Business development

Course of business and economic situation

Key figures

in € million	1–9 | 2021	1–9 | 2020	Change
Revenue	1,078.9	959.9	12.4 %
EBITDA	290.1	231.5	25.3 %
EBITDA margin in %	26.9	24.1	2.8 pp
EBIT	162.1	107.1	51.3 %
EBIT margin in %	15.0	11.2	3.8 pp
Profit after tax and minority interests	79.4	37.2	113.5 %
ROCE in %	10.2	6.9	3.3 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 and its three subsidiaries took place on the acquisition date of 19 January 2021. The companies were included in HHLA's consolidated group as fully consolidated companies on 31 March 2021.

Within the Port Logistics and Real Estate subgroups, both the key economic indicators for the first nine months of 2021 and HHLA's actual economic performance were largely in line with the performance forecast in the 2020 Combined Management Report. With the publication of the half-year results, expectations for container transport and revenue for the Port Logistics subgroup and the Group were already raised. Expectations for the development of revenue and EBIT in the current financial year were last raised in October. Changes in business forecast

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 results of operations, net assets and financial position. Earnings position, financial position

Earnings position

Container handling increased slightly by 1.6 % year-on-year to 5,165 thousand TEU (previous year: 5,086 thousand TEU). The loss of a Far East service in May 2020 was more than offset by the positive development of cargo volumes in the Far East and North and South America shipping regions as well as by the acquisition of an additional feeder service for the Baltic region in the third quarter. The international terminals recorded moderate growth in throughput volumes during the reporting period.

Container transport increased strongly by 11.1 % to 1,254 thousand TEU (previous year: 1,129 thousand TEU). The rise was confined to rail transport, which continued to benefit from the recovery in cargo volumes that had already started in the second half of 2020.

The HHLA Group's **revenue** increased by 12.4 % to € 1,078.9 million in the reporting period (previous year: € 959.9 million). This was mainly the result of a temporary spike in storage fees in the Container segment and the positive development of rail transport volumes.

Other operating income decreased by 5.6 % to € 28.9 million (previous year: € 30.6 million). In the previous year, a liability from a contingent consideration agreed as part of the acquisition of Bionic Production GmbH was derecognised in profit and loss as a result of a new agreement with the seller. This amount had a significant effect on the decrease in other operating income.

Operating expenses rose by 7.4 % to € 952.1 million (previous year: € 886.8 million). While the increase in other operating expenses was largely in line with revenue growth, there was a significant increase in the cost of materials and personnel expenses and a slight rise in depreciation and amortisation. The marked increase in other operating expenses was due to higher expenses for consultancy and services for ongoing projects, primarily the restructuring of the Container segment and new activities in the Logistics segment.

The **operating result (EBIT)** improved by € 55.0 million or 51.3 % to € 162.1 million during the reporting period (previous year: € 107.1 million). The **EBIT margin** amounted to 15.0 % (previous year: 11.2 %). In the Port Logistics subgroup, EBIT increased by 56.7 % to € 151.3 million (previous year: € 96.6 million). In the Real Estate subgroup, EBIT climbed 2.0 % to € 10.5 million (previous year: € 10.3 million).

Net expenses from the **financial result** fell by € 4.8 million or 18.6 % to € 20.8 million (previous year: € 25.6 million).

Profit after tax increased by 76.0 %, from € 57.2 million to € 100.7 million. There was a strong year-on-year increase in **profit after tax and minority interests** to € 79.4 million (previous year: € 37.2 million). **Earnings per share** amounted to € 1.06 (previous year: € 0.51). The listed Port Logistics subgroup achieved earnings per share of € 1.02 (previous year: € 0.45). Earnings per share of the non-listed Real Estate subgroup were also up year-on-year at € 2.34 (previous year: € 2.19). The **return on capital employed (ROCE)** amounted to 10.2 % (previous year: 6.9 %).

Financial position

Balance sheet analysis

Compared with year-end 2020, the HHLA Group's **balance sheet total** grew by a total of € 167.6 million to € 2,758.7 million as of 30 September 2021 (31 December 2020: € 2,591.1 million).

