

# HAMBURGER HAFEN UND LOGISTIK AG

INTERIM RESULTS JANUARY – JUNE 2015

Analyst Conference Call, 13 August 2015



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# Agenda

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- **Business Development** Klaus-Dieter Peters  
CEO
- **Financial Performance** Dr. Roland Lappin  
CFO
- **Forecast 2015** Klaus-Dieter Peters  
CEO

# Subdued Mood in the Market

Economic growth lags behind expectations



- Expectations for global economic growth in the 1<sup>st</sup> quarter 2015 lowered by 0.9 pp to 2.2 %
- Business climate indicators assume a continued slowdown of momentum in the 2<sup>nd</sup> quarter 2015
- Declining trend of Chinese growth dynamics continues in the 2<sup>nd</sup> quarter 2015 with a GDP growth of 7.0 % y-o-y
- Regional crises keep burdening the economic development in Russia (-2.2 %) and Ukraine (-17.6 %)
- Global container throughput slightly lost momentum with an estimated increase of 3.9 % y-o-y
- Estimates for volume growth in the North Range in the first six months 2015 lowered by 0.9 pp to 2.3 %

# Slight EBIT Increase in Challenging Environment

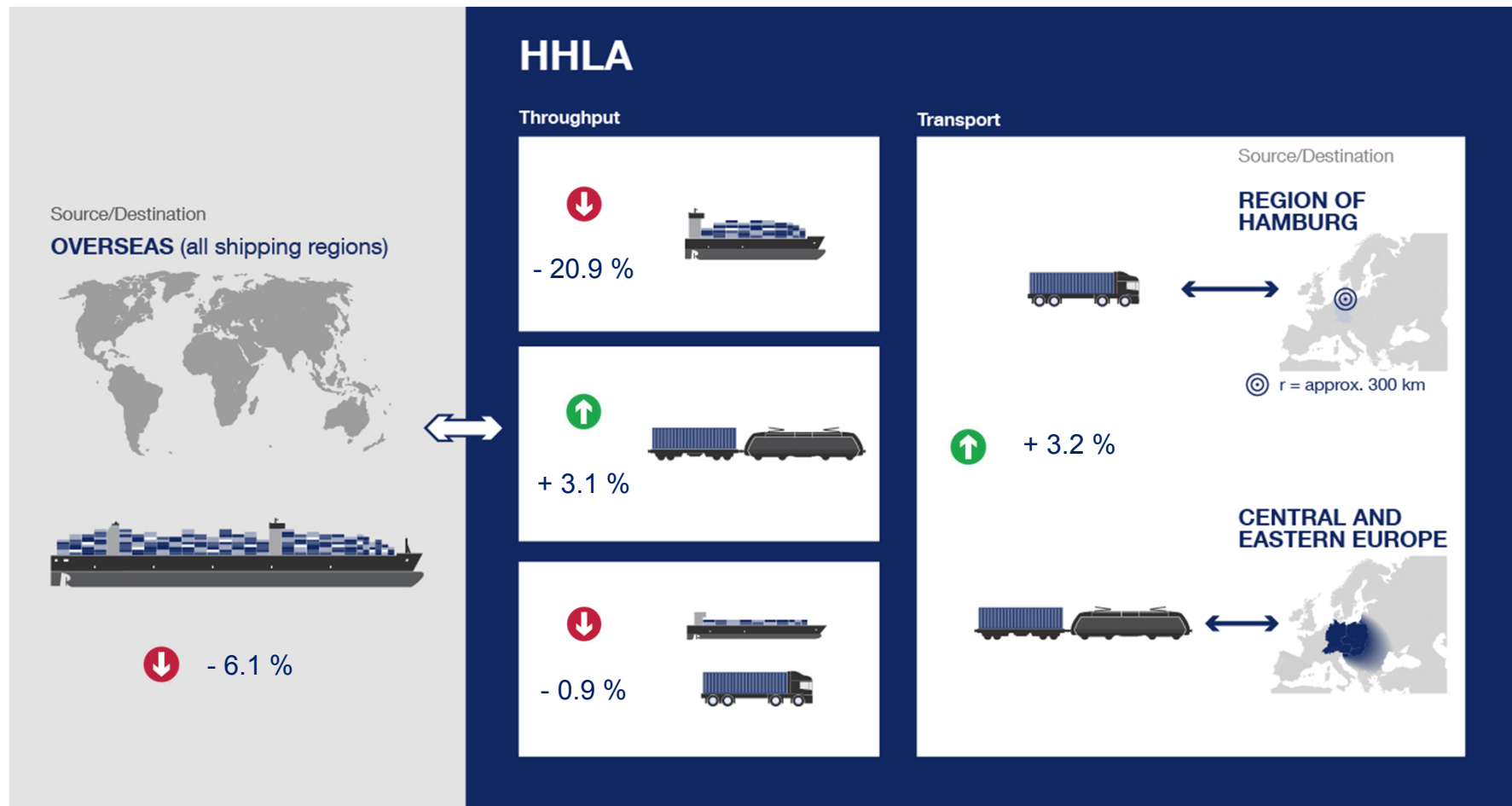
Intermodal subsidiaries compensate downturn in the Container segment

