Gdansk in 2015. The missing Russian transshipment volumes resulted in a 10 % decline in containers handled to 1.1 million TEU. The volume of containers handled in Gothenburg fell by 2.0 % against the previous year to 0.8 million TEU.

Development of Container Throughput at North Range Ports

in million TEU	2015	2014	Change
Rotterdam	12.2	12.3	- 0.5 %
Antwerp	9.7	9.0	7.5 %
Hamburg	8.8	9.7	- 9.3 %
Bremen ports	5.5	5.8	- 4.3 %
Zeebrugge	1.6	2.0	- 23.8 %
Gdansk	1.1	1.2	- 10.0 %
Gothenburg	0.8	0.8	- 2.0 %
Wilhelmshaven	0.4	0.1	pos.

Source: Port Authorities

Rail freight traffic in Germany was significantly affected by a wage dispute and strike at Deutsche Bahn in spring 2015, and only enjoyed a brief period of respite over the course of the year in view of the economic slowdown and a drop-off in demand for transport. In total, transport volumes fell by 1.0 % in 2015, compared to the previous year. However, traffic performance – transport volume multiplied by the distance travelled – increased slightly by 1.4 % in the same period.

Developments in rail freight traffic were comparable on a European level. Transport demand for rail traffic was already diminished at the beginning of the year, both in Europe as a whole and in those markets of Central and Eastern Europe of particular relevance to HHLA. While transport volumes declined by a total of 3.1 % across Europe in the first three quarters of 2015, the decrease was less severe in Central and Eastern Europe at 1.8 %. Performance varied greatly across the individual markets, however: While transport volumes in Poland and Hungary fell year-on-year by 2.8 % and 3.5 % respectively in the first nine months of 2015, rail cargo in the Czech Republic rose by 4.7 %.

Course of Business and Economic Situation

Key Figures

in € million	2015	2014	Change
Revenue	1,141.8	1,199.6	- 4.8 %
EBITDA	281.4	294.2	- 4.3 %
EBITDA margin in %	24.6	24.5	0.1 pp
EBIT	156.5	169.3	- 7.5 %
EBIT margin in %	13.7	14.1	- 0.4 pp
Profit after tax and minority interests	66.7	58.9	13.2 %
At-equity earnings	3.7	5.3	- 29.1 %
ROCE in %	12.0	12.9	- 0.9 pp

Overall View

The economic environment remained challenging for HHLA throughout 2015. In addition to further delays in the dredging of the river Elbe and weaker global economic growth, operations at HHLA suffered in particular from the slowdown of the Chinese economy as well as the severe recession and impact of trade sanctions in Russia. These circumstances led to a strong decrease in container throughput at HHLA's terminals in Hamburg. However, slight growth was achieved in container transport despite the overall market decline.

These opposing trends in HHLA's two largest segments are also reflected in revenue and the operating result on Group level. There was a moderate decrease in revenue as a whole with a significant decline in EBIT.

In view of the weaker economic outlook, continuing falling volumes in the Container segment and anticipated earnings trend, HHLA updated its earnings guidance for the Group over the course of the year. Actual performance now slightly exceeds the last guidance update. HHLA continued to scale its capital expenditure programme to actual needs. Delays to individual projects resulted in postponements until 2015.

HHLA's financial position remained stable as of the balance sheet date of 31 December 2015. Changes in capital structure due to negative exchange rate effects from the devaluation of the Ukrainian currency were opposed by positive factors including valuation adjustments to pension provisions triggered by interest rate differentials. The equity ratio rose by 2.7 percentage points to 33.2 % (previous year: 30.6 %), while the dynamic gearing ratio increased from 2.7 to 2.8. Due to the company's liquidity base as of the balance sheet date, it still has no significant refinancing requirements.