Balance sheet structure

in € million	30.09.2021	31.12.2020
Assets		
Non-current assets	2,244.3	2,150.9
Current assets	514.4	440.2
	2,758.7	**2,591.1**
Equity and liabilities		
Equity	660.2	567.0
Non-current liabilities	1,753.1	1,724.7
Current liabilities	345.4	299.4
	2,758.7	**2,591.1**

On the assets side of the balance sheet, non-current **assets** rose by € 93.4 million to € 2,244.3 million (31 December 2020: € 2,150.9 million). The change was mainly due to property, plant and equipment, which also grew as a result of the first-time consolidation of the new companies. **Current assets** rose by € 74.2 million to € 514.4 million (31 December 2020: € 440.2 million). This was mainly attributable to the increase in cash, cash equivalents and short-term deposits as well as in trade receivables. There was an opposing effect from a decrease in receivables from related parties.

On the liabilities side, **equity** rose by € 93.2 million to € 660.2 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 € 100.7 million and a contribution in kind as part of a capital increase from scrip dividend rights in subscribed capital and capital reserves less transaction costs. Furthermore, the interest-induced change in actuarial gains including the tax effect not recognised in profit or loss and the increase in non-controlling interests due to the first-time consolidation of the new companies had an increasing effect. There was an opposing effect from the distribution of dividends and the reclassification to financial liabilities of the potential obligation from a put option in connection with the first-time consolidation of HHLA PLT Italy. The equity ratio increased to 23.9 % (31 December 2020: 21.9 %).

Non-current liabilities rose by € 28.4 million to € 1,753.1 million (31 December 2020: € 1,724.7 million). The increase is primarily due to the rise in non-current financial liabilities. There was an opposing effect from the interest-related decrease in pension provisions and from a reduction in non-current liabilities to related parties. The rise in **current liabilities** of € 46.0 million to € 345.5 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 € 124.0 million, and was thus well below the prior-year figure of € 136.0 million. Capital expenditure in the first nine months 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 and locomotives 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** rose by € 51.6 million to € 255.1 million as of 30 September 2021 (previous year: € 203.5 million). This was mainly due to the year-on-year increase in EBIT and the year-on-year rise in trade payables and other liabilities. There was an opposing effect from the year-on-year increase in income tax paid and the rise in trade receivables and other assets.

Investing activities led to a net cash outflow of € - 133.8 million (previous year: € - 92.0 million). This primarily resulted from payments (previous year: proceeds) for short-term deposits and a year-on-year increase in payments for the acquisition of shares in consolidated companies. There was an opposing effect from the year-on-year decrease in payments for investments in property, plant and equipment.

Cash flow from financing activities of € - 89.5 million was € 34.2 million below the prior-year figure of € - 123.7 million. This was primarily due to new financial loans as compared with the previous year and lower dividend payments, or a lower payment for settlement obligations.

Financial funds totalled € 201.3 million as of 30 September 2021 (30 September 2020: € 193.5 million). Including all short-term deposits, the Group's available liquidity at the end of the third quarter of 2021 amounted to € 251.3 million (30 September 2020: € 213.5 million). As of 30 September 2021, available liquidity comprises cash pooling receivables from HGV amounting to € 65.8 million (30 September 2020: € 86.0 million) as well as cash, cash equivalents and short-term deposits of € 185.5 million (30 September 2020: € 127.5 million).

Liquidity analysis

in € million	**1–9 | 2021**	1–9 | 2020
Financial funds as of 01.01.	**168.8**	**208.0**
Cash flow from operating activities	255.1	203.5
Cash flow from investing activities	- 133.8	- 92.0
Free cash flow	**121.3**	**111.5**
Cash flow from financing activities	- 89.5	- 123.7
Change in financial funds	32.5	- 14.5
Financial funds as of 30.09.	**201.3**	**193.5**
Short-term deposits	50.0	20.0
Available liquidity	251.3	213.5

Segment performance

Container segment

Key figures

in € million	**1–9 | 2021**	1–9 | 2020	Change
Revenue	620.0	548.4	13.1 %
EBITDA	182.9	139.1	31.5 %
EBITDA margin in %	29.5	25.4	4.1 pp
EBIT	107.9	68.7	57.2 %
EBIT margin in %	17.4	12.5	4.9 pp
Container throughput in thousand TEU	5,165	5,086	1.6 %

In the first nine months of 2021, **container throughput** at **HHLA's container terminals** increased slightly year-on-year by 1.6 % to 5,165 thousand standard containers (TEU) (previous year: 5,086 thousand TEU). The pandemic-related volume shortfalls in the previous year and the loss of a Far East service in May 2020 were more than offset.

