

# HAMBURGER HAFEN UND LOGISTIK AG

INTERIM RESULTS JANUARY – JUNE 2015

Analyst Conference Call, 13 August 2015



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# Agenda

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- **Business Development**                      Klaus-Dieter Peters  
CEO
  
- **Financial Performance**                      Dr. Roland Lappin  
CFO
  
- **Forecast 2015**                                  Klaus-Dieter Peters  
CEO

# Subdued Mood in the Market

Economic growth lags behind expectations



- Expectations for global economic growth in the 1<sup>st</sup> quarter 2015 lowered by 0.9 pp to 2.2 %
- Business climate indicators assume a continued slowdown of momentum in the 2<sup>nd</sup> quarter 2015
- Declining trend of Chinese growth dynamics continues in the 2<sup>nd</sup> quarter 2015 with a GDP growth of 7.0 % y-o-y
- Regional crises keep burdening the economic development in Russia (-2.2 %) and Ukraine (-17.6 %)
- Global container throughput slightly lost momentum with an estimated increase of 3.9 % y-o-y
- Estimates for volume growth in the North Range in the first six months 2015 lowered by 0.9 pp to 2.3 %

# Slight EBIT Increase in Challenging Environment

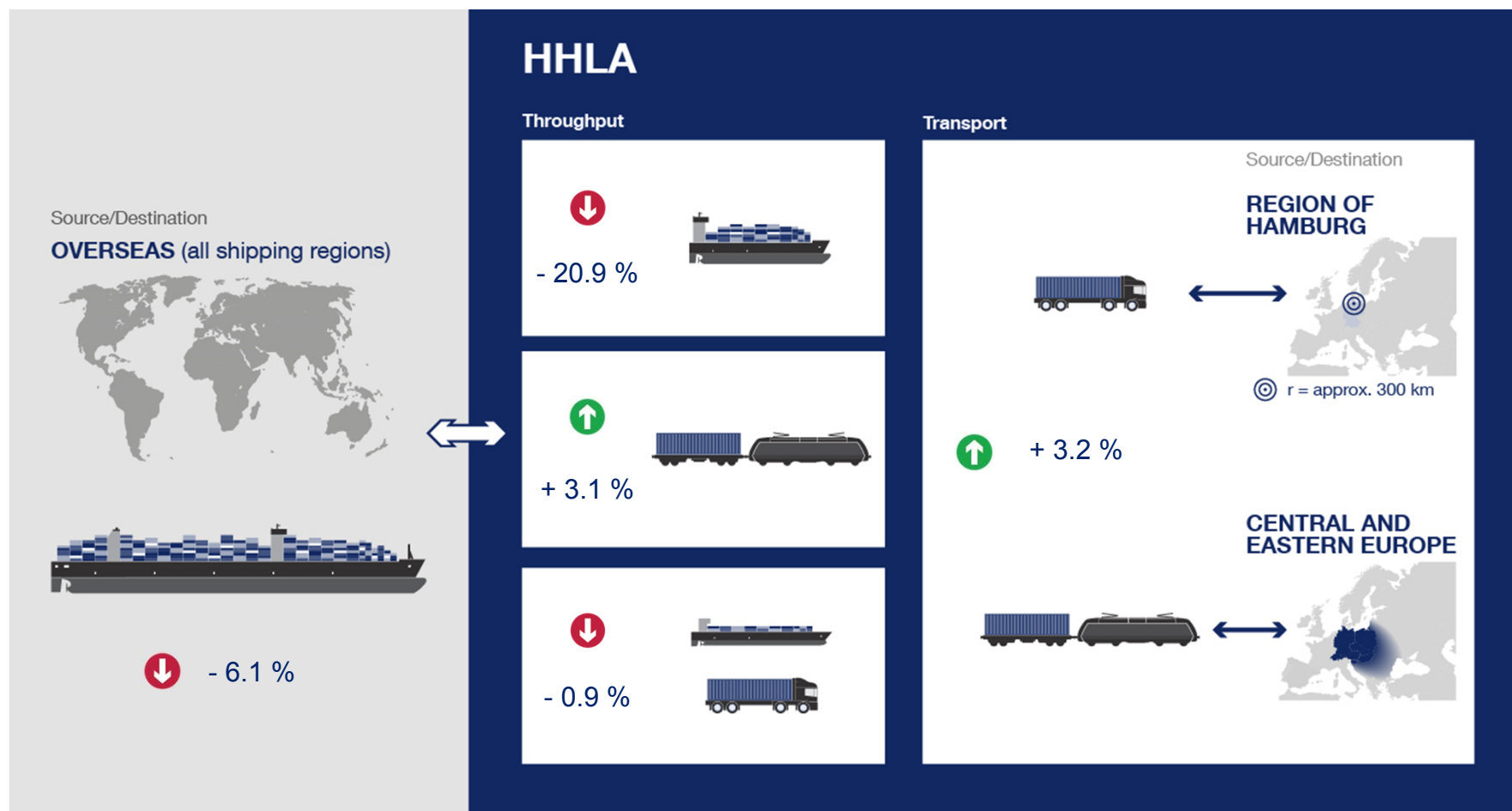
Intermodal subsidiaries compensate downturn in the Container segment

