Hapag-Lloyd

INTERIM GROUP REPORT I Q1 2012

HAPAG-LLOYD HOLDING AG · 1 JANUARY TO 31 MARCH 2012

SUMMARY OF HAPAG-LLOYD KEY FIGURES | INTERIM GROUP REPORT Q1 2012

KEY OPERATING FIGURES		1.1. – 31.3. 2012	1.1. – 31.3. 2011	Change absolute
Total vessels[1]		**143**	137	+6
Aggregate capacity of vessels	TTEU	**659**	617	+42
Aggregate container capacity	TTEU	**1,025**	1,020	+5
Bunker price (average for the quarter)	USD/t	**667**	509	+158
Freight rate (average for the quarter)	USD/TEU	**1,484**	1,563	–79
Transport volume	TTEU	**1,323**	1,197	+126
Revenue	m EUR	**1,602**	1,483	+119
Transport expenses	m EUR	**1,495**	1,264	+231
EBITDA	m EUR	**–21.1**	84.6	–106
EBIT	m EUR	**–103.0**	12.3	–115
EBIT adjusted	m EUR	**–99.5**	16.1	–116
Group profit/loss	m EUR	**–132.4**	–22.1	–110
Cash flow from operating activities	m EUR	**–6.0**	34.5	–41
KEY RETURN FIGURES				
EBITDA margin (EBITDA / revenue)	%	**–1.3**	5.7	–7.0ppt
EBIT margin (EBIT / revenue)	%	**–6.4**	0.8	–7.2ppt
EBIT margin adjusted	%	**–6.2**	1.1	–7.3ppt
KEY BALANCE SHEET FIGURES AS AT 31 MARCH				
Balance sheet total	m EUR	**6,528**	6,614[2]	–86
Equity	m EUR	**3,120**	3,424[2]	–304
Equity ratio (equity / balance sheet total)	%	**47.8**	51.8[2]	–4.0ppt
Borrowed capital	m EUR	**3,408**	3,189[2]	+219
KEY FINANCIAL FIGURES AS AT 31 MARCH				
Financial debt	m EUR	**2,169**	1,897[2]	+272
Cash and cash equivalents	m EUR	**447**	673[2]	–226
Net debt (financial debt – cash and cash equivalents)	m EUR	**1,722**	1,224[2]	+498
Gearing (net debt / equity)	%	**55.2**	35.7[2]	+19.5ppt
NUMBER OF EMPLOYEES AS AT 31 MARCH				
Employees at sea		**1,303**	1,313	–10
Employees on land		**5,629**	5,576	+53
HAPAG-LLOYD TOTAL		**6,932**	6,889	+43

[1] As at 31.3. [2] As at 31.12.2011

This report was published on 10 May 2012.

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HAPAG-LLOYD'S CAPITAL MARKET ACTIVITIES

Positive economic signals prompt sharp price rises

In the first quarter of 2012, the international financial markets experienced the best start to any year since 1998. Germany's leading index, the DAX, finished the reporting period up some 18% compared to the year end 2011. The Dow Jones Industrial and the Nikkei 225 reached their highest point of the last twelve months. The very positive stock market trend seen in the first three months of 2012 was driven by better than expected US economic data and the debt restructuring in Greece. Furthermore, the European Central Bank (ECB) made three-year liquidity totalling around one trillion euros available to commercial banks on very favourable terms. Although uncertainty continued to surround economic developments, this sizeable injection of liquidity into the European banking system made institutional investors more willing to invest in early 2012.

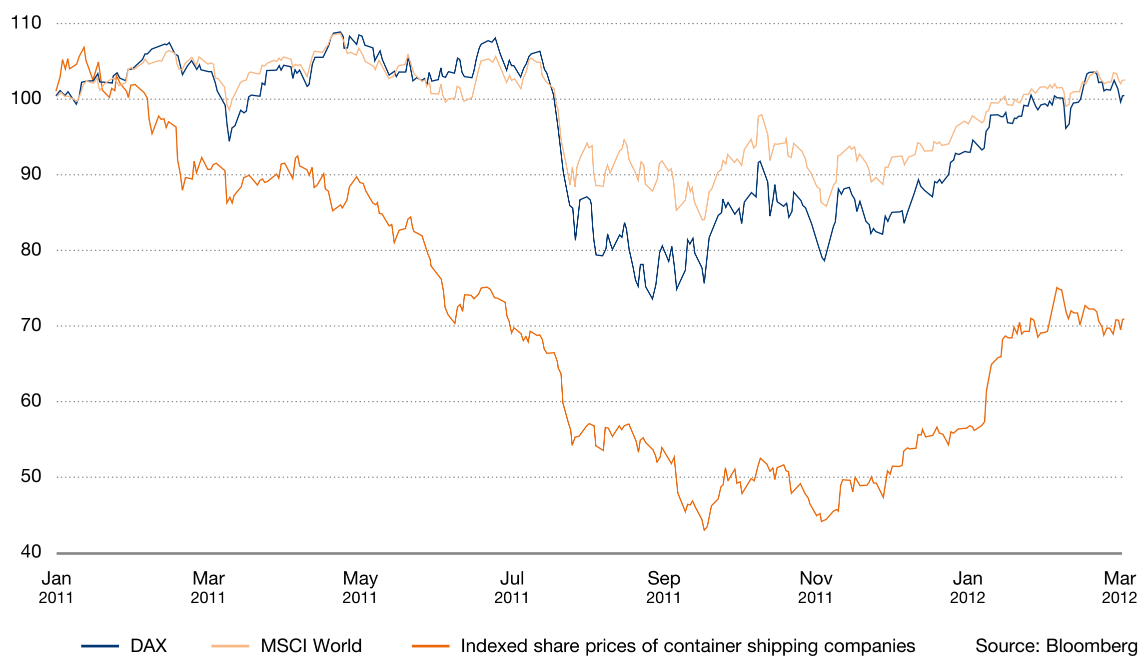
DEVELOPMENTS IN THE MOST IMPORTANT INDICES

Indices	**30.3.2012**	30.12.2011	31.3.2011
Dow Jones Industrial	13,212	12,217	12,320
MSCI World	1,312	1,182	1,334
EuroStoxx 50	2,477	2,316	2,911
DAX Index	6,947	5,898	7,041
Nikkei 225	10,084	8,455	9,755

Source: Bloomberg

Shares in publicly listed shipping companies also profited strongly from the positive stock market environment. Substantially higher freight rates were announced and introduced on all major trades which – together with the successful launch of additional co-operations focusing primarily on Asia–Europe trades – significantly boosted most container liner shipping companies' share prices.

Indexed share prices of container shipping companies (January 2011 to March 2012)



In the first three months of 2012, the average increase in share prices for publicly listed container liner shipping companies outstripped the rise in the value of the MSCI World Index in part by more than 20%.

With both institutional and private investors more willing to invest, corporate bonds also charted substantial price gains and lower yields in the first quarter of 2012. Largely positive reports of business developments at the relevant companies in 2011 supported the firming-up of prices.

