Hapag-Lloyd

INTERIM GROUP REPORT I 9M · 2011

HAPAG-LLOYD HOLDING AG · 1 JANUARY TO 30 SEPTEMBER 2011

SUMMARY OF HAPAG-LLOYD KEY FIGURES | INTERIM GROUP REPORT 9M 2011

KEY OPERATING FIGURES		1/7/ – 30/9/ 2011	1/7/ – 30/9/ 2010	1/1/ – 30/9/ 2011	1/1/ – 30/9/ 2010	9M'11 vs. 9M'10 absolute
Total vessels, of which:		**147**	137	**147**	137	+10
own vessels		**58**	59	**58**	59	–1
leased vessels		**9**	9	**9**	9	0
chartered vessels		**80**	69	**80**	69	+11
Aggregate capacity of vessels	TTEU	**657**	605	**657**	605	+52
Aggregate container capacity	TTEU	**1,049**	1,025	**1,049**	1,025	+24
Bunker price (average for the period)	USD/t	**644**	445	**590**	452	+138
Freight rate (average for the period)	USD/TEU	**1,529**	1,672	**1,540**	1,547	–7
Transport volume	TTEU	**1,340**	1,276	**3,874**	3,728	+146
Revenue	m EUR	**1,537**	1,781	**4,504**	4,670	–166
Transport expenses	m EUR	**1,346**	1,265	**3,892**	3,559	+333
EBITDA	m EUR	**105.4**	345.8	**275.0**	744.2	–469
EBIT	m EUR	**34.1**	263.6	**62.9**	506	–443
EBIT adjusted	m EUR	**36.7**	251.2	**78.8**	469.3	–391
Group profit/loss	m EUR	**9.6**	217.7	**–23.1**	392.6	–416
Cash flow from operating activities	m EUR	**41.0**	271.4	**186.8**	454.4	–268
Investment in property, plant and equipment	m EUR	**103.1**	161.2	**186.0**	344.2	–158
KEY RETURN FIGURES						
EBITDA margin (EBITDA / revenue)	%	**6.9**	19.4	**6.1**	15.9	–9.8 ppt
EBIT margin (EBIT / revenue)	%	**2.2**	14.8	**1.4**	10.8	–9.4 ppt
EBIT margin adjusted	%	**2.4**	14.1	**1.7**	10.0	–8.3 ppt
KEY BALANCE SHEET FIGURES AS AT 30 SEPT						
Total equity and liabilities	m EUR	**6,421**	6,570*	**6,421**	6,570*	–149
Equity	m EUR	**3,385**	3,443*	**3,385**	3,443*	–58
Equity ratio (equity / balance sheet total)	%	**52.7**	52.4*	**52.7**	52.4*	+0.3 ppt
Borrowed capital	m EUR	**3,037**	3,127*	**3,037**	3,127*	–90
KEY FINANCIAL FIGURES AS AT 30 SEPT						
Financial liabilities	m EUR	**1,759**	1,878*	**1,759**	1,878*	–119
Cash and cash equivalents	m EUR	**601**	752*	**601**	752*	–151
Net financial position (cash and cash equivalents – financial liabilities)	m EUR	**–1,158**	–1,126*	**–1,158**	–1,126*	+32
Gearing	%	**34.2**	32.7*	**34.2**	32.72*	+1.5 ppt
NUMBER OF EMPLOYEES AS AT 30 SEPT						
Employees at sea		**1,336**	1,330	**1,336**	1,330	+6
Employees on land		**5,570**	5,573	**5,570**	5,573	–3
HAPAG-LLOYD TOTAL		**6,906**	6,903	**6,906**	6,903	+3

* Figures as at 31/12/2010

Disclaimer: This interim report contains statements concerning future developments at Hapag-Lloyd. Due to market fluctuations, the development of the competitive situation, world market prices for commodities, and changes in exchange rates and the economic environment, the actual results may differ considerably from these forecasts. Hapag-Lloyd neither intends nor undertakes to update forward-looking statements to adjust them to events or developments which occur after the date of this report.

This report was published on 21 November 2011.

CONTENTS

HAPAG-LLOYD'S CAPITAL MARKET ACTIVITIES

Fears of recession and debt crisis trigger steep stock market losses

The downgrade of US credit ratings by Moody's and Standard & Poor's and fears of a new global recession led to considerable losses on international capital markets in the third quarter. Growth in the US economy in particular continues to be weaker than originally forecast. The decline registered in industrial production in China over recent months could also put a damper on the international economy. In view of increasing recessionary fears in the USA, the head of the American central bank Ben Bernanke reiterated the willingness of the Federal Reserve to keep supporting the faltering domestic economy and the labour market. US president Obama intends to give the economy a boost and prompt a turnaround on the employment market with a stimulus package of USD 447 billion.

The worsening debt crisis in Europe accelerated the downward trend on international stock markets from August onwards and resulted in greatly increased volatility on currency markets.

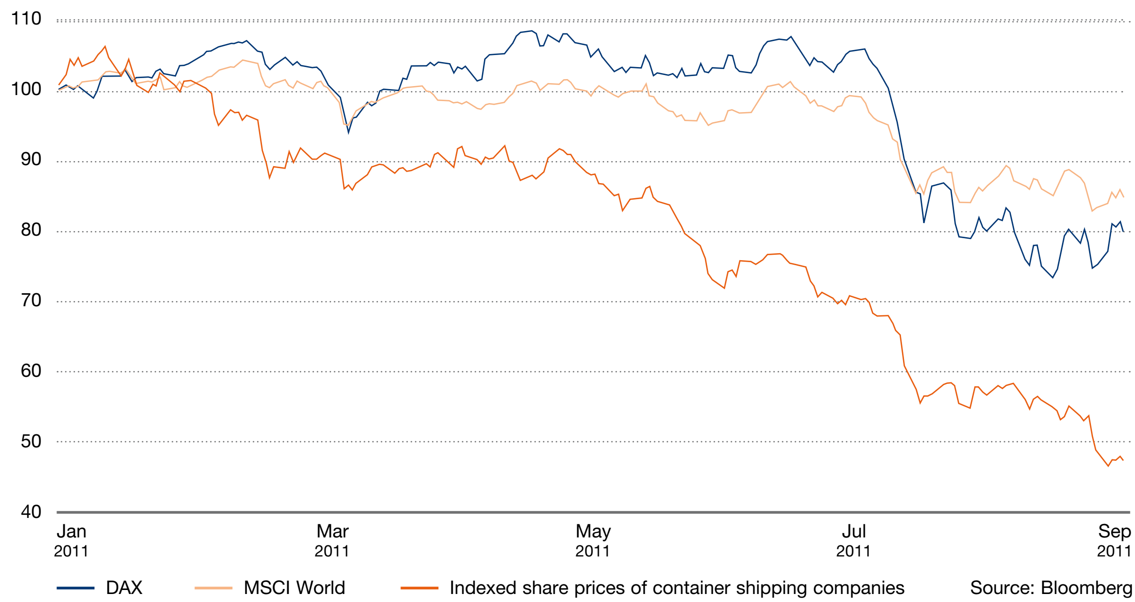
DEVELOPMENTS IN THE MOST IMPORTANT INDICES

Indices	**30/9/2011**	31/12/2010	30/9/2010
Dow Jones Industrial	10,913	11,990	10,788
MSCI World	1,104	1,280	1,179
Euro Stoxx 50	2,179	2,793	2,747
DAX Index	5,502	6,914*	6,229
Nikkei 225	8,700	10,229*	9,369

Source: Bloomberg, *Prices from 30/12/2010

Shares in the listed shipping companies were also hit by steep price falls. The gloomier prospects for the business cycle and additional expenses due to the high oil price caused investors to remain very wary of shares in the shipping sector. Some companies in the industry are adding substantially to capacities at the moment by bringing large new container ships into service. The uncertainty this produces for their prospective earnings depressed the performance of shares in container liner shipping companies.

