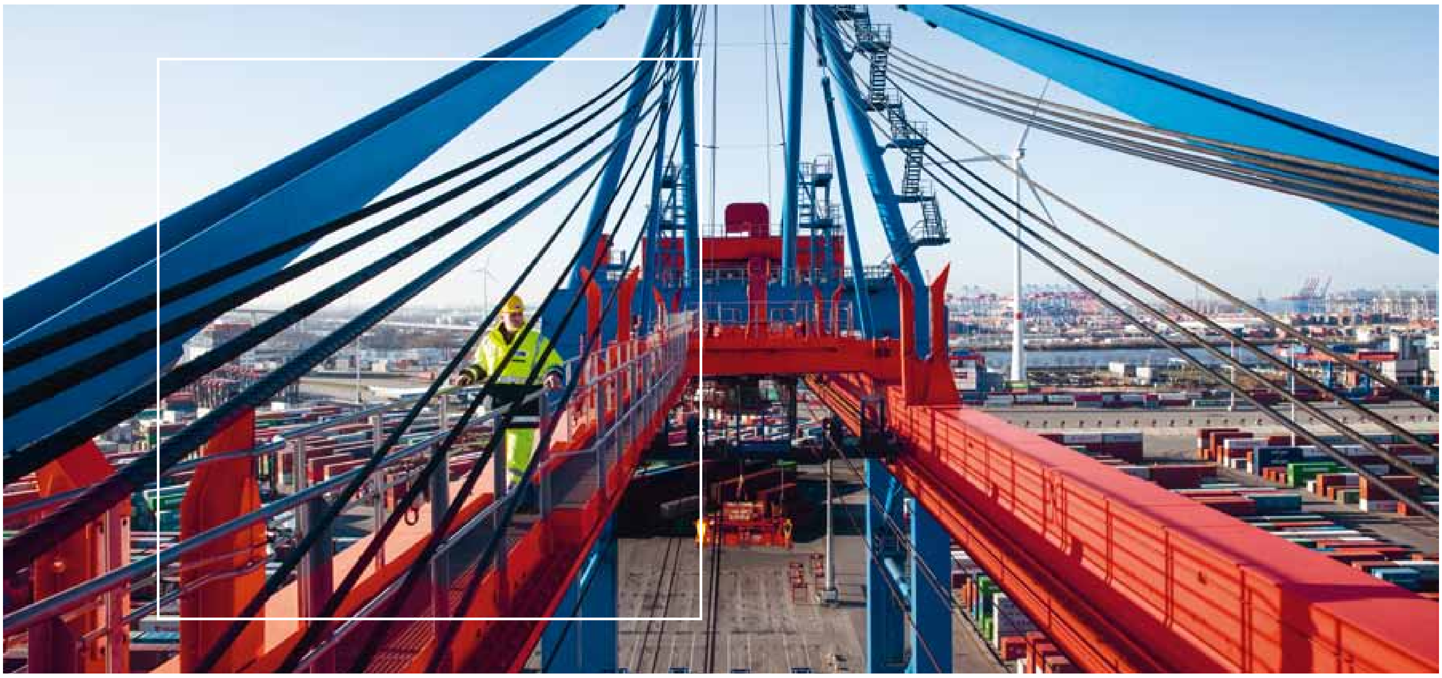

INNOVATION SQUARED

HAMBURGER HAFEN UND LOGISTIK AKTIENGESELLSCHAFT

Annual Report 2014

Key Figures

in € million	HHLA Group 2014	2013	Change
Revenue and Earnings			
Revenue	1,199.6	1,138.1	5.4 %
EBITDA	294.2	274.8	7.1 %
EBITDA margin in %	24.5	24.1	0.4 pp
EBIT	169.3	153.9	10.0 %
EBIT margin in %	14.1	13.5	0.6 pp
Profit after tax	90.6	80.4	12.6 %
Profit after tax and minority interests	58.9	54.3	8.5 %
Cash Flow and Investments			
Cash flow from operating activities	233.4	185.1	26.1 %
Investments	138.4	112.7	22.8 %
Performance Data			
Container throughput in thousand TEU	7,480	7,500	- 0.3 %
Container transport in thousand TEU	1,283	1,172	9.4 %

in € million	31.12.2014	31.12.2013	Change
Balance Sheet			
Total assets	1,788.1	1,716.0	4.2 %
Equity	546.7	600.1	- 8.9 %
Equity ratio in %	30.6	35.0	- 4.4 pp
Employees			
Number of employees	5,194	4,924	5.5 %

	Port Logistics Subgroup[1,2]			Real Estate Subgroup[1,3]		
in € million	2014	2013	Change	2014	2013	Change
Revenue	1,171.2	1,110.1	5.5 %	33.5	33.1	1.0 %
EBITDA	276.2	257.0	7.5 %	17.9	17.8	0.9 %
EBITDA margin in %	23.6	23.1	0.5 pp	53.6	53.7	- 0.1 pp
EBIT	155.6	140.2	11.0 %	13.4	13.3	0.3 %
EBIT margin in %	13.3	12.6	0.7 pp	40.0	40.3	- 0.3 pp
Profit after tax and minority interests	52.3	48.3	8.2 %	6.7	6.0	10.6 %
Earnings per share in €[4]	0.75	0.69	8.2 %	2.46	2.23	10.6 %
Dividend per share in €[5]	0.52	0.45	15.6 %	1.50	1.25	20.0 %

The previous year's figures have been restated due to revised IFRS regulations for group accounting.
[1] Before consolidation between subgroups
[2] Listed Class A shares
[3] Non-listed Class S shares
[4] Basic and diluted
[5] 2014: Dividend proposal

Cover photo: A container gantry crane at the HHLA Container Terminal Tollerort, Hamburg.

Who we are

We are one of Europe's leading port logistics groups. At our port and hinterland hubs, we link three different carriers – ships, trains and trucks – to create powerful logistics chains which set both economic and ecological standards. With our pioneering, integrated services, we organise top-quality and reliable transport between the seaport and the European hinterland. To achieve this, we continuously develop our efficient container terminals, high-performance transport systems and diverse range of logistics services further.

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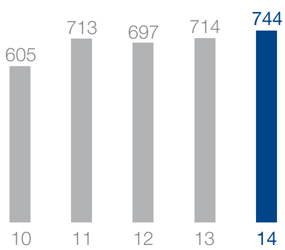
HHLA Container
Port Logistics Subgroup

A Hub for World Trade
HHLA's container terminals bring together ships, rail networks and trucks to create efficient, eco-friendly transport chains. The company's three high-performance terminals – Altenwerder, Burchardkai and Tollerort – make the Port of Hamburg the most important container hub between Asia, Central and Eastern Europe. Service companies round off the extensive portfolio for all container handling needs. HHLA can also process the largest ships that can dock in the Black Sea at its container terminal in Odessa, Ukraine.

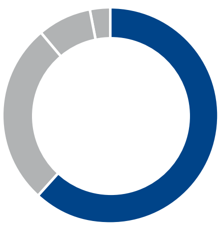
in € million	2014	2013	Change
Revenue	**743.7**	713.6	4.2 %
EBIT	**156.1**	137.0	14.0 %
EBIT margin in %	**21.0**	19.2	1.8 pp
Employees as of 31.12.	**3,022**	2,921	3.5 %
Container throughput in thousand TEU	**7,480**	7,500	- 0.3 %

The previous year's figures have been restated due to revised IFRS regulations for group accounting

Revenue
in € million



Share of Revenue
62.0 %

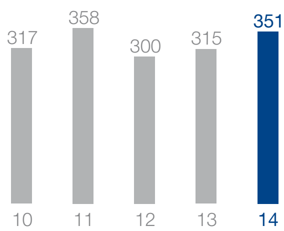


HHLA Intermodal
Port Logistics Subgroup

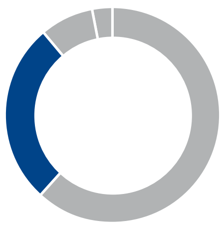
A Network for Europe
HHLA's Intermodal segment offers a comprehensive transport and terminal network for containers. While the rail companies provide high-performance connections between ports on the North and Baltic seas and between the Northern Adriatic and its hinterland, the growing number of inland terminals offers a comprehensive range of services for maritime logistics. The trucking company CTD handles road transport and is the market-leading provider of transport services within the Port of Hamburg.

in € million	2014	2013	Change
Revenue	**351.5**	314.5	11.7 %
EBIT	**27.3**	22.8	19.7 %
EBIT margin in %	**7.8**	7.3	0.5 pp
Employees as of 31.12.	**1,319**	1,128	16.9 %
Container transport in thousand TEU	**1,283**	1,172	9.4 %

Revenue
in € million



Share of Revenue
29.3 %



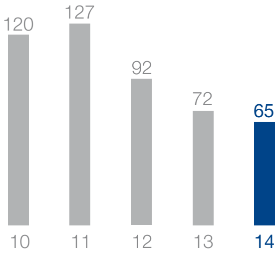
HHLA Logistics
Port Logistics Subgroup

A Range of Services for an All-Purpose Port
A wide range of port-related services are pooled in the Logistics segment. Unikai Lagerei und Spedition is the competence centre for vehicle handling at O'Swaldkai. The Frucht- und Kühl-Zentrum is the German market leader for fruit handling. With Hansaport, HHLA also holds a stake in Germany's largest terminal for ore and coal. HHLA Logistics stands for high-quality logistics solutions. The consultancy subsidiaries successfully market HHLA's expertise in infrastructure and project development around the world.

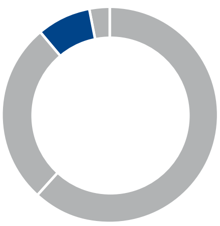
in € million	2014	2013	Change
Revenue	65.4	72.4	- 9.6 %
EBIT	- 0.7	3.0	neg.
EBIT margin in %	- 1.0	4.1	- 5.1 pp
Employees as of 31.12.	229	236	- 3.0 %

The previous year's figures have been restated due to revised IFRS regulations for group accounting

Revenue
in € million



Share of Revenue
5.5 %

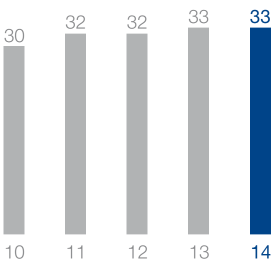


HHLA Real Estate
Real Estate Subgroup

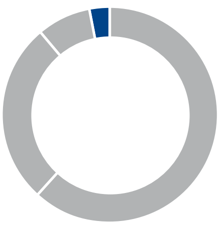
Sensitive Redevelopment
HHLA Real Estate's services cover project and property development, modern district management and active urban redevelopment. It focuses on the careful, sustainable renovation of Hamburg's Speicherstadt historical warehouse district, which is a designated landmark. HHLA aims to make this an exemplary redevelopment project. On the northern banks of the river Elbe, HHLA helps preserve part of the city's fishing tradition with FMH Fischmarkt Hamburg-Altona as part of an intelligent site development concept.

in € million	2014	2013	Change
Revenue	33.5	33.1	1.0 %
EBIT	13.4	13.3	0.3 %
EBIT margin in %	40.0	40.3	- 0.3 pp
Employees as of 31.12.	36	35	2.9 %

Revenue
in € million



Share of Revenue
2.8 %



"The fact that we managed to generate a good result in such a difficult environment demonstrates that our vertical corporate strategy has given us a robust and sustainable alignment."

Ladies and Gentlemen,

Hamburger Hafen und Logistik AG (HHLA) looks back on a successful year. The company succeeded in improving its revenue and operating result significantly in the 2014 financial year. Group revenue rose by more than 5 percent to €1.2 billion, while the operating result (EBIT) improved by 10 percent to €169 million. We therefore exceeded our forecasts.

The operating environment was difficult, however. Global economic growth was restrained and the trend in world trade also proved weaker than in the previous year. Both political and economic crises hampered throughput developments in markets of relevance to us, such as Ukraine and Russia. Operating conditions in Hamburg also remained challenging. There were numerous traffic bottlenecks last year – caused in part by construction work – and many shipping companies deviated from their timetables to an unusually large extent. On top of this, the delay in dredging the river Elbe, which is urgently needed, is having an increasingly serious impact on the nautical accessibility of our terminals. At the same time, a growing number of ever-larger container ships are calling at our terminals. Together with tight time frames for shipping on the river Elbe, this created peak workloads at our terminals that could only be mastered by exceptionally high productivity and the dedication of our employees.

The fact that we managed to generate a good result in such a difficult environment demonstrates that our vertical corporate strategy has given us a robust and sustainable alignment.

In the year just ended, HHLA further improved the performance of its container terminals, invested in expanding them in line with demand, and thereby made a major contribution towards improving the Port of Hamburg's future prospects. Five modern tandem gantry cranes for ships with a capacity of around 19,000 standard containers (TEU) were put into operation at a mega-ship berth of our Container Terminal Burchardkai.

In the Container segment, growth in both revenue and the operating result clearly outstripped the volume trend in 2014. Once again, our container terminals in Hamburg benefited from strong growth in Far East traffic. Feeder traffic to the Baltic Sea decreased. This was partly due to falling volumes in trade with Russia, caused largely by the sanctions imposed as a result of the Ukraine crisis and the country's economic downturn. Ultimately, throughput growth in Hamburg was unable to fully compensate for the drop of almost 30 percent at our Container Terminal Odessa (CTO) caused by the political and economic crisis in Ukraine. Despite the difficult macroeconomic environment, however, we completed the terminal expansion in Odessa, which was already started back in 2010, and put a new berth into operation. This also sends out a clear signal that we are still committed to Odessa. With this long-term investment, we are ensuring that we will have the option of capitalising on future market opportunities once the political and economic environment has stabilised.

All in all, the Container segment remained stable at the prior-year level with throughput of around 7.5 million TEU. Segment revenue rose by over 4 percent to almost €744 million, while the operating result (EBIT) improved by 14 percent to approximately €156 million.

Our Intermodal companies succeeded in substantially expanding their network once again last year. They further enhanced the added value of their production systems with their own terminals, wagons and locomotives. The network operated by our Intermodal companies Metrans and Polzug now comprises four hub terminals and nine inland terminals. The latest was put into operation near the German/Czech border at the turn of the year. HHLA's rail operators also invested in additional shunting engines and 20 new multi-system locomotives in 2014. Our strategy of boosting added value with our own terminals and rolling stock is the main driving force behind growth in the Intermodal segment. The segment's revenue grew by almost 12 percent to approximately €351 million and thus also exceeded volume growth. Progress in the operating result was particularly encouraging. At €27.3 million, it was almost 20 percent higher than in the previous year. Major factors behind this success were the expansion of links in Germany, Austria and Switzerland and the increase in long-distance rail services such as those to Turkey or between the North Sea ports and Central Europe, as well as services from ports on the Adriatic Sea.

"Our strategy of boosting added value with our own terminals, wagons and locomotives is the main driving force behind growth in the Intermodal segment."

We safeguard the Port of Hamburg's status as an all-purpose port with our wide range of services in the Logistics segment. Our consultancy subsidiaries market HHLA's expertise in infrastructure and project development along the maritime transport chains around the world. The Real Estate subgroup is shaping structural change in Hamburg's Speicherstadt historical warehouse district and the Fischmarkt area.

HHLA is a major employer which provides jobs for 5,194 people. The workforce grew by 270 year-on-year. Almost 70 percent of these jobs are in Hamburg. We therefore make an important contribution towards stabilising the labour market and safeguarding prosperity both in the city itself and in neighbouring states. In 2014, we also invested a total of €5.4 million in the training and continuing professional development for our staff. By doing so we not only enhanced their skills, but also their career opportunities.

We are now another step closer to reaching our goal of cutting CO_2 emissions per container handled by 30 percent between 2008 and 2020, having achieved a reduction of 25.5 percent at the end of 2014. We now have the largest fleet of electric cars at any European port and continue to drive the use, for example, of battery-powered transport vehicles and diesel-electric straddle carriers at our terminals. HHLA is thus contributing towards climate protection and reducing noise pollution.

We foster relations with our social environment by offering educational projects on ports and logistics for schoolchildren. Since 2009, well over 9,000 children have been taught about the importance of water and ports in the multi-award-winning "AquaAgenten" project. We are rolling out another project for primary schools in Hamburg this year. Together with their teachers and museum educators, the "PortScouts" will have the chance to inspect containers and terminals and discover what kind of jobs a modern port offers.

At the Annual General Meeting on 11 June 2015, the Executive and Supervisory Boards of Hamburger Hafen und Logistik AG will propose a dividend of €0.52 per entitled Class A share for the financial year 2014 for the publicly listed shares of the Port Logistics subgroup based on the development of business in the past financial year. This would represent a dividend payout of over €36 million for the Port Logistics subgroup – almost 16 percent more than in the previous year. The Free and Hanseatic City of Hamburg would therefore receive dividends totalling around €30 million for its Class A shares and its non-listed Class S shares of the Real Estate subgroup for the financial year just ended.

We will continue to pursue our successful, vertically aligned corporate strategy in 2015. We will expand our terminals in line with demand and further optimise our processes. In addition, we will extend our Intermodal network and invest further in the segment's own rolling stock and terminals in our hinterland. In light of current global economic growth forecasts and the outlook for our sector environment, we forecast a slight year-on-year increase in revenue at Group level in 2015. The operating result (EBIT) is expected to be on par with the prior-year figure. We still face risks such as the political development in Ukraine and possible changes in international currency structures.

Ladies and gentlemen, by successfully linking our productive quayside handling with high-performance transport systems in our hinterland, and supporting these with supplementary services and global consultancy activities, I am confident that we will succeed in utilising the opportunities presented by our competitive environment once again this year.

Yours,

Klaus-Dieter Peters
Chairman of the Executive Board

Executive Board

What We Achieved in 2014

- We further improved the performance of our container terminals in Hamburg and Odessa, invested in expanding them in line with demand and optimised our processes once again.
- We substantially extended the network of our Intermodal companies, boosted added value with our own terminals, wagons and locomotives and strengthened our market position and secured additional freight for the Port of Hamburg.
- We significantly improved our revenue and earnings in a difficult environment.
- We created new jobs, thus making an important contribution towards stabilising the labour market and safeguarding the prosperity of the whole region.
- We further reduced specific CO_2 emissions per container handled and transported. By consistently increasing our use of electric vehicles, we are making an important contribution towards climate protection and the reduction of noise pollution.

What We Aim to Achieve in 2015

- We will continue to pursue our successful, vertically aligned corporate strategy.
- We will further enhance the performance of our container terminals in Hamburg and Odessa and once again consolidate our market position.
- We will continue to expand our container terminals in line with demand, further optimise our processes and thereby contribute towards improving the Port of Hamburg's future prospects.
- We will make our Intermodal network even denser, continue to invest in our own rolling stock and terminals in our hinterland and strengthen our market position even further.
- We will carefully monitor geopolitical risks and successfully utilise our opportunities in an increasingly competitive environment.
- We will continue to uphold our sound balance sheet policy with stable liquidity reserves to ensure we have the necessary funds for further investments and to shape the company's future development.
- We will maintain our outstanding productivity and count on the immense dedication and innovative strength of our employees.
- We will not waiver in our efforts to promote climate protection and the energy efficiency of our facilities.

Dr. Roland Lappin

First appointed on 1 May 2003

Responsibility

- Finance
- Controlling and Investments
- Organisation
- Internal Audit
- Investor Relations
- Real Estate Segment

Klaus-Dieter Peters

Chairman of the Executive Board

First appointed on 1 Jan. 2003

Responsibility

- Coordination Executive Board
- Corporate Communications
- Corporate Development
- Sustainability
- Intermodal Segment
- Logistics Segment

Dr. Stefan Behn

First appointed on 1 May 1996

Responsibility

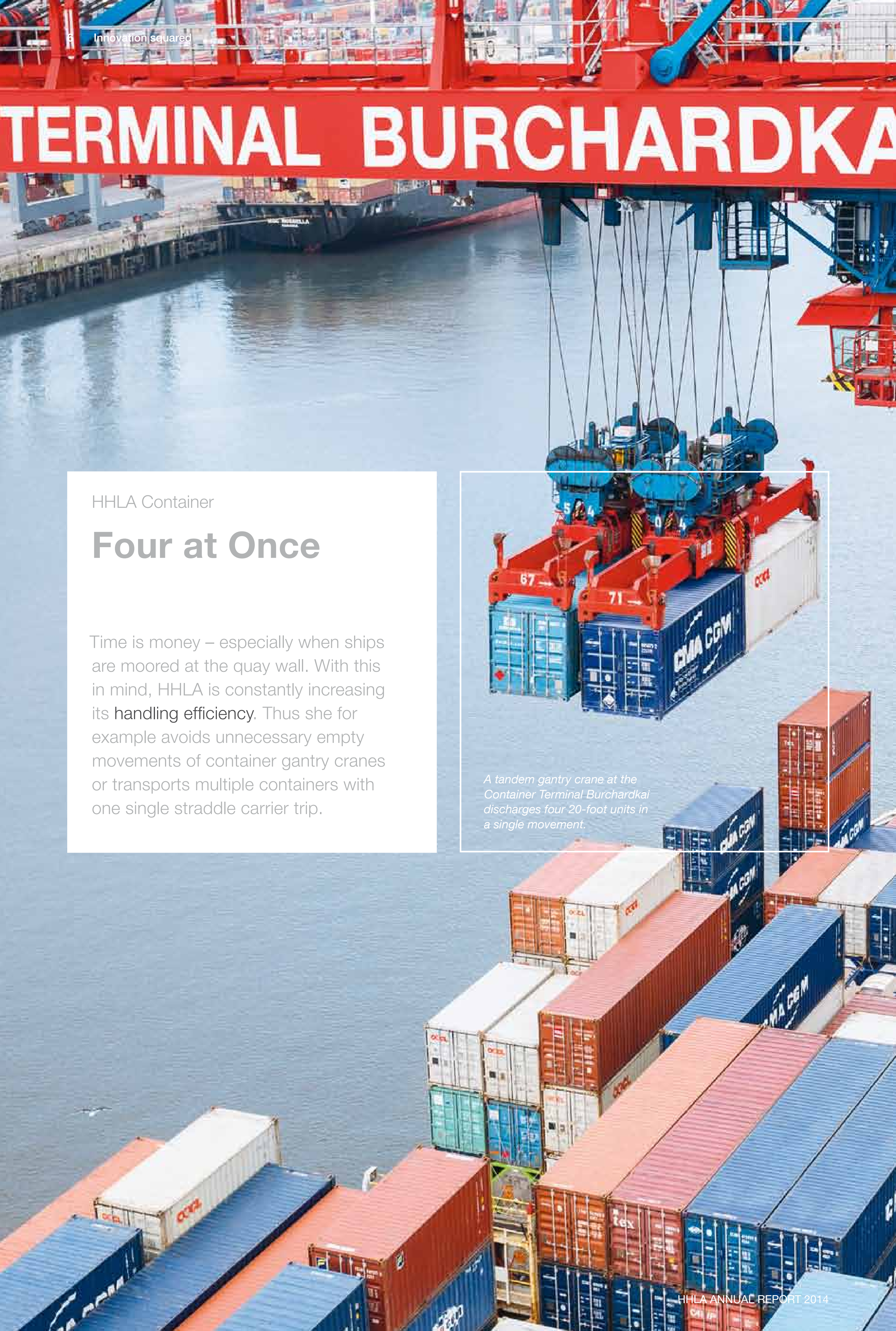
- Container Segment
- Information Systems

Heinz Brandt

First appointed on 1 Jan. 2009

Responsibility

- Human Resources
- Purchasing & Materials Management
- Health and Safety in the Workplace
- Legal and Insurance



HHLA Container

Four at Once

Time is money – especially when ships are moored at the quay wall. With this in mind, HHLA is constantly increasing its handling efficiency. Thus she for example avoids unnecessary empty movements of container gantry cranes or transports multiple containers with one single straddle carrier trip.

A tandem gantry crane at the Container Terminal Burchardkai discharges four 20-foot units in a single movement.

Four boxes are suspended from the blue and red spreaders of the huge container gantry crane. Four? A conventional gantry crane can move a maximum of two 20-foot containers at once. However, the tandem gantry cranes at the HHLA Container Terminal Burchardkai can pick up as many as four 20-foot units in a single movement using two spreaders linked together. Five of these tandem gantry cranes can quickly and efficiently process mega-ships carrying more than 19,000 standard containers on board at the newly opened berth 5/6. They demonstrated this when the *CMA CGM Titan* called there in September: more than 40 percent of the vessel's containers were discharged in tandem. As a result, fewer gantry crane movements were needed and the ship was able to depart sooner.

The HHLA Container Terminal Tollerort takes the same "multi-container" approach: straddle carriers operating in twin mode can transport two 20-foot containers between the yard and the vessel simultaneously. This means the straddle carriers can move significantly more containers with the same number of trips. An impressive 69 percent of all twin-compatible 20-foot units were transported this way in 2014. As the container gantry cranes also work in twin mode and are now supplied faster by the straddle carriers, each gantry crane's output has increased significantly.

Automated guided vehicles (AGVs) at the HHLA Container Terminal Altenwerder have been carrying two 20-foot containers between container gantry cranes and yard at a time for several years now. Recently, steps were introduced to increasingly avoid empty movements. Traditionally, a ship is first discharged and then loaded. This means that the AGVs and gantry cranes are empty on the return trip. Discharging and loading processes are now intelligently combined to reduce such empty runs. In 2014, for example, this cut the number of AGV journeys by almost 30,000.

HHLA Intermodal

The Rise of the Silver Locomotives

HHLA has created a complex and highly efficient shuttle train system with its Intermodal subsidiaries Metrans and Polzug. This extends the maritime logistics chains which run via Hamburg deep into the European hinterland – with no small measure of success.

Four new Metrans TRAXX F140 MS locomotives at an inland terminal belonging to HHLA's Intermodal subsidiary.

The silver Bombardier TRAXX F140 MS locomotives operated by Metrans are constantly in service. Every week, 92 block trains run between Hamburg and the Czech hub terminals in Prague and Ceska Trebova alone.

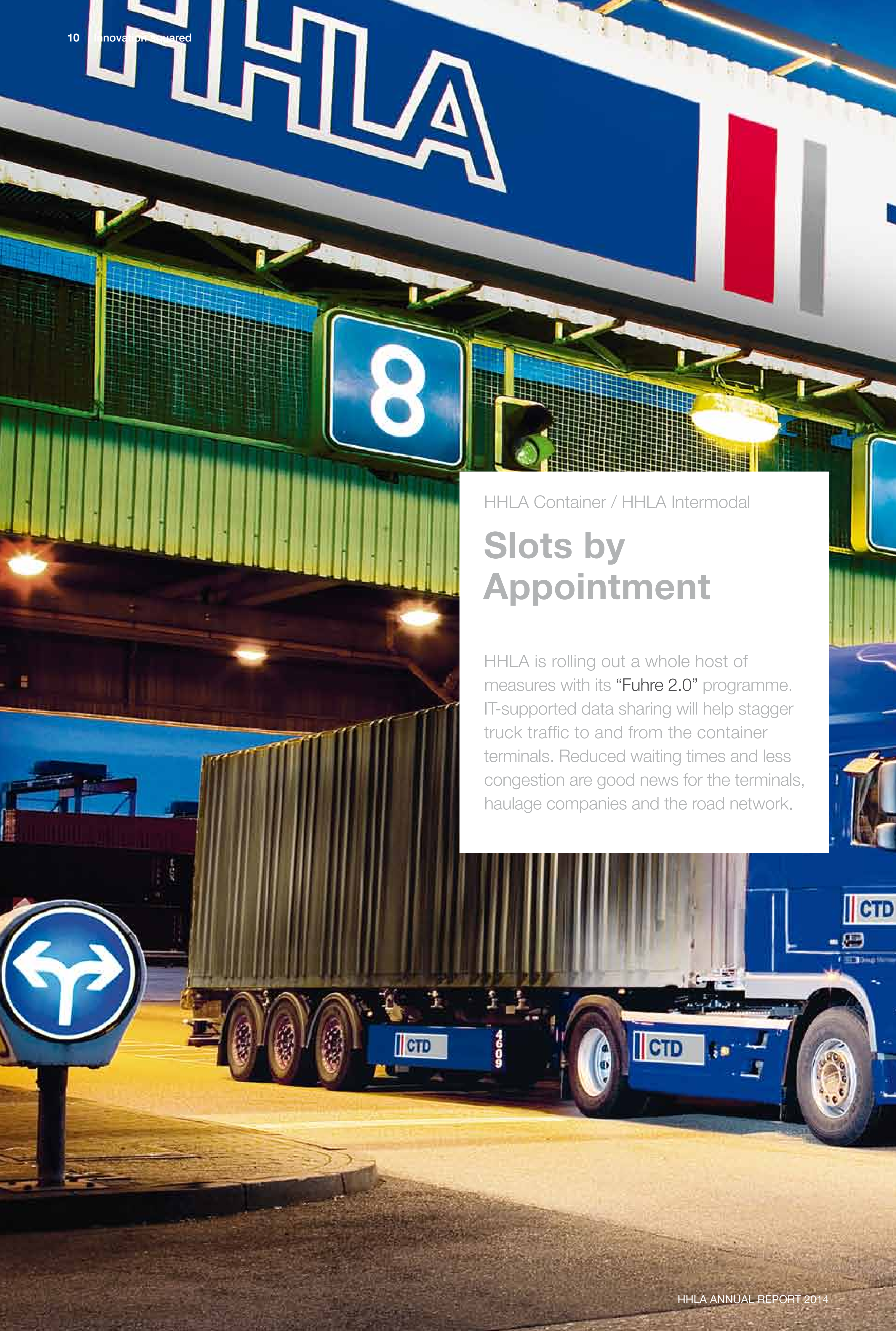
The HHLA subsidiary Metrans bought 20 of these multi-system locomotives around the turn of the year. They are now set to gradually replace the leased locomotives which were previously used. Metrans has been operating services to Munich, Leipzig and Nuremberg with its own locomotives since 2012. They are to be used on more routes in future.

HHLA utilises its own facilities and – increasingly – its own rolling stock at its Intermodal subsidiaries so that it can better control processes and enhance the quality of service it provides. In addition to locomotives and shunting engines, Metrans alone has over 1,300 wagons. 250 of these are specially developed lightweight wagons, which are particularly efficient and environmentally friendly.

In terms of its own facilities, HHLA now has four hub terminals in Poland, the Czech Republic and Slovakia which are linked with a further nine HHLA inland terminals. Operations recently began at the latest one to be added near the German/Czech border in Usti nad Labem.

A range of scheduled train services operate between these terminals, connecting the North Sea ports with the hinterland. This rail network stretches from Germany to Switzerland and via Austria to Slovenia. It covers the countries of Eastern Europe, connects Poland's Baltic ports and goes all the way to Turkey.

The concept is proving successful: year-on-year growth in transport volumes was in double figures on most routes in 2014. There was particularly strong growth for Polzug's more recent rail links with the Polish seaports and the transport services operated by Metrans in Germany, Austria and Switzerland.



HHLA Container / HHLA Intermodal

Slots by Appointment

HHLA is rolling out a whole host of measures with its "Fuhre 2.0" programme. IT-supported data sharing will help stagger truck traffic to and from the container terminals. Reduced waiting times and less congestion are good news for the terminals, haulage companies and the road network.

The trucks operated by HHLA's Intermodal subsidiary CTD already use the quieter night hours for their trips to the terminals in order to be processed more quickly.

A truck belonging to HHLA's subsidiary CTD leaves the Container Terminal Burchardkai with an import container. Whether the truck can be processed promptly depends partly on the traffic situation. If the vehicles which transport containers to or from the terminal all arrive at the same time, instead of being spread over the course of 24 hours, the site can become congested.

At present, utilisation of the truck handling capacity is uneven. During the day, as many as 240 vehicles are processed an hour at a terminal, while fewer than 20 are often handled per hour during the night. This creates peak loads. And these pose a challenge for the terminals and for the road network at the Port of Hamburg. The more trucks that are on the road at the same time, the greater the risk of traffic jams.

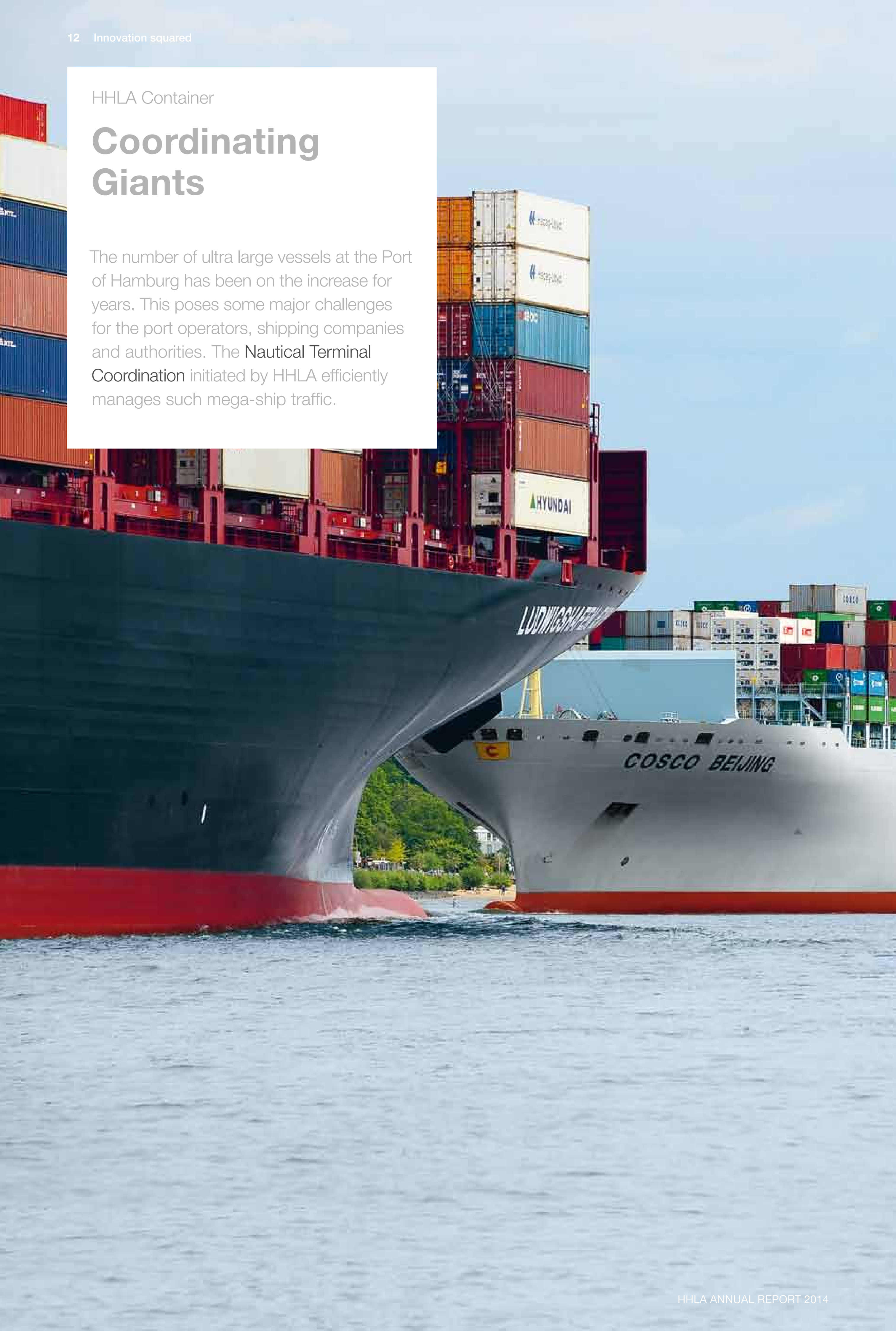
This is why one of the objectives of the "Fuhre 2.0" programme – a HHLA initiative to make truck processing at its terminals (called Fuhre in German) more efficient – is to ensure that the workload is spread more evenly. At the same time, the scheme aims to shorten processing times, reduce waiting and increase the capacity of the handling facilities. HHLA is using intelligent solutions to achieve this: the key being improved information sharing.

In future, it should be possible to check all data relating to a container with the aid of computers – rather than manually – before the truck even arrives. This saves time for both the terminals and the drivers. The latter can be sure that their designated container really is ready for them. The timely transmission of data also helps the terminals plan their human resources. Once "Fuhre 2.0" has been rolled out, truck drivers will book a slot for each trip with the terminal. They will thus know exactly when they need to be at the terminal to deliver or collect containers quickly. Terminals, haulage companies and the public road network will all benefit from this increased reliability.

HHLA Container

Coordinating Giants

The number of ultra large vessels at the Port of Hamburg has been on the increase for years. This poses some major challenges for the port operators, shipping companies and authorities. The Nautical Terminal Coordination initiated by HHLA efficiently manages such mega-ship traffic.



Approximately 60 percent more mega-ships than in 2008 called at the Port of Hamburg in 2014.

The *Ludwigshafen Express* en route to the Container Terminal Altenwerder is an impressive 48 metres wide. That is almost half the size of a football pitch. At 45.8 and 43 metres respectively, the *MOL Competence* and the *COSCO Beijing* are only marginally narrower. All three are classed as ultra large vessels. Back in 2008, 621 of these giants called at the Port of Hamburg, but the number has now risen to 989 per annum. Mega-ships are subject to different restrictions when navigating the estuary to and from Hamburg, caused by, for example, the water level in the river Elbe or the width of the navigation channel. This has a knock-on effect on the arrival or departure of other ships, and vice versa.

Until now, there was no central coordinating office to pool information about arrivals and departures of large container, cruise and ConRo ships or bulk carriers from a terminal point of view. HHLA has now closed this gap with the Nautical Terminal Coordination (NTK), which is operated in conjunction with several partners.

The NTK team identify the knock-on effects of mega-ship handling in advance and propose operational solutions. As well as keeping an eye on the width of the ships, they monitor the situation at the terminals, the current position of vessels expected at the port, the water level in the river Elbe and the wind speed. However, the public authorities – which work closely with the NTK – have the last word on the passage of the river Elbe.

The system is based on a simple principle: the shipping companies and terminals involved in the scheme refrain from putting their own interests first when necessary so that the system as a whole operates smoothly. This is crucial given that the number of mega-ships will continue to rise – and container ships are also getting bigger and bigger. Coordinating traffic and dredging the river Elbe will both help.

HHLA Logistics

More Efficient Stacking

HHLA's consultancy subsidiary Hamburg Port Consulting (HPC) belongs to the Logistics segment. The terminal planners are currently working at the Colombian port of Cartagena, where they are automating the portal cranes at two terminal yards on behalf of the operator.

Currently, each rubber-tyred gantry (RTG) crane is manned by an operator. In future, they will be remote-controlled, enabling them to work through stacking jobs more efficiently and cost-effectively.

This is what the most productive container terminal in the Caribbean looks like: as many as six containers are stacked on top of one another in long, tightly packed rows. Towering above these storage blocks at the Colombian port of Cartagena are the dark blue frames of colossal rubber-tyred gantry (RTG) cranes. These cranes transfer containers from the yard to the terminal's own chassis which are taken by tractors to their destination on the terminal.

The utilisation rate of the RTG cranes fluctuates considerably during this production process, and both fuel and personnel expenses are high. For example, each RTG crane is manned by an operator who is sometimes only engaged in short bursts of activity. The operating company Sociedad Portuario Regional de Cartagena (SPRC) has therefore hired HHLA's consultancy subsidiary Hamburg Port Consulting (HPC) – which already consults SPRC since 1998 – to reduce costs and make workflows more efficient.

The extensive expertise gained by HPC's terminal planners in the course of consultancy projects around the world is constantly being put to the test.

HPC has drawn up a three-step plan for the two terminals in Cartagena. Firstly, work on electrifying the RTG cranes to lower diesel expenses and reduce their environmental impact began in late 2014. In a second step, the RTG cranes will be controlled centrally by remote operators, who will work through a list of jobs for the various cranes one by one. Finally, the RTG cranes will be automated. Fleet control software will be developed for this purpose, which will allocate stacking jobs to the cranes based on efficiency parameters.

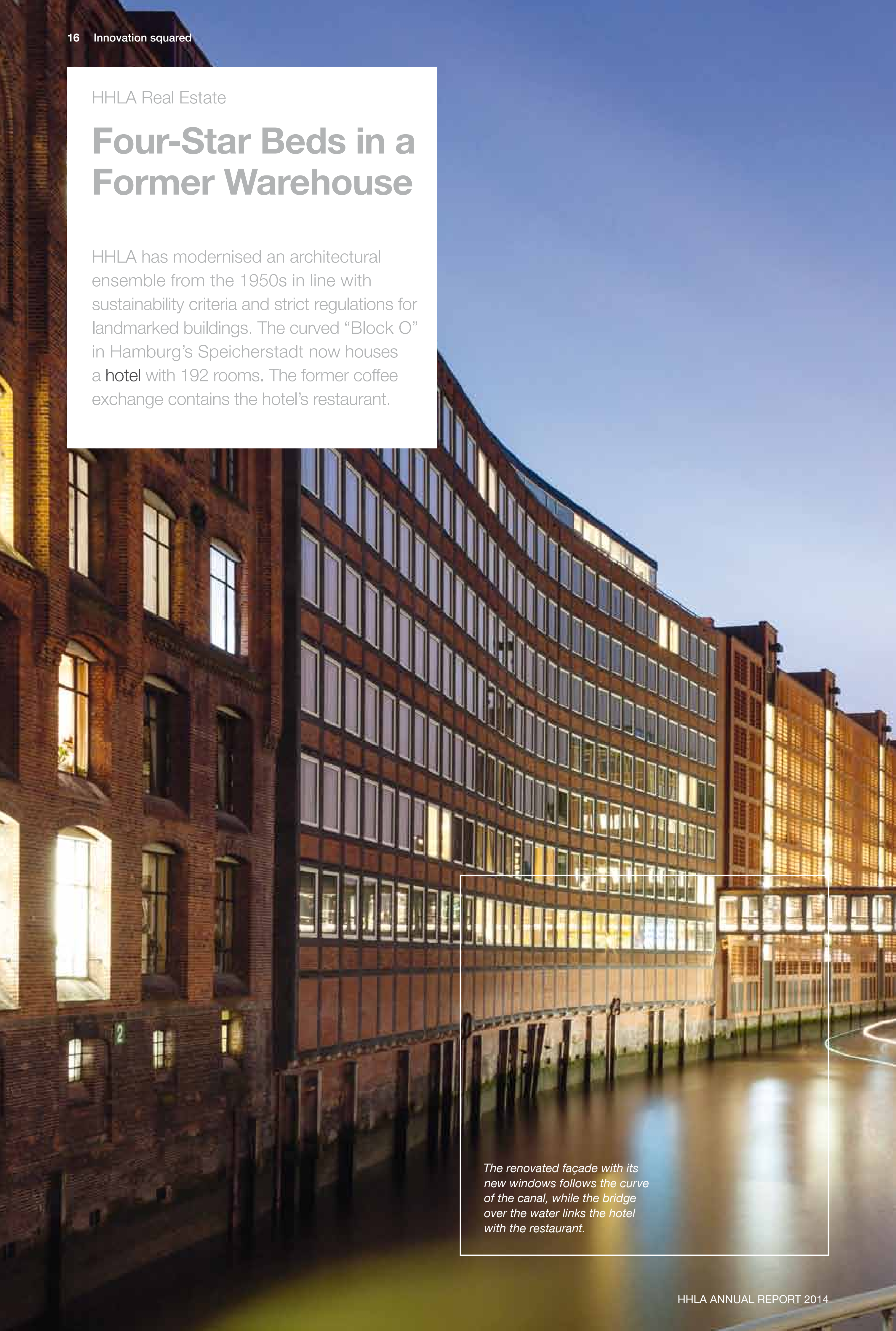
The plan will help SPRC enhance its market edge as the most productive container terminal operator in the Caribbean. And, of course, the automation concept developed for Colombia can also be applied to other terminals.


HAMBURG SÜD
CCL

HHLA Real Estate

Four-Star Beds in a Former Warehouse

HHLA has modernised an architectural ensemble from the 1950s in line with sustainability criteria and strict regulations for landmarked buildings. The curved “Block O” in Hamburg’s Speicherstadt now houses a hotel with 192 rooms. The former coffee exchange contains the hotel’s restaurant.



The renovated façade with its new windows follows the curve of the canal, while the bridge over the water links the hotel with the restaurant.

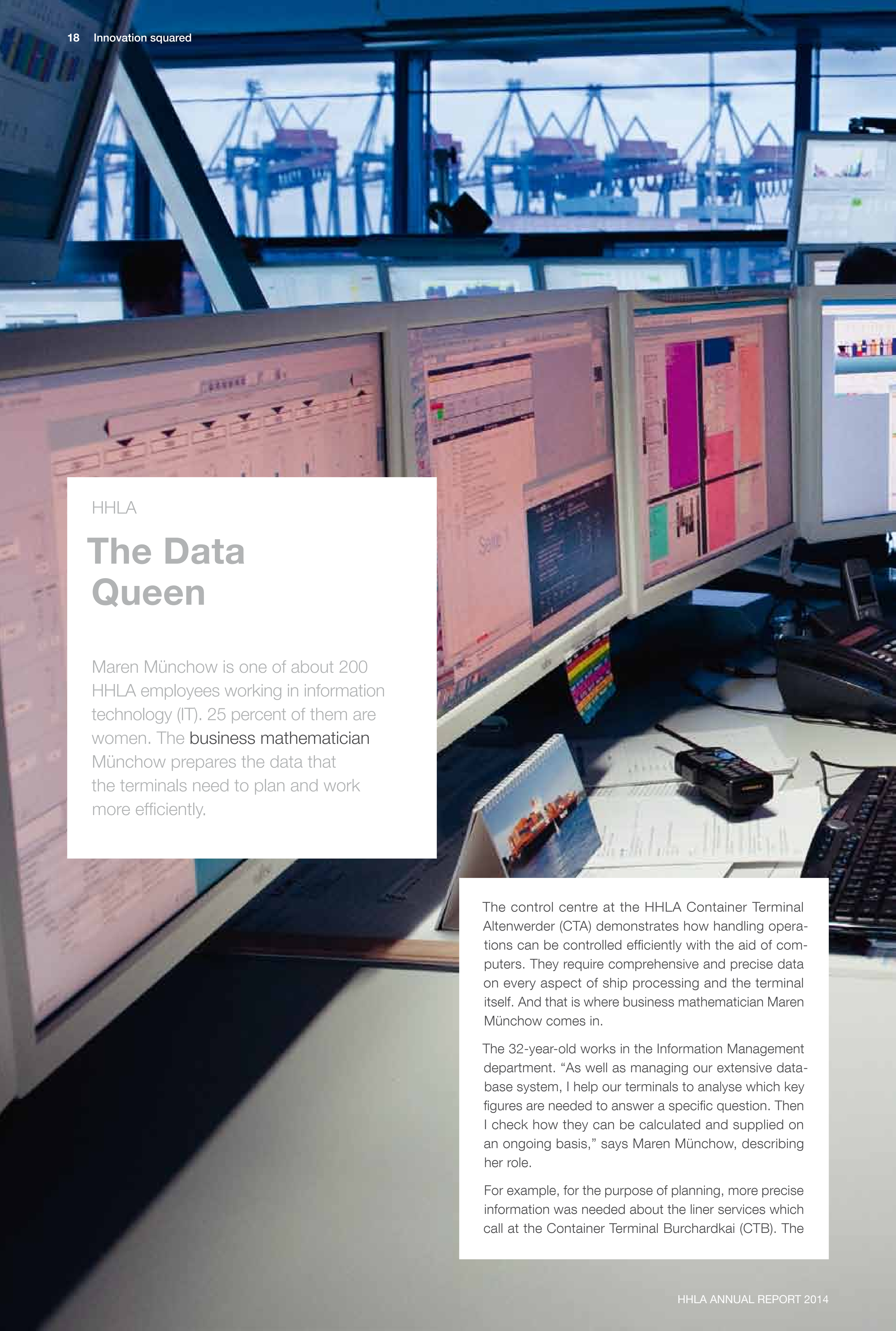
Approximately 50 percent of the buildings in the Speicherstadt historical warehouse district were destroyed in the Second World War. The architect Werner Kallmorgen was widely acclaimed for helping rebuild a number of them. He designed several buildings, including "Block O" – which follows the curve of the canal and was completed in 1955/1956 using existing bricks. Today, both the original warehouses and the gaps filled after the war are landmarked buildings.

As the owner of the Speicherstadt historical warehouse district, HHLA has been opening up the area to new uses for several years now. To achieve this, it is developing and modernising the old buildings in line with strict regulations for landmarked buildings to create sustainable, attractive and high-quality spaces for people and companies who want to use the area for more than just storing coffee and carpets. Modernising buildings from the 1950s in compliance with the rules for designated landmarks is a new field for both the property owner and the architects.

The latest gem to emerge from the conversion of warehouses into modern offices and premium commercial space opened in September 2014: the first hotel in the Speicherstadt. It includes a restaurant in the former coffee exchange on the opposite side of the canal. The old exchange building was gutted and returned to its original condition. With 192 rooms, suites on a newly added penthouse level and the accompanying restaurant, the hotel provides four-star accommodation for discerning guests.

Due to Hamburg's flood protection policy, much of the Speicherstadt cannot be used for overnight accommodation. However, HHLA also came up with a solution to this problem. A link via the adjacent warehouse and the Kibbelsteg bridge mean that hotel guests can get home or leave the hotel even in high water without getting their feet wet.

The former coffee exchange was rebuilt according to original designs and can now be used for celebrations and events.



HHLA

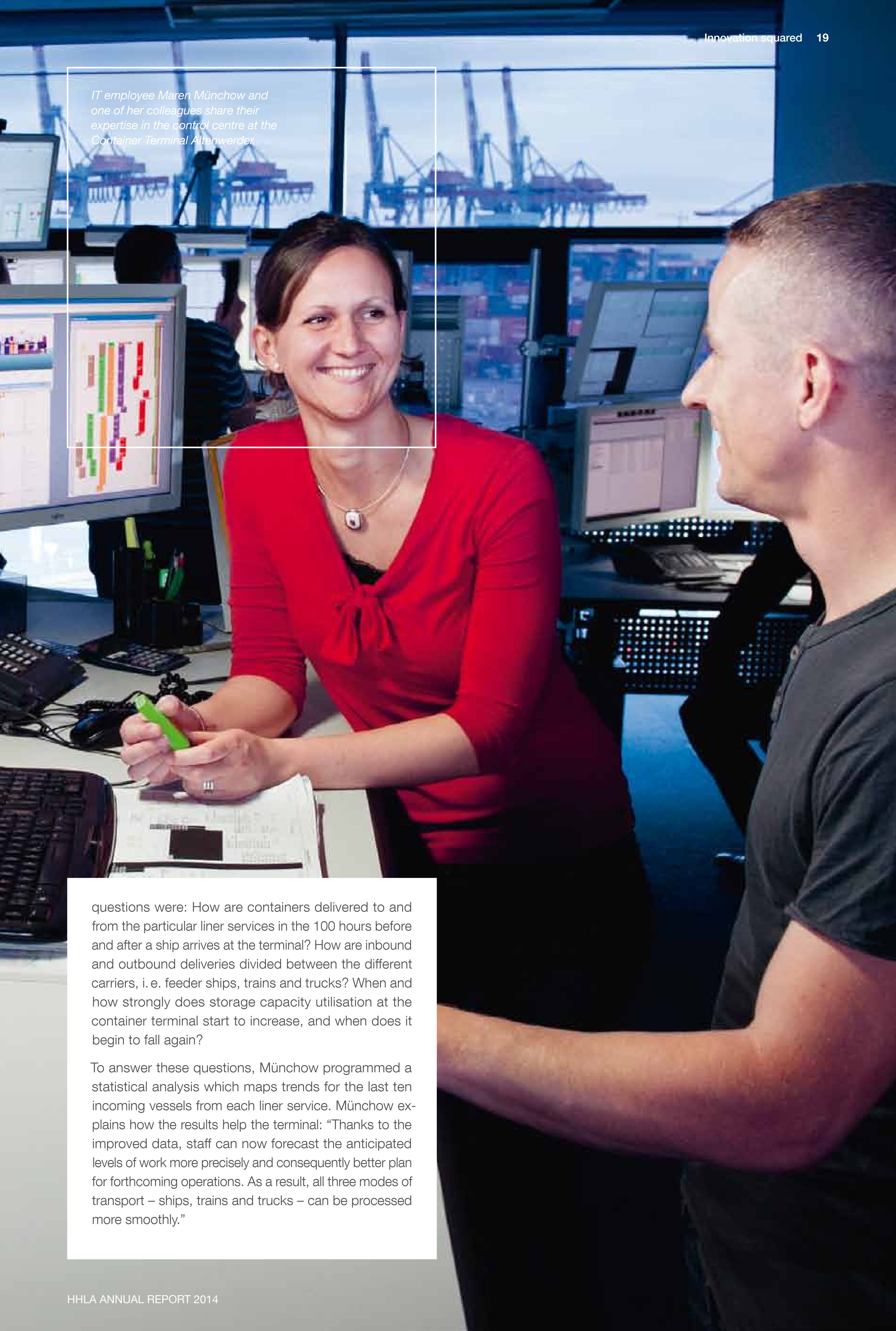
The Data Queen

Maren Münchow is one of about 200 HHLA employees working in information technology (IT). 25 percent of them are women. The business mathematician Münchow prepares the data that the terminals need to plan and work more efficiently.

The control centre at the HHLA Container Terminal Altenwerder (CTA) demonstrates how handling operations can be controlled efficiently with the aid of computers. They require comprehensive and precise data on every aspect of ship processing and the terminal itself. And that is where business mathematician Maren Münchow comes in.

The 32-year-old works in the Information Management department. “As well as managing our extensive database system, I help our terminals to analyse which key figures are needed to answer a specific question. Then I check how they can be calculated and supplied on an ongoing basis,” says Maren Münchow, describing her role.

For example, for the purpose of planning, more precise information was needed about the liner services which call at the Container Terminal Burchardkai (CTB). The



IT employee Maren Münchow and one of her colleagues share their expertise in the control centre at the Container Terminal Altenwerder.

questions were: How are containers delivered to and from the particular liner services in the 100 hours before and after a ship arrives at the terminal? How are inbound and outbound deliveries divided between the different carriers, i. e. feeder ships, trains and trucks? When and how strongly does storage capacity utilisation at the container terminal start to increase, and when does it begin to fall again?

To answer these questions, Münchow programmed a statistical analysis which maps trends for the last ten incoming vessels from each liner service. Münchow explains how the results help the terminal: “Thanks to the improved data, staff can now forecast the anticipated levels of work more precisely and consequently better plan for forthcoming operations. As a result, all three modes of transport – ships, trains and trucks – can be processed more smoothly.”

HHLA

The Quietest Fleet in the Port

HHLA is committed to using electric vehicles as part of its sustainability strategy. The company operates the largest electric fleet of any European port. Every year, the vehicles cover 475,000 kilometres powered by green electricity – thus significantly cutting emissions and reducing energy costs.

The electric vehicles (EVs) at the HHLA Container Terminal Altenwerder (CTA) are a brilliant white. Their carbon footprint is nothing short of brilliant too: the cars are charged with green electricity via red cables. Each EV has its own parking space complete with charging station. There are 29 electrically powered cars at Altenwerder alone. They are used for taking crane operators to the quay or maintenance crews to their place of action for example.

HHLA currently operates a total of 64 electric cars at its four Hamburg terminals and its headquarters in the Speicherstadt historical warehouse district. This means it has the largest and quietest electric fleet of any company in Hamburg – or indeed of any European port. The battery-powered vehicles travel approximately 475,000 kilometres a year without producing any emissions. That is equivalent to driving around the equator almost twelve times, saving some 148 tonnes of CO_2 over this distance each year.

This makes a considerable contribution towards reducing CO_2 emissions. HHLA intends to cut carbon emissions by 30 percent per container handled by 2020. It already succeeded in slashing its specific CO_2 emissions by 25.5 percent between 2008 and 2014. This is not only good news for the environment, but also for HHLA itself. The relatively short distances at the terminals are ideal for the EVs to demonstrate their advantages, especially their lower energy consumption. This enabled HHLA to reduce its energy costs by a mid-five-digit sum in 2014.

Significant savings could also be achieved by an innovative research project which HHLA is conducting at CTA until the end of 2015: the batteries for the automated heavy goods vehicles which transport containers at the terminal shall always be charged when surplus green power is in the grid – leading to markedly lower electricity costs. Another move which will benefit the environment and HHLA.

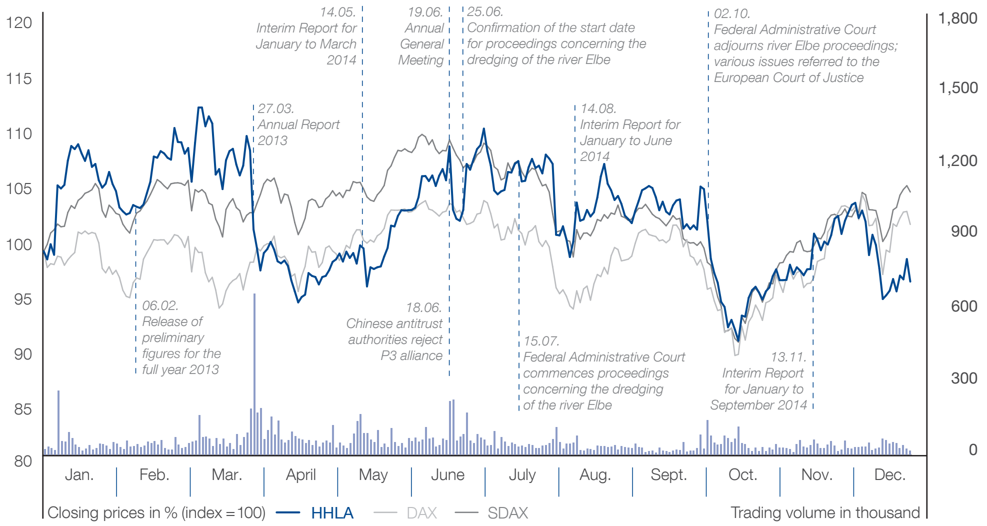
Powered by green electricity, the cars at the Container Terminal Altenwerder take staff to their job sites without producing emissions.

The Share

Stock Markets Up Slightly Despite High Volatility

The international stock markets were dominated by strong fluctuations in 2014. At the beginning of the year, the leading international share indices predominately moved sideways at first. Although the stock markets were buoyed by optimistic economic prospects and the expectation of further growth momentum from China, concerns about political stability in Ukraine dampened the general share price trend. Overall, the markets became more dynamic in the second quarter. The DAX benefited from a new record-low base interest rate and passed the 10,000-point mark for the first time in June. In mid-July, a downwards trend emerged on the international stock markets, triggered mainly by geopolitical uncertainty. Positive economic data and a rapprochement between Russia and Ukraine prompted a slight recovery. However, a gloomier economic outlook and falling commodity prices combined to depress the markets from September onwards. Ongoing concern about the global economy led to a strong darkening of the mood in the third quarter, prompting prices on the international stock exchanges to fall to their lowest levels for the year. A turnaround was only seen when the central banks confirmed that they would strictly uphold their low-interest policy. The positive trend gained further momentum as strong economic data emerged from the USA and Germany along with a surprisingly positive ifo business climate index. As a result, Germany's leading index DAX reached a new all-time high of 10,087 points on 5 December. At the end of the year, subdued economic signals from China and the ongoing fall in the price of crude oil affected share prices before optimistic expectations for the US economy lifted indices above their prior-year levels. The DAX closed on 9,806 points, up 2.7 % year on year. The SDAX significantly outperformed Germany's blue-chip index with growth of 5.9 % and closed on 7,186 points as of 30 December 2014.

Share Price Development 2014



Source: Datastream

Special Items Impact HHLA Share

The HHLA share faced a difficult environment in 2014. Sentiment surrounding the development of world trade, the unstable political situation in Ukraine and the delay in public infrastructure projects all had a negative impact on the share price. Initially, the HHLA share started the new year with clear growth and outperformed the market. The release of preliminary figures for the 2013 financial year in early February underpinned the healthy price level and raised the share to its year-high of € 20.30 at the beginning of March. However, the share was subsequently unable to escape concerns of an escalation of the Crimea crisis. The outlook for the 2014 financial year also failed to meet market expectations. The Ukraine conflict continued to drag the HHLA share down in the second quarter, causing its price to fall below € 17. The share then trended largely in line with the leading indices and benefited from positive market sentiment. In early June, the share began to diverge from the market trend. The Chinese Antitrust authorities' refusal to approve the planned P3 alliance proposed by the shipping companies Maersk, CMA CGM and MSC lent weight to the upwards trend as the markets interpreted this decision as good news for the Port of Hamburg. As a result, the share was quoted at over € 19 in the run-up to the Annual General Meeting. In late June, the Federal Administrative Court (BVerwG) confirmed that proceedings concerning the dredging of the river Elbe would commence on 15 July 2014 and thus led the capital market to renew its focus on HHLA. However, the share remained under pressure due to the Ukraine conflict. Although the company confirmed its guidance for the full year on publication of its half-year figures in mid-August with a positive development in earnings, trading volumes remained comparatively low and the share price did not rise noticeably at first. As 2 October approached, when the Federal Administrative Court was due to announce its verdict on the dredging of the river Elbe, the share price rose perceptibly. This was helped by one analyst recommending the share as a buy. However, the Federal Administrative Court then adjourned proceedings on the dredging of the river Elbe to await a statement by the European Court of Justice concerning the interpretation and application of the Water Framework Directive. As a consequence, the share price lost considerable ground. Under further pressure from a weak economic outlook, the share price fell to a year-low of € 16.22 on 16 October. The share subsequently regained some ground and made a slight recovery. Publication of the nine-month figures – which exceeded market expectations – gave the share price a further rise in mid-November. However, the share suffered at the end of the year on the back of disappointing economic data from China. The HHLA share therefore closed the year at € 17.25, down 3.0 % on the previous year. At the end of the year, the market capitalisation of the listed Port Logistics subgroup came to € 1.2 billion. HHLA succeeded in raising earnings per share – a figure important to investors and analysts – by 8.2 % to € 0.75 in the 2014 financial year.

Key Figures HHLA Share

in €	2014	2013
Closing price at year-end [1]	17.25	17.78
Highest share price [1]	20.30	19.81
Lowest share price [1]	16.22	16.29
Performance in %	- 3.0	- 0.2
Average daily trading volume [1]	59,191	85,310
Number of shares	72,753,334	72,753,334
Listed shares (Class A shares)	70,048,834	70,048,834
Non-listed shares (Class S shares)	2,704,500	2,704,500
Dividend per Class A share	0.52 [2]	0.45
Dividend yield in %	3.0	2.5
Market capitalisation as of 31.12. (Class A shares) in € million	1,208.3	1,245.5
Price-earnings ratio [3] as of 31.12.	20.3	20.0
Earnings per share	0.75	0.69

[1] XETRA
[2] Dividend proposal for the 2014 financial year
[3] Market expectations for the 2015 and 2014 financial year

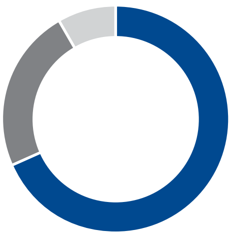
Regional Coverage of IR Activities

■	29 %	Germany
■	27 %	UK
■	15 %	USA
■	13 %	France
■	8 %	Switzerland
■	8 %	Other countries

Source: Investment Conferences and Roadshows 2014

Shareholder Structure

per Class A share as of 31.12.2014



■	68.4 %	Free and Hanseatic City Hamburg
■	23.4 %	Institutional investors
■	8.2 %	Retail investors

Source: Share register

Proactive Dialogue with Capital Market Continued

As described above, the HHLA share was affected by a specific set of circumstances in 2014. With this in mind, it was once again crucial to provide information promptly and comprehensively and to maintain an open dialogue with investors and financial analysts. All of HHLA's investor relations (IR) activities were aimed at providing a transparent explanation of the company's value creation by means of fair, open and timely communication.