Hapag-Lloyd's bonds

On 30 March 2012, the bonds issued by Hapag-Lloyd AG were traded at 103.08% (EUR tranche) and 97.17% (USD tranche).

Hapag-Lloyd's balance sheet ratios remained sound in the first quarter of 2012. The equity ratio (equity/balance sheet total) as at 31 March 2012 came to around 48%. Gearing remains comparatively low at 55.2%. As at 31 March 2012, cash and cash equivalents made up around 7% of the balance sheet total.

In its rating update on 4 April 2012, the international rating agency Standard & Poor's reiterated its issuer rating of BB– (outlook: "negative") for Hapag-Lloyd AG. With its double B-rating, Hapag-Lloyd still has the highest possible non-investment grade rating.

KEY BOND DATA

	Issue volume (total)	Maturity*	Coupon	Issue price	Price on **30.3.2012**
EUR tranche	EUR 480 m	15.10.2015	9.00%	99.50%**	103.08%
USD tranche	USD 250 m	15.10.2017	9.75%	99.37%	97.17%

Price data: Bloomberg; *Callable; **Price of the first issue, increase of EUR 150 million to 103.38%

Open and transparent communication

The focus of Hapag-Lloyd's investor relations activities is on communicating promptly with all investors and capital market operators. In the first quarter of 2012, Hapag-Lloyd took part in the following international capital market conferences: 10 January London, UK, 8th Annual High Yield and Leveraged Finance Conference 2012, BNP Paribas; 27–29 February Miami, USA, Global High Yield & Leveraged Finance Conference 2012, J.P. Morgan; 29 March London, UK, 3rd Annual Credit Opportunities Conference 2012, Knight Capital Group. A large number of individual discussions were also held with interested international analysts and investors.

The individual and consolidated financial statements for Hapag-Lloyd Holding AG were approved by the Supervisory Board on 21 March 2012 and the annual report was subsequently published. Published reports can be found on the Hapag-Lloyd website – **www.hapag-lloyd.com/ir**.

INTERIM GROUP MANAGEMENT REPORT

BUSINESS AND GENERAL CONDITIONS

GROUP STRUCTURE

Hapag-Lloyd Holding AG is the parent company of the Hapag-Lloyd Group and holds all of the shares in Hapag-Lloyd AG (Hapag-Lloyd subgroup). At the balance sheet date (31 March 2012), a total of 49 direct and indirect subsidiaries and five equity-accounted investees belonged to the group of consolidated companies of Hapag-Lloyd Holding AG. The equity-accounted investees include two strategic holdings in container terminals in Hamburg and Montreal.

Shareholder structure
As at 31 March 2012, 61.6% of the shares in Hapag-Lloyd Holding AG were held by Hamburgische Seefahrtsbeteiligung “Albert Ballin“ GmbH & Co. KG (“Albert Ballin“ consortium) and 38.4% by the TUI Group.

Shareholding in %	
TUI AG / TUI-Hapag Beteiligungs GmbH	**38.4%**
Kühne Maritime GmbH	24.6%
HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH	23.6%
IDUNA Vereinigte Lebensversicherung aG für Handwerk, Handel und Gewerbe	5.5%
HSH Nordbank AG	3.2%
HanseMerkur AG	1.5%
Group of investors managed by M.M.Warburg & CO Gruppe KGaA	3.2%
Hamburgische Seefahrtsbeteiligung “Albert Ballin“ GmbH & Co. KG	**61.6%**
Total	**100.0%**

On 14 February 2012, the Hapag-Lloyd Holding AG shareholders reached a general agreement on comprehensive capital measures relating to the existing hybrid II capital of EUR 350 million as well as the transfer of respective holdings. The resolutions needed to increase Hapag-Lloyd Holding AG’s capital were unanimously approved at an extraordinary general meeting on 5 April 2012. The capital increase was registered in the commercial register on 12 April 2012.

OPERATING ACTIVITIES

Hapag-Lloyd is Germany's largest container liner shipping company and is one of the world's leading liner shipping companies in terms of global market coverage. On 31 March 2012, the Hapag-Lloyd fleet consists of 143 container ships. Hapag-Lloyd currently has around 300 sales offices in 114 countries and offers its customers worldwide access to a network of 87 liner services. In the first three months of 2012, Hapag-Lloyd served 12,965 customers around the world. The functional currency used by the international container liner shipping industry – and therefore also the Hapag-Lloyd subgroup – is the US dollar. Payment flows in currencies other than the US dollar are hedged to the US dollar as appropriate. However, the reporting currency of Hapag-Lloyd Holding AG is the euro. For the purpose of integrating the Hapag-Lloyd subgroup into the consolidated financial statements of Hapag-Lloyd Holding AG, recognised assets and liabilities are translated into euros as at the reporting date (closing date rate) using the middle rate of that day. The translation differences are recognised directly in other comprehensive income.

GROUP OBJECTIVES AND STRATEGY

The Hapag-Lloyd Group's prime objective is long-term profitable growth. Increasing global demand for container transport forms the basis for this planned organic growth. Based on current forecasts (IHS Global Insight, April 2012), the volume of global container transport should grow by 5.4% to 134.7 million TEU in 2013. Selling services at viable prices is more important to Hapag-Lloyd than expanding volume.

Hapag-Lloyd uses adjusted EBIT – earnings before interest and taxes adjusted for special items – as the key parameter for the internal management of its operating activities. The main influencing factors are transport volume, freight rate, the US dollar exchange rate against the euro, and operating costs including bunker price. The strategy of achieving long-term profitable growth in operating activities is pursued with the help of these key figures. In addition to the operating result (adjusted EBIT), earnings before interest, taxes, depreciation and amortisation (EBITDA) is likewise used as an important parameter. EBITDA is an important indicator of the achievement of sustainable company results and gross cash flows. It has a special significance for capital-intensive companies. Hapag-Lloyd – with its balanced fleet structure, owning approximately 50% of its fleet – uses EBITDA as an important parameter for investment decisions.

The generation of sustainable cash flows and solid corporate financing, and therefore, in particular, a good liquidity and equity base, are once again key objectives of the corporate strategy in the 2012 financial year. As at 31 March 2012, Hapag-Lloyd had a liquidity reserve (consisting of cash, cash equivalents and unused credit facilities) totalling EUR 518.4 million (31 December 2011: EUR 745.9 million).

With demand for container transport services continuing to rise, container shipping will remain a growth industry in the long term. In order to utilise the medium-term expansion opportunities resulting from market growth and realise economies of scale in its ship operations, between July 2012 and November 2013 Hapag-Lloyd will launch a total of ten new very large container vessels into service, each with a capacity of 13,200 TEU.