Indexed share prices of container shipping companies



Source: Bloomberg

The impending sovereign default by Greece, a member of the eurozone, and the downgrade in the credit rating of the USA, the world's largest economy, caused considerable disquiet among investors in bond markets in the third quarter of 2011. Corporate bonds in particular saw steep falls in price. The fact that companies were mostly well supplied with liquidity was relegated to a subordinate role in determining appropriate pricing. The continued rise in consumer prices also had a detrimental effect on the performance of bonds. In September the inflation rate in the eurozone reached a three-year high of 3.0%.

Hapag-Lloyd's bonds

On 30 September 2011, the bonds issued by Hapag-Lloyd AG were traded at 80.38% (EUR tranche) and 73.75% (USD tranche).

On 20 September, the rating agency Standard & Poor's confirmed its previous issuer rating for Hapag-Lloyd Holding AG of BB–. Standard & Poor's revised their outlook from "stable" to "negative", largely due to the current economic uncertainty surrounding the shipping industry. The reasons given for the confirmation of the issuer rating were above all the strong liquidity position and the strategy of liquidity planning. At the time the interim consolidated financial statements were prepared the rating agency Moody's still rated Hapag-Lloyd at B1 (outlook: "stable").

Also compared with its industry peers, Hapag-Lloyd still has a solid set of balance sheet ratios. The equity ratio (equity/balance sheet total) as of 30 September 2011 came to around 53%. Gearing is comparatively low at 34.2%. As of 30 September 2011 cash and cash equivalents accounted for 9.4% of the balance sheet total.

Key bond data

KEY BOND DATA

	Issue volume (total)	Maturity*	Coupon	Issue price	Price** on **30/9/2011**
EUR tranche	EUR 480m	15/10/2015	9.00%	99.50%***	80.38%
USD tranche	USD 250m	15/10/2017	9.75%	99.37%	73.75%

*Callable; **Price data: Bloomberg; ***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. Over the course of the year Hapag-Lloyd has taken part in the following international capital market conferences: 12 January 2011 Credit Conference, Bank of America Merrill Lynch, London; 9 June 2011 Leveraged Finance Conference, Deutsche Bank, London; 15 September 2011 European High Yield and Leveraged Finance Conference, Barclays Capital, London; 21 September 2011 Global Industrials Conference 2011, Citi Group, Boston. A number of individual discussions were also held with potential international investors.

In November 2011, the Company continued its reporting activities by presenting its interim report for the first nine months of 2011. Published reports can also be found on the Hapag-Lloyd website – www.hapag-lloyd.com/IR.

INTERIM GROUP MANAGEMENT REPORT

BUSINESS AND COMPANY FUNDAMENTALS

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). A total of 49 direct and indirect subsidiaries and five consolidated equity-accounted investees belonged to the group of consolidated companies of Hapag-Lloyd Holding AG as at the balance sheet date (30 September 2011). The equity-accounted investees include two strategic shareholdings in container terminals in Hamburg and Montreal.

As at 30 September 2011, 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 Holding AG	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%
Hanse Merkur 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%**

Corporate management

At the end of the first quarter of 2011, "Albert Ballin" Holding GmbH & Co. KG was converted into Hapag-Lloyd Holding AG. The Executive Board of Hapag-Lloyd Holding AG is identical to the Executive Board of Hapag-Lloyd AG. In Q2 2011, employee representatives were appointed to the Supervisory Board of Hapag-Lloyd Holding AG, thus completing the board.

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. The Hapag-Lloyd fleet consists of 147 container ships. Hapag-Lloyd currently has around 300 sales offices in 114 countries and offers its customers worldwide access to a network of 82 liner services. In the first nine months of 2011, Hapag-Lloyd served 19,072 customers around the world. The functional currency used by the international container liner shipping industry – and therefore also by the Hapag-Lloyd subgroup – is the US dollar. When appropriate, payment flows in currencies other than the US dollar are hedged to the US dollar. However, the reporting currency of Hapag-Lloyd Holding AG is the euro. The translation of individual balance sheet items from foreign currencies, such as fixed assets and financial liabilities, results in some cases in significant valuation effects. These are recognised directly in the Group's cumulative other equity.

COMPANY 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. According to current forecasts, the volume of global container transport should again grow somewhat faster than world trade in 2012. Hapag-Lloyd believes that selling transport services at viable prices is more important than expanding volume at any cost. Sustainable operating cash flows and a solid financing structure along with sound liquidity and equity are also of considerable importance in conducting business successfully.

In order to utilise the medium-term market opportunities as well as economies of scale in the operation of ships, between July 2012 and November 2013 Hapag-Lloyd will launch a total of ten new container ships into service, each with a storage space capacity of 13,200 TEU.

BUSINESS DEVELOPMENT

GENERAL ECONOMIC CONDITIONS

The pace of global economic growth is likely to slow considerably in the next few quarters. The economic experts at the International Monetary Fund (IMF) have lowered their forecast for global economic expansion for the current year and 2012 to 4.0% each. The risk that global growth prospects will stay gloomy or get worse has risen sharply in the opinion of the IMF experts. The severe regional imbalances in economic performance have been intensified in recent months. While economic output in the world's largest economy, the USA, and in many countries in the eurozone is only predicted to increase modestly in the quarters ahead, the performance of emerging economies in Asia and Latin America is currently still stronger than average. There is also a fear that the worsening of the European debt crisis and the very volatile price movements on international capital markets may have adverse effects on the development of the real economy. Despite the large number of imponderables, the economic experts at the IMF are not however expecting a global recession.

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

(in %)	2012e	2011e	2010
Global economic growth	4.0	4.0	5.1
Industrialised countries	1.9	1.6	3.1
Developing and newly industrialising countries	6.1	6.4	7.3
World trading volume (goods and services)	5.8	7.5	12.8

Source: IWF

Additional burdens for the performance of the economy could also come from the high budget deficit in the USA, the steep increase in the price of crude oil and a potential deceleration of economic growth in China. On the other hand, the Japanese economy seems to be gradually recovering from the consequences of the natural and environmental disaster.