In addition to one-to-one discussions with institutional investors and analysts, HHLA's capital market communication included roadshows and investor conferences in the key financial centres of Frankfurt, London and New York. These measures were complemented by numerous discussions with investors in other European financial centres and at HHLA's head office in Hamburg. Furthermore, the Executive Board provided details on business developments during quarterly telephone conferences. In order to provide retail investors with the information they require, the IR team took part in an investor forum and maintained a close dialogue with shareholder protection associations.

On top of all this, a wide range of information was once again made available online: in addition to financial reports, tables of key performance figures and share price information, HHLA also offered website visitors the possibility to download its latest presentations and video footage of terminal operations. Various aspects of the IR website – including the share chart – were revised and an investment calculator was added. Furthermore, the company made use of the communication channel Twitter to draw attention to current and future company announcements. Full use was also made of the opportunity to contact the IR team via email and telephone in 2014.

With its proactive approach to communications, the IR department maintains a close dialogue with shareholders and potential investors. In addition to informing interested members of the public, the team also responds to issues of particular relevance to investors. Last year, the capital market was primarily interested in the future dynamics of competition, both with regard to the capacity trend at the North Range ports and the formation of container shipping alliances. In addition, the dredging of the river Elbe remains an important issue. Realisation of this project is considered critical to HHLA's future success. Investors were also interested in the company's approach to peak loads caused by the trend in growing ship sizes and the further development of the Intermodal segment. Moreover, the current business development, economic environment and strategic growth prospects of the company were examined in the course of numerous discussions.

Shareholder Base Remains Widespread

HHLA's shareholder base remained largely stable in 2014. In terms of the listed Class A shares, the Free and Hanseatic City of Hamburg remained the company's largest shareholder with an unchanged stake of 68.4 %. The free float amounted to 31.6 %. According to the voting rights notifications submitted to HHLA as of the end of 2014, the US investor First Eagle Investment Management LLC owned 5.2 % of free floating shares, pushing it above the statutory reporting thresholds. Retail investors accounted for a slightly lower proportion of the daily traded shares than previously, with 8.2 % of share capital held by private investors at year-end (previous year: 8.9 %). By contrast, institutional investors continued to hold the majority of free floating shares, with 23.4 % of all shares (previous year: 22.7 %). Overall, HHLA's share capital remained widely distributed among some 30,000 registered shareholders. In regional terms, the largest free float shareholders were based primarily in Germany, the USA, the UK and other countries, especially in continental Europe.

Majority of Analysts See Potential

At the end of 2014, 23 analysts covered HHLA's business development and issued research reports and recommendations. The number therefore remained unchanged on the previous year. This means that the HHLA share still has a broad range of coverage for an SDAX company. The majority of analysts recommend the HHLA share as a buy or a hold. In the course of the year, two new buy recommendations helped lift the share in a difficult environment. The analysts cite growth potential in core markets due to the dredging of the river Elbe as well as efficiency gains and potential economies of scale as the key value drivers. Analysts with a sell recommendation mainly emphasise the increasingly intense competition among North Range ports and the risks associated with the continued delay in dredging the river Elbe.

HHLA places great value on broad and well-informed coverage of its share by financial analysts as this enhances investors' understanding of the company's business model and ensures a comprehensive range of sentiments. The Group therefore remains in close contact with all financial analysts and constantly strives to expand the number of independent studies conducted.

Annual General Meeting Meets with Great Interest

The seventh Annual General Meeting since HHLA's initial public offering in 2007 was held in Hamburg on 19 June 2014. Around 700 shareholders or 82 % of nominal capital were represented (previous year: 83 %). The resolutions proposed by the Supervisory Board and the Executive Board were all adopted by the shareholders present with large majorities. These included to distribute a dividend of € 0.45 per dividend-entitled share in the listed Port Logistics subgroup (Class A share). HHLA therefore distributed dividends totalling € 31.5 million (previous year: € 45.5 million). This corresponded to a payout ratio of 65.3 % of the Port Logistics subgroup's net profit after minority interests for the year. The dividends were paid out to the shareholders on 20 June. Based on its closing price of € 18.51 on 20 June, the HHLA share achieved a dividend yield of 2.4 %, putting it in the top half of the SDAX in a direct comparison.

On the basis of the earnings achieved in 2014, the Executive Board and Supervisory Board will propose a dividend of € 0.52 per Class A share at the Annual General Meeting to be held on 11 June 2015. This corresponds to a total amount of € 36.4 million. In relation to earnings per share, the dividend payout ratio would remain at a comparatively high level of 69.7 %. HHLA would therefore continue to pursue its dividend policy of distributing between 50 and 70 % of the Port Logistics subgroup's relevant net profit for the year to its shareholders whenever possible.

Basic Data HHLA Share

Type of shares	No-par-value registered shares
ISIN International Security Identification Number	DE000A0S8488
SIC	A0S848
Symbol	HHFA
Stock exchanges	Regulated market: Frankfurt/Main, Hamburg Open market: Berlin, Düsseldorf, Hanover, Munich, Stuttgart
Stock exchange segment	Prime Standard
Sector	Transport & Logistics
Indices	SDAX, MSCI Germany, HASPAX, CDAX, HDAX, Prime All Share, Classic All Share
Ticker symbol Reuters	HHFGn.de
Ticker symbol Bloomberg	HHFA:GR
First listing	2 November 2007

Recommendation by Financial Analysts

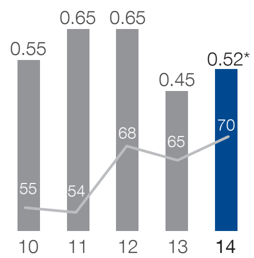
as of 31.12.2014

- 30 % Buy/overweight
- 35 % Hold/neutral
- 35 % Sell/underweight

You can find an overview of financial analysts who cover HHLA on ► www.hhla.de

Development of Dividend

per Class A share in €



** Dividend proposal*

— Payout ratio refering to earnings per share of Port Logistics subgroup in %

HHLA_IR

You can find current and future company announcements also on the Twitter channel HHLA_IR.

Use the QR code:

Corporate Governance Report

Responsible and transparent corporate management geared towards sustainable value has always been an essential foundation of HHLA's commercial success. For this reason, HHLA's Supervisory Board and Executive Board expressly support the German Corporate Governance Code ("the Code") and the objectives and purposes which it pursues.

Corporate Management Declaration

The following declaration is part of the Combined Management Report.

Division of Responsibilities between the Executive Board and the Supervisory Board

In accordance with the stipulations of German stock corporation law, HHLA has a dual system of management with an Executive Board and a Supervisory Board as management bodies, both of which have their own defined areas of competence. This system is characterised by having separate personnel to carry out the management and supervision functions: the Executive Board manages the company on its own responsibility, while the Supervisory Board monitors the Executive Board and discusses relevant matters with it. Simultaneous membership of both bodies is not permissible. HHLA's Executive Board and Supervisory Board work closely together for the company's benefit in an atmosphere of mutual trust.

Function of the Supervisory Board

The Supervisory Board oversees the Executive Board's management of the company, advises it on company management, and is involved in decisions of fundamental importance. Decisions of fundamental importance must be approved by the Supervisory Board. It also decides on the composition of the Executive Board. The examination and approval of the Annual Financial Statements is another of the Supervisory Board's main tasks.

In accordance with the company's articles of association, Sections 95 and 96 of the German Stock Corporation Act (AktG) and Section 7 of the German Co-Determination Act (MitbestG), the Supervisory Board consists of six shareholder representatives elected by the Annual General Meeting and six employee representatives elected in accordance with the German Co-Determination Act (MitbestG). No former members of HHLA's Executive Board sit on the Supervisory Board. Unless the Annual General Meeting specifies a shorter period of office, Supervisory Board members are elected for a period ending with the Annual General Meeting which passes a resolution discharging the Board for the fourth financial year following the start of its term of office. The financial year in which the term of office begins is not included.

Members of the Supervisory Board are obliged to disclose any conflicts of interest to the Supervisory Board as a whole, especially conflicts which may arise as a result of an advisory role or seat on a management body involving customers, suppliers, creditors or other business partners. If a member of the Supervisory Board has significant conflicts of interest which are not merely temporary, this should result in the termination of his/her period of office. The Supervisory Board is required to give notification of any conflicts of interest which arise and how they are being handled in its report to the Annual General Meeting.

The company has arranged for D&O insurance with an appropriate retained amount for members of the Supervisory Board.

The Supervisory Board carries out its work both in full council and in individual committees. The Supervisory Board has adopted its own rules of procedure, which also outline the committees' responsibilities. In order to fulfil its duties as efficiently as possible, the Supervisory Board has currently constituted the following six committees:

- The **Finance Committee** prepares Supervisory Board meetings and resolutions of major financial importance, such as approvals or other resolutions to be adopted concerning significant borrowing and lending, guarantees for third-party liabilities, financial investments and other financial transactions. It also deals with planning and investment issues, such as the budget and medium-term planning.

- The **Audit Committee** monitors accounting processes and the audit of financial statements, particularly the independence of the auditor and the additional services provided by the auditors. The committee prepares the Supervisory Board's resolution proposal to the Annual General Meeting on the election of the auditor and, after the auditor has been elected by the Annual General Meeting, awards the audit assignment for the Consolidated and Annual Financial Statements. It also deals with the fee agreements and determines which areas the audits should focus on. In addition, it concerns itself with the effectiveness of the internal accounting control system, the risk management system, the internal audit system and the compliance management system. As an independent member of the Supervisory Board, the Chairman of the Audit Committee, Dr. Norbert Kloppenburg, has expertise and experience in the areas of accounting, the audit of financial statements and the internal monitoring procedures.

- The **Arbitration Committee** was constituted for the purposes laid down in Section 31 (3) of the German Co-Determination Act (MitbestG). Its task is to make proposals for appointing members of the Executive Board if the statutory majority of two thirds of the Supervisory Board members' votes is not reached after the first round of voting.

- The **Personnel Committee** prepares the personnel decisions to be taken by the Supervisory Board. The committee ensures there is a long-term succession plan in place and that diversity considerations are taken into account in the Executive Board's composition. It prepares the Supervisory Board resolution specifying the remuneration of the Executive Board and the examination of the remuneration system for the Executive Board and handles the Executive Board contracts, provided the German Stock Corporation Act (AktG) does not require the full council of the Supervisory Board to handle these responsibilities. Furthermore, the Personnel Committee fulfils the role of Nomination Committee – consisting solely of shareholders' representatives when performing this role – in compliance with the Code. In line with the criteria stipulated in Section 5.4.1 of the Code, it proposes suitable candidates to the Supervisory Board for its suggestions to the Annual General Meeting for the shareholder representatives on the Supervisory Board.

- As HHLA is divided into two subgroups (Port Logistics subgroup [A division] and Real Estate subgroup [S division]), a **Real Estate Committee** was constituted for the latter. This committee receives all Executive Board reports on behalf of the Supervisory Board and is involved in discussing all affairs that relate to the Real Estate subgroup. It also decides on whether to grant Supervisory Board approval for all legal transactions relating to the Real Estate subgroup which require such approval and all other matters which affect the Real Estate subgroup, either primarily or in their entirety. In addition, the Real Estate Committee is responsible for examining the documents relating to the Annual Financial Statements and preparing the Supervisory Board's decision on the adoption of the financial statements, insofar as these relate to the affairs of the Real Estate subgroup. Its tasks also include preparing the approval of the Consolidated Financial Statements and confirming the Executive Board's proposal for appropriation of the distributable profit by the Supervisory Board, insofar as these relate to the Real Estate subgroup.

For the current composition of the Supervisory Board and its committees please ► see Board Members and Mandates, page 38 et seqq.

Function of the Executive Board

The Executive Board manages the company's business under the joint responsibility of its members. It determines the company's goals, its fundamental strategic orientation and Group policy and organisation. These tasks include, in particular, steering the Group and managing its financing, developing a personnel strategy, appointing and developing managers and representing the company before the capital markets and the general public.

HHLA's Executive Board currently consists of four members. For its composition please ► see Board Members and Mandates, page 38 et seqq. In accordance with Article 8 of the articles of association, the Executive Board must consist of at least two members. The Executive Board's members are appointed by the Supervisory Board. Executive Board members are given responsibility for particular departments in line with a schedule of responsibilities, which forms part of the code of practice specified by the Supervisory Board for the Executive Board. When appointing company executives, the Executive Board takes diversity considerations into account. In particular, it aims to ensure the appropriate inclusion of women.

The Executive Board provides the Supervisory Board with regular, timely and comprehensive information on all matters that are relevant for the Group. These include, in particular, the intended business policy, corporate profitability, the course of business and the position of the company, planning, the current risk position, risk management and compliance. The Executive Board must notify the Chairman of the Supervisory Board without undue delay of any important events of fundamental significance for the assessment of the position and development or the management of the Group. These include operational malfunctions and illegal actions which disadvantage the company, for example. Certain actions and transactions of fundamental importance by the Executive Board require the approval of the Supervisory Board in accordance with the Executive Board's code of practice. No conflicts of interest regarding members of the Executive Board requiring immediate disclosure to the Supervisory Board arose in the reporting year. Executive Board members may only take on other duties, especially supervisory board posts at companies outside the Group, with the approval of the Supervisory Board. Transactions of material importance between Group companies and members of the Executive Board, parties related to them, or companies closely associated with them also require the approval of the Supervisory Board. All such transactions must be performed at generally accepted market terms. There were no transactions of this nature in the reporting period.

Declaration of Compliance

The Executive Board and Supervisory Board of Hamburger Hafen und Logistik AG hereby state after due examination that in the period starting 11 December 2013 (the date on which the previous declaration of compliance was issued), HHLA complied with the recommendations of the German Corporate Governance Code ("the Code" or "GCGC") in the version dated 13 May 2013 and – subsequent to its taking effect – the version dated 24 June 2014 with the following exceptions. Furthermore, HHLA shall comply with the Code in the future with the following exceptions.

a) Section 4.2.3 of the GCGC specifies that in concluding Executive Board contracts, care is to be taken to ensure that payments made to an Executive Board member on premature termination of contract without serious cause or as a result of change of control do not exceed certain levels (severance payment caps) and that the severance payment cap in question is based on the total remuneration for the previous year and, where applicable, on the probable total compensation for the current financial year. According to the compensation provision in the current contracts of employment, any Executive Board member whose contract is terminated early without good cause, or who loses their Executive Board seat due to a change of control or similar circumstances, does not receive compensation exceeding the remaining term of their contract. This arrangement only partially complies with the GCGC's requirements. In our view, an additional inclusion of severance payment caps would not be practicable since the existing contracts of Executive Board members are concluded for the duration of the term for which they are appointed and a regular termination of these contracts is impossible.

b) Section 4.2.2 (2) sentence 3 of the GCGC requires that the Supervisory Board, in determining the remuneration of the Executive Board, takes into account the relationship of the remuneration of the Executive Board to the remuneration of the upper levels of management and the staff in general, including its development over time. The Supervisory Board determines where to draw the line between the upper levels of management and the relevant staff for the sake of its comparison. Section 4.2.3 (2) sentence 6 of the GCGC requires that total remuneration for members of the Executive Board and the individual variable components of remuneration be capped. Furthermore, Section 4.2.3 (3) of the GCGC requires that the Supervisory Board takes into account the planned level of the benefits to be provided when making benefit commitments, also based on how long the Executive Board member has been on the Board, as well as the annual and long-term expense for the company. The intention is to implement these recommendations of the Code (which we believe can only apply when Executive Board remuneration is determined again in the future) at the latest when new service contracts with Executive Board members are signed or existing contracts renewed. Amending existing contracts retroactively would not be consistent with the principle that agreements must be kept; neither could it be enforced unilaterally by the company, nor do we believe that it is required by the Code.

c) According to Section 7.1.2 of the GCGC, half-yearly and any quarterly financial reports are to be discussed with the Executive Board by the Supervisory Board or its Audit Committee prior to publication. HHLA does not currently comply with this recommendation because compiling such reports on the basis of individual segment reporting for the A and S divisions takes more time than for companies with only one class of shares. As a result, an effective prior discussion by the Supervisory Board or its Audit Committee cannot be assured at present. In order to increase the level of detail and frequency with which the company's reports are examined, the Half-Yearly Financial Report and the Interim Management Report were reviewed by the auditor again this year. It is intended that this will continue in the future.

Hamburg, 17 December 2014

The Executive Board
of Hamburger Hafen und Logistik Aktiengesellschaft

The Supervisory Board
of Hamburger Hafen und Logistik Aktiengesellschaft

The above declaration and the declarations of compliance relating to previous years can be viewed on HHLA's website at ► www.hhla.de/en/corporategovernance

Key Corporate Governance Practices

Compliance

Compliance with corporate guidelines and the statutory provisions relevant to the company's activities (hereinafter also referred to as "compliance") is regarded as an essential part of corporate governance at HHLA. The management team in each corporate unit is therefore responsible for working to achieve compliance with the regulations that are relevant for their field of activity and area of responsibility. Workflows and processes must be structured in line with these regulations. The cornerstone of HHLA's compliance management system is a code of conduct, which formulates overriding principles on topics with special relevance for compliance, such as conduct in the competitive environment, the prevention of corruption, discrimination and conflicts of interest, and how to deal with sensitive corporate information, especially insider information, please also see ► www.hhla.de/en/compliance The overall coordination of the compliance management system is performed by a Compliance Officer, who reports directly to the Chief Financial Officer and synchronises his or her activities closely with those of the Internal Audit and Risk Management departments. In 2014, further extensive steps were taken to enhance HHLA's compliance management system. These included stepping up preventive work, e. g. by producing and updating Group guidelines, systematically analysing compliance risks, and training staff at HHLA companies in Germany and abroad on the code of conduct and special issues, such as conduct in the competitive environment or observing insider trading rules. The Audit Committee monitored the further development of the compliance management system in the reporting period by means of regular reports from the Executive Board and the Compliance Officer. Further improvements are constantly being made to the system.

Sustainability

Sustainability has been an integral part of HHLA's business model since the company was established. Port terminals provide an ecologically sound link between global goods flows on the one hand and hinterland networks and logistics centres on the other. HHLA's actions are characterised by responsibility towards its employees, the environment and society as a whole and by taking responsibility for its business activities. To reinforce this, HHLA was the first maritime company to issue a declaration of compliance with the German Sustainability Code (GSC). ► www.deutscher-nachhaltigkeitskodex.de In addition, HHLA applied the Global Reporting Initiative guidelines on sustainability reporting – the most commonly used standard of its kind in the world – in this Annual Report. ► See also Sustainability, page 53 et seqq.

Further Information about Corporate Governance at HHLA

Diversity Objectives for the Supervisory Board and Progress to Date

At its meeting on 7 December 2012, the Supervisory Board of Hamburger Hafen und Logistik Aktiengesellschaft most recently updated the statement of intent for its future composition, which was first adopted on 15 December 2010, as per Section 5.4.1 of the GCGC:

The HHLA Supervisory Board must always be composed in such a way that its members have the necessary knowledge, skills and industry expertise to fulfil their responsibilities properly.

In addition, the GCGC calls in Section 5.4.1 for concrete objectives to be defined regarding the Supervisory Board's composition. Against the backdrop of an organisation's specific situation, these should take into account the company's international operations, potential conflicts of interest, the number of independent Supervisory Board members as defined by Section 5.4.2, a definable age limit for Supervisory Board members and diversity. In particular, these concrete objectives should stipulate the appropriate inclusion of women.

HHLA's Supervisory Board has incorporated these requirements into its rules of procedure (Section 7 [4]). The following objectives have been defined for the composition of the Supervisory Board:

Diversity

Diversity should be taken into account in the composition of the Supervisory Board. Diversity in the Supervisory Board is – inter alia – reflected by shareholder representatives with different career paths and fields of activity who can draw on a wide range of different experiences (e.g. from international assignments). With regard to the appropriate inclusion of women on the Supervisory Board, the company is pursuing the medium-term goal of increasing the proportion of female shareholder representatives to at least 40 %. Due to the existing provisions of the German Co-Determination Act, the company has no influence over which employee representatives are selected.

International Orientation

International orientation also plays a role when appointing members to the Supervisory Board. Due to HHLA's business model, the company's operations have a predominantly regional and local focus, which means that it is currently not of paramount importance that members have extensive relevant experience of managing international companies. However, some of the members of the company's Supervisory Board are in possession of such experience.

Age Limit for Supervisory Board Members

The rules of procedure of HHLA's Supervisory Board (Section 7 [1] sentence 3) stipulate that only candidates under the age of 70 may stand for election or re-election as members of the company's Supervisory Board.

Conflicts of Interest

To prevent conflicts of interest, the rules of procedure of HHLA's Supervisory Board (Section 7 [3]) state that Supervisory Board members may not hold a seat on a management body or fulfil an advisory role involving major competitors of the company. Members of the Supervisory Board are obliged to disclose any conflicts of interest to the Supervisory Board as a whole, especially conflicts which may arise as a result of an advisory role or seat on a management body involving customers, suppliers, creditors or other third parties. If a member of the Supervisory Board has significant conflicts of interest which are not merely temporary, this should result in the termination of his/her period of office. The Supervisory Board is required to give notification of any conflicts of interest which arise and how they are being handled in its report to the Annual General Meeting.

Independent Supervisory Board Members

The company is still working towards recruiting at least two independent Supervisory Board members from amongst its shareholders. In the view of the Supervisory Board, this currently corresponds to the structure of equity investments, business sectors and, by extension, HHLA's specific situation. However, it is the opinion of the Supervisory Board that employee representatives should not automatically be considered independent. It is important to consider the specific circumstances in each case. The Supervisory Board must have at least one member who is independent as defined by Section 100 (5) of the German Stock Corporation Act (AktG) and who has expertise in the fields of accounting or the auditing of financial statements.

Progress to Date

As regards the goal of increasing the proportion of female shareholder representatives to at least 40 % in the medium term, a ratio of 33.33 % was achieved through the Supervisory Board elections in 2012. The German government's draft legislation on the equal participation of women and men in leadership positions in the private and public sectors dated 20 January 2015 stipulates that women must make up 30 % of shareholder representatives. The company already complies with this. The targets regarding the number of independent members specified in the updated statement of intent and the existing requirements concerning international orientation, age limit and conflicts of interest were met in 2012. They will continue to be taken into account when selecting candidates and making election proposals.

Directors' Dealings

In the 2014 financial year, the company did not receive any notifications regarding directors' dealings with HHLA shares. As of 31 December 2014, the Executive Board and Supervisory Board overall did not possess more than 1 % of the shares issued by HHLA.

Risk Management

The HHLA Group's risk management system is described in detail in the Risk and Opportunity Report, which forms part of the Group Management Report. ► see page 76 et seqq.

Transparency

HHLA informs capital market participants and interested members of the general public comprehensively about the position of the Group and important company developments, particularly by means of its financial reporting (Annual Report and Interim Reports), press conferences for analysts and financial press conferences, dialogue with analysts and the press, press releases and ad hoc announcements as required, and its Annual General Meetings. As a permanently available and up-to-date communication medium, the website ► www.hhla.de/en provides all the relevant information in both German and English. In addition to comprehensive information about the HHLA Group and the HHLA share, it contains a financial calendar which provides an overview of the main events. Any enquiries over and above this from shareholders, investors and analysts should be addressed to the Investor Relations department.

Shareholders and Annual General Meeting

Shareholders exercise their rights, in particular their voting rights, at the Annual General Meeting. According to the articles of association, the Annual General Meeting is held in Hamburg, another major German city or the seat of a German stock exchange within the first eight months of each financial year. Each share entitles its holder to one vote at the Annual General Meeting. There are no shares with multiple voting rights, no preference shares and no caps on voting rights.

Shareholders may exercise their voting rights at the Annual General Meeting in person, by appointing a representative of their choice or by giving voting instructions to a proxy designated by the company. The articles of association also authorise the Executive Board to provide for shareholders to cast their votes in writing or by means of electronic communication without attending the Annual General Meeting (postal vote). The invitation to the Annual General Meeting includes explanations of the participation conditions, the voting procedure (including proxy voting) and the rights of shareholders. In addition, the company has a telephone hotline for shareholders' questions. The reports and documents required by law for the Annual General Meeting, including the Annual Report, are published on the company's website at ► www.hhla.de/agm together with the agenda. Information on attendance at the Annual General Meeting and the voting results can likewise be found on the company's website after the Annual General Meeting.

Accounting and Auditing

HHLA prepares its Consolidated Financial Statements and its Interim Reports in accordance with International Financial Reporting Standards (IFRS). This Annual Report provides further information on IFRS in the Notes to the Consolidated Financial Statements. The individual financial statements for HHLA Aktiengesellschaft are prepared in line with the accounting regulations of the German Commercial Code (HGB). The appropriation of profits is based solely on the individual financial statements.

Arrangements have been made with the auditor for the 2014 financial year – Ernst & Young GmbH, Wirtschaftsprüfungsgesellschaft, Hamburg – for the Chairman of the Audit Committee to be informed immediately of any possible grounds for exclusion or bias arising during the audit, insofar as these are not rectified without delay. The auditor should also report immediately on any findings or incidents arising from the audit of the financial statements which are of significance for the Supervisory Board's remit. Furthermore, the auditor is to inform the Supervisory Board and/or record in its report if – when conducting the audit – it identifies facts which indicate that the declaration of compliance issued by the Executive Board and Supervisory Board as per Section 161 of the German Stock Corporation Act (AktG) is incorrect. The audit conducted includes an extended audit as stipulated under Section 53 of the German Budgetary Procedures Act (HGrG). This requires an audit and assessment of the propriety of the company's management and its financial situation as part of the audit of the Annual Financial Statements.

Report of the Supervisory Board

Working Relationship between the Supervisory Board and the Executive Board

In the 2014 financial year, the Supervisory Board fulfilled the responsibilities entrusted to it by law, the company articles of association and rules of procedure, and the German Corporate Governance Code. It carefully and regularly monitored the Executive Board's management of business and provided advice on the company's further strategic development as well as on important individual measures.

At the Supervisory Board's meetings, as well as in written and verbal reports, the Executive Board provided the Supervisory Board with prompt, regular and comprehensive information, especially on the situation of HHLA and the Group, corporate planning, fundamental issues of company policy and strategy, investment plans and personnel. The Chairman of the Supervisory Board was regularly in touch with the Executive Board and was informed about HHLA's current business situation, significant transactions and risk management. The Supervisory Board was involved in all decisions of major significance for HHLA and the HHLA Group. On the basis of its own thorough examination and in-depth discussions with the Executive Board, the Supervisory Board approved all measures submitted to the Supervisory Board for approval by the Executive Board in accordance with the law, the articles of association and the Executive Board's rules of procedure.

The Work of the Full Supervisory Board

In the financial year 2014, the Supervisory Board held four scheduled meetings. Apart from one, all of the Supervisory Board meetings held in the reporting year were attended by all members.

At each meeting, the Supervisory Board dealt with the current development of business and the HHLA Group's position in detail. On each occasion, the Executive Board gave a detailed report, focusing in particular on revenue, results and the personnel situation for the Group and the individual segments, as well as on the financial position and the Group's further strategic and structural development. Furthermore, individual meetings concentrated especially on the following items:

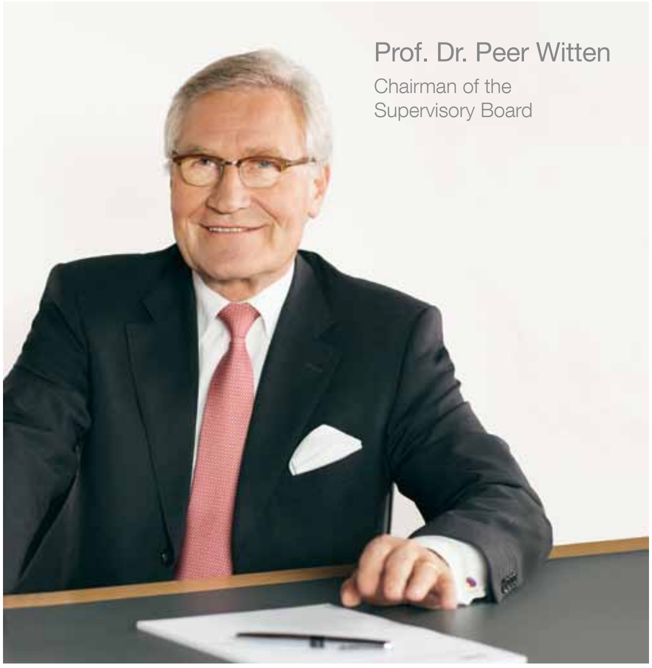
The financial statements meeting held on 24 March 2014 focused on the reporting, auditing and approval of the Annual Financial Statements and the Management Report of HHLA, including the individual divisional financial statements for the A and S divisions, the Consolidated Financial Statements and the Group Management Report as well as the reports on transactions with related parties and on the relationship between the A and S divisions for the 2013 financial year. Representatives of the auditors were present at this meeting. They reported on the main results of their audit and were available to answer questions. The Supervisory Board discussed the Executive Board's proposal on the appropriation of profit and the proposal made by the Audit Committee regarding the choice of auditor for the 2014 financial year. Further topics of the meeting were the agenda for the 2014 Annual General Meeting, the Supervisory Board's report to the Annual General Meeting, and the Corporate Governance Report. The Supervisory Board also focused on enhancing the Group's structure.

At its meeting on 6 June 2014, the Supervisory Board addressed issues including the situation of the HHLA Group, the further development of the Group's structure and the granting of a general commercial power of attorney.

At its meeting held on 12 September 2014, the Supervisory Board considered the position and ongoing development of the HHLA Group in detail and examined an acquisition opportunity.

At the last meeting in the reporting period, held on 17 December, the Supervisory Board mainly considered the budget for 2015 – which it duly approved – and the medium-term corporate planning for 2016 to 2019. It also discussed the position of the HHLA Group. Another focus of the Supervisory Board meeting was HHLA's risk management system and, in particular, the results of the risk inventory. The Executive Board and the Supervisory Board also discussed the declaration of compliance with the German Corporate Governance Code, and the Supervisory Board resolved to issue the annual declaration of compliance. In addition to this, the Supervisory Board considered an acquisition opportunity and a comfort letter in support of HHLA 2. Speicherstadt Immobilien GmbH & Co. KG.

Executive Board members participated in all Supervisory Board meetings.



Prof. Dr. Peer Witten
Chairman of the Supervisory Board

Committee Work

The Supervisory Board has set up a total of six committees: the Finance Committee, the Audit Committee, the Real Estate Committee, the Personnel Committee, the Nomination Committee and the Arbitration Committee. They prepare the resolutions of the Supervisory Board in full council and, if permitted, make decisions on behalf of the Supervisory Board in certain cases. With the exception of the Nomination Committee, all of the committees include an equal number of shareholder and employee representatives. For details of the composition of the committees ► see Board Members and Mandates, page 38 et seqq.

The **Finance Committee** met a total of four times in the reporting period: in March, May, September and December 2014. It regularly looked at the Group's financial results as well as its general financial position and investments. The December meeting also focused on a comfort letter in support of HHLA 2. Speicherstadt Immobilien GmbH & Co. KG in the context of real estate project finance and a detailed preliminary review of the budget for 2015 and the medium-term planning for 2016 to 2019.

The **Audit Committee** also convened four times in the past financial year. The March meeting focused on an in-depth discussion and examination of HHLA's Annual Financial Statements, Consolidated Financial Statements and Management Reports for the 2013 financial year. The committee also recommended that the Supervisory Board should submit a proposal to the Annual General Meeting regarding the choice of auditor for the 2014 financial year, as well as for the auditor's review of the Consolidated Financial Statements and Interim Management Report for the first half of the 2014 financial year. Representatives of the auditors were present when the Annual Financial Statements were discussed. They reported on the results of the audit and were available to answer questions. According to the auditor's representatives, there were no circumstances demonstrating any bias of the auditor. The Interim Report for the first quarter of 2014 and the report on the work done by Internal Audit were the main items discussed at the May meeting. The Head of Internal Audit attended this meeting in a reporting capacity and provided comprehensive information. At its third meeting, in September, the Audit Committee was primarily concerned with the auditors' review for the first half of 2014, as well as with the further development of the German Corporate Governance Code in the reporting period. Representatives of the auditors were present when the auditors' review was discussed. They reported on the results of the review and were available to answer questions. The meeting in December focused on the Interim Report for the third quarter of 2014, a discussion of focal points for the audit and the contract to audit the 2014 Annual and Consolidated Financial Statements, a discussion of the findings of the 2014 risk inventory and the planning of the 2015 audit. It also concentrated on preparations for the declaration of compliance with the German Corporate Governance Code as well as the compliance management system: HHLA's Compliance Officer provided his annual report at this meeting. The Compliance Officer also routinely attended the other meetings of the Audit Committee, where he spoke about his role, kept the committee abreast of current developments, and was available to answer questions. The Audit Committee acquired the necessary declaration of independence from the auditors.

The Chairman of the Executive Board and the Chief Financial Officer regularly attend the meetings of both the Finance Committee and the Audit Committee.

The **Real Estate Committee** met twice in the 2014 financial year. It focused on the general development of business and the discussion and audit of HHLA's Annual Financial Statements – including the separate financial statements of the S division – and of the Consolidated Financial Statements and the Management Reports for the 2013 financial year (March meeting). The committee also dealt with the budget for 2015 and the medium-term planning for 2016 to 2019 (November meeting), each in relation to the Real Estate subgroup (S division).

The **Personnel Committee**, the **Nomination Committee** and the **Arbitration Committee** did not convene in the reporting period.

Following each meeting, the chairpersons of the committees reported back to the Supervisory Board about the activity of each committee and their findings, and made recommendations on resolutions to be taken, where appropriate. Apart from one meeting of the Finance and Audit Committee, all of the Supervisory Board meetings held in the reporting year were attended by all members.

Corporate Governance

The declaration of compliance with the German Corporate Governance Code was discussed in detail and prepared together with the Executive Board at the Audit Committee meeting on 10 December 2014. The joint declaration of compliance in accordance with Section 161 of the German Stock Corporation Act (AktG) was passed at the Supervisory Board's December meeting and issued on 17 December 2014. This has been made permanently available to the general public on the HHLA website ► www.hhla.de/en/corporategovernance.

The Supervisory Board does not include any former members of the company's Executive Board.

Due to a potential conflict of interests, Dr. Norbert Kloppenburg did not take part in the discussion and subsequent vote on the issuing of a comfort letter in support of HHLA 2. Speicherstadt Immobilien GmbH & Co. KG at the meeting of the Finance Committee on 10 December 2014 and at the meeting of the Supervisory Board on 17 December 2014. This was because the comfort letter served as collateral for a loan from the KfW Group handled by HSH Nordbank. No conflicts of interest regarding members the Executive Board or the Supervisory Board requiring immediate disclosure to the Supervisory Board arose in the reporting year.

Details of the declaration of compliance and corporate governance at HHLA have been provided by the Executive Board and Supervisory Board in the Corporate Governance Report for 2014. ► See also Corporate Governance Report, page 27 et seq.

Audit of Financial Statements

Ernst & Young GmbH, Wirtschaftsprüfungsgesellschaft, Hamburg, were elected as auditors for the financial statements and for the auditor's review of the Consolidated Financial Statements and the Interim Management Report for the first half of the 2014 financial year at the Annual General Meeting on 19 June 2014 and were instructed by the Supervisory Board. The auditors carried out an audit of HHLA's Annual Financial Statements as provided by the Executive Board, including the divisional financial statements for the A division (Port Logistics subgroup) and the S division (Real Estate subgroup) presented as part of the Notes, in line with the provisions of the German Commercial Code (HGB), the Consolidated Financial Statements including the subgroup financial statements for the A and S divisions in accordance with International Financial Reporting Standards (IFRS), and the Combined Management Report for HHLA and the Group. They issued an unqualified opinion with respect to the foregoing.

The HHLA Executive Board also prepared a report on company transactions with related parties for the 2014 financial year in line with Section 312 of the German Stock Corporation Act (AktG). The auditors audited this report, delivered a written report on their findings and, having no objections to make, gave the report the following unqualified opinion:

"On the basis of our audit and in our professional opinion we confirm that

1. the factual statements in the report are correct,

2. the consideration paid by the company for the transactions mentioned was not inappropriately high,

3. the measures detailed in the report give us no grounds to reach a substantially different opinion to that of the Executive Board."

In accordance with Article 4 (5) of the articles of association applied analogously to Section 312 AktG, the Executive Board of HHLA also prepared a report on the relationship between the A division and the S division in the 2014 financial year. Any expenses and income which could not be attributed directly to one division were divided among the divisions in line with the articles of association. The auditors audited this report, delivered a written report on their findings and, having no objections to make, gave the report the following unqualified opinion:

"On the basis of our audit and in our professional opinion we confirm that

1. the factual statements in the report are correct,

2. the consideration paid by the company for the transactions mentioned was not inappropriately high."

As soon as they had been prepared and audited, the Annual Financial Statements including the divisional financial statements, the Consolidated Financial Statements including the subgroup financial statements, the Combined Management Report for HHLA and the Group, the report on transactions with related parties, the report on the relationship between the A and S divisions and the auditors' report were distributed to all members of the Supervisory Board.

The Audit Committee and the Real Estate Committee each carried out a preliminary review of the financial statements and reports as well as of the proposal for appropriating profits at their respective meetings on 19 March 2015. In the financial statements meeting of the Supervisory Board on 24 March 2015, the Supervisory Board examined in detail the aforementioned financial statements and reports as well as the proposal for appropriating profits and discussed them thoroughly. The auditors were also present at this meeting; they reported on the main results of their audit and were available to answer questions. According to the auditor's representatives, there were no circumstances demonstrating any bias of the auditor. In addition to the audit of the Annual Financial Statements, the auditors completed a review of the Interim Financial Statements and provided a small number of other audit-related services to the company. The auditors gave comprehensive information to the Supervisory Board regarding the nature and extent of these services.

Having discussed the course and the results of the audit in detail, and after an in-depth review of the auditors' reports and the Executive Board's proposal for appropriating distributable profit, and on the basis of its own review and evaluation of the Annual Financial Statements including the divisional financial statements, the Consolidated Financial Statements including the subgroup financial statements, the Combined Management Report for HHLA and the Group, the report on transactions with related parties, the report on the relationship between the A and S divisions and the Executive Board's proposal for appropriating distributable profit, the Supervisory Board approved the results of the audit. The Supervisory Board concluded that in the final analysis it had no objections to make and, at the financial statements meeting held on 24 March 2015, approved the Annual Financial Statements, including the divisional financial statements, the Consolidated Financial Statements including the subgroup financial statements, the Combined Management Report as recommended by the Audit Committee and the Real Estate Committee. HHLA's Annual Financial Statements for the 2014 financial year have therefore been adopted. The Supervisory Board also concluded that following its review it had no objections to make to the Executive Board's statements on related parties and on the relationship between the A and S divisions. After carrying out its own audit, the Supervisory Board concurred with the Executive Board's proposal on the appropriation of profit.

Personnel Changes

There were no changes on the Supervisory Board or the Executive Board in the reporting period.

Hamburg, 24 March 2015

The Supervisory Board

Prof. Dr. Peer Witten
Chairman of the Supervisory Board

Remuneration Report

The following Remuneration Report is part of the Combined Management Report. The report is based on the recommendations of the German Corporate Governance Code (GCGC) and on the requirements of the German Commercial Code (HGB), the German Accounting Standards (GAS) and the International Financial Reporting Standards (IFRS).

Executive Board Remuneration

Following preparatory work by its Personnel Committee, the Supervisory Board in its entirety is responsible for setting remuneration for individual Executive Board members. The German Corporate Governance Code (GCGC) also stipulates that the full Supervisory Board decides on and regularly reviews the remuneration system for the Executive Board. When conducting their reviews, the Personnel Committee and the Supervisory Board take into account HHLA's size and activities, its financial and economic position, the amount and structure of Executive Board remuneration at comparable companies, and the relationship of the remuneration of the Executive Board to the remuneration of the upper levels of management and the staff in general. The responsibilities and services provided by each Executive Board member are also taken into consideration.

In the period under review, the remuneration of Executive Board members was made up of non-performance-related fixed remuneration, a performance-related bonus and other benefits.

Executive Board members receive their fixed remuneration in the form of twelve monthly payments. This fixed salary includes benefits in the form of non-monetary compensation. These consist of the right to use an appropriate company car (for business and private purposes) and the payment of insurance premiums by the company. The members of the Executive Board pay tax on these benefits as components of their remuneration.

The performance-related bonus is usually set using a three-year assessment period as a basis. The calculation is based on the average earnings before interest and taxes (EBIT) for the last three years (before additions to pension provisions and reduced by any extraordinary income from the disposal of real estate and companies), the average return on capital employed (ROCE) and the achievement of targets relating to environmental issues (reduction of the carbon footprint of each container handled and transported) and social issues (broken down into training and continuing professional development, health and employment) in the same period. Target ranges were set for each of the sustainability components. Achieving these targets triggers the payment of the relevant bonus. When making these calculations, roughly equal weight is given to EBIT on the one hand and the above-mentioned sustainability components on the other. The variable remuneration is capped at 150 % of the basic salary. It is paid out once the Annual Financial Statements have been approved.

In addition to this, there is a pension commitment for each Executive Board member. Pensions are paid to former Executive Board members after a minimum of five or eight years' service on the Executive Board if they leave the Board for reasons unrelated to the Board member, or as a result of incapacity or due to reaching retirement age. Pensions consist of a percentage of the entitlement salary, which in turn is based on the annual basic salary. This percentage is between 35 and 50 %. Several different forms of income are taken into account on an individual basis, such as earnings from self-employment or employment and, in some cases, income from statutory pensions and related benefits from public funds.

Surviving spouses of Executive Board members receive a widow(er)'s pension of 55 to 60 % of the pension entitlement and children receive an orphan's allowance of 12 to 20 % of the pension. Should the pension entitlement have been suspended or no longer apply, transitional or interim pay applies for a limited period on the basis of the fixed remuneration.

The service contracts valid in the reporting period include a compensation provision relating to change of control or comparable circumstances. This entitles Executive Board members to receive their remuneration entitlements as a lump sum for the remaining duration of their respective contracts, discounted by 2 % per annum, should they lose their Executive Board seat in such circumstances. This does not affect their pension entitlements. Should the service contracts be terminated prematurely for another reason without good cause, the payment of compensation by the company shall be limited to the remaining term of the contract.

The members of the Executive Board were not granted any loans or similar payments. Total remuneration disbursed to the members of the Executive Board for their services in the 2014 financial year amounted to approximately € 2.96 million (previous year: € 2.97 million). Former members of the Executive Board and their surviving dependants received total payments of € 695,281 (previous year: € 1,333,507). Total provisions of € 12,740,591 were formed for pension obligations to former members of the Executive Board and their surviving dependants (previous year: € 10,955,771).

Annual Level of Remuneration of Executive Board Members Based on Different Scenarios

	0 % minimum	The payment level of the variable remuneration is capped at 150 % of the basic salary.		150 % maximum
Performance-related components *Calculated based on a three-year assessment period*		**Average EBIT** (before pension provisions, less extraordinary income)		
		Sustainability targets	**Economy** Average return on capital employed (ROCE)	
			Environment CO_2 reduction [1]	
			Society Continuing education and training, health and employment	
Non-performance-related basic salary [2]				

[1] *Per container handled and transported*
[2] *Plus supplementary payments*

Individual Remuneration of Executive Board

The following figures comply with the recommendations in Section 4.2.5 of the German Corporate Governance Code (GCGC) newly introduced in 2013.

	Klaus-Dieter Peters, Chairman of the Executive Board					
	Benefits granted (target)				Allocation (amount disbursed)	
in €	2013 [2]	2014 [2]	2014 minimum	2014 maximum [3]	2013	2014
Fixed remuneration	465,000	465,000	465,000	465,000	465,000	465,000
Other benefits	12,792	13,772	13,772	13,772	12,792	13,772
Total	477,792	478,772	478,772	478,772	477,792	478,772
One-year variable remuneration [1]	468,592	446,888	0	697,500	478,895	474,091
Other	0	0	0	0	0	0
Total remuneration	946,384	925,660	478,772	1,176,272	956,687	952,863
Service cost [4]	315,179	296,879	296,879	296,879	315,179	296,879
Total expenses	1,261,563	1,222,539	775,651	1,473,151	1,271,866	1,249,742

	Dr. Stefan Behn, Executive Board member					
	Benefits granted (target)				Allocation (amount disbursed)	
in €	2013 [2]	2014 [2]	2014 minimum	2014 maximum [3]	2013	2014
Fixed remuneration	325,000	325,000	325,000	325,000	325,000	325,000
Other benefits	12,496	12,496	12,496	12,496	12,496	12,496
Total	337,496	337,496	337,496	337,496	337,496	337,496
One-year variable remuneration [1]	327,659	312,481	0	487,500	334,878	331,544
Other	0	0	0	0	0	0
Total remuneration	665,155	649,977	337,496	824,996	672,374	669,040
Service cost [4]	131,159	123,407	123,407	123,407	131,159	123,407
Total expenses	796,314	773,384	460,903	948,403	803,533	792,447

	Heinz Brandt, Executive Board member					
	Benefits granted (target)				Allocation (amount disbursed)	
in €	2013 [2]	2014 [2]	2014 minimum	2014 maximum [3]	2013	2014
Fixed remuneration	325,000	325,000	325,000	325,000	325,000	325,000
Other benefits	11,802	12,812	12,812	12,812	11,802	12,812
Total	336,802	337,812	337,812	337,812	336,802	337,812
One-year variable remuneration [1]	327,659	312,481	0	487,500	334,878	331,544
Other	0	0	0	0	0	0
Total remuneration	664,461	650,293	337,812	825,312	671,680	669,356
Service cost [4]	283,092	227,150	227,150	227,150	283,092	227,150
Total expenses	947,553	877,443	564,962	1,052,462	954,772	896,506

	Dr. Roland Lappin, Executive Board member					
	Benefits granted (target)				Allocation (amount disbursed)	
in €	2013 [2]	2014 [2]	2014 minimum	2014 maximum [3]	2013	2014
Fixed remuneration	325,000	325,000	325,000	325,000	325,000	325,000
Other benefits	9,479	11,169	11,169	11,169	9,479	11,169
Total	334,479	336,169	336,169	336,169	334,479	336,169
One-year variable remuneration [1]	327,659	312,481	0	487,500	334,878	331,544
Other	0	0	0	0	0	0
Total remuneration	662,138	648,650	336,169	823,669	669,357	667,712
Service cost [4]	98,569	91,462	91,462	91,462	98,569	91,462
Total expenses	760,707	740,112	427,631	915,131	767,926	759,174

[1] The one-year variable remuneration includes the elements of the performance-related bonus indicated in the text (EBIT and sustainability components), calculated on the basis of a three-year assessment period.
[2] For 2013 and 2014, a level of goal achievement of 100 % was assumed for each sustainability component and an average probability scenario was used for the EBIT figure (based on the forecasts announced to the capital market at the start of each year) in accordance with the GCGC.
[3] The maximum figure indicated corresponds to the maximum possible variable remuneration in line with the upper limit of 150 % indicated in the text.
[4] In accordance with the comments on model table 1 in the appendix to the GCGC, this column shows service cost and interest expenses as defined in IAS 19 (service cost components) and the associated additions to pension provisions.

Supervisory Board Remuneration

In accordance with Article 16 of HHLA's articles of association, Supervisory Board members are remunerated as resolved by the Annual General Meeting. This remuneration is based on the scope of the Supervisory Board members' activities as well as on the company's financial position and results. The current remuneration clause was adopted at the Annual General Meeting held on 13 June 2013. The members of the Supervisory Board receive fixed remuneration of € 13,500 per financial year. The Chairman receives three times this amount and the Vice Chairman is paid one and a half times the basic figure. Supervisory Board members who belong to a committee receive an additional € 2,500 per committee per financial year, while the Chairman of the respective committee receives € 5,000, but altogether no more than € 10,000. Supervisory Board members who have belonged to the Supervisory Board or a committee for less than an entire financial year receive a corresponding pro rata payment. Furthermore, Supervisory Board members receive a meeting attendance fee of € 250 for each meeting of the Supervisory Board or one of its committees. There are no plans for a variable remuneration component.

No loans or similar payments were granted to members of the Supervisory Board. Other than the remuneration payable to the employee representatives under their contracts of employment, the members of the Supervisory Board did not receive any other payment for additional services rendered. The total remuneration paid to members of the Supervisory Board amounted to € 274,500 (previous year: € 291,417).

Individual Remuneration of Supervisory Board Members
in €

	Fixed remuneration		Remuneration for committee work		Meeting fee		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
Prof. Dr. Peer Witten	40,500	40,500	0	4,167	1,000	1,250	41,500	45,917
Wolfgang Abel	20,250	10,125	0	0	1,000	500	21,250	10,625
Wolfgang Rose	0	10,125	0	1,250	0	750	0	12,125
Torsten Ballhause	13,500	13,500	5,000	5,000	3,000	2,500	21,500	21,000
Petra Bödeker-Schoemann	13,500	13,500	7,500	7,500	2,500	2,500	23,500	23,500
Dr. Bernd Egert	13,500	13,500	0	2,500	750	1,250	14,250	17,250
Holger Heinzel	13,500	13,500	2,500	2,500	1,500	1,500	17,500	17,500
Dr. Norbert Kloppenburg	13,500	13,500	7,500	7,500	3,000	3,000	24,000	24,000
Frank Ladwig	13,500	13,500	2,500	5,000	2,000	2,250	18,000	20,750
Arno Münster	13,500	13,500	7,500	10,000	3,500	4,000	24,500	27,500
Norbert Paulsen	13,500	13,500	5,000	5,000	2,500	2,750	21,000	21,250
Michael Pirschel	13,500	13,500	7,500	7,500	3,000	3,000	24,000	24,000
Dr. Sibylle Roggencamp	13,500	13,500	7,500	10,000	2,500	2,500	23,500	26,000
Total	195,750	195,750	52,500	67,917	26,250	27,750	274,500	291,417

All figures exclude VAT.

Board Members and Mandates

The following overview of Board members and mandates is part of the Notes to the Consolidated Financial Statements.

The Supervisory Board Members and their Mandates[1]

Prof. Dr. Peer Witten
Chairman
Fully qualified business administration manager, Hamburg
Former member of the Otto Group Executive Board
Other mandates
- Forum Grundstücksgesellschaft GmbH & Co. KG, Hamburg
- KWG Kommunale Wohnen AG, Hamburg (Chairman) (until 13 June 2014)
- Lufthansa Cargo AG, Frankfurt am Main
- Otto AG für Beteiligungen, Hamburg
- Röhlig & Co. Holding GmbH & Co. KG, Bremen
- Verwaltungsgesellschaft Otto mbH, Hamburg

Wolfgang Abel
Vice Chairman
Postal worker, Bad Oldesloe
Trade union secretary, ver.di Hamburg
Other mandates
- Asklepios Kliniken Hamburg GmbH, Hamburg
- HGV, Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH, Hamburg (until 29 August 2014)

Torsten Ballhause
Fully qualified business and employment lawyer (HWP), Hamburg
Local manager of the Transport division, ver.di Hamburg
Other mandates
- HGV, Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH, Hamburg (since 29 August 2014)
- HHLA Container Terminals Gesellschaft mit beschränkter Haftung, Hamburg
- Member of the Management Committee of Hafenfonds der Gesamthafen-Betriebsgesellschaft mbH, Hamburg

Petra Bödeker-Schoemann
Fully qualified business administration manager, Hamburg
Managing Director of HGV, Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH
Other mandates
- Gesellschaft zur Beseitigung von Sonderabfällen mbH, Kiel
- GMH Gebäudemanagement Hamburg GmbH, Hamburg
- HADAG Seetouristik und Fährdienst AG, Hamburg
- Hamburger Wasserwerke GmbH, Hamburg
- HHLA 1. Speicherstadt Immobilien GmbH & Co. KG, Hamburg (Chairwoman)
- HHLA 2. Speicherstadt Immobilien GmbH & Co. KG, Hamburg[2] (Chairwoman)
- HHLA Container Terminals Gesellschaft mit beschränkter Haftung, Hamburg
- HHLA Immobilien Speicherstadt GmbH, Hamburg (Chairwoman) (since 1 January 2014)
- IMPF Hamburgische Immobilien Management Gesellschaft mbH, Hamburg
- P+R-Betriebsgesellschaft mbH, Hamburg
- SAGA Siedlungs-Aktiengesellschaft Hamburg, Hamburg
- SBH Schulbau Hamburg, Hamburg
- SGG Städtische Gebäudeeigenreinigung GmbH, Hamburg
- Stromnetz Hamburg GmbH, Hamburg (since 7 February 2014)

Dr. Bernd Egert
Physicist, Winsen a. d. Luhe State Secretary at the Hamburg Ministry for the Economy, Transport and Innovation
Other mandates
- Erneuerbare Energien Hamburg Clusteragentur GmbH, Hamburg (Chairman)
- Flughafen Hamburg GmbH, Hamburg
- HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH, Hamburg
- HWF Hamburgische Gesellschaft für Wirtschaftsförderung mbH, Hamburg (Chairman)
- hySOLUTIONS GmbH, Hamburg (Chairman)
- Life Science Nord Management GmbH, Hamburg (formerly: Norgenta GmbH, Hamburg) (Chairman)
- WTSH Wirtschaftsförderung und Technologietransfer Schleswig-Holstein GmbH, Kiel
- ZAL Zentrum für Angewandte Luftfahrtforschung GmbH, Hamburg (Chairman)

Holger Heinzel
Fully qualified business administration manager, Hittfeld
Director of Finance and Controlling at HHLA
Other mandates
- HHLA 1. Speicherstadt Immobilien GmbH & Co. KG, Hamburg
- HHLA 2. Speicherstadt Immobilien GmbH & Co. KG, Hamburg[2]
- HHLA Immobilien Speicherstadt GmbH, Hamburg (since 1 January 2014)
- Member of the Management Committee of Hafenfonds der Gesamthafen-Betriebsgesellschaft mbH, Hamburg

Dr. Norbert Kloppenburg
Member of the Executive Board of KfW Bankengruppe, Frankfurt am Main
Other mandates
- DEG – Deutsche Investitions- und Entwicklungsgesellschaft mbH, Cologne (First Vice Chairman)
- Deutsche Energie-Agentur GmbH, Berlin
- KfW IPEX-Bank GmbH, Frankfurt am Main (Chairman)

Frank Ladwig
Port technician, Hamburg
Chairman of the works council of HHLA Container Terminal Tollerort GmbH
Chairman of the Group works council
Other mandates
- HHLA Container Terminals Gesellschaft mit beschränkter Haftung, Hamburg
- HGV, Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH, Hamburg (since 29 August 2014)

Arno Münster
Port technician, Hamburg
Other mandates
- HHLA 1. Speicherstadt Immobilien GmbH & Co. KG, Hamburg
- HHLA 2. Speicherstadt Immobilien GmbH & Co. KG, Hamburg [2]
- HHLA Container Terminal Burchardkai GmbH, Hamburg (until 24 July 2014)
- HHLA Container Terminals Gesellschaft mit beschränkter Haftung, Hamburg (until 13 May 2014)
- HHLA Immobilien Speicherstadt GmbH, Hamburg (since 1 January 2014)
- HHLA-Personal-Service GmbH, Hamburg (until 5 June 2014)
- Service Center Burchardkai GmbH, Hamburg (until 24 July 2014)

Norbert Paulsen
Fully qualified engineer, Hamburg
Chairman of the joint works council of Hamburger Hafen und Logistik AG
Other mandates
- HHLA 1. Speicherstadt Immobilien GmbH & Co. KG, Hamburg (Vice Chairman)
- HHLA 2. Speicherstadt Immobilien GmbH & Co. KG, Hamburg [2] (Vice Chairman)
- HHLA Immobilien Speicherstadt GmbH, Hamburg (Vice Chairman) (since 1 January 2014)

Michael Pirschel
Fully qualified economist, Bispingen
Departmental Head at the Hamburg Ministry for the Economy, Transport and Innovation
Other mandates
- Fischmarkt Hamburg-Altona Gesellschaft mit beschränkter Haftung, Hamburg
- HHLA 1. Speicherstadt Immobilien GmbH & Co. KG, Hamburg
- HHLA 2. Speicherstadt Immobilien GmbH & Co. KG, Hamburg [2]
- HHLA Container Terminals Gesellschaft mit beschränkter Haftung, Hamburg
- HHLA Immobilien Speicherstadt GmbH, Hamburg (since 1 January 2014)

Dr. Sibylle Roggencamp
Fully qualified economist, Molfsee
Head of the Office for Asset and Investment Management at the Hamburg Ministry of Finance
Other mandates
- Elbphilharmonie und Laeiszhalle Service GmbH, Hamburg
- Flughafen Hamburg GmbH, Hamburg
- Hamburg Musik GmbH, Hamburg
- Hamburger Hochbahn AG, Hamburg
- Hamburgischer Versorgungsfonds AöR, Hamburg
- HHLA 1. Speicherstadt Immobilien GmbH & Co. KG, Hamburg
- HHLA 2. Speicherstadt Immobilien GmbH & Co. KG, Hamburg [2]
- HHLA Immobilien Speicherstadt GmbH, Hamburg (since 1 January 2014)
- SpriAG – Sprinkenhof AG, Hamburg (Chairwoman)
- Universitätsklinikum Hamburg KöR, Hamburg
- Vattenfall Wärme Hamburg GmbH, Hamburg

Supervisory Board Committees

Finance Committee
Dr. Sibylle Roggencamp (Chairwoman)
Arno Münster
Frank Ladwig (Vice Chairman)
Torsten Ballhause
Dr. Norbert Kloppenburg
Michael Pirschel

Audit Committee
Dr. Norbert Kloppenburg (Chairman)
Arno Münster (Vice Chairman)
Torsten Ballhause
Petra Bödeker-Schoemann
Norbert Paulsen
Michael Pirschel

Real Estate Committee
Petra Bödeker-Schoemann (Chairwoman)
Norbert Paulsen (Vice Chairman)
Holger Heinzel
Arno Münster
Michael Pirschel
Dr. Sibylle Roggencamp

Personnel Committee
Prof. Dr. Peer Witten (Chairman)
Wolfgang Abel (Vice Chairman)
Dr. Bernd Egert
Frank Ladwig
Arno Münster
Dr. Sibylle Roggencamp

Nomination Committee
Prof. Dr. Peer Witten (Chairman)
Dr. Bernd Egert (Vice Chairman)
Dr. Sibylle Roggencamp

Arbitration Committee
Prof. Dr. Peer Witten
Wolfgang Abel
Dr. Bernd Egert
Frank Ladwig

[1] Seats on statutory supervisory board or comparable supervisory bodies at domestic and foreign companies
[2] Formerly: GHL Gesellschaft für Hafen- und Lagereiimmobilien-Verwaltung Bei St. Annen mbH, Hamburg

The Executive Board Members and their Mandates[1]

Klaus-Dieter Peters

Chairman
Forwarding agent, Hamburg
First appointed: 2003

Areas of responsibility

- Coordination Executive Board
- Corporate Communications
- Corporate Development
- Sustainability
- Intermodal Segment
- Logistics Segment

Other mandates

- CTD Container-Transport-Dienst GmbH, Hamburg
- HHLA Container Terminal Altenwerder GmbH, Hamburg (formerly: HHLA CTA Besitzgesellschaft mbH, Hamburg)
- HHLA Container Terminal Burchardkai GmbH, Hamburg
- HHLA Container Terminal Tollerort GmbH, Hamburg
- HHLA Container Terminals Gesellschaft mit beschränkter Haftung, Hamburg
- HHLA Frucht- und Kühl-Zentrum GmbH, Hamburg
- HHLA Logistics GmbH, Hamburg
- HPC Hamburg Port Consulting Gesellschaft mit beschränkter Haftung, Hamburg
- METRANS a.s., Prague, Czech Republic
- POLZUG Intermodal GmbH, Hamburg
- SCA Service Center Altenwerder GmbH, Hamburg
- Service Center Burchardkai GmbH, Hamburg
- Ulrich Stein Gesellschaft mit beschränkter Haftung, Hamburg
- UNIKAI Lagerei- und Speditionsgesellschaft mbH, Hamburg

Dr. Stefan Behn

Fully qualified business administration manager, Hamburg
First appointed: 1996

Areas of responsibility

- Container Segment
- Information Systems

Other mandates

- Cuxcargo Hafenbetrieb GmbH & Co. KG, Cuxhaven
- Cuxcargo Hafenbetrieb Verwaltungs-GmbH, Cuxhaven
- DAKOSY Datenkommunikationssystem AG, Hamburg
- HCC Hanseatic Cruise Centers GmbH, Hamburg
- HCCR Hamburger Container- und Chassis-Reparatur-Gesellschaft mbH, Hamburg
- HHLA Container Terminal Altenwerder GmbH, Hamburg (formerly: HHLA CTA Besitzgesellschaft mbH, Hamburg)
- HHLA Container Terminal Burchardkai GmbH, Hamburg
- HHLA Container Terminal Tollerort GmbH, Hamburg
- HHLA Rosshafen Terminal GmbH, Hamburg
- HPC Hamburg Port Consulting Gesellschaft mit beschränkter Haftung, Hamburg
- SCA Service Center Altenwerder GmbH, Hamburg
- Service Center Burchardkai GmbH, Hamburg

Heinz Brandt

Legal assessor, Bremen
First appointed: 2009

Areas of responsibility

- Human Resources
- Purchasing and Materials Management
- Health and Safety in the Workplace
- Legal and Insurance

Other mandates

- Gesamthafenbetriebs-Gesellschaft mbH, Hamburg
- GHL Zweite Gesellschaft für Hafen- und Lagereiimmobilien-Verwaltung mbH, Hamburg
- HCCR Hamburger Container- und Chassis-Reparatur-Gesellschaft mbH, Hamburg
- HHLA Logistics GmbH, Hamburg
- HHLA-Personal-Service GmbH, Hamburg
- HPC Hamburg Port Consulting Gesellschaft mit beschränkter Haftung, Hamburg
- Member of the Management Committee of Hafenfonds der Gesamthafen-Betriebsgesellschaft mbH, Hamburg

Dr. Roland Lappin

Fully qualified industrial engineer, Hamburg
First appointed: 2003

Areas of responsibility

- Finance
- Group Controlling and Shareholdings
- Organisation
- Internal Audit
- Investor Relations
- Real Estate Segment

Other mandates

- Fischmarkt Hamburg-Altona Gesellschaft mit beschränkter Haftung, Hamburg
- GHL Zweite Gesellschaft für Hafen- und Lagereiimmobilien-Verwaltung mbH, Hamburg
- Hansaport Hafenbetriebsgesellschaft mbH, Hamburg
- HHLA Container Terminal Burchardkai GmbH, Hamburg
- HHLA Container Terminals Gesellschaft mit beschränkter Haftung, Hamburg
- HHLA Frucht- und Kühl-Zentrum GmbH, Hamburg
- HHLA Rosshafen Terminal GmbH, Hamburg
- IPN Inland Port Network GmbH & Co. KG, Hamburg
- IPN Inland Port Network Verwaltungsgesellschaft mbH, Hamburg
- METRANS a.s., Prague, Czech Republic
- POLZUG Intermodal GmbH, Hamburg
- Service Center Burchardkai GmbH, Hamburg
- Ulrich Stein Gesellschaft mit beschränkter Haftung, Hamburg
- UNIKAI Lagerei- und Speditionsgesellschaft mbH, Hamburg (since 29 September 2014)

[1] *Seats on statutory supervisory board or comparable supervisory bodies at domestic and foreign companies*

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Volume Development

Despite a difficult environment, container throughput totalled **7.5 million TEU**

Intermodal companies achieved dynamic growth of **9.4 %** in transport volumes

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Revenue and Operating Result

Clear double-digit profit margin with Group revenue of **€ 1.2 billion** and EBIT of **€ 169 million**

Increased earnings due partly to change in cargo mix and higher storage fees

Cash Flow and Balance Sheet

High free cash flow of **€ 119 million** and low gearing with solid equity ratio of **more than 30 %**

Dividend of **€ 0.52** per Class A share proposed

Business Forecast for the 2015 Financial Year

Slight increase in container throughput and moderate growth in container transport expected

Group EBIT anticipated on a par with the previous year's with a slight rise in revenue

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Group Structure

Group

HHLA

Holding/Other
- Strategic corporate development
- Management of resources and processes
- Provision of shared services

- Floating crane operations
- Development and letting of port-related real estate

Subgroups

Port Logistics	Real Estate
Listed Class A shares	Non-listed Class S shares

	Container	Intermodal	Logistics	Real Estate
Segments	**Container**	**Intermodal**	**Logistics**	**Real Estate**
Main Services	Container handling Container transfer between modes of transport (ship, rail, truck) Container-related services (e. g. storage, maintenance, repair)	Container transport in the ports’ hinterland Loading and unloading of carriers Operation of inland terminals	Special handling of bulk cargo, fruits, general cargo, vehicles, etc. Handling cruise ships Warehousing and contract logistics Consulting and training	Management of real estate in Hamburg’s Speicherstadt historical warehouse district and of Fischmarkt Hamburg-Altona GmbH Development Tenancy Facility management
Selected Group Companies with % shareholding	HHLA Container Terminal Burchardkai 100.0 % HHLA Container Terminal Altenwerder 74.9 % HHLA Container Terminal Tollerort 100.0 % SC HPC Ukraina 100.0 %	Metrans Group 86.5 % Polzug Group 100.0 % CTD Container-Transport-Dienst 100.0 %	HHLA Logistics 100.0 % HPC Hamburg Port Consulting 100.0 % HHLA Frucht- und Kühl-Zentrum 51.0 % Unikai Lagerei- und Speditionsgesellschaft 51.0 % Hansaport 49.0 %	HHLA Immobilien Speicherstadt GmbH 100.0 % Fischmarkt Hamburg-Altona GmbH 100.0 %

► Please see page 152 et seq. for a full list of HHLA’s shareholdings, listed by business sector.