BUSINESS DEVELOPMENT

GENERAL ECONOMIC CONDITIONS

Economic developments are currently very restrained, particularly in the eurozone countries. Furthermore, economic growth is rapidly losing pace in Asia as well. A number of other factors could also have a negative impact on economic developments in 2012. First and foremost, these include the high budget deficit in the USA, the steep increase in the price of crude oil and the deceleration of economic growth in China in the first quarter of 2012, which was more pronounced than expected. Despite the large number of imponderables, economic experts from the International Monetary Fund (IMF) do not anticipate a worldwide recession and are already forecasting that global economic growth will pick up again in the second half of 2012. In their latest economic forecast, they upped their growth estimates for both 2012 and 2013 by 0.2 percentage points. The IMF economists expect the global economy to experience stronger growth than that seen in 2011 as soon as 2013.

DEVELOPMENTS IN GLOBAL ECONOMIC GROWTH (GDP) AND WORLD TRADING VOLUME

(in %)	2013e	2012e	2011
Global economic growth	4.1	3.5	3.8
Industrialised countries	2.0	1.4	1.6
Developing and newly industrialising countries	6.0	5.7	6.2
World trading volume (goods and services)	5.6	4.0	6.9

Source: IMF April 2012

SECTOR-SPECIFIC CONDITIONS

Demand for container transport services should rise in tandem with expected ongoing growth in the world trading volume. For instance, IHS Global Insight Industry Intelligence (April 2012) expects a 4.3% increase in the global cargo volume this year and growth of 5.4% to 134.7 million TEU in 2013. This would put the forecast rise in worldwide transport volumes in container shipping for 2012 and 2013 in line with the rate of growth for global trade.

With the total capacity of the world container ship fleet estimated at 16.8 million TEU at the beginning of 2012, the nominal supply capacity would see increases totalling 1.7 million TEU in 2012 (Transmodal, April 2012) and approximately 1.6 million TEU in 2013 due to new vessels. Due to the sharp fall in orders for new vessels, the tonnage of the commissioned container ships is currently equivalent to 23% of the global container fleet's capacity. It therefore remains well below the highest level seen to date, 56% in 2008. In the future too, the actual growth in the global container fleet's transport capacity is expected to be lower than the projected nominal increase, as old and inefficient vessels are scrapped, deliveries of newbuilds are postponed and slow steaming (reducing the speed at which services operate) is used. Based on estimates by the industry analysts Braemar Seascope, the scrapping of container ships looks set to reduce the global container fleet's transport capacity by 193,000 TEU in 2012 (2011: 83,900 TEU).

Although the prospects for growth remain positive in the medium term, we may see temporary imbalances in supply and demand, which could have a substantial impact on the respective transport volumes and freight rates. The ongoing rise in transport expenses seen in recent months is likely to weaken short-term industry developments. These higher expenses are mainly attributable to the escalating bunker price. At approximately USD 700 per tonne, the bunker price (MFO 380, Rotterdam) at the end of the first quarter of 2012 was roughly 14% higher than the average price for 2011. Since the beginning of 2009 the bunker price has more than tripled.

To compensate for the higher costs resulting from further bunker price rises, leading container shipping companies have announced sharp increases in freight rates on important trades since the beginning of 2012. As a consequence, spot freight rates have firmed up considerably compared to prices in early 2012, especially on Asia–Europe trades. Further increases in rates were announced at the beginning of the second quarter of 2012.

With weaker demand for container transport services due to the slack season, the number of idle ships increased further in the last months. At 723,000 TEU (Alphaliner April 2012), the idle capacity at the beginning of April 2012 corresponds to just over 4% of the global container fleet's total tonnage. The majority of idle ships belong to the smaller size range.

IMPORTANT PERFORMANCE INDICATORS

Efficient fleet

As at 31 March 2012, Hapag-Lloyd's fleet comprised 143 container ships, which are all certified in accordance with the ISM (International Safety Management) Code and have a valid ISSC (ISPS) certificate. The majority of the vessels are also certified as per ISO 9001 (quality management) and ISO 14001 (environmental management). There are ten ships on the order book, each with a capacity of 13,200 TEU. The Hapag-Lloyd fleet's total TEU capacity amounted to approximately 659 TTEU. Hapag-Lloyd also owned or leased 633,825 containers with a capacity of 1.025 million TEU for transporting cargo.

STRUCTURE OF HAPAG-LLOYD'S CONTAINER SHIP FLEET

	31.3.2012	31.12.2011	31.3.2011
Number of vessels	143	149	137
thereof			
own vessels	59	58	58
leased vessels	7	9	9
chartered vessels	77	82	70
Aggregate capacity of vessels (TTEU)	659	679	617
Aggregate container capacity (TTEU)	1,025	1,042	1,020
Number of services	87	84	76

Transport volumes and freight rates

Freight rates and transport volumes are among the main performance indicators used to gauge corporate development at the Hapag-Lloyd Group.

In the first quarter of 2012, Hapag-Lloyd transported 1,323 TTEU worldwide. This corresponds to growth of 10.5% compared with the previous year. Trends in transport volumes were positive on all trades during the period under review. Above-average growth in cargo volumes was seen on the transpacific and Australasia trades.

DEVELOPMENTS IN TRANSPORT VOLUME BY TRADE

TTEU	Q1 2012	Q1 2011	Q1 2010	Q1 2009	Q1 2008
Atlantic	295	273	276	264	330
Latin America	288	264	248	183	206
Far East	281	260	284	262	309
Transpacific	303	266	239	247	275
Australasia	156	134	126	164	198
Total	**1,323**	**1,197**	**1,173**	**1,120**	**1,318**

In the first quarter of 2012, the average freight rate was USD 1,484/TEU and therefore 5.1% down on the same period a year ago. The reason for the change was the persistent level of competition, especially for freight rates on Far East and Australasia trades. The Far East trade recorded a drop of 21.5% in the freight rate compared with the same period last year. By contrast, the transpacific trade saw positive developments in average freight rates. The effect of freight rate increases and surcharges announced during the first quarter of 2012 to compensate for substantially higher bunker prices, will be seen with some delay.

DEVELOPMENTS IN FREIGHT RATES BY TRADE

USD/TEU	Q1 2012	Q1 2011	Q1 2010	Q1 2009	Q1 2008
Atlantic	1,751	1,756	1,491	1,537	1,653
Latin America	1,337	1,383	1,270	1,356	1,506
Far East	1,186	1,511	1,514	1,088	1,688
Transpacific	1,753	1,707	1,493	1,570	1,516
Australasia	1,259	1,337	1,231	902	1,182
Total (weighted average)	**1,484**	**1,563**	**1,422**	**1,317**	**1,539**

Selling services at viable prices is still more important to Hapag-Lloyd than purely quantitative growth in volumes.