Forecast and Actual Figures

	31.12.2014	Forecast 27.03.2015	Forecast 06.07.2015	Forecast 05.10.2015	Actual 31.12.2015
Container throughput	7.5 million TEU	Slight increase	Moderate decrease	Strong decrease	6.6 million TEU
Container transport	1.3 million TEU	Moderate increase	Moderate increase	Moderate increase	1.3 million TEU
Revenue	€ 1,199.6 million	Slight increase	Slight decrease	Moderate decrease	€ 1,141.8 million
EBIT	€ 169.3 million	At previous year's level	At previous year's level	In the region of € 150 million	€ 156.5 million
Capital expenditure	€ 138.4 million	In the region of € 170 million	In the region of € 170 million	In the region of € 150 million	€ 145.5 million

Notes on the Reporting

Due to the high level of flexibility required in the sector, handling and transport services are not generally ordered or arranged months in advance. Consequently, an order backlog and order trends do not serve as reporting indicators as they do in other industries.

Changes to the consolidated group in the 2015 financial year resulted mainly from the addition of one company. This did not have a material effect on the HHLA Group's revenue and earnings.

In the reporting year, negative exchange rate effects arose from the devaluation of the Ukrainian currency, which had a significant impact on the Group's financial position and performance.

The 2015 Consolidated Financial Statements were prepared in accordance with the International Financial Reporting Standards (IFRS) applicable in the European Union, taking into consideration the interpretations of the International Financial Reporting Interpretations Committee (IFRIC). The Group Management Report was prepared in line with the requirements of German Accounting Standard no. 20 (GAS 20).

Earnings Position

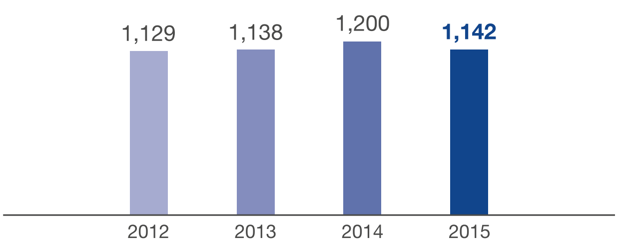
There was a different development in HHLA's **performance data** in 2015. At 6,561 thousand TEU, container throughput fell strongly year-on-year by 12.3 % (previous year: 7,480 thousand TEU). The cooling of the Chinese economy negatively impacted Far East trades while the recession in Russia led to a steep decline in feeder volumes. By contrast, transport volumes increased slightly by 2.7 % to 1,318 thousand TEU (previous year: 1,283 thousand TEU). This growth is attributable to further market share gains made by the rail subsidiaries.

Against this background, **revenue** of the HHLA Group decreased by 4.8 % to € 1,141.8 million (previous year: € 1,199.6 million) in the reporting period. This was primarily due to a volume-related decline in handling revenue at the Hamburg terminals and temporarily higher storage fees in the previous year. The listed Port Logistics subgroup largely developed in line with the HHLA Group as a whole. Its Container, Intermodal and Logistics segments recorded an overall decline in revenue of 5.1 % to € 1,111.0 million (previous year: € 1,171.2 million). By contrast, the non-listed Real Estate subgroup was able to raise revenue by 9.0 % to € 36.5 million (previous year: € 33.5 million). The Real Estate subgroup thus accounted for 2.7 % of Group revenue.

While **changes in inventories** had nearly no impact on earnings last year, expenses of € 1.4 million were incurred in the reporting period which were primarily attributable to consul-

Revenue

in € million



tancy activities. The increase in **own work capitalised** to € 9.3 million (previous year: € 7.9 million) also resulted mainly from this area.

A rise in **other operating income** to € 41.2 million (previous year: € 33.6 million) was due in part to the sale of rolling stock in the Intermodal segment in the fourth quarter of 2015, as well as to the partial reversal of a provision for legal risks through profit and loss and the disposal of a landplot.

The 3.5 % decrease in **operating expenses** to € 1,034.4 million (previous year: € 1,071.7 million) was slightly below the decrease in revenue. There were divergent trends across the different expenditure types.

The **cost of materials** declined by 8.8 % year-on-year to € 361.7 million (previous year: € 396.7 million). The cost of materials ratio decreased to 31.7 % (previous year: 33.1 %). This decrease is mainly related to cost structure changes resulting from the increased use of the company's own traction, which more than offset the opposing effect of growth in the material-intensive Intermodal segment.

Personnel expenses remained on a par with the previous year at € 401.6 million (previous year: € 401.7 million). The personnel expense ratio climbed by 1.7 percentage points to 35.2 % (previous year: 33.5 %). The increase in headcount in the Intermodal segment following the expansion of its own traction, as well as to higher union wage rates. Moreover, the falling utilisation rate of facilities in the Container segment could not be entirely compensated by a reduction in the use of external staff.

