Business development

Course of business and economic situation

Key figures

in € million	1–3 | 2021	1–3 | 2020	Change
Revenue	348.7	335.7	3.9 %
EBITDA	88.4	77.5	14.1 %
EBITDA margin in %	25.3	23.1	2.2 pp
EBIT	46.3	36.7	26.4 %
EBIT margin in %	13.3	10.9	2.4 pp
Profit after tax and minority interests	21.3	10.1	110.5 %
ROCE in %	8.7	7.0	1.7 pp

Significant events and transactions

The first-time consolidation of 50.01 % of shares in Piattaforma Logistica Trieste S.r.l., Trieste, Italy (renamed HHLA PLT Italy S.r.l.), took place on the acquisition date of 7 January 2021. The company was included in HHLA's consolidated group as a fully consolidated company on 31 March 2021.

The first-time consolidation of 80.0 % of shares in Mülheim an der Ruhr-based iSAM AG took place on the acquisition date of 19 January 2021. The company was included in HHLA's consolidated group as a fully consolidated company on 31 March 2021.

Within the Port Logistics and Real Estate subgroups, both the key economic indicators for the first quarter of 2021 and HHLA's actual economic performance were largely in line with the performance forecast in the 2020 Combined Management Report.

There were no other particular events or transactions during the reporting period, either in HHLA's operating environment or within the Group, that had a significant impact on its earnings position, net assets and financial position. Earnings position, net assets and financial position

Earnings position

In the first three months of 2021, **container throughput** decreased significantly by 6.6 % year-on-year to 1,677 thousand TEU (previous year: 1,796 thousand TEU). This decrease was primarily recorded at the Hamburg container terminals and largely due to the loss of a Far East service in mid-May 2020, as well as to lower feeder volumes. By contrast, there was only a minor decrease in handling volumes at the international terminals.

In the reporting period, **container transport** grew strongly by 10.7 % to 418 thousand TEU (previous year: 378 thousand TEU). Rail transportation in particular continued its recovery started in the second half of 2020.

The HHLA Group's **revenue** increased by 3.9 % to € 348.7 million in the reporting period (previous year: € 335.7 million). In addition to higher container transport volumes, this increase was largely due to temporary spikes in storage fees, as well as to the acquisition of shares and associated first-time consolidation of two new companies.

Other operating income totalled € 8.8 million (previous year: € 8.3 million).

Operating expenses rose by 1.3 % to € 312.9 million (previous year: € 309.0 million). This increase was primarily attributable to the first-time consolidation of the two new companies. There was also a minor increase in depreciation and amortisation.

There was a strong increase in the **operating result (EBIT)** of 26.4 % to € 46.3 million during the reporting period (previous year: € 36.7 million). The increase was mainly driven by high storage fees and container transport volumes. The **EBIT margin** amounted to 13.3 % (previous year: 10.9 %). In the Port Logistics subgroup, EBIT rose by 33.4 % to € 43.3 million (previous year: € 32.5 million). Due in part to pandemic-related revenue shortfalls, EBIT in the Real Estate subgroup declined by 28.4 % to € 2.9 million (previous year: € 4.1 million).

Net expenses from the **financial result** fell by € 4.2 million or 37.9 % to € 6.8 million (previous year: € 10.9 million).

There was a strong year-on-year increase in **profit after tax and minority interests** to € 21.3 million (previous year: € 10.1 million). **Earnings per share** amounted to € 0.29 (previous year: € 0.14). The listed Port Logistics subgroup achieved earnings per share of € 0.27 (previous year: € 0.11). Earnings per share of the non-listed Real Estate subgroup were down on the prior-year figure at € 0.63 (previous year: € 0.91). **Return on capital employed (ROCE)** amounted to 8.7 % (previous year: 7.0 %).

Financial position

Balance sheet analysis

Compared with year-end 2020, the HHLA Group's **balance sheet total** rose by a total of € 130.0 million to € 2,721.1 million as of 31 March 2021 (31 December 2020: € 2,591.1 million).

