Analyst and investor call

25 March 2020

HHLA GATEWAY TO THE FUTURE

Financial highlights 2019 of Port Logistics subgroup

Revenue	EBIT	EBIT margin
€ 1,350.0 million	**€ 204.4 million**	**15.1 %**
+ 7.3 %	+ 8.5 %*	+ 0.1 pp

Profit after tax and minorities	ROCE	Operating cash flow
€ 93.6 million	**11.1 %**	**€ 303.0 million**
- 9.0 %	- 4.4 pp	+ 41.1 %

* Mainly due to first time application of IFRS 16

The new circumstances as of today

Economy

Economic researchers are only just beginning to assess the possible effects of the pandemic

- Unlike in other crises all leading economic nations are simultaneously affected by a supply and demand shock
- In the worst case scenario by OECD, global growth could decline by 1.5 %, IfW even forecasts a 4.5 % – 9.0 % drop in German GDP
- Sharp declines in first half, recovery in second half 2020

Pandemic

Containment in China, further spread of the virus in other leading economies

- Economic life will temporarily slow-down significantly in Europe and North America
- Peak of infections in developed countries should be reached within the next few weeks
- Afterwards, containment should be successful

Core business

Both main segments will be affected due to focus on sea containers

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

Efficiency measures

Urgency for further improvements obvious

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

First estimates of potential economic effects by OECD und Drewry

OECD: 02 March 2020; Drewry: 27 February 2020

OECD Interim Economic Outlook Forecasts, 2 March 2020

Real GDP growth

Year-on-year % change

	2019	2020		2021	
		Interim EO projections	Difference from November EO	Interim EO projections	Difference from November EO
World[1]	2.9	2.4	-0.5	3.3	0.3
G20[1,2]	3.1	2.7	-0.5	3.5	0.2
Australia	1.7	1.8	-0.5	2.6	0.3
Canada	1.6	1.3	-0.3	1.9	0.2
Euro area	1.2	0.8	-0.3	1.2	0.0
Germany	0.6	0.3	-0.1	0.9	0.0
France	1.3	0.9	-0.3	1.4	0.2
Italy	0.2	0.0	-0.4	0.5	0.0
Japan	0.7	0.2	-0.4	0.7	0.0
Korea	2.0	2.0	-0.3	2.3	0.0
Mexico	-0.1	0.7	-0.5	1.4	-0.2
Turkey	0.9	2.7	-0.3	3.3	0.1
United Kingdom	1.4	0.8	-0.2	0.8	-0.4
United States	2.3	1.9	-0.1	2.1	0.1
Argentina	-2.7	-2.0	-0.3	0.7	0.0
Brazil	1.1	1.7	0.0	1.8	0.0
China	6.1	4.9	-0.8	6.4	0.9
India[3]	4.9	5.1	-1.1	5.6	-0.8
Indonesia	5.0	4.8	-0.2	5.1	0.0
Russia	1.0	1.2	-0.4	1.3	-0.1
Saudi Arabia	0.0	1.4	0.0	1.9	0.5
South Africa	0.3	0.6	-0.6	1.0	-0.3

Note: Projection based on information available up to February 28. Difference from November 2019 Economic Outlook in percentage points, based on rounded figures.

1. Aggregate using moving nominal GDP weights at purchasing power parities.
2. The European Union is a full member of the G20, but the G20 aggregate only includes countries that are also members in their own right.
3. Fiscal years, starting in April.

Table 2: Drewry container shipping impact scenarios arising from COVID-19

Scenario	Scenario description	Likely economic impact	Effect on container shipping
A (optimistic)	COVID-19 is contained inside China and normal economic activity resumes by early/mid March. Cases outside of China do not escalate.	Slower than expected global GDP growth in 1H20, felt most sharply in China and ASEAN. Followed by strong recovery in 2H20 due to pent-up demand and fiscal stimulus.	Short-term disruption, followed by swift recovery in 2H20: - Spike in freight rates once full production in China is resumed - Global annual growth positive, below previous expectation of ~3%
B (Drewry baseline)	COVID-19 contained in China before 2Q20, but spreading more rapidly in other countries.	Bigger slow down in GDP growth to possible contraction, depending on the size of the consumption areas affected. Recovery pushed into 2021 and likely smaller in scale as some of the pent-up demand will have vanished.	Borderline negative/positive growth in global demand for 2020, modest recovery in 2021: - More blanked voyages to cater for softer demand - More idling and demolition of ships - Further spot freight rate erosion - Carrier earnings likely negative
C (negative)	COVID-19 cases rise once again in China as quarantine measures are relaxed and surge in the rest of the world. No containment before end of 1H20.	Likely global GDP reccession in 2020 as trade flows are choked off at both ends from production and end-user demand.	Large contraction in global container demand in 2020 and uncertain prospect for 2021: - Prolonged freight rate down-turn - Heavy carrier financial losses / greater risk of bankruptcy - Mass idling of container ships - Large scale demolitions