Other operating expenses amounted to € 146.3 million in the reporting period and were thus reduced by 1.5 % year-on-year (previous year: € 148.5 million). This decrease is largely due to a provision for legal risks formed in the previous year. Despite this however, the ratio of expenses to revenue increased to 12.8 % (previous year: 12.4 %). This is partially related to the increase in rental and leasing expenses in the Intermodal segment caused by the expansion of its own traction.

At € 124.9 million, **depreciation and amortisation** was unchanged from the previous year (€ 124.9 million) as HHLA continued to focus on ship size-related investments at its container terminals, as well as the expansion of the hinterland network and its own traction.

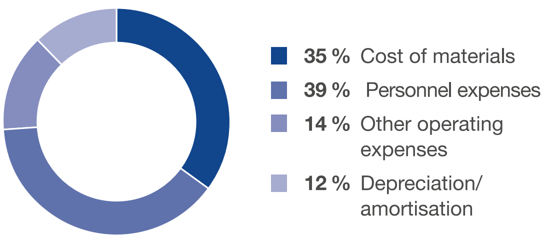
Against the background of these developments, the **operating result before depreciation and amortisation (EBITDA)** decreased by 4.3 % to € 281.4 million (previous year: € 294.2 million) and thus more slowly than revenue. There was a corresponding slight increase in the EBITDA margin to 24.6 % (previous year: 24.5 %).

The **operating result (EBIT)** fell by 7.5 % to € 156.5 million in the reporting period (previous year: € 169.3 million) and the EBIT margin decreased by 0.4 percentage points from 14.1 % in 2014 to 13.7 %. The significant increase in earnings in the Intermodal segment was largely able to compensate for the severe decline in earnings in the Container segment. This decrease in the operating result was once again attributable to the Port Logistics subgroup, where EBIT declined by 9.3 % to € 141.1 million (previous year: € 155.6 million) and thus accounted for 90.1 % (previous year: 91.9 %) of the Group's operating result in the reporting period. In the Real Estate subgroup, EBIT climbed 13.2 % to € 15.2 million (previous year: € 13.4 million). 9.9 % of the Group's operating result was generated by this subgroup (previous year: 8.1 %).

Net expenses from the **financial result** fell by € 10.5 million, or 26.8 %, to € 28.7 million (previous year: € 39.2 million). The interest expense contained in pension provisions declined by € 5.0 million. The revaluation of an equalisation liability payable to a minority shareholder in conjunction with a profit and loss transfer agreement led to a reduction in net expenses from the financial result of € 0.8 million (previous year: € 2.6 million increase). Negative exchange rate effects, due almost exclusively to the devaluation of the Ukrainian currency, reduced the financial result by € 8.0 million, compared to a negative impact on the result of € 10.8 million in the previous year. Earnings from companies accounted for using the equity method, which declined by 29.1 % to € 3.7 million in the reporting period, had an opposing effect (previous year: € 5.3 million).

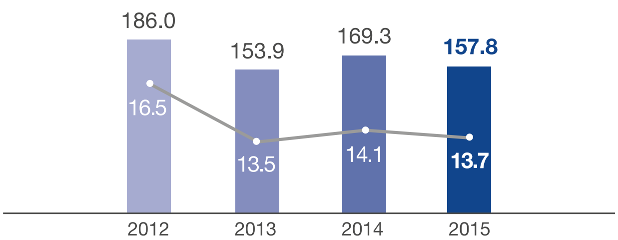
Operating Expenses

Expense structure 2015



Operating Result (EBIT)

in € million / EBIT margin in %



The Group's **effective tax rate** fell to 25.0 % in 2015 (previous year: 30.4 %). This was caused by the absence of a one-off gain that drove up the previous year's tax rate and by the fact that a higher proportion of profits was generated by foreign subsidiaries.

