Analyst conference call on the interim results January to June 2020

Hamburg, 12 August 2020

GATEWAY TO THE FUTURE

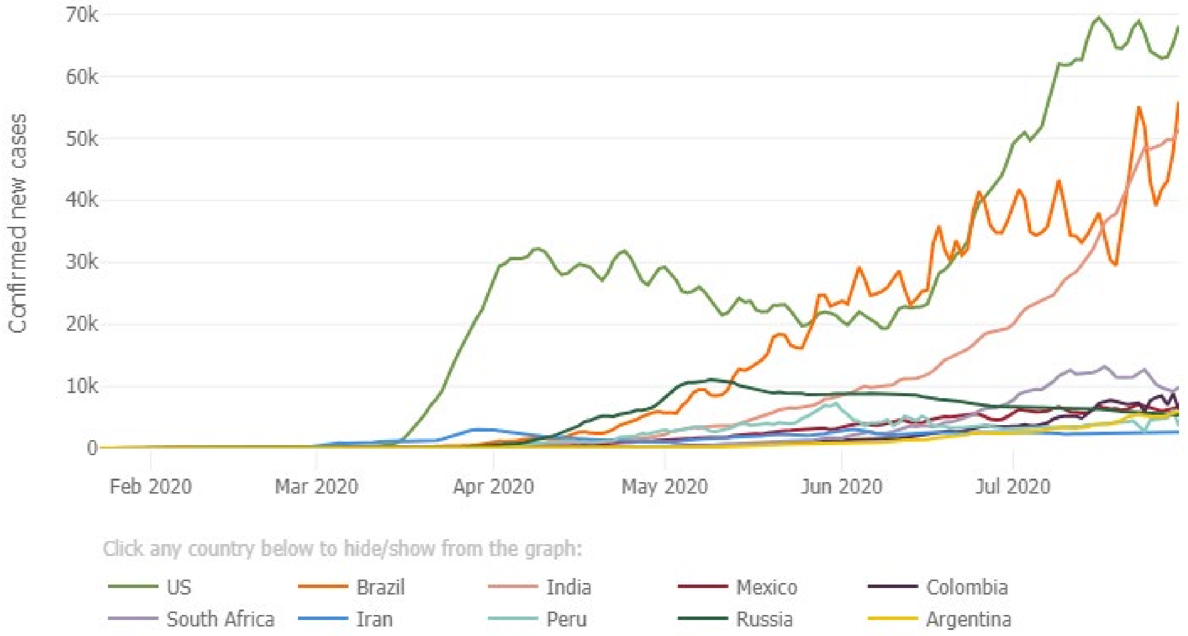
Agenda

Disclaimer

Economic and social life largely shut down in Q2 2020

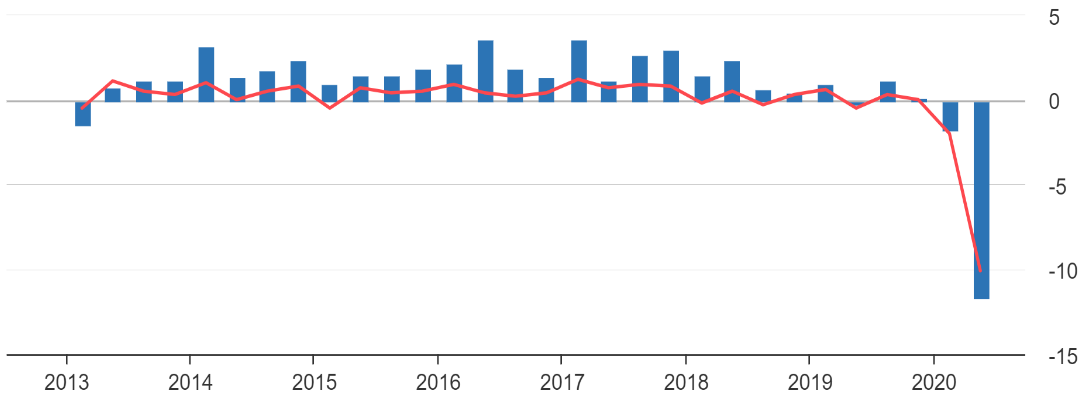
Effects on the economy of historic dimension