## Key Figures H1 2015 of the Port Logistics Subgroup

Revenues	<b>€569.8 million</b>	- 2.0 %	→ Slight decrease in revenue
EBIT	<b>€74.1 million</b>	+ 0.3 %	→ Slight EBIT increase
EBIT margin	<b>13.0 %</b>	+ 0.3 pp	→ Clear double-digit EBIT margin
Profit after tax and minorities	<b>€33.2 million</b>	+ 51.5 %	→ Profit after tax and minorities considerably above previous year
Container throughput	<b>3,404 TTEU</b>	- 10.0 %	→ Container throughput down
thereof in Hamburg	3,279 TTEU	- 10.0 %	
Container transport	<b>654 TTEU</b>	+ 3.2 %	→ Growth in container transport

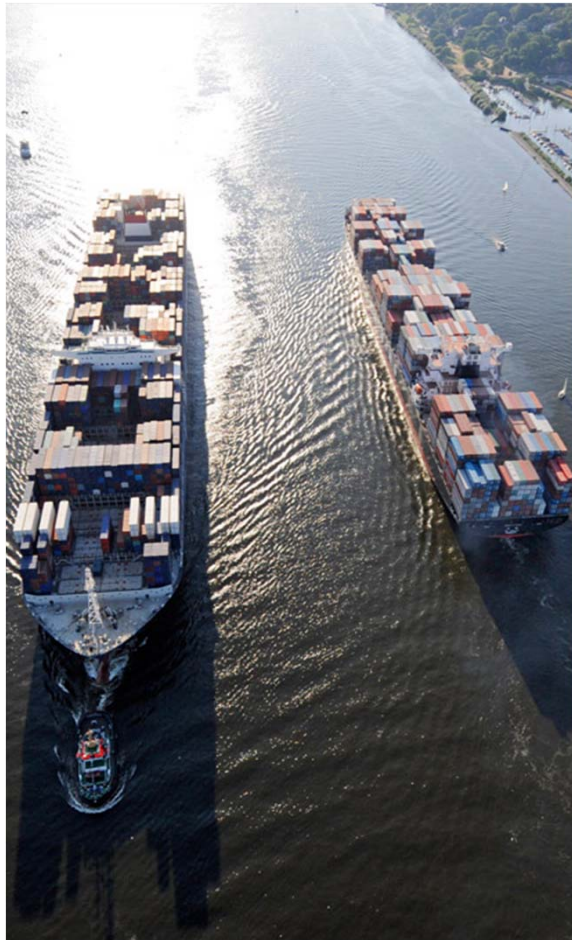
# Throughput and Transport Development

Growth in rail transport while ongoing drop of feeder traffic affect overseas volumes



# Elbe Dredging: Important Milestone Achieved

## ECJ judgment clarifies interpretation of the European Water Framework Directive



*The Court states “to refuse an authorization for an individual project where it may cause a deterioration of the status of a body of surface water unless a derogation provided is granted.”*

### Interpretation

- Water quality may not be deteriorated
- Necessary clarity regarding the specification of deterioration in water given; Elbe proceedings can now be resumed
- Permissibility of derogation provided in the directive – e.g. in case of overriding public interests – explicitly confirmed

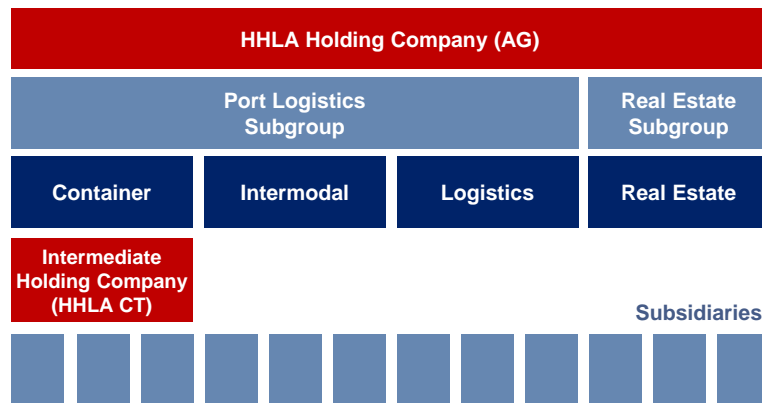
### Next steps

- Submission of supplementary information by public authorities in charge
- Case returns to Federal Administrative Court (FAC)
- Overriding public interest already made clear by FAC in summer 2014

