



# HAMBURGER HAFEN UND LOGISTIK AG

ANALYST CONFERENCE ON 2013 FINANCIAL YEAR RESULTS

Hamburg, 27 March 2014



# Agenda

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- **Business Development 2013**  
**Klaus-Dieter Peters**  
**Chairman of the Executive Board**
- Annual Financial Statements 2013  
Dr. Roland Lappin  
Chief Financial Officer
- Business Forecast 2014  
Klaus-Dieter Peters  
Chairman of the Executive Board
- Questions & Answers  
Klaus-Dieter Peters  
Dr. Roland Lappin

# Trends and Challenges 2013

Economic momentum still restrained, competition remains tough

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## GDP Development 2013

World	+ 3.0 %
China	+ 7.7 %
Eurozone	- 0.4 %
Central/Eastern Europe	+ 2.5 %
Germany	+ 0.5 %
World trade	+ 2.7 %

Source: IMF

## ▪ Economic Environment

- Global economic growth stabilises at a low level
- Modest development in HHLA's key markets (Asia, Central and Eastern Europe)
- Global container throughput only slightly growing faster than world economy (Drewry estimate for 2013: growth of 3.3%)

## Container Throughput 2013 in the North Range

North Range	- 0.5 %
Rotterdam	- 2.1 %
Hamburg	+ 4.4 %
Bremen/Bremerhaven	- 4.7 %
Antwerp	- 0.7 %

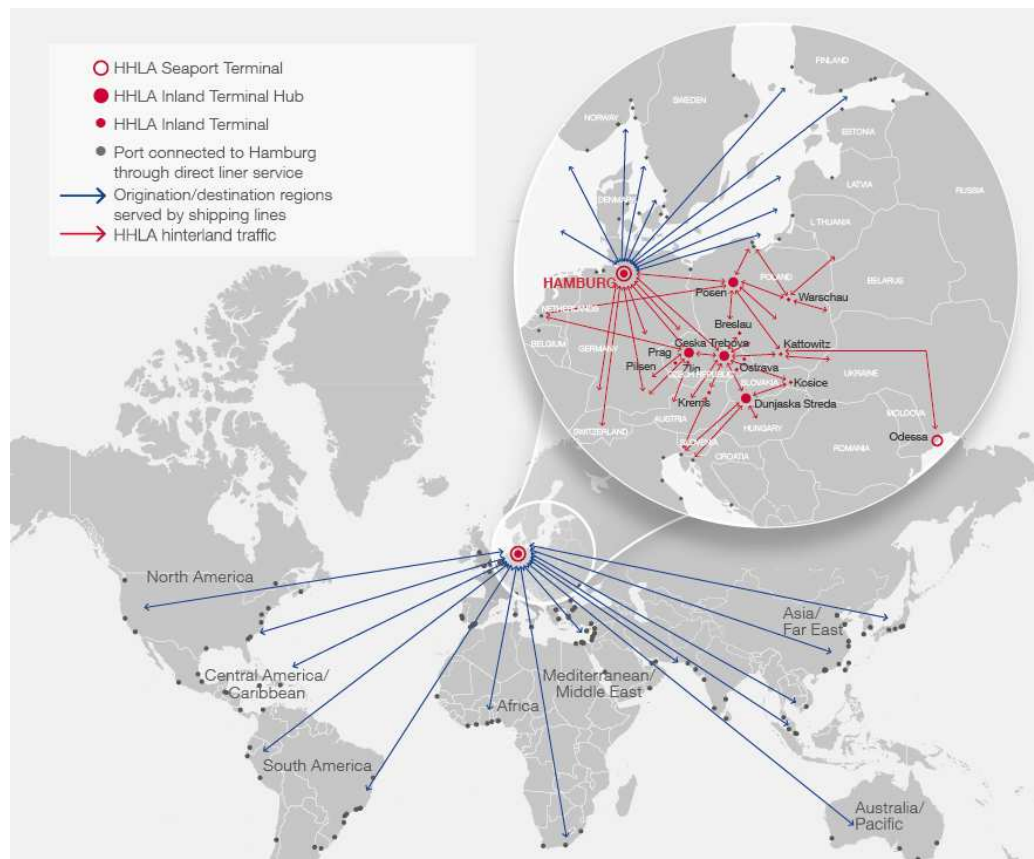
Source: Drewry

## ▪ Sector Development

- Throughput slightly down in the North Range
- Growing number of ever-larger vessels
- Idle capacity at ports in the North Range
- Hamburg continues to face infrastructural deficits (especially the delay in dredging the river Elbe, temporary restrictions on use of the Kiel Canal)
- Only slight increase in European rail freight traffic