SECTOR-SPECIFIC CONDITIONS

Demand for container transport services should rise in tandem with expected growth in the world trading volume. For instance, IHS Global Insight Industry Intelligence (September 2011) expects the global cargo volume to increase by 6.8 per cent both this year and in 2012. Therefore, the forecast rise in worldwide transport volumes in container shipping could increase slightly more strongly than the rate of growth for global trade in 2012.

With the total capacity of the world container ship fleet estimated at 15.6 million TEU at the beginning of 2011, the supply capacity could see increases totalling 1.6 million TEU in 2011 (Transmodal October 2011) and approximately 1.5 million TEU (nominal) in 2012 due to new vessels. Despite an increase in orders for new vessels, the tonnage of the commissioned container ships is currently equivalent to 28% of the global container fleet's capacity. It therefore remains well below the highest level seen to date, 56% in 2008. The heightened trend towards larger vessels is reflected in the distribution of the orders. Some 69% of the newbuild orders are for vessels with a capacity of over 8,000 TEU.

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.

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. For example, the effect of new vessels going into service, resulting in a sharp increase in transport capacities, continues to affect the development of freight rates, especially on services from and to Asia. Uncertainty regarding short-term industry developments is generated primarily by the soaring transport expenses seen in recent months. This is chiefly attributable to the escalating oil price.

Due to persistent pressure on freight rates and weaker-than-expected demand for container transport services due to the state of the economy, the number of ships laid up, i.e. idle ships, has nearly tripled in the last three months. At 335,000 TEU (Alphaliner September 2011), the idle capacity corresponds to just over 2% of the global container fleet's total tonnage. Of the 156 vessels currently idle, around 74% are smaller ships of up to 3,000 TEU.

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. Hapag-Lloyd is cooperating fully with the investigating body.

IMPORTANT PERFORMANCE INDICATORS

Efficient fleet

Hapag-Lloyd's fleet currently comprises 147 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, which will be equipped with state-of-the-art technology and have a storage space capacity of up to 13,200 TEU each. The Hapag-Lloyd fleet's total storage space capacity currently amounts to approximately 657 TTEU. Hapag-Lloyd also owns or leases 649,090 containers with a capacity of 1.05 million TEU for transporting cargo.

STRUCTURE OF HAPAG-LLOYD'S CONTAINER SHIP FLEET

	30/9/2011	31/12/2010	30/9/2010
Number of vessels	147	137	137
Of which			
own vessels	58	59	59
leased vessels	9	9	9
chartered vessels	80	69	69
Aggregate capacity of vessels (TTEU)	657	605	602
Aggregate container capacity (TTEU)	1,049	1,025	1,004
Number of services	82	77	78

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 third quarter of 2011, Hapag-Lloyd transported 1,340 TTEU worldwide. This corresponds to growth of 5.1% compared with the same period last year. The transport volume therefore increased by 3.9% year on year to 3,874 TEU. Trends in transport volumes were positive in all shipping areas during the period under review.

DEVELOPMENTS IN TRANSPORT VOLUME BY SHIPPING AREA

TTEU	9M 2011	9M 2010	9M 2009	9M 2008
Atlantic	876	859	787	1,029
Latin America	869	814	655	728
Far East	849	848	793	977
Transpacific	848	807	741	861
Australasia	432	400	517	634
Total	**3,874**	**3,728**	**3,493**	**4,229**

In the third quarter 2011, the average freight rate was USD 1,529/TEU and therefore 8.5% down on the same period a year ago. The reason for the change was the level of competition, which remains intense, especially for freight rates in shipping areas to and from Asia. In the first nine months of the current financial year, Hapag-Lloyd recorded an average freight rate of USD 1,540/TEU, which was 0.4% lower than in the same period last year due to greater competition. The pressure of this competition meant that freight surcharges to make up for the considerable rise in bunker prices were only partially feasible. The Far East shipping area recorded a drop of 14.1% in the freight rate compared with the same period last year. By contrast, the Atlantic shipping area saw positive developments in average freight rates.

DEVELOPMENTS IN FREIGHT RATES BY SHIPPING AREA

USD/TEU	**9M 2011**	9M 2010	9M 2009	9M 2008
Atlantic	1,768	1,579	1,421	1,708
Latin America	1,360	1,353	1,196	1,517
Far East	1,408	1,639	1,070	1,679
Transpacific	1,724	1,740	1,419	1,678
Australasia	1,341	1,285	891	1,166
Total (weighted average)	**1,540**	**1,547**	**1,220**	**1,581**

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 increasingly becoming a competitive factor of growing importance in the container liner shipping sector. Some 90% of the world trading volume is transported by sea. In 2007, the world trade fleet's total CO_2 emissions came to approximately 870 million tonnes. This was about 2.7% of global CO_2 emissions. As awareness of environmental issues grows, customers are increasingly requesting eco-friendly transport services when they invite companies to tender for transport contracts. 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 has taken major steps to cut its vessels' CO_2 emissions – such as slow steaming – at an early stage. As well as sustainability, the quality of the transport service has a high priority for Hapag-Lloyd. To reduce transport damage, Hapag-Lloyd and four other leading global container lines have developed an electronic reporting system for damages caused by cargo. After completing a pilot phase the CINSnet (Cargo Incident Notification System Network) is now open for use by all shipping companies. It aims to improve the prevention of damage to cargo and ships.

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. This information is provided to our customers on request. The data and the methodology applied to calculating the CO_2 emissions and sulphur content are verified by an independent certification agency. The accuracy of the data is confirmed in a verification statement.

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 nine months of the 2011 financial year, transport contracts were completed for 19,072 customers.

Employees

The Hapag-Lloyd Group employed a workforce of 6,906 as at 30 September 2011. The number of employees rose by 3 compared with the previous year. Of the land-based employees, some 78% worked outside Germany as at 30 September 2011.

NUMBER OF EMPLOYEES

	30/9/2011	31/12/2010	30/9/2010
Marine division	1,218	1,179	1,195
Land division	5,464	5,457	5,461
Apprentices	224	236	247
Total	**6,906**	**6,872**	**6,903**

1,218 people were employed in the marine division as at 30 September 2011 (30 September 2010: 1,195). The number of staff in the land division rose by 3 to 5,464.

At the end of the reporting period, the number of full-time equivalent employees (FTE) at the Group rose from 6,769 (30 September 2010) to 6,786.

