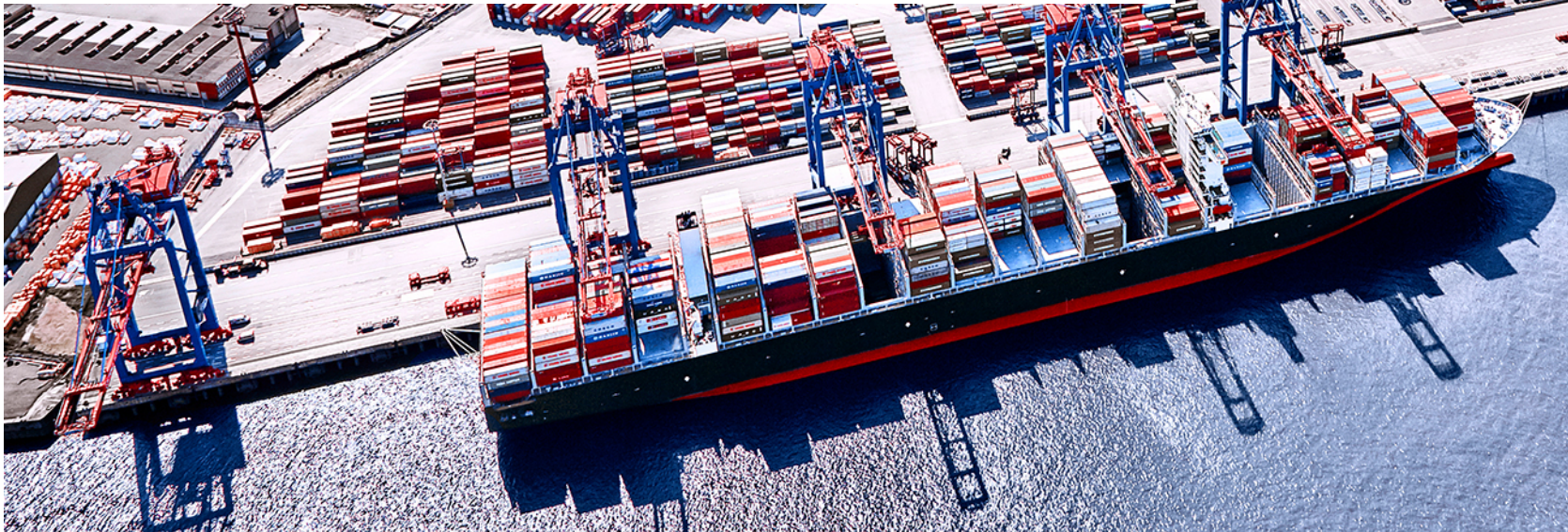


# Analyst conference on the 2020 financial year results

Hamburg, 25 March 2021



# Agenda

## 01 At a glance

Angela Titzrath, CEO

## 02 Financial performance 2020

Dr. Roland Lappin, CFO

## 03 Guidance 2021

Angela Titzrath, CEO

## 04 Medium-term outlook 2025

Angela Titzrath, CEO

### Questions & answers

Angela Titzrath, CEO

Dr. Roland Lappin, CFO

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# HHLA achieves positive result in a challenging year

EBIT impacted by pandemic-related strains and provision for efficiency programme



## Major achievements

- HHLA kept stable financial position despite restrictions due to coronavirus pandemic
- Health & safety of employees maintained; kept production running
- Acquisition of a majority share in a multi-function terminal at the Port of Trieste
- Acquisition of 80.0 % stake in automation specialist iSAM AG



## Market environment

- While H1 was affected by pandemic-related blank sailings and drop in volumes, the sector struggled with imbalances in trade flows in H2, resulting from a lack of empty containers and shipping space due to catch-up effects esp. in Asia
- Both led to delays in sailing schedules that put high pressure on terminals and hinterland transport systems



## Results

- Container throughput impacted by pandemic-related downturn and changes in market share while container transport was only slightly down
- EBIT impacted by revenue decrease and provision of ~ € 43 million set aside in Q4 for an efficiency programme in the Container segment
- Dividend proposal of € 0.45 per class A share in form of a scrip dividend