# Market Positions Significantly Expanded

## Volume gains in a stagnating market environment



### Container Throughput

- HHLA terminals increase throughput by 4.4 % to 7.5 million TEU
- Rise in feeder traffic to the Baltic Sea (+ 8.3 %) and growth in Far East volumes (+ 6.3 %)
- HHLA's market share in the North Range rises to 20.4 %

### Container Transport

- Volume increase of continued operations by 18.0 % to 1.2 million TEU
- Successful expansion of connections offered in Germany, Austria and Switzerland (D.A.CH. strategy)
- Connections established with the Polish seaports



# Highlights of the 2013 Financial Year

Forecast met in a difficult environment



## Key Figures 2013

Revenue	€ 1,155.2 million	+ 2.4 %
EBIT*	€ 158.0 million	- 15.0 %
Investments	€ 114.9 million	- 41.5 %

\* The previous year's figure includes a one-off gain of € 17.6 million.

### ■ Key Measures

- Handling strengths improved
- Intermodal network successfully expanded
- Premium earned on long-term cost of capital
- Investments free cash positive, net debt reduced

### ■ Revenue and EBIT Development

- Revenue largely in line with the volume trend following adjustments for structural and realignment effects
- Previous year's EBIT includes a one-off gain of € 17.6 million

### ■ Revenue and EBIT Forecast Met

**Dividend proposal: € 0.45 per listed Class A share**  
 (= 65 % of net profit)

# Container Segment

Market position extended, handling strengths enhanced



## Key Figures 2013

Container throughput	7,500 thousand TEU	+ 4.4 %
Revenue	€ 711.7 million	+ 2.0 %
EBIT	€ 137.0 million	- 6.1 %
Investments	€ 81.2 million	- 38.7 %

### ▪ Key Measures

- Capacity for handling large vessels increased
- Terminal processes further developed

### ▪ Revenue Development

- Slightly below volume growth due to higher percentage of feeder traffic (up from 26.7 % to 27.8 %)
- Lower storage fees (reduction of container dwell times)

### ▪ EBIT Development

- Productivity potential not realised due to under-utilised capacity
- Additional expenses caused by peak loads, aggravated by infrastructural deficits (esp. river Elbe, Kiel Canal)

# Intermodal Segment

Expansion strategy successfully implemented



## Key Figures 2013

Container transport	1,172 thousand TEU	- 3.3 %
Container transport*	1,172 thousand TEU	+ 18.0 %
Revenue	€ 314.5 million	+ 4.9 %
EBIT**	€ 22.8 million	- 44.8 %
Investments	€ 12.0 million	- 74.5 %

\* Remaining companies

\*\* The previous year's figure includes a one-off gain of € 17.6 million.

### Key Measures

- Expansion of the network and build-up of new connections, especially in Germany, Austria and Switzerland (D.A.CH. strategy)
- Opening of the hub terminal in Ceska Trebova

### Revenue Development

- Revenue growth at the remaining companies largely in line with volume trend

### EBIT Development

- Based on continued operations slightly up y-o-y
- Start-up costs for new connections and new terminal
- Burden of restructuring expenses for Polzug Group
- Additional costs due to the flooding of the rivers Elbe and Danube

# Logistics Segment

Varied developments in the different business sectors



## Key Figures 2013

Revenue	€ 91.6 million	- 0.3 %
EBIT	€ 7.0 million	+ 64.1 %
Investments	€ 3.6 million	+ 9.1 %

### ▪ Key Measures

- Project and contract logistics restructured by concentrating activities at the Übersee storage and distribution centre (Übersee-Zentrum)

### ▪ Business Development

- Modest development in vehicle logistics
- Upturn in bulk cargo handling (iron ore and coal)
- Successful expansion of global consultancy activities

### ▪ EBIT Development

- Including a one-off gain of € 5.4 million from the sale of a logistics facility, which was largely used for restructuring activities in project and contract logistics
- Adjusted EBIT slightly up on the previous year



# Sustainability: Main Activities in 2013

Pioneering economical and eco-friendly solutions



\* Battery electric heavy goods vehicles within an intelligent container terminal (BESIC)

## ▪ Launch of the BESIC\* Flagship Project

- Trial use of electric-driven automated guided vehicles (AGV's) at Altenwerder named a "Flagship project" by the German federal government
- Batteries of the AGV's to be charged using peaks in the renewable energy generated in Northern Germany (e.g. wind power)

## ▪ Further Reduction in Specific CO<sub>2</sub> Emissions

- Specific CO<sub>2</sub> emissions per container reduced by 24.9 % since 2008
- The target is a reduction of at least 30 % by 2020