GROUP EARNINGS POSITION

CONSOLIDATED INCOME STATEMENT

in million EUR	**Q3 2011**	Q3 2010	**9M 2011**	9M 2010
Revenue	1,536.5	1,781.2	4,503.8	4,669.7
Other operating income	1.8	10.0	111.7	88.9
Transport expenses	1,346.1	1,265.4	3,891.8	3,558.8
Personnel expenses	75.7	104.7	251.2	244.2
Depreciation, amortisation and impairment	71.3	82.2	212.1	238.2
Other operating expenses	33.2	75.5	227.0	222.1
Operating result	**12.0**	**263.4**	**33.4**	**495.3**
Share of profits of equity-accounted investees	5.8	8.2	13.7	23.1
Other financial result	16.3	–8.0	15.8	–12.4
Group earnings before interest and tax (EBIT)	**34.1**	**263.6**	**62.9**	**506.0**
Net interest result	–22.0	–46.5	–77.3	–112.3
Income taxes	2.5	–0.6	8.7	1.1
Group profit/loss	**9.6**	**217.7**	**–23.1**	**392.6**
EBITDA	**105.4**	**345.8**	**275.0**	**744.2**
EBITDA margin (%)	**6.9**	**19.4**	**6.1**	**15.9**
EBIT adjusted	**36.7**	**251.2**	**78.8**	**469.3**
EBIT margin (%) adjusted	**2.4**	**14.1**	**1.7**	**10.0**
EBIT	**34.1**	**263.6**	**62.9**	**506.0**
EBIT margin (%)	**2.2**	**14.8**	**1.4**	**10.8**

The Group's earnings, financial and net asset position were considerably affected by exchange rate movements between the euro and the dollar in the first nine months of the 2011 financial year. On average over the year the US dollar weakened to USD/EUR 1.41 (9M 2010: USD/EUR 1.32), whereas the exchange rate on the reporting date of USD/EUR 1.35 was virtually unchanged compared with year-end 2010.

In the first nine months of the financial year 2011 Hapag-Lloyd's consolidated revenue fell by EUR 166 million to EUR 4,503.8 million due to exchange rate movements (9M 2010: EUR 4,669.7 million). Adjusted for these exchange rate movements revenue rose by around 3% compared with the same period last year. In spite of rising competitive pressure over the course of the year due to the attempt of some competitors to win additional market share, the average freight rate stayed roughly stable and transport volumes went up by 3.9% compared with last year.

TRANSPORT EXPENSES

in million EUR	**Q3 2011**	Q3 2010	**9M 2011**	9M 2010
Expenses for raw materials, supplies and purchased goods	331.0	260.3	921.3	781.3
Cost of purchased services	1,015.1	1,005.1	2,970.5	2,777.5
Transport expenses	**1,346.1**	**1,265.4**	**3,891.8**	**3,558.8**

Transport expenses rose in the first nine months of 2011 by a total of EUR 333.0 million compared with the same period a year ago. This represents a rise of 9.4 per cent. As in the first half of 2011, the cost of raw materials, supplies and purchased goods continued to rise in the third quarter. This trend was due to a sharp rise in the average bunker price year on year to USD 590 per tonne (previous year: USD 452 per tonne). The increase was partially offset by higher income from hedging transactions. Along with the increase in bunker costs (after hedging), higher transport volumes and additional chartered vessels for new services led to an increase in the cost of purchased services in the reporting period. Higher energy prices and inflation-related cost increases also had an impact on transport expenses.

At EUR 111.7 million, other operating income was significantly higher than in the previous year (EUR 88.9 million). This was chiefly due to positive earnings contributions of EUR 57.9 million from derivative financial instruments.

Higher expenses due to currency movements and the end of the temporary salary waiver as of 31 December 2010 caused personnel expenses to increase slightly year on year by EUR 7.0 million.

The volatility of exchange rates during the reporting period resulted in exchange losses, especially in the first half-year, and a parallel increase in other operating expenses. This trend was, however curtailed by the rise in the US dollar in the third quarter, such that altogether other operating expenses are at the same level as last year.

The other financial result of EUR 15.8 million includes changes to the fair value of currency options amounting to EUR –2.5 million, the effect of EUR 17.9 million from the early repayment of a shareholder loan, and exchange rate effects in conjunction with this.

The current high bunker and energy prices as well as higher miscellaneous transport expenses led to a sharp fall in the Group's operating result before interest and taxes (EBIT). In the reporting period, EBIT sank year on year by EUR 443.1 million to EUR 62.9 million.

Adjusted for special items from the purchase price allocation and one-off factors, the Group reported an adjusted EBIT for the first nine months of EUR 78.8 million (previous year: EUR 469.3 million).

In total, a negative interest result of EUR 77.3 million was posted for the first nine months of 2011 (previous year: EUR –112.3 million). The improvement in the interest result compared with the same period last year was attributable in particular to the interest expenses and charges recorded in the second and third quarters of 2010 in connection with the syndicated loan agreement which was, however, terminated almost immediately in the third quarter. These expenses had a one-off impact on the interest result last year.

The Group result for the first nine months of 2011 came to EUR –23.1 million (9M 2010: EUR 392.6 million).

GROUP FINANCIAL AND NET ASSET POSITION

CONDENSED CASH FLOW STATEMENT

in million EUR	**Q3 2011**	Q3 2010	**9M 2011**	9M 2010
Cash flow from operating activities	41.0	271.4	186.8	454.4
Cash flow from investing activities	–100.7	–7.0	–128.0	–302.6
Cash flow from financing activities	46.3	224.4	–188.8	292.0
Changes in cash and cash equivalents	**–13.4**	**488.8**	**–130.0**	**443.8**

Cash flow from operating activities

Despite the negative group result, the Company was able to generate a positive cash flow from operating activities of EUR 186.8 million (9M 2010: EUR 454.4 million).

Cash flow from investing activities

The cash flow from investing activities amounted to EUR 128.0 million in the first nine months of 2011, which was well below the figure for the same period last year (EUR 302.6 million). The cash flow largely reflects capital expenditure of EUR 82.2 million in the third quarter of 2011 for containers.

Cash flow from financing activities

The net impact of the Company's financing activities was a cash outflow of EUR 188.8 million (9M 2010: EUR 292.0 million). In addition to regular interest and capital repayments, the cash outflow is the result of repaying the shareholder loan of EUR 161.7 million in the second quarter. The establishment of a programme for securitising receivables for USD 100 million as well as the container financing received in the third quarter in an amount of USD 150 million generated cash inflows.

DEVELOPMENTS IN CASH AND CASH EQUIVALENTS

in million EUR	**Q3 2011**	Q3 2010	**9M 2011**	9M 2010
Cash and cash equivalents at beginning of period	**590.1**	**414.7**	**751.8**	**413.3**
Changes due to changes in consolidated companies	0.0	0.0	0.1	0.0
Changes due to exchange rate fluctuations	23.8	–49.9	–21.4	–3.5
Net changes	–13.4	488.8	–130.0	443.8
Cash and cash equivalents at end of period	**600.5**	**853.6**	**600.5**	**853.6**

Altogether there was a cash outflow for the first nine months of EUR 130.0 million (9M 2010: cash inflow of EUR 443.8 million), so that after exchange rate effects, cash and cash equivalents came to EUR 600.5 million at the end of the reporting period. The net financial position remained almost stable.

