Segment performance

Container segment

Key figures

in € million	1–9 | 2020	1–9 | 2019	Change
Revenue	548.4	605.5	- 9.4 %
EBITDA	139.1	186.1	- 25.3 %
EBITDA margin in %	25.4	30.7	- 5.3 pp
EBIT	68.7	112.6	- 39.0 %
EBIT margin in %	12.5	18.6	- 6.1 pp
Container throughput in thousand TEU	5,086	5,730	- 11.2 %

During the first nine months of 2020, the **throughput volume** at **HHLA's container terminals** decreased by 11.2 % to 5,086 thousand standard containers (TEU) (previous year: 5,730 thousand TEU).

At 4,654 thousand TEU, throughput volume at the three **Hamburg container terminals**, was down 11.8 % on the same period last year (previous year: 5,275 thousand TEU). This was mainly due to the loss of a Far East service and blank sailings as a result of the coronavirus pandemic. Feeder traffic with the Baltic region also 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 2.6 percentage points to 20.1 % (previous year: 22.7 %).

The **international container terminals** in Odessa and Tallinn recorded a moderate decrease in throughput volume of 5.0 % to 432 thousand TEU (previous year: 454 thousand TEU). The decreases in volume due to the coronavirus pandemic could not be offset by the additional traffic in the first quarter.

Revenue decreased year-on-year by 9.4 % to € 548.4 million in the first three quarters of 2020 (previous year: € 605.5 million). This was primarily due to the decreases in volume caused by the coronavirus pandemic. Average revenue per container handled at the quayside rose by 2.0 % year-on-year. This resulted from an advantageous modal split with a high proportion of hinterland volumes and a temporary increase in storage fees due to longer dwell times brought about by weather-related delays and blank sailings caused by the pandemic.

EBIT costs decreased by 2.7 % year-on-year during the reporting period. Lower material and personnel expenses, partly caused by the reductions in volume, were offset by increased service and maintenance costs. The personnel savings resulted from reduced staffing requirements due to lower volumes.

As a result of falling volumes, the **operating result (EBIT)** declined by € 43.9 million, or 39.0 %, year-on-year to € 68.7 million (previous year: € 112.6 million). The EBIT margin decreased by 6.1 percentage points to 12.5 %.

HHLA continued to pursue its long-term modernisation and expansion programme in the first three quarters of 2020 in order to further boost capacity and productivity at its terminals. In the first nine months of 2020, HHLA Container Terminal Burchardkai (CTB) put three new large container gantry cranes into operation. The expansion of the block storage system also progressed in line with schedule. The other HHLA terminals in Germany and abroad made similar investments in site expansion and new equipment in order to push ahead with the automation of their handling processes. Moreover, HHLA made further progress with the implementation of its sustainability strategy. For example, the Container Terminal Altenwerder (CTA) stepped up its switch to battery-powered vehicles for operations at the terminal.

Intermodal segment

Key figures

in € million	1–9 | 2020	1–9 | 2019	Change
Revenue	348.7	367.9	- 5.2 %
EBITDA	94.8	105.8	- 10.4 %
EBITDA margin in %	27.2	28.8	- 1.6 pp
EBIT	62.4	76.1	- 18.0 %
EBIT margin in %	17.9	20.7	- 2.8 pp
Container transport in thousand TEU	1,129	1,184	- 4.6 %

In the highly competitive market for container traffic in the hinterland of major seaports, HHLA's transport companies recorded a moderate decrease in volumes during the first nine months of 2020. **Container transport** decreased by 4.6 % to 1,129 thousand standard containers (TEU) (previous year: 1,184 thousand TEU). The decrease in road transport was much more marked than that of rail transport. Rail transport declined year-on-year by 3.7 % to 895 thousand TEU (previous year: 930 thousand TEU). The significant – and for certain routes dramatic – fall in maritime traffic from the North German seaports was partially offset by strong growth in continental traffic. The strong recovery in transport volumes in the third quarter helped minimise the impact of decreases across all routes in the first half of the year. In the third quarter, road transport also showed signs of a strong recovery as compared with the previous quarter. However, due to further weak growth in the Hamburg region and a persistently challenging market environment, road transport volumes in the first nine months decreased by 8.0 % year-on-year to 234 thousand TEU (previous year: 254 thousand TEU).