Source: Drewry Maritime Research

More recent studies draw an even gloomier picture

BDI: „Completely powerless growth in Germany in 2020" (as of 05 March 2020)

The global economic effects of the spread of the novel coronavirus are slowly becoming apparent. Health policy measures are having an impact on economic activity, particularly in industry. Consumer behaviour is also severely affected in some sectors and countries. The global economy is experiencing both a moderately negative decline in supply and a similar decline in demand.

Even if the health situation now stabilizes in China and is quickly brought under control in the rest of the world, the economic consequences of temporary interruptions in production and transport are becoming apparent, particularly in China and other parts of the world. With China accounting for a good 20 percent of world industrial production, massive disruptions in the country will have an impact on the rest of the world beyond the first quarter. The Chinese measures against the virus will also have negative economic effects as a sales market in the automotive trade, tourism and many other sectors.

The consequences are already serious. **In all probability, this year will not see a global economic recovery, but a slowdown in growth.**

Institute for the World Economy (IfW Kiel) (as of 19 March 2020)

Compared to the spring forecast of the Kiel Institute a week ago, the economic situation has worsened dramatically weighing heavily on economic prospects. The Kiel Institute has therefore updated its economic outlook based on two scenarios: A six-week lockdown (V-shape scenario) and a three months longer lockdown (U-shape scenario).

In both scenarios the slump in GDP is considerable ranging from 4.5 to 9 percent for the current year, followed by a strong rebound next year.

Due to the global burden on the economy, both scenarios do not assume any significant catch-up effects in the further course of the year, although free capacities - especially in the manufacturing sector - would be available for this purpose.

In 2021, GDP increases strongly due to the recovery in both scenarios. In the V-shape scenario by 7.2 percent, and by 10.9 percent in the U-shape scenario.

Rapid developments

Drewry's baseline scenario has come true

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Source: Drewry Maritime Research

Current situation at HHLA

Corona has taken hold of economic life

Container segment

Yards are full, but with decreasing tendency

- Up to date no infections amongst employees known
- Various storm conditions have lead to ship delays independent from corona
- Increased number of blank sailings after extended Chinese New Year, leading to a lower number of vessels which in turn are better loaded
- Decrease of container throughput due to
  - Production stops (formerly in China, now in Europe)
  - Normalisation of yard utilisation
  - Decreasing number of imports from outside Europe
  - Decreasing demand due to paralysed public life
- Container terminals are operational

Intermodal segment

Significant effects in current business

- Up to date no infections amongst Metrans employees known
- A state of emergency was declared in many (Eastern) European countries
- Metrans customers affected by lack of employees
- Limited production as well as import and export activities
- Decrease in transport activities due to
  - Production stops (formerly in China, now in Europe)
  - Decreasing number of imports from outside Europe, both, via sea and land bound transport modes
  - Decreasing demand due to paralysed public life
- Metrans is fully operational to serve demand from customers

Measures implemented since 01 March 2020

Consistently implement the measures necessary to steer through these challenging times

To protect employees

Responsibility for health and safety

- Permanent corona working group
- Ongoing information on developments, safety measures hygienic instructions
- Home office for all employees where this is possible
- Separation of personnel in small groups with no interaction
- Minimisation of contacts amongst employees
- Cancelling of participation in large meetings, conferences, trade fairs and other gatherings
- Adoption of all measures imposed by authorities
- Avoidance of public transport, support for individual way to work place

To keep up business activity

Secure readiness for customer demand

- Ensure work ability by prioritising processes
- Contingency plans for all operations
- Intense communication with customers and proactive anticipation of customer needs
- Establishment of processes and technical means to enable decentralised work
- Minimise work disruptions by measures to protect employees
- Develop post-corona ramp-up plans

