

HAMBURGER HAFEN UND LOGISTIK AG

**Analyst conference on the
2017 financial year results**

Hamburg, 28 March 2018



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Agenda

- Business development 2017 Angela Titzrath, CEO
- Financial performance 2017 Dr. Roland Lappin, CFO
- Business forecast 2018 Dr. Roland Lappin, CFO
- Strategic outlook Angela Titzrath, CEO
- Questions & answers Angela Titzrath, CEO
Dr. Roland Lappin, CFO

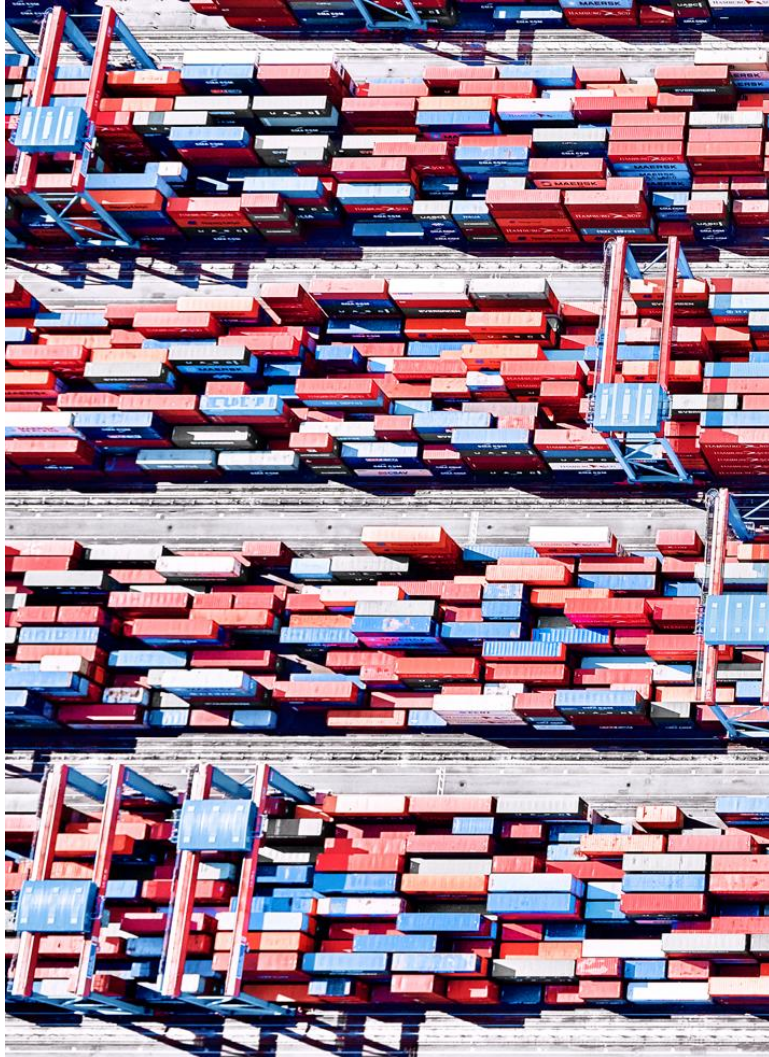
- HHLA to acquire 100 % of the shares of the Estonian port operator Transiidikeskuse AS (TK) in Muuga
- TK is clear market leader in container handling in the Baltic country and operates a multipurpose terminal for break bulk, bulk and RoRo handling
- TK's Geographic position links the Northern European market with the "New Silk Road"
- Location is developing into a multimodal hub as a result of regional infrastructural projects (such as the Rail Baltica project)
- Container terminal currently with high utilisation of its capacity of around 300 TTEU; can be increased to approximately 800 TTEU
- HHLA expects to leverage synergies by further professionalising sales and operations and integrating the port operator into the HHLA network
- HHLA is expanding its regional diversification and confirming its goal of also achieving international growth



Summary of major achievements in 2017

Business development 2017

Positive financial development successfully continued



HHLA benefited from positive development of global economy and world trade

Intensive customer negotiations and sales activities strengthened our position and led to market share gains

HHLA with significant revenue increase and a strong operating result

Dividend proposal increased by 13.6 % to € 0.67 for 2017 (for 2016: € 0.59) per listed Class A share

For the 2018 financial year we expect a stable business development with a significant increase in operating result

HHLA is the logistical and digitally innovative hub along the “New Silk Route”

Sustainable positive GDP development supports container throughput growth

GDP World
+ 3.7 %

World trade
+ 4.7 %

GDP China
+ 6.8 %

GDP Russia
+ 1.8 %

Macroeconomic environment 2017

- Strongest growth of global economy since 2010
- Stabilisation of Chinese GDP, even slightly better than expected
- Economic recovery in Russia but still affected by the EU sanctions
- CEE with a significant upturn of 5.2 %
- World trade grows stronger than global GDP

Source: IMF – World Economic Outlook Update, January 2018

World throughput
+ 6.0 %

NW Europe
+ 4.2 %

Scan. & Baltics
+ 5.9 %

EU rail freight
+ 4.9 %

Sector development 2017

- World throughput on a surprisingly high growth level
- Drewry expects a marked growth in the Northwestern European ports even though the upturn has lost some of its momentum over the course of the year
- Scandinavia & Baltics with the highest growth rate within Europe
- Rail freight should rise strongly at pan-European level and even with higher dynamics in the markets of CEE

