Investment analysis

Capital expenditure in the reporting period totalled € 90.3 million, and was thus slightly above the prior-year figure of € 89.0 million. Property, plant and equipment accounted for € 84.9 million (previous year: € 85.5 million) of capital expenditure and intangible assets for € 5.5 million (previous year: € 3.5 million). The majority of capital expenditure was for expansion work.

Capital expenditure in the first half of 2021 focused mainly on the procurement of large-scale equipment for horizontal transport, storage cranes and container gantry cranes at HHLA's container terminals, primarily in the Port of Hamburg. Investments were also made in the expansion of the hinterland terminals and the purchase of container wagons in the METRANS Group, as well as in the development of the Speicherstadt historical warehouse district in Hamburg.

Liquidity analysis

Cash flow from operating activities declined by € 9.8 million to € 150.0 million as of 30 June 2021 (previous year: € 159.8 million). This was due to a year-on-year increase in trade receivables and other assets, as well as higher tax payments. There was an opposing effect from the year-on-year increase in EBIT and the stronger rise in trade payables and other liabilities.

Investing activities led to a net cash outflow of € 86.7 million (previous year: € 77.2 million). This primarily resulted from the year-on-year increase in payments for the acquisition of shares in consolidated companies and lower proceeds from the disposal of intangible assets and property, plant and equipment. The year-on-year decrease in payments for investments in property, plant and equipment and higher payments for short-term deposits had an opposing effect.

Cash flow from financing activities of € 28.8 million was € 9.6 million below the prior-year figure of € 38.4 million. This was primarily due to new financial loans as compared with the previous year. Higher payments for the redemption of financial loans had an opposing effect.

Financial funds as of 30 June 2021 totalled € 203.8 million (30 June 2020: € 251.1 million). Including all short-term deposits, the Group's available liquidity at the end of the first half of 2021 amounted to € 238.8 million (30 June 2020: € 296.1 million). As of 30 June 2021, available liquidity comprises cash pooling receivables from HGV amounting to € 74.5 million (30 June 2020: € 93.0 million) as well as cash, cash equivalents and short-term deposits of € 164.3 million (30 June 2020: € 203.1 million).

Liquidity analysis

in € million	1–6 | 2021	1–6 | 2020
Financial funds as of 01.01.	**168.8**	**208.0**
Cash flow from operating activities	150.0	159.8
Cash flow from investing activities	- 86.7	- 77.2
Free cash flow	**63.3**	**82.6**
Cash flow from financing activities	- 28.8	- 38.4
Change in financial funds	34.9	43.0
Financial funds as of 30.06.	**203.8**	**251.1**
Short-term deposits	35.0	45.0
Available liquidity	238.8	296.1

Segment performance

Container segment

Key figures

in € million	1–6 | 2021	1–6 | 2020	Change
Revenue	404.9	363.4	11.4 %
EBITDA	113.6	84.2	35.0 %
EBITDA margin in %	28.1	23.2	4.9 pp
EBIT	63.4	36.8	72.1 %
EBIT margin in %	15.6	10.1	5.5 pp
Container throughput in thousand TEU	3,369	3,345	0.7 %

In the first half of 2021, **container throughput** at **HHLA's container terminals** increased slightly year-on-year by 0.7 % to 3,369 thousand standard containers (TEU) (previous year: 3,345 thousand TEU).

At 3,073 thousand TEU, throughput volume at the three **Hamburg container terminals** was up 0.5 % on the same period last year (previous year: 3,058 thousand TEU). This was in particular due to the moderate increase in cargo volumes for Far East services, which more than offset the pandemic-related volume shortfalls in the previous year and the loss of a Far East service in May 2020. There was a moderate decline in feeder traffic, particularly in the Baltic region. The proportion of seaborne handling by feeders was down by 0.8 percentage points to 19.8 % (previous year: 20.6 %).

Throughput volumes at the **international container terminals** in Odessa and Tallinn rose moderately by 3.4 % to 296 thousand TEU (previous year: 286 thousand TEU). Only RoRo ships – and no container ships to date – were processed at the Trieste container terminal during the first six months of 2021.

