



Analyst conference call on the half-year financial report 2019

Hamburg, 14 August 2019

Agenda

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Angela Titzrath, CEO

02 Financial performance in 1H 2019

Dr. Roland Lappin, CFO

03 Business forecast for 2019

Angela Titzrath, CEO

04 Questions & answers

Angela Titzrath, CEO

Dr. Roland Lappin, CFO

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At a glance

Half-year results fully in line with expectations for 2019 financial year



Successful business development continued: throughput exceeds previous year's strong level while transport and revenues rise significantly; EBIT increases strongly



Dampened market environment: ongoing geopolitical and economic tensions entail persistent uncertainty



Secure future viability: investments in equipment and technology



Ecological responsibility: roll-out of further offerings for environmentally friendly transport



Guidance confirmed: for 2019 HHLA expects a stable business development with a significant increase in operating result*

* mainly due to changes in lease accounting policy (IFRS 16)

Business environment in the first half of 2019

Still sluggish global growth while container throughput continues to recover slightly

Trend in the first half-year 2019

GDP World	→
GDP China	→
GDP Russia	→
World trade	↘

Estimates for Q2 2019

World throughput	+ 3.0 %
Europe throughput	+ 2.3 %
NW Europe throughput	+ 3.2 %
Scandinavia & Baltics	+ 1.5 %

Macroeconomic environment

- Against a difficult backdrop business climate momentum in global activity remained sluggish in the first half of 2019 in line with expectations¹
- China reports a stable GDP development in H1 at 6.3 % (Q2: 6.2 % // Q1: 6.4 %)²
- Russian economic growth still burdened by EU sanctions; after weak dynamics in March, economic growth gained momentum in April; GDP growth in Q1 at 0.5 %³
- World trade volumes with lower growth dynamics, particularly notable in emerging Asia¹

Sources: 1 International Monetary Fund – World Economic Outlook July 2019; 2 National Bureau of Statistics of China – Press Release (16.07.2019); 3 World Bank – Russia Monthly Economic Developments June 2019

Sector development

- After strong decline in volume growth dynamics in Q1, world throughput gains further momentum in Q2 (Q2: 3.0 % // Q1: 2.0 %)
- European volumes picking up again (Q2: 2.3 % // Q1: 1.8 %)
- North West Europe outperformed the European shipping region (Q2: 3.2 % // Q1: 3.8 %)
- After two years of extraordinary growth, Scandinavia & Baltics on stable levels (Q2: 1.5 % // Q1: 2.7 %)