Profit after tax and minority interests increased by 13.2 % to € 66.7 million (previous year: € 58.9 million). Non-controlling interests accounted for € 29.2 million in the 2015 financial year (previous year: € 31.6 million). From a financial point of view, this item also includes the effects mentioned in relation to the financial result associated with the settlement obligation to a minority shareholder. **Earnings per share** increased correspondingly by 13.2 % to € 0.92 (previous year: € 0.81). The listed Port Logistics subgroup achieved a 12.8 % increase in earnings per share to € 0.84 (previous year: € 0.75). Earnings per share for the non-listed Real Estate subgroup were up year-on-year at € 2.86 (previous year: € 2.46). As in the previous year, there was no difference between basic and diluted earnings per share in 2015.

As in the previous year, HHLA's **appropriation of profits** is oriented towards the development of earnings in the HHLA Group in the financial year ended. The distributable profit and HHLA's stable financial position form the foundation of the company's consistent profit distribution policy.

On this basis, the Executive Board and Supervisory Board will propose at the Annual General Meeting on 16 June 2016 a dividend distribution of € 0.59 per Class A share and € 1.75 per Class S share. Based on the number of shares with dividend entitlement as at 31 December 2015, the sum distributed for listed Class A shares would increase on the previous year by 13.5 % to € 41.3 million, while the amount for non-listed Class S shares would rise by 16.7 % to € 4.7 million. In relation to the consolidated profit and the earnings per share, the dividend payout ratio would once again reach a comparably high figure of approximately 70 % for the Port Logistics subgroup and around 61 % for the Real Estate subgroup.

Financial Position

Balance Sheet Analysis

Compared with the previous year, the HHLA Group's **balance sheet total** decreased as of 31 December 2015 by a total of € 37.7 million to € 1,750.4 million.

Balance Sheet Structure

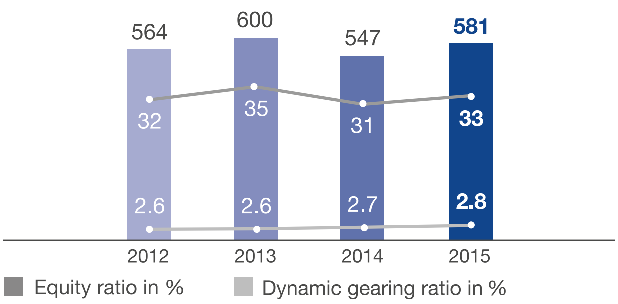
in € million	31.12.2015	31.12.2014
Assets		
Non-current assets	1,305.8	1,308.1
Current assets	444.6	480.0
	1,750.4	1,788.1
Equity and liabilities		
Equity	580.6	546.7
Non-current liabilities	979.2	918.9
Current liabilities	190.6	322.5
	1,750.4	1,788.1

On the assets side of the balance sheet, **non-current assets** fell by € 2.3 million. Capital expenditure led to an increase in property, plant and equipment of € 9.0 million to € 947.1 million (previous year: € 938.0 million), while there were declines in the stock of intangible assets (€ - 4.0 million) and investment property (€ - 8.6 million) due to depreciation and amortisation.

Current assets fell by € 35.4 million to € 444.6 million (previous year: € 480.0 million). This decrease was mainly due to a reduction in cash and cash equivalents of € 57.7 million to € 194.6 million. By contrast, receivables from related parties grew by € 22.3 million to € 58.5 million due to inclusion in the HGV cash clearing system.

Developments in Group Equity

in € million



On the liabilities side, **equity** rose by € 33.9 million to € 580.6 million (previous year: € 546.7 million) compared to year-end 2014. This increase stemmed largely from consolidated net income for the reporting period of € 95.8 million. The change in actuarial gains and losses due to interest rate differentials, netted with deferred taxes, increased equity by

€ 17.3 million. Foreign currency effects recognised directly in equity had a negative impact of € 11.5 million. Dividends distributed, including the reclassification of a future financial settlement as a non-current financial liability, reduced equity by € 68.1 million. The equity ratio increased to 33.2 % (previous year: 30.6 %).

Non-current liabilities rose by € 60.3 million to € 979.2 million (previous year: € 918.9 million). This increase is due to the placement of promissory loans in the third quarter amounting to € 75.0 million. The funds were borrowed to take advantage of the current low interest rates and to minimise long-term interest rate risks in the Real Estate segment. The reduction in pension provisions of € 28.0 million due mainly to interest rate differentials had an opposing effect.