Revenue increased strongly year-on-year by 11.4 % to € 404.9 million in the first half of 2021 (previous year: € 363.4 million). The slight increase in volume of 0.7 % was strongly exceeded by the increase in revenue quality. Average revenue per container handled at the quayside rose strongly by 10.6 % year-on-year. This was due to an advantageous modal split with a high proportion of hinterland volumes and a temporary increase in storage fees due to ongoing ship delays. In addition to the pandemic-related delays in ship departures, the blocking of the Suez Canal in March also led to longer dwell times that boosted storage revenue. Furthermore, the revenue from Trieste was recognised for the first time.

EBIT costs increased moderately by 4.6 % year-on-year during the reporting period. Additional expenses compared with the previous year were primarily attributable to the higher storage load, resulting in an increased use of personnel and materials. Further burdens included additional provisions for the announced restructuring measures currently being implemented, increases in union wage rates and costs relating to the launch of container terminal operations in Trieste.

Against the backdrop of a temporary increase in average revenue caused by the spike in storage fees and the pandemic-related low comparative base of the previous year, the **operating result (EBIT)** rose by 72.1 % to € 63.4 million (previous year: € 36.8 million). The EBIT margin increased by 5.5 percentage points to the more normal level of 15.6 %.

In the first half of 2021, HHLA continued to invest in climate-friendly handling equipment. For example, HHLA Container Terminal Tollerort (CTT) took delivery of eight new hybrid transport vehicles and HHLA Container Terminal Burchardkai (CTB) took delivery of ten. These vehicles consume considerably less fuel than diesel-powered equipment. With the expansion and partial retrofit of its existing block storage system, CTB also contributed to the ongoing efforts to modernise and enhance the efficiency of our terminals. At the Container Terminal Altenwerder (CTA), the fleet was expanded with the addition of ten further lower-emission, battery-powered automated guided vehicles (AGVs). The HHLA container terminals abroad also invested in site expansion and more energy-efficient equipment. For example, the container terminal in Tallinn acquired two container gantry cranes from CTB.

Intermodal segment

Key figures

in € million	1–6 | 2021	1–6 | 2020	Change
Revenue	252.9	223.2	13.3 %
EBITDA	68.8	56.1	22.7 %
EBITDA margin in %	27.2	25.1	2.1 pp
EBIT	46.0	34.5	33.4 %
EBIT margin in %	18.2	15.5	2.7 pp
Container transport in thousand TEU	832	718	16.0 %

In the highly competitive market for container traffic in the hinterland of major seaports, HHLA's transport companies recorded strong volume growth in the first half of 2021. **Container transport** increased by a total of 16.0 % to 832 thousand TEU (previous year: 718 thousand TEU). Rail continued to benefit more than road from the recovery in freight volumes that began in the second half of 2020. Rail transport increased by a remarkable 19.3 % year-on-year to 678 thousand TEU (previous year: 568 thousand TEU). This increase was even greater in the second quarter due to the pandemic's impact on the same quarter in the previous year. The growth in volume during the first half of the year was widely diversified. In a persistently challenging market environment, road transport increased moderately by 3.4 % to 155 thousand TEU (previous year: 149 thousand TEU).

At € 252.9 million, **revenue** rose strongly by 13.3 % year-on-year (previous year: € 223.2 million). However, this increase failed to match the development in transport volumes: although the advantageous rail share of HHLA's total intermodal transportation rose from 79.2 % to 81.4 %, average revenue per TEU decreased as a result of changes to the structure of freight flows.

In light of the positive trend in volume and revenue, the **operating result (EBIT)** increased by 33.4 % to € 46.0 million in the reporting period (previous year: € 34.5 million).

Logistics segment

Key figures

in € million	1–6 | 2021	1–6 | 2020	Change
Revenue	35.4	25.9	36.8 %
EBITDA	2.9	5.2	- 44.3 %
EBITDA margin in %	8.2	20.2	- 12.0 pp
EBIT	- 1.7	- 2.1	pos.
EBIT margin in %	- 4.9	- 8.2	pos.
At-equity earnings	1.1	0.8	28.9 %

In the first half year, the **revenue** of consolidated companies exceeded the previous year by 36.8 % to € 35.4 million (previous year: € 25.9 million). The first-time consolidation of iSAM AG, an automation technology specialist, in the first quarter of 2021, as well as strong revenue growth in the vehicle logistics division, made significant contributions to this positive trend.

