

Connecting the world across oceans

Transportation Go

March 13, 2024





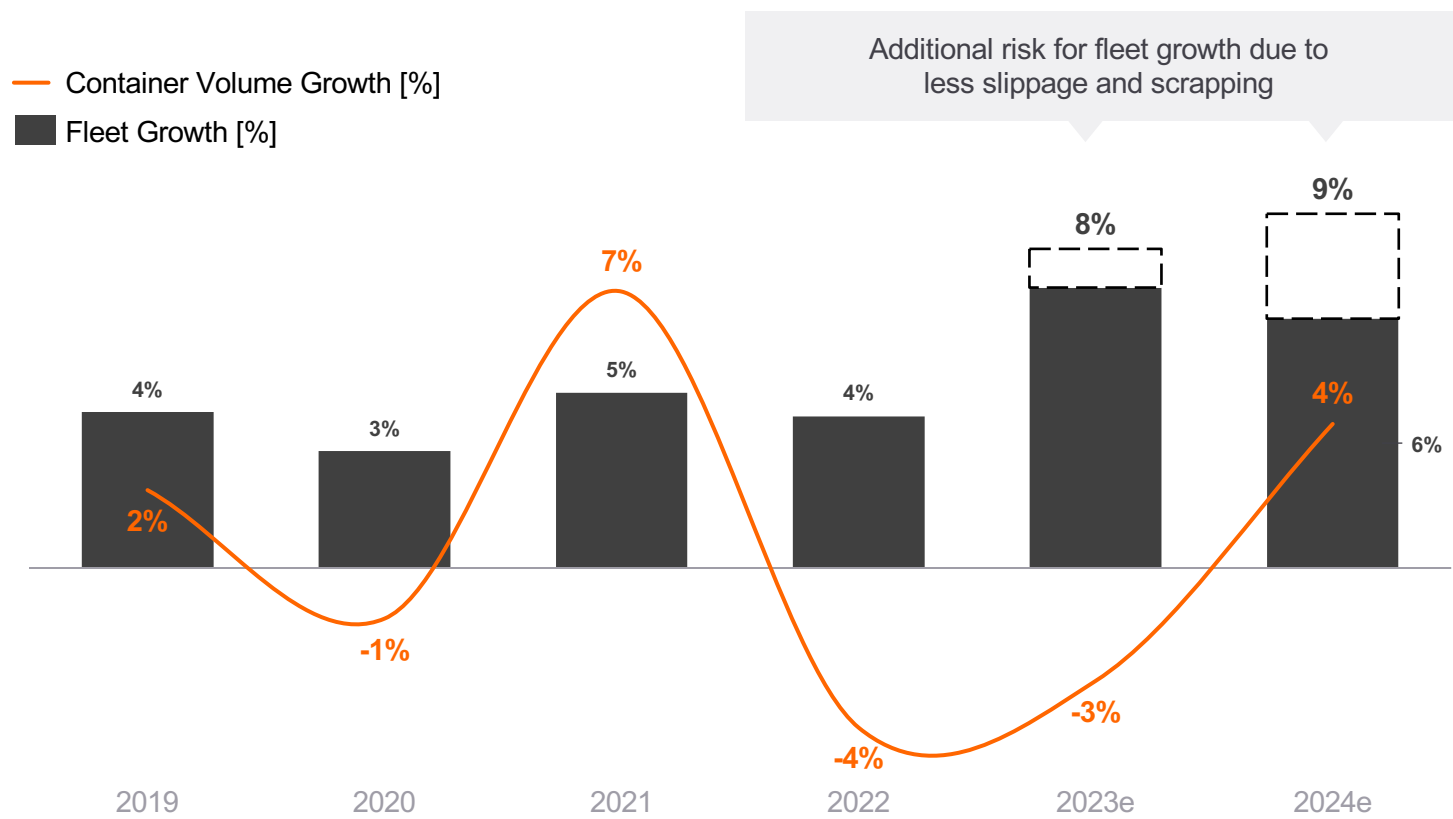
1 | Market Update

2 | Our Strategy

3 | Looking Ahead...

