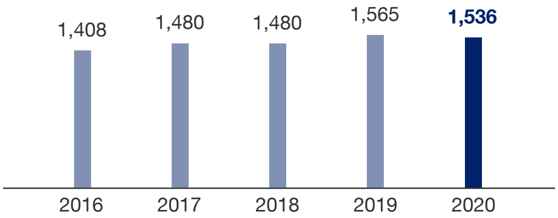
environment, transport volumes for the year as a whole decreased by 5.2 % year-on-year to 314 thousand TEU (previous year: 331 thousand TEU).

Revenue performed slightly worse than transport volumes with a decline of 2.1 % to € 476.8 million (previous year: € 486.9 million). Despite a slight increase in the rail share of HHLA's total intermodal transportation from 78.8 % to 79.6 %, average revenue per TEU decreased as a result of changes to the structure of freight flows.

Container transport

in thousand TEU



The **operating result (EBIT)** fell by 11.0 % to € 88.3 million in the reporting period (previous year: € 99.2 million). In addition to falling volumes and revenue, this strong decrease was mainly due to increased fluctuations in import and export cargo with a resulting fall in capacity utilisation of rail systems – particularly in the second quarter of 2020. At 18.5 %, the EBIT margin was just 1.9 percentage points below the prior-year figure (previous year: 20.4 %).

HHLA continues to invest as needed in the expansion of its intermodal network. The decrease in route prices for German rail freight applied in mid-2018 is bolstering the development of the intermodal service portfolio. HHLA's rail subsidiary METRANS put seven new multi-system locomotives into operation during 2020. It now has approximately 110 shunters and locomotives, as well as a fleet of over 2,900 container wagons. The network consists of 16 terminals in the hinterland, of which five function as large hub terminals.

Logistics segment

Key figures

in € million	2020	2019	Change
Revenue	51.4	59.0	- 12.9 %
EBITDA	6.9	8.5	- 18.4 %
EBITDA margin in %	13.4	14.3	- 0.9 pp
EBIT	- 3.9	2.5	neg.
EBIT margin in %	- 7.5	4.3	neg.
At-equity earnings	3.4	3.9	- 12.6 %

The key financial figures for the Logistics segment include the vehicle logistics and consultancy divisions, as well as business activities with which HHLA aims to tap new growth fields. Modility GmbH, a booking portal for intermodal traffic, was consolidated in the fourth quarter of 2020. The results from dry bulk and fruit logistics are included in at-equity earnings.

The consolidated companies reported **revenue** of € 51.4 million in the 2020 financial year, down 12.9 % on the prior-year figure (previous year: € 59.0 million). The vehicle logistics division recorded a strong decline in revenue as a result of falling volumes, while consultancy revenue was also down significantly on the previous year. The expected revenue growth from new activities was held back by the pandemic.

The **operating result (EBIT)** was adversely impacted by temporary increases in start-up losses of planned new activities. This trend was compounded by the pandemic-related decline in earnings of existing activities, such as vehicle logistics and consultancy. As a result, the segment posted a negative result of € 3.9 million in the reporting period (previous year: a positive result of € 2.5 million).

There was also a significant decline in total revenues of those companies included in at-equity earnings. The **at-equity earnings** was robust in the 2020 financial year at € 3.4 million (previous year: € 3.9 million).

Real Estate segment

Key figures

in € million	2020	2019	Change
Revenue	38.1	40.2	- 5.3 %
EBITDA	20.0	23.9	- 16.5 %
EBITDA margin in %	52.4	59.4	- 7.0 pp
EBIT	12.9	16.5	- 21.5 %
EBIT margin in %	33.9	40.9	- 7.0 pp

In 2020, Hamburg's office rental market was dominated by the economic effects of the coronavirus pandemic. According to Grossmann & Berger's latest market report, 340,000 m^2 of office space was let – approximately 38 % less than the prior-year figure of 545,000 m^2.

Due to the increased supply of office space, the vacancy rate in Hamburg rose to 3.5 % and was thus 0.6 percentage points above the comparable prior-year figure. The vacancy rate is currently expected to rise further.

