Segment Performance

Container Segment

Key Figures

in € million	1–6 | 2016	1–6 | 2015	Change
Revenue	336.6	351.9	- 4.4 %
EBITDA	95.4	100.3	- 4.9 %
EBITDA margin in %	28.4	28.5	- 0.1 pp
EBIT	54.2	57.5	- 5.9 %
EBIT margin in %	16.1	16.3	- 0.2 pp
Container throughput in thousand TEU	3,209	3,404	- 5.7 %

In the first half of 2016, HHLA's container terminals handled a total of 3,209 thousand standard containers (TEU), 5.7 % fewer than in the prior-year period (previous year: 3,404 thousand TEU). The 6.2 % decrease in **container throughput** at the Hamburg terminals to 3,077 thousand TEU (previous year: 3,279 thousand TEU) was mainly attributable to the ongoing weakness of Asian routes (Far East–Northern Europe). Overall, these were down 9.0 % on the prior-year period. Feeder traffic with the Baltic Sea ports in particular also declined in the reporting period, falling by 8.5 % due to an increase in shipping companies calling directly at ports in the Baltic region. By contrast, feeder traffic to and from Russia saw a slight increase in overall volumes in the first half of 2016, following a significant drop in volumes in the previous year. Container throughput at the Container Terminal Odessa continued to make good progress, rising by 5.9 % from 125 thousand TEU in the previous year to 132 thousand TEU.

Revenue declined in line with volumes, falling by 4.4 % to € 336.6 million (previous year: € 351.9 million). However, the decrease was less pronounced than in the first half of 2015. Average revenue per container handled at the quayside increased, mainly as a result of individual rate adjustments and a slight decrease in the feeder ratio to 22.9 % (previous year: 23.4 %) in Hamburg.

The segment's EBIT costs could not be reduced in proportion to lower seaborne throughput. They declined by just 4.1 % due to the high proportion of fixed costs associated with container throughput. While the cost of materials decreased disproportionately, there was a slight increase in personnel expenses per unit despite the significant reduction in the number of external staff. Due to the current utilisation of facilities and in particular the peak loads associated with mega-ships, personnel expenses could only be adjusted to falling volumes to a limited extent. The **operating result (EBIT)** declined by 5.9 % to € 54.2 million as a consequence of the volume trend (previous year: € 57.5 million), while EBIT per container handled remained constant at € 16.9. The EBIT margin was also virtually unchanged at 16.1 % (previous year: 16.3 %).

Intermodal Segment

Key Figures

in € million	1–6 | 2016	1–6 | 2015	Change
Revenue	190.8	180.8	5.5 %
EBITDA	45.3	38.2	18.6 %
EBITDA margin in %	23.8	21.1	2.7 pp
EBIT	33.7	26.8	25.5 %
EBIT margin in %	17.6	14.8	2.8 pp
Container transport in thousand TEU	694	654	6.2 %

In the first half of 2016, HHLA's transport companies again generated significant growth in the highly competitive market for container traffic in the hinterland of major seaports. **Transport volumes** rose by 6.2 % to 694 thousand standard containers (TEU) compared with 654 thousand TEU in the previous year. The trend was driven by growth in rail transportation, which again increased significantly year on year by 8.6 % to 537 thousand TEU (previous year: 494 thousand TEU). In particular, the connections from and to the north German seaports and between the Adriatic ports and Central and Eastern Europe achieved above-average growth. The decline in road transport volumes during the first quarter was recently recovered almost in full to reach 157 thousand TEU for the first six months of 2016 – just short of the prior-year figure (previous year: 160 thousand TEU).

Revenue growth of 5.5 % to € 190.8 million (previous year: € 180.8 million), slightly weaker than that of transport volumes. This was mainly due to changes to the route mix, which resulted in lower average transportation distances.

The **operating result (EBIT)** rose year on year to € 33.7 million (previous year: € 26.8 million) and significantly outperformed volume and revenue growth. The expansion of the company's own traction fleet since the beginning of 2015 with the acquisition of additional locomotives had a positive effect on productivity rates and led to improved cost structures. Due to the transition period in the first few months of the previous year, this had not yet taken full effect. Better utilisation of trains and an improved mix of import and export volumes compared to last year also had a positive effect on segment earnings. The performance of individual companies within the segment varied greatly in some cases. Activities in Poland in particular continue to face a very challenging competitive environment.

Logistics Segment

Key Figures

in € million	1–6 | 2016	1–6 | 2015	Change
Revenue	27.4	33.1	- 17.4 %
EBITDA	- 14.7	- 0.4	neg.
EBITDA margin in %	- 53.6	- 1.3	- 52.3 pp
EBIT	- 16.7	- 1.1	neg.
EBIT margin in %	- 60.9	- 3.2	- 57.7 pp
At-equity earnings	2.2	2.2	- 1.3 %

The key financial figures for the Logistics segment include the vehicle logistics, project and contract logistics, consultancy activities and cruise logistics business divisions. The results from dry bulk and fruit logistics are included in at-equity earnings.

The fully consolidated companies of the Logistics segment suffered a decline in **revenue** during the first half of 2016. At € 27.4 million, segment revenue was down 17.4 % on the prior-year figure (€ 33.1 million) due among other things to the successive scaling back of project and contract logistics activities, this was also due to lower revenue from consulting activities for project-related reasons. The **operating result (EBIT)** in the second quarter was heavily impacted by one-off expenses of € 14.9 million in connection with the planned restructuring of project and contract logistics, which were thus in line with the amount announced in the 2015 Annual Report. As a result, the Logistics segment reported an operating loss of € 16.7 million in the first half of the year (previous year: operating loss of € 1.1 million). Adjusted for the one-off expenses, EBIT for the Logistics segment was still down on the previous year at € - 1.8 million. This was also attributable to delays in the awarding of consulting contracts.

The performance of those companies included in **at-equity earnings** varied in the first half of 2016. At € 2.2 million, on a par with the previous year.

Real Estate Segment

Key Figures

in € million	1–6 | 2016	1–6 | 2015	Change
Revenue	18.7	18.0	3.8 %
EBITDA	10.5	10.8	- 3.1 %
EBITDA margin in %	56.0	60.0	- 4.0 pp
EBIT	7.9	8.3	- 4.8 %
EBIT margin in %	42.4	46.2	- 3.8 pp

Hamburg's office rental market stabilised in the second quarter of 2016 but once again fell short of the previous year. According to the market overview by Jones Lang LaSalle, 240,000 m^2 of space was let – some 6 % below the prior-year figure. One of the main reasons for this strong decline was the high proportion of owner-occupied properties in the previous year. According to the current forecast, this negative trend is expected to continue for the rest of the year.

By contrast, Hamburg's vacancy rate at the end of the first six months of 5.9 % was still below the prior-year figure of 6.7 %. The trend forecast of Jones Lang LaSalle expects this development to remain stable over the next few months.

HHLA's properties in the Speicherstadt historical warehouse district and the fish market area maintained their growth trajectory in the second quarter. With virtually full occupancy in both quarters, **revenue** rose by a further 3.8 % year on year to € 18.7 million in the first six months (previous year: € 18.0 million).

The **operating result (EBIT)** fell by 4.8 % to € 7.9 million (previous year: € 8.3 million). This was primarily due to higher maintenance expenses for the necessary refurbishment of rental space in the Speicherstadt historical warehouse district. Assuming the occupancy rate remains high, EBIT for the year as a whole is still expected to be on a par with the previous year.