Global supply will outpace demand in 2023 & 2024

GLOBAL DEVELOPMENTS OF SUPPLY AND DEMAND



Only slow recovery of demand expected in the next quarters



Strong inflow of new capacity



Scrapping, slippage and slow steaming will offset high newbuild supply partly



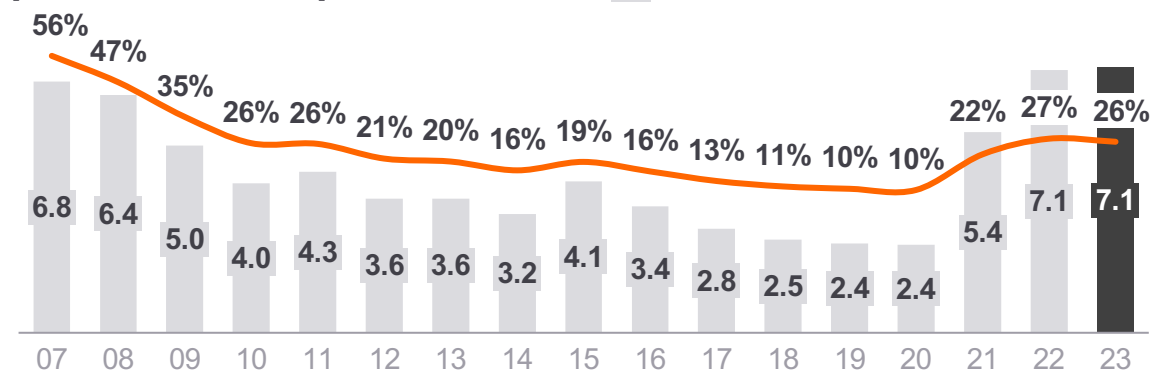
Supply will outpace demand in 2023 & 2024 making active cost management inevitable

High orderbook will lead to strong capacity growth in the coming quarters

GLOBAL ORDERBOOK

[TEU m; % of world fleet]

Orderbook Share of world fleet

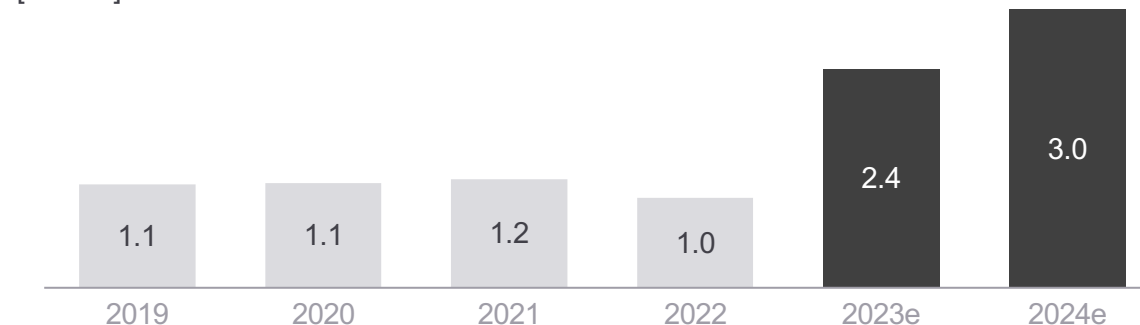


Source: MDS Transmodal (October 2023)

SCHEDULED VESSEL DELIVERIES

[before scrapping]

[TEU m]

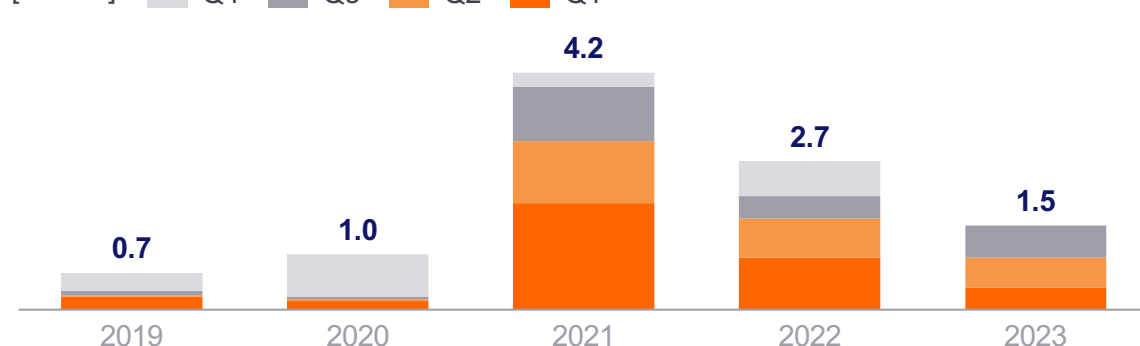


Source: Drewry Container Forecaster (3Q23) until 2022; Alphaliner Monthly Monitor (Oct 2023) from 2023 onwards

NEWLY PLACED ORDERS

[TEU m]

Q4 Q3 Q2 Q1



Source: Clarksons (16 October 2023)

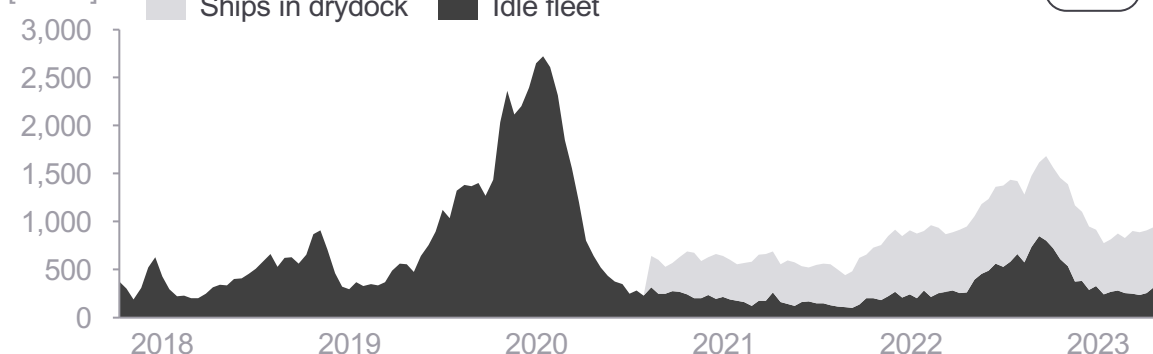
INACTIVE FLEET

[TTEU]

Ships in drydock Idle fleet

Share of inactive fleet

4.7%



Source: Alphaliner (October 2023)

Panama Canal Situation

What is happening at the Panama Canal?