Sound financing structure

The Group's financing structure was virtually unchanged compared with year-end 2010. Equity remained relatively stable at a high level and the ratio of non-current liabilities to the balance sheet total declined again.

in million EUR	**30/9/2011**	31/12/2010
Cash and cash equivalents	600.5	751.8
Financial liabilities	1,758.8	1,877.5
Net financial position	**–1,158.3**	**–1,125.7**
Gearing (%)	**34.2**	**32.7**

CHANGES IN THE ASSET STRUCTURE		
in million EUR	**30/9/2011**	31/12/2010
Assets		
Non-current assets	4,992.6	5,057.1
Current assets	1,428.4	1,512.4
Of which cash and cash equivalents	600.5	751.8
Total assets	**6,421.0**	**6,569.5**
Equity and liabilities		
Equity	3,384.9	3,442.8
Borrowed capital	3,036.1	3,126.7
Of which non-current liabilities	1,761.7	1,878.8
Of which current liabilities	1,274.4	1,247.9
Of which financial liabilities	1,758.8	1,877.5
Of which non-current financial liabilities	1,550.1	1,673.9
Of which current financial liabilities	208.7	203.6
Total equity and liabilities	**6,421.0**	**6,569.5**
Cash ratio I	*47.1%*	*60.2%*
Net financial position	*–1,158.3*	*–1,125.7*
Equity ratio	*52.7%*	*52.4%*

The Group's balance sheet total came to EUR 6,421.0 million as of 30 September 2011 and was therefore slightly down on the figure for year-end 2010. The contraction of EUR 148.5 million is mirrored in the carrying amounts of both non-current and current assets.

Within non-current assets the book values of property, plant and equipment and intangible assets were reduced mainly due to depreciation and amortisation, which was partly offset by new investment in containers and prepayments for ships under construction. Compared with 31 December 2010 the market values of non-current derivative financial instruments also reported a positive performance.

Current assets amounted to EUR 1,428.4 million as of the reporting date, which was EUR 84.0 million less than the figure as of 31 December 2010. The change stems principally from the drop of EUR 151.3 million in cash and cash equivalents.

Stocks of raw materials, supplies and purchased goods had the opposite effect on current assets. Stocks rose by EUR 61.4 million in comparison with year-end 2010 to EUR 205.4 million, due especially to the steep rise in the bunker price over the course of the year.

On the liabilities side, equity fell compared with 31 December 2010 by EUR 57.9 million to a total of EUR 3,384.9 million. This decline is due both to currency translation and to the Group's net loss for the period. The positive changes in the market values of cash flow hedges continued to bolster equity. The equity ratio remained virtually unchanged at 52.7%, just above the figure of 52.4% from 31 December 2010.

Current liabilities were virtually unchanged compared with year-end 2010. The change in non-current liabilities on the other hand was due to the repayment of financial liabilities. An opposing effect on financial liabilities was had by a container financing facility arranged in the third quarter for USD 150 million (EUR 111.1 million). Furthermore, the programme to securitise receivables of USD 100 million (EUR 74.1 million) launched in the first half of 2011 also had an opposite effect on financial liabilities.

Taking cash and cash equivalents and financial liabilities into account, the net financial position as at 30 September 2011 was EUR –1,158.3 million (31 December 2010: EUR –1,125.7 million).

For further information on significant changes to specific balance sheet items, please refer to **page 31** of the Notes.

RISK AND OPPORTUNITY REPORT

Please refer to the 2010 Annual Report for details of specific opportunities and risks. At the time of reporting, there were no risks which threatened the ongoing existence of the Hapag-Lloyd Group. From today's perspective, we do not anticipate any fundamental changes to the risk position.

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. The Company believes that the transport services were provided in line with EU competition regulations.

On 20 September 2011, the rating agency Standard & Poor's confirmed its previous issuer rating for Hapag-Lloyd Holding AG of BB–. Standard & Poor's revised their outlook from "stable" to "negative", largely due to the current economic uncertainty surrounding the shipping industry. At the time the interim consolidated financial statements were prepared the rating agency Moody's still rated Hapag-Lloyd at B1 (outlook: "stable").

According to estimates by the OECD, Japanese GDP is set to fall by 0.9% in the current year as a result of the natural and environmental disasters in March this year. This negative economic growth could keep transport volumes lower than expected over the next few months, especially on services to and from Japan. In the medium term, however, transport volumes could be higher than anticipated on services to Japan if reconstruction work in the Japanese provinces affected picks up pace over the coming quarters.

It is still too early to predict the effects that the flooding of important industrial production facilities in Thailand will have on transport volumes in inner-Asian traffic. Thailand is one of the most important suppliers for the automotive and electronic industries in Asia.

There were no other major changes to the external environment or the Company's internal conditions in the first nine months of 2011.

EVENTS AFTER THE BALANCE SHEET DATE

Hapag-Lloyd agreed on a realignment of the existing financing structure with a consortium of national and international banks on 11 respectively 15 November 2011. The realignment includes a reduction of the previously unused revolving credit facility from the original USD 360 million (EUR 266.7 million) to USD 95 million (EUR 70.4 million). This liquidity line can be used accordingly to the terms of the original revolving credit facility up to the end of the period originally agreed of 1 October 2013. To optimise the financing and maturity structure the existing fleet financing was also transferred to a new facility with a total volume of USD 460 million (EUR 340.8 million). This gives the Company additional cash of USD 179 million (EUR 132.6 million). The new financing arrangement runs until November 2016.

The elected substitute member, Dr Andreas Rittstieg, lawyer and partner at Gleiss Lutz Hootz Hirsch, a partnership of lawyers and tax advisors, took up his seat on the Company's Supervisory Board as of 1 October 2011. He succeeds Dr Andreas Reuß, who left the Supervisory Board on 30 September 2011.

OUTLOOK

The statements made in the "Outlook" section of the Group management report for 2010 generally remain valid as regards the medium-term growth prospects for container shipping. However, the short-term prospects for the industry remain shrouded in uncertainty due to increasing imbalances in global economic developments and the potentially steep downturn in global economic growth. Growth is primarily being curbed by the escalating debt crisis in the EU and the USA's high budget deficit. The ongoing wide swings in the USD/EUR exchange rate could also have a detrimental effect. The billing currency of the container shipping industry is the US dollar. The reporting currency of Hapag-Lloyd Holding AG is the euro. Moreover, competition has further intensified in recent months due to the cumulative impact of very large container ships going into service. This affects Asia-related shipping areas in particular. Combined with the ongoing sharp rise in bunker prices, this can be expected to have a significant adverse effect on the industry and therefore also on business developments at Hapag-Lloyd in the remaining months of the current financial year.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

