Analyst conference call on the interim results January to March 2020

Hamburg, 12 May 2020

GATEWAY TO THE FUTURE

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Angela Titzrath, CEO

02 **Business development in Q1 2020**

Angela Titzrath, CEO

03 **Financial performance in Q1 2020**

Dr. Roland Lappin, CFO

04 **Business forecast for 2020**

Angela Titzrath, CEO

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Angela Titzrath, CEO
Dr. Roland Lappin, CFO

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Circumstances have worsened since 25th March

Update from analyst and investor call on FY19

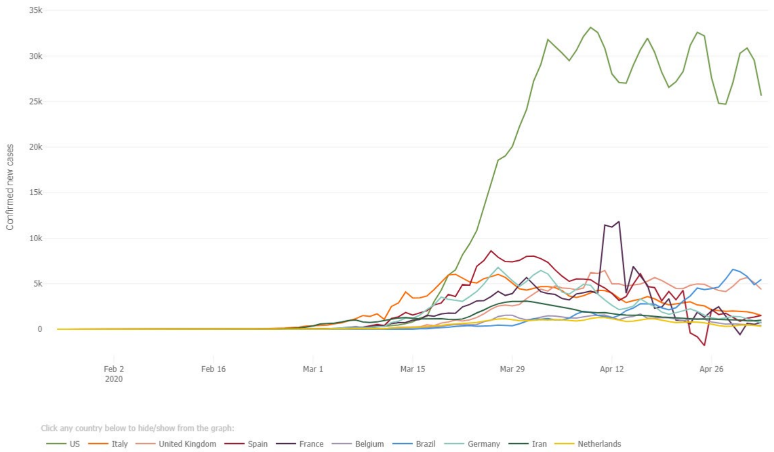
Economy

Economic researchers are increasingly pessimistic on the effects of the pandemic and the necessary shutdown

- IMF: the global economy is forecast to contract sharply by **– 3 % in 2020**, much worse than during the 2008–09 financial crisis
- ECB Survey of Professional Forecasters (SPF): **Real GDP growth expectations for 2020 in the euro area** were revised down by 6.6 percentage points to **– 5.5%**

Sources: IMF WEO April 2020
The ECB Survey of Professional Forecasters May 2020

Pandemic (Daily confirmed new cases (5-day moving average))



- "Flatten the curve" partially successful in Europe, esp. in Germany
- Sequential lifting of the restrictions underway

Source: Johns Hopkins University

Core business

Both main segments are affected due to focus on sea containers

- Temporary further reduction in business activity
- Availability for customer demand is maintained
- Opex cannot be decreased accordingly due to inter alia need for restacking of exuberant containers in the yards

Efficiency measures

Urgency for additional improvements has further increased

- Decrease opex by
  – Optimisation of internal organization
  – Review depth of management levels
  – Accelerate automation
  – Digitally support as many processes as reasonable

Current situation at HHLA

Corona has taken hold of economic life in Europe and the Americas, while China is returning to production

Container segment

Significant decrease in throughput volumes

- Decrease of container throughput due to
  - Production stops in different regions worldwide
  - Decreasing number of imports and exports
  - Decreasing demand due to paralysed public life
- Yard utilisations is normalising on a high level
- Increased number of blank sailings partially reflecting the halt in Chinese production
- Container terminals are operational and are working without interruptions

Demand is met at all times

Intermodal segment

Global volume drop affects Intermodal business

- State driven measures put in place (e.g. state of emergency)
- Direct restrictions on selected sectors (e.g. retail) with indirect effects on whole economy (e.g. automotive)
- Fluctuating demand for transport services due to different trends of import and export (imbalance) as a result of a successive spread of the pandemic (first China, then Europe, USA, worldwide)
- Internal measures implemented successfully (safety, operations)
- No disruption of service

Demand for transport covered by 100 %

At a glance

Challenging market environment highly affects the first quarter results 2020

- **Revenues fell moderately while EBIT declined strongly with a corresponding impact on profitability**
- **Market environment in Q1 affected by poor weather conditions and the first signs of a weakening of trade due to the spreading coronavirus pandemic**
- **High pressure on transport systems due to ship delays and a first series of blank sailings**
- **Liquidity sufficient to meet due payment obligations at all times, despite the pandemic-induced burdens**
- **Guidance 2020 remains: Strong decline in volumes, revenues and EBIT expected**

Business environment in the first quarter 2020

Global economic facing recession as a result of the coronavirus pandemic

Trend in the first quarter 2020

GDP World	↘
GDP China	↘
GDP Russia	↘
World trade	↘

Estimates for 1Q20

World throughput	– 3.8 %
Europe throughput	– 2.2 %
NW Europe throughput	– 1.8 %
Scandinavia & Baltics	– 1.4 %

Macroeconomic environment

- IMF believes it is very likely that the global economy will experience the worst recession since the Great Depression this year, the disruptions are assumed to start in Q1 and to be concentrated mostly in Q2 for almost all countries except China (peak in Q1) [1]
- China reports a negative result for Q1 for the first time since the quarterly figures were published in 1992 as the result of the shutdown beginning end of January[2]
- Weakening growth in Russia due to the impact of COVID-19 and oil price fall in March[3]
- Significant drop in world trade as a result of strong trade restrictions[1]

