Detailed index consolidated financial statements

Detailed index notes

Income statement – HHLA Group

in € thousand	Note	2019	2018
Revenue	8.	1,382,625	1,291,136
Changes in inventories	9.	131	448
Own work capitalised	10.	6,183	5,209
Other operating income	11.	45,583	41,414
Cost of materials	12.	- 401,203	- 367,103
Personnel expenses	13.	- 516,119	- 480,580
Other operating expenses	14.	- 134,575	- 172,072
Earnings before interest, taxes, depreciation and amortisation (EBITDA)		**382,625**	**318,452**
Depreciation and amortisation	15.	- 161,388	- 114,232
Earnings before interest and taxes (EBIT)		**221,237**	**204,220**
Earnings from associates accounted for using the equity method	16.	4,458	5,347
Interest income	16.	2,886	2,128
Interest expenses	16.	- 42,459	- 28,111
Other financial result	16.	0	0
Financial result	**16.**	**- 35,115**	**- 20,636**
Earnings before tax (EBT)		**186,122**	**183,584**
Income tax	18.	- 49,064	- 45,110
Profit after tax		**137,058**	**138,474**
of which attributable to non-controlling interests	19.	33,776	26,193
of which attributable to shareholders of the parent company		103,282	112,281
Earnings per share, basic and diluted, in €	**20.**		
HHLA Group		1.42	1.54
Port Logistics subgroup		1.34	1.47
Real Estate subgroup		3.57	3.46

Statement of comprehensive income – HHLA Group

in € thousand	Note	2019	2018
Profit after tax		**137,058**	**138,474**
Components which cannot be transferred to the income statement			
Actuarial gains/losses	36.	- 45,625	11,603
Deferred taxes	18.	14,726	- 3,747
Total		**- 30,899**	**7,856**
Components which can be transferred to the income statement			
Cash flow hedges	47.	0	33
Foreign currency translation differences		8,551	1,625
Deferred taxes	18.	- 26	36
Other		79	- 124
Total		**8,604**	**1,571**
Income and expense recognised directly in equity		**- 22,295**	**9,427**
Total comprehensive income		**114,763**	**147,900**
of which attributable to non-controlling interests		32,706	26,247
of which attributable to shareholders of the parent company		82,057	121,653

Income statement – HHLA subgroups

in € thousand; Port Logistics subgroup and Real Estate subgroup; annex to the notes	2019 Group	**2019 Port Logistics**	**2019 Real Estate**	2019 Consolidation
Revenue	1,382,625	1,349,962	40,221	- 7,558
Changes in inventories	131	131	0	0
Own work capitalised	6,183	5,359	0	824
Other operating income	45,583	41,258	5,538	- 1,213
Cost of materials	- 401,203	- 393,909	- 7,966	672
Personnel expenses	- 516,119	- 513,905	- 2,214	0
Other operating expenses	- 134,575	- 130,171	- 11,679	7,275
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	**382,625**	**358,725**	**23,900**	**0**
Depreciation and amortisation	- 161,388	- 154,300	- 7,433	345
Earnings before interest and taxes (EBIT)	**221,237**	**204,425**	**16,467**	**345**
Earnings from associates accounted for using the equity method	4,458	4,458	0	0
Interest income	2,886	2,994	35	- 143
Interest expenses	- 42,459	- 39,490	- 3,112	143
Other financial result	0	0	0	0
Financial result	**- 35,115**	**- 32,038**	**- 3,077**	**0**
Earnings before tax (EBT)	**186,122**	**172,387**	**13,390**	**345**
Income tax	- 49,064	- 44,979	- 3,999	- 85
Profit after tax	**137,058**	**127,408**	**9,391**	**260**
of which attributable to non-controlling interests	33,776	33,776	0	
of which attributable to shareholders of the parent company	103,282	93,631	9,651	
Earnings per share, basic and diluted, in €	**1.42**	**1.34**	**3.57**	

Statement of comprehensive income – HHLA subgroups

in € thousand; Port Logistics subgroup and Real Estate subgroup; annex to the notes	2019 Group	**2019 Port Logistics**	**2019 Real Estate**	2019 Consolidation
Profit after tax	**137,058**	**127,408**	**9,391**	**260**
Components which cannot be transferred to the income statement				
Actuarial gains/losses	- 45,625	- 45,361	- 264	
Deferred taxes	14,726	14,641	85	
Total	**- 30,899**	**- 30,720**	**- 179**	
Components which can be transferred to the income statement				
Cash flow hedges	0	0	0	
Foreign currency translation differences	8,551	8,551	0	
Deferred taxes	- 26	- 26	0	
Other	79	79	0	
Total	**8,604**	**8,604**	**0**	
Income and expense recognised directly in equity	**- 22,295**	**- 22,116**	**- 179**	**0**
Total comprehensive income	**114,763**	**105,291**	**9,212**	**260**
of which attributable to non-controlling interests	32,706	32,706	0	
of which attributable to shareholders of the parent company	82,057	72,585	9,472	

Income statement – HHLA subgroups

in € thousand; Port Logistics subgroup and Real Estate subgroup; annex to the notes	2018 Group	2018 Port Logistics	2018 Real Estate	2018 Consolidation
Revenue	1,291,136	1,258,519	39,251	- 6,634
Changes in inventories	448	448	0	0
Own work capitalised	5,209	4,481	0	728
Other operating income	41,414	37,429	5,743	- 1,758
Cost of materials	- 367,103	- 359,903	- 7,848	648
Personnel expenses	- 480,580	- 478,365	- 2,215	0
Other operating expenses	- 172,072	- 164,841	- 14,247	7,016
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	**318,452**	**297,768**	**20,684**	**0**
Depreciation and amortisation	- 114,232	- 109,350	- 5,225	343
Earnings before interest and taxes (EBIT)	**204,220**	**188,418**	**15,459**	**343**
Earnings from associates accounted for using the equity method	5,347	5,347	0	0
Interest income	2,128	2,240	50	- 162
Interest expenses	- 28,111	- 25,570	- 2,703	162
Other financial result	0	0	0	0
Financial result	**- 20,636**	**- 17,983**	**- 2,653**	**0**
Earnings before tax (EBT)	**183,584**	**170,435**	**12,806**	**343**
Income tax	- 45,110	- 41,332	- 3,693	- 85
Profit after tax	**138,474**	**129,103**	**9,113**	**258**
of which attributable to non-controlling interests	26,193	26,193	0	
of which attributable to shareholders of the parent company	112,281	102,910	9,371	
Earnings per share, basic and diluted, in €	**1.54**	**1.47**	**3.46**	

Statement of comprehensive income – HHLA subgroups

in € thousand; Port Logistics subgroup and Real Estate subgroup; annex to the notes	2018 Group	2018 Port Logistics	2018 Real Estate	2018 Consolidation
Profit after tax	**138,474**	**129,103**	**9,113**	**258**
Components which cannot be transferred to the income statement				
Actuarial gains/losses	11,603	11,809	- 206	
Deferred taxes	- 3,747	- 3,814	67	
Total	**7,856**	**7,995**	**- 139**	
Components which can be transferred to the income statement				
Cash flow hedges	33	33	0	
Foreign currency translation differences	1,625	1,625	0	
Deferred taxes	36	36	0	
Other	- 124	- 124	0	
Total	**1,571**	**1,571**	**0**	
Income and expense recognised directly in equity	**9,427**	**9,566**	**- 139**	**0**
Total comprehensive income	**147,900**	**138,669**	**8,973**	**258**
of which attributable to non-controlling interests	26,247	26,247	0	
of which attributable to shareholders of the parent company	121,653	112,421	9,231	

Balance sheet – HHLA Group

in € thousand	Note	31.12.2019	31.12.2018
ASSETS			
Intangible assets	22.	104,506	89,753
Property, plant and equipment	23.	1,677,256	1,060,262
Investment property	24.	185,149	184,724
Associates accounted for using the equity method	25.	17,193	16,463
Non-current financial assets	26.	16,177	13,618
Deferred taxes	18.	124,071	82,126
Non-current assets		**2,124,352**	**1,446,946**
Inventories	27.	25,242	22,997
Trade receivables	28.	168,127	179,824
Receivables from related parties	29.	98,805	100,244
Current financial assets	30.	3,579	4,062
Other assets	31.	29,672	30,758
Income tax receivables	32.	2,201	6,656
Cash, cash equivalents and short-term deposits	33.	158,041	181,460
Non-current assets held for sale	34.	0	0
Current assets		**485,667**	**526,001**
Balance sheet total		**2,610,019**	**1,972,947**
EQUITY AND LIABILITIES			
Subscribed capital		72,753	72,753
Port Logistics subgroup		70,048	70,048
Real Estate subgroup		2,705	2,705
Capital reserve		141,584	141,584
Port Logistics subgroup		141,078	141,078
Real Estate subgroup		506	506
Retained earnings		499,683	512,369
Port Logistics subgroup		449,076	464,806
Real Estate subgroup		50,607	47,563
Other comprehensive income		- 124,278	- 103,053
Port Logistics subgroup		- 123,702	- 102,655
Real Estate subgroup		- 577	- 398
Non-controlling interests		- 10,880	- 8,812
Port Logistics subgroup		- 10,880	- 8,812
Real Estate subgroup		0	0
Equity	35.	**578,862**	**614,841**
Pension provisions	36.	503,239	448,930
Other non-current provisions	37.	114,093	110,138
Non-current liabilities to related parties	40.	485,442	104,999
Non-current financial liabilities	38.	626,335	429,886
Deferred taxes	18.	20,704	20,704
Non-current liabilities		**1,749,813**	**1,114,657**
Other current provisions	37.	24,005	28,045
Trade liabilities	39.	74,879	87,043
Current liabilities to related parties	40.	37,152	7,940
Current financial liabilities	38.	102,351	82,684
Other liabilities	41.	36,767	32,800
Income tax liabilities	42.	6,190	4,937
Current liabilities		**281,344**	**243,449**
Balance sheet total		**2,610,019**	**1,972,947**

Balance sheet – HHLA subgroups

in € thousand; Port Logistics subgroup and Real Estate subgroup; annex to the notes	31.12.2019 Group	**31.12.2019 Port Logistics**	**31.12.2019 Real Estate**	31.12.2019 Consolidation
ASSETS				
Intangible assets	104,506	104,465	41	0
Property, plant and equipment	1,677,256	1,640,617	23,169	13,470
Investment property	185,149	27,645	182,165	- 24,661
Associates accounted for using the equity method	17,193	17,193	0	0
Non-current financial assets	16,177	12,254	3,923	0
Deferred taxes	124,071	134,467	0	- 10,397
Non-current assets	**2,124,352**	**1,936,641**	**209,298**	**- 21,588**
Inventories	25,242	25,184	58	0
Trade receivables	168,127	167,174	953	0
Receivables from related parties	98,805	79,871	20,154	- 1,220
Current financial assets	3,579	3,455	124	0
Other assets	29,672	28,650	1,022	0
Income tax receivables	2,201	3,165	614	- 1,578
Cash, cash equivalents and short-term deposits	158,041	157,259	782	0
Non-current assets held for sale	0	0	0	0
Current assets	**485,667**	**464,758**	**23,707**	**- 2,798**
Balance sheet total	**2,610,019**	**2,401,399**	**233,005**	**- 24,386**
EQUITY AND LIABILITIES				
Subscribed capital	72,753	70,048	2,705	0
Capital reserve	141,584	141,078	506	0
Retained earnings	499,683	449,076	59,016	- 8,409
Other comprehensive income	- 124,278	- 123,702	- 577	0
Non-controlling interests	- 10,880	- 10,880	0	0
Equity	**578,862**	**525,620**	**61,650**	**- 8,409**
Pension provisions	503,239	496,296	6,943	0
Other non-current provisions	114,093	111,127	2,966	0
Non-current liabilities to related parties	485,442	468,408	17,034	0
Non-current financial liabilities	626,335	518,318	108,017	0
Deferred taxes	20,704	13,940	19,943	- 13,179
Non-current liabilities	**1,749,813**	**1,608,089**	**154,903**	**- 13,179**
Other current provisions	24,005	23,996	9	0
Trade liabilities	74,879	70,560	4,318	0
Current liabilities to related parties	37,152	33,337	5,035	- 1,220
Current financial liabilities	102,351	97,254	5,097	0
Other liabilities	36,767	35,936	831	0
Income tax liabilities	6,190	6,607	1,162	- 1,578
Current liabilities	**281,344**	**267,690**	**16,452**	**- 2,798**
Balance sheet total	**2,610,019**	**2,401,399**	**233,005**	**- 24,386**

Balance sheet – HHLA subgroups

in € thousand; Port Logistics subgroup and Real Estate subgroup; annex to the notes	31.12.2018 Group	**31.12.2018 Port Logistics**	**31.12.2018 Real Estate**	31.12.2018 Consolidation
ASSETS				
Intangible assets	89,753	89,739	14	0
Property, plant and equipment	1,060,262	1,042,010	4,359	13,893
Investment property	184,724	30,444	179,710	- 25,430
Associates accounted for using the equity method	16,463	16,463	0	0
Non-current financial assets	13,618	9,505	4,113	0
Deferred taxes	82,126	92,371	0	- 10,245
Non-current assets	**1,446,946**	**1,280,532**	**188,196**	**- 21,782**
Inventories	22,997	22,949	48	0
Trade receivables	179,824	178,624	1,200	0
Receivables from related parties	100,244	80,571	20,462	- 789
Current financial assets	4,062	3,959	103	0
Other assets	30,758	29,483	1,275	0
Income tax receivables	6,656	6,869	612	- 825
Cash, cash equivalents and short-term deposits	181,460	180,312	1,148	0
Non-current assets held for sale	0	0	0	0
Current assets	**526,001**	**502,767**	**24,848**	**- 1,614**
Balance sheet total	**1,972,947**	**1,783,299**	**213,044**	**- 23,396**
EQUITY AND LIABILITIES				
Subscribed capital	72,753	70,048	2,705	0
Capital reserve	141,584	141,078	506	0
Retained earnings	512,369	464,806	56,231	- 8,668
Other comprehensive income	- 103,053	- 102,655	- 398	0
Non-controlling interests	- 8,812	- 8,812	0	0
Equity	**614,841**	**564,465**	**59,045**	**- 8,668**
Pension provisions	448,930	442,114	6,816	0
Other non-current provisions	110,138	107,724	2,414	0
Non-current liabilities to related parties	104,999	104,999	0	0
Non-current financial liabilities	429,886	317,968	111,918	0
Deferred taxes	20,704	14,382	19,435	- 13,113
Non-current liabilities	**1,114,657**	**987,187**	**140,583**	**- 13,113**
Other current provisions	28,045	27,846	199	0
Trade liabilities	87,043	82,560	4,483	0
Current liabilities to related parties	7,940	7,545	1,184	- 789
Current financial liabilities	82,684	77,509	5,175	0
Other liabilities	32,800	31,463	1,337	0
Income tax liabilities	4,937	4,724	1,038	- 825
Current liabilities	**243,449**	**231,647**	**13,416**	**- 1,614**
Balance sheet total	**1,972,947**	**1,783,299**	**213,044**	**- 23,396**

Cash flow statement – HHLA Group

in € thousand	Note	2019	2018
1. Cash flow from operating activities			
Earnings before interest and taxes (EBIT)		221,237	204,220
Depreciation, amortisation, impairment and reversals on non-financial non-current assets		161,388	114,232
Increase (+), decrease (-) in provisions		393	- 6,042
Gains (-), losses (+) from the disposal of non-current assets		- 6,043	- 3,492
Increase (-), decrease (+) in inventories, trade receivables and other assets not attributable to investing or financing activities		12,385	- 30,149
Increase (+), decrease (-) in trade payables and other liabilities not attributable to investing or financing activities		1,466	7,121
Interest received		2,842	1,623
Interest paid		- 30,008	- 12,192
Income tax paid		- 43,596	- 48,275
Exchange rate and other effects		2,601	5,665
Cash flow from operating activities		**322,665**	**232,711**
2. Cash flow from investing activities			
Proceeds from disposal of intangible assets, property, plant and equipment and investment property		9,878	5,324
Payments for investments in property, plant and equipment and investment property		- 169,208	- 126,516
Payments for investments in intangible assets	22.	- 9,961	- 11,110
Proceeds from disposal of non-current financial assets		0	4,154
Payments for investments in non-current financial assets		0	- 210
Payments for acquiring interests in consolidated companies and other business units (including funds purchased)		- 2,007	- 72,562
Proceeds (+), payments (-) for short-term deposits		- 22,550	- 2,450
Cash flow from investing activities		**- 193,848**	**- 203,370**
3. Cash flow from financing activities			
Payments for equity repatriation		0	- 342
Payments for increasing interests in fully consolidated companies		0	- 51,845
Dividends paid to shareholders of the parent company	21.	- 61,719	- 52,342
Dividends/settlement obligation paid to non-controlling interests		- 29,661	- 31,183
Payments for the redemption of lease liabilities		- 45,799	- 4,827
Proceeds from the issuance of bonds and (financial) loans		0	136,924
Payments for the redemption of (financial) loans		- 39,733	- 27,867
Cash flow from financing activities		**- 176,912**	**- 31,482**
4. Financial funds at the end of the period			
Change in financial funds (subtotals 1.–3.)		- 48,096	- 2,141
Change in financial funds due to exchange rates		2,129	616
Financial funds at the beginning of the period		253,989	255,514
Financial funds at the end of the period	43.	**208,022**	**253,989**

Cash flow statement – HHLA subgroups

in € thousand; Port Logistics subgroup and Real Estate subgroup; annex to the notes	2019 Group	2019 Port Logistics	2019 Real Estate	2019 Consolidation
1. Cash flow from operating activities				
Earnings before interest and taxes (EBIT)	221,237	204,425	16,467	345
Depreciation, amortisation, impairment and reversals on non-financial non-current assets	161,388	154,300	7,433	- 345
Increase (+), decrease (-) in provisions	393	414	- 21	
Gains (-), losses (+) from the disposal of non-current assets	- 6,043	- 6,043	0	
Increase (-), decrease (+) in inventories, trade receivables and other assets not attributable to investing or financing activities	12,385	10,985	969	431
Increase (+), decrease (-) in trade payables and other liabilities not attributable to investing or financing activities	1,466	1,347	550	- 431
Interest received	2,842	2,950	35	- 143
Interest paid	- 30,008	- 27,231	- 2,920	143
Income tax paid	- 43,596	- 40,752	- 2,844	
Exchange rate and other effects	2,601	2,602	- 1	
Cash flow from operating activities	**322,665**	**302,997**	**19,668**	**0**
2. Cash flow from investing activities				
Proceeds from disposal of intangible assets, property, plant and equipment and investment property	9,878	9,876	2	
Payments for investments in property, plant and equipment and investment property	- 169,208	- 161,760	- 7,448	
Payments for investments in intangible assets	- 9,961	- 9,925	- 36	
Proceeds from disposal of non-current financial assets	0	0	0	
Payments for investments in non-current financial assets	0	0	0	
Payments for acquiring interests in consolidated companies and other business units (including funds purchased)	- 2,007	- 2,007	0	
Proceeds (+), payments (-) for short-term deposits	- 22,550	- 22,550	0	
Cash flow from investing activities	**- 193,848**	**- 186,366**	**- 7,482**	**0**
3. Cash flow from financing activities				
Payments for equity repatriation	0	0	0	
Payments for increasing interests in fully consolidated companies	0	0	0	
Dividends paid to shareholders of the parent company	- 61,719	- 56,040	- 5,679	
Dividends/settlement obligation paid to non-controlling interests	- 29,661	- 29,661	0	
Payments for the redemption of lease liabilities	- 45,799	- 42,873	- 2,926	
Proceeds from the issuance of bonds and (financial) loans	0	0	0	
Payments for the redemption of (financial) loans	- 39,733	- 35,806	- 3,927	
Cash flow from financing activities	**- 176,912**	**- 164,380**	**- 12,532**	**0**
4. Financial funds at the end of the period				
Change in financial funds (subtotals 1.–3.)	- 48,096	- 47,751	- 345	
Change in financial funds due to exchange rates	2,129	2,129	0	
Financial funds at the beginning of the period	253,989	232,862	21,127	
Financial funds at the end of the period	**208,022**	**187,240**	**20,782**	**0**

Cash flow statement – HHLA subgroups

in € thousand; Port Logistics subgroup and Real Estate subgroup; annex to the notes	2018 Group	2018 Port Logistics	2018 Real Estate	2018 Consolidation
1. Cash flow from operating activities				
Earnings before interest and taxes (EBIT)	204,220	188,418	15,459	343
Depreciation, amortisation, impairment and reversals on non-financial non-current assets	114,232	109,350	5,225	- 343
Increase (+), decrease (-) in provisions	- 6,042	- 5,810	- 232	
Gains (-), losses (+) from the disposal of non-current assets	- 3,492	- 3,489	- 3	
Increase (-), decrease (+) in inventories, trade receivables and other assets not attributable to investing or financing activities	- 30,149	- 35,879	2,526	3,204
Increase (+), decrease (-) in trade payables and other liabilities not attributable to investing or financing activities	7,121	10,711	- 386	- 3,204
Interest received	1,623	1,735	50	- 162
Interest paid	- 12,192	- 9,759	- 2,595	162
Income tax paid	- 48,275	- 46,160	- 2,115	
Exchange rate and other effects	5,665	5,666	- 1	
Cash flow from operating activities	**232,711**	**214,783**	**17,928**	**0**
2. Cash flow from investing activities				
Proceeds from disposal of intangible assets, property, plant and equipment and investment property	5,324	5,288	36	
Payments for investments in property, plant and equipment and investment property	- 126,516	- 118,142	- 8,374	
Payments for investments in intangible assets	- 11,110	- 11,099	- 11	
Proceeds from disposal of non-current financial assets	4,154	4,154	0	
Payments for investments in non-current financial assets	- 210	- 210	0	
Payments for acquiring interests in consolidated companies and other business units (including funds purchased)	- 72,562	- 72,562	0	
Proceeds (+), payments (-) for short-term deposits	- 2,450	- 2,450	0	
Cash flow from investing activities	**- 203,370**	**- 195,021**	**- 8,349**	**0**
3. Cash flow from financing activities				
Payments for equity repatriation	- 342	- 342	0	
Payments for increasing interests in fully consolidated companies	- 51,845	- 51,845	0	
Dividends paid to shareholders of the parent company	- 52,342	- 46,933	- 5,409	
Dividends/settlement obligation paid to non-controlling interests	- 31,183	- 31,183	0	
Payments for the redemption of lease liabilities	- 4,827	- 4,827	0	
Proceeds from the issuance of bonds and (financial) loans	136,924	126,924	10,000	
Payments for the redemption of (financial) loans	- 27,867	- 23,941	- 3,926	
Cash flow from financing activities	**- 31,482**	**- 32,147**	**665**	**0**
4. Financial funds at the end of the period				
Change in financial funds (subtotals 1.–3.)	- 2,141	- 12,385	10,244	0
Change in financial funds due to exchange rates	616	616	0	
Financial funds at the beginning of the period	255,514	244,631	10,883	
Financial funds at the end of the period	**253,989**	**232,862**	**21,127**	**0**

Statement of changes in equity – HHLA Group

in € thousand

	Parent company					
	Subscribed capital		Capital reserve		Retained earnings	Reserve for foreign currency translation
	A division	S division	A division	S division		
Balance as of 31 December 2017	**70,048**	**2,705**	**141,078**	**506**	**469,672**	**- 70,041**
Adjustment due to first-time adoption of IFRS 9					68	
Balance as of 1 January 2018	**70,048**	**2,705**	**141,078**	**506**	**469,740**	**- 70,041**
Dividends					- 52,342	
Settlement obligation to shareholders with non-controlling interests						
Acquisition of non-controlling interests in consolidated companies					- 17,311	
First-time consolidation of interests in related parties						
Total comprehensive income					112,281	1,617
Other changes					1	14
Balance as of 31 December 2018	**70,048**	**2,705**	**141,078**	**506**	**512,369**	**- 68,410**
Balance as of 31 December 2018	**70,048**	**2,705**	**141,078**	**506**	**512,369**	**- 68,410**
Adjustment due to first-time adoption of IFRS 16					- 54,249	
Balance as of 1 January 2019	**70,048**	**2,705**	**141,078**	**506**	**458,120**	**- 68,410**
Dividends					- 61,719	
Settlement obligation to shareholders with non-controlling interests						
First-time consolidation of interests in related parties						
Total comprehensive income					103,282	8,566
Balance as of 31 December 2019	**70,048**	**2,705**	**141,078**	**506**	**499,683**	**- 59,844**

Other comprehensive income				Parent company interests	Non-controlling interests	Total equity
Cash flow hedges	Actuarial gains/losses	Deferred taxes on changes recognised directly in equity	Other			
405	**- 80,248**	**25,813**	**11,633**	**571,570**	**30,790**	**602,359**
				68	34	102
405	**- 80,248**	**25,813**	**11,633**	**571,638**	**30,823**	**602,461**
				- 52,342	- 283	- 52,625
				0	- 32,645	- 32,645
				- 17,311	- 32,597	-49,908
				0	- 342	-342
33	11,523	- 3,688	- 114	121,653	26,247	147,900
				15	- 15	0
438	**- 68,725**	**22,125**	**11,519**	**623,653**	**- 8,812**	**614,841**
438	**- 68,725**	**22,125**	**11,519**	**623,653**	**- 8,812**	**614,841**
				- 54,249	- 4,251	- 58,500
438	**- 68,725**	**22,125**	**11,519**	**569,404**	**- 13,063**	**556,341**
				- 61,719	- 1,005	- 62,723
				0	- 30,492	- 30,492
				0	973	973
	- 44,046	14,198	57	82,057	32,706	114,763
438	**- 112,771**	**36,323**	**11,576**	**589,742**	**- 10,880**	**578,862**