Quality and sustainability

Using scarce resources sustainably is becoming an increasingly important competitive factor for container liner shipping companies. Hapag-Lloyd made its pledge to uphold sustainable business practices as early as 1996. Both its vessels and its land-based operations are certified in line with ISO 9001 quality standards and the environmental norm ISO 14001. Hapag-Lloyd is also a long-standing member of the Clean Cargo Working Group and took major steps to cut its vessels' CO_2 emissions – such as slow steaming – at an early stage. For many years now, Hapag-Lloyd has calculated the CO_2 emissions from shipping operations using the method developed by the Clean Cargo Working Group. Since 20 October 2011, customers wishing to do so have been able to use the Hapag-Lloyd emissions calculator EcoCalc to see the emissions caused by their container shipment throughout the entire transport chain, from start to finish. The emissions calculator can be found on the Hapag-Lloyd website, **www.hapag-lloyd.com**. In February, Hapag-Lloyd became the first shipping company in the world to have its entire own-managed fleet classified in accordance with the IMO's new Energy Efficiency Design Index (EEDI). The independent certification was carried out by Germanischer Lloyd and shows that many vessels in the Hapag-Lloyd fleet have an EEDI value which is 20 to 27% lower than the average figure for the active global fleet in their respective classes. The EEDI will be mandatory for all newly built ships from 2013. They must then also comply with minimum efficiency standards defined by the IMO.

Customers

Long-term, close business relations with clients are also important in driving value for corporate development. Relationships with major customers are managed by a special key account team. This enables the Company to establish and maintain long-standing, sustainable customer relationships. In the first three months of the 2012 financial year, transport contracts were completed for 12,965 customers (Q1 2011: 12,175).

Employees

The Hapag-Lloyd Group employed a workforce of 6,932 as at 31 March 2012. The number of employees rose by 43 compared with 31 March 2011. Of the land-based employees, some 78% worked outside Germany as at 31 March 2012.

NUMBER OF EMPLOYEES

	31.3.2012	31.12.2011	31.3.2011
Marine division	1,216	1,198	1,211
Land division	5,541	5,465	5,487
Apprentices	175	210	191
Total	**6,932**	**6,873**	**6,889**

1,216 people were employed in the marine division as at 31 March 2012 (31 March 2011: 1,211). The number of staff in the land division rose by 54 to 5,541. Several apprentices successfully completed their training courses, prompting the number to fall to 175.

There were 6,784 full-time equivalent employees (FTE), up from 6,738 as at 31 March 2011.

GROUP EARNINGS POSITION

CONSOLIDATED INCOME STATEMENT

in million EUR	Q1 2012	Q1 2011
Revenue	1,601.5	1,483.1
Other operating income	45.6	82.8
Transport expenses	1,494.8	1,263.5
Personnel expenses	95.7	96.4
Depreciation, amortisation and impairment	81.9	72.3
Other operating expenses	73.4	131.1
Operating result	**–98.7**	**2.6**
Share of profits of equity-accounted investees	6.3	6.9
Other financial result	–10.6	2.8
Group earnings before interest and tax (EBIT)	**–103.0**	**12.3**
Net interest result	–28.0	–30.2
Income taxes	1.4	4.2
Group profit/loss	**–132.4**	**–22.1**
EBITDA	**–21.1**	**84.6**
EBITDA margin (%)	**–1.3**	**5.7**
EBIT adjusted	**–99.5**	**16.1**
EBIT margin (%) adjusted	**–6.2**	**1.1**
EBIT	**–103.0**	**12.3**
EBIT margin (%)	**–6.4**	**0.8**

The first quarter of 2012 was very challenging for the Hapag-Lloyd Group. Demand for transport services increased further. However, oil prices were substantially higher in the first quarter than last year which – together with ongoing pressure from competition – had a sustained impact on the earnings position. In this environment, Hapag-Lloyd was able to boost its revenue for the first three months of 2012 by approximately EUR 118.4 million (up 8.0%) compared to the previous year, taking the figure to EUR 1,601.5 million (Q1 2011: EUR 1,483.1 million). This positive revenue trend was mainly attributable to a 10.5% increase in the transport volume to 1,323 TEU (previous year: 1,197 TEU) and exchange rate effects. On average for the quarter, the USD/EUR exchange rate strengthened to USD 1.31/EUR (Q1 2011: USD 1.37/EUR). At USD 1,484/TEU, the average freight rate was down 5.1% on the previous year's figure of USD 1,563/TEU. This was primarily due to persistently tough competition. The rate increases announced since the beginning of the year are expected to affect average rates in the second quarter.

TRANSPORT EXPENSES

in million EUR	**Q1 2012**	Q1 2011
Expenses for raw materials and supplies	397.5	299.0
Cost of purchased services	1,097.3	964.5
thereof		
port, canal and terminal costs	435.5	386.2
chartering, leases and container rentals	173.7	149.2
container transport costs	441.8	382.4
maintenance/repair/other	46.3	46.7
Transport expenses	**1,494.8**	**1,263.5**

Transport expenses rose by a total of EUR 231.3 million (up 18.3%) compared to the first quarter of last year. The cost of raw materials and supplies soared by approximately 33% as against the first quarter of 2011, prompting this increase. This was due to both a sharp rise in the average bunker price since the first quarter of 2011 – USD 667 per tonne (Q1 2011: USD 509 per tonne) – and the increased bunker consumption as a result of the larger number of vessels in the fleet. The elevated transport volume and inflationary price increases drove up the cost of purchased services by EUR 132.8 million.

Changes in the USD/EUR exchange rate caused period-specific exchange rate gains and losses to decrease considerably in the first quarter of 2012. This was reflected in other operating income and other operating expenses. On balance, exchange rate-related income and expenses resulted in a drop in earnings of EUR 10.1 million in the first three months of 2012.

Depreciation and amortisation totalled EUR 81.9 million in the first quarter of 2012 (previous year: EUR 72.3 million). This rise was mainly caused by depreciation on additions to the ship and container portfolios.

The other financial result totalled EUR –10.6 million (Q1 2011: EUR 2.8 million) and included changes in the fair value of currency options. Last year, the other financial result included a discount of EUR 17.9 million from the early repayment of a shareholder loan.

The current high bunker and energy prices as well as higher other transport expenses led to a significant fall in the Group's operating result before interest and taxes (EBIT). In the reporting period, EBIT sank year on year by EUR 115.3 million to EUR –103.0 million. After taking into account depreciation and amortisation, EBITDA came in at EUR –21.1 million (Q1 2011: EUR 84.6 million).

Adjusted for special items from the purchase price allocation, the Group reported an operating result before interest and taxes of EUR –99.5 million for the first quarter of 2012 (previous year: EUR 16.1 million).

The Group posted a loss of EUR 132.4 million in the first three months of 2012 (previous year: loss of EUR 22.1 million).

GROUP FINANCIAL AND NET ASSET POSITION

CONDENSED STATEMENT OF CASH FLOWS

in million EUR	**Q1 2012**	Q1 2011
Cash flow from operating activities	–6.0	34.5
Cash flow from investment activities	–125.0	–8.0
Free cash flow	**–131.0**	**26.5**
Cash flow from financing activities	–81.3	–40.0
Changes in cash and cash equivalents	**–212.3**	**–13.5**

Cash flow from operating activities

The increased loss was reflected in the Group's cash flow from operating activities as well.

Cash flow from investment activities

The cash outflow from investment activities totalled EUR 125.0 million in the first three months of 2012. This was due first and foremost to investments in two container vessels. Non-cash investments were also made by changing seven operating lease contracts into finance lease contracts.