Sources: 1 International Monetary Fund – World Economic Outlook April 2020; 2– Press Release (20.04.2020); 3 World Bank ECA Economic Update Spring 2020

Sector development

- As a consequence of the coronavirus pandemic, Drewry expects clear drops in Q1
- World container throughput expected to dip moderately, but with strong catch-up in Q4 on the horizon
- After an already weak Q4 19, European volumes will deteriorate further in Q1 20
- Slightly less impact for North West Europe compared to West Mediterranean (– 3.5%)
- Scandinavia & Baltics with the lowest drop in Europe

Source: Drewry Maritime Research, Container Forecaster, April 2020

Financial results of Port Logistics subgroup in the first quarter 2020

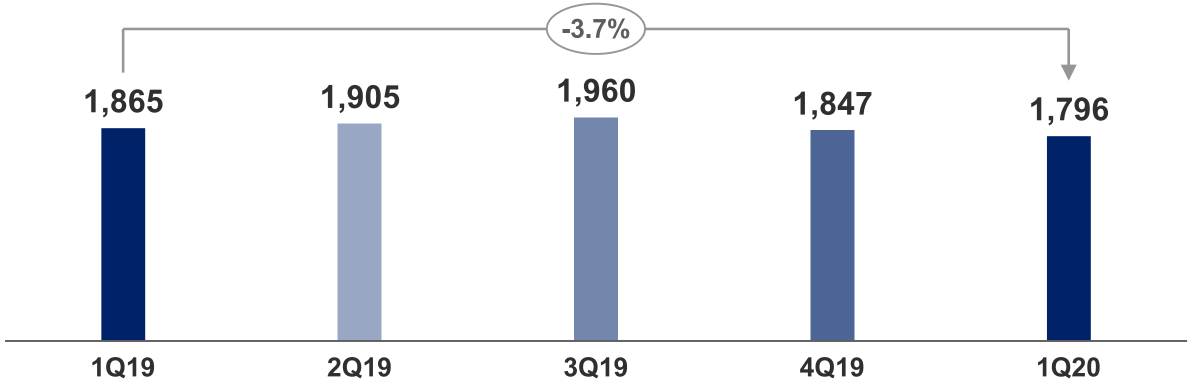
Revenue	EBIT	EBIT margin
€ 327.4 million	**€ 32.5 million**	**9.9 %**
– 3.7 %	– 41.7 %	– 6.5 pp

Profit after tax and minorities	ROCE	Operating cash flow
€ 7.7 million	**6.9 %**	**€ 73.5 million**
– 71.7 %	– 5.4 pp	– 17.9 %

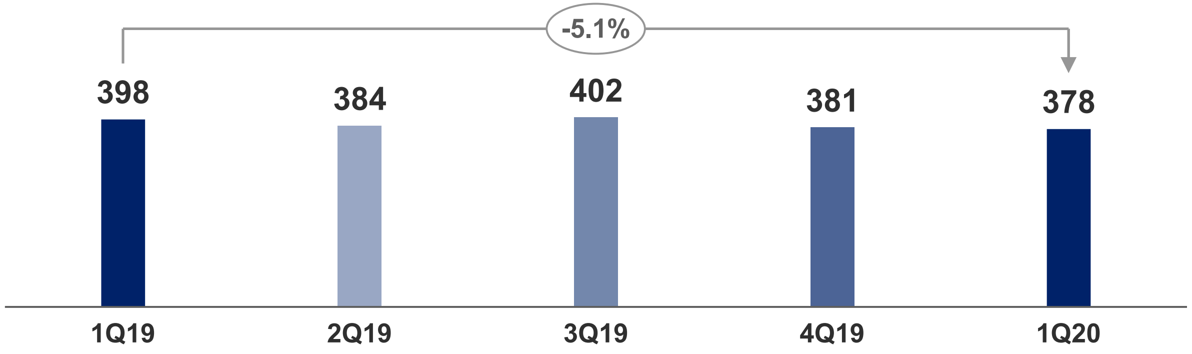
Throughput and transport trend in the first quarter 2020

Performance affected by poor weather conditions and the first effects of the coronavirus pandemic

Container throughput
in thousand TEU



Container transport
in thousand TEU



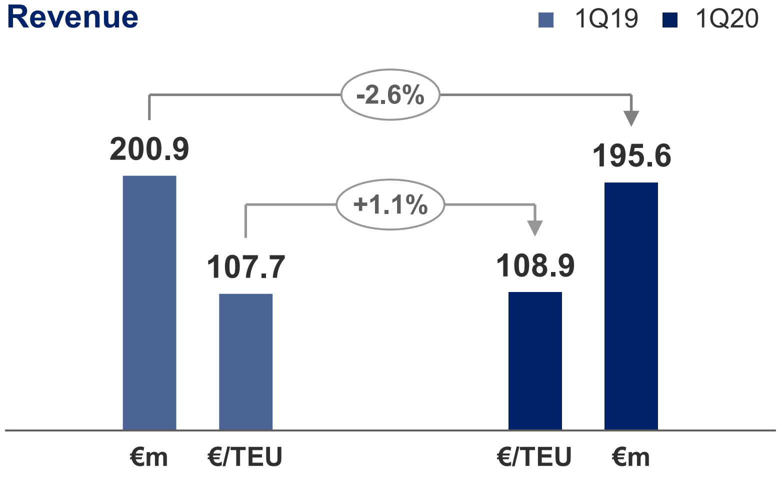
- Hamburg terminals with moderate decrease of 4.1 % mainly due to
  - ship delays due to storm lows across Northern Europe,
  - first wave of blank sailings resulting from the coronavirus pandemic (moderate loss in Asian traffic)
- Feeder volumes in down by 2.6 pp with a feeder ratio of 20.9 % (previous year: 23.5 %)
- International terminals on a par with the previous year