Source: Drewry Maritime Research, Container Forecaster, July 2019

Financial highlights of Port Logistics subgroup in the first half of 2019



Revenue
€ 677.5 million
+ 9.8 %

EBIT
€ 105.6 million
+ 15.6 %

EBIT margin
15.6 %
+ 0.8 pp

Profit after tax
and minorities
€ 49.8 million
+ 5.4 %

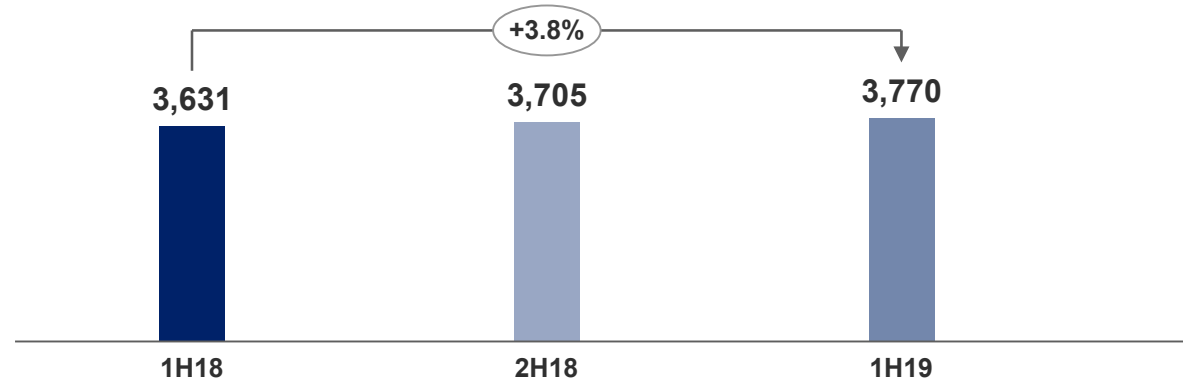
ROCE
13.5 %
– 1.8 pp

Operating cash flow
€ 163.6 million
+ 87.1 %

Throughput and transport development in the first half of 2019

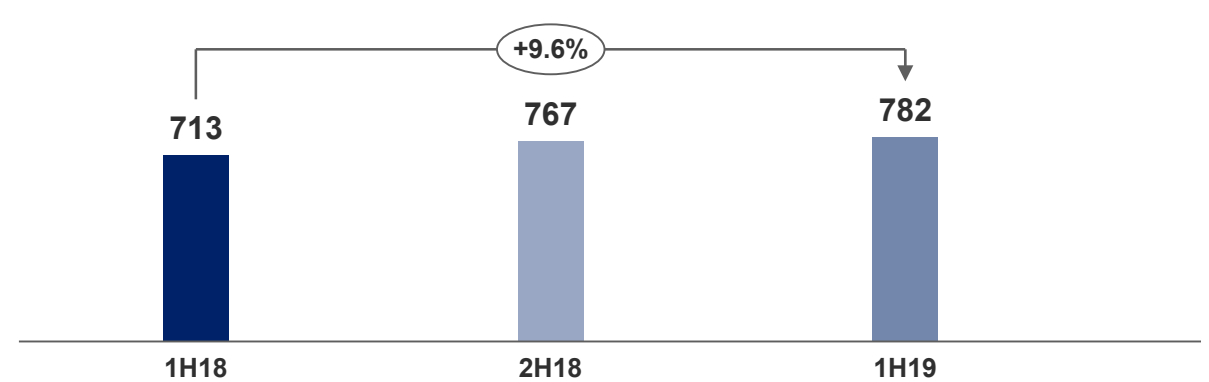
Successful start from a strong prior-year basis

Container throughput
in thousand TEU



- Hamburg terminals with a minor increase of 0.1 % mainly due to changes in liner service structures
 - gain of North America services, loss of Far East service
 - Asian traffic virtually on a par with previous year
 - feeder volumes slightly down by 0.7 pp with a feeder ratio of 22.9 % (previous year: 23.6 %)
- International terminals account for nearly 8 % of container throughput after first-time consolidation of HHLA TK Estonia

Container transport
in thousand TEU

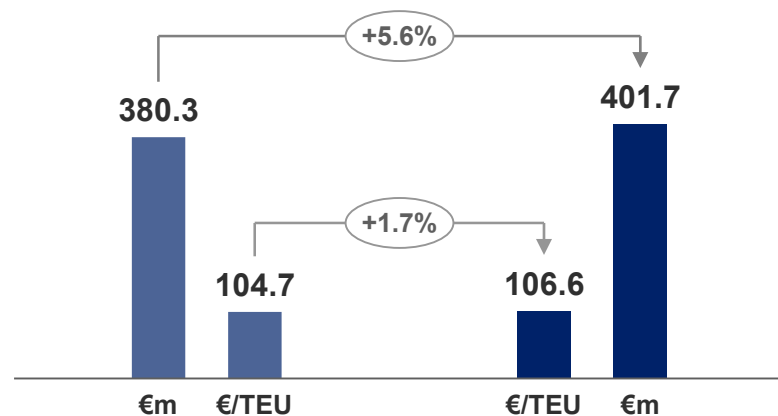


- Significant rise in transport volume growth driven by
 - strong increase in rail transportation (+ 9.3 % y-o-y)
 - above-average rise in both traffic between the North Range ports with the CEE hinterland and the Adriatic ports with the CEE hinterland as well as Poland traffic
 - recovery of road transportation volumes (+ 10.8 % y-o-y)

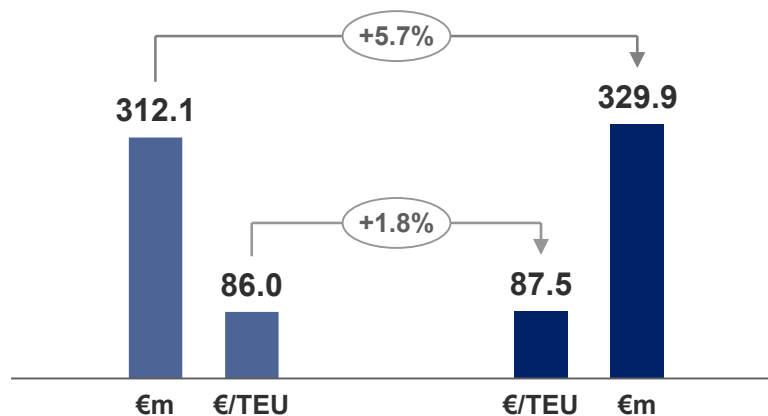
Container segment

Positive revenue development damped by rise in opex; EBIT improvement mainly attributable to IFRS 16 effects