## FY 2020

Throughput  
**6,776k TEU**  
– 10.6 %

Transport  
**1,536k TEU**  
– 1.9 %

Revenue  
**€ 1,269.3 m**  
– 6.0 %

EBIT  
**€ 110.3 m**  
– 46.0 %

EBIT margin  
**8.7 %**  
– 6.4 pp

Profit after tax  
and minorities  
**€ 35.3 m**  
– 62.3 %

ROCE  
**5.8 %**  
– 5.3 pp

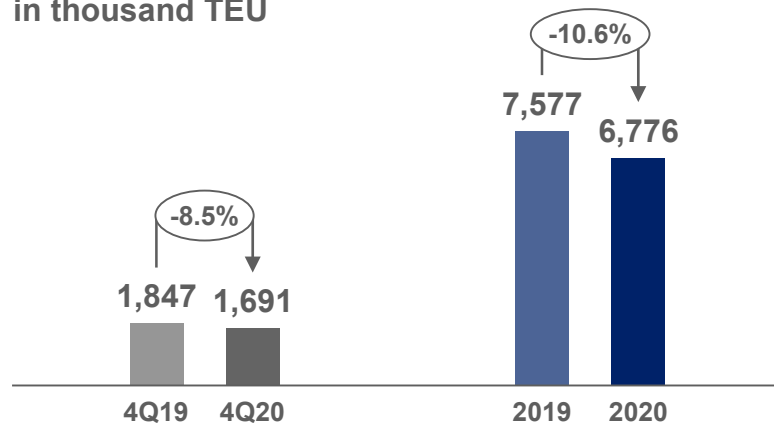
Operating cash flow  
**€ 271.4 m**  
– 10.4 %