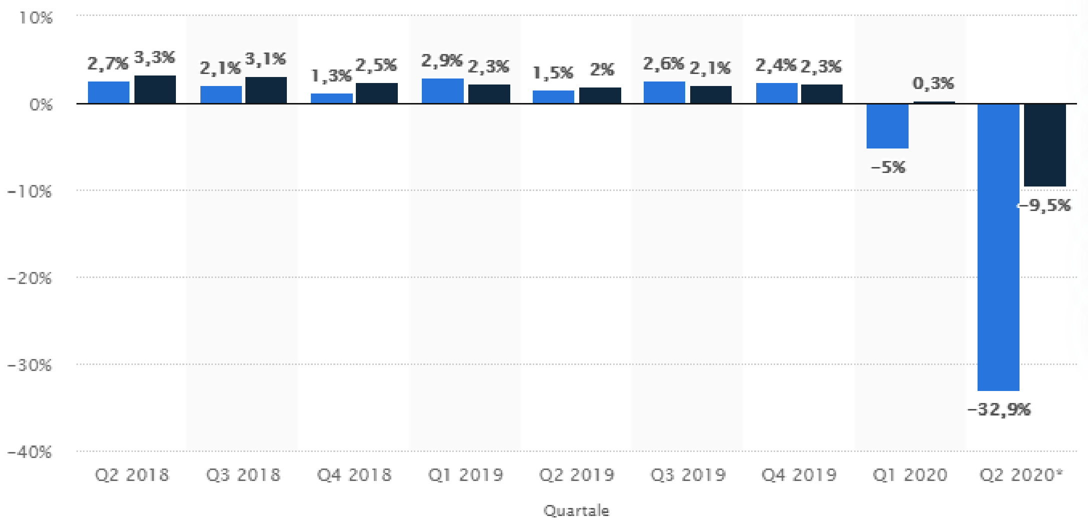
Pandemic



Source: Johns Hopkins University

Economy – GDP Germany and USA





Sources: Destatis and Statista

At a glance

Challenging market environment highly affects the first half-year results 2020

Revenue declined sharply while EBIT fell by half

Market environment was hit hard by the impact of the coronavirus pandemic in Q2

High pressure on transport systems due to blank sailings and reduced utilisation

Liquidity sufficient to meet due payment obligations at all times, despite the pandemic-induced burdens

Guidance 2020 remains: Strong decline in volumes, revenue and EBIT expected

Business environment in the first half-year 2020

Global economy facing recession as a result of the coronavirus pandemic

Trend in the first half-year 2020

GDP World	↘
GDP China	↗
GDP Russia	↘
World trade	↘

Estimates for Q2 2020

World throughput	**– 16.2 %**
Europe throughput	**– 21.3 %**
NW Europe throughput	**– 16.7 %**
Scandinavia & Baltics	**– 33.3 %**

Macroeconomic environment

- Global economic activity fell dramatically in H1 20 as a result of the coronavirus pandemic
- IMF expects that the impact in Q2 was even more negative than previously expected.[1]
- Chinese economy has already bottomed out and reported a surprisingly sound GDP in H1 20 (Q2: 3.2 % // Q1: - 6.8 %) [2]
- By contrast, COVID-19 has not yet been contained e.g. in Russia where the economic downturn has not yet been reached (Q1: 1.6 %;) [3]
- Significant drop in world trade as a result of strong trade restrictions expected[1]

Sources: 1 International Monetary Fund – World Economic Outlook June 2020; 2 Press Release (16.07.2020); 3 World Bank Russia Monthly Economic Update May 2020

Sector development

- Whereas the minus in worldwide container throughput in Q1 20 was not as intense as expected, global volumes plummeted drastically in Q2 20 (Q2: - 16.2 % // Q1: - 2.7 %)
- Europe was particularly hard hit by the crisis (Q2: - 21.3 % // Q1: - 2.8 %)
- Northwest Europe as well as Scandinavia and the Baltic region also performed significantly worse in Q2 than previously forecast
- North West Europe with the lowest impact within Europe (Q2: - 16.7 % // Q1: - 2.9 %)
- Scandinavia & Baltics with the strongest decline in Europe (Q2: - 33.3 % // Q1: - 2.4 %)

Source: Drewry Maritime Research, Container Forecaster, July 2020

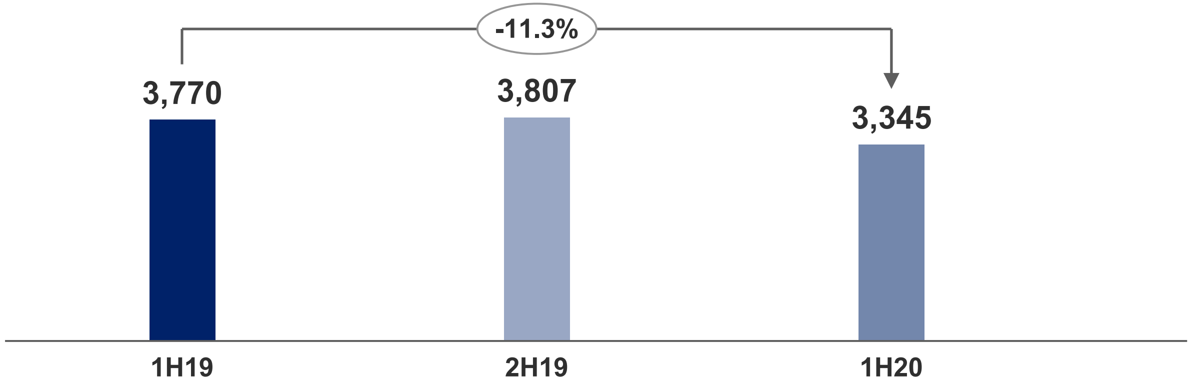
Financial results of Port Logistics subgroup in the first half-year 2020