Source: Drewry Maritime Research – Container Forecaster Q4/2017, December 2017

Financial highlights 2017 of Port Logistics subgroup

Financial performance 2017

Significant growth in revenue and strong results

Revenue

€ 1,220.3 million

+ 6.5 %

EBIT

€ 156.6 million

+ 6.1 %

EBIT margin

12.8 %

- 0.1 pp

Profit after tax
and minorities

€ 71.2 million

+ 11.7 %

ROCE

13.6 %

+ 0.8 pp

Operating cash flow

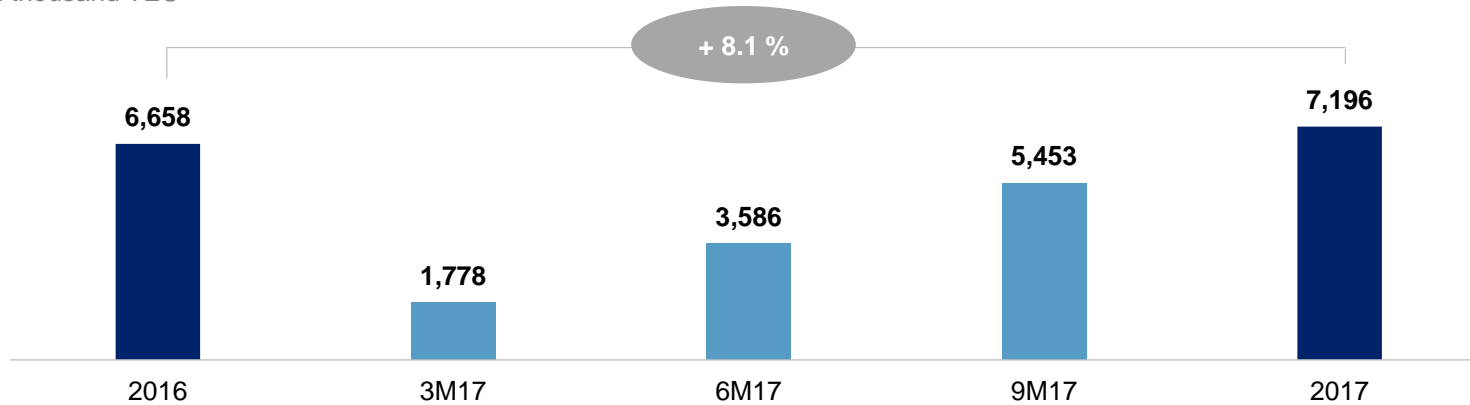
€ 258.9 million

+ 18.4 %

Throughput and transport development

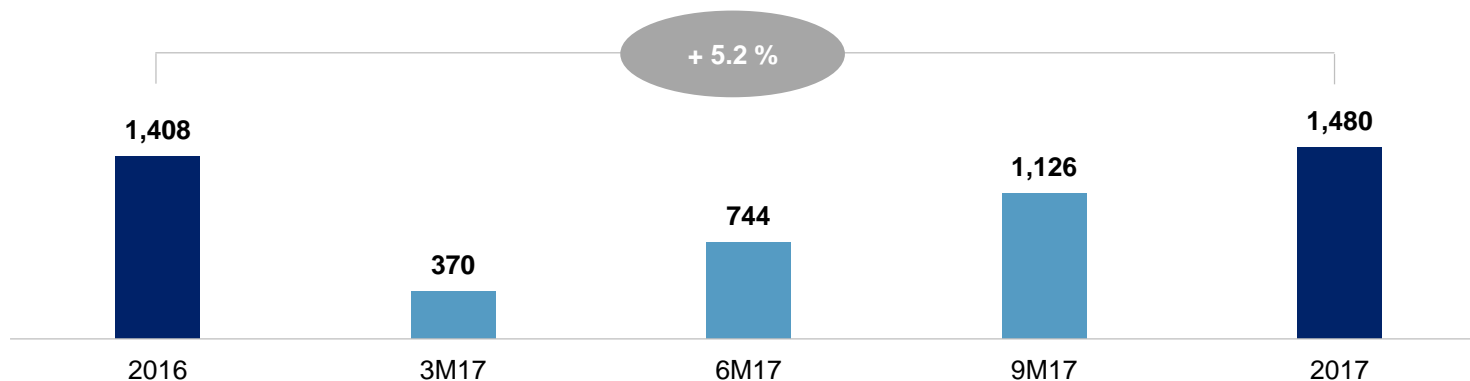
Container throughput as well as container transport with ongoing strong volume development

Container throughput
in thousand TEU



- Throughput growth was mainly driven by positive effects from the newly aligned service structures of the shipping lines after intensive customer negotiations and sales activities
- Far East volumes grew by 14.9 %, share of feeder volumes increased slightly
- Hamburg recorded a rise of 8.3 %
- Odessa slightly up by 3.4 %

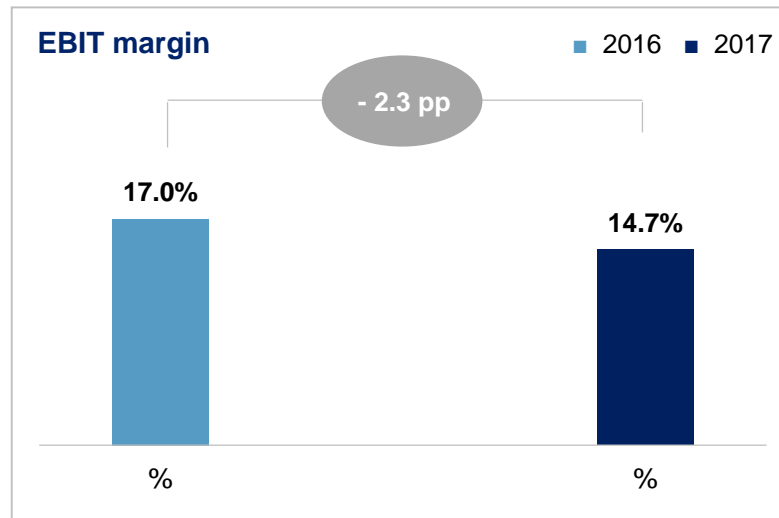
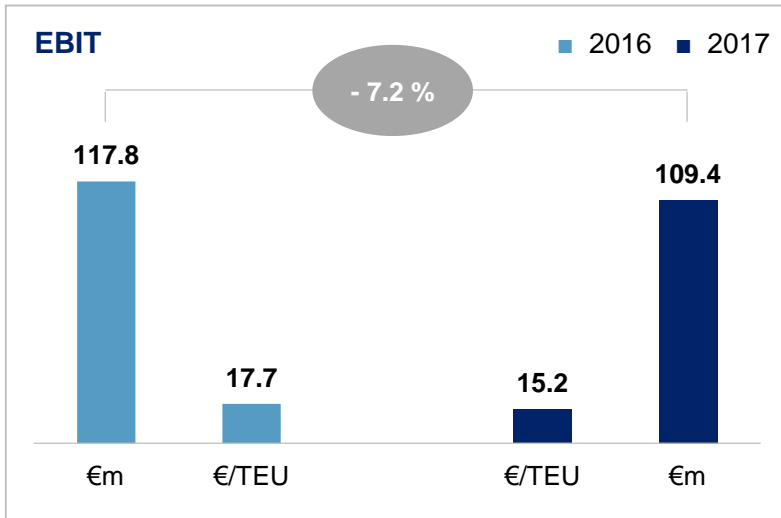
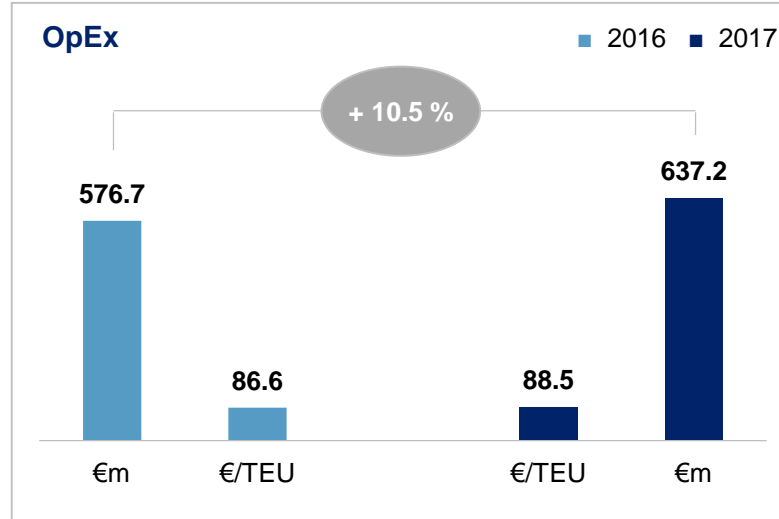
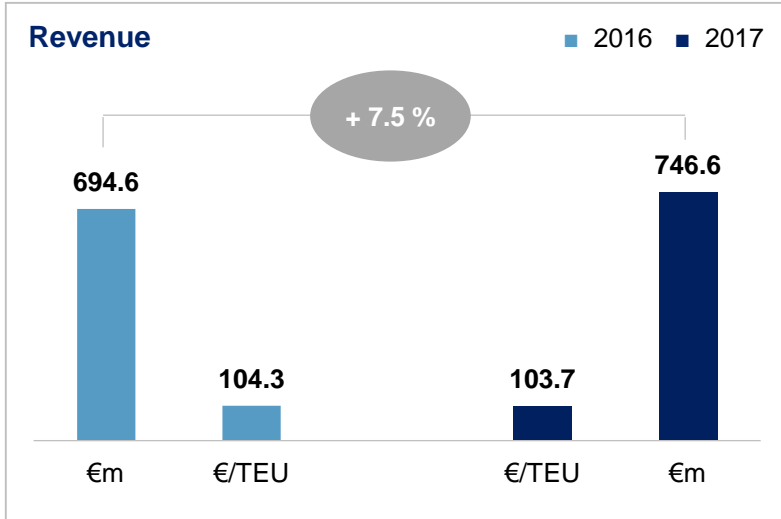
Container transport
in thousand TEU