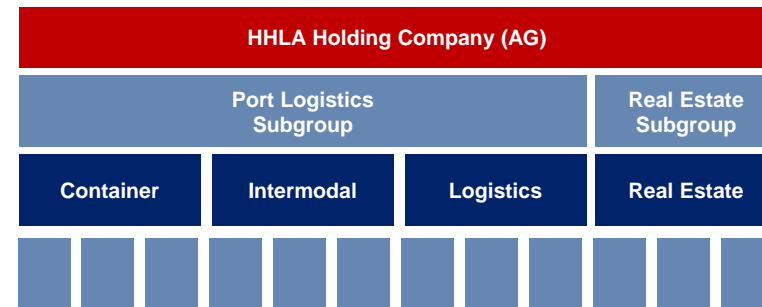
# HHLA Streamlines Group Structure

Transfer of responsibilities for the container division to the holding company

## Previous structure



## New structure as of August 2015



## Changes

- Divisional management structure will be replaced by a functional management structure
- Functions and management responsibilities for the container segment held by the intermediate holding company HHLA Container Terminals GmbH will be concentrated at HHLA Holding

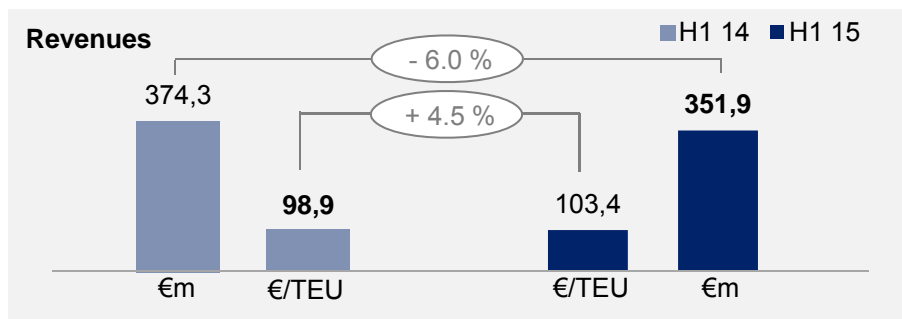
## Advantages

- Prerequisite for further streamlining of the operational and administrative workflows
- Quicker respond to changing market requirements by shorter decision-making channels
- Realization of synergies

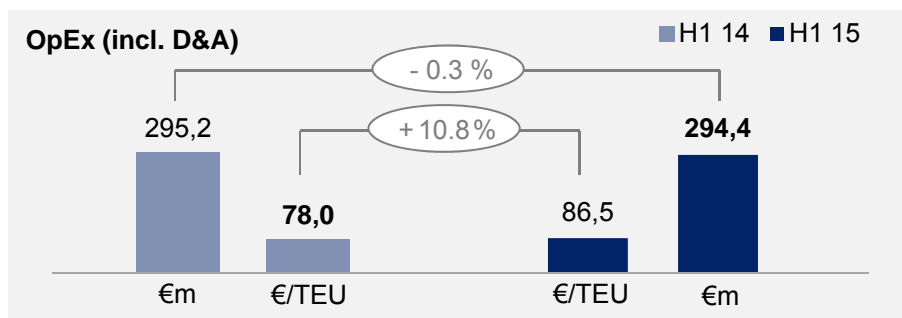


# Container Segment

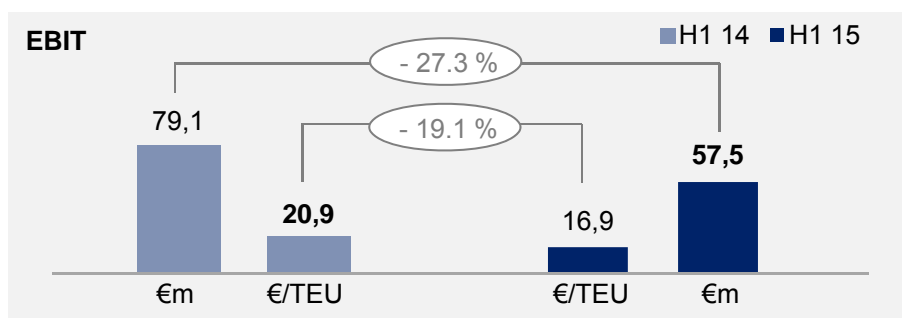
## January to June 2015



- Revenue decrease mainly due to a decline in volumes and lower storage fees
- Average revenue per TEU up due to continued change in cargo mix and lower feeder ratio of 23.4% (previous year: 26.7%)



