

Gateway to the Future: Update on Group Strategy

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Capital Markets Day 2021



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01 Overview of the current status

How the coronavirus pandemic affected HHLA's operations and what consequences it had for global logistics chains

02 Fit for the world of tomorrow

HHLA's strategic progress in container throughput, container transport as well as innovation and sustainability

Container throughput

Container transport

Innovation and Sustainability

Overview of the current status

How the coronavirus pandemic affected HHLA's operations and what consequences it had for global logistics chains

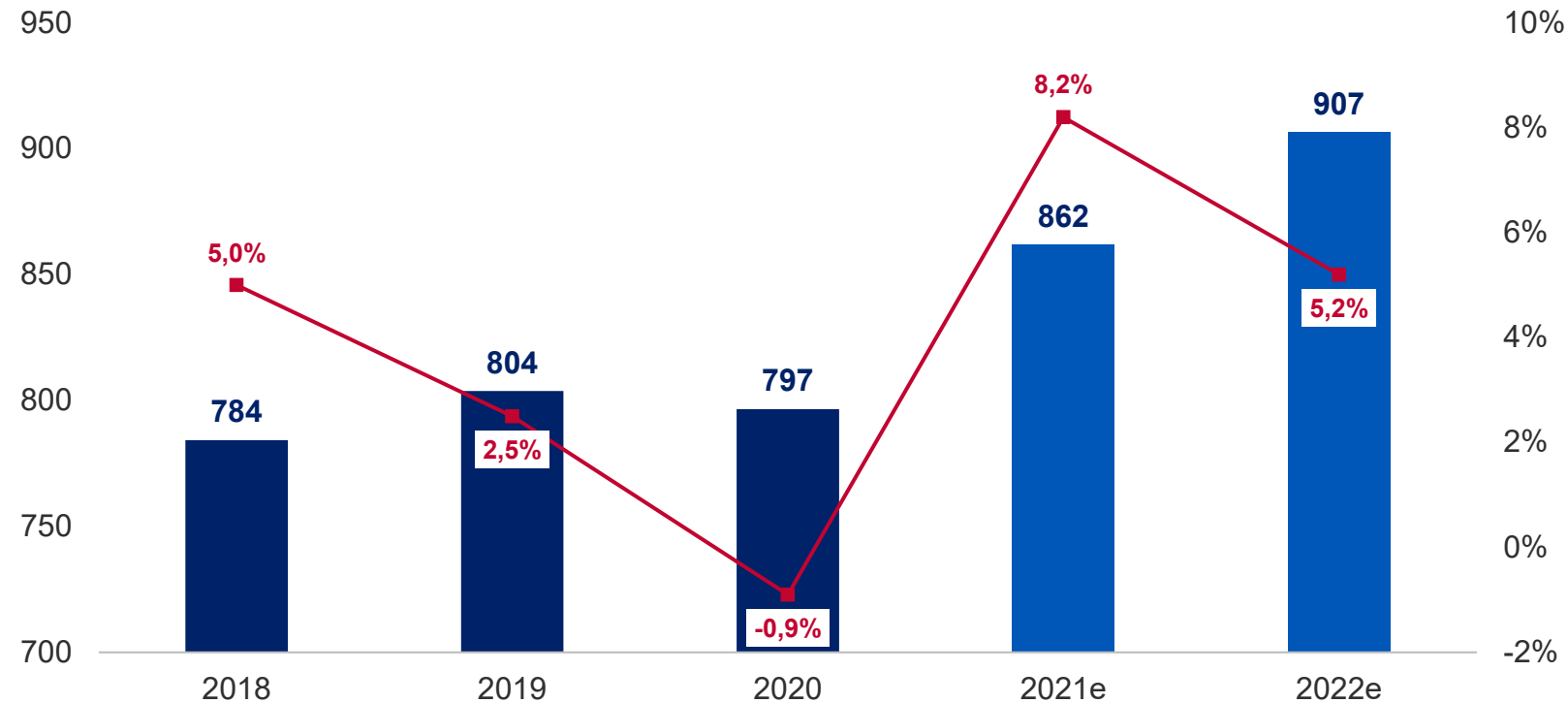


Coronavirus pandemic and the impact on global transport flows

Corona pandemic and the impact on global transport flows

Development of container throughput worldwide

in million TEU / growth in %



- After recording a plus of **13.8%** in **Q2 2021** for global container throughput growth, Drewry has significantly lowered expectations for H2 as a result of the disrupted transport chains and expects average growth of 8.2% in the full year 2021. For 2022, quarterly results between 4.4% and 6.3% are expected. (Drewry, as of September 2021)
- Despite global supply chains disruption, Drewry forecasts **+8.2%** in **global container throughput 2021** (previous report: +10.1%) and **+5.2% for 2022** (Drewry, as of September 2021)
- **Global trade** expected to grow by **+9.7%** (2022: +6.7%) and the **global economy** by **+5.9%** (2022: 4.9%) in 2021 (IMF, as of October 2021)

Global economic cycle is massively disrupted

The current strong demand and the impact of the coronavirus crisis continue to cause severe delays at the ports

Consumption

Boom!

Strong demand for consumer goods due to the coronavirus pandemic

Logistics

Disruption!

Closure of ports leads to massive congestion of ships and overbooked transports

Production

Disruption!