Statement of changes in equity – HHLA Port Logistics subgroup (A division)

in € thousand; annex to the notes

	Parent company			
	Subscribed capital	Capital reserve	Retained earnings	Reserve for foreign currency translation
Balance as of 31 December 2017	**70,048**	**141,078**	**426,068**	**- 70,041**
Adjustment due to first-time adoption of IFRS 9			70	
Balance as of 1 January 2018	**70,048**	**141,078**	**426,138**	**- 70,041**
Dividends			- 46,933	
Settlement obligation to shareholders with non-controlling interests				
Acquisition of non-controlling interests in consolidated companies			- 17,311	
First-time consolidation of interests in related parties				
Total comprehensive income subgroup			102,910	1,617
Other changes			1	14
Balance as of 31 December 2018	**70,048**	**141,078**	**464,805**	**- 68,410**
Balance as of 31 December 2018	**70,048**	**141,078**	**464,805**	**- 68,410**
Adjustment due to first-time adoption of IFRS 16			- 53,322	
Balance as of 1 January 2019	**70,048**	**141,078**	**411,484**	**- 68,410**
Dividends			- 56,039	
Settlement obligation to shareholders with non-controlling interests				
First-time consolidation of interests in related parties				
Total comprehensive income subgroup			93,631	8,566
Balance as of 31 December 2019	**70,048**	**141,078**	**449,076**	**- 59,844**

Other comprehensive income						
Cash flow hedges	Actuarial gains/losses	Deferred taxes on changes recognised directly in equity	Other	Parent company interests	Non-controlling interests	Total equity
405	**- 79,867**	**25,690**	**11,633**	**525,014**	**30,790**	**555,803**
				70	34	103
405	**- 79,867**	**25,690**	**11,633**	**525,084**	**30,823**	**555,907**
				- 46,933	- 283	- 47,216
				0	- 32,645	- 32,645
				- 17,311	- 32,597	- 49,908
				0	- 342	- 342
33	11,729	- 3,755	- 114	112,421	26,247	138,669
				15	- 15	0
438	**- 68,138**	**21,935**	**11,519**	**573,276**	**- 8,812**	**564,465**
438	**- 68,138**	**21,935**	**11,519**	**573,276**	**- 8,812**	**564,465**
				- 53,322	- 4,251	- 57,573
438	**- 68,138**	**21,935**	**11,519**	**519,954**	**- 13,063**	**506,892**
				- 56,039	- 1,005	- 57,044
				0	- 30,492	- 30,492
				0	973	973
	- 43,782	14,113	57	72,585	32,706	105,291
438	**- 111,920**	**36,048**	**11,576**	**536,500**	**- 10,880**	**525,620**

Statement of changes in equity – HHLA Real Estate subgroup (S division)

in € thousand; annex to the notes

Balance as of 31 December 2017
Adjustment due to first-time adoption of IFRS 9
Balance as of 1 January 2018
Dividends
Total comprehensive income subgroup
Balance as of 31 December 2018
Plus income statement consolidation effect
Less balance sheet consolidation effect
Total effects of consolidation
Balance as of 31 December 2018
Balance as of 31 December 2018
Adjustment due to first-time adoption of IFRS 16
Balance as of 1 January 2019
Dividends
Total comprehensive income subgroup
Balance as of 31 December 2019
Plus income statement consolidation effect
Less balance sheet consolidation effect
Total effects of consolidation
Balance as of 31 December 2019

				Other comprehensive income		Total equity
	Subscribed capital	Capital reserve	Retained earnings	Actuarial gains/losses	Deferred taxes on changes recognised directly in equity	
	2,705	**506**	**52,530**	**- 381**	**123**	**55,482**
			- 2			- 2
	2,705	**506**	**52,528**	**- 381**	**123**	**55,480**
			- 5,409			- 5,409
			9,113	- 206	67	8,973
	2,705	**506**	**56,231**	**- 587**	**189**	**59,045**
			258			258
			- 8,926			- 8,926
			- 8,668			**- 8,668**
	2,705	**506**	**47,563**	**- 587**	**189**	**50,376**
	2,705	**506**	**56,231**	**- 587**	**189**	**59,045**
			- 927			- 927
	2,705	**506**	**55,305**	**- 587**	**189**	**58,118**
			- 5,679			- 5,679
			9,391	- 264	85	9,212
	2,705	**506**	**59,016**	**- 851**	**275**	**61,650**
			260			260
			- 8,669			- 8,669
			- 8,409			**- 8,409**
	2,705	**506**	**50,607**	**- 851**	**275**	**53,241**

Segment report – HHLA Group

in € thousand; business segments; annex to the notes	Port Logistics subgroup					
	Container		Intermodal		Logistics	
	2019	2018	**2019**	2018	**2019**	2018
Segment revenue						
Segment revenue from non-affiliated third parties	792,132	751,687	485,073	432,398	50,551	53,370
Inter-segment revenue	7,605	7,222	1,827	1,363	8,428	6,469
Total segment revenue	**799,737**	**758,909**	**486,900**	**433,761**	**58,979**	**59,839**
Earnings						
EBITDA[1]	240,246	209,767	139,032	112,735	8,457	10,008
EBITDA margin[1]	30.0 %	27.6 %	28.6 %	26.0 %	14.3 %	16.7 %
EBIT[1]	141,274	131,574	99,170	89,104	2,523	5,614
EBIT margin[1]	17.7 %	17.3 %	20.4 %	20.5 %	4.3 %	9.4 %
Assets						
Segment assets[1]	1,295,593	888,926	585,120	436,082	55,845	41,984
Other segment information						
Investments in property, plant and equipment and investment property[1]	69,898	61,187	130,052	54,793	3,573	413
Investments in intangible assets	2,884	1,463	821	279	767	951
Total investments[1]	**72,782**	**62,650**	**130,873**	**55,072**	**4,340**	**1,364**
Depreciation of property, plant and equipment and investment property[1]	93,156	71,895	39,654	23,433	5,506	4,336
of which impairment	0	2	0	0	0	0
Amortisation of intangible assets	5,816	6,299	207	198	429	59
Total amortisation and depreciation[1]	**98,972**	**78,194**	**39,861**	**23,631**	**5,935**	**4,395**
Earnings from associates accounted for using the equity method	576	929	0	0	3,882	4,418
Non-cash items	21,746	19,583	1,115	655	1,484	845
Container throughput in thousand TEU	7,577	7,336	–	–		
Container transport in thousand TEU	–	–	1,565	1,480		

1 Due to the first-time application of IFRS 16 in the 2019 financial year, there is no comparability with the previous year.

Holding/Other		Real Estate subgroup Real Estate		Total		Consolidation and reconciliation with Group		Group	
2019	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
17,116	16,859	37,753	36,822	1,382,625	1,291,136	0	0	1,382,625	1,291,136
137,668	127,584	2,468	2,429	157,996	145,067	- 157,996	- 145,067	0	0
154,784	**144,443**	**40,221**	**39,251**	**1,540,621**	**1,436,203**				
- 28,401	- 34,538	23,900	20,684	383,233	318,655	- 609	- 204	382,625	318,452
- 18.3 %	- 23.9 %	59.4 %	52.7 %						
- 39,806	- 39,475	16,467	15,459	219,628	202,275	1,609	1,945	221,237	204,220
- 25.7 %	- 27.3 %	40.9 %	39.4 %						
234,240	189,891	211,556	207,072	2,382,354	1,763,955	227,665	208,992	2,610,019	1,972,947
1,423	5,382	10,009	8,374	214,955	130,149	0	0	214,955	130,149
6,061	8,714	36	11	10,570	11,419	- 609	- 309	9,961	11,110
7,484	**14,096**	**10,045**	**8,385**	**225,525**	**141,568**	**- 609**	**- 309**	**224,916**	**141,259**
9,090	3,585	7,424	5,215	154,831	108,463	- 1,731	- 1,729	153,099	106,734
0	0	0	0	0	2	0	0	0	2
2,314	1,352	9	10	8,775	7,918	- 486	- 420	8,289	7,498
11,404	**4,937**	**7,433**	**5,225**	**163,606**	**116,381**	**- 2,217**	**- 2,149**	**161,388**	**114,232**
0	0	0	0	4,458	5,347	0	0	4,458	5,347
17,642	16,726	644	607	42,631	38,416	- 18	44	42,613	38,460

Notes to the consolidated financial statements

General notes

1. Basic information on the Group

The Group's parent company (hereinafter also referred to as "HHLA" or "the HHLA Group") is Hamburger Hafen und Logistik Aktiengesellschaft, Bei St. Annen 1, 20457 Hamburg, Germany, registered in the Hamburg Commercial Register under HRB 1902. The holding company above the Group is HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH, Hamburg (HGV).

The object of the company is, first and foremost, to manage and participate in companies which are active in the provision of services in the areas of transport and logistics, particularly in the economic sectors of sea transport and hinterland traffic, as well as in the acquisition, maintenance, sale, lease, management and development of real estate, particularly real estate in Hamburg's historical Speicherstadt warehouse district and its fish market. In order to support the core area of business described, the company is also authorised to offer and perform services, and develop and manufacture products, systems, installations and solutions (including software), as well as the associated applications, both in this area of business as well as in the additive manufacturing business and information technology as well as related fields. The company is also authorised to carry out all auxiliary transactions and ancillary business related to the object of the company.

Since 1 January 2007, the Group has consisted of the Port Logistics subgroup (A division) and the Real Estate subgroup (S division). The part of the Group that deals with the property in Hamburg's Speicherstadt historical warehouse district and Fischmarkt Hamburg-Altona GmbH is allocated to the Real Estate subgroup (S division). All other parts of the company are allocated together to the Port Logistics subgroup (A division). Individual financial statements are prepared for each division to determine the shareholders' dividend entitlements; these, in line with the company's articles of association, form part of the Notes to the Annual Financial Statements of the parent company.

Information concerning the segments in which the HHLA Group operates is provided in Note 44.

When the shareholders' dividend entitlements are being determined, the expenses and income of HHLA which cannot be attributed directly to one subgroup are divided between the two subgroups according to their shares of revenue. All transfer pricing for services between the two subgroups takes place on an arm's-length basis. Interest must be paid at market rates on liquid funds exchanged between the two subgroups. A notional taxable result is calculated for each subgroup to allocate the taxes paid. The resulting notional tax payment represents the amount of tax which would have been paid had each of the subgroups been separately liable for tax.

To illustrate the results of operations, net assets and financial position of the subgroups, the annex to these Notes contains the income statement, the statement of comprehensive income, the balance sheet, the cash flow statement and the statement of changes in equity for each subgroup.

HHLA's Consolidated Financial Statements for the 2019 financial year were prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and applicable in the European Union. The provisions contained in Section 315e (1) of the German Commercial Code (HGB) and additional commercial law regulations were also taken into account. The IFRS requirements have been met in full and result in a true and fair view of the results of operations, net assets and financial position of the Group.

For the most part, the accounting and valuation policies, as well as the notes and disclosures, about the Consolidated Financial Statements for the 2019 financial year are based on the same accounting and valuation principles used for the 2018 Consolidated Financial Statements. Exceptions are the effects of new IFRS accounting standards stated in Note 5. Use of these became mandatory for the Group on 1 January 2019. The accounting and valuation principles applied are explained in Note 6.

The financial year as reported by HHLA and its consolidated subsidiaries is the calendar year. The Consolidated Financial Statements and the disclosures in the Notes have been prepared in euros. Unless otherwise stated, all amounts are in thousands of euros (€ thousand). Due to the use of rounding procedures, it is possible that some figures do not add up to the stated sums.

These HHLA Consolidated Financial Statements for the financial year ending 31 December 2019 were approved by the Executive Board on 23 March 2020 for presentation to the Supervisory Board. It is the Supervisory Board's responsibility to examine the Consolidated Financial Statements and to state whether or not it approves them.

2. Consolidation principles

The Consolidated Financial Statements include the financial statements of HHLA and its significant subsidiaries as of 31 December of each financial year. The assets and liabilities of the domestic and foreign companies consolidated in full or using the equity method are recognised in accordance with the uniform accounting and valuation principles applied in the HHLA Group.

Capital is consolidated at the time of acquisition by setting off the acquisition costs of the investment against the pro rata fair values of the assets acquired and the liabilities and contingent liabilities assumed by the subsidiaries. Previously unreported intangible assets, which can be included in the accounts under IFRS 3 in conjunction with IAS 38, and contingent liabilities are recognised at fair value.

Any positive difference arising in the course of this initial consolidation is capitalised as goodwill and subjected to an annual impairment test. Following a critical assessment, any negative difference is posted to profit and loss. For a detailed explanation of the impairment testing procedure used, please refer to Note 6 and Note 7.

Equity interests held by third parties outside the Group are shown in the balance sheet under the item non-controlling interests within equity capital, see also Note 3 and Note 35.

The acquisition of additional non-controlling interests in consolidated companies is treated as an equity transaction in line with the entity concept and therefore set off directly against equity, taking into account the reduction in interests.

Gains or losses from the disposal of non-controlling interests in consolidated companies are likewise recognised directly in equity without effect on profit and loss insofar as the transaction does not lead to a loss of control. In the case of a loss of control, the remaining interests are measured at fair value or, if applicable, using the equity method.

The effects of intragroup transactions are eliminated in full.

3. Make-up of the Group

Consolidated companies

The group of consolidated companies at HHLA comprises a total of 30 domestic and 16 foreign companies. For a complete list of equity investments in accordance with Section 313 (2) HGB, see also Note 48. The information provided here about the equity and annual net profit recorded by the various companies is taken from the respective annual financial statements, which were prepared in line with national accounting regulations. Information required under IFRS 12.10 and IFRS 12.21 is also included in the details of shareholdings.

Consolidated companies

	Domestic	Foreign	Total
HHLA AG and fully consolidated companies			
1 January 2019	19	15	34
Additions	1	1	2
31 December 2019	**20**	**16**	**36**
Companies reported using the equity method			
1 January 2019	8	0	8
Additions	2	0	2
31 December 2019	**10**	**0**	**10**
Total 31 December 2019	**30**	**16**	**46**

Subsidiaries

The Consolidated Financial Statements comprise the financial statements for Hamburger Hafen und Logistik Aktiengesellschaft (HHLA) and its significant subsidiaries. Subsidiaries are companies controlled by the Group. The Group is deemed to control a company if it has a risk exposure or right to fluctuating returns resulting from its involvement in the investee and if it can also use its power over the investee to affect these returns. In particular, HHLA controls an investee if – and only if – all of the characteristics listed in IFRS 10.7 apply. Subsidiaries' financial statements are included in the Consolidated Financial Statements from the time control begins until the time control ends.

Non-controlling interests are valued at the time of acquisition using the relevant share of the acquired company's identifiable net assets. Changes in the Group's shareholding in a subsidiary which do not lead to a loss of control are recorded in the balance sheet as equity transactions.

Subsidiaries with substantial non-controlling interests

Subsidiary	Headquarters	Segment	Equity stake	
			2019	2018
HHLA Container Terminal Altenwerder GmbH	Hamburg, Germany	Container	74.9 %	74.9 %

Financial information about the subsidiaries with substantial non-controlling interests

	HHLA Container Terminal Altenwerder GmbH	
in € thousand	**2019**	2018
Percentage of non-controlling interests	25.1 %	25.1 %
Non-current assets	193,003	83,638
Current assets	203,964	186,990
Non-current liabilities	190,389	61,336
Current liabilities	146,552	131,189
Net assets	**60,026**	**78,103**
Book value of non-controlling interests	**- 16,501**	**- 14,117**
Revenue	293,637	260,624
Annual net profit	1,941	1,413
Other comprehensive income	- 3,083	124
Total comprehensive income	**- 1,142**	**1,537**
of which attributable to non-controlling interests	- 287	386
of which attributable to shareholders of the parent company	- 855	1,151
Cash flow from operating activities	114,902	108,616
Settlement obligation to holders of non-controlling interests	- 35,170	- 28,656

Interests in joint ventures

The Group holds interests in joint ventures. As per IFRS 11, a joint venture is subject to a joint contractual agreement between two or more parties to carry out an economic activity which is subject to joint control. Joint control is the contractually agreed division of managerial responsibilities for this arrangement. It only exists if the decisions associated with this business activity require the unanimous consent of the parties involved in joint management.

The HHLA Group holds more than half of the voting rights in the companies HHLA Frucht- und Kühl-Zentrum GmbH, Ulrich Stein Gesellschaft mit beschränkter Haftung and HVCC Hamburg Vessel Coordination Center GmbH, yet has no controlling influence as the companies are effectively jointly managed. This is due primarily to the equal representation of the essential corporate bodies (management and/or Supervisory Board).

Aggregate financial information about individually not material joint ventures

in € thousand	**2019**	2018
Group share of profit or loss	3,941	4,443
Group share of other comprehensive income	- 135	77
Group share of comprehensive income	**3,806**	**4,520**

No unrecorded losses relating to joint ventures were incurred either in the reporting year or on a cumulative basis.

Aggregate book value of joint ventures

in € thousand	**31.12.2019**	31.12.2018
Aggregate book value	**12,848**	**12,212**

Interests in associated companies

Companies designated as associated companies are those over which the shareholder has a material influence. At the same time, it is neither a subsidiary nor an interest in a joint venture. A material influence is assumed when it is possible to be involved in the associated company's financial and commercial decisions without exercising a controlling influence. This is generally the case when 20 to 50 % of the voting rights are held, either directly or indirectly.

HHLA does not provide information on associated companies as per IFRS 12 because the relevant companies are of minor importance overall for the Group. HHLA does not believe that this has a negative impact on the statement concerning the nature of interests in other companies and the associated risks. The effects of these interests on the results of operations, net assets and financial position of the HHLA Group are insignificant.

Accounting for interests in joint ventures and associates

Interests in joint ventures and associates are accounted for using the equity method. With the equity method, the share in each joint venture and/or associated company is first stated at acquisition cost. Instead of being amortised, any goodwill recognised within the carrying amount of the investment when it is reported in the balance sheet for the first time is subject to an impairment test for the entire carrying amount of the investment if there are any indications of possible impairment.

As from the acquisition date, HHLA's interest in the results of the joint venture or associated company is recorded in the consolidated income statement, while its interest in changes in equity is recorded directly in equity. These cumulative changes affect the carrying amount of the interest in the joint venture or associated company. As soon as HHLA's share in the company's losses exceeds the carrying amount of the investment, however, HHLA records no further shares in the losses unless HHLA has entered into obligations to that effect or has made payments for the joint venture or associated company.

Significant results from transactions between HHLA and the joint venture or associated company are eliminated in proportion to the interest in the company.

Company acquisitions, disposals and other changes to the group of consolidated companies

The company TIP Žilina, s.r.o., Dunajska Streda, Slovakia, was included in the HHLA group of consolidated companies for the first time in the first quarter of 2019. This company was founded in 2017 and began operating in the second quarter of 2019.

With the participation and shareholder agreement of 20 December 2018, HHLA acquired 25.1 % of the shares in Spherie UG (haftungsbeschränkt), Hamburg, as of the transfer date on 1 January 2019. The object of the company is the development, production and distribution of aerial systems exclusively for the capture of 360º sensor data, as well as services connected with the aerial systems to capture 360º sensor data. The company was included in HHLA's Consolidated Financial Statements in the first quarter of 2019 using the equity method and is assigned to the Logistics segment.

On 22 March 2019, HHLA signed a share purchase agreement to acquire 50.1 % of the shares in Bionic Production AG, a non-listed company based in Lüneburg, Germany. The company is active in the field of construction, design and the manufacture of components made using laser additives via 3-D printing technologies. The closing of the transaction (i.e. acquisition date) was tied to various closing conditions and took place on 31 July 2019. The first-time consolidation of the company took place on the acquisition date. The company was therefore fully consolidated for the first time on 30 September 2019. Effective 29 August 2019, the company became a Gesellschaft mit beschränkter Haftung and is now registered as Bionic Production GmbH.

The following tables summarise the consideration transferred for the acquisition of the company and the values of the assets identified, and liabilities acquired, on the date of acquisition:

Composition of the consideration transferred

in € thousand	
Present value Basic purchase price	6,062
Fair value of contingent consideration	3,934
Consideration transferred	**9,996**

The basic purchase price of € 6,100 thousand is payable between 2019 and 2023 in five tranches at intervals of twelve months each, with the first tranche payable on 31 July 2019. The calculation of the recognised present value is based on a discount rate of 0.44 %.

The amount of the contingent consideration, with a maximum amount of € 7,000 thousand, is based on the cumulative total of EBITs for the financial years 2021 up to and including 2023. The fair value of the contingent consideration was discounted at a discount rate of 11.28 % and stands at € 3,934 thousand. The total value of estimated EBITs is below the EBIT targets set.

Likewise, the vendor makes the irrevocable offer to the buyer that the buyer may also gradually buy all or some of the shares held by the vendor in the company. The buyer may exercise the call option at its actual value at any time before 30 June 2024.

Fair value of assets and liabilities

in € thousand	100 %	HHLA stake 50.1 %
Cash and cash equivalents	**993**	**498**
Property, plant and equipment	554	278
Technologies	3,505	1,756
Customer relationships	367	184
Brand and other intangible assets	175	88
Non-current assets	2	1
Current assets	857	429
Non-current liabilities	- 245	- 123
Current liabilities	- 2,968	- 1,487
Deferred taxes	- 1,292	- 647
Acquired identifiable net assets	**1,950**	**977**
Plus goodwill		9,019
Sum of transferred consideration		**9,996**

The derived goodwill in the amount of € 9,019 thousand reflects the further technological development and the planned establishment and expansion of customer relations in light of the anticipated market penetration of 3-D printing technologies. HHLA can therefore share in new technologies which have the potential to be deployed in the wider port and logistics sector in the future. The goodwill has been allocated to the Logistics segment. It is not anticipated that a portion of the recorded goodwill will be tax deductible.

The acquired technologies in the amount of € 3,505 thousand relate to solutions in the fields of 3-D printing and intelligent welding.

The fair value of trade receivables amounts to € 512 thousand and is collectable in full.

The fair value of non-controlling interests recorded during the company acquisition stands at € 973 thousand. This valuation is based on the same criteria that were used to value the acquired assets and liabilities.

Between 31 July and 31 December 2019, the acquired business operations contributed to the HHLA Group's result with revenue of € 847 thousand and a loss of € 745 thousand. Had the acquisition taken place on 1 January 2019, the consolidated revenue in the consolidated income statement would have been € 415 thousand higher and the consolidated loss would have been € 1,081 thousand higher. When calculating these amounts, the Executive Board assumed that the adjustments to fair values performed as of the acquisition date would still have remained valid in the event of an acquisition on 1 January 2019.

On 18 November 2019, HHLA and Hyperloop Transportation Technologies, Inc., Culver City, US, founded the Hamburg-based company Hyperport Cargo Solutions GmbH i.G. Each company holds a 50.0 % share. The company's objective is to develop, manufacture, implement, market, sell and distribute hyperloop technology and thus also related technologies for transporting sea freight containers with regard to seaports and hinterland container transports. The joint venture was included in HHLA's Consolidated Financial Statements at year-end using the equity method and is assigned to the Logistics segment.

There were no other acquisitions, disposals of shares in subsidiaries or changes to the group of consolidated companies.

4. Foreign currency translation

Monetary assets and liabilities in the Separate Financial Statements for the consolidated companies which are prepared in local currency are converted to a foreign currency at the rate applicable on the balance sheet date. The resulting currency differences are recognised in the result for the period.

Non-monetary items held at historical cost in a foreign currency are translated at the applicable rate on the transaction date. Non-monetary items held at fair value in a foreign currency are translated at the rate applicable on the date fair value was measured.

Exchange rate gains and losses recognised in the income statement on foreign currency items resulted in a profit of € 538 thousand in the financial year, largely due to the exchange rate development of the Czech koruna (previous year: profit of € 35 thousand, largely due to the exchange rate development of the Czech koruna and the Polish zloty).

The concept of functional currency according to IAS 21 is applied when translating all annual financial statements of foreign affiliates prepared in a foreign currency. As the subsidiaries in question are generally independent in terms of their financial, economic and organisational activities, the functional currency is the respective national currency. As of the balance sheet date, the assets and liabilities of these subsidiaries are converted to euros at the rate prevailing on the reporting date. Income and expenses are translated at the weighted average rate for the financial year. Equity components are converted at their respective historical rates when they occur. Any translation differences are recognised as a separate component of equity outside profit or loss. If Group companies leave the group of consolidated companies, the associated translation difference is reversed through profit and loss.

The proportion of equity attributable to shareholders of the parent company rose, with the change recognised directly in equity, by € 8,566 thousand (previous year: an increase of € 1,617 thousand), largely due to the appreciation of the Ukrainian currency in the amount of € 8,483 thousand (previous year: appreciation of € 1,761 thousand).

Foreign currency translation

		Spot rate = 1€		Average annual rate = 1€	
Currency	ISO-Code	**31.12.2019**	31.12.2018	**2019**	2018
Czech crown	CZK	25.408	25.724	25.666	25.664
Georgian lari	GEL	3.210	3.070	3.164	3.003
Hungarian forint	HUF	330.530	320.980	325.492	319.097
Polish zloty	PLN	4.257	4.301	4.299	4.260
Ukrainian hryvnia	UAH	26.422	31.714	28.991	32.350

5. Effects of new accounting standards

Revised and new IASB/IFRIC standards and interpretations that were mandatory for the first time in the financial year under review.