- Continued growth of container transport in a highly competitive market
- Growth was driven by rail transportation (+ 4.7 % y-o-y) and road-bound transportation (+ 6.8 %)
- Particularly, traffic between Adriatic ports and CEE recorded above-average growth
- Continental traffic also grew strongly

Container segment

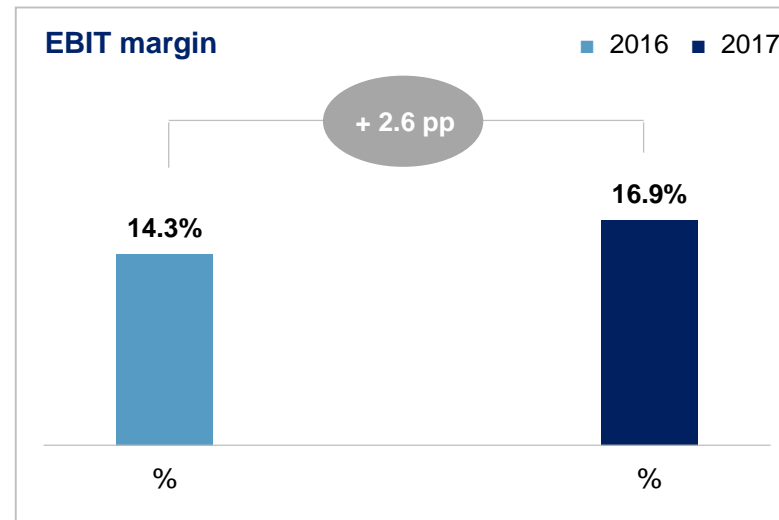
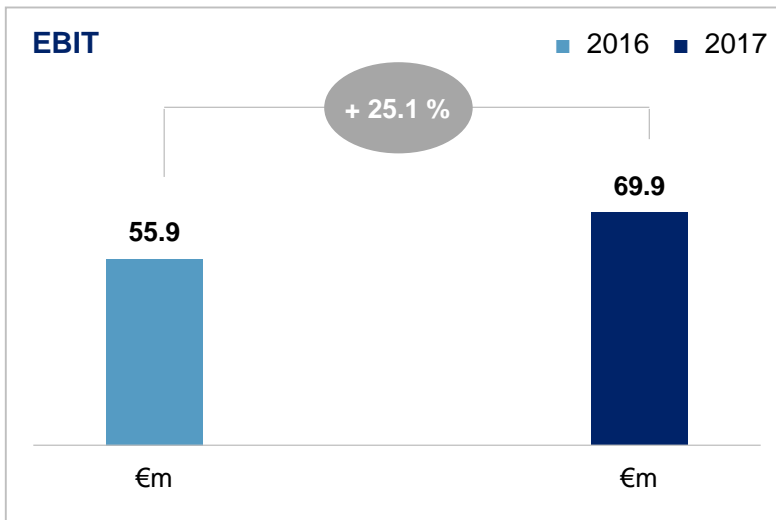
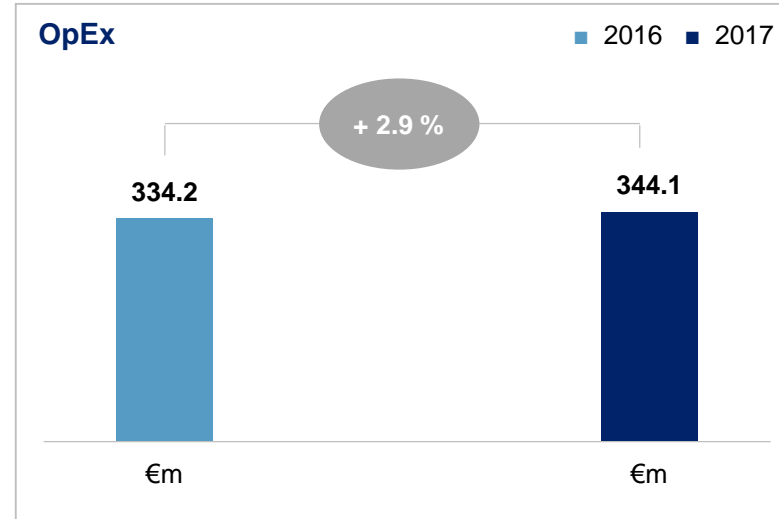
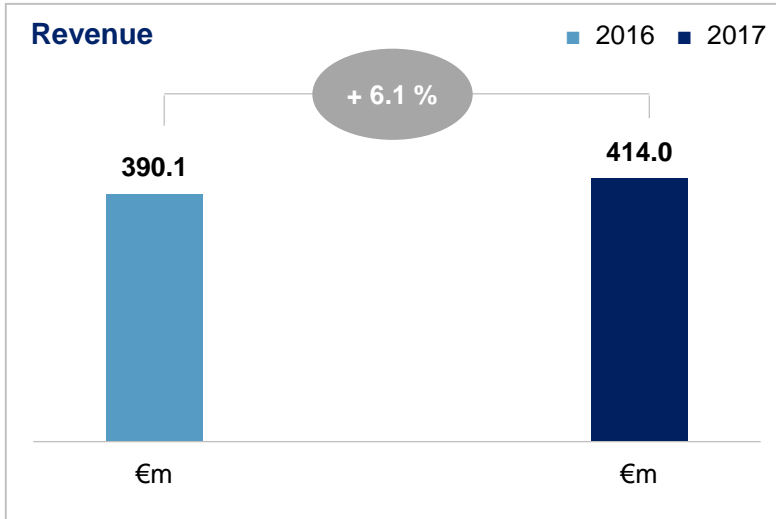
EBIT and revenue up due to substantially higher throughput volume