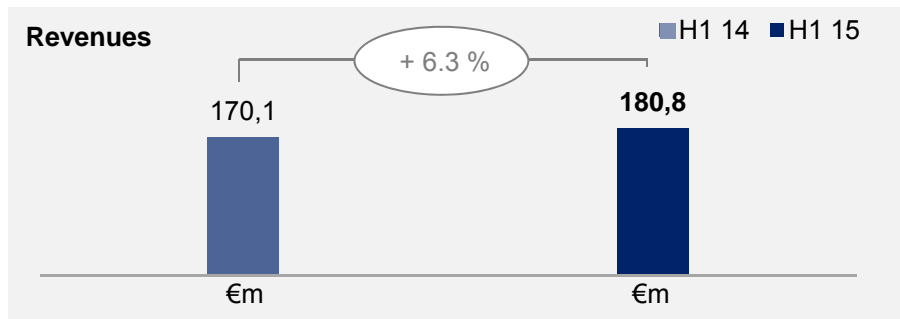
- Operating expenses mainly driven by higher labour costs due to collective wage increases and additional staff for handling peak loads as well as higher maintenance costs
- Unit cost also affected by lower utilization and lower feeder ratio



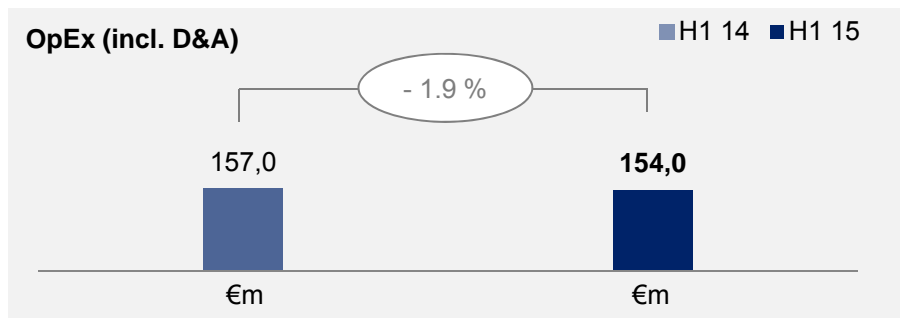
- EBIT significantly down as a result of drop in volume and negative economies of scale
- EBIT margin down to 16.3 %

# Intermodal Segment

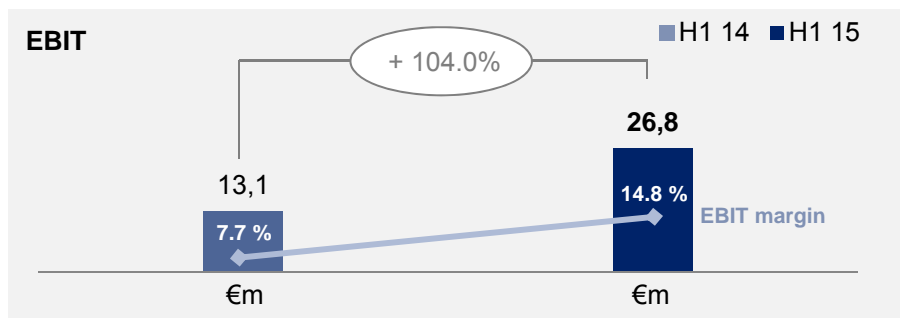
## January to June 2015



- Revenue increase above volume growth due to price adjustments and further rise in average distances and a higher proportion of rail haulage within the total transport volume



- Cost development well below volume trend
- Higher personnel cost due to an increased headcount for own traction more than overcompensated by substantially lower unit cost for leased traction



- EBIT significantly up due to productivity gains and an improved cost structure
- Continued restructuring of Polzug contributed to positive EBIT development
- EBIT margin nearly doubled (+ 7.1 pp)

# Logistics Segment

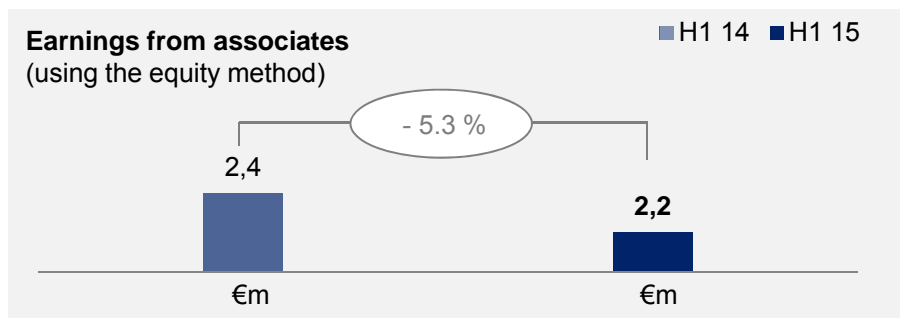
## January to June 2015



- Recovery of consulting activities in Q2
- Revenue gains in project and contract logistics
- Vehicle and cruise logistics beneath previous year



- EBIT of all consolidated companies slightly below previous year with an upward trend in Q2