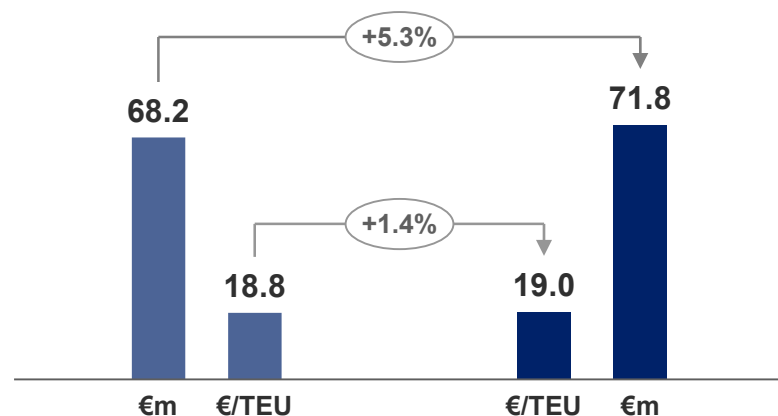
Revenue ■ 1H18 ■ 1H19



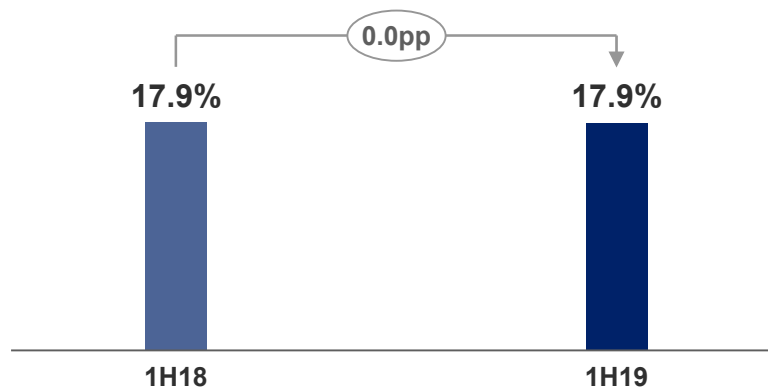
OpEx ■ 1H18 ■ 1H19



EBIT ■ 1H18 ■ 1H19



EBIT margin

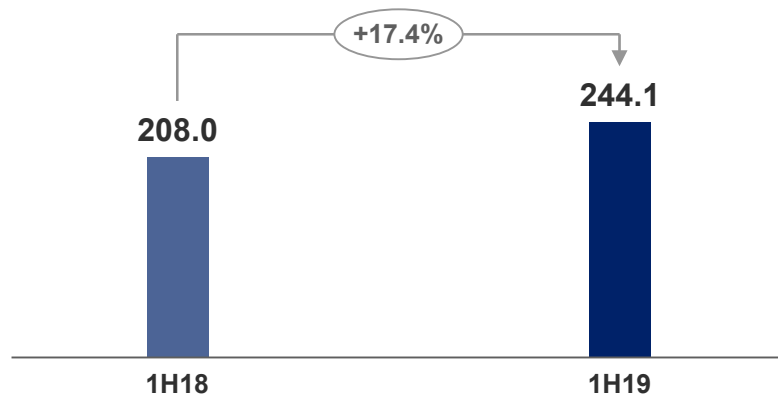


- Revenue grew faster than volume
- Average revenue per TEU up 1.7 % mainly due to
 - contractual rate adjustments
 - further increase in share of rail volumes
- Rise in opex of 5.7 % impacted by
 - temporary higher personnel deployment due to introduction of new terminal software
 - higher number of employees at HHLA TK Estonia
 - adjustment of company pension schemes
 - small relief due to first-time application of IFRS 16
- EBIT up € 3.6 million (thereof € 5.2 million due to first-time application of IFRS 16)
- EBIT margin unchanged