Standard	Content and significance
Amendments to IAS 28 Long-term Interests in Associates and Joint Ventures	The aim of the amendments, which were published in October 2017, is to clarify that an entity must apply IFRS 9 Financial Instruments to all long-term interests in an associate or joint venture, irrespective of the accounting method. The EU enacted this clarification in its legislation with Commission Regulation (EU) 2019/237 dated 8 February 2019. The amendments take effect for reporting periods that begin on or after 1 January 2019. First-time application had no impact on the Consolidated Financial Statements.
IFRS 16 Leases	The IASB published IFRS 16 Leases in January 2016. This standard supersedes the previously valid IAS 17 Leases and has introduced significant accounting changes for lessees. In general, all leases are now to be recognised as rights of use for accounting purposes. In terms of the reporting of assets for which the Group is the lessor, no adjustments are necessary on account of the application of the new leasing standard. The new rules aim to help improve the transparency of financial reporting and break down existing information imbalances. The EU enacted this standard in its legislation with Commission Regulation (EU) 2017/1986 dated 31 October 2017. The effective date is 1 January 2019. The HHLA Group applied the standard for the financial year beginning on 1 January 2019 using the modified retrospective approach. With this method, the comparative prior-year figures are not adjusted; changeover effects are therefore recognised as adjustments to revenue reserves as of 1 January 2019. As part of the modified retrospective approach, an incremental borrowing rate of 2.5 % as of 1 January 2019 has been used to calculate the lease liability. Within Germany, the incremental borrowing rate ranges between 0.4 % and 2.2 %. As a result of the materiality of longer-term lease agreements, the average German incremental borrowing rate is 2.0 %. Outside of Germany, this value ranges between 2.1 % and 12.7 %. As a result of the higher proportion of countries with lower financing costs, the average incremental borrowing rate outside of Germany is 3.5 %. In respect of many of the contracts, HHLA recognises the usage rights for leased assets in the amount of the corresponding lease liabilities at first-time application, meaning that no equity effects will arise at this time. Due to their material importance, usage rights for rental agreements for space at the Port of Hamburg, which were previously recognised as operating leases, will be recognised at their carrying amounts, as though IFRS 16 had applied since the start of the lease. This results in significant changeover effects as of 1 January 2019, which are shown as adjustments to revenue reserves. The new lease standard was implemented via a Group-wide project. The effects of first-time application on the balance sheet are shown below this table. Until now, expenses from operating leases had always been recognised under other operating expenses on the income statement. Since 1 January 2019, however, depreciation and amortisation on the right of use and interest expenses have been shown for the lease liability. In the reporting year, this change in terms of recognition has resulted in an increase in EBIT of some € 14.4 million compared with the previous year. In the cash flow statement, there is a shift between cash flow from operating activities and cash flow from financing activities. While EBIT and thus operating cash flow have increased, the capital outflows from financing activities have also risen because higher redemptions of lease liabilities also had to be accounted for.
Amendments to IFRS 9 Prepayment Features with Negative Compensation	The IASB published these amendments to IFRS 9 in October 2017. They are designed to facilitate measurement at amortised cost/fair value through other comprehensive income, even for financial assets that do not meet the payment flow criterion (SPPI, “solely payments of principal and interest”). These relate to financial assets with prepayment features that involve one party receiving or paying appropriate compensation in the event of termination (appropriate negative fee). The EU enacted this standard in its legislation with Commission Regulation (EU) 2018/498 dated 22 March 2018. First-time application had no impact on the Consolidated Financial Statements.
Amendments to IAS 19 Plan Amendment, Curtailment or Settlement	In accordance with IAS 19, pension obligations are to be measured based on updated assumptions in the event of a plan amendment, curtailment or settlement. This amendment clarifies that, after such an event, the past service cost and net interest for the remainder of the period must be taken into account based on updated assumptions. First-time application had no impact on the Consolidated Financial Statements of HHLA.

IFRIC 23 Accounting for Uncertainties in Income Taxes	The interpretation published in June 2017 clarifies the accounting treatment of uncertainties relating to income tax treatment under IAS 12. The interpretation is to be applied to taxable profit (tax losses), unused tax losses, unused tax credits and tax rates. The EU enacted this standard in its legislation with Commission Regulation (EU) 2018/1595 dated 23 October 2018. First-time application had no impact on the Consolidated Financial Statements.
Improvements to IFRS 2015–2017 Cycle	These clarifications were published in December 2017 and apply to four standards. Based on the amendments to IFRS 3 Business Combinations, the principles governing successive business combinations are to be applied when an entity obtains control over a business operation in which it previously held an interest as part of a joint operation. IFRS 11: If an entity obtains joint control of a business operation in which it previously held an interest as part of a joint operation, the previously held interest will not be remeasured. The amendments to IAS 12 Income Taxes deal with the income tax consequences of dividend payments. The amendments to IAS 23 Borrowing Costs clarify that, in connection with the calculation of the capitalisation rate, the cost associated with debt taken out specifically in connection with the acquisition of the qualifying assets is not to be included until the asset is completed if a company has generally borrowed funds to purchase qualifying assets. The aforementioned clarifications had no significant impact on the Consolidated Financial Statements.

The following table shows the reconciliation of carrying amounts from IAS 17 to IFRS 16:

Reconciliation of carrying amounts from IAS 17 to IFRS 16

in € thousand	Carrying amounts according as at 31 December 2018	Reclassifi-cations of finance leases	Adjustments due to IFRS 16 (modified retroactively, Option a)	Adjustments due to IFRS 16 (modified retroactively, Option b)	**Carrying amounts according to IFRS 16 as at 01 January 2019**
Assets					
Property, plant and equipment					
Land/buildings	453,200	- 91,285			361,915
Rights of use - Land/buildings	0	91,285	341,384	161,021	593,690
Technical equipment and machinery	306,095	- 14,596			291,499
Rights of use - Technical equipment and machinery	0	14,596		208	14,804
Other plant, operating and office equipment	219,464	- 34,525			184,939
Rights of use - Other plant, operating and office equipment	0	34,525		49,532	84,057
Payments on account and plants under construction	81,504			- 9,267	72,237
Deferred taxes	82,126		28,356		110,482
Equity and liabilities					
Equity					
Retained earnings of the parent company	512,369		- 55,252	1,003	458,120
Non-controlling interests	- 8,812		- 4,250		- 13,062
Other non-current provisions	110,138			- 5,920	104,218
Other non-current provisions from leases	5,920			- 5,920	0
Non-current liabilities to related parties	104,999		408,193		513,192
Liabilities from leases Maturity 1 to 5 years	2,796		97,120		99,916
Liabilities from leases Maturity over 5 years	102,203		311,073		413,276
Non-current financial liabilities	429,886			187,170	617,056
Liabilities from leases Maturity 1 to 5 years	10,839			56,414	67,253
Liabilities from leases Maturity over 5 years	22,946			130,756	153,702
Other current provisions	28,045		- 1,371	- 371	26,303
Other current provisions from leases	1,742		- 1,371	- 371	0
Current liabilities to related parties	7,940		22,420		30,360
Liabilities from leases	471		22,420		22,891
Current financial liabilities	82,684			19,612	102,296
Liabilities from leases	5,124			19,612	24,736

Option a): Assets are measured using the incremental borrowing rate at the date of transition as if IFRS 16 had been applied from the inception of the lease (IFRS 16.C8 (b) (i)).
Option b): The asset is measured at the same value as the liability at the time of initial application (IFRS 16.C8 (b) (ii)).

The reconciliation of off-balance sheet lease obligations as of 31 December 2018 with lease obligations recorded on the balance sheet as of 1 January 2019 is as follows:

Reconciliation

in € thousand	
Minimum lease payments due to non-cancellable operating leases as of 31 December 2018	1,015,936
Minimum lease payments on finance lease liabilities as of 31 December 2018	271,275
Less application facilitation for short-term leases	- 8,214
Less application facilitation for leases of low value assets	- 209
Less conditional rental payments	- 112,997
Less other	- 34,535
Gross lease liabilities under IFRS 16 as of 1 January 2019	**1,131,256**
Less interest portion included in lease liabilities	- 349,482
Lease liabilities according to IFRS 16 as of January 2019	**781,774**
Less present value of liabilities from finance leases according to IAS 17 as of 31 December 2018	- 144,379
Additional lease liabilities due to the first-time adoption of IFRS 16 as of 1 January 2019	**637,395**

Amendments to standards that can be applied on a voluntary basis for the financial year under review which were not adopted by HHLA:

Standard	Content and significance
Amendments to References to the Conceptual Framework in IFRS Standards	In March 2018, the IASB published its revised conceptual framework for financial reporting. The revised version contains extensive amendments to the earlier conceptual framework. The standards affected by the amendments are IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22 and SIC-32. Amendments to the references within the IFRS listed above are particularly affected by the endorsement process, which has an editorial character. The EU enacted these amendments in its legislation with Commission Regulation (EU) 2019/2075 dated 29 November 2019. The amendments are to be observed as of 1 January 2020. Early adoption is permitted.
Amendments to IAS 1 and IAS 8 Definition of Materiality	In October 2018, the IASB published amendments with regard to the definition of the materiality of information in financial statements in IAS 1 Presentation of Financial Statements and in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. With these changes, a consistent and precisely defined understanding of the materiality of information in financial statements has been created and supplemented with examples. The EU enacted these amendments in its legislation with Commission Regulation (EU) 2019/2104 dated 29 November 2019. The amendments are to be observed as of 1 January 2020. Early adoption is permitted.
Amendments to IFRS 9, IAS 39 and IFRS 7 Interest Rate Benchmark Reform	The IASB published these amendments in September 2019 in order to dispel uncertainty surrounding the possible implications of the so-called “IBOR reform” for financial reporting. In particular, these amendments relate to certain reliefs in respect of hedge accounting regulations and must be applied to all hedging relationships that are affected by the reform of the benchmark interest rate. Further disclosures are foreseen in respect of the extent to which companies’ hedging relationships are affected by the amendments. The EU enacted these amendments in its legislation with Commission Regulation (EU) 2020/34 dated 15 January 2020. The amendments are to be applied for reporting periods beginning on or after 1 January 2020. Early adoption is permitted.

Standards and interpretations that have been passed by the IASB but not yet adopted by the EU and are not applied by HHLA.

Standard	Content and significance
Amendments to IFRS 3 Definition of a Business	In October 2018, the IASB published an amendment to IFRS 3 Business Combinations with regard to the definition of a business. With this amendment, the IASB clarifies that a business consists of a group of activities and assets that covers at least one resource input and a substantial process that, together, result in output. Furthermore, with regard to performance (output), the definition is narrowed to focus on goods and services provided to customers and excludes the reference to cost reductions. The new provisions also include an optional "concentration test", which aims to facilitate the identification of a business. The amendment is applicable to business combinations where the date of acquisition is either on or after 1 January 2020. Early adoption is permitted.
Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	The IASB approved amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures in September 2014. These clarify how unrealised gains from transactions between an investor and a joint venture or an associate should be reported. The EFRAG announced in February 2015 that the process of endorsing these amendments had been suspended for the time being because inconsistencies had been identified between the amended standard and the existing IAS 28. The effective date – previously 1 January 2016 – has been postponed indefinitely until the inconsistencies have been resolved.

Standards and interpretations that have no relevance for HHLA's Consolidated Financial Statements.

Standard	Content and significance
IFRS 17	Insurance Contracts

6. Accounting and valuation principles

The annual financial statements of the companies included in the Consolidated Financial Statements are based on uniform accounting and valuation principles. The following specific accounting and valuation principles were applied.

Intangible assets

Intangible assets are capitalised if the assets are identifiable, a future inflow of benefits can be expected and the acquisition and production costs can be ascertained reliably. Intangible assets acquired in return for payment are recognised at acquisition cost. Intangible assets with a finite useful life are amortised over their economic life. The Group reviews the underlying amortisation methods and the useful lives of its intangible assets with a finite useful life as of each balance sheet date.

Intangible assets with an indefinite useful life are subjected to an impairment test at least once a year. If necessary, value adjustments are made in line with future expectations. In the reporting period, there were no intangible assets with an indefinite useful life apart from derivative goodwill.

Internally generated intangible assets are recognised at the costs incurred in their development phase between the time when technological and economic feasibility is determined and production. Costs include all directly attributable costs incurred during the development phase.

The capitalised amount of development costs is subject to an impairment test at least once per year if the asset is not yet in use or if there is evidence of impairment during the course of the year.

During the reporting period, the economic life of some assets in the asset class "Software" was extended to ten years. This adjustment relates solely to assets acquired in the reporting period and has no significant effect on the results of operations, net assets and financial position of the Group.

Useful life of intangible assets

in years	2019	2018
Software	3 - 10	3 - 7

Property, plant and equipment

Property, plant and equipment is reported at cost less accumulated depreciation, amortisation and impairment. The costs of ongoing maintenance are recognised immediately in profit and loss. The production costs include specific expenses and appropriate portions of attributable production overheads. Demolition obligations are included in the acquisition or production costs at the present value of the obligation as of the time when it arises and an equivalent provision is recognised at the same time. The HHLA Group does not use the revaluation method of accounting. The carrying amounts for property, plant and equipment are tested for impairment if there is evidence that the carrying amount of an asset exceeds its recoverable amount.

Depreciation is carried out on a straight-line basis over an asset's economic life.

During the reporting period, the economic lives of certain assets in the asset class "Technical equipment and machinery" were remeasured. The range of useful lives shown in the table below did not change as a result. The positive effect arising from the adjustment of useful lives amounts to € 911 thousand. These adjustments do not have a material impact on the Group's results of operations, net assets and financial position.

The following table shows the principal useful lives which are assumed:

Useful life of property, plant and equipment

in years	2019	2018
Buildings	10 - 70	10 - 70
Technical equipment and machinery	5 - 25	5 - 25
Other plant, operating and office equipment	3 - 20	3 - 20

Borrowing costs

According to IAS 23, borrowing costs which can be directly attributed to the acquisition or production of a qualifying asset are capitalised as a component of the acquisition or production cost of the asset in question. Borrowing costs which cannot be directly attributed to a qualifying asset are recognised as an expense at the time they are incurred.

Investment property

Investment property consists of buildings held for the purpose of generating rental income or for capital gain, and not for supplying goods or services, for administrative purposes or for sale as part of normal business operations.

IAS 40 stipulates that investment property be held at cost less accumulated depreciation and accumulated impairment losses. Subsequent expenses are capitalised if they result in an increase in the investment property's value in use. The useful lives applied are the same as those for property, plant and equipment used by the Group.

The fair values of these properties are disclosed separately in Note 24.

The carrying amounts for investment property are tested for impairment if there is evidence that the carrying amount of an asset exceeds its recoverable amount.

Impairment of assets

As of each balance sheet date, the Group determines whether there are any indications that an asset may be impaired. If there are such indications, or if an annual impairment test is required, as in the case of goodwill, the Group estimates the recoverable amount. This is ascertained as the higher of the fair value of the asset less selling costs and its value in use. The recoverable amount must be determined for each asset individually unless the asset does not generate cash inflows which are largely independent of those generated by other assets or groups of assets. In this case, the recoverable amount of the smallest cash-generating unit (CGU) must be determined. If the carrying amount of an asset exceeds its recoverable amount, the asset is deemed to be impaired and is written down to its recoverable amount. At HHLA, the recoverable amount is generally calculated based on the fair value less selling costs of the cash-generating unit or asset using the discounted cash flow method. This involves discounting estimated future cash flows to their present value using a discount rate after tax which reflects current market expectations of the interest curve and the specific risks of the asset. As of the balance sheet date, the interest rate for discounting was between 5.1 and 5.8 % p.a. (previous year: 4.8 and 5.8 % p.a.). The cash flow forecasts in the Group's current plans, which are usually for the next five years, are used to determine future cash flows. If new information is available when the financial statements are produced, it is taken into account. Growth factors of 1.0 % (previous year: 1.0 %) were applied in the reporting year. When forecasting cash flows, the Group takes future market and sector expectations as well as past experience into account in its planning. Cash flows are primarily determined on the basis of anticipated volumes and income along with the cost structure arising from the level of capacity utilisation achieved and the technology used.

On each reporting date, an assessment is made as to whether an impairment loss recognised in prior periods no longer exists or has decreased. If there are such indications, the recoverable amount is estimated. Previously recognised impairment losses are reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is raised to its recoverable amount. This higher carrying amount may not exceed the amount which would have been determined, less depreciation or amortisation, if no impairment losses had been recognised in prior years. Any such reversals must be recognised immediately in profit and loss for the period. Following a reversal, the amount of depreciation or amortisation must be adjusted in subsequent periods in order to write down the adjusted carrying amount of the asset, less any residual value, systematically over its remaining useful life.

Impairment losses on goodwill are not reversed.

Financial assets

Depending on the business model under which assets are held and the composition of related payment flows, financial assets are classified at amortised cost, at fair value through other comprehensive income or at fair value through profit and loss.

Business models

IFRS 9 distinguishes between three kinds of business model:

Hold to collect

The objective of this business model is to hold debt instruments, generate contractual cash flows (e.g. interest income) and, upon maturity, to collect the nominal value. In this business model, subsequent measurement is performed at amortised cost, applying the effective interest rate method.

Hold to collect and sell

If debt instruments are held under this business model, the objective is to collect contractual cash flows or to sell the debt instruments. The debt instruments are measured at fair value, with market value fluctuations recorded in equity.

Hold for trading

If debt instruments are held primarily to generate short-term price gains, they are to be assigned to this business model. This category also includes financial assets that do not meet the requirements of the two business models outlined above. Consequently, the debt instruments are measured at fair value through profit and loss.

Nature of payment flows

Alongside the business model, the nature of the contractual cash flows is material. These should only reflect the time value of money and the credit risk of the counterparty. If the interest payments do not meet these criteria, the related debt instruments are assigned to the business model “Hold for trading”.

Classification of financial assets

Classification in accordance with IFRS 9

	Business model	Measurement categories
Financial assets (securities)	Hold to collect and sell	Fair value through profit or loss (no recycling)
Financial assets	Hold for trading	Fair value through profit or loss
Financial assets	Hold to collect	Amortised cost
Trade receivables	Hold to collect	Amortised cost
Receivables from related parties	Hold to collect	Amortised cost
Other financial receivables	Hold for trading	Fair value through profit or loss
Other financial receivables	Hold to collect	Amortised cost
Cash, cash equivalents and short-term deposits	Hold to collect	Amortised cost

Impairment of financial assets

Pursuant to IFRS 9, losses will be recorded not only once they occur but also as soon as they are expected, depending on whether the default risk of financial assets has worsened significantly since their acquisition. If there is a significant deterioration and if the default risk is not to be classified as “low” on the balance sheet date, all expected losses over the entire term are to be recorded from this point. Otherwise, only the expected losses over the term of the instrument need to be taken into account that result from potential future loss events within the next twelve months.

Exceptions apply in respect of trade receivables and leasing receivables. For these assets, all expected losses over the entire term must (if they do not contain any significant financing components) or may (if they do contain significant financing components) be taken into account regardless of the change in the default risk.

On each balance sheet date, the Group determines whether a financial asset or a portfolio is impaired. For a detailed description of this method, please see Note 47.

Inventories

Inventories include raw materials, consumables and supplies, work in progress, finished products and merchandise. They are initially recognised at acquisition or production cost. Measurement at the balance sheet date is made at the lower of cost and net realisable value. Standard sequences of consumption procedures are not used for valuation. Work in progress is performed over a period stipulated in the relevant contract. Input-based methods are used to determine the level of progress. As such, HHLA recognises revenues on the basis of the endeavours or inputs of the company to fulfil its performance obligation (e.g. hours worked or costs incurred) in relation to the total inputs expected to fulfil this performance obligation. HHLA only recognises the income of a performance obligation fulfilled over a certain period of time if the progress towards complete fulfilment of the performance obligation can be deemed appropriate.

Liabilities

All financial liabilities are to be measured at amortised cost, applying the effective interest rate method. As soon as HHLA becomes a contracting party, financial liabilities are to be recognised. A liability is derecognised as a result of repayment, buy-back or debt relief. The liability is measured at fair value at the time of acquisition, with acquisition costs constituting the most suitable valuation benchmark. Subsequent measurement of financial liabilities is performed at amortised cost, applying the effective interest rate method.

Throughput-dependent share of earnings attributable to non-controlling interests

Background

In the 2010 financial year, profit and loss transfer agreements were signed between the subsidiaries HHLA Container-Terminal Altenwerder GmbH, Hamburg (CTA), and HHLA CTA Besitzgesellschaft mbH, Hamburg (CTAB), on the one hand and HHLA Container Terminals GmbH, Hamburg, on the other. In the profit and loss transfer agreements, HHCT pledges to pay a financial settlement to the non-controlling interest in the above-mentioned companies for the duration of the agreement. The amount of the financial settlement is based largely on earnings and the throughput handled. Should throughput reach a certain level, it is possible for the proportion of earnings allocated to the financial settlement to exceed the share which would result from the non-controlling shareholder’s stake in the companies. Unless the profit and loss transfer agreement is terminated, it will be extended for a further year at a time. CTA merged with CTAB with retroactive effect as of 1 January 2014 based on a merger agreement dated 5 August 2014. As a result, there is now just one profit and loss transfer agreement. On the same date, CTA Besitzgesellschaft mbH was renamed HHLA Container Terminal Altenwerder GmbH. As a result of the merger of HHCT with Hamburger Hafen und Logistik Aktiengesellschaft (HHLA), a profit and loss transfer agreement with effect as of 1 January 2017 was transferred to HHLA in August 2017.

Classification as a compound financial instrument

As profit and loss transfer agreements have been concluded, the interest held by the non-controlling shareholder is classified as a compound financial instrument as per IAS 32.28 because it contains both debt and equity components. These components must be split and entered as either equity or borrowed capital depending on their classification.

Initial measurement

When it was first entered in 2010, the amount of equity to be reported for the non-controlling interests was calculated by deducting the fair value of the debt component. The fair value of the debt component in the form of these financial settlements was established by discounting the anticipated resulting cash outflows during the five-year term of the profit and loss transfer agreement.

When this debt component was first recorded under other financial liabilities Note 38, it was recognised directly in equity and reduced non-controlling interests within equity as a result Note 35.

From the 2014 financial year onwards, extending the profit and loss transfer agreement gives rise to an obligation to pay a financial settlement for the following year. The profit and loss transfer agreement was not terminated in 2019. This means the company has a further obligation to pay a financial settlement for the 2020 financial year. This obligation must also be reported at fair value directly in equity within other financial liabilities by discounting the anticipated cash outflows in the year under review. It reduces non-controlling interests within equity accordingly.

Subsequent measurement

From 2011 onwards, other financial liabilities arising from the obligation to pay this financial settlement are recorded in the balance sheet at amortised cost. Changes resulting from the expected cash outflows are recognised in profit and loss. The changes result from adjustments to reflect the actual shares in the CTA Group's earnings and changes in the anticipated future development of the CTA Group. An interest rate of 6.73 % is used for recognising the expected financial settlement for the 2020 financial year in the reporting year (previous year for the 2019 financial year: 5.48 %). Expenses recognised through profit and loss totalling € 2,525 thousand (previous year: € 6,036 thousand) are recorded in financial income Note 16 and only impact non-controlling interests in the CTA Group. This figure includes expenses of € 736 thousand (previous year: € 4,805 thousand) from an adjustment to reflect the actual share of earnings, and expenses of € 1,789 thousand arising from the discounting of the payment obligation recognised in the previous year (previous year: € 1,231 thousand).

Development in non-controlling interests held in the CTA Group

in € thousand	
As of 31 December 2009 prior to conclusion of the profit and loss transfer agreement	**44,617**
As of 31 December 2017, taking actual share of earnings and adjustments to settlement obligation into account	**- 4,394**
Actual share in the CTA Group's earnings for 2018	28,656
Impact on financial income through profit and loss resulting from adjustment of the settlement obligation	- 6,036
Other adjustments	495
Comprehensive income reported in equity	23,115
Reclassification of the settlement obligation for 2019 to other financial obligations	- 32,645
As of 31 December 2018, taking actual share of earnings and adjustments to settlement obligation into account	**- 13,924**
Actual share in the CTA Group's earnings for 2019	35,170
Impact on financial income through profit and loss resulting from adjustment of the settlement obligation	- 2,525
Other adjustments	- 4,696
Comprehensive income reported in equity	27,949
Reclassification of the settlement obligation for 2020 to other financial obligations	- 30,492
As of 31 December 2019, taking actual share of earnings and adjustments to settlement obligation into account	**- 16,467**

Development in other financial liabilities arising from settlement obligations

in € thousand	
As of 31 December 2017 with continuation of settlement obligation	**53,519**
Payment of actual share of earnings for 2017	- 30,900
Impact on financial income through profit and loss resulting from adjustment of the settlement obligation	6,036
Reclassification of settlement obligation for 2019 from non-controlling interests	32,645
As of 31 December 2018 with continuation of settlement obligation	**61,300**
Payment of actual share of earnings for 2018	- 28,656
Impact on financial income through profit and loss resulting from adjustment of the settlement obligation	2,525
Reclassification of settlement obligation for 2020 from non-controlling interests	30,492
As of 31 December 2019 with continuation of settlement obligation	**65,661**

Provisions

A provision is formed if the Group has a present (legal or factual) obligation arising from past events, the settlement of which is likely to result in an outflow of resources embodying economic benefits, and if the amount required to settle the obligation can be estimated reliably. The provision is formed for the amount expected to be necessary to settle the obligation, including future increases in prices and costs. If the Group anticipates at least a partial reimbursement of an amount made as a provision (e.g. in the case of an insurance contract), the reimbursement is recognised as a separate asset only if it is virtually certain. The expenses arising from recognising the provision are disclosed in the income statement after the reimbursement has been deducted. If the interest effect is substantial, non-current provisions are discounted before tax at an interest rate which reflects the specific risks associated with the liability. In the event of discounting, the increase in the amount of the provision over time is recognised under interest expenses.

Pensions and other retirement benefits

Pension obligations

Pensions and similar obligations include the Group’s benefit obligations under defined benefit obligations. Provisions for pension obligations are calculated in accordance with IAS 19 (revised 2011) using the projected unit credit method. Actuarial gains and losses are taken directly to equity and recognised in other comprehensive income, after accounting for deferred taxes. Service expense affecting net income is recognised in personnel expenses and the interest proportion of the addition to provisions is recognised in the financial result.

Actuarial opinions are commissioned annually to measure pension obligations.