High demand for raw materials and components leads to capacity bottlenecks

CORONA, US-KONSUM, CHINAS EXPORT-BOOM

**„Just in time funktioniert zurzeit nicht“:
Rekordstau an Containerschiffen stürzt
Welthandel ins Chaos**

Weltweit warten so viele Frachter wie nie vor verstopften Häfen. Lieferketten reißen, erste Händler sichern sich eigene Schiffe.

HHLA  

Hundreds of boxships held up by widespread port delays

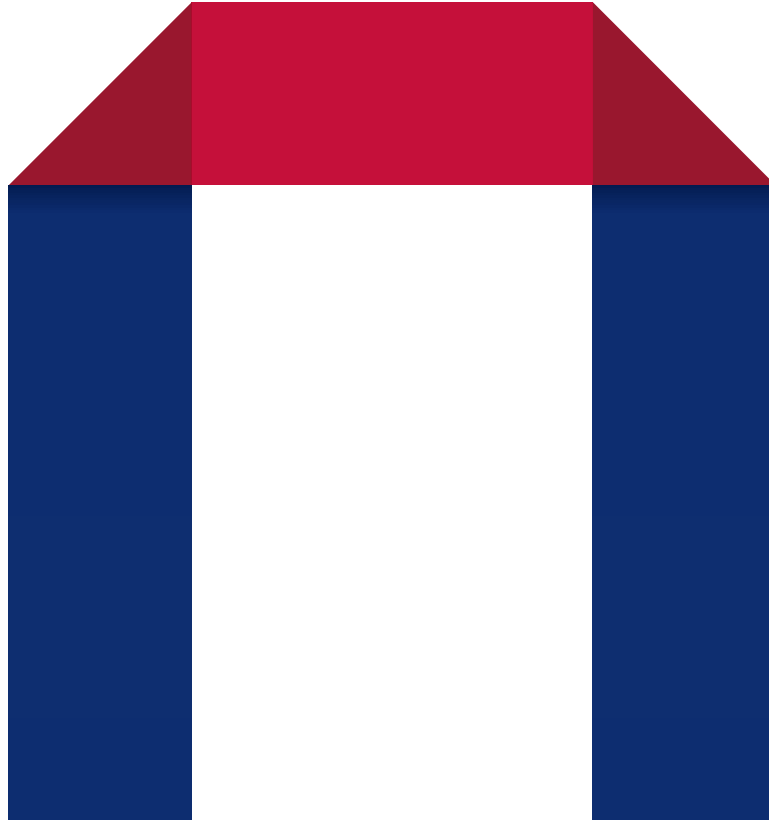
Congestion at quaysides and along the supply chain is forcing thousands of seafarers to wait at sea until a berth becomes available

Ports prepare for Suez surge

With 1m teu of capacity waiting to pass through the Suez Canal, ports and terminals face another shock to the system

Blankings rise as Yantian disruption continues

Lloyd's List Intelligence data shows congestion expanding as the disruption at Yantian spreads to the nearby hubs Nansha and Shekou



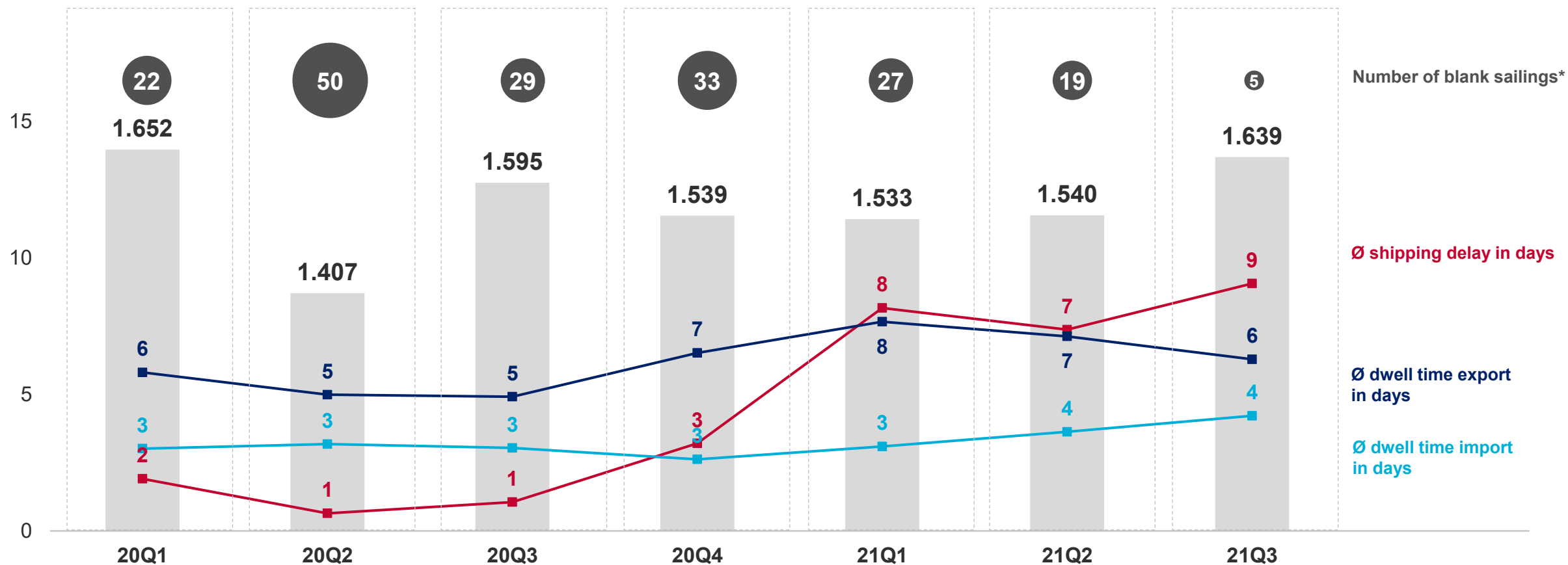
**HHLA is the reliable
service provider for the
industrial nation of
Germany, even in the
current situation.**