- Low water levels in the Panama Canal have led to historic **congestion levels**.
- The Canal has reduced ships travelling the waterway to **24 per day** (Panamax and Neo-Panamax) which compares to daily averages of **36 ships per day** under normal operation

What is Hapag-Lloyd doing?

- **Re-routing** USEC services via Cape of Good Hope, South Africa.
- **Added vessels** to the EC1 and EC2 services to accommodate the longer distance
- **Improved/centralized booking process** to optimize opportunities for secured transits. Panama Canal Authorities have suspended a Canal ranking system, further improving equality of the booking process.



Suez Canal/Red Sea Situation

What is happening at the Bab Al Mandab Strait?

- Since November 19, 2023, Yemen's Houthis have been **targeting vessels** in the southern Red Sea and the Bab al-Mandab Strait.
- The attacks have disrupted global trade flows, with shipping firms **avoiding the Suez Canal**, adding to freight costs and making voyages longer as vessels circumnavigate the African continent instead.

What is Hapag-Lloyd doing?


- Maintaining a routing **via Cape of Good Hope** until further notice.
- Monitoring the situation for opportunities to improve the customer experience, while prioritizing the **safety of our seafarers**.
- **Redeployment** of vessels to reduce blank positions
- **Booking limitations for reefers:** The recent Suez situation has had an adverse impact on our reefer equipment flows.
 - There are booking limitations from New York, Philadelphia, and Norfolk, effective March 1, 2024.
 - Additionally, all reefer movement to/via Jebel Ali/Jeddah is restricted, until further notice.

- Usual refueling ports
- Emerging refueling ports



Around the southern tip of Africa
Around 11,800 Nautical miles
in a 36-day trip

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A large container ship is silhouetted against a bright, hazy sky at sunrise or sunset. The ship's multiple rows of containers are visible as dark rectangular blocks. The sea in the foreground is dark with some whitecaps reflecting the light.

Hapag-Lloyd

STRATEGY 2030

SIMPLIFY

Improve customer experience and reduce complexity

STRENGTHEN

Double efforts to become “Number One for Quality”

INVEST

Investment in staff, sustainable assets and long-term competitiveness



Delivering Operational Quality

We have **significantly improved customer satisfaction** due to our relentless efforts to become “**Number One for Quality**”



Growth in Attractive Markets

We have **expanded into attractive markets** with new services, offices and the acquisition of regional players **NileDutch** and **DAL**



Sustainability & Decarbonization

We have initiated the **Fleet Upgrade Program** to improve fleet efficiency and increased our **biofuel** procurement as part of our efforts to become **climate neutral by 2045**



Network, Fleet & Equipment

We have started to **simplify our network** to reduce complexity, while our newly installed **container tracking devices** will enhance supply-chain transparency



Digitalization and Innovation

We have launched **Quick Quotes Spot** and more than **20 digital products** to improve customer experience and the ease of doing business with us



Build up infrastructure and adjacent services

Our goal is to become net-zero-carbon by 2045

We have initiated numerous measures that will help us to further decarbonise our fleet

We have **12 highly efficient 23,500 TEU dual-fuel vessels on order (with two already delivered)**, allowing us to also use LNG and **reduce carbon emissions by up to 25 % as well as sulphur dioxides and particles by more than 90 %**



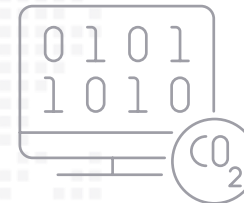
We will **operate** our **vessel** even more efficiently **to further reduce** bunker consumption and **greenhouse gas emissions**



We have been **testing biofuels** since 2020, **piloted them with customers**, and **secured 120,000 t** for 2022. Pure biofuels allow **to reduce greenhouse gas emissions by over 80 %** compared to standard fuels



We have started our **fleet upgrade programme** (new propellers, hull coating, bows, ...) for **more than 150 ships** to **lower fuel consumption**, and **thereby CO2 emissions**



With Ship Green you can join the journey to net-zero shipping and avoid up to 100% of your sea transport's emissions through biofuel

Avoid **25, 50,**
or **100%** of your
shipment's
ocean leg CO2e
emissions with
Ship Green



Your benefits



Fulfill your **emission avoidance targets** and be part of the journey to **net-zero shipping**



Strengthen your brand and fulfill **sustainability expectations** of your customers, investors, and employees



Benefit from our **transparent, at-cost pricing system** and only pay for fuel costs associated with your decarbonization

Digital Container Monitoring via GPS Devices

Product Status Quo – We developed an MVP to test and learn more about Live Position as product and future service

Data received with MVP:

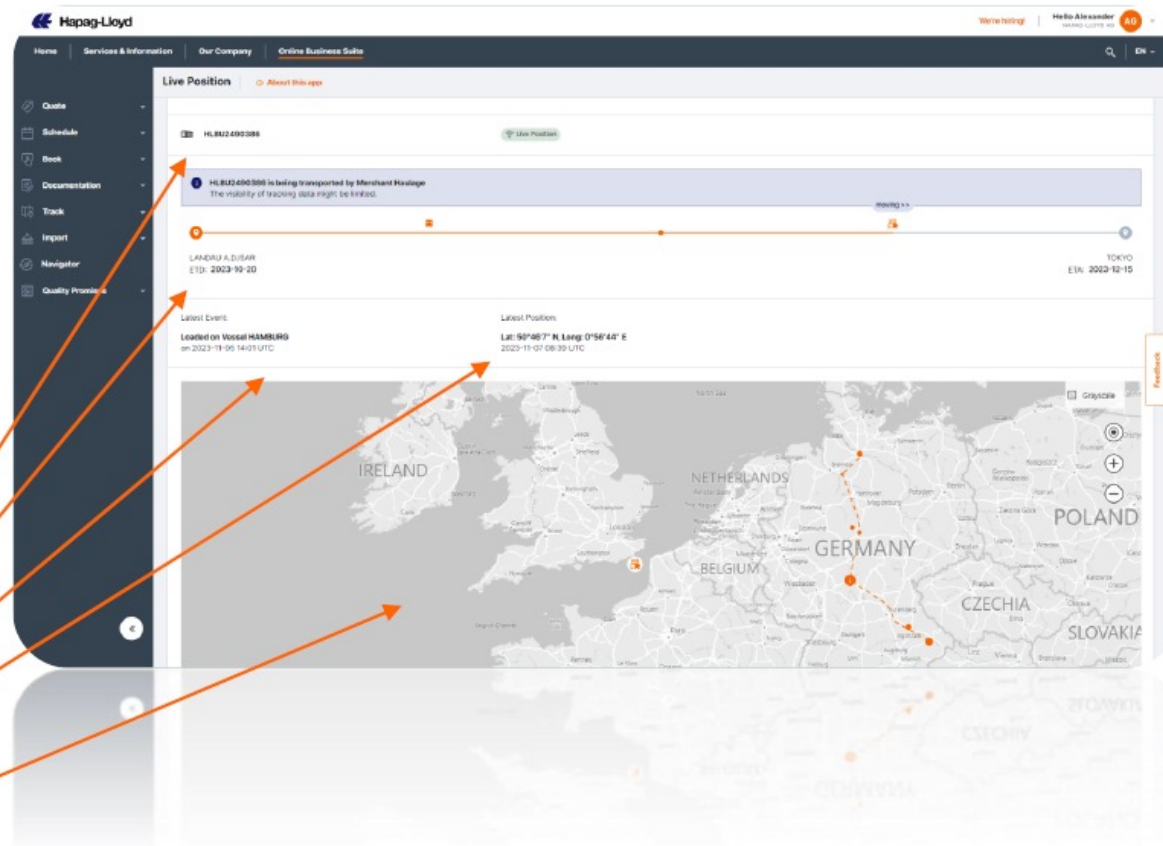
- Location information based on GPS

Possible data points received in the future:

- Shock events based on motion sensor
- Temperature from internal device sensor
- External sensors connected via bluetooth (e.g. temperature)

Data display on Online Business Suite:

- Container type / status: Name and connection
- Progress bar: Including ETB / ETA
- Last event: Within the transport chain
- Current position: Latitude & Longitude
- World map : with current & past position



Live Position – Initial product offers real-time door-to-door visibility and contributes to Hapag-Lloyd's service quality

What is Live Position?

- Based on our smart container fleet, **Live Position** enables **tracking of containers** in real-time
- Data is based on **smart IoT devices** that are attached to the containers and track their exact position
- Available **for all dry containers** that are equipped with a tracking device



How can it be booked?

1. Place your **booking** with Hapag-Lloyd
2. Choose how you want to purchase:
 - Add Live Position during **quotation**
 - As a value-added service in the Hapag-Lloyd **Online Business Suite**
3. After purchasing Live Position, you can **track your container** via the application



What is the value proposition?