- Revenue almost in line with volume rise
- Average revenue per TEU impacted by
 - temporarily higher storage fees,
 - adjustments of individual handling rates and
 - a slightly higher feeder ratio of 24.5 % (previous year: 24.0 %)
- Opex, EBIT and EBIT margin are impacted by one-off expenses of € 25 million for reorganisation of the segment and for the harmonization of the pension schemes
- Adjusted for these expenses,
 - opex rose by only 6.1 %,
 - EBIT increased by 14.1%,
 - EBIT margin stood at 18.0%.

Intermodal segment

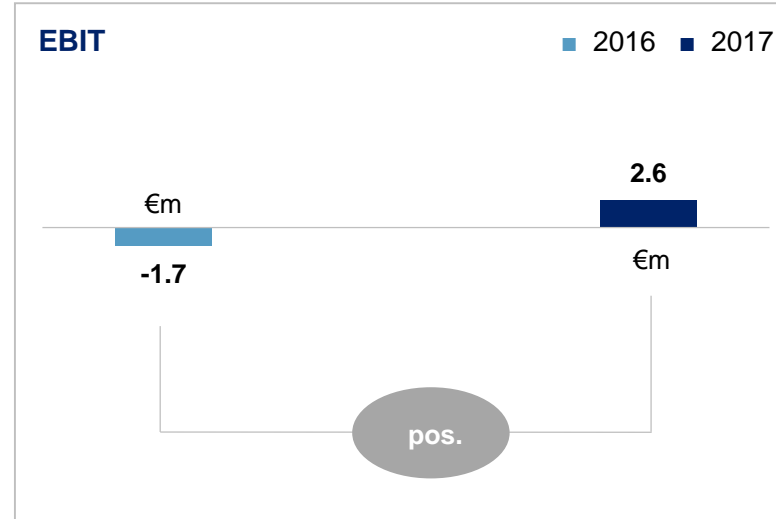
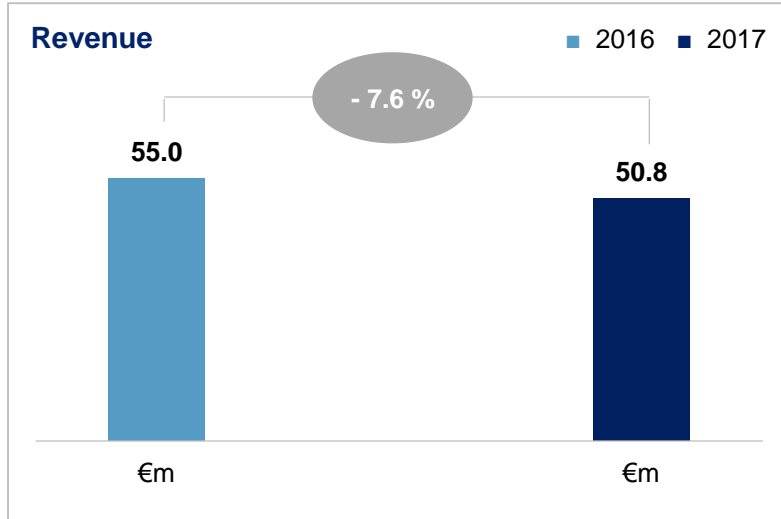
Superior EBIT-level, margin progressed



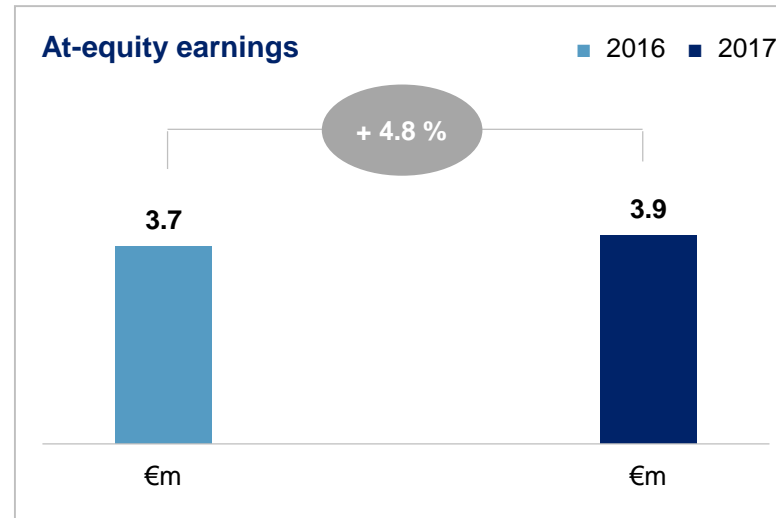
- Top line growth exceeded transport volume development
- Strong EBIT increase due to:
 - Train utilization further improved,
 - Road transport with good progress due to strong freight volume in the Hamburg area
- One-off expenses of € 7.2 million included in prior year's EBIT
- Superior EBIT-level continued
- EBIT margin progression: outstanding level of 16.9 %

Logistics segment

EBIT moved into profit after termination of project and contract logistics activities



- Revenue impacted by the termination of project and contract logistics
- Discontinuation of loss-making project and contract logistics resulted in a turnaround in 2017
- At-equity earnings increased substantially mainly due to a positive development of bulk cargo handling