CONSOLIDATED INCOME STATEMENT OF HAPAG-LLOYD HOLDING AG
FOR THE PERIOD 1 JANUARY TO 30 SEPTEMBER 2011

in million EUR	**Q3 2011**	Q3 2010	**9M 2011**	9M 2010
Revenue	1,536.5	1,781.2	4,503.8	4,669.7
Other operating income	1.8	10.0	111.7	88.9
Transport expenses	1,346.1	1,265.4	3,891.8	3,558.8
Personnel expenses	75.7	104.7	251.2	244.2
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	71.3	82.2	212.1	238.2
Other operating expenses	33.2	75.5	227.0	222.1
Operating result	**12.0**	**263.4**	**33.4**	**495.3**
Share of profit of equity-accounted investees	5.8	8.2	13.7	23.1
Other financial result	16.3	–8.0	15.8	–12.4
Earnings before interest and tax (EBIT)	**34.1**	**263.6**	**62.9**	**506.0**
Interest income	2.7	5.4 [1)]	7.5	12.9 [1)]
Interest expenses	24.7	51.9 [1)]	84.8	125.2 [1)]
Earnings before income taxes	**12.1**	**217.1**	**–14.4**	**393.7**
Income taxes	2.5	–0.6	8.7	1.1
Group profit/loss	**9.6**	**217.7**	**–23.1**	**392.6**
thereof attributable to shareholders of Hapag-Lloyd Holding AG	9.6	213.8	–23.1	380.9
thereof interest on hybrid capital III	-	3.9 [1)]	-	11.7 [1)]

1) The presentation for 2010 has been adjusted.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME OF HAPAG-LLOYD HOLDING AG FOR THE PERIOD 1 JANUARY TO 30 SEPTEMBER 2011

in million EUR	**Q3 2011**	Q3 2010	**9M 2011**	9M 2010
Group profit/loss	**9.6**	**217.7**	**-23.1**	**392.6**
Cash flow hedges (no tax effect)	–70.9	32.5	–10.2	31.3
Addition to other comprehensive income (OCI)	-9.0	34.2	158.3	33.0
Reclassification to income statement due to realisation	–61.9	–1.7	–168.5	–1.7
Actuarial gains (+) and losses (-) from pension provisions and related fund assets, after tax	1.1	–14.4	1.3	–14.5
Actuarial gains (+) and losses (-) from pension provisions and related fund assets, before tax	1.1	–15.2	1.3	–15.4
Tax effect	-	0.8	-	0.9
Currency translation (no tax effect)	185.5	–356.6	–21.6	138.8
Other comprehensive income	**115.7**	**–338.5**	**–30.5**	**155.6**
Total comprehensive income	**125.3**	**–120.8**	**–53.6**	**548.2**
thereof attributable to shareholders of Hapag-Lloyd Holding AG	125.3	–124.7	–53.6	536.5
thereof interest on hybrid capital III	-	3.9[1)]	-	11.7[1)]

1) The presentation for 2010 has been adjusted.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF HAPAG-LLOYD HOLDING AG AS OF 30 SEPTEMBER 2011

in million EUR	**30/9/2011**	31/12/2010
Assets		
Goodwill	677.9	691.2
Other intangible assets	715.7	773.8
Property, plant and equipment	3,187.1	3,198.3
Investments in equity-accounted investees	311.7	324.8
Other assets	37.0	20.5
Derivative financial instruments	52.7	36.9
Deferred tax assets	10.5	11.6
Non-current assets	**4,992.6**	**5,057.1**
Inventories	205.4	144.0
Trade accounts receivable	409.3	401.5
Other assets	131.7	110.1
Derivative financial instruments	70.5	85.3
Income tax receivables	11.0	16.6
Cash and cash equivalents	600.5	751.8
Assets classified as held for sale	0.0	3.1
Current assets	**1,428.4**	**1,512.4**
Total assets	**6,421.0**	**6,569.5**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF HAPAG-LLOYD HOLDING AG AS OF 30 SEPTEMBER 2011

in million EUR	**30/9/2011**	31/12/2010
Equity and liabilities		
Capital provided by limited partners	0.0	3,086.6
Subscribed capital	60.0	0.0
Capital reserves	3,026.6	0.0
Retained earnings	–43.7	0.0
Cumulative other equity	–32.2	–1.7
Hybrid capital	373.9	357.6
Equity attributable to the shareholders of Hapag-Lloyd Holding AG	**3,384.6**	**3,442.5**
Non-controlling interests	0.3	0.3
Equity	**3,384.9**	**3,442.8**
Provisions for pensions and similar obligations	92.6	90.4
Other provisions	107.3	103.6
Financial liabilities	1,550.1	1,673.9
Other liabilities	5.6	5.3
Deferred tax liabilities	6.1	5.6
Non-current liabilities	**1,761.7**	**1,878.8**
Provisions for pensions and similar obligations	5.2	6.8
Other provisions	124.7	152.4
Income tax liabilities	11.7	9.2
Financial liabilities	208.7	203.6
Trade accounts payable	810.8	752.1
Other liabilities	113.3	123.8
Current liabilities	**1,274.4**	**1,247.9**
Total equity and liabilities	**6,421.0**	**6,569.5**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY OF HAPAG-LLOYD HOLDING AG FOR THE PERIOD 1 JANUARY TO 30 SEPTEMBER 2011

in million EUR	Proportion attributable to shareholders of Hapag-Lloyd Holding AG										Hybrid capital	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 of 1/1/2010	**2,384.8**	**-**	**-**	**–401.9**	-	–6.0	–223.6	**–229.6**	**697.7**	**2,451.0**	**314.1**	**0.4**	**2,765.5**
Total comprehensive income	**-**	**-**	**-**	**380.9**[1]	31.3	–14.5	138.8	**155.6**	**-**	**536.5**	**11.7**[1]	**-**	**548.2**
Transactions with shareholders	**353.0**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**353.0**	**-**	**-**	**353.0**
of which										-			
Capital increase	353.0			-	-	-	-	-	-	353.0	-	-	353.0
As of 30/9/2010	**2,737.8**	**-**	**-**	**–21.0**	31.3	–20.5	–84.8	**–74.0**	**697.7**	**3,340.5**	**325.8**	**0.4**	**3,666.7**
As of 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	**-**	**-**	**-**	**–23.1**	–10.2	1.3	–21.6	**–30.5**	**-**	**–53.6**	**-**	**-**	**–53.6**
Transactions with shareholders	**–3,086.6**	**60.0**	**3,026.6**	**–20.6**	**-**	**-**	**-**	**-**	**16.3**	**–4.3**	**-**	**-**	**–4.3**
of which													
Paid interest Hybrid I	-	-	-	-	-	-	-	-	-4.3	–4.3	-	-	–4.3
Interest from Hybrid II	-	-	-	–20.6	-	-	-	-	20.6	-	-	-	-
Change of legal form	–3,086.6	60.0	3,026.6	-	-	-	-	-	-	-	-	-	-
As of 30/9/2011	**-**	**60.0**	**3,026.6**	**–43.7**	25.9	–14.1	–44.0	**–32.2**	**373.9**	**3,384.6**	**-**	**0.3**	**3,384.9**