Combined Management Report

The Combined Management Report covers the course of business at the HHLA Group and Hamburger Hafen und Logistik Aktiengesellschaft (HHLA).

Group Overview

Hamburger Hafen und Logistik AG (HHLA) is one of Europe's leading port logistics groups. It is operated as a strategic management holding company and divided into two subgroups, Port Logistics and Real Estate. Its operations are conducted by the 30 domestic and eight foreign subsidiaries and associated firms which make up the consolidated group. No significant legal or organisational changes were made to the company structure in the 2014 financial year.

As an integrated handling, transport and logistics provider, the **Port Logistics subgroup** offers services along the logistics chain between international ports and their European hinterland. ► see Corporate Strategy, page 50 The geographical focus of its operating activities is on the Port of Hamburg and its hinterland. The Port of Hamburg is an international hub for container transport by sea and land, with an optimal hinterland link to the economies of Central and Eastern Europe, Scandinavia and the Baltic region. The company's core business are represented by the Container, Intermodal and Logistics segments. ► see Segments, page 65 et seqq.

The Holding/Other division is also part of the Port Logistics subgroup, although according to International Financial Reporting Standards (IFRS) it does not constitute a separate segment. The Holding division is responsible for strategic corporate development, the central management of resources and processes, and the provision of services for the operating companies. It also includes the properties specific to HHLA's port handling business and the Group's floating crane operations. The Class A shares, which are listed on the stock exchange, relate to the Port Logistics subgroup and entitle shareholders merely to participate in the result and net assets of these commercial operations.

The **Real Estate subgroup** includes those HHLA properties which are not specific to port handling. These comprise real estate in Hamburg's Speicherstadt historical warehouse district and Fischmarkt Hamburg-Altona. The performance and financial result of the Real Estate subgroup, which also follows urban development objectives, are represented by the Class S shares. These shares are not traded on the stock exchange and are held solely by the Free and Hanseatic City of Hamburg (FHH). In the unlikely and unprecedented event of the Real Estate subgroup reporting a loss, this would be indirectly transferred to the Free and Hanseatic City of Hamburg in line with a separate agreement to assume losses.

The HHLA Management Structure

As a German stock corporation (Aktiengesellschaft), HHLA has a dual structure consisting of an Executive Board and a Supervisory Board: the Executive Board manages the company on its own responsibility, while the Supervisory Board appoints, advises and monitors the Executive Board. In 2014, the Executive Board of HHLA comprised four members, whose areas of responsibility are defined by their specific tasks and operating segments. The Supervisory Board consists of twelve members in total, with six representing the shareholders and six representing the employees. ► see Board Members and Mandates page 38 et seq.

Organisational Structure

Supervisory Board

Executive Board

Klaus-Dieter Peters *Chairman*	Dr. Stefan Behn	Heinz Brandt	Dr. Roland Lappin
Coordination Executive Board Corporate Communications Corporate Development Sustainability Intermodal Segment Logistics Segment	Container Segment Information Systems	Human Resources Purchasing and Materials Management Health and Safety in the Workplace Legal and Insurance	Finance Controlling and Investments Organisation Internal Audit Investor Relations Real Estate Segment

Group Segments

The **Container segment** pools the Group's container handling operations and is the largest business unit in terms of revenue and results. The Group's activities in this segment consist primarily of handling container ships (the loading and discharging of containers) and transferring containers to other carriers (rail, truck, feeder ship or barge). HHLA operates three container terminals in Hamburg – Altenwerder (CTA), Burchardkai (CTB) and Tollerort (CTT) – and another container terminal in Odessa, Ukraine (CTO). The portfolio is rounded off by supplementary container services, such as maintenance and repairs.

The **Intermodal segment** is the second-largest of HHLA's segments in terms of revenue and results. As a further key element of HHLA's business model, which is vertically integrated along the transport chain, the segment provides a comprehensive seaport-hinterland rail and truck network. While the two rail companies – Metrans and Polzug – operate regular direct connections between the ports on the North and Baltic seas and between the Northern Adriatic and its hinterland, the inland terminals provide a comprehensive range of services for maritime logistics. In addition to transshipment services at the Port of Hamburg, the trucking subsidiary CTD transports containers by road, both locally and over long-haul distances within Europe.

The **Logistics segment** is the third pillar of HHLA's business model and offers a supplementary range of services. These encompass a wide range of contract and warehouse logistics, specialist handling services and consulting. Its service portfolio comprises both stand-alone logistics services and entire process chains for the international procurement and distribution of merchandise, including the operation of handling facilities for dry bulk, motor vehicles and fruit, as well as the processing of cruise ships. In this segment, the company also provides consulting and management services for clients in the international port and transport industry. Some of these logistics services are provided together with partner companies.

The **Real Estate segment** corresponds to the Real Estate subgroup. Its business activities encompass the development, letting and commercial and technical facility management of properties in the Port of Hamburg's peripheral area. These include the Speicherstadt historical warehouse district, the world's largest traditional warehouse quarter. Here, HHLA offers some 300,000 m² of commercial space in a central location. Other prime properties totalling around 63,000 m² are managed by Fischmarkt Hamburg-Altona GmbH in the exclusive environs of the river Elbe's northern banks.

For further information on the development of each segment, ► see Segments, page 65 et seqq.

Market and Competition

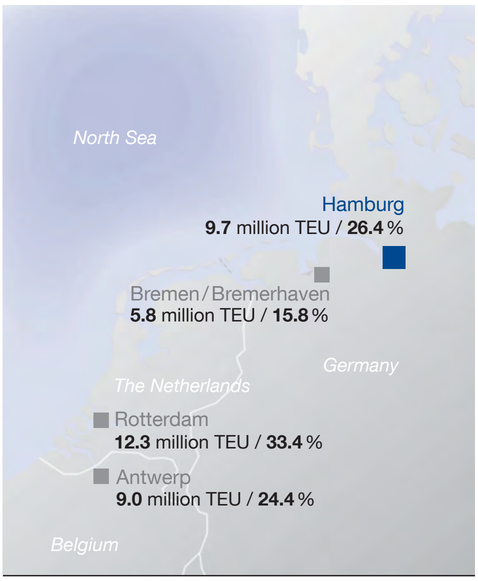
With its listed core business Port Logistics, HHLA operates on the European market for international sea freight services. Sea freight shipping is regarded as a growth market. Transport costs are low in relation to merchandise value which, together with looser trade restrictions, has created a favourable environment for the global division of labour in procurement, production and sales. Maritime shipping is by far the most important mode of transport used in intercontinental trading as it is the most cost-effective and environmentally friendly option per transported unit. Due to its efficiency benefits, the use of standardised containers has played a key role in driving this trend. In addition, the integration of the emerging economies of Central and Eastern Europe and Asia has led to rising freight volumes at the Northern European ports. Trade momentum is influenced by the strong export focus of these countries. At the same time, growing prosperity is leading to increased demand for high-quality consumer goods. The emerging economies are thus becoming increasingly important as sales markets for the industrialised nations.

The market for port services on the Northern European coast (the North Range) of relevance for HHLA is characterised by its high concentration of ports. Competition is currently strongest between the major North Range ports of Hamburg, HHLA's main hub, the Bremen ports, Rotterdam and Antwerp. Other handling sites – such as Wilhelmshaven, Le Havre and Zeebrügge – are considerably smaller in terms of their current freight volume. At present, the ports in the Baltic Sea are primarily served by feeder traffic which operates via central distribution points in the North Range. Overseas services calling directly at ports, such as Gdansk (Poland) or Gothenburg (Sweden), compete with this network system.

As well as the geographical position and hinterland links of a port, its accessibility from the sea also affects the competitive position of terminal operators and thus local freight volumes. As vessels become larger, the reliability and speed of ship handling, the scope and quality of container handling services and high-performance, pre- and onward-carriage rail systems serving the hinterland are gaining in importance as further key competitive factors, alongside pricing. The market research institute AXS Alphaliner estimates that the carrying capacity of the global container ship fleet increased by 6.3 % to 18.4 million standard containers (TEU) in 2014. The number of ultra large vessels with a capacity of more than 10,000 TEU increased particularly strongly, with growth of 32.5 % to 265. This means that some 58 % of the ships delivered in 2014 can carry in excess of 10,000 TEU.

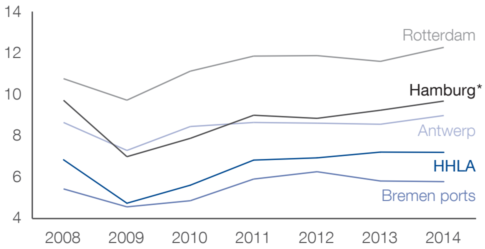
Following the opening of a new container terminal in Wilhelmshaven (JadeWeserPort) in autumn 2012 and the London Gateway terminal in November 2013, the market will gain further capacity in Rotterdam (Maasvlakte II) in 2015. This will lead to much fiercer competition, especially for freight volume with greater geographical flexibility, which will affect feeders in particular. In contrast to this, the market position for handling volumes which are tied to the natural catchment area inland is largely stable – given that it is vital to take the shortest route for the disproportionately more expensive land-bound transportation.

Largest North Range Ports
by container throughput, 2014



Source: Port Authorities

Change in Container Throughput at the North Range Ports, 2008 – 2014
in TEU million



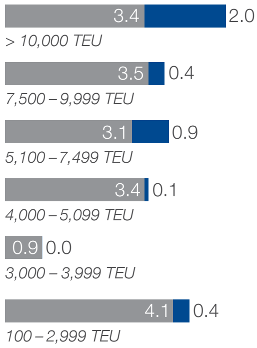
Source: Port Authorities
** Incl. HHLA*

The **Container segment** benefits from the Port of Hamburg's position as the most easterly North Sea port, which makes it the ideal hub for the entire Baltic region and for hinterland traffic to and from Central and Eastern Europe. Furthermore, the long-standing trading relationships between the Port of Hamburg and the Asian markets are advancing Hamburg's role as an important European container hub. With a throughput of 9.7 million TEU, Hamburg ranked 15th among the world's leading international ports in 2014 and remained the second-largest European container port after Rotterdam.

In Hamburg, HHLA maintained its position as the largest container handling company with a throughput volume of 7.2 million TEU in 2014. 74 % of container traffic (previous year: 77 %) at the Port of Hamburg was handled by HHLA. Asia, Scandinavia and Eastern Europe remained the most important shipping regions. ▸ see Container Segment, page 65

In the **Intermodal segment**, HHLA primarily utilises the advantages of the Port of Hamburg's rail infrastructure – Europe's most important rail traffic hub handling more than 2 million TEU a year. The companies which transport containers by train compete with other rail operators and intermodal transport providers in Germany and abroad, but also with other carriers such as trucks and feeder ships. As the rail infrastructure is for the most part publicly owned, various national authorities guard against discrimination in both access and usage fees. In addition to the density of the available network, key competitive factors include the frequency of departures, opportunities for freight pooling and storage in the hinterland, the geographical distance to destinations, on-schedule operation and infrastructural capacity. The importance of these factors is growing as ports compete with one another. HHLA has proprietary inland terminals in Central and Eastern Europe along with its own container wagons and a traction fleet (locomotives). All of these factors play a major role in the company's service offer. This is necessary to enable it to run direct trains with frequent departures and to allow

Current World Fleet and Order Book until 2017
by vessel size categories
in TEU million



- World fleet: 18.4 million TEU (5,035 ships)
- Order book: 3.8 million TEU (454 ships)

Source: AXS Alphaliner

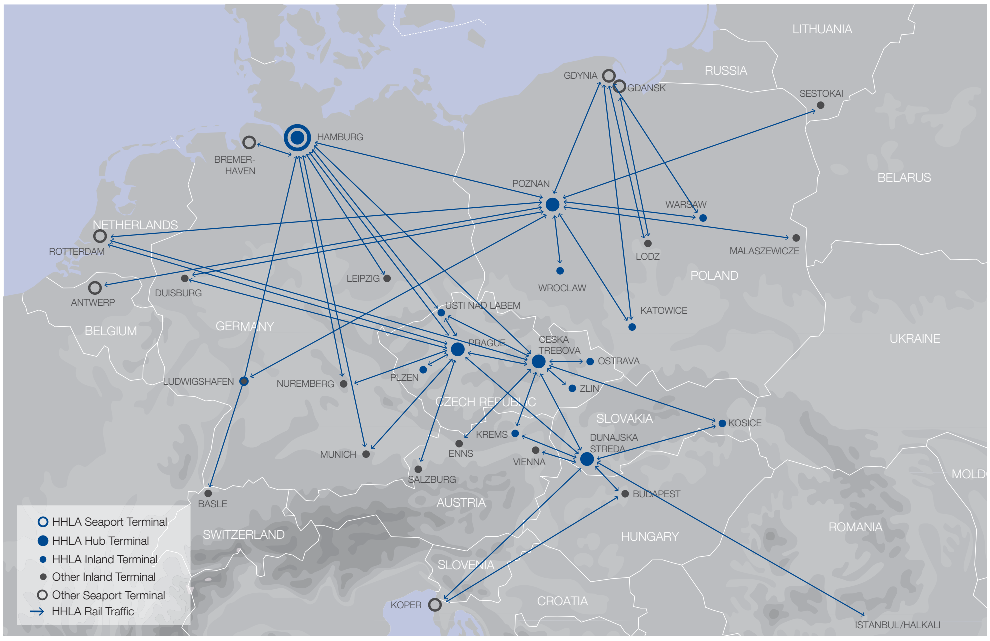
Seaborne Container Throughput
by shipping region in the Port of Hamburg, 2014

- 54 % Asia
- 14 % Eastern Europe (Baltic Sea)
- 10 % Scandinavia
- 7 % Rest of Europe
- 5 % North America
- 4 % South America
- 3 % Africa
- 3 % Other

Source: Hamburg Hafen Marketing e. V.

Intermodal Network of HHLA

Selected connections



the efficient pooling of rail freight transported via the port which is efficiently distributed by central handling facilities. HHLA occupies relevant market positions in the majority of the regions it serves. HHLA has a sound market position in the greater Hamburg metropolitan region in the delivery and collection of containers by truck. ► see Intermodal Segment, page 66

The **Logistics segment** serves various market sectors, some of them heavily specialised. With its multi-function terminal, HHLA is the leading provider of specialist handling services in Hamburg. Via Hansaport, HHLA has a stake in Germany's biggest seaport terminal for handling iron ore and coal. HHLA also provides fruit handling services for Northern Europe with its Frucht- und Kühl-Zentrum. HHLA's complementary range of warehouse and contract logistics services supports the Group's market positions in the handling and transportation sectors. In the field of consultancy, work is conducted on pioneering development projects around the world. ► see Logistics Segment, page 67

With a population of around 1.8 million and its significance as an economic centre, Hamburg is one of the largest and most interesting property markets in Germany for the **Real Estate segment**. The Real Estate segment owes its outstanding market position to the special attractiveness of the properties it manages in Hamburg's Speicherstadt historical warehouse district and on the northern banks of the river Elbe, as well as their customer-specific and sustainable enhancement. The segment competes with German and international investors marketing high-quality properties in comparable locations. ► see Real Estate Segment, page 68

Customer Structure and Sales

The customer base in the Container and Intermodal segments consists mainly of shipping companies and freight forwarders. The services provided in the Logistics segment are aimed at various customer groups, ranging from steel companies and power stations (in the field of bulk cargo handling) to international operators of ports and other logistics centres (in the field of port consulting).

The Real Estate segment lets its office space and commercial premises to German and international corporate customers from a variety of sectors, ranging from logistics and trading companies to media, consulting and advertising agencies, fashion labels, hotels and restaurants.

Globally operating container shipping companies are the customers which account for the largest share of HHLA's revenue. In ship handling, HHLA's container terminals work with shipping companies on a neutral basis (multi-user principle) and offer a wide range of high-quality services. In the 2014 financial year, HHLA's customer base included all of the top 20 container shipping companies. HHLA therefore believes that it is able to respond flexibly to changes in the consortia and alliances formed by its clients in the shipping sector.

The importance of key accounts remained virtually unchanged year on year in the 2014 financial year: HHLA's five most important customers accounted for approx. 52 % (previous year: 51 %), its ten most important for 80 % (previous year: 77 %) and its 15 most important for 95 % (previous year: 90 %) of the revenue generated by the HHLA container terminals in Hamburg. HHLA has maintained commercial relationships with the vast majority of its most important customers for more than two decades.

HHLA generally concludes framework contracts with its shipping customers. These contracts contain comprehensive descriptions of the services to be rendered and of the remuneration arrangements. As the usage volume for these services is not fixed, there is no order backlog in the traditional sense for HHLA's logistics services.

Sales activities in the Container segment are organised by means of key account management. In the Intermodal and Logistics segments, sales are generally managed locally by the individual companies. As far as possible, all activities follow the strategic approach of vertical integration, i.e. offering comprehensive transport and logistics services from a single source. The Real Estate segment's sales team offers potential clients and tenants a wide range of services for properties in its two main districts – Hamburg's Speicherstadt historical warehouse district and the northern banks of the river Elbe – as well as for logistics properties in and around the port.

Top 20 Container Shipping Companies
by transportation capacity, 2014

in thousand TEU	Alliance	
1. APM-Mærsk Line	2M[1]	2,894
2. MSC	2M[1]	2,539
3. CMA CGM	OCEAN THREE[1]	1,640
4. Hapag-Lloyd	G6	980
5. Evergreen	CKYHE	945
6. COSCO	CKYHE	825
7. CSCL	OCEAN THREE[1]	674
8. Hanjin	CKYHE	608
9. MOL	G6	606
10. APL	G6	562
11. Hamburg Süd		533
12. OOCL	G6	527
13. NYK	G6	495
14. Yang Ming Line	CKYHE	402
15. PIL (Pacific Intl. Line)		380
16. Hyundai M.M.	G6	378
17. K Line	CKYHE	364
18. UASC	OCEAN THREE[1]	347
19. Zim		334
20. Wan Hai Lines		200

[1] Comes into force in 2015
Source: AXS Alphaliner

Legal Framework

In its business operations, HHLA is subject to numerous German and foreign statutory provisions and regulations such as public law, trade, customs, labour, capital market and competition regulations. As the bulk of HHLA's commercial activities are concentrated in and around the Port of Hamburg, its regulatory environment is largely determined by the Hamburg Port Development Act (Hamburgisches Hafenentwicklungsgesetz – HafenEG). HafenEG formulates the structural framework for the sound development of commercial activity in the Hamburg port area. HafenEG's objectives are to maintain the Port of Hamburg's competitiveness as an international all-purpose port, to safeguard freight volumes and to use the public infrastructure as efficiently as possible. To this end, the Port of Hamburg employs a "landlord" model, by which the Hamburg Port Authority (HPA) owns the port area and is responsible for building, developing and maintaining the infrastructure, while the privately owned port operators are responsible for the development and maintenance of the superstructure (buildings and facilities). HHLA has concluded a long-term lease agreement with HPA for those port areas of importance for its business operations.

For the construction, alteration and operation of its handling facilities, HHLA is reliant on the issuance and continued existence of authorisations under public law, especially official authorisations in accordance with the German Federal Emissions Control Act (Bundesimmissionsschutzgesetz – BImSchG), the applicable local building regulations and water and waterways laws. All construction and extension measures require separate authorisations by the respective authorities, irrespective of the plan approval procedure for the expansion of the handling areas. HHLA's affiliated companies are subject to a number of strict regulatory requirements, especially if they are involved in the handling of materials which can have damaging effects on people or the environment. These include, for example, the handling, storage and transportation of environmentally dangerous materials and hazardous goods. However, these regulatory requirements also include regulations on technical safety, health and safety in the workplace and environmental protection.

HHLA's commercial activities are governed predominantly by the provisions of German and European competition law. This means that its pricing is determined by the market and is, as a matter of principle, not regulated.

Due to the dangers posed by international terrorism, there are strict security precautions at all ports. An essential component of these precautions is the International Ship and Port Facility Security Code (ISPS Code), which requires the internationally standardised installation of measures to prevent terrorist attacks on

Revenue Distribution
split by customers in the Container segment at the main hub Hamburg, 2014

- 52 % Top 1–5
- 28 % Top 6–10
- 15 % Top 11–15
- 5 % Other

Capacity Breakdown by Shipping Line Alliances
on Far East – Europe Services as of 31 December 2014

- 36 % 2M[1]
- 23 % CKYHE
- 20 % G6
- 20 % OCEAN THREE[1]
- 1 % Others

[1] Comes into force in 2015

ocean-going vessels and port facilities. For the operators of port facilities, compliance with the code involves observing strict access control and implementing numerous other measures for averting danger.

The aforementioned international provisions are implemented in the Port of Hamburg's area by means of the German Port Security Act (Hafensicherheitsgesetz – HafenSG).

The legal framework for HHLA is subject to constant change at national and international level, particularly by the European Community, in order to keep pace with technical progress and increasing sensitivity with regard to safety and environmental issues. At national level, work is currently under way on the German "Regulation on Installations for the Handling of Substances Hazardous to Water", which may affect HHLA in the future depending on the form it takes. In the 2014 financial year, however, there were no amendments to the legal framework with a significant impact on the Group's operating activities or its assets, financial or earnings position.

Corporate Strategy

HHLA's strategy is aimed at attaining a leading position as a port logistics provider and thus achieving sustainable growth in its enterprise value. With its business model of vertical integration along the transport chain between the international seaport and its European hinterland, HHLA believes it is favourably positioned to exploit the intensification in global trade and achieve profitable growth. This is also based on Hamburg's role as an international hub linking the Far East, especially China and India, with the economies of Central and Eastern Europe. Sustainable business practices form an integral part of the corporate strategy. The focus here is on organising ecologically sound transport chains – especially by linking ships and rail logistics – operating terminals in an environmentally friendly manner which also uses land efficiently, and conserving resources.

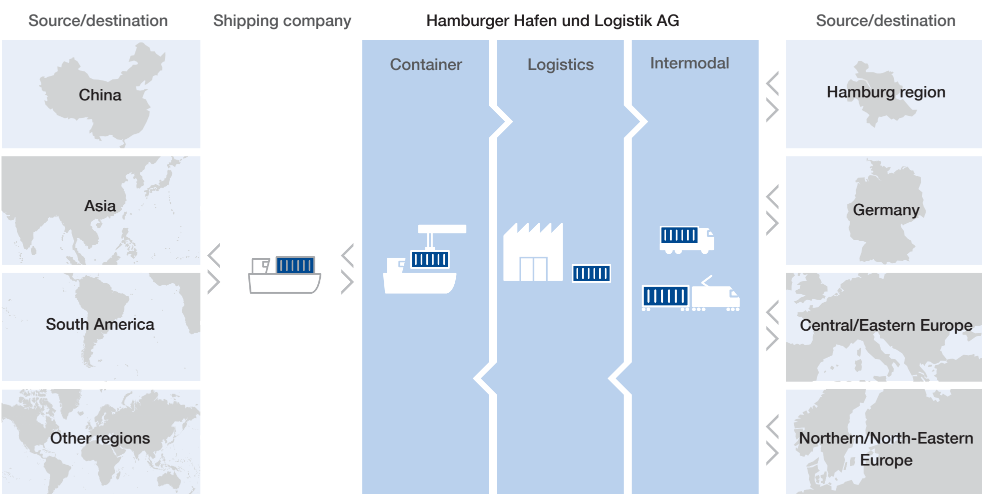
In order to consolidate and expand the Group's market position, HHLA pursues the following strategic guidelines:

Port Logistics Subgroup
Establishing and Enhancing Quality and Efficiency Leadership

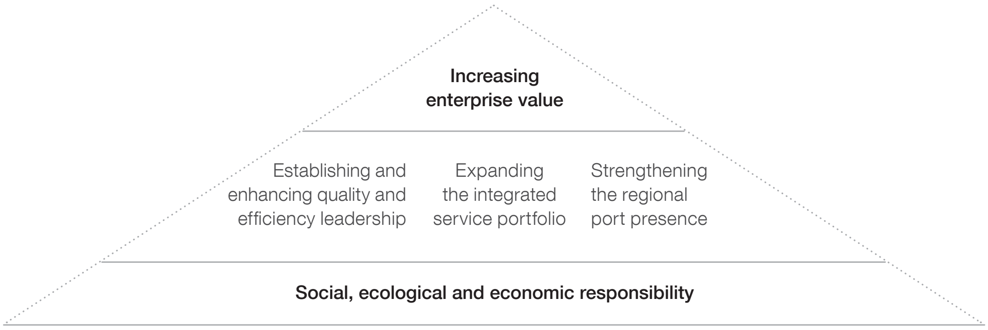
HHLA plans to constantly improve its competitiveness by further enhancing its service quality and technological capabilities. It concentrates both on retaining its broad customer base and attracting new clients.

In the Container segment, HHLA will continue to pursue its strategy of providing a neutral service to as many shipping companies as possible in the handling of ships and the coordination of berths, while ensuring a consistently high quality of service. This concept will secure the long-term existence of a balanced customer portfolio, the best possible capacity utilisation, and the profitability of its services. Its ship handling activities focus primarily on improving the efficiency of its handling services and responding to the requirements of container mega-ships which are increasingly prompting peak load conditions. This involves systematically gearing the design and operation of facilities towards maximising the productivity of land usage, manpower and capital.

Vertical Integration
HHLA's strategic foundation



Corporate Strategy
Sustainably increasing enterprise value at HHLA



HHLA also aims to become a quality and efficiency leader in the activities of its Intermodal segment by continuing to invest in its own facilities and equipment, such as inland terminals, container-carrying rail wagons and locomotives. Thanks to its increased control of pre- and onward-carriage systems and their integration into maritime transport chains, HHLA is able to offer its customers a perfectly coordinated range of services.

Expanding the Integrated Service Portfolio

HHLA plans to continuously improve the services it provides by expanding intermodal transport between the international port and the rail and road networks. Besides increasing the scope and range of its services, HHLA also focuses on increasing its value added. This approach is geared towards making effective use of the Port of Hamburg's advantageous geographical position in terms of transport links by utilising synergies between handling and transport services and by adding complementary services (container repairs, empty container storage facilities, etc.). HHLA's activities are therefore mutually beneficial: greater handling volumes in the Port of Hamburg result in more traffic for hinterland transport and increased demand for logistics services. At the same time, the provision of efficient transport systems and high-quality logistics services generates additional handling volumes for the HHLA container terminals.

For this reason, HHLA will continue to expand the market position of its Intermodal subsidiaries with the main geographical focus on the growth markets of Central and Eastern Europe. Investments here will concentrate on inland terminals and connecting them to distribution centres via direct links. By gradually increasing the level of value added by acquiring its own rolling stock (container wagons) and building up its own traction fleet (locomotives) the company will be able to operate largely independently on the market. HHLA is accompanying these measures by expanding its trucking services, which offer a comprehensive network for delivering and collecting sea containers over the "last mile" inland.

Strengthening the Regional Port Presence

In addition to purely organic growth, HHLA constantly examines opportunities for acquisitions. Potential acquisitions and equity investments focus on port projects and shareholdings in attractive growth markets. Based on the economies of scope offered by the existing network and the opportunities it presents to tap additional potential – and stemming from its base on the North Sea coast – HHLA's primary interest is in the catchment area between the Baltic region, the Northern Adriatic and the Black Sea. However, it does not rule out projects and shareholdings in other high-growth regions. Both the Group's international consultancy activities and its ongoing corporate development work can provide starting points for this approach. In addition to strategic compatibility, key decision-making criteria include growth prospects, the anticipated return on capital employed, and the commercial opportunities and risks.

Real Estate Subgroup

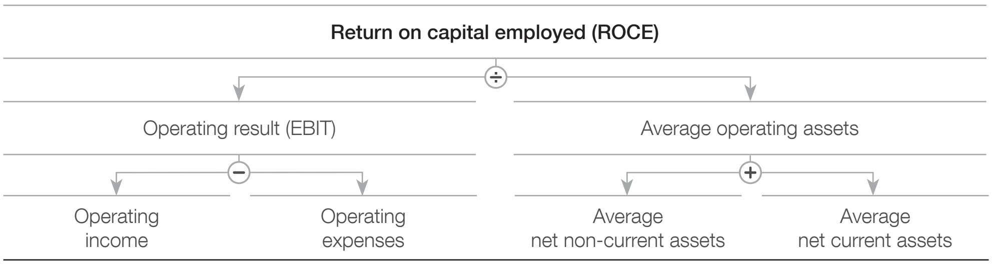
In its non-listed Real Estate subgroup, HHLA pursues a long-term and demand-oriented approach to developing districts and properties. The main focus is on developing existing and often landmarked properties.

Corporate and Value Management

HHLA's primary objectives include the long-term, sustainable growth of its enterprise value. HHLA uses a Group-wide value management system for the planning, management and monitoring of its commercial activities. No fundamental changes were made to this system in the 2014 financial year.

Value Management

ROCE – defining parameters and influential factors



Financial Performance Indicators

The central financial management control figure is the key performance indicator ROCE, i.e. the return on capital employed. The HHLA Group calculates ROCE as a ratio of the operating result (EBIT) and the average operating assets used. In 2014, the average operating assets were redefined due to a change in the IFRS requirements for group accounting, especially the transition from pro-rata consolidation in IFRS 11. Average operating assets no longer include companies accounted for using the equity method or financial assets. This means that the operating result (EBIT) is viewed in relation to assets used solely for operating purposes.

Commercial activities are generally regarded as value-generating if the return on capital employed exceeds the cost of capital and they make a positive value contribution. Such capital costs correspond to the weighted average of equity costs and the cost of borrowed capital. As in the previous year, HHLA used a weighted average cost of capital of 10.5 % before tax to calculate its value growth at Group level in the 2014 financial year. This cost of capital is based on the Executive Board's assessment of a long-term rate of return arising from a balanced relationship between equity and borrowed capital. This approach avoids short-term fluctuations in interest rates on the capital markets which may distort the information provided by the value management system.

The HHLA Group succeeded in increasing its operating result (EBIT) significantly in the 2014 financial year. EBIT rose 10.0 % year on year to € 169.3 million (previous year: € 153.9 million). ► see Group Performance page 62 et seqq. Although average operating assets fell slightly to € 1,307.5 million (previous year: € 1,334.4 million), the return on capital employed increased by 1.4 percentage points year on year to 12.9 %. It therefore comfortably exceeded the minimum ROCE of 10.5 %. The HHLA Group realised a positive value contribution of € 32.0 million in the reporting period (previous year: € 13.8 million).

HHLA Group's Value Contribution

in € million	2014	2013	Change
Operating income	1,241.0	1,182.3	5.0 %
Operating expenses	- 1,071.7	- 1,028.4	4.2 %
EBIT	**169.3**	**153.9**	**10.0 %**
Ø Net non-current assets	1,221.6	1,246.9	- 2.0 %
Ø Net current assets	85.9	87.4	- 1.7 %
Ø Operating assets	**1,307.5**	**1,334.4**	**- 2.0 %**
ROCE in %	12.9	11.5	1.4 pp
Cost of capital before tax[1] in %	10.5	10.5	0.0 pp
Cost of capital before tax[1]	137.3	140.1	- 2.0 %
Value added in %	2.4	1.0	1.4 pp
Value added	32.0	13.8	pos.

[1] Of which 7.5 % for the Real Estate subgroup
The previous year's figures have been restated due to revised IFRS regulations for group accounting.

Non-Financial Performance Indicators

In the operating business units, various non-financial performance indicators are used in addition to the ROCE benchmark. For example, the number of handling moves per hour, energy efficiency or the number of containers handled per square metre – the land usage productivity – are important indicators for the quality of services rendered and the container terminals' performance. These and other performance indicators are therefore used intensively for the ongoing optimisation of specific operational processes. ► see Sustainability, next chapter

In addition to the continuous dialogue which HHLA maintains with its customers, the company makes extensive use of macroeconomic forecasts as early indicators for its operating activities. These include the anticipated development of gross domestic product for important trading partners, and the subsequent estimates for foreign trade and import/export flows, as well as for container traffic on relevant routes.

Sustainability

HHLA's actions have always been guided by economic considerations and a sense of responsibility towards its employees, the environment and society as a whole. Due to high levels of capital intensity and long useful lives, those who build and operate port and hinterland terminals, intermodal networks and logistics centres are compelled to take a wider view and gear their business operations towards long-term success spanning several economic cycles. Ever since it was established, the Group has therefore attached the utmost importance to sustainable business practices.

HHLA's business model aims to provide an ecologically sound link between global goods flows at port terminals on the one hand and hinterland networks and logistics centres on the other. ► see Corporate Strategy, page 50 Ecological transport chains are therefore central to HHLA's sustainability strategy. By extending its facilities and networks, HHLA is paving the way for a disproportionately high increase in the percentage of hinterland transport accounted for by rail.

Strategy

HHLA's sustainability strategy is based on three pillars: the environment, society and the economy. Ten fields of activity and guidelines have been defined and implemented within these areas. This puts HHLA in a position to take a leading role in the area of sustainability. The fields of activity focus on environmentally friendly transport chains, climate protection and efficient land use.

Organisation

For six years now, HHLA has had a Sustainability Council headed by the Chairman of the Executive Board. Its members include an external expert, Prof. Schaltegger from the Leuphana University of Lüneburg. Its members meet regularly with HHLA's stakeholder groups – especially customers, staff, investors, suppliers, non-governmental organisations and the general public – to discuss key sustainability issues of relevance to HHLA. At Group level, the sustainability team reports directly to the Chairman of the Executive Board.

Principles and Reporting Standards

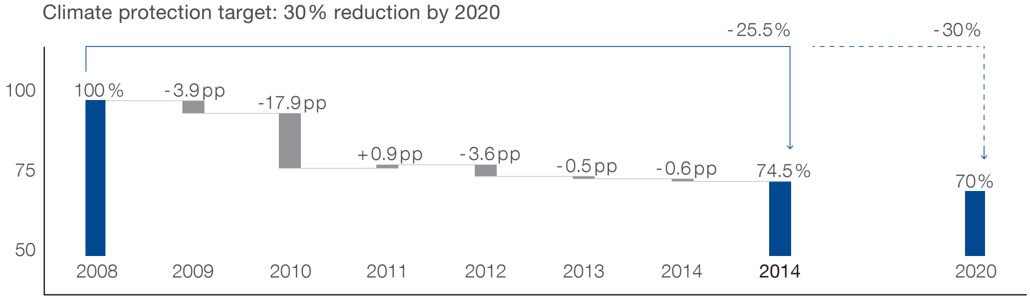
HHLA's commitment to sustainability is binding, transparent, measurable and comparable. The company applies the Global Reporting Initiative (GRI 3.1 standard) guidelines on sustainability reporting, the most commonly used standard of its kind in the world. In doing so, HHLA also facilities comparison at an international level. Furthermore, HHLA was the first maritime company to issue a declaration of compliance with the German Sustainability Code (GSC). This declaration of compliance is available at ► www.nachhaltigkeitsrat.de. By publishing this declaration, HHLA has made a firm commitment to its sustainable business model. The GSC lists 20 different criteria relating to environmental, social and corporate governance aspects, each with up to two performance indicators. Issues such as the usage of resources, compliance, equal opportunities and health protection for employees play an important role in the code. Companies are also expected to provide clear sustainability targets.

Sustainability Initiative

	Fields of activity	Guidelines
Ecology	Ecological transport chains	Actively liaise with other logistics operators and create sustainable, environmentally friendly transport chains
	Land conservation	Increase the efficient use of port and logistics areas
	Nature protection	Minimize impact on nature and actively protect natural habitats
	Climate protection	Utilise technically feasible and economically viable methods to reduce CO_2
Society	Occupational safety/health promotion	Safety, appropriate working conditions and promotion of health-conscious behaviour
	Staff development	Vocational education, training and CPD as well as tailored staff development programmes
	Social responsibility	Intensify dialogue with society; information and discussions regarding port logistics
Economy	Added value	Make an ongoing and significant contribution to added value and thus raise prosperity at all locations
	Business partners	Tailor-made customer solutions and reliable cooperation with suppliers
	Shareholders	Long-term increase in enterprise value and transparency for investors

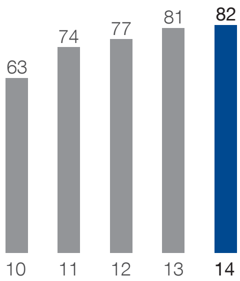
Reduction in specific CO_2 emissions since 2008

Climate protection target: 30 % reduction by 2020



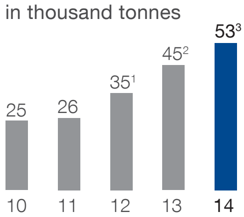
Direct CO_2 Emissions

in thousand tonnes



Indirect CO_2 Emissions

in thousand tonnes



[1] *Of which 10 thousand tonnes were traction current*
[2] *Of which 21 thousand tonnes were traction current*
[3] *Of which 28 thousand tonnes were traction current*

Ecology

Emissions and Energy

HHLA has published its carbon footprint regularly since 2008 as part of the international Carbon Disclosure Project (CDP). The CDP is a non-profit initiative which manages one of the world's largest databases of corporate greenhouse gas emissions on behalf of institutional investors and makes this information available to the public.

HHLA calculates its CO_2 emissions on the basis of the Greenhouse Gas Protocol (A Corporate Accounting and Reporting Standard, revised edition), a global standard for recording greenhouse gas emissions. Within the HHLA Group, air pollution largely consists of CO_2 emissions. These are primarily influenced by throughput and transport volumes, traction services provided by the Group's own locomotives and the use of electricity from renewable sources. In line with the Greenhouse Gas Protocol, electricity procured separately from renewable sources was classified as carbon-neutral. The power needed by a terminal depends largely on the number of seaborne containers it handles and the number of containers transported overland by rail and truck. HHLA uses seaborne and overland throughput as an effective indicator to determine specific CO_2 emissions in line with the recommendations of the European Economics Environment Group (EEEG).

HHLA has set itself the following climate protection target: by 2020, the Group intends to reduce CO_2 emissions by at least 30 % for each container which it handles. 2008 figures serve as the baseline here. In the period from 2008 to 2014, the company already succeeded in reducing CO_2 emissions by 25.5 % per container handled. Specific CO_2 emissions fell by 0.8 % in the year under review.

Absolute CO_2 emissions rose by 7.0 % or 8,874 tonnes year on year to 134,988 tonnes in the reporting period. This was mainly due to investments in the company's own fleet of electric, environmentally friendly multi-system locomotives and the associated switch from external traction services – whose energy consumption is not included in HHLA's figures – to its own traction fleet. Traction-related emissions increased by 37.8 % or 7,802 tonnes to 28,464 tonnes as a result. Absolute electricity consumption for the reefer containers of our customers also rose strongly in the reporting period and led to higher CO_2 emissions of 1,436 tonnes.

A long-term increase in the percentage of electricity used within the Group's energy mix will enable the company to utilize more renewables and thereby substantially reduce its carbon footprint. To achieve this goal, HHLA is converting more and more of its equipment and machinery at the terminals to electricity.

Direct and Indirect Energy Consumption

	Diesel in million of litres	Heating oil in million of litres	Petrol in million of litres	Natural gas in million of m³	Electricity in million of kWh	District heating in million of kWh
2010	21.4	0	0.1	2.4	135.0	5.6
2011	26.1	0	0.1	2.0	145.3 [2]	5.2
2012	26.6	16.9	0.1	2.1	139.9 [3]	4.6
2013	26.8	37.9	0.1	3.1	148.7 [4]	4.6
2014	**28.5**	**51.7** [1]	**0.1**	**1.8** [1]	**154.4** [5]	**3.7** [1]

[1] *Consumption of natural gas, district heating and traction current in 2014 is based on measured and estimated figures.*
[2] *Of which approx. 72 million kWh from renewable energies*
[3] *Of which 70.2 million kWh from renewable energies*
[4] *Of which 78.2 million kWh from renewable energies*
[5] *Of which 84.0 million kWh from renewable energies*

Such equipment and machinery produces fewer emissions and less noise and is also easier to service. The electricity required by all office buildings and workshops in Hamburg occupied by HHLA, the Container Terminal Altenwerder (CTA) and the all-electric yard crane system at the Container Terminal Burchardkai (CTB) comes from renewables. In the reporting period, these measures reduced CO_2 emissions by 26,645 tonnes (previous year: 24,712 tonnes).

In addition to using power from renewable sources, HHLA has implemented a number of CO_2 reduction projects at the Group's various affiliates to further reduce its carbon footprint. These included replacing another four diesel-powered automated guided vehicles (AGVs) at CTA with emission-free, battery electric AGVs in 2014. In the year under review, the fleet of all-electric cars more than doubled in size, from 27 to 64. Electric vehicles are now in use at all four seaport terminals in Hamburg. HHLA's car pool has also included electric vehicles since 2014. These use electricity from renewable sources and are emission-free, quiet and low-maintenance. The electric vehicles cover a distance of some 475,000 km each year and thus reduce CO_2 emissions by approximately 148 tonnes. Several projects were also initiated in the field of energy-efficient lighting. 24 yard cranes were switched to needs-based LED lighting at CTB. As well as reducing lighting emissions, this system cuts electricity consumption by around 588,000 kWh or some 90 %. Work also began to change the yard crane lighting at CTA, where 16 yard cranes were converted.

Ten of the world's lowest-emission straddle carriers went into operation at CTB in the reporting year. With their extremely low level of harmful emissions, these modern diesel-electric vehicles make an important contribution towards reducing pollution at the container terminal. The latest-generation straddle carriers comply with the strict requirements of the European Union's emissions standard Euro 4.

As well as choosing highly energy-efficient, low-emission machinery and equipment, HHLA is actively stepping up its use of renewable energy. A photovoltaic system installed and operated by the energy supplier Hamburg Energie Solar on the roof of the Container Terminal Tollerort (CTT) produced 120,970 kWh of CO_2-free electricity in the year under review.

HHLA's subsidiary UNIKAI Lagerei- und Speditionsgesellschaft introduced an environmental management system certified in line with the DIN EN ISO 14001:2009 standard in 2014. This system certifies the company's ecological activities and serves to further improve its environmental performance. In addition, the computer-aided optimisation of container storage positions minimises the distance travelled by transport equipment, thereby reducing energy consumption and noise pollution. The use of retreaded tyres for various container handling machines also helps to improve the company's use of resources.

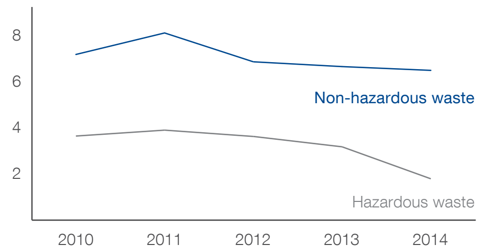
Water Consumption

Water is mostly used in the HHLA Group to clean large-scale equipment and containers and for employee hygiene. Compared to the previous year, the amount of water consumed by operations in Germany, Poland, Slovakia, the Czech Republic and Ukraine fell by 7.6 % to 102,664 m³ in 2014 (previous year: 111,165 m³). The construction of a water treatment plant at CTB contributed towards this positive trend. HHLA's facilities in Hamburg draw water from the public supply network.

Waste and Recycling

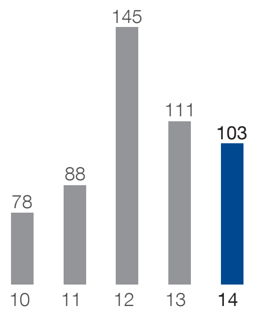
HHLA reduces refuse and separates rubbish for recycling wherever possible so that reusable waste can be fed back into the resource cycle. Excluding soil and building rubble, the amount of waste produced at the sites in Germany fell substantially in 2014 compared with the previous year, down 15.7 % to 7,408 tonnes (previous year: 8,790 tonnes). Hazardous waste decreased at an even faster rate: the volume shrank by 43.4 % to 1,609 tonnes (previous year: 2,845 tonnes).

Development in the Volume of Waste
in thousands of tonnes



This very positive development was mainly attributable to the construction of a water treatment plant at CTB. Since 2014, the water used to clean large machinery has been treated at this plant before being reintroduced into the cleaning cycle. The process therefore helps to conserve resources in two ways: as well as substantially reducing fresh water use, it decreases the volume of waste classified as hazardous. This also has a positive effect on the amount of sludge from oil/water separators collected at the washing, fuelling and parking spaces for straddle carriers and AGVs. The volume of waste in this category fell strongly by 61.2 % year on year, taking it to 850 tonnes (previous year: 2,188 tonnes). As a result, its proportion of

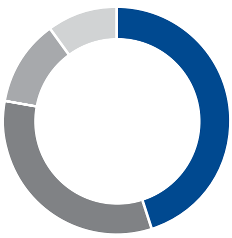
Water Consumption[1]
at HHLA's sites in Germany, Poland, the Czech Republic, Slovakia and Ukraine in m³



[1] Until 2012 excluding Poland the Czech Republic and Slovakia

Source of Added Value

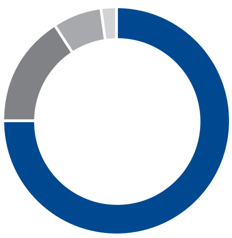
Production value
€1,222 million = 100%



- 45% Added value
- 33% Cost of materials
- 12% Other expenses
- 10% Depreciation/ amortisation

Application of Added Value

Added value
€552 million = 100%



- 75% Employees
- 16% Shareholders
- 7% Public authorities
- 2% Lenders

the annual waste volume went down from 24.9% to 11.5%. The remaining mixture of sludge, oil and water is processed at a chemical water treatment plant operated by a specialist disposal company. Once it has been separated from the oil, the water passes through a biological waste water treatment plant. 3.6% less commercial waste was generated in the reporting period. At 1,862 tonnes, this type of refuse accounted for the largest volume of waste (previous year: 1,931 tonnes). The quantity of overripe bananas and other foodstuffs unsuitable for processing or consumption increased by 13.0% to 1,091 tonnes (previous year: 965 tonnes). More than 68% of this food waste was recycled to generate biogas. Approximately 150,000 kWh of zero-carbon electricity was produced in this way in 2014. At 1,025 tonnes, scrap metal was down 4.4% year on year (previous year: 1,072 tonnes). All of this was recycled. Paper and cardboard packaging accounted for 580 tonnes of total waste (previous year: 536 tonnes), while scrap wood and building timber made up 578 tonnes (previous year: 600 tonnes).

HHLA strives to conserve resources at its terminals, e.g. by using a total of 40,200 tonnes of recycled building materials to maintain its terminal areas during 2014. Of this amount, electric furnace slag accounted for the largest share (19,000 tonnes). This results from the melting of steel scrap and mineral additives in electric arc furnaces which is now reused as aggregate at the terminals. The use of this recycled building material means that less natural stone needs to be mined, thus protecting the landscape. A further 9,800 tonnes of recycled asphalt, 7,900 tonnes of slag from waste incineration and 3,500 tonnes of concrete-mineral aggregates were used for terminal maintenance.

Society

In addition to its corporate social responsibility, HHLA's key fields of activity include providing staff training and ensuring occupational health and safety. ► see Employees, next chapter

Regional Responsibility

Approximately one in eight jobs in Hamburg has some connection with cargo handling at the Port of Hamburg. This means that the port and associated industries are major employers in the greater Hamburg metropolitan region. HHLA handles around three quarters of Hamburg's container throughput or more than half of the total throughput in tonnes. ► see Market Position, page 46 The company therefore sees itself as an integral part of economic developments in the greater Hamburg metropolitan area. It is well aware of its responsibility towards society both here and at all its other sites.

Social Dialogue

The company's dialogue with society focuses on raising awareness of port and logistics-related issues. Its most important education project is the "Aqua-Agenten" initiative launched by the Michael Otto Foundation. This project has already received multiple awards (e.g. as an official project of the UN's World Decade "Education for Sustainable Development" and as a "Landmark in the Land of Ideas"). It takes a fun approach to teaching schoolchildren aged about eight or nine why water is important for people, nature and the economy. School classes learn about the significance of shipping and ports for world trade at HHLA's container terminals. In the reporting year, around 220 schoolchildren visited HHLA facilities as part of this education project. Since the project was launched in 2009, a total of 9,175 children have been taught about the importance of water and ports. HHLA also started developing the education project "Hafen-Scouts" in 2014, which teaches schoolchildren about modern port operations.

Compliance

Compliance with legal requirements and internal company guidelines is a key part of HHLA's corporate governance policy. HHLA's compliance system centres on a code of conduct which formulates overriding principles on relevant topics for compliance, such as conduct in the competitive environment, the prevention of corruption and conflicts of interest, and how to deal with sensitive corporate information. ► see Compliance, page 28

Economy

Net added value increased by 5.1% to € 552.1 million in 2014, primarily as a result of expenses. At 45.2%, the added value ratio remained on a par with the previous year. Net added value serves as an indicator of business activities' economic value creation. It is calculated by taking the value of production and deducting all intermediate inputs, depreciation and amortisation. Added value is shared between employees, shareholders, the state (taxes) and lenders. The largest proportion, €414.0 million or 75.0%, went to employees.

Added Value in the HHLA Group

in € million	2014	2013	Change
Employees	414.0	400.6	3.3%
Shareholders	90.6	80.4	12.6%
Public authorities	39.5	36.7	7.6%
Lenders	8.0	7.7	5.1%
Total	552.1	525.4	5.1%

The previous year's figures have been restated due to revised IFRS regulations for group accounting.

Employees

Headcount

HHLA had a total of 5,194 employees at the end of 2014. Compared with the previous year's total, the number of employees increased by 270, or 5.5%. In geographical terms, the workforce was concentrated mainly in Germany, with 3,591 staff members. This corresponds to a share of 69.1%, of whom the majority worked in Hamburg. The 1,603 jobs at foreign sites consisted mainly of 982 workers (18.9%) at the Intermodal companies in the Czech Republic and Slovakia and 451 employees (8.7%) in Ukraine. The remaining 170 employees were spread across subsidiaries in Poland and Georgia.

Employees

by segment as of 31.12.

	2014	2013	Change
Container	3,022	2,921	3.5%
Intermodal	1,319	1,128	16.9%
Logistics	229	236	- 3.0%
Real Estate	36	35	2.9%
Holding/Other	588	604	- 2.6%
Total	5,194	4,924	5.5%

The previous year's figures have been restated due to revised IFRS regulations for group accounting.

In the Container segment, the number of employees rose by 3.5% to 3,022. Headcount increased more strongly in the Intermodal segment, where the number of staff increased by a total of 16.9% to 1,319. This growth is primarily due to the expansion of capacity in the Intermodal segment. By contrast, the Logistics segment's workforce declined by 3.0% to 229. The Real Estate segment employed 36 people – an increase of 2.9% on the previous year. The number of employees at the strategic management holding company – including operational IT staff and associated areas – fell by 2.6% to 588.

The majority of jobs at HHLA are in a segment of the labour market in which men are traditionally employed and women are proportionately less represented. In 2014, the ratio of women employed by HHLA in Germany (including apprentices) was slightly higher than in the previous year at 14.8% (previous year: 14.6%). Women accounted for 15.2% of new employees who had not previously worked for HHLA, for example via general port operations.

The fluctuation rate in Germany (excluding reassignments within the Group) increased to 4.3% (previous year: 3.8%). As in the previous year, the average employee age was 43 (men: 44, women: 39).

Personnel Expenses

Personnel expenses rose by 3.4% year on year to €401.7 million (previous year: €388.6 million). This includes expenses for external staff totalling €62.9 million (previous year: €60.8 million). This rise was mainly attributable to higher union wage rates, increased manpower due to peak loads at the terminals and an increase in the number of employees in the Intermodal segment.

Collective Labour Agreements

Collective labour agreements govern pay and working conditions apply for approx. 89% of employees in Germany.

In May 2013, the parties to the labour agreement – the Association of German Seaport Operators (Zentralverband der deutschen Seehafenbetriebe e.V. or ZDS) and the trade union ver.di – agreed a 24-month period for wage table increases of 3.2% from 1 June 2013 and 2.8% from 1 June 2014 for port workers at companies which operate German seaports. Similar deals have been reached for further wage agreements of the HHLA Group.

Occupational Safety and Health Promotion

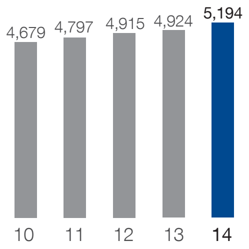
Numerous preventive measures and guidelines are in place to ensure that staff from both HHLA and external companies, customers, suppliers and visitors do not come to bodily harm, which is a key concern for HHLA. The company strives to continually improve health and safety in the workplace and considers this an important task for its managers. These measures are geared towards specific needs at the sites. The issues of all employees in Hamburg are discussed by occupational safety committees. Key measures are evaluated at the statutory meetings of these occupational safety committees, which are held four times a year.

The occupational safety management team actively helps to develop initiatives and delivers information internally by means of in-house tuition, training and practical exercises focusing on emergency precautions, such as preventing fires and water pollution, advisory services as well as prevention and risk management programmes. The occupational safety authorities regularly check and assess the performance of HHLA's management system for occupational safety. These audits certified that occupational safety was exemplary at all sites. This is the best possible rating.

HHLA also uses modern technologies to achieve constant improvements. For example, HHLA uses an

Development of Employees

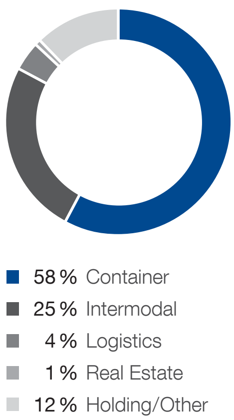
HHLA Group
as of 31.12.



For the purpose of comparison, the figure for the 2013 financial year has been restated due to revised IFRS regulations for group accounting.

Employees Breakdown

by segment as of 31.12.



occupational safety management system to monitor the fulfilment of its goals. Since 2014, accidents at all HHLA companies in Hamburg which are not linked directly to container handling (e. g. in workshops) have also been taken into account and recorded using a standardised reporting system. The reasons for changes or fluctuations are carefully analysed and – where necessary – structured measures are initiated.

This log shows that there were 128 notifiable accidents (excluding accidents when commuting) at the companies in Hamburg in 2014 in which HHLA owns a stake of over 50 %. There was also one fatal workplace accident involving an employee from an external company.

HHLA's health programme includes company doctors, help with addictions and social problems, an integration management programme for employees following a lengthy period of illness, representatives for the severely disabled and staff sporting activities. Preventive healthcare is also promoted via targeted measures, campaigns and schemes. HHLA also encourages staff to take part in a varied range of sporting activities, which are very well received.

Strategic HR Management

HR management is established as a central division at Executive Board level. This organisational structure ensures that strategic HR guidelines are implemented throughout the Group.

HR and Organisational Development

All measures relating to HR and organisational development at HHLA are initiated and managed by the central HR management division in Germany. This guarantees that all development measures are of high quality and ensures that a coordinated approach is taken. The specialist department provides tailored programmes for staff on all career paths and at all levels of the hierarchy within the German companies. The performance of both professionals and managers is systematically enhanced and developed and continuously overseen by the HR Management team. The same applies to all organisational development measures.

Appraisal and Remuneration Systems

The appraisal systems at the German companies contain both bottom-up and top-down components. Some of them are laid out in collective labour agreements, comprise variable remuneration components and are linked with training requirements for the company and staff. A standardised feedback system was also introduced for apprentices in 2014 to make self-appraisals and performance reviews a fixed part of working life right from the start.

ROCE – the return on capital employed – is also a significant parameter for determining variable remuneration components for executives and employees not covered by collective labour agreements. Performance-related remuneration components at executive level are calculated over a period of several years. This further enhances the focus on sustainable, long-term targets.

Research Partnership for Greater Innovative Strength

As a cooperation partner of Hamburg University of Applied Sciences (HAW), HHLA has also been involved in an international, EU-funded project since 2014. The partners are working together to develop instruments to identify and proactively enhance the innovative strength of employees, based on the example of dual study students at HHLA.

Diversity Management

Diversity management has been a firm part of our strategic HR management for several years now and is producing excellent results in many areas. HHLA believes that a mixture of perspectives, cultural backgrounds, experiences and values form the foundation for commercial success. Integrating diversity into all aspects of HR management is a key corporate objective.

With this in mind, structured selection procedures (assessment centres) have been developed for recruitment and training measures which give particular consideration to diversity issues in addition to the personal and professional suitability of candidates. These processes have been adopted for blue-collar positions since the end of 2013 and applied as standard for all container terminals in Hamburg since 2014.

Members of the company's staff selection panels receive special training in diversity. In addition, the selection panel must include at least one woman for all selection processes in which the pool of applicants includes women. Women once again accounted for more than 20 % of participants in the training exercise for blue-collar employees in the port handling segment in 2014. Suitable applicants over the age of 50 and candidates from migrant backgrounds also successfully completed the selection process and were permanently hired.

Development and Training

HHLA invested a total of € 5.4 million (previous year: € 5.2 million) in training and continuing professional development (CPD) for its staff in 2014.

Vocational Training and Studying

A total of 138 apprentices (previous year: 142) were receiving training in nine different professions as of 31 December 2014. 27 apprentices completed their training in the course of the year and were given permanent contracts. HHLA hired 22 new apprentices in mid 2014. In addition, the company supported 26 young people on dual study courses.

Cooperation agreements were signed with technical colleges and specialised grammar schools to maintain a steady flow of suitable candidates for professions with a focus on mathematics, IT, science and technology. Furthermore, the company stepped up its efforts to present professions in these fields at training fairs.

Approximately 42 % of students were female in 2014, thus paving the way for the company to achieve its strategic goal of a considerably higher proportion of women among its specialist and managerial staff in future. Approximately 30 % of all blue-collar apprentices who started their courses in 2014 were female. Female instructors are used intensively and with great success for technical equipment training in blue-collar professions.

Training and Qualification

A total of 850 training events lasting one or more days were held in the period under review, accounting for a total of 3,000 participant days. In terms of seminar attendance, women accounted for 35 % of all participant days. A significantly large proportion of the training courses provided in 2014 were designed to enhance the social and methodological skills of specialists and managers in blue-collar professions.

All internal seminars are open to staff from various departments and companies. Thanks to this approach, the seminars foster an understanding of different viewpoints, responsibilities, roles and positions of staff within the Group. A series of seminars developed in 2014 on the subject of container logistics was also based on this logic. It was aimed at specialists and managers from all segments and sectors of the Group. HHLA also maintained its continuous training and support schemes for container handling managers. Its aim remains to support managers in technical professions to evolve workflows and organisational processes, to involve them in change processes and to support them in their new roles.

Basic Education Project

The MENTO project was launched in 2014 in conjunction with the Network for Basic Education and Literacy. To this end, all staff who act as peer mentors were trained as learning advisers for basic education. The learning advisers provide peer-to-peer support for people with basic educational needs in reading and writing despite having attended school. The advisers can help people find suitable teaching and training which will enable them to meet the increasing technical demands of the working world.

Employee Retention

Flexible Working Models

A growing number of people across all employee groups and hierarchy levels are taking up the option of working part-time to tailor their working hours to different life stages. Offering part-time work is therefore an important way of retaining staff at the company. Allowing staff to adapt their working hours helps them reconcile their professional and family commitments, look after close relatives or do charity work. In the past, part-time positions were largely taken up by women. In 2014, however, 31 % of part-time workers were already male (previous year: 25 %).

At the end of 2014, 3.9 % of all employees at HHLA's facilities in Germany worked part-time (previous year: 2.9 %). At the holding company, where most roles are clerical, the percentage of part-time workers (excluding apprentices) was just over 14 % in 2014 (previous year: 10 %). Moreover, due to the conclusion of a company agreement to encourage part-time working for blue-collar staff at a container terminal, the ratio of part-time employees increased from 3.5 % to 4.1 % in 2014.

Work-Life Balance

Helping staff to reconcile their professional and family commitments, providing opportunities for a flexible return from maternity or paternity leave and proactively increasing the proportion of women at the various levels of the company's hierarchy are integral components of HHLA's work culture.

Working Lifetime Accounts

As well as various company pension schemes, HHLA offers its employees working lifetime accounts. During negotiations to redesign the working lifetime account model as of 1 January 2014, it was agreed that a pension portal would be introduced. This was successfully completed on 1 September 2014. Since then, staff at CTA, KTH and SCA have been able to access a Web-based portal containing information about the company pension schemes available at HHLA and a simulation calculator for the working lifetime account. This gives them details of their current pension status.