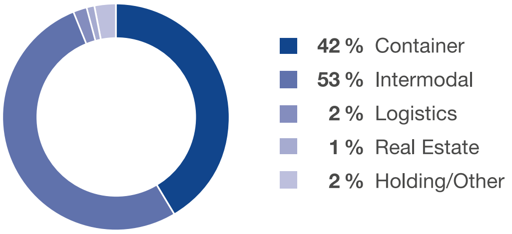
The decrease in **current liabilities** of € 131.9 million to € 190.6 million (previous year: € 322.5 million) resulted mainly from the repayment of a current liability due to related parties of € 65.0 million in the third quarter of 2015 following placement of the promissory note loans mentioned above. Due to the repayment of a loan amounting to € 25.0 million and the decrease of € 8.7 million to € 21.6 million for a settlement obligation to a minority shareholder (previous year:€ 30.3 million), current financial liabilities fell by € 31.4 million to € 92.0 million. Trade liabilities were also down € 31.4 million to € 52.0 million.

Investment Analysis

Capital expenditure in the past financial year totalled € 145.5 million (previous year: € 138.4 million). This figure includes additions of € 3.8 million from finance leases not recognised as a direct cash expense (previous year: € 3.9 million). In 2015, capital expenditure focused on extending the Hamburg container terminals and expanding intermodal transport and handling capacities. Investment projects were largely funded by the operating cash flow generated in the financial year.

Investments

by segment in 2015



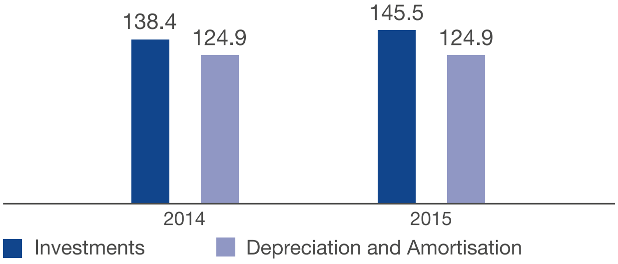
Without inter-company transactions

Property, plant and equipment accounted for € 135.9 million (previous year: € 106.3 million) of capital expenditure, while intangible assets accounted for € 8.8 million (previous year: € 8.3 million) and investment property for € 0.8 million (previous year: € 23.8 million).

Investments amounting to € 61.0 million were made in the **Container segment** (previous year: € 58.4 million). Capital expenditure in this segment was dominated by the procurement of handling equipment, as well as storage capacities and throughput areas at the Hamburg container terminals. The largest amount of investment was accounted for in the **Intermodal segment** at € 77.1 million (previous year: € 52.3 million). Investments were primarily made by the Metrans Group, and mainly in locomotives and the construction of an additional terminal. Adjusted for additions to assets from Group transactions, total investments in the **Logistics segment** amounted to € 2.8 million (previous year: € 2.5 million).

Investments, Depreciation and Amortisation

in € million



Investments in the Container segment focus on enhancing the productivity of existing terminal areas by using state-of-the-art handling technology and developing berth places for the trend in ship sizes. Meanwhile, in the Intermodal segment, the primary objective is to increase vertical integration to further improve the performance and range of its hinterland connections.

As of year-end, there were other financial liabilities for outstanding purchase commitments totalling € 134.4 million (previous year: € 72.7 million). This figure includes € 88.0 million (previous year: € 52.4 million) for the capitalisation of property, plant and equipment.

Liquidity Analysis

Cash flow from operating activities fell year on year from € 233.4 million to € 195.3 million. This decrease of € 38.1 million is primarily due to the year-on-year decline in EBIT of € 12.7 million and a change in trade liabilities and other liabilities of € 21.1 million compared to the 2014 financial year.

Cash flow from investing activities (outflow) of € 130.2 million was above the prior-year figure of € 114.5 million. This increase of € 15.7 million was mainly due to the rise in capital expenditure and investment property. Proceeds from short-term deposits of € 17.0 million (previous year: payments of € 20.0 million) and an increase in payments from the disposal of intangible assets, property,plant and equipment, and investment property totalling € 13.8 million (previous year: € 3.0 million) had an opposing effect.

