

Check against delivery.

Annual General Meeting of Hamburger Hafen und Logistik AG, 13 June 2024

Speech by Angela Titzrath, Chief Executive Officer

I. Welcome

Dear shareholders,

Ladies and Gentlemen,

I would like to welcome you – also on behalf of my Executive Board colleagues – to this year's Annual General Meeting of Hamburger Hafen und Logistik AG.

In particular, I would like to welcome my new colleague on the Executive Board and our new Chief Financial Officer, Annette Walter, who joined us at the start of the year.

Following the positive experiences over the past year and with the agreement of the Supervisory Board, we have once again opted for a virtual Annual General Meeting this year. The broader digital accessibility of a virtual event gives a larger group of shareholders the opportunity to take part. A virtual event also saves significant costs, which is also in your best interests as shareholders.

We very much look forward to the exchange with you.

II. Challenges in Europe and around the world

This Annual General Meeting is being held four days after the European elections. It was an election held in a year marked by various crises. The war in Ukraine is posing as much of a challenge to Europe as the conflict in the Middle East is impacting our peaceful coexistence as a society.

As HHLA, a company born in Hamburg and that has grown into a European logistics company with employees from around the world, we take a clear position in this regard: HHLA and its employees represent freedom, democracy and diversity. As such, we also stand for a united Europe.

III. HHLA transformation strategy

Following the tough pandemic years, its dramatic impact on global supply chains and the war in Ukraine, HHLA now finds itself in its fifth year characterised by external crises. For us, this means having to expect and navigate short- and medium-term volatility in global logistics. It's a new normal that we have consistently had to adapt to over the past few years.

In 2018, before this current era of crisis began, we set ourselves a clear aim as HHLA. Here's a quote from our presentation at that year's Annual General Meeting:

*"We are making the existing core of HHLA fit for tomorrow's world.
We are tapping into profitable growth areas in tomorrow's world.
We are aligning our capital expenditure and operating results with sustainable profitable growth in tomorrow's world."*

And today we can see that we have consistently developed our corporate strategy over recent years and established ourselves as a major player in European logistics. Even if the market environment is extremely challenging, we have consistently invested in the future viability of HHLA over recent years. This means that HHLA is now more international, better connected, more digitalised, innovative and sustainable than ever before. And that's something we can all take pride in!

New challenges in the logistics industry

Ladies and Gentlemen,

Of course, the many global challenges and crises also leave their mark on HHLA. But our strong foundations and strategy help us to maintain our course and face new challenges. To do this, our compass guides us towards our network.

This is because the transportation of goods is more complex and the networks are denser in Europe than in other continents. There's nowhere else where containers can cross as many borders in such a short time using so many modes of transport. Only if the relevant players all work together within the European logistics network will goods transport in Europe be viable in the future.

The criterion of size is only one aspect among many. The future doesn't belong to the major ports alone – instead, it will belong to those ports with the strongest networks, the best connections with the hinterland and the most sustainable strategy. And that's where we see HHLA's greatest strength, which we will continue to build on by developing our strategy. A European company with a broad portfolio that is part of a decentralised logistics network fostering partnerships of equals.

Our business doesn't start and end with the number of containers handled. This is because HHLA's actual value is in the added value it brings to European logistics.

Within the entire logistics value chain, we see ourselves as the interface between water, rail and road – particularly in the intermodal Port of Hamburg, the largest rail port in Europe. Almost half of the containers we handle either arrive at or leave our terminals using environmentally friendly rail transport. When it comes to rail container traffic, Germany's largest seaport, and thus HHLA, leads the way.

To make sure this remains the case, we are continuing to grow and build on our role as an innovation driver. We drive innovation in the fields of data and digital logistics with new digital processes and solutions, fully automated terminals and sustainable business models.

Please allow me to mention a few examples by way of explanation.

Container terminals in Hamburg.

In 2021, we launched a comprehensive transformation programme at our container terminals in Hamburg. As part of CTX, we are well on the way towards making container handling more competitive over the long term at all of our terminals and thus being able to offer our customers even more attractive services. It's a complex task for all of us – so I'd like to take this opportunity to thank Jens Hansen and Torben Seebold, my two colleagues responsible for the project.

Over the last five years, we have invested over € 1 billion in Port Logistics: Around 40 percent of this alone has gone towards modernising the Hamburg container terminals. This year, we will continue to drive these efforts forwards and invest in safeguarding the future of our terminals in spite of the various crises.

At Container Terminal Burchardkai, we are currently completing a major renovation project, creating one of the most cutting-edge terminals in the North Range. To do this, we are switching over to innovative technologies during day-to-day operations: automated guided vehicles, new container gantry cranes and cutting-edge storage cranes. By doing so, the biggest container terminal in Germany will not only become much more productive and automated but also more environmentally friendly. The IT systems are also being upgraded for the future and we launched the new terminal software N4 at CTB in May during day-to-day operations.