HHLA Popular as an Employer

HHLA ranked third in the logistics industry in a broad-based study by FOCUS magazine to identify Germany's best employer. HHLA took an excellent 54th place in the overall league table of 2,000 companies with more than 500 employees. In total, almost 50,000 employees took part in the study via various online platforms.

Research and Development

One of HHLA's strategic objectives is to continuously improve the efficiency of its operating systems, and consequently its competitiveness, by developing application-oriented technologies. The main focus of these activities is therefore on engineering and IT-based innovation projects. Due to close collaboration with technical universities, institutes, industry partners and government authorities, joint projects can be planned, managed and developed by task forces. A unique feature, however, is the largely proprietary software for terminal operations at the port.

In the 2014 financial year, HHLA mainly focused its resources and available capacity on continuing its research into battery-powered container vehicles.

Battery-Powered Container Vehicles

Researching and developing eco-friendly drive systems is a key aspect of HHLA's sustainable business model. In collaboration with Gottwald Port Technology, Vattenfall Europe Innovation and several research bodies, HHLA is pursuing its BESIC project (Battery Electric Heavy Goods Transports within an Intelligent Container Terminal), which is funded by the German Federal Ministry of Economics and Technology. It aims to use modern information and communication technology to improve the planning and management of charging cycles for battery-powered automated guided vehicles (AGVs) at CTA – particularly at times when there is a surplus of renewable power in the grid. The primary goal in the development of this battery management system and in testing innovative energy storage systems is to improve the level of flexibility for terminal operations and to increase the share of power provided by renewable energies.

Performance Certified

In order to document its performance, CTA once again received certification in accordance with the Container Terminal Quality Indicator (CTQI) in the reporting year. The standard, which was developed by the Global Institute of Logistics and Germanischer Lloyd, checks criteria such as the safety, performance level and efficiency of a terminal on both the water and onshore, as well as its links to pre- and onward-carriage systems. With its successful certification, CTA proved once again that it is one of the most productive container terminals in the world.

Purchasing and Materials Management

Purchasing is a shared service provided by the HHLA Group's management holding company in Hamburg. Important objectives are pooling and harmonising purchasing processes to meet internal customers' requirements in terms of service and performance as far as possible. The purchasing team focuses on standardising the supplier base to ensure that capital goods, raw materials, consumables, supplies, services and other products are delivered reliably and on time, taking aspects such as cost, quality and sustainability into account. Market developments relating to new technologies, innovations and the service performance of specific suppliers are also considered.

Purchasing actively supports the review and adjustment of the Group's requirements and guidelines and their mandatory fulfilment in relation to purchasing processes. The compliance rate is one of several means used to monitor adherence to these requirements. In 2014, 94 % of procurement orders were handled by central purchasing (previous year: 93 %). All employees in the purchasing team are obliged to uphold HHLA's code of conduct to ensure Group requirements are fulfilled.

In addition to this, the automation of purchasing processes remains a key objective for procurement with a view to putting efficient, transparent and uniform workflows in place. In 2014, approx. 15 % of all purchasing processes were handled fully automatically by means of e-procurement systems. The aim is to further improve this ratio in 2015 by introducing a new version of the e-procurement system.

The Group is deliberately diversifying its procurement activities and optimising its supplier base. As a result, there were no significant dependencies on individual suppliers in the 2014 financial year, as in the previous year, neither at Group nor at segment level. There were also no supply shortages during the reporting period.

Systematic steps are being taken to enhance the way in which suppliers are involved in the development and optimisation of products, facilities and processes from a strategic and collaborative viewpoint. The aim of this is to safeguard the on-time completion of development and modernisation projects and the associated timely procurement of capital equipment, supplies and replacement parts. The focus here is on analysing and evaluating relationships with suppliers in terms of their reliability, quality, innovative strength, cost structures and economic stability. In the future, modern, IT-supported supplier management should support this process. When selecting and evaluating suppliers, staff ensure that their products, services and business policy comply with a defined set of environmental and social guidelines. As part of efforts to monitor the social responsibility of its suppliers, HHLA demanded last year that they sign a declaration of compliance with the German Minimum Wage Law ahead of the act coming into effect on 1 January 2015.

In the reporting year, equipment and energy accounted for approx. 37 % of the Group-wide procurement volume, while construction accounted for 26 %, MRO (spare parts, repairs and operations) for 22 % and information technology (IT) for 15 %.

Economic Environment

Macroeconomic Development

Global economic growth in 2014 remained unchanged from the previous year. While the global economy suffered in particular from geopolitical crises in the first six months, global gross domestic (GDP) benefitted from the falling oil price in the second half of the year. According to the International Monetary Fund (IMF), global economic growth for the year as a whole once again amounted to 3.3 %. With an overall increase of 3.1 %, world trade lagged behind both the prior-year trend and the pace of global economic growth.

The economic trend varied widely between the world's economic regions. The advanced economies experienced slight GDP growth of 1.8 % last year, with the US economy providing the strongest momentum. Although the pace of economic growth in the developing economies slowed, it still easily outstripped the advanced economies at 4.4 %. There was also slight loss of momentum in the People's Republic of China, where growth reached 7.4 %. Despite maintaining its high level of economic growth, China thus once again failed to match the corresponding prior-year figure. The Russian economy suffered in particular from Western sanctions imposed in response to the Ukraine crisis. Russia's government budget came under further pressure from falling oil prices towards the end of the year. As a consequence, the Russian economy recorded weak growth of just 0.6 %.

Development of Gross Domestic Product (GDP)

in %	2014	2013
World	3.3	3.3
USA	2.4	2.2
Advanced economies	1.8	1.3
Developing economies	4.4	4.7
China	7.4	7.8
Russia	0.6	1.3
Central and Eastern Europe (emerging economies)	2.7	2.8
Eurozone	0.8	- 0.5
Germany	1.5	0.2
World trade	3.1	3.4

Source: IMF

The IMF expects Ukraine's economic output to decrease strongly by 6.5 % in 2014. Following on from a slight upward trend in the previous year, the eurozone continued its modest economic recovery in 2014 with slight GDP growth of 0.8 %. Once again, the strongest momentum was provided by the emerging economies of Central and Eastern Europe with stable growth of 2.7 % and the German economy, which expanded by 1.5 % in the reporting period. This upward trend was mainly supported by an increase in German imports and exports, which rose markedly over the course of the year – helped by a strongly devalued euro. While foreign trade grew by 3.7 % year on year, imports of goods increased by 3.3 %.

Sector Development

Global container throughput increased substantially by 5.0 % in 2014, according to estimates of the market research institute Drewry. Although worldwide container traffic picked up, the situation in container shipping remained tense as the increase in supply continued to outstrip demand in 2014. ► see Market Position, page 46

Development in Container Throughput

in %	2014	2013
World	5.0	3.6
Europe as a whole	3.3	2.3
North-West Europe	2.9	1.0
Scandinavia and the Baltic region	1.5	3.4
Western Mediterranean	4.3	2.5
Eastern Mediterranean and the Black Sea	4.0	4.3

Source: Drewry Maritime Research

Drewry anticipates volume growth of 2.9 % at the ports in North-Western Europe in 2014. However, there were marked differences in the trend at individual ports. While Rotterdam and Antwerp recorded a strong increase in container volumes, the Bremen ports continued their downward trend of the previous year. The Port of Hamburg grew by a total of 5.1 % and thus strengthened its position as Europe's second-largest container port.

Development in Container Throughput at North Range Ports

in TEU million	2014	2013	Change
Rotterdam	**12.3**	11.6	5.8 %
Hamburg	**9.7**	9.3	5.1 %
Antwerp	**9.0**	8.6	4.7 %
Bremen ports	**5.8**	5.8	- 1.1 %

Source: Port Authorities

The development in rail freight traffic was mixed over the first three quarters of 2014. According to Eurostat, the transport volume (amount of cargo carried) increased by 1.9 % in Europe (excluding the UK and Spain), while the transport performance (transport volume multiplied by the distance travelled) charted a comparatively strong rise of 2.7 %. In the wake of the Ukraine crisis, transport volumes in Central and Eastern Europe failed to match this positive trend with growth in rail freight of just 0.7 %. However, the transport performance rose by 2.0 % in the period from January to September 2014. At 0.8 %, growth in Germany's transport volume over the first three quarters was modest in comparison with the same period in the previous year. However, as the average distance for rail freight increased, there was disproportionately high growth of 3.9 % in transport performance. Not least due in part to significant increases in volume realised by HHLA's rail companies, the Port of Hamburg achieved growth of 7.0 % to 2.2 million TEU in its volume of rail freight transport in 2014, thus further consolidating its position as Europe's leading railway port.

Course of Business and Economic Situation

Group Performance

Key Figures

in € million	2014	2013	Change
Revenue	**1,199.6**	1,138.1	5.4 %
EBITDA	**294.2**	274.8	7.1 %
EBITDA margin in %	**24.5**	24.1	0.4 pp
EBIT	**169.3**	153.9	10.0 %
EBIT margin in %	**14.1**	13.5	0.6 pp
Earnings from associates (using the equity method)	**5.3**	3.1	68.4 %
ROCE in %	**12.9**	11.5	1.4 pp

The previous year's figures have been restated due to revised IFRS regulations for group accounting.

Earnings Position

Overall View

HHLA's economic environment was adversely affected by two main factors in 2014: the further delay in dredging the river Elbe and the crisis in Ukraine and Russia. Nevertheless, HHLA succeeded in achieving a slight increase in its container throughput at the Hamburg terminals. It was able to meet the rising demands from increased throughput per ship call by optimising numerous processes at the terminals and putting the new mega-ship berth at Burchardkai into operation. Clear growth was achieved in container transport mainly due to to rising volumes on the routes serving the Czech Republic, Slovakia and Hungary as well as within Germany, Austria and Switzerland. Revenue and the operating result also recorded strong growth, driven by the positive trends of the Container and Intermodal segments.

Against this background, the guidance for operating result was substantiated in the region of the upper end of the announced range in the course of the year. This forecast has now been exceeded.

HHLA continued to scale its capital expenditure programme to actual needs. Delays to individual projects resulted in postponements until 2015.

Notes on the Reporting

Due to the high level of flexibility required in the sector, handling and transport services are generally not ordered or arranged months in advance. Consequently, an order backlog and order trends do not serve as reporting indicators as they do in other industries.

The consolidated Group changed in the 2014 financial year with the addition of one company and the merger/accrual of two others. This did not have a material effect on the HHLA Group's revenue and earnings. ► see the Notes to the Consolidated Financial Statements, Note 3

Forecast and Actual Figures

	Forecast 27.03.2014	Actual 31.12.2014
Revenue	Slight increase on the previous year's restated figure (previous year restated: approx. € 1,140 million)	€ 1,199.6 million
EBIT	In the range of € 138 million to € 158 million (previous year restated: approx. € 154 million)	€ 169.3 million
Capital expenditure	In the region of € 160 million	€ 138.4 million
Container throughput	Slight increase on the previous year (2013: 7.5 million TEU)	7.5 million TEU
Container transport	Moderate increase on the previous year (2013: 1.2 million TEU)	1.3 million TEU

In the reporting year, negative exchange rate effects arose from the devaluation of the Ukrainian currency which had a significant impact on the Group's financial position and performance.

The 2014 Consolidated Financial Statements were prepared in accordance with the International Financial Reporting Standards (IFRS) applicable in the European Union, taking into consideration the interpretations of the International Financial Reporting Interpretations Committee (IFRIC). Due to revised IFRS rules for group accounting, from the 2014 financial year onwards, proportionate consolidation is no longer permitted for joint ventures. In future, these companies will be included in the Consolidated Financial Statements using the equity method. The corresponding figures for the previous year have been restated accordingly. The Group Management Report was prepared in line with the requirements of the German Accounting Standards no. 20 (GAS 20).

Revenue and Earnings

The development of HHLA's **key performance figures** was inhomogeneous in 2014. Container throughput remained at the prior-year level of 7,480 thousand TEU. Falling feeder volumes and the declining volume in Odessa caused by the Ukraine crisis was largely offset by the growth of Far Eastern trades. By contrast, transport volumes grew significantly by 9.4 % to 1,283 thousand TEU (previous year: 1,172 thousand TEU). This strong growth rate was attributable to the expansion and extension of the company's transport activities.

Against this background, the HHLA Group succeeded in increasing its **revenue** by 5.4 % to € 1,199.6 million in the reporting period (previous year: € 1,138.1 million). In addition to rising income from transport and hinterland traffic, which largely reflected the dynamic volume trend, the larger proportion of overseas freight within the cargo mix and a temporary increase in storage fees had a positive effect on revenue. Storage fees rose in connection with ship delays and the resulting longer dwell times for containers at the terminals. The listed Port Logistics subgroup developed in line with the HHLA Group as a whole. It recorded revenue growth of 5.5 % to € 1,171.2 million (previous year: € 1,110.1 million) with its Container, Intermodal and Logistics segments. The non-listed Real Estate subgroup recorded slight revenue growth of 1.0 %, taking it to € 33.5 million (previous year: € 33.1 million). The Real Estate subgroup thus accounted for 2.4 % of Group revenue.

Changes in inventories did not have a noticeable effect on the consolidated profit.

Own work capitalised was largely unchanged from the previous year at € 7.9 million.

The decrease in other operating income to € 33.6 million (previous year: € 37.1 million) was primarily due to a one-off gain from the sale of a property in the Logistics segment in the first quarter of 2013.

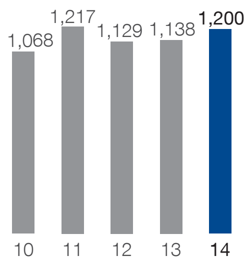
Expenses

Operating expenses increased by 4.2 % year on year to € 1,071.7 million (previous year: € 1,028.4 million) and thus rose more slowly than revenue.

The **cost of materials** went up by 4.6 % year on year to € 396.7 million (previous year: € 379.2 million). The cost-of-materials ratio improved slightly to 33.1 % (previous year: 33.3 %). Although disproportionately strong growth in the material-intensive Intermodal segment had the effect of increasing this ratio, this was offset by a change in this segment's cost structure caused by greater use of its own traction fleet and a higher revenue base due to increased average revenue in the Container segment.

Personnel expenses rose by 3.4 % to € 401.7 million during the reporting period (previous year: € 388.6 million). The personnel expenses ratio fell by 0.6 percentage points to 33.5 % (previous year: 34.1 %). In addition to higher union wage rates, a number of factors prompted the rise in costs: these included increased manpower in the Container segment to cope with the growing throughput per ship call and the effect of services not running on

Revenue
in € million

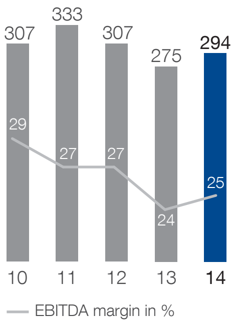


For the purpose of comparison, the figure for the 2013 financial year has been restated due to revised IFRS regulations for group accounting.

Cost Structure
2014

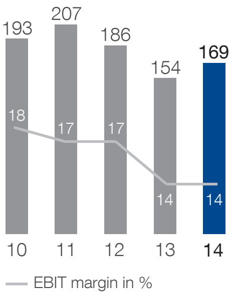
- 37 % Cost of materials
- 37 % Personnel expenses
- 14 % Other operating expenses
- 12 % Depreciation/ amortisation

EBITDA
in € million



For the purpose of comparison, the figure for the 2013 financial year has been restated due to revised IFRS regulations for group accounting.

EBIT
in € million



For the purpose of comparison, the figure for the 2013 financial year has been restated due to revised IFRS regulations for group accounting.

schedule. Furthermore, upfront personnel expenses arose in connection with additional recruitment in the Container segment and the associated training costs, as well as the hiring of engine drivers for the Intermodal segment's own traction fleet. However, the overall rise in this expense item remained well below the increase in revenue.

Other operating expenses amounted to € 148.5 million in the year under review and thus increased by 6.3 % on the previous year (€ 139.7 million). In addition to higher balance sheet provisions for legal risks, this was due to an increase in rental and leasing expenses in the growing Intermodal segment. Nevertheless, the ratio of expenses to revenue was similar to the previous year at 12.4 %.

The 3.3 % increase in **depreciation and amortisation** to € 124.9 million (previous year: € 120.9 million) was primarily due to an adjustment to the discount rate used to determine provisions for demolition costs. Without this adjustment, depreciation and amortisation would have remained at the previous year's level.

Earnings

Against the background of these developments, the increase in earnings before depreciation and amortisation **(EBITDA)** outpaced revenue with growth of 7.1 % to € 294.2 million (previous year: € 274.8 million). As a result, the EBITDA margin improved to 24.5 % (previous year: 24.1 %).

The operating result **(EBIT)** grew by 10.0 % to € 169.3 million (previous year: € 153.9 million) in the year under review, while the EBIT margin rose by 0.6 percentage points, from 13.5 % in the previous year to 14.1 %. This clear growth in earnings resulted primarily from the improved operating result of the container terminals in Hamburg.

The rise in the operating result was once again attributable to the Port Logistics subgroup, which improved EBIT by 11.0 % to € 155.6 million (previous year: € 140.2 million) and thus accounted for 91.9 % (previous year: 91.1 %) of the Group's operating result in 2014. In the Real Estate subgroup, EBIT matched the previous year's level at € 13.4 million (previous year: € 13.3 million). This subgroup generated 8.1 % (previous year: 8.9 %) of the Group's operating result.

Net expenses from the financial result were up 6.7 % with € 2.5 million to € 39.2 million (previous year: € 36.7 million). The current assessment of an equalisation liability payable to a minority shareholder in conjunction with a profit and loss transfer agreement caused interest income to fall by € 6.7 million. Negative exchange rate effects arising from the devaluation of the Ukrainian currency prompted the financial result to decline by € 10.8 million. Earnings from companies accounted for using the equity method improved by 68.4 % to € 5.3 million (previous year: € 3.1 million).

The Group's effective tax rate fell to 30.4 % in 2014 (previous year: 31.5 %). It therefore remained largely unchanged from the previous year as a number of factors cancelled each other out.

Profit after tax and minority interests rose by 8.5 % year on year to € 58.9 million (previous year: € 54.3 million). Non-controlling interests accounted for € 31.6 million in the 2014 financial year (previous year: € 26.1 million). From a financial point of view, this item also includes the effects mentioned in relation to the financial result associated with the settlement obligation to a minority shareholder. Earnings per share climbed correspondingly by 8.5 % to € 0.81 (previous year: € 0.75). The listed Port Logistics subgroup achieved an 8.2 % increase in earnings per share to € 0.75 (previous year: € 0.69). Earnings per share for the unlisted Real Estate subgroup were above the previous year's level at € 2.46 (previous year: € 2.23). As in the previous year, there was no difference between basic and diluted earnings per share in 2014.

Appropriation of Profits

As in the previous year, HHLA's appropriation of profits is oriented towards both the development of earnings in the financial year ended and the continuation of a consistent profit distribution policy. The Individual Financial Statements of the HHLA Group's parent company, which are relevant for dividend distribution, show a net profit of € 50.0 million, according to the German Commercial Code (HGB), for the 2014 financial year. Of this sum, € 42.3 million is accounted for by the A division (Port Logistics subgroup) and € 7.7 million by the S division (Real Estate subgroup). On this basis, the Executive Board and Supervisory Board of HHLA will propose at the Annual General Meeting on 11 June 2015 a dividend distribution of € 0.52 per Class A share and € 1.50 per Class S share. Based on the number of shares outstanding as of 31 December 2014, the sum distributed for listed Class A shares would increase on the previous year by 15.6 % to € 36.4 million, while the amount for non-listed Class S shares would rise by 20.0 % to € 4.1 million. In relation to the consolidated profit and the earnings per share, the dividend payout ratio would once again reach a comparably high figure of 69.7 % for the Port Logistics subgroup and 60.9 % for the Real Estate subgroup.

Container Segment

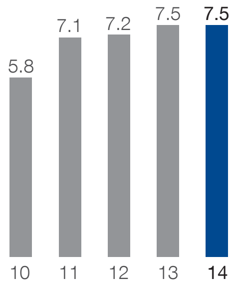
Key Figures

in € million	2014	2013	Change
Revenue	743.7	713.6	4.2 %
EBITDA	247.1	225.3	9.7 %
EBITDA margin in %	33.2	31.6	1.6 pp
EBIT	156.1	137.0	14.0 %
EBIT margin in %	21.0	19.2	1.8 pp
Earnings from associates (using the equity method)	0.9	0.4	120.8 %
Container throughput in thousand TEU	7,480	7,500	- 0.3 %

The previous year's figures have been restated due to revised IFRS regulations for group accounting.

Container Throughput

in TEU million



Throughput at the three container terminals in Hamburg grew slightly year-on-year by 1.2 % to 7,217 thousand standard containers (TEU) – despite a difficult operating environment caused by factors such as the further delay in the dredging of the river Elbe and infrastructure deficits at the Kiel canal. This rise was not enough to fully offset the drop of almost 30 % in throughput at the Container Terminal Odessa (CTO) caused by the ongoing crisis in Ukraine. Total container throughput stood at 7,480 thousand TEU and was roughly the same as in the previous year. The volume trend at the Hamburg terminals was shaped largely by Far East traffic, which recorded a growth of 7.2 % and therefore accounted for 46.8 % of seaborne handling (previous year: 44.2 %). Feeder traffic in the North and Baltic seas decreased by 5.9 % on the previous year. In addition to the re-routing of feeder volumes by individual shipping companies, this was largely due to a drop in traffic with Russia. This drop was, in turn, caused by the consequences of trade sanctions imposed during the Ukraine crisis, the falling oil price and the strong devaluation of the rouble. As a consequence, the proportion of seaborne handling accounted for by feeders fell to 25.6 % in the last financial year (previous year: 27.8 %). The freed up container capacities on ocean-going vessels was used for additional hinterland cargo (rail and road). This enabled HHLA to strengthen its market position.

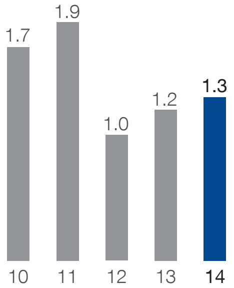
The change in the cargo mix made a substantial contribution to revenue growth of 4.2 % to € 743.7 million (previous year: € 713.6 million). Revenue therefore grew much faster than volumes. In addition, revenue was raised by temporarily increased storage fees in the first half-year. This trend returned largely to normal in the second half of the year.

The segment result (EBIT) improved by 14.0 % to € 156.1 million (previous year: € 137.0 million). The EBIT margin also rose by 1.8 percentage points to 21.0 %. This disproportionately strong growth was primarily attributable to higher average revenue. The general increase in costs and the rise in collective wages and salaries had a negative impact on the operating result. Despite the adverse operational effect of delayed ships and the resulting peak workloads, unit costs climbed more slowly than average revenue. The segment's operating costs (EBIT costs) rose by 1.9 % and totalled € 587.6 million at the end of the financial year (previous year: € 576.7 million).

In addition to numerous measures to optimise processes at all container terminals, HHLA achieved further increases in the capacity and quality of its mega-ship handling. These included putting five state-of-the-art tandem gantry cranes into operation at the Container Terminal Burchardkai in August. The cranes can handle ships with a carrying capacity of approx. 19,000 TEU. Improvements were also made in the field of truck handling.

Phase one of the terminal expansion at CTO which started back in 2010 was completed in the year under review and the new berth went into operation. Despite all the risks associated with the current Ukraine crisis, this long-term investment still offers the opportunity to utilise volume growth in this region once the political environment has stabilised.

Container Transport
in TEU million



As of 2012: Container transport of continued operations

Intermodal Segment

Key Figures

in € million	2014	2013	Change
Revenue	**351.5**	314.5	11.7 %
EBITDA	**47.8**	43.9	9.1 %
EBITDA margin in %	**13.6**	13.9	- 0.3 pp
EBIT	**27.3**	22.8	19.7 %
EBIT margin in %	**7.8**	7.3	0.5 pp
Container transport in thousand TEU	**1,283**	1,172	9.4 %

The Intermodal segment's strategy of generating high value added with its own facilities and rolling stock continued to have a positive effect on business developments in 2014. The tight dovetailing and optimisation of all processes along the vertical transport chain between the seaport and customers in the European hinterland led to a clear increase in the quality and reliability of the services offered by this segment.

Following on from strong transport volume growth in the previous year – due to the establishment and expansion of transport links in Germany, Austria and Switzerland – the segment once again increased transport volumes substantially in the year under review, recording growth of 9.4 % to 1,283 thousand TEU. This growth trend was mainly attributable to the Metrans services. Both the further expansion of links in Germany, Austria and Switzerland and the haulage services on routes with higher value added – e. g. between the North Sea ports and the Czech Republic or Slovakia – generated clear growth. There are now 92 regular departures a week on the route between Hamburg and Prague/Ceska Trebova alone. Transcontinental transport to and from Turkey also developed encouragingly. While the Polzug Group recorded strong growth on its links with the Polish seaports, bilateral transport between Hamburg and Poland suffered a further downturn due to fierce competition. Freight forwarding services were on a par with the previous year.

With growth of 11.7 % to € 351.5 million (previous year: € 314.5 million), the Intermodal segment's revenue outpaced volume increases. This resulted largely from a higher proportion of rail haulage within the total transport volume. This yields more revenue than road haulage as rail freight is transported across longer distances on average. The proportion of rail haulage climbed from 72.0 % to 74.7 %.

There was an encouraging improvement in the segment's operating result to € 27.3 million – corresponding to substantial year-on-year growth of 19.7 %. This earnings trend was attributable above all to the positive performance of the Metrans Group. These segment earnings are all the more impressive in view of the adverse operational effect of shipping delays – some of which were considerable – and the tense traffic situation which resulted in the first half-year, as well as the engine driver strikes in the second half of the year. HHLA is stepping up investments in its own traction fleet to further enhance production quality. In the fourth quarter of 2014, HHLA took delivery of the first of 20 new multi-system locomotives. Upfront personnel expenses were incurred during the year under review in connection with the switch to the segment's own traction fleet.

The consistent next steps in the process of realigning the Polzug Group were taken in 2014. Despite operational improvements – especially due to improved terms for the purchasing of services – the operating result remained negative due to the extremely challenging market environment. EBIT was also burdened by one-off expenses.

Logistics Segment

Key Figures

in € million	2014	2013	Change
Revenue	65.4	72.4	- 9.6 %
EBITDA	0.5	4.0	- 87.0 %
EBITDA margin in %	0.8	5.6	- 4.8 pp
EBIT	- 0.7	3.0	neg.
EBIT margin in %	- 1.0	4.1	- 5.1 pp
Earnings from associates (using the equity method)	4.3	2.7	60.1 %

The previous year's figures have been restated due to revised IFRS regulations for group accounting.

Since 2014, the key financial figures for the Logistics segment have only included the business divisions vehicle logistics, project and contract logistics, consultancy activities and cruise logistics. The figures for the previous year have been restated accordingly. Since pro rata consolidation is no longer permitted for joint ventures as of the start of 2014, the relevant earnings figures are now included in the HHLA Group's earnings from associates, accounted for using the equity method. This refers to the earnings from bulk cargo logistics and fruit logistics. The latter has been reported in this way since 2012. To ensure that the Logistics segment is still presented as completely as possible, income from associates is also shown in the above table.

The performance of the companies in the Logistics segment varied widely in the reporting period. Whereas the companies included in earnings from associates improved strongly on the whole (up €1.6 million or 60.1 % year-on-year), the other companies recorded very modest – and in some cases negative – trends. As a result, revenue in the Logistics segment stood at €65.4 million, down 9.6 % on the previous year's restated figure of €72.4 million. The year-on-year decrease in EBIT resulted in part from the sale of a logistics property, which was included in the 2013 earnings figure as a one-off gain.

The individual business divisions developed as follows:

In the **vehicle logistics** division, seaborne handling including packing declined by 9.0 % to 1,502 thousand tonnes in the past financial year. Vehicle throughput fell by 9.6 % to 190 thousand vehicles in 2014 due to a weak second half-year. This was attributable to factors such as restrictions on incoming vessels during the Ebola epidemic, new taxes on vehicles in Nigeria and a fall in the number of new cars destined for South America. Revenue fell short of the previous year's figure. However, EBIT increased considerably in part due to one-off effects.

The **consulting activities** division succeeded in expanding its long-term order book in 2014. Customer delays in awarding contracts and the invoicing of a major contract in the previous year contributing to the fact that neither revenue nor EBIT were able to match the previous year's level.

In a difficult market environment, business developments in **project and contract logistics** were unsatisfactory in 2014. Revenue and earnings were down on the previous year.

With 184 vessels and 593 thousand passengers, **cruise logistics** once again recorded year-on-year growth in 2014. Revenue also increased, while the operating result remained on a par with the previous year.

With throughput of 14.3 million tonnes, **bulk cargo logistics** outperformed the previous year's high volume figure slightly, by 1.7 %. There was also a modest increase in revenue while earnings fell somewhat short of the 2013 figure.

The **fruit logistics** division has now successfully completed its turnaround. Volumes improved by 14.7 % to 545 thousand tonnes in the reporting period. There was also a double-digit increase in revenue. Earnings were clearly positive in 2014, having been negative in the previous year.

Real Estate Segment

Key Figures

in € million	2014	2013	Change
Revenue	33.5	33.1	1.0 %
EBITDA	17.9	17.8	0.9 %
EBITDA margin in %	53.6	53.7	- 0.1 pp
EBIT	13.4	13.3	0.3 %
EBIT margin in %	40.0	40.3	- 0.3 pp

According to the market overview by Jones Lang LaSalle, the office rental market in Germany's real estate hotspots stabilised considerably in the fourth quarter of 2014. A total of 3.02 million m² of office space was let in the full year 2014 – a rise of around 3 % on the previous year's lettings.

In this market environment, the amount of office space let in Hamburg rose strongly by 19.3 % year-on-year to a total of 525,000 m². There was also a clearly positive trend in the vacancy rate, which fell from 7.8 % in the previous year to 6.8 % in 2014.

Against this background, the Real Estate segment reasserted the previous year's positive development with its properties in the Speicherstadt historical warehouse district and on the northern banks of the river Elbe. Revenue increased by 1.0 % to €33.5 million, due in particular to the properties newly established on the market in 2013: 'Bei St. Annen 2' and 'Block R'. High occupancy rates in both districts continued to underpin the strong revenue structure of HHLA's Real Estate subgroup.

The operating result (EBIT) increased by 0.3 % year-on-year to € 13.4 million (2013: € 13.3 million). EBIT growth was held in check somewhat by maintenance work. The EBIT margin of 40.0 % achieved in the 2014 financial year (previous year: 40.3 %) is testimony to the economic success of HHLA's long-term, value-oriented portfolio development strategy.

The completion of the first hotel in the Speicherstadt historical warehouse district and the handover of the keys to a renowned German hotel group in autumn 2014 also paved the way for future economic developments.

Financial Position

Principles and Objectives of Financial Management

Financial management at the HHLA Group is managed centrally and serves the overriding objective of ensuring the Group's long-term financial stability and flexibility. Group clearing pools the Group's financial resources, optimises net interest income and substantially reduces dependency on external sources of funding. Derivative financial instruments can be used to reduce the risk of changes in interest rates and, to a minor extent, to reduce currency and commodity price risks.

Overall View of the Financial Position

HHLA's financial position remained stable as of the 2014 balance sheet date. However, negative exchange rate effects arising from the devaluation of the Ukrainian currency and valuation adjustments to provisions for pensions and demolition costs in particular – which were triggered by interest rate differentials – gave rise to a significant change in the HHLA Group's capital structure. The balance sheet equity ratio fell by 4.4 percentage points to 30.6 % (previous year: 35.0 %), while the gearing ratio increased from 1.1 to 1.3.

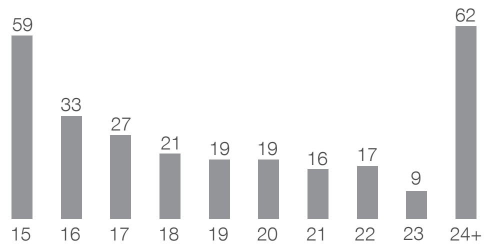
Due to the company's liquidity base as of the balance sheet date, however, it still has no significant refinancing requirements.

Financing Analysis

HHLA's business model is dominated by a large proportion of property, plant and equipment with long useful lives. For this reason, HHLA mainly uses medium and long-term loans and finance leases to achieve funding with matching maturities. Pension provisions are also available for long-term internal financing.

At €284.1 million as of the balance sheet date, amounts due to banks were lower than in the previous year (€288.7 million). The Group drew on additional external financing totalling €24.7 million (previous year: €43.7 million) in the 2014 financial year. New borrowing was offset by higher loan repayments. The maturity profile for the coming years includes bullet loans due in 2015 from investment projects which have now been completed. These are due to be repaid as scheduled using the cash inflows generated and the available liquidity. Due to the maturities agreed and the stable liquidity base, the company had no other significant refinancing requirements.

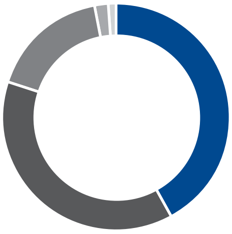
Maturities of Bank Loans
by year in € million



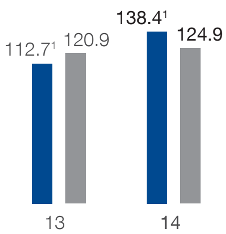
The majority of the liabilities from bank loans are denominated in euros, with a small proportion in the US dollar and the Czech koruna. In terms of conditions, approx. 76 % have fixed interest rates and some 24 % have floating interest rates. As a result of borrowing, certain Group companies had covenants linked to key balance sheet figures, which mostly require a minimum equity ratio to be met. Covenants are currently in place for around 16 % of the bank loans. The covenants were met at all agreed audit points throughout the reporting year. As of the balance sheet date, HHLA posted non-current liabilities to related parties totalling €106.6 million (previous year: €106.9 million). These resulted from the recognition of the leasing liability to the Hamburg Port Authority (HPA) in connection with the mega-ship berths at the HHLA Container Terminal Burchardkai (CTB) and the HHLA Container Terminal Tollerort (CTT). As in the previous year, the liabilities to related parties included a shareholder loan of €65 million in the Real Estate subgroup.

With the exception of operating leases, there are no significant off-balance sheet financial instruments. ▶ see the Notes to the Consolidated Financial Statements, Note 45 These operating leases relate primarily to long-term agreements between the HHLA Group and either the Free and Hanseatic City of Hamburg or the HPA for leasing land and quay walls in the Port of Hamburg and the Speicherstadt historical warehouse district.

Investments
by segment, 2014



Investments, Depreciation and Amortisation
in € million



[1] *Of which financial leases totalling €3.9 million (previous year: €1.4 million)*

For the purpose of comparison, the figure for the 2013 financial year has been restated due to revised IFRS regulations for group accounting.

Cash, cash equivalents and short-term deposits, the bulk of which is held centrally by the holding company, totalled € 252.2 million (previous year: € 215.4 million) as of the reporting date. These funds are invested at German financial institutions with verified high credit ratings as demand deposits, call money and short-term deposits. Current credit lines play a subordinate role due to HHLA having sufficient liquid funds. As of the balance sheet date, the Group had unused credit facilities amounting to some € 3.6 million (previous year: € 1.6 million). The credit line utilisation rate was 59.5 % in the period under review (previous year: 76.4 %). In HHLA's view, the Group's solid balance sheet structure would enable more substantial credit facilities to be arranged at any time if its medium-term liquidity planning were to reveal a need. Of the total cash and cash equivalents, € 9.4 million (previous year: € 10.6 million) was subject to restrictions in Ukraine relating to the transfer of currency abroad as of the reporting date.

As HHLA has a large number of borrowing options at its disposal outside of the capital market, the Group currently sees no need for an external rating. Instead, it provides existing and potential creditors with comprehensive information to ensure that they can derive appropriate internal credit ratings.

Public subsidies awarded for individual development projects which are subject to specific conditions are of minor importance in terms of their volume at Group level.

Investment Analysis

Capital expenditure in the past financial year totalled € 138.4 million (previous year: € 112.7 million). The figure included additions of € 3.9 million from finance leases not recognised as a direct cash expense (previous year: € 1.4 million). In 2014, capital expenditure focused on extending the Hamburg container terminals, expanding intermodal transport capacity and developing existing properties in the Speicherstadt historical warehouse district. The replacement investments mainly comprised expenses for procurement of ground-handling vehicles. Investment projects were largely funded by the operating cash flow generated in the financial year.

Property, plant and equipment accounted for € 106.3 million (previous year: € 91.0 million) of capital expenditure, while intangible assets accounted for € 8.3 million (previous year: € 9.3 million) and investment property for € 23.8 million (previous year: € 12.4 million).

The largest share of the Group's aggregate investment was accounted for the **Container segment** with € 58.4 million (previous year: € 81.2 million). Investments here mainly covered the procurement of handling equipment, storage capacities and handling areas at the Hamburg container terminals. Phase one of the CTO expansion in Ukraine was also completed.

Total investment in the **Intermodal segment** amounted to € 52.3 million, which was significant higher than the previous year's € 12.0 million. The Metrans Group accounted for most of this investment volume, mainly for locomotives.

Total investments in the **Logistics segment** amounted to € 2.5 million (previous year: € 1.3 million).

Total capital expenditure in the **Real Estate subgroup** amounted to € 24.0 million (previous year: € 12.6 million). The conversion of an existing property in the Speicherstadt historical warehouse district into a hotel complex accounted for the largest share of these investments.

Investments in the Container segment focus on boosting the productivity of existing terminal areas by using state-of-the-art handling technology and developing berths which cater for the trend in ship sizes. Meanwhile, in the Intermodal segment, the primary objective is to increase value added to further improve the performance and range of its hinterland connections.

As of year-end, there were financial liabilities for outstanding purchase commitments totalling € 72.7 million (previous year: € 166.5 million). This figure includes € 52.4 million (previous year: € 148.2 million) for the capitalisation of property, plant and equipment.

Liquidity Analysis

in € million	2014	2013
Financial funds as of 01.01.	151.1	188.7
Cash flow from operating activities	233.4	185.1
Cash flow from investing activities	- 114.5	- 106.5
Free cash flow	118.8	78.6
Cash flow from financing activities	- 79.0	- 116.8
Change in financial funds	39.8	- 38.2
Change in financial funds due to exchange rates	- 5.3	0.7
Financial funds as of 31.12.	185.6	151.1

Cash flow from operating activities grew year on year from €185.1 million to €233.4 million. This increase of €48.3 million mainly reflects higher earnings before interest and taxes (EBIT) as well as a year-on-year fall in tied-up capital within net current assets. In addition, the figure for the previous year included an accounting gain from the sale of a logistics property. The positive factors were partly offset by higher taxes and exchange rate effects resulting from the devaluation of the Ukrainian currency.

At €114.5 million, **cash flow from investing activities** (outflow) was higher than the prior-year figure of €106.5 million. This rise was primarily due to income of €17.7 million from the sale of a logistics property in the previous year. There was an opposing effect from lower payments made for investments in property, plant and equipment and investment property amounting to €89.2 million (previous year: €95.4 million) and payments of €4.1 million in the previous year for investments in non-current financial assets.

Free cash flow – the total cash flow from operating and investing activities – thus increased to €118.8 million, compared to the prior-year figure of €78.6 million.

In the reporting period, **cash flow from financing activities** (outflow) amounted to €79.0 million (previous year: €116.8 million). This year-on-year decrease of €37.8 million resulted mainly from lower dividend payments to the parent company's shareholders of €34.9 million (previous year: €48.8 million), and lower principal repayments on loans amounting to €29.4 million (previous year: €74.5 million). By contrast, proceeds from loans were down at €24.7 million (previous year: €43.7 million).

The HHLA Group had sufficient liquidity as of year-end 2014. There were no liquidity bottlenecks in the course of the financial year. Financial funds are made up of cash and cash equivalents (€162.2 million) plus receivables from current assets at HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH (€23.4 million). The figure amounted to €185.6 million as of 31 December 2014 and was therefore higher than at the beginning of the year (€151.1 million).

Acquisitions and Disposals of Companies

No significant shares in other companies were purchased or sold in the 2014 financial year.

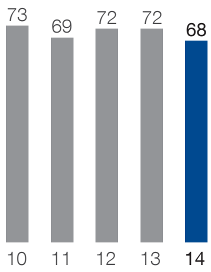
Analysis of the Balance Sheet Structure

Compared with the previous year, the HHLA Group's balance sheet total increased as of 31 December 2014 by a total of €72.1 million to €1,788.1 million.

On the assets side, non-current assets increased by €23.5 million. Whereas deferred taxes rose by €29.4 million – mainly due to actuarial losses recognised directly in equity caused by interest rate differentials – and investment property gained €14.9 million, there was a decrease in property, plant and equipment of €24.3 million to €938.0 million (previous year: €962.3 million). This fall was prompted by exchange rate-related translation effects caused by the strong devaluation of the hryvnia compared to the previous year. These effects had an impact on the operating assets held by the container terminal in Odessa.

Intensity of Investments

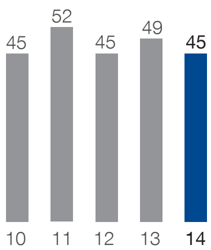
in %



For the purpose of comparison, the figure for the 2013 financial year has been restated due to revised IFRS regulations for group accounting.

Equity Assets Ratio

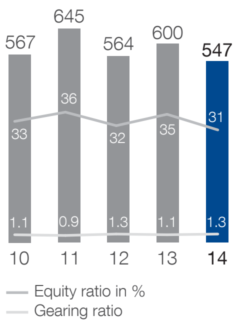
in %



For the purpose of comparison, the figure for the 2013 financial year has been restated due to revised IFRS regulations for group accounting.

Group Equity

in € million



Current assets grew by €48.6 million to €480.0 million (previous year: €431.4 million). This resulted from a €36.9 million increase in cash and cash equivalents to €252.2 million and a rise in receivables from related parties within the scope of the HGV cash clearing system of €11.2 million to €36.2 million.

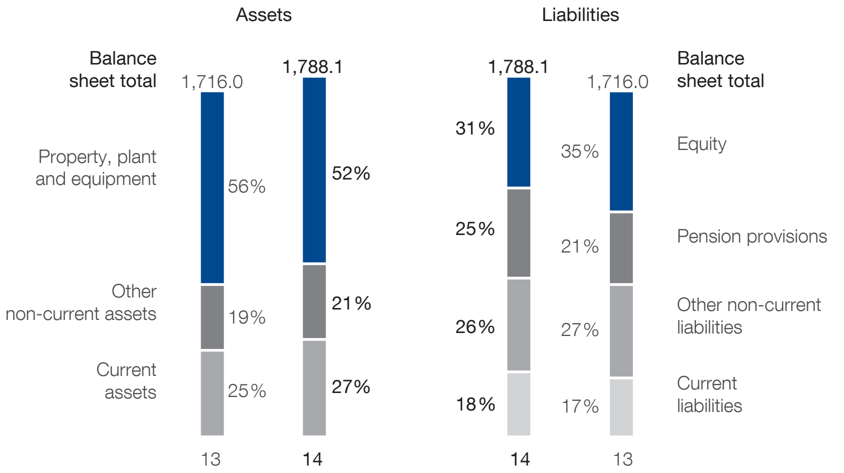
On the liabilities side, equity fell by €53.4 million to €546.7 million (previous year: €600.1 million) compared to year-end 2013. Due to the reduction of interest rates for pension provisions, there was a net increase in actuarial losses and the deferred taxes recognised on them of €54.0 million. Equity was also reduced by exchange rate differences recognised directly in equity of €31.4 million. Non-controlling interests decreased by €22.4 million due to the reclassification of a future financial settlement as a non-current financial liability. The balance of the result for the reporting year just ended and the dividend distributed increased equity by €54.2 million. The equity ratio fell to 30.6 % (previous year: 35.0 %).

Non-current liabilities rose by €91.9 million to €918.9 million (previous year: €826.9 million). This growth resulted from the €79.1 million increase in pension provisions due to changed interest rates. Other provisions also rose by €18.3 million, due largely to the adjustment of the discount rate used to calculate provisions for demolition costs.

Current liabilities rose by €33.5 million to €322.5 million (previous year: €289.0 million). As a loan amount is due in the 2015 financial year, current financial liabilities increased by €22.3 million to €123.4 million. Trade liabilities increased by €14.1 million to €83.4 million.

Balance Sheet Structure

as of 31.12. in € million



Events After the Balance Sheet Date

After the balance sheet date, there was a dramatic escalation in the conflict surrounding the political future of Ukraine. Although a political solution seemed possible at the time of reporting, Ukraine's political future remains highly uncertain. It is possible that political developments may cause the economic trend and business environment in Ukraine to deteriorate further. Moreover, the Ukrainian currency – the hryvnia – fell in value against the euro by almost 40 % between the balance sheet date and the end of February.

Due to the situation in Ukraine outlined above, it is impossible to rule out exchange rate effects which could have a negative impact on the HHLA Group's financial position and performance. Revaluations may also be necessary in the future.

Business Forecast

Macroeconomic Environment

Growth Expectations for Gross Domestic Product (GDP)

in %	2015	Trend vs. 2014
World	3.5	↗
USA	3.6	↗
Advanced economies	2.4	↗
Emerging economies	4.3	→
China	6.8	↘
Russia	- 3.0	↘
Central and Eastern Europe (emerging economies)	2.9	↗
Eurozone	1.2	↗
Germany	1.3	↘
World trade	3.8	↗

Source: IMF

In its most recent economic outlook for 2015, the International Monetary Fund (IMF) anticipates a 3.5 % increase in global gross domestic product. The IMF currently also expects moderate growth of 3.8 % in international trade. If this forecast proves correct, world trade volume would grow slightly faster than the global economy in 2015.

It is expected that developments will continue to differ in the various regions. The economic upswing is likely to continue in the advanced economies, with year-on-year GDP growth in these countries of 2.4 %. The USA is expected to be the main growth driver. According to the IMF, the emerging economies look set to experience stable GDP growth of 4.3 %. In view of weaker investment activity, however, the IMF expects the growth in China's economic output to fall below 7 %. Experts anticipate a severe slump for Russia. As its trade is restricted by sanctions and oil prices have fallen significantly, Russia's GDP is expected to fall by 3.0 % in 2015. Moreover, the strong devaluation of the rouble will exacerbate Russia's economic situation. The economic outlook for the emerging economies of Central and Eastern Europe is slightly brighter than in the previous year with a GDP growth forecast of 2.9 %. During the forecast period, the upward macroeconomic trend in the eurozone is expected to steady at 1.2 %. Despite positive indicators regarding consumer spending, employment and the utilisation of production capacity, the IMF has downgraded its economic outlook for Germany due to uncertainties within the eurozone. It now forecasts only slight GDP growth of 1.3 % for Germany.

Sector Development

Against the background of a moderate upturn in the global economy, the market research institute Drewry projects growth in excess of 5 % for global container throughput. This is unlikely to be distributed evenly across all trades, however. In 2015, the strongest growth is anticipated in China (7.4 %), South Asia (6.6 %) and the Middle East (6.7 %). Drewry expects container volumes at the European ports to grow by 3.1 %. Two regions in particular – the Eastern Mediterranean/Black Sea and the Western Mediterranean – are expected to deliver tangible momentum, albeit at a rate below that of the previous year. At 2.9 %, growth in container volumes at the ports of North-West Europe is expected to be on a par with the previous year. Due to the anticipated economic slump in Russia, Drewry believes that growth in container traffic in the Baltic Sea will lose pace and forecasts a slight increase of just 1.1 %.

Growth Expectations for Container Throughput

in %	2015	Trend vs. 2014
World	5.3	↗
Europe as a whole	3.1	→
North-West Europe	2.9	→
Scandinavia and the Baltic region	1.1	↘
Western Mediterranean	3.6	↘
Eastern Mediterranean and the Black Sea	3.8	→

Source: Drewry Maritime Research

Among the North Range ports, additional container terminal capacity will become operational in Rotterdam in particular in 2015. As the year progresses, the situation regarding the container shipping market looks likely to intensify further despite an increase in container traffic demand. The market research institute Alphaliner believes that, at 7.8 %, growth in the total capacity of the container ship fleet will outstrip worldwide container volumes. Faced with this growing idle capacity, shipping companies will continue to use cost-cutting programmes and capacity management to stabilise the market. The 2M alliance – comprising the world's two largest shipping companies, Maersk and MSC – started operations in early 2015. The Ocean Three alliance of CMA CGM, China Shipping Container Lines (CSCL) and United Arab Shipping Company (UASC) has also launched its joint services in the meantime.

The rising throughput projected for the North-West European ports in the above forecasts will have a positive effect on transport volumes for pre- and onward-carriage systems in the European hinterland. However, as volume growth is driven primarily by increasing ship sizes, the pressure on terminals and hinterland transport systems will continue to mount.

The outlook for European rail freight in the first half of 2015 has become even gloomier. While data from Prognos and the Centre for European Economic Research (ZEW) suggested that the transport industry only felt the effects of the Ukraine crisis on Eastern European routes in 2014, experts now believe that the negative trend has spread to all regions in the first half of 2015. However, according to a study conducted on behalf of the German Federal Ministry of Transport and Digital Infrastructure (BMVI), the growth in rail freight will gather pace in the full year 2015. While transport volumes are expected to increase by 2.7 %, projections suggest that the transport performance will grow by 2.9 %.

The anticipated growth for the German logistics industry has been downgraded. A recent survey of the Kiel Institute for the World Economy (IfW) indicated that business expectations had fallen strongly. In addition to geopolitical conflicts, the main economic risks cited by respondents were uncertainty arising from the eurozone crisis and the inferior condition of Germany's transport infrastructure. By contrast, the outlook for the German automotive industry was upbeat at the start of 2015. Despite a difficult market environment, Germany's steel industry also expects steel volumes to continue their recovery.

Group Performance

Comparison with the Forecast of the Previous Year

The forecasts made in the previous year were largely consistent with actual developments in the 2014 financial year. The guidance announced for the operating result (EBIT) was surpassed due mainly to higher average revenue in the Container segment, which in turn resulted largely from a change in the cargo mix and a temporary increase in storage fees. Changes in delivery and order execution dates meant that the capital expenditure provided for 2014 was not fully utilised. Approximately €20 million was carried over into 2015. ► see Course of Business and Economic Situation, page 62 et seq.

Expected Earnings Position in 2015

This assessment of the Group's expected earnings position in 2015 is based on the assumption that the economic environment in Ukraine will stabilise in 2015. Otherwise, this assessment largely follows the anticipated macroeconomic and sector trend described above. Actual developments – regarding both the political situation in Ukraine and the global economic trend – may differ substantially from this projection. Moreover, there are signs of possible structural changes in the international currency structure caused by the continuation of expansive monetary policies by central banks in the industrialised nations. It is currently impossible to assess with any reliability what effect these would have on the real economy. ► see Risk and Opportunity Report, page 76 et seq., and Events after the Balance Sheet Date, page 73.

Against this background, HHLA anticipates a slight year-on-year increase in container throughput for 2015 and moderate growth in container transport.

This will be accompanied at Group level by a slight rise in revenue in 2015, compared to the previous year. The operating result (EBIT) is expected to be on a par with the prior-year figure.

Developments at the Port Logistics subgroup in 2015 are likely to outline the expected relative changes in these key performance figures at Group level. Unlike the Port Logistics subgroup, however, the Container segment will be unable to build on the previous year's EBIT. A moderate decline in the operating result is anticipated for this segment. By contrast, EBIT in the Intermodal segment is expected to rise strongly. In the Real Estate subgroup, both revenue and EBIT are likely to be on a par with the prior-year figures in 2015, although the proportion of maintenance recognised in profit and loss is set to rise in 2015. Earnings in the Port Logistics subgroup and at Group level may be burdened by additional currency-related effects, which are reported below EBIT as part of the financial result.

HHLA's expectations regarding volume and revenue developments for the Group and the Port Logistics subgroup are based largely on the following assumptions:

As a result of the addition and start-up of new capacity at the North European ports, container throughput at the Hamburg terminals is likely to grow more slowly than the market as a whole. In connection with this, HHLA continues to expect a high degree of volatility and further pressure with regard to feeder traffic. The composition of the cargo mix will have a direct impact on the revenue structure. It is only possible to forecast this to a limited extent, however, due in part to the short-term scheduling of shipping companies. Regarding the provision of handling services, it can be assumed that average ship sizes will continue to increase. As a consequence, what happens next in the judicial review of the plan approval for the dredging of the river Elbe will be of major significance for the Port of Hamburg and therefore also for HHLA's terminals in Hamburg. In this assessment, HHLA assumes that the judicial review will uphold the plan approval for the dredging of the river Elbe and that the necessary river dredging work will be completed swiftly. The close dovetailing and optimisation of processes along the vertical transport chain between the seaport and customers' premises in the European hinterland will also remain a key competitive factor for Hamburg as a logistics hub. HHLA will continue to expand its intermodal traffic in 2015, whereby a normalisation of the volume trend is expected.

As a result of market share gains, it is anticipated that capacity utilisation at the container terminal in Ukraine will improve.

The expected trend in volumes and revenue described here is mainly based on the following key measures to bring about the anticipated earnings development:

Despite the increasing handling demands caused by the trend in ship sizes, the company aims to maintain its high productivity in container handling. The focus here will remain on improving the operating performance of the Container Terminal Burchardkai. Further investments will be made in proprietary rolling stock and facilities to increase value added in intermodal transport. The company intends to achieve a further improvement in the earnings position of the Polzug Group.

Financial Position

HHLA's investment activities can be scaled in line with demand. Due to the continuing trend in ship sizes, HHLA reserves the right to decide on investment activities which are not prompted purely by volume developments. Capital expenditure at Group level in 2015 is currently expected to be in the region of € 170 million, almost all of which is allocated for the Port Logistics subgroup. Driven largely by the trend in ship sizes, key projects relate to the procurement of container gantry cranes and yard cranes for the container terminals in Hamburg, the acquisition of additional locomotives for Metrans, and the expansion of terminal capacities in the hinterland.

In the course of the planned investment activities, it is expected that non-current assets in the form of property, plant and equipment will increase. However, it is possible that a devaluation of the Ukrainian currency will lead to a reduction in the carrying amounts of assets held in this country. Should such exchange rate-related adjustments to property, plant and equipment become necessary, these would reduce equity but not affect profit or loss. In addition to the net profit generated for the year, equity will also be affected by interest-dependent changes in actuarial gains/losses within pension provisions. HHLA aims to uphold its earnings-orientated dividend policy of distributing between 50 and 70 % of the net profit for the year after minority interests as dividends.

In order to achieve this target and enable further value-oriented growth, maintaining financial stability is the company's top priority. Based on the available liquidity reserves and the positive cash flows generated by expected earnings, HHLA anticipate that it will continue to have sufficient financial funds in future, which can be supplemented by borrowing where necessary.

Risk and Opportunity Report

Overall Assessment of Risks and Opportunities

The risks and opportunities for the HHLA Group reflect possible positive or negative deviations from the reported forecast.

Although delays to the verdict of the Federal Administrative Court in Leipzig regarding the dredging of the river Elbe continue to cause uncertainty, the HHLA Group's risk and opportunity profile has improved slightly overall. Further main factors influencing the risk and opportunity profile include uncertainties surrounding the implementation of further infrastructure projects, the global economic trend, geopolitical tensions and the development of the competitive environment. These factors are monitored closely and, where scalable, controllable costs and investments are flexibly adjusted in line with the foreseeable level of demand. ► see Business Forecast, page 73

There are no discernible risks at present which might jeopardise HHLA's continued existence. The Executive Board at HHLA is confident that it will be able to exploit any future opportunities while avoiding exposure to unacceptably high risks. Since the economic prospects, in particular, are highly unpredictable, this description of risks and opportunities merely serves as a snapshot. The HHLA Group's quarterly reports contain information on any changes to the company's risk and opportunity profile.

The following key risks and opportunities for the HHLA Group – with due consideration of relevant measures – have been identified as such based on the risk and opportunity management systems used for the Group's internal control purposes. Unless otherwise stated, they relate to the Container, Intermodal and Logistics segments.

Above and beyond the risks mentioned, no further significant risks have currently been identified, while those that do exist are largely insured against.

Risks and Opportunities

Strategic Environment

Infrastructure

HHLA's competitiveness largely depends Hamburg's infrastructure as a port and logistics hub. Hamburg's offshore, onshore and regional transport networks must be able to cope with the flows of goods and their carriers.

Infrastructural deficits could make it impossible to handle peak workloads in ship handling – arising from the ongoing trend towards a growing number of ever-larger vessels – with the same level of reliability for all carriers. The further delay in dredging the lower and outer stretches of the river Elbe is exacerbating the situation. This delay was prompted by the Federal Administrative Court adjourning the proceedings pending a ruling on the interpretation and application of the Water Framework Directive by the European Court of Justice. As a result, shipping companies might reschedule their liner services and traffic could bypass the Port of Hamburg – possibly permanently. ► see Container segment, page 65 This would depress earnings.

As well as swiftly dredging the navigation channel, the regional road and rail infrastructure must be modernised and expanded if the Port of Hamburg wants to retain and enhance its competitiveness and optimise its processes for in and outbound flows of goods in its hinterland. Beginning in 2015, the network situation will be aggravated considerably at times as a result of increasing replacement investments and maintenance work in connection with the rail infrastructure modernisation drive. Projects of this kind with special significance for HHLA include constructing the transversal port motorway (A252) and upgrading the Kiel canal, including its locks.

As an infrastructure-related operator, HHLA and its subsidiaries depend on prompt provision of the scheduled volume of public investments and services which are frequently necessary to support their own investments. Public budget planning involves a degree of uncertainty, particularly outside Germany. Where the public authorities experience financing difficulties, this may delay HHLA's investment projects and cause throughput and transport volumes to bypass HHLA's sites.

For this reason, HHLA closely cooperates with the relevant public institutions for these projects. It also safeguards its interests by participating in relevant committees and through lobbying and active public relations activities.

Market Environment

Developments in Container Throughput, Transport Volume and Logistics Services

The pace of growth in those economies whose goods flows HHLA serves is a key precondition for the development of container throughput, transport volumes and logistics services. Over the course of the year, global economic growth lost momentum and national differences in economic development became more marked. If demand for HHLA's services fails to materialise as expected, the high level of fixed costs associated with this business model means that it might not be possible to compensate fully for negative divergences in earnings in the short and medium term. An economic trend which falls short of expectations may also lead to write-downs on assets (mainly property, plant and equipment and financial assets). HHLA regularly checks for any impairment of its assets and makes adjustments where necessary.

Although economic growth in HHLA's key regions recently stabilised – albeit at a low level – economic risks remain. These are due in part to geopolitical tensions. The political situation in Ukraine and its repercussions for the Russian Federation – both of which are important markets for HHLA – may continue to have a negative effect on economic developments in Ukraine and the Russian Federation, as well as Europe. Economic sanctions imposed on the Russian Federation may have a temporary adverse effect on seaborne transportation to and from Russia. In addition, there are risks arising from the persistently high level of public indebtedness in Europe and the USA, along with the central banks' ongoing pursuit of ultra-loose monetary policies. There is also a risk of throughput growth in the North Range proving weaker than the global economic trend.

On the other hand, there are opportunities for a stronger volume trend in connection with the growth potential of Central and Eastern European economies, such as Poland, the Czech Republic, Slovakia and Hungary, which use the Port of Hamburg for a large proportion of their transcontinental trade, e. g. with Asia and America. Should the economic trend exceed expectations, prompting stronger volume growth, HHLA believes this could present an opportunity to profit from higher earnings by achieving economies of scale in handling and boosting the uptake of downstream transport systems.

Throughput and transport volumes in the markets of relevance to HHLA, as well as the growth in ship sizes, are monitored closely to ensure trends are recognised at an early stage. Where they are scalable, controllable costs and investments – e. g. for the further expansion of the container terminals – are adjusted flexibly in line with the foreseeable level of demand.

Competitive Environment

In the area of container handling, HHLA competes directly with other terminal operators in Northern Europe. Primary competitive factors – apart from pricing – are reliability and quayside productivity as well as the scope and quality of container handling services. Other factors affecting the terminal operators' competitive position are the ports' geographical position, the scope and quality of their hinterland links and their accessibility from the sea.

Port authorities and terminal operators are continuing to develop additional handling capacities at the Northern European ports. Depending on economic trends and the development in demand, this may lead to a significant increase in competition, especially for freight volume with greater geographical flexibility, such as transshipment services. There may also be the risk of a shift in volumes. Moreover, additional terminal capacities in the North Range could adversely affect earnings quality. Due to fierce competition for container transport by rail, HHLA's Intermodal subsidiaries also face the risk of volumes being re-routed with a resulting risk for revenue.

HHLA constantly improves its competitiveness by further enhancing its service quality and technological capabilities. Its ship handling activities focus primarily on increasing the efficiency of its handling services and addressing the increasing number of peak loads prompted by the handling of container mega-ships. HHLA is working on innovating its systems and optimising processes to further strengthen its position in handling technology. ► see Corporate Strategy, page 50 et seq. HHLA's rail companies also connect the European seaports with the Central and Eastern European hinterland via a growing number of highly frequent shuttle services and direct links. At the same time, high-performance seaport terminals promote a rise in volumes transported to the hinterland, while intelligent transport systems with efficient cost structures increase the number of containers handled by the terminals. As a result, it is also possible that volumes will be re-routed for HHLA's benefit.

Customer Structure

HHLA serves shipping companies which operate in a highly competitive market. Reasons for this include high idle capacities due to the high number of new mega-ships in particular entering the market, together with volatile freight rates and bunker prices twinned with weak growth in the global container transport industry. It can be assumed that the cost pressure on shipping companies will remain high in future. HHLA's clients are responding to this situation by forming alliances and restructuring their services. These developments present both risks and opportunities for HHLA in connection with the temporary or structural re-routing of services between the North Range ports. Furthermore, shipping company customers could become even more price-sensitive, especially for transshipment loads.

In the field of ship handling, HHLA cooperates with many shipping companies on a neutral basis ("multi-user principle"). ► see Corporate Strategy, page 50 et seq. In the 2014 financial year, HHLA's customer base included all of the top 20 container shipping companies. ► see Sales and Customer Structure and Sales, page 48 et seq. This enables HHLA to respond flexibly to changes in the container liner shipping sector. In addition, the company aims to enhance added value for its customers by expanding its mega-ship handling activities, continuing to develop the quality of its services and its technological capabilities, and optimising client-specific processes.

Intermodal Services and Service Procurement

The HHLA companies operating in the Intermodal segment pay track fees to the national railway companies for their rail network usage and also purchase traction services in some cases.

As the rail infrastructure in Germany is largely publicly owned, various authorities guard against discrimination in access and track fees. These authorities include the Federal Network Agency and the Federal Railway Authority in Germany and corresponding bodies abroad at EU level. Nevertheless, as the national rail network owners and operators have a monopoly, the profitability of rail firms may be impaired by a track pricing policy which does not take a neutral approach to carriers and distorts competition.

To reduce the level of dependency on national railway companies for traction services and to enhance production quality, HHLA is expanding its own facilities, rolling stock and locomotives in line with demand. As part of this strategy, it also purchases services from private suppliers. Providing end-to-end transport services using the company's own operating assets guarantees high quality along the process chain. HHLA's objective is to offer its customers a logistics chain of unparalleled quality and reliability. This will further strengthen Hamburg's appeal: high-performance seaport terminals promote higher volumes in the hinterland, while intelligent transport systems with low-cost structures boost container flows at the port.

