As in the previous year, over 700 events lasting one or more days were held in the reporting period. These included more than 650 internal vocational courses conducted by HHLA's own trainers over 3,089 training days. In addition, more than 70 one- to multi- day events with over 870 participant days were organised as part of the company's cross-segment seminar programme. 31 % of the participants were female.

Detailed workforce-related information on strategic HR management, staff development, occupational safety and health promotion, as well as contracts, remuneration and additional benefits can be found in the "Sustainability" section of the report. ▶ see also Sustainability/Employees, page 170.

Economic Environment

Macroeconomic Development

The global economy was on a strong upward trajectory in 2017 with estimates by the International Monetary Fund (IMF) putting year-on-year growth at 3.7 %. This is the most rapid increase since 2010. Despite uncertainty surrounding the future geopolitical and economic environment, macroeconomic growth picked up pace markedly. The most recent economic indicators signalled a significant increase in Germany's GDP of 2.5 %. According to the German Federal Statistical Office, exports rose strongly by 6.3 % year-on-year in 2017. There was also considerable growth in imports of 8.3 %. The Central and Eastern European economies experienced a noticeable upswing. Based on the data currently available, the IMF therefore expects economic output in Europe's emerging countries to rise strongly by 5.2 % in 2017. There was a slight upturn in the Russian economy again in 2017 but sanctions continued to prevent any significant momentum. Nevertheless, Russia's total economic output returned to growth for the first time with an increase of 1.8 %. China maintained its stable growth trajectory and even exceeded its government's own 6.5 % target slightly with growth of 6.8 % for the full year 2017. This economic upturn was also reflected in global trade volumes, which experts believe expanded by 4.7 % in 2017.

Development of Gross Domestic Product (GDP)

in %	2017	2016
World	3.7	3.2
Advanced economies	2.3	1.7
USA	2.3	1.5
Emerging economies	4.7	4.4
China	6.8	6.7
Russia	1.8	- 0.2
Eurozone	2.4	1.8
Central and Eastern Europe (emerging european economies)	5.2	3.2
Germany	2.5	1.9
World trade	4.7	2.5

Source: International Monetary Fund (IMF), January 2018

Sector Development

Given the persistently difficult conditions for container shipping in 2016, there was a surprisingly positive trend in global container throughput in 2017. According to recent estimates by Drewry, throughput increased by 6.0 % worldwide in the past year. This faster rate of throughput growth was mirrored by almost all shipping regions, albeit to different extents. In Europe, the ports in Scandinavia and the Baltic region, the Eastern Mediterranean and the Black Sea benefited most from the upturn. Nevertheless, volume growth at the Scandinavian and Baltic ports was less pronounced than expected as recently as October (forecast from Q3 2017: 8.4 %). Growth of 5.9 % was still slightly stronger than in the previous year, however. Although the strong upturn at the north-western European ports slowed somewhat in the course of the year, Drewry anticipates growth of approximately 4.2 % in the reporting period based on the figures currently available.

Development of Container Throughput by Region

in %	2017	2016
World	6.0	2.5
Europe as a whole	5.0	3.3
North-West Europe	4.2	1.8
Scandinavia and the Baltic region	5.9	5.5
Western Mediterranean	3.7	4.2
Eastern Mediterranean and the Black Sea	7.6	4.8

Source: Drewry Maritime Research, December 2017

The **trend among the major container ports of the North Range**, as well as the largest ports of the western Baltic Sea, was mixed. Hamburg recorded a slight loss in the period under review, with container throughput declining by 1.0 % to 8.8 million TEU. Europe's largest container port, Rotterdam, handled 13.7 million TEU, 10.9 % more than in the previous year. Container throughput in Antwerp was up 4.1 % year-on-year to 10.5 million TEU, thus bolstering the Belgian port's position as Europe's second-largest container port. Following a double-digit decline in 2016, throughput at Belgium's second port, Zeebrugge, recovered to 1.5 million TEU in the reporting period – an increase of 8.7 % on the previous year. With total throughput of 5.5 million TEU, the Bremen ports experienced slight year-on-year growth of 0.5 %. Thanks to its stronger integration into the 2M alliance route network, the JadeWeser-Port in Wilhelmshaven recorded throughput of 0.6 million TEU – 15.1 % more than in the previous year. The port of Gdansk once again achieved strong growth in container throughput of 21.6 % to 0.6 million TEU.