Revenue **€ 614.2 million** – 9.3 %	EBIT **€ 49.1 million** – 53.5 %	EBIT margin **8.0 %** – 7.6 pp
Profit after tax and minorities **€ 10.7 million** – 78.6 %	ROCE **5.2 %** – 6.3 pp	Operating cash flow **€ 150.0 million** – 8.3 %

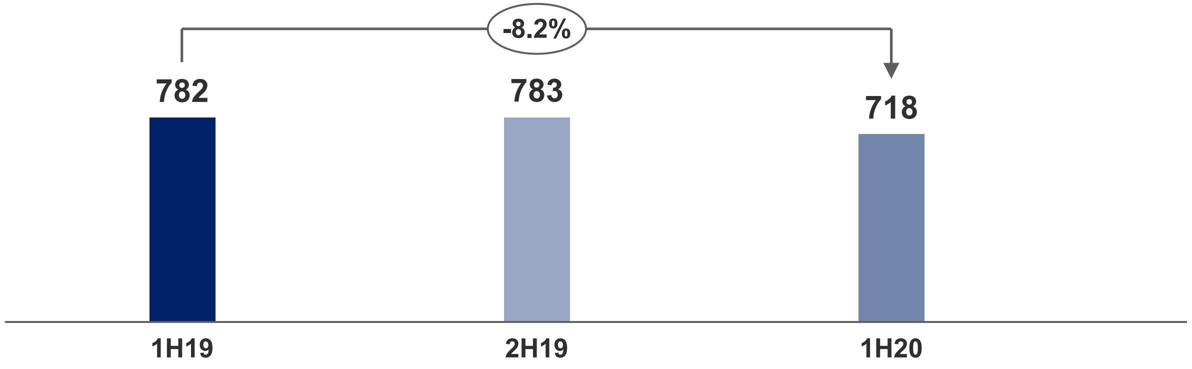
Throughput and transport development in the first half of 2020

Performance data burdened by impact of coronavirus pandemic

Container throughput
in thousand TEU



Container transport
in thousand TEU



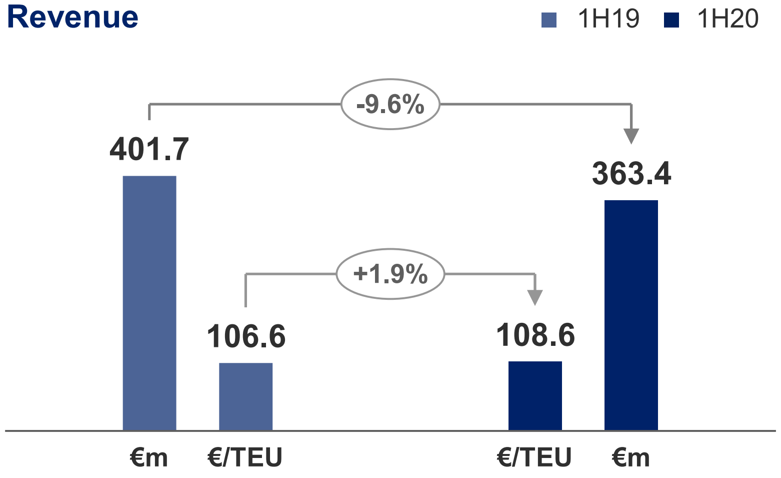
- Hamburg terminals with sharp decrease of 12.0 % mainly due to blank sailings resulting from the coronavirus pandemic causing strong loss in Asian traffic
- Feeder volumes down by 2.3 pp with a feeder ratio of 20.6 % (previous year: 22.9 %)
- International terminals slightly down against previous year

- Significant decrease in transport volume driven by
  – strong decrease in rail transportation (– 6.9 % y-o-y)
  – traffic from both the North German and the Adriatic seaports recorded significant or strong declines that couldn't be compensated by strong growth in continental traffic
  – downward trend in road transportation continued (– 13.0 % y-o-y)

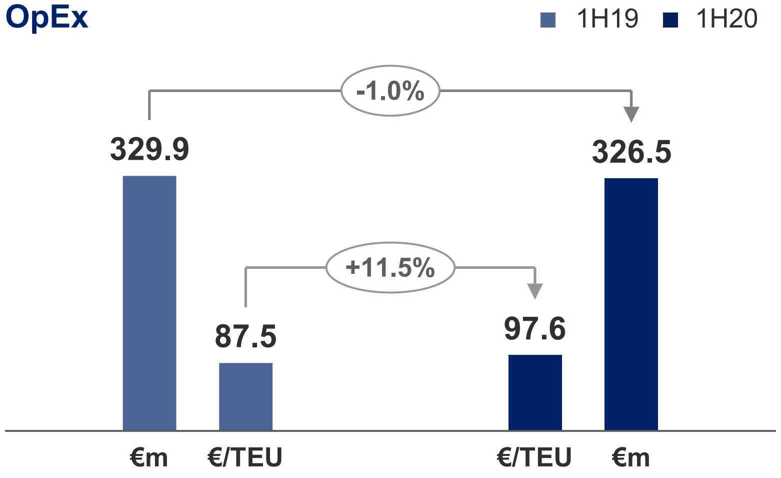
Container segment

Drop in volumes led to falling revenue, EBIT impacted by a disproportionate fall in opex