Cash flow from financing activities

The net impact of the Company's financing activities was a cash outflow of EUR 81.3 million. In addition to regular interest and capital repayments, interest of EUR 36.9 million was paid on the hybrid II capital and EUR 100 million was also repaid to TUI AG from hybrid II capital. By contrast, funds were received from ship financing loans.

DEVELOPMENTS IN CASH AND CASH EQUIVALENTS

in million EUR	**Q1 2012**	Q1 2011
Cash and cash equivalents at beginning of period	**672.5**	**751.8**
Changes due to changes in the group of consolidated companies	0.0	0.1
Changes due to exchange rate fluctuations	–13.1	–33.7
Net changes	–212.3	–13.5
Cash and cash equivalents at end of period	**447.1**	**704.7**

Overall, the aggregate outflow totalled EUR 212.3 million, such that after accounting for exchange rate effects at the end of the reporting period, cash and cash equivalents of EUR 447.1 million were reported. The cash and cash equivalents dealt with in the statement of cash flows correspond to the balance sheet item “cash and cash equivalents”. In addition, there is an as yet unused credit facility worth USD 95 million (EUR 71.3 million).

Sound financing structure

At EUR 1,722.0 million, the Group’s net debt was higher as at 31 March 2012 than at year-end 2011. This was partly due to the repayment of hybrid II capital amounting to EUR 100.0 million, with the restructuring of the nine existing operating lease contracts also having an effect. Financial debt increased following the purchase of two vessels and the reclassification of the leases as finance lease contracts. This reduced other financial obligations by the same amount.

FINANCIAL SOLIDITY

in million EUR	**31.3.2012**	31.12.2011
Cash and cash equivalents	447.1	672.5
Financial debt	2,169.1	1,896.5
Net debt	**1,722.0**	**1,224.0**
Gearing (%)	**55.2**	**35.7**
Unused credit lines	**71.3**	**73.4**
Equity ratio (%)	**47.8**	**51.8**

CHANGES IN THE ASSET STRUCTURE

CONDENSED BALANCE SHEET

in million EUR		**31.3.2012**	31.12.2011
Assets			
Non-current assets		5,315.0	5,170.9
thereof fixed assets		5,220.5	5,067.2
Current assets		1,213.3	1,442.9
thereof cash and cash equivalents		447.1	672.5
Total assets		**6,528.3**	**6,613.8**
Equity and liabilities			
Equity		3,120.2	3,424.4
Borrowed capital		3,408.1	3,189.4
thereof non-current liabilities		2,126.2	1,911.5
thereof current liabilities		1,281.9	1,277.9
thereof financial debt		2,169.1	1,896.5
thereof non-current financial debt		1,909.2	1,689.3
thereof current financial debt		259.9	207.2
Total equity and liabilities		**6,528.3**	**6,613.8**
Asset coverage ratio I	(in %)	59.8	67.6
Asset coverage ratio II	(in %)	100.5	105.3
Liquidity ratio I	(in %)	34.9	52.6
Net debt		1,722.0	1,224.0
Equity ratio	(in %)	47.8	51.8

As at 31 March 2012, the Group's balance sheet total was EUR 6,528.3 million. This meant it fell slightly short of the figure from year-end 2011. While non-current assets grew by EUR 144.1 million, current assets shrank by EUR 229.6 million. Fixed assets were boosted by the purchase of two vessels and the changes in the existing long-term operating lease contracts for seven vessels. However, exchange rate effects of EUR 135.9 million on the reporting date and depreciation/amortisation amounting to EUR 81.9 million had the opposite effect.

Within current assets, increases were seen in both trade accounts receivable and the market value of the current financial derivatives associated with fuel and currency hedges.

Including exchange rate effects, cash and cash equivalents fell by a total of EUR 225.4 million compared to 31 December 2011, taking them to EUR 447.1 million. This was due to outflows of funds, particularly the partial repayment of hybrid II capital and associated interest amounting to EUR 136.9 million.

On the liabilities side, equity (including non-controlling interests) was down as at 31 March 2012, coming in at EUR 3,120.2 million. This reduction was largely caused by the repayment of EUR 100 million of hybrid II capital to TUI AG and the loss posted by the Group. The equity ratio as at 31 March 2012 came to around 48%.

Current liabilities were virtually unchanged compared with year-end 2011. Non-current financial debt was up EUR 219.9 million, primarily due to the reclassification of operating lease contracts for ships as finance lease contracts. This change had no effect on liquidity. Taking cash and cash equivalents and financial debt into account, net debt as at 31 March 2012 was EUR 1,722.0 million (31 December 2011: EUR 1,224.0 million).

For further information on significant changes to specific balance sheet items, please refer to the Notes on the consolidated statement of financial position, which can be found in the “Notes” section.

RISK AND OPPORTUNITY REPORT

Please refer to the 2011 Group management report for details of specific opportunities and risks. At the time of reporting, there were no risks which threatened the continued existence of the Hapag-Lloyd Group. From today’s perspective, we do not anticipate any fundamental changes to the risk position.

There were no other major changes to the external environment or the Company’s internal conditions in the first three months of 2012.

EVENTS AFTER THE BALANCE SHEET DATE

At an extraordinary general meeting on 5 April 2012, the Hapag-Lloyd Holding AG shareholders unanimously approved the resolutions needed to increase the share capital against contribution in kind. The “Albert Ballin“ consortium and TUI AG each contributed EUR 125 million of the hybrid II capital in exchange for the granting of new shares in Hapag-Lloyd Holding AG. This temporarily reduced the stake held by the “Albert Ballin“ consortium in Hapag-Lloyd Holding AG to 60.5%; the share held by TUI AG rose slightly to 39.5%. The capital increase was registered in the commercial register on 12 April 2012.

The “Albert Ballin“ consortium will acquire approximately 17% of the shares in Hapag-Lloyd Holding AG from TUI AG by 29 June 2012. Once this transaction has been completed, the stake held in Hapag-Lloyd Holding AG by the “Albert Ballin“ consortium will increase to roughly 78%; the share held by TUI AG will then drop to around 22%.

The programme established in 2011 to securitise receivables was increased from USD 100.0 million to USD 150.0 million effective 19 April 2012. Of this, USD 125.0 million had been utilised when the financial statements were prepared.

PROSPECTS

The statements made in the “Outlook” section of the Group management report for 2011 generally remain valid as regards the medium-term growth prospects for container shipping.