- Significant decrease in transport volume driven by
  - moderate decrease in rail transportation (– 3.3 % y-o-y)
  - traffic from both the North German and the Adriatic seaports recorded significant declines that couldn't be compensated by strong growth in continental traffic
  - downward trend in road transportation continued (– 11.4 % y-o-y)

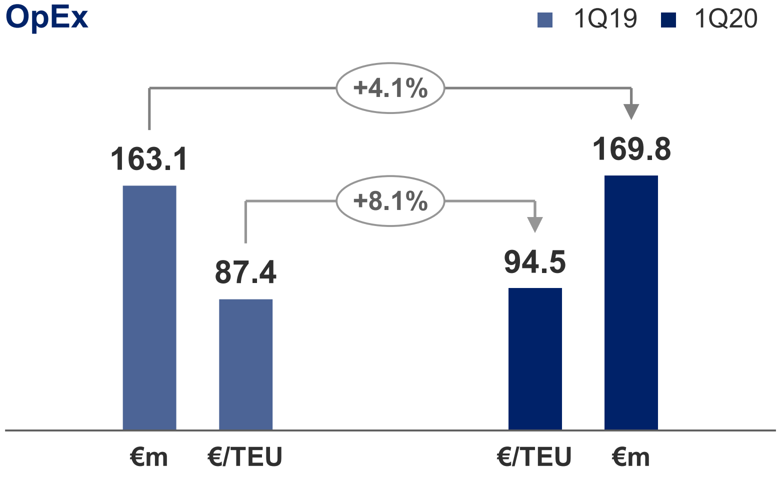
Container segment

In addition to a drop in volumes, EBIT was impacted by a rise in opex

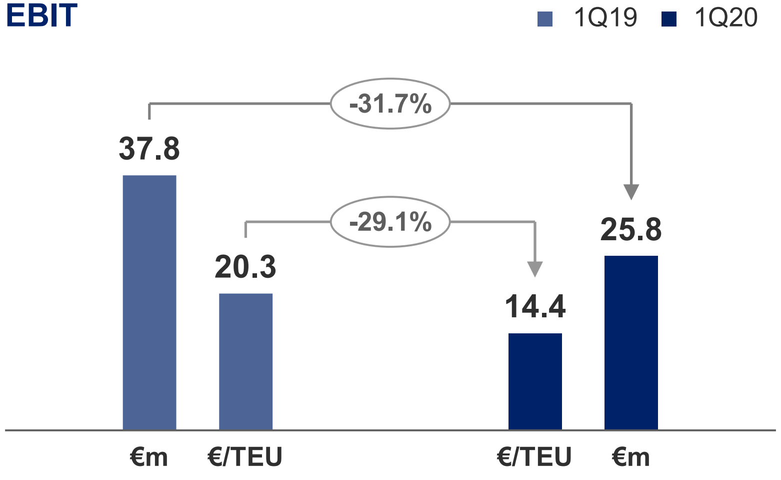
Revenue



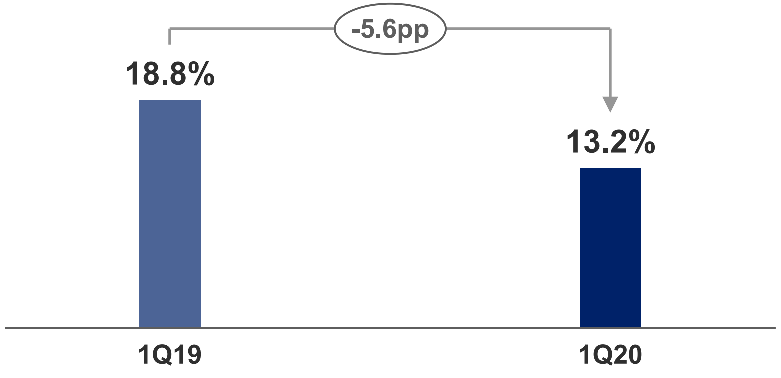
OpEx



EBIT



EBIT margin

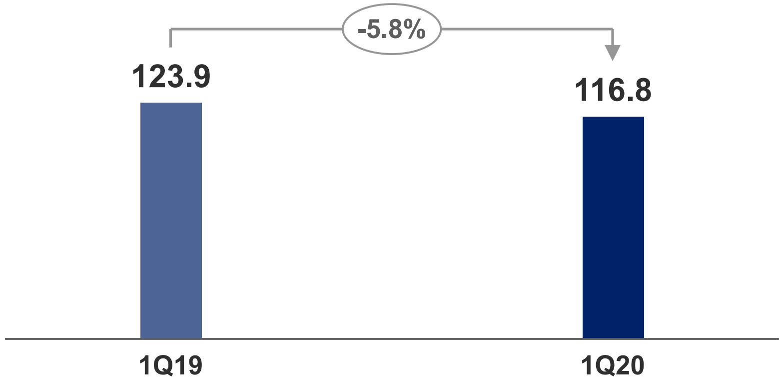


- Revenue slightly down as a result of lower volumes
- Average revenue per TEU up 1.1 % due to
  - advantageous modal split with a high proportion of hinterland volume
  - temporary increase in storage fees due to longer dwell times brought about by weather-related delays
- Rise in opex of 4.1 % impacted by
  - personnel expenses due to rising hinterland volumes, adjustments to the company pension schemes and lower productivity as a result of increased storage capacity utilisation
  - higher service and energy costs
- EBIT significantly down to € 25.8 million
- EBIT margin down by 5.6 pp to 13.2 %

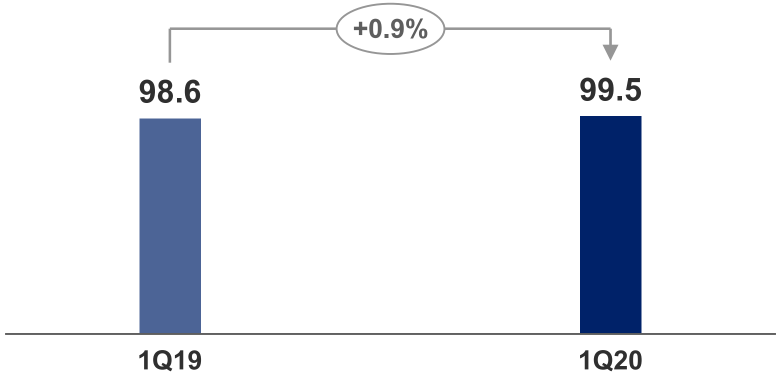
Intermodal segment

EBIT affected by lower volumes and utilisation of the train systems, EBIT margin still on a sound level