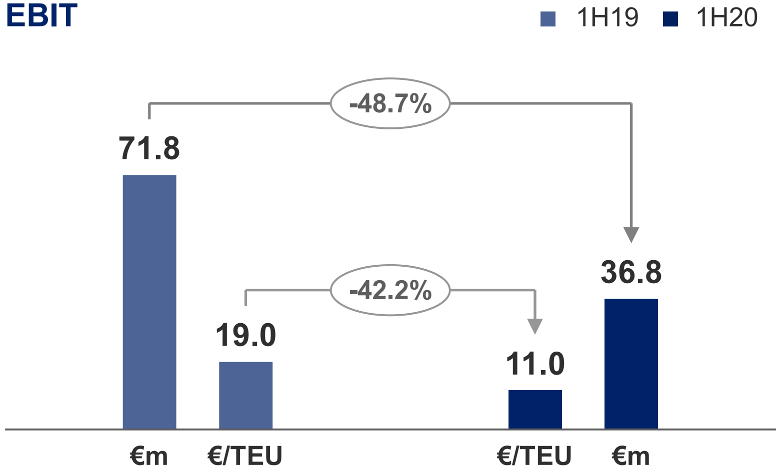
Revenue



OpEx



EBIT



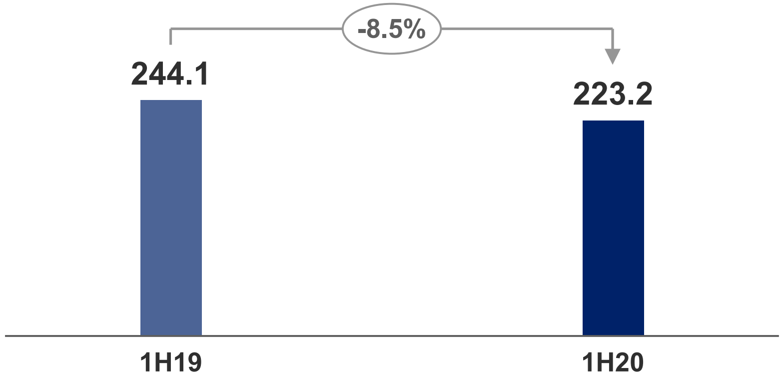
EBIT margin

- Revenue significantly down as a result of lower volumes
- Average revenue per TEU up 1.9 % due to
  - advantageous modal split with a high proportion of hinterland volume
  - temporary increase in storage fees due to longer dwell times brought about by weather-related delays in 1Q20 and the coronavirus pandemic throughout 1H20
- Opex decrease of 1.0 % impacted by
  - lower material and personnel expenses (resulted primarily from the reduced use of external personnel as a result of the drop in volumes)
  - higher maintenance and service costs
- EBIT significantly down to € 36.8 million
- EBIT margin down to 10.1 %

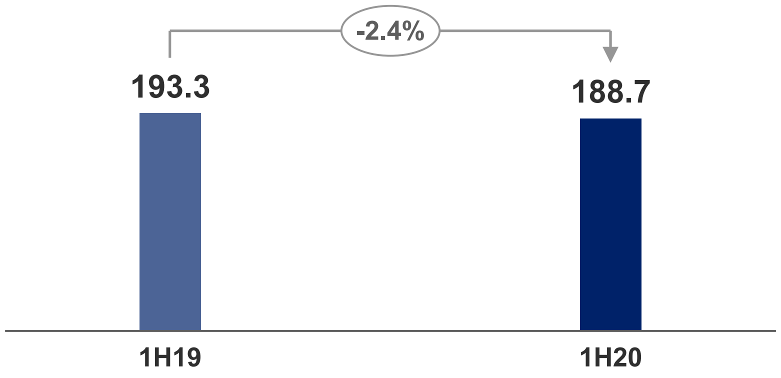
Intermodal segment

EBIT affected by lower volumes and utilisation of the train systems, EBIT margin still at a sound level