Phased early retirement obligations

The compensation to be paid in the release phase of the so-called block model is recognised as provisions for phased early retirement. It is recognised pro rata over the working period over which the entitlements accrue. Since 1 January 2013 and in accordance with IAS 19 (revised 2011), provisions for supplementary amounts have only been accrued pro rata over the required service period, which regularly ends when the passive phase begins.

Actuarial opinions are commissioned annually to measure compensation obligations in the release phase of the block model and supplementary amounts.

If payment obligations do not become payable until after twelve months’ time because of entitlements in the block model or supplementary amounts, they are recognised at their present value.

Leases

HHLA is applying IFRS 16 for the first time on the financial year beginning 1 January 2019. A lease is a contract that entitles one party to use an identifiable asset of the other party for a certain period of time in exchange for payment of a fee. For details of the accounting methods used prior to 1 January 2019 (i.e. in accordance with IAS 17 and IFRIC 4), please refer to the 2018 HHLA Annual Report.

As the lessee

Pursuant to IFRS 16, the Group generally recognises assets for the usage rights of the leased assets, and liabilities for the payment obligations entered into, for all leases on the balance sheet at their present value. The lessee makes the following payments over the course of the usage period for the leased asset:

- Fixed payments without lease incentives
- Variable lease payments that are pegged to an index or interest rate
- Anticipated residual value payments from residual value guarantees
- The exercise price of a purchase option, if exercise thereof is deemed sufficiently certain
- Compensation payments incurred if the lessee exercises a termination option

Lease payments are discounted using the interest rate on which the lease is based, insofar as this rate can be determined. Otherwise, the incremental borrowing rate of the lessee (HHLA Group) will be included in the discounting.

During initial measurement, rights of use are valued at cost on the date of provision. This includes:

- the amount arising from initial measurement of the lease liability;
- the lease payments made at the time of, or prior to, provision, less any lease incentives received;
- any initial direct costs incurred by the lessee; and
- costs arising from demolition obligations.

Subsequent measurement shall be based on amortised cost. Amortisation on rights of use is recognised on a straight-line basis over the expected useful life or the term of the lease agreement, whichever is shorter. Lease liabilities are carried at their carrying amount using the effective interest rate method.

Lease payments arising from short-term leases, leases for low-value assets, and variable lease payments are recognised on a straight-line accrual basis as an expense on the income statement.

As the lessor

The HHLA Group lets properties in and around the Port of Hamburg as well as office properties, warehouses and other commercial space. The rental contracts are classified as operating leases, as the main risks and potential rewards of the properties remain with the Group. The properties are therefore held as investment properties at amortised cost.

Rental income from investment properties is recognised on a straight-line basis over the term of the leases.

Recognition of income and expenses

Income is recognised when it is probable that the economic benefit will flow to the Group and the amount of income can be determined reliably. The following criteria must also be met for income to be recognised:

Sale of goods and merchandise

A five-step model – in which the contract with a customer, the performance obligation and the transaction price are identified – is used to determine the time and amount at which revenue is to be recorded pursuant to IFRS 15. The model stipulates that revenue is to be recorded at the time control over goods or services passes from the company to the buyer and at the amount to which the company is expected to be entitled (acquisition of power of disposal).

Provision of services

Income from services is recognised in accordance with the extent to which the service has been provided over time or, if not applicable, at a point in time. If recorded over time, the extent to which the service has been provided is determined by the number of hours worked as of the balance sheet date as a percentage of the total number of hours estimated for the project. If the result of a service transaction cannot be estimated reliably, income is recognised only to the extent that the expenses incurred are eligible for reimbursement.

Interest

Interest income and interest expenses are recognised when they are accrued or incurred.

Dividends

Income from dividends is recognised in profit and loss when the Group has a legal right to payment. This does not apply to dividends distributed by companies accounted for using the equity method.

Income and expenses

Operating expenses are recognised when the service is rendered or when the expense is incurred. Income and expenses resulting from identical transactions or events are recognised in the same period. Rental expenses are recognised on a straight-line basis over the lease term.

Government grants

Government grants are recognised when there is reasonable certainty that they will be granted and the company fulfils the necessary conditions. Grants paid as reimbursement for expenses are recognised as income over the period necessary to offset them against the expenses for which they are intended to compensate. If grants relate to an asset, they are generally deducted from the asset's cost of purchase and recognised in profit and loss on a straight-line basis by reducing the depreciation for the asset over its useful life. The conditions for the subsidies include obligations to operate the subsidised equipment for a retention period of 5 to 20 years, observe certain operating criteria and provide the subsidising body with evidence for the use of the funds.

There is sufficient certainty that all the conditions have been or will be fulfilled for the government grants totalling € 53,291 thousand which were paid to HHLA in the period between 2001 and 2019. These grants have been deducted from the cost of purchasing the subsidised investments. The HHLA Group received € 2,796 thousand in government grants in the reporting year.

Taxes

Current claims for tax rebates and tax liabilities

Current claims for tax rebates and tax liabilities for the financial year and prior periods are measured at the amount for which a rebate is expected from, or payment must be made to, the tax authorities. The tax rates and tax legislation in force as of the balance sheet date are used to determine the amount.

Deferred taxes

Deferred taxes are recognised by using the balance sheet liabilities method on all temporary differences as of the reporting date between the carrying amount of an asset or liability in the balance sheet and the amount for tax purposes, as well as on tax loss carry-forwards.

Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences and unused tax loss carry-forwards proportionate to the probability that taxable income will be available to offset against the deductible temporary differences and the unused tax loss carry-forwards.

The carrying amount of deferred tax assets is reviewed on each balance sheet date and reduced to the extent that it is no longer likely that sufficient taxable profits will be available to use against the deferred tax asset. Unrecognised deferred tax assets are reviewed on each balance sheet date and recognised proportionate to the likelihood that future taxable profits will make it possible to use deferred tax assets.

Deferred tax assets and liabilities are measured using the tax rates expected to apply in the period in which the asset is realised or the liability is met. Tax rates (and tax regulations) are applied if they have already been enacted as of the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity, likewise not affecting net income.

Deferred tax assets and liabilities are netted only if the deferred taxes relate to income taxes for the same tax authority and the current taxes may also be set off against one another.

Derivative financial instruments and hedging transactions

During the reporting period, the Group did not conduct any hedging transactions to hedge fair value or net investments in a foreign operation. Furthermore, no exchange rate transactions were concluded or conducted that constitute an effective hedging relationship.

7. Significant assumptions and estimates

Preparing the Consolidated Financial Statements in accordance with IFRS requires management to make estimates and assess individual facts and circumstances. The estimates made are based on past experience and other relevant factors and on a going concern basis.

The amounts which actually arise may differ from those resulting from estimates and assumptions.

The accounting and valuation principles applied are explained in Note 6. Material assumptions and estimates affect the following issues:

Business combinations

The fair value of the assets acquired and liabilities and contingent liabilities assumed as a result of business combinations must be estimated. For this purpose, HHLA either relies on the opinions of independent external experts or calculates the fair value internally using suitable calculation models. These are normally based on discounted cash flows. Depending on the nature of the assets or the availability of information, market price, capital value and cost-oriented valuation methods are applied.

Goodwill

The Group tests goodwill for impairment at least once a year. This requires an estimate of the fair value generally used at HHLA less selling costs of the cash-generating units to which the goodwill has been allocated. To estimate the fair value less selling costs, the Group must forecast the likely future cash flows from the cash-generating unit and also choose an appropriate discount rate with which to calculate the present value of these cash flows. Unforeseeable changes may mean that the assumptions used during planning are no longer appropriate, making it necessary to adjust plans. An impairment loss could be incurred as a result. For more information, please refer to Note 22.

Investment property

The fair value of investment property must be disclosed in the Notes. HHLA carries out its own calculations to determine the fair value of this property. Industry-standard discounted cash flow methods are applied. The calculations are based on assumptions about applicable interest rates and the amount and time frame of expected future cash flows which these assets can generate. Detailed information is available in Note 24.

Pension provisions

Actuarial opinions are commissioned annually to determine the expenses for pensions and similar obligations. These calculations include assumptions about demographic changes, salary and pension increases, and interest, inflation and fluctuation rates. Because these assumptions are long term in nature, the observations are assumed to be characterised by material uncertainties. More detailed information is available in Note 36.

Demolition obligations

Provisions for demolition obligations result from obligations to be met at the end of the lease term under long-term lease agreements with the Free and Hanseatic City of Hamburg. All HHLA Group companies in the Port of Hamburg are obliged to return leased land free of all buildings owned by them at the end of the lease term. To calculate the amount of the provision, it was assumed that the obligation would be carried out in full for all leased property, with the exception of buildings designated as historical landmarks in the Speicherstadt historical warehouse district. The calculations are based on assumptions concerning the amount of demolition work necessary, interest rates and inflation. For more information, please refer to Note 37.

Provisions for phased early retirement

All employees who have signed, or are expected to sign, an agreement are taken into consideration when recognising and measuring provisions for phased early retirement. The number of employees expected to sign is an estimate. The appraisal reports are also based on actuarial assumptions. For more information, please refer to Note 37.

Leases

Some lease agreements include renewal options. When determining contractual terms, all facts and circumstances are taken into consideration that offer an economic incentive to exercise renewal options. Changes to the contractual term arising from the exercise of such options are factored into the contractual term if they are sufficiently certain. For more information, please refer to Note 45.

Non-current and current financial liabilities

In addition to liabilities from leases, this item includes financial settlement obligations to shareholders with non-controlling interests in consolidated subsidiaries. These liabilities exist because HHLA has concluded a profit and loss transfer agreement with a subsidiary, which entitles non-controlling interests to receive financial settlements, see Note 6. The parameters used to calculate this amount are subject to significant uncertainties which can cause figures to fluctuate accordingly. More detailed information is available in Note 38.

Calculating fair value

The fair value measured for financial and non-financial assets and liabilities is regularly reviewed by the Group.

The Group also regularly reviews key unobservable input factors and valuation adjustments. When the fair value of an asset or liability is calculated, the Group uses observable market data whenever possible. Based on the input factors used during valuation, the fair values calculated are classified as belonging to different levels of the fair value hierarchy:

Fair value hierarchy

	Content and significance
Level 1	Listed prices (non-adjusted) on active markets for identical assets or liabilities
Level 2	Valuation parameters which do not involve the listed prices included in level 1 but which are observable for the asset or liability either directly (i.e. as a price) or indirectly (i.e. as determined through prices)
Level 3	Valuation parameters for assets or liabilities which are not based on observable market data

The Group records any transfers between the various levels of the fair value hierarchy at the end of the reporting period in which the amendment was made.

For details of the valuation methods and input parameters used to measure the fair value of the various assets and liabilities, please see Note 24 and Note 47.

Notes to the income statement

8. Revenue

In the segment report, the revenue is broken down by segment, including inter-segment revenue. The revenue is broken down by region in Note 44 in the notes to the segment report. This note also contains segment-specific details on the type of revenue.

9. Changes in inventories

Changes in inventories

in € thousand	**2019**	2018
	131	448

Changes in inventories relate to changes in the inventories of finished products and work in progress.

10. Own work capitalised

Own work capitalised

in € thousand	**2019**	2018
	6,183	5,209

As in the previous year, own work capitalised results mainly from development activities and from technical work capitalised in the course of construction work.

11. Other operating income

Other operating income

in € thousand	**2019**	2018
Income from other accounting periods	11,210	8,310
Income from reimbursements	8,104	8,269
Proceeds on disposal of property, plant and equipment	6,187	3,626
Income from compensation	3,703	1,682
Income from reversal of other provisions	3,078	6,609
Income from exchange rate differences	1,298	1,057
Other	12,003	11,861
	45,583	**41,414**

As in the previous year, income from other accounting periods includes income from the reversal of other liabilities from previous periods.

As in the previous year, income from reimbursements relates primarily to costs which were passed on in connection with leases and to subsidy reimbursements in the reporting year.

Proceeds from the disposal of property, plant and equipment mainly relate to the sale of wagons, as in the previous year.

In the reporting year, income from compensation includes income from contractual penalties.

Other operating income includes income from the outsourcing of personnel of € 4,628 thousand (previous year: € 4,115 thousand), income from staff catering of € 2,934 thousand (previous year: € 2,843 thousand) and income from the sale of supplies of € 738 thousand (previous year: € 1,094 thousand). Furthermore, other operating income also includes numerous smaller individual items.

12. Cost of materials

Cost of materials

in € thousand	2019	2018
Raw materials, consumables and supplies	99,617	94,263
Purchased service	300,576	270,975
Leasing costs	1,010	1,865
	401,203	**367,103**

The expenses for purchased services mainly consist of the cost of rail services purchased by the Intermodal segment.

For further details of leases, please refer to Note 45.

13. Personnel expenses

Personnel expenses

in € thousand	2019	2018
Wages and salaries	353,143	332,089
Staff deployment	75,987	73,353
Social security contributions and benefits	71,081	67,717
Service expense	15,097	6,898
Other retirement benefit expenses	811	523
	516,119	**480,580**

The direct remuneration paid to members of the Executive Board totalled € 3,060 thousand for the 2019 financial year (previous year: € 2,955 thousand). More details on the remuneration paid to the Executive Board and the Supervisory Board can be found in Note 48.

The rise in personnel expenses in the year under review is chiefly due to increases in union wage rates and a larger headcount.

Social security contributions and benefits rose commensurate to expenses for wages and salaries. Social security contributions include payments towards the public pension scheme amounting to € 29,759 thousand (previous year: € 28,286 thousand) and payments to the German pension insurance scheme.

Service expense includes payments from defined benefit pension commitments and similar obligations. The increase in these expenses is attributable to higher contributions to the HHLA capital plan, see Note 36.

Average number of employees of fully consolidated companies

	2019	2018
Employees receiving wages	3,273	3,048
Salaried staff	2,796	2,665
Trainees	73	65
	6,142	**5,778**

In addition, the Group used an annual average of 753 employees (previous year: 760) of Gesamthafenbetriebs Gesellschaft m.b.H., Hamburg (GHB).

14. Other operating expenses

Other operating expenses

in € thousand	**2019**	2018
Consultancy, services, insurance and auditing expenses	48,071	39,789
External maintenance services	43,360	41,755
Leasing costs	9,472	58,295
Travel expenses, advertising and promotional costs	4,840	4,375
Other personnel expenses	3,479	4,239
Expenses from other accounting periods	3,300	2,125
Other taxes	2,924	3,125
External and internal cleaning costs	2,551	2,230
Postage and telecommunications costs	1,604	1,568
Other venture expenses	984	2,608
Impairment losses on financial assets	907	998
Expenses from exchange rate differences	520	912
Losses on the disposal of property, plant and equipment	144	134
Other	12,419	9,919
	134,575	**172,072**

Expenses for consultancy, services, insurance and auditing increased, mainly due to an increased need for project-related consultancy.

The introduction of IFRS 16 led to a reduction in leasing expenses. Detailed information is available in Note 45.

The HHLA Group regards the impairment losses on financial assets listed above as immaterial and has therefore decided not to show them separately in the income statement.

Other operating expenses also include numerous smaller individual items.

15. Depreciation and amortisation

Depreciation and amortisation

in € thousand	**2019**	2018
Intangible assets	8,289	7,498
Property, plant and equipment	144,311	98,679
Investment property	8,788	8,056
	161,388	**114,232**

A classification of the depreciation and amortisation by asset category is shown in the fixed asset movement schedule, see Note 22, Note 23 and Note 24.

16. Financial result

Financial result

in € thousand	2019	2018
Earnings from associates accounted for using the equity method	**4,458**	**5,347**
Interest income from non-affiliated companies and non-consolidated affiliated companies	1,485	1,228
Income from currency hedging instruments at fair value	705	0
Income from exchange rate differences	606	837
Interest income from bank balances	90	63
Interest income	**2,886**	**2,128**
Interest included in lease payments	22,016	5,336
Interest portion of pension provisions	7,158	6,512
Interest expenses on bank liabilities	6,253	5,312
Expenses from the adjustment of settlement obligations to shareholders with non-controlling interests	2,525	6,036
Interest expenses to non-affiliated companies and non-consolidated affiliated companies	1,836	1,310
Interest portion of other provisions	1,826	1,789
Expenses from exchange rate differences	845	947
Expenses from currency hedging instruments at fair value	0	869
Interest expenses	**42,459**	**28,111**
Net interest income	**- 39,573**	**- 25,983**
Income from other equity investments	0	0
Other financial result	**0**	**0**
	- 35,115	**- 20,636**

Earnings from companies accounted for using the equity method relate to the pro rata annual earnings of the joint ventures and associates, see also Note 25.

The increase in the interest included in lease payments results from the application of IFRS 16 from 1 January 2019 onwards.

See Note 38 for information about the interest expenses associated with liabilities to banks.

For information on expenses from the adjustment of settlement obligations to shareholders with non-controlling interests, see Note 6.

17. Research and development costs

Research and development costs of € 5,526 thousand were incurred in the 2019 financial year (previous year: € 1,648 thousand). These primarily relate to research as part of the subsidy programme for Innovative Port Technologies (IHATEC).

18. Income tax

Paid or outstanding income taxes and deferred taxes are shown under the item income taxes. Income taxes are made up of corporation tax, a solidarity surcharge and trade tax. Companies domiciled in Germany pay corporation tax of 15.0 % and a solidarity surcharge of 5.5 % of the corporation tax expense. These companies and German-based subsidiaries in the legal form of limited partnerships are also liable for trade tax, which is imposed at different local rates. Trade tax does not reduce the amount of a limited company's profits on which corporation tax is payable.

Income tax

In € thousand	**2019**	2018
Deferred taxes on temporary differences	**- 759**	**1,752**
of which domestic	- 1,901	1,750
of which foreign	1,142	2
Deferred taxes on losses carried forward	**578**	**- 1,436**
of which domestic	0	0
of which foreign	578	- 1,436
Total deferred taxes	**- 181**	**316**
Current income tax expense	**49,245**	**44,794**
of which domestic	29,562	26,424
of which foreign	19,683	18,370
	49,064	**45,110**

Current income tax expenses include tax expenses from other accounting periods amounting to € 1,223 thousand (previous year: € - 517 thousand).

Deferred tax assets and liabilities result from temporary differences and tax loss carry-forwards.

Deferred taxes recognised in the balance sheet

	Deferred tax assets		Deferred tax liabilities	
in € thousand	**31.12.2019**	31.12.2018	**31.12.2019**	31.12.2018
Intangible assets	0	0	5,084	3,168
Property, plant and equipment	0	0	25,724	17,809
Investment property	0	0	10,057	10,136
Financial assets	0	0	1,642	2,496
Inventories	153	963	0	0
Receivables and other assets	1,714	1,876	336	1,008
Pension and other provisions	108,228	89,174	912	858
Liabilities	37,130	7,270	962	3,822
Tax losses carried forward	859	1,436	0	0
	148,084	**100,719**	**44,717**	**39,297**
Netted amounts	- 24,013	- 18,593	- 24,013	- 18,593
	124,071	**82,126**	**20,704**	**20,704**

Reconciliation between the income tax and hypothetical tax based on the IFRS result and the Group's applicable tax rate

in € thousand	2019	2018
Earnings before tax (EBT)	**186,122**	**183,584**
Income tax expense at hypothetical income tax rate of 32.28 % (previous year: 32.28 %)	60,080	59,261
Tax income (-), tax expenses (+) for prior years	144	- 455
Tax-free income	780	48
Non-deductible expenses	2,070	1,398
Trade tax additions and reductions	64	70
Permanent differences	38	1,113
Differences in tax rates	- 14,907	- 14,565
Impairment losses in deferred tax assets	819	- 1,824
Other tax effects	- 24	64
Income tax	**49,064**	**45,110**

Deferred taxes are calculated on the basis of the tax rates currently in force in Germany or those expected to apply at the time of realisation. A tax rate of 32.28 % was used for the calculations in both 2019 and 2018. This is made up of corporation tax at 15.0 %, a solidarity surcharge of 5.5 % of the corporation tax, and the trade tax payable in Hamburg of 16.45 %. Limited partnerships are also liable for trade tax. Due to special rules, property management companies generally do not pay trade tax. Due to rules on minimum taxation, tax loss carry-forwards are only partially usable in Germany. Tax losses of up to € 1 million can be set off against taxable profits without restriction, and higher tax losses up to a maximum of 60 %.

The effects of tax rates for domestic and foreign taxes that diverge from the Group parent company's tax rate are reported in offsetting and reconciliation under differences in tax rates.

Deferred tax assets are recognised on tax loss carry-forwards and temporary differences if it is sufficiently certain that they can be realised in the near future. The Group has no domestic corporation tax loss carry-forwards and no domestic trade tax loss carry-forwards. Deferred taxes of € 859 thousand (previous year: € 1,436 thousand) are recognised on foreign tax loss carry-forwards of € 4,521 thousand (previous year: € 7,560 thousand). No deferred tax assets are recognised for domestic corporation tax loss carry-forwards of € 2,671 thousand (previous year: € 515 thousand), domestic trade tax loss carry-forwards of € 13,752 thousand (previous year: € 7,969 thousand) and foreign tax loss carry-forwards of € 14,609 thousand (previous year: € 11,244 thousand). Under current legislation, tax losses can be carried forward in Germany without restriction.

Deferred tax assets of € 36,239 thousand (previous year: € 21,538 thousand) recognised directly in equity without effect on profit and loss come from actuarial gains and losses on pension provisions and unrealised gains/losses arising from available-for-sale financial assets.

Deferred taxes recognised in the statement of comprehensive income

	Gross		Taxes		Net	
in € thousand	2019	2018	2019	2018	2019	2018
Actuarial gains/losses	- 45,625	11,603	14,727	- 3,747	- 30,898	7,856
Cash flow hedges	0	33	0	- 11	0	22
Unrealised gains/losses on available-for-sale financial assets	79	- 124	- 26	47	53	- 77
	- 45,546	**11,512**	**14,701**	**- 3,711**	**- 30,845**	**7,801**

19. Share of results attributable to non-controlling interests

Profits attributable to non-controlling interests amounting to € 33,776 thousand (previous year: € 26,193 thousand) mainly relate to non-controlling shareholders of the CTA Group. This share of earnings increased due to the higher actual share of earnings attributable to the CTA Group and the year-on-year decline in interest expenses arising from the measurement of the settlement obligation that were attributable to the non-controlling shareholder. The previous year's figure still included a share of results attributable to non-controlling interests in the METRANS Group.

20. Earnings per share

Basic earnings per share in €

	Group		Port Logistics subgroup		Real Estate subgroup	
	2019	2018	**2019**	2018	**2019**	2018
Share of consolidated net profit attributable to shareholders of the parent company in € thousand	103,858	112,281	94,207	102,910	9,651	9,371
Number of common shares in circulation	72,753,334	72,753,334	70,048,834	70,048,834	2,704,500	2,704,500
	1.43	**1.54**	**1.34**	**1.47**	**3.57**	**3.46**

Basic earnings per share are calculated in accordance with IAS 33 by dividing the profit after tax and minority interests attributable to the shareholders of the parent company by the average number of shares.

The diluted earnings per share are identical to the basic EPS, as there were no conversion or option rights in circulation during the financial year.

21. Dividend per share

The dividend entitlement for the share classes is based on the portion of the distributable profit attributable to the relevant division. This is calculated in accordance with the German Commercial Code (HGB).

A resolution was passed at the Annual General Meeting held on 18 June 2019 to distribute a dividend of € 61,719 thousand to holders of common shares in the reporting year for the 2018 financial year (previous year: € 52,342 thousand). At the time of the distribution, the number of shares entitled to dividends amounted to 72,753,334, of which 70,048,834 are to be attributed to the Port Logistics subgroup (A division) and 2,704,500 to the Real Estate subgroup (S division). This resulted in dividends of € 0.80 per Class A share and € 2.10 per Class S share. The remaining undistributed profit was carried forward to new account.

In 2020, dividends per share of € 0.70 for the Port Logistics subgroup and € 2.10 for the Real Estate subgroup are due to be paid. Based on the number of dividend-entitled shares as of 31 December 2019, this is equivalent to a distribution amount of € 49,034 thousand for the Port Logistics subgroup and of € 5,679 thousand for the Real Estate subgroup.

Notes to the balance sheet

22. Intangible assets

Development of intangible assets

in € thousand	Goodwill	Software	Internally developed software	Other intangible assets	Payments made on account	Total
Carrying amount as of 1 January 2018	**38,930**	**6,421**	**22,013**	**858**	**1,457**	**69,679**
Acquisition or production cost						
1 January 2018	38,930	64,870	66,524	2,261	1,457	174,042
Additions	7,587	1,901	7,676	93	1,440	18,697
Disposals		- 4,456	- 18		- 6	- 4,480
Reclassifications		366		1,160	- 366	1,160
Changes in scope of consolidation/consolidation method		3		8,004		8,007
Effects of changes in exchange rates		91		- 39		52
31 December 2018	**46,517**	**62,775**	**74,182**	**11,479**	**2,525**	**197,478**
Accumulated depreciation, amortisation and impairment						
1 January 2018	0	58,449	44,511	1,403	0	104,363
Additions		3,505	3,605	388		7,498
Disposals		- 4,456				- 4,456
Reclassifications				267		267
Changes in scope of consolidation/consolidation method						0
Effects of changes in exchange rates		56		- 3		53
31 December 2018	**0**	**57,554**	**48,116**	**2,055**	**0**	**107,725**
Carrying amount as of 31 December 2018	**46,517**	**5,221**	**26,066**	**9,424**	**2,525**	**89,753**
Carrying amount as of 1 January 2019	**46,517**	**5,221**	**26,066**	**9,424**	**2,525**	**89,753**
Acquisition or production cost						
1 January 2019	46,517	62,775	74,182	11,479	2,525	197,478
Additions	9,019	1,365	6,933	666	997	18,980
Disposals		- 3,762	- 8,784			- 12,546
Reclassifications		2,001		298	- 2,415	- 116
Changes in scope of consolidation/consolidation method		47		4,001		4,048
Effects of changes in exchange rates		458		- 12	37	483
31 December 2019	**55,536**	**62,884**	**72,331**	**16,432**	**1,144**	**208,327**
Accumulated depreciation, amortisation and impairment						
1 January 2019	0	57,554	48,116	2,055	0	107,725
Additions		3,162	3,994	1,133		8,289
Disposals		- 3,758	- 8,784			- 12,542
Reclassifications						0
Changes in scope of consolidations/consolidation method						0
Effects of changes in exchange rates		346		3		349
31 December 2019	**0**	**57,304**	**43,326**	**3,191**	**0**	**103,821**
Carrying amount as of 31 December 2019	**55,536**	**5,580**	**29,005**	**13,241**	**1,144**	**104,506**

In the Container segment, goodwill of € 35,525 thousand is attributable to the cash-generating unit (CGU) CTT/Rosshafen and further goodwill of € 1,893 thousand is attributable to the CGU HCCR. Of the CGU CTT/Rosshafen's goodwill, € 30,929 thousand was generated by the acquisition of all the shares in HHLA Rosshafen Terminal GmbH, Hamburg, in 2006. Goodwill is primarily derived from additional strategic options to expand the Group's handling activities at the sites rented long-term by the company. Derived goodwill of € 7,587 thousand from the acquisition of HHLA TK Estonia AS, Tallinn, Estonia, in 2018 is also attributable to the Container segment.