HHLA terminals in Hamburg heavily impacted by

Blank sailings, dwell times and shipping delays

Blank sailings, dwell times and delays at HHLA terminals in Hamburg

in days / in thousand TEU



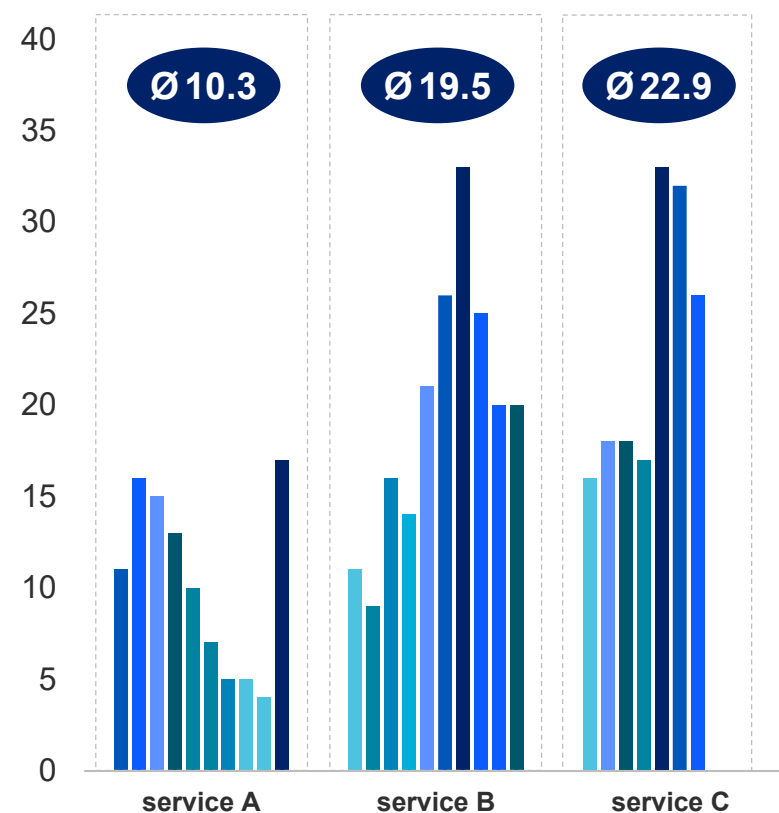
* Blank sailings measured by cancellations. Reasons for this can be insufficient cargo on the order books as well as massive delays due to port congestion or a service's decision to skip a port to mitigate delays.

How to handle massive ship delays at our terminals in the Port of Hamburg

Even the degree of delay is subject to strong fluctuations, which heavily impact all modes of transport

Average delay of the top-3 services at CTB in Q3 2021

in days



Storage

- Capacity utilisation at a very high level
- Use of additional storage areas (GVZ, Hall 6)
- High additional personnel, technical and financial expenditure

Quayside

- Significant ship delays up to 2-3 weeks
- Regular enquiries to HHLA to reload cargo for other ports (esp. UK)
- Verssels are more likely to come to Hamburg than to skip Hamburg
- Ship transfers from CTT to CTB

Train

- High deployment e.g. weekends to compensate for severe ship delays
- Delays cause instability of timetables
- Longer transit times due to construction work
- Higher deployment of technology and personnel, but lack of train drivers

Truck

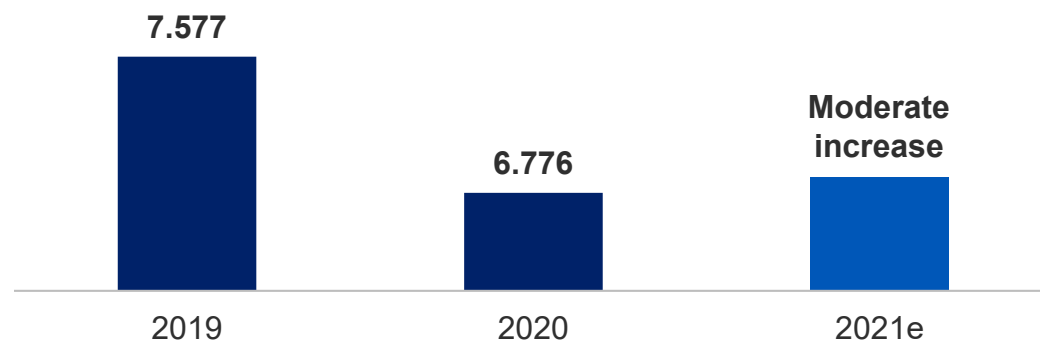
- Export acceptance is adapted to the delay and capacity utilisation situation
- Throughput time per truck: 30-40 minutes
- Feed control of the load depending on capacity utilisation 48 hours