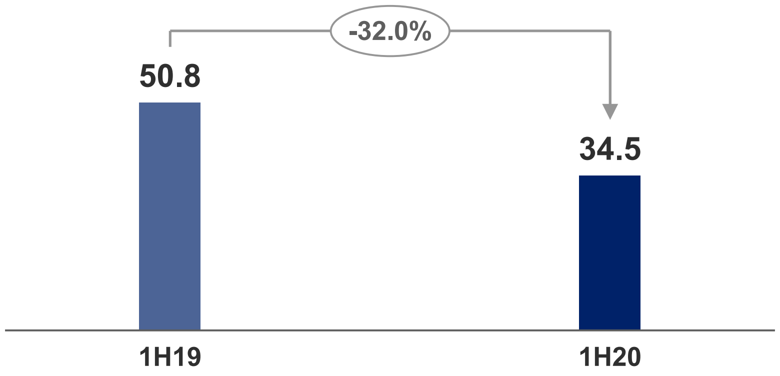
Revenue
in € million



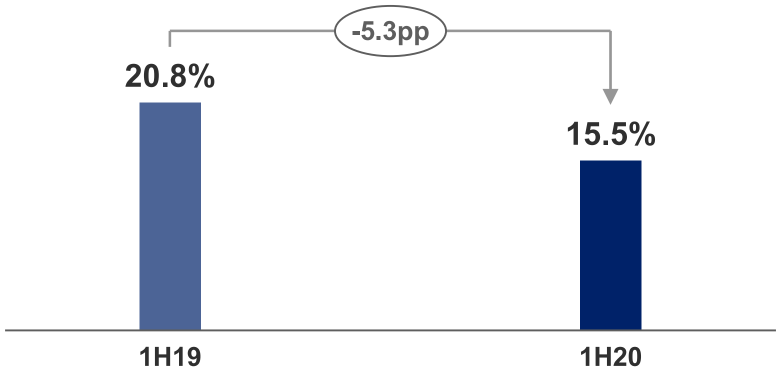
OpEx
in € million



EBIT
in € million



EBIT margin

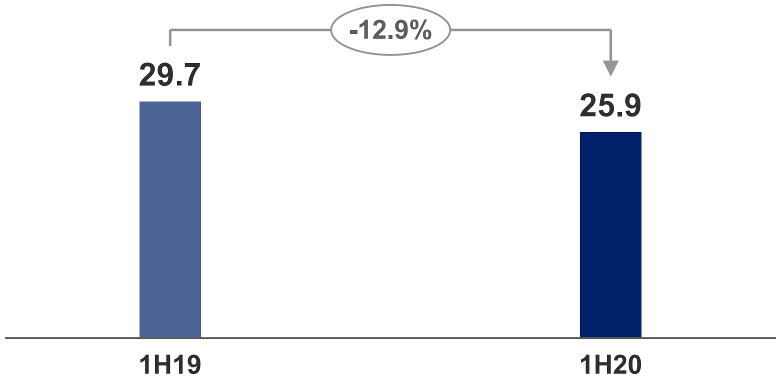


- Decrease in revenue 0.3 pp stronger than decline in transport volume
- Despite a slight increase in rail share in HHLA's total transportation volume from 78.0 % to 79.2 %, average revenue per TEU decreased as a result of the disproportionately strong decrease in freight flows with longer transport distances
- Sharp drop in EBIT as a result of
  - decline in volumes and revenue
  - increased fluctuations in the volume of import and export loads leading to a decrease in the utilisation of the train systems
- EBIT margin deteriorated, but still at a sound level of 15.5 %