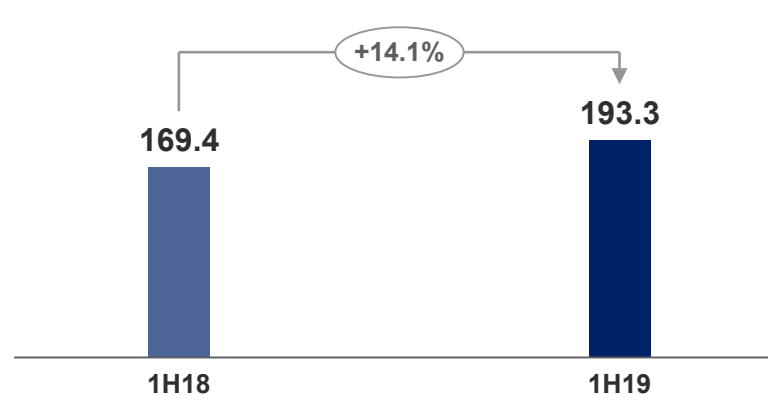
Intermodal segment

Superior EBIT level further expanded, margin progressed

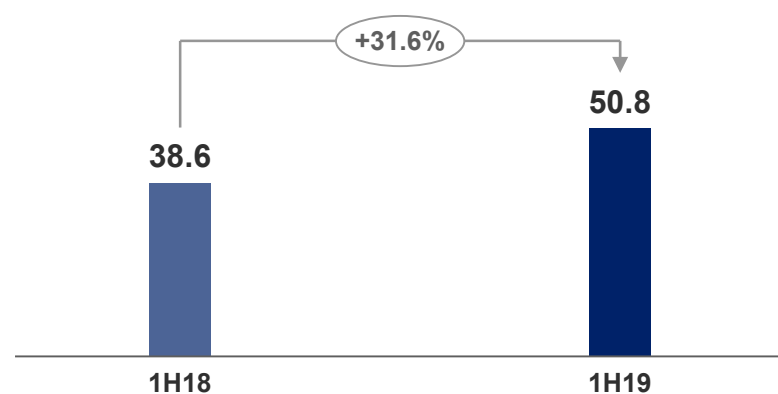
Revenue
in € million



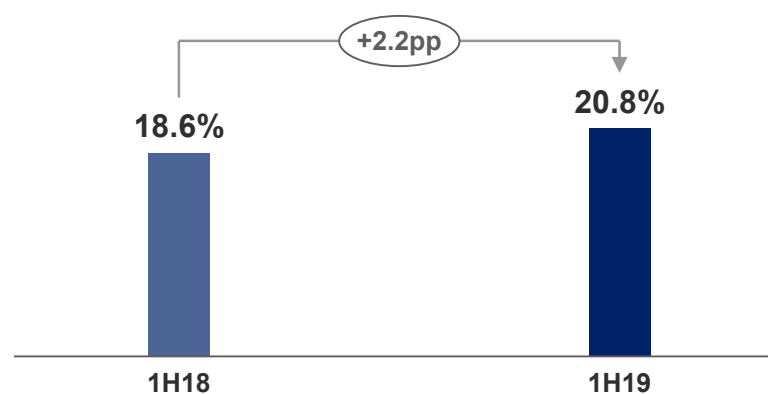
OpEx
in € million



EBIT
in € million



EBIT margin

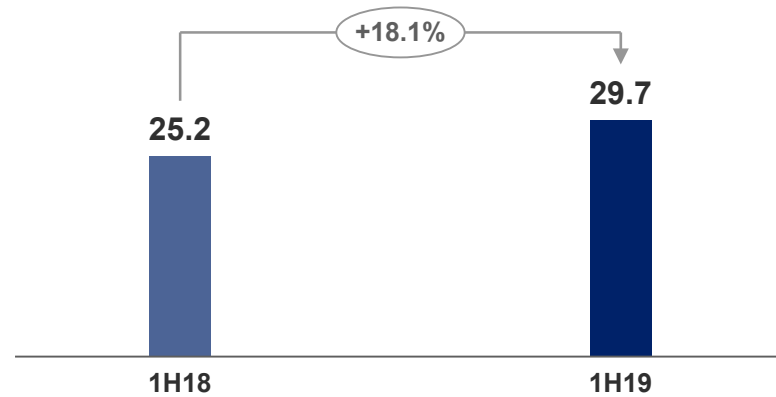


- Revenue growth clearly exceeded transport volume development
- Strong EBIT increase due to
 - rise in volumes with a largely unchanged rail share
 - longer transport distances,
 - price adjustments
 - negligible effect due to first-time application of IFRS 16
- EBIT margin progression: outstanding level of 20.8 %

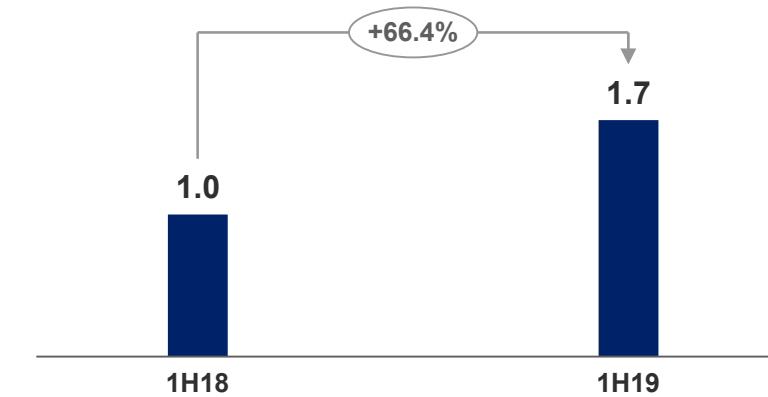
Logistics segment

Positive development continues

Revenue
in € million



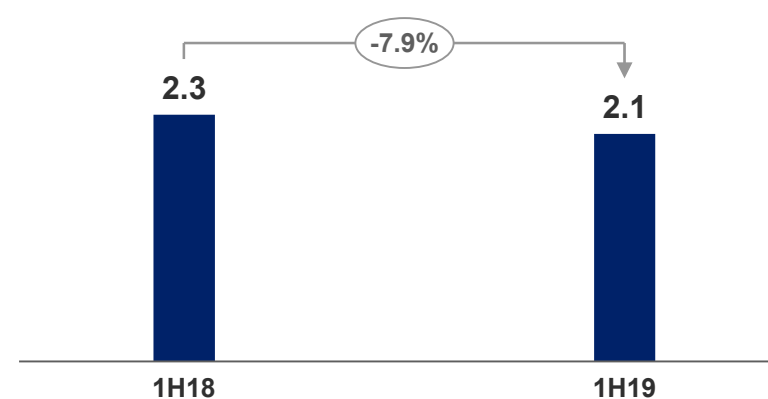
EBIT
in € million



- Strong rise in revenue, mainly driven by vehicle logistics and consulting activities
- Significant EBIT increase due to:
 - improved results in vehicle logistics
 - positive order situation in consulting
 - negligible effect from first-time application of IFRS 16
- At-equity earnings burdened by the result of bulk cargo due to first-time application of IFRS 16