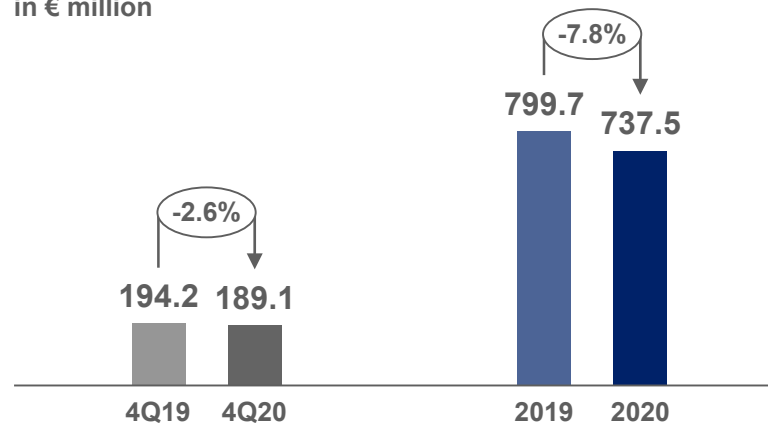
Container

# Strong volume decline burdens revenue development while EBIT impacted by net provisions for an efficiency programme

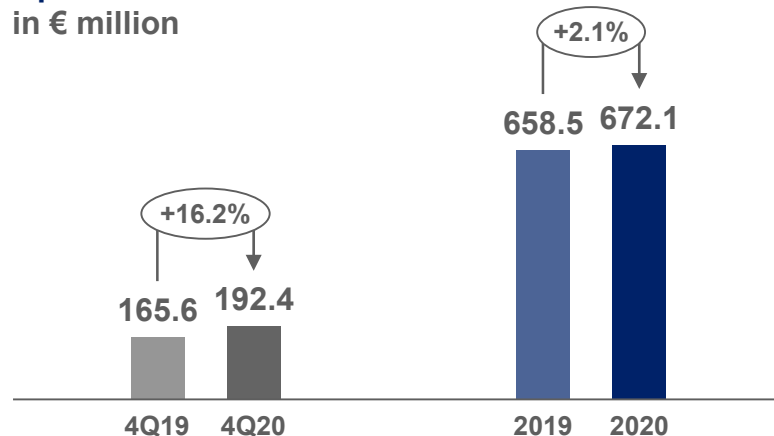
## Container throughput in thousand TEU



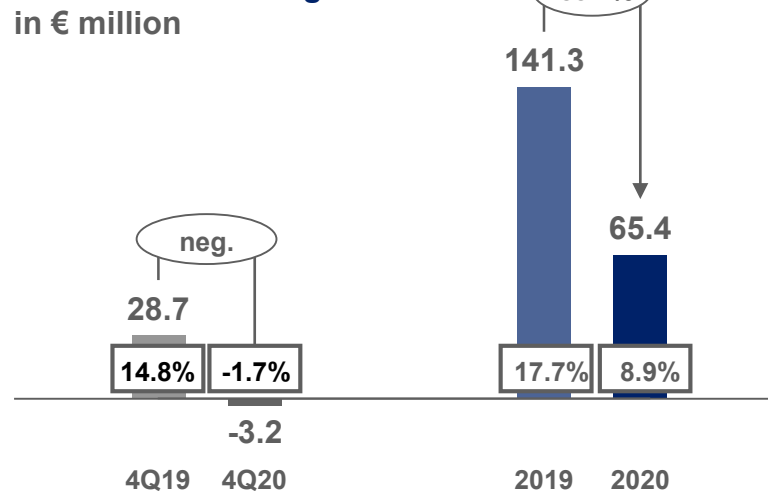
## Revenue in € million



## OpEx in € million



## EBIT and EBIT margin in € million



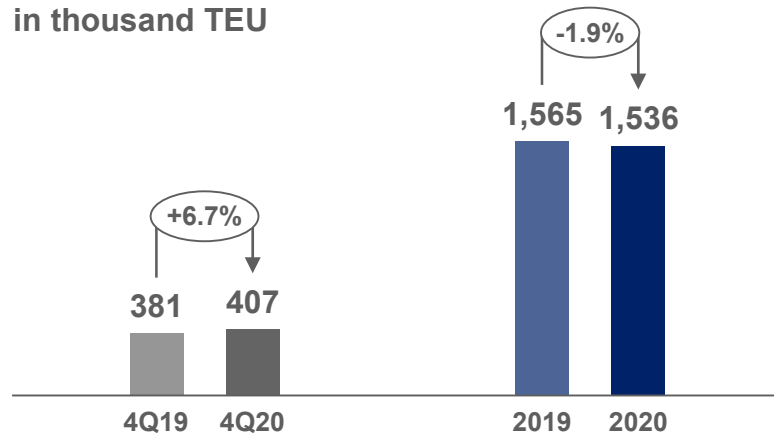
- Strong decline in throughput due to pandemic-related downturn and loss of a Far East service
- Revenue reduced as a result of lower volumes (Hamburg down 11.1 %; Internationals down 4.7 %)
- Average revenue per TEU +4.3 % y-o-y mainly attributable to
  - advantageous modal split with high share of hinterland volumes
  - temporary increase in storage fees due to longer dwell times as a result of pandemic-related trade flow imbalances and weather-related delays
- OpEx up by 2.1 % (down 3.3 % adjusted for net provisions and subsidies of public authorities)
- EBIT mainly impacted by net provisions of € 43 million in 4Q20 as result of the implementation of restructuring measures