End-to-end visibility

Transparency on shipment & container data throughout entire multimodal journey



Real-time location data¹

Real-time position updates enable improved decision making & risk mitigation



Ease of doing business

Self-service booking process increases ease of doing business with Hapag-Lloyd



Available end of April 2024 and free of charge for carriers haulage business

Take advantage of Global Experts and a Large Inland Network



GLOBAL TEAM OF EXPERTS

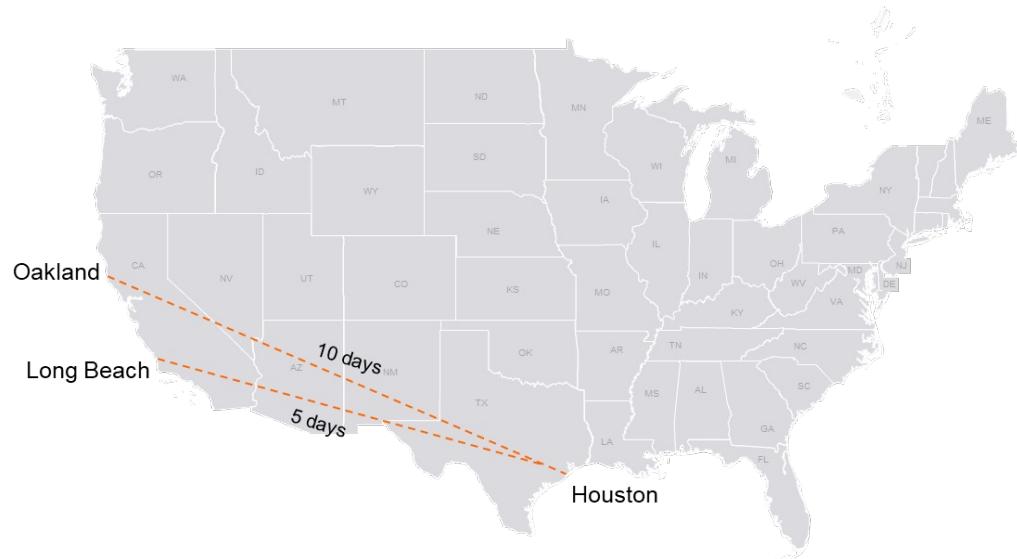
- The Global Inland team consists of more than 300 logistics experts, **specialised by region and industry**, closely monitoring **your cargo's journey**
- Dedicated **customer service** experts are available in Areas to offer best-in-class solutions for your **customer needs**



LARGE INTERMODAL NETWORK

- **Over 3,000 strong partners** for truck, rail and barge
- More than **23,000 customers** trust Hapag-Lloyd's intermodal solutions
- Extensive coverage of **inland depots** ensures equipment availability
- More than 40,000 **inland corridors** for your transportation needs

Mini Landbridge - California



- **Long Beach – Houston**

Long Beach - YTI Terminal on-dock
To Houston - Settegast UP rail terminal off-dock.

- **Houston – Long Beach**

Houston - Barbers Cut on-dock to Long Beach - ICTF off-dock.

- **Oakland - Houston**

Oakland - TraPac, UP Oakland rail terminal off-dock to Houston - off-dock.

- **Houston – Oakland**

Houston - Barbers Cut on-dock to Oakland - TraPac UP Oakland rail off-dock.

Mini Landbridge - PNW



- **Tacoma – Seattle – Norfolk**

- Tacoma steel wheel to Seattle
- Seattle off-dock gets on UP rail towards Joliet
- Joliet steel wheels transfer to Chicago (Landers Norfolk Southern Facility)
- Chicago Landers – Norfolk (NIT)