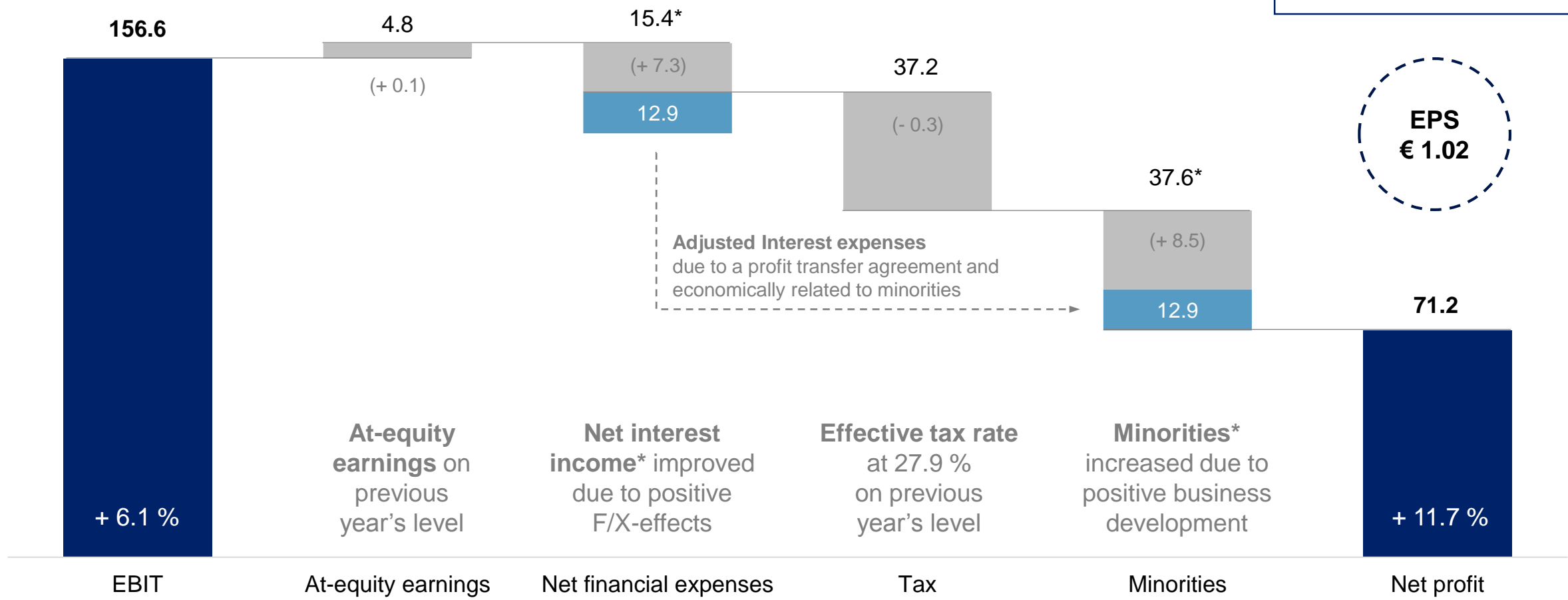


Earnings bridge

Net profit increased substantially mainly due to improved operating result

in € million, figures of Port Logistics subgroup
(change vs. 2016)

Dividend proposal
€ 0.67 per Class A share

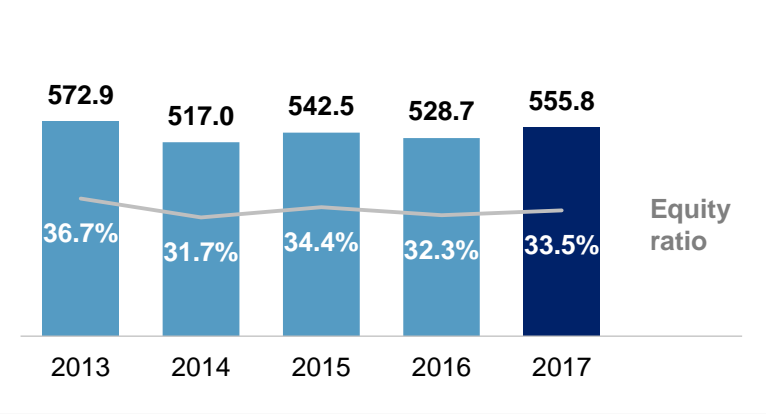


* Adjusted by € 12.9m (interest expenses) economically related to minorities

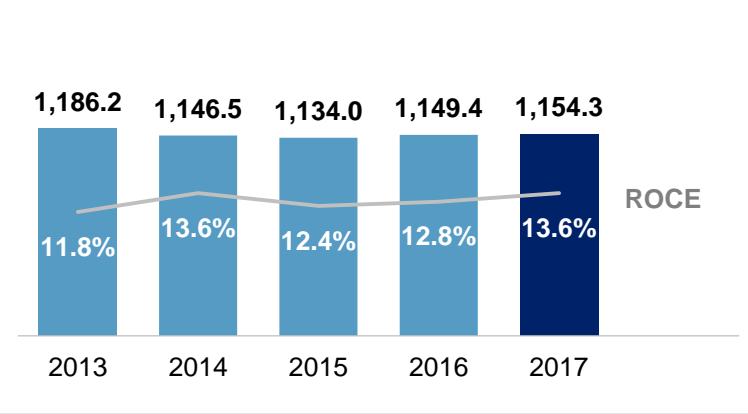
Financial stability

Key financial metrics further improved

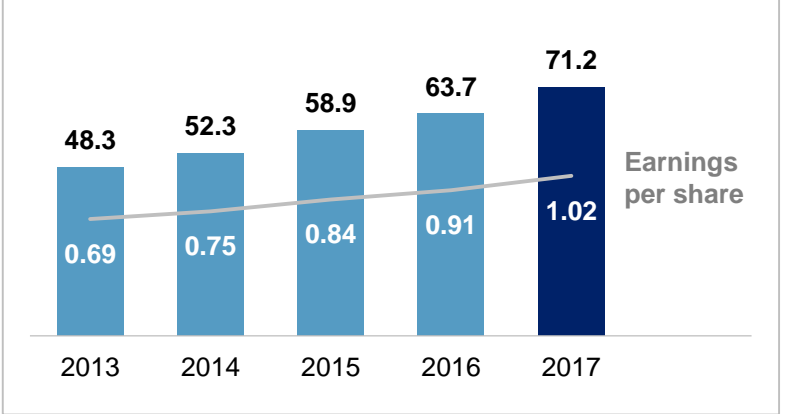
Equity development / Equity ratio
in € million