Liquidity Analysis

in € million	2015	2014
Financial funds as of 01.01.	185.6	151.1
Cash flow from operating activities	195.3	233.4
Cash flow from investing activities	- 130.2	- 114.5
Free cash flow	65.1	118.8
Cash flow from financing activities	- 82.7	- 79.0
Change in financial funds	- 17.6	39.8
Change in financial funds due to exchange rates	- 2.6	- 5.3
Financial funds as of 31.12.	165.4	185.6

Free cash flow – the total cash flow from operating and investing activities – decreased to € 65.1 million (previous year: € 118.8 million).

Cash flow from financing activities (outflow) amounted to € 82.7 million (previous year: € 79.0 million) in the reporting period, and thus increased by € 3.7 million. Due to higher dividend payments, cash outflows increased year-on-year by € 5.6 million. The repayment of loans, including to a related party, and the placement of promissory note loans with an opposing effect resulted in a net cash outflow which was € 1.1 million lower than in the 2014 financial year.

The HHLA Group had sufficient liquidity as of year-end 2015. There were no liquidity bottlenecks in the course of the financial year. **Financial funds** totalled € 165.4 million as of 31 December 2015 (31 December 2014: € 185.6 million). Including all short-term deposits, the Group's available liquidity came to a total of € 238.5 million (previous year: € 275.6 million).

Financing Analysis

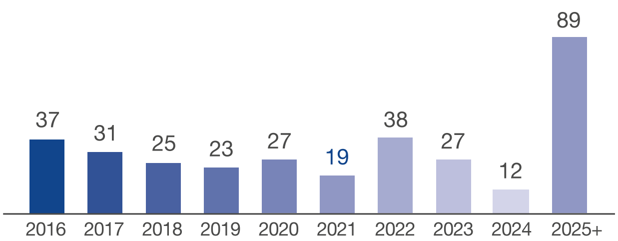
Financial management at the HHLA Group is managed centrally and serves the overriding objective of ensuring the Group's long-term financial stability and flexibility. Group clearing pools the Group's financial resources, optimises net interest income and substantially reduces dependency on external sources of funding. Derivative financial instruments can be used to reduce the risk of changes in interest rates and, to a minor extent, to reduce currency and commodity price risks.

HHLA's business model is dominated by a large proportion of property, plant and equipment with long useful lives. For this reason, HHLA mainly uses medium and long-term loans and finance leases to achieve funding with matching maturities. Pension provisions are also available for long-term internal financing.

At € 329.6 million, as of the balance sheet date amounts due to banks were higher than in the previous year (€ 284.1 million). The Group drew on additional external financing totalling € 121.3 million (previous year: € 24.7 million) in the 2015 financial year. New borrowing was offset by loan repayments amounting to € 61.5 million. A promissory note loan was used to replace a shareholder loan. This was the main reason for the increase in liabilities from bank loans. Due to the maturities agreed and its stable liquidity position, the company had no other significant funding requirements.

Maturities of Bank Loans

by year and in € million



The majority of the liabilities from loans are denominated in euros, with a small proportion in US dollars. In terms of conditions, approximately 73 % have fixed interest rates and some 27 % have floating interest rates. As a result of borrowing, certain Group companies had covenants linked to key balance sheet figures, which mostly require a minimum equity ratio to be met. Covenants are currently in place for around 21 % of bank loans. The covenants were met at all agreed audit points throughout the reporting year. As of the balance sheet date, HHLA posted non-current liabilities to related parties totalling € 106.3 million (previous year: € 106.6 million). These resulted from the recognition of the leasing liability to the Hamburg Port Authority (HPA) in connection with quay walls for the mega-ship berths at the HHLA Container Terminal Burchardkai (CTB) and the HHLA Container Terminal Tollerort (CTT). In the previous year, liabilities to related parties included a shareholder loan of € 65 million in the Real Estate subgroup, which has now been repaid.

With the exception of operating leases, there are no significant off-balance sheet financial instruments. These operating leases relate primarily to long-term agreements between the HHLA Group and either the Free and Hanseatic City of Hamburg or the HPA for leasing land and quay walls in the Port of Hamburg and the Speicherstadt historical warehouse district.