The derived goodwill attributable to the Logistics segment in the amount of € 9,019 thousand arising from the acquisition of Bionic Production GmbH, Lüneburg, reflects the further technological development and the planned establishment and expansion of customer relations in light of the anticipated market penetration of 3-D printing technologies. HHLA can therefore share in new technologies which have the potential to be deployed in the wider port and logistics sector in the future. For further details, please refer to Note 3.

Carrying amounts for goodwill by segments

in € thousand	**31.12.2019**	31.12.2018
Container	45,005	45,005
Intermodal	1,512	1,512
Logistics	9,019	0
	55,536	**46,517**

The changes in the scope of consolidation of other intangible assets in the amount of € 4,001 thousand mainly include acquired technologies of Bionic Production GmbH of € 3,505 thousand. These technologies relate to 3-D printing and intelligent welding solutions. The previous year's figure mainly includes customer-related intangible assets (customer relations) in the amount of € 7,361 thousand relating to the simplified access of HHLA TK Estonia AS to an existing customer base.

Additions and disposals of internally developed software mainly relate to the migration of a new terminal management system and the associated replacement of the previous terminal management system.

23. Property, plant and equipment

Development of property, plant and equipment

in € thousand	Land and buildings	Technical equipment and machinery	Other plant, operating and office equipment	Payments on account and plants under construction	Total
Carrying amount as of 1 January 2018	**430,952**	**307,038**	**184,528**	**52,033**	**974,551**
Acquisition or production cost					
1 January 2018	794,883	877,057	512,736	52,033	2,236,709
Additions	8,984	16,341	28,274	66,415	120,014
Disposals	- 1,818	- 6,130	- 16,651	- 168	- 24,767
Reclassifications	13,760	- 4,665	37,161	- 47,416	- 1,160
Changes in scope of consolidation/consolidation method	32,395	23,010	62	10,583	66,050
Effects of changes in exchange rates	608	553	117	57	1,335
31 December 2018	**848,812**	**906,166**	**561,699**	**81,504**	**2,398,181**
Accumulated depreciation, amortisation and impairment					
1 January 2018	363,931	570,019	328,208	0	1,262,158
Additions	31,261	39,409	28,009		98,679
Disposals	- 1,670	- 5,368	- 15,921		- 22,959
Reclassifications	2,060	- 4,229	1,902		- 267
Changes to scope of consolidation/consolidation method					0
Effects of changes in exchange rates	30	240	37		307
31 December 2018	**395,612**	**600,071**	**342,235**	**0**	**1,337,919**
Carrying amount as of 31 December 2018	**453,200**	**306,095**	**219,464**	**81,504**	**1,060,262**
Carrying amount as of 1 January 2019[1]	**955,605**	**306,303**	**268,996**	**72,237**	**1,603,140**
Acquisition or production cost					
31 December 2018	848,812	906,166	561,699	81,504	2,398,181
Adjustment due to first-time adoption of IFRS 16	502,405	208	49,532	- 9,267	542,878
1 January 2019	1,351,217	906,374	611,231	72,237	2,941,059
Additions	54,055	19,943	65,479	73,890	213,367
Disposals	- 3,713	- 42,792	- 30,621	- 606	- 77,732
Reclassifications	8,961	12,361	17,770	- 38,976	116
Changes in scope of consolidation/consolidation method	328	84	142		554
Effects of changes in exchange rates	5,699	3,443	961	1,836	11,939
31 December 2019	**1,416,547**	**899,413**	**664,962**	**108,381**	**3,089,303**
Accumulated depreciation, amortisation and impairment					
1 January 2019	395,612	600,071	342,235	0	1,337,919
Additions	61,975	40,384	41,952		144,311
Disposals	- 3,501	- 41,879	- 28,529		- 73,909
Reclassifications					0
Changes to scope of consolidation/consolidation method					0
Effects of changes in exchange rates	1,162	2,139	425		3,726
31 December 2019	**455,248**	**600,715**	**356,083**	**0**	**1,412,046**
Carrying amount as of 31 December 2019	**961,299**	**298,698**	**308,879**	**108,381**	**1,677,257**

1 Including the adjustment due to first-time adoption of IFRS 16

For more information on adjustment due to first-time adoption of IFRS 16, see Note 5. See Note 45 for further details regarding the existing restrictions in connection with leases.

Additions result largely from investments for the procurement of yard cranes and heavy machinery for horizontal transport at the container terminals in Hamburg, investments to expand the terminal network, and investments to extend intermodal transport capacities through the acquisition of wagons and locomotives in the METRANS Group.

Disposals in the financial year under review mainly relate to the sale/scrapping of handling equipment.

Changes to the consolidated group in the financial year relate solely to the subsidiary Bionic Production GmbH, Lüneburg, which was included in the Consolidated Financial Statements for the first time (previous year: HHLA TK Estonia AS, Tallinn, Estonia).

The effects of changes in exchange rates mainly include the exchange rate changes of the Ukrainian currency.

No write-downs were made on property, plant and equipment in the year under review (previous year: € 2 thousand).

Buildings, surfacing and movable non-current assets with a carrying amount of € 5,251 thousand (previous year: € 7,333 thousand) have been pledged as collateral in connection with loans taken up by the Group.

As of the balance sheet date, the Group had obligations of € 70,398 thousand (previous year: € 69,550 thousand) from outstanding purchase commitments attributable to investments in property, plant and equipment.

Development of rights of use included in property, plant and equipment (in previous year: assets from leases)

in € thousand	Land and buildings	Technical equipment and machinery	Other plant, operating and office equipment	Total
Carrying amount as of 1 January 2018	**93,450**	**7,343**	**36,416**	**137,209**
Acquisition or production cost				
1 January 2018	108,176	8,010	45,969	162,155
Additions		332	2,071	2,403
Disposals			- 2,422	- 2,422
Reclassifications		612		612
Changes in scope of consolidation/consolidation method		7,906		7,906
Effects of changes in exchange rates	21			21
31 December 2018	**108,197**	**16,860**	**45,618**	**170,675**
Accumulated depreciation, amortisation and impairment				
1 January 2018	14,726	667	9,553	24,946
Additions	2,181	1,597	3,962	7,740
Disposals			- 2,422	- 2,422
Reclassifications				0
Changes in scope of consolidation/consolidation method				0
Effects of changes in exchange rates	5			5
31 December 2018	**16,912**	**2,264**	**11,093**	**30,268**
Carrying amount as of 31 December 2018	**91,285**	**14,596**	**34,525**	**140,407**
Carrying amount as of 1 January 2019[1]	**593,690**	**14,804**	**84,057**	**692,552**
Acquisition or production cost				
31 December 2018	108,197	16,860	45,618	170,675
Adjustment due to first-time adoption of IFRS 16	502,405	208	49,532	552,145
1 January 2019	610,602	17,068	95,150	722,820
Additions	46,334	495	9,577	56,406
Disposals			- 2,562	- 2,562
Reclassifications		2,036		2,036
Changes in scope of consolidation/consolidation method	328			328
Effects of changes in exchange rates	1,352	11	97	1,460
31 December 2019	**658,617**	**19,609**	**102,262**	**780,488**
Accumulated depreciation, amortisation and impairment				
1 January 2019	16,912	2,264	11,093	30,268
Additions	31,013	1,928	17,318	50,259
Disposals			- 1,679	- 1,679
Reclassifications		- 197		- 197
Changes in scope of consolidation/consolidation method				0
Effects of changes in exchange rates	72		36	108
31 December 2019	**47,997**	**3,995**	**26,768**	**78,760**
Carrying amount as of 31 December 2019	**610,620**	**15,614**	**75,494**	**701,729**

1 Including the adjustment due to first-time adoption of IFRS 16

24. Investment property

Development of investment property

in € thousand	Investment property	Payments on account and plants under construction	Total
Carrying amount as of 1 January 2018	**172,838**	**7,046**	**179,884**
Acquisition or production cost			
1 January 2018	324,818	7,046	331,864
Additions	10,537	2,359	12,896
Disposals			0
Reclassifications	5,740	- 5,740	0
31 December 2018	**341,095**	**3,665**	**344,760**
Accumulated depreciation, amortisation and impairment			
1 January 2018	151,980	0	151,980
Additions	8,056		8,056
Disposals			0
Reclassifications			0
31 December 2018	**160,036**	**0**	**160,036**
Carrying amount as of 31 December 2018	**181,059**	**3,665**	**184,724**
Carrying amount as of 1 January 2019	**181,059**	**3,665**	**184,724**
Acquisition or production cost			
1 January 2019	341,095	3,665	344,760
Additions	2,478	6,743	9,221
Disposals		- 8	- 8
Reclassifications			0
31 December 2019	**343,573**	**10,400**	**353,973**
Accumulated depreciation, amortisation and impairment			
1 January 2019	160,036	0	160,036
Additions	8,788		8,788
Disposals			0
Reclassifications			0
31 December 2019	**168,824**	**0**	**168,824**
Carrying amount as of 31 December 2019	**174,749**	**10,400**	**185,149**

Investment property mainly relates to warehouses converted to office space and other commercial real estate in Hamburg's Speicherstadt historical warehouse district, as well as logistics warehouses and surfaced areas.

As in the previous year, additions mainly result from conversion costs in connection with changes of use.

Rental income from investment property at the end of the financial year was € 52,870 thousand (previous year: € 50,870 thousand). The direct operating expenses for investment property, which are fully attributable to rental income, amounted to € 18,919 thousand (previous year: € 17,082 thousand).

Fair value is calculated and measured annually by HHLA's Real Estate segment. The associated inputs are classified as level 3 in the fair value hierarchy, see Note 7.

Fair value reconciliation

in € thousand	2019	2018
As of 1 January	618,616	651,292
Change in fair value (not realised)	6,390	- 32,676
As of 31 December	**625,006**	**618,616**

The valuation method used to measure the fair value of investment property as well as the key unobservable input factors applied

Valuation method	Key unobservable input factors	Relationship between key unobservable input factors and measurement at fair value The estimated fair value would increase (fall) if
Fair values are measured by applying the discounted cash flow method (DCF method) to the forecast net cash flows from managing the properties. This method is based on detailed forecasts of ten years or up to the end of the useful lives of properties with a remaining useful life of less than ten years. The cash flows are discounted using standard market interest rates. Property-specific fair value is determined on the basis of property-specific measurement criteria.	Contractually agreed rental income	the contractually agreed rental income was (higher) lower
	Expected rent increases	the expected rent increases were higher (lower)
	Vacancy periods	the vacancy periods were shorter (longer)
	Level of occupancy	the level of occupancy was higher (lower)
	Rent-free periods	the rent-free periods were shorter (longer)
	Possible termination of the tenancy agreement	tenancy agreements were not terminated (were terminated)
	Re-leasing	the property was re-leased sooner (later)
	Operating, management and maintenance costs	operating, management and maintenance costs were lower (higher)
	Rent for the land	the rent was lower (higher)
	Discount rate (3.61 to 7.01 % p.a.)	the risk-adjusted discount rate was lower (higher)

Regarding existing restrictions on the disposal and use of buildings in connection with the renting of the associated properties from the Free and Hanseatic City of Hamburg, see the explanatory remarks on leases in Note 45.

25. Associates accounted for using the equity method

Associates accounted for using the equity method

in € thousand	31.12.2019	31.12.2018
Interests in joint ventures	12,848	12,211
Interests in associates companies	4,345	4,252
	17,193	**16,463**

Interests in joint ventures comprise Hansaport Hafenbetriebsgesellschaft mit beschränkter Haftung, HHLA Frucht- und Kühl-Zentrum GmbH, Ulrich Stein Gesellschaft mit beschränkter Haftung, ARS-UNIKAI GmbH, Kombi-Transeuropa Terminal Hamburg GmbH and HVCC Hamburg Vessel Coordination Center GmbH. From the first quarter of 2019 onwards, Spherie UG (haftungsbeschränkt) was included in the HHLA Consolidated Financial Statements, with Hyperport Cargo Solutions GmbH i.G. included from the fourth quarter of 2019 onwards.

Interests in associated companies include the shares in CuxPort GmbH and the shares in DHU Gesellschaft Datenverarbeitung Hamburger Umschlagsbetriebe mbH.

The interests reported are higher than in the previous year, due largely to the earnings recorded in financial income for the various companies at equity less the dividends received, see Note 16.

For more information, please refer to Note 3.

26. Non-current financial assets

Non-current financial assets

in € thousand	**31.12.2019**	31.12.2018
Securities	5,677	2,414
Shares in affiliated companies	54	59
Other equity investments	309	661
Other non-current financial assets	10,137	10,484
	16,177	**13,618**

In the reporting year – as in the previous year – the securities relating to insolvency insurance for phased early retirement entitlements were netted out against the corresponding phased early retirement obligations because they fulfil the conditions for plan assets as per IAS 19 (revised 2011). The securities portfolio recognised as plan assets in the financial year amounted to € 173 thousand (previous year: € 316 thousand), see Note 37. Before offsetting, this results in a securities portfolio of € 5,850 thousand (previous year: € 2,730 thousand).

The shares in affiliated companies include shares in Group companies which are of minor importance for giving a true and fair view of the Group's results of operations, net assets and financial position and are therefore not consolidated.

Other non-current financial assets primarily include receivables from a graduated rent totalling € 4,273 thousand (previous year: € 4,079 thousand), as well as receivables from relief funds totalling € 2,625 thousand (previous year: € 2,441 thousand).

27. Inventories

Inventories

in € thousand	**31.12.2019**	31.12.2018
Raw materials, consumables and supplies	22,005	20,026
Work in progress	2,579	2,554
Finished products and merchandise	658	417
	25,242	**22,997**

Impairment losses on inventories recognised as an expense amount to € 1,111 thousand (previous year: € 991 thousand). This expense is reported under cost of materials, see Note 12.

28. Trade receivables

Trade receivables

in € thousand	**31.12.2019**	31.12.2018
	168,127	179,824

Trade receivables are receivables from customers that are fulfilled in connection with normal business operations. In respect of the overwhelming majority of customers, they are usually due within 30 days and are therefore classed as current. Trade receivables are initially recognised at fair value in the amount of the unconditional consideration unless they contain significant financing components. The Group holds trade receivables for the purpose of generating the contractually agreed cash flows and therefore subsequently measures them at amortised cost, applying the effective interest rate method.

Due to the short-term nature of the recognised trade receivables, the carrying amount is the same as the fair value.

No trade receivables were assigned as collateral for financial liabilities, either in the year under review or in the previous year. Collateral for trade receivables is only held to a minor extent (e.g. rental guarantees).

Details of impairment allowances for trade receivables can be found in Note 47.

29. Receivables from related parties

Receivables from related parties

in € thousand	**31.12.2019**	31.12.2018
Receivables from HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH (HGV)	95,000	95,000
Receivables from Kombi-Transeuropa Terminal Hamburg GmbH	1,194	1,331
Receivables from HHLA Frucht- und Kühl-Zentrum GmbH	952	1,748
Receivables from Free and Hanseatic City of Hamburg (FHH)	464	1,402
Other receivables from related parties	1,195	763
	98,805	**100,244**

Receivables from HGV include € 95,000 thousand from existing cash clearing (previous year: € 95,000 thousand).

30. Current financial assets

Current financial assets

in € thousand	**31.12.2019**	31.12.2018
Current receivables from employees	1,393	1,366
Current reimbursement claims against insurers	250	115
Other	1,936	2,581
	3,579	**4,062**

31. Other assets

Other assets

in € thousand	**31.12.2019**	31.12.2018
Current tax credit	17,051	19,914
Payments on account	3,061	3,034
Other	9,560	7,810
	29,672	**30,758**

Current tax credits were lower than in the previous year. This was largely because value added tax receivables were down.

32. Income tax receivables

Income tax receivables

in € thousand	31.12.2019	31.12.2018
	2,201	6,656

Income tax receivables consist of tax receivables resulting from tax assessments and advance tax payments.

33. Cash, cash equivalents and short-term deposits

Cash, cash equivalents and short-term deposits

in € thousand	31.12.2019	31.12.2018
Cash and cash equivalents with a maturity of up to 3 months	23,131	25,683
Short-term deposits with a maturity of 4–12 months	45,000	22,450
Bank balances and cash in hand	89,910	133,327
	158,041	**181,460**

Cash, cash equivalents and short-term deposits are made up of cash in hand and various bank balances in different currencies.

Cash and short-term deposits of € 9,147 thousand (previous year: € 14,507 thousand) are subject to foreign exchange outflow restrictions.

As of the balance sheet date, the Group had unused lines of credit amounting to € 3,063 thousand (previous year: € 2,713 thousand) and had met all the conditions for their use. HHLA is confident that the Group has sufficient credit lines at its disposal whenever required.

34. Non-current assets held for sale

There were no non-current assets held for sale either in the reporting period or in the previous year.

35. Equity

Changes in the individual components of equity for the 2019 and 2018 financial years are shown in the statements of changes in equity.

Subscribed capital

As of the balance sheet date, HHLA's share capital consists of two different classes of share: Class A shares and Class S shares. Subscribed capital totals € 72,753 thousand, divided into 70,048,834 Class A shares and 2,704,500 Class S shares; each no-par-value share represents € 1.00 of share capital on paper. The share capital has been fully paid in.

In the course of the stock flotation on 2 November 2007, 22,000,000 Class A shares were placed on the market. This corresponds to a free float of approx. 30 % of HHLA's share capital. As of the balance sheet date, the Free and Hanseatic City of Hamburg holds 69.58 % of the voting rights through the company HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH, Hamburg.

Authorised capital

As of the balance sheet date, the company has Authorised Capital I for the issue of Class A shares and Authorised Capital II for the issue of Class S shares.

Using Authorised Capital I (cf. Article 3 [4] of the articles of association), the Executive Board is authorised, subject to the approval of the Supervisory Board, to increase the company's share capital until 20 June 2022 by up to € 35,024,417.00 by issuing up to 35,024,417 new registered Class A shares for subscription in cash and/or in kind in one or more stages. The statutory subscription rights of the holders of Class S shares shall be excluded. The Executive Board is additionally authorised, subject to the approval of the Supervisory Board, to exclude the statutory subscription rights of holders of Class A shares in those cases covered in more detail in the resolution, such as issue for contributions in kind. Furthermore, the issue of new Class A shares while excluding the subscription rights of Class A shareholders is limited to a total of 20 % of the share capital attributable to Class A shares. All Class A shares issued or that could be issued under other authorisations with the exclusion of subscription rights count towards this 20 % limit.

Using Authorised Capital II (cf. Article 3 [5] of the articles of association), the Executive Board is authorised, subject to the approval of the Supervisory Board, to increase the company's share capital until 20 June 2022 by up to € 1,352,250.00 by issuing up to 1,352,250 new registered Class S shares for subscription in cash and/or in kind in one or more stages. The statutory subscription rights of holders of Class A shares shall be excluded. The Executive Board is authorised, with the approval of the Supervisory Board, to exclude the statutory subscription rights of holders of Class S shares as is necessary to equalise fractional amounts.

Other authorisations

The Annual General Meeting of HHLA held on 18 June 2019 authorised the Executive Board, subject to the approval of the Supervisory Board, to issue on one or more occasions up to 17 June 2024 bearer or registered bonds with warrants and/or convertible bonds or combinations of these instruments (hereinafter known collectively as "debenture bonds") with a total nominal value of up to € 300,000,000.00 and to grant the bearers or creditors of the debenture bonds warrants or conversion rights for up to 10,000,000 new registered Class A shares in the company, each representing € 1.00 of the share capital, subject to the detailed terms of the bonds with warrants and/or convertible bonds. The respective terms may also provide for a warrant or conversion obligation as well as an issuer put option to provide Class A shares in the company as of the end of the term or at an earlier date. The detailed terms of the resolution state that shareholders' subscription rights may also be excluded when the debenture bonds are issued. As per Article 3 (6) of the articles of association, conditional capital of € 10,000,000.00 is available to service warrants and conversion rights and obligations as well as any tender rights. This is made up of 10,000,000 new registered Class A shares.

The Annual General Meeting held on 16 June 2016 additionally authorised the company's Executive Board to purchase Class A treasury shares up to a maximum of 10 % of the portion of the company's share capital accounted for by Class A shares at the time of the resolution or, if lower, at the time the authorisation is exercised. In addition to being sold on the stock exchange or offered to all shareholders in line with their shareholdings, the Class A treasury shares acquired under this authorisation or previous authorisations may – subject to the approval of the Supervisory Board – be used in the cases stipulated by the resolution excluding other shareholders' subscription rights and/or be redeemed either in whole or in part without the need for an additional resolution by the Annual General Meeting. This authorisation expires on 15 June 2021. This authorisation may be used for any legally permissible purpose, except for trading in treasury shares.

HHLA does not currently hold any treasury shares. There are no plans to buy back shares.

Capital reserve

The Group's capital reserve includes premiums from share issues and the associated costs of issue, which are deducted from the capital reserve. It also comprises premiums from capital increases at subsidiaries with non-controlling interests and a reserve increase from an employee stock purchase plan.

As of the reporting date, the HHLA Group had capital reserves of € 141,584 thousand (previous year: € 141,584 thousand).

Retained earnings

Retained earnings include net profits from prior years for companies included in the Consolidated Financial Statements, as far as these were not distributed as dividends. This item also encompasses differences between HGB and IFRS as of 1 January 2006 (the transitional date).

Other comprehensive income

In accordance with the currently applicable version of IAS 19 (revised 2011), the HHLA Group's other comprehensive income includes all actuarial gains and losses from defined benefit pension plans. This item additionally comprises changes in the fair value of hedging instruments (cash flow hedges) and the corresponding tax effects.

The reserve for translation differences enables the recognition of differences arising on the translation of financial statements for foreign subsidiaries.

Non-controlling interests

Non-controlling interests comprise outside interests in the Group companies' consolidated equity and totalled € - 10,880 thousand at the end of the financial year (previous year: € - 8,812 thousand).

As per IAS 32, non-controlling interests are reduced by the reclassification of a minority shareholder's future estimated entitlements to financial settlements as other financial liabilities for the term of the profit and loss transfer agreement, see Note 6 and Note 38. The effects of the first-time application of IFRS 16 also resulted in a reduction in non-controlling interests. This was offset by the inclusion of current earnings.

Notes on capital management

Capital management at HHLA aims to ensure the Group's long-term financial stability and flexibility in order to safeguard the Group's growth and enable its shareholders to reasonably participate in its success. Balance sheet equity is the primary benchmark in this regard. The key value-oriented performance indicator at the HHLA Group is the return on capital employed (ROCE). The equity ratio is also monitored in order to maintain a stable capital structure.

Equity ratio

in %	**31.12.2019**	31.12.2018
Equity in € thousand	578,862	614,841
Total assets in € thousand	2,610,019	1,972,947
	22.2 %	**31.2 %**

The reduction in equity is primarily due to the effects of the first-time application of IFRS 16 to the amount of € 58.5 million and due to the distribution of dividends and the reclassification of a future financial settlement as long-term liabilities. This was countered by the total comprehensive income for the reporting period. The increase in total assets resulting from the initial application of IFRS 16 led to a much lower equity ratio than in the previous year.

External minimum capital requirements were fulfilled at all agreed audit points throughout the reporting year. See Note 38 for more information.

36. Pension provisions

Pension obligations

Provisions for pensions and similar obligations are formed for commitments arising from both vested rights to future pension payments and current payments to active and former members of HHLA Group companies in Germany and any surviving dependants who are entitled to receive such benefits. A distinction is made between defined benefit and defined contribution company pension plans.

Defined benefit pension plans

In the case of defined benefit plans, the Group is obliged to make the agreed payments to current and former employees. HHLA's pension scheme is financed by both provisions and funds.

Company retirement benefits are paid on the basis of various entitlements. As well as individual agreements, this is primarily the collective company pension agreement (BRTV). As part of the harmonisation of existing pension schemes, the "HHLA capital plan" labour agreement has also been introduced with effect from 1 January 2018.

The BRTV is a total benefit plan. HHLA guarantees the participating employees a certain amount of benefits, which are made up of the statutory pension and the company pension. The amount of total benefits is determined by a variable percentage (according to years of service) of a fictitious net payment in the final wage or salary band based on the applicable social security data contribution levels for the year 1999. The current contribution assessment ceiling is always taken into account.

As part of the harmonisation of existing pension schemes, which was completed in 2018, the pension obligations attributable to the company's active employees (which originally comprised so-called "port pensions") were transferred to the HHLA capital plan.