Revenue
in € million

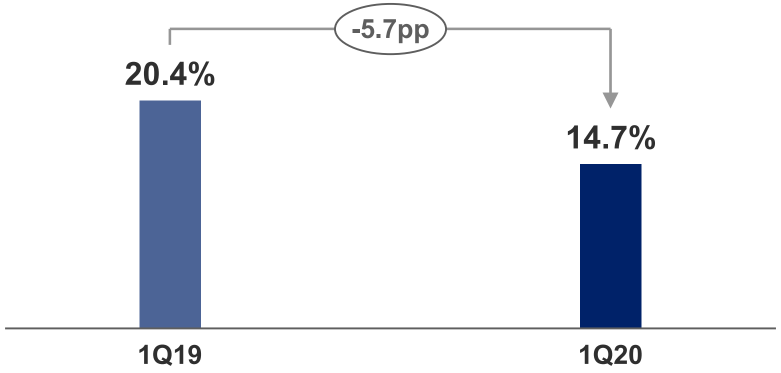


OpEx
in € million



EBIT
in € million

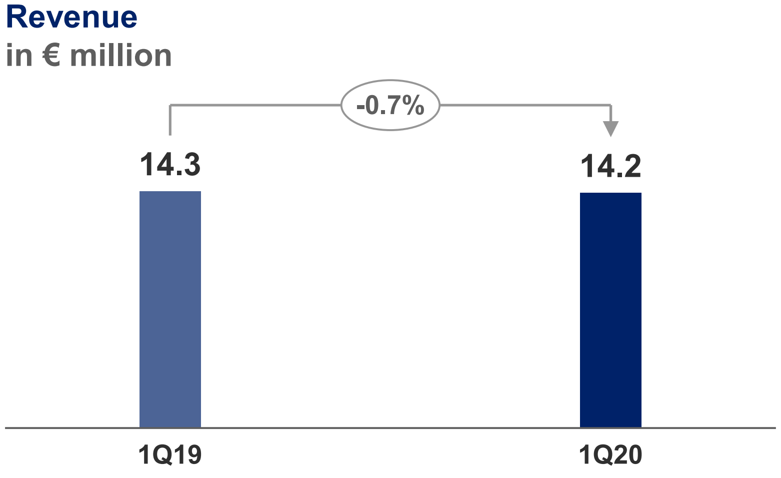
EBIT margin

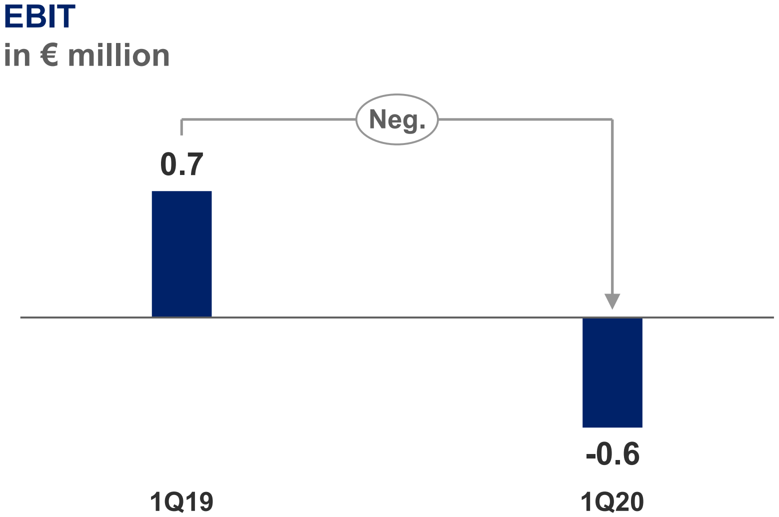


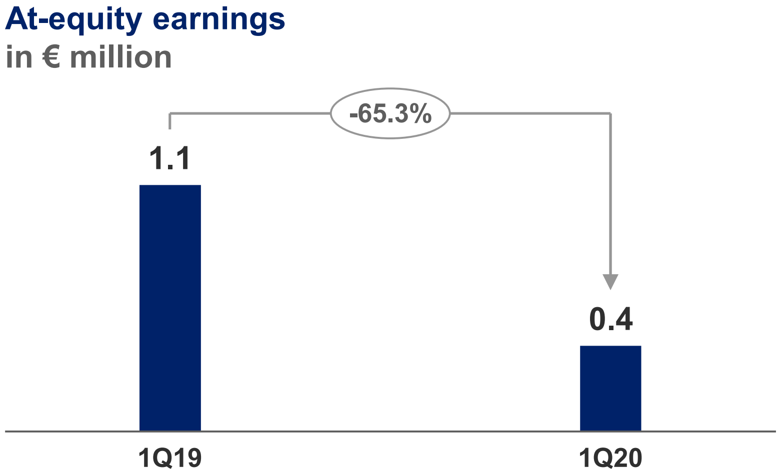
- Decrease in revenue slightly stronger than decline in transport volume
- Despite a slight increase in rail share in HHLA's total transportation volume from 77.9 % to 79.4 %, average revenue per TEU decreased as a result of the disproportionately strong decrease in freight flows with longer transport distances
- Sharp drop of EBIT as a result of
  - decline in volumes and revenues
  - increased fluctuations in the volume of import and export loads leading to a decrease in the utilization of the train systems