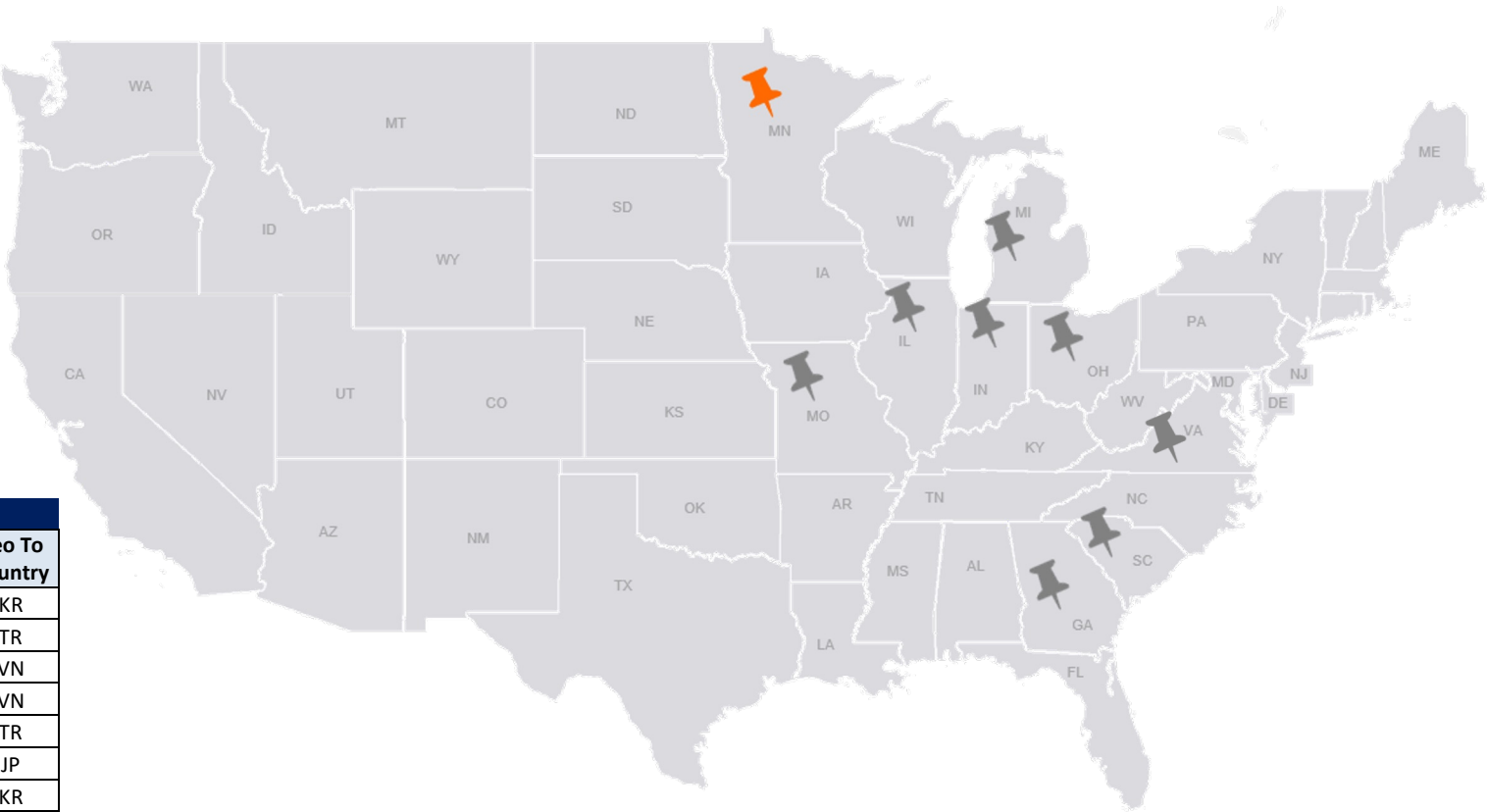
- **Norfolk – Seattle - Tacoma**

- Norfolk (NIT) goes to Chicago Landers
- Chicago Landers steel wheel transfer to Joliet (onto UP rail line)
- Joliet - Seattle (UP rail terminal – off dock)
- Seattle steel wheel transfers to Tacoma.

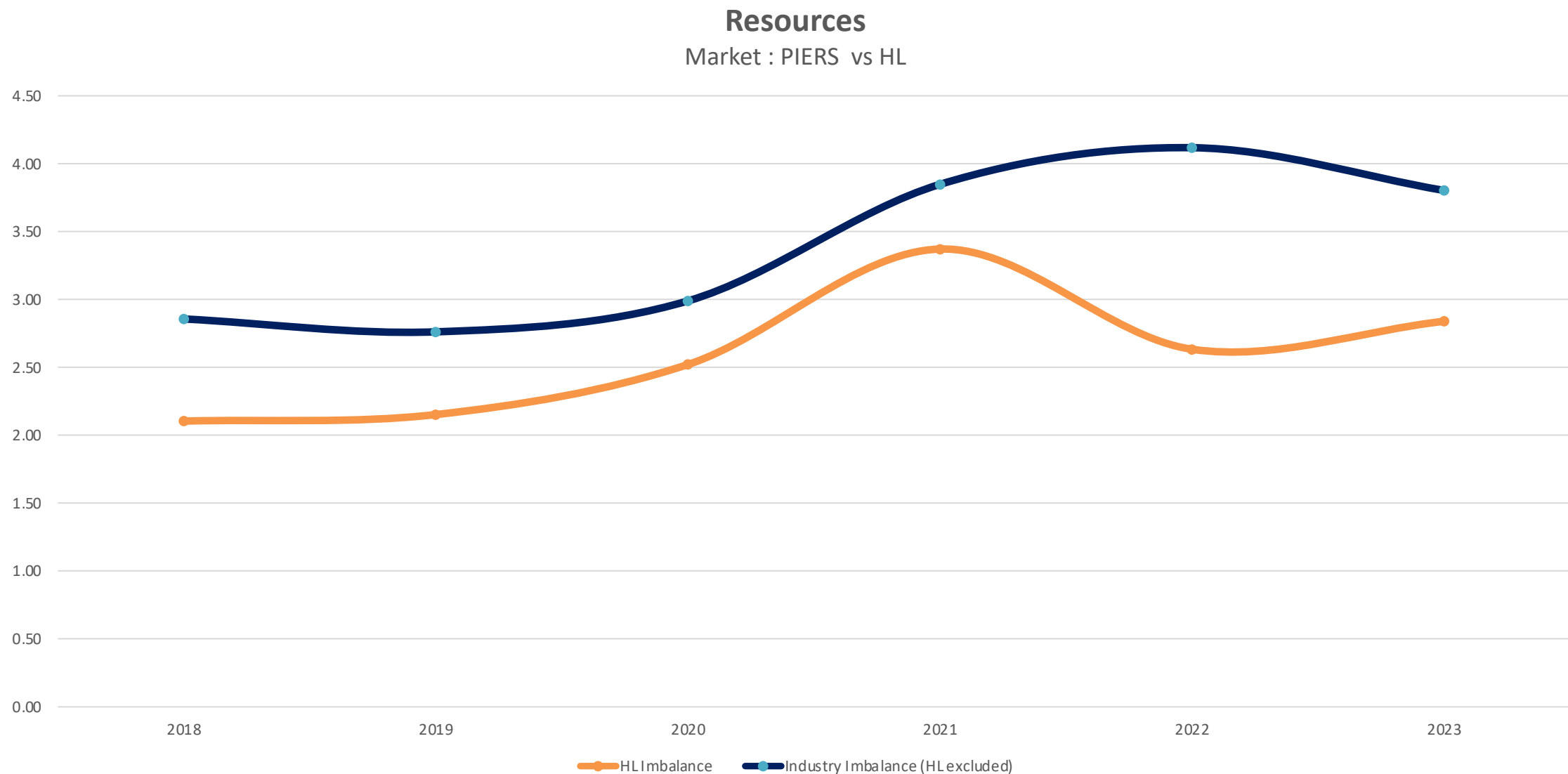
Hapag-Lloyd has a strong Agricultural presence across the U.S.