By contrast, HHLA's properties in the Speicherstadt historical warehouse district and the fish market area remained largely unaffected by this negative market trend with almost full occupancy as of year-end 2020.

Despite this high occupancy rate, **revenue** was 5.3 % down year-on-year at € 38.1 million as at 31 December 2020 (previous year: € 40.2 million). The decline resulted mainly from the partial waiving of rent deferrals granted during the pandemic.

These revenue declines led to a strong decrease of 21.5 %, or € 3.6 million, in the **operating result (EBIT)** to € 12.9 million (previous year: € 16.5 million), with more or less constant maintenance volumes.

Events after the balance sheet date

The acquisition by HHLA International GmbH of 50.01 % of shares in the multi-function terminal Piattaforma Logistica Trieste (PLT) in Trieste, Italy – as announced in September 2020 – was completed on 7 January 2021. The handling facility will operate as HHLA PLT Italy. Furthermore, the acquisition by HHLA AG of 80.0 % of shares in iSAM AG, Mülheim an der Ruhr, was completed after the balance sheet date on 19 January 2021. The company is a globally operating specialist in automation technology and processes. Initial consolidation of both companies was at the time of acquisition. Notes to the consolidated financial statements, no. 3 Composition of the Group

There were no other events of special significance after the balance sheet date 31 December 2020. Notes to the consolidated financial statements, no. 52 Events after the balance sheet date

Business forecast

Macroeconomic environment

Following the global economic downturn in 2020 as a result of the coronavirus pandemic, catch-up effects and a powerful upturn are expected for 2021. According to estimates of the International Monetary Fund (IMF), the global economy is set to expand by 5.5 %. Although the pace of the global economic recovery has slowed due to the second wave of infections, experts believe that the upturn will only be temporarily restrained. Especially over the course of the year, the infection rate is expected to abate and the measures taken to contain the pandemic will gradually be eased.

Global trade tensions faded into the background in 2020 but have not yet been resolved. With the change of government in the USA, the climate for global trade may improve. The uncertainty surrounding the impact of Brexit remains, however. In view of the global economic recovery, the IMF expects to a strong increase in global trade volumes of 8.1 % in 2021.

Growth expectations for GDP

Growth expactation in %	**2021**	Trend vs. 2020
World	5.5	↗
Advanced economies	4.3	↗
USA	5.1	↗
Emerging economies	6.3	↗
China	8.1	↗
Russia	3.0	↗
Eurozone	4.2	↗
Central and Eastern Europe (emerging european economies)	4.0	↗
Germany	3.5	↗
World trade	8.1	↗

Source: International Monetary Fund (IMF), January 2021

The outlook for the economic regions of particular significance to HHLA varies for 2021, with the IMF anticipating impressive economic growth of 8.1 % for China in its latest estimates. Effective containment measures, a firm political response with public investment and liquidity support from the Chinese central bank are likely to facilitate a rapid return to normal and strong upswing for the Chinese economy. By contrast, the recovery of oil-exporting nations such as Russia is likely to be somewhat slower in view of the modest prospects for oil prices. For the emerging economies of Central and Eastern Europe, the IMF forecasts economic growth of 4.0 %. In Ukraine, a moderate recovery of 3.0 % is anticipated for 2021, although this is conditional on successfully combating the pandemic and implementing reforms (IMF, October 2020).

Overall economic activity in the eurozone is expected to decrease again in the winter quarters of 2020/21 due to the second wave of infections and the reintroduction of extensive containment measures. According to the most recent IMF estimates of October 2020, Estonian GDP is expected to achieve significant growth of 4.5 %. The IMF expects a moderate recovery for the German economy. The anticipated recovery in the course of the year, particularly in the EU, is subject to sufficient availability of suitable vaccines.

Sector development

Following the pandemic-related decrease in global container throughput in 2020, the market research institute Drewry forecasts growth of 8.9 % for the coming year. However, this assumption is also subject to the successful control of the pandemic, rapid vaccination of the population and high catch-up effects over the course of the year, combined with high throughput rates.