1) The presentation for 2010 has been adjusted.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS OF HAPAG-LLOYD HOLDING AG FOR THE PERIOD 1 JANUARY TO 30 SEPTEMBER 2011

in million EUR	**Q3 2011**	Q3 2010	**9M 2011**	9M 2010
Cash inflow(+)/outflow(-) from operating activities	41.0	271.4	186.8	454.4
Cash inflow(+)/outflow(-) from investing activities	–100.7	–7.0	–128.0	–302.6
Cash inflow(+)/outflow(-) from financing activities	46.3	224.4	–188.8	292.0
Net change in cash and cash equivalents	**–13.4**	**488.8**	**–130.0**	**443.8**
Cash and cash equivalents at beginning of the period	**590.1**	**414.7**	**751.8**	**413.3**
Change in cash and cash equivalents due to a change in consolidated companies	0.0	0.0	0.1	0.0
Change in cash and cash equivalents due to exchange rate fluctuations	23.8	–49.9	–21.4	–3.5
Net change in cash and cash equivalents	–13.4	488.8	–130.0	443.8
Cash and cash equivalents at the end of the period	**600.5**	**853.6**	**600.5**	**853.6**

CONDENSED NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

General notes

As of 31 March 2011 "Albert Ballin" Holding GmbH & Co. KG was converted to Hapag-Lloyd Holding AG by a change of its legal form.

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 at the end of a financial year.

The presented interim consolidated financial statements comprise the period from 1 January to 30 September 2011. The underlying accounting principles and methods in the interim consolidated financial statements are the same as those used for the last consolidated financial statements as 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 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 of the reporting date (closing date rate) using the middle rate of that day. The expenses, income and the result recognised in the cash flow statement and the income statement are translated using the average rate for the reporting period. The resulting differences are recognised directly in cumulative other equity.

As of 30 September 2011 the USD/EUR exchange rate returned closer to the closing date rate on 31 December 2010 (closing date rate 30 September 2011: USD/EUR 1.3497; 31 December 2010: USD/EUR 1.3386). The volatile exchange rate over the course of the year to date nevertheless resulted in exchange rate effects for the period under review (average rate 9M 2011: USD/EUR 1.4065; 9M 2010: USD/EUR 1.3160).

Segment reporting

Since Hapag-Lloyd Holding AG at the time of the preparation of the interim financial statements as of 30 September 2011 neither traded bonds or equity instruments on any public market nor presented the consolidated financial statements to regulatory authorities for the emission of instruments, there was no obligation to prepare any segment reporting as of the reporting date.

Accounting principles applied for the first time

The following new standards and changes of existing standards published by the IASB, for which the endorsement has already been made, had to be applied for the first time in the interim financial statements presented; however, there was no significant effect due to the first-time application on the net asset, financial and earnings position of the Hapag-Lloyd Group:

- IAS 24: Related Party Disclosures
- Amendments to IAS 32: Classification of Rights Issues
- IFRIC 14: Prepayments of a Minimum Funding Requirement
- IFRIC 19: Extinguishing Financial Liabilities with Equity Instruments
- Improvements to IFRS (2010)

Due to the revision of IAS 24 “Related Party Disclosures” the definition of related companies and individuals was fundamentally amended. Relief provisions regarding “government-related entities” of sections 25 to 27 have already been applied ahead of schedule by the Hapag-Lloyd Group in the annual financial statements for the financial year 2010. These regulations implement exemptions for the reporting of business with national institutions or companies; only the names and relations to national institutions and companies must be reported, as well as any significant transactions.

IAS 32 “Classification of Rights Issues” has been amended such that rights issues, options and subscription warrants must be reported as equity instruments on a fixed number of own shares against a fixed amount in any currency in so far as these are granted solely to owners of the same category.

The amendment of IFRIC 14 “Prepayments of a Minimum Funding Requirement” relates to pension plans which include a minimum funding requirement and for which the company pays contributions in advance. The economic benefit from these prepayments, which reduce future premium payments due to the minimum funding requirements, is capitalised as an asset.

The newly published interpretation of IFRIC 19 “Extinguishing Financial Liabilities with Equity Instruments” regulates the accounting for the liable party if newly negotiated contract terms result in financial liabilities being extinguished through the issuance of own equity instruments in part or in full and if the creditor is an independent third party. Equity instruments are to be valued at fair value and the difference to the carrying amount of the extinguished liability is to be recorded affecting net income.

As part of the 2010 improvements to IFRS several smaller changes to the IFRS have been carried out. These concern IFRS 1 in relation to the use of the revaluation basis as a substitute for acquisition and production costs; IFRS 7 in connection with disclosures on the type and scope of risks arising from financial instruments; IAS 1 in relation to equity offsetting and reconciliation; disclosures in the notes about significant business transactions as defined by IAS 34; and the valuation of bonus credits in IFRIC 13.

Consolidated companies

The consolidated financial statements include all significant subsidiaries and investments accounted for using the equity method. Within the interim financial statements as of 30 September 2011 Hapag-Lloyd Holding AG and 49 companies were fully consolidated, and five additional companies were included using the equity method.

As of 1 January 2011, “Albert Ballin” Terminal Holding GmbH, Hamburg, left the group of consolidated companies due to its merger into Hapag-Lloyd AG, Hamburg. Hapag-Lloyd Nederland B.V., Rotterdam, was also liquidated in the first half of 2011.

Hapag-Lloyd Guatemala S.A., Guatemala City, and Hapag-Lloyd Special Finance Ltd., Dublin, were fully consolidated for the first time on 28 February 2011 and 30 April 2011 respectively after commencing operations.

SELECTED NOTES TO THE CONSOLIDATED INCOME STATEMENT

Revenue was primarily generated from the rendering of transport services. The decline in revenue compared with the first nine months of last year is due to the US dollar, which was weaker on average during 2011 (average rate 9M 2011: USD/EUR 1.4065; 9M 2010: USD/EUR 1.3160).

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

Transport expenses mainly comprise fuel costs, port and terminal costs, container transport costs, chartering, leases and container rental, maintenance and repair costs, and other services. The increase compared to last year is attributable to higher transport volumes, a rise in the cost of purchased services due to the use of additional chartered vessels, elevated energy prices and inflation-related increases in costs.

Net interest essentially comprises interest expenses for bank loans, bonds and interest on shareholder loans.

SELECTED NOTES ON THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Goodwill

Goodwill fell by EUR 13.3 million compared with 31 December 2010. Of this decline, EUR 5.8 million was accounted for by the change in USD/EUR exchange rates, while EUR 7.5 million resulted from the repayment of a cash deposit for sales collateral by TUI AG, Hannover, which was originally recorded within goodwill.