DEVELOPMENTS IN IMPORTANT MACROECONOMIC AND SECTOR-SPECIFIC FACTORS

Influencing factor	Developments in Q1 2012	Consequences in 2012
Global economic growth	Reduction of the economic risks	Moderate growth
Transport volume	Slight increase	Positive
Freight rates	Substantial increases in rates announced	Time-delayed positive effect on freight rates
Transport costs	Sharp rise in bunker prices	Significant negative impact on costs

However, the short-term prospects for the industry remain shrouded in uncertainty due to the risks for global economic developments. The recession in the eurozone, slower economic growth in China and the high budget deficit in the USA are the main factors restricting growth. Soaring bunker prices are also currently burdening costs in the industry. In spite of these imponderables, Hapag-Lloyd is striving to post positive earnings again for the current financial year, provided that there is no fundamental escalation of the risks and assuming it proves possible to implement further rate increases in the course of 2012. The Company’s performance in the peak season will largely determine whether it is able to achieve the earnings currently forecast for the full twelve months. Hapag-Lloyd expects the liquidity situation to remain adequate for the full year, despite the effect of higher investments on net debt. All of the planned ship investments will be funded through long-term loan agreements.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

CONSOLIDATED INCOME STATEMENT OF HAPAG-LLOYD HOLDING AG
FOR THE PERIOD 1 JANUARY TO 31 MARCH 2012

in million EUR	**Q1 2012**	Q1 2011
Revenue	1,601.5	1,483.1
Other operating income	45.6	82.8
Transport expenses	1,494.8	1,263.5
Personnel expenses	95.7	96.4
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	81.9	72.3
Other operating expenses	73.4	131.1
Operating result	**–98.7**	**2.6**
Share of profit of equity-accounted investees	6.3	6.9
Other financial result	–10.6	2.8
Earnings before interest and tax (EBIT)	**–103.0**	**12.3**
Interest income	1.9	2.1
Interest expenses	29.9	32.3
Earnings before income taxes	**–131.0**	**–17.9**
Income taxes	1.4	4.2
Group profit/loss	**–132.4**	**–22.1**
thereof attributable to shareholders of Hapag-Lloyd Holding AG	–132.5	–22.1
thereof attributable to non-controlling interests	0.1	0.0

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME OF HAPAG-LLOYD HOLDING AG FOR THE PERIOD 1 JANUARY TO 31 MARCH 2012

in million EUR	Q1 2012	Q1 2011
Group profit/loss	**–132.4**	**–22.1**
Cash flow hedges (no tax effect)	14.1	110.5
Addition to other comprehensive income (OCI)	24.3	147.3
Reclassification to income statement due to realisation	–10.2	–36.8
Actuarial gains (+) and losses (–) from pension provisions and related fund assets, after tax	0.0	0.1
Actuarial gains (+) and losses (–) from pension provisions and related fund assets, before tax	0.0	0.1
Tax effect	-	-
Currency translation (no tax effect)	–86.2	–158.3
Other comprehensive income	**–72.1**	**–47.7**
Total comprehensive income	**–204.5**	**–69.8**
thereof attributable to shareholders of Hapag-Lloyd Holding AG	–204.6	–69.8
thereof attributable to non-controlling interests	0.1	-

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF HAPAG-LLOYD HOLDING AG AS AT 31 MARCH 2012

in million EUR	**31.3.2012**	31.12.2011
Assets		
Goodwill	686.2	707.3
Other intangible assets	683.2	729.6
Property, plant and equipment	3,529.1	3,314.4
Investments in equity-accounted investees	322.0	315.9
Other assets	38.2	43.8
Derivative financial instruments	43.7	46.9
Deferred tax assets	12.6	13.0
Non-current assets	**5,315.0**	**5,170.9**
Inventories	193.4	208.7
Trade accounts receivable	426.3	419.6
Other assets	104.7	106.5
Derivative financial instruments	27.8	17.1
Income tax receivables	8.7	7.7
Cash and cash equivalents	447.1	672.5
Non-current assets held for sale	5.3	10.8
Current assets	**1,213.3**	**1,442.9**
Total assets	**6,528.3**	**6,613.8**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF HAPAG-LLOYD HOLDING AG AS AT 31 MARCH 2012

in million EUR	**31.3.2012**	31.12.2011
Equity and liabilities		
Subscribed capital	60.0	60.0
Capital reserves	3,026.6	3,026.6
Retained earnings	–193.8	–61.3
Cumulative other equity	–22.2	49.9
Hybrid capital	249.2	348.9
Equity attributable to the shareholders of Hapag-Lloyd Holding AG	**3,119.8**	**3,424.1**
Non-controlling interests	0.4	0.3
Equity	**3,120.2**	**3,424.4**
Provisions for pensions and similar obligations	108.0	104.8
Other provisions	102.1	110.1
Financial debt	1,909.2	1,689.3
Other liabilities	5.6	5.8
Deferred tax liabilities	1.3	1.5
Non-current liabilities	**2,126.2**	**1,911.5**
Provisions for pensions and similar obligations	3.8	5.1
Other provisions	111.8	129.4
Income tax liabilities	4.8	4.3
Financial debt	259.9	207.2
Trade accounts payable	789.4	791.8
Other liabilities	112.2	140.1
Current liabilities	**1,281.9**	**1,277.9**
Total equity and liabilities	**6,528.3**	**6,613.8**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY OF HAPAG-LLOYD HOLDING AG FOR THE PERIOD 1 JANUARY TO 31 MARCH 2012

in million EUR	Equity attributable to shareholders of Hapag-Lloyd Holding AG										Non-controlling interests	Total equity
	Capital provided by limited partners	Subscribed capital	Capital reserves	Retained earnings	Reserve for cash flow hedges	Actuarial gains and losses	Translation reserve	Cumulative other equity	Hybrid capital	Total		
As per 1.1.2011	**3,086.6**	**-**	**-**	**0.0**	36.1	–15.4	–22.4	**–1.7**	**357.6**	**3,442.5**	**0.3**	**3,442.8**
Total comprehensive income	**-**	**-**	**-**	**–22.1**	110.5	0.1	–158.3	**–47.7**	**-**	**–69.8**	**-**	**–69.8**
Transactions with shareholders	**–3,086.6**	**60.0**	**3,026.6**	**–4.3**	-	-	-	**-**	**-**	**–4.3**	**-**	**–4.3**
thereof												
Paid interest hybrid I	-	-	-	-	-	-	-	-	–4.3	–4.3	-	–4.3
Interest from hybrid II	-	-	-	–4.3	-	-	-	-	4.3	-	-	-
Change of legal form	–3,086.6	60.0	3,026.6	-	-	-	-	-	-	-	-	-
As per 31.3.2011	**-**	**60.0**	**3,026.6**	**–26.4**	146.6	–15.3	–180.7	**–49.4**	**357.6**	**3,368.4**	**0.3**	**3,368.7**
As per 1.1.2012	**-**	**60.0**	**3,026.6**	**–61.3**	-	–23.7	73.6	**49.9**	**348.9**	**3,424.1**	**0.3**	**3,424.4**
Total comprehensive income	**-**	**-**	**-**	**–132.5**	14.1	0.0	–86.2	**–72.1**	**-**	**–204.6**	**0.1**	**–204.5**
Transactions with shareholders	**-**	**-**	**-**	**-**	-	-	-	**-**	**–99.7**	**–99.7**	**-**	**–99.7**
thereof												
Partial repayment of hybrid II	-	-	-	-	-	-	-	-	–100.0	–100.0	-	–100.0
Realisation of transaction costs	-	-	-	-	-	-	-	-	0.3	0.3	-	0.3
As per 31.3.2012	**-**	**60.0**	**3,026.6**	**–193.8**	14.1	–23.7	–12.6	**–22.2**	**249.2**	**3,119.8**	**0.4**	**3,120.2**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS OF HAPAG-LLOYD HOLDING AG
FOR THE PERIOD 1 JANUARY TO 31 MARCH 2012

in million EUR	**Q1 2012**	Q1 2011
Cash inflow(+)/outflow(–) from operating activities	–6.0	34.5
Cash inflow(+)/outflow(–) from investing activities	–125.0	–8.0
Cash inflow(+)/outflow(–) from financing activities	–81.3	–40.0
Net change in cash and cash equivalents	**–212.3**	**–13.5**
Cash and cash equivalents at beginning of the period	**672.5**	**751.8**
Change in cash and cash equivalents due to a change of consolidated companies	0.0	0.1
Change in cash and cash equivalents due to exchange rate fluctuations	–13.1	–33.7
Net change in cash and cash equivalents	–212.3	–13.5
Cash and cash equivalents at the end of the period	**447.1**	**704.7**