## Key Figures H1 2015 of the Port Logistics Subgroup

|  |                                 |                      |  |
|--|---------------------------------|----------------------|--|
| Revenues                                   | <b>€569.8 million</b>           | - 2.0 %              | → Slight decrease in revenue                                       |
| EBIT                                       | <b>€74.1 million</b>            | + 0.3 %              | → Slight EBIT increase   |
| EBIT margin                                | <b>13.0 %</b>                   | + 0.3 pp             | → Clear double-digit EBIT margin                                   |
| Profit after tax and minorities            | <b>€33.2 million</b>            | + 51.5 %             | → Profit after tax and minorities considerably above previous year |
| Container throughput<br>thereof in Hamburg | <b>3,404 TTEU</b><br>3,279 TTEU | - 10.0 %<br>- 10.0 % | → Container throughput down  |
| Container transport                        | <b>654 TTEU</b>                 | + 3.2 %              | → Growth in container transport                                    |

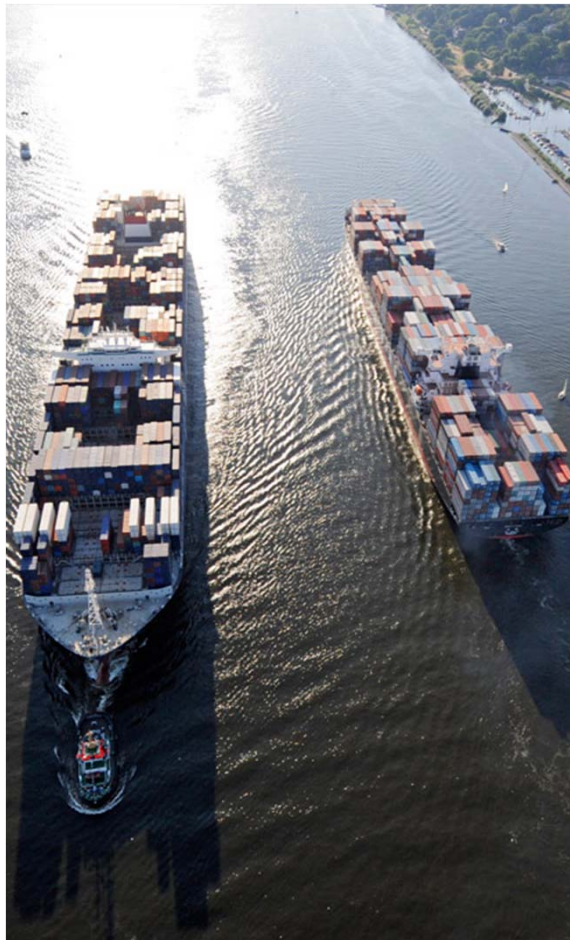
# Throughput and Transport Development

Growth in rail transport while ongoing drop of feeder traffic affect overseas volumes