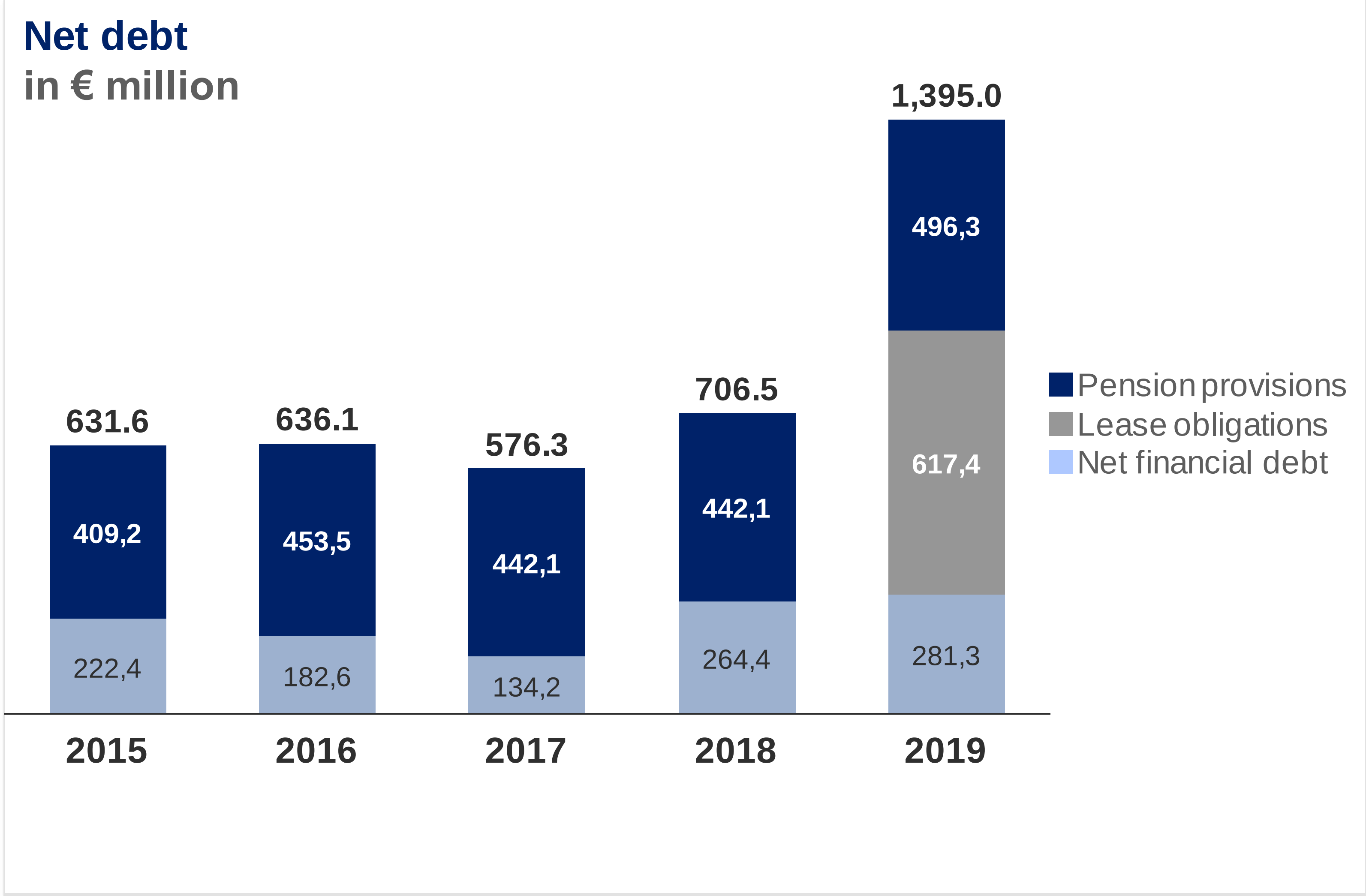
To counteract effects

Reasonable use of resources

- Make efficient use of financial resources, e.g. review distribution of dividends
- Review and where economically reasonable postpone investments to ensure liquidity
- Intensify efficiency measures
- Decrease engagement of temporary workers
- Review and where necessary apply for public supportive measures:
  - Short-time compensation
  - Liquidity support
- Prepare for resumption of normal business