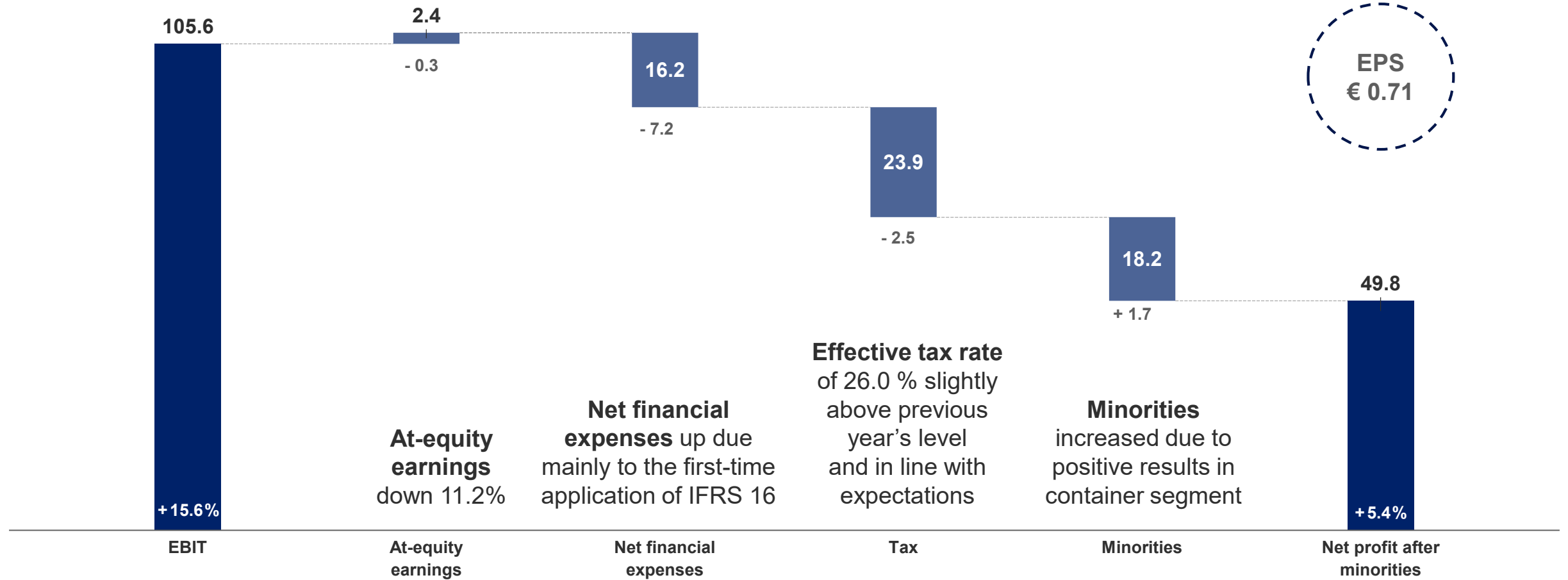
At-equity earnings
in € million



Earnings bridge of the Port Logistics subgroup

Net profit increased substantially due mainly to improved operating result and lower minorities

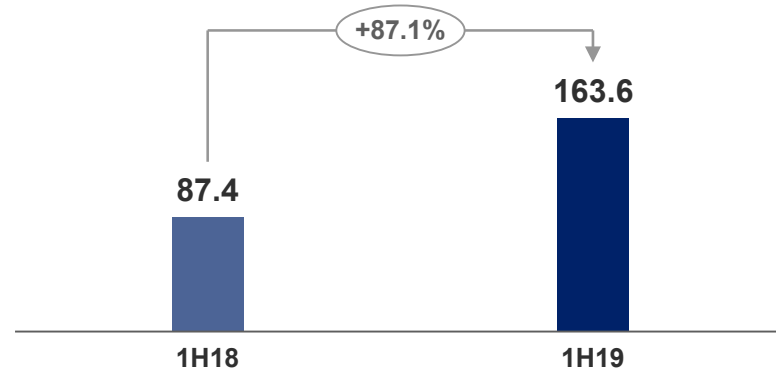
in € million / absolute change vs. 1H18



Cash flow development of the Port Logistics subgroup

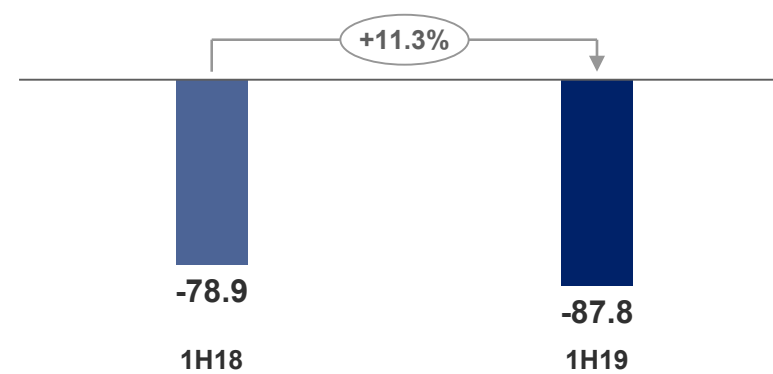
In line with business development, reflecting IFRS 16

