HHLA segments

Container

737.5 Mio. €
Revenue

57 %
Share of revenue

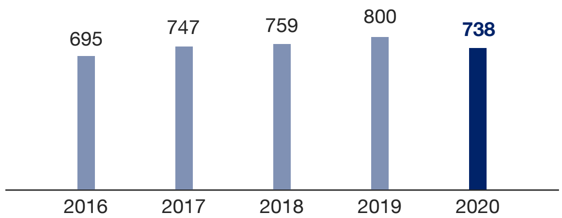
HHLA's container terminals link ships, rail networks and trucks to create an efficient transport chain. The terminals in Hamburg form the most important European hub between Asia and Central/Eastern Europe. HHLA also operates a container terminal in the Ukrainian city of Odessa as well in the Estonian city of Tallinn.

Key figures

in € million	2020	2019	Change
Revenue	737.5	799.7	- 7.8 %
EBITDA	160.4	240.2	- 33.2 %
EBITDA margin in %	21.7	30.0	- 8.3 pp
EBIT	65.4	141.3	- 53.7 %
EBIT margin in %	8.9	17.7	- 8.8 pp
Container throughput in thousand TEU	6,776	7,577	- 10.6 %

Revenue

in € million



Intermodal

476.8 Mio. €
Revenue

37 %
Share of revenue

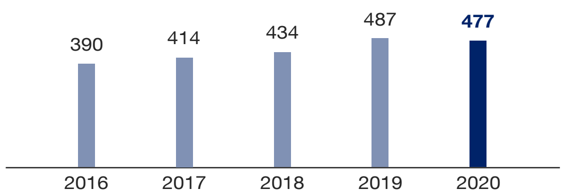
HHLA's rail companies operate a comprehensive transport and terminal network for container transportation and connect ports on the North and Baltic seas, as well as the northern Adriatic, with their hinterland. Transshipments by truck within the Port of Hamburg round off the service portfolio.

Key figures

in € million	2020	2019	Change
Revenue	476.8	486.9	- 2.1 %
EBITDA	131.8	139.0	- 5.2 %
EBITDA margin in %	27.7	28.6	- 0.9 pp
EBIT	88.3	99.2	- 11.0 %
EBIT margin in %	18.5	20.4	- 1.9 pp
Container transport in thousand TEU	1,536	1,565	- 1.9 %

Revenue

in € million



Logistics

51.4 Mio. €
Revenue

4 %
Share of revenue

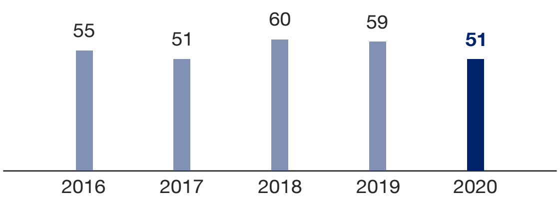
In this segment, HHLA pools a wide range of port-related services such as dry bulk, vehicle and fruit logistics. Its service portfolio comprises both stand-alone logistics services (including airborne services) and entire process chains. HHLA also markets its expertise in infrastructure and project development internationally.

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 %

Revenue

in € million



Real Estate

38.1 Mio. €
Revenue

3 %
Share of revenue

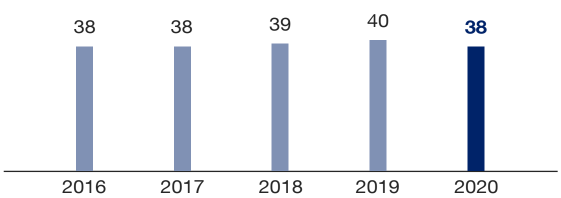
Following the sustainable renovation of Hamburg's landmarked Speicherstadt historical warehouse district to create an exemplary redeveloped quarter, HHLA is committed to intelligent site development and preserving the city's fishing tradition with the Hamburg-Altona fish market.

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

Revenue

in € million

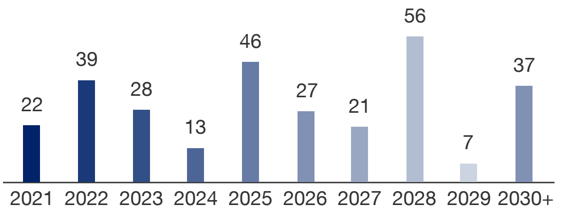


payments for the redemption of loans amounted to € 37.2 million (previous year: € 39.7 million). Due to the maturities agreed and its stable liquidity position, the company had no significant refinancing requirements.

