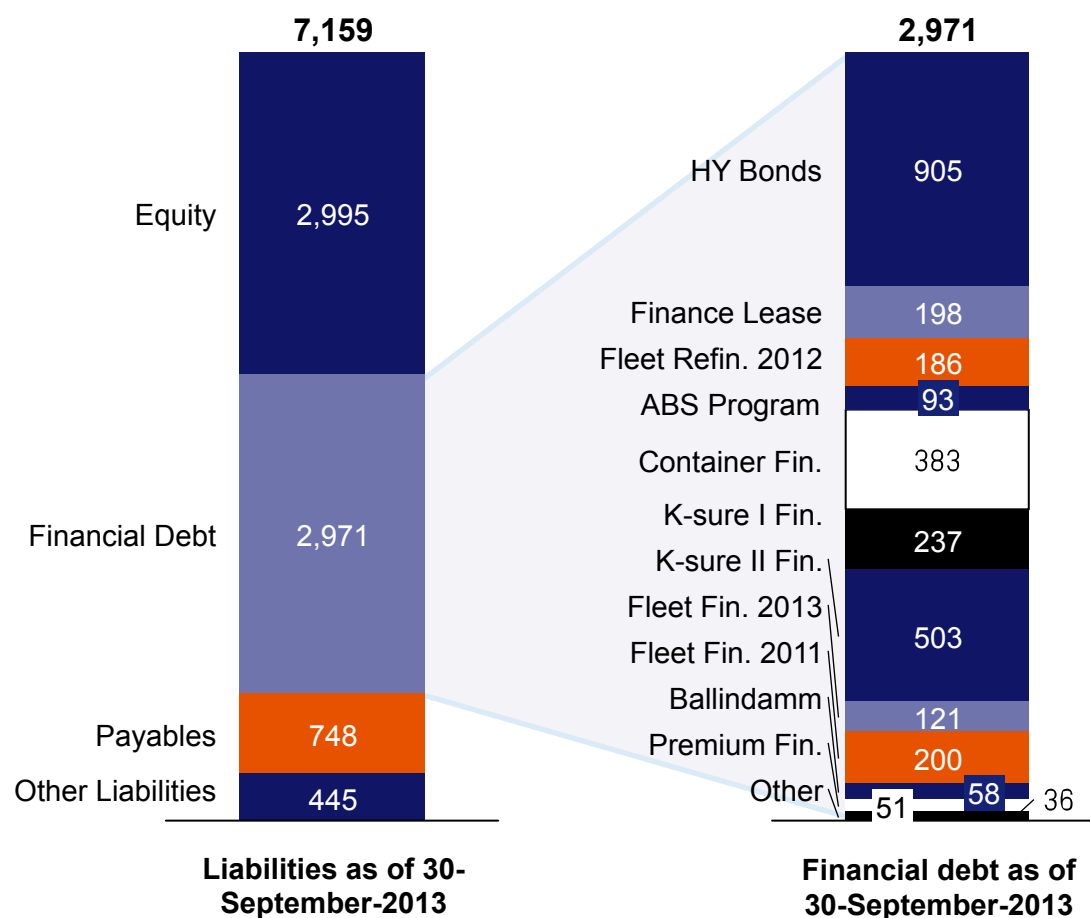
Comments

- Tangible assets make up over half of total assets
 - Prepayments relate to vessel orders
- Intangibles mainly result from the 2009 acquisition of Hapag-Lloyd when assets und liabilities were recognized at their fair market value in the purchase price allocation (PPA)
- Financial assets primarily refer to CTA shareholding

Solid long-term financing diversified between senior notes and asset secured bank debt



Equity and liabilities as of 30 September 2013 [EUR m]

