

GROUP EARNINGS POSITION

The 2021 financial year was characterised by continuing strong demand for exported goods from the Asian region, which significantly contributed to the positive development of the sector. The high level of demand for container transportation combined with the ongoing COVID-19 restrictions resulted in sustained disruptions to global supply chains. This, in turn, led to operational challenges that were reflected in prolonged round voyage times for ships and containers. As a result, there was a shortage of available transport capacity.

Compared with the 2020 financial year, the rise in the average freight rate (in USD) of 79.7% resulted in revenue growth of 74.4%. By contrast, higher container handling expenses (+14.3%) and an increase in the average bunker consumption price (+25.3%) reduced the operating result. The weaker US dollar had a dampening effect overall and had a negative total impact on earnings. The average USD/EUR exchange rate was USD 1.18/EUR in the 2021 financial year, compared with USD 1.14/EUR in the corresponding prior year period.

Hapag-Lloyd generated earnings before interest, taxes, depreciation and amortisation (EBITDA) of EUR 10,852.6 million in the reporting period (prior year period: EUR 2,700.4 million) and earnings before interest and taxes (EBIT) of EUR 9,389.8 million (prior year period: EUR 1,315.2 million). The Group profit came to EUR 9,085.0 million (prior year period: EUR 935.4 million).

Consolidated income statement

million EUR	1.1.–31.12.2021	1.1.–31.12.2020
Revenue	22,273.5	12,772.4
Transport expenses	10,323.3	9,140.2
Personnel expenses	810.0	683.0
Depreciation, amortisation and impairment	1,462.8	1,385.2
Other operating result	-315.1	-279.7
Operating result	9,362.2	1,284.4
Share of profit of equity-accounted investees	28.8	32.1
Result from investments and securities	-1.2	-1.2
Earnings before interest and taxes (EBIT)	9,389.8	1,315.2
Interest result	-245.2	-330.5
Other financial items	1.7	-3.5
Income taxes	61.3	45.8
Group profit/loss	9,085.0	935.4
thereof profit/loss attributable to shareholders of Hapag-Lloyd AG	9,074.7	926.8
thereof profit/loss attributable to non-controlling interests	10.4	8.6
Basic/diluted earnings per share (in EUR)	51.63	5.27
EBITDA	10,852.6	2,700.4
EBITDA margin (%)	48.7	21.1
EBIT	9,389.8	1,315.2
EBIT margin (%)	42.2	10.3

Transport volume per trade

TTEU	1.1.–31.12.2021	1.1.–31.12.2020
Atlantic ¹	2,105	2,065
Transpacific	1,768	1,851
Far East	2,274	2,286
Middle East	1,557	1,476
Intra-Asia	608	831
Latin America	3,038	2,889
Africa ¹	522	441
Total	11,872	11,838

¹ As part of the integration of NileDutch in the third quarter of 2021, the EMA trade (Europe – Mediterranean – Africa) was renamed to Africa trade. Intra-European transport volumes are now added to the Atlantic trade. The previous year's figures have been adjusted accordingly.

The transport volume increased by 34 TTEU to 11,872 TTEU compared with the prior year period (prior year period: 11,838 TTEU). This equates to a rise of 0.3%.

The strong demand for exported goods from Asia led to an increase in transport volumes on the Latin America and Middle East trades in particular compared with the prior year period. On the Africa trade, the integration of NileDutch into the Hapag-Lloyd Group in the 2021 financial year resulted in a rise in transport volumes.

The lower transport volume on the Intra-Asia trade was essentially due to the optimised repositioning of containers to other trades, aimed at meeting the strong demand for container transport from the Asia region. On the Transpacific trade, the congestion of local port infrastructures and the resulting delays and suspension of container handling led to a slight decline in transport volumes, despite high demand for container transport.

Freight rates per trade

USD/TEU	1.1.–31.12.2021	1.1.–31.12.2020
Atlantic ¹	1,808	1,312
Transpacific	2,746	1,467
Far East	2,479	979
Middle East	1,512	837
Intra-Asia	1,295	605
Latin America	1,745	1,131
Africa ¹	1,997	1,196
Total (weighted average)	2,003	1,115

¹ As part of the integration of NileDutch in the third quarter of 2021, the EMA trade (Europe – Mediterranean – Africa) was renamed to Africa trade. Intra-European transport volumes are now added to the Atlantic trade. The previous year's figures have been adjusted accordingly.

The average freight rate in the 2021 financial year was USD 2,003/TEU, which was USD 889/TEU, or 79.7%, up on the prior year period (USD 1,115/TEU).