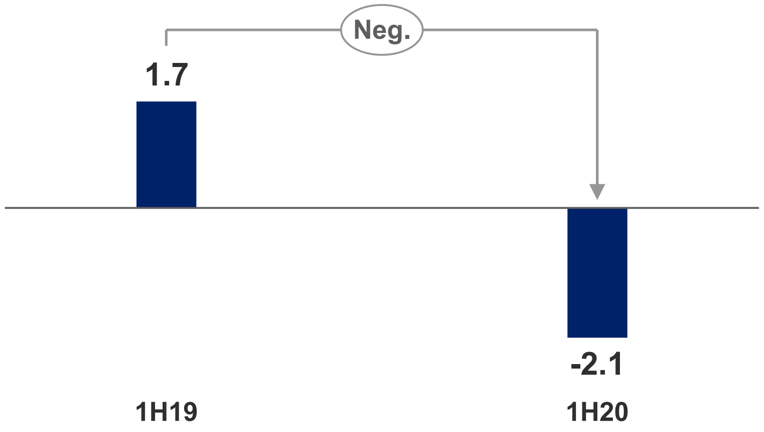
Logistics segment

Vehicle logistics, consulting activities, digital projects and participations

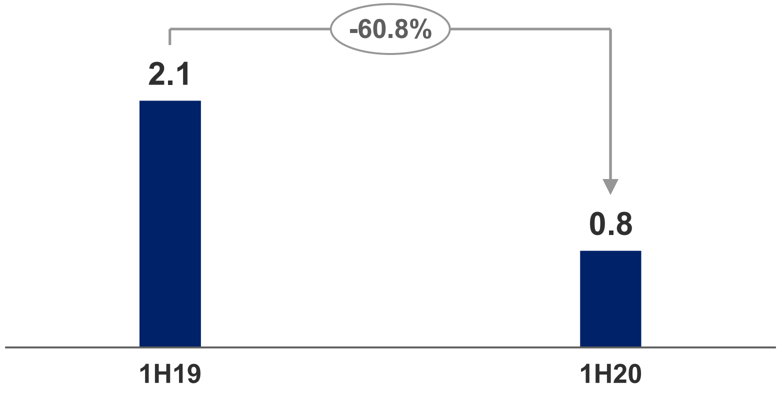
Revenue
in € million



EBIT
in € million



At-equity earnings
in € million

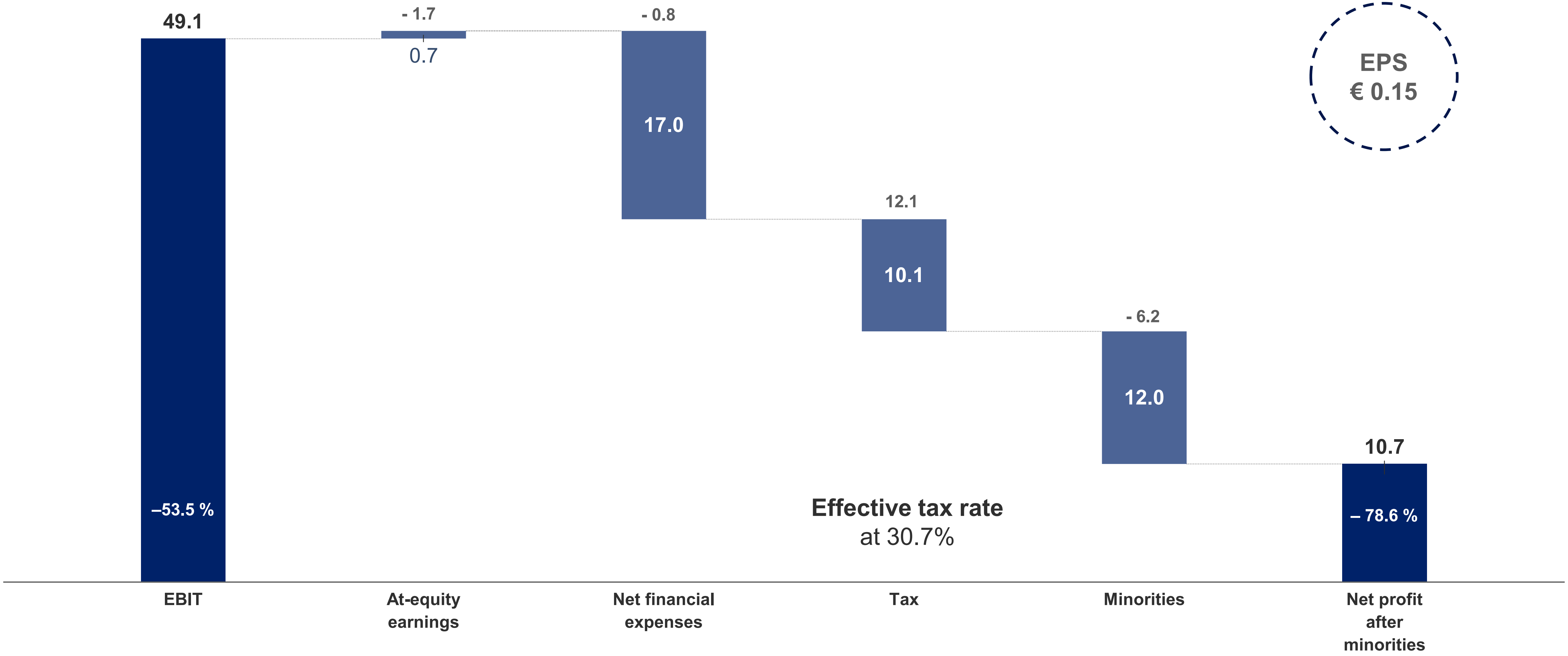


- Revenue strongly down against previous year impacted by
  - strong drop in vehicle logistics
  - consulting activities slightly below previous year
  - additive manufacturing technologies (which was not included 1H19)
- EBIT impacted by start-up losses in the new growth areas; in addition, vehicle logistics and consulting activities remained below the previous year
- At-equity earnings continued to be positive in 1H20, but declined sharply