Finance

Currency

The bulk of HHLA's services are rendered within the eurozone, meaning that the majority of its invoices are issued in euros. The Logistics and Intermodal segments operate internationally and a container terminal is operated in the Ukraine. Invoicing here is based primarily on euros or dollars. Currency or transfer risks therefore result primarily from exchange rate fluctuations affecting Central and Eastern European currencies. With regard to the political situation in Ukraine, market assessments point to a high risk of a further devaluation of the country's currency, the hryvnia, in the short to medium term. The likelihood of the political situation stabilising in the short term is currently considered low.

All HHLA companies that operate with foreign currencies reduce the risk of exchange rate fluctuations by monitoring rates regularly and, where possible, depositing free liquidity in local currency to hard-currency accounts.

Bad Debt Losses

The continuing idle vessel capacity means that freight rates are low. The liquidity and earnings position of shipping companies is thus expected to remain strained. The risk of bad debt losses cannot therefore be ruled out.

HHLA uses credit checks to reduce del credere collection risks. Active receivables management is used to enable the precise monitoring of receivables and payment patterns. HHLA has also taken out loan loss insurance to minimise default risks. Should the financial position of specific debtors change significantly, the insurer may limit the amount of cover it offers for new receivables payable by these debtors and/or no longer be able to provide coverage.

Pension Obligations

Interest rates are at a historic low due to the quantitative easing policy of the European Central Bank (ECB). This has caused the discount rate to fall, which in turn has led to an increase in actuarial losses carried in equity. Any further reduction in interest rates would prompt an additional increase in pension provisions. This would result in a fall in the equity ratio. As the ECB continues to pursue its ultra-loose monetary policy, interest rates are not expected to return to normal levels in the short term. It is therefore possible that actuarial losses will rise again due to interest rate differentials.

Please see the reporting on financial instruments in the Notes to the Consolidated Financial Statements for further details of downstream default risks, liquidity risks, interest and exchange rate risks, including risk mitigation measures and the management of these risks. ► see Notes to the Consolidated Financial Statements, Note 47

Legal Risks

Compliance Incidents

Well-trained, motivated employees are the foundation for sustainable business activities. The Group's relationship with its employees is dominated by its sense of social responsibility. Staff representatives are closely and actively involved in Group decision-making and take their responsibilities seriously. This paves the way for a successful working relationship. However, it is impossible to completely rule out the risk of employees committing fraudulent acts or legal and competitive violations in the course of their work.

To reduce these risks, HHLA has introduced guidelines and manuals (new competition guidance was the most notable example in the 2014 financial year) as well as the double-checking principle, embedded controls in its processes and established spot checks as part of its compliance management system. Furthermore, the Group has issued a code of conduct which applies to all Group managers and staff. Training sessions are held regularly on the contents of this code of conduct. New employees and apprentices also receive training on the code. Regular induction and training sessions focusing on special topics – such as occupational health and safety, environmental protection, conduct in the competitive environment, preventing corruption and insider trading rules – are also held for those staff affected by these issues. All of these activities are supported by additional communication measures, for example via the HHLA intranet and staff newsletter.

HHLA's SWOT Profile (Strengths, Weaknesses, Opportunities, Threats)

Strengths	Weaknesses
Highly efficient container terminals with cutting-edge technology for all current ship sizes Unique network between overseas ports and their European hinterland Shuttle and direct rail systems for central transport corridors Specialised inland terminals for rail traffic Highly qualified staff with low fluctuation rate	Dependence on the expansion and maintenance of public infrastructure to improve nautical accessibility and connections to the hinterland Limited cost flexibility due to capital-intensive business model High dependence on Hamburg location Considerable investments required for major equipment and terminal development Dependence on services of the national railway companies (mainly track pricing systems)

Opportunities	Threats
Increased pace of global economic growth Distance advantages in the natural catchment area as an easterly hub located well inland Increasing use of rail transportation for freight traffic Freight volume concentrated at major international handling sites Rising importance of efficiency, productivity and reliability in the transport chain Growing demand for eco-friendly transport solutions	North Range's throughput trend slower than global economic development Idle capacity at rival European ports Increased volatility in volumes due to alliances among shipping companies Tense financial position for shipping lines in general Worsening of the peak load situation at the Hamburg container terminals due to the trend in ship sizes

Provision of Services

Failure of Technical Equipment

In the case of equipment-based companies, there is a risk that a failure of central technical equipment may restrict the ability of these companies to render their services. Depending on the length of the downtime, unavailable equipment leads to additional costs for providing services. Preventive maintenance, contingency plans/repair services, regular inspections and tests are used in an effort to identify possible faults before they happen.

As part of the expansion of terminal capacity, major investments have been made in hardware and software components. Ever-greater process automation, the increasing integration of customers and service providers into organisational processes and the related growth of data transfer mean that the availability of IT systems is becoming increasingly important. Redundant copies of key IT components, such as data centres, computer networks and telecommunications systems, substantially reduce the probability of downtime and data loss.

Other Risk and Opportunity Factors

Risk of Storm Surges

As a result of the existing structural situation and the fact that HHLA's port facilities and buildings operate close to water, there is a fundamental risk of storm surges. Flood protection work undertaken by HHLA and the Free and Hanseatic City of Hamburg in recent years has reduced this risk considerably, however.

Should this risk ever become reality, comprehensive emergency programmes have been put in place by public authorities and companies operating in the port to minimise the potential damage. Additionally, anticipated third-party claims for damage to property are insured against.

Investment Options

In addition to organic growth, HHLA regularly examines opportunities for acquisitions. Potential equity investments focus on port projects in attractive growth markets. In addition to strategic aspects and synergies with HHLA's existing activities, key decision-making criteria include growth prospects, the anticipated return on capital employed, and the extent to which entrepreneurial risks can be limited.

HHLA is in a sound financial position. This means it has the financial means to execute acquisitions promptly where necessary.

Management of Risks and Opportunities

All commercial activities inevitably entail both risks and opportunities. HHLA believes that the effective management of opportunities and risks is a significant success factor for the sustainable enhancement of company value.

Managing opportunities and risks is a key component of the HHLA Group's management strategy. The planning and controlling process, the committees of the Group's affiliates and reporting are all cornerstones of this opportunity and risk management system. At regular business development meetings, HHLA's Executive Board discusses strategy, targets and control measures, with due consideration of the opportunity and risk profile.

The HHLA Group's opportunity management system – which is comparable to the risk management process – was expanded in 2014. Opportunities are now systematically identified and measures developed in an annual planning process. When opportunities are identified, there is no requirement for them to be quantified. Opportunity management focuses on the monitoring and analysis of individual markets and on the early recognition and identification of trends as a means of identifying opportunities. This includes developments affecting the overall economy or individual sectors as well as regional and local trends. The affiliates' responsibilities include identifying strategic opportunities in their core markets. HHLA's Executive Board defines the strategic framework for this objective. In addition, opportunity-oriented projects which affect more than one affiliate are centrally coordinated. HHLA's Corporate Development department assists the Executive Board with planning, controlling and monitoring multisegment projects relating to the long-term development of the HHLA Group. Through its role as a link to the Executive Board, Corporate Development also helps central units and affiliates with strategic issues, such as market and competition analyses, business plans, product portfolio alignment and project management.

HHLA's risk management system fosters a keen awareness of dealing with corporate risks. It aims to identify risks in good time and take steps to manage or avert them, thus exploiting opportunities but preventing situations which could jeopardise the continued existence of the HHLA Group. An important element of the system is the promotion of entrepreneurial thinking and independent, responsible action.

In order to enable proactive steps to be taken to deal with the risk and opportunity profile, the risk management system comprises the necessary organisational rules and procedures for identifying risks at an early stage. To this end, HHLA has created a system based on risk policies covering economic and ecological activities as well as its dealings with society. Risk management is carried out according to systematic principles and is subject to a continual improvement process.

The Executive Board, Internal Audit and Controlling have worked together closely to establish clear lines of responsibility for the identification, assessment, control, monitoring and reporting of risks, as a key element of the risk management system. The Executive Board of HHLA bears overall responsibility for the risk management system of the HHLA Group. The risk consolidation group includes all of the majority shareholdings as well as all companies consolidated using the equity method.

Risks are catalogued regularly in the course of the annual planning process. All identified risks are described clearly, classified according to defined risk areas and assigned to a risk manager.

Risks are categorised by the likelihood of their occurrence and the amount by which such an occurrence would reduce the operating result or cash flow before taxes.

When assessing a risk, the level of loss or damage plus the anticipated probability must be stated. A distinction is made here between the gross risk (excluding reduction and management measures) and the net risk (including reduction and management measures). Risks are assessed in the context of the existing circumstances or a realistic projection. In addition to estimates and economic or mathematical/statistical inferences, sensitivities derived from planning can be used as a basis for assessment.

To ensure that risks of the same kind are portrayed uniformly, staff work together at Group level when assessing identified risks to establish and calculate the likelihood of the risks arising and the associated potential loss or damage.

After identifying and assessing the risk, the company then defines control measures aimed at reducing the likelihood of its occurrence and/or the loss or damage. Risks are monitored continuously and any significant changes are reported and documented on a quarterly basis. Additional ad hoc reports are issued whenever significant risks emerge, cease to apply, or change. Risks are reported using standard Group-wide reporting formats in order to ensure a consistent overall picture of current risks.

The most important elements of the risk management system and risk reporting are described in a corporate guideline. The system remained the same as in the previous year. The Internal Audit department is responsible for auditing the risk management system. HHLA's Supervisory Board monitors the effectiveness of the risk management system. The external auditors assess the risk management system on behalf of the Supervisory Board as part of their audit of the Annual Financial Statements.

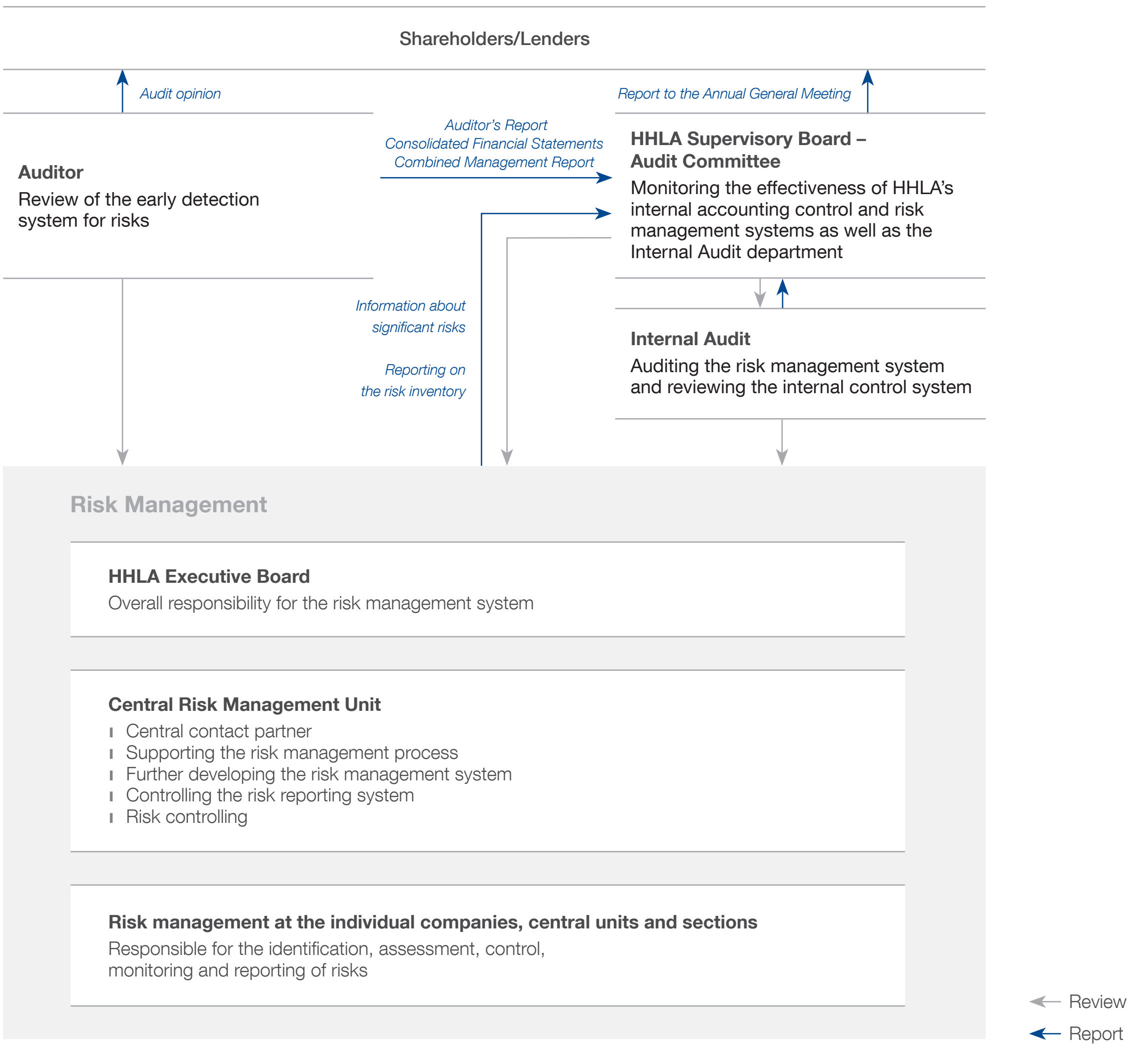
Structure of the Internal Control System

HHLA's internal control system is designed to ensure that the (financial) reporting processes used throughout the company are consistent, transparent and reliable. Furthermore, it makes sure they comply with legal standards and the company's own guidelines. It comprises principles, procedures and methods designed to reduce risk and ensure the effectiveness and propriety of HHLA's processes.

The internal control system is regularly monitored and assessed according to documented processes, risks and controls. It therefore ensures transparency with regard to its structure and functionality for the purposes of internal and external reporting.

HHLA's internal accounting control and risk management system is based on the criteria laid out in the "Internal Control – Integrated Framework" working paper published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Accounting processes are assessed to determine whether there is a risk posed to the existence, completeness, accuracy, valuation, ownership and reporting of transactions. The company also conducts a risk assessment regarding the possibility of fraud. Concluding unusual or complex transactions can lead to specific accounting risks. There is also a latent risk of error when processing non-routine transactions. Employees are by necessity given a certain amount

Organisation of Risk Management



of leeway when recognising and measuring balance sheet items, which can give rise to further risks.

Internal controls are intended to reduce accounting risks and make sure that transactions are documented, recorded, processed and assessed correctly in the balance sheet, as well as being quickly and correctly adopted in financial reporting. Controls are in place for all accounting processes.

The Internal Audit department is responsible for monitoring HHLA's internal accounting control and risk management systems. The external auditor also assesses the effectiveness of the accounting-related internal control system, primarily by carrying out spot checks.

The internal accounting control and risk management systems will always have certain limitations, regardless of how carefully they are designed. For this reason, it is impossible to fully guarantee that accounting standards will always be met or that every incorrect statement will always be avoided or identified.

Significant Regulations and Controls

Accounting tasks and functions are clearly defined within the Group. There is a clear functional demarcation between accounts payable and accounts receivable as well as the preparation of Separate Financial Statements and the preparation of Consolidated Financial Statements. There is also a clear demarcation between these departments and the respective segment accounting. Separating execution, settlement and authorisation functions and giving these responsibilities to different members of staff reduces the risk of fraud. Multi-stage approval and authorisation thresholds for ordering, payment transactions and accounting are employed across the Group. These include using the double-checking principle. There is a single accounting manual which covers the consistent application and documentation of accounting rules for the entire Group. Other accounting guidelines are also in place. Like the accounting manual, they are reviewed regularly and updated if necessary.

Most bookkeeping procedures are recorded using accounting systems developed by SAP. For the purpose of preparing HHLA's Consolidated Financial Statements, affiliates add more information to their Separate Financial Statements to form standardised report packages, which are then fed into the SAP EC-CS consolidation module for all Group companies.

Measures are in place to protect the IT systems from unauthorised access. Access rights are granted in line with each user's role. Only those departments responsible for mapping transactions are given write access. Departments responsible for processing information use read access. Detailed function-related authorisations are defined in a set of SAP authorisation guidelines. IT security guidelines also cover access to IT systems in general.

External service providers are used for pension reports, fiscal issues and for other reports and projects if necessary.

The specific formal requirements for the consolidation process pertaining to the Consolidated Financial Statements are clearly defined. In addition to a definition of the consolidated group, there are also detailed rules requiring affiliates to use a standardised and complete report package. There are also specific provisions regarding the recording and handling of Group clearing transactions and subsequent balance reconciliations, or the determination of the fair value of shareholdings. As part of the consolidation process, the Group accounting team analyses the Separate Financial Statements submitted by affiliates and corrects them if necessary. Incorrect information is identified and corrected as necessary using control mechanisms already present in the SAP EC-CS system or using system-based plausibility checks.

Additional Information in Accordance with Section 289 (4) and Section 315 (4) of the German Commercial Code (HGB) and Explanatory Notes

1. The subscribed capital of the company is now €72,753,334.00. It is divided into 72,753,334 no-par-value shares, including 70,048,834 Class A shares and 2,704,500 Class S shares (classes of shares). The Class S shares constitute only shareholdings in the net profit/loss and net assets of the S division, and the Class A shares constitute only shareholdings in the net profit/loss and net assets of the remainder of the company (A division). That part of the company which deals with the acquisition, holding, selling, letting, management and development of properties not specific to port handling (Real Estate subgroup) is known as the S division. All other parts of the company (Port Logistics subgroup) are known as the A division. The dividend entitlement of holders of Class S shares is based on the proportion of the distributable profit for the year attributable to the S division, and the dividend entitlement of holders of Class A shares is based on the remaining proportion of distributable profit for the year (Article 4 [1] of the articles of association). Each share entitles the holder to one vote at the Annual General Meeting (Article 20 [1] of the articles of association) and gives the holder the rights and responsibilities laid down in the German Stock Corporation Act (AktG). If the statutory provisions require a special resolution to be adopted by holders of a given class of shares, only the holders of that class of shares shall be entitled to vote.

2. To the Executive Board's knowledge, there are no restrictions on voting rights or the transfer of shares, including those arising from agreements between shareholders.

3. For details on direct or indirect capital shareholdings which entitle the holder to more than 10 % of the voting rights, ► see the Notes to the Consolidated Financial Statements, Note 35 and Note 48

4. There are no shares with special rights granting powers of control.

5. Employees who hold stakes in the company's equity exercise their shareholders' rights at their own discretion. There is no control of the voting rights of those employees who hold shares.

6. Members of the Executive Board are appointed and dismissed in accordance with Section 84 of the German Stock Corporation Act (AktG) in conjunction with Section 31 of the German Co-Determination Act (MitbestG) and Article 8 of the articles of association. These stipulate that the Supervisory Board is responsible for appointing and dismissing members of the Executive Board. According to Article 8 (1) of the articles of association of Hamburger Hafen und Logistik Aktiengesellschaft, the Executive Board consists of two or more people.

Amendments to the articles of association can be made by means of a resolution of the Annual General Meeting. Any such amendment becomes effective when it is recorded in the commercial register. In line with Sections 179 and 133 of the German Stock Corporation Act (AktG) and Article 22 of the articles of association, a simple majority of the votes cast at the Annual General Meeting is sufficient for amendments to the articles of association. If a capital majority is required in addition to a majority of the votes, a simple majority of the share capital represented when the resolution is passed is adequate. Exceptions to this rule are amendments to the articles of association for which the law requires a larger majority. In accordance with Article 11 (4) of the articles of association, the Supervisory Board is authorised to carry out amendments to the articles of association which relate only to the wording. If an amendment to the articles of association in the event of a capital increase or steps taken in accordance with the German Reorganisation of Companies Act (UmwG) is designed to change the relationship between Class A and Class S shares, special resolutions by the Class A and Class S shareholders affected are required as per Section 138 of the German Stock Corporation Act (AktG).

7.1 Subject to the approval of the Supervisory Board, the Executive Board is authorised under Article 3 (4) of the articles of association to increase the company's share capital until 13 June 2017 by up to €35,024,417.00, by issuing up to 35,024,417 new registered Class A shares for subscription in cash and/or kind in one or more stages (Authorised Capital I). The statutory subscription right of the holders of Class S shares shall be excluded. The new shares may also be purchased by one or more banks chosen by the Executive Board together with the obligation to offer them for sale to Class A shareholders (indirect subscription right). The Executive Board was further authorised – with the approval of the Supervisory Board – to exclude the statutory subscription rights of holders of Class A shares,

7.1.1 as necessary for equalising fractional amounts or;

7.1.2 if the Class A shares are issued in return for a contribution in kind, especially in connection with the acquisition of companies, parts of companies or equity stakes in companies, as part of company mergers and/or for the purpose of acquiring other assets, including rights and receivables; subscription rights may only be excluded on Class A shares accounting for up to 20 % of the share capital attributable to Class A shares in conjunction with this authorisation (i. e. up to the amount of € 14,009,766.00);

7.1.3 if the company's Class A shares are issued in return for cash and the issue price per share is not significantly lower than the price of similar Class A shares in the company already listed on the stock exchange at the time of the share issue. However, subscription rights can only be excluded in this case if the number of shares thus issued together with the number of treasury shares sold during the term of this authorisation for which subscription rights were excluded as per Section 186 (3) sentence 4 of the German Stock Corporation Act (AktG) and the number of Class A shares which can be created by exercising warrants and/or conversion rights or fulfilling conversion obligations arising from warrants, convertible bonds and/or participation rights issued during the term of this authorisation for which subscription rights were excluded as per Section 186 (3) sentence 4 of the German Stock Corporation Act (AktG) does not exceed a total of 10 % of the company's share capital at the time this authorisation comes into effect or – if the total is lower – at the time the authorisation is exercised;

7.1.4 if the Class A shares are offered to persons employed by the company or one of its associates as defined in Section 15 of the German Stock Corporation Act (AktG) or are transferred to them;

7.1.5 to the extent necessary to grant the bearers of warrants, convertible bonds and/or conversion obligations those subscription rights to new Class A shares to which they would be entitled as shareholders after exercising the warrant or conversion right or fulfilling their conversion obligation.

7.2 Subject to the approval of the Supervisory Board, the Executive Board is additionally authorised under Article 3 (5) of the articles of association to increase the company's share capital until 13 June 2017 by up to € 1,352,250.00 by issuing up to 1,352,250 new registered Class S shares by subscription in cash and/or kind in one or more stages (Authorised Capital II). The statutory subscription right of the holders of Class A shares shall be excluded. The Executive Board is further authorised, with the approval of the Supervisory Board, to exclude the statutory subscription rights of holders of Class S shares as is necessary to equalise fractional amounts.

7.3 The Annual General Meeting on 13 June 2013 authorised the Executive Board, subject to the approval of the Supervisory Board, to issue on one or more occasions up to 12 June 2016 bearer or registered bonds with warrants or convertible bonds (hereinafter known collectively as "debenture bonds") and to grant the bearers or creditors of the debenture bonds warrants or conversion rights for new Class A company shares subject to the detailed terms of the debenture bonds. The total nominal amount of the debenture bonds issued under this authorisation may not exceed € 200,000,000.00. Option and conversion rights may only be issued for Class A company shares accounting for up to € 6,900,000.00 of the company's total share capital accounted for by Class A shares. The debenture bonds are to be divided into separate securities, each with equal rights. Class S shareholders' subscription rights are excluded. The Executive Board is authorised, subject to the approval of the Supervisory Board, to exclude Class A shareholders' subscription rights to the separate securities in full or in part in order to equalise fractional amounts, to grant subscription rights to the holders or creditors of warrants and/or convertible bonds and to the extent that debenture bonds are issued for cash, whereby separate securities with rights, options or obligations to convert them into shares may account for no more than 10 % of share capital.

Even if the conversion ratio, exercise price or conversion price are variable, the conversion or exercise price set for one Class A company share (issue price) must be equivalent to either

- at least 80 % of the volume-weighted average closing price for Class A company shares in the Xetra trading system on the Frankfurt Stock Exchange (or a similar successor system) (i) on the ten trading days before the Executive Board adopts a resolution to issue the bonds or (ii) on the five trading days immediately before an offer to subscribe for the bonds is publicly announced or (iii) on the five trading days immediately before the company declares its acceptance following a public invitation to apply for subscription or

- at least 80 % of the volume-weighted average closing price for Class A company shares in the Xetra trading system on the Frankfurt Stock Exchange (or a similar successor system) in the time from the beginning of the subscription period up to (and including) the day before the publication of the final conditions in accordance with Section 186 (2) sentence 2 of the German Stock Corporation Act (AktG).

As per Article 3 (6) of the articles of association, conditional capital of € 6,900,000.00 is available to service warrants and conversion rights. This is made up of 6,900,000 new registered Class A shares.

7.4.1 The Annual General Meeting held on 16 June 2011 authorised the company until 15 June 2016 to acquire Class A shares in the company amounting to up to 10 % of the current nominal capital attributable to Class A shares. This authorisation may be used for any legally permissible purpose, except for trading in treasury shares.

7.4.2 The Executive Board was also authorised, subject to the approval of the Supervisory Board, to use Class A shares purchased under the authorisation to acquire the company's own Class A shares for any legally permissible purpose, including the following:

(1) The Class A shares can be resold by means other than the stock exchange or an offer to all Class A shareholders, provided these Class A shares are resold at a price which is not significantly lower than the price of shares in the company of the same rights at the time of the sale. The defining market price for the purposes of this regulation is the average share price of the company's Class A shares in the Xetra final auction (or a similar successor system) on the Frankfurt Stock Exchange over the last five trading days before the sale of the company's own shares. In these cases, the number of shares to be sold, together with the new shares issued under Section 186 (3) sentence 4 AktG since this authorisation came into effect, excluding subscription rights, must not exceed 10 % of the company's share capital in the form of Class A shares at the time this authorisation comes into effect and is exercised.

(2) The Class A shares can be sold as payment in kind to third parties, particularly in the course of mergers with other companies or in order to acquire companies, equity stakes or parts of companies.

(3) The Class A shares can be used to settle rights or obligations held by bearers or creditors under convertible bonds or bonds with warrants issued by the company or by companies in which the company holds a majority stake.

(4) The Class A shares can be transferred or offered for purchase to people employed by the company or companies affiliated to it.

(5) The Class A shares can be redeemed in full or in part without a further resolution by the Annual General Meeting. They can be redeemed in a simplified process in accordance with Section 237 (3 – 5) of the German Stock Corporation Act. The authorisation to redeem shares can be made use of multiple times. If the shares are redeemed in a simplified process in accordance with Section 237 (3) (3) of the German Stock Corporation Act (AktG), the Executive Board is authorised to adjust the number of no-par-value shares in the articles of association.

7.4.3 The right of shareholders to subscribe for the company's own shares is excluded if these shares are used in accordance with the aforementioned authorisations in 7.4.2 items 1 to 4.

7.4.4 The authorisations in 7.4.2 items 1 to 5 also cover the use of shares in the company acquired on the basis of Section 71d sentence 5 of the German Stock Corporation Act (AktG).

7.4.5 The authorisations in 7.4.2 can be exercised on a one-off or repeated basis, in whole or in part, and separately or jointly. The authorisations of 7.4.2 items 1 to 4 can also be exercised by independent companies or companies in which the company holds a majority stake or third parties acting for their own account or for the account of the company.

7.5 Under Article 6 of the articles of association and Section 237 (1) of the German Stock Corporation Act (AktG), the company is authorised to mandatorily redeem Class A or S shares against payment of appropriate compensation if the shareholders whose shares are to be redeemed have given their consent.

8. The company has no significant agreements dependent on a change of control resulting from a takeover bid.

9. The contracts of employment with the Executive Board members valid during the reporting period contain clauses which provide for a payment to the respective Executive Board members in the event of them losing their Executive Board seats due to a change of control or similar circumstances. The agreed amount to be paid is the remaining remuneration for the residual terms of their respective contracts of employment, payable to each in one lump sum discounted by 2 % p.a. In calculating this severance pay, the future entitlement to payment of a bonus is calculated based on the average annual net profit for the preceding three full financial years. If an Executive Board member earns additional income in the period up to the original end of their contract or employment, this income is set off against the severance payment up to a certain amount.

The provisions described above correspond to the legal situation and are standard practice at comparable listed companies. Their intention is not to complicate any possible takeovers.

Remuneration Report and Corporate Management Declaration in Accordance with Section 289a of the German Commercial Code (HGB)

The Remuneration Report summarises the principles used to determine the total remuneration paid to members of the Executive Board of Hamburger Hafen und Logistik AG and explains the structure and amount of pay received by Executive Board members. Furthermore, it describes the principles behind the remuneration paid to members of the Supervisory Board and the amounts they receive. The Remuneration Report is part of the Combined Management Report. ► see Remuneration Report, page 34 et seqq.

The corporate management declaration in accordance with Section 289a of the German Commercial Code (HGB) is part of the Combined Management Report. ► see Corporate Governance Report, page 26 et seqq.

Notes to the Separate Financial Statements for Hamburger Hafen und Logistik AG Prepared in Line with the German Commercial Code (HGB)

Unlike the Consolidated Financial Statements, the Annual Financial Statements for Hamburger Hafen und Logistik AG are not prepared in line with International Financial Reporting Standards (IFRS). Instead, they are based on the regulations contained in the German Commercial Code (HGB).

Company Overview

Business Activities and Operating Environment

HHLA AG is a leading European port logistics group. HHLA AG is the parent company of the HHLA Group and runs the Group as a strategic management holding company. Its operations are carried out by the 30 domestic and eight foreign subsidiaries which make up the consolidated group. No significant legal or organisational changes were made to the company structure in the 2014 financial year.

HHLA AG is a legally independent company and was split into two divisions – the A division and the S division – as part of its initial public offering on 2 November 2007.

The A division represents the Port Logistics subgroup. The Class A shares, which are listed on the stock exchange, entitle shareholders merely to participate in the result and net assets of these commercial operations.

The performance and financial result of the Real Estate subgroup are attributed to the S division. Class S shares are not traded on the stock exchange and are held solely by the Free and Hanseatic City of Hamburg (FHH). In the unlikely and unprecedented event of the Real Estate subgroup reporting a loss, this would be indirectly transferred to the Free and Hanseatic City of Hamburg in line with a separate agreement to assume losses.

Staff and Social Affairs

HHLA AG had a total of 1,206 employees as of 31 December 2014 (previous year: 1,246). Of these, 398 were wage earners (previous year: 432), 702 were salaried employees (previous year: 705) and 106 were apprentices (previous year: 109). Of the 1,206 staff members, 675 were assigned to companies within the HHLA Group in the reporting year.

Sector and Macroeconomic Developments

Sector and macroeconomic developments are largely in line with those of the HHLA Group.

Earnings Position

Key Figures

in € million	2014	2013	Change
Revenue	135.8	142.0	- 4.4 %
Other income and expenses	- 145.7	- 154.4	5.6 %
Operating result	- 9.9	- 12.4	20.3 %
Financial result, of which income from investments €110.8 (previous year: €85.6)	87.5	66.5	31.7 %
Income taxes	- 27.6	- 18.6	- 48.3 %
Net profit	50.0	35.5	41.0 %

Revenue

The revenue of HHLA AG resulted mainly from the charging of personnel expenses for holding company staff assigned to the spun-off Container, Fruit and Logistics units, income from the Real Estate unit and revenue from billing administrative services for IT systems which are pooled with HHLA AG. Revenue totalled €135.8 million in the reporting year (previous year: €142.0 million).

Other Income and Expenses

Other income and expenses improved by €8.7 million year on year. This was due to a decrease of €3.3 million in other income and a €12.0 million reduction in expenses. The fall in expenses was primarily due to lower additions to pension provisions compared to the previous year and an impairment on the carrying amount for the investment in HHLA Logistics Altenwerder GmbH & Co. KG (HLA).

Financial Result

The year-on-year increase in the financial result resulted mainly from higher income from equity investments.

The net profits of HHLA AG's affiliates and equity investments recognised in profit or loss climbed strongly by €25.2 million to €110.8 million (previous year: €85.6 million). The change in income from equity investments was mainly due to the performance of the Container segment.

Changes in provisions from interest rate fluctuations are reported within interest expenses and represented a burden on the financial result compared with the previous year.

Income Taxes

The €9.0 million rise in income taxes resulted mainly from the strong increase in income from equity investments.

Net Profit

The company's annual net profit amounted to €50.0 million in the year under review (previous year: €35.5 million). The A division accounted for €42.4 million of this amount (previous year: €30.2 million) and the S division for €7.6 million (previous year: €5.3 million).

Forecast and Actual Figures

	Forecast, 31.12.2014	Actual figure, 31.12.2014
Result from equity investments	Down on the previous year (previous year: €85.6 million)	€110.8 million
Net profit	Down on the previous year (previous year: €35.5 million)	€50 million

The difference between forecast and actual figures corresponds mainly to those factors presented in the section on the Group's earnings position. ► see Business Forecast, page 73 et seqq.

Assets

Key Figures

in € million	31.12.2014	31.12.2013
Assets		
Intangible assets and property, plant and equipment	107.0	88.9
Financial assets	317.4	318.0
Other assets	651.3	653.3
Balance sheet total	1,075.7	1,060.2
Equity and liabilities		
Equity	506.8	491.6
Pension provisions	293.5	292.7
Other liabilities	275.4	275.9
Balance sheet total	1,075.7	1,060.2
Equity ratio in %	47.1	46.4
Capitalisation ratio in %	9.9	8.4

Intangible Assets and Property, Plant and Equipment

The carrying values of intangible assets and property, plant and equipment amounted to €107.0 million at the end of the reporting period (previous year: €88.9 million). Capital expenditure totalled €25.0 million in the reporting period (previous year: €14.9 million). At €23.7 million, renovation projects in the Speicherstadt historical warehouse district accounted for the lion's share of investments.

Financial Assets

Financial assets decreased slightly by €0.6 million to €317.4 million due to an accrual at one associated company (HLA).

Pension Provisions

Development in Pension Provisions

in € thousand	2014	2013
Carrying amount on 1 Jan.	292,692	292,116
Effect of HHLA Intermodal[1] merger	0	123
Expense recognised in profit and loss	19,664	19,235
Pension payments	- 18,840	- 18,782
Carrying amount on 31 Dec.	293,516	292,692

[1] HHLA Intermodal GmbH was merged with HHLA AG in the previous year.

HHLA AG uses the projected unit credit method to value entitlements associated with existing pension obligations. Future obligations are projected based on past service and possible future service prior to the insured event occurring. Anticipated future pension and pay increases are also taken into account. The average market interest rate of 4.58 % stipulated by Deutsche Bundesbank was applied for the reporting year.

In accordance with Section 253 (2) sentence 2 of the German Commercial Code (HGB), a remaining term of 15 years is used as basis. Pension provisions amounted to €293.5 million at the end of the reporting period (previous year: €292.7 million).

Financial Position

Key Figures

in € million	2014	2013
Cash flow from operating activities	34.2	57.9
Cash flow from investing activities	- 24.2	- 19.2
Cash flow from financing activities	- 37.0	- 27.0
Effect from the accrual of HLA	13.2	0
Financial funds as of 31 Dec.	368.7	382.5
of which receivables from subsidiaries	118.8	183.8
of which cash and cash equivalents	249.9	198.7

Cash Flow and Liquidity

Cash flow from operating activities totalled €34.2 million in the reporting year (previous year: €57.9 million). It was dominated by income from equity investments. Cash flow in the reporting year was fully sufficient to fund capital expenditure.

In connection with existing cash pooling agreements, financial funds comprised receivables from subsidiaries in the amount of € 118.8 million (previous year: € 183.8 million), cash and cash equivalents in the form of bank balances totalling € 226.5 million (previous year: € 193.0 million) – of which € 90.0 million (previous year: € 70.0 million) was short-term bank deposits – and clearing receivables of € 23.4 million (previous year: € 5.7 million) from HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH, Hamburg (HGV).

The S division of HHLA AG participates in the cash clearing system operated by HGV. The A division also utilises the option of investing surplus liquidity with HGV whenever this is advantageous for HHLA AG.

As expected, the financial position remained stable.

Risk and Opportunity Report

Business developments at HHLA AG are mostly subject to the same risks and opportunities as those of the HHLA Group. HHLA AG shares in the risks of its subsidiaries and equity investments in line with its respective shareholding.

As the parent company of the HHLA Group, HHLA AG is incorporated into the Group-wide risk and opportunity management system. The Risk and Opportunity Report contained in the Combined Management Report provides a description of the internal control system as required by Section 289 (5) of the German Commercial Code (HGB). ► see Risk and Opportunity Report, page 76 et seqq.

Events after the Balance Sheet Date

Events after the balance sheet date are broadly the same as those listed for the HHLA Group. ► see Events after the Balance Sheet Date, page 73

Business Forecast

Outlook

Due to its close ties with the affiliated companies and its weight within the Group, the expectations for HHLA AG are reflected in the business forecast for the Group as a whole. It is anticipated that the statements made for the HHLA Group regarding market and revenue developments will largely be mirrored by the revenue of HHLA AG. Furthermore, the result from equity investments is expected to make a substantial contribution towards earnings of HHLA AG. ► see Business Forecast, page 73 et seqq.

Expected Earnings Position in 2015

The anticipated developments at Group level are expected to result in both income from equity investments and annual net profit on a par with the prior-year figures of HHLA AG.

Expected Financial Position

HHLA AG expects its financial position to remain stable.

Dividend

As in the previous year, HHLA's appropriation of profits is oriented towards both the development of earnings in the financial year ended and the continuation of a consistent dividend policy. ► see Share, page 22 et seqq.

Statement of the Executive Board

Under the circumstances known to the Executive Board at the time the transactions listed in the related parties report in accordance with Section 312 of the German Stock Corporation Act (AktG) were carried out or actions were committed or omitted, the company received adequate consideration for the transactions and was not disadvantaged by committing or refraining from said actions.

In accordance with Article 4 of the articles of association, the Executive Board, with analogous application of the provisions of Section 312 of the German Stock Corporation Act (AktG), must prepare a report on the relationships between the A division and the S division. Under the circumstances that were known to the Executive Board at the time when the legal transactions specified in the report on the relationships between the A division and the S division were completed, both divisions received appropriate consideration. Any expenses and returns which could not be attributed directly to one division were divided among the divisions in line with the articles of association. No steps were taken or omitted at the behest or in the interests of the other division in each case.

Hamburg, 4 March 2015

Hamburger Hafen und Logistik Aktiengesellschaft

The Executive Board

Klaus-Dieter Peters   Dr. Stefan Behn

Heinz Brandt   Dr. Roland Lappin

Some of the disclosures in the Management Report – including statements on revenue and earnings developments and on possible changes in the sector or the financial position – contain forward-looking statements. These statements are based on the current best estimates and assumptions by the company. Depending on whether uncertain events materialise, HHLA's actual results, including its earnings and financial position, may differ materially from those explicitly or implicitly assumed or described in these statements.

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Consolidated Financial Statements

Income Statement HHLA Group

in € thousand	Note	2014	2013
Revenue	8.	1,199,601	1,138,075
Changes in inventories	9.	- 22	- 742
Own work capitalised	10.	7,877	7,881
Other operating income	11.	33,563	37,072
Cost of materials	12.	- 396,655	- 379,167
Personnel expenses	13.	- 401,674	- 388,617
Other operating expenses	14.	- 148,516	- 139,749
Earnings before interest, taxes, depreciation and amortisation (EBITDA)		294,174	274,752
Depreciation and amortisation	15.	- 124,886	- 120,876
Earnings before interest and taxes (EBIT)		169,288	153,876
Earnings from associates accounted for using the equity method	16.	5,260	3,123
Interest income	16.	13,461	3,200
Interest expenses	16.	- 58,459	- 43,481
Other financial result	16.	544	418
Financial result	16.	- 39,194	- 36,740
Earnings before tax (EBT)		130,094	117,136
Income tax	18.	- 39,538	- 36,740
Profit after tax		90,556	80,396
of which attributable to non-controlling interests	19.	31,646	26,104
of which attributable to shareholders of the parent company		58,910	54,292

Statement of Comprehensive Income HHLA Group

in € thousand	Note	2014	2013
Profit after tax		90,556	80,396
Components, which can not be transferred to Income Statement			
Actuarial gains/losses	36.	- 79,130	16,702
Deferred taxes	18.	25,129	- 5,439
Total		- 54,001	11,263
Components, which can be transferred to Income Statement			
Cash flow hedges	47.	299	319
Foreign currency translation differences		- 31,390	- 3,960
Deferred taxes	18.	86	- 20
Other		121	26
Total		- 30,884	- 3,635
Income and expense recognised directly in equity		- 84,885	7,628
Total comprehensive income		5,671	88,024
of which attributable to non-controlling interests		31,554	26,038
of which attributable to shareholders of the parent company		- 25,883	61,986

Retrospective restatement of the figures for the previous year resulting from application of IFRS 11

Income Statement HHLA Subgroups 2014

in € thousand; subgroup Port Logistics and subgroup Real Estate; annex to the notes	2014 Group	2014 Port Logistics	2014 Real Estate	2014 Consolidation
Revenue	1,199,601	1,171,186	33,476	- 5,061
Changes in inventories	- 22	- 22	0	0
Own work capitalised	7,877	7,877	0	0
Other operating income	33,563	29,797	4,773	- 1,007
Cost of materials	- 396,655	- 389,993	- 6,769	107
Personnel expenses	- 401,674	- 399,454	- 2,220	0
Other operating expenses	- 148,516	- 143,167	- 11,311	5,962
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	294,174	276,225	17,949	0
Depreciation and amortisation	- 124,886	- 120,640	- 4,560	314
Earnings before interest and taxes (EBIT)	169,288	155,585	13,389	314
Earnings from associates accounted for using the equity method	5,260	5,260	0	0
Interest income	13,461	13,412	183	- 134
Interest expenses	- 58,459	- 54,000	- 4,593	134
Other financial result	544	544	0	0
Financial result	- 39,194	- 34,784	- 4,410	0
Earnings before tax (EBT)	130,094	120,801	8,979	314
Income tax	- 39,538	- 36,904	- 2,558	- 76
Profit after tax	90,556	83,897	6,421	238
of which attributable to non-controlling interests	31,646	31,646	0	
of which attributable to shareholders of the parent company	58,910	52,251	6,659	

Statement of Comprehensive Income HHLA Subgroups 2014

in € thousand; subgroup Port Logistics and subgroup Real Estate; annex to the notes	2014 Group	2014 Port Logistics	2014 Real Estate	2014 Consolidation
Profit after tax	90,556	83,897	6,421	238
Components, which can not be transferred to Income Statement				
Actuarial gains/losses	- 79,130	- 77,958	- 1,172	
Deferred taxes	25,129	24,751	378	
Total	- 54,001	- 53,207	- 794	
Components, which can be transferred to Income Statement				
Cash flow hedges	299	299		
Foreign currency translation differences	- 31,390	- 31,390		
Deferred taxes	86	86		
Other	121	121		
Total	- 30,884	- 30,884	0	
Income and expense recognised directly in equity	- 84,885	- 84,092	- 794	0
Total comprehensive income	5,671	- 194	5,627	238
of which attributable to non-controlling interests	31,554	31,554		
of which attributable to shareholders of the parent company	- 25,883	- 31,748	5,865	

Income Statement HHLA Subgroups 2013

in € thousand; subgroup Port Logistics and subgroup Real Estate; annex to the notes	2013 Group	2013 Port Logistics	2013 Real Estate	2013 Consolidation
Revenue	1,138,075	1,110,072	33,148	- 5,145
Changes in inventories	- 742	- 743	1	0
Own work capitalised	7,881	7,809	0	72
Other operating income	37,072	32,964	5,052	- 944
Cost of materials	- 379,167	- 372,428	- 6,843	104
Personnel expenses	- 388,617	- 386,513	- 2,103	0
Other operating expenses	- 139,749	- 134,203	- 11,460	5,914
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	274,752	256,958	17,794	0
Depreciation and amortisation	- 120,876	- 116,734	- 4,449	307
Earnings before interest and taxes (EBIT)	153,876	140,224	13,345	307
Earnings from associates accounted for using the equity method	3,123	3,123	0	0
Interest income	3,200	3,266	98	- 165
Interest expenses	- 43,481	- 38,874	- 4,771	165
Other financial result	418	418	0	0
Financial result	- 36,740	- 32,067	- 4,673	0
Earnings before tax (EBT)	117,136	108,157	8,672	307
Income tax	- 36,740	- 33,781	- 2,885	- 74
Profit after tax	80,396	74,376	5,787	233
of which attributable to non-controlling interests	26,104	26,104	0	
of which attributable to shareholders of the parent company	54,292	48,272	6,020	

Statement of Comprehensive Income HHLA Subgroups 2013

in € thousand; subgroup Port Logistics and subgroup Real Estate; annex to the notes	2013 Group	2013 Port Logistics	2013 Real Estate	2013 Consolidation
Profit after tax	80,396	74,376	5,787	233
Components, which can not be transferred to Income Statement				
Actuarial gains/losses	16,702	16,065	637	
Deferred taxes	- 5,439	- 5,233	- 206	
Total	11,263	10,832	431	
Components, which can be transferred to Income Statement				
Cash flow hedges	319	319	0	
Foreign currency translation differences	- 3,960	- 3,960	0	
Deferred taxes	- 20	- 20	0	
Other	26	26	0	
Total	- 3,635	- 3,635	0	
Income and expense recognised directly in equity	7,628	7,197	431	0
Total comprehensive income	88,024	81,573	6,218	233
of which attributable to non-controlling interests	26,038	26,038		
of which attributable to shareholders of the parent company	61,986	55,535	6,451	

Retrospective restatement of the figures for the previous year resulting from application of IFRS 11

Balance Sheet HHLA Group

in € thousand

Assets	Note	31.12.2014	31.12.2013
Non-current assets			
Intangible assets	22.	77,844	81,539
Property, plant and equipment	23.	938,016	962,255
Investment property	24.	199,196	184,256
Associates accounted for using the equity method	25.	11,717	9,710
Financial assets	26.	17,746	12,608
Deferred taxes	18.	63,558	34,188
		1,308,077	1,284,557
Current assets			
Inventories	27.	24,026	21,622
Trade receivables	28.	140,221	138,601
Receivables from related parties	29.	36,202	25,023
Other financial receivables	30.	1,982	3,050
Other assets	31.	23,789	23,819
Income tax receivables	32.	1,568	3,944
Cash, cash equivalents and short-term deposits	33.	252,217	215,364
Non-current assets held for sale	34.	0	0
		480,004	431,423
		1,788,081	1,715,980

Equity and liabilities	Note	31.12.2014	31.12.2013
Equity			
Subscribed capital		72,753	72,753
Subgroup Port Logistics		70,048	70,048
Subgroup Real Estate		2,705	2,705
Capital reserve		141,584	141,584
Subgroup Port Logistics		141,078	141,078
Subgroup Real Estate		506	506
Retained earnings		386,900	363,000
Subgroup Port Logistics		360,510	339,888
Subgroup Real Estate		26,390	23,113
Other comprehensive income		- 83,728	1,065
Subgroup Port Logistics		- 83,823	178
Subgroup Real Estate		95	887
Non-controlling interests		29,232	21,700
Subgroup Port Logistics		29,232	21,700
Subgroup Real Estate		0	0
	35.	546,741	600,103
Non-current liabilities			
Pension provisions	36.	443,558	364,414
Other non-current provisions	37.	70,770	52,485
Non-current liabilities to related parties	40.	106,644	106,869
Non-current financial liabilities	38.	282,998	288,086
Deferred taxes	18.	14,904	15,072
		918,874	826,926
Current liabilities			
Other current provisions	37.	11,540	15,141
Trade liabilities	39.	83,372	69,295
Current liabilities to related parties	40.	73,740	74,757
Current financial liabilities	38.	123,446	101,115
Other liabilities	41.	24,834	25,623
Income tax liabilities	42.	5,534	3,020
		322,466	288,951
		1,788,081	1,715,980

Retrospective restatement of the figures for the previous year resulting from application of IFRS 11

Balance Sheet HHLA Subgroups 31.12.2014

in € thousand; subgroup Port Logistics and subgroup Real Estate; annex to the notes

Assets	31.12.2014 Group	31.12.2014 Port Logistics	31.12.2014 Real Estate	31.12.2014 Consolidation
Non-current assets				
Intangible assets	77,844	77,835	9	0
Property, plant and equipment	938,016	917,673	4,749	15,594
Investment property	199,196	44,785	182,847	-28,436
Associates accounted for using the equity method	11,717	11,717	0	0
Financial assets	17,746	14,953	2,793	0
Deferred taxes	63,558	74,689	0	-11,131
	1,308,077	1,141,652	190,398	-23,973
Current assets				
Inventories	24,026	23,972	54	0
Trade receivables	140,221	139,353	868	0
Receivables from related parties	36,202	47,941	35	-11,774
Other financial receivables	1,982	1,967	15	0
Other assets	23,789	22,635	1,154	0
Income tax receivables	1,568	1,568	155	-155
Cash, cash equivalents and short-term deposits	252,217	251,496	721	0
Non-current assets held for sale	0	0	0	0
	480,004	488,932	3,001	-11,929
	1,788,081	1,630,584	193,399	-35,902

Equity and liabilities				
Equity				
Subscribed capital	72,753	70,048	2,705	0
Capital reserve	141,584	141,078	506	0
Retained earnings	386,900	360,510	36,044	-9,654
Other comprehensive income	-83,728	-83,823	95	0
Non-controlling interests	29,232	29,232	0	0
	546,741	517,045	39,350	-9,654
Non-current liabilities				
Pension provisions	443,558	436,656	6,902	0
Other non-current provisions	70,770	68,800	1,970	0
Non-current liabilities to related parties	106,644	106,644	0	0
Non-current financial liabilities	282,998	240,003	42,995	0
Deferred taxes	14,904	17,869	11,354	-14,319
	918,874	869,972	63,221	-14,319
Current liabilities				
Other current provisions	11,540	11,240	300	0
Trade liabilities	83,372	76,909	6,463	0
Current liabilities to related parties	73,740	8,242	77,272	-11,774
Current financial liabilities	123,446	117,680	5,767	0
Other liabilities	24,834	23,827	1,007	0
Income tax liabilities	5,534	5,670	19	-155
	322,466	243,567	90,828	-11,929
	1,788,081	1,630,584	193,399	-35,902

Balance Sheet HHLA Subgroups 31.12.2013

in € thousand; subgroup Port Logistics and subgroup Real Estate; annex to the notes

Assets	31.12.2013 Group	31.12.2013 Port Logistics	31.12.2013 Real Estate	31.12.2013 Consolidation
Non-current assets				
Intangible assets	81,539	81,530	9	0
Property, plant and equipment	962,255	941,384	4,843	16,027
Investment property	184,256	50,147	163,292	- 29,183
Associates accounted for using the equity method	9,710	9,710	0	0
Financial assets	12,608	10,223	2,385	0
Deferred taxes	34,188	44,640	0	- 10,452
	1,284,557	1,137,635	170,530	- 23,608
Current assets				
Inventories	21,622	21,556	66	0
Trade receivables	138,601	137,795	806	0
Receivables from related parties	25,023	33,287	1,968	- 10,233
Other financial receivables	3,050	3,004	46	0
Other assets	23,819	23,754	65	0
Income tax receivables	3,944	4,525	0	- 580
Cash, cash equivalents and short-term deposits	215,364	199,783	15,581	0
Non-current assets held for sale	0	0	0	0
	431,423	423,704	18,532	- 10,813
	1,715,980	1,561,339	189,062	- 34,421

Equity and liabilities				
Equity				
Subscribed capital	72,753	70,048	2,705	0
Capital reserve	141,584	141,078	506	0
Retained earnings	363,000	339,888	33,005	- 9,892
Other comprehensive income	1,065	178	887	0
Non-controlling interests	21,700	21,700	0	0
	600,103	572,891	37,103	- 9,892
Non-current liabilities				
Pension provisions	364,414	358,567	5,847	0
Other non-current provisions	52,485	50,920	1,565	0
Non-current liabilities to related parties	106,869	106,869	0	0
Non-current financial liabilities	288,086	241,034	47,052	0
Deferred taxes	15,072	18,022	10,766	- 13,716
	826,926	775,412	65,230	- 13,716
Current liabilities				
Other current provisions	15,141	14,250	890	0
Trade liabilities	69,295	66,162	3,133	0
Current liabilities to related parties	74,757	9,739	75,251	- 10,233
Current financial liabilities	101,115	95,367	5,748	0
Other liabilities	25,623	25,108	515	0
Income tax liabilities	3,020	2,408	1,192	- 580
	288,951	213,035	86,729	- 10,813
	1,715,980	1,561,339	189,062	- 34,421

Retrospective restatement of the figures for the previous year resulting from application of IFRS 11

Cash Flow Statement HHLA Group

in € thousand	Note	2014	2013
1. Cash flow from operating activities			
Earnings before interest and taxes (EBIT)		169,288	153,876
Depreciation, amortisation, impairment and reversals on non-financial non-current assets	15.	124,886	120,876
Decrease in provisions		- 13,190	- 27,750
Gains/losses arising from the disposal of non-current assets		310	- 6,197
Increase in inventories, trade receivables and other assets not attributable to investing or financing activities		- 2,654	- 21,040
Increase in trade payables and other liabilities not attributable to investing or financing activities		16,727	7,045
Interest received		2,344	3,278
Interest paid		- 19,730	- 15,005
Income tax paid		- 38,724	- 28,776
Exchange rate and other effects		- 5,903	- 1,252
Cash flow from operating activities		233,354	185,055
2. Cash flow from investing activities			
Proceeds from disposal of intangible assets and property, plant and equipment		3,047	4,732
Proceeds from disposal of non-current assets held for sale		0	17,672
Payments for investments in property, plant and equipment and investment property		- 89,195	- 95,357
Payments for investments in intangible assets	22.	- 8,309	- 9,251
Payments for investments in non-current financial assets		0	- 4,107
Proceeds from the disposal of interests in consolidated companies and other business units (including funds sold)		0	119
Payments for acquiring interests in consolidated companies and other business units (including funds purchased)		- 61	- 306
Payments for short-term deposits		- 20,000	- 20,000
Cash flow from investing activities		- 114,518	- 106,498
3. Cash flow from financing activities			
Payments for increasing interests in fully consolidated companies		- 259	0
Dividends paid to shareholders of the parent company	21.	- 34,903	- 48,777
Dividends/settlement obligation paid to non-controlling interests		- 32,063	- 30,845
Redemption of lease liabilities		- 7,031	- 6,442
Proceeds from the issuance of (financial) loans		24,679	43,745
Payments for the redemption of (financial) loans		- 29,412	- 74,487
Cash flow from financing activities		- 78,989	- 116,806
4. Financial funds at the end of the period			
Change in financial funds (subtotals 1.– 3.)		39,847	- 38,249
Change in financial funds due to exchange rates		- 5,299	662
Financial funds at the beginning of the period		151,069	188,656
Financial funds at the end of the period	43.	185,617	151,069

Retrospective restatement of the figures for the previous year resulting from application of IFRS 11

Cash Flow Statement HHLA Subgroups 2014

in € thousand; subgroup Port Logistics and subgroup Real Estate; annex to the notes	2014 Group	2014 Port Logistics	2014 Real Estate	2014 Consolidation
1. Cash flow from operating activities				
Earnings before interest and taxes (EBIT)	169,288	155,585	13,389	314
Depreciation, amortisation, impairment and reversals on non-financial non-current assets	124,886	120,640	4,560	- 314
Decrease in provisions	- 13,190	- 12,564	- 626	
Gains/losses arising from the disposal of non-current assets	310	314	- 4	
Change in inventories, trade receivables and other assets not attributable to investing or financing activities	- 2,654	- 2,965	470	- 159
Increase in trade payables and other liabilities not attributable to investing or financing activities	16,727	12,330	4,238	159
Interest received	2,344	2,295	183	- 134
Interest paid	- 19,730	- 15,569	- 4,295	134
Income tax paid	- 38,724	- 35,803	- 2,921	
Exchange rate and other effects	- 5,903	- 5,903	0	
Cash flow from operating activities	233,354	218,360	14,994	0
2. Cash flow from investing activities				
Proceeds from disposal of intangible assets and property, plant and equipment	3,047	2,824	223	
Proceeds from disposal of non-current assets held for sale	0	0	0	
Payments for investments in property, plant and equipment and investment property	- 89,195	- 64,959	- 24,236	
Payments for investments in intangible assets	- 8,309	- 8,306	- 3	
Payments for investments in non-current financial assets	0	0	0	
Proceeds from the disposal of interests in consolidated companies and other business units (including funds sold)	0	51	0	- 51
Payments for acquiring interests in consolidated companies and other business units (including funds purchased)	- 61	- 61	- 51	51
Payments for short-term deposits	- 20,000	- 20,000	0	
Cash flow from investing activities	- 114,518	- 90,451	- 24,067	0
3. Cash flow from financing activities				
Payments for increasing interests in fully consolidated companies	- 259	- 259	0	
Dividends paid to shareholders of the parent company	- 34,903	- 31,522	- 3,381	
Dividends/settlement obligation paid to non-controlling interests	- 32,063	- 32,063	0	
Redemption of lease liabilities	- 7,031	- 7,031	0	
Proceeds from the issuance of (financial) loans	24,679	24,679	0	
Payments for the redemption of (financial) loans	- 29,412	- 25,306	- 4,106	
Cash flow from financing activities	- 78,989	- 71,502	- 7,487	0
4. Financial funds at the end of the period				
Change in financial funds (subtotals 1.–3.)	39,847	56,407	- 16,560	
Change in financial funds due to exchange rates	- 5,299	- 5,299	0	
Financial funds at the beginning of the period	151,069	139,788	11,281	
Financial funds at the end of the period	185,617	190,896	- 5,279	0

Cash Flow Statement HHLA Subgroups 2013

in € thousand; subgroup Port Logistics and subgroup Real Estate; annex to the notes	2013 Group	2013 Port Logistics	2013 Real Estate	2013 Consolidation
1. Cash flow from operating activities				
Earnings before interest and taxes (EBIT)	153,876	140,224	13,345	307
Depreciation, amortisation, impairment and reversals on non-financial non-current assets	120,876	116,734	4,449	- 307
Decrease in provisions	- 27,750	- 24,086	- 3,664	
Gains/losses arising from the disposal of non-current assets	- 6,197	- 5,968	- 229	
Change in inventories, trade receivables and other assets not attributable to investing or financing activities	- 21,040	- 21,104	48	16
Change in trade payables and other liabilities not attributable to investing or financing activities	7,045	8,124	- 1,063	- 16
Interest received	3,278	3,345	98	- 165
Interest paid	- 15,005	- 10,645	- 4,525	165
Income tax paid	- 28,776	- 28,120	- 656	
Exchange rate and other effects	- 1,252	- 1,252	0	
Cash flow from operating activities	185,055	177,252	7,803	0
2. Cash flow from investing activities				
Proceeds from disposal of intangible assets and property, plant and equipment	4,732	4,274	458	
Proceeds from disposal of non-current assets held for sale	17,672	17,672	0	
Payments for investments in property, plant and equipment and investment property	- 95,357	- 82,799	- 12,558	
Payments for investments in intangible assets	- 9,251	- 9,239	- 12	
Payments for investments in non-current financial assets	- 4,107	- 4,107	0	
Proceeds from the disposal of interests in consolidated companies and other business units (including funds sold)	119	119	0	
Payments for acquiring interests in consolidated companies and other business units (including funds purchased)	- 306	- 306	0	
Payments for short-term deposits	- 20,000	- 20,000	0	
Cash flow from investing activities	- 106,498	- 94,386	- 12,112	0
3. Cash flow from financing activities				
Payments for increasing interests in fully consolidated companies	0	0	0	
Dividends paid to shareholders of the parent company	- 48,777	- 45,532	- 3,245	
Dividends/settlement obligation paid to non-controlling interests	- 30,845	- 30,845	0	
Redemption of lease liabilities	- 6,442	- 6,442	0	
Proceeds from the issuance of (financial) loans	43,745	21,344	22,401	
Payments for the redemption of (financial) loans	- 74,487	- 70,963	- 3,524	
Cash flow from financing activities	- 116,806	- 132,438	15,632	0
4. Financial funds at the end of the period				
Change in financial funds (subtotals 1. – 3.)	- 38,249	- 49,572	11,323	
Change in financial funds due to exchange rates	662	662	0	
Financial funds at the beginning of the period	188,656	188,698	- 42	
Financial funds at the end of the period	151,069	139,788	11,281	0

Retrospective restatement of the figures for the previous year resulting from application of IFRS 11

Segment Report HHLA Group

in € thousand; business segments; annex to the notes	Subgroup Port Logistics		
2014	Container	Intermodal	Logistics
Segment revenue			
Segment revenue from non-affiliated third parties	741,533	349,774	59,591
Inter-segment revenue	2,183	1,713	5,801
Total segment revenue	743,716	351,487	65,392
Earnings			
EBITDA	247,142	47,833	526
EBITDA margin	33.2 %	13.6 %	0.8 %
EBIT	156,122	27,329	- 659
EBIT margin	21.0 %	7.8 %	- 1.0 %
Segment assets	857,665	329,648	22,904
Other segment information			
Investments			
Property, plant and equipment and investment property	50,941	51,984	2,479
Intangible assets	7,498	323	51
Depreciation of property, plant and equipment and investment property	80,745	20,169	1,127
of which impairment	961		
Amortisation of intangible assets	10,275	335	58
Earnings from associates accounted for using the equity method	945		4,315
Non-cash items	21,984	3,736	1,183
Container throughput in thousand TEU	7,480		
Container transport in thousand TEU		1,283	
2013			
Segment revenue			
Segment revenue from non-affiliated third parties	711,457	313,125	64,592
Inter-segment revenue	2,152	1,423	7,768
Total segment revenue	713,609	314,548	72,360
Earnings			
EBITDA	225,283	43,860	4,047
EBITDA margin	31.6 %	13.9 %	5.6 %
EBIT	136,953	22,824	2,963
EBIT margin	19.2 %	7.3 %	4.1 %
Segment assets	923,074	297,048	25,136
Other segment information			
Investments			
Property, plant and equipment and investment property	74,182	11,822	1,308
Intangible assets	6,996	162	36
Depreciation of property, plant and equipment and investment property	79,479	20,692	1,035
of which impairment		1,265	
Amortisation of intangible assets	8,851	344	50
of which impairment		1	
Earnings from associates accounted for using the equity method	428		2,696
Non-cash items	12,280	1,930	1,352
Container throughput in thousand TEU	7,500		
Container transport in thousand TEU		1,172	

Retrospective restatement of the figures for the previous year resulting from application of IFRS 11

	Subgroup Real Estate	Total	Consolidation and reconciliation with Group	Group
Holding/Other	Real Estate			
17,741	30,962	1,199,601	0	1,199,601
105,166	2,514	117,377	- 117,377	0
122,907	33,476	1,316,978		
- 19,030	17,949	294,420	- 246	294,174
- 15.5 %	53.6 %			
- 27,404	13,389	168,777	511	169,288
- 22.3 %	40.0 %			
190,231	192,471	1,592,919	195,162	1,788,081
1,560	23,985	130,949	- 844	130,105
604	3	8,479	- 170	8,309
7,467	4,557	114,065	- 423	113,641
279		1,240	0	1,240
906	3	11,578	- 333	11,245
		5,260	0	5,260
22,764	613	50,281	27	50,308
18,368	30,533	1,138,075	0	1,138,075
110,364	2,615	124,322	- 124,322	0
128,732	33,148	1,262,397		
- 16,123	17,794	274,862	- 110	274,752
- 12.5 %	53.7 %			
- 22,972	13,345	153,114	763	153,876
- 17.8 %	40.3 %			
183,655	173,481	1,602,394	113,586	1,715,980
3,585	12,558	103,455	0	103,455
2,156	12	9,362	- 111	9,251
5,923	4,443	111,572	- 416	111,156
		1,265	0	1,265
926	6	10,177	- 457	9,720
		1	0	1
		3,123	0	3,123
16,312	1,250	33,124	- 6	33,118

Statement of Changes in Equity HHLA Group

in € thousand

	Parent company					
	Subscribed capital		Capital reserve		Retained consolidated earnings	Reserve for foreign currency translation
	A division	S division	A division	S division		
Balance as of 31.12.2012	70,048	2,705	141,078	506	357,485	- 14,967
Dividends					- 48,777	
Total comprehensive income					54,293	- 3,860
Balance as of 31.12.2013	70,048	2,705	141,078	506	363,000	- 18,828
Balance as of 31.12.2013	70,048	2,705	141,078	506	363,000	- 18,828
Dividends					- 34,903	
Settlement obligation to shareholders with non-controlling interests						
First consolidation of interests in related parties/acquisition of non-controlling interests in consolidated entities					- 107	
Total comprehensive income					58,909	- 31,392
Balance as of 31.12.2014	70,048	2,705	141,078	506	386,900	- 50,220

Other comprehensive income						
Cash flow hedges	Actuarial gains/losses	Deferred taxes on changes recognised directly in equity	Other	Parent company interests	Non-controlling interests	Total consolidated equity
- 818	- 3,868	1,475	11,552	565,196	- 1,402	563,794
				- 48,777	- 2,935	- 51,712
318	16,651	- 5,440	23	61,985	26,038	88,023
- 500	12,783	- 3,967	11,576	578,402	21,700	600,103
- 500	12,783	- 3,967	11,576	578,402	21,700	600,103
				- 34,903	- 1,418	- 36,321
				0	- 22,431	- 22,431
				- 107	- 174	- 280
299	- 78,980	25,170	110	- 25,883	31,554	5,671
- 201	- 66,196	21,203	11,686	517,509	29,232	546,741

Statement of Changes in Equity HHLA Subgroup Port Logistics (A division)

in € thousand; annex to the notes

	Parent company			
	Subscribed capital	Capital reserve	Retained consolidated earnings	Reserve for foreign currency translation
Balance as of 31.12.2012	70,048	141,078	337,147	- 14,967
Dividends			- 45,532	
Total comprehensive income subgroup			48,272	- 3,860
Balance as of 31.12.2013	70,048	141,078	339,888	- 18,828
Balance as of 31.12.2013	70,048	141,078	339,888	- 18,828
Dividends			- 31,522	
Settlement obligation to shareholders with non-controlling interests				
First consolidation of interests in related parties/acquisition of non-controlling interests in consolidated entities			- 107	
Total comprehensive income subgroup			52,251	- 31,392
Balance as of 31.12.2014	70,048	141,078	360,510	- 50,220

Statement of Changes in Equity HHLA Subgroup Real Estate (S division)

in € thousand; annex to the notes

Balance as of 31.12.2012
Dividends
Total comprehensive income subgroup
Balance as of 31.12.2013
Plus income statement consolidation effect
Less balance sheet consolidation effect
Total effects of consolidation
Balance as of 31.12.2013
Balance as of 31.12.2013
Dividends
Total comprehensive income subgroup
Balance as of 31.12.2014
Plus income statement consolidation effect
Less balance sheet consolidation effect
Total effects of consolidation
Balance as of 31.12.2014

Other comprehensive income						
Cash flow hedges	Actuarial gains/losses	Deferred taxes on changes recognised directly in equity	Other	Parent company interests	Non-controlling interests	Total subgroup consolidated equity
- 818	- 4,543	1,693	11,552	541,190	- 1,402	539,788
				- 45,532	- 2,935	- 48,467
318	16,014	- 5,233	23	55,534	26,038	81,573
- 500	11,471	- 3,542	11,576	551,191	21,700	572,891
- 500	11,471	- 3,542	11,576	551,191	21,700	572,891
				- 31,522	- 1,418	- 32,940
				0	- 22,431	- 22,431
				- 107	- 174	- 280
299	- 77,809	24,792	110	- 31,748	31,554	- 194
- 201	- 66,338	21,250	11,686	487,813	29,232	517,045

			Other comprehensive income		Total subgroup consolidated equity
Subscribed capital	Capital reserve	Retained consolidated earnings	Actuarial gains/losses	Deferred taxes on changes recognised directly in equity	
2,705	506	30,463	675	- 217	34,131
		- 3,245			- 3,245
		5,787	637	- 207	6,219
2,705	506	33,005	1,312	- 424	37,103
		233			233
		- 10,125			- 10,125
		- 9,892			- 9,892
2,705	506	23,113	1,312	- 424	27,212
2,705	506	33,005	1,312	- 424	37,103
		- 3,381			- 3,381
		6,421	- 1,172	378	5,627
2,705	506	36,044	140	- 45	39,350
		238			238
		- 9,892			- 9,892
		- 9,654			- 9,654
2,705	506	26,390	140	- 45	29,696

Notes to the Consolidated Financial Statements

General Notes

1. Basic Information on the Group

The Group's parent company is Hamburger Hafen und Logistik Aktiengesellschaft, Bei St. Annen 1, 20457 Hamburg (hereinafter: HHLA or the Group), registered in the Hamburg Commercial Register under HRB 1902. The holding company above the HHLA Group is HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH, Hamburg.