- EBIT margin deteriorated, but still at a sound level of 14.7 %

Logistics segment

Integration and management of digital projects and participations





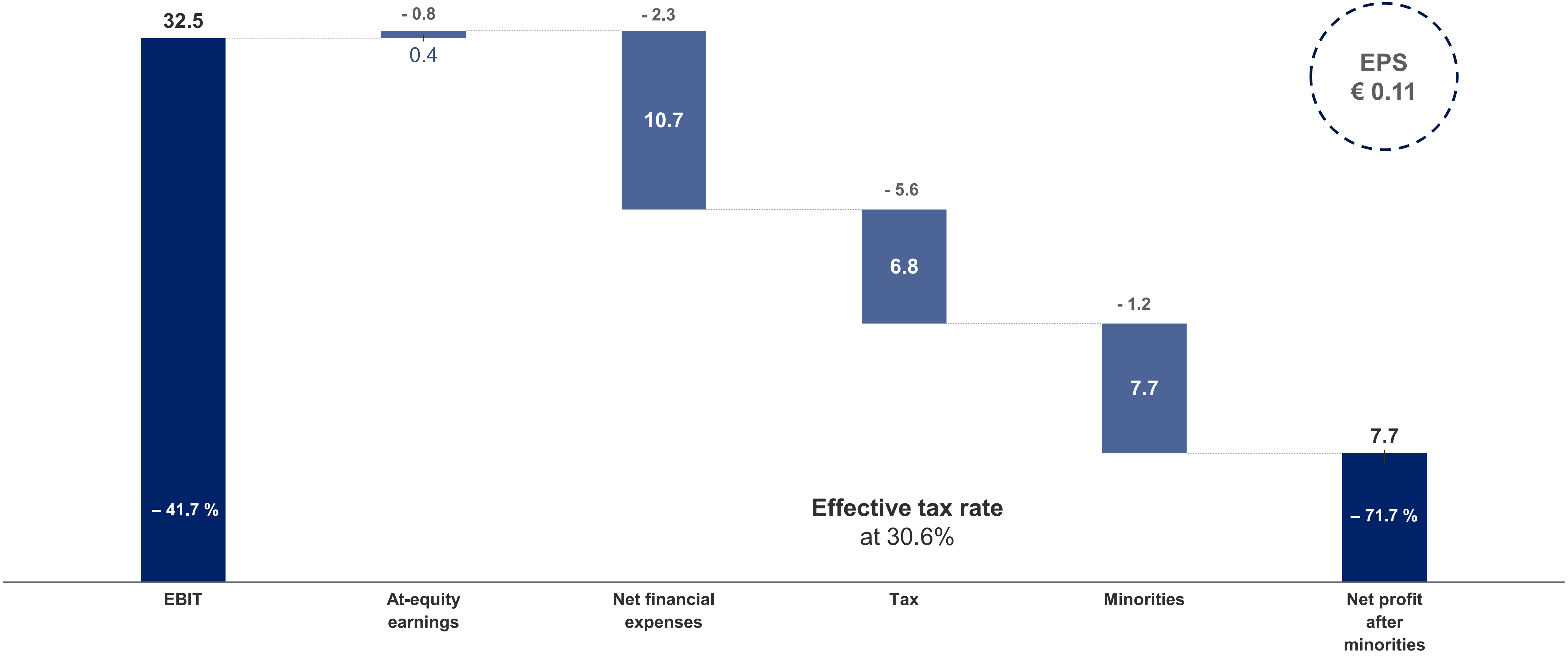


- Strengthening of the Logistics segment: digital projects and investments bundled in this segment from now on
- Revenue almost in line with previous year
- Strong drop in vehicle logistics was compensated by gains in consulting activities and additive manufacturing technologies (which was not included 1Q19)
- EBIT impacted by start-up losses in the new growth areas
- At-equity earnings was positive, but fell significantly short of the previous year's figure

