



MAERSK

Maersk Line and Hamburg Süd sale and purchase agreement approved

28 April, 2017

On 1 December 2016, Maersk Line announced its intention to acquire Hamburg Süd, the German container shipping line, and on 14 March 2017, Maersk Line announced the signing of a sale and purchase agreement with the Oetker Group, owner of Hamburg Süd.

Today, the sale and purchase agreement for Maersk Line's acquisition of Hamburg Süd was approved by the boards of Maersk Line and the Oetker Group. The acquisition still remains subject to regulatory approvals.

Maersk Line will acquire Hamburg Süd for EUR 3.7 billion on a cash and debt-free basis. Maersk Line will finance the acquisition through a syndicated loan facility.

"Today, we have taken a decisive step towards the shared future of Maersk Line and Hamburg Süd. Our due diligence confirmed that Hamburg Süd is a well-run company with strong and highly respected brands. We have confirmed the anticipated synergies and we are convinced that our plan to maximize customer retention is the right path forward. I have no doubt that together we can develop new competitive products to the benefit of our customers and exploit operational synergies. The acquisition is cementing our position as the largest and leading carrier in container shipping, and it will provide great opportunities for the employees of both companies," says Søren Skou, CEO of Maersk Line and A.P. Moller – Maersk.

The acquisition is in line with the Maersk Line's growth strategy. It represents a unique opportunity to combine two complementary businesses and realise sizable operational synergies as well as commercial opportunities. Combined, the two companies will be able to realise operational synergies in the region of USD 350-400 million annually over the first couple of years following completion of the transaction.

Hamburg Süd will maintain its own structure hereunder its separate brands and is expected to deliver a high customer retention adding to Maersk Line's growth agenda.

The combined network will include increased number of weekly sailings, faster transit times, more port calls, more direct port-to-port calls and less need for transshipment, to the benefits of both Maersk Line and Hamburg Süd customers.

The cost synergies will primarily be derived from integrating and optimizing the networks as well as standardized procurement. In addition, APM Terminals' global portfolio will benefit from increased volumes, specifically the many investments made in the Latin America Region.

"We consider the purchase price of EUR 3.7 billion a fair valuation of Hamburg Süd. By keeping Hamburg Süd as a separate and well-run company, we will limit the transaction and integration risks and costs while still extracting the operational synergies. The acquisition of Hamburg Süd will therefore create substantial value to Maersk Line already in 2019," says Søren Skou.

To continue and strengthen the future growth of Hamburg Süd, Maersk Line emphasizes its plans to preserve the customer value proposition of Hamburg Süd. It also commits to maintain the presence of Hamburg Süd in Hamburg, Germany, and has agreed to lease the local head office, initially for a period of five years.

“Hamburg Süd has a strong brand and an attractive customer value proposition. We believe these elements are key for our acquisition to become a success. Therefore, Hamburg Süd will remain under own management and with full brand responsibility,” says Søren Skou.

“We see the acquisition of Hamburg Süd by Maersk Line as a natural development and we are convinced that Hamburg Süd will thrive under continued own management and maintain not only the services offered to its customers, but also provide its employees a fantastic opportunity to continue shaping the future of the industry as a leading service provider,” says Dr. Ottmar Gast, Chairman of the Hamburg Süd Executive Board.

With the acquisition, Maersk Line and Hamburg Süd will have a total container capacity of around 3.9 million TEU (3.3 million TEU) and an 18.7% (16.0%) global capacity share (Alphaliner per 24 April 2017). The combined fleet will consist of 743 container vessels.

The process of obtaining regulatory approvals is on schedule. On 23 March 2017, the US Department of Justice approved the proposed acquisition and on 10 April 2017, the EU Commission approved the proposed acquisition, subject to conditions.

Maersk Line expects to close the transaction by the end of 2017. Until then, Hamburg Süd and Maersk Line will continue business as usual as separate and independent companies.

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