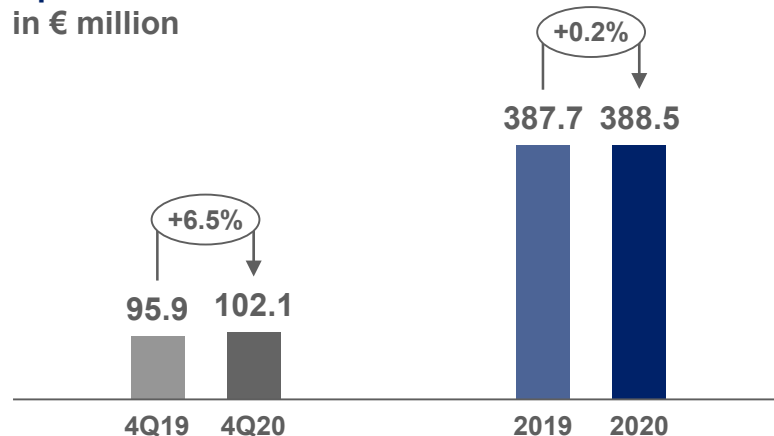
Intermodal

# Strong recovery of volumes in H2 led to only slight decline in revenues and kept EBIT margin at a sound level

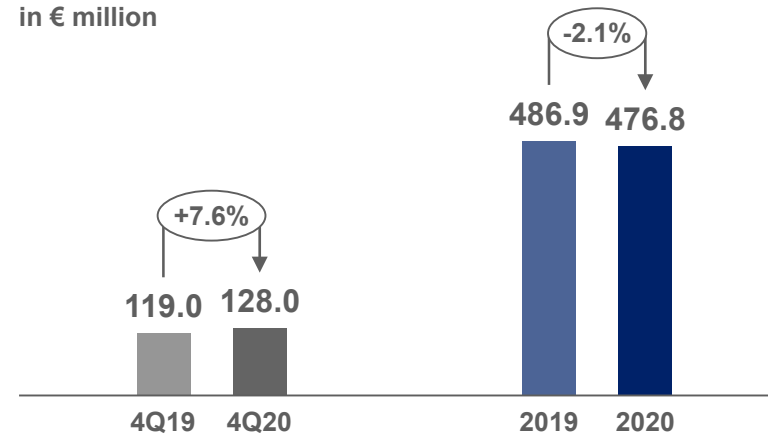
## Container transport in thousand TEU



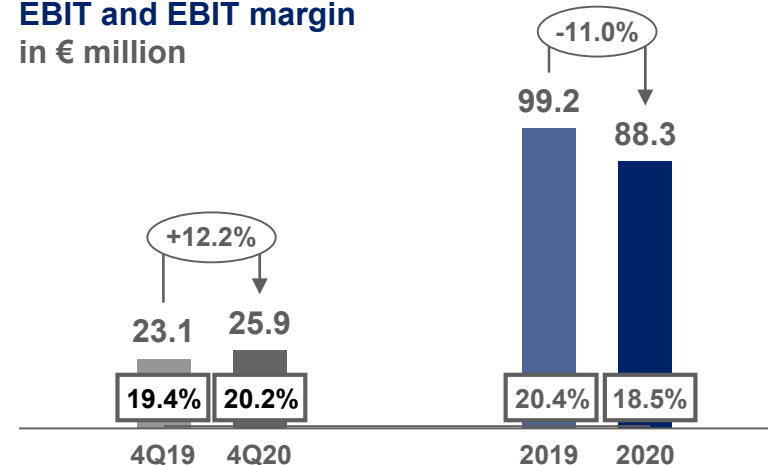
## OpEx in € million



## Revenue in € million



## EBIT and EBIT margin in € million



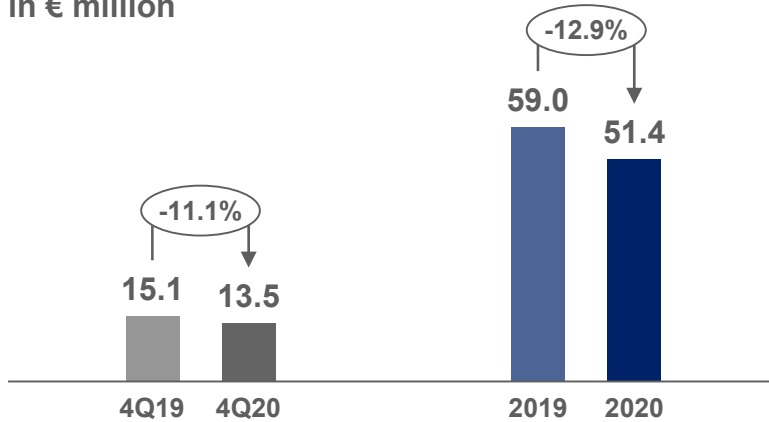
- Decrease in transport volumes more pronounced for road transport than for rail transportation (-5.2% vs. -1.0%); slight increase in rail share of total transportation volume from 78.8% to 79.6%
- Revenues slightly down by 2.1% due to volume declines mainly in H1 that could not be completely offset by strong recovery in H2
- Average revenue per TEU decreased as a result of disadvantageous mix of short and long haul distance cargo loads
- EBIT dropped by 11.0%
- EBIT margin still at a favourable level of 18.5%