By contrast, the volume of containers handled in Gothenburg fell by 19.3 % year-on-year to 0.6 million TEU. There was a strong increase in container throughput at Russia's Baltic Sea ports. The total volume of containers at the ports of St. Petersburg, Ust-Luga and Kaliningrad rose by 10.7 % year-on-year in 2017.

Development of Container Throughput at Northern European Ports

in million TEU	2017	2016	Change
Rotterdam	13.7	12.4	10.9 %
Antwerp	10.5	10.0	4.1 %
Hamburg	8.8	8.9	- 1.0 %
Bremen ports	5.5	5.5	0.5 %
Zeebrugge	1.5	1.4	8.7 %
Gdansk	1.6	1.3	21.6 %
Gothenburg	0.6	0.8	- 19.3 %
Wilhelmshaven	0.6	0.5	15.1 %

Source: Port Authorities

The market research institute AXS Alphaliner estimates that the carrying capacity of the global **container ship fleet** increased by 3.8 % to 21.1 million TEU in 2017 (previous year: 1.5 %). This means that transport capacity rose at a considerably slower rate than transport demand. Nevertheless, the increase in ship sizes remains unbroken. The number of ultra large vessels with a capacity of more than 10,000 TEU increased particularly strongly, with growth of 16.8 % to 453. This means that some 80 % of the ships delivered in 2017 can carry in excess of 10,000 TEU. The shipping companies MSC and CMA CGM recently ordered additional vessels with a carrying capacity of 22,000 TEU. In view of the modest ordering activities of shipping lines, shipyards around the world currently have an aggregate order backlog of 2.7 million TEU. This corresponds to 12.7 % of the total carrying capacity of the fleet in use at present.

Rail freight traffic in Germany declined over the course of the year. Compared with the previous year, transport volumes fell by 3.3 % in the first ten months of 2017. However, traffic performance – transport volume multiplied by the distance travelled – decreased by only 2.5 % in the same period. The trend in intermodal traffic was also weak. In the period from January to October 2017, 5.1 million TEU was transported by rail, corresponding to a 5.1 % decrease year-on-year.

At a **European level**, however, the upward trend in rail freight traffic which began in late 2016 continued in the reporting period. Transport demand for rail traffic increased substantially in the first three quarters of 2017, both in Europe as a whole and in those markets of Central and Eastern Europe of particular relevance to HHLA. Whereas transport volumes rose by 4.9 % year-on-year across Europe as a whole, growth in Central and Eastern Europe was even stronger at 9.2 %. However, trends varied considerably in the individual markets. While Poland recorded a 17.0 % rise in rail freight in the first nine months, transport volumes in the Czech Republic fell by 1.6 %. In line with rising transport volumes, traffic performance across Europe was up by 4.2 % and by as much as 9.1 % in Central and Eastern Europe.

Course of Business and Economic Situation

Key Figures

in € million	2017	2016	Change
Revenue	1,251.8	1,177.7	6.3 %
EBITDA	295.8	286.4	3.3 %
EBITDA margin in %	23.6	24.3	- 0.7 pp
EBIT	173.2	164.0	5.6 %
EBIT margin in %	13.8	13.9	- 0.1 pp
Profit after tax and minority interests	81.1	73.0	11.0 %
At-equity earnings	4.8	4.7	2.2 %
ROCE in %	13.1	12.4	0.7 pp

Overall View

The HHLA Group's performance in the 2017 financial year was very encouraging. Thanks to sales activities and an investment policy aligned with trends in ship sizes, the HHLA Group succeeded in capitalising on the positive economic environment while the consolidation trend among its clients continued. These efforts led to a marked increase in container throughput in the Container segment. At the same time, container transport in the Intermodal segment rose noticeably. Developments at HHLA's two largest segments led to moderate growth in both revenue and the operating result at Group level.