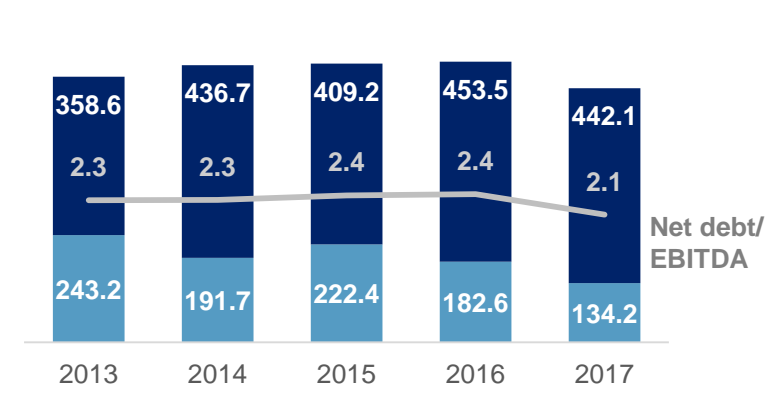
Ø Capital employed / ROCE
in € million



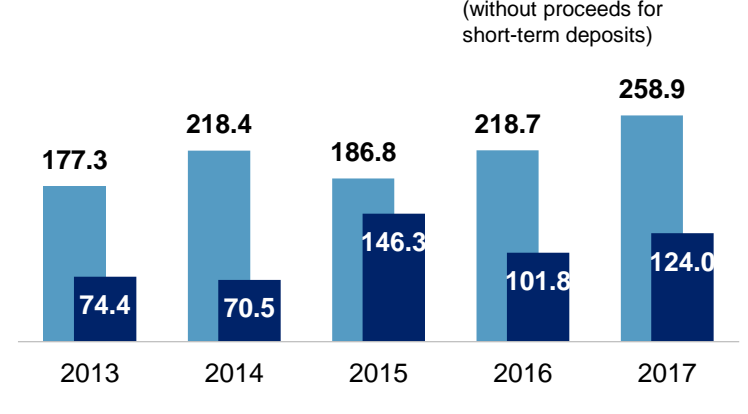
Profit after tax and minorities / EPS
in € million / in €



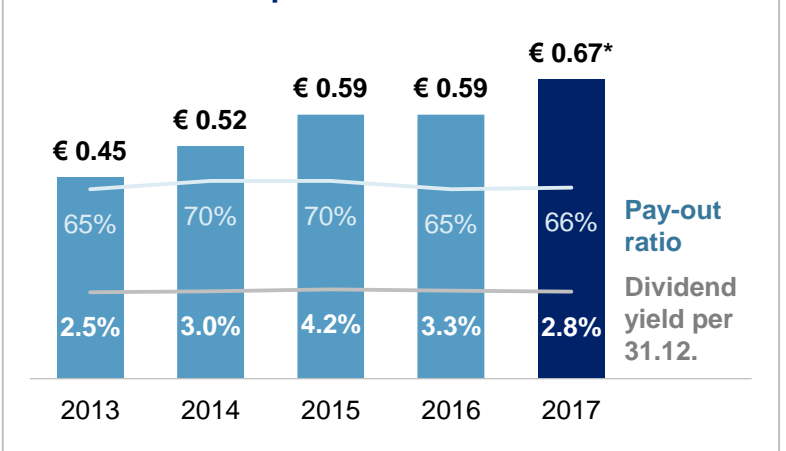
Net debt
in € million



Self-funded investments
in € million



Dividend development * Dividend proposal



Macroeconomic forecast remains stable – throughput expectation for 2018 with positive dynamics

GDP World
+ 3.9 %

World trade
+ 4.6 %

GDP China
+ 6.6 %

GDP Russia
+ 1.7 %

Macroeconomic outlook 2018

- Global growth dynamics supposed to continue on a sound level
- World trade prospects remain above GDP growth
- IMF expects a slight weakening of Chinese growth dynamics but still with a growth rate 6.6%
- Russian economy is expected to stabilize on previous year's level

Source: IMF – World Economic Outlook January 2018; assumption: no global trade war

World throughput
+ 4.3 %

China throughput
+ 5.5 %

NW Europe
+ 3.1 %

Scan. & Baltics
+ 4.9 %

Sector outlook 2018

- After a significant rise of world throughput in 2017, Drewry expects the pace of momentum to slow down in 2018 and forecast a growth rate of 4.3 %
- Muted Chinese volumes expected but still up by 5.5 % yoy
- Lower dynamics in North West Europe at 3.1 % in 2018 expected
- Scandinavia & Baltics are expected to grow at a high level of 4.9 % yoy

Source: Drewry Maritime Research – Container Forecaster, January 2018

Port Logistics subgroup

	2017	Guidance 2018
Container throughput	7,196 thousand TEU	in the region of previous year
Container transport	1,480 thousand TEU	in the region of previous year
Revenues	€ 1,220.3 million	in the region of previous year
EBIT	€ 156.6 million	significant increase on previous year
Capital expenditure	€ 136.4 million	in the range of € 200 million *

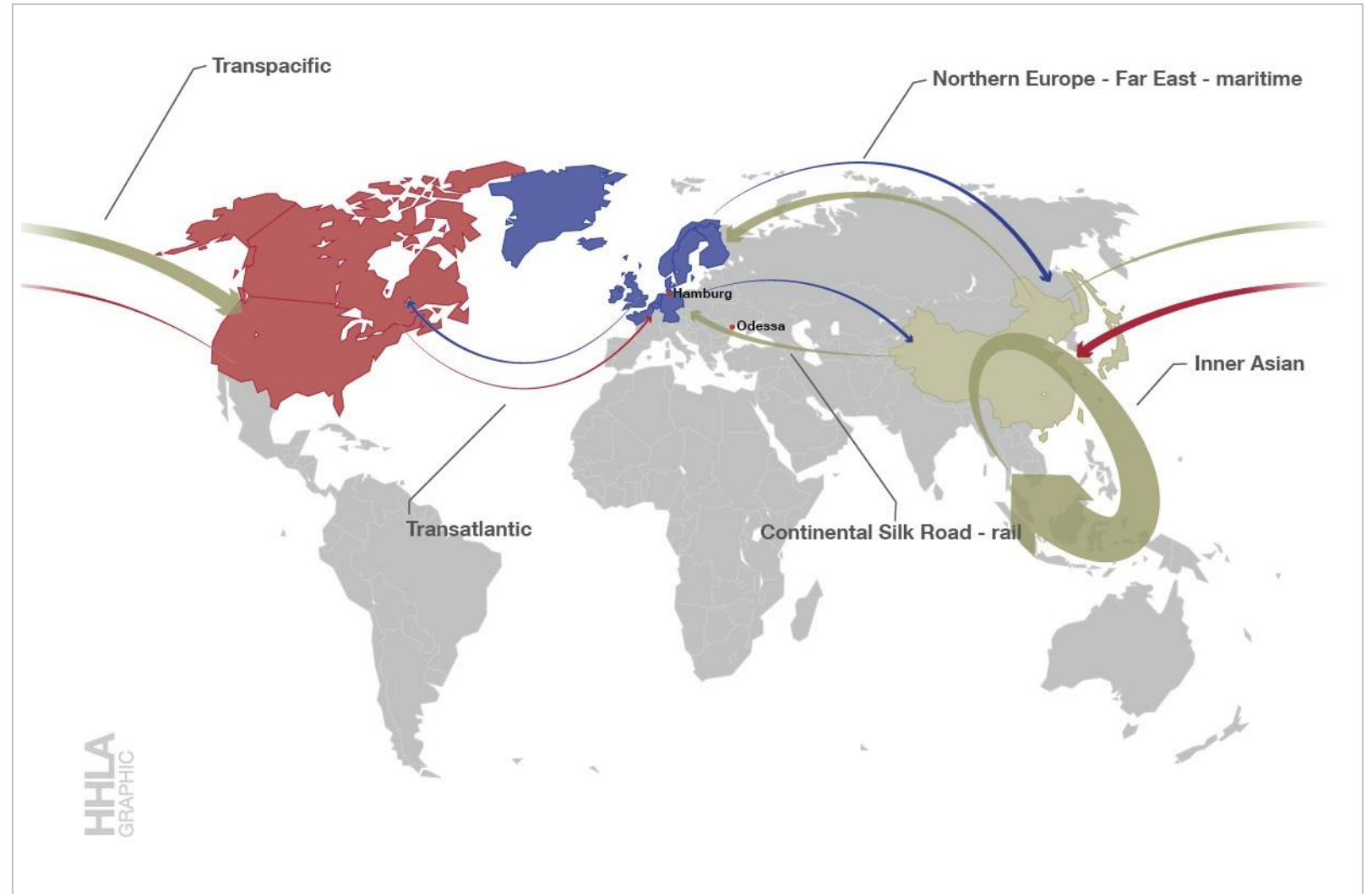
* mainly attributable to the Port Logistics subgroup