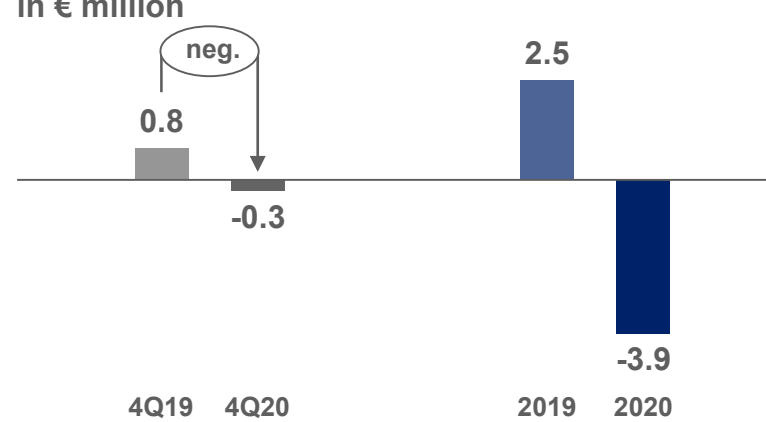
Logistics

# Revenues suffered from pandemic-related downturn while at-equity earnings remained comparatively robust

Revenue  
in € million



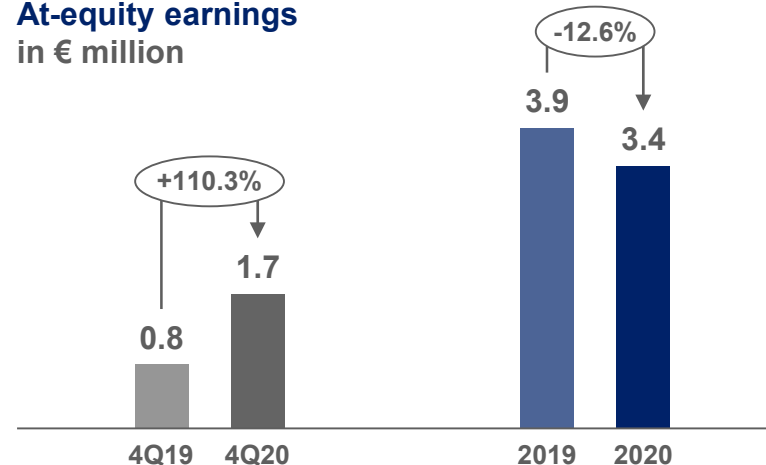
EBIT  
in € million



- Revenue from consolidated companies decreased mainly due to
  - strong decline in vehicle logistics
  - significant fall in consulting activities
- Expected revenue growth from new activities was held back by the pandemic
- EBIT development was adversely impacted by temporary increases in start-up losses of new activities and pandemic-related decline in earnings of existing activities
- At-equity earnings remained comparably robust with a positive result
- modility GmbH, a booking portal for intermodal traffic, was initially consolidated in the fourth quarter of 2020