Earnings bridge of the Port Logistics subgroup

Net profit showed a stable development

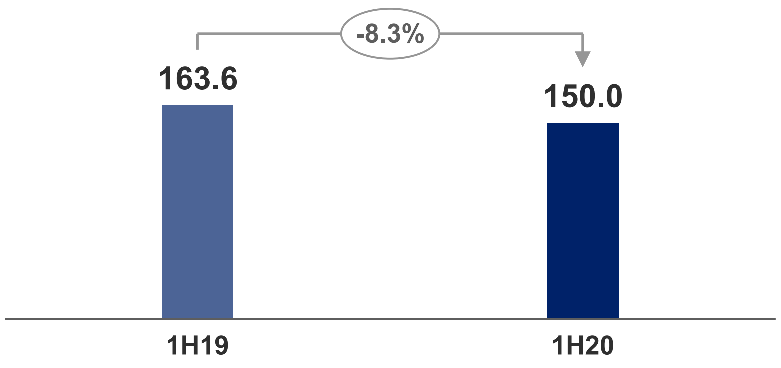
in € million / absolute change vs. 1H19



Cash flow development of the Port Logistics subgroup

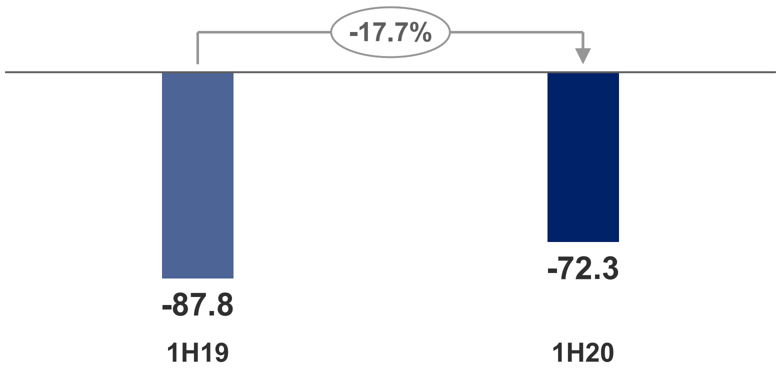
In line with business development

Cash flow from operating activities
in € million



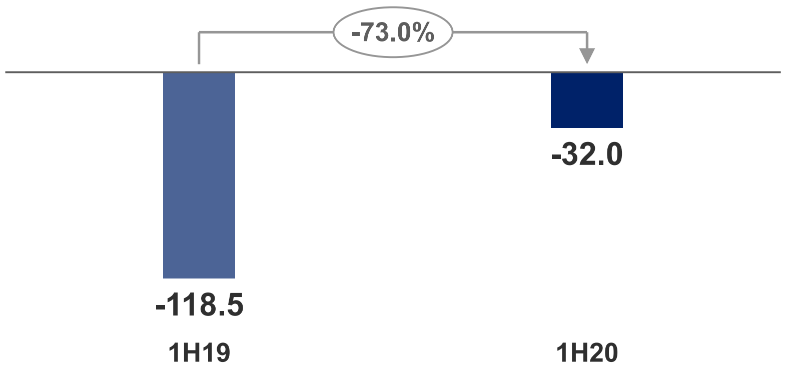
- Lower EBIT due to lower container throughput and transport vs. a decrease (previous year: increase) in trade receivables and other assets as well as lower tax payments compared to the previous year

Cash flow from investing activities
in € million



- Ongoing capex programme
- Higher payments for investments in property, plant and equipment compared to the previous year
- Lower payments for short-term deposits