THE logistical and digitally innovative hub

HHLA Port Logistics' strategic position

HHLA Port Logistics is the logistical and digitally innovative hub along the new continental and maritime Silk Road

- **Internationalisation** will continue with HHLA opening up for new transport routes
- **Digitisation** will open up further opportunities and HHLA will benefit from new production processes
- HHLA is
 - strengthening the existing core of its business;
 - will exploit growth opportunities along the transport streams of the future;
 - will improve efficiency and grow sustainably.



Growth and efficiency as guiding principles

Strategy will allow for sustained growth

Mid-term targets to ensure growth and efficiency improvements:

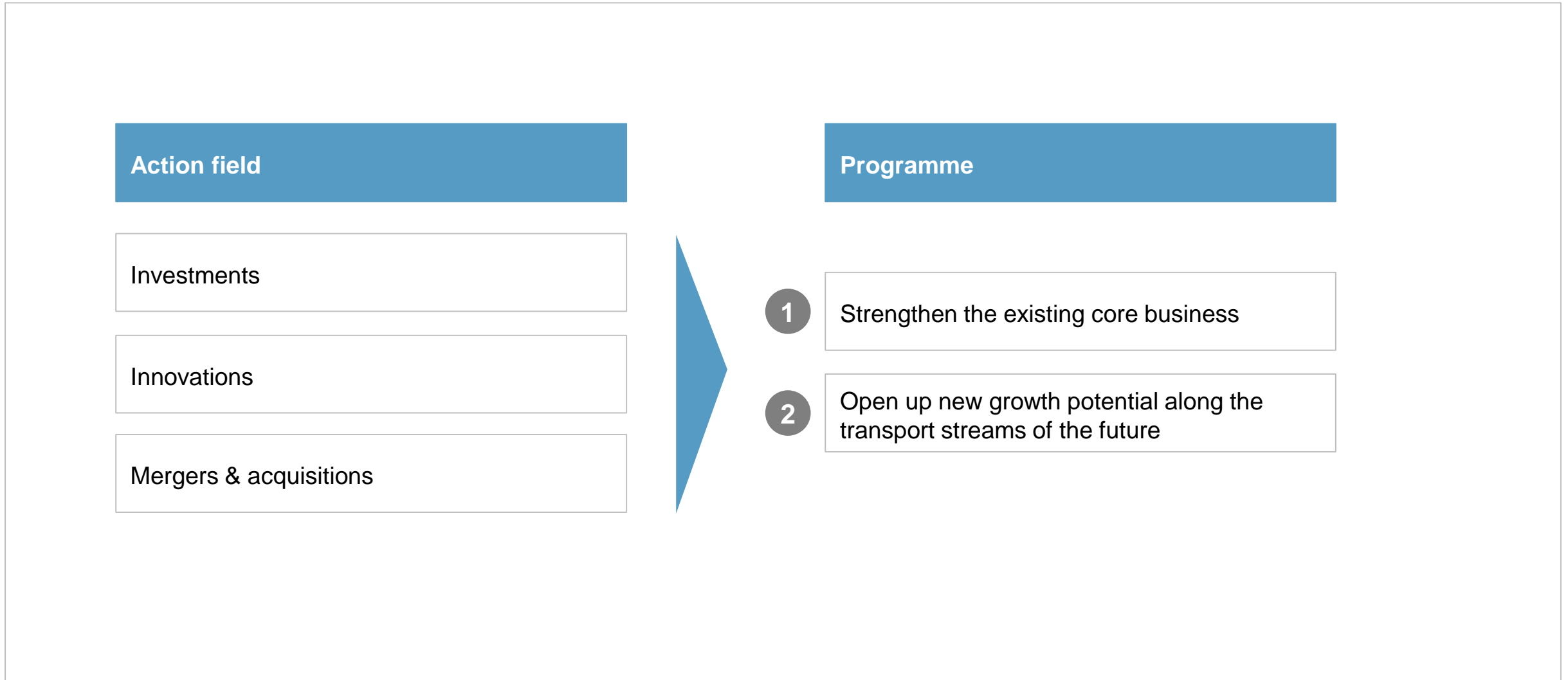
- HHLA Port Logistics will invest ~ € 800 million until 2022 to grow organically
- HHLA Port Logistics will fund investments from own funds and free cash flow
- HHLA Port Logistics will grow inorganically and achieve a positive value contribution
- HHLA Port Logistics will keep net debt/EBITDA in investment grade territory
- HHLA Port Logistics will pursue its dividend policy and distribute 50-70 % of net profit

Long-term targets:



- Strong market position
- Smart investment and efficiency programmes
- New business fields
- **EBIT in 2025 of € 300* million**