CONDENSED NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTES ON THE PRINCIPLES AND METHODS UNDERLYING THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

General notes

The presented condensed interim consolidated financial statements of Hapag-Lloyd Holding AG and its subsidiaries, hereinafter referred to as Hapag-Lloyd Group, were prepared for the interim report according to the International Financial Reporting Standards (IFRS) and the relevant interpretations by the International Accounting Standards Board (IASB) as they are to be applied in the European Union (EU). Therefore, these financial statements to the interim report in accordance with IAS 34 do not contain all information and notes that are necessary according to IFRS for complete consolidated financial statements to the end of a financial year.

The presented interim consolidated financial statements comprise the period 1 January to 31 March 2012. The accounting principles and methods applied in the interim consolidated financial statements are the same as those used for the last consolidated financial statements at the end of the financial year.

Results of interim periods are not necessarily indicative of results that can be expected for future periods or the entire financial year. The earnings position of the Hapag-Lloyd Group is principally shaped by the seasonality of transport volumes and freight rates in the container shipping business. Fluctuations result from the usually higher demand for transport services in the container shipping business during the second and third quarters.

The interim consolidated financial statements are presented in euros (EUR). All amounts recognised for the financial year are reported in million euros (EUR million) unless otherwise stated.

The functional currency of Hapag-Lloyd AG and its subsidiaries is the US dollar. The reporting currency of Hapag-Lloyd Holding AG, however, is the euro. For the purpose of integrating Hapag-Lloyd AG and its subsidiaries into the financial statements of the Hapag-Lloyd Group, balance sheet assets and liabilities are translated into euros as at the reporting date (closing date rate) using the middle rate of that day. The expenses, income and the result recognised in the statement of cash flows and the Group income statement are translated using the average rate for the reporting period. The resulting differences are recognised directly in other comprehensive income.

As at 31 March 2012 the USD/EUR exchange rate was higher than on 31 December 2011 (closing date rate: 31 March 2012 USD/EUR 1.3333; 31 December 2011 USD/EUR 1.2937). The average rate for the first quarter of 2012 was USD/EUR 1.3118 (Q1 2011: USD/EUR 1.3676).

Segment reporting

Since Hapag-Lloyd Holding AG at the time of the preparation of the interim financial statements as at 31 March 2012 neither traded bonds or equity instruments on any public market nor presented the consolidated financial statements to regulatory authorities for the issuing of instruments, there was no obligation to prepare any segment reporting as at the reporting date.

New accounting standards

The following change to an existing standard published by the IASB, which has already been endorsed, had to be applied for the first time in the interim financial statements presented. However, the first-time application did not have a significant effect on the net asset, financial or earnings position of the Hapag-Lloyd Group:

- Amendment to IFRS 7 *Financial Instruments: Disclosures*

The amendment to IFRS 7 *Financial Instruments: Disclosures* relates to the disclosure obligations associated with transferring financial assets. In particular, any remaining or acquired rights and obligations now have to be disclosed in full, even if the financial asset is no longer held within the financial statements.

Consolidated companies

The consolidated financial statements include all significant subsidiaries and investments accounted for using the equity method. Within the interim financial statements as at 31 March 2012 Hapag-Lloyd Holding AG and 49 companies were fully consolidated, and five additional companies were included using the equity method.

Hapag-Lloyd (Asia) Pte. Ltd., Singapore, and Hapag-Lloyd (Singapore) Pte. Ltd., Singapore, were merged effective 1 January 2012 and now trade as Hapag-Lloyd Pte. Ltd., Singapore.

Hapag-Lloyd Agency L.L.C., Dubai, commenced its operating activities in the first quarter of 2012 and was therefore fully consolidated for the first time.

SELECTED NOTES TO THE CONSOLIDATED INCOME STATEMENT

Revenue was primarily generated from the rendering of transport services. The increase in revenue compared with the first quarter of last year was largely due to the higher transport volume.

The revenue includes proportional income from unfinished voyages as at the reporting date.

Transport expenses mainly comprise fuel costs, expenditure for port, terminal and container transport services, chartering, leases and container rental expenses, maintenance and repair costs, and charges for other services. The increase compared to the first quarter of last year is next to higher transport volumes, mainly attributable to higher fuel costs resulting from higher bunker prices.

The interest result essentially comprises interest expenses for bank loans and bonds.

SELECTED NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Goodwill

Goodwill fell by EUR 21.1 million compared with 31 December 2011 due to the USD/EUR exchange rate.

Property, plant and equipment

PROPERTY, PLANT AND EQUIPMENT

in million EUR	**31.3.2012**	31.12.2011
Vessels	2,643.2	2,416.9
Container, chassis	301.5	310.3
Other equipment	120.3	120.6
Prepayments on account and assets under construction	464.1	466.6
Total	**3,529.1**	**3,314.4**

The changes to property, plant and equipment were primarily additions to ocean-going vessels and containers amounting to EUR 352.2 million. Firstly, two ships from previous operating lease contracts were purchased. In addition, seven operating lease contracts for vessels and one operating lease contract for containers were amended, obliging Hapag-Lloyd to buy the assets at the end of the lease agreement. These agreements are now classified as finance lease contracts. The contracts state that legal ownership will be transferred at the end of the non-cancellable term in the years 2013 to 2015. As at 31 March 2012, the vessels recognised in connection with the finance lease contracts had a total carrying value of EUR 227.8 million; the containers were recognised at EUR 12.9 million as at 31 March 2012.

The reconciliation statement below shows the future minimum lease payments and their net present value:

in million EUR	**Total 31.3.2012**	**Maturity < 1 year**	**1–5 years**
Future minimum lease payments	263.4	30.1	233.3
Interest component	39.1	14.4	24.7
Net present value	**224.3**	**15.7**	**208.6**

There are no future minimum lease payments which fall due after more than five years.

Non-current assets held for sale

One of the two vessels which, in view of the intention to sell them, were reported as assets held for sale in accordance with IFRS 5 as at 31 December 2011 was sold in the first quarter of 2012.