European logistics network

Ladies and Gentlemen,

I have already spoken about the importance of a strong network. At this point, let's consider this in more detail.

Another major pillar of our strategy is the expansion of our European network. Our rail subsidiary Metrans is showing successful progress in this regard. With the 100 percent takeover of Croatian Adria Rail and an additional terminal in Serbia, we have gradually extended our high-frequency rail connection and hinterland terminal service. We are also constructing two additional terminals in Hungary. This will enable us to offer our customers other options for transporting their goods via environmentally friendly rail.

Our network is also growing around the shores of the Adriatic: we recently expanded our terminal in the port of Trieste with the takeover of a neighbouring area. It is our aim to make HHLA PLT Italy the most sustainable and cutting-edge container terminal in the Adriatic.

In Estonia, our TK Estonia terminal is now a major hub in the Baltic region. Together with our partner Ferride, this is where we are testing innovative technologies relating to self-driving vehicles.

Finally, we have also acquired a stake in the Austrian intermodal service provider Roland Spedition. This is an extraordinary addition to our existing service portfolio and strengthens the connection between the Port of Hamburg and Austria. Above all, it shows that we consider and develop our service from end to end for the benefit of our customers – from rail to truck to the final recipient.

We are also working on strengthening our customer relationships. For example, we were able to successfully conclude arrangements for COSCO's stake in Container Terminal Tollerort in June 2023. By doing so, we are elevating CTT as the preferred hub for Asian routes in the North Sea and Baltic region.

At this point, I would like to mention our terminal in Odessa: we are continuing to do all we can to support our team there and the people in Ukraine during these terrible times.

The terminal is intact and operational. It plays a major role in supplying goods to Ukraine and we continue to process containers onshore. At the quayside, we are also involved with processing grain ships and are ready to begin container handling again at any time. I would like to say it loud and clear: Odessa, we stand with you! It is our great hope that the people there will once again be living in peace – and freedom! – very soon.

Green logistics

Ladies and Gentlemen,

Of course we have continued to invest in sustainable, green logistics over the past year and will continue to do so. Sustainability is a major competitive factor. We are focussing in particular on lowering our absolute CO₂ emissions. We were able to reduce them by a further 10.8 percent in 2023, bringing us one step nearer to our goal of achieving climate-neutral production throughout the Group by 2040. Carbon emissions have already been reduced by around 40 percent compared with base year 2018.

At the same time, green logistics and the fight against the climate emergency also require sustainable business processes. A business advantage is therefore becoming an entire business model. It's not just about handling containers efficiently at the quayside but also distributing them quickly in the hinterland with as low an environmental impact as possible.

For this reason, HHLA Pure offers our customers both climate-neutral handling and the transportation of their goods – from our terminals and in the European hinterland.

To do this, Metrans is currently using power from a major photovoltaics system to cover up to 10 percent of its own energy requirements. In addition, our forwarding company CTD recently put its first electrically powered truck into operation.

Finally, the Hamburg Port Authority (HPA) also set up shore-side power stations at our terminals. As one of the first European ports to do so, Hamburg now also supplies large container ships with power, thus lowering pollution.

Digitalisation

One last but important point in our transformation is changing the working world within our ports. Our processes are becoming more and more automated and digitalised in the Container segment in particular. Of course, this is also changing the working environment, which is why we are opening up the dialogue with our employees in a wide variety of ways. It is our aim to safeguard jobs in the Port of Hamburg over the long term and to remain an attractive employer.

But it's not just in the Container segment that digitalisation and the automation of processes are key to the logistics of the future. HHLA is also leading the field in other areas.

- We are pushing the use of mobile robotics in rail processing in partnership with the Fraunhofer Centre for Maritime Logistics.
- We have also implemented the partially automated loading and unloading of trains at CTA with our subsidiary iSAM. These innovations will now also be implemented when the new rail gantry cranes arrive.
- We are digitalising truck processing at the terminals with the passify app.
- And we have the first test space in Europe for a drone traffic management system – right here in Hamburg.

Ladies and Gentlemen,

We are shaping the transformation of the logistics industry with far-sightedness and commitment. As such, HHLA is on a very good footing.

IV. Review of the 2023 financial year

Ladies and Gentlemen,

Let's talk about our business performance in the 2023 financial year. I've already discussed the choppy waters through which our company is currently navigating. While handling volumes in 2023 were even lower than the forecasts issued at the start of the year due to the weaker economy, the costs for materials and maintenance increased as a result of inflation and the restructuring. This was reflected in the company earnings in the current transition phase of the transformation.

