Press Release

Hamburg, 15 December 2017

Standard & Poor’s revised Hapag-Lloyd’s rating outlook to stable

Corporate Credit Rating affirmed at B+ / Rating agency acknowledges debt prepayments and cost synergies / Standard & Poor’s expects adequate liquidity in 2018

Rating agency Standard & Poor’s affirmed Hapag-Lloyd’s B+ rating and revised the outlook from negative to stable. Hapag-Lloyd’s debt prepayments and cost synergies after the integration of UASC combined with improved shipping rates and stable near-term industry prospects will support rating-commensurate financial measures and liquidity through 2018, Standard & Poor’s mentioned in the Research Update.

The outlook revision reflects the expectation that Hapag-Lloyd’s improved EBITDA performance and gradual debt reduction will contribute to rating commensurate credit metrics and adequate liquidity in 2018. Further underpinning the outlook revision is the expectation of stable average container shipping freight rates in 2018 (after they improved in 2017 from historical lows in 2016). Furthermore, and because Hapag-Lloyd has an efficient and young fleet with low level investment needed in the medium term after the acquisition of United Arab Shipping Co. (UASC), Standard & Poor’s factors in its relatively low capital investments to be funded with internally generated cash in 2018 and 2019. In addition, Hapag-Lloyd’s strict cost controls and effective integration of UASC only five months after the transaction closed should improve its cost.
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“After S&P already improved the outlook for Hapag-Lloyd in July of this year and took us off “Credit Watch” we are now very pleased that our deleveraging efforts are recognised further and that S&P’s outlook for Hapag-Lloyd improved from negative to stable”, said Nicolás Burr, CFO of Hapag-Lloyd. “The rating also again confirms the strong industrial logic of the merger, through which we are now better positioned for the still challenging market environment. Our focus is now on realising the synergies.”

About Hapag-Lloyd
With a fleet of 215 modern container ships and a total transport capacity of 1.6 million TEU, Hapag-Lloyd is one of the world’s leading liner shipping companies. The Company has around 12,000 employees and over 420 offices in 126 countries. Hapag-Lloyd has a container capacity of 2.3 million TEU – including one of the largest and most modern fleets of reefer containers. A total of 125 liner services worldwide 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.