The **operating result (EBIT)** recorded a loss of € 1.7 million in the reporting period (previous year: € - 2.1 million). This was caused by start-up losses of new activities. By contrast, the vehicle logistics division was able to strongly improve its result.

Revenues of those companies included in **at-equity earnings** rose strongly in total in the first half of the year. At-equity earnings increased to € 1.1 million (previous year: € 0.8 million). While bulk cargo handling was able to strongly improve its result, the valuation allowance for an investment had an opposing effect.

Real Estate segment

Key figures

in € million	1–6 | 2021	1–6 | 2020	Change
Revenue	18.4	18.0	1.9 %
EBITDA	10.2	9.7	5.6 %
EBITDA margin in %	55.5	53.5	2.0 pp
EBIT	6.6	6.1	7.1 %
EBIT margin in %	35.8	34.0	1.8 pp

Despite a comparatively weak second quarter, the general upward trend continued on the Hamburg office rental market, following the drop in revenue due to the pandemic in the previous year. According to Grossmann & Berger's latest market report, 225,000 m^2 of office space was let – 36.4 % more than in the previous year. The vacancy rate in Hamburg increased year-on-year to 3.6 % (previous year: 3.2 %).

HHLA's properties in the Speicherstadt historical warehouse district and the fish market area, which were largely unaffected by local market fluctuations during the coronavirus pandemic, continued their positive trend with almost full occupancy in the first six months of 2021.

Revenue rose slightly by 1.9 % in the reporting period to € 18.4 million (previous year: € 18.0 million). In addition to the reactivation of revenue-based rent agreements, this was primarily due to the partial waiving of rent deferrals as a consequence of the Covid-19 crisis in the previous year.

As a result of this increase in revenue, the cumulative **operating result (EBIT)** rose by 7.1 % to € 6.6 million (previous year: € 6.1 million), while maintenance volumes remained almost constant.

Employees

Employees

by segments	30.06.2021	31.12.2020	Change
Container	3,159	3,132	0.9 %
Intermodal	2,317	2,279	1.7 %
Logistics	241	186	29.6 %
Holding/Others	616	628	- 1.9 %
Real Estate	86	87	- 1.1 %
HHLA Group	**6,419**	**6,312**	**1.7 %**

At the end of the first half of 2021, HHLA employed a total of 6,419 people. Compared with the figure as of 31 December 2020, the number of employees rose by 107.

Employees by segment

In the Container segment, the number of staff increased by 27 to 3,159. In the Intermodal segment, headcount increased by 38 to 2,317. In the Logistics segment, the number of employees rose by 55 to 241. This comparatively high increase resulted in part from the first-time consolidation of iSAM AG as well as from the growth in headcount at HPC Hamburg Port Consulting. Meanwhile, in the strategic management holding segment Holding/Other, the number decreased by 12. Overall, headcount in the Port Logistics subgroup grew by 108, or 1.7 %.

Employees by region

As at the reporting date, the workforce was concentrated mainly in Germany, with 3,660 staff members (31 December 2020: 3,632), the majority of whom worked in Hamburg. This corresponds to a share of 57.0 % (31 December 2020: 57.5 %). The number of staff employed abroad rose by 79, or 2.9 %, to 2,759 in the first half of 2021 (31 December 2020: 2,680). Headcount at the Intermodal companies in the Czech Republic, Slovakia, Slovenia and Hungary increased correspondingly by 20, or 1.1 %, to 1,772 (31 December 2020: 1,752). The number of staff employed by the subsidiaries in Austria, Poland, Georgia and Estonia increased by 53, or 11.5 %, to 512 (31 December 2020: 459). In Ukraine, the number of employees rose by 6 people to 475 (31 December 2020: 469).