Cash flow from operating activities in € million



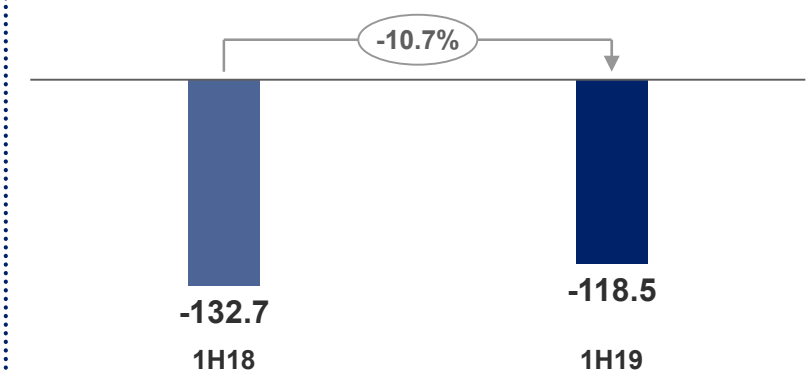
- Improved EBIT development
- Lower rise in trade receivables and other assets
- Increase in trade payables and other liabilities
- Higher depreciation due to IFRS 16

Cash flow from investing activities in € million



- Ongoing capex programme
- Payments for short-term deposits
- Payments for acquisition of HHLA TK Estonia in 1H18

Cash flow from financing activities in € million



- Payments for remaining minority stake in Metrans in the previous year
- Higher payments for the redemption of lease liabilities resulting from IFRS 16

Financial funds as of 30 June 2019: € 190.9 million (30 June 2018: € 121.3 million)

Forecast for 2019

Macroeconomic forecast still subdued, but sector outlook for European shipping regions has brightened

GDP World + 3.2 %

GDP China + 6.2 %

GDP Russia + 1.2 %

World trade + 2.5 %

World throughput + 3.0 %

Europe throughput + 2.6 %

NW Europe throughput + 3.3 %

Scandinavia & Baltics + 4.2 %

Macroeconomic outlook for 2019

- Against the backdrop of international trade conflicts, Brexit-related uncertainty and rising geopolitical tensions global economic output expected to be 0.4 pp below previous year
- Accordingly, global trade remains sluggish; prospects significantly lowered by 0.9 pp against forecast given in April 2019
- Chinese growth dynamics settled at a stable level above 6 %
- Following a weak first quarter, GDP outlook for Russian recovery downgraded by 0.4 pp

Source: IMF – World Economic Outlook Update, July 2019

Sector outlook for 2019

- Slowdown of world throughput in 2019 probably stronger than expected but remains on a robust growth path (- 0.9 pp vs. March estimates // - 1.1 pp vs. December estimates)
- European volumes at a sound level but still markedly below growth dynamics of 2018 (- 0.1 pp vs. March estimates // + 0.4 pp vs. December estimates)
- Recovery trend for North Range throughput consolidated (+ 0.4 pp vs. March estimates // 0.1 pp vs. December estimates)
- Prospects for Scandinavia & Baltics volumes expected to pick up in 2H19 (- 0.9 pp vs. March estimates // + 1.8 pp vs. December estimates)

Source: Drewry Maritime Research, Container Forecaster, July 2019

Forecast for 2019

Forecast for Port Logistics subgroup remains unchanged

	2018	Guidance 2019
Container throughput	7,336 thousand TEU	Slight increase on previous year
Container transport	1,480 thousand TEU	Slight increase on previous year
Revenues	€ 1,258.5 million	Slight increase on previous year
EBIT	€ 188.4 million	Significant increase on previous year*
EBIT Container segment	€ 131.6 million	in the region of previous year
EBIT Intermodal segment	€ 89.1 million	Significant increase
Capital expenditure	€ 132.9 million	in the range of € 200 million**

* mainly due to changes in accounting policy for leasing (IFRS 16)

** mainly attributable to the Port Logistics subgroup

Financial calendar / IR contact

Financial calendar 2019

27 March 2019

Annual Report 2018
Analyst conference call

9 May 2019

Interim Statement January – March 2019
Analyst conference call

18 June 2019

Annual General Meeting (AGM)