The HHLA capital plan provides employees with a uniform and transparent pension scheme that offers a high degree of flexibility, both in terms of paying in and in the payout/benefit phase. Payments made into the HHLA capital plan are funded from gross income (deferred compensation). As such, the employees forgo a part of their untaxed income at the time they pay into the scheme in favour of future retirement savings. 27.50 % is added to the contributions paid in as part of the deferred compensation scheme. Furthermore, an annual interest rate of 3.00 % is guaranteed in respect of the contributions. The resulting initial components as of 1 January 2018 result from the aforementioned transfer of port pensions and the transfer of existing funds from working lifetime accounts.

Based on these pension plans, the Group forms provisions for pensions and similar obligations for the amount of expected future retirement and surviving dependants' pensions and/or savings for future retirement and surviving dependants. External actuaries calculate the amount of the obligation using the projected unit credit method.

Amounts recognised for benefit commitments

in € thousand	**31.12.2019**	31.12.2018
Present value of pension commitments	502,874	448,161
Obligations from working lifetime accounts	365	769
	503,239	**448,930**

Pension commitments

The balance sheet shows the full present value of pension obligations including actuarial gains and losses. The reported pension obligation relates to an unfinanced plan.

Development of the present value of pension obligations

in € thousand	**2019**	2018
Present value of pension obligations as of 1 January	**448,161**	**426,943**
Transfer capital plan	0	36,513
Contributions of capital plan participants	6,247	2,416
Current service expense	12,627	6,887
Past service expense	2,466	0
Interest expense	7,191	6,532
Pension payments	- 19,781	- 19,762
Actuarial gains (-), losses (+) due to amendments in experience-based assumptions	- 12,077	- 5,708
Actuarial gains (-), losses (+) due to amendments in financial assumptions	58,040	- 10,865
Actuarial gains (-), losses (+) due to amendments in demographic assumptions	0	5,205
Present value of pension obligations as of 31 December	**502,874**	**448,161**

Present value of the defined benefit pension obligations split by various groups of beneficiaries

in %	**2019**	2018
Current employees	40.3	37.9
Former employees	1.3	1.4
Pensioners	58.4	60.7
	100.0	**100.0**

As of 31 December 2019, the weighted average term of the defined benefit obligation was 13.9 to 18.3 years (previous year: 14.1 to 19.2 years).

In addition, reimbursement rights of € 2,625 thousand (previous year: € 2,441 thousand) were concluded to cover the corresponding pension obligations. The expected income from these reimbursement rights amounts to € 38 thousand in the year under review, whereas the actual income amounts to € 311 thousand. In the 2019 financial year, € 126 thousand was paid out in reimbursement rights.

Pension obligations recognised in the income statement

in € thousand	**2019**	2018
Current service expense	12,627	6,887
Past service expense	2,466	0
Interest expenses	7,191	6,532
	22,284	**13,419**

Development of actuarial gains / losses from pensions obligations

in € thousand	**2019**	2018
Actuarial gains (+), losses (-) as of 1 January	**- 68,694**	**- 75,424**
Transfer capital plan	0	- 4,638
Changes in the financial year due to amendments in experience-based assumptions	12,077	5,708
Changes in the financial year due to amendments in financial assumptions	- 58,040	10,865
Changes in the financial year due to amendments in demographic assumptions	0	- 5,205
Actuarial gains (+), losses (-) as of 31 December	**- 114,657**	**- 68,694**

Key actuarial assumptions to determine pension obligations

in %	**31.12.2019**	31.12.2018
Discount rate (capital plan)	0.80	1.80
Discount rate (others)	0.70	1.60
Projected salary increase	3.00	3.00
Adjustment of social security pension according to pension insurance report of the year	2019	2018

The biometric data is drawn from the 2018 G mortality tables by Prof. Klaus Heubeck.

For shorter maturities, HHLA derives the interest rates used for discounting from high-quality corporate bonds. For longer maturities, the forward projection of the interest rate curve reflects the Deutsche Bundesbank's curve for German government bonds.

Sensitivity analysis: pension obligations

	Change in parameter			**Effect on present value**		
		31.12.2019	31.12.2018	in € thousand	**31.12.2019**	31.12.2018
Discount rate	Increase of	0.5 %	0.5 %	Decrease of	32,990	27,762
	Decrease of	0.5 %	0.5 %	Increase of	36,781	30,828
Payment trend	Increase of	0.5 %	0.5 %	Increase of	2,675	2,858
	Decrease of	0.5 %	0.5 %	Decrease of	2,634	2,809
Adjustment to social security	Decrease of	20.0 %	20.0 %	Increase of	1,145	1,251
Expected mortality	Decrease of	10.0 %	10.0 %	Increase of	12,696	11,064
Contributions of capital plan participants	Increase of	50.0 %	50.0 %	Increase of	7,490	2,189
	Decrease of	50.0 %	50.0 %	Decrease of	7,306	2,198

Actuarial calculations for the valuation parameters classed as material are performed in isolation, i.e. if several parameters change simultaneously, the individual effects are not cumulative due to correlation. In the case of a change to the parameters, a linear trend for the defined benefit obligation cannot be drawn from the sensitivities stated.

Payments for pension obligations

In the 2019 financial year, HHLA made pension payments for plans totalling € 19,781 thousand (previous year: € 19,762 thousand). HHLA anticipates the following payments for pension plans over the next five years.

Expected pension payments

in years in € thousand	
2020	20,296
2021	22,860
2022	22,231
2023	22,259
2024	22,822
	110,468

Obligations from working lifetime accounts

In the 2006 financial year, the affiliated companies in Germany undertook to set up working lifetime accounts due to collective labour agreements. Staff could elect to have time and remuneration components deposited in money market or investment funds by the Group until 31 December 2013. Capital has been invested within the company since 1 January 2014. The funds saved in the employee's account are used to give them paid leave before they enter retirement. The amount of pay to which employees are entitled during their early retirement depends on the amount of funds saved, which in turn depends on the performance of the fund assets – based on the model for contributions up to 31 December 2013 and taking the 3.00 % return guaranteed in the collective labour agreement into account for contributions as of 1 January 2014 – plus other contractually agreed social benefits during the early retirement phase.

The portion of the obligation covered by the funds saved is reported at the funds' fair value. The additional benefits arising from collective labour agreements which are not covered by the funds saved are reported at the full present value of the obligation including actuarial gains and losses.

As part of the harmonisation of existing pension schemes, which was completed in 2018, the existing funds from working lifetime accounts were largely transferred to the HHLA capital plan. The obligations arising from the remaining existing funds will fall steadily over time.

Allocation of benefit commitments

in € thousand	**31.12.2019**	31.12.2018
Present value of obligations	626	1,124
Present value of plan assets (fund shares)	- 261	- 355
Uncovered allocations	**365**	**769**

Development of the present value of the obligations from working lifetime accounts

in € thousand	**2019**	2018
Present value of the obligations from working lifetime accounts as of 1 January	**1,124**	**35,272**
Transfer capital plan	0	- 33,462
Current service expense	4	11
Interest expenses	7	26
Actuarial gains (-), losses (+) due to amendments in experience-based assumptions	- 229	- 304
Actuarial gains (-), losses (+) due to amendments in financial assumptions	8	28
Actuarial gains (-), losses (+) due to amendments in demographic assumptions	0	19
Capital payments	- 288	- 466
Present value of the obligations from working lifetime accounts as of 31 December	**626**	**1,124**

As of 31 December 2019, the weighted average term of the defined benefit obligation was 6.3 years (previous year: 5.0 years).

Development of the fair value of plan assets from working lifetime accounts

in € thousand	2019	2018
Fair value of plan assets from working lifetime accounts as of 1 January	**355**	**13,290**
Release due to transfer capital plan	0	- 12,419
Expected income from plan assets	2	11
Actuarial gains (+), losses (-) due to amendments in experience-based assumptions	46	- 105
Capital payments	- 142	- 422
Fair value of plan assets from working lifetime accounts as of 31 December	**261**	**355**

The plan assets consist solely of shares in money market and investment funds. Losses of € 93 thousand were recorded on the plan assets in the financial year (previous year: gains of € 140 thousand).

Obligations from working lifetime accounts recognised in the income statement

in € thousand	2019	2018
Current service expense	4	11
Interest expenses	7	26
Expected income from the plan assets	- 2	- 11
	9	**26**

Development of actuarial gains/losses of obligations from working lifetime accounts

in € thousand	2019	2018
Actuarial gains (+), losses (-) as of 1 January	**- 89**	**- 4,879**
Transfer capital plan	0	4,638
Changes in the financial year due to amendments in experience-based assumptions	275	199
Changes in the financial year due to amendments in financial assumptions	- 8	- 28
Changes in the financial year due to amendments in demographic assumptions	0	- 19
Actuarial gains (+), losses (-) as of 31 December	**178**	**- 89**

Key actuarial assumptions to determine obligations from working lifetime accounts

in %	31.12.2019	31.12.2018
Discount rate	0.30	0.70
Projected salary increase	3.00	3.00

The biometric data is drawn from the 2018 G mortality tables by Prof. Klaus Heubeck, taking into account age-related fluctuation.

Sensitivity analysis: obligations from working lifetime accounts

	Change in parameter			Effect on present value			
		31.12.2019	31.12.2018	in € thousand	**31.12.2019**		31.12.2018
Discount rate	Increase of	0.5 %	0.5 %	Decrease of	10	Decrease of	15
	Decrease of	0.5 %	0.5 %	Increase of	11	Increase of	16
Expected mortality	Decrease of	10.0 %	10.0 %	Decrease of	18	Decrease of	19

Actuarial calculations for the valuation parameters classed as material are performed in isolation, i.e. if several parameters change simultaneously, the individual effects are not cumulative due to correlation. In the case of a change to the parameters, a linear trend for the defined benefit obligation cannot be drawn from the sensitivities stated.

Until 31 December 2013, the obligations from working lifetime accounts were financed by paying a portion of employees' remuneration into the unit-linked pension plan. Capital has been invested within the company since 1 January 2014.

Portfolio for obligations from working lifetime accounts

in %	**2019**	2018
Money market funds/Annuity funds	99	99
Mixed funds	1	1
	100	**100**

Payments for obligations from working lifetime accounts

In the financial year under review, HHLA made payments for plans totalling € 288 thousand (previous year: € 466 thousand). In return, the company acquired corresponding securities holdings worth € 142 thousand (previous year: € 422 thousand). The outflow of funds therefore totalled € 146 thousand in the year under review (previous year: € 44 thousand).

Expected payments for obligations from working lifetime accounts related to the existing pension scheme which are not hedged by securities

in years in € thousand	
2020	243
2021	24
2022	29
2023	22
2024	16
	334

Defined contribution pension plans

In the case of defined contribution plans, the relevant companies merely make payments to dedicated funds. There are no further obligations. HHLA does not incur any financial or actuarial risks arising from these commitments.

The costs incurred in connection with pension funds which are to be regarded as defined contribution pension plans amounted to € 3,518 thousand in the reporting year (previous year: € 4,639 thousand).

HHLA paid € 29,759 thousand (previous year: € 28,286 thousand) into the state pension system as its employer's contribution.

37. Other non-current and current provisions

Other non-current and current provisions

	Non-current provisions		Current provisions		Total	
in € thousand	**31.12.2019**	31.12.2018	**31.12.2019**	31.12.2018	**31.12.2019**	31.12.2018
Demolition obligations	83,100	74,417	0	0	83,100	74,417
Restructuring reserve	15,475	14,167	6,030	7,456	21,505	21,623
Bonuses and single payments	0	0	8,832	8,036	8,832	8,036
Anniversaries	3,262	2,808	167	281	3,429	3,089
Expected increases in rents	0	0	3,095	3,808	3,095	3,808
Insurance excesses	0	0	2,496	3,156	2,496	3,156
Legal fees and litigation expenses	0	620	620	0	620	620
Phased early retirement	81	149	67	308	148	457
Provisions for contingent losses	0	5,919	0	371	0	6,290
Other	12,175	12,058	2,698	4,629	14,873	16,687
	114,093	**110,138**	**24,005**	**28,045**	**138,098**	**138,183**

Demolition obligations

The demolition obligations relate to HHLA's Container, Logistics and Real Estate segments and are discounted at a rate of 1.5 % p.a. (previous year: 2.0 % p.a.). In the reporting year, an anticipated price increase of 2.0 % (previous year: 2.0 %) was used to calculate the provisions shown. This rate is derived from the German construction cost index. The outflow of these resources is expected in the period 2025–2036.

Restructuring provisions

The restructuring provisions relate to reorganising the Logistics segment and organisational restructuring in the Container segment. The outflow of funds will take place between 2020 and 2028.

Bonuses and single payments

Provisions for bonuses and one-off payments largely consist of provisions for Executive Board members and other senior staff. The funds will become payable in the 2020 financial year.

Anniversaries

The provisions for anniversaries relate to Group employees' contractual entitlement to anniversary gratuities. The amount recognised is determined by an actuarial opinion. A discount rate of 0.70 % p.a. (previous year: 1.60 % p.a.) was used for the calculation. The outflow of these resources is expected to take place in the period 2020–2059.

Expected increases in rents

The provision for expected increases in rents was formed for future changes in rents. The funds will become payable in the 2020 financial year.

Insurance excesses

This obligation relates to provisions largely created by the Group's parent company to allow for potential cases of damage or loss which go beyond the existing insurance cover. The funds will become payable in the 2020 financial year.

Legal fees and litigation expenses

As of the balance sheet date and as in the previous year, the obligations reported consisted mainly of provisions for legal risks associated with pending proceedings. The outflow of these resources is expected in the 2020 financial year.

Phased early retirement

Provisions for phased early retirement consist of HHLA's obligations from the entitlements accrued during the beneficiaries' working period, plus a supplementary amount added pro rata temporis.

The securities holdings acquired in connection with phased early retirement contracts are classified as plan assets under IAS 19 (revised 2011). They were therefore offset against the phased early retirement obligations included in the provisions. The corresponding figure of € 173 thousand (previous year: € 316 thousand) therefore reduces the provisions reported, see Note 26. In addition to this, pledged bank balances serve to cover the obligations in existence as of the balance sheet date. The amount of the provision was determined using a discount rate of - 0.2 % p.a. (previous year: 0.0 % p.a.). The outflow of these resources is expected in the period 2020–2026.

Provisions for impending losses

The provisions for impending losses from the previous year related to expenses arising from an onerous lease for a terminal site. As a result of the initial application of IFRS 16, an impairment on the rights of use for property, plant and equipment and the transfer of provisions were recognised directly in equity.

Other

Other provisions relate largely to obligations arising from individual contractual agreements with members of staff. The main outflow of funds will take place between 2020 and 2028.

Development of other non-current and current provisions

in € thousand	01.01.2019	Additions	Transfer IFRS 16	Accured interest	Used	Reversed	Currency translation effects	31.12.2019
Demolition obligations	74,417	8,122		1,670	650	459		83,100
Restructuring reserve	21,623	3,791		76	3,335	650		21,505
Bonuses and single payments	8,036	8,832			7,861	175		8,832
Anniversaries	3,089	596		49	305			3,429
Expected increases in rents	3,808	1,080			1,779	14		3,095
Insurance excesses	3,156	1,871			2,416	115		2,496
Legal fees and litigation expenses	620							620
Phased early retirement	457	232			541			148
Provisions for contingent losses	6,290		- 6,290					0
Other	16,687	4,549		31	4,799	1,665	70	14,873
	138,183	**29,073**	**- 6,290**	**1,826**	**21,686**	**3,078**	**70**	**138,098**

38. Non-current and current financial liabilities

Non-current and current financial liabilities as of 31 December 2019

in € thousand	Maturity up to 1 year	Maturity 1 to 5 years	Maturity over 5 years	Total
Liabilities from bank loans	22,771	115,071	193,945	331,787
Lease liabilities	26,017	98,924	157,842	282,783
Other loans	0	282	15,500	15,782
Liabilities towards employees	10,223	0	0	10,223
Other financial liabilities	43,340	44,610	161	88,111
	102,351	**258,887**	**367,448**	**728,686**

Non-current and current financial liabilities as of 31 December 2018

in € thousand	Maturity up to 1 year	Maturity 1 to 5 years	Maturity over 5 years	Total
Liabilities from bank loans	26,386	125,504	217,766	369,656
Lease liabilities	5,124	10,839	22,946	38,909
Other loans	0	374	17,250	17,624
Liabilities towards employees	10,858	0	0	10,858
Other financial liabilities	40,316	34,958	249	75,523
	82,684	**171,675**	**258,211**	**512,570**

Liabilities to banks also include interest of € 1,017 thousand accrued up to the balance sheet date (previous year: € 1,077 thousand). In the previous year, transaction costs of € 71 thousand, incurred by taking out loans, increased the liabilities to banks for the duration of the loan.

The liabilities from leases represent the discounted value of future payments for movable non-current assets. The increase was a result of the initial application of IFRS 16.

Other loans comprise a € 6.0 million loan granted to a minority shareholder (previous year: € 7.8 million) as well as promissory note loans of € 9.5 million (previous year: € 9.5 million) issued to other creditors.

Buildings, surfacing and movable non-current assets with a carrying amount of € 5,251 thousand (previous year: € 7,333 thousand) have been pledged as collateral for interest-bearing loans. The collateral agreements provide that the assets are transferred to the banks until the loans and interest have been repaid in full and that they have a right to dispose of the assets if the borrower is in arrears with payments of interest and principal.

The liabilities towards employees consist primarily of wages and salaries.

The other financial liabilities include a settlement obligation to other shareholders. This entitlement to a financial settlement amounts to € 65,662 thousand for the financial years 2019 and 2020 (previous year: € 61,300 thousand for the financial years 2018 and 2019), see also Note 6 and Note 35.

Terms of liabilities from bank loans

Interest condition	Interest rate	Currency	Remaining fixed interest period	Nominal value in TCU[1]	**Carrying amount as of 31.12.2019 in € thousand**
fixed	0.78 - 2.36 %	EUR	2024 and later	177,093	167,262
fixed	1.46 %	EUR	2023	15,000	15,000
fixed	1.28 - 4.22 %	EUR	2022	102,926	49,169
fixed	2.83 %	EUR	2021	34,257	15,073
fixed	2.76 %	EUR	2020	16,873	7,424
floating	floating + margin	EUR	2020	123,791	76,842
					330,770

1 TCU = Thousand Currency Units

The floating interest rates are EURIBOR rates with maturities of one to six months.

Financial liabilities for which fair value is not equivalent to the carrying amount

	Carrying amount		Fair value	
in € thousand	**31.12.2019**	31.12.2018	**31.12.2019**	31.12.2018
Long-term interest-bearing loan	253,927	279,209	267,627	280,893

Interest rates of 0.5 to 1.4 % p.a. (previous year: 1.0 to 2.3 % p.a.) were used to measure the fair value of fixed interest-bearing loans. The interest rates are derived from the risk-free rate depending on maturity plus a premium according to the credit rating and maturity. They therefore constitute market rates. The average interest rate for the reported liabilities from bank loans was 1.6 % in the reporting year (previous year: 1.7 %).

As a result of borrowing, certain affiliates have covenants linked to key balance sheet figures and collateral. Violating these covenants would authorise the lender to demand additional collateral, a change to the conditions or the repayment of the loan. In order to prevent such steps, HHLA constantly monitors compliance with the covenants and, where required, implements measures to ensure that all conditions of the loan are met. As of the balance sheet date, the corresponding borrowings totalled € 72,401 thousand (previous year: € 84,861 thousand).

Maturity of bank loans

in € thousand	
Up to 1 year	21,754
1 year to 2 years	25,125
2 years to 3 years	42,208
3 years to 4 years	31,417
4 years to 5 years	16,321
Over 5 years	193,945
	330,770

39. Trade liabilities

Trade liabilities

in € thousand	**31.12.2019**	31.12.2018
	74,879	87,043

Trade liabilities from the financial year are only owed to third parties. As in the previous year, the total amount is due within one year.

40. Non-current and current liabilities to related parties

Non-current and current liabilities to related parties as of 31 December 2019

in € thousand	Maturity up to 1 year	Maturity 1 to 5 years	Maturity over 5 years	**Total**
Liabilities from leases to HPA	21,897	94,306	374,102	490,305
Liabilities from leases to Landesbetrieb Immobilienmanagement und Grundvermögen	1,741	5,871	3,947	11,559
Liabilities from leases to FEG Fischereihafenentwicklungsgesellschaft mbH & Co. KG	848	3,522	3,694	8,064
Other liabilities to HPA	3,691	0	0	3,691
Other Liabilities to HHLA Frucht- und Kühl-Zentrum GmbH	3,044	0	0	3,044
Other liabilities to related parties	5,931	0	0	5,931
	37,152	**103,699**	**381,743**	**522,594**

Non-current and current liabilities to related parties as of 31 December 2018

in € thousand	Maturity up to 1 year	Maturity 1 to 5 years	Maturity over 5 years	**Total**
Liabilities from leases to HPA	471	2,796	102,203	105,470
Other liabilities to related parties	7,469	0	0	7,469
	7,940	**2,796**	**102,203**	**112,939**

The increase in lease liabilities was the result of the initial application of IFRS 16. For more details, see Note 45 and Note 48.

41. Other liabilities

Other liabilities

in € thousand	**31.12.2019**	31.12.2018
Liabilities to employees	13,817	11,837
Tax liabilities	9,931	9,221
Employers' liability insurance premiums	4,663	4,466
Social security payables	2,618	1,963
Advance payments received for orders	2,104	2,316
Port workers' welfare fund (Hafenfonds)	1,342	1,281
Other	2,292	1,716
	36,767	**32,800**

The development of liabilities towards employees is primarily linked to the increased number of employees. Liabilities towards employees includes liabilities arising from accrued leave and outstanding bonus payments.

All other liabilities have a remaining term of up to one year.

42. Income tax liabilities

Income tax liabilities

in € thousand	**31.12.2019**	31.12.2018
	6,190	4,937

Income tax liabilities result from expected additional payments for corporation tax, solidarity surcharge and trade tax.

When preparing the Annual Financial Statements, provisions are made for the corresponding amounts of corporation tax, solidarity surcharge and trade tax on the basis of the tax and legal situation known at the time of preparation.

Notes to the cash flow statement

43. Notes to the cash flow statement

Free cash flow

The balance of the cash inflow from operating activities and the cash outflow from investing activities makes up the free cash flow. This indicates what cash resources are available for dividend distribution or the redemption of existing loans. The free cash flow rose year-on-year from € 29,341 thousand to € 128,817 thousand. The most substantial changes resulted from operating cash flow. A higher operating result (EBIT) and higher depreciation, amortisation and write-downs had a positive effect on the development of cash inflow from operating activities. In contrast, increased interest paid brought about a decrease in cash flow. These changes primarily resulted from the initial application of IFRS 16. Furthermore, lower receivables led to an increase in operating cash flow. Under cash outflow from investing activities, the effects from investments, payments for business combinations and changes in short-term deposits in profit or loss meant that cash flow remained practically the same as in the previous year.

Change in liabilities from financing activities

The balance of the proceeds from the issuance of bonds and (financial) loans and payments for the redemption of (financial) loans produces the change in liabilities from financing activities pursuant to IAS 7. In the reporting year, the Group made payments for the redemption of (financial) loans in the amount of € 39,733 thousand (previous year: € 27,867 thousand). While proceeds from the issuance of bonds and (financial) loans came to € 136,924 thousand the previous year, there were no proceeds during the reporting year. This change in the liabilities from financing activities is reflected in the decrease in liabilities to banks in the amount of € 37,869 thousand (previous year: increase of € 112,777 thousand), see also Note 38. The balance of the proceeds from the issuance of bonds and (financial) loans and payments for the redemption of (financial) loans to other lenders has been recognised as a change in the liabilities from financing activities in the amount of € 1,853 thousand (previous year: € - 2,897 thousand). Exchange rate effects and other effects are insignificant.

Financial funds

Financial funds include cash in hand and bank balances with a remaining term of up to three months and receivables and liabilities relating to HGV. Receivables from HGV are overnight deposits available on demand. They are recognised at nominal value.

Financial funds

in € thousand	**31.12.2019**	31.12.2018
Cash and cash equivalents with a maturity up to 3 months	23,131	25,683
Short-term deposits with a maturity of 4–12 months	45,000	22,450
Bank balances and cash in hand	89,910	133,327
Cash, cash equivalents and short-term deposits	**158,041**	**181,460**
Receivables from HGV	95,000	95,000
Overdrafts	- 19	- 21
Short-term deposits with a maturity of 4–12 months	- 45,000	- 22,450
Financial funds at the end of the period	**208,022**	**253,989**

Notes to the segment report

44. Notes to the segment report

The Group's segment report is prepared in accordance with the provisions of IFRS 8 and requires reporting on the basis of the internal reports to the Executive Board for the purpose of controlling commercial activities. The segment performance indicator used is the internationally customary key figure EBIT (earnings before interest and taxes), which serves to measure the success in each segment and therefore aids internal control.

The accounting and valuation principles applied for internal reporting comply with the principles applied by the Group described in Note 6 "Accounting and valuation principles".

In line with the Group's reporting structure for management purposes and in accordance with the definition in IFRS 8, the following four independent segments were identified:

Container

The Container segment pools the Group's container handling operations. The Group's services in this segment consist primarily of handling container ships and transferring containers to other carriers (e.g. rail, truck or feeder ship). HHLA operates three container terminals in Hamburg (Altenwerder, Burchardkai and Tollerort) and further container terminals in Odessa, Ukraine, and Tallinn, Estonia. The portfolio is rounded off by supplementary container services, such as maintenance and repairs provided by its subsidiary HCCR.

The Container segment mainly generates handling revenue at points in time. It also generates storage fee and rental income over time. Furthermore, individual HHLA customers have contractual rebate entitlements arising from income generated at points in time.

Intermodal

As a core element of HHLA's business model, which is vertically integrated along the transportation chain, the Intermodal segment provides a comprehensive seaport-hinterland rail and truck network. The rail company METRANS and the trucking firm CTD complete HHLA's range of services in this field.