At-equity earnings  
in € million

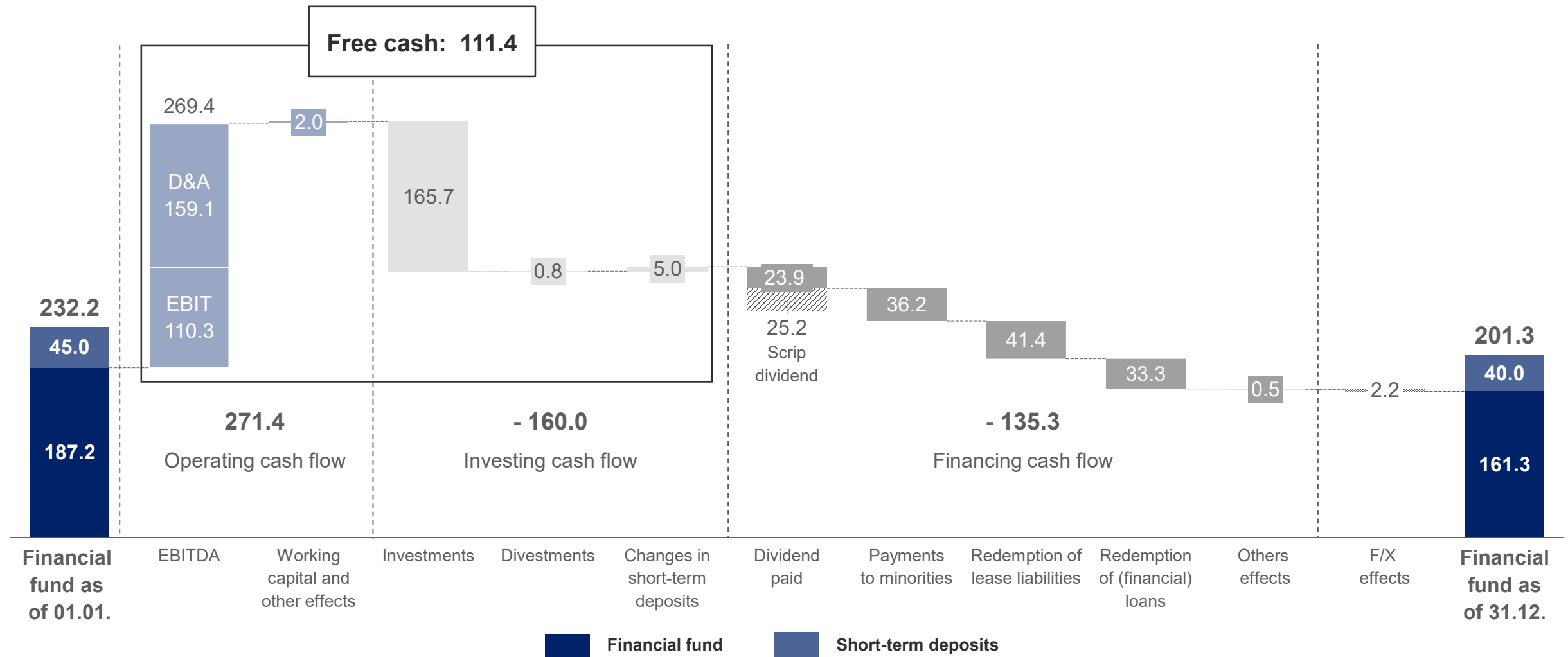




# Comfortable liquidity position to meet payment obligations at all times

Cash flow development in line with business development

in € million

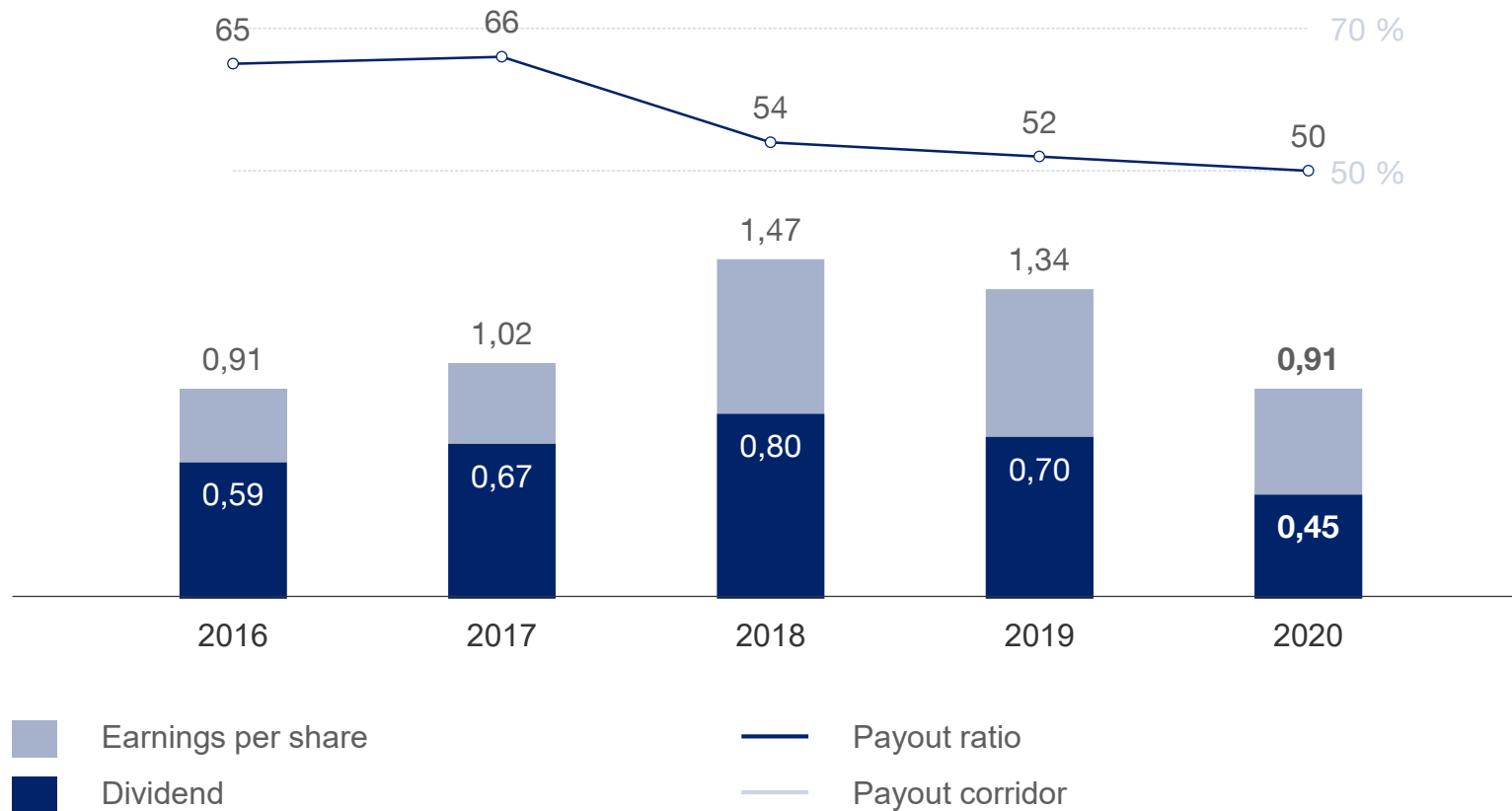




# Attractive dividend proposal per class A share

HHLA confirms its payout corridor of 50 to 70 %

## Dividend development in € / payout ratio in %



2020: Dividend proposal, EPS adjusted by changes in net provision

## Dividend development

- Scrip dividend of 45 cents per class A share (option to choose cash or scrip dividend)
- For determination, result was adjusted by the change in the restructuring provision affecting net income in the amount of € 43 million
- Payout ratio at the lower end of the payout corridor of 50 to 70 % of the annual net profit after non-controlling interests