Strong performance development despite the coronavirus pandemic

Forecast raised in October 2021

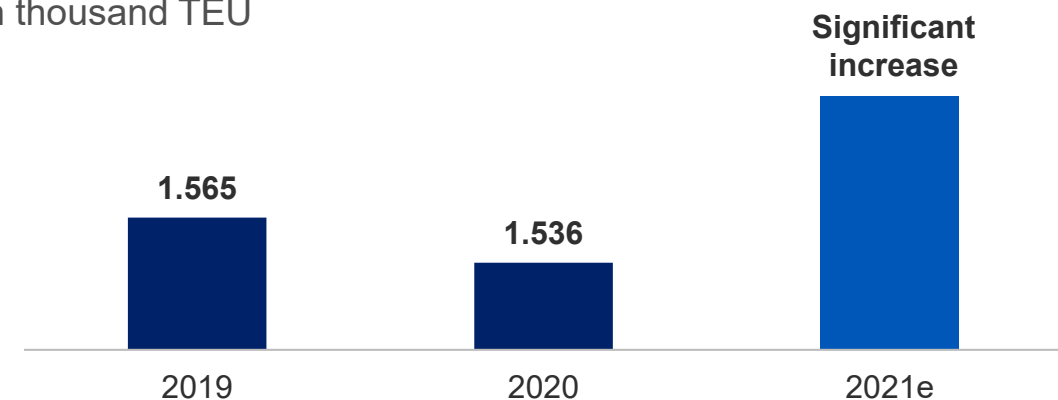
Container throughput

in thousand TEU



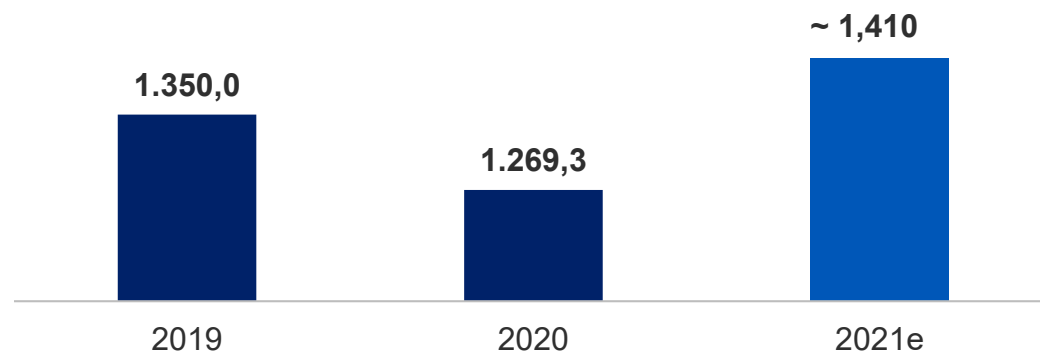
Container transport

in thousand TEU



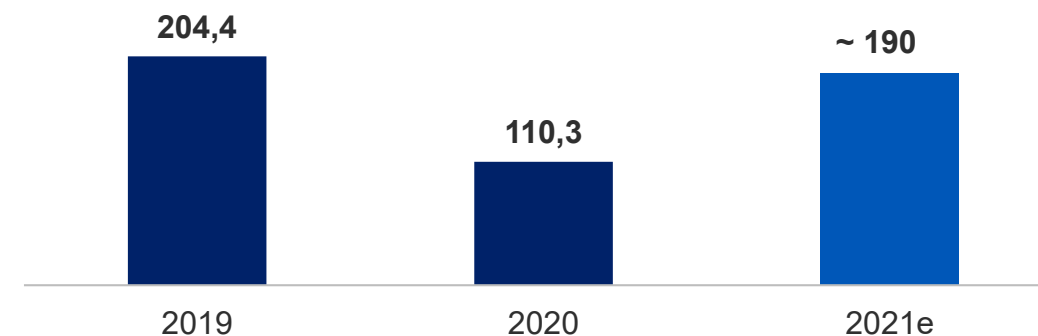
Revenue

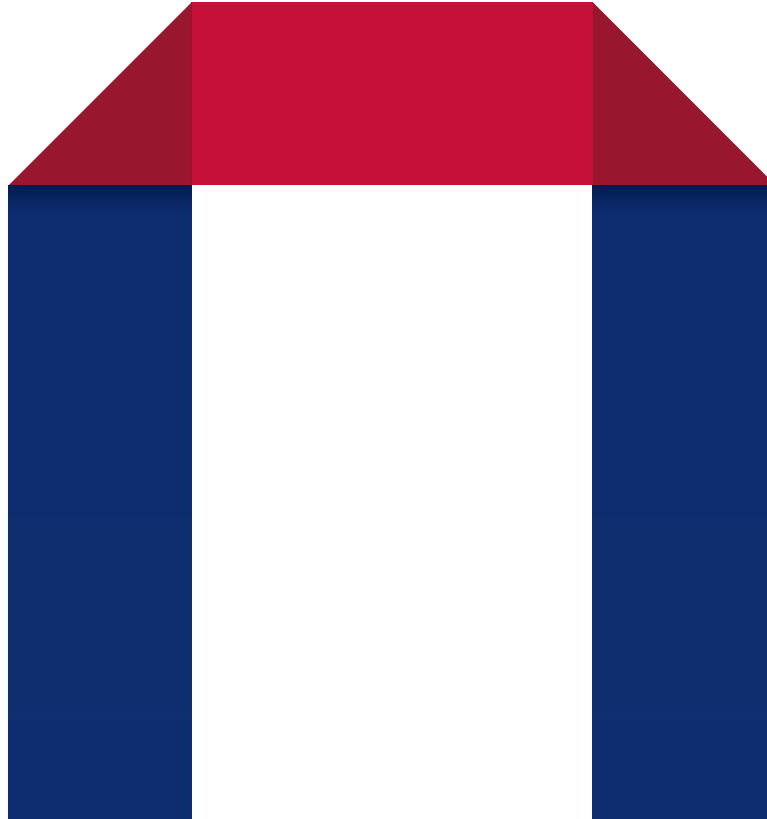
in € million



EBIT

in € million

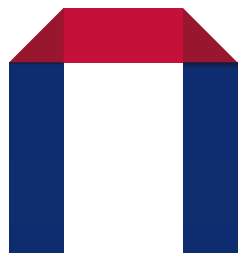




HHLA continues to consistently implement its strategy of achieving growth and strengthening its competitive position