Property, plant and equipment

PROPERTY, PLANT AND EQUIPMENT

in million EUR	**30/9/2011**	31/12/2010
Vessels	2,362.0	2,473.4
Containers, chassis	314.4	272.3
Other equipment	120.4	123.2
Prepayments on account and assets under construction	390.3	329.4
Total	**3,187.1**	**3,198.3**

Changes in property, plant and equipment mainly relate to the addition of new containers. Depreciation, amortisation and exchange rate movements had the opposite effect.

Prepayments on account and assets under construction increased owing to prepayments for newbuild vessels on order.

An older vessel was sold in the first quarter of 2011. On 31 December 2010, this was classified as an asset held for sale as per IFRS 5 at a carrying amount of EUR 3.1 million because of its intended disposal.

Derivative financial instruments

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

Equity

On the balance sheet date of 31 December 2010, the Hapag-Lloyd Group (formerly “Albert Ballin“ Holding GmbH & Co. KG) had limited liability capital of EUR 3,086.6 million.

“Albert Ballin“ Holding GmbH & Co. KG was converted into Hapag-Lloyd Holding AG effective 31 March 2011 by means of a change in its legal form. On this date, Hapag-Lloyd Holding AG had share capital of EUR 60 million. This share capital is divided into 60 million no-par bearer shares with equal rights.

The former paid-in limited liability capital of EUR 3,026.6 million which exceeded share capital was transferred to capital reserves.

The reserve for cash flow hedges includes changes in the fair value of hedging transactions recognised directly in equity and as of 30 September 2011 was EUR 10.2 million lower than as of 31 December 2010. In aggregate the reserve for cash flow hedges continues to bolster equity by EUR 25.9 million (31 December 2010: EUR 36.1 million).

The effects arising from currency translation recorded in the first nine months of 2011 totalled EUR -21.6 million (9M 2010: EUR 138.8 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.

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 nine months of the financial year 2011 has essentially led to a reduction in transport expenses.

Financial liabilities

FINANCIAL LIABILITIES

in million EUR	30/9/2011	31/12/2010
Liabilities to banks	1,110.0	1,053.6
Bonds	647.3	646.8
Other financial liabilities	1.5	177.1
Total	**1,758.8**	**1,877.5**

FINANCIAL LIABILITIES BY CURRENCY EXPOSURE

in million EUR	30/9/2011	31/12/2010
Financial liabilities denoted in USD (without transaction costs)	1,114.2	1,052.7
Financial liabilities denoted in EUR (without transaction costs)	652.2	856.6
Interest payable	34.8	17.3
Accounting for transaction costs	–42.4	–49.1
Total	**1,758.8**	**1,877.5**

Effective 8 April 2011, a shareholder loan totalling EUR 161.7 million, including interest, was repaid to TUI-Hapag Beteiligungs GmbH.

In contrast to the reduction in bank loans resulting from scheduled repayments, the establishment of the receivables securitisation programme for USD 100 million (EUR 74.1 million) and the container financing for USD 150 million (EUR 111.1 million) both increased liabilities to banks.

NOTES TO THE CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Ordinary business activities resulted in an inflow of cash and cash equivalents totalling EUR 186.8 million (9M 2010: EUR 454.4 million).

The cash outflow from investing activities amounted to EUR 128.0 million in the first nine months of the 2011 financial year (9M 2010: EUR 302.6 million). EUR 186.7 million (9M 2010: EUR 359.1 million) was paid for investments in property, plant and equipment, intangible assets and other non-current assets in the first nine months of the financial year 2011. The outlays relate in particular to prepayments made for newly built vessels, the purchase of new containers and essential classification costs (expenses for repairs and maintenance in conjunction with the classification docking conducted every five years). These were partly offset by incoming payments from the sale of property, plant and equipment, intangible assets and other non-current assets plus dividends received totalling EUR 58.7 million (9M 2010: EUR 56.5 million).

The outflow of cash and cash equivalents from financing activities came to EUR 188.8 million in the first nine months of 2011 (9M 2010: inflow of EUR 292.0 million). This was largely due to the repayment of a shareholder loan to TUI-Hapag Beteiligungs GmbH and the scheduled repayment of bank loans. The inflows of USD 100 million from the establishment of the receivables securitisation programme and of USD 150 million had the opposite effect.

OTHER NOTES

Legal disputes

At Hapag-Lloyd Mexico in 2009, tax audits were completed for the financial years 2002 and 2003. The assessments were received on 21 January 2010 and 26 February 2010 respectively. These oblige the company to make additional corporate income tax and income tax payments and to pay fines and additional sums for inflation and other charges. Furthermore, the tax office is demanding that the company allow its employees to share in the additional profits that were identified. The lawyers handling the case are of the opinion that the tax assessments are not lawful. The company has lodged objections to the tax assessments for 2002 and 2003.

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. There are no grounds to suggest that Hapag-Lloyd AG violated competition regulations.

Other financial obligations

The Group's other financial obligations contain, alongside, the purchase obligations for investments in container ships, also charter and lease agreements for ships and containers, and rental payments for business premises, in particular for part of the central administration building in Rosenstrasse. The agreements have terms of between one year and 20 years and some include prolongation and purchase options as well as price adjustment clauses. In the first nine months of 2011, lease payments of EUR 498.0 million (9M 2010: EUR 406.7 million) were posted to expenses.

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

in million EUR	**30/9/2011**	31/12/2010
Vessels and containers	1,217.2	1,143.9
Administrative buildings	140.1	130.0
Other	101.1	123.0
Rent	1,458.4	1,396.9
Purchase commitments	736.6	807.8
Total	**2,195.0**	**2,204.7**
Fair value	**1,979.0**	**1,953.8**

The fair value of the other financial obligations was ascertained by discounting the future expenses while applying a market interest rate of 4.7% 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 2010 under “Other notes”.

SIGNIFICANT TRANSACTIONS AFTER THE BALANCE SHEET DATE

Hapag-Lloyd agreed on a realignment of the existing financing structure with a consortium of national and international banks on 11 respectively 15 November 2011. The realignment includes a reduction of the previously unused revolving credit facility from the original USD 360 million (EUR 266.7 million) to USD 95 million (EUR 70.4 million). This liquidity line can be used accordingly to the terms of the original revolving credit facility up to the end of the period originally agreed of 1 October 2013. To optimise the financing and maturity structure the existing fleet financing was also transferred to a new facility with a total volume of USD 460 million (EUR 340.8 million). This gives the Company additional cash of USD 179 million (EUR 132.6 million). The new financing arrangement runs until November 2016.

Hamburg, November 2011

Hapag-Lloyd Holding AG
The Executive Board

Michael Behrendt

Peter Ganz | Ulrich Kranich | Jesper Praestensgaard

FINANCIAL CALENDAR

November 2011	Publication of interim report for third quarter/first nine months of 2011
March 2012	Publication of the consolidated financial statements/Annual Report 2011
May 2012	Publication of interim report for first quarter of 2012
August 2012	Publication of interim report for second quarter/first half year of 2012
November 2012	Publication of interim report for third quarter/first nine months of 2012

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

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