Cash flow from financing activities
in € million

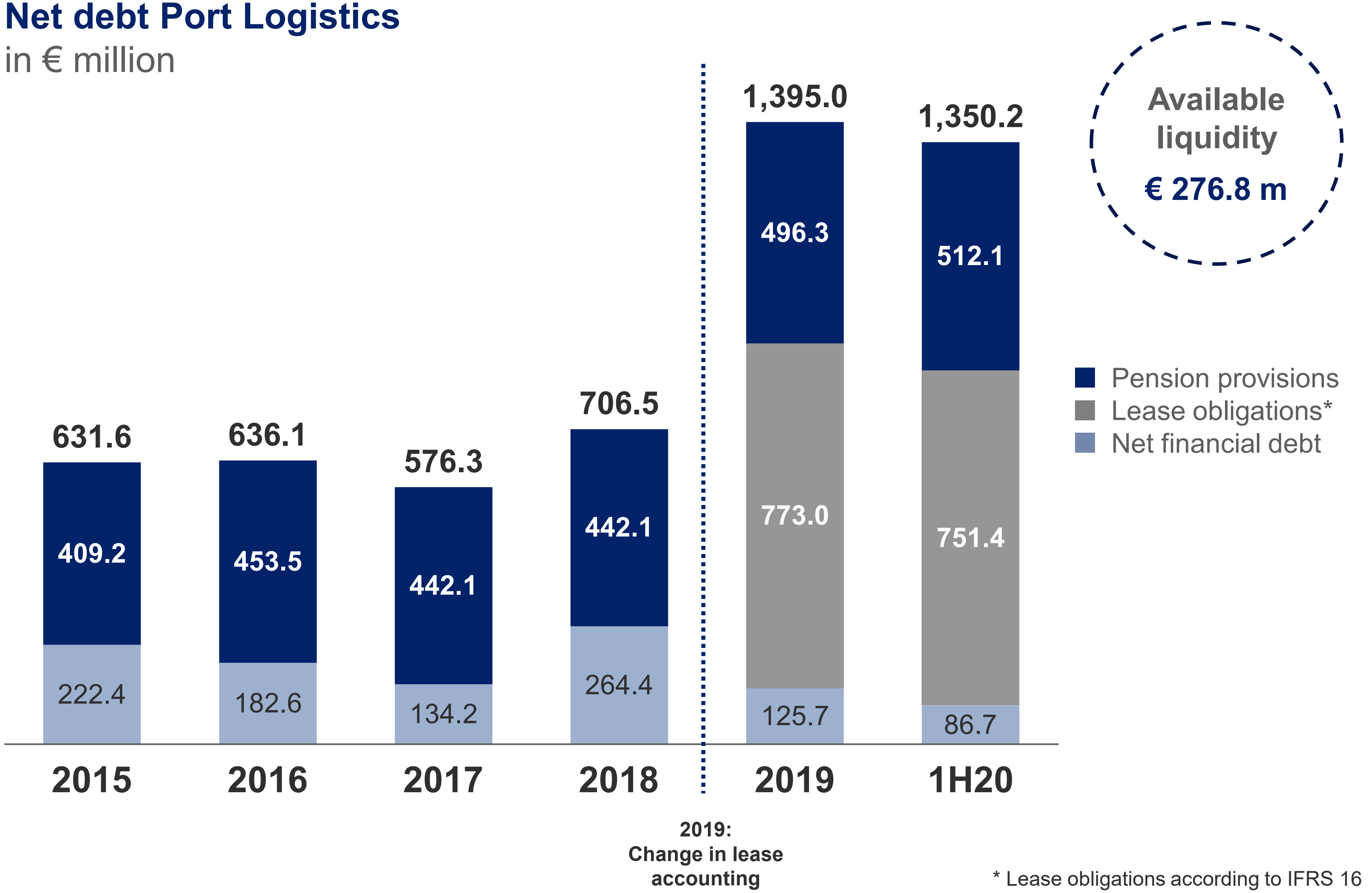


- Strong change against previous year mainly due to the fact that the dividend has not yet been paid to shareholders as well as the compensation obligation to a minority shareholder

Available liquidity as of 30 June 2020: € 276.8 million (31 December 2019: € 232.2 million)

Financial stability with focus on cash flows

Net debt Port Logistics
in € million



* Lease obligations according to IFRS 16

- Dividend policy to strengthen financial stability:
  - reduction of dividend proposal to 0.70 € per listed class A share (previous year: 0.80 €)
  - pay-out ratio of 52 %
  - accumulation of approx. € 49 million of 2019 net profit
  - proposal of a scrip dividend to provide additional financial scope to develop HHLA successfully – main shareholder will choose shares
- Postponement and revision of investments
- Focus on cash flow control in the months to come

Expected business environment 2020

Updated forecasts factor in a larger hit to activity in H1 and a slower path of recovery in H2 than expected in spring

GDP World	– 4.9 %
GDP China	+ 1.0 %
GDP Russia	– 5.5 %
GDP CEE	– 5.2 %
World trade	– 11.9 %

World throughput	– 7.3 %
Europe throughput	– 9.7 %
NW Europe throughput	– 7.7 %
Scandinavia & Baltics	– 17.2 %

Expected macroeconomic environment 2020

Baseline scenario: against the backdrop of the unexpectedly strong economic impact, the recovery is likely to be more gradual than previously forecast

- Global economic downturn in H1 worse than expected, outlook further subdued (↘ 1.9 pp)
- For China, experts still expect positive but strongly weakened growth (↘ 0.2 pp)
- After upward trend at the end of 2019, Russia is projected to contract strongly (↘ 1.1 pp)
- Growth dynamics in CEE also massively interrupted (↘ 0.6 pp)
- For world trade development a dramatic double-digit decline is estimated (↘ 0.9 pp)

Source: IMF – World Economic Outlook, July 2020

Expected sector development 2020

Baseline scenario: market to bottom out in 2Q20 followed by a steady reintroduction of capacity from H2 20 with freight rates stabilising in H2 20

- World throughput expected to decline significantly (↘ 6.8 pp) with several blank sailings
- Europe considered to go into "sleep mode" except for essential services (↘ 8.9 pp)
- Estimated volume in North West Europe also significantly under previous year (↘ 7.2 pp)
- Scandinavia & Baltics expected to see the highest impact in Europe (↘ 17.0 pp)

Source: Drewry Maritime Research, Container Forecaster, July 2020

Forecast for Port Logistics subgroup 2020 unchanged

Still very high degree of uncertainty

	2019	Guidance 2020
Container throughput	7,577 thousand TEU	Strong decrease on previous year
Container transport	1,565 thousand TEU	Strong decrease on previous year
Revenue	€ 1,350.0 million	Strong decline on previous year
EBIT	€ 204.4 million	Strong decline on previous year
Capital expenditure	€ 214.9 million	Adapted to current market environment
Liquidity	Liquidity sufficient to meet due payment obligations at all times, despite the pandemic-induced burdens	

Financial calendar / IR contact

Financial calendar 2020

25 March 2020
Annual Report 2019
Analyst conference call

12 May 2020
Interim Statement January – March 2020
Analyst conference call

12 August 2020
Half-year Financial Report January – June 2020
Analyst conference call

20 August 2020
Virtual Annual General Meeting (AGM)

12 November 2020
Interim Statement January – September 2020
Analyst conference call

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Half-year Financial Report 2020

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