Since 1 January 2007, the HHLA Group has consisted of the Port Logistics subgroup (A division) and the Real Estate subgroup (S division). The part of the Group which deals with the property in Hamburg's Speicherstadt historical warehouse district and Fischmarkt Hamburg-Altona GmbH is allocated to the Real Estate subgroup (S division). All other parts of the company are allocated together to the Port Logistics subgroup (A division). Individual financial statements are prepared for each division to determine the shareholders' dividend entitlements; these, in line with the company's articles of association, form part of the Notes to the financial statements of the parent company.

Information concerning the segments in which the HHLA Group operates is provided in ► Note 44, 'Notes to the Segment Report'.

When the shareholders' dividend entitlements are being determined, the expenses and income of HHLA which cannot be attributed directly to one subgroup are divided between the two subgroups according to their shares of revenue. All transfer pricing for services between the two subgroups takes place on an arm's length basis. Interest must be paid at market rates on liquid funds exchanged between the two subgroups. A notional taxable result is calculated for each subgroup to allocate the taxes paid. The resulting notional tax payment represents the amount of tax which would have been paid had each of the subgroups been separately liable for tax.

To illustrate the net assets, earnings and financial position of the subgroups, the annex to these Notes contains the income statement, the statement of comprehensive income, the balance sheet, the statement of changes in equity and the cash flow statement for each subgroup.

HHLA's Consolidated Financial Statements for the 2014 financial year were prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) which apply in the European Union. The provisions contained in Section 315a (1) of the German Commercial Code (HGB) and additional commercial law regulations were also taken into account. The IFRS requirements have been met in full and result in a true and fair view of the net assets, earnings and financial position of the Group.

For the most part, the accounting and valuation policies, notes and disclosures about the Consolidated Financial Statements for the 2014 financial year are based on the same accounting and valuation principles used for the 2013 Consolidated Financial Statements. Exceptions are the effects of new IFRS accounting standards stated in ► Note 5. Use of the latter became mandatory for the Group on 1 January 2014. The accounting and valuation principles applied are explained in ► Note 6.

The financial year as reported by HHLA and its consolidated subsidiaries is the calendar year. The Consolidated Financial Statements and the disclosures in the Notes have been prepared in euros. Unless otherwise stated, all amounts are in thousands of euros (€ thousand). Due to the use of rounding procedures, it is possible that some figures do not add up to the stated sums.

These HHLA Consolidated Financial Statements for the financial year ending 31 December 2014 were approved by the Executive Board on 4 March 2015 for presentation to the Supervisory Board. It is the Supervisory Board's responsibility to examine the Consolidated Financial Statements and to state whether or not it approves them.

2. Consolidation Principles

The Consolidated Financial Statements include the Financial Statements of HHLA and its significant subsidiaries as of 31 December of each financial year. The assets and liabilities of the domestic and foreign companies consolidated in full or using the equity method are recognised in accordance with the uniform accounting principles applied in the HHLA Group.

Capital is consolidated at the time of acquisition by setting off the acquisition costs of the investment against the pro rata fair values of the assets acquired and the liabilities and contingent liabilities assumed. Previously unreported intangible assets which can be included in the accounts under IFRS 3 (revised) in conjunction with IAS 38, and contingent liabilities are recognised at fair value.

Any positive difference arising in the course of this initial consolidation is capitalised as goodwill and subjected to an annual impairment test. Following a critical assessment, any negative difference is posted to profit and loss. For a detailed explanation of the impairment testing procedure used, please refer to ► Notes 6 and 7.

Equity interests held by third parties outside the Group are shown in the balance sheet under the item non-controlling interests within equity capital. For more information, please refer to ► Note 3.

The acquisition of additional non-controlling interests in consolidated companies is treated as an equity transaction in line with the entity concept and therefore set off directly against equity.

Gains or losses from the disposal of non-controlling interests in consolidated companies are likewise recognised directly in equity without effect on profit and loss insofar as the transaction does not lead to a loss of control. In the case of a loss of control, the remaining interests are measured at fair value or, if applicable, using the equity method.

The effects of intra-Group transactions are eliminated in full.

3. Make-Up of the Group

Group of Consolidated Companies

The group of consolidated companies at HHLA is made up as follows:

	Domestic	Foreign	Total
HHLA AG and fully consolidated companies			
1 January 2014	24	8	32
Additions	1	0	1
Mergers	- 2	0	- 2
31 December 2014	23	8	31
Companies reported using the equity method			
1 January 2014	7	0	7
31 December 2014	7	0	7
Total	30	8	38

A complete list of equity investments in accordance with Section 313 (2) of the German Commercial Code (HGB) can be found in ► Note 48. The information provided here about the equity and annual net profit recorded by the various companies is taken from the respective Annual Financial Statements, which were prepared in line with national accounting regulations. Informaton required under IFRS 12.10 and IFRS 12.21 is also included in the details of shareholdings.

Subsidiaries

The Consolidated Financial Statements comprise the Financial Statements for Hamburger Hafen und Logistik AG and its significant subsidiaries. Subsidiaries are companies controlled by the Group. The Group is deemed to control a company if it has an exposure or right to fluctuating returns resulting from its involvement in the investee and if it can also use its power over the investee to affect these returns. In particular, the Group controls an investee if – and only if – it all of the characteristics listed in IFRS 10.7 apply. Subsidiaries' Financial Statements are included in the Consolidated Financial Statements from the time when control begins until the time when control ends.

Non-controlling interests are valued at the time of acquisition using the relevant share of the acquired company's identifiable net assets. Changes in the Group's shareholding in a subsidiary which do not lead to a loss of control are recorded in the balance sheet as equity transactions.

The following subsidiaries have substantial non-controlling interests:

			Equity stake in %	
Name	Company headquarters	Segment	2014	2013
HHLA Container Terminal Altenwerder GmbH	Hamburg	Container	74.9	74.9
METRANS a.s.	Prague, Czech Republic	Intermodal	86.5	86.5

The tables below provide condensed financial information about the subsidiaries with substantial non-controlling interests:

	HHLA Container Terminal Altenwerder GmbH		METRANS a.s.	
in € thousand	2014	2013	2014	2013
Percentage of non-controlling interests	25.1%	25.1%	13.5%	13.5%
Non-current assets	101,428	114,295	198,061	167,367
Current assets	179,717	184,260	52,337	50,676
Non-current liabilities	58,373	85,997	65,885	61,741
Current liabilities	144,696	133,531	51,944	36,987
Net assets	78,076	79,027	132,569	119,315
Book value of non-controlling interests	- 3,910	- 8,976	25,775	24,025
Revenue	260,755	268,248	217,438	185,858
Annual net profit	- 429	308	23,293	19,192
Other comprehensive income	- 522	125	0	0
Total comprehensive income	- 951	433	23,293	19,192
of which attributable to non-controlling interests	- 239	109	3,136	2,584
of which attributable to shareholders of the parent company	- 712	324	20,157	16,608
Cash flow from operating activities	108,819	112,884	26,282	38,239
Intended dividend/settlement obligation to holders of non-controlling interests	- 30,307	- 30,645	- 1,387	- 1,387

Interests in Joint Ventures

The Group holds interests in joint ventures. As per IFRS 11, a joint venture is subject to a joint contractual agreement between two or more parties to carry on an economic activity which is subject to joint control. Joint control is the contractually agreed division of managerial responsibilities for this arrangement. It only exists if the decisions associated with this business activity require the unanimous consent of the parties involved in joint management.

The HHLA Group holds more than half of the voting rights for the companies HHLA Frucht, STEIN and the Feeder Logistik Zentrale, yet has no controlling influence as the companies are effectively jointly managed. This is due primarily to the equal representation of the essential corporate bodies (management and/or Supervisory Board).

Viewed individually, the joint ventures are not material. Aggregate financial information concerning them is provided below:

in € thousand	2014	2013
Group share of profit or loss	4,344	2,708
Group share of other comprehensive income	- 362	63
Group share of comprehensive income	3,982	2,771

in € thousand	31.12.2014	31.12.2013
Aggregate book value of the Group's interests in these companies	8,749	7,457

No unrecorded losses relating to joint ventures were incurred either in the reporting year or on a cumulative basis.

Interests in Associated Companies

Companies designated as associated companies are those where the shareholder has a material influence. At the same time, it is neither a subsidiary nor an interest in a joint venture. A material influence is assumed when it is possible to be involved in the associated company's financial and commercial decisions without exercising a controlling influence. This is generally the case when 20 to 50 % of the voting rights are held, either directly or indirectly.

HHLA does not provide information on associated companies as per IFRS 12 because the relevant company is of minor importance overall for the Group as a whole. HHLA does not believe that this has a negative impact on the statement concerning the nature of interests in other companies and the associated risks. The effects of these interests on the HHLA Group's net assets, earnings and financial position are likewise insignificant.

Accounting for Interests in Joint Ventures and Associates

Interests in joint ventures and associates are accounted for using the equity method. With the equity method, the share in each joint ventures and/or associated company is first stated at acquisition cost. The shares' carrying amount then increases or decreases in line with the shareholder's interest in the investee's results. The shareholder's interest in the associated company's results is reported in its earnings figures. Instead of being subjected to scheduled amortisation, any goodwill recognised within the carrying amount of the investment when it is reported in the balance sheet for the first time is subject to an impairment test for the entire carrying amount of the investment if there are any indications of possible impairment.

As from the acquisition date, HHLA's interest in the results of the joint venture or associated company is recorded in the consolidated income statement, while its interest in changes in equity is recorded directly in consolidated equity. These cumulative changes affect the carrying amount of the interest in the joint venture or associated company. As soon as HHLA's share in the company's losses exceeds the carrying amount of the investment, however, HHLA records no further shares in the losses unless HHLA has entered into obligations to that effect or has made payments for the joint venture or associated company.

Significant results from transactions between HHLA and the joint venture or associated company are eliminated in proportion to the interest in the company.

Company Acquisitions, Disposals and Other Changes to the Group of Consolidated Companies

No significant shares in subsidiaries were purchased or sold in the year under review.

METRANS Rail (Deutschland) GmbH was included in the Consolidated Financial Statements for the first time on 1 January 2014. Its headquarters moved to Leipzig as of 14 April 2014. In the third quarter of 2014, METRANS (Deutschland) GmbH, Hamburg, was retroactively merged into METRANS Rail (Deutschland) GmbH effective 1 January 2014. All in all, the effects on the Consolidated Financial Statements were insignificant.

The company HHLA Logistics Altenwerder GmbH & Co. KG, Hamburg, Germany, came to an end on 1 January 2014 because the general partner withdrew from the firm. The share of assets attributable to the departing general partner was transferred to the limited partner, Hamburger Hafen und Logistik Aktiengesellschaft (HHLA). This intra-Group transaction did not have any effect on the Consolidated Financial Statements.

HHLA Container-Terminal Altenwerder GmbH, Hamburg, merged into HHLA CTA Besitzgesellschaft mbH, Hamburg, with retroactive effect as of 1 January 2014 based on a merger agreement dated 5 August 2014. On the same date, CTA Besitzgesellschaft mbH was renamed HHLA Container Terminal Altenwerder GmbH. This intra-Group transaction did not have any effect on the Consolidated Financial Statements.

4. Foreign Currency Translation

Monetary assets and liabilities in Separate Financial Statements for the consolidated companies which are prepared in a foreign currency are converted to local currency at the rate applicable on the balance sheet date. The resulting currency differences are recognised in the result for the period. Exceptions are currency differences from loans in foreign currencies used to secure a net investment in a foreign business. These are recognised directly in equity until the net investment is sold and only affect the result for the period on disposal of the net investment.

Non-monetary items held at historical cost in a foreign currency are translated at the applicable rate on the transaction date. Non-monetary items held at fair value in a foreign currency are translated at the rate applicable on the date fair value was measured.

Exchange rate gains and losses recognised in the income statement on foreign currency items resulted in a loss of € 11,931 thousand in the financial year (previous year: € 121 thousand). The main factor (€ 11,338 thousand) in this marked decrease was the devaluation of the Ukrainian currency, which lost 42 % of its value against the euro compared to 31 December 2013. At the same time, equity shrank by € 31,413 thousand as a result, which also had a negative impact on the HHLA Group's net assets, earnings and financial position.

The concept of functional currency according to IAS 21 is applied when translating all Annual Financial Statements of foreign affiliates prepared in a foreign currency. As the subsidiaries in question are generally independent in terms of their financial, economic and organisational activities, the functional currency is the respective national currency. As of the balance sheet date, the assets and liabilities of these subsidiaries are converted to euros at the rate prevailing on the reporting date. Income and expenses are translated at the weighted average rate for the financial year. Equity components are converted at their respective historical rates. Any translation differences are recognised as a separate component of equity without effect on profit and loss. If Group companies leave the group of consolidated companies, the associated translation difference is reversed through profit and loss.

The exchange rates used for currency translation are shown in the following table:

		Spot rate on = 1 EUR		Average annual rate = 1 EUR	
Currency	ISO-Code	31.12.2014	31.12.2013	2014	2013
Czech crown	CZK	27.735	27.427	27.546	25.965
Polish zloty	PLN	4.273	4.154	4.192	4.203
Ukrainian hryvnia	UAH	19.233	11.042	15.638	10.634
Georgian lari	GEL	2.266	2.389	2.345	2.215

5. Effects of New Accounting Standards

As use of the new accounting standard IFRS 11 became mandatory for the first time, all figures for the previous year have been restated as necessary in these Consolidated Financial Statements. The tables below show the impact of the amended accounting standard on the income statement and the cash flow statement. A balance sheet comparison is also included.

Impact on the Income Statement

in € thousand	2013
Decrease in revenue	- 17,162
Decrease in earnings before interest, taxes, depreciation and amortisation (EBITDA)	- 6,179
Decrease in earnings before interest and taxes (EBIT)	- 4,124
Decrease in earnings before taxes (EBT)	- 153
Change in profit after tax	0

Comparison of Balance Sheets

in € thousand	01.01.2014	31.12.2013
Non-current assets	1,284,557	1,296,583
Current assets	431,423	434,783
Total assets	**1,715,980**	**1,731,366**
Non-current liabilities	826,926	836,267
Current liabilities	288,951	294,994
Total liabilities	**1,115,877**	**1,131,261**
Equity	600,103	600,105

Impact on the Cash Flow Statement

in € thousand	2013
Decrease in cash flow from operating activities	- 3,009
Increase in cash flow from investing activities	2,320
Change in cash flow from financing activities	831
Decrease in financial funds at the end of the period	- 74

The following revised and new IASB/IFRIC standards and interpretations were mandatory for the first time in the financial year under review:

Standard	Content and Significance
IFRS 10 Consolidated Financial Statements	IFRS 10 Consolidated Financial Statements was published in May 2011 and supersedes the previously valid guidelines on control and consolidation in IAS 27 Consolidated and Separate Financial Statements and SIC 12 Consolidation – Special Purpose Entities. Due to the new definition of control in IFRS 10, all companies are subject to the same criteria when identifying control relationships. This has not had significant effects on HHLA's Consolidated Financial Statements.
IFRS 11 Joint Arrangements	This standard was published by the IASB in May 2011. IFRS 11 replaced the previous regulations on accounting for joint ventures (IAS 31 Interests in Joint Ventures and SIC 13 Jointly Controlled Entities). The new standard provides accounting guidance for companies which exercise joint control over a joint venture or joint operation. The previous option of pro rata consolidation for joint ventures has been eliminated. Partners in a joint venture must henceforth use the equity method. These amendments had no substantial impact on HHLA's Consolidated Financial Statements. The figures for the previous year have been restated accordingly.
IFRS 12 Disclosure of Interests in Other Entities	According to the IFRS 12 standard published in May 2011, companies must disclose details which enable users of financial statements to assess the type of risks and financial consequences entailed in the company's interests in subsidiaries, joint arrangements, associates and non-consolidated structured companies (special-purpose entities). IFRS 12 applies to companies who produce balance sheets as per IFRS 10 and IFRS 11. The standard comprises the disclosure obligations contained in IAS 27 Consolidated and Separate Financial Statements, IAS 28 Investments in Associates and IAS 31 Interests in Joint Ventures. Applying the standard led to more detailed Notes in HHLA's Consolidated Financial Statements ► See Note 3.
Amendments to IFRS 10, IFRS 11 and IFRS 12	The amendments passed in June 2012 to IFRS 10, 11 and 12 clarified the transition guidance for the first-time adoption of these standards. These primarily provide relief for the transition to the new standards. The amendments come into effect with the above-named standards. This guidance had no impact on HHLA's Consolidated Financial Statements.
IAS 27 Separate Financial Statements (amended in 2011)	IAS 27 (amended in 2008) was revised in the course of publishing the IFRS 10, 11 and 12 standards. IFRS 10 replaces the portion of the previous IAS 27 (amended in 2008) which deals with consolidation. IAS 27 (amended in 2011) now deals solely with Separate Financial Statements. This amendment has no effect on HHLA's Consolidated Financial Statements.
IAS 28 Investments in Associates and Joint Ventures (amended in 2011)	When IFRS 11 Joint Arrangements was altered in May 2011, IAS 28 was amended at the same time. Now, sole use is to be made of the equity method. This explicitly includes joint ventures. The regulations on material influence remained unchanged. Now, if an associate becomes a joint venture or vice versa, it is still reported using the equity method and no revaluation is conducted. This amendment had no impact on HHLA's Consolidated Financial Statements.
IAS 32 Offsetting Financial Assets and Financial Liabilities	The amendments were published by the IASB in May 2011. They clarify the requirements for offsetting financial assets and liabilities in the balance sheet. All counterparties involved must have a legally enforceable right to set off – both in the course of ordinary business and in the case of insolvency – as of the balance sheet date. It stipulates which gross settlement mechanisms can be viewed as net settlement in the context of the standard. The amendment had no impact on HHLA's Consolidated Financial Statements.
IAS 36 Impairment of Assets: Recoverable Amount Disclosures for Non-Financial Assets (amended in 2013)	The amendments to IAS 36 published by the IASB in May 2013 reduce the disclosure requirements for recoverable amounts. At the same time, however, they broaden the scope of information required in the Notes when impairment losses are recognised or reversed. This had no impact on HHLA's Consolidated Financial Statements in the reporting year.
IAS 39 Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting (amended 2013)	Following the amendment to IAS 39 published in June 2013, hedge accounting is not discontinued in certain circumstances if a hedging instrument is novated to a central counterparty (clearing house) as a result of legal requirements. This has no impact on HHLA's Consolidated Financial Statements.

Application of the following amendments to standards is voluntary for the financial year and HHLA has chosen not to make use of these:

Standard	Content and Significance
IFRIC 21 Levies	The interpretation published in May 2013 clarifies when a company should recognise a liability to pay a levy imposed by the respective authorities. The IASB states that adoption is mandatory for financial years which begin on or after 1 January 2014. In the EU, the mandatory adoption date was set as the start of the first financial year beginning on or after 17 June 2014. Early adoption is permitted. This interpretation is not expected to have a major effect on HHLA's future Consolidated Financial Statements.
Amendment to IAS 19: Defined Benefit Plans: Employee Contributions	The amendments published in November 2013 clarify a number of requirements laid out in IAS 19. The company will continue to deduct contributions paid by employees themselves or third parties for benefit plans offered by the company from the service cost in the future. This only applies if there is no link between the amount of the contributions and the employee's years of service. The amendments apply to financial years which begin on or after 1 July 2014. Early adoption is permitted. This clarification will have no effect on the Consolidated Financial Statements.
Annual Improvements to IFRS 2010 – 2012 Cycle	The annual round of improvements published in December 2013 affects the following standards: IFRS 2 Share-based Payment, IFRS 3 Business Combinations, IFRS 8 Operating Segments, IFRS 13 Fair Value Measurement, IAS 16 Property, Plant and Equipment, IAS 24 Related Party Disclosures and IAS 38 Intangible Assets. The amendments take effect for financial years that begin on or after 1 July 2014. Early adoption is permitted. HHLA does not anticipate any significant effects for the Consolidated Financial Statements.
Annual Improvements to IFRS 2011 – 2013 Cycle	The annual round of improvements published in December 2013 affects the following standards: IFRS 1 First-time Adoption of IFRS, IFRS 3 Business Combinations, IFRS 13 Fair Value Measurement and IAS 40 Investment Property. The amendments apply to reporting years which begin on or after 1 July 2014. Early adoption is permitted. HHLA does not expect the amendments to have any significant effects on the Consolidated Financial Statements.

The following IASB standards and interpretations have not yet been adopted by the EU and have not been applied:

Standard	Content and Significance
Annual Improvements to IFRS 2012 – 2014 Cycle	The IASB published the 2012–2014 round of improvements in September 2014, which affects to the following standards: IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, IFRS 7 Financial Instruments: Disclosures, IAS 19 Employee Benefits and IAS 34 Interim Financial Reporting. The amendments apply to reporting years which begin on or after 1 January 2016. Early adoption is permitted. The impact on HHLA's Consolidated Financial Statements is currently being examined.
Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	The IASB approved amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures in September 2014. These clarify how unrealised gains from transactions between an investor and a joint venture or an associate should be reported. The EFRAG announced in February 2015 that the process of endorsing these amendments had been suspended for the time being because inconsistencies had been identified between the amended standard and the existing IAS 28. The previously issued application date – 1 January 2016 – has been postponed indefinitely until the inconsistencies have been resolved.
Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation	The IASB approved amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets in May 2014. The amendments provide guidance on which methods of depreciation and amortisation can be used for property, plant and equipment and intangible assets. These amendments should be taken into account for financial years which begin on or after 1 January 2016. The impact on HHLA's Consolidated Financial Statements is currently being examined.
Amendments to IFRS 11 Accounting for Acquisitions of Interests in Joint Operations	In May 2014, the IASB approved amendments to IFRS 11 Joint Arrangements. The amendments include clarification of how the acquisition of interests in a joint operation should be reported in the balance sheet. These amendments should be taken into account for financial years which begin on or after 1 January 2016. Early adoption is permitted. The impact on HHLA's Consolidated Financial Statements is currently being examined.
Amendments to IAS 1 Disclosure Initiative	The standard published in December 2014 clarifies how to exercise discretion in the presentation of Financial Statements. The amendments take effect for financial years that begin on or after 1 January 2016. Early adoption is permitted. The impact of these amendments on HHLA's Consolidated Financial Statements is currently being examined.
IFRS 15 Revenue from Contracts with Customers	The IASB adopted the IFRS 15 standard, Revenue from Contracts with Customers, in May 2014. This stipulates the amount and timing of revenue reporting and what information must be disclosed. IFRS 15 is mandatory for reporting years which begin on or after 1 January 2017. The impact on HHLA's Consolidated Financial Statements is currently being examined.
IFRS 9 Financial Instruments	IFRS 9 Financial Instruments was finalised by the IASB in July 2014. This standard aims to simplify the requirements for reporting financial instruments in the balance sheet. Adoption is expected to be mandatory for financial years which begin on or after 1 January 2018. Early adoption is permitted. The impact of IFRS 9 on HHLA's Consolidated Financial Statements is currently being examined.

The following standards and interpretations have no relevance for HHLA's Consolidated Financial Statements:

Standard	Content and Significance
Amendments to IFRS 10, IFRS 12 and IAS 27	Investment Entities
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants
IFRS 14	Regulatory Deferral Accounts
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to IAS 27	Equity Method in Separate Financial Statements

6. Accounting and Valuation Principles

The Annual Financial Statements of the companies included in the Consolidated Financial Statements are based on uniform accounting and valuation principles. The following specific accounting and valuation principles were applied.

Intangible Assets

Intangible assets are capitalised if the assets are identifiable, a future inflow of benefits can be expected and the acquisition and production costs can be ascertained reliably. Intangible assets acquired in return for payment are recognised at historical cost. Intangible assets with a finite useful life are amortised over their useful life on a straight-line basis. The Group examines its intangible assets with a finite useful life as of each balance sheet date for signs of impairment.

Intangible assets with an indefinite useful life are subjected to an impairment test at least once a year. If necessary, value adjustments are made to future expectations. In the reporting period there were no intangible assets with an indefinite useful life apart from derivative goodwill.

Internally generated intangible assets are recognised at the costs incurred in their development phase between the time when technological and economic feasibility is determined and production. Costs include all directly attributable costs incurred during the development phase.

The capitalised amount of development costs is subject to an impairment test at least once per year if the asset is not yet in use or if there is evidence of impairment during the course of the year.

The following useful lives have been assumed for intangible assets:

	2014	2013
Software	3–7 years	3–7 years

Property, Plant and Equipment

Property, plant and equipment is reported at the acquisition or production cost less accumulated depreciation, amortisation and impairment. The costs of ongoing maintenance are recognised immediately in profit and loss. The production costs include specific expenses and appropriate portions of attributable production overheads. Demolition obligations are included in the acquisition or production costs at the present value of the obligation as of the time when it arises and an equivalent provision is recognised at the same time. The HHLA Group does not use the revaluation method of accounting.

Depreciation is carried out on a straight-line basis over an asset's useful life. The following table shows the principal useful lives which are assumed:

	2014	2013
Buildings	10–70 years	10–70 years
Technical equipment and machinery	5–25 years	5–25 years
Other plant, operating and office equipment	3–15 years	3–15 years

The carrying amounts for property, plant and equipment are tested for impairment if there is evidence that the carrying amount exceeds the recoverable amount.

Borrowing Costs

According to IAS 23, borrowing costs which can be directly attributed to the acquisition or production of a qualifying asset are capitalised as a component of the acquisition or production cost of the asset in question. Borrowing costs which cannot be directly attributed to a qualifying asset are recognised as an expense at the time they are incurred.

Investment Property

Investment property consists of buildings held for the purpose of generating rental income or for capital gain, and not for supplying goods or services, for administrative purposes or for sale as part of normal business operations.

IAS 40 stipulates that investment property be held at acquisition or production cost less accumulated depreciation and accumulated impairment losses. Subsequent expenses are capitalised if they result in an increase in investment property's value in use. The useful lives applied are the same as those for property, plant and equipment used by the Group.

The fair values of these properties are disclosed separately in ► Note 24.

The carrying amounts for investment property are tested for impairment if there is evidence that the carrying amount exceeds the recoverable amount.

Impairment of Assets

As of each balance sheet date the Group determines whether there are any indications that an asset may be impaired. If there are such indications, or if an annual impairment test is required, as in the case of goodwill, the Group estimates the recoverable amount. This is ascertained as the higher of the fair value of the asset or the cash-generating unit, less selling costs and its value in use. The recoverable amount must be determined for each asset individually unless the asset does not generate cash inflows which are largely independent of those generated by other assets or groups of assets. In this case the recoverable amount of the smallest cash-generating unit (CGU) must be determined. If the carrying amount of an asset exceeds its recoverable amount, the asset is deemed to be impaired and is written down to its recoverable amount. The fair value less selling costs and value in use of the cash-generating unit or asset is calculated using the discounted cash flow method. This involves discounting estimated future cash flows to their present value using a discount rate after tax which reflects current market expectations of the interest curve and the specific risks of the asset. As of the balance sheet date, the interest rate for discounting was between 5.1 and 6.5 % p. a. (previous year: 6.6 to 8.1 % p. a.). The discount rate used for the SC HPC Ukraina CGU in the reporting year was 19.7 % p. a. The cash flow forecasts in the Group's current plans for the next five years were extrapolated to determine future cash flows. If new information is available when the Financial Statements are produced, it is taken into account. Growth factors of 1.0 % (previous year: 0.0 to 1.0 %) were applied in the reporting year. When forecasting cash flows the Group takes future market and sector expectations as well as past experience into account in its planning.

On each reporting date an assessment is made as to whether an impairment loss recognised in prior periods no longer exists or has decreased. If there are such indications, the recoverable amount is estimated. Previously recognised impairment losses are reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is raised to its recoverable amount. This higher carrying amount may not exceed the amount which would have been determined, less scheduled depreciation or amortisation, if no impairment losses had been recognised in prior years. Any such reversals must be recognised immediately in profit and loss for the period. Following a reversal, the amount of depreciation or amortisation must be adjusted in subsequent periods in order to write down the adjusted carrying amount of the asset, less any residual value, systematically over its remaining useful life.

Impairment losses on goodwill are not reversed.

Financial Assets

Financial assets as defined by IAS 39 are classified as financial assets at fair value through profit and loss, loans and receivables, investments held to maturity or available-for-sale financial assets.

Financial assets are initially recognised at fair value. In the case of financial investments for which no fair value through profit and loss is determined, directly attributable transaction costs are also included. The Group defines the classification of its financial assets on initial recognition and reviews this classification every year insofar as this is permitted and appropriate.

Financial assets are valued as of their settlement date, i.e. upon delivery and transfer of risk. The only exception is the valuation of derivatives, which are measured as of the trading day.

Financial Assets at Fair Value through Profit and Loss

Derivative financial instruments are classified as held for trading unless they are derivatives designated and effective as hedging instruments. Gains or losses from financial assets held for trading are recognised in profit and loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments which are not quoted in an active market. These assets are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in the result for the period when the loans and receivables are derecognised or impaired and within the scope of repayment.

This category generally also includes trade receivables, receivables from related parties and other financial receivables. These are reported at amortised cost less allowances for doubtful receivables. Write-downs are made if there is substantial objective evidence that the Group will not be able to collect the receivables. Receivables are derecognised as soon as they are deemed to be irrecoverable. Examples of objective evidence are manifest shortages of liquid funds or the institution of insolvency proceedings against a customer. When assessing such situations, HHLA draws on its own data about the specific customer, external information and figures derived from experience.

Cash, cash equivalents and short-term deposits also included in this category are cash in hand, cheques, bank balances on deposit and short-term bank deposits which have a maturity of up to twelve months and which are recognised at their face value. Cash used as a pledge or collateral is disclosed separately.

Financial Investments Held to Maturity

Non-derivative financial assets with fixed or calculable payments and fixed maturities are classified as held-to-maturity financial investments if the Group intends to hold them until maturity and is capable of doing so. The Group had no held-to-maturity financial investments during the financial years ended 31 December 2014 and 2013.

Available-for-Sale Financial Assets

Following their initial recognition, available-for-sale financial assets are measured at fair value on each balance sheet date. The gains or losses arising as a result are taken directly to equity, where they are recorded in a separate reserve. The reserve is reversed through profit and loss on disposal of the financial asset. If impairment losses are recorded based on objective evidence of impairment as per IAS 39.59 rather than valuation-based considerations alone, the impairment must be recognised in the income statement.

The fair values of financial instruments traded on organised markets are determined by reference to the prices quoted on the stock exchange on the balance sheet date. The fair values of financial instruments for which there is no active market are estimated using valuation methods. If the fair values cannot be determined reliably because they are not traded on an active market, they are valued at cost. This applies in particular to non-consolidated interests in affiliated companies and other equity investments.

Impairment of Financial Assets

On each balance sheet date the Group determines whether a financial asset or a group of financial assets is impaired.

Assets Carried at Amortised Cost

If there is an objective indication of impairment to loans and receivables carried at amortised cost, the loss is calculated as the difference between the carrying amount of the asset and the present value of expected future cash flows (excepting future credit defaults), discounted by the original effective interest rate of the financial asset (i.e. the interest rate determined on initial recognition). The amount of the loss must be recognised immediately in profit and loss. If the amount of the write-down decreases in one of the following reporting periods and this decrease can be ascribed objectively to circumstances occurring after the impairment was recognised, then the earlier impairment is reversed. A subsequent write-up is recognised in profit and loss if the carrying amount of the asset at the time of the write-up does not exceed the amortised cost.

Assets Recognised at Cost

If there is an objective indication of impairment to a non-listed equity instrument that is not recognised at fair value because its fair value cannot be determined reliably, the amount of the write-down is the difference between the carrying amount of the financial asset and the present value of the estimated future cash flows, discounted at the current market rate of return for a comparable financial asset.

Available-for-Sale Financial Assets

If an available-for-sale financial asset is impaired, the difference recognised in equity between the acquisition cost (less any repayments and amortisation) and the current fair value, less any impairment allowances for the financial asset, is recognised in the income statement. Write-ups on equity instruments classified as available for sale are recognised directly in equity. Write-ups on debt instruments are recognised in profit and loss if the increase in the instrument's fair value can objectively be ascribed to an event which occurred after the impairment was recognised through profit and loss.

Inventories

Inventories include raw materials, consumables and supplies, work in progress, finished products and merchandise. They are initially recognised at acquisition or production cost. Measurement at the balance sheet date is made at the lower of cost and net realisable value. Standard sequence of consumption procedures are not used for valuation. Service work in progress is valued using the percentage of completion method if the result of the service transaction can be estimated reliably. Net realisable value corresponds to the estimated sales proceeds in the course of normal operations, less costs until completion and sale.

Liabilities

At initial recognition, financial liabilities are measured at the fair value of the equivalent goods or services received less transaction costs related to borrowing, including discounts and premiums.

After initial recognition, financial liabilities are measured at amortised cost using the effective interest rate method.

This does not apply to derivatives recorded as liabilities, which are carried at fair value.

Throughput-Dependent Share of Earnings Attributable to Non-Controlling Interests

Background

In the 2010 financial year, profit and loss transfer agreements were signed between the subsidiaries HHLA Container-Terminal Altenwerder GmbH (CTA) Hamburg, and HHLA CTA Besitzgesellschaft mbH (CTAB), Hamburg, on the one hand and HHLA Container Terminals GmbH, Hamburg (HHCT), on the other. In the profit and loss transfer agreements, HHCT pledges to pay a financial settlement to the shareholder with a non-controlling interest in the above-mentioned companies for the duration of the agreement. The amount of the financial settlement is based largely on earnings and the throughput handled. Should throughput reach a certain level, it is possible for the proportion of earnings allocated to the financial settlement to exceed the share which would result from the non-controlling shareholder's stake in the companies. The profit and loss transfer agreements have been concluded for a fixed term for the financial years 2010 to 2014 (i. e. regular termination is impossible). A contract duration of five years was therefore assumed. Unless the profit and loss transfer agreement is terminated, it will be extended for a further year at the end of this period. CTA merged into CTAB with retroactive effect as of 1 January 2014 based on a merger agreement dated 5 August 2014. As a result, there is now just one profit and loss transfer agreement.

Classification as a Compound Financial Instrument

As profit and loss transfer agreements have been concluded, the interest held by the non-controlling shareholder is classified as a compound financial instrument as per IAS 32.28 because it contains both debt and equity components. These components must be split and entered as either equity or borrowed capital depending on their classification.

Initial Measurement

When it was first entered in 2010, the amount of equity to be reported for the non-controlling interests was calculated by deducting the fair value of the debt component. The fair value of the debt component in the form of these financial settlements was established by discounting the anticipated resulting cash outflows during the five-year term of the profit and loss transfer agreement.

When this debt component was first recorded under other financial liabilities ► Note 38, it was recognised directly in equity and reduced non-controlling interests within equity as a result ► Note 35.

The profit and loss transfer agreement was not terminated in 2014. This means the company has a further obligation to pay a financial settlement for the 2015 financial year. When it is first recognised, this obligation must also be reported at fair value directly in equity within other financial liabilities by discounting the anticipated cash outflows. It reduces non-controlling interests within equity accordingly.

Subsequent Measurement

From 2011 onwards, other financial liabilities arising from the obligation to pay this financial settlement are recorded in the balance sheet at amortised cost. Changes resulting from the expected cash outflows are recognised in profit and loss. The changes result from adjustments to reflect the actual shares in the CTA Group's earnings and changes in the anticipated future development of the CTA Group. Furthermore, the remaining term of the profit and loss transfer agreement was shortened by one year from 2011 onwards. As of 2013, the liability recognised shows the Group's payment obligation for the financial year ended and the present value of the anticipated payment obligation for the following year. Obligations are discounted using an interest rate of 7.70 %. An interest rate of 5.93 % is used for the initial recognition of the expected financial settlement for fiscal 2015. The amount reported through profit and loss is recorded in financial income ► Note 16 and only has a negative effect on non-controlling interests in the CTA Group.

Developments in non-controlling interests held in the CTA Group and other financial liabilities arising from financial settlements are presented below:

Development in Non-Controlling Interests Held in the CTA Group

in € thousand

As of 31 December 2009 prior to conclusion of the profit and loss transfer agreement		**44,617**
As of 31 December 2012		**- 30,212**
Actual share in the CTA Group's earnings for 2013	30,645	
Impact on financial income through profit and loss resulting from adjustment of the settlement obligation	- 9,319	
Other adjustments	109	
Comprehensive income reported in equity		21,435
As of 31 December 2013		**- 8,777**
Actual share of the CTA Group's earnings for 2014	30,307	
Impact on financial income through profit and loss resulting from adjustment of the settlement obligation	- 2,571	
Other adjustments	- 287	
Comprehensive income reported in equity		27,449
Reclassification of the settlement obligation for 2015 to other financial obligations		- 22,432
As of 31 December 2014, taking actual share of earnings and adjustments to settlement obligation into account		**- 3,760**

Development in Other Financial Liabilities Arising from Settlement Obligations

in € thousand

As of 31 December 2012	**77,043**
Payment of actual share of earnings for 2012	- 27,982
Impact on financial income through profit and loss resulting from adjustment of the settlement obligation	9,319
As of 31 December 2013	**58,380**
Payment of actual share of earnings for 2013	- 30,645
Impact on financial income through profit and loss resulting from adjustment of the settlement obligation	2,571
Reclassification of settlement obligation for 2015 from non-controlling interests	22,432
As of 31 December 2014 with continuation of settlement obligation	**52,738**

Provisions

A provision is formed if the Group has a present (legal or factual) obligation arising from past events, the settlement of which is likely to result in an outflow of resources embodying economic benefits, and if the amount required to settle the obligation can be estimated reliably. The provision is formed for the amount expected to be necessary to settle the obligation, including future increases in prices and costs. If the Group anticipates a partial reimbursement of an amount made as a provision (e.g. in the case of insurance), the reimbursement is recognised as a separate asset only if it is virtually certain. The expenses arising from making the provision are disclosed in the income statement after the reimbursement has been deducted. If the interest effect is substantial, non-current provisions are discounted before tax at an interest rate which reflects the specific risks associated with the liability. In the event of discounting, the increase in the amount of the provision over time is recognised under interest expenses.

Pensions and Other Retirement Benefits

Pension Obligations

Pensions and similar obligations include the Group's benefit obligations under defined benefit obligations. Provisions for pension obligations are calculated in accordance with IAS 19 (revised 2011) using the projected unit credit method. Actuarial gains and losses are taken directly to equity and recognised in other comprehensive income, after accounting for deferred taxes. Service expense affecting net income is recognised in personnel expenses and the interest proportion of the addition to provisions is recognised in the financial result.

Actuarial opinions are commissioned annually to measure pension obligations.

Phased Early Retirement Obligations

The compensation to be paid in the release phase of the so-called block model is recognised as provisions for phased early retirement. It is recognised pro rata over the working period over which the entitlements accrue. Since 1 January 2013 and in accordance with IAS 19 (revised 2011), provisions for supplementary amounts have only been accrued pro rata over the required service period, which regularly ends when the passive phase begins.

Actuarial opinions are commissioned annually to measure compensation obligations in the release phase of the block model and supplementary amounts.

If payment obligations do not become payable until after twelve months' time because of entitlements in the block model or supplementary amounts, they are recognised at their present value.

Leases in Which the Group is Lessee

The question of whether an agreement is, or contains, a lease depends on the commercial content of the agreement and requires an assessment as to whether fulfilling the agreement depends on the use of a certain asset or assets and whether the agreement grants a right to use that asset.

Finance Leases

Finance leases – in which virtually all of the risks and potential rewards associated with ownership of an asset are transferred to the Group – are capitalised at the start of the lease at the lower of the leased asset's fair value or the present value of the minimum lease payments. A lease liability is recognised for the same amount. Lease payments are divided into financing expenses and repayment of the lease liability, so that interest is paid on the residual carrying amount of the lease liability at a constant rate. Financing expenses are recognised through profit and loss in the period in which they arise.

If the transfer of title to the Group at the end of the lease term is not sufficiently certain, capitalised leased assets are fully depreciated over the shorter of the lease term and the asset's useful life. Otherwise, the period of depreciation is the leased asset's useful life.

Operating Leases

Lease instalments for operating leases are recognised as expenses in the income statement on a straight-line basis over the duration of the lease.

Leases in Which the Group is Lessor

The HHLA Group lets properties in and around the Port of Hamburg as well as office properties, warehouses and other commercial space. The rental contracts are classified as operating leases, as the main risks and potential rewards of the properties remain with the Group. The properties are therefore held as investment properties at amortised cost.

Rental income from investment properties is recognised on a straight-line basis over the term of the leases.

Recognition of Income and Expenses

Income is recognised when it is probable that the economic benefit will flow to the Group and the amount of income can be determined reliably. The following criteria must also be met for income to be recognised:

Sale of Goods and Merchandise

Income is recognised when the principal risks and potential rewards incidental to ownership of the goods and merchandise sold have been transferred to the buyer.

Provision of Services

Income from services is recognised in proportion to the progress of the project in question. The extent to which the service has been provided is determined by the number of hours worked as of the balance sheet date as a percentage of the total number of hours estimated for the project. If the result of a service transaction cannot be estimated reliably, income is recognised only to the extent that the expenses incurred are eligible for reimbursement.

Interest

Interest income and interest expenses are recognised when they are accrued or incurred.

Dividends
Income from dividends is recognised in profit and loss when the Group has a legal right to payment. This does not apply to dividends distributed by companies accounted for using the equity method.

Income and Expenses
Operating expenses are recognised when the service is rendered or when the expense is incurred. Income and expenses resulting from identical transactions or events are recognised in the same period. Rental expenses are recognised on a straight-line basis over the lease term.

Government Grants
Government grants are recognised when there is reasonable certainty that they will be granted and the company fulfils the necessary conditions. Grants paid as reimbursement for expenses are recognised as income over the period necessary to offset them against the expenses for which they are intended to compensate. If subsidies relate to an asset they are deducted from the asset's cost of purchase and recognised in profit and loss on a straight-line basis by reducing the depreciation for the asset over its useful life.

Taxes
Current Claims for Tax Rebates and Tax Liabilities
Current claims for tax rebates and tax liabilities for the financial year and prior periods are measured at the amount for which a rebate is expected from, or payment must be made to, the tax authorities. The tax rates and tax legislation in force as of the balance sheet date are used to determine the amount.

Deferred taxes
Deferred taxes are recognised by using the balance sheet liabilities method on all temporary differences between the carrying amount of an asset or liability in the balance sheet and the amount for tax purposes, as well as on tax loss carry-forwards.

Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences and unused tax loss carry-forwards proportionate to the probability that taxable income will be available to offset against the deductible temporary differences and the unused tax loss carry-forwards.

The carrying amount of deferred tax assets is reviewed on each balance sheet date and reduced to the extent that it is no longer likely that sufficient taxable profits will be available to use against the deferred tax asset. Unrecognised deferred tax assets are reviewed on each balance sheet date and recognised proportionate to the likelihood that future taxable profits will make it possible to use deferred tax assets.

Deferred tax assets and liabilities are measured using the tax rates expected to apply in the period in which the asset is realised or the liability is met. Tax rates (and tax regulations) are applied if they have already been enacted as of the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity, likewise not affecting net income.

Deferred tax assets and liabilities are netted only if the deferred taxes relate to income taxes for the same tax authority and the current taxes may also be set off against one another.

Fair Value of Financial Instruments
The fair value of financial instruments is determined on the basis of market values or valuation methods. For cash and other current primary financial instruments, fair value is equivalent to the carrying amounts on the respective balance sheet dates. For non-current receivables and other financial assets, as well as non-current liabilities, fair value is measured based on expected cash flows using reference rates of interest at the balance sheet date. The fair value of derivative financial instruments is determined on the basis of reference interest rates and futures prices at the balance sheet date.

Derivative Financial Instruments and Hedging Transactions
The Group can use derivative financial instruments such as interest rate swaps, interest rate caps and currency futures to hedge against interest and currency risks. These derivative financial instruments are initially recognised at fair value at the time the contracts are concluded and subsequently remeasured at fair value.

Gains and losses from changes in the fair value of derivative financial instruments which do not meet the criteria for qualification as hedging transactions are recognised immediately through profit and loss.

For hedge accounting purposes, hedging instruments are classified as cash flow hedges if they serve as a hedge against risks arising from fluctuations in cash flows which can be attributed to a recognised asset or liability, or a forecast transaction.

A hedge for the currency risk of a fixed obligation is treated as a cash flow hedge.

At the beginning of a hedging relationship, the Group formally designates the hedging relationship to be recognised as a hedging transaction, as well as the risk management aims and strategies relating to the hedge, and documents them. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and a description of how the company will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. These hedging relationships are considered to be highly effective in offsetting changes in fair value or cash flows attributable to the hedged risk. The hedges are assessed on an ongoing basis to determine whether they were actually highly effective throughout the financial reporting period for which the hedge was designated.

There were no hedging transactions to hedge fair value or net investments in a foreign operation during the reporting period. Cash flow hedges which meet the strict criteria for recognition as hedging relationships are recognised as follows:

Cash Flow Hedges

The effective portion of gains or losses from changes in the fair value of a hedging instrument is recognised directly in equity, taking account of the deferred taxes, while the ineffective portion is recognised in profit and loss.

The amounts recognised in equity are recorded in the income statement in the period affected by the hedged transaction, e. g. when the hedged financial income or expense affects profit and loss or when a forecast sale or purchase occurs. If the hedged transaction is the acquisition cost of a non-financial asset or a non-financial liability, the amounts recognised in equity are added to the originally recognised carrying amount of the non-financial asset or liability.

If the forecast transaction is no longer expected to occur, the amounts previously recognised in equity are recognised in profit and loss for the period. If the hedging instrument expires, or is sold, terminated or exercised, or rolled over into another hedging instrument, or if the Group withdraws the designation as a hedging instrument, the amounts previously recognised in equity remain separately recognised in equity until the forecast transaction occurs.

7. Significant Assumptions and Estimates

Preparing the Consolidated Financial Statements in accordance with IFRS requires management to make estimates and assess individual facts and circumstances. The estimates made are based on past experience and other relevant factors and on a going concern basis.

The amounts which actually arise may differ from those resulting from estimates and assumptions.

The accounting and valuation principles applied are explained in ► Note 6. Material assumptions and estimates affect the following issues:

Business Combinations

The fair value of the assets acquired and liabilities and contingent liabilities assumed as a result of business combinations must be estimated. For this purpose HHLA either makes use of opinions from independent external experts or calculates the fair value internally using suitable calculation models. These are normally based on discounted cash flows. Depending on the nature of the assets or the availability of information, market price, capital value and cost-oriented valuation methods are applied.

Goodwill

The Group tests goodwill for impairment at least once a year. This requires an estimate of the fair value less selling costs or the value in use of the cash-generating units to which the goodwill has been allocated. To estimate the fair value or value in use, the Group must forecast the likely future cash flows from the cash-generating unit and also choose an appropriate discount rate with which to calculate the present value of these cash flows. Unforeseeable changes may mean that the assumptions used during planning are no longer appropriate, making it necessary to adjust plans. An impairment loss could be incurred as a result. As of 31 December 2014, the carrying value of the goodwill reported was €38,933 thousand (previous year: €38,687 thousand). For more information, please refer to ► Note 22.

Internal Development Activities

These activities relate to the development of software within the Group, which are capitalised as soon as the recognition requirements pursuant to IAS 38.57 are fulfilled. HHLA amortises the software over the expected useful life of three to seven years from the point that the software comes into use. As of 31 December 2014, the carrying amount of intangible assets resulting from internal development activities came to €21,099 thousand (previous year: €23,490 thousand). For more information, please refer to ► Note 22.

Investment Property

The fair value of investment property must be disclosed in the Notes. HHLA carries out its own calculations to determine the fair value of this property. Industry-standard discounted cash flow methods are applied. The calculations are based on assumptions about applicable interest rates and the amount and time-frame of expected future cash flows which these assets can generate. As of 31 December 2014, the carrying amount came to €199,196 thousand (previous year: €184,256 thousand). Detailed information is available in ► Note 24.

Pension Provisions

Actuarial opinions are commissioned annually to determine pension obligation costs. These calculations include assumptions about demographic changes, salary and pension increases, and interest, inflation and fluctuation rates. Because these assumptions are long-term in nature, the observations are assumed to be characterised by material uncertainties. As of 31 December 2014, the present value of the company's pension obligations was €443,558 thousand (previous year: €364,414 thousand). More detailed information is available in ► Note 36.

Provisions for Phased Early Retirement

All employees who have signed, or are expected to sign, an agreement are taken into consideration when recognising and measuring provisions for phased early retirement. The number of employees expected to sign is an estimate. The appraisal reports are also based on actuarial assumptions. As of 31 December 2014, the present value of these obligations was €44 thousand (previous year: €5,132 thousand). For more information, please refer to ► Note 37.

Demolition Obligations

Provisions for demolition obligations result from obligations to be met at the end of the lease term under long-term lease agreements with the Free and Hanseatic City of Hamburg. All HHLA Group companies in the Port of Hamburg are obliged to return leased land free of all buildings owned by them at the end of the lease term. The calculations are based on assumptions concerning the amount of demolition work necessary, interest rates and inflation. As of 31 December 2014, the present value of these obligations was €57,777 thousand (previous year: €42,091 thousand). For more information, please refer to ► Note 37.

Non-Current and Current Financial Liabilities

This item includes, amongst other things, financial settlement obligations to shareholders with non-controlling interests in consolidated subsidiaries. These liabilities exist because HHLA has concluded a profit and loss transfer agreement with a subsidiary which entitles shareholders with non-controlling interests to receive financial settlements. See ► Note 6. The parameters used to calculate this amount are subject to significant uncertainties which can cause figures to fluctuate accordingly. As of 31 December 2014, the present value of this obligation was €52,738 thousand (previous year: €58,380 thousand). For more detailed explanations, please refer to ► Note 38.

Calculating Fair Value

The fair value measured for financial and non-financial assets and liabilities is regularly reviewed by the Group.

The Group also regularly reviews key unobservable input factors and valuation adjustments. When the fair value of an asset or liability is calculated, the Group uses observable market data whenever possible. Based on the input factors used during valuation, the fair values calculated are classified as belonging to different levels of the fair value hierarchy:

Level 1: Listed prices (non-adjusted) on active markets for identical assets or liabilities

Level 2: Valuation parameters which do not involve the listed prices included in level 1 but which are observable for the asset or liability either directly (i.e. at a price) or indirectly (i.e. as determined through prices)

Level 3: Valuation parameters for assets or liabilities which are not based on observable market data

The Group records any transfers between the various levels of the fair value hierarchy at the end of the reporting period in which the amendment was made.

For details of the valuation methods and input parameters used to measure the fair value of the various assets and liabilities, please see ► Notes 24 and 47.

Notes to the Income Statement

8. Revenue

Detailed information about revenue can be found in the Segment Report and in the Notes to the Segment Report ► Note 44.

9. Changes in Inventories

Inventories changed as follows:

in € thousand	2014	2013
Changes in inventories of finished and unfinished products and service work in progress	- 22	- 742

10. Own Work Capitalised

Own work capitalised was as follows:

in € thousand	2014	2013
Own work capitalised	7,877	7,881

Own work capitalised results mainly from technical work capitalised in the course of construction work and development activities.

11. Other Operating Income

Other operating income was made up as shown below:

in € thousand	2014	2013
Income from other accounting periods	8,197	5,027
Income from reimbursements	8,113	7,874
Income from reversal of other provisions	1,549	3,346
Income from compensation	1,524	1,600
Income from exchange rate differences	1,468	2,798
Proceeds on disposal of property, plant and equipment	239	6,406
Other operating income	12,473	10,021
	33,563	37,072

In the reporting period, income from other accounting periods comprised reimbursed energy expenses, income from the reversal of other liabilities from previous periods, and small-scale revenue from a number of other sources.

Income from reimbursements related primarily to costs which were passed on in connection with leases.

In the previous year, proceeds from the sale of property, plant and equipment included an accounting gain of approx. €5 million from the disposal of a logistics property.

Other operating income includes revenue of €2,576 thousand (previous year: €0 thousand) stemming from receivables from relief funds.

12. Cost of Materials

The cost of materials can be broken down as follows:

in € thousand	2014	2013
Raw materials, consumables and supplies	93,077	84,849
External staff	154	145
Purchased services	303,424	294,173
	396,655	379,167

The expenses for purchased services mainly consist of rail services purchased by the Intermodal segment. The year-on-year increase in the cost of materials also resulted from the Intermodal segment.

13. Personnel Expenses

Personnel expenses were as follows:

in € thousand	2014	2013
Wages and salaries	281,209	270,111
Social security contributions and benefits	52,478	50,951
Staff deployment	62,892	60,751
Service expense	4,718	6,350
Other retirement benefit expenses	377	454
	401,674	388,617

The direct remuneration paid to members of the Executive Board totalled €2,959 thousand for the financial year 2014 (previous year: €2.970 thousand.) More details of the remuneration paid to the Executive Board and the Supervisory Board can be found in ► Note 48.

Expenses for wages and salaries from the termination of employment totalled €1,531 thousand in the year under review (previous year: €827 thousand).

Service expense includes payments from defined benefit pension commitments and similar obligations.

Social security contributions include payments towards the public pension scheme amounting to €26,046 thousand (previous year: €24,909 thousand) and payments to the German pension insurance scheme.

The average number of employees changed as follows:

	2014	2013
Fully consolidated companies		
Employees receiving wages	2,509	2,396
Salaried staff	2,462	2,375
Trainees	130	133
	5,101	4,904

14. Other Operating Expenses

Other operating expenses were made up as shown:

in € thousand	2014	2013
Leasing	51,506	46,560
External maintenance services	35,725	36,940
Consultancy, services, insurance and auditing expenses	30,407	30,044
Expenses from other accounting periods	3,709	2,283
Travel expenses, advertising and promotional costs	2,726	2,570
Expenses from exchange rate differences	2,566	3,289
External and internal cleaning costs	2,167	2,607
Other taxes	2,096	2,165
Venture expenses	2,016	1,439
Losses on the disposal of property, plant and equipment	1,880	1,497
Other personnel expenses	1,791	1,607
Postage and telecommunications costs	1,573	1,542
Other	10,354	7,206
	148,516	139,749

See ► Note 45 for further details of leasing expenses.

In the reporting year, other expenses included balance sheet provisions for legal risks associated with pending proceedings amounting to €5 million (previous year: €0 thousand); see ► Note 37.

15. Depreciation and Amortisation

Depreciation and amortisation in the financial year was as follows:

in € thousand	2014	2013
Intangible assets	11,245	9,720
Property, plant and equipment	97,284	95,396
Assets classified as finance leases	7,326	6,959
Investment property	9,031	8,801
	124,886	120,876

A classification of the depreciation and amortisation by asset category is shown in the fixed asset movement schedule. Impairment losses totalling €1,240 thousand (previous year: €1,266 thousand) were recognised in the reporting year, see ► Note 23.

16. Financial Result

The financial result was as follows:

in € thousand	2014	2013
Earnings from associates accounted for using the equity method	5,260	3,123
Income from exchange rate differences	11,104	880
Interest income from non-affiliated companies	750	395
Interest income from bank balances	663	772
Interest income from plan assets for working lifetime accounts	435	370
Interest income from non-consolidated affiliated companies	263	299
Income from interest rate hedges	246	484
Interest income	13,461	3,200
Expenses from exchange rate differences	21,937	510
Interest portion of pension provisions	12,836	12,466
Interest expenses on bank borrowing	8,059	7,668
Interest included in lease payments	4,956	5,384
Interest expenses to non-consolidated affiliated companies	2,974	2,972
Expenses from the adjustment of settlement obligations to shareholders with non-controlling interests	2,571	9,319
Interest expenses to non-affiliated companies	2,444	2,383
Interest portion of other provisions	2,131	2,060
Expenses from interest rate hedges	549	719
Interest expenses	58,459	43,481
Net interest income	- 44,998	- 40,281
Income from other equity investments	544	418
Other financial result	544	418
Financial result	- 39,194	- 36,740

Earnings from companies accounted for using the equity method related to the pro rata annual earnings of the joint ventures and associates. For more information, please refer to ► Note 25.

The change in income and expenses from exchange rate differences stemmed primarily from the performance of the Ukrainian hryvnia in the reporting year.

For details of the expenses from the adjustment of settlement obligations to shareholders with non-controlling interests – which totalled €2,571 thousand (previous year: €9,319 thousand) – please refer to ► Note 6.

17. Research Costs

Research costs of €656 thousand (previous year: €2,316 thousand) were incurred in the 2014 financial year. These primarily related to research for software development.

18. Income Tax

Paid or outstanding income taxes and deferred taxes are shown under the item income taxes. Income taxes are made up of corporation tax, solidarity surcharge and trade tax. Companies domiciled in Germany pay corporation tax of 15.0 % and a solidarity surcharge of 5.5 % of the corporation tax expense. These companies and German-based subsidiaries in the form of limited partnerships are also liable for trade tax, which is imposed at different local rates. Trade tax not reduces the amount of a company's profits on which corporation tax is payable.

Income tax expenses mainly consisted of the following:

in € thousand	2014	2013
Deferred and current income taxes		
Deferred taxes on temporary differences		
Domestic	- 3,181	829
Foreign	- 649	2,607
	- 3,830	3,436
Deferred taxes on losses carried forward		
Domestic	- 297	574
Foreign	6	112
	- 291	686
	- 4,121	4,122
Current income tax expense		
Domestic	36,700	24,237
Foreign	6,959	8,381
	43,659	32,618
Income tax expense recognised in the income statement	39,538	36,740

Current income tax expenses include tax income from other accounting periods amounting to €544 thousand (previous year: €629 thousand).