## ▪ Fleet of Electric Vehicles Expanded Again

- Hamburg's largest fleet of electric vehicles, since April 2014 already 51 electric cars
- AGV's at the terminal in Altenwerder gradually being switched to battery power

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# Key Figures

Business development distorted by previous year's realignment effects

in € million	HLA Group			Subgroup Port Logistics		
	FY13	FY12**	Change	FY13	FY12*	Change
Revenue	<b>1,155.2</b>	1,128.5	+ 2.4 %	<b>1,127.2</b>	1,101.2	+ 2.4 %
EBIT	<b>158.0</b>	186.0	- 15.0 %	<b>144.3</b>	172.8	- 16.5 %
Net profit after tax and minority interests	<b>54.3</b>	72.3	- 24.9 %	<b>48.3</b>	66.4	- 27.3 %
ROCE	<b>11.6</b>	13.6	- 2.0 pp	–	–	–
Investments	<b>114.9</b>	196.5	- 41.5 %	<b>102.5</b>	186.5	- 45.0 %

\* Retrospective restatement of the figures of 2012 resulting from application of IAS 19 R

Adjusted for the one-time effect of the Intermodal realignment in 2012:

- **Revenue of continued operations** largely in line with volume trend (+ 4.7% y-o-y)
- **EBIT** decrease considerably lower (- 5.1% y-o-y)
- **Net profit after tax and minority interests** remains almost flat y-o-y

# Operating Expenses

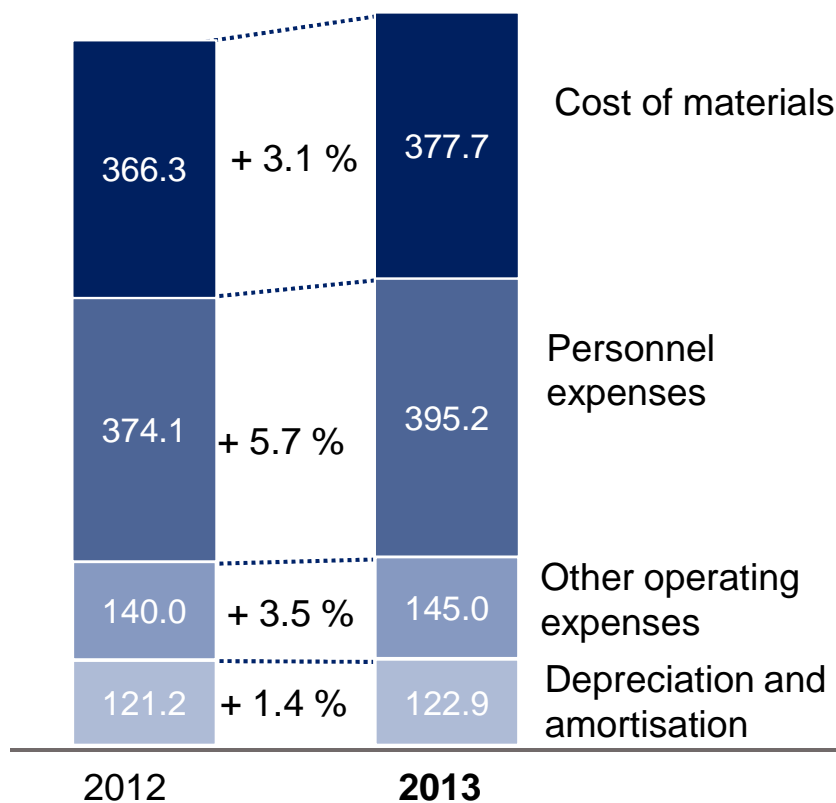
Cost trend largely in line with volume development of continued operations

**Total Operating Expenses:** + 3.9 %

**Throughput/Transport Growth:** + 4.4 % / + 18.0 %\*

\* Continued operations

in € million



- Mainly variable expenses
- Adjusted increase in line with volume trend
- Rise especially in the material-intensive Intermodal segment
  
- Collective pay increases and additional operational expenditure for peak load conditions
- Increase of headcount in the Intermodal segment as a result of expanded operations
  
- Higher lease expenses for container-carrying wagons and locomotives due to higher volumes in the Intermodal segment
  