The continuing increase in the freight rate was primarily due to ongoing strong demand for container transport from Asia as a result of the coronavirus and to a simultaneous scarcity of transport capacity in an overstrained market environment.

Revenue per trade

million EUR	1.1.–31.12.2021	1.1.–31.12.2020
Atlantic ¹	3,215.5	2,374.6
Transpacific	4,103.7	2,379.9
Far East	4,763.6	1,961.7
Middle East	1,989.4	1,081.6
Intra-Asia	666.1	440.0
Latin America	4,480.8	2,863.2
Africa ¹	880.7	461.8
Revenue not assigned to trades	2,173.6	1,209.6
Total	22,273.5	12,772.4

¹ As part of the integration of NileDutch in the third quarter of 2021, the EMA trade (Europe – Mediterranean – Africa) was renamed to Africa trade. Intra-European transport volumes are now added to the Atlantic trade. The previous year's figures have been adjusted accordingly.

The Hapag-Lloyd Group's revenue rose by EUR 9,501.1 million to EUR 22,273.5 million in the 2021 financial year (prior year period: EUR 12,772.4 million), representing an increase of 74.4%. The main reason for this was the rise in the average freight rate of 79.7%. By contrast, the weakening of the US dollar against the euro counteracted the increase in revenue. Adjusted for exchange rate movements, revenue would have risen by EUR 10.0 billion, or 80.8%.

The item for revenue not assigned to trades mainly comprises income from demurrage and detention for containers, as well as 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.–31.12.2021	1.1.–31.12.2020
Transport expenses	10,323.3	9,140.2
thereof:		
Bunker	1,678.2	1,407.3
Handling and haulage	5,389.0	4,716.7
Equipment and repositioning ¹	1,219.3	1,134.7
Vessel and voyage (excluding bunker) ¹	1,936.6	1,830.8
Change in transport expenses for pending voyages ²	100.2	50.6
Personnel expenses	810.0	683.0
Depreciation, amortisation and impairments	1,462.8	1,385.2
Other operating result	-315.1	-279.7
Total operating expenses	12,911.3	11,488.0

¹ Including lease expenses for short-term leases

² 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

In the 2021 financial year, transport expenses rose by EUR 1,183.2 million to EUR 10,323.3 million (prior year period: EUR 9,140.2 million). This represents an increase of 12.9%, which was primarily due to the rise in container handling expenses compared with the previous year and the higher average bunker consumption price. By contrast, the weaker US dollar compared with the euro led to a reduction in transport expenses. Adjusted for exchange rate movements, transport expenses would have risen by EUR 1.5 billion, or 17.1%.

Hapag-Lloyd's average bunker consumption price of USD 475/t in the 2021 financial year was up USD 96/t (+25.3%) on the figure for the corresponding prior year period of USD 379/t.

In the 2021 financial year, container handling expenses rose by EUR 672.3 million to EUR 5,389.0 million (prior year period: EUR 4,716.7 million). This mainly resulted from increased demurrage and detention for containers due to partial congestion of port and hinterland infrastructure and local COVID-19 restrictions.

Container and repositioning expenses increased year-on-year due to higher expenses for demurrage and detention for empty containers at port terminals, particularly in North America.

The increase in expenses for vessels and voyages (excluding fuel) resulted primarily from the rise in the percentage of ships chartered in 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 ships.

The gross profit margin (ratio of revenue less transport expenses to revenue) for the 2021 financial year came to 53.7% (prior year period: 28.4%).

Personnel expenses

Personnel expenses rose by EUR 127.1 million (18.6%) to EUR 810.0 million in the 2021 financial year (prior year period: EUR 683.0 million). This was primarily due to a structural adjustment of the bonus system, a special COVID-19 bonus and an increase in the number of employees within the Hapag-Lloyd Group. This contrasted with the weaker US dollar compared with the euro, which led to a reduction in personnel expenses. Adjusted for exchange rate movements, personnel expenses would have risen by approximately EUR 151.3 million.

The Group employed an annual average of 13,634 people (prior year period: 13,085 people). The personnel expenses ratio (measured in terms of revenue) decreased compared to the previous year from 5.3% to 3.6%.

Depreciation, amortisation and impairment

In the 2021 financial year, depreciation and amortisation came to EUR 1,462.8 million (prior year period: EUR 1,385.2 million). This increase was primarily 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. The amortisation of rights of use relating to leased assets (essentially vessels, containers, buildings) led to amortisation of EUR 715.2 million (prior year period: EUR 528.1 million). The increase in depreciation and amortisation was offset to some extent by the weaker US dollar compared with the euro.