# Elbe Dredging: Important Milestone Achieved

ECJ judgment clarifies interpretation of the European Water Framework Directive



*The Court states “to refuse an authorization for an individual project where it may cause a deterioration of the status of a body of surface water unless a derogation provided is granted.”*

## Interpretation

- Water quality may not be deteriorated
- Necessary clarity regarding the specification of deterioration in water given; Elbe proceedings can now be resumed
- Permissibility of derogation provided in the directive – e.g. in case of overriding public interests – explicitly confirmed

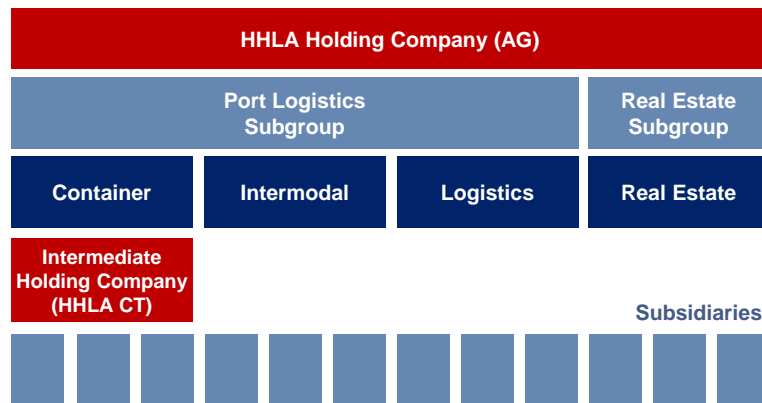
## Next steps

- Submission of supplementary information by public authorities in charge
- Case returns to Federal Administrative Court (FAC)
- Overriding public interest already made clear by FAC in summer 2014

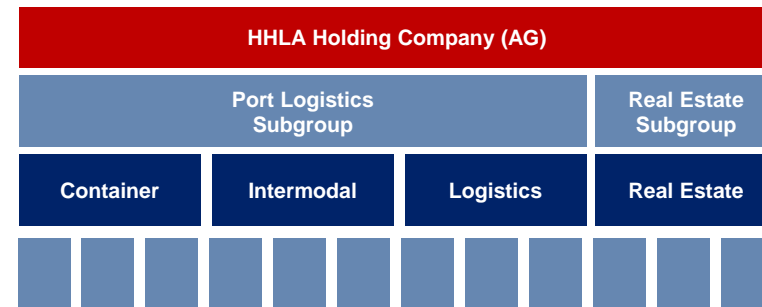
# HHLA Streamlines Group Structure

Transfer of responsibilities for the container division to the holding company

## Previous structure



## New structure as of August 2015



## Changes

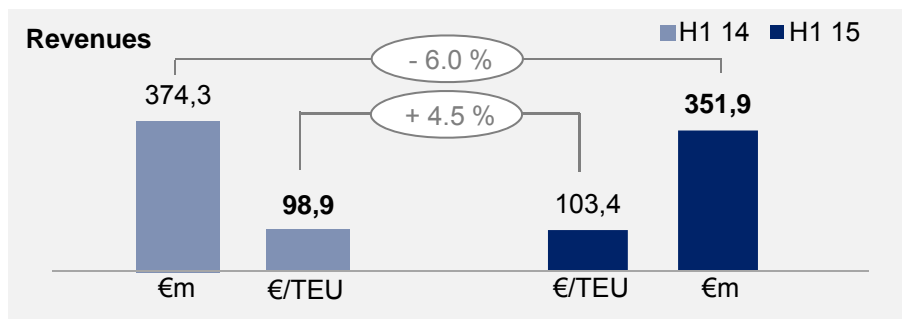
- Divisional management structure will be replaced by a functional management structure
- Functions and management responsibilities for the container segment held by the intermediate holding company HHLA Container Terminals GmbH will be concentrated at HHLA Holding