Deferred tax assets and liabilities result from temporary differences and tax loss carry-forwards as follows:

in € thousand	Deferred tax assets		Deferred tax liabilities	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
Intangible assets	0	0	1,539	1,255
Property, plant and equipment and finance leases	0	0	13,481	12,402
Investment property	0	0	13,785	13,585
Financial assets	0	0	258	551
Inventories	54	33	0	0
Receivables and other assets	1,943	2,484	1,531	898
Pension and other provisions	78,421	47,115	3,065	3,527
Liabilities	4,259	3,520	2,462	2,207
Tax losses carried forward	97	389	0	0
	84,774	53,541	36,121	34,425
Netted amounts	- 21,217	- 19,353	- 21,217	- 19,353
Balance sheet items	63,558	34,188	14,904	15,072

The offsetting and reconciliation between the income tax expenses and hypothetical tax expenses based on the IFRS result and the Group's applicable tax rate are as follows:

in € thousand	2014	2013
Profit before tax	130,094	117,136
Income tax expense at hypothetical income tax rate of 32.28 % (previous year: 32.28 %)	41,994	37,811
Adjustment in current income taxes for prior years	- 1,311	- 625
Effect of tax rate changes	0	- 358
Tax-free income	- 1,677	309
Non-deductible expenses	2,495	254
Trade tax additions and reductions	1,428	363
Permanent diferences	929	2,556
Differences in tax rates	- 3,996	- 4,388
Impairment losses on deferred tax assets	745	425
Other tax effects	- 1,069	393
Actual income tax expenses	39,538	36,740

Deferred taxes are calculated on the basis of the tax rates currently in force in Germany or those expected to apply at the time of realisation. A tax rate of 32.28 % was used for the calculations in both 2014 and 2013. This is made up of corporation tax at 15.0 %, solidarity surcharge of 5.5 % of the corporation tax, and the trade tax payable in Hamburg of 16.45 %. Limited partnerships are also liable for trade tax. Due to special rules, property management companies generally do not pay trade tax. Due to rules on minimum taxation, tax loss carry-forwards are only partially usable in Germany. Tax losses of up to € 1 million can be set off against taxable profits without restriction, and higher tax losses up to a maximum of 60 %.

The effects of tax rates for domestic and foreign taxes that diverge from the Group parent company's tax rate are reported in the offsetting and reconciliation under differences in tax rates.

Deferred tax assets are recognised on tax loss carry-forwards and temporary differences if it is sufficiently certain that they can be realised in the near future. The Group has domestic corporation tax loss carry-forwards of € 0 thousand (previous year: € 1,883 thousand), no domestic trade tax loss carry-forwards, and foreign tax loss carry-forwards of € 512 thousand (previous year: € 477 thousand), for which deferred taxes in the amount of € 97 thousand (previous year: € 389 thousand) are recognised as assets. No deferred tax assets are carried for domestic corporation tax loss carry-forwards of € 4,447 thousand (previous year: € 4,057 thousand), domestic trade tax loss carry-forwards of € 3,399 thousand (previous year: € 3,535 thousand) and foreign tax loss carry-forwards of € 9,802 thousand (previous year: € 5,631 thousand). Under current legislation, the tax losses can be carried forward in Germany without restriction.

Deferred tax assets of € 20,355 thousand (previous year: € 0 thousand) and deferred tax liabilities of € 0 thousand (previous year: € 4,859 thousand) recognised directly in equity without effect on profit and loss come from actuarial gains and losses on pension provisions, cash flow hedges and unrealised gains/losses arising from available-for-sale financial assets.

The income tax recognised in the statement of comprehensive income is made up as follows:

in € thousand	2014			2013		
	Gross	Taxes	Net	Gross	Taxes	Net
Actuarial gains/ losses	- 79,130	25,129	- 54,001	16,702	- 5,401	11,301
Cash flow hedges	299	98	397	319	- 50	269
Unrealised gains/losses on available-for-sale financial assets	121	- 12	109	26	- 8	18
	- 78,710	25,215	- 53,495	17,047	- 5,459	11,588

19. Share of Results Attributable to Non-Controlling Interests

Profits attributable to other shareholders amounting to €31,646 thousand (previous year: €26,104 thousand) primarily relate to shareholders with non-controlling interests in CTA. This share of earnings increased compared to the previous year because lower interest expenses arising from the measurement of the settlement obligation were attributable to the co-partner.

20. Earnings per Share

Basic earnings per share are calculated in accordance with IAS 33 by dividing the net profit for the Group attributable to the shareholders of the parent company by the average number of shares.

The following table illustrates the calculation for basic earnings per share for the Group:

	2014	2013
Share of consolidated net profit attributable to shareholders of the parent company in € thousand	58,910	54,292
Number of common shares in circulation	72,753,334	72,753,334
Basic earnings per share (Group) in €	0.81	0.75

The basic earnings per share were calculated for the Port Logistics subgroup as follows:

	2014	2013
Share of consolidated net profit attributable to shareholders of the parent company in € thousand	52,251	48,272
Number of common shares in circulation	70,048,834	70,048,834
Basic earnings per share (Port Logistics subgroup) in €	0.75	0.69

The basic earnings per share were calculated for the Real Estate subgroup as follows:

	2014	2013
Share of consolidated net profit attributable to shareholders of the parent company in € thousand	6,659	6,020
Number of common shares in circulation	2,704,500	2,704,500
Basic earnings per share (Real Estate subgroup) in €	2.46	2.23

The diluted earnings per share are identical to the basic EPS as there were no conversion or option rights in circulation during the financial year.

21. Dividend per Share

The dividend entitlement for the share classes is based on the portion of the distributable profit attributable to the relevant division. This is calculated in accordance with the German Commercial Code (HGB).

A resolution was passed at the Annual General Meeting held on 19 June 2014 to distribute a dividend of €34,903 thousand to holders of common shares in the reporting year for the 2013 financial year (previous year: €48,777 thousand). At the time of the distribution, the number of shares entitled to dividends amounted to 72,753,334, of which 70,048,834 are to be attributed to the subgroup Port Logistics (A division) and 2,704,500 to the subgroup Real Estate (S division). This resulted in dividends of €0.45 per Class A share and €1.25 per Class S share. The remaining undistributed profit was carried forward to new account.

In 2015, dividends per share of €0.52 for the Port Logistics subgroup and €1.50 for the Real Estate subgroup are due to be paid. Based on the number of shares outstanding as of 31 December 2014, this is equivalent to payouts of €36,425 thousand for the Port Logistics subgroup and €4,057 thousand for the Real Estate subgroup.

Notes to the Balance Sheet

22. Intangible Assets

The following table shows the changes in intangible assets:

in € thousand	Goodwill	Software	Internally developed software	Other intangible assets	Payments made on account	Total
Carrying amount as of 1 January 2013	38,687	13,268	26,452	1	3,688	82,096
Acquisition or production cost						
1 January 2013	46,869	56,255	36,620	1,404	3,688	144,836
Additions		2,619	4,591		2,041	9,251
Disposals		- 142			- 58	- 200
Reclassifications		2,989			- 2,963	26
Changes to scope of consolidation/consolidation method						0
Effects of changes in exchange rates		- 140				- 140
31 December 2013	46,869	61,581	41,211	1,404	2,708	153,773
Accumulated depreciation, amortisation and impairment						
1 January 2013	8,182	41,153	12,002	1,403	0	62,740
Additions		4,000	5,719	1		9,720
Disposals		- 130				- 130
Changes to scope of consolidation/consolidation method						0
Effects of changes in exchange rates		- 96				- 96
31 December 2013	8,182	44,927	17,721	1,404	0	72,234
Carrying amount as of 31 December 2013	38,687	16,654	23,490	0	2,708	81,539
Carrying amount as of 1 January 2014	38,687	16,654	23,490	0	2,708	81,539
Acquisition or production cost						
1 January 2014	46,869	61,581	41,211	1,404	2,708	153,773
Additions	245	2,400	3,369		2,295	8,309
Disposals		- 859	- 363		- 10	- 1,232
Reclassifications		341	1,519		- 1,860	0
Changes in scope of consolidation/consolidation method		4				4
Effects of changes in exchange rates	- 25	- 1,247				- 1,272
31 December 2014	47,089	62,220	45,736	1,404	3,133	159,582
Accumulated depreciation, amortisation and impairment						
1 January 2014	8,182	44,927	17,721	1,404	0	72,234
Additions		4,252	6,993			11,245
Disposals		- 822	- 77			- 899
Changes in scope of consolidation/consolidation method		2				2
Effects of changes in exchange rates	- 25	- 818				- 843
31 December 2014	8,157	47,541	24,637	1,404	0	81,739
Carrying amount as of 31 December 2014	38,933	14,679	21,099	0	3,133	77,844

The carrying amounts for goodwill relate to the following HHLA segments:

in € thousand	31.12.2014	31.12.2013
Container	37,418	37,418
Intermodal	1,513	1,267
Other	2	2
	38,933	38,687

Of the goodwill reported for the Container segment as of the balance sheet date, €35,525 thousand is attributable to the cash-generating unit (CGU) CTT/Rosshafen and €1,893 thousand is attributable to the CGU HCCR. Goodwill of €30,929 thousand was generated by the acquisition of all the shares in HHLA Rosshafen Terminal GmbH, Hamburg, in 2006. This goodwill is primarily derived from additional strategic options to expand the Group's handling activities at the sites let by the company.

23. Property, Plant and Equipment

The following tables show the changes in property, plant and equipment:

in € thousand	Land and buildings	Technical equipment and machinery	Other plant, operating and office equipment	Payments on account and plants under construction	Total
Carrying amount as of 1 January 2013	427,518	291,322	169,022	100,458	988,320
Acquisition or production cost					
1 January 2013	692,223	682,090	398,800	100,458	1,873,571
Additions	9,427	15,470	22,351	43,778	91,025
Disposals	- 9,057	- 3,726	- 14,045	- 778	- 27,606
Reclassifications	15,636	16,794	2,405	- 34,777	58
Changes to scope of consolidation/consolidation method					0
Effects of changes in exchange rates	- 748	- 1,627	- 327	- 2,633	- 5,335
31 December 2013	707,480	709,001	409,183	106,048	1,931,712
Accumulated depreciation, amortisation and impairment					
1 January 2013	264,705	390,768	229,778	0	885,251
Additions	27,478	42,569	32,307		102,355
Disposals	- 1,288	- 2,129	- 13,561		- 16,978
Reclassifications					0
Changes to scope of consolidation/consolidation method					0
Effects of changes in exchange rates	- 214	- 775	- 181		- 1,170
31 December 2013	290,680	430,434	248,343	0	969,457
Carrying amount as of 31 December 2013	416,800	278,567	160,840	106,048	962,255
Carrying amount as of 1 January 2014	416,800	278,567	160,840	106,048	962,255
Acquisition or production cost					
1 January 2014	707,480	709,001	409,183	106,048	1,931,712
Additions	21,468	18,674	14,279	64,445	118,866
Disposals	- 4,960	- 1,459	- 5,397	- 630	- 12,446
Reclassifications	44,249	44,844	34,580	- 123,673	0
Changes in scope of consolidation/consolidation method		738	51		789
Effects of changes in exchange rates	- 10,447	- 14,756	- 1,487	- 18,007	- 44,697
31 December 2014	757,790	757,042	451,209	28,183	1,994,224
Accumulated depreciation, amortisation and impairment					
1 January 2014	290,680	430,434	248,343	0	969,457
Additions	31,195	43,035	30,380		104,610
Disposals	- 3,407	- 927	- 5,303		- 9,638
Reclassifications					0
Changes in scope of consolidation/consolidation method		66	- 44		22
Effects of changes in exchange rates	- 1,228	- 6,026	- 991		- 8,244
31 December 2014	317,240	466,582	272,386	0	1,056,208
Carrying amount as of 31 December 2014	440,550	290,460	178,823	28,183	938,016

The additions to assets relate mainly to the modernisation of Burchardkai container terminal and the acquisition of new locomotives by the HHLA subsidiary METRANS.

The disposals of land and buildings pertain to the sale of terminal facilities.

The changes to scope of consolidation concern METRANS Rail (Deutschland) GmbH, which was included in the Consolidated Financial Statements for the first time as of 1 January 2014.

The negative effects of changes in exchange rates arose chiefly in connection with the devaluation of the Ukrainian currency.

Depreciation on fixed assets contained impairment losses of € 1,240 thousand for servers and handling equipment. In the previous year, impairment losses of € 1,265 thousand related to land and buildings for a terminal project in Poland.

Buildings, surfacing and movable non-current assets with a carrying amount of € 6,869 thousand (previous year: € 13,957 thousand) were assigned by way of collateral in connection with loans taken up by the Group.

Regarding existing restrictions on the disposal and use of buildings in connection with the letting of the associated properties from the Free and Hanseatic City of Hamburg, see the explanatory remarks on the lease agreements in ► Note 45.

As of the balance sheet date, the Group had obligations of € 52,440 thousand (previous year: € 148,248 thousand) from purchase commitments which were attributable to capitalisation of property, plant and equipment.

Property, plant and equipment includes the following assets which are classified as finance leases as per IAS 17:

in € thousand	Land and buildings	Technical equipment and machinery	Other plant, operating and office equipment	Total
Carrying amount as of 1 January 2013	112,176	1,707	19,811	133,693
Acquisition or production cost				
1 January 2013	116,075	6,787	33,877	156,739
Additions		41	1,394	1,435
Disposals	- 7,074	- 388	- 1,187	- 8,649
Reclassifications				0
Changes to scope of consolidation				0
Effects of changes in exchange rates	- 55	- 135	- 108	- 298
31 December 2013	108,946	6,305	33,976	149,228
Accumulated depreciation, amortisation and impairment				
1 January 2013	3,899	5,080	14,066	23,047
Additions	2,207	195	4,556	6,958
Disposals	- 47	- 49	- 1,168	- 1,265
Reclassifications				0
Changes to scope of consolidation				0
Effects of changes in exchange rates	- 3	- 97	- 32	- 132
31 December 2013	6,056	5,129	17,422	28,609
Carrying amount as of 31 December 2013	102,890	1,176	16,553	120,619
Carrying amount as of 1 January 2014	102,890	1,176	16,553	120,619
Acquisition or production cost				
1 January 2014	108,946	6,305	33,976	149,228
Additions		1,082	2,827	3,908
Disposals		- 26	- 1,141	- 1,167
Reclassifications			31,897	31,897
Changes to scope of consolidation		738		738
Effects of changes in exchange rates	- 490	- 182	- 13	- 684
31 December 2014	108,456	7,917	67,546	183,920
Accumulated depreciation, amortisation and impairment				
1 January 2014	6,056	5,129	17,422	28,609
Additions	2,195	504	4,627	7,326
Disposals		- 17	- 1,122	- 1,139
Reclassifications			- 42	- 42
Changes to scope of consolidation		66		66
Effects of changes in exchange rates	- 38	- 149	- 4	- 191
31 December 2014	8,213	5,533	20,882	34,629
Carrying amount as of 31 December 2014	100,243	2,384	46,664	149,291

24. Investment Property

The following table shows the changes in investment property:

in € thousand	Investment property	Payments on account and plants under construction	Total
Carrying amount as of 1 January 2013	168,876	11,975	180,851
Acquisition or production cost			
1 January 2013	274,788	11,975	286,763
Additions	3,287	9,143	12,430
Disposals		- 139	- 139
Reclassifications	9,191	- 9,275	- 84
31 December 2013	287,266	11,704	298,970
Accumulated depreciation, amortisation and impairment			
1 January 2013	105,912	0	105,912
Additions	8,802		8,802
Disposals			0
Write-backs			0
Reclassifications			0
31 December 2013	114,714	0	114,714
Carrying amount as of 31 December 2013	172,552	11,704	184,256
Carrying amount as of 1 January 2014	172,552	11,704	184,256
Acquisition or production cost			
1 January 2014	287,266	11,704	298,970
Additions	24,066	120	24,186
Disposals	- 230		- 230
Reclassifications	11,655	- 11,655	0
31 December 2014	322,758	169	322,927
Accumulated depreciation, amortisation and impairment			
1 January 2014	114,714	0	114,714
Additions	9,031		9,031
Disposals	- 14		- 14
Write-backs			0
Reclassifications			0
31 December 2014	123,731	0	123,731
Carrying amount as of 31 December 2014	199,026	169	199,196

The properties held as investment property are mainly warehouses converted to office space and other commercial real estate in Hamburg's Speicherstadt historical warehouse district as well as logistics warehouses and surfaced areas.

Both the addition to payments made on account and plants under construction in the previous year and the addition to investment property in the reporting year resulted from the completion and handover of a hotel complex.

Rental income from investment property at the end of the financial year was € 46,287 thousand (previous year: € 45,521 thousand). The direct operating expenses for investment property amounted to € 16,631 thousand (previous year: € 17,507 thousand) at the end of the reporting year.

Fair value is calculated and measured annually by HHLA's Real Estate segment. The associated inputs are classified as Level 3 in the fair value hierarchy.

The opening and closing figures for fair value can be reconciled as follows:

in € thousand	
As of 1 January 2014	455,606
Change in fair value (not realised)	65,399
As of 31 December 2014	521,005

The table below shows the valuation method used to measure the fair value of investment property as well as the key unobservable input factors applied:

Valuation method	Key unobservable input factors	Relationship between key unobservable input factors and measurement at fair value The estimated fair value would increase (fall) if:
Fair values are measured by applying the discounted cash flow method (DCF method) to the forecast net cash flows from managing the properties. This method is based on detailed forecasts of ten years or up to the end of the useful lives of properties with a remaining useful life of less than ten years. The cash flows are discounted using standard market interest rates. Property-specific fair value is determined on the basis of property-specific measurement criteria.	contractually agreed rental income	the expected rent increases were higher (lower)
	expected rent increases	the expected rent increases were higher (lower)
	vacancy periods	the vacancy periods were shorter (longer)
	level of occupancy	the level of occupancy was higher (lower)
	rent-free periods	the rent-free periods were shorter (longer)
	possible termination of the tenancy agreement	tenancy agreements were not terminated (were terminated)
	re-leasing	the property was re-leased sooner (later)
	operating, management and maintenance costs	operating, management and maintenance costs were lower (higher)
	discount rate (4.54 to 8.02 % p.a.)	the risk-adjusted discount rate was lower (higher)

Regarding existing restrictions on the disposal and use of buildings in connection with the letting of the associated properties from the Free and Hanseatic City of Hamburg, see the explanatory remarks on the lease agreements in ► Note 45.

25. Associates Accounted for Using the Equity Method

The following interests are held in companies accounted for using the equity method:

in € thousand	31.12.2014	31.12.2013
Interests in joint ventures	8,749	7,457
Interests in associated companies	2,968	2,253
	11,717	9,710

Interests in joint ventures comprise Hansaport, HHLA Frucht, STEIN, ARS-UNIKAI, Kombi-Transeuropa and the Feeder Logistik Zentrale. Interests in associates relate solely to the investments in CuxPort.

The interests reported are higher than in the previous year due to the earnings recorded in financial income for the various companies at equity – see ► Note 16 – less the dividends received.

26. Financial Assets

Other financial assets can be broken down as shown below:

in € thousand	31.12.2014	31.12.2013
Securities	3,910	3,873
Shares in affiliated companies	4,099	4,144
Other equity investments	355	367
Other financial assets	9,382	4,224
	17,746	12,608

In the reporting year – as in the previous year – the securities relating to insolvency insurance for phased early retirement entitlements were netted out against the corresponding phased early retirement obligations because they fulfil the conditions for plan assets as per IAS 19 (revised 2011). The securities portfolio recognised as plan assets in the financial year amounted to € 6,903 thousand (previous year: € 6,888 thousand), see ► Note 37. Before offsetting, this results in a securities portfolio of € 10,813 thousand (previous year: € 10,761 thousand).

The shares in affiliated companies include shares in Group companies which are of minor importance for giving a true and fair view of the Group's net assets, financial and earnings position and are therefore not consolidated.

Other financial assets essentially comprise receivables from bank guarantees totalling €2,998 thousand (previous year: €0 thousand), receivables from a graduated rent amounting to €2,954 thousand (previous year: €2,550 thousand), receivables from relief funds totalling €2,576 thousand (previous year: €0 thousand) and receivables from HPA amounting to €367 thousand (previous year: €382 thousand).

27. Inventories

Inventories are made up as follows:

in € thousand	31.12.2014	31.12.2013
Raw materials, consumables and supplies	20,100	17,674
Work in progress	2,645	2,272
Finished products and merchandise	1,281	1,676
	24,026	21,622

Impairment losses on inventories recognised as an expense amount to €958 thousand (previous year: €1,066 thousand). This expense is reported under cost of materials, see ► Note 12.

28. Trade Receivables

Trade receivables came to:

in € thousand	31.12.2014	31.12.2013
Trade receivables	140,221	138,601

The trade receivables are owed by third parties, do not bear interest and all have a remaining term of less than one year. No receivables were assigned as collateral for financial liabilities, either in the previous year or in the year under review. Collateral for trade receivables is only held to a minor extent (e. g. rental guarantees).

Details of impairment allowances for trade receivables can be found in ► Note 47.

29. Receivables from Related Parties

Receivables from related parties are made up as follows:

in € thousand	31.12.2014	31.12.2013
Receivables from HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH (HGV)	23,406	5,708
Receivables from HHLA Frucht- und Kühl-Zentrum GmbH	6,467	8,965
Receivables from METRANS Danubia Kft.	2,032	3
Receivables from Kombi-Transeuropa Terminal Hamburg GmbH (KTH)	1,459	2,196
Receivables from the Free and Hanseatic City of Hamburg (FHH)	773	1,998
Receivables from Hamburg Port Authority (HPA)	552	1,072
Receivables from METRANS Rail (Deutschland) GmbH	0	3,765
Other receivables from related parties	1,513	1,316
	36,202	25,023

Receivables from HGV include €23,400 thousand from existing cash clearing (previous year: €5,700 thousand). The previous year's figures included receivables from METRANS Rail (Deutschland) GmbH which are no longer listed because the company was included in HHLA's consolidated group for the first time in the reporting year.

30. Other Financial Receivables

Other financial receivables consist of the following:

in € thousand	31.12.2014	31.12.2013
Current receivables from employees	1,338	1,317
Current reimbursement claims against insurers	18	234
Other current financial receivables	626	1,499
	1,982	3,050

31. Other Assets

Other assets can be broken down as shown below:

in € thousand	31.12.2014	31.12.2013
Current tax credit	14,817	17,648
Payments on account	1,700	585
Other	7,272	5,586
	23,789	23,819

Current tax credits were lower than in the previous year. This was largely because value added tax receivables were down.

The other assets shown are not subject to any significant restrictions on title or use.

32. Income Tax Receivables

Income tax receivables are as follows:

in € thousand	31.12.2014	31.12.2013
Income tax receivables	1,568	3,944

Income tax receivables consist of tax receivables resulting from external audits and advance tax payments.

33. Cash, Cash Equivalents and Short-Term Deposits

Cash, cash equivalents and short-term deposits consist of the following:

in € thousand	31.12.2014	31.12.2013
Cash and cash equivalents with a maturity of up to 3 months	87,612	55,404
Short-term deposits with a maturity of 4 – 12 months	90,000	70,000
Bank balances and cash in hand	74,605	89,960
	252,217	215,364

Cash, cash equivalents and short-term deposits are made up of cash in hand and various bank balances in different currencies.

Cash of € 9,359 thousand (previous year: € 10,647 thousand) is subject to foreign exchange outflow restrictions.

Bank balances bear interest at variable rates applicable to demand accounts. Short-term deposits are made for varying periods of time ranging from one day to twelve months, depending on the Group's cash requirements. They attract interest at rates payable for short-term deposits. In the financial year, the interest rates were between 0.0 and 1.4 % (previous year: 0.0 and 1.3 %). The fair value of cash and cash equivalents is largely equivalent to their carrying value.

As of the balance sheet date, the Group had unused lines of credit amounting to € 3,637 thousand (previous year: € 1,650 thousand) and had met all the conditions for their use. HHLA is confident that the Group has sufficient credit lines at its disposal whenever required.

34. Non-Current Assets Held for Sale

There were no non-current assets held for sale either in the reporting period or in the previous year.

35. Equity

Changes in the individual components of equity for the 2014 and 2013 financial years are shown in the statements of changes in equity.

Subscribed capital

As of the balance sheet date, HHLA's share capital consists of two different classes of share: Class A shares and Class S shares. Subscribed capital is € 72,753 thousand, divided into 70,048,834 Class A shares and 2,704,500 Class S shares; each no-par-value share represents € 1.00 of share capital on paper.

The share capital has been fully paid in.

In the course of the stock flotation on 2 November 2007, 22,000,000 Class A shares were placed on the market. This corresponds to a free float of approx. 30 % of HHLA's share capital.

As of the balance sheet date, the Free and Hanseatic City of Hamburg, through the company HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH, Hamburg, holds 69.58 % of the shares, including the 18.85 % of voting rights attributable directly to HHLA-Beteiligungsgesellschaft mbH, Hamburg.

Authorised Capital I

The Executive Board is authorised until 13 June 2017, with the consent of the Supervisory Board, to increase the company's share capital by up to € 35,024,417.00 by issuing up to 35,024,417 new registered Class A shares (no-par-value shares each with a nominal value of € 1.00) in return for cash deposits and/or contributions in kind on a one-off or repeated basis (authorised capital I). The statutory subscription right of the holders of Class S shares shall be excluded. Class A shareholders must in principle be granted subscription rights. The new shares may also be purchased by one or more banks chosen by the Executive Board together with the obligation to offer them for sale to Class A shareholders (indirect subscription right). However, the Executive Board is authorised – with the approval of the Supervisory Board – to exclude the subscription rights of holders of Class A shares in certain cases if:

(a) it is necessary to do so in order to offset fractional amounts;

(b) the Class A shares are issued in return for a contribution in kind, especially in connection with the acquisition of companies, parts of companies or equity stakes in companies, as part of company mergers and/or for the purpose of acquiring other assets, including rights and receivables; subscription rights may only be excluded on Class A shares accounting for up to 20 % of the share capital attributable to Class A shares in conjunction with this authorisation (i.e. up to the amount of € 14,009,766.00);

(c) the company's Class A shares are issued in return for cash and the issue price per share is not significantly lower than the price of similar Class A shares in the company already listed on the stock exchange at the time of the share issue. However, subscription rights can only be excluded in this case if the number of shares thus issued together with the number of treasury shares sold during the term of this authorisation for which subscription rights were excluded as per Section 186 (3) sentence 4 AktG and the number of Class A shares which can be created by exercising warrants and/or conversion rights or fulfilling conversion obligations arising from warrants, convertible bonds and/or participation rights issued during the term of this authorisation for which subscription rights were excluded as per Section 186 (3) sentence 4 AktG does not exceed a total of 10 % of the company's share capital at the time this authorisation comes into effect or – if the total is lower – at the time the authorisation is exercised;

(d) if the Class A shares are offered to persons employed by the company or one of its associates as defined in Section 15 of the German Stock Corporation Act (AktG) or are transferred to them;

(e) to the extent necessary to grant the bearers of warrants, convertible bonds and/or conversion obligations those subscription rights to new Class A shares to which they would be entitled as shareholders after exercising the warrant or conversion right or fulfilling their conversion obligation.

The Executive Board is authorised, with the consent of the Supervisory Board, to specify the further details of the implementation of the capital increases out of authorised capital I, in particular the additional rights embodied in a share certificate and the other conditions of the share issue. After each share increase from authorised capital – or once the authorisation has expired – the Supervisory Board is permitted to adjust the wording of the articles of association accordingly, in particular with regard to the amount of share capital and the number of no-par-value Class A shares in existence.

Authorised Capital II

The Executive Board is authorised until 13 June 2017, with the consent of the Supervisory Board, to increase the company's share capital by up to €1,352,250.00 by issuing up to 1,352,250 new registered Class S shares (no-par-value shares each with a nominal value of €1.00) in return for cash deposits and/or contributions in kind on a one-off or repeated basis (authorised capital II). The statutory subscription right of the holders of Class A shares shall be excluded. The Executive Board is authorised, with the consent of the Supervisory Board, to remove from the Class S shareholders' subscription right fractional amounts which arise due to the subscription relationship.

The Executive Board is authorised, with the consent of the Supervisory Board, to specify the further details of the implementation of the capital increases out of authorised capital II, in particular the additional rights embodied in a share certificate and the other conditions of the share issue. After each share increase from authorised capital – or once the authorisation has expired – the Supervisory Board is permitted to adjust the wording of the articles of association accordingly, in particular with regard to the amount of share capital and the number of no-par-value Class S shares in existence.

Other Authorisations

The Annual General Meeting of HHLA held on 13 June 2013 resolved to authorise the Executive Board to issue on one or more occasions bearer or registered bonds with warrants or convertible bonds for a total nominal amount of up to €200,000,000.00 in the period until 12 June 2016. Option and conversion rights may only be issued for Class A company shares accounting for up to €6,900,000.00 of the company's total share capital accounted for by Class A shares (conditional capital: €6,900,000.00).

The Annual General Meeting of HHLA held on 16 June 2011 additionally authorised the company's Executive Board to purchase Class A treasury shares up to a maximum of 10 % of the portion of the company's share capital accounted for by Class A shares at the time of the resolution. In addition to being sold on the stock exchange or offered with subscription rights to all Class A shareholders, the shares acquired under this authorisation may – subject to the approval of the Supervisory Board – be used in the cases stipulated by the resolution excluding other shareholders' subscription rights or be redeemed either in whole or in part without the need for an additional resolution by the Annual General Meeting. This authorisation expires on 15 June 2016. This authorisation may be used for any legally permissible purpose, except for trading in treasury shares.

HHLA does not currently hold any treasury shares. There are no plans to buy back shares.

Capital Reserve

The Group's capital reserve includes premiums from share issues and the associated costs of issue, which are deducted from the capital reserve. It also comprises premiums from capital increases at subsidiaries with minorities and a reserve increase from an employee stock purchase plan. A capital increase conducted in prior years reduced the capital reserve.

At the reporting date, the HHLA Group had capital reserves of €141,584 thousand (previous year: €141,584 thousand).

Retained Earnings

Retained earnings include net profits from prior years for companies included in the Consolidated Financial Statements, as far as these were not distributed as dividends. This item also encompasses differences between HGB and IFRS as of 1 January 2006 (the transitional date).

Other Comprehensive Income

In accordance with the currently applicable version of IAS 19 (revised 2011), the HHLA Group's equity includes all actuarial gains and losses from defined benefit pension plans. This item additionally comprises changes in the fair value of hedging instruments (cash flow hedges), changes in the fair value of working lifetime accounts and the corresponding tax effects.

The reserve for translation differences enables the recognition of differences arising from the translation of financial statements for foreign subsidiaries.

Non-Controlling Interests

Non-controlling interests comprise outside interests in the Group companies' consolidated equity and totalled €29,232 thousand at the end of the financial year (previous year: €21,700 thousand).

Non-controlling interests increased due to the inclusion of current earnings. They were reduced by the reclassification as per IAS 32 of the minority shareholder's future estimated entitlements to financial settlements as other financial liabilities for the term of the profit and loss transfer agreement. See ► Notes 6 and 38.

Notes on Capital Management

Capital management at HHLA aims to ensure the Group's long-term financial stability and flexibility in order to safeguard the Group's growth and enable its shareholders to participate in its success. Balance sheet equity is the primary benchmark in this regard. The key value-oriented performance indicator at the HHLA Group is the return on capital employed (ROCE). The equity ratio is also monitored in order to maintain a stable capital structure.

in € thousand	31.12.2014	31.12.2013
Equity	546,741	600,103
Total assets	1,788,081	1,715,980
Equity ratio	31 %	35 %

The equity ratio decreased compared to the previous year. This was primarily due to the reduction in other comprehensive income. Actuarial losses and exchange rate-related effects were the main factors behind this development.

External minimum capital requirements were fulfilled at all agreed audit points throughout the reporting year. See ► Note 38 for more information.

36. Pension Provisions

Pension Obligations

Provisions for pensions and similar obligations are formed for commitments arising from both vested rights to future pension payments and current payments to active and former members of HHLA Group companies in Germany and any surviving dependants who are entitled to receive such benefits. A distinction is made between defined benefit and defined contribution company pension plans.

Defined Benefit Pension Plans

In the case of defined benefit plans, the Group is obliged to make the agreed payments to active and former employees. HHLA's pension scheme is financed by both provisions and funds.

Company retirement benefits are paid on the basis of various entitlements. As well as individual agreements these are primarily the collective company pension agreement (BRTV) and the so-called 'port pension', which is governed by a collective labour agreement for port workers in German seaports.

The BRTV is a total benefit plan. HHLA guarantees the participating employees a certain amount of benefits, which are made up of the statutory pension and the company pension. The amount of total benefits is determined by a variable percentage (according to years of service) of a fictitious net payment in the final wage or salary band based on the applicable social security data contribution levels for the year 1999. The current contribution assessment ceiling is always taken into account.

The amount of the port pension depends on the years in service and is determined by the collective labour agreement for German seaports.

Based on these pension plans, the Group forms provisions for pensions and similar obligations for the amount of expected future retirement and surviving dependants' pensions. External actuaries calculate the amount of the obligation using the projected unit credit method.

Shown below are the amounts recognised for benefit commitments in the reporting period and the previous year:

in € thousand	31.12.2014	31.12.2013
Present value of pension commitments	436,227	360,921
Obligations from working lifetime accounts	7,331	3,493
	443,558	364,414

Pension Commitments

The following table reconciles the present value of the obligation arising from pension commitments at the beginning and end of the year:

in € thousand	2014	2013
Present value of pension obligations as of 01.01.	360,921	379,253
Current service expense	3,960	5,532
Past service expense	0	34
Interest expenses	12,280	11,998
Pension payments	- 19,773	- 19,691
Acturial gains (+), losses (-) due to amendments in biometric assumptions	- 10,580	- 1,933
Acturial gains (+), losses (-) due to amendments in financial assumptions	89,419	- 14,272
Present value of pension obligations as of 31.12.	436,227	360,921

The balance sheet shows the full present value of pension obligations including actuarial gains and losses. The reported pension obligation relates to an unfinanced plan.

The present value of the defined benefit pension obligations can be broken down into the various groups of beneficiaries as follows:

- Current employees with entitlements: 39.3 % (previous year: 35.5 %)
- Former employees with entitlements: 1.9 % (previous year: 1.5 %)
- Pensioners: 58.8 % (previous year: 63.0 %).

As of 31 December 2014, the weighted average term of the defined benefit obligation was 14.5 years (previous year: 12.1 years).

The following figures were recognised in the income statement:

in € thousand	2014	2013
Current service expense	3,960	5,532
Past service expense	0	34
Interest expenses	12,280	11,998
	16,240	17,564

The gains and losses reported under other comprehensive income developed as follows:

in € thousand	2014	2013
Actuarial gains (+)/losses (-) as of 01.01.	12,856	- 3,349
Changes in the financial year due to amendments in biometrical assumptions	10,580	1,933
Changes in the financial year due to amendments in financial assumptions	- 89,419	14,272
Actuarial gains (+)/losses (-) as of 31.12.	- 65,983	12,856

The following actuarial assumptions are used to determine pension provisions:

in %	31.12.2014	31.12.2013
Discount rate	1.75	3.50
Projected salary increase	3.00	3.00
Projected increase in pensions (without BRTV)	2.00	2.00
Projected increase in pensions (monthly pensions under BRTV)	1.00	1.00
Fluctuation rate	2.10	2.10
Rate of inflation	2.00	2.00
Adjustment of social security pension	according to pension insurance report 2014	according to pension insurance report 2013

The biometric data is drawn from the 2005 G actuarial tables by Prof. Dr. Klaus Heubeck.

HHLA derives the interest rates used for discounting from corporate loans with a very good credit rating whose terms and payouts match HHLA's pension plans.

When calculating the present value of pension obligations, a change in the percentages assumed for the discount rate and the pay trend does not have a linear effect on the absolute amount of the obligation due to certain actuarial effects. Accordingly, the change in period-related pension expenses in the case of an increase or reduction in these assumed figures will not correspond to the same absolute amount. Should several assumptions change simultaneously, the cumulative effect will not necessarily be the same as in the case of an isolated change in only one of these assumptions.

Pension Payments

In the 2014 financial year, HHLA made pension payments for plans totalling € 19,773 thousand. HHLA anticipates the following payments for pension plans over the next five years:

Year	in € thousand
2015	20,619
2016	20,744
2017	20,967
2018	21,065
2019	21,181
	104,576

Obligations from Working Lifetime Accounts

In the 2006 financial year, the affiliated companies in Germany undertook to set up working lifetime accounts due to collective labour agreements. Staff could elect to have remuneration components paid into money market or investment funds by the Group until 31 December 2013. Capital has been invested within the company since 1 January 2014. The funds saved in the employee's account are used to give them paid leave before they enter retirement. The amount of pay to which employees are entitled during their early retirement depends on the amount of funds saved, which in turn depends on the performance of the fund assets – based on the model for contributions up to 31 December 2013 and taking the return guaranteed in the collective labour agreement into account for contributions as of 1 January 2014 – plus other contractually agreed social benefits during the early retirement phase.

The portion of the obligations covered by the funds saved is reported at the funds' fair value. The additional benefits arising from collective labour agreements which are not covered by the funds saved are reported at the full present value of the obligation including actuarial gains and losses.

Should the measurement parameters change, the present value of the pension obligations would change as follows:

		Change in parameter		Effect on present value		
		31.12.2014	31.12.2013	in € thousand	31.12.2014	31.12.2013
Discount rate	Increase of	0.5 %	0.5 %	Decrease of	27,569	20,457
	Decrease of	0.5 %	0.5 %	Increase of	30,808	22,633
Payment trend	Increase of	0.5 %	0.1 %	Increase of	5,321	1,064
	Decrease of	0.5 %	0.1 %	Decrease of	5,180	1,040
Adjustment to state pension	Decrease of	20.0 %	20.0 %	Increase of	2,309	2,715
Expected mortality	Decrease of	10.0 %	10.0 %	Increase of	16,888	14,380

The allocation of benefit commitments changed as follows during the reporting period and the previous financial year:

in € thousand	31.12.2014	31.12.2013
Present value of obligations	20,266	16,547
Present value of plan assets (fund shares)	- 12,935	- 13,054
Uncovered allocations	7,331	3,493

The present value of the obligations developed as follows:

in € thousand	2014	2013
Present value of the obligations as of 01.01.	16,547	13,608
Current service expense	3,888	2,930
Interest expenses (recognised in income statement)	557	467
Acturial gains (-), losses (+) due to amendments in biometric assumptions	- 683	- 198
Acturial gains (-), losses (+) due to amendments in financial assumptions	365	- 70
Capital payments	- 408	- 190
Present value of the obligations as of 31.12.	20,266	16,547

As of 31 December 2014, the weighted average term of the defined benefit obligation was 20.0 years (previous year: 22.9 years).

The fair value of the plan assets developed as follows:

in € thousand	2014	2013
Fair value of plan assets as of 01.01.	13,054	10,582
Expected income from plan assets	435	370
Proceeds	167	2,088
Acturial gains (+), losses (-) due to amendments in financial assumptions	- 378	145
Capital payments	- 343	- 131
Fair value of plan assets as of 31.12.	12,935	13,054

The plan assets consist solely of shares in money market and investment funds. Losses of € 145 thousand were recorded on the plan assets in the financial year (previous year: € 108 thousand).

The following actuarial assumptions are used to determine provisions for working lifetime accounts:

in %	31.12.2014	31.12.2013
Discount rate	1.75	3.50
Anticipated return on invested capital	1.75 – 3.00	3.50
Forecast increase in pay	3.00	3.00
Fluctuation rate	0	0

With the exception of the covered part of the service expenses for funds, the following amounts were recognised in the income statement:

in € thousand	2014	2013
Current service expense including salary conversion	3,888	2,930
thereof gathered at costs as uncovered part	823	842
thereof gathered at funds as covered part	3,065	2,088
Interest expenses	557	467
Expected income from the plan assets	- 435	- 370
Benefits paid (service expense)	- 65	- 58
	3,945	2,969

The gains and losses offset in equity developed as follows:

in € thousand	2014	2013
Actuarial gains (+)/losses (-) as of 01.01.	312	- 103
Changes in the financial year due to amendments in biometrical assumptions	683	198
Changes in the financial year due to amendments in financial assumptions	- 743	217
Actuarial gains (+)/losses (-) as of 31.12.	252	312

Should the measurement parameters change, the present value of the obligations from working lifetime accounts would change as follows:

		Change in parameter		Effect on present value			
		31.12.2014	31.12.2013	€ thousand	31.12.2014		31.12.2013
Discount rate	Increase of	0.5 %	N/A	Decrease of	782		N/A
	Decrease of	0.5 %	N/A	Increase of	897		N/A
Payment trend	Increase of	0.5 %	0.1 %	Increase of	27	Decrease of	16
	Decrease of	0.5 %	0.1 %	Decrease of	30	Increase of	17
Expected mortality	Decrease of	10.0 %	10.0 %	Increase of	26	Increase of	17

When calculating the present value of the obligations from working lifetime accounts, a change in the percentages assumed for the discount rate does not have a linear effect on the absolute amount of the obligation due to certain actuarial effects. This means that the expenses for the period do not react to an increase or decrease in this assumption with the same absolute amount. Should several assumptions change simultaneously, the cumulative effect will not necessarily be the same as in the case of an isolated change in only one of these assumptions.

The obligations from working lifetime accounts are financed by paying a portion of employees' remuneration into the unit-linked pension plan until 31 December 2013. For 2015, HHLA expects payments in the amount of €3.0 million.

Shown below is the structure of the plan asset portfolio for obligations from working lifetime accounts:

in %	2014	2013
Money market funds	52	52
Mixed funds	30	30
Funds of funds	16	16
Annuity funds	2	2
	100	100

Payments for Obligations from Working Lifetime Accounts

In the financial year under review, HHLA made payments for plans totalling €408 thousand. In return, the company acquired corresponding securities holdings worth €343 thousand. The outflow of funds therefore amounted to €65 thousand in the year under review. In the next five years, HHLA expects the following payments from obligations arising from working lifetime accounts which are not hedged by securities:

Year	in € thousand
2015	21
2016	23
2017	70
2018	86
2019	211
	411

Defined Contribution Pension Plans

In the case of defined contribution plans, the relevant companies merely make payments to dedicated funds. There are no further obligations. HHLA does not incur any financial or actuarial risks arising from these commitments.

The costs incurred in connection with pension funds which are to be regarded as defined contribution pension plans amounted to €312 thousand in the reporting year (previous year: €344 thousand).

HHLA paid €26,046 thousand (previous year: €24,909 thousand) into the state pension system as its employer's contribution.

37. Other Non-Current and Current Provisions

The following table shows non-current and current provisions:

in € thousand	31.12.2014			31.12.2013		
	Total	Thereof current	Thereof non-current	Total	Thereof current	Thereof non-current
Demolition obligations	57,777	0	57,777	42,091	0	42,091
Bonuses and single payments	6,372	6,372	0	6,209	6,209	0
Legal fees and litigation expenses	5,983	0	5,983	1,037	0	1,037
Insurance excesses	3,468	3,468	0	3,261	3,261	0
Anniversaries	3,116	0	3,116	2,584	0	2,584
Expected increases in rents	169	169	0	968	968	0
Phased early retirement	44	26	18	5,132	2,274	2,858
Other	5,381	1,505	3,876	6,344	2,429	3,915
	82,310	11,540	70,770	67,626	15,141	52,485

Demolition Obligations
Provisions for demolition obligations result from obligations to be met at the end of the lease term under long-term lease agreements with the Free and Hanseatic City of Hamburg. All HHLA Group companies in the Port of Hamburg are obliged to return leased land free of all buildings owned by them at the end of the respective lease term. To calculate the amount of the provision, it was assumed that the obligation would be carried out in full for all leased property, with the exception of buildings designated as historical landmarks in the Speicherstadt historical warehouse district. The demolition obligations relate to HHLA's Container, Logistics and Real Estate segments and are discounted at a rate of 3.0% p.a. (previous year: 4.5% p.a.). The change in the interest rate caused the obligations to rise. In the reporting year, an anticipated price increase of 2.0% was used to calculate the provisions shown. This rate is derived from the German construction cost index.

The cash outflow of these provisions is expected in the period 2025–2037.

Bonuses and Single Payments
Provisions for bonuses and one-off payments largely consist of provisions for Executive Board members and other senior staff.

Legal Fees and Litigation Expenses
As of the balance sheet date, the obligations reported consisted mainly of provisions for legal risks associated with pending proceedings.

Insurance Excesses
This obligation relates to provisions largely created by the Group's parent company to allow for potential cases of damage or loss which go beyond the existing insurance cover.

Anniversaries
The provisions for anniversaries relate to Group employees' contractual entitlement to anniversary gratuities. The amount recognised is determined by an actuarial opinion. A discount rate of 1.75% p.a. (previous year: 3.50% p.a.) was used for the calculation.

Phased Early Retirement
Provisions for phased early retirement obligations consist of HHLA's obligations from the entitlements accrued during the beneficiaries' working period, plus a supplementary amount added pro rata temporis.

The securities holdings acquired in connection with phased early retirement contracts are classified as plan assets under IAS 19 (revised 2011). They were therefore offset against the phased early retirement obligations included in the provisions. The corresponding figure of €6,903 thousand (previous year: €6,888 thousand) therefore reduces the provisions reported. See ► Note 26. In addition to this, pledged bank balances serve to cover the obligation in existence as of the balance sheet date. The amount of the respective plan assets is shown in the reclassification column of the provisions schedule.

The amount of the provision was determined using a discount rate of 0.3% p.a. (previous year: 1.0% p.a.).

The following provisions schedule shows changes in other non-current and current provisions:

in € thousand	01.01.2014	Additions	Accrued interest	Reclassification	Used	Reversed	31.12.2014
Demolition obligations	42,091	13,963	1,922	0	57	142	57,777
Bonuses and single payments	6,209	6,333	0	0	5,924	246	6,372
Legal fees and litigation expenses	1,037	5,107	0	0	76	85	5,983
Insurance excesses	3,261	2,006	0	0	1,354	445	3,468
Anniversaries	2,584	479	89	0	36	0	3,116
Expected increases in rents	968	16	0	0	815	0	169
Phased early retirement	5,132	36	120	886	4,358	0	44
Other	6,344	2,827	0	0	3,159	631	5,381
	67,626	30,767	2,131	886	15,779	1,549	82,310

38. Non-Current and Current Financial Liabilities

Non-current and current financial liabilities are broken down as follows:

in € thousand	31.12.2014			
	Total	Up to 1 year	1 to 5 years	Over 5 years
Liabilities from bank loans	284,070	61,448	97,713	124,909
Finance lease liabilities	39,853	4,838	8,527	26,488
Liabilities towards employees	15,237	15,237	0	0
Other loans	719	0	719	0
Negative fair values of exchange and interest rate hedges	557	364	193	0
Other financial liabilities	66,008	41,559	24,143	306
	406,444	123,446	131,295	151,703

in € thousand	31.12.2013			
	Total	Up to 1 year	1 to 5 years	Over 5 years
Liabilities from bank loans	288,698	39,800	119,217	129,681
Finance lease liabilities	10,782	4,888	4,750	1,144
Liabilities towards employees	15,039	15,039	0	0
Other loans	796	0	796	0
Negative fair values of exchange and interest rate hedges	1,005	584	421	0
Other financial liabilities	72,881	40,804	31,692	385
	389,201	101,115	156,876	131,210

Amounts due to banks include interest of €2,162 thousand accrued up to the balance sheet date (previous year: €2,336 thousand). Transaction costs of €584 thousand (previous year: €759 thousand), incurred by taking out loans, only increase the amounts due to banks for the duration of the loan.

Buildings, surfacing and movable non-current assets carried at €6,869 thousand (previous year: €13,957 thousand) have been pledged as collateral for interest-bearing loans. The collateral agreements provide that the assets are transferred to the banks until the loans and interest have been repaid in full and that they have a right to dispose of the assets if the borrower is in arrears with payments of interest and principal.

The liabilities from finance leases amounting to €39.853 thousand (previous year: €10.782 thousand) represent the discounted value of future payments for movable non-current assets. Assets totalling €31,820 thousand were hired at the Intermodal segment in the reporting year.

The liabilities towards employees consist primarily of wages, salaries and holiday entitlement.

Other financial liabilities mainly consist of liabilities from the payment of a settlement to shareholders outside the Group. See ► Note 6. This entitlement to a financial settlement amounts to €52,738 thousand for the financial years 2014 and 2015 (previous year: €58,380 thousand for the financial years 2013 and 2014). Please refer to ► Notes 6 and 35.

The following table shows the terms of the liabilities from bank loans:

Carrying amount as of 31.12.2014 in € thousand	Nominal value in TCU	Currency	Remaining fixed interest period	Interest rate	Interest condition
56,883	83,651	EUR	2022	2.85 – 4.22 %	fixed
21,924	34,257	EUR	2021	2.83 %	fixed
10,799	16,873	EUR	2020	2.76 %	fixed
19,370	20,890	EUR	2019	3.55 – 3.80 %	fixed
1,608	7,811	EUR	2018	3.79 – 3.84 %	fixed
9,537	33,579	EUR	2017	1.90 – 5.67 %	fixed
64,235	90,000	EUR	2016	2.37 – 5.61 %	fixed
29,448	32,669	EUR	2015	2.88 – 4.23 %	fixed
43,108	88,467	EUR	2015	floating + margin	floating
25,580	36,000	USD	2015	floating + margin	floating
282,492					

The floating interest rates are EURIBOR or LIBOR rates with maturities of one to six months. The financial liabilities for which fair value is not equivalent to the carrying amount are as follows:

in € thousand	31.12.2014		31.12.2013	
	Carrying amount	Fair value	Carrying amount	Fair value
Fixed interest-bearing loans	213,804	220,630	231,279	231,853

Interest rates of 1.7 to 2.4 % p. a. (previous year: 2.0 to 3.5 % p. a.) were used to measure the fair value of fixed interest-bearing loans. The interest rates are derived from the risk-free rate depending on maturity plus a premium according to the credit rating. They therefore constitute market rates. The average interest rate for the reported liabilities from bank loans was 3.1 % in the reporting year (previous year: 3.0 %).

The variable interest rates are partly hedged by interest rate hedges. Please refer to the comments on derivative financial instruments under ▸ Note 47. As a result of borrowing, certain affiliates have covenants linked to key balance sheet figures and collateral. Violating these covenants would authorise the lender to demand additional collateral, a change to the conditions or the repayment of the loan. In order to prevent such steps, HHLA constantly monitors compliance with the covenants and, where required, implements measures to ensure that all conditions of the loan are met. As of the balance sheet date, the corresponding borrowings totalled € 45,265 thousand (previous year: € 44,125 thousand).

The liabilities to banks become due throughout the next five years and beyond as follows:

Maturity	in € thousand
Up to 1 year	58,931
1 year to 2 years	32,872
2 years to 3 years	27,027
3 years to 4 years	21,421
4 years to 5 years	19,216
Over 5 years	123,025
	282,492

39. Trade Liabilities

Trade liabilities amount to:

in € thousand	31.12.2014	31.12.2013
Trade liabilities	83,372	69,295

Trade liabilities from the financial year are only owed to third parties. As in the previous year the total amount is due within one year.

40. Non-Current and Current Liabilities to Related Parties

Liabilities to related parties are made up as follows:

in € thousand	31.12.2014			
	Total	Up to 1 year	1 to 5 years	Over 5 years
Liabilities to HGV	65,276	65,276	0	0
Liabilities to HPA (finance leases)	106,869	225	1,679	104,965
Other liabilities to related parties	8,239	8,239	0	0
	180,384	73,740	1,679	104,965

in € thousand	31.12.2013			
	Total	Up to 1 year	1 to 5 years	Over 5 years
Liabilities to HGV	65,276	65,276	0	0
Liabilities to HPA (finance leases)	107,052	183	1,402	105,467
Other liabilities to related parties	9,298	9,298	0	0
	181,626	74,757	1,402	105,467

Liabilities to HGV of €65.276 thousand (previous year: €65.276 thousand) relate to a loan pertaining to the Real Estate subgroup – which attracts standard market interest – along with the corresponding interest portion.

The liabilities to HPA involve leased mega-ship berths at both the Container Terminal Burchardkai and the Container Terminal Tollerort in Hamburg. The amount recognised in the balance sheet is equivalent to the present value of finance lease liabilities and is based on a lease term up to and including 2062. See ► Notes 45 and 47.

41. Other Liabilities

Other liabilities are made up as follows:

in € thousand	31.12.2014	31.12.2013
Tax liabilities	11,208	7,036
Employers' liability insurance premiums	4,624	5,123
Public subsidies	2,105	2,438
Advance payments received for orders	1,473	1,055
Port workers' welfare fund (Hafenfonds)	1,262	1,274
Social security payables	1,010	669
Other liabilities	3,152	8,028
	24,834	25,623

All other liabilities have a remaining term of up to one year.

The increase in tax liabilities was chiefly prompted by a year-on-year change in the fiscal unit used for value added tax.

The public subsidies relate to preliminary funding in connection with the promotion of intermodal transport. This will be deducted from the acquisition cost capitalised for the subsidised investments following an audit to confirm that all the requirements have been met.

The HHLA Group received €967 thousand in public subsidies (previous year: €0 thousand) in the year under review.

There is sufficient certainty that all the conditions have been or will be fulfilled for the public subsidies to promote intermodal transport totalling €36,987 thousand which were paid to HHLA in the period between 2001 and 2014. These subsidies have therefore already been deducted from the cost of purchasing the subsidised investments. The conditions for the subsidies include obligations to operate the subsidised equipment for a retention period of five to 20 years, observe certain operating criteria and provide the subsidising body with evidence for the use of the funds.

In the previous year, other liabilities included payment obligations amounting to €4,690 thousand due to acceptance formalities.

42. Income Tax Liabilities

Income tax liabilities are as follows:

in € thousand	31.12.2014	31.12.2013
Income tax liabilities	5,534	3,020

Income tax liabilities result from expected additional payments for corporation tax, solidarity surcharge and trade tax.

When preparing the Annual Financial Statements, provisions are made for the corresponding amounts of corporation tax, solidarity surcharge and trade tax on the basis of the tax and legal situation known at the time of preparation.

Notes to the Cash Flow Statement

43. Notes to the Cash Flow Statement

Free Cash Flow

The balance of the cash inflow from operating activities and the cash outflow from investing activities makes up the free cash flow. This indicates what cash resources are available for dividend distribution or the redemption of existing loans. Free cash flow was up on the previous year. This stemmed mainly from higher earnings before interest and taxes (EBIT) and a year-on-year fall in capital commitment costs within net current assets from €78,557 thousand to €118,836 thousand.

Financial Funds

In addition to the cash and cash equivalents entered in the balance sheet, financial funds are made up as shown below as of the balance sheet date for the purposes of the cash flow statement:

in € thousand	31.12.2014	31.12.2013
Cash and cash equivalents	87,612	55,404
Short-term deposits with a maturity of 4 – 12 months	90,000	70,000
Bank balances and cash in hand	74,605	89,960
Cash, cash equivalents and short-term deposits	252,217	215,364
Receivables from HGV	23,400	5,700
Cash pool receivables	0	5
Short-term deposits with a maturity of 4 – 12 months	- 90,000	- 70,000
Financial funds at the end of the period	185,617	151,069

Financial funds include cash in hand and bank balances with a remaining term of up to three months, receivables and liabilities relating to HGV, and receivables and liabilities from cash pooling. They are recognised at nominal value.

Receivables from HGV are overnight deposits available on demand.

Notes to the Segment Report

44. Notes to the Segment Report

The HHLA Group's segment report is prepared in accordance with the provisions of IFRS 8 Operating Segments and requires reporting on the basis of the internal reports to the Executive Board for the purpose of controlling the commercial activities. The segment performance indicator used is the internationally customary key figure EBIT (earnings before interest and taxes), which serves to measure the performance of each segment and therefore aids the internal control function.

The accounting and valuation principles applied for internal reporting comply with the principles applied by the HHLA Group described in ▶ Note 6 'Accounting and Valuation Principles'.

In line with the Group's reporting structure for management purposes and in accordance with the definition in IFRS 8, the following four independent segments were identified:

Container

The Container segment pools the Group's container handling operations. The Group's activities in this segment consist primarily of handling container ships and transferring containers to other carriers (e. g. rail, truck or feeder ship). HHLA operates three container terminals in Hamburg (Altenwerder, Burchardkai and Tollerort) and another container terminal in Odessa, Ukraine. The portfolio is rounded off by supplementary container services, such as maintenance and repairs provided by its subsidiary HCCR.

Intermodal

As a core element of HHLA's business model, which is vertically integrated along the transportation chain, the Intermodal segment provides a comprehensive seaport-hinterland rail and truck network. The rail companies METRANS and POLZUG and the trucking firm CTD complete HHLA's range of services in this field.

Logistics

The Logistics segment encompasses contract and warehousing logistics as well as specialist handling services. Its service portfolio comprises stand-alone logistics services, entire process chains for the international procurement and distribution of merchandise, and the processing of cruise ships. The segment also provides consulting and management services for clients in the port and transport sectors.

Real Estate

This segment is equivalent to the Real Estate subgroup. Its business activities encompass the development, letting and management of properties. These include real estate in the Speicherstadt historical warehouse district, Fischmarkt Hamburg-Altona GmbH on the northern banks of the river Elbe. Furthermore, industrial logistics properties and land in and around the Port of Hamburg are supervised by Holding/Other.

The Holding/Other division used for segment reporting does not represent an independent business segment as defined by IFRS 8. However, it has been allocated to the segments within the Port Logistics subgroup in order to provide a complete and clear picture.

Due to the structure of the HHLA Group, it is necessary to issue a large number of invoices for inter-segmental services. These predominantly relate to the use of real estate, IT services, administrative services, workshop services and staff provided by the holding company. As a rule, services are valued at cost price. Transfer prices may not exceed the market price of the service in question. If the company providing the service predominantly sells the relevant service on the market outside the Group, it may charge the market price, even if the cost price is lower.

The following table gives the details of the reconciliation of the segment variables with the corresponding Group variables:

Earnings

The reconciliation of the segment variable EBIT with consolidated earnings before taxes (EBT) incorporates transactions between the segments and the subgroups for which consolidation is mandatory, along with the proportion of companies accounted for using the equity method, net interest income and the other financial result.

Reconciliation of the Segment Indicator EBIT with Consolidated Earnings before Taxes (EBT)

in € thousand	2014	2013
Total segment earnings (EBIT)	168,777	153,114
Elimination of business relations between segments and subgroups	511	763
Group earnings (EBIT)	169,288	153,876
Earnings from associates accounted for using the equity method	5,260	3,123
Net interest	- 44,998	- 40,281
Other financial result	544	418
Earnings before tax (EBT)	130,094	117,136

Segment Assets

The reconciliation of segment assets with Group assets incorporates not only items and financial investments for which consolidation is mandatory, but also claims arising from current and deferred income taxes and financial funds which are not to be assigned to segment assets.

Reconciliation of Segment Assets with Group Assets

in € thousand	31.12.2014	31.12.2013
Segment assets	1,592,919	1,602,394
Elimination of business relations between segments and subgroups	- 579,780	- 643,103
Current assets before consolidation	441,428	488,972
Financial assets	16,171	14,221
Deferred tax	63,558	34,188
Income tax receivables	1,568	3,944
Cash, cash equivalents and short-term deposits	252,217	215,364
Group assets	1,788,081	1,715,980

Other Segment Information

The reconciliation with Group investments totalling € - 1,014 thousand (previous year: € - 111 thousand) eliminates the inter-segmental sale of property, plant and equipment and internal invoices for services to generate intangible assets.

In relation to the reconciliation of depreciation and amortisation amounting to € - 756 thousand (previous year: € - 873 thousand), the entire amount is attributable to the elimination of inter-company profits between the segments and the subgroups.

The reconciliation of non-cash items amounting to € 27 thousand (previous year: € - 6 thousand) contains items for which consolidation is mandatory between the segments and the subgroups.

Information about Geographical Regions

	Germany		EU		Outside EU		Total		Reconciliation with Group assets		Group	
in € thousand	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Segment income	859,804	832,017	304,588	256,452	35,209	49,605	1,199,601	1,138,075	0	0	1,199,601	1,138,075
Non-current segment assets	926,353	935,240	246,741	217,307	55,691	83,951	1,228,785	1,236,498	559,296	479,482	1,788,081	1,715,980
Investments in non-current segment assets	78,523	68,007	50,975	11,845	8,917	32,854	138,415	112,706	- 1	0	138,414	112,706

For the information by region, the segment revenue and disclosures on non-current segment assets are broken down in accordance with the affiliates' respective locations. In addition to items between the segments for which consolidation is mandatory, the reconciliation to Group assets primarily contains current assets, financial investments and claims arising from current and deferred income taxes.

Information about Key Clients

Revenue of € 129,326 thousand from a single client exceeds 10 % of Group revenue and relates to the Container and Intermodal segments.

Other Notes

45. Lease Liabilities

Obligations under Finance Leases

The Group has concluded various finance lease and hire-purchase agreements for a number of properties, technical equipment, and operating and office equipment. These agreements relate to, among other things, quay walls, lifting and ground-handling vehicles, container wagons and chassis, and IT hardware. For the most part, the contracts include renewal options and, in some cases, a PUT (purchase upon termination) option. The renewal options are always for the lessee; the PUT option can be used by the respective lessor to force a sale.

The main obligations from finance leases result from the lease of mega-ship berths from HPA, which is a related party. The fixed lease initially runs until 2036, but HHLA anticipates that the lease terms of these assets will extend over 50 years, as in the past. The contracts make provisions for the allocation of liability in the event of nullity and the associated premature termination of the lease as a result of conflict with EU law. The Executive Board of HHLA believes the risk of a conflict with EU law is currently very low. Following the completion of a present value test, the mega-ship berth leases are to be classified as finance lease obligations according to IAS 17. Including expected increases in rent payment rates, this results in anticipated minimum lease payments of €247,091 thousand (previous year: €251,785 thousand).

The following table shows the reconciliation between future minimum lease payments from finance leases and hire-purchase agreements and their present value:

in € thousand	31.12.2014	31.12.2013
Within one year	10,079	10,011
Between one and five years	29,402	24,979
Over five years	251,625	232,480
Total minimum lease payments in the future	291,106	267,470
Within one year	5,062	5,070
Between one and five years	10,207	6,151
Over five years	131,452	106,611
Present value of minimum lease payments	146,721	117,832
Interest expenses from discounting	144,385	149,638

Liabilities from Operating Leases where the Group is Lessee

Contracts exist between the Free and Hanseatic City of Hamburg and/or HPA and the HHLA Group for the lease of land and quay walls in the Port of Hamburg and in the Speicherstadt historical warehouse district by companies in the HHLA Group. The main contracts expire between 2025 and 2037. Under the terms of the contracts, the lease payments are generally reviewed every five years on the basis of price developments in relevant competing ports or based on appropriate rental indices. Provisions are made for the anticipated increases in lease payments. Leasing expenses for the space in the Speicherstadt historical warehouse district are partly linked to the development of Group income from subletting these buildings.

Without the prior approval of the lessor, the leased areas and the buildings on them belonging to HHLA may not be sold or let. Major changes to the terms of subletting agreements also require the approval of the lessor.