Balance sheet structure

in € million	31.03.2021	31.12.2020
Assets		
Non-current assets	2,252.9	2,150.9
Current assets	468.2	440.2
	2,721.1	**2,591.1**
Equity and liabilities		
Equity	603.3	567.0
Non-current liabilities	1,777.6	1,724.7
Current liabilities	340.2	299.4
	2,721.1	**2,591.1**

On the assets side of the balance sheet, the increase in **non-current assets** of € 102.0 million to € 2,252.9 million, which was mainly in property, plant and equipment due to the first-time consolidation of two new companies (31 December 2020: € 2,150.9 million). **Current assets** rose by € 27.9 million to € 468.2 million (31 December 2020: € 440.2 million). This was mainly attributable to the increase in trade receivables, as well as in cash, cash equivalents and short-term deposits.

On the liabilities side, **equity** rose by € 36.3 million to € 603.3 million compared to the year-end figure for 2020 (31 December 2020: € 567.0 million). The increase was mainly due to the positive result for the reporting period of € 28.2 million, the interest-related change in actuarial gains including tax effects outside profit or loss, as well as the increase in non-controlling interests as a result of the first-time consolidation of two new companies. There was an opposing effect in connection with the first-time consolidation from the reclassification to financial liabilities of the potential obligation from a put option. The equity ratio increased slightly to 22.2 % (31 December 2020: 21.9 %).

Non-current liabilities rose by € 52.9 million to € 1,777.6 million (31 December 2020: € 1,724.7 million). The increase is primarily due to the rise in non-current financial liabilities totalling € 70.2 million. The interest-related decrease in pension provisions had an opposing effect. The rise in **current liabilities** of € 40.8 million to € 340.2 million (31 December 2020: € 299.4 million) is primarily a result of the increase in trade payables and other non-financial liabilities.

Investment analysis

Capital expenditure in the reporting period totalled € 42.7 million, well below the prior-year figure of € 51.0 million. In the first quarter of 2021, capital expenditure focused mainly on the acquisition of large-scale equipment for horizontal transport, storage cranes and container gantry cranes at HHLA’s container terminals in the Port of Hamburg, the expansion of the hinterland terminals and the purchase of container wagons in the METRANS Group, as well as the development of the Speicherstadt historical warehouse district in Hamburg.

Liquidity analysis

Cash flow from operating activities declined by € 10.7 million to € 68.2 million as of 31 March 2021 (previous year: € 78.9 million). This was largely due to higher tax payments compared to the same period last year. The year-on-year increase in EBIT had an opposing effect.

Investing activities led to a net cash outflow of € 42.4 million (previous year: € 64.3 million). This development was primarily the result of lower payments for investments in property, plant and equipment, and lower payments for short-term deposits. Increased payments for the acquisition of shares in consolidated companies had an opposing effect.

Cash flow from financing activities of € 24.0 million was € 5.1 million up on the prior-year figure of € 18.9 million. This was primarily due to higher payments for the redemption of (financial) loans than in the previous year.

Financial funds totalled € 170.8 million as of 31 March 2021 (31 March 2020: € 202.1 million). Including all short-term deposits, the Group’s available liquidity at the end of the first quarter of 2021 amounted to € 211.8 million (31 March 2020: € 257.1 million).

Liquidity analysis

in € million	1–3 | 2021	1–3 | 2020
Financial funds as of 01.01.	**168.8**	**208.0**
Cash flow from operating activities	68.2	78.9
Cash flow from investing activities	- 42.4	- 64.3
Free cash flow	**25.8**	**14.6**
Cash flow from financing activities	- 24.0	- 18.9
Change in financial funds	2.0	- 5.9
Financial funds as of 31.03.	**170.8**	**202.1**
Short-term deposits	41.0	55.0
Available liquidity	211.8	257.1