- Depreciation expenses on previous year's level



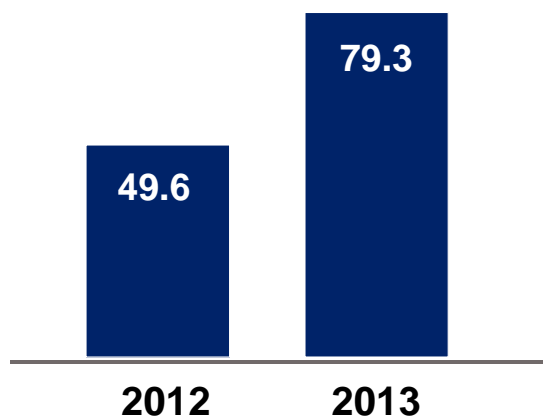
# Financial Position

Resilient financial foundation for a stable pay-out ratio

## Free Cash Flow

in € million

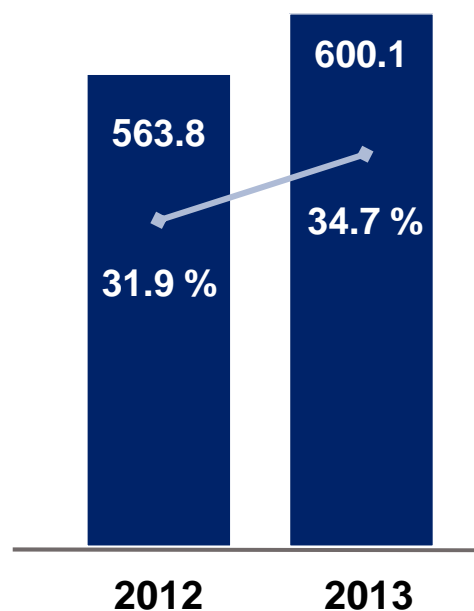
- Free cash flow up by € 29.7 million at € 79.3 million
- Liquidity reserves of € 215.4 million



## Equity as of 31.12.2013

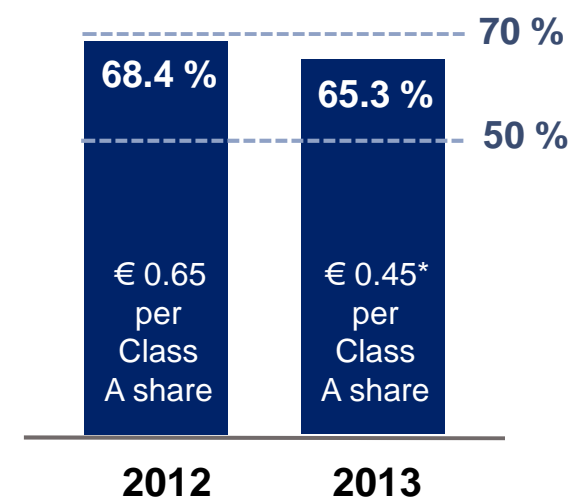
in € million / Equity ratio in %

- Equity ratio up by 2.8 pp to 34.7 %



## Dividend / Payout Ratio

- Dividend policy maintained since 2007



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# Trends and Challenges 2014

Macroeconomic environment remains challenging



## **Modest Volume Trend in Europe**

Container throughput expected to edge up slightly in Northern Europe, accompanied by a small increase in hinterland container transport

## **Growing Ship Sizes Triggering Peak Load Conditions**

Vessel sizes and handling volumes per call will increase further

## **Ongoing Increase of Average Vessel Size and Infrastructural Deficits**

Verdict of the Federal Administrative Court on dredging the river Elbe expected in the third quarter of 2013