Top agri lanes 2023

USA 2023	
Geo From Std Location	Geo To Country
USMES / MINNEAPOLIS, MN	KR
USSAV / SAVANNAH, GA	TR
USMKC / KANSAS CITY, MO	VN
USCMH / COLUMBUS, OH	VN
USIND / INDIANAPOLIS, IN	TR
USMES / MINNEAPOLIS, MN	JP
USJOT / JOLIET, IL	KR
USMES / MINNEAPOLIS, MN	VN
USMES / MINNEAPOLIS, MN	CN
USCVG / CINCINNATI, OH	ID



Transpacific Trade Import / Export imbalance (industry vs HL)



1 | Market Update

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3 | **Looking Ahead...**



Hapag-Lloyd and Maersk have signed an agreement for a new long-term operational partnership called Gemini Cooperation

Hapag-Lloyd will transition from THE Alliance and team up with Maersk in the Gemini Cooperation

- A long-term agreement has been signed with Maersk and will start in February 2025
- Partners have been informed that we will leave THE Alliance end of January 2025

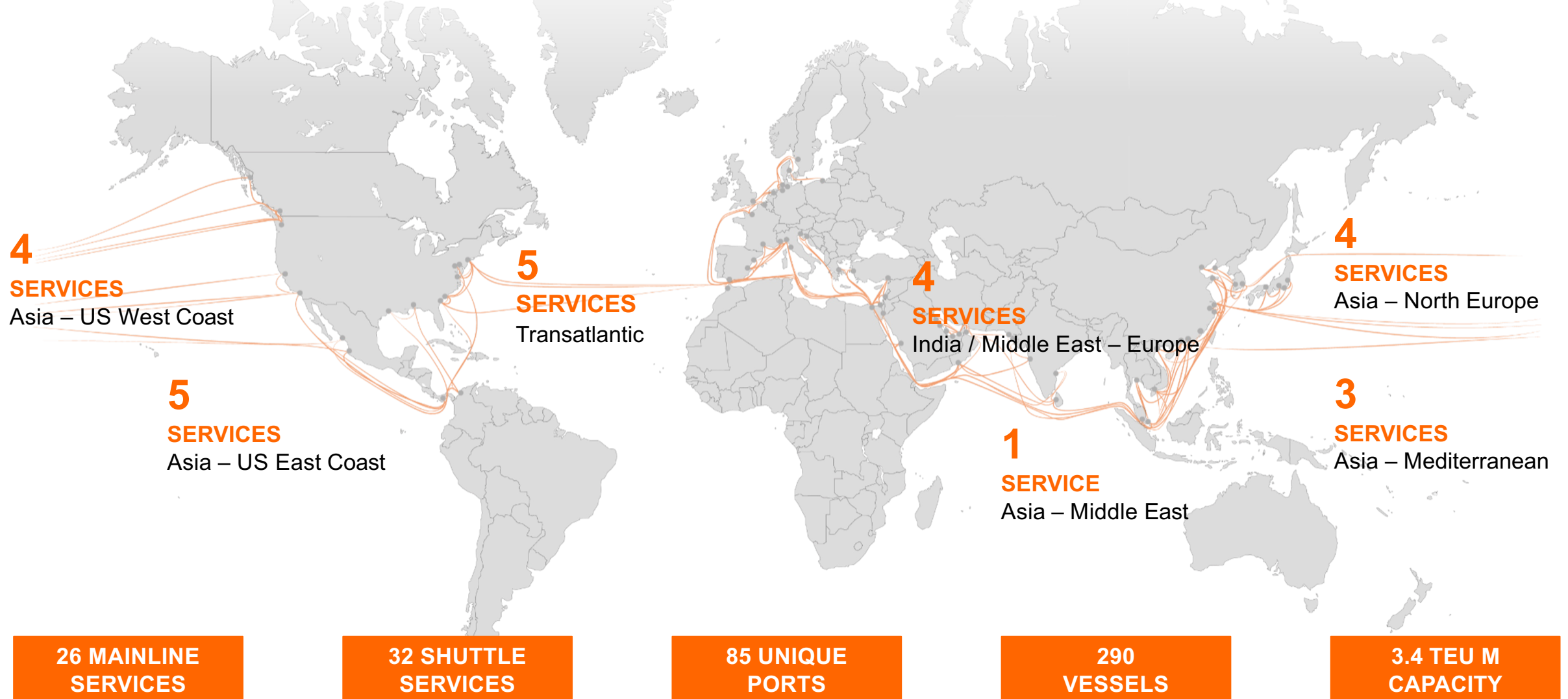
The new Gemini Cooperation will bring clear benefits for our customers