As transport income, the revenue of this segment is classed as income generated at points in time. There are also rebate obligations in respect of individual customers.

Logistics

The Logistics segment encompasses specialist handling services, digital business activities and consulting. Its service portfolio comprises stand-alone logistics services and entire process chains for the international procurement and distribution of merchandise. The segment also provides consulting and management services for clients in the international port and transport sectors. Additive manufacturing and airborne logistics services round off the portfolio.

The revenue generated from special handling services is classed as revenue generated at points in time. This segment also generates income over time, chiefly from consultancy and letting services. Immaterial rebate obligations apply in respect of individual customers.

Real estate

This segment is equivalent to the Real Estate subgroup. Its business activities encompass services such as the development, letting and management of properties. These include real estate in the Speicherstadt historical warehouse district and on the northern banks of the river Elbe (fish market area). Furthermore, industrial logistics properties and land in and around the Port of Hamburg are managed by the Holding/Other division.

The revenue from this segment is rental income generated over time.

The Holding/Other division used for segment reporting does not represent an independent business segment as defined by IFRS 8. However, it has been allocated to the segments within the Port Logistics subgroup in order to provide a complete and clear picture.

Due to the structure of the Group, it is necessary to issue a large number of invoices for inter-segmental services. These predominantly relate to the use of real estate, IT services, administrative services, workshop services and staff provided by the holding company. As a rule, services are valued at cost price. Transfer prices may not exceed the market price of the service in question. If the company providing the service predominantly sells the relevant service on the market outside the Group, it may charge the market price, even if the cost price is lower.

The details of the reconciliation of the segment variables with the corresponding Group variables are as follows:

Earnings

The reconciliation of the segment variable EBIT to consolidated earnings before taxes (EBT) incorporates transactions between the segments and the subgroups for which consolidation is mandatory, along with the proportion of companies accounted for using the equity method, net interest income and the other financial result.

Reconciliation of the segment EBIT with consolidated earnings before taxes (EBT)[1]

in € thousand	**2019**	2018
Total segment earnings (EBIT)	**219,628**	**202,275**
Elimination of business relations between segments and subgroups	1,609	1,945
Group earnings (EBIT)	**221,237**	**204,220**
Earnings from associates accounted for using the equity method	4,458	5,347
Net interest	- 39,573	- 25,983
Earnings before tax (EBT)	**186,122**	**183,584**

1 Due to the first-time application of IFRS 16 in the 2019 financial year, no comparison with the previous year is possible

Segment assets

The reconciliation of segment assets to Group assets incorporates not only items and financial investments for which consolidation is mandatory, but also claims arising from current and deferred income taxes and financial funds which are not to be assigned to segment assets.

Reconciliation of the segment assets with Group assets[1]

in € thousand	**31.12.2019**	31.12.2018
Segment assets	**2,382,354**	**1,763,954**
Elimination of business relations between segments and subgroups	- 745,757	- 660,679
Current assets before consolidation	671,553	582,247
Financial assets	17,556	17,183
Deferred tax assets	124,071	82,126
Tax receivables	2,201	6,656
Cash, cash equivalents and short-term deposits	158,041	181,460
Group assets	**2,610,019**	**1,972,947**

1 Due to the first-time application of IFRS 16 in the 2019 financial year, no comparison with the previous year is possible

Other segment information

The reconciliation to Group investments totalling € - 609 thousand (previous year: € - 309 thousand) eliminates the internal invoices for services to generate intangible assets between segments.

In relation to the reconciliation of depreciation and amortisation amounting to € - 2,217 thousand (previous year: € - 2,149 thousand), the entire amount is attributable to the elimination of inter-company profits between the segments and the subgroups.

The reconciliation of non-cash items amounts to € - 18 thousand (previous year: € 44 thousand).

Information about geographical regions

For information by region, the segment revenue and disclosures on non-current segment assets are broken down in accordance with the affiliates' respective locations.

Information about geographical regions

	Germany		EU		Outside EU		Total		Reconciliation with Group assets		Group	
in € thousand	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
Segment income	866,962	835,022	471,074	415,201	44,589	40,913	1,382,625	1,291,136	0	0	1,382,625	1,291,136
Non-current segment assets[1]	1,252,953	904,819	670,883	414,277	59,740	28,542	1,983,576	1,347,638	626,443	625,309	2,610,019	1,972,947
Investments in non-current segment assets[1]	81,182	80,328	130,545	56,910	14,040	4,021	225,767	141,259	851	0	224,916	141,259

The reconciliation of long-term segment assets to Group assets includes, in addition to consolidation items between the segments, in particular current assets, financial assets as well as current and deferred income taxes.

1 Due to the first-time application of IFRS 16 in the 2019 financial year, no comparison with the previous year is possible

Information about key clients

Revenue of € 245,320 thousand (previous year: € 205,756 thousand) from a single client exceeds 10 % of Group revenue and relates to the Container and Intermodal segments.

Other notes

45. Leases

Leases as a lessee

For further information about leases within the HHLA Group, please see Notes 12, 14, 16, 23, 38 and 40.

Previous finance leases

The Group has concluded various leases for a number of properties, technical equipment, and operating and office equipment. These agreements relate to, among other things, land, quay walls, lifting and ground-handling vehicles, container wagons and chassis, as well as IT hardware. For the most part, the contracts include renewal options and, in some cases, put options. The renewal options are always for the lessee; the put options can be used by the respective lessor to force a sale.

The Group rents mega-ship berths from the owner of the port areas, the Hamburg Port Authority (HPA), which is a related party, see Note 48. The fixed lease initially runs until 2036, but HHLA anticipates that the lease terms of these assets will extend over 50 years, as in the past. The contracts make provisions for the allocation of liability in the event of nullity and the associated premature termination of the lease as a result of conflict with EU law. The Executive Board of HHLA believes the risk of a conflict with EU law is currently very low.

The METRANS Group rents a terminal facility for a period of 30 years as part of a concession agreement.

Previous operating leases

Contracts exist between the Free and Hanseatic City of Hamburg and/or HPA and the HHLA Group for the lease of land and quay walls in the Port of Hamburg and in the Speicherstadt historical warehouse district by companies in the HHLA Group. The main contracts expire between 2025 and 2036. Under the terms of the contracts, the lease payments are generally reviewed every five years on the basis of price developments in relevant competing ports or based on appropriate rental indices. Provisions are made for the anticipated increases in lease payments. Leasing expenses for the space in the Speicherstadt historical warehouse district are partly linked to the development of Group income from subletting these buildings.

Without the prior approval of the lessor, the leased areas and the buildings on them belonging to HHLA may not be sold or let. Major changes to the terms of subletting agreements also require the approval of the lessor.

There are also leases relating to real estate and movable property at the container terminal in Odessa, Ukraine. On the whole, the rents payable for this are fixed and will only change during the course of the agreement as a result of future inflation. The company will not have purchase options at the end of the lease agreements. The respective lease agreements have remaining terms of between 1 and 33 years.

There are also significant leases for real estate at the container terminal in Tallinn, Estonia. On the whole, the rents payable for this are fixed and will only change during the course of the agreement as a result of future inflation. The company will not have purchase options at the end of the lease agreements. The respective lease agreements will expire in 2062.

The METRANS Group has concluded lease agreements for various motor vehicles and items of technical equipment. These leases have an average term of three to ten years and some include renewal options. The leases concluded for individual items of real estate have a term of up to 30 years and some of them also include renewal options. The lessee takes on no obligations when signing these leases.

Future consideration of existing and new leases

Until 31 December 2018, leases were measured and recognised in accordance with the requirements of IAS 17 and IFRIC 4. This resulted in a distinction being made between operating and finance leases and whether they are recognised in profit and loss or in the balance sheet.

As of 1 January 2019, the previous requirements have been replaced by IFRS 16. According to this standard, all leases are to be recognised on the balance sheet. For more details, please see the explanations under Note 5 and Note 6.

Short-term lease agreements and leases for low-value assets

The Group rents technical equipment, motor vehicles, IT equipment, office furniture, etc. over terms of between one and three years. These lease agreements are either short term or (and) pertain to items of low value. In such cases, HHLA reports neither the rights of use nor lease liabilities. The following table shows the effects of leases on the income statement and other comprehensive income:

Leases in the income statement

in € thousand	2019
Cost of materials and other operating expenses	
Expenses from non-current leases	9,505
Expenses from leases for low-value assets	569
Expenses from variable lease payments	408
Amortisation and depreciation	
Amortisation and depreciation of rights of use	50,259
Financial result	
Interest expenses from leasing liabilities	22,016

Future unrecognized cash outflows

The table below shows the future cash outflows which may be incurred by the lessee and which may not have been recognised when measuring the lease liability:

Future unrecognized cash outflows

in € thousand	31.12.2019
Future variable lease payments	10,644
Extension and termination options	1,213
Residual value guarantees	23
	11,880

Leases as a lessor

The Group has signed lease agreements for letting its investment properties on a commercial basis, see Note 24. HHLA has categorised these leases as operating leases because virtually none of the risks and potential rewards associated with ownership are transferred to the Group. The investment properties consist of office space, facilities and a commercial property not used by the Group. These leases have remaining uncancellable lease terms of between 1 and 16 years. After the end of the uncancellable lease period, some contracts give tenants the option of extending the lease for a period of between two years and a maximum of three times five years. Some leases contain a clause under which the rent can be increased in line with market conditions.

In the financial year, income of € 61,552 thousand (previous year: € 59,611 thousand) was earned from letting property, plant and equipment and investment property.

The table below is a maturity analysis of the receivables from operating leases and shows the undiscounted lease payments to be received after the end of the reporting period.

Due dates of receivables from operating leases in accordance with IFRS 16 as of 31 December 2019

in € thousand	
Up to 1 year	32,210
1 year to 2 years	26,599
2 years to 3 years	23,681
3 years to 4 years	14,211
4 years to 5 years	11,139
Over 5 years	35,585
	143,425

Due dates of receivables from operating leases in accordance with IAS 17 as of 31 December 2018

in € thousand	
Up to 1 year	30,707
1 year to 5 years	78,571
Over 5 years	62,950
	172,228

From the lessor's perspective, there are no lease agreements categorised as finance leases.

46. Contingent liabilities and other financial obligations

No provisions were formed for the following contingent liabilities because it was deemed highly unlikely that they would be utilised.

Contingent liabilities

in € thousand	**31.12.2019**	31.12.2018
Guarantees	29,338	29,014
Comfort letters	0	0
	29,338	**29,014**

The following other financial obligations existed on the reporting date:

Other financial obligations

in € thousand	**31.12.2019**	31.12.2018
Outstanding purchase commitments	99,555	106,989
Other	59,415	21,648
	158,970	**128,637**

Of the obligations from outstanding purchase commitments, € 70,398 thousand (previous year: € 69,550 thousand) is attributable to investments in property, plant and equipment and € 1,833 thousand (previous year: € 2,420 thousand) is attributable to investments in intangible assets.

47. Management of financial risks

To finance its business activities, the Group uses short-, medium- and long-term bank loans, lease and hire-purchase agreements, as well as cash and short-term deposits. The Group has access to various other financial assets and liabilities, such as trade payables and receivables which arise directly from its business.

Interest rate and market price risk

As a result of its financing activities, the Group is exposed to an interest rate risk which principally stems from medium- to long-term borrowing at floating rates of interest.

Managing the Group's interest expenses involves a combination of fixed- and floating-rate debt, depending on the market.

The consolidated companies did not hold any interest rate swaps as of the balance sheet date.

As of the balance sheet date, 76.8 % (previous year: 75.7 %) of the Group's borrowing was at fixed interest rates.

The fixed-interest financial instruments are not held at fair value and are therefore not subject to market price risks on the balance sheet.

Market price risks can, however, affect securities and equity investments in particular. Due to the minor scope of these instruments, the risk is deemed insignificant.

A change in the variable interest rate affects the interest expenses arising from floating-rate loans and the interest income from overnight deposits and time deposit investments.

If the variable interest rate had been 0.5 percentage points higher as of the balance sheet date, interest expenses arising from floating-rate loans would have been € 384 thousand p.a. higher (previous year: € 447 thousand p.a.) and interest income from overnight deposits and time deposit investments would have been by up to € 1,265 thousand p.a. higher (previous year: € 1,369 thousand p.a.).

There are no effects on equity.

Exchange rate risk

Due to investments in countries outside the eurozone, changes in exchange rates can affect the balance sheet. Foreign currency risks on individual transactions are hedged by currency futures or currency options if a market analysis requires it. The hedging transactions are in the same currencies as the hedged item. The Group only concludes currency futures contracts when specific claims or obligations exist, or can be expected with reasonable assurance.

On the balance sheet date, there were currency hedging instruments with a volume of € 49.5 million (previous year: € 19.5 million) and maturities of up to 25 months. As of 31 December 2019, the market value was € 1,132 thousand (previous year: € 425 thousand). In the reporting year, changes in value from these currency hedging transactions, which constitute financial assets and/or liabilities held at fair value through profit and loss, were recognised in the income statement. These instruments do not constitute effective hedging relationships as per IFRS 9.

Revenue in the HHLA Group is predominantly invoiced in euros or in the national currencies of the European affiliates. Investments in these countries are largely transacted in euros.

Commodity price risk

The Group is primarily exposed to a commodity price risk when purchasing fuel. Depending on the market situation, the Group can arrange price hedges for part of its fuel requirements. This was not the case at the balance sheet date or on 31 December 2018.

In addition to the market risks mentioned, there are also financial risks in the form of credit and liquidity risks.

Credit risk/default risk

The Group only maintains customer relationships on a credit basis with recognised, creditworthy third parties. Clients who wish to complete transactions with the Group on a credit basis are subject to a credit check. Receivables are also monitored on an ongoing basis and impairment allowances are made if risks are identified, such that the Group is not exposed to any additional significant default risks on receivables. The maximum default risk for the trade receivables and other financial receivables is theoretically the carrying amount for the individual receivable. There is no significant concentration of default risks with individual customers.

In respect of some receivables, the Group may obtain securities in the form of guarantees that may be drawn upon as part of contractual arrangements if the counterparty falls into payment default.

The Group applies the simplified approach pursuant to IFRS 9 in order to measure expected credit losses, i.e. the expected lifetime credit losses are applied for trade receivables and contract assets. In order to measure the expected credit losses, trade receivables and contract assets are consolidated on the basis of shared credit risk characteristics and the number of days overdue.

The contract assets held by HHLA are deemed insignificant.

The expected losses given default are based on the payment profiles of the transactions over a period of twelve months prior to 31 December 2019 and the corresponding historic defaults in this period. On this basis, the following impairment was calculated on trade receivables as of 31 December 2019 and 31 December 2018:

Determination of impairment on trade receivables as of 31 December 2019

in € thousand	not due	1 - 90 days overdue	91 - 180 days overdue	181 - 270 days overdue	271 - 360 days overdue	more than 360 day overdue	Total
Trade receivables before impairment	129,776	37,888	737	420	226	2,299	171,346
Expected losses	0.10 %	0.25 %	6.92 %	100.00 %	100.00 %	100.00 %	
Impairment of the reporting year	130	93	51	420	226	2,299	3,219
Trade receivables after impairment							**168,127**

Determination of impairment on trade receivables as of 31 December 2018

in € thousand	not due	1 - 90 days overdue	91 - 180 days overdue	181 - 270 days overdue	271 - 360 days overdue	more than 360 day overdue	Total
Trade receivables before impairment	128,395	50,952	666	393	193	2,548	183,147
Expected losses	0.14 %	0.92 %	30.48 %	23.92 %	22.80 %	91.80 %	
Impairment of the previous year	176	467	203	94	44	2,339	3,323
Trade receivables after impairment							**179,824**

Impairments on trade receivables showed the following trends:

Development of the valuation allowances on trade receivables

in € thousand	**2019**	2018
Valuation allowances as of 1 January	**3,323**	**3,114**
Additions (valuation allowances recognised as expenses)	1,064	998
Used	- 601	- 268
Reversals	- 567	- 521
Valuation allowances as of 31 December	**3,219**	**3,323**

Trade receivables are derecognised when a reasonable assessment indicates that there is no prospect of them being realised. The indicators that point to no prospect of realisation following a reasonable assessment include the failure of a debtor to commit to a repayment plan agreed with the Group and the failure to make contractually agreed payments for a default period of more than 360 days.

Impairment losses on trade receivables are shown as other operating expenses in the operating result. Amounts that have been written off, but that are then generated in subsequent periods, are recognised as other operating income.

The default risk in the case of derivative financial instruments and cash, cash equivalents and short-term deposits is, in theory, that of counterparty default and is therefore equivalent to the carrying amounts of the individual financial instruments. The risk of default can be considered very low since the Group as a rule only conducts derivative financial transactions and liquid investments with counterparties with very good credit ratings. In addition, credit risks may arise if the contingent liabilities listed in Note 46 are incurred.

Liquidity risk

The Group guarantees sufficient liquidity at all times with the help of medium-term liquidity planning, by diversifying the maturities of loans and leases, and by means of existing lines of credit and funding commitments. If covenants have been agreed for individual loans, they are monitored on an ongoing basis to make sure they are being complied with. HHLA will introduce measures it deems necessary to ensure that the covenants are met.

For details on liabilities to banks and other loans, lease liabilities, financial liabilities towards employees and other financial liabilities, please refer to the table of residual maturities for non-current and current financial liabilities in Note 38.

Expected liquidity outflows due to future interest payments

	Up to 1 year		1 to 5 years		Over 5 years		Total	
in € thousand	31.12.2019	31.12.2018	31.12.2019	31.12.2018	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Outflow of liquidity for future interest payments on fixed-interest loans	4,710	5,469	15,135	18,126	11,592	15,652	31,437	39,247
Outflow of liquidity for future interest payments on floating-rate loans	438	588	722	1,092	13	81	1,173	1,761
	5,148	**6,057**	**15,857**	**19,218**	**11,605**	**15,733**	**32,610**	**41,008**

The fully consolidated companies did not hold any interest rate swaps as of the balance sheet date, so no interest outflows are anticipated in this regard.

Financial instruments

Carrying amounts and fair values

The tables below show the carrying amounts and fair values of financial assets and financial liabilities, as well as their level in the fair value hierarchy, see also Note 6 and Note 7.

They do not include any information on financial assets held at fair value or financial liabilities which have not been measured at fair value, where the carrying amount serves as a reasonable approximation of the fair value.

Financial assets as of 31 December 2019

in € thousand	Carrying amount				Fair value			
	Amortised cost	Fair value through profit or loss	Fair value through other compre-hensive income	**Balance sheet value**	Level 1	Level 2	Level 3	**Total**
Financial assets measured at fair value								
Financial assets		1,132	6,040	7,172	7,172			7,172
	0	**1,132**	**6,040**	**7,172**				
Financial assets not measured at fair value								
Financial assets	12,584			12,584				
Trade receivables	168,127			168,127				
Receivables from related parties	98,805			98,805				
Cash, cash equivalents and short-term deposits	158,041			158,041				
	437,557	**0**	**0**	**437,557**				

Financial liabilities as of 31 December 2019

in € thousand	Carrying amount			Fair value			
	Amortised cost	Fair value through profit or loss	**Balance sheet value**	Level 1	Level 2	Level 3	**Total**
Financial liabilities measured at fair value							
Financial liabilities			**0**				
	0	**0**	**0**				
Financial liabilities not measured at fair value							
Financial liabilities	**728,686**		**728,686**				
Liabilities from bank loans	331,787		331,787		345,487		345,487
Liabilities from leases	282,783		282,783				
Settlement obligation, non-current	30,492		30,492		30,492		30,492
Settlement obligation, current	35,170		35,170				
Other financial liabilities	48,454		48,454		48,454		48,454
Trade liabilities	**74,879**		**74,879**				
Liabilities to related parties	**522,594**		**522,594**				
Liabilities from leases	509,928		509,928				
Other	12,666		12,666				
	1,326,159	**0**	**1,326,159**				

Financial assets as of 31 December 2018

in € thousand	Carrying amount: Amortised cost	Carrying amount: Fair value through profit or loss	Carrying amount: Fair value through other compre-hensive income	Carrying amount: **Balance sheet value**	Fair value: Level 1	Fair value: Level 2	Fair value: Level 3	Fair value: **Total**
Financial assets measured at fair value								
Financial assets		425	5,061	5,486	5,486			5,486
	0	**425**	**5,061**	**5,486**				
Financial assets not measured at fair value								
Financial assets	12,194			12,194				
Trade receivables	179,824			179,824				
Receivables from related parties	100,244			100,244				
Cash, cash equivalents and short-term deposits	181,460			181,460				
	473,722	**0**	**0**	**473,722**				

Financial liabilities as of 31 December 2018

in € thousand	Carrying amount: Amortised cost	Carrying amount: Fair value through profit or loss	Carrying amount: **Balance sheet value**	Fair value: Level 1	Fair value: Level 2	Fair value: Level 3	Fair value: **Total**
Financial liabilities measured at fair value							
Financial liabilities			**0**				
	0	**0**	**0**				
Financial liabilities not measured at fair value							
Financial liabilities	**512,570**		**512,570**				
Liabilities from bank loans	369,656		369,656		371,340		371,340
Liabilities from leases	38,909		38,909		38,909		38,909
Settlement obligation, non-current	32,645		32,645		32,645		32,645
Settlement obligation, current	28,655		28,655				
Other financial liabilities	42,705		42,705		42,705		42,705
Trade liabilities	**87,043**		**87,043**				
Liabilities to related parties	**112,939**		**112,939**				
Liabilities from leases	105,470		105,470		140,337		140,337
Other	7,469		7,469				
	712,552	**0**	**712,552**				

Where there are no material differences between the carrying amounts and fair values of the financial instruments reported under non-current financial liabilities with details of fair value, they are recognised at their carrying amount. Otherwise, the fair value must be stated.

In the reporting period, changes in value were reported in the income statement on financial assets and/or liabilities in the amount of € 1,132 thousand (previous year: € 425 thousand) that are held at fair value through profit and loss.

Valuation methods and key unobservable input factors for calculating fair value

The table below shows the valuation methods used for level 2 and level 3 fair value measurement and the key unobservable input factors utilised.

Financial instruments not measured at fair value

Type	Valuation method	Key unobservable input factors
Financial liabilities (liabilities from bank loans, lease liabilities, settlement obligations)	Discounted cash flows	Not applicable
Liabilities to related parties (lease liabilities included in this item)	Discounted cash flows: The valuation model utilises the present value, taking into account contractually agreed increases in rent. Discount rates represent an adequate interest rate according to the current risk.	Not applicable

There was no reclassification between the individual valuation levels in the financial year under review.

48. Related party disclosures

IAS 24 defines related parties as companies and individuals which directly or indirectly control or exert significant influence over the Group or over which the Group has control, joint control or significant influence.

The shareholder HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH, Hamburg (HGV) and its shareholder, the Free and Hanseatic City of Hamburg (FHH), companies over which the shareholder or the Free and Hanseatic City of Hamburg has control or significant influence, the members of HHLA's Executive and Supervisory Boards, and the Group's subsidiaries, associates and joint ventures are therefore defined as related parties. HGV is the parent company of HHLA, which publishes Consolidated Financial Statements. These are published in the electronic version of the German Federal Gazette under HRB 16106. Hamburger Hafen und Logistik Aktiengesellschaft (HHLA) is the parent company of the Group.

Transactions with not fully consolidated related parties

	Income		Expenses		Receivables		Liabilities	
in € thousand	**2019**	2018	**2019**	2018	**31.12.2019**	31.12.2018	**31.12.2019**	31.12.2018
Companies with control over the Group	104	33	1,070	553	95,464	96,402	0	0
Non-consolidated subsidiaries	0	1	352	252	79	117	111	42
Joint ventures	20,375	19,267	15,553	14,099	2,472	3,311	6,501	2,209
Associated companies	551	938	0	0	30	0	77	81
Other transactions with related parties	7,119	4,698	9,826	37,918	760	414	515,905	110,607
	28,149	**24,937**	**26,801**	**52,822**	**98,805**	**100,244**	**522,594**	**112,939**

The receivables from companies with a controlling interest relate to receivables from cash clearing with HGV totalling € 95,000 thousand (previous year: € 95,000 thousand). HHLA's receivables accrued interest at a rate of 0.00 % p.a. (previous year: 0.00 % p.a.) in the reporting period. The interest rates for HHLA's liabilities were 0.10 % p.a. (previous year: 0.10 % p.a.).

The transactions with joint ventures pertain to transactions with companies accounted for using the equity method. This primarily affects the companies HHLA Frucht- und Kühl-Zentrum GmbH and Kombi-Transeuropa Terminal Hamburg GmbH.

Expenses reported in the previous year as other transactions with related parties mostly include rent for land and quay walls in the Port of Hamburg and the Speicherstadt historical warehouse district. The decrease in these expenses was due to the introduction of IFRS 16. Detailed information is available in Note 45.

Lease liabilities amounting to € 509,928 thousand (previous year: € 105,470 thousand), primarily for the lease of land and quay walls from the Hamburg Port Authority (HPA), are included in other transactions with related parties. The increase in these liabilities was the result of the initial application of IFRS 16. For more details, see also Note 40 and Note 45.

Furthermore, HGV and the Free and Hanseatic City of Hamburg as parties related to HHLA have provided various comfort letters and guarantees to lender banks for loans granted to companies in the Group. The nominal amount of the associated liabilities from bank loans is € 103,000 thousand (previous year: € 123,000 thousand), of which around € 46,246 thousand was still outstanding on the balance sheet date (previous year: € 65,789 thousand) plus interest.

With effect from 18 October 2007, a partial loss compensation agreement was concluded between HHLA and HGV. HGV hereby undertakes to assume each annual deficit posted by the HHLA Real Estate subgroup as per commercial law during the term of the agreement. This applies insofar as the deficit is not compensated for by transferring amounts from retained earnings, other revenue reserves or the capital reserve which were carried forward as profit or transferred to these reserves during the term of the contract in accordance with Section 272 (2) (4) HGB.