## Advantages

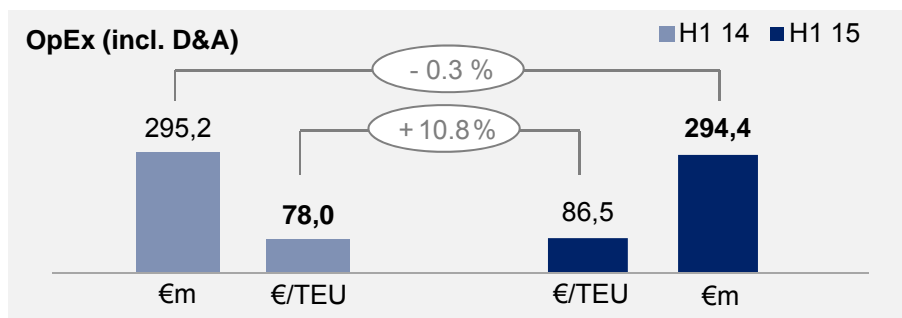
- Prerequisite for further streamlining of the operational and administrative workflows
- Quicker respond to changing market requirements by shorter decision-making channels
- Realization of synergies

# Container Segment

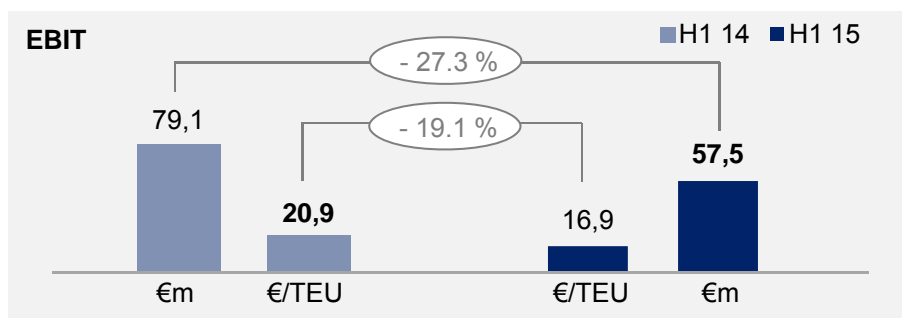
January to June 2015



- Revenue decrease mainly due to a decline in volumes and lower storage fees
- Average revenue per TEU up due to continued change in cargo mix and lower feeder ratio of 23.4% (previous year: 26.7%)



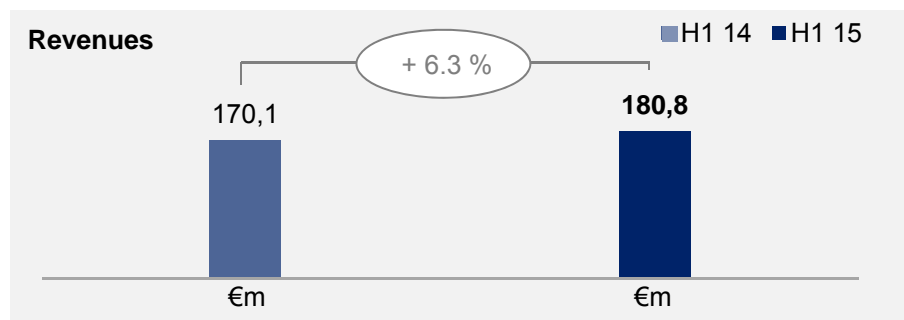
- Operating expenses mainly driven by higher labour costs due to collective wage increases and additional staff for handling peak loads as well as higher maintenance costs
- Unit cost also affected by lower utilization and lower feeder ratio



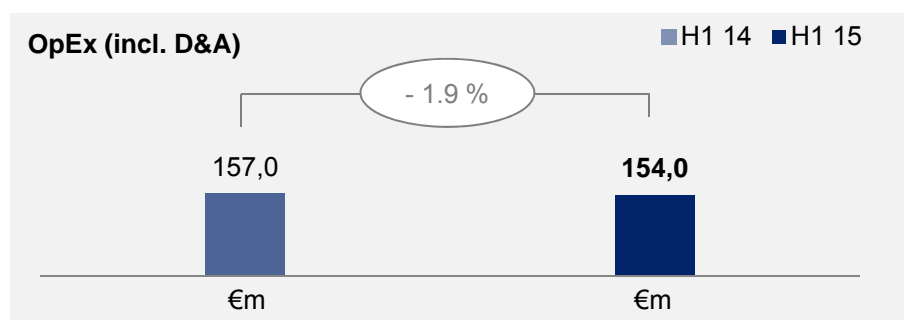
- EBIT significantly down as a result of drop in volume and negative economies of scale
- EBIT margin down to 16.3 %