As of the balance sheet date, liabilities from bank loans were denominated exclusively in euros. In terms of conditions, approximately 82 % have fixed interest rates and some 18 % have floating interest rates. As a result of borrowing, certain affiliated companies had covenants linked to key balance sheet figures, which mostly require a minimum equity ratio to be met. Covenants are currently in place for approximately 16 % of bank loans. These covenants were met at all agreed audit points throughout the reporting year.

Maturities of bank loans

by year and in € million



As of the balance sheet date, HHLA disclosed non-current liabilities to related parties totalling € 457.1 million (previous year: € 485.4 million), resulting mainly from the recognition of the leasing liability to the Hamburg Port Authority (HPA).

The leases relate primarily to long-term agreements between the HHLA Group and either the Free and Hanseatic City of Hamburg or HPA for leasing land and quay walls in the Port of Hamburg and the Speicherstadt historical warehouse district.

Cash, cash equivalents and short-term deposits, the bulk of which is held centrally by the holding company, totalled € 126.9 million as of the balance sheet date (previous year: € 158.0 million). These funds are mainly invested at German financial institutions with verified high credit ratings as demand deposits, call money and short-term deposits. As a precautionary measure, credit facilities were increased in the reporting year. As of the balance sheet date, the Group had unused credit facilities amounting to € 54.3 million (previous year: € 3.1 million). A credit facility of € 50.0 million concluded in the reporting year secures favourable market conditions for the Group and represents a secure medium-term liquidity reserve. Since the Group has sufficient liquidity at its disposal, this credit facility was not used in the reporting year. The utilisation rate of a further credit line of € 11.8 millionampunts to 63.5 % (previous year: 69.4 %). Of the total cash and cash equivalents as of the reporting date, € 3.7 million (previous year: € 9.1 million) was subject to restrictions in Ukraine relating to the transfer of currency abroad.

As HHLA has a large number of borrowing options at its disposal outside of the capital market, the Group currently sees no need for an external rating. Instead, it provides existing and potential creditors with comprehensive information to ensure that they can derive appropriate internal credit ratings. Furthermore, Deutsche Bundesbank once again confirmed the Group’s eligibility for central bank finance.

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

Acquisitions, disposals and other changes to the consolidated group

In the 2020 financial year, HHLA set up two companies for the purpose of expanding its intermodal operations in Ukraine. Among other things, these operations include rail freight, freight transport services and storage services. HHLA also founded the company modility GmbH, Hamburg, and acquired all shares in this company. The object of the company is the development and provision of IT-based services in the field of transport and logistics. Its main focus is the development and operation of a digital portal for information, planning and booking in the field of intermodal transport chains. Furthermore, METRANS set up a special-purpose entity in Hamburg, the object of which is to construct and operate intermodal container terminals. HHLA Sky GmbH acquired shares in the firm Third Element Aviation for the development, production and sales of unmanned flight systems and related components. The company is consolidated within the Logistics segment using the equity method. Notes to the consolidated financial statements, no. 3 Composition of the Group

There were no other acquisitions, changes in shareholdings in subsidiaries or changes to the consolidated group in the 2020 financial year. For details of company acquisitions after the balance sheet date, please refer to Events after the balance sheet date.

Segment performance

Container segment

Key figures

in € million	2020	2019	Change
Revenue	737.5	799.7	- 7.8 %
EBITDA	160.4	240.2	- 33.2 %
EBITDA margin in %	21.7	30.0	- 8.3 pp
EBIT	65.4	141.3	- 53.7 %
EBIT margin in %	8.9	17.7	- 8.8 pp
Container throughput in thousand TEU	6,776	7,577	- 10.6 %

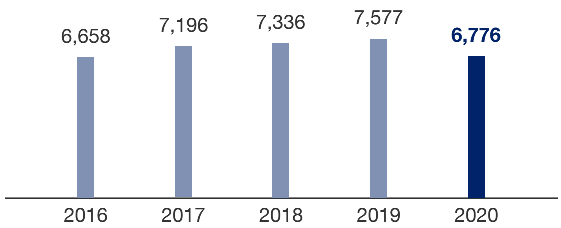
During the 2020 reporting year, the **throughput volume** at HHLA's container terminals decreased significantly by 10.6 % to 6,776 thousand standard containers (TEU) (previous year: 7,577 thousand TEU).