Strategic approach to enhance growth and efficiency

Two-tier approach along three action fields



1 Strengthen the existing core business

Investments* 2018 – 2022	Container: ~ € 450 million 	Intermodal: ~ € 350 million 
Challenge	<ul style="list-style-type: none"> ▪ Increasing volume peaks due to growing ship sizes ▪ Consolidation amongst customers ▪ Demand for sustainable solutions ▪ Necessity for efficiency 	<ul style="list-style-type: none"> ▪ Bottlenecks in infrastructural capacities ▪ Sustain know-how- and efficiency-based price-performance-ratio ▪ Necessity for efficiency improvements ▪ Logistic solutions across borders and rail networks
Growth	<ul style="list-style-type: none"> ▪ 5 new gantry cranes for mega carriers at CTB until 2019 ▪ Preparation of another berth for mega carriers at CTT 	<ul style="list-style-type: none"> ▪ Substantial investments planned at METRANS for locomotives and waggons to renew and expand the company's own transportation and handling capacities
Efficiency	<ul style="list-style-type: none"> ▪ Implementation of a uniform terminal planning system and database ▪ Increase agility ▪ Reduce overhead costs 	<ul style="list-style-type: none"> ▪ Acquisition of remaining stake in METRANS ▪ Full integration of POLZUG in the METRANS group, make use of synergies ▪ Increase agility ▪ Reduce overhead costs

② Open up new growth potential

Along the transport streams of the future

Container 		Intermodal 		Logistics 	
Innovations and M&A 2018 – 2022					
Organically			Inorganically		
Growth from innovations	<ul style="list-style-type: none"> IHATEC* Green port terminal Automation and digitisation of processes 		<ul style="list-style-type: none"> Structured terminal evaluation to identify and evaluate attractive investment options Focus on existing terminals in growth markets with a high proportion of gateways and efficiency potential 		Growth from M&A
	<ul style="list-style-type: none"> Bundling and processing of data Digitisation and automation of processes 		<ul style="list-style-type: none"> Open up new potential by orienting on the existing intermodal network Expansion of regional focus 		

Efficiency increases

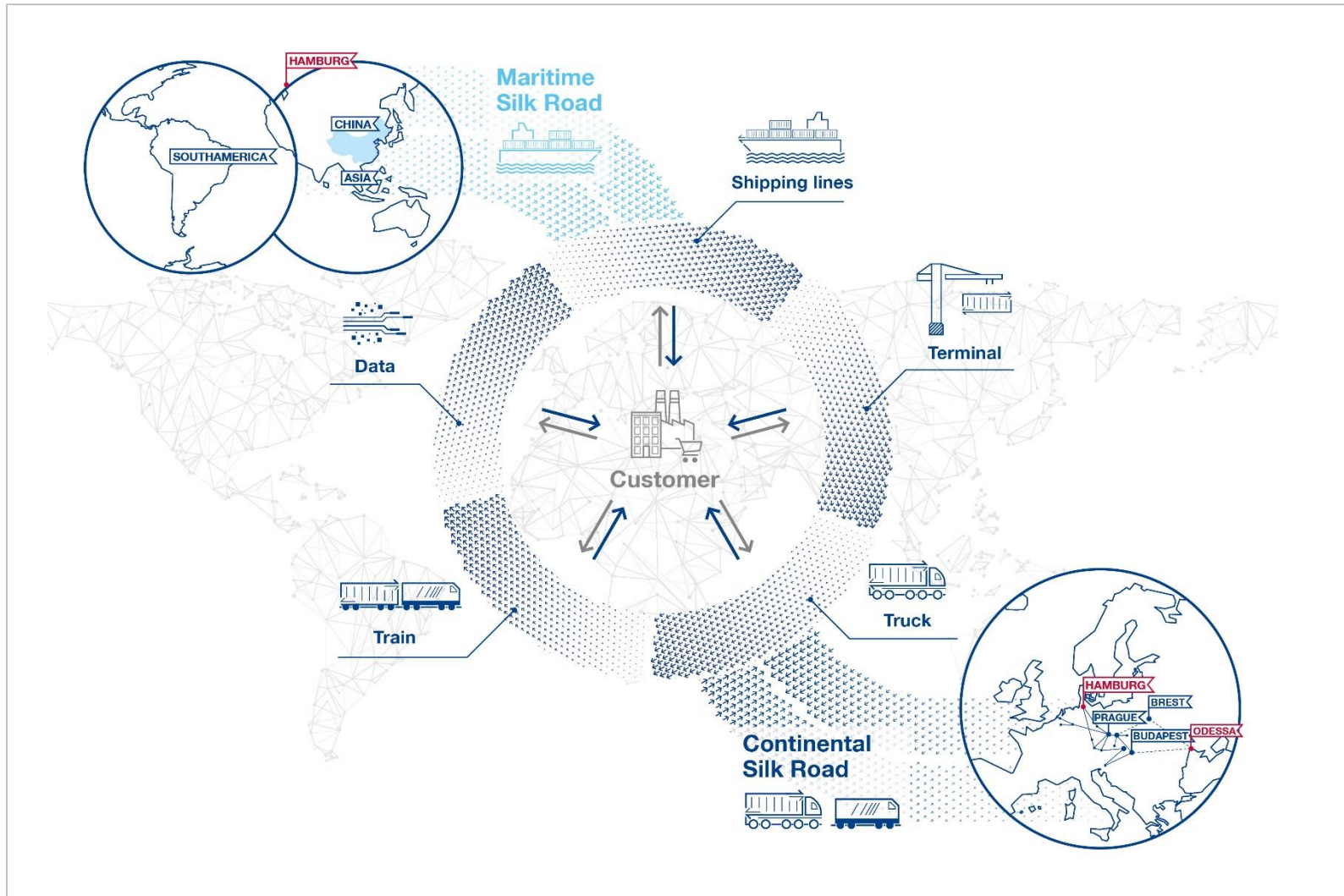
- Establish strategic partnerships
- Manage the inorganic growth, make use of synergies, reduce overhead costs
- Increase value creation from denser network

- Serve rising customer demands without proportionally rising costs
- Reduce overhead costs

* Innovative Hafentechnologien (funding programme for innovative port technologies)

HHLA Port Logistics

THE logistical and digitally innovative hub



Connection of transport streams and data streams

Cross-borders, cross-countries, cross-languages, cross-infrastructure

Port of Hamburg is Germany's largest logistics hub

Dense hub and railway network in the West of the new Silk Road



Financial calendar / IR contact

Financial calendar 2018

28 March 2018	Annual Report 2017 Analyst Conference
15 May 2018	Interim Statement January - March 2018 Analyst Conference Call
12 June 2018	Annual General Meeting (AGM)
14 August 2018	Half-Year Financial Report January - June 2018 Analyst Conference Call
13 November 2018	Interim Statement January - September 2018 Analyst Conference Call

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