# Intermodal Segment

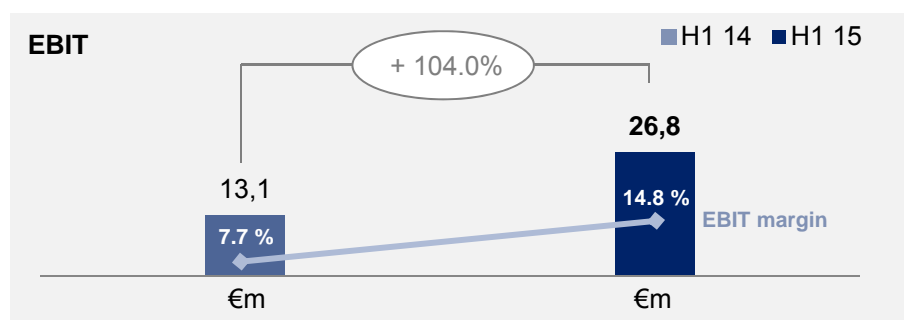
January to June 2015



- Revenue increase above volume growth due to price adjustments and further rise in average distances and a higher proportion of rail haulage within the total transport volume



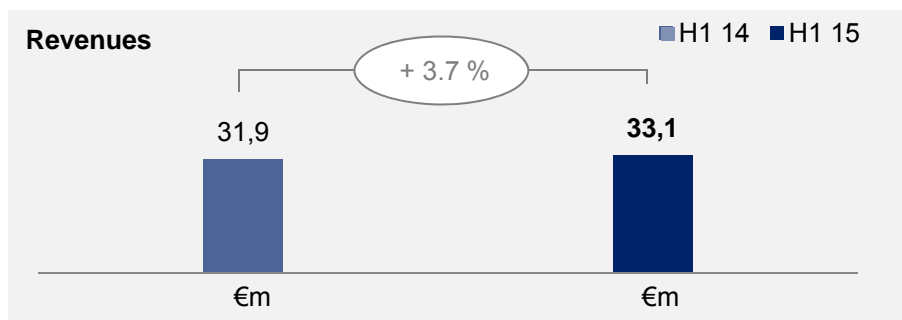
- Cost development well below volume trend
- Higher personnel cost due to an increased headcount for own traction more than overcompensated by substantially lower unit cost for leased traction



- EBIT significantly up due to productivity gains and an improved cost structure
- Continued restructuring of Polzug contributed to positive EBIT development
- EBIT margin nearly doubled (+ 7.1 pp)

# Logistics Segment

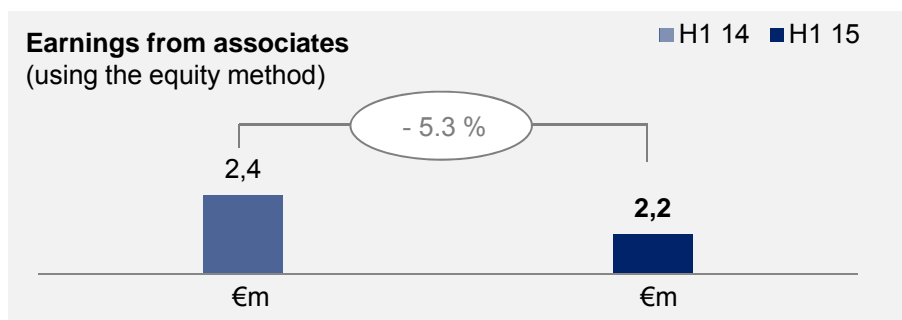
January to June 2015



- Recovery of consulting activities in Q2
- Revenue gains in project and contract logistics
- Vehicle and cruise logistics beneath previous year



