Press Release

Hamburg, 28 June 2017

Standard & Poor’s confirms Hapag-Lloyd rating after merger with UASC

Corporate Credit Rating remains at B+ / Rating agency acknowledges improvement in freight rates and competitive advantages of merger / Standard & Poor’s takes Hapag-Lloyd off CreditWatch

Rating agency Standard & Poor’s confirmed Hapag-Lloyd’s B+ rating and took the company off its CreditWatch with future negative implications. Hapag-Lloyd was upgraded to Outlook Negative. The merger with UASC has added debt to Hapag-Lloyd’s capital structure. However, due to the acquired ships and containers of UASC no bigger investments are planned in the next few years. Thus, more cash flow should be available for repayment of debt and deleveraging. “The company should be able to maintain credit ratios we consider commensurate with the current rating in 2017-2018,” Standard & Poor’s wrote in the Research Update.

The rating agency also acknowledged the competitive advantages of the merger with UASC such as Hapag-Lloyd’s larger size and capacity, an enhanced network diversity, and the access to a young fleet. The rating experts stated: “Hapag-Lloyd has demonstrated its ability to integrate acquired businesses and extract synergies, for example, after the 2014 takeover of the container liner shipping activities of Chile-based Compañía Sud Americana de Vapores S.A. (CSAV), which underpins our rating action.”

“We are proud that our rating has remained unchanged after the merger with UASC which is an important milestone for Hapag-Lloyd. The rating confirms the strong industrial logic of the merger,” said Nicolás Burr, CFO of Hapag-Lloyd. “Now we are better positioned
for this rapidly consolidating industry and still challenging market environment.” Hapag-Lloyd plans to realize USD 435 million in annual synergies starting in 2019 from the merger and has a solid financial structure including a liquidity reserve of USD 1.2 billion (incl. undrawn credit lines). Furthermore, a cash capital increase of USD 400 million is planned within six months after the Closing of the merger end of May. The capital increase is backstopped by a group of Hapag-Lloyd’s shareholders.

About Hapag-Lloyd
With a fleet of 230 modern container ships and a total transport capacity of approx. 1.6 mio. TEU, Hapag-Lloyd is one of the world’s leading liner shipping companies. The Company has around 13,000 employees and sales offices in 125 countries. Hapag-Lloyd has a container capacity of 2.3 million TEU – including one of the largest and most modern fleets of reefer containers. The worldwide liner services ensure fast and reliable connections between more than 600 ports on all the continents. Hapag-Lloyd is one of the leading operators in the Transatlantic, Middle East, Latin America and Intra-America trades.