On the way to tomorrow's world

Group strategy at a glance



We have identified **four initiatives** to help us achieve this objective.

Fit for the world of tomorrow

We are making the existing core of HHLA fit for tomorrow's world.



Tapping into additional growth areas

We are tapping into profitable growth areas in tomorrow's world.



Organisational structure and culture

We are aligning our corporate organisational structure and culture with tomorrow's world.

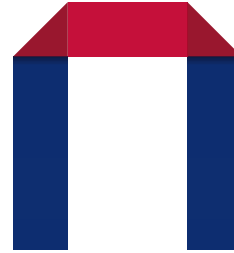


Capital expenditure and finance

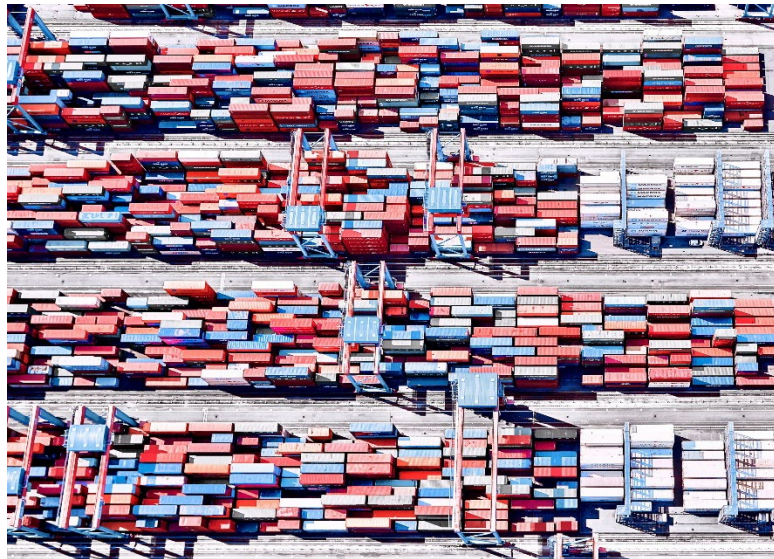
We are aligning our capital expenditure and operating results with sustainable profitable growth in tomorrow's world.



Strengthening the existing core supported by sustainable initiatives and new activities along the transport chain