Growth will be driven mainly by the shipping regions of South Asia (+ 13.7 %), North America (+ 11.7 %), Asia (+ 9.0 %), Latin America (+ 9.4 %) and Oceania (+ 10.9 %). For China, the most important shipping region for the Port of Hamburg, Drewry anticipates a strong increase in container throughput of 9.1 % in 2021. The prospects for the European shipping regions during the forecast period also indicate further significant growth of 7.7 %. According to Drewry, only the ports of the eastern Mediterranean and Black Sea can expect a slightly slower recovery.

Expected container throughput by shipping region

Growth expectation in %	2021	Trend vs. 2020
World	8.9	↗
Asia	9.0	↗
China	9.1	↗
Europe as a whole	7.7	↗
North-West Europe	8.1	↗
Scandinavia and the Baltic region	10.5	↗
Western Mediterranean	9.3	↗
Eastern Mediterranean and the Black Sea	4.8	↗

Source: Drewry Maritime Research, December 2020

In view of the existing container terminal capacities and the pandemic-related increase in supply surpluses in the North Range and the Baltic Sea, competition between ports is likely to remain fierce in 2021. Even the strong recovery in container throughput forecast by Drewry for the North European ports is unlikely to ease the situation in 2021. At the same time, as a result of mergers and acquisitions as well as the formation of new alliances, the bargaining power of the shipping lines vis-à-vis the port operators has increased noticeably in recent years.

With regard to capacity, the situation on the container shipping market is tense. While there was considerable overcapacity in the past, shipping space and containers are becoming scarce due to the strong economic recovery, especially in Asia. As a result, sea freight rates have increased significantly.

The market research institute AXS Alphaliner expects a slowdown in scrapping for 2021. The delivery of 159 ships with a slot capacity of around 1.1 million TEU is expected in 2021. Of these, 13 ships will be in the 18,000-24,000 TEU category, i.e. cascading will continue, especially in the Asia shipping region. This will be accompanied by a further increase in the number of containers to be handled per ship call. For the terminals and onward-carriage rail systems, increasing efficiency is crucial for coping with peak situations caused by ship sizes.

Expected freight traffic by modes of transport

Growth expectation in %	2021	Trend vs. 2020
Transport volumes	**4.1**	↗
Road traffic	4.1	↗
Railway traffic	6.0	↗
Multi-modal traffic	4.8	↗
Traffic performance	**4.9**	↗
Road traffic	5.0	↗
Railway traffic	5.9	↗
Multi-modal traffic	5.5	↗

Source: Floating medium-term forecast for freight and passenger transport on behalf of the Federal Ministry of Transport and Digital Infrastructure, October 2020

The most recent medium-term forecast for cargo and passenger transport in Germany issued by the Federal Ministry of Transport and Digital Infrastructure (BMVI) in October 2020 anticipates a significant recovery of the entire German freight market in 2021. For all modes of freight traffic, the experts expect a strong year-on-year increase in transport volumes. With regard to road freight, transport volumes are expected to increase by 4.1 % in 2021. Following a strong decline in 2020, significant growth momentum is expected for rail freight – although transport volumes are likely to remain below the pre-pandemic level. In the forecast period, 6.0 % more goods are expected to be transported by rail. Intermodal transport is likely to grow somewhat more slowly at 4.8 %.

Expected Group performance

Comparison with the forecast of the previous year

The forecast published in the 2019 Annual Report was achieved and partially surpassed. Container throughput developed as forecast in March 2020, as did earnings before interest and taxes (EBIT), both at Group level and in the Port Logistics subgroup. However, the expectations for container transport were exceeded by far with only a slight decrease (previous expectation: strong decrease). As a result, revenue for the Port Logistics subgroup was also better than expected and decreased only significantly (previous expectation: strong decrease). However, earnings before interest and taxes (EBIT) in the Real Estate subgroup decreased strongly (previous expectation: significant decrease).

Expected earnings position

Note: Given the uncertain conditions described above at the time of preparing this report, it is still not possible to make a reliable forecast. This applies in particular to the intensity and timing of the economic recovery.