- EBIT of all consolidated companies slightly below previous year with an upward trend in Q2

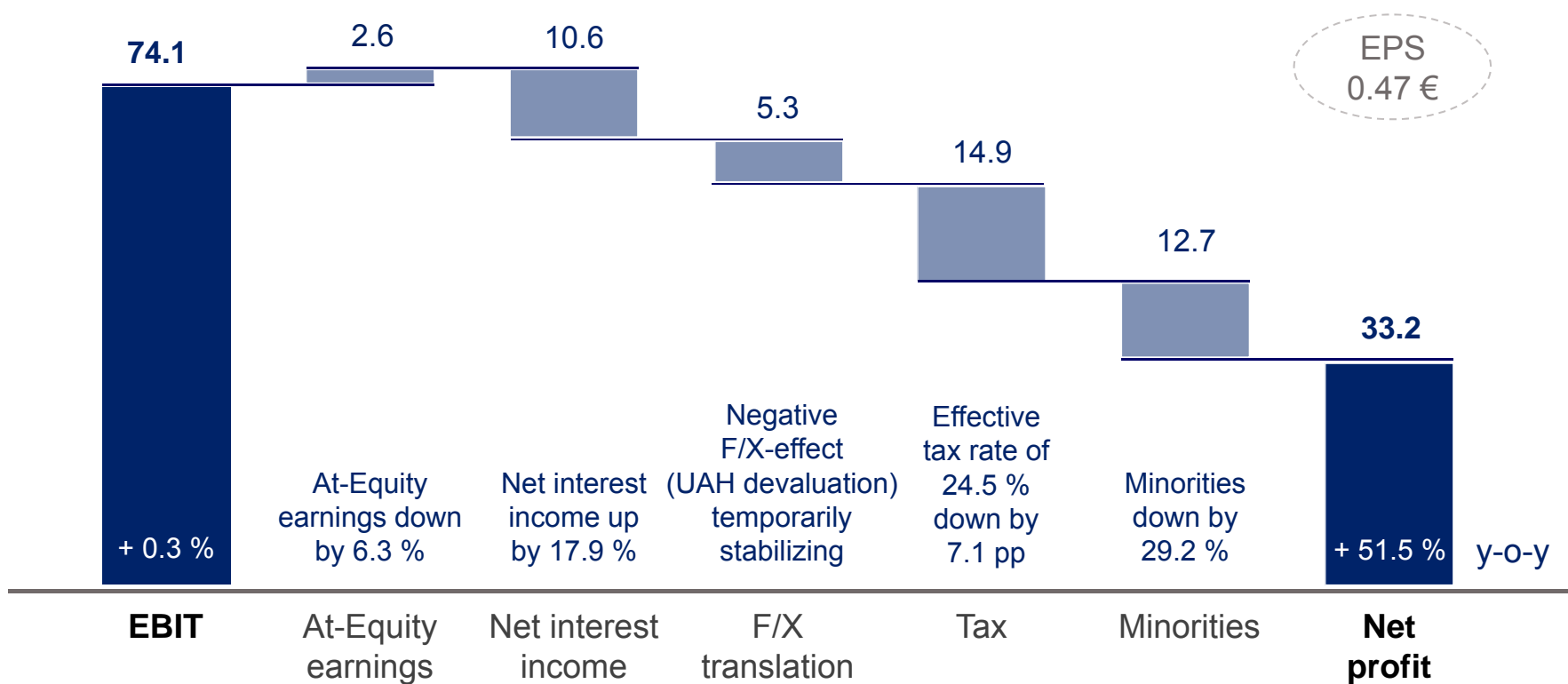


- At-equity companies improved in volume, revenue and operational result
- However, earnings from associates slightly under previous years level due to changes in disclosure of taxes

# Earnings Bridge

Net profit and EPS substantially increased – Financial result burdened by F/X-effect