→ 01 | Container throughput



→ 02 | Container transport



→ 03 | Innovation





01

Container throughput

Several developments driving HHLA's transformation process

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

Structural

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 solved

Elbe dredging already completed

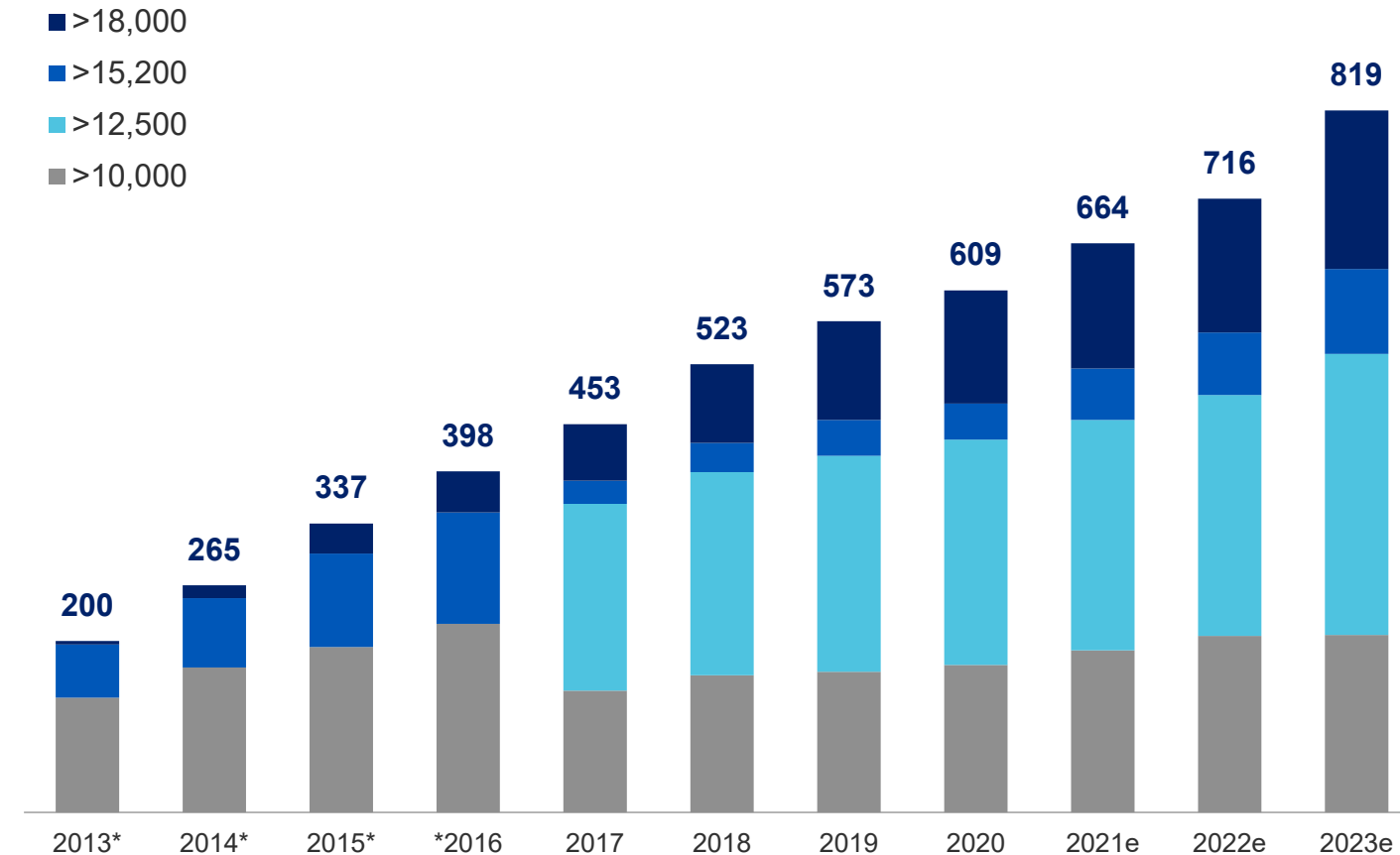
08 Infrastructure maintenance

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

Ship size growth continues unabated

More than 50 new mega carriers expected in Hamburg until 2025

ULCV (>10,000 TEU) fleet worldwide and order book until 2023



* Until 2016, there was only the category <13 to >17 TTEU

- Huge demand for ships is visible in the container ship order book; investment is the highest it has been in nearly 15 years
- At the half-way stage of the year the order book accounted for 20.4% of the fleet, having started the year with an order book-to-fleet ratio half that level at 10.1%

7 23,000 TEU
for OOIL

Lloyd's List article from 30 Oct 2020

5 23,000 TEU
for OOIL

Lloyd's List article from 11 Mar 2020

6 24,000 TEU
for ONE

Lloyd's List article from 24 Dec 2020

12 23,500 TEU
for Hapag-Lloyd

Lloyd's List article from 23 Dec 2020

5 24,000 TEU
for Yang Ming

Lloyd's List article from 30 Oct 2020

10 24,000 TEU
for MSC

Lloyd's List article from 29 Dec 2020

Actively driving forward the internationalisation of the terminal portfolio

Further expansion of the container terminal network



- Adriatic region has been developing very dynamically in the past few years
- Favourable geographic location as the most northern port in the Mediterranean to serve CEE as southern gateway
- Multipurpose terminal: Northern part is already handling general cargo transports, southern part is newly developed to handle container as well as RoRo cargo
- Operations and ramp-up already started in Q1 2021; currently mainly RoRo cargo is being handled; first vessel call in December 2021
- With HHLA PLT Italy, HHLA is positioning itself in a growing market that offers good opportunities for development, including the opportunity to actively participate in and help shape new and changing cargo flows

Since
2021

Stake
50.01 %

Area
~ 28 ha

Current capacity
ramp-up

Potential capacity
300k TEU

Tollerort to become preferred hub for COSCO services in Europe

Hamburg's position as a Central European hub for trade with China strengthened



Key points of the agreement

- Terminal arm of the COSCO Group (CSPL) acquires 35% stake in CTT GmbH
- HHLA retains control over key issues and decisions
- CTT becomes COSCO's preferred hub for China traffic in Europe (not dedicated)
- No sale of port infrastructure
- Strengthening of Hamburg as a maritime location
- Capacity utilisation and employment at CTT will be secured in the long term
- All collective agreements and company agreements continue to apply

