

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.

Business forecast

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. **Notes to the consolidated financial statements, no. 52 Events after the balance sheet date**

Business forecast

Macroeconomic environment

At the end of 2019, the global economy showed signs of stabilising – aided by a rapprochement in the trade dispute between the USA and China and the easing of monetary policy. Although research institutes still forecast moderate growth for the global economy, major uncertainties continue to shape the macroeconomic outlook for 2020. In particular, the spread of the coronavirus represents an element of uncertainty whose impact cannot be reliably gauged at present. Other risks for the global economy include an intensification of trade disputes, geopolitical tensions, structural problems in major emerging markets and, above all, concern about the Indian economy. In light of this global economic uncertainty, the International Monetary Fund (IMF) downgraded its outlook for 2020 slightly in January compared to October 2019 but still expects to see a gentle acceleration of economic growth compared to the previous year.

The outlook for the economic regions of particular significance to HHLA varies, with the IMF anticipating slower economic growth of 6.0 % for China in 2020. However, the People's Republic would thus remain the most important driver of global economic growth. By contrast, the economic outlook for Russia has brightened somewhat. Weaker forecasts for the crude oil market, structural bottlenecks and the hampering of trade by sanctions are likely to prevent any strong recovery of the Russian economy, though. A slight economic recovery is also expected for the emerging economies of Central and Eastern Europe. Should reforms recently passed by the new Ukrain-

ian government take effect, the World Bank regards growth of 3.7 % as possible for 2020. According to the most recent IMF estimates of October 2019, Estonian GDP is expected to achieve robust – albeit once again slightly slower – growth of 2.9 %. Macroeconomic output in the eurozone looks set to improve slightly owing to favourable financing terms and an expansionary monetary policy. The IMF expects to see an increase in economic output of the German economy broadly in line with its potential. With regard to global trade volumes, the IMF has lowered its forecast for 2020 by 0.3 percentage points and anticipates a moderate increase of 2.9 %. However, these estimates were issued prior to the coronavirus outbreak.

Growth expectations for GDP

Growth expectation ¹ in %	2020	Trend vs. 2019
World	3.3	↗
Advanced economies	1.6	→
USA	2.0	↘
Emerging economies	4.4	↗
China	6.0	→
Russia	1.9	↗
Eurozone	1.3	→
Central and Eastern Europe (emerging european economies)	2.6	↗
Germany	1.1	↗
World trade	2.9	↗

¹ prior to effects by the coronavirus outbreak
Source: International Monetary Fund (IMF), January 2020

In early March 2020, the OECD issued its assessment of the potential impact that the coronavirus might have on economic activity. Based on the assumption that the epidemic in China would reach its peak in the first quarter of 2020 and that outbreaks in other countries would prove to be minor and locally contained, global GDP growth might decrease by about 0.5 percentage points to 2.4 % in the current year. China would be hardest hit, with growth slowing to 4.9 % (- 0.8 percentage points), while the USA would be least affected with a decrease in growth of 0.1 percentage points to 1.9 %. Nevertheless, global trading volumes might still decrease by 0.9 % this year.