The three **Hamburg container terminals** reported a strong decline in throughput volume of 11.1 % to 6,193 thousand TEU (previous year: 6,964 thousand TEU). Virtually all shipping regions were impacted by pandemic-related volume shortfalls. This is especially true for the Far East region, which is of particular importance for HHLA. The loss of a Far East service from mid-May 2020 onwards had a further adverse effect on the volume trend in this region. All in all, overseas volumes fell by 8.4 %. Moreover, feeder traffic with the Baltic region decreased and could not be offset by growth in the German and British shipping regions. There was a corresponding decline in the proportion of seaborne handling by feeders of 2.3 percentage points to 20.2 % (previous year: 22.5 %).

Throughput at the **international container terminals** in Tallinn, Estonia, and Odessa, Ukraine, during the reporting period amounted to 584 thousand TEU (previous year: 613 thousand TEU). This represents a decline of 4.7 %.

Container throughput

in thousand TEU



Revenue decreased by 7.8 % year-on-year to € 737.5 million (previous year: € 799.7 million). This was mainly due to the pandemic-related decline in volumes. In the reporting period, average revenue per container handled at the quayside increased moderately year-on-year by 4.3 %. This was mainly attributable to an advantageous modal split, particularly towards the end of the year, and a temporary increase in storage fees due to longer dwell times brought about by delays and blank sailings caused by the pandemic.

EBIT costs for the segment rose slightly by 2.1 % in the financial year. The increase was mainly due to the formation of provisions in connection with the implementation of restructuring measures as part of an efficiency programme. Adjusted for these provisions and subsidies of public authorities, EBIT costs would have fallen by 3.3 %.

The **operating result (EBIT)** decreased strongly by 53.7 %, or € 75.9 million, to € 65.4 million (previous year: € 141.3 million). A key factor here are the above mentioned net provisions of € 43 million in the fourth quarter for the implementation of restructuring measures as part of an efficiency programme. The EBIT margin fell by 8.8 percentage points to 8.9 % (previous year: 17.7 %).

During the reporting year, HHLA further improved the sustainability of its services by investing in climate-friendly handling equipment. For example, further energy-saving hybrid straddle carriers were ordered for the Container Terminal Tollerort (CTT) and Container Terminal Burchardkai (CTB), with the first devices already operational at CTT. Diesel-powered automated guided vehicles (AGVs) at Container Terminal Altenwerder (CTA) were replaced by battery-powered AGVs, which are practically emission-free. Operations at CTA are now also primarily powered by green electricity. Moreover, the company made major investments in the expansion of its facilities. In 2020, further container gantry cranes went into operation at CTB, with further automated blocks added to the block storage system. The international terminals in Tallinn and Odessa also acquired new handling equipment and drove the consistent expansion of their yard capacities.

Intermodal segment

Key figures

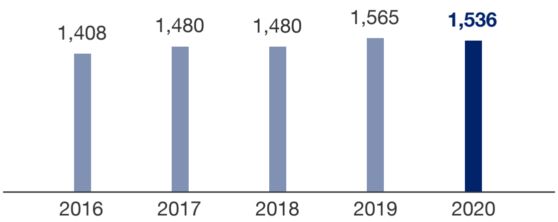
in € million	2020	2019	Change
Revenue	476.8	486.9	- 2.1 %
EBITDA	131.8	139.0	- 5.2 %
EBITDA margin in %	27.7	28.6	- 0.9 pp
EBIT	88.3	99.2	- 11.0 %
EBIT margin in %	18.5	20.4	- 1.9 pp
Container transport in thousand TEU	1,536	1,565	- 1.9 %

In the highly competitive market for container traffic in the hinterland of major seaports, HHLA's transport companies only recorded a slight decline in volumes in 2020. **Container transport** decreased by 1.9 % to 1,536 thousand standard containers (TEU) (previous year: 1,565 thousand TEU). The decrease in road transport was much stronger than that of rail transportation, which declined year-on-year by just 1.0 % to 1,222 thousand TEU (previous year: 1,234 thousand TEU). The significant – and for certain routes dramatic – fall in maritime traffic from the North German seaports was largely offset by strong growth in continental traffic. Due to the strong recovery in transport volumes in the third quarter and a significant year-on-year increase in volume in the fourth quarter, the declines of the first half-year were almost fully offset on all routes. Road transport also recovered strongly in the third and fourth quarters compared with the preceding quarters. However, due to further weak growth in the Hamburg region and a challenging market 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.