HHLA, Eurogate and BLG in talks about strategic cooperation

Potential merger of activities of the container terminals in the German Bay



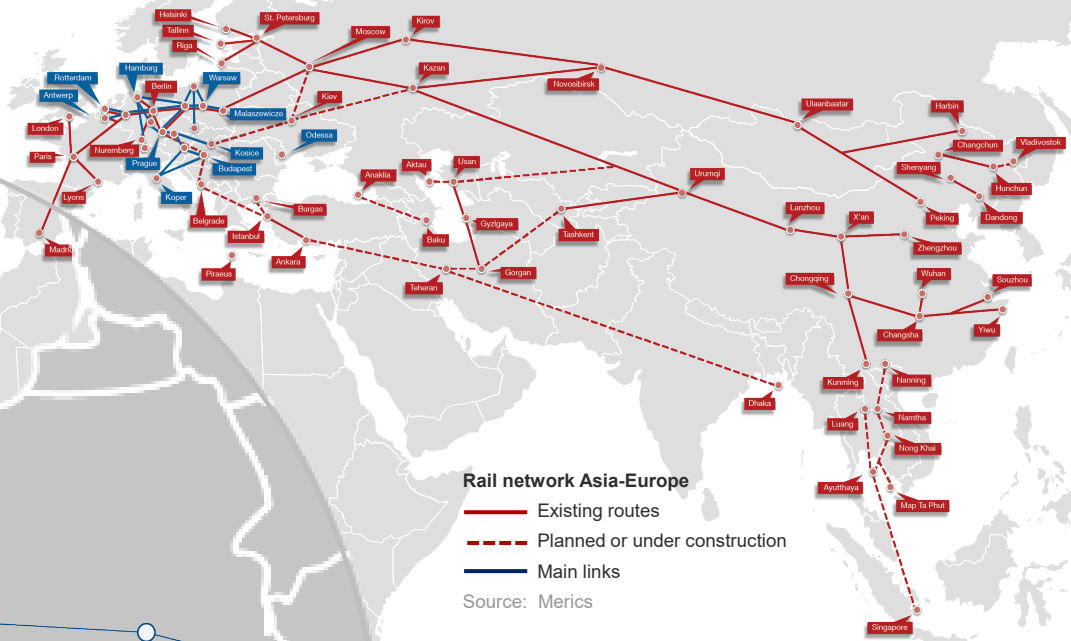
- Confidential discussions based on a common understanding of the vision for the future
- Innovation and sustainability as advantages in the competition for number one in Europe
- No port cooperation, but merger of the activities of eight container terminals in Hamburg, Bremen and Wilhelmshaven
- Due diligence is a prerequisite for fair valuation of individual shares



Consolidate market supremacy with new facilities and connections

Expansion of Intermodal network to further connect Silk Road

- METRANS is expanding its network with a Hungarian facility in Zalaegerszeg
- Designed as a hub for transport services along the Adriatic Corridor and towards Southern and South-Eastern Europe
- METRANS investing around € 40 million in the project, supported by funding from the Hungarian government
- 120 new jobs
- Foundations laid in September 2021
- First trains to be handled at the facility in 2023



Intermodal network

- HHLA seaport terminal
- HHLA hub terminal
- HHLA inland terminal
- Inland terminal
- Seaport terminal
- HHLA railway traffic
- - - HHLA railway traffic on demand



03

Innovation and Sustainability

We regard innovation and technical excellence as the central keys to developing sustainable solutions that enable us to act ecologically and operate successfully – for the environment and our climate, for employees and society.



Opening up new business fields along the transport chain

HHLA continues a tradition of leading the way in port innovations



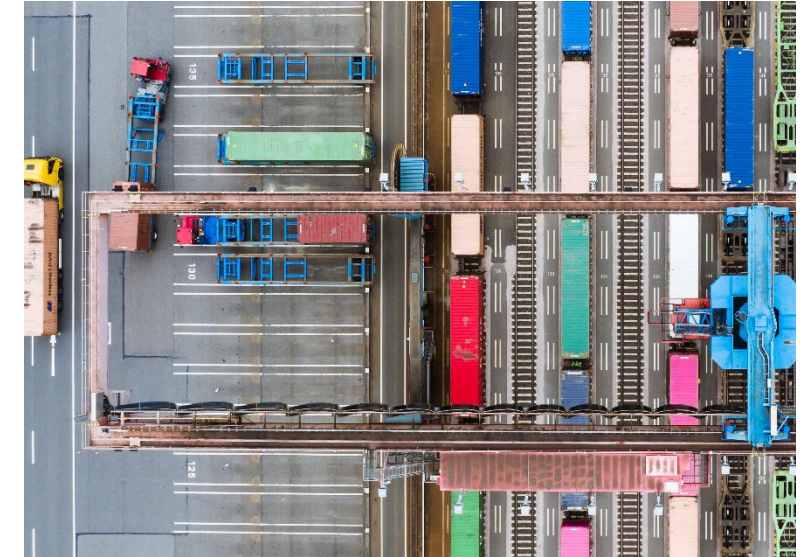
Hamburg TruckPilot

- Joint project Hamburg TruckPilot by MAN Truck & Bus and HHLA proved that the use of self-driving trucks is technologically feasible and can be efficiently integrated into logistics processes
- TruckPilot is an important step on the way to autonomous hub-to-hub transport



HHLA Sky

- In-house developed industrial drones with the first scalable end-to-end drone system world-wide that enables drones to be operated safely beyond the visual line of sight
- Variety of assignments from civil and industrial safety e.g. at airports and industrial sites to collect specific data



Modility

- HHLA initiated the new booking portal with several partners from the transport and freight-forwarding sector
- Booking and brokerage portal to connect intermodal operators' available transport capacities with the transport needs of freight forwarders; focus on combined road / rail transport in Europe

Balanced Logistics: HHLA comprehensively shapes sustainability

Conversion of the transport sector towards a largely CO₂ neutral logistics chain to achieve the 1.5°C target

Climate neutral
by
2040



Reduction of
CO₂ emissions
by at least 50%
by 2030 (base 2018)

Green Deal

- The transport sector should also actively contribute to the achievement of the Green Deal
- Both container and rail transport are covered by the EU taxonomy
- Extensive investments to restructure the economy, infrastructure and energy supply are to be made
- Future container handling programme: comprehensive investments in extensive electrification and energy-efficient equipment, use of green electricity at the terminals, automated control systems, optimisation of processes, development of personnel and skills

HHLA Pure: climate-neutral handling plus transport from the port to the hinterland in place