## Effective match of technological and sustainable innovation

Various examples of efforts to implement our sustainability strategy

### Reduction of specific CO<sub>2</sub> emissions



# 42.8%

against base year 2008

HHLA wants to have cut its total CO<sub>2</sub> emissions at least in half by 2030 against 2018, and be climate-neutral by 2040

## Climate-neutral

by

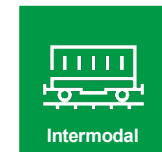
# 2040



# 12

of 22 block storages have been put into operation at CTB

More area efficiency by using the storage crane systems since lanes are no longer needed for van carriers and containers can be stacked up higher



## Whisper brakes

Almost all of approx. 3,000 container wagons have been fitted with brakes which **reduce the driving and braking noise by half**

### Effective concepts for

# Covid-19



Health and safety of employees was maintained while neither introducing short-time working nor cutting wages

## Supplier Code of Conduct



launched in 2020 and enshrined in the purchasing guidelines incl. anti-corruption regulations



Port Logistics

# Guidance 2021

Still high unpredictability regarding intensity and timing of economic recovery

## Research estimates for 2021

### GDP development

World	+ 5.5 %
China	+ 8.1 %
Russia	+ 3.0 %
CEE	+ 4.0 %
World trade	+ 8.1 %

### Throughput development

World	+ 8.9 %
China	+ 9.0 %
Europe	+ 7.7 %
NW Europe	+ 8.1 %
Scan. & Baltics	+ 10.5 %

Sources: IMF, January 2021 // Drewry Maritime Research, December 2020

## Constraints of guidance 2021

The forecast for the year is subject to considerable uncertainty. This applies in particular to the intensity and timing of the economic recovery.

## Guidance for the Port Logistics subgroup 2021

	2020	Guidance for 2021
<b>Container throughput</b>	6,776 k TEU	<b>Moderate increase</b>
<b>Container transport</b>	1,536 k TEU	<b>Moderate increase</b>
<b>Revenue</b>	€ 1,269.3 m	<b>Moderate increase</b>
<b>EBIT</b>	€ 110.3 m	<b>in the range of € 140 to 165 million</b>
<b>Capital expenditure</b>	€ 178.7 m	<b>in the range of € 220 to 250 million</b>
<b>Liquidity</b>	€ 201.3 m	<b>sufficient to meet payment obligations at all times</b>
<b>Dividend per A class share</b>	€ 0.45	<b>commitment to pay out 50 to 70 % of net profit after minority interests</b>

# Several developments driving HHLA's transformation process

Advanced momentum through implementation of an efficiency programme in the Container segment

## Structural sector developments

### 01 Ship size development

Increasing number of mega carriers demands more efficiency and operational flexibility as well as investments

### 02 Consolidation of shipping liners

Formation of alliances leads to increased price and performance pressure

### 03 Increasing degree of automation

Share of highly automated systems such as CTA is steadily increasing

### 04 Overcapacity in the North Range

Pressure on pricing due to fierce competition

### 05 Cooperation of port authorities

Consolidation of the port authorities in France, Belgium and the Netherlands to enhance efficiency

### 06 Dedicated terminals prevailed

Many shipping lines have established stakes in terminals, putting HHLA multi-user approach under pressure

## Hamburg-specific topics

### 07 Nautical restrictions almost solved

Elbe dredging already completed; full approval anticipated for H2/2021

### 08 Infrastructure maintenance

Ongoing infrastructure maintenance and projects, i.e. replacement of Köhlbrandbrücke, are on track