Earnings bridge of the Port Logistics subgroup

Net profit showed a stable development

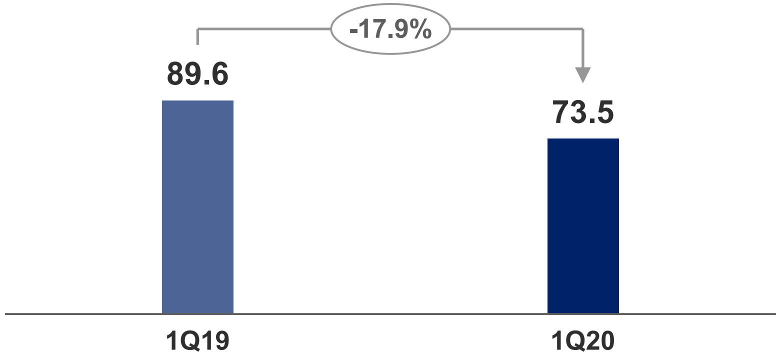
in € million / absolute change vs. 1Q19



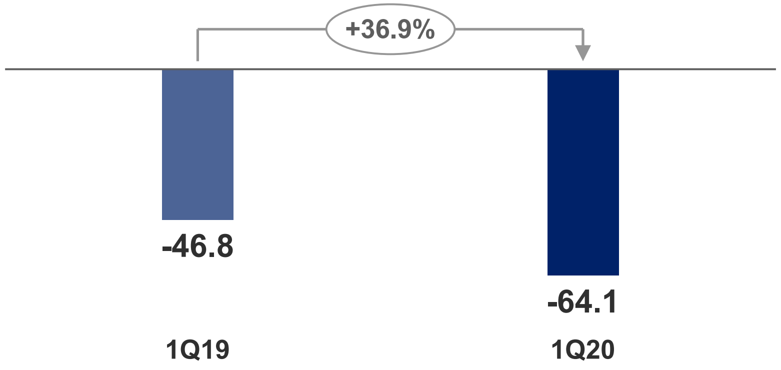
Cash flow development of the Port Logistics subgroup

In line with business development

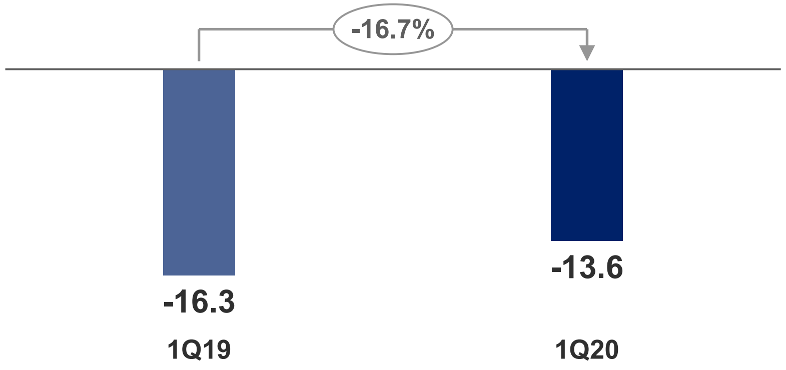
Cash flow from operating activities
in € million