Cash, cash equivalents and short-term deposits, the bulk of which is held centrally by the holding company, totalled € 194.6 million (previous year: € 252.2 million). These funds are mainly invested at German financial institutions with verified high credit ratings as demand deposits, call money and short-term deposits. Current credit lines play a subordinate role due to HHLA having sufficient liquid funds. As of the balance sheet date, the Group had unused credit facilities amounting to some € 1.2 million (previous year: € 3.6 million). The credit line utilisation rate was 83.9 % in the period under review (previous year: 59.5 %). In HHLA's view, the Group's solid balance sheet structure would enable more substantial credit facilities to be arranged at any time if its medium-term liquidity planning were to reveal a need. Of the total cash and cash equivalents, € 10.7 million (previous year: € 9.4 million) was subject to restrictions in Ukraine relating to the transfer of currency abroad as of the reporting date.

As HHLA has a large number of borrowing options at its disposal outside of the capital market, the Group currently sees no need for an external rating. Instead, it provides existing and potential creditors with comprehensive information to ensure that they can derive appropriate internal credit ratings.

Public subsidies awarded for individual development projects which are subject to specific conditions are of minor importance in terms of their volume at Group level.

Acquisitions and Disposals of Companies

In the first quarter of 2015, METRANS (Danubia) Kft., Gyor, Hungary, which is not included in HHLA's group of consolidated companies, acquired 100 % of the shares in both Univer Trans Kft, Budapest, Hungary, and Loacker Konténer Kft., Budapest, Hungary.

The real estate company Loacker Konténer Kft. was renamed METRANS Konténer Kft. in the second quarter of 2015. METRANS (Danubia) Kft. subsequently sold all of the shares in METRANS Konténer Kft. and all of the shares in Univer Trans Kft. to METRANS (Danubia) a.s., Dunajská Streda, Slovakia, which is part of HHLA's consolidated group.

There were no other substantial acquisitions or disposals of shares in subsidiaries.

Segment Performance

Container Segment

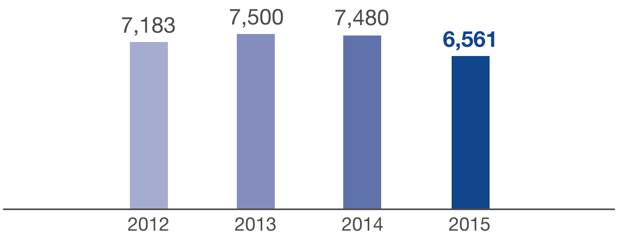
Key Figures

in € million	2015	2014	Change
Revenue	675.2	743.7	- 9.2 %
EBITDA	195.8	247.1	- 20.8 %
EBITDA margin in %	29.0	33.2	- 4.2 pp
EBIT	110.6	156.1	- 29.1 %
EBIT margin in %	16.4	21.0	- 4.6 pp
Container throughput in thousand TEU	6,561	7,480	- 12.3 %

Following the positive trend of the previous years, HHLA's container terminals recorded their first significant decline in throughput since 2009 in the reporting period. HHLA's container terminals handled a total of 6,561 thousand TEU on the quayside in 2015, which represents a 12.3 % decline in the number of standard containers (TEU) handled compared to the previous year (7,480 thousand TEU). While container throughput fell 12.6 % to 6,305 thousand TEU at the three container terminals in Hamburg (previous year: 7,217 thousand TEU), throughput at the Container Terminal Odessa was down by just 2.9 % year-on-year at 256 thousand TEU (previous year: 263 thousand TEU).

Development in Container Throughput

in thousand TEU



The changes in volume experienced at the Hamburg terminals were primarily due to dwindling feeder traffic with the Baltic Sea ports, which were down approximately 24 % below the prior-year figure in 2015. In addition to the re-routing of feeder volumes by individual shipping companies, this was primarily due to the trend in traffic with Russia, which fell almost 36 % year-on-year. This drop was, in turn, caused by the consequences of the trade sanctions imposed during the Ukraine crisis which still remain in place, the collapse in oil prices and the strong devaluation of the rouble. As a consequence, the proportion of seaborne handling accounted for by feeders fell to 22.9 % in the 2015 financial year (previous year: 25.6 %). Asian routes (Far East–northern Europe) also declined significantly compared to the previous year. Container transport volumes to and from the Far East decreased by approximately 18 % in 2015. The main cause was the significant weakening of