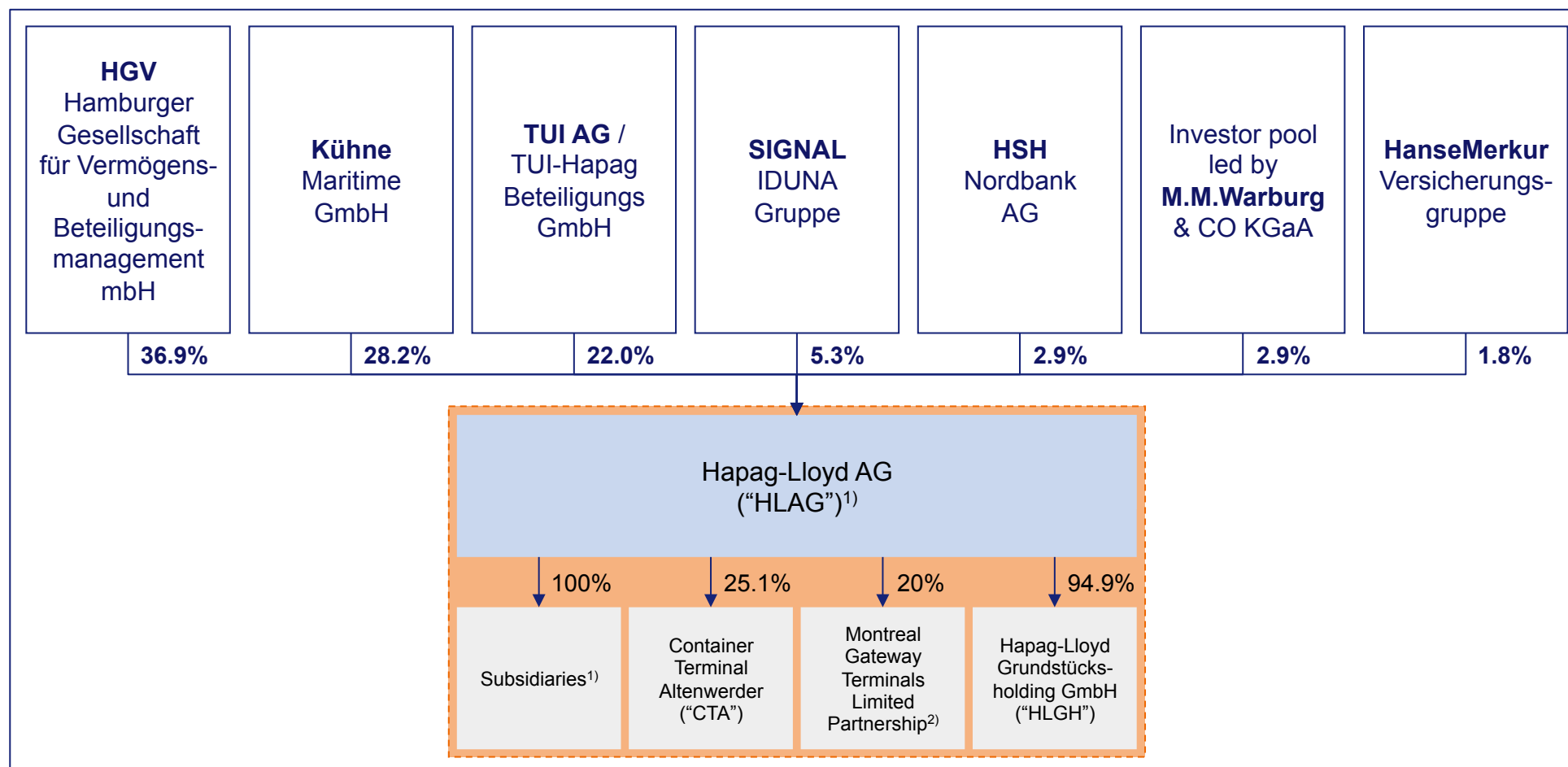


Comments

- Well balanced mix of financing instruments
 - EUR 905 m HY bonds issued in Q4 2010 and in Q3 2013
 - Bank debts of c. EUR 1.8 bn
- In H1 2013 financing for four further new vessels has been drawn with delivery and two new financings on keel laying under the existing K-Sure II financing
- In Q3 2013 four ship loans were repaid and transferred to new financings
- Furthermore, additional financings for purchase of containers
- Other liabilities contain provisions of EUR 323 m which include pension provisions of EUR 159 m

Committed shareholder base

Shareholder and organizational structure



1) All vessels owned by HLAG except vessels registered in UK, Bermuda and USA, which are legally owned by subsidiaries

2) Hapag-Lloyd has released non-operational capital and sold its participation as of 31 December 2013

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