There are also leases relating to real estate and movable property at the container terminal in Odessa, Ukraine. On the whole, the rents payable for this are fixed and will only change during the course of the agreement as a result of future inflation. The company will not have purchase options at the end of the lease agreements. The respective lease agreements have terms of between five and 34 years.

The Group also has leasing agreements for various motor vehicles and items of technical equipment. These leases have an average duration of one to seven years and generally do not include renewal options. The lessee takes on no obligations when signing these leases.

At the balance sheet date the following minimum lease payment obligations exist under uncancellable operating leases:

in € thousand	31.12.2014	31.12.2013
Within one year	36,672	36,270
Between one and five years	136,333	133,321
Over five years	666,808	707,397
	839,813	876,988

Expenses of €51,506 thousand (previous year: €46,560 thousand) were incurred for leases in the financial year. Conditional rental payments made up €1,819 thousand (previous year: €1,740 thousand) of this.

Operating Leases where the Group is Lessor

The Group has signed leasing agreements for letting its investment properties on a commercial basis. The investment properties consist of office space, facilities and a commercial property not used by the Group. These leases have remaining uncancellable lease terms of between one and 20 years. After the end of the uncancellable lease period, some contracts give tenants the option of extending the lease for a period of between two and up to a maximum of three times five years. Some leases contain a clause under which the rent can be increased in line with market conditions.

The following table shows the minimum lease payments anticipated for the years ahead on the basis of uncancellable operating leases for investment property at the balance sheet date:

in € thousand	31.12.2014	31.12.2013
Within one year	32,001	29,379
Between one and five years	70,925	69,322
Over five years	32,100	33,242
	135,026	131,943

In the financial year, income of €52,960 thousand (previous year: €52,710 thousand) was earned from letting property, plant and equipment and investment property.

46. Contingent Liabilities and Other Financial Obligations

No provisions were formed for the following contingent liabilities because it was deemed highly unlikely that they would be utilised.

Contingent Liabilities

in € thousand	31.12.2014	31.12.2013
Guarantees	8,986	5,608
Comfort letters	2,500	2,500
	11,486	8,108

Other Financial Obligations

The nominal values of other financial obligations are made up as follows on the balance sheet date:

in € thousand	31.12.2014	31.12.2013
Outstanding purchase commitments	72,708	166,480
Miscellaneous other obligations	847,384	907,930
	920,092	1,074,410

Of the obligations from outstanding purchase commitments, €52,440 thousand (previous year: €148,248 thousand) is attributable to capitalisation of property, plant and equipment.

Miscellaneous other obligations contain commitments from operating leases amounting to €839,813 thousand (previous year: €876,988 thousand). See ► Note 45.

47. Management of Financial Risks

To finance its business activities, the Group uses short, medium and long-term bank loans, finance leases and hire-purchase agreements as well as cash and short-term deposits. The Group has access to various other financial assets and liabilities, such as trade payables and receivables which arise directly from its business.

The Group also enters into derivative transactions. Derivative financial instruments are most likely to include interest rate hedging instruments such as interest rate swaps, interest rate caps and currency futures. The purpose of these derivative financial instruments is to manage interest rate, currency and commodity price risks which result from the Group's business activities and its sources of financing.

Derivative financial instruments are used to hedge existing transactions and planned transactions which are sufficiently likely to take place. Hedging transactions are only concluded with counterparties with very good credit ratings. HHLA also makes use of external ratings to assess its counterparties' creditworthiness. The Group does not hold derivative financial instruments for speculative purposes.

Interest Rate and Market Price Risk

As a result of its financing activities, the Group is exposed to an interest rate risk, which principally stems from medium to long-term borrowing at floating rates of interest.

Managing the Group's interest expenses involves a combination of fixed and floating-rate debt, depending on the market. It is Group policy to arrange the majority of interest-bearing debt at fixed rates of interest, either by agreeing fixed rates with the lenders or by taking out interest rate swaps. These are used in the HHLA Group to reduce interest rate risks and may also be used to a minor extent to reduce currency and commodity price risks. Derivatives reported in the Consolidated Financial Statements are carried at fair value based on the market prices posted by counterparties. Resulting gains and losses are recognised through profit and loss in the financial result unless the derivative financial instrument is part of a designated cash flow hedging relationship. The effective portion of unrealised gains and losses on cash flow hedges is recognised in equity without effect on profit and loss.

At the balance sheet date, 80.0% (previous year: 86.1%) of the Group's borrowing was at fixed interest rates, including an amount of €12,177 thousand (previous year: €16,001 thousand) covered by interest rate swaps.

The fixed-interest financial instruments are not held at fair value and are therefore not subject to market price risks on the balance sheet.

Market price risks can, however, affect securities and equity investments in particular. Due to the minor scope of these instruments, the risk is deemed insignificant.

A change in the variable interest rate affects the interest expenses arising from floating-rate loans, the interest income from overnight deposits and time deposit investments, and the income from interest rate hedges and their fair value.

If the variable interest rate had been 0.5 percentage points higher as of the balance sheet date, interest expenses arising from floating-rate loans would have been €343 thousand p.a. higher, interest income from overnight deposits and time deposit investments would have been €1,376 thousand p.a. higher and income from interest rate hedges would have been €61 thousand p.a. higher. The fair value of the interest rate hedges would have risen by €84 thousand. Of this, €57 thousand would be recorded directly in equity and €27 thousand would be recognised in the income statement, whose result would increase by a total of €1,121 thousand before tax.

Exchange Rate Risk

Due to investments in countries outside the eurozone, changes in exchange rates can affect the balance sheet. Foreign currency risks on individual transactions, such as the sale of a shareholding for example, are hedged by currency futures or currency options if a market analysis requires it. The hedging transactions are in the same currency as the hedged item. The Group only concludes currency futures contracts when specific claims or obligations exist.

As in the previous year, there were no currency futures contracts at the balance sheet date.

Revenue in the HHLA Group is predominantly invoiced in euros or in the national currencies of the European affiliates. Investments in these countries are largely transacted in euros.

USD-denominated financial instruments are held in Ukraine, which are subject to an exchange risk. If the euro lost 10% against the US dollar, this would have a negative impact of approx. €2 million on equity. Depending on the simultaneous performance of the Ukrainian hryvnia against the US dollar, this full amount could be recognised through profit and loss and reduce the result for the period accordingly by up to approx. €2 million. For all other currencies, changes in exchange rates do not pose a material risk to the Group.

Commodity Price Risk

The Group is primarily exposed to a commodity price risk when purchasing fuel. Depending on the market situation, the Group can arrange price hedges for part of its fuel requirements. This was not the case at the balance sheet date or on 31 December 2013.

In addition to the market risks mentioned, there are also financial risks in the form of credit and liquidity risks.

Credit Risk/Default Risk

The Group only maintains customer relationships on a credit basis with recognised, creditworthy third parties. Clients who wish to complete transactions with the Group on a credit basis are subject to a credit-scoring procedure. Receivables are also monitored on an ongoing basis and impairment allowances are made if risks are identified, such that the Group is not exposed to any additional significant default risks on receivables. The maximum default risk for the trade receivables and other financial receivables is theoretically the carrying amount for the individual receivable. HHLA has also taken out loan loss insurance to minimise default risks. This covers key outstanding receivables as of the balance sheet date.

The term structure of trade receivables is as follows:

in € thousand	31.12.2014	31.12.2013
Receivables not due for payment and not written down	105,789	102,695
Overdue receivables not written down	34,432	35,906
thereof up to 30 days	26,569	28,676
thereof 31 to 90 days	6,127	5,115
thereof 91 days to one year	1,732	2,061
thereof over one year	4	54
	140,221	138,601

Value adjustments on trade receivables developed as follows:

in € thousand	2014	2013
Impairment as of 01.01.	2,443	2,621
Additions (impairment expenses)	1,170	1,115
Used	- 401	- 1,090
Reversals	- 310	- 203
Impairment as of 31.12.	2,902	2,443

The default risk in the case of derivative financial instruments and cash, cash equivalents and short-term deposits is, in theory, that of counterparty default and is therefore equivalent to the carrying amounts of the individual financial instruments.

The risk of default can be considered to be very low, since the Group as a rule only conducts derivative financial transactions and liquid investments with counterparties with very good credit ratings.

In addition, credit risks may arise if the contingencies listed in ► Note 46 are incurred.

Liquidity Risk

The Group guarantees sufficient liquidity at all times with the help of medium-term liquidity planning, by diversifying the maturities of loans and finance leases and by means of existing lines of credit and funding commitments. If covenants have been agreed for individual loans, they are monitored on an ongoing basis to make sure they are being complied with. HHLA will introduce measures it deems necessary to ensure that the covenants are met.

For details on the repayment of the HHLA Group's loans, the liabilities towards employees, the finance lease liabilities and other financial liabilities, please refer to the table of residual maturities for financial liabilities in ► Note 38.

Future interest payments are expected to result in the following outflows of liquidity:

in € thousand	31.12.2014			
	Total	Up to 1 year	1 to 5 years	Over 5 years
Outflow of liquidity for future interest payments on fixed-interest loans	36,910	5,632	15,682	15,596
Outflow of liquidity for future interest payments on floating-rate loans	6,892	1,928	4,417	547
	43,802	7,560	20,099	16,143

in € thousand	31.12.2013			
	Total	Up to 1 year	1 to 5 years	Over 5 years
Outflow of liquidity for future interest payments on fixed-interest loans	43,878	6,925	18,049	18,904
Outflow of liquidity for future interest payments on floating-rate loans	4,584	1,262	2,825	497
	48,462	8,187	20,874	19,401

It is anticipated that the interest rate swaps in place on the balance sheet date will result in the following interest outflows in the future. In this context, an interest outflow is considered to be the difference between the amount to be paid and the amount to be received.

in € thousand	31.12.2014	31.12.2013
Within one year	408	526
Between one and five years	211	585
Over five years	0	0
	619	1,111

Financial Instruments

Carrying Amounts and Fair Values

The table below shows the carrying amounts and fair value of financial assets and financial liabilities, as well as their level in the fair value hierarchy ► Note 7.

Financial Assets as of 31.12.2014

in € thousand	Carrying amount			Fair value			
	Loans and receivables	Available for sale	Balance sheet value	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value							
Financial assets (securities)		3,910	3,910	3,910			3,910
	0	3,910	3,910				
Financial assets not measured at fair value							
Financial assets	9,382	4,454	13,836				
Trade receivables	140,221		140,221				
Receivables from related parties	36,202		36,202				
Other financial receivables	1,982		1,982				
Cash, cash equivalents and short-term deposits	252,217		252,217				
	440,004	4,454	444,458				

Financial Liabilities as of 31.12.2014

in € thousand	Carrying amount				Fair value			
	Held for trading	Fair value – hedging instruments	Other financial liabilities	Balance sheet value	Level 1	Level 2	Level 3	Total
Financial liabilities measured at fair value								
Financial liabilities (interest rate swaps used for hedging transactions)	193	364		557		557		557
	193	364	0	557				
Financial liabilities not measured at fair value								
Financial liabilities (liabilities from bank loans)			284,070	284,070		290,896		290,896
Financial liabilities (finance lease liabilities)			39,853	39,853		39,853		39,853
Financial liabilities (settlement obligation)			22,432	22,432		22,432		22,432
Financial liabilities (other)			59,532	59,532				
Trade liabilities			83,372	83,372				
Liabilities to related parties (finance lease liabilities)			106,869	106,869		106,869		106,869
Liabilities to related parties (other)			73,515	73,515				
	0	0	669,643	669,643				

Financial Assets as of 31.12.2013

in € thousand	Carrying amount			Fair value			
	Loans and receivables	Available for sale	Balance sheet value	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value							
Financial assets (securities)		3,873	3,873	3,873			3,873
	0	3,873	3,873				
Financial assets not measured at fair value							
Financial assets	4,224	4,511	8,735				
Trade receivables	138,601		138,601				
Receivables from related parties	25,023		25,023				
Other financial receivables	3,050		3,050				
Cash, cash equivalents and short-term deposits	215,364		215,364				
	386,262	4,511	390,773				

Financial Liabilities as of 31.12.2013

in € thousand	Carrying amount				Fair value			
	Held for trading	Fair value – hedging instruments	Other financial liabilities	Balance sheet value	Level 1	Level 2	Level 3	Total
Financial liabilities measured at fair value								
Financial liabilities (interest rate swaps used for hedging transactions)	421	584		1,005		1,005		1,005
	421	584	0	1,005				
Financial liabilities not measured at fair value								
Financial liabilities (liabilities from bank loans)			288,698	288,698		289,272		289,272
Financial liabilities (finance lease liabilities)			10,782	10,782		10,782		10,782
Financial liabilities (other)			88,716	88,716				
Trade liabilities			69,295	69,295				
Liabilities to related parties (finance lease liabilities)			107,052	107,052		107,052		107,052
Liabilities to related parties (other)			74,574	74,574				
	0	0	639,117	639,117				

In the reporting year, gains of €228 thousand (previous year: €512 thousand) were recognised in the income statement on financial assets and/or liabilities held at fair value through profit and loss. These primarily relate to interest rate hedges with no effective hedging relationship as per IAS 39.

In the reporting year, changes of €299 thousand (previous year: €319 thousand) in the fair value of financial instruments designated as hedging instruments (interest rate swaps) were recognised directly in equity.

The interest rate swaps disclosed covered a total amount of €12,177 thousand (previous year: €16,001 thousand). Of these, financial instruments covering an amount of €7,143 thousand (previous year: €8,821 thousand) with a market value of €- 364 thousand (previous year: €- 584 thousand) were held as part of cash flow hedging relationships to hedge future cash flows from interest-bearing liabilities as of the balance sheet date. The hedged cash flows are expected to occur within the next two years. The amount covered by interest rate swaps is restated in line with the anticipated repayment of the loans over the term of the derivative.

The interest income and interest expenses recorded form part of the financial result. See ► Note 16.

There are no material differences between the carrying amounts and fair values of the financial instruments reported under non-current financial liabilities.

Valuation Methods and Key Unobservable Input Factors for Calculating Fair Value

The tables below show the valuation methods used for Level 2 and Level 3 fair value measurement and the key unobservable input factors utilised:

Financial Instruments Measured at Fair Value

Type	Valuation method	Key unobservable input factors	Relationship between key unobservable input factors and measurement at fair value
Financial liabilities (interest rate swaps)	Market comparison method: Fair value is based on brokers' prices. Similar contracts are traded on an active market and the prices quoted reflect the actual transactions for similar instruments. The market values are calculated with present value and option pricing models to determine the fair value. Whenever possible, these models use the relevant market prices and interest rates observed at the balance sheet date, obtained from recognised sources, as input parameters. The fair value of available-for-sale financial assets is determined on the basis of market prices. The relevant fixed interest rate amounts to between 3.82 to 4.33 %. Any variable components to be included are based on 1-M to 6-M-EURIBOR rates. The derivatives have a remaining maturity period of up to two years.	Not applicable	Not applicable

Financial Instruments Not Measured at Fair Value

Type	Valuation method	Key unobservable input factors
Financial liabilities (liabilities from bank loans)	Discounted cash flows	Not applicable
Financial liabilities (finance lease liabilities)	Discounted cash flows	Not applicable
Liabilities to related parties (finance lease liabilities included in this item)	Discounted cash flows: The valuation model utilises the present value, taking into account contractually agreed increases in rents. Discount rates of between 4.21 and 5.56 % are used.	Not applicable

48. Related Party Disclosures

IAS 24 defines related parties as companies and individuals which directly or indirectly control or exert significant influence over the HHLA Group or over which the HHLA Group has control, joint control or significant influence.

The shareholders HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH, Hamburg (HGV), and HHLA Beteiligungsgesellschaft mbH, Hamburg, as well as their shareholder, the Free and Hanseatic City of Hamburg, companies over which the Free and Hanseatic City of Hamburg has control or significant influence, the members of HHLA's Executive and Supervisory Boards, and the subsidiaries, joint ventures and associates in the HHLA Group are therefore defined as related parties. HGV is the final parent company of HHLA which publishes Consolidated Financial Statements. HHLA is the parent company of the HHLA Group.

In addition to the business relationships with subsidiaries fully consolidated in the Consolidated Financial Statements, the following transactions took place with related parties in the respective financial year:

	Income		Expenses		Receivables		Liabilities	
in € thousand	2014	2013	2014	2013	31.12.2014	31.12.2013	31.12.2014	31.12.2013
Companies with control over the Group	317	537	4,594	5,809	24,179	7,706	65,276	65,276
Non-consolidated subsidiaries	153	63	308	10,973	2,956	4,841	1,003	2,710
Joint ventures	16,287	17,051	12,674	13,120	8,157	11,325	3,751	3,471
Associated companies	1,785	459	0	0	4	0	492	597
Other transactions with related parties	6,158	4,561	35,524	30,034	906	1,151	109,862	109,572
	24,700	22,671	53,100	59,936	36,202	25,023	180,384	181,626

Liabilities towards related parties with control over the Group include a loan of €65,000 thousand (previous year: €65,000 thousand) to the Real Estate subgroup, which is granted by HGV for an indefinite period and attracts interest at a rate of 4.50% p.a. (previous year: 4.50% p.a.) as of the balance sheet date. The loan can be cancelled with three months' notice. In addition, HHLA has receivables from cash clearing with HGV totalling €23,400 thousand (previous year: €5,700 thousand). HHLA's receivables accrued interest at a rate of between 0.10 and 1.00% p.a. (previous year: between 0.15 and 0.40% p.a.) in the reporting year. The interest rates for HHLA's liabilities were between 0.20 and 1.10% p.a. (previous year: between 0.25 and 0.60% p.a.).

Obligations from finance leases amounting to €106,869 thousand (previous year: €107,052 thousand) for the lease of four mega-ship berths from HPA are included in other transactions with related parties.

Expenses with related parties mostly include rent for land and quay walls in the port and the Speicherstadt historical warehouse district.

In the previous year, expenses of €9,691 thousand relating to METRANS Rail (Deutschland) GmbH were recorded for non-consolidated subsidiaries. The company was fully consolidated for the first time in the reporting year.

Furthermore, HGV and the Free and Hanseatic City of Hamburg as parties related to HHLA have provided comfort letters and guarantees to lender banks for loans granted to companies in the HHLA Group. The nominal amount of the associated liabilities from bank loans is €208,000 thousand (previous year: €208,000 thousand), of which around €133,959 thousand plus interest was still outstanding on the balance sheet date (previous year: €145,237 thousand).

With effect from 18 October 2007, a partial loss compensation agreement was concluded between HHLA and HGV. HGV hereby undertakes to assume each annual deficit posted by the HHLA Real Estate subgroup as per commercial law during the term of the agreement. This applies insofar as the deficit is not compensated for by transferring amounts from retained earnings, other revenue reserves or the capital reserve which were carried forward as profit or transferred to these reserves during the term of the contract in accordance with Section 272 (2) (4) of the German Commercial Code (HGB).

Expenses and income from related parties are on standard market terms. The amounts outstanding at year-end are not secured and – with the exception of overnight funds in clearing and the loan liability to HGV – do not attract interest.

No loans or comparable benefits were granted to the members of the Executive and Supervisory Boards in the reporting year or in the previous year.

The following table lists subsidiaries, associated companies and joint ventures, plus HHLA's other participating interests:

List of HHLA's Shareholdings by Business Sector as of 31 December 2014

Name and headquarters of the company	Share of capital held		Equity	Result for the financial year	
	directly	indirectly			
	in %	in %	in € thousand	year	in € thousand
Port Logistics					
Container segment					
HHLA Container Terminals Gesellschaft mit beschränkter Haftung, Hamburg [1, 2, 3a]	100.0		111,449	2014	0
HCCR Hamburger Container- und Chassis-Reparatur-Gesellschaft mbH, Hamburg [1, 2, 3b]		100.0	1,942	2014	0
HHLA Container Terminal Tollerort GmbH, Hamburg [1, 2, 3b]		100.0	34,741	2014	0
HHLA Rosshafen Terminal GmbH, Hamburg [1]		100.0	19,493	2014	2,064
HHLA Container Terminal Altenwerder GmbH, Hamburg (formerly: HHLA CTA Besitzgesellschaft mbH, Hamburg) [1, 2, 3a]		74.9	80,433	2014	0
SCA Service Center Altenwerder GmbH, Hamburg [1, 2, 3c]		74.9	601	2014	0
Kombi-Transeuropa Terminal Hamburg GmbH, Hamburg [4]		37.5	133	2014	23
CuxPort GmbH, Cuxhaven [4]		25.1	11,376	2014	3,646
FLZ Hamburger Feeder Logistik Zentrale GmbH, Hamburg [4]		66.0	25	2014	0
HHLA Container Terminal Burchardkai GmbH, Hamburg [1, 2, 3b]	100.0		76,961	2014	0
Service Center Burchardkai GmbH, Hamburg [1, 2, 3c]		100.0	26	2014	0
Cuxcargo Hafenbetrieb GmbH & Co. KG, Cuxhaven [5]	50.0		15	2014	7
Cuxcargo Hafenbetrieb Verwaltungs-GmbH, Cuxhaven [5]	50.0		15	2014	0
DHU Gesellschaft Datenverarbeitung Hamburger Umschlagsbetriebe mbH, Hamburg [5]	23.0	17.4	1,637	2014	995
SC HPC UKRAINA, Odessa/Ukraine [1]		100.0	40,912	2014	196
Intermodal segment					
CTD Container-Transport-Dienst GmbH, Hamburg [1, 2, 3c]	100.0		1,256	2014	0
METRANS a.s., Prague/Czech Republic [1]	86.5		148,611	2014	24,468
METRANS (Danubia) a.s., Dunajska Streda/Slovakia [1]		86.5	48,482	2014	4,900
METRANS (Danubia) Kft., Gyor/Hungary [1, 5]		86.5	730	2014	384
METRANS Adria D.O.O., Koper/Slovenia [1, 5]		86.5	574	2014	85
METRANS D.O.O., Rijeka/Croatia [1, 5]		86.5	1	2014	7
METRANS Danubia Krems GmbH, Krems an der Donau/Austria [1, 5]		86.5	- 223	2014	54
METRANS DYKO Rail Repair Shop s.r.o., Prague/Czech Republic [1]		86.5	3,613	2014	483
METRANS İSTANBUL STI, Istanbul/Turkey [1, 5]		86.5	122	2014	87
METRANS Rail s.r.o., Prague/Czech Republic [1]		86.5	1,034	2014	312
METRANS Rail (Deutschland) GmbH, Leipzig (formerly: Kirnitzschtal) [1]		86.5	1,319	2014	- 844
METRANS Railprofi Austria GmbH, Krems an der Donau/Austria [1, 5]		69.2	640	2014	374
IBZ Pankrác a.s., Nyrany/Czech Republic [1, 5]		86.5	242	2014	15
JPFE-07 INVESTMENTS s.r.o., Ostrava/Czech Republic [1, 5]		86.5	1,030	2014	306
POLZUG Intermodal GmbH, Hamburg [1, 2, 3a]	100.0		7,990	2014	0
POLZUG Intermodal Polska sp. z o.o., Warsaw/Poland [1]		100.0	- 2,174	2014	- 3,255
POLZUG INTERMODAL LLC, Poti/Georgia [1]		75.0	857	2014	85
HHLA Intermodal Polska Sp. z o.o., Warsaw/Poland [1]		100.0	4,213	2014	- 1,159
HHLA Terminals Polska Sp. z o.o., Warsaw/Poland [1, 5]		95.0	- 2	2014	- 3
IPN Inland Port Network Verwaltungsgesellschaft mbH, Hamburg [5]	50.0		32	2014	2
IPN Inland Port Network GmbH & Co. KG, Hamburg [5]	50.0		77	2014	- 3

List of HHLA's Shareholdings by Business Sector as of 31 December 2014

Name and headquarters of the company	Share of capital held		Equity	Result for the financial year	
	directly	indirectly			
	in %	in %	in € thousand	year	in € thousand
Logistics segment					
HPC Hamburg Port Consulting Gesellschaft mit beschränkter Haftung, Hamburg [1, 2, 3a]	100.0		1,367	2014	0
HPTI Hamburg Port Training Institute GmbH, Hamburg [1, 2, 3c]		100.0	102	2014	0
Uniconsult Universal Transport Consulting Gesellschaft mit beschränkter Haftung, Hamburg [1, 2, 3c]		100.0	100	2014	0
UNIKAI Lagerei- und Speditionsgesellschaft mbH, Hamburg [1]	51.0		5,737	2014	763
ARS-UNIKAI GmbH, Hamburg [4]		25.5	305	2014	- 1
HHLA Frucht- und Kühl-Zentrum GmbH, Hamburg [4]	51.0		14,922	2014	1,406
Ulrich Stein Gesellschaft mit beschränkter Haftung, Hamburg [4]	51.0		603	2014	152
HHLA Logistics GmbH, Hamburg [1, 2, 3a]	100.0		- 1,237	2014	0
Hansaport Hafenbetriebsgesellschaft mit beschränkter Haftung, Hamburg [3b, 4]	49.0		N.a.	2014	N.a.
HCC Hanseatic Cruise Centers GmbH, Hamburg [1]		51.0	791	2014	66
Holding/Other					
GHL Zweite Gesellschaft für Hafen- und Lagereiimmobilien-Verwaltung mbH, Hamburg [1, 2, 3c]	100.0		3,609	2014	0
HHLA-Personal-Service GmbH, Hamburg [1, 2, 3c]	100.0		45	2014	0
HCCR Erste Beteiligungsgesellschaft mbH, Hamburg [1]		100.0	32	2014	- 1
Real Estate					
Real Estate segment					
Fischmarkt Hamburg-Altona Gesellschaft mit beschränkter Haftung, Hamburg [1, 2, 3a]	100.0		4,518	2014	0
HHLA Immobilien Speicherstadt GmbH, Hamburg [1, 5]	100.0		53	2014	6
HHLA 1. Speicherstadt Immobilien GmbH & Co. KG, Hamburg [1, 2, 3d]	100.0		14,305	2014	1,886
HHLA 2. Speicherstadt Immobilien GmbH & Co. KG, Hamburg (formerly: GHL Gesellschaft für Hafen- und Lagereiimmobilien-Verwaltung Bei St. Annen mbH, Hamburg) [1, 3d]	100.0		10,757	2014	2,850

[1] *Controlled companies*
[2] *Profit and loss transfer agreements were held in these companies in 2014.*
[3a] *The non-disclosure option provided for in Section 264 (3) of the German Commercial Code (HGB) was used for these companies.*
[3b] *The non-disclosure option and the option of non-inclusion in the Management Report provided for in Section 264 (3) of the German Commercial Code (HGB) were used for these companies.*
[3c] *The non-disclosure option and the option of non-inclusion in the Management Report and the Notes provided for in Section 264 (3) of the German Commercial Code (HGB) were used for these companies.*
[3d] *The non-disclosure option provided for in Section 264b of the German Commercial Code (HGB) was used for these companies.*
[4] *Companies recognised using the equity method.*
[5] *Due to the minor importance of these companies, they are not recognised using the equity method in the Consolidated Financial Statements or as non-consolidated companies, but rather as equity investments.*

Remuneration for Key Management Personnel

The relevant group of people includes the current and former members of the Executive Board and their surviving dependants. The Supervisory Board and their immediate families also count as related parties. Apart from the details provided below, there were no notifiable transactions with related parties or their close relatives in the 2014 financial year.

Executive Board Remuneration

In accordance with Article 11 (2) of HHLA's articles of association, the Supervisory Board is responsible for signing and terminating service contracts with members of the Executive Board. The Supervisory Board in its entirety also establishes and regularly reviews the remuneration system for the Executive Board – including the core contractual components – based on recommendations by the Personnel Committee. When conducting its reviews, the Personnel Committee takes into account HHLA's size and activities, its financial and economic position, the amount and structure of Executive Board remuneration at comparable companies, and the relationship of the remuneration of the Executive Board to the remuneration of the upper levels of management and the staff in general. The responsibilities and services provided by each Executive Board member are also taken into account.

The remuneration paid to Executive Board members is made up of non-performance-related fixed remuneration, a performance-related bonus and other benefits. The performance-related bonus is usually set using a three-year assessment period as a basis. The calculation is based on the average earnings before interest and taxes (EBIT) for the last three years (before additions to pension provisions and less any extraordinary income from the disposal of real estate and companies), the average return on capital employed (ROCE) and the achievement of targets relating to environmental issues (reduction of the carbon footprint of each container handled and transported) and social issues (broken down into training and continuing professional development, health and employment) over the same period. Target ranges were set for each of the sustainability components. Achieving these targets triggers the payment of the relevant bonus. When making these calculations, roughly equal weight is given to EBIT on the one hand and the above-mentioned sustainability components on the other. The variable remuneration is capped at 150 % of the basic salary. It is paid out once the Annual Financial Statements have been approved.

In addition to this, there is a pension commitment for each Executive Board member. Pensions are paid to former Executive Board members either after five or eight years' service on the Executive Board, if they leave the Board for reasons unrelated to the Board member, or as a result of incapacity or due to reaching retirement age. Pensions consist of a percentage of the entitlement salary, which is based on the annual basic salary. The percentage is between 35 and 50 %. Surviving spouses of Executive Board members receive a widow(er)'s pension of 55 to 60 % of the pension entitlement and children receive an orphan's allowance of 12 to 20 % of the pension.

Should the pension entitlement have been suspended or no longer apply, transitional or interim pay applies for a limited period on the basis of the fixed remuneration.

The service contracts valid during the year under review include a change of control clause. This stipulates that Executive Board members will receive their financial entitlement for the remaining duration of their contract, discounted by 2 % p. a. and discharged in a one-off payment, should they lose their seat on the Board. This does not affect their pension entitlements.

Please see the remuneration report for details of the remuneration paid to individual Board members.

The following remuneration was paid to the members of the Executive Board:

in € thousand	2014	2013
Non-performance-related remuneration		
Basic salary	1,440	1,440
Other benefits	50	46
Performance-related remuneration	1,469	1,484
	2,959	2,970

The other benefits are made up of benefits in kind, which principally consist of the use of a company car.

After leaving the Executive Board on 31 December 2011, Dr. Jürgens received his contractually agreed fixed remuneration until 31 December 2013. The sum of €325,000 was stipulated as the basis for calculating his performance-related pay.

Benefits totalling €695 thousand (previous year: €1,334 thousand) were paid to former members of the Executive Board and their surviving dependants. Provisions of €13,104 thousand (previous year: €8,522 thousand) have been made for pension commitments to active Executive Board members and provisions of €12,741 thousand (previous year: €10,956 thousand) have been made for pension commitments to former Executive Board members and their surviving dependants.

Supervisory Board Remuneration

In accordance with Section 16 of HHLA's articles of association, Supervisory Board members are remunerated as resolved by the Annual General Meeting. This remuneration is based on the scope of the Supervisory Board members' activities as well as on the company's financial position and results. The current remuneration clause was adopted at the Annual General Meeting held on 13 June 2013.

The members of the Supervisory Board receive fixed remuneration of €13,500 per financial year. The Chairman receives three times this amount and the Vice Chairman is paid one and a half times the basic figure. Supervisory Board members who belong to a committee receive an additional €2,500 per committee per financial year, while the Chairman of the respective committee receives €5,000, but altogether no more than €10,000. Furthermore, Supervisory Board members receive a meeting attendance fee of €250 for each meeting of the Supervisory Board or one of its committees. Following the resolution on the Supervisory Board's remuneration which was passed by the Annual General Meeting held on 13 June 2013, there has been no variable remuneration component since the 2013 financial year. Supervisory Board members who have belonged to the Supervisory Board or a committee for less than a whole financial year receive a corresponding pro rata payment.

The remuneration paid to the Supervisory Board in the financial year under review totalled €275 thousand (previous year: €291 thousand).

49. Members of Company Boards and their Mandates

For the current composition of the Company Board and ist committees, please ► see Board Members and Mandates, page 38 et seqq.

50. German Corporate Governance Code

HHLA has based its corporate governance on the recommendations and suggestions of the German Corporate Governance Code (the Code) as published on 13 May 2013 and – subsequent to its taking effect – the version dated 24 June 2014. It will continue to comply with these recommendations and suggestions in future. Information on corporate governance at HHLA and a detailed report on the amount and structure of the remuneration paid to the Supervisory Board and Executive Board can be found in the Group Management Report and ► Note 48 of this report. The Executive Board and Supervisory Board discussed matters of corporate governance in 2014 and on 17 December 2014 issued the declaration of compliance 2014 in accordance with Section 161 of the German Stock Corporation Act (AktG), which is permanently available to shareholders on the company's website ► www.hhla.de.

51. Auditing Fees

The following fees have been recognised as expenses for services provided by the auditors of the Consolidated Financial Statements, Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft.

in € thousand	2014	2013
Audit of financial statements	480	461
Other certification services	105	91
Other services	13	48
	598	600

Fees for auditing financial statements primarily consist of the fees for the audit of the Consolidated Financial Statements and for the audits of the financial statements of Hamburger Hafen und Logistik Aktiengesellschaft and its domestic subsidiaries. In the year under review and the previous year, fees for other certification services related predominantly to the qualified review of Interim Financial Statements.

52. Events after the Balance Sheet Date

After the balance sheet date, the conflict in Ukraine concerning the country's political future came to a dramatic head. Although a political solution seemed possible at the time of reporting, Ukraine's political future remained highly uncertain. It is possible that political developments may cause the economic trend and business environment in Ukraine to deteriorate considerably. In addition to this, the Ukrainian currency – the hryvnia – depreciated by almost 40 % against the euro between the balance sheet date and the end of February.

Due to the outlined situation in Ukraine, it is impossible to rule out exchange rate effects which could have a negative impact on the HHLA Group's net assets, financial and earnings position. Revaluations may also prove necessary in the future.

Hamburg, 4 March 2015

Hamburger Hafen und Logistik Aktiengesellschaft

Klaus-Dieter Peters

Dr. Stefan Behn

Heinz Brandt

Dr. Roland Lappin

Annual Financial Statements of the Parent Company

Income statement

for the period 1 January to 31 December 2014

in €	2014	2014	2013	2013
1. Revenue		135,830,235.84		142,012,949.36
2. Increase or decrease in work in progress		- 321,189.60		254,399.35
3. Own work capitalised		530,383.50		710,311.72
4. Other operating income of which income from translation differences €2,465.85 (previous year: €2,410.49)		3,435,167.47		5,916,940.85
5. Cost of materials				
a) Expenses for raw materials, consumables, supplies and purchased merchandise	4,188,591.79		4,517,901.50	
b) Expenses for purchased services	1,250,190.67	5,438,782.46	1,322,086.35	5,839,987.85
6. Personnel expenses				
a) Wages and salaries	91,590,777.74		92,834,960.51	
b) Social security contributions and expenses for pension and similar benefits of which for pensions €- 3,628,034.24 (previous year: €6,379.94)	11,356,363.85	102,947,141.59	15,458,894.62	108,293,855.13
7. Depreciation and amortisation on intangible fixed assets and property, plant and equipment		6,175,958.47		6,017,169.72
8. Other operating expenses of which expenses from translation differences €2,772.33 (previous year: €2,234.70)		34,337,418.57		37,094,635.04
9. Income from profit transfer agreements		109,538,656.92		85,001,116.56
10. Income from equity participations of which from affiliated companies €14,936,284.89 (previous year: €15,294,726.59)		17,805,193.89		18,312,848.59
11. Other interest and similar income of which from affiliated companies €3,971,577.90 (previous year: €4,040,165.89)		5,482,839.04		5,113,490.12
12. Amortization and impairment losses of financial statements		0.00		3,412,672.69
13. Expenses from assumed losses		16,558,290.84		17,717,873.71
14. Interest and similar expenses of which to affiliated companies €3,104,064.42 (previous year: €3,245,578.62) of which from accrued interest €24,797,121.54 (previous year: €20,587,735.37)		28,749,481.92		24,241,880.73
15. Result from ordinary income		**78,094,213.21**		**54,703,981.68**
16. Extraordinary expenses		0.00		68,473.53
17. Net extraordinary loss		0.00		- 68,473.53
18. Taxes on income including income from the change unrecognized taxes €1,176,116.38 (previous year expenses: €2,192,624.28)		27,639,169.89		18,633,630.06
19. Other taxes		430,122.83		535,412.60
20. Net profit for the year		**50,024,920.49**		**35,466,465.49**
21. Profit carried forward from the previous year		218,849,571.76		232,160,248.37
22. Dividend distributed		34,902,600.30		48,777,142.10
23. Unappropriated profit		**233,971,891.95**		**218,849,571.76**

The annual financial statement and combined management report of Hamburger Hafen und Logistik Aktiengesellschaft, Hamburg, for the 2014 financial year have been prepared according to the provisions of German commercial law and have been endorsed with an unrestricted auditor's certificate by the auditors of Ernst&Young GmbH Wirtschaftsprüfungsgesellschaft. The statement of income for the period 1 January to 31 December 2014, and the balance sheet as of 31 December 2014, are presented on this and the following pages.

Balance sheet

as of 31 December 2014

in €		31.12.2014	31.12.2014	31.12.2013	31.12.2013
Assets					
A.	Non-current assets				
I.	Intangible assets				
	Purchased software		2,440,196.55		2,740,725.85
II.	Property, plant and equipment				
1.	Land, equivalent land rights and buildings, including buildings on leased land	99,811,962.77		67,231,633.61	
2.	Technical equipment and machinery	2,059,738.30		2,219,845.02	
3.	Other plant, operating and office equipment	2,303,078.18		3,056,335.47	
4.	Payments made on account and plant under construction	386,271.16	104,561,050.41	13,667,711.62	86,175,525.72
III.	Financial assets				
1.	Interests in affiliated companies	308,899,084.75		309,486,412.06	
2.	Equity investments	7,558,163.18		7,558,163.18	
3.	Non-current securities	939,049.76	317,396,297.69	934,481.59	317,979,056.83
			424,397,544.65		406,895,308.40
B.	Current assets				
I.	Inventories				
1.	Raw materials, consumables and supplies	174,551.06		126,062.23	
2.	Work in progress	1,710,459.56	1,885,010.62	2,031,649.16	2,157,711.39
II.	Receivables and other assets				
1.	Trade receivables	915,638.24		939,482.01	
2.	Receivables from the Free and Hanseatic City of Hamburg of which with a residual term of more than one year €367,465.76 (previous year: €381,655.88)	381,876.18		1,866,780.38	
3.	Receivables from affiliated companies	380,090,183.12		404,452,595.19	
4.	Receivables from investee companies	6,244,124.65		8,580,375.02	
5.	Other assets of which with a residual term of more than one year €463,702.86 (previous year: €521,529.27)	4,913,789.49	392,545,611.68	16,579,458.69	432,418,691.29
III.	Cash and cash equivalents		226,533,092.78		193,063,140.48
			620,963,715.08		627,639,543.16
C.	Accruals and deferrals		1,938,277.36		1,004,840.07
D.	Deferred tax assets		28,422,565.69		24,657,796.89
			1,075,722,102.78		1,060,197,488.52

Balance sheet

as of 31 December 2014

in €	31.12.2014	31.12.2014	31.12.2013	31.12.2013
Equity and liabilities				
A. Equity				
I. Subscribed capital				
1. Port Logistics	70,048,834.00		70,048,834.00	
2. Real Estate	2,704,500.00	72,753,334.00	2,704,500.00	72,753,334.00
II. Capital reserve				
1. Port Logistics	136,771,470.63		136,771,470.63	
2. Real Estate	506,206.26	137,277,676.89	506,206.26	137,277,676.89
III. Revenue reserves				
1. Statutory reserve				
a) Port Logistics	5,125,000.00		5,125,000.00	
b) Real Estate	205,000.00	5,330,000.00	205,000.00	5,330,000.00
2. Other earnings reserves				
a) Port Logistics	56,105,325.36		56,105,325.36	
b) Real Estate	1,322,353.86	57,427,679.22	1,322,353.86	57,427,679.22
		62,757,679.22		62,757,679.22
IV. Unappropriated profit				
1. Port Logistics	212,936,837.97		202,072,241.03	
2. Real Estate	21,035,053.98	233,971,891.95	16,777,330.73	218,849,571.76
		506,760,582.06		491,638,261.87
B. Provisions				
1. Provisions for pensions and similar obligations		293,516,486.26		292,691,662.85
2. Tax provisions		3,811,826.74		1,434,909.50
3. Other provisions		28,354,002.39		27,192,371.99
		325,682,315.39		321,318,944.34
C. Liabilities				
1. Liabilities from bank loans		27,542,962.00		21,819,154.00
2. Payments on account		2,111,397.00		2,278,688.28
3. Trade Liabilities		2,831,306.67		1,824,845.91
4. Liabilities towards the Free and Hanseatic City of Hamburg		5,173.72		10,331.44
5. Liabilities towards HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH, Hamburg		41,870,502.20		59,567,792.56
6. Liabilities towards affiliated companies		151,813,497.44		149,634,464.44
7. Liabilities towards investee companies		2,846,975.18		2,792,703.87
8. Other liabilities of which from taxes €4,834,565.15 (previous year: €2,127,701.22) of which for social security €1,179,760.99 (previous year: €955,677.41)		8,677,072.52		6,261,444.51
		237,698,886.73		244,189,425.01
D. Accruals and deferrals		340,778.52		399,969.64
E. Deferred tax liabilities		5,239,540.08		2,650,887.66
		1,075,722,102.78		1,060,197,488.52

Auditor's Report

"We have audited the consolidated financial statements prepared by Hamburger Hafen und Logistik Aktiengesellschaft, Hamburg, comprising the statement of financial position, the income statement, the statement of comprehensive income, the statement of changes in equity, the cash flow statement and the notes to the consolidated financial statements, together with the combined management report for the fiscal year from 1 January to 31 December 2014. The preparation of the consolidated financial statements and the combined management report in accordance with IFRSs [International Financial Reporting Standards] as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB ["Handelsgesetzbuch": German Commercial Code] and supplementary provisions of the articles of incorporation and bylaws is the responsibility of the Company's management. Our responsibility is to express an opinion on the consolidated financial statements and on the combined management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with Sec. 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the combined management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the combined management report are examined primarily on a test basis within the framework of the audit.

The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the combined management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs as adopted by the EU, the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB and supplementary provisions of the articles of incorporation and bylaws and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The combined management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development."

Hamburg, 4 March 2015

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Grummer Wirtschaftsprüfer [German Public Auditor]	Brorhilker Wirtschaftsprüfer [German Public Auditor]

Assurance of the Legal Representatives

To the best of our knowledge, and in accordance with the applicable accounting principles for financial reporting, the consolidated financial statements give a true and fair view of the assets, financial and earnings position of the Group, and the Group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the material opportunities and risks associated with the expected development of the Group for the coming financial year.

Hamburg, 4 March 2015

Hamburger Hafen und Logistik Aktiengesellschaft

The Executive Board

Klaus-Dieter Peters
Dr. Stefan Behn

Heinz Brandt
Dr. Roland Lappin

Report Profile

Sustainable business practices have long been an integral part of HHLA's business model. The company connects global goods flows to transport chains that are environmentally friendly and conserve resources in an exemplary fashion. By the same token, corporate management is geared towards the principle of sustainable value creation and demonstrates how environmental and economic targets can be reconciled with one another. HHLA's ten fields of activity within its On Course sustainability initiative comprise environmental, social and economic aspects. In order to document these transparently, this report is based on the guidelines issued by the Global Reporting Initiative or GRI (version GRI 3.1).

Report Content and Structure

The content structure of this Annual Report is regulated by the disclosure obligation for public limited companies as defined by the German Commercial Code (HGB). In addition to details on the financial and economic situation of the company, the report also includes information from HHLA's sustainability programme, ‚On Course'. An extended Sustainability Council, comprising members of the Group management and external experts, is responsible for the sustainability strategy. This body provides a forum for discussing and approving sustainability issues and measures across the Group, as well as for regularly evaluating and updating the existing stakeholder structure. The data on economic performance, as well as environmental and social issues, is prepared centrally by the Finance, Sustainability and HR departments and subsequently made available.

The Combined Management Report and Consolidated Financial Statements have been audited by Ernst & Young. The report has also been presented to the GRI, where it qualified for level B+. The GRI index points to parts in this Annual Report or sections of the HHLA website which provide information about individual GRI indicators. This report contains a condensed summary of the GRI index. A detailed version can be found at ► www.hhla.de/en/GRI.

HHLA engages in regular dialogue with its stakeholders, who include customers (e.g. shipping companies), customers' customers (e.g. forwarders), employees and their families, suppliers, the media, potential and existing shareholders, associations and institutions, research institutes, political decision-makers, local residents close to the terminals and interested members of the public. The report is an established medium which supplements this regular dialogue and takes the stakeholder groups' interests into account.

Boundaries of the Report

The reporting period is the 2014 financial year (1 January to 31 December 2014). The data presented generally refers to this period or the facts and figures at the end of the reporting period. If information refers to a different period of time, this is explicitly stated. The report is published once a year. The previous Annual Report was published on 27 March 2014.

Unless otherwise stated, the key figures and information in this report concern the entire Group including associated companies in which the company has a majority holding.

Some sections contain forward-looking statements. These estimates and statements were made to the best of our knowledge and in good faith. Future global economic conditions, legislation, market conditions, competitors' activities and other factors are not within the control of HHLA.

Data Collection and Calculation Methods

All data and information was collected from the respective units responsible for such information using representative methods for the reporting period. HHLA prepares its consolidated financial statements and its interim reports in accordance with International Financial Reporting Standards (IFRS). This Annual Report provides further information on IFRS in the Notes to the Consolidated Financial Statements. The individual financial statements for HHLA Aktiengesellschaft are prepared in line with the accounting regulations of the German Commercial Code (HGB). The appropriation of profits is based solely on the individual financial statements.

Sustainability-relevant key figures are input into the internal management information system on a monthly basis and analysed every six months. The Executive Board receives a corresponding report. The sustainability performance indicators are calculated every year and published in the Management Report section of the Annual Report, having been signed off by the auditors. This ensures the reliability of the data. Data comparability and consistency is guaranteed by complying with widely used international reporting standards (e.g. Greenhouse Gas Protocol).

Opportunities and risks are analysed by means of a comprehensive risk management system. Compliance with corporate guidelines as well as with relevant and recognised national and international industry standards is regarded as an essential part of corporate governance at HHLA.

Workflows and processes are structured in line with these regulations. External audits (including ISO 14001, ISO 9001 and CTQI [Container Terminal Quality Indicator]) confirm compliance with recognised international standards. In view of the extent of HHLA's activities, it is not possible to include the full details in this printed report. Additional information can be found at: ► www.hhla.de

GRI Index

A detailed GRI Index is available online at
▸ www.hhla.de/en/GRI

GRI Indicator		Location of Disclosure/Comments	Level of Reporting
	Strategy and Analysis		
1.1	Statement from the Chairman of the Executive Board	Page 2 et seq.	■
1.2	Description of key impacts, risks, and opportunities	Page 46 et seqq., 73 et seqq., 76 et seqq. http://hhla.de/en/investor-relations/corporate-governance/risikobericht.html http://hhla.de/en/investor-relations/corporate-governance/compliance.html	■
2.1 – 2.10	Organisation, data and facts	Page 24, 44 et seqq., 56 et seq., 59, 62 et seq., 69 et seqq., 71 et seqq., 108, 150 et seq.	■
3.1 – 3.4	Report profile	Page 162, Impressum	■
3.5 – 3.13	Boundaries and audit of the report	Page 33, 63, 109 et seq., 111 et seqq., 152 et seq., 160, 162	■
4.1 – 4.7	Corporate Governance	Page 26 et seqq., 30 et seqq., 34 et seqq., 38 et seqq., 45, 53, 58 www.hhla.de/en/investor-relations/ann-general-meeting	■
4.8 – 4.13	Engagement	Page 26 et seqq., 34 et seqq., 49 et seq., 51 et seqq., 57 et seqq., 162 http://hhla.de/en/investor-relations/corporate-governance.html http://hhla.de/en/sustainability/strategy.html http://hhla.de/en/sustainability/organisation.html http://hhla.de/en/investor-relations/corporate-governance/declar-of-compliance.html	■
4.14 – 4.17	Stakeholder	Page 24, 26 et seq., 48 et seq., 53 et seq., 57 et seq., 60, 162	■
	Economy/ Management Approach	Page 46 et seq., 53 et seq., 62 et seqq., 65 et seqq., 69, et seqq., 92 et seqq. http://hhla.de/en/sustainability/economy.html http://hhla.de/en/sustainability/strategy.html	■
EC 1	Economic values	Page 25, 51 et seq., 60 et seq., 92 et seqq., 121 et seq.	■
EC 2	Consequences of climate change	Page 53 et seqq., 60	■
EC 3	Coverage of the organisation's defined benefit plan obligation	Page 121 et seq.	■
EC 4	Financial assistance received from government	Page 119, 142	■
EC 6	Local suppliers	Page 61 et seq. http://hhla.de/en/sustainability/economy.html	■
EC 7	Local hiring	Page 57 et seqq.	■
EC 8	Investments for public interest	Page 70	■
EC 9	Indirect economic impacts	Page 56	■

GRI Indicator		Location of Disclosure/Comments	Level of Reporting
	Ecology/ Management Approach	Page 28 et seq., 53 et seqq. http://hhla.de/en/sustainability/ecology.html http://hhla.de/en/sustainability/strategy.html	■
EN 1 – 2	Material	The focus of HHLA's activities is on providing services at ports and in the field of railway freight, which means that the input of material to produce goods is largely irrelevant. Page 55, 60 et seq.	■
EN 3 – 7	Energy	Page 54 et seq.	■
EN 8 – 10	Water	Page 55	■
EN 16 – 20	Emissions	Page 54 et seq.	■
EN 21	Water discharge	Page 55	■
EN 22 – 25	Waste and pollutants	Page 55 Insofar as such spills occur, this information is published in the risk and opportunity report included in this Annual Report.	■
EN 26 – 27	Products and services	The focus of HHLA's activities is on providing services at ports and in the field of railway freight, which means that the input of material to produce goods is largely irrelevant. Page 54 et seq., 60 et seq. http://hhla.de/en/sustainability/ecology/climate-protection.html	■
EN 29	Significant ecological impacts of transport and employee mobility	Page 53 et seqq. http://hhla.de/en/sustainability/ecology/transport-chains.html	■
	Social/ Management Approach	Page 53, 56, 57 et seqq. http://hhla.de/en/focus-on-people.html http://hhla.de/en/sustainability/strategy.html http://hhla.de/en/sustainability/social.html	■
LA 1 – 3	Employees	Page 57 et seqq.	■
LA 4	Collective agreements	Page 57	■
LA 5	Notice periods	Minimum notice periods as defined in the German Industrial Relations Act (Betriebsverfassungsgesetz) are observed.	■
LA 6 – 9	Health and safety	Page 57 et seq.	■
LA 10 – 11	Education and training	Page 58 et seq.	■
LA 12	Performance reviews	Page 58 et seq.	■
LA 13	Composition of governance bodies	Page 29 et seqq., 31 et seqq., 38 et seqq., 58 et seq.	■
LA 14 – 15	Equation	The equal pay of male and female employees is provided for through labour agreements. Page 57	■
	Human Rights/ Management Approach	Page 28 et seq., 57 et seqq., 70 et seq. http://hhla.de/en/investor-relations/corporate-governance/compliance.html http://hhla.de/en/focus-on-people.html	■
HR 1 – 3	Human Rights	Page 27 et seqq., 58	■
HR 4	Discrimination	http://hhla.de/fileadmin/download/HHLA_513390_Verhaltenskodex.pdf	■
HR 5	Freedom of association and collective bargaining	No restrictions were placed on the right to exercise freedom of association in the reporting period. HHLA actively encourages co-determination at work. The basis for this is set out in Germany by the Industrial Relations Act (BetrVG), among others.	■
HR 6 – 7	Child labor/ forced and compulsory labor	Page 28 et seq. http://hhla.de/en/investor-relations/corporate-governance/compliance.html	■
HR 8	Human rights reviews	Page 57 et seq. http://hhla.de/en/customers/security.html	■
HR 9 – 10	Human rights grievances	HHLA is primarily active in Hamburg. Compliance with basic constitutional law and the associated protection of human rights is of utmost importance to the HHLA Group.	■

GRI Indicator		Location of Disclosure/Comments	Level of Reporting
	Society/ Management Approach	Page 28 et seq., 55 et seqq. http://hhla.de/en/sustainability/strategy.html#c7952 http://hhla.de/en/investor-relations/corporate-governance/compliance.html	■
SO 1	Local community	Page 56 http://hhla.de/en/investor-relations/corporate-governance/compliance.html http://hhla.de/en/sustainability	■
SO 2 – 3	Compliance	Page 28 et seq. http://hhla.de/en/investor-relations/corporate-governance/compliance.html	■
SO 5 – 6	Public policy	HHLA's interests are represented by the German Association of Ports (Zentralverband der deutschen Seehafenbetriebe e. V. or ZDS), among others. HHLA does not make donations of any kind to political parties or politicians, nor does it conduct lobbying activities of any significance.	■
SO 9 – 10	Degree of regulation	http://hhla.de/en/sustainability/ecology/tracking-noise.html	■
	Product Responsibility/ Management Approach	http://hhla.de/en/sustainability/strategy.html#c7947 http://hhla.de/en/customers/security.html http://hhla.de/en/sustainability/social/safety.html http://hhla.de/en/investor-relations/corporate-gevernance/compliance.html	■
PR 1, 3	Information regarding products and services	HHLA's General Terms and Conditions for Container Handling and the General Terms of Business of Quay Terminal Operators contain stipulations concerning issues including safety at the terminals. http://hhla.de/en/sustainability/social/safety.html http://hhla.de/en/customers/security.html http://hhla.de/fileadmin/download/kaibetriebsordnung_mai_2004.pdf http://hhla.de/fileadmin/download/Allgemeine_Umschlagsbedingungen_AUB_01012013.pdf	■
PR 6 – 7	Marketing	In its commercial communication, HHLA complies with the provisions of the German Advertising Standards Council (Deutscher Werberat), a body for voluntary self-regulation. As a result, we are committed to the generally accepted core values of the council and its standards of decency and morality. Commercial communication must always exhibit due respect for competitors and responsibility to society. In particular, advertising may not discriminate against particular people or groups. There were no sanctions, fines or warnings due to non-compliance with applicable provisions during the reporting year.	■

Specialist Terminology

Automated Guided Vehicle (AGV)
Fully automatic, driverless transport vehicle which carries containers back and forth between the container gantry cranes on the quayside and the block storage yard at the HHLA Container Terminal Altenwerder.

Block Storage
Automated block storage is used at the HHLA Container Terminals Altenwerder and Burchardkai to stack containers in a compact and efficient manner. These facilities consist of multiple storage blocks. ► Rail-Mounted Gantry Cranes are used to transport and stow the boxes.

Container Gantry Crane
A crane system used to load and discharge container ships. To handle ever larger ships, the new container gantry cranes are also significantly bigger in terms of the height and length of their jibs.

Feeder, Feeder Ship
Vessels which carry smaller numbers of containers to ports which are not served directly by container mega-ships. Feeders are used to transport boxes from Hamburg to the Baltic region, for instance.

Hinterland
Describes a port's catchment area.

Hub Terminal (Hinterland)
► A Terminal which bundles and distributes consignments as a handling hub. HHLA's rail companies operate hub terminals like this in Ceska Trebova, Dunajska Streda, Poznan and Prague.

Intermodal, Intermodal Systems
Transportation via several modes of transport (water, rail, road) combining the specific advantages of the respective carriers.

North Range
North European international ports. In the broadest sense, the term refers to all large continental ports in Northern Europe from Le Havre to Hamburg and Gothenburg. The Hamburg-Antwerp Range is often used to denote a more specific geographic area consisting of Hamburg, the Bremen ports, Rotterdam and Antwerp.

Rail Gantry Crane
See ► Portal Crane

RMG – Rail-Mounted Gantry Crane
Crane units spanning their working area like a gantry, often operating on rails, hence the abbreviation RMG. If used in ► Block Storage, they are also called ► Storage Cranes, and in rail cargo handling they are called ► Rail Gantry Cranes.

RoRo
Short for "roll on, roll off", RoRo is a means of loading cargo which can simply be rolled or driven onto or off a ship.

Shuttle Train
A train which travels back and forth on one route with the same arrangement of wagons, eliminating the need for time-consuming shunting. HHLA's rail subsidiaries operate shuttle trains between the seaports and the ► Hub Terminals (Hinterland).

Spreader
Weighing several tonnes, the spreader is the part of a ► Container Gantry Crane or other crane used to grip and then lift or lower containers.

Standard Container
See ► TEU.

Storage Crane
See ► Rail-Mounted Gantry Crane.

Straddle Carrier
A long-legged vehicle used to transport containers at the terminals. The driver manoeuvres their straddle carrier into position above a container and lifts it up. The vehicles can stack containers up to four high.

Tandem Gantry Crane
A highly efficient ► Container Gantry Crane capable of discharging or loading two 40-foot containers or four 20-foot containers in a single movement. HHLA uses tandem gantry cranes at the Container Terminal Burchardkai.

Terminal
In maritime logistics, a terminal is a facility where freight transported by various modes of transport is handled.

TEU (Twenty-Foot Equivalent Unit)
A TEU is a 20-foot standard container, used as a unit for measuring container volumes. A 20-foot standard container is 6.06 metres long, 2.44 metres wide and 2.59 metres high.

Traction
The action of a locomotive pulling a train.

Transport Performance
At rail companies, the transport performance shows the total distance over which the volume of cargo was transported. It can be measured in tonne-kilometres (tonnes per kilometre), for example.

Ultra Large Vessel (ULV)
A mega-ship which is at least 330 metres long and/or 45 metres wide. This type of vessel is increasingly being used on routes between the Far East and Northern Europe in particular.

Financial Terms

Average Operating Assets
Average net non-current assets (intangible assets, property, plant and equipment, investment properties) + average net current assets (inventories + trade receivables – trade liabilities).

Cost of Capital
Expenses that must be incurred to utilise financial resources as equity or borrowed capital.

DBO (Defined Benefit Obligation)
Performance-oriented pension obligations arising from the accrued and estimated pension rights of active and former members of staff as at settlement day, allowing for probable future changes in pensions and emoluments.

Derivative Financial Instruments
Financial instruments that are traditionally used to protect existing investments or obligations.

Earnings from associated companies (using the equity method)
Earnings of joint ventures or associated companies are included in the financial result in the profit and loss statement.

EBIT
Earnings before interest and taxes.

EBITDA
Earnings before interest, taxes, depreciation and amortisation.

EBT
Earnings before tax.

Economies of Scale
Law of economics according to which increases in production are accompanied by reductions in unit costs.

Equity Ratio
Equity / total assets

Financial Result
Interest income – interest expenses +/– earnings from associated companies using the equity method +/– other financial result

Gearing Ratio
Commercial debt (pensions provisions + non-current liabilities to related parties + non-current financial liabilities + current financial liabilities – cash, cash equivalents and short-term deposits) / equity

IAS
International Accounting Standards

IFRS
International Financial Reporting Standards

Impairment Test
Impairment test as defined under IFRS

Investments
Payments for investments in property, plant and equipment, investment property and for investments in intangible assets.

Operating Cash Flow (as Defined in Literature on IFRS Indicators)
EBIT – taxes + amortisation and depreciation – writebacks +/– change of non-current provisions (excl. interest portion) +/– gains / losses on the disposal of property, plant and equipment + change of working capital

ROCE (Return On Capital Employed)
EBIT / average operating assets

Revenue
Sales derived from selling, letting or leasing and from services provided by the Group, less sales deductions and turnover tax.

Value Added
Value added is calculated on the basis of the value of production less input (costs of materials, depreciation, other operating expenses). Value added is distributed to different interest groups in HHLA, such as employees, shareholders, partners, lenders or the state.

Financial Calendar

30 March 2015
Annual Report 2014
Press Conference, Analyst Conference

13 May 2015
Interim Report January-March 2015
Analyst Conference Call

11 June 2015
Annual General Meeting
Congress Center Hamburg (CCH)

13 August 2015
Interim Report January-June 2015
Analyst Conference Call

12 November 2015
Interim Report January-September 2015
Analyst Conference Call

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HHLA Multi-Year Overview

in € million	2010	2011	2012	2013	2014
Revenue					
Port Logistics subgroup	1,042.8	1,190.6	1,101.2	1,110.1	1,171.2
Real Estate subgroup	29.8	31.7	32.4	33.1	33.5
Consolidation	- 4.8	- 5.0	- 5.0	- 5.1	- 5.1
HHLA Group	1,067.8 [1]	1,217.3	1,128.5	1,138.1	1,199.6
EBITDA					
Port Logistics subgroup	290.1	317.3	290.1	257.0	276.2
Real Estate subgroup	16.8	16.2	17.1	17.8	17.9
Consolidation	0	0	0	0	0
HHLA Group	306.9	333.4	307.2 [5]	274.8	294.2
EBITDA margin in %	28.7	27.4	27.2	24.1	24.5
EBIT					
Port Logistics subgroup	179.9	194.8	172.8 [5]	140.2	155.6
Real Estate subgroup	12.7	11.9	12.8	13.3	13.4
Consolidation	0.3	0.3	0.3	0.3	0.3
HHLA Group	192.9 [2]	207.0	186.0 [5]	153.9	169.3
EBIT margin in %	18.1	17.0	16.5	13.5	14.1
Profit after tax	113.9	118.8	111.7 [5]	80.4	90.6
Profit after tax and minority interests	76.2	89.3	72.3 [5]	54.3	58.9
Cash Flow/Investments/ Depreciation and Amortisation					
Cash flow from operating activities	206.9	266.1	210.5	185.1	233.4
Cash flow from investing activities	- 36.3	- 138.0	- 160.9	- 106.5	- 114.5
Cash flow from financing activities	- 95.2	- 45.9	- 155.9	- 116.8	- 79.0
Investments	173.8	128.7	196.5	112.7	138.4
Depreciation and amortisation	114.0	126.4	121.2	120.9	124.9
Assets and Liabilities					
Non-current assets	1,290.6	1,280.1	1,323.7 [5]	1,284.6	1,308.1
Current assets	424.5	531.5	443.9	431.4	480.0
Equity	567.0	644.7	563.8 [5]	600.1	546.7
Equity ratio [3] in %	33.1	35.6	31.9 [5]	35.0	30.6
Pension provisions	331.1	313.7	384.2	364.4	443.6
Other non-current assets	518.8	563.9	493.6 [5]	462.5	475.3
Current liabilities	298.2	289.3	326.0 [5]	289.0	322.5
Gearing ratio	1.1	0.9	1.3	1.1	1.3
Total assets	1,715.1	1,811.5	1,767.6 [5]	1,716.0	1,788.1
Employees					
Employees as of 31.12.	4,679	4,797	4,915	4,924	5,194
Performance Data					
Container throughput in million TEU	5.8	7.1	7.2	7.5	7.5
Container transport [4] in million TEU	1.7	1.9	1.0	1.2	1.3

For the purpose of comparison, the figures for the 2013 financial year has been restated due to revised IFRS regulations for group accounting.
[1] For the purposes of comparison, revenue has been restated due to the reclassification of incidental rental expenses
[2] EBIT from continuing activities € 190.7 million in 2010
[3] Equity ratio as of 2010 after a reclassification from minority interests to financial liabilities
[4] Transport volume was fully consolidated; as of 2012 after realignment of Intermodal activities
[5] Restatement of the 2012 figures resulting from application of IAS 19 (revised 2011)

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