Derivative financial instruments

Derivative financial instruments include positive market values from commodity and currency options.

Equity

Hapag-Lloyd Holding AG's share capital is divided into 60 million no-par registered shares with equal rights.

The reserve for cash flow hedges includes changes in the fair value of hedging transactions recognised directly in equity and amounted to EUR 14.1 million as at 31 March 2012 (31 March 2011: EUR 146.6 million).

The reserve for actuarial gains and losses (31 March 2012: EUR –23.7 million; 31 March 2011: EUR –15.3 million) results from gains and losses taken directly to equity which arose, for example, from the change in actuarial parameters in conjunction with the valuation of pension obligations and the associated fund assets.

The effects arising from currency translation recorded in the first quarter of 2012 totalled EUR –86.2 million (Q1 2011: EUR –158.3 million). This contains differences from the translation of subsidiary financial statements prepared in a foreign currency and from the conversion of goodwill carried in foreign currency.

In February 2012, EUR 100.0 million of the hybrid II capital was paid back to TUI AG. The nominal value of the hybrid capital fell to EUR 250.0 million as a result.

Other provisions

During the purchase price allocation, existing contracts were identified, the contractual terms of which at the time of acquisition substantiated negative fair values compared with the current market conditions. The amortisation of these items in the first quarter of the financial year 2012 has essentially led to a reduction in transport expenses.

Financial debt

FINANCIAL DEBT

in million EUR	**31.3.2012**	31.12.2011
Liabilities to banks	1,292.1	1,239.1
Bonds	651.3	655.9
Liabilities from finance lease contracts	224.3	0.0
Other financial debt	1.4	1.5
Total	**2,169.1**	**1,896.5**

FINANCIAL DEBT BY CURRENCY EXPOSURE

in million EUR	**31.3.2012**	31.12.2011
Financial debt denoted in USD (excl. transaction costs)	1,530.8	1,273.6
Financial debt denoted in EUR (excl. transaction costs)	640.3	646.5
Interest liabilities	39.8	22.1
Accounting for transaction costs	–41.8	–45.7
Total	**2,169.1**	**1,896.5**

In the first quarter of 2012, existing long-term operating lease contracts for seven ships and a container portfolio were amended, obliging Hapag-Lloyd to purchase the relevant leased assets at the end of the lease tenures. These agreements are therefore now classified as finance lease contracts. The associated payables were posted as liabilities.

In contrast to the reduction in bank loans resulting from scheduled repayments, two new loans to fund the purchase of two vessels increased liabilities to banks.

NOTES TO THE CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Ordinary business activities resulted in an outflow of cash and cash equivalents totalling EUR 6.0 million (Q1 2011: inflow of EUR 34.5 million).

The cash outflow from investing activities amounted to EUR 125.0 million in the first quarter of the 2012 financial year (Q1 2011: EUR 8.0 million). EUR 139.3 million (Q1 2011: EUR 15.3 million) was paid for investments in property, plant and equipment and other non-current assets in the first quarter of the financial year 2012. The payments primarily related to the acquisition of two vessels from existing operating lease contracts. These were partly offset by incoming payments from the sale of property, plant and equipment and other non-current assets totalling EUR 14.3 million (Q1 2011: EUR 7.3 million).

In the first quarter of 2012, the outflow of cash and cash equivalents from financial activities amounted to EUR 81.3 million (Q1 2011: EUR 40.0 million). This was largely in connection with the repayment of EUR 100.0 million of hybrid II capital, EUR 36.9 million of interest on hybrid II capital and scheduled repayments. This outflow of funds was offset by other factors, primarily two new loans to fund two purchased vessels.

OTHER NOTES

Legal disputes

Since May 2011, the European Commission has been examining whether EU competition law has been violated since the exemption regulation for liner conferences was abolished in October 2008. Hapag-Lloyd is also affected by the investigations. The Company believes that the transport services were provided in line with EU competition regulations.

Other financial obligations

In addition to the purchase obligations for investments in container ships, the Group's other financial obligations contain charter and lease agreements for ships and containers as well as rental payments for business premises, in particular for the central administration building in Rosenstrasse. The agreements have terms of between one year and 19 years and some include prolongation and purchase options as well as price adjustment clauses. Some of the rental agreements for buildings include agreements regarding conditional rental payments based on the consumer price index for Germany.

In the first quarter of 2012, charter, rent and lease payments of EUR 184.5 million (Q1 2011: EUR 159.9 million) were posted to expenses.

The total other financial obligations can be broken down as follows:

in million EUR	**31.3.2012**	31.12.2011
Vessels and containers	858.5	1,200.1
Administrative buildings	123.6	126.5
Other	147.5	162.5
Rent	1,129.6	1,489.1
Purchase commitments	722.0	744.1
Total	**1,851.6**	**2,233.2**
Fair value	**1,751.6**	**2,087.0**

The fair value of the other financial obligations was ascertained by discounting the future expenses while applying a market interest rate of 3.0% p.a. (31 December 2011: 3.1% p.a.).

Related party transactions

In carrying out its ordinary business activities, the Hapag-Lloyd Group maintains indirect or direct relationships with related companies and individuals and with its own subsidiaries included in the consolidated financial statements. All of the transactions with related parties were executed on the basis of international price comparison methods in accordance with IAS 24 on terms that are also usual with non-Group third parties. Further information on related parties is included in the Notes to the consolidated financial statements for 2011 under "Other notes".

SIGNIFICANT TRANSACTIONS AFTER THE BALANCE SHEET DATE

At an extraordinary general meeting on 5 April 2012, the Hapag-Lloyd Holding AG shareholders unanimously approved the resolutions needed to increase the share capital against contribution in kind. The "Albert Ballin" consortium and TUI AG each contributed EUR 125 million of the hybrid capital II in exchange for the granting of new shares. This temporarily reduced the stake held by the "Albert Ballin" consortium in Hapag-Lloyd Holding AG to 60.5%; the share held by TUI AG rose slightly to 39.5%. The capital increase was registered in the commercial register on 12 April 2012.

The "Albert Ballin" consortium will acquire approximately 17% of the shares in Hapag-Lloyd Holding AG from TUI AG by 29 June 2012. Once this transaction has been completed, the stake held in Hapag-Lloyd Holding AG by the "Albert Ballin" consortium will increase to roughly 78%; the share held by TUI AG will then drop to around 22%.

The programme established in 2011 to securitise receivables was increased from USD 100.0 million to USD 150.0 million effective 19 April 2012. Of this, USD 125.0 million had been utilised when the financial statements were prepared.

Hamburg, 10 May 2012

Hapag-Lloyd Holding AG
The Executive Board

Michael Behrendt

Peter Ganz

Ulrich Kranich

Jesper Praestensgaard

FINANCIAL CALENDAR 2012

August 2012	Publication of interim report for second quarter/first six months of 2012
November 2012	Publication of interim report for third quarter/first nine months of 2012

IMPRINT

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The German version of this Interim Report is legally binding.
The Company cannot be held responsible for any misunderstandings
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Both versions are available on the web: www.hapag-lloyd.com

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