Group revenue decreased by 8.3 percent to € 1.45 billion. This was partly due to the drop in volumes as a result of the weaker economy and the normalisation of storage charges as compared with the previous year.

In conjunction with lower revenue, the increased costs for energy and maintenance mentioned above led to a decrease in the Group operating result. This came to € 109 million, a drop of 50.4 percent compared with the previous year. It was also slightly below the expected corridor of between € 115 million to € 135 million.

We therefore strengthened our cost discipline once again during the course of the year. We review all expenditure and projects for their necessity. As already mentioned, we are also continuing to push ahead with our comprehensive efficiency programme for the Hamburg terminals. This includes consistently maintaining our investments. We are on track here and thus strengthening the company's long-term future viability and competitiveness.

Please allow me to briefly summarise business in the individual segments, starting with the container business.

Container

In total, 5.9 million standard containers (TEU) were handled at all of HHLA's European container terminals in the 2023 financial year. This figure was 7.5 percent lower than in the previous year. We were not alone in this because all ports in Northern Europe experienced significant drops in container handling volumes as a result of the weak economy. The 6.3 percent decrease at the Hamburg container terminals to 5.7 million TEU more or less reflected the drops recorded at other ports.

The decrease at our international terminals was caused by the absence of cargo volumes at Container Terminal Odessa (CTO) after seaborne handling there was largely suspended at the end of February 2022 following the Russian invasion. The increase in handling volumes at the HHLA PLT Italy terminal in Trieste was unable to offset this shortfall. The decrease in volumes had a corresponding impact on revenue and earnings for the segment.

Intermodal

In 2023, HHLA's transport volume decreased by 5.4 percent to 1.6 million TEU in the highly competitive market for container traffic in the hinterland of major seaports. Rail transport fell year-on-year by just 3.1 percent to 1.4 million TEU. In the context of weak economic growth and the ongoing difficulties in the rail network, this is a solid performance.

We recorded a decrease of 16.9 percent to 226,000 TEU in road transport. In particular, this was due to the downward trend in transport volume in the Hamburg region.

Logistics

The key financial figures for the Logistics segment also include the vehicle logistics, digital services and consultancy divisions, as well as business activities with which HHLA aims to tap new growth fields. The Group companies reported revenue of € 78.2 million in the 2023 financial year, up slightly on the prior-year figure. This can also be considered a success given the macroeconomic conditions.

HHLA Real Estate

The Real Estate subgroup in the Speicherstadt historical warehouse district and the fish market area in Hamburg was able to increase revenue by 5.3 percent to € 46 million thanks to almost full occupancy. The operating result fell year-on-year by 12.5 percent to € 16 million, mainly due to increased amortisation and depreciation as well as higher maintenance expenses compared to the previous year.

Dividend

In terms of the dividend for the 2023 financial year, the Executive Board and Supervisory Board propose a distribution of 8 cents per dividend-bearing class A share to this Annual General Meeting. Despite the difficult environment, we therefore continue to pursue our dividend policy of distributing between 50 and 70 percent, where possible, of the Port Logistics subgroup's relevant net profit for the year to our shareholders.

V. MSC offer

Ladies and Gentlemen,

let us now turn to the planned changes to HHLA's shareholder structure as part of the intended strategic partnership with the MSC Group.

As you all know, our majority shareholder, the City of Hamburg, decided in autumn last year to sell a part of its stake in HHLA to the MSC Group. MSC then issued a public takeover bid for HHLA's class A shares last year. The aim stated by the City of Hamburg and MSC is to operate HHLA as a joint venture via the Port of Hamburg Beteiligungsgesellschaft SE set up specifically for this purpose.

As the Executive Board, we were initially required by law to review the offer impartially, carefully and objectively, in the best interests of all the company's stakeholders and to subsequently issue what is known as a Reasoned Statement.

This involved, on the one hand, whether the purchase price offered was financially adequate within legal requirements. To this end, the Executive Board and Supervisory Board obtained an independent Fairness Opinion. Another aspect was analysing the economic and strategic implications of the offer for HHLA. The Executive Board was always fully supported by the Supervisory Board during this review process.

Following an in-depth analysis and consideration of all aspects, we have recommended shareholders to accept the offer for the class A shares.

In the following I would like to explain the reasons for this

On the one hand, an independent Fairness Opinion by Citigroup confirmed the financial adequacy of the offer. On this basis and after their own careful analysis, the Executive Board – as well as the Supervisory Board's Takeover Committee – concluded that the purchase offer was financially appropriate.

On the other hand, following the announcement of the transaction plans in September 2023, the Executive Board actively engaged in conversations with the City of Hamburg and MSC. Our aim was to ensure that the planned transaction was in the best possible interest of HHLA and its stakeholders. This led to intensive discussions and negotiations which resulted in a preliminary agreement for the business combination agreement, or BCA for short. The details are listed in the Reasoned Statement.