Cash flow from investing activities
in € million



Cash flow from financing activities
in € million



- Lower EBIT due to lower container throughput and transport

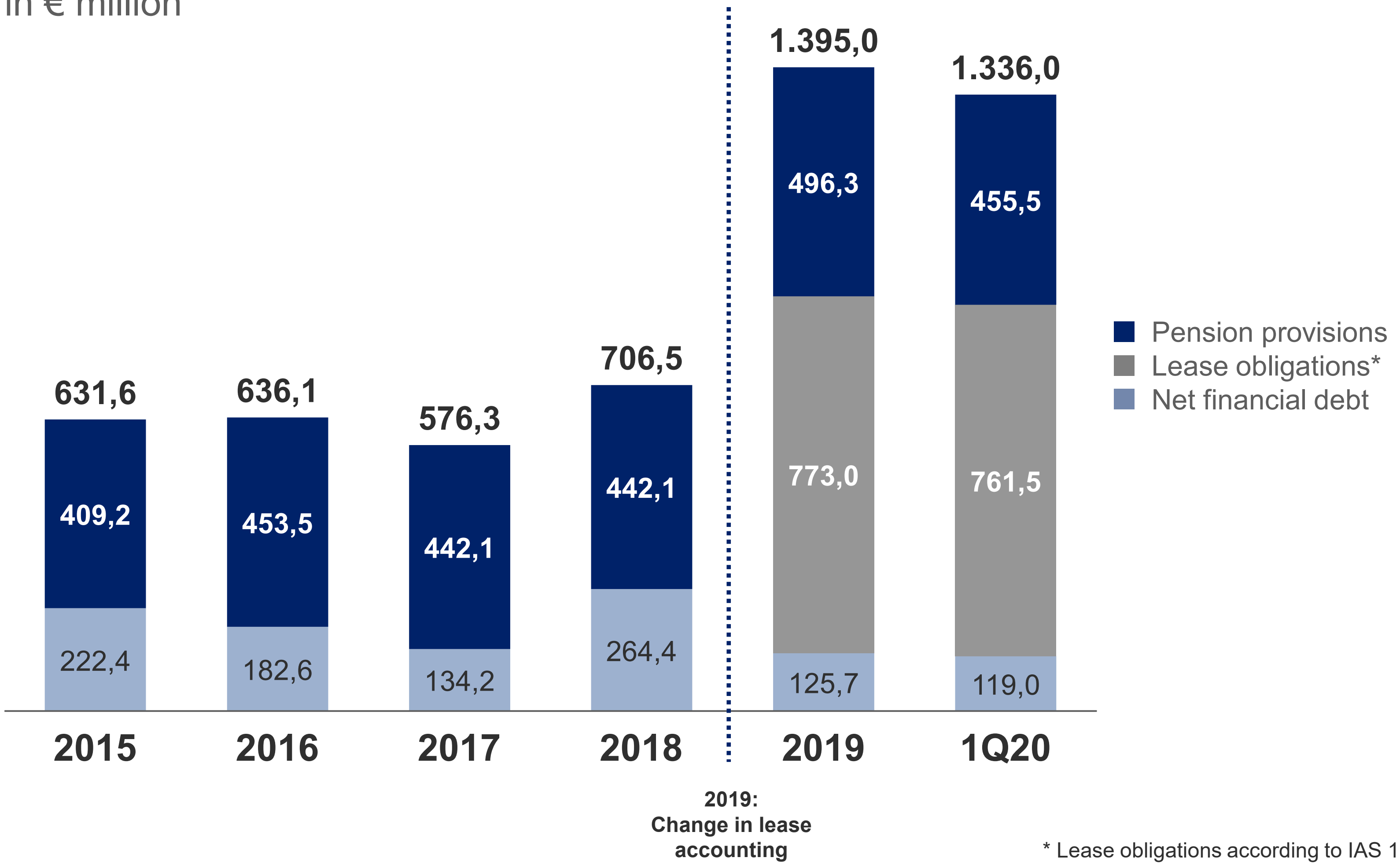
- Ongoing capex programme
- Higher payments for investments in property, plant and equipment compared to the previous year
- Lower payments for short-term deposits

- Stable development over the quarter

Available liquidity as of 31 March 2020: € 236.5 million (31 December 2019: € 299.8 million)

Financial stability with focus on cash flows

Net debt Port Logistics
in € million



* Lease obligations according to IAS 17

- Available liquidity as of 31 March 2020: **€ 236.5 million**
- Dividend policy to strengthen financial stability:
  - Reduction of dividend proposal to 0.70 € per listed class A share (previous year: 0.80 €)
  - Pay-out ratio at 52 %
  - Accumulation of approx. € 45 million of 2019 net profit
- Postponement and revision of investments
- Focus on cash flow control in the months to come

Expected business environment 2020

Corona pandemic with massive impact on macroeconomic perspectives

GDP World	**– 3.0 %**
GDP China	**+ 1.2 %**
GDP Russia	**– 5.5 %**
GDP CEE	**– 5.2 %**
World trade	**– 11.0 %**

World throughput	**– 0.5 %**
Europe throughput	**– 0.8 %**
NW Europe throughput	**– 0.5 %**
Scandinavia & Baltics	**– 0.2 %**

Expected macroeconomic environment 2020

Baseline scenario: pandemic fades in H2, containment can be gradually unwound

- Global economy down sharply (↘ 6.3 pp), far worse than during the 2009 financial crisis
- Even with a sharp rebound in the remainder of the year and sizable fiscal support, the Chinese economy is projected to grow subdued only in 2020 (↘ 4.8 pp)
- After upward trend at the end of 2019, Russia is projected to contract strongly (↘ 7.4 pp)
- Growth dynamics in CEE also massively interrupted (↘ 7.8 pp)
- For world trade development a double-digit decline is estimated (↘ 13.9 pp)

Source: IMF – World Economic Outlook, April 2020

Expected sector development 2020

Baseline scenario: Bigger slow down in GDP growth to possible contraction. Recovery from 4Q20 and smaller in scale as some of the pent-up demand will have vanished.