## HHLA's response: targets of the efficiency programme

Lean and sustainable organisational structure

Improved productivity in line with customer expectations

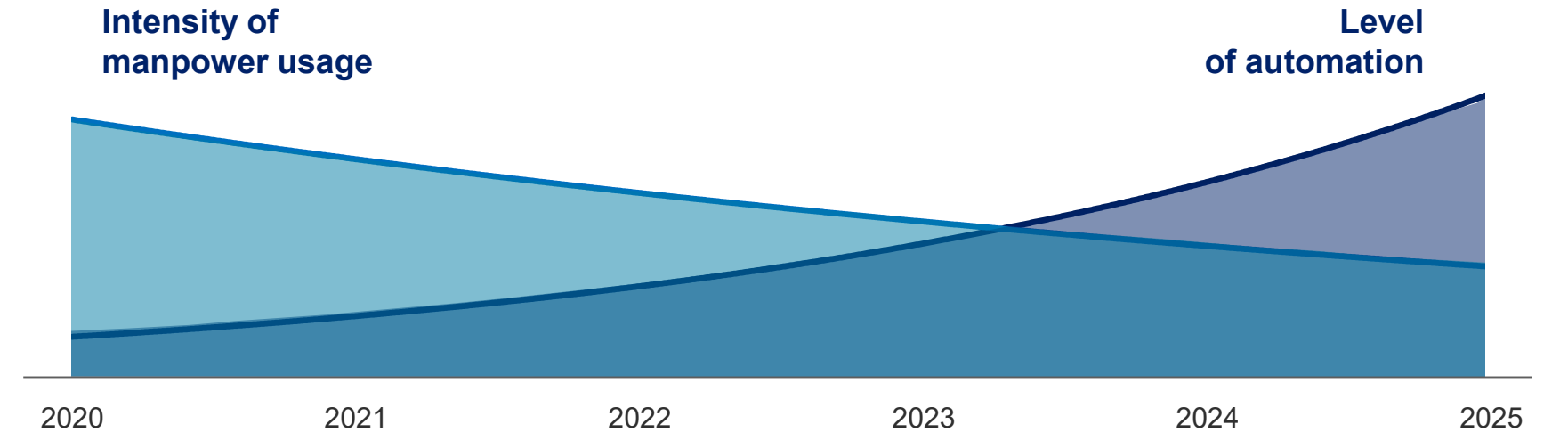
Expansion for mega carriers > 24,000 TEU

Laying groundwork for regaining market share

Reduction of emissions and energy consumption

# Further automation at Hamburg terminals will lead to increased performance

... and support medium-term profitability target of the Port Logistic subgroup



## 2025 targets of the Port Logistics subgroup

EBIT 2025

**€ 300 m**

Capex 2021-2025

**€ 1,050 m**

### Operational measures

- Roll-out of N4 terminal software on all terminals by end of 2022
- Stepwise expansion of automatic block storages at CTB from 12 in 2020 to 22 in 2024
- Construction of an AGV service centre and testing field at CTB by 2023
- Replacement of straddle carriers by Automated Guided Vehicles (AGVs) at CTB from 2024 onwards

### Personnel measures

- Net provision of € 43 million earmarked for socially responsible personnel measures
  - Main instrument: early retirement programme will have a positive P&L effect from 2023 onwards
  - Further instruments: flexi-time, reduction of overtime, education & training and re-qualification



Port Logistics

# Focus on three profit sources to fuel our future success

## Rationale for 2025



### Container

- Increase efficiency at Hamburg terminals by further automation
  - Further area optimisation by taking up to 22 block storages into operation at CTB
  - Automation of horizontal transport from the quayside to yard via AGV
  - Further optimisation of the existing systems by using intelligent system control
- Growing EBIT contribution from international terminals

→ **Striving for efficiency**



### Intermodal

- Expansion of rail terminals and hubs, i.e. Zalaegerszeg (Hungary)
- Expansion of hinterland rail network in Central and Eastern Europe by increasing frequency on existing connections and adding new connections, particularly in Southern and South-Eastern Europe
- Taking advantage of EU green deal

→ **Growing EBIT contribution**



### Logistics

- Moderate increase expected from at-equity earnings
- Strong top-line growth from new ventures anticipated from 2021 onwards
- Positive EBIT contribution from new ventures expected for 2023 onwards
- Clear commitment to invest in new technologies along future transport streams

→ **Positioned for growth**

# Q&A

# Financial calendar and contact

## Financial calendar 2021

**25 March 2021**

Annual Report 2020  
Analyst conference call

**12 May 2021**

Interim Statement  
Analyst conference call

**10 June 2021**

Virtual Annual General Meeting

**12 August 2021**

Half-year Financial Report  
Analyst conference call

**11 November 2021**

Interim Statement  
Analyst conference call



**Annual Report 2020**

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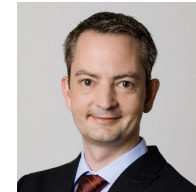
<http://report.hhla.de>



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