Financial stability with focus on cash flows

Port logistics subgroup

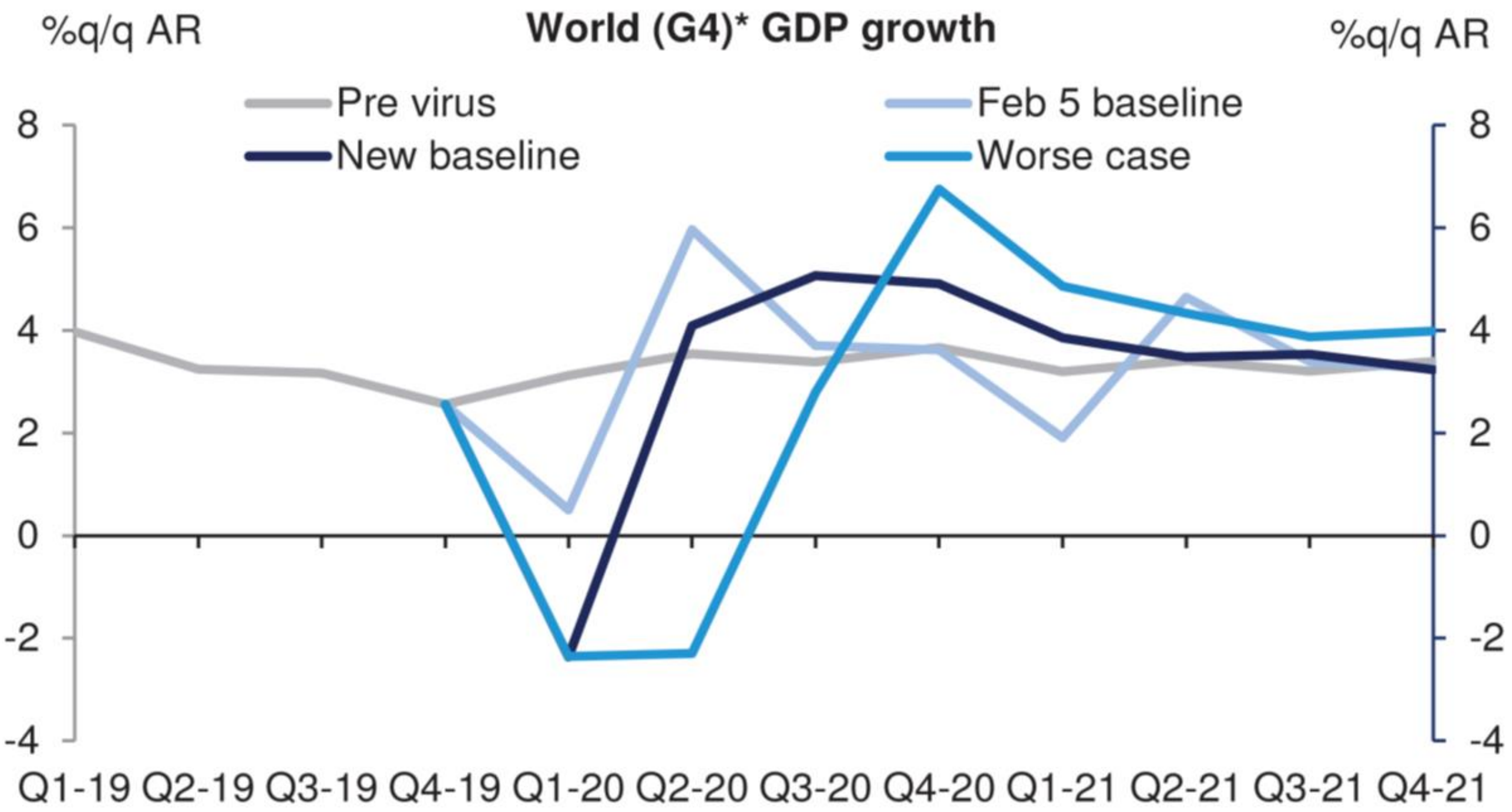


- Financial funds as of 31 December 2019: **€ 227.6 m**
- Dividend policy to strengthen financial stability:
  - Reduction of dividend proposal to 0.70 € per A-share (previous year: 0.80 €)
  - Pay-out ratio 52%
  - Accumulation of ~ € 45 m of 2019 net profit
- Scalable investments
- Focus on cash-flow control in the weeks to come

Ever-changing environment

Different scenarios depending on ever-changing variables

World global growth scenarios



*Weighted average of US, EA, China and Japan. Source: Deutsche Bank

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

Ship calls in the ports of Shanghai and Yangshan

elle: 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

Outlook 2020

Very high degree of uncertainty

- Strong decrease in container throughput and container transport
- Strong decline in revenue and operating profit (EBIT)
- HHLA will adapt capex to the current market environment
- Liquidity sufficient to meet due payment obligations at all times, despite the pandemic-induced burdens.

Q&A