- World throughput expected to decline slightly (↘ 3.8 pp) with several blank sailings
- Europe considered to go into “sleep mode” except for essential services (↘ 3.6 pp)
- Estimated volume in North West Europe also slightly under previous years level (↘ 3.5 pp)
- Scandinavia & Baltics expected to see the lowest impact in Europe (↘ 3.0 pp)

Source: Drewry Maritime Research, Container Forecaster, April 2020

Forecast for Port Logistics subgroup 2020

Very high degree of uncertainty

	2019	Guidance 2020
Container throughput	7,577 thousand TEU	Strong decrease on previous year
Container transport	1,565 thousand TEU	Strong decrease on previous year
Revenues	€ 1,350.0 million	Strong decline on previous year
EBIT	€ 204.4 million	Strong decline on previous year
Capital expenditure	€ 214.9 million	Adapted to current market environment
Liquidity	Liquidity sufficient to meet due payment obligations at all times, despite the pandemic-induced burdens	

Financial calendar / IR contact

Financial calendar 2020

25 March 2020
Annual Report 2019
Analyst conference call

12 May 2020
Interim Statement January – March 2020
Analyst conference call

12 August 2020
Half-year Financial Report January – June 2020
Analyst conference call

20 August 2020
Virtual Annual General Meeting (AGM)

12 November 2020
Interim Statement January – September 2020
Analyst conference call

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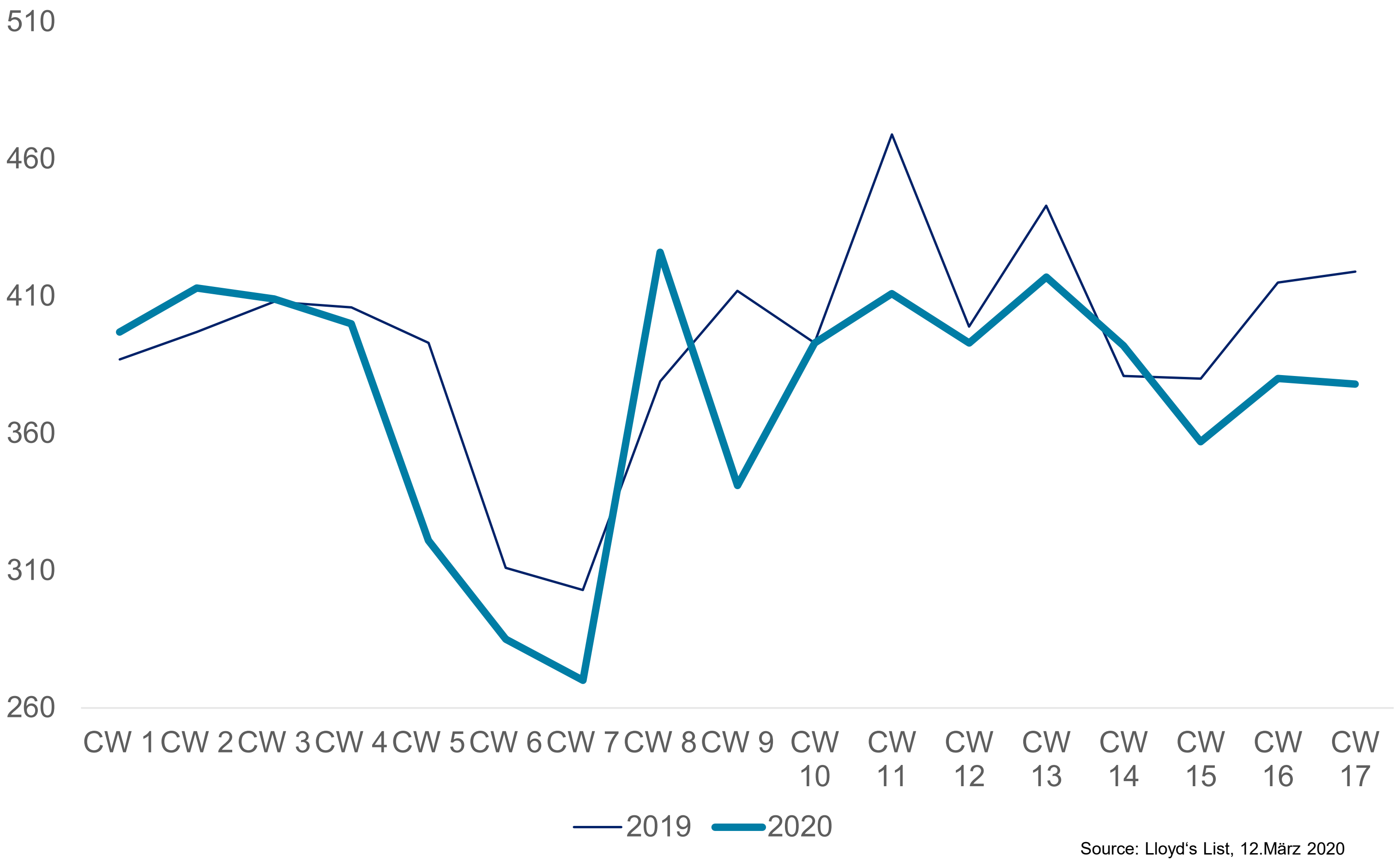
First signs suggest that the situation in China is returning to normal

Ship calls in the ports of Shanghai and Yangshan



Source: Lloyd's List, 12.März 2020

- HHLA has transparency on ship movements in China
- In 2020, in the context of Chinese New Year, a significant decline compared to 2019
- Return to previous year's level discernible since week 8
- Industry slowly resuming production
- Truck drivers return
- HHLA is in constant exchange with Chinese partners to be able to forecast further developments