- Certification of climate-neutral container throughput and transport service by TÜV Nord
- Transport by METRANS with CO₂-optimized equipment (e.g. use of hybrid locomotives designed for heavy-duty shunting and use of lightweight container wagons (30% lighter than normal equipment) and “whispering” brakes for 50% noise reduction)
- Complete conversion of the diesel-powered AGV fleet to battery-powered AGV at CTA by 2022/23 >> reduction of around 15,500 tonnes of CO₂ a year once the system has been completed
- Unavoidable CO₂ emissions are currently offset by certified development projects according to the highest international Gold Standard

Further automation and electrification are key to achieving climate neutrality

Conversion to green electricity is the elementary lever for reducing CO₂ emissions

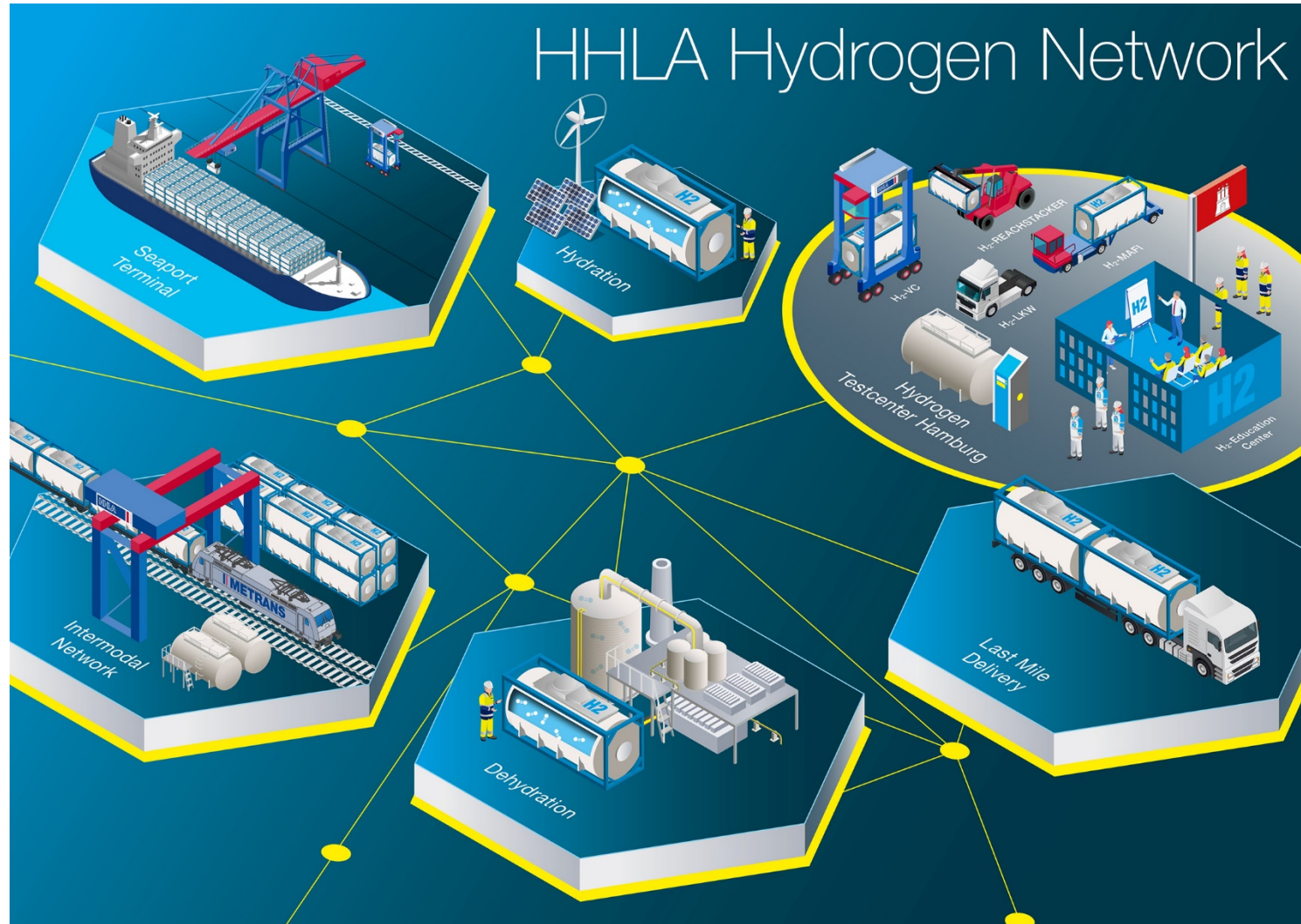
- Technical conversion of machines, equipment and systems to use renewable energies as energy source, esp. substitution of diesel-powered equipment and processes with electrically powered equipment at major terminals
- Reduction of CO₂ emissions by approx. 10,000 tonnes by the end of the 2020s
- Current projects at CTB
 - Expand of electrically operated automated stacking system
 - Replace majority of van carrier fleet with battery-powered AGVs and tractors
- Major lever for reducing CO₂ emissions is the switch to green electricity in the METRANS network: conversion of METRANS Rail Deutschland to renewable energy at 50% so far (started at the beginning of 2021)



HHLA underscores its commitment to be both economically successful as well as socially and ecologically responsible.

Using hydrogen and fuel cell technology to decarbonize our operations

HHLA has set itself the challenge of storing hydrogen and transporting it to the end users in an appropriate form



HHLA's potential: distribution and transport

Import of green hydrogen



Hydrogen Infrastructure
connecting hydrogen import and production with hydrogen offtakers



Hydrogen applications in heavy duty logistics and mobility



HHLA is the the Gateway to the Future