Other operating result

The other operating result of EUR –315.1 million (prior year period: EUR –279.7 million) comprised the net balance of other operating income and expenses. Other operating expenses came to a total of EUR 398.1 million in 2021 (prior year period: expenses of EUR 348.8 million). This mainly included IT and communication costs (EUR 209.8 million; prior year period: EUR 175.9 million), consultancy fees (EUR 38.6 million; prior year period EUR 32.7 million) and administrative

expenses (EUR 29.0 million; prior year period: EUR 33.8 million). The other operating income of EUR 82.9 million (prior year period: EUR 69.1 million) included in the figure resulted primarily from the release of provisions (EUR 15.8 million; prior year period: EUR 13.8 million) and the disposal of non-current assets (EUR 12.5 million; prior year period: EUR 13.1 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 share of the profit of equity-accounted investees fell by EUR 3.3 million to EUR 28.8 million in the 2021 financial year. The reason for the decrease was a lower pro rata result from the investment in HHLA Container Terminal Altenwerder GmbH compared with the prior year period.

Operating result

In the 2021 financial year, earnings before interest and taxes (EBIT) amounted to EUR 9,389.8 million. They were therefore well above the corresponding figure in the prior year period (EUR 1,315.2 million). Earnings before interest, taxes, depreciation and amortisation (EBITDA) came in at EUR 10,852.6 million in the 2021 financial year (prior year period: EUR 2,700.4 million). The annualised return on invested capital (ROIC) for the 2021 financial year amounted to 70.0% (prior year period: 10.6%). Basic earnings per share in the reporting period came to EUR 51.63 per share (prior year period: EUR 5.27 per share).

Key earnings figures

million EUR	2021	2020
Revenue	22,273.5	12,772.4
EBIT	9,389.8	1,315.2
EBITDA	10,852.6	2,700.4
EBIT margin (%)	42.2	10.3
EBITDA margin (%)	48.7	21.1
Basic Earnings Per Share (in EUR)	51.63	5.27
Return on Invested Capital (ROIC) annualised (%) ¹	70.0	10.6

¹ The calculation of the return on invested capital is based on the functional currency USD.

Interest result

The interest result in the 2021 financial year was EUR –245.2 million (prior year period: EUR –330.5 million). The decrease in interest expenses compared with the previous year resulted primarily from savings on effective interest expenses in the amount of EUR 95.9 million, which was mainly due to the reduction of bank debt (including the EUR bond) through early repayments and the lower reference interest rates as a result of the COVID-19 pandemic.

By contrast, the profit or loss effect of the embedded derivative in the amount of EUR –23.2 million (prior year period: EUR –3.7 million), which comprises the derecognition of the fair value of EUR –24.1 million associated with the exercising of the early repurchase option of the EUR bond as at 7 April 2021 (prior year period: EUR –8.6 million from the partial repayment of the bond in November 2020) and a valuation effect of EUR 0.8 million (prior year period: EUR 4.9 million), had a negative impact on the interest result.

Income taxes

The rise in income taxes of EUR 15.5 million to EUR 61.3 million was essentially caused by higher current income taxes payable by Hapag-Lloyd AG due to a significant increase in dividend income within the Group in the financial year and by the low level of domestic tax loss carry-forwards still available for offsetting. There was also a rise in the current foreign income taxes of the Group companies as a result of the exceptionally positive general earnings situation. The increase in current income taxes was offset to some extent by a fall in expenses from the consumption of deferred income taxes on tax loss carry-forwards within Germany.

Group profit

Overall, Group profit was significantly up on the previous year at EUR 9,085.0 million (prior year period: EUR 935.4 million). Group profit consists of the earnings attributable to shareholders of the parent company of EUR 9,074.7 million (prior year period: EUR 926,8 million) and the earnings attributable to non-controlling interests of EUR 10.4 million (prior year period: EUR 8.6 million).

The total Group net result of EUR 10,089.0 million (prior year period: EUR 273.5 million) comprises Group profit of EUR 9,085.0 million and other comprehensive income of EUR 1,003.9 million (prior year period: EUR –661.9 million). Other comprehensive income essentially comprises a result from currency translation of EUR 919.7 million (prior year period: EUR –603.7 million), a result from the remeasurement of defined benefit pension plans of EUR 53.7 million (prior year period: EUR –36.0 million) due to a rise in the market interest rate, and earnings effects from hedging instruments in cash flow hedges of EUR 30.1 million (prior year period: EUR 5.8 million).