14 August 2019

Half-year Financial Report January – June 2019
Analyst conference call

13 November 2019

Interim Statement January – September 2019
Analyst conference call

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Annual Report 2018

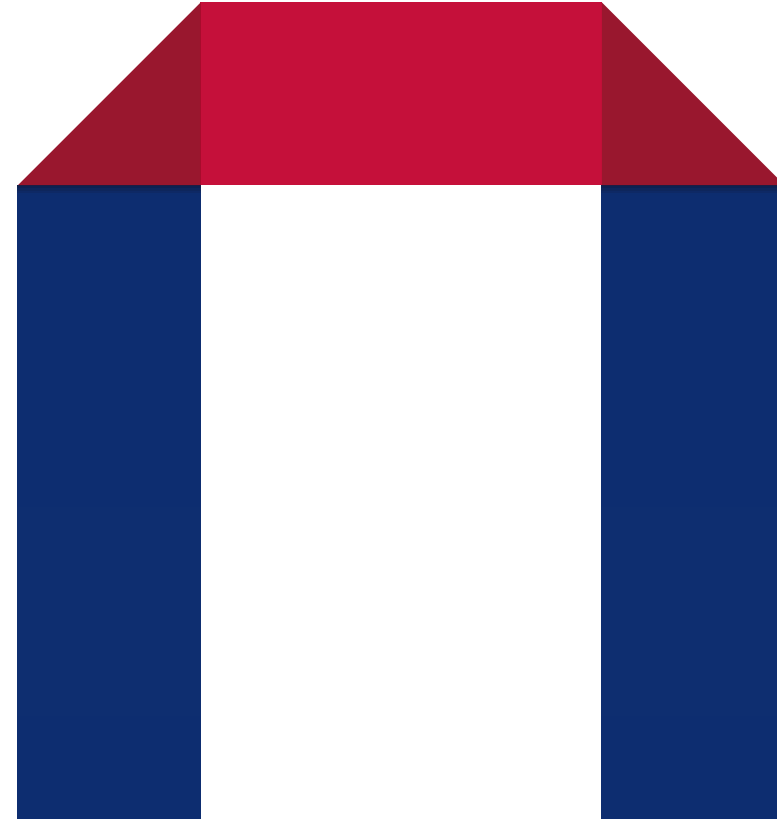
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Appendix

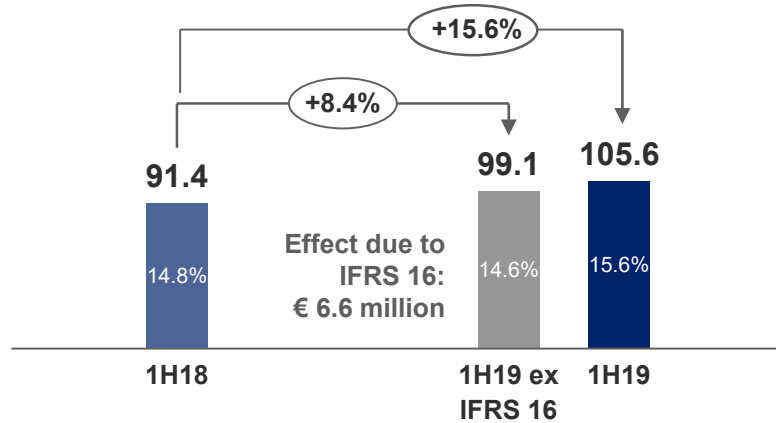
IFRS 16



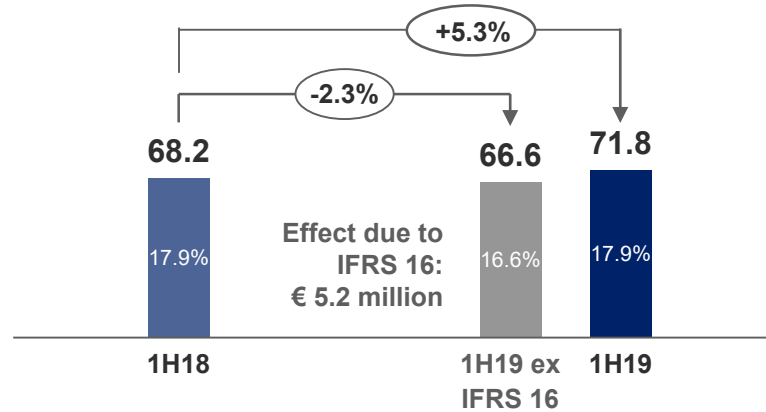
Effects on EBIT development due to first-time application of IFRS16