## **Growing Volume Volatility Caused by Alliances of Shipping Companies**

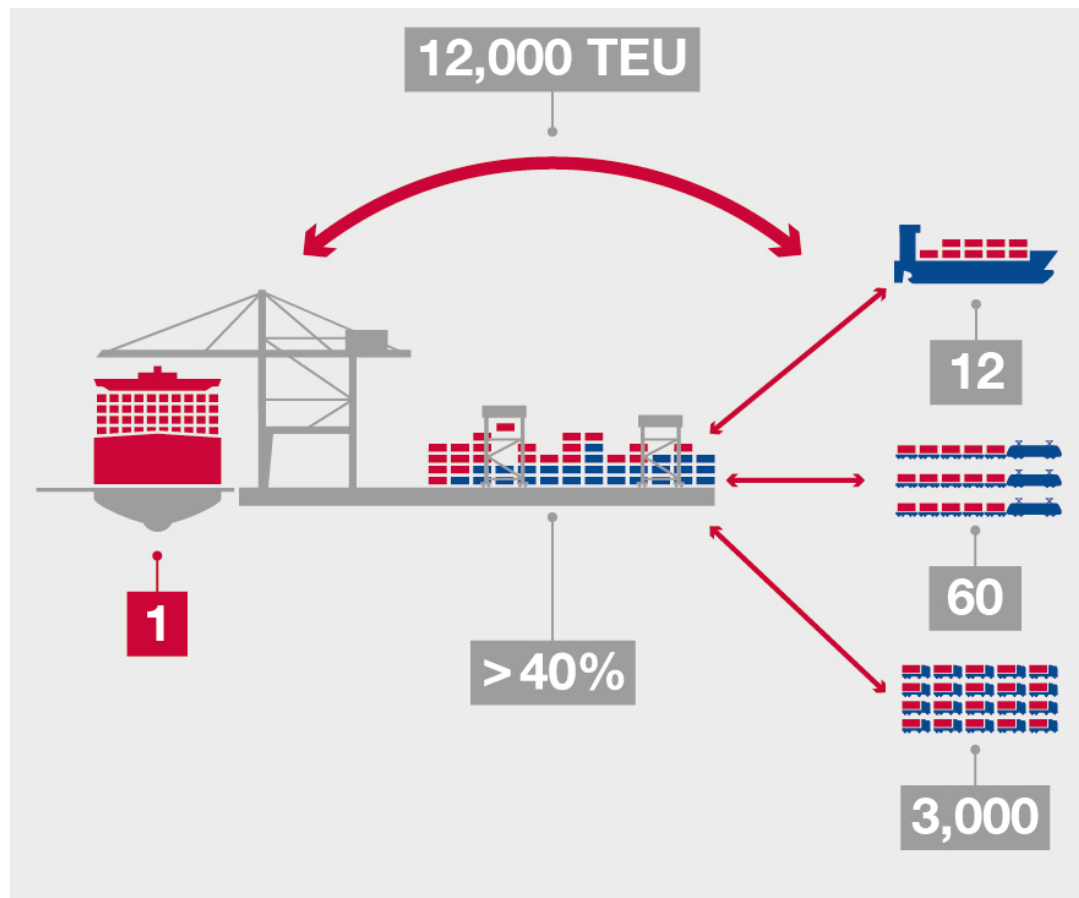
Consolidation of shipping companies can lead to changes in liner services, approval of the Antitrust Authorities for new alliances still pending, developments are not foreseeable

## **Potential Risks Due to the Ukraine/Russia Conflict**

Currency and volume risks for the Container Terminal Odessa, volume risks for trading with Russia via Hamburg

# Challenges for the Logistics Chain are Growing

Peak loads in throughput and transport become commonplace



- **Record Throughput per Call**  
Up to 12,000 TEU are currently discharged from resp. loaded onto a single vessel
- **Extreme Pressure on Storage Space**  
This volume is equivalent to over 40 % of the total storage capacity (CTA)
- **High Demands on Intermodal Systems**  
Volume is distributed to an average of 12 feeder ships, 60 block trains and approx. 3,000 trucks
- **Delay of Vessels**  
Burdens caused by pile-up of export containers on the terminals due to substantial delays



# Forecast for 2014

## Market Environment



▪ Global economy (GDP)	3.7 %
▪ Global trade	4.5 %
▪ Container throughput, global	4.3 %
▪ Container throughput, Northern Europe	1.0 %
▪ Transport volume, Germany	1.9 %

Source: IMF, Drewry, Federal Office for Freight Transport

- Uncertainty surrounding the political situation in Ukraine and Russia
- Increasing peak loads in all parts of the transport chain

## Group Performance



### Volumes

- Container throughput: slight increase on previous year (2013: 7.5 million TEU)
- Container transport: moderate increase on previous year (2013: 1.2 million TEU)

### Revenue

- Slight increase on the previous year's adjusted figure (2013 adjusted: approx. € 1,140 million\*)

### EBIT

- EBIT in a range of € 138 million to € 158 million (2013 adjusted: approx. € 154 million\*)

### Investments

- Investments in the region of € 160 million (2013: € 115 million)

\* Due to the revision of IFRS 10 et seq. pro rata consolidation of joint ventures is no longer permitted from 2014 onwards. This change primarily affects the Logistics segment. The previous year's figures have been adjusted to facilitate comparability.

# Objectives in 2014 and Perspectives

Expanding growth potential and strengthening earnings power

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- **Growth Perspectives for Handling and Transport**  
We want to further improve our strengths in container handling and uphold the expansion of our Intermodal network. Thereby, we have capacity and productivity reserves available for future growth and rising earnings.
- **Further Development of Our Logistics Activities**  
We want to stabilise and further develop our various activities in the Logistics segment.
- **Strengthening Earnings Power**  
We want to strengthen our earnings power by optimising processes and increasing cost efficiency. We intend to continue our dividend policy of a high payout ratio.

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