- Improved schedule reliability, competitive coverage & transit times and accelerated decarbonization
- Deliver a flexible, robust and interconnected network with industry-leading reliability

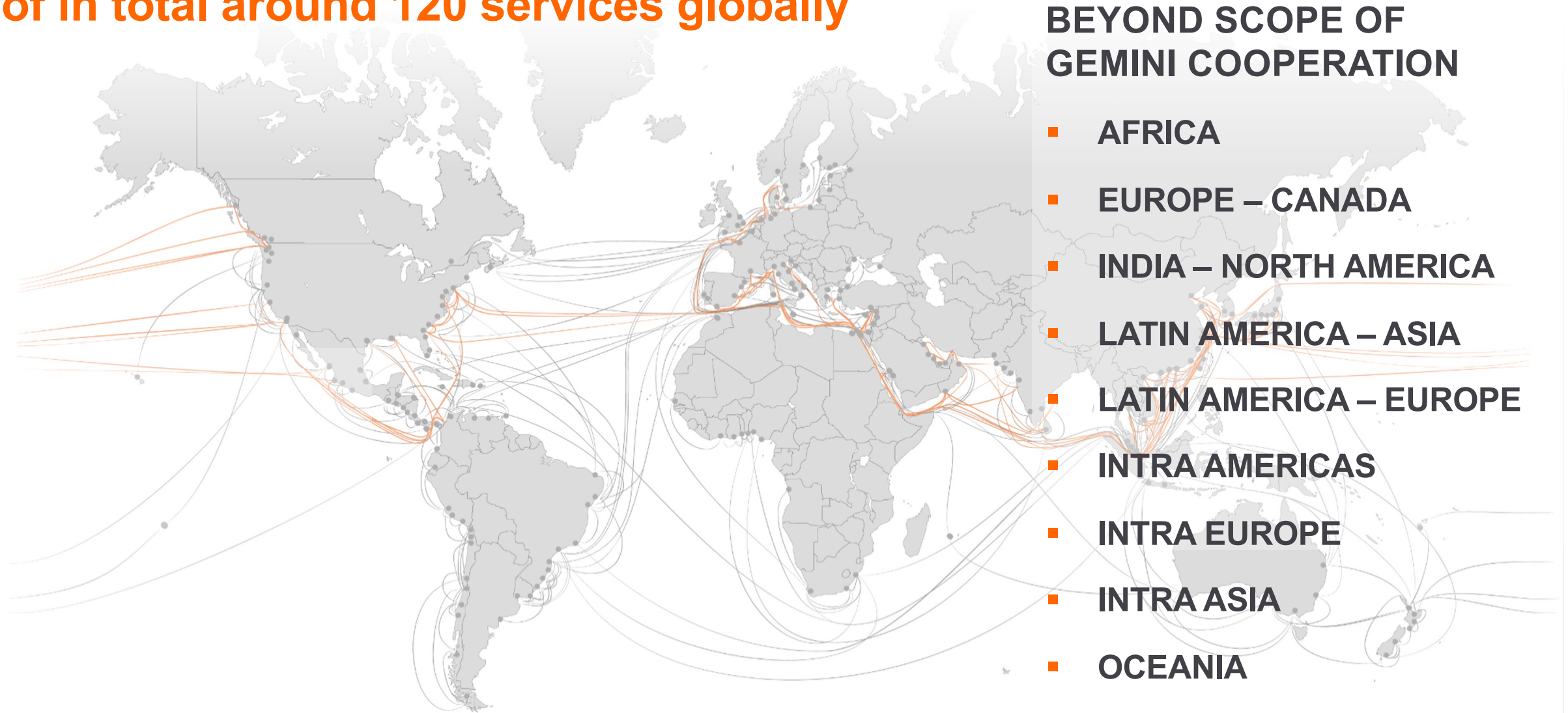
This is an important step in continuing our strategy to become the undisputed “Number One for Quality”¹⁾

- Hapag-Lloyd’s strategy will continue to focus on delivering high quality services in container shipping with a strong global network (incl. terminals & infrastructure) and being truly customer centric
- To become undisputed “Number One for Quality”, we need a step change in operational performance from our status quo – Gemini Cooperation will be an important enabler
- Our fundamental strategy is unchanged (e.g. there is no intent to move towards offering integrated logistics solutions beyond door-to-door container transport)

The network of Gemini Cooperation will consist of 26 mainline services and 32 dedicated shuttles ...



... and will be an integral part of Hapag-Lloyd's overall network of in total around 120 services globally



BEYOND SCOPE OF GEMINI COOPERATION

- AFRICA
- EUROPE – CANADA
- INDIA – NORTH AMERICA
- LATIN AMERICA – ASIA
- LATIN AMERICA – EUROPE
- INTRA AMERICAS
- INTRA EUROPE
- INTRA ASIA
- OCEANIA

Thank you for your attention!
Any Questions?