Expenses and income from related parties are on standard market terms. The amounts outstanding at year-end are not secured and – with the exception of overnight funds in clearing – do not attract interest.

No loans or comparable benefits were granted to the members of the Executive and Supervisory Boards in the reporting year or in the previous year.

List of HHLA's shareholdings by business sector as of 31 December 2019

Name and headquarters of the company	Share of capital held directly in %	Share of capital held indirectly in %	Equity in € thousand	Result for the financial year Year	Result for the financial year in € thousand
Port Logistics subgroup					
Container segment					
HHLA Container Terminal Burchardkai GmbH, Hamburg[1, 2, 3b]	100.0		76,961	2019	0
Service Center Burchardkai GmbH, Hamburg[1, 2, 3c]		100.0	26	2019	0
HCCR Hamburger Container- und Chassis-Reparatur-Gesellschaft mbH, Hamburg[1, 2, 3b]	100.0		1,942	2019	0
HHLA Container Terminal Tollerort GmbH, Hamburg[1, 2, 3b]	100.0		34,741	2019	0
HHLA Rosshafen Terminal GmbH, Hamburg[1]		100.0	29,854	2019	2,533
HHLA Container Terminal Altenwerder GmbH, Hamburg[1, 2, 3b]	74.9		80,433	2019	0
SCA Service Center Altenwerder GmbH, Hamburg[1, 2, 3c]		74.9	601	2019	0
Kombi-Transeuropa Terminal Hamburg GmbH, Hamburg[4]		37.5	272	2019	113
HVCC Hamburg Vessel Coordination Center GmbH, Hamburg[4]	66.0		100	2019	0
CuxPort GmbH, Cuxhaven[4]	25.1		14,326	2019	845
Cuxcargo Hafenbetrieb GmbH & Co. KG, Cuxhaven[5]	50.0		39	2019	4
Cuxcargo Hafenbetrieb Verwaltungs-GmbH, Cuxhaven[5]	50.0		13	2019	0
DHU Gesellschaft Datenverarbeitung Hamburger Umschlagsbetriebe mbH, Hamburg[4]	40.4		1,577	2019	800
HHLA International GmbH, Hamburg[1, 2, 3b]	100.0		8,360	2019	0
HHLA TK Estonia AS, Tallinn/Estonia[1]		100.0	59,314	2019	3,085
SC Container Terminal Odessa, Odessa/Ukraine[1]		100.0	58,296	2019	13,653
Intermodal segment					
CTD Container-Transport-Dienst GmbH, Hamburg[1, 2, 3c]	100.0		1,256	2019	0
HHLA Project Logistics LLC, Poti/Georgia[1]		75.0	1,463	2019	224
METRANS a.s., Prague/Czech Republic[1]	100.0		286,439	2019	57,829
METRANS Adria D.O.O., Koper/Slovenia[1]		100.0	1,291	2019	471
METRANS (Danubia) a.s., Dunajská Streda/Slovakia[1]		100.0	108,729	2019	15,600
METRANS (Danubia) Kft., Győr/Hungary[1]		100.0	2,001	2019	465
METRANS Danubia Krems GmbH, Krems an der Donau/Austria[1]		100.0	552	2019	107
METRANS D.O.O., Rijeka/Croatia[1, 5]		100.0	11	2019	3
METRANS DYKO Rail Repair Shop s.r.o., Prague/Czech Republic[1]		100.0	6,607	2019	911
METRANS İSTANBUL STI, Istanbul/Turkey[1]		100.0	- 73	2019	- 5
METRANS Konténer Kft., Budapest/Hungary[1]		100.0	10,246	2019	1,389
METRANS (Polonia) Sp.z o.o, Warsaw/Poland[1]		100.0	9,685	2019	3,494
METRANS Rail s.r.o., Prague/Czech Republic[1]		100.0	3,832	2019	3,331
METRANS Rail (Deutschland) GmbH, Leipzig[1]		100.0	7,025	2019	2,719
TIP Žilina, s.r.o., Dunajská Streda/Slovakia[1]		100.0	- 2,334	2019	- 2,325
UniverTrans Kft., Budapest/Hungary[1]		100.0	2,369	2019	758
METRANS Railprofi Austria GmbH, Krems an der Donau/Austria[1]		80.0	1,260	2019	1,190
IPN Inland Port Network Verwaltungsgesellschaft mbH, Hamburg[5]	50.0		41	2019	2
IPN Inland Port Network GmbH & Co. KG, Hamburg[5]	50.0		63	2019	- 3

Name and headquarters of the company	Share of capital held		Equity	Result for the financial year	
	directly in %	indirectly in %	in € thousand	Year	in € thousand
Logistics segment					
Bionic Production GmbH, Lüneburg[1]	50.1		5,481	2019	- 1,376
HPC Hamburg Port Consulting GmbH, Hamburg[1, 2, 3a]	100.0		1,023	2019	0
UNIKAI Lagerei- und Speditionsgesellschaft mbH, Hamburg[1]	51.0		11,056	2019	1,611
ARS-UNIKAI GmbH, Hamburg[4]		25.5	49	2019	- 13
HHLA Sky GmbH, Hamburg[1]	100.0		336	2019	- 781
HHLA Frucht- und Kühl-Zentrum GmbH, Hamburg[4]	51.0		20,953	2019	625
Ulrich Stein Gesellschaft mit beschränkter Haftung, Hamburg[4]	51.0		955	2019	351
Hansaport Hafenbetriebsgesellschaft mit beschränkter Haftung, Hamburg[3b, 4]	49.0		n/a	2019	n/a
Hyperport Cargo Solutions GmbH i.G., Hamburg[4]	50.0		–	2019	–
Spherie UG (haftungsbeschränkt), Hamburg[4]	25.1		318	2019	- 374
Holding/other					
GHL Zweite Gesellschaft für Hafen- und Lagereiimmobilien-Verwaltung mbH, Hamburg[1, 2, 3c]	100.0		3,609	2019	0
HHLA-Personal-Service GmbH, Hamburg[1, 2, 3b]	100.0		45	2019	0
Real Estate subgroup					
Real Estate segment					
Fischmarkt Hamburg-Altona Gesellschaft mit beschränkter Haftung, Hamburg[1, 2, 3a]	100.0		4,518	2019	0
HHLA Immobilien Speicherstadt GmbH, Hamburg[1, 5]	100.0		96	2019	8
HHLA 1. Speicherstadt Immobilien GmbH & Co. KG, Hamburg[1, 3d]	100.0		14,305	2019	2,326
HHLA 2. Speicherstadt Immobilien GmbH & Co. KG, Hamburg[1, 3d]	100.0		69,185	2019	8,151

1 Controlled companies.

2 Profit and loss transfer agreements were held in these companies in 2019.

3a The non-disclosure option provided for in section 264 (3) of the German Commercial Code (HGB) was used for these companies.

3b The non-disclosure option and the option of non-inclusion in the Management Report provided for in section 264 (3) of the German Commercial Code (HGB) were used for these companies.

3c The non-disclosure option and the option of non-inclusion in the Management Report and the notes provided for in section 264 (3) of the German Commercial Code (HGB) were used for these companies.

3d The non-disclosure option provided for in section 264b of the German Commercial Code (HGB) was used for these companies.

4 Companies recognised using the equity method.

5 Due to the minor importance of these companies, they are not recognised using the equity method in the Consolidated Financial Statements or as non-consolidated companies, but rather as equity investments.

Remuneration for key management personnel

IAS 24 requires the remuneration of key management personnel to be disclosed. This relates to the active Executive Board and the Supervisory Board. Apart from the details provided below, there were no notifiable transactions with related parties or their close relatives in the 2019 financial year.

For further details of the remuneration paid to individual Executive and Supervisory Board members, please see the remuneration report, which forms part of the Combined Management Report.

Remuneration for active members of the Executive and Supervisory Boards

Remuneration for active members of the Executive and Supervisory Boards

	Executive Board		Supervisory Board	
in € thousand	**2019**	2018	**2019**	2018
Short-term remuneration	3,060	2,955	306	309
of which is non-perfomance-related	1,565	1,557	–	–
of which is perfomance-related	1,495	1,398	–	–
Benefits due after termination of the contract	3,050	868	–	–
	6,110	3,823	306	309

The performance-related portion of the Executive Board's remuneration had not been paid as of the balance sheet date.

In the 2019 financial year, the short-term benefits payable to the Supervisory Board totalled € 306 thousand (previous year: € 309 thousand). Fixed basic salaries accounted for € 192 thousand (previous year: € 199 thousand) of this, remuneration for committee work made up € 75 thousand (previous year: € 69 thousand) and € 39 thousand (previous year: € 41 thousand) consisted of meeting fees.

The past service cost resulting from pension provisions for active members of the Executive Board is reported as post-employment benefits. As of the reporting date, the associated obligation stood at € 9,831 thousand (previous year: € 9,797 thousand).

The Executive Board members' individual pension entitlements as per HGB are as follows:

Individual pension claims of members of the management board in accordance with German Commercial Code (HGB)

in € thousand	**31.12.2019**	31.12.2018
Angela Titzrath	2,451	472
Dr. Roland Lappin	3,756	3,123
Heinz Brandt	0	3,667
	6,207	**7,262**

Former members of the Executive Board

Benefits totalling € 1,097 thousand (previous year: € 1,009 thousand) were paid to former members of the Executive Board and their surviving dependants. The defined benefit obligation for current pensions calculated in accordance with International Financial Reporting Standards amounts to € 28,784 thousand (previous year: € 23,239 thousand).

49. Board members and mandates

The members of the company boards and their mandates are listed in the Combined Management Report under corporate governance in the Corporate Governance Declaration.

50. German Corporate Governance Code

HHLA has based its corporate governance on the recommendations of the German Corporate Governance Code (the Code) as published on 7 February 2017. Information on corporate governance at HHLA and a detailed report on the amount and structure of the remuneration paid to the Supervisory Board and Executive Board can be found in the Combined Management Report and Note 48 of this report. The Executive Board and Supervisory Board discussed matters of corporate governance in 2019 and on 13 December 2019 issued the 2019 declaration of compliance in accordance with Section 161 AktG, which is permanently available to shareholders on the company's website at www.hhla.de.

51. Auditing fees

In both the reporting year and the previous year, fees for auditing the financial statements primarily consisted of fees for the audit of the Consolidated Financial Statements, the audits of the financial statements of Hamburger Hafen und Logistik Aktiengesellschaft (HHLA) and its domestic subsidiaries, and the review of the interim financial statements. They also cover the project-related reviews relating to the introduction of IFRS 16. The other certification services primarily encompass the review of the non-financial report pursuant to ISAE 3000 (Revised). Other services were also rendered in the form of workshops relating to strategic projects. PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft was appointed as the auditor for the 2019 financial year, as in the previous year.

Auditing fees

in € thousand	**2019**	2018
Audit of financial statements	536	514
Other certification services	43	81
Tax advisory services	0	0
Other services	37	1
	616	**596**

52. Events after the balance sheet date

In early January 2020, China announced that a novel coronavirus had been detected in several patients. However, the initial local outbreak of the virus developed relatively quickly into an international pandemic. HHLA evaluated the potential impact of the coronavirus pandemic on the development of business – based on the current state of knowledge – and took this into account in its forecast for expected earnings in 2020. Estimates regarding the further development of the coronavirus pandemic, however, are subject to considerable uncertainty and earnings may therefore differ significantly from the forecast. Please see the business forecast, which forms part of the Combined Management Report. The outbreak of the virus has not resulted in any effects on the recognition or measurement of the Group's assets and liabilities as of 31 December 2019.

There were no other events of special significance after the balance sheet date 31 December 2019.

Hamburg, 23 March 2020

Hamburger Hafen und Logistik Aktiengesellschaft

Angela Titzrath | Jens Hansen | Dr. Roland Lappin | Torben Seebold

Annual financial statements of HHLA AG

The Annual Financial Statements and Combined Management Report of Hamburger Hafen und Logistik Aktiengesellschaft, Hamburg, for the 2019 financial year have been prepared according to the provisions of German commercial law and have been endorsed with an unrestricted auditor's certificate by the auditors of PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft.

Income statement for the period from 1 January to 31 December 2019

in €	**2019**	2018
Revenue	135,967,384.49	122,806,739.79
Increase or decrease in work in progress	109,495.96	171,220.87
Own work capitalised	1,957,070.30	1,919,035.12
Other operating income	1,975,209.15	5,379,657.84
of which income from translation differences	27,699.45	85,491.19
Cost of materials	12,976,431.36	9,585,029.74
Expenses for raw materials, consumables, supplies and purchased merchandise	6,117,010.40	3,871,651.42
Expenses for purchased services	6,859,420.96	5,713,378.32
Personnel expenses	104,517,016.02	109,754,411.77
Wages and salaries	93,420,439.17	93,254,715.56
Social security contributions and expenses for pension and similar benefits	11,096,576.85	16,499,696.21
of which for pensions	- 4,040,547.65	1,572,581.65
Depreciation and amortisation on intangible fixed assets and property, plant and equipment	4,284,374.49	3,203,278.24
Other operating expenses	45,419,995.05	40,727,875.38
of which expenses from translation differences	45,202.10	128,397.59
Income from profit transfer agreements	76,635,365.54	74,126,076.77
Income from equity participations	75,927,461.35	54,995,343.51
of which from affiliated companies	71,322,068.73	50,851,251.53
Other interest and similar income	3,273,618.09	3,360,819.81
of which from affiliated companies	3,257,748.45	3,308,001.90
Depreciation and amortisation on financial assets	1,354.41	154,662.32
Expenses from assumed losses	9,180,190.35	3,545,937.06
Interest and similar expenses	31,813,989.43	30,539,874.97
of which to affiliated companies	0.00	3,768.28
of which from accrued interest	28,635,598.85	28,730,030.17
Taxes on income	11,730,494.82	8,864,892.30
of which income from the change unrecognised taxes	5,970,245.62	3,996,677.30
Profit after tax	**75,921,758.95**	**56,382,931.93**
Other taxes	163,378.44	205,056.03
Net profit for the year	**75,758,380.51**	**56,177,875.90**
Profit carried forward from the previous year	205,323,667.13	201,487,510.01
Dividend distributed	61,718,517.20	52,341,718.78
Unappropriated profit	**219,363,530.44**	**205,323,667.13**

Balance sheet

in €	31.12.2019	31.12.2018
ASSETS		
Intangible assets		
Internally generated industrial and similar rights and values	8,292,258.01	799,470.84
Purchased software	1,297,897.46	2,243,818.30
Assets in development	14,038,255.68	16,832,773.10
	23,628,411.15	**19,876,062.24**
Property, plant and equipment		
Land, equivalent land rights and buildings, including buildings on leased land	5,021,265.41	5,327,819.90
Technical equipment and machinery	1,033,230.27	1,172,018.32
Other plant, operating and office equipment	2,723,386.93	3,136,156.24
Payments made on account and plant under construction	0.00	256,201.01
	8,777,882.61	**9,892,195.47**
Financial assets		
Interests in affiliated companies	428,621,877.58	408,502,681.58
Loans to affiliated companies	6,000,000.00	7,750,000.00
Equity investments	9,165,875.49	8,505,133.90
Non-current securities	688,137.55	0.00
	444,475,890.62	**424,757,815.48**
Non-current assets	**476,882,184.38**	**454,526,073.19**
Inventories		
Raw materials, consumables and supplies	177,887.75	200,342.63
Work in progress	641,844.16	532,348.20
	819,731.91	**732,690.83**
Receivables and other assets		
Trade receivables	1,562,395.25	1,202,630.61
Receivables from the Free and Hanseatic City of Hamburg	0.00	357.00
Receivables from the HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH, Hamburg	95,000,000.00	95,000,000.00
Receivables from affiliated companies	436,698,236.72	400,080,111.18
Receivables from investee companies	30,000.00	1,350,191.04
Other assets	9,494,861.65	13,020,633.42
thereof with a maturity of more than one year	11,204.00	58,704.20
	542,785,493.62	**510,653,923.25**
Cash and cash equivalents	**112,276,338.48**	**128,831,062.50**
Current assets	**655,881,564.01**	**640,217,676.58**
Accruals and deferrals	**678,921.92**	**761,806.11**
Deferred tax assets	**61,963,762.26**	**54,793,360.62**
Balance sheet total	**1,195,406,432.57**	**1,150,298,916.50**

in €	31.12.2019	31.12.2018
EQUITY AND LIABILITIES		
Equity		
Subscribed capital		
Port Logistics subgroup	70,048,834.00	70,048,834.00
Real Estate subgroup	2,704,500.00	2,704,500.00
	72,753,334.00	**72,753,334.00**
Capital reserve		
Port Logistics subgroup	136,771,470.63	136,771,470.63
Real Estate subgroup	506,206.26	506,206.26
	137,277,676.89	**137,277,676.89**
Statutory reserve		
Port Logistics subgroup	5,125,000.00	5,125,000.00
Real Estate subgroup	205,000.00	205,000.00
	5,330,000.00	**5,330,000.00**
Other earnings reserves		
Port Logistics subgroup	56,105,325.36	56,105,325.36
Real Estate subgroup	1,322,353.86	1,322,353.86
	57,427,679.22	**57,427,679.22**
Retained earnings	**62,757,679.22**	**62,757,679.22**
Unappropriated profit		
Port Logistics subgroup	181,303,432.76	170,730,884.56
Real Estate subgroup	38,060,097.68	34,592,782.57
	219,363,530.44	**205,323,667.13**
Equity	**492,152,220.55**	**478,112,357.24**
Provisions		
Provisions for pensions and similar obligations	330,109,748.67	323,887,934.84
Tax provisions	3,433,423.21	342,266.85
Other provisions	47,072,415.24	48,531,380.35
	380,615,587.12	**372,761,582.04**
Liabilities		
Liabilities from bank loans	166,203,904.87	166,180,586.97
Payments on account	586,458.16	519,348.20
Trade liabilities	3,484,713.57	3,484,449.22
Liabilities towards the Free and Hanseatic City of Hamburg	558.79	6,262.00
Liabilities towards affiliated companies	78,202,268.88	75,617,821.05
Liabilities towards investee companies	3,892,730.35	761,577.87
Other liabilities	60,874,308.88	44,661,406.53
of which from taxes	2,656,592.42	2,054,437.03
of which for social security	453,238.79	582,518.59
	313,244,943.50	**291,231,451.84**
Deferred tax liabilities	**9,393,681.40**	**8,193,525.38**
Balance sheet total	**1,195,406,432.57**	**1,150,298,916.50**

Independent auditor's report

To Hamburger Hafen und Logistik Aktiengesellschaft, Hamburg

Report on the audit of the consolidated financial statements and of the Group Management Report

Audit Opinions

We have audited the consolidated financial statements of Hamburger Hafen und Logistik Aktiengesellschaft, Hamburg, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2019, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from January 1 to December 31, 2019, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of Hamburger Hafen und Logistik Aktiengesellschaft, which is combined with the Company's management report, for the financial year from January 1 to December 31, 2019. In accordance with the German legal requirements, we have not audited the content of those parts of the group management report listed in the "Other Information" section of our auditor's report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to § [Article] 315e Abs. [paragraph] 1 HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at December 31, 2019, and of its financial performance for the financial year from January 1 to December 31, 2019, and
- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the group management report does not cover the content of those parts of the group management report listed in the "Other Information" section of our auditor's report.

Pursuant to § 322 Abs. 3 Satz [sentence] 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with § 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as "EU Audit Regulation") in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the group management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from January 1 to December 31, 2019. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In our view, the matters of most significance in our audit were as follows:

1. Recoverability of goodwill
2. Recognition and measurement of pension obligations and other post-employment benefits as well as plan assets

Our presentation of these key audit matters has been structured in each case as follows:

1. Matter and issue
2. Audit approach and findings
3. Reference to further information

Hereinafter we present the key audit matters:

1. Recoverability of goodwill

1. In the Company’s consolidated financial statements goodwill amounting in total to € 55,536 thousand is reported under the “Intangible assets” balance sheet item. Goodwill is tested for impairment by the Company once a year or when there are indications of impairment to determine any possible need for write-downs. Impairment testing is carried out at the level of the groups of cash-generating units to which the relevant goodwill has been allocated. The carrying amount of the relevant cash-generating units, including goodwill, is compared with the corresponding recoverable amount in the context of the impairment test. The recoverable amount is generally calculated on the basis of fair value less costs of disposal. The present value of the future cash flows from the respective group of cash-generating units normally serves as the basis of valuation. The present values are calculated using discounted cash flow models. For this purpose, the adopted medium-term planning of the Group forms the starting point which is extrapolated based on assumptions about long-term rates of growth. Expectations relating to future market developments and assumptions about the development of macroeconomic factors are also taken into account. The discount rate used is the weighted average cost of capital for the relevant group of cash-generating units. The impairment test determined that no write-downs were necessary.

The outcome of this valuation is dependent to a large extent on the estimates made by the executive directors with respect to the future cash inflows from the respective group of cash-generating units, the discount rate used, the rate of growth and other assumptions, and is therefore subject to considerable uncertainty. Against this background and due to the complex nature of the valuation, this matter was of particular significance in the context of our audit.

2. As part of our audit, we assessed the methodology used for the purposes of performing the impairment test, among other things. After matching the future cash inflows used for the calculation against the adopted medium-term planning of the Group, we assessed the appropriateness of the calculation, in particular by reconciling it with general and sector-specific market expectations. We discussed and examined supplementary adjustments to the medium-term planning for the purposes of the impairment test with the members of the Company’s staff responsible. In addition, we assessed the appropriate consideration of the costs of Group functions. In the knowledge that even relatively small changes in the discount rate applied can have a material impact on the value of the entity calculated in this way, we focused our testing in particular on the parameters used to determine the discount rate applied, and assessed the calculation model. Overall, the valuation parameters and assumptions used by the executive directors are in line with our expectations and are also within the ranges considered by us to be reasonable.

3. The Company’s disclosures on goodwill are contained in the section entitled “Intangible assets” of the notes to the consolidated financial statements.

2. Recognition and measurement of pension obligations and other post-employment benefits as well as plan assets

1. In the Company’s consolidated financial statements pension provisions and obligations from capital plan and working lives amounting to € 503,239 thousand are reported under the “Pension provisions” balance sheet item, comprising the net amount of the obligations from various pension plans and obligations from capital plan and working lives amounting to € 503,500 thousand and the fair value of plan assets amounting to € 261 thousand. The majority of these provisions relate to old-age and transitional pension commitments in Germany. Obligations under defined benefit plans are measured using the projected unit credit method. This requires assumptions to be made in particular about long-term rates of growth in salaries and pensions, average life expectancy, and staff turnover. With regard to the average life expectancy, the Life Expectancy Tables issued by Heubeck-Richttafeln-GmbH (Heubeck 2018 G Life Expectancy Tables) are used as of December 31, 2019. Furthermore, the discount rate must be determined by reference

to the yield on high-quality corporate bonds with matching currencies and consistent maturities. This usually requires the data to be extrapolated, since sufficient long-term corporate bonds do not exist. The plan assets are measured at fair value, which in turn involves making estimates that are subject to estimation uncertainties. In our view, these matters were of particular significance in the context of our audit because the recognition and measurement of this item – which is significant in terms of its amount – are based to a large extent on estimates and assumptions made by the Company's executive directors.

2. As part of our audit we evaluated the actuarial expert reports obtained and the professional qualifications of the external experts, among other things. We also examined the specific features of the actuarial calculations and assessed the numerical data, the actuarial parameters and the valuation methods on which the valuations were based for standard conformity and appropriateness, in addition to other procedures. In addition, we analyzed the development of the obligation and the cost components in accordance with actuarial expert reports in the light of changes occurring in the valuation parameters and the numerical data, and assessed their plausibility. For the purposes of our audit of the fair value of the plan assets, we obtained bank and fund confirmations. Based on our audit procedures, we were able to satisfy ourselves that the estimates and assumptions made by the executive directors are substantiated and sufficiently documented.

3. The Company's disclosures relating to the pension obligations and other post-employment benefits as well as plan assets are contained in the section entitled "Pension provisions" of the notes to the consolidated financial statements.

Other Information

The executive directors are responsible for the other information. The other information comprises the following non-audited parts of the group management report:

- the statement on corporate governance pursuant to § 289f HGB and § 315d HGB included in the "Corporate Governance" section of the group management report
- the corporate governance report pursuant to No. 3.10 of the German Corporate Governance Code

The other information comprises further the remaining parts of the annual report – excluding cross-references to external information – with the exception of the audited consolidated financial statements, the audited group management report and our auditor's report and the separate non-financial report pursuant to § 289b Abs. 3 HGB and § 315b Abs. 3 HGB.

Our audit opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of the Executive Directors and the Supervisory Board for the Consolidated Financial Statements and the Group Management Report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.

- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other Legal and Regulatory Requirements

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor by the annual general meeting on June 18, 2019. We were engaged by the supervisory board on December 20, 2019. We have been the group auditor of Hamburger Hafen und Logistik Aktiengesellschaft, Hamburg, without interruption since the financial year 2016.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

German Public Auditor responsible for the Engagement

The German Public Auditor responsible for the engagement is Christoph Fehling.

Hamburg, 23 March 2020

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

sgd. Claus Brandt
Wirtschaftsprüfer
(German Public Auditor)

sgd. Christoph Fehling
Wirtschaftsprüfer
(German Public Auditor)

Assurance of the legal representatives

To the best of our knowledge, and in accordance with the applicable accounting principles for financial reporting, the Consolidated Financial Statements give a true and fair view of the net assets, financial position and results of operations of the Group, and the Group Management Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the material opportunities and risks associated with the expected development of the Group for the coming financial year.

Hamburg, 23 March 2019

Hamburger Hafen und Logistik Aktiengesellschaft

The Executive Board

Angela Titzrath

Jens Hansen

Dr. Roland Lappin

Torben Seebold