*in € million, Figures of listed Port Logistics subgroup*

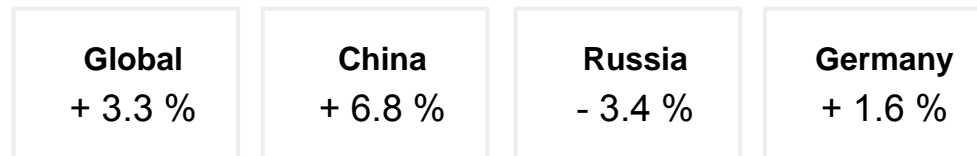


# Incisive Withdraw in Volume Estimates

Market research institutes keep correcting growth expectations for 2015

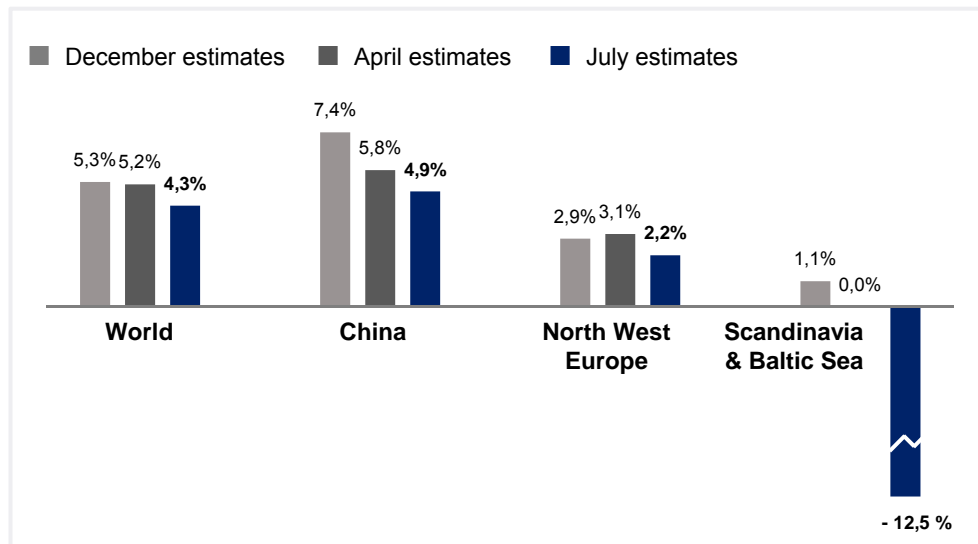
## Outlook for GDP development 2015

by International Monetary Fund, July 2015



## Outlook for container growth by region 2015

by Drewry Maritime Research



## GDP development

- Slight slowdown of global GDP dynamic
- Lowest GDP level in China since 2009
- Russian economy is hampered by low oil prices and the ongoing conflict in Eastern Ukraine

## Container volumes

- Muted outlook for global volume growth mainly driven by lower volumes in and out China
- Due to weak rouble and extended sanctions strong decline in Russian volumes expected which also affects growth for Europe

# Forecast 2015

## EBIT Forecast on Group Level Unchanged whilst Segmental Outlook Adapted

| <b>Forecast</b><br><i>Compared to previous year's level</i> | <b>2014</b>          | <b>15 May 2015</b><br><i>Confirmed</i> | <b>13 August 2015</b>                               | <b>Adaption</b><br><i>vs. May</i> |
|---|----------------------|--|---|-----------------------------------|
| Container throughput  | 7.5 million TEU      | Slight increase                        | Moderate decrease                                   | ↘                                 |
| Container transport   | 1.3 million TEU      | Moderate increase                      | Moderate increase                                   | →                                 |
| <b>Revenue</b>  | <b>€1.2 billion</b>  | <b>Slight increase</b>                 | <b>Slight decrease</b>                              | ↘                                 |
| thereof<br>Container segment                                | € 743.7 million      | Slight increase                        | Moderate decrease                                   | ↘                                 |
| thereof<br>Intermodal segment                               | € 351.5 million      | Moderate increase                      | Moderate increase                                   | →                                 |
| <b>EBIT</b>   | <b>€156 million</b>  | <b>On previous year's level</b>        | <b>On previous year's level</b>                     | →                                 |
| thereof<br>Container segment                                | € 156.1 million      | Moderate decrease                      | Within a range of<br>€ 125 million to € 135 million | ↘                                 |
| thereof<br>Intermodal segment                               | € 27.3 million       | Considerable increase                  | Strong increase                                     | ↗                                 |
| <b>Investments</b>  | <b>€ 115 million</b> | <b>In the region of € 170*</b>         | <b>In the region of € 170*</b>                      | →                                 |