With a significant 5.2 % year-on-year decline to € 348.7 million (previous year: € 367.9 million), **revenue** performed somewhat worse than transport volume. Despite a slight increase in the rail share of HHLA's total intermodal transportation from 78.5 % to 79.3 %, average revenue per TEU decreased as a result of the disproportionately strong decrease in freight flows with longer transport distances.

The **operating result (EBIT)** fell by 18.0 % to € 62.4 million in the reporting period (previous year: € 76.1 million). In addition to falling volumes and revenue, this marked decrease was mainly due to increased fluctuations in import and export cargo with a resulting fall in capacity utilisation of rail systems.

Logistics segment

Key figures

in € million	1–9 | 2020	1–9 | 2019	Change
Revenue	37.9	43.9	- 13.5 %
EBITDA	5.4	6.0	- 9.2 %
EBITDA margin in %	14.4	13.7	0.7 pp
EBIT	- 3.6	1.7	neg.
EBIT margin in %	- 9.5	3.9	neg.
At-equity earnings	1.7	3.1	- 45.8 %

The consolidated companies reported **revenue** of € 37.9 million in the reporting period, down 13.5 % on the prior-year figure (previous year: € 43.9 million). The vehicle logistics division recorded a strong decline in revenue as a result of falling volumes, while consultancy revenue was also down considerably on the previous year. Additive manufacturing technologies were first included in the group of consolidated companies in the same quarter last year.

The **operating result (EBIT)** for the first nine months of the year includes the expected start-up losses in new growth areas. Vehicle logistics and consultancy were also well below the corresponding prior-year figures. Following a positive result of € 1.7 million in the previous year, the Logistics segment posted a loss of € 3.6 million in the reporting period.

Revenues of those companies included in **at-equity earnings** decreased sharply in the reporting period. At-equity earnings of € 1.7 million were still positive in the first nine months of the year but well below the prior-year level (previous year: € 3.1 million).

Real Estate segment

Key figures

in € million	1–9 | 2020	1–9 | 2019	Change
Revenue	28.2	29.9	- 5.7 %
EBITDA	15.6	18.0	- 13.3 %
EBITDA margin in %	55.2	60.1	- 4.9 pp
EBIT	10.3	12.5	- 17.3 %
EBIT margin in %	36.5	41.6	- 5.1 pp

Despite a slight upswing in the market during the third quarter, Hamburg's office rental market recorded a decline in revenue as compared with the same period last year. The main reason is the prevailing uncertainty with regard to the future course of the Covid-19 crisis. According to Grossmann & Berger's latest market report, 250,000 m² of office space was let – approximately 43 % less than the prior-year figure of 435,000 m². The market trend is expected to remain negative for the rest of the year.

Contrary to market expectations, the vacancy rate in Hamburg remained largely unchanged from the previous quarter at 3.3 %. The prior-year figure of 2.9 % was thus exceeded by 0.4 percentage points. A further increase in vacancies is anticipated in the months ahead as a result of the rising amount of space available.

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 in the third quarter.

Despite the high occupancy rate, however, **revenue** of € 28.2 million at 30 September 2020 was significantly below the prior-year level (previous year: € 29.9 million). The decline was primarily the result of a revenue correction for expected rent losses as a consequence of the coronavirus pandemic.

While maintenance volumes remained constant, the significant year-on-year decline in the cumulative **operating result (EBIT)** of 17.3 % to € 10.3 million (previous year: € 12.5 million) was therefore largely due to these expected rent losses.