Port Logistics and segment level

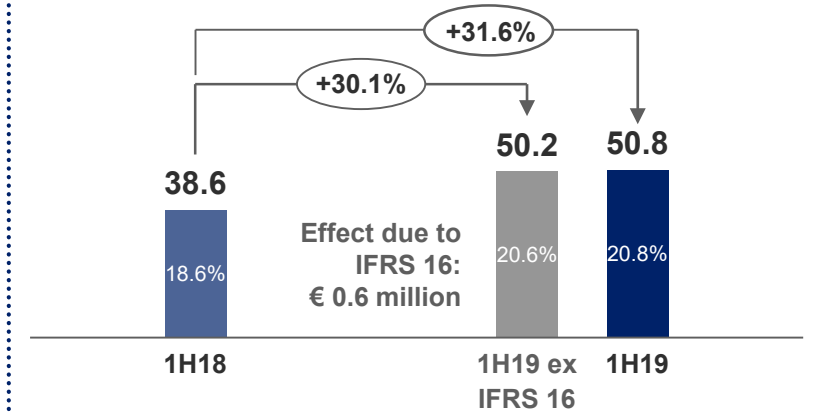
Port Logistics subgroup: EBIT & EBIT margin in € million



Container segment: EBIT & EBIT margin in € million

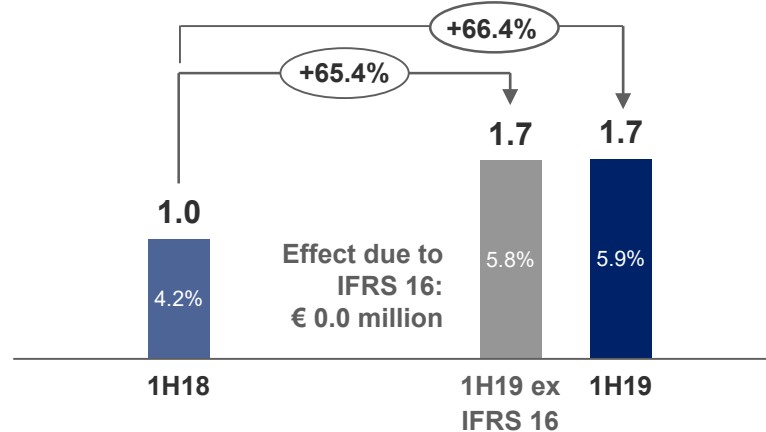


Intermodal segment: EBIT & EBIT margin in € million

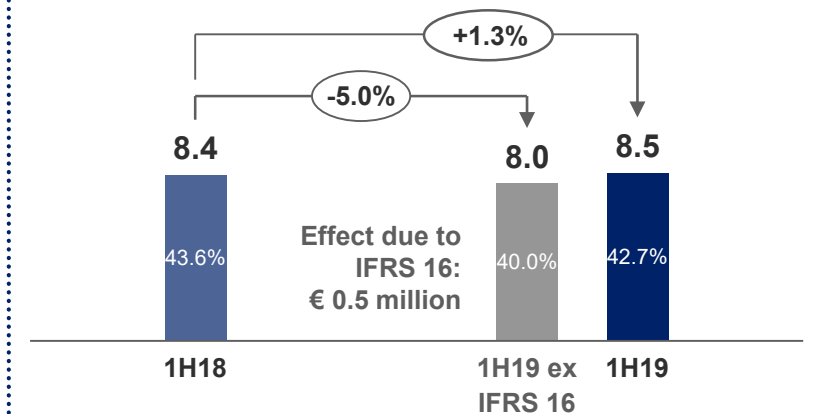


IFRS 16

Logistics segment: EBIT & EBIT margin in € million

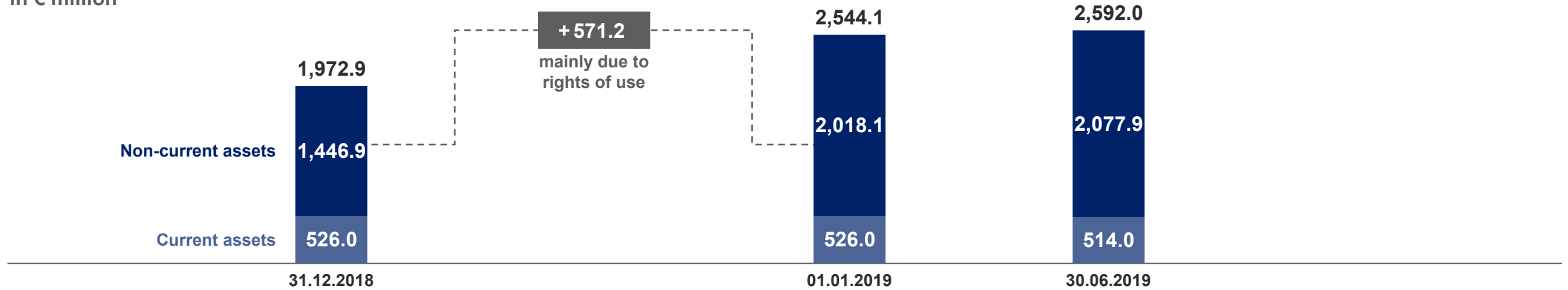


Real Estate segment: EBIT & EBIT margin in € million



Effects on balance sheets due to first-time application of IFRS16 and current development in equity on Group level

Assets
in € million



Equity and liabilities
in € million