At 4,712 thousand TEU, throughput volume at HHLA's three **Hamburg container terminals** was up 1.3 % on the same period last year (previous year: 4,654 thousand TEU). The positive development of cargo volumes was largely due to the Far East as well as North and South America shipping regions. Following a moderate decline in volumes in the first half of the year, the acquisition of an additional feeder service for the Baltic region in the third quarter led to a slight year-on-year increase in feeder traffic in the reporting period. At 20.0 %, the proportion of seaborne handling by feeders was on a par with the previous year.

Throughput volumes at the **international container terminals** in Odessa and Tallinn rose moderately by 4.8 % to 453 thousand TEU (previous year: 432 thousand TEU), thereby returning to the pre-pandemic level of 2019. Only RoRo ships – and no container ships – were processed at the Trieste container terminal during the first nine months of 2021.

Segment **revenue** increased strongly year-on-year by 13.1 % to € 620.0 million in the first three quarters of 2021 (previous year: € 548.4 million). The slight increase in volume of 1.6 % was easily exceeded by the increase in average revenue. Revenue per container handled at the quayside rose by 12.0 % year-on-year. This was due to a temporary spike in storage fees as a result of 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 the Trieste container terminal was recognised for the first time.

EBIT costs increased significantly by 6.7 % year-on-year during the reporting period. The additional expenses compared with the previous year were primarily attributable to the higher storage load, resulting in an increased use of both personnel and materials. Further burdens included additional provisions for the restructuring measures currently being implemented, increases in union wage rates and start-up 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, and in spite of the above mentioned increase in expenses, the **operating result (EBIT)** rose by 57.2 % to € 107.9 million (previous year: € 68.7 million). The EBIT margin increased by 4.9 percentage points to a good level of 17.4 %.

In the first nine months 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 eleven further lower-emission, battery-powered automated guided vehicles (AGVs). An additional eleven have been ordered and will be delivered in 2023. On their arrival, the conversion to battery-powered AGVs will have been completed. Furthermore, the first battery-powered tractors were put into operation. 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	1–9 | 2021	1–9 | 2020	Change
Revenue	383.2	348.7	9.9 %
EBITDA	114.2	94.8	20.4 %
EBITDA margin in %	29.8	27.2	2.6 pp
EBIT	79.5	62.4	27.5 %
EBIT margin in %	20.8	17.9	2.9 pp
Container transport in thousand TEU	1,254	1,129	11.1 %

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 nine months of 2021. **Container transport** increased by a total of 11.1 % to 1,254 thousand TEU (previous year: 1,129 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 an impressive 14.0 % year-on-year to 1,021 thousand TEU (previous year: 895 thousand TEU). Growth in the third quarter was slower, however, due to the strong recovery in volume already recorded in the same quarter last year. The growth in volume during the first nine months was widely diversified. In a persistently challenging market environment, road transport volumes of 233 thousand TEU were on a par with the previous year (previous year: 234 thousand TEU).

At € 383.2 million, **revenue** rose by 9.9 % year-on-year (previous year: € 348.7 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 79.3 % 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 27.5 % to € 79.5 million in the reporting period (previous year: € 62.4 million). This figure includes a higher subsidy for route prices of € 11 million granted retroactively.

Logistics segment

Key figures

in € million	1–9 | 2021	1–9 | 2020	Change
Revenue	51.7	37.9	36.4 %
EBITDA	4.0	5.4	- 25.7 %
EBITDA margin in %	7.8	14.4	- 6.6 pp
EBIT	- 2.4	- 3.6	pos.
EBIT margin in %	- 4.7	- 9.5	pos.
At-equity earnings	2.2	1.7	30.2 %

The consolidated companies reported **revenue** of € 51.7 million in the first nine months, up 36.4 % on the prior-year figure (previous year: € 37.9 million). The first-time consolidation of iSAM AG (including its three subsidiaries), 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 € 2.4 million in the reporting period (previous year: € - 3.6 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 during the first nine months. At-equity earnings increased to € 2.2 million (previous year: € 1.7 million).

Real Estate segment

Key figures

in € million	1–9 | 2021	1–9 | 2020	Change
Revenue	27.6	28.2	- 2.1 %
EBITDA	16.0	15.6	2.7 %
EBITDA margin in %	57.9	55.2	2.7 pp
EBIT	10.5	10.3	2.0 %
EBIT margin in %	38.0	36.5	1.5 pp

Hamburg's office rental market recorded a strong upswing in the third quarter as a result of the general economic recovery. According to Grossmann & Berger's latest market report, 360,000 m^2 of office space was let as of 30 September; 44.0 % more than the weak prior-year figure. By contrast, the vacancy rate in Hamburg increased year-on-year to 3.8 % (previous year: 3.3 %).

HHLA's properties in the Speicherstadt historical warehouse district and the fish market area, which were much less affected by strong market fluctuations during the coronavirus pandemic, continued to make steady progress in the third quarter with almost full occupancy.

Revenue fell slightly by 2.1 % in the reporting period to € 27.6 million (previous year: € 28.2 million). The revenue-based rent agreements, which due to the pandemic were only reactivated during the course of the year, and a planned revenue shortfall caused by the renovation of a property could not be fully offset by increased rental income from individual properties.

Despite this slight fall in revenue, the cumulative **operating result (EBIT)** rose by 2.0 % to € 10.5 million in the reporting period (previous year: € 10.3 million). In addition to slightly lower maintenance volumes, receivables from the previous year which were written down in the course of the Covid-19 pandemic had a positive effect on earnings.

Changes in business forecast

With the publication of the half-year results, expectations for container transport and revenue for the Port Logistics subgroup and the Group were already raised. Based on preliminary figures for the company's performance during the first nine months of the year, the Executive Board recently raised its forecast for revenue and EBIT in the current financial year in an ad-hoc announcement on 20 October 2021. Extraordinary, non-recurring earnings effects in the Port Logistics subgroup were a significant factor in adjusting the annual forecast. In contrast to original assumptions, the ongoing disruptions in global supply chains and the associated massive ship delays also led to a temporary spike in storage fees as a result of longer container dwell times at HHLA's terminals in Hamburg. In addition, a higher subsidy for route prices of € 11 million granted retroactively made a positive contribution to the Port Logistics subgroup's earnings. Earnings position

For the **Port Logistics subgroup**, a moderate increase in container throughput is expected again, as is a significant increase in container transport compared to the previous year. HHLA now expects revenue for the 2021 financial year to come to around € 1,410 million (previously: significant increase compared to the previous year). Against the background of the aforementioned extraordinary earnings effects, the forecast for the operating result (EBIT) of the Port Logistics subgroup is being raised and will come to around € 190 million (previously: range of € 140 million to € 165 million).

The revenue and operating result (EBIT) of the **Real Estate subgroup** are expected to be on a par with the previous year's level (previously: slight increase in revenue).

At the **Group level**, a strong increase in revenue compared to the previous year is expected. Revenue is expected to come to around € 1,450 million. The forecast for the Group operating result (EBIT) was raised in response to the positive developments in the Port Logistics subgroup. It is now at around € 205 million (previously: range of € 153 million to € 178 million).

As a result of the ongoing disruptions to global supply chains, investments in assets for the Container and Intermodal segments for the 2021 financial year will be delayed until 2022. Investments of € 200 million are now expected at the Group level for 2021 (previously: range of € 250 to € 280 million). Around € 175 million of this is attributed to the Port Logistics subgroup (previously: € 220 to € 250 million).

Hamburg, 1 November 2021

Hamburger Hafen und Logistik Aktiengesellschaft
The Executive Board

Angela Titzrath | Jens Hansen

Dr. Roland Lappin | Torben Seebold