Finally, on the basis of this binding agreement, we were able to mitigate risks and secure future opportunities for HHLA. Together with the Supervisory Board, we have therefore recommended to shareholders to accept the offer.

Today, I can confirm that we have now successfully negotiated the points that were still outstanding at the time.

Although the agreement has not yet been signed, we have reached agreement with the City of Hamburg and MSC on the content of the Business Combination Agreement. We are convinced that the partnership with the City of Hamburg and MSC can create added value for HHLA, particularly because of the provisions and commitments for the independent further development of HHLA, included in the BCA.

I would like to once again outline the main points of our Business Combination Agreement:

- Confirmation of the existing HHLA business model and long-term commitment to the existing strategy.
- Continuation of the investment programme within the framework of the existing HHLA strategy until 2028 with investments of approximately € 1.2 billion. These investments will be made irrespective of any further equity commitments from the shareholders.
- The decision-making authority over the investments remains with the HHLA Executive Board and Supervisory Board;
- The agreement of the shareholders to provide the company with an additional € 450 million in equity
- A long-term volume commitment from MSC for HHLA's Hamburg container terminals, which was secured and constitutes part of a service agreement.
- Maintaining the neutrality of the business model and equal access for all customers without discrimination. We are and will remain a multi-user service provider – from our seaport terminals in the Container segment to our rail subsidiary Metrans in the Intermodal segment.
- The continuation of the existing growth strategy for HHLA's intermodal activities – from the expansion of terminals to the use of locomotives and freight wagons to e-trucks throughout Europe;
- far-reaching regulations to safeguard employees, particularly the commitment to zero redundancies for a duration of at least five years.

I would like to take this opportunity to thank our employees – particularly the project team – at HHLA for their hard work, engagement and support throughout this process. It was our top priority at all times to strengthen the future viability of HHLA and to realise its value potential. And we were successful. Once the closing conditions are met and the provisions of the BCA are implemented, HHLA will seize and capitalise on the many opportunities that arise from this agreement.

I would like to emphasise this once again: HHLA is ready to get going. We want to tap into the opportunities resulting from the new shareholder structure and turn them into real successes for HHLA.

VI. Outlook

Ladies and Gentlemen,

As 2024 gets under way, we at HHLA are charting a course through deep-rooted changes and an environment marked by a series of ongoing crises. While current economic forecasts are pointing to the first signs of stabilisation, not all countries are benefiting equally.

Owing to catch-up effects in February and March, container handling was up moderately on the previous year's level during the first quarter of the year.

Against this backdrop and given the temporary increase in storage capacity utilisation at the Hamburg container terminals, the operating result in the Container segment also exhibited positive growth. In respect of HHLA's hinterland traffic, however, supply chain disruption led to a significant decline in transport volume.

What does this mean for 2024 as a whole, and beyond?

We are currently expecting to see a significant year-on-year increase in container handling in the Port Logistics subgroup. During the first quarter of the year, container handling was already up 3.3 percent on the previous year. We are expecting to see moderate gains in terms of container transport.

HHLA Group revenue is expected to show a moderate rise compared with the previous year. The corridor for Group operating result is currently put at between € 85 million and € 115 million.

Overall, we continue to expect that the volatile, unstable macroeconomic situation will be a challenge for us over a further year of transformation. In the context of this general instability, it may also be the case that we meet our medium-term EBIT targets later than expected.

This applies all the more because the effects of the announced displacement of volumes from shipping company alliances to HHLA, particularly the founding of the Gemini Alliance by Hapag-Lloyd and Maersk, cannot yet be foreseen in detail, either in general or specifically with regard to container handling in Hamburg. We are engaged in a close dialogue with the shipping companies about these changes so that we can prepare ourselves as effectively as possible to accommodate them.

VII. Conclusion

Ladies and Gentlemen,

Even if the short-term outlook for HHLA is anything but straightforward with regard to the economy, crises and changes on the market, we, the Executive Board, are confident of the medium-term and long-term opportunities for the company. As a result, we are continuing to invest in strengthening HHLA's future viability despite the difficult environment.

We will continue to help HHLA grow into an even stronger network as a strategic partner within a decentralised logistics network with partnerships on an equal footing.

We will increase our focus on our role as an intermodal port.

We will build on our position as an innovation driver and push ahead with digital logistics. We will promote green logistics.

And we will continue to invest in the future of HHLA, our products and our employees.

This strengthens our goal of developing HHLA as a sustainable, digitalised and closely networked logistics service provider; as a company that can withstand the volatility of the market thanks to its inner strength. We are already well on our way!

Thank you for your trust in us, and for your attention!

My colleagues and I now look forward to your questions.