\* Almost all of which is allocated for the Port Logistics subgroup (approx. € 20 million carried over from 2014)

# Financial Calendar

# IR Contact

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**13 May 2015**

Interim Report January-March 2015

**11 June 2015**

Annual General Meeting (AGM)

**13 August 2015**

Interim Report January-June 2015

**12 November 2015**

Interim Report January-September 2015

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# Appendix

# Key Figures

## Annual Financial Statement H1 2015

|  | Port Logistics Subgroup<br>Listed Class A share |         |          | HLA Group     |         |          |
|--|---|---------|----------|---------------|---------|----------|
| in € million                               | H1 2015   | H1 2014 | Change   | H1 2015       | H1 2014 | Change   |
| Revenues                                   | <b>569.8</b>                                    | 581.7   | - 2.0 %  | <b>585.1</b>  | 595.7   | -1.8 %   |
| EBIT                                       | <b>74.1</b>                                     | 73.9    | + 0.3 %  | <b>82.6</b>   | 81.4    | + 1.5 %  |
| Profit<br>after tax and minority interests | <b>33.2</b>                                     | 21.9    | + 51.5 % | <b>37.5</b>   | 26.0    | + 44.0 % |
| Earnings per share in €                    | <b>0.47</b>                                     | 0.31    | + 51.5 % | –             | –       | –        |
| ROCE                                       | 13.2 %  | 12.7 %  | + 0.5 pp | <b>12.8 %</b> | 12.4 %  | + 0.4 pp |
| Capex                                      | <b>63,5</b>                                     | 47,0    | + 35,2 % | <b>64.0</b>   | 56.9    | + 12.5%  |

# Container Segment

January to June 2015

| in € million                 | H1 2015 | H1 2014 | Change   |
|------------------------------|---------|---------|----------|
| Container throughput in TTEU | 3,404   | 3,783   | - 10.0 % |
| Revenues                     | 351.9   | 374.3   | - 6.0 %  |
| EBITDA                       | 100.3   | 122.5   | - 18.1 % |
| EBITDA margin                | 28.5 %  | 32.7 %  | - 4.2 pp |
| EBIT                         | 57.5    | 79.1    | - 27.3 % |
| EBIT margin                  | 16.3 %  | 21.1 %  | - 4.8 pp |

# Intermodal Segment

January to June 2015

| in € million                | H1 2015 | H1 2014 | Change    |
|-----------------------------|---------|---------|-----------|
| Container transport in TTEU | 654     | 633     | + 3.2 %   |
| Revenues                    | 180.8   | 170.1   | + 6.3 %   |
| EBITDA                      | 38.2    | 23.3    | + 63.6 %  |
| EBITDA margin               | 21.1 %  | 13.7 %  | + 7.4 pp  |
| EBIT                        | 26.8    | 13.1    | + 104.0 % |
| EBIT margin                 | 14.8 %  | 7.7 %   | + 7.1 pp  |

# Logistics Segment

January to June 2015

| in € million  | H1 2015 | H1 2014 | Change   |
|---|---------|---------|----------|
| Revenues  | 33.1    | 31.9    | + 3.7 %  |
| EBITDA  | - 0.4   | - 0.4   | neg.     |
| EBITDA margin   | - 1.3 % | - 1.3 % | 0.0 pp   |
| EBIT  | - 1.1   | - 1.0   | neg.     |
| EBIT margin   | - 3.2 % | - 3.1 % | - 0.1 pp |
| Earnings from associates<br>(using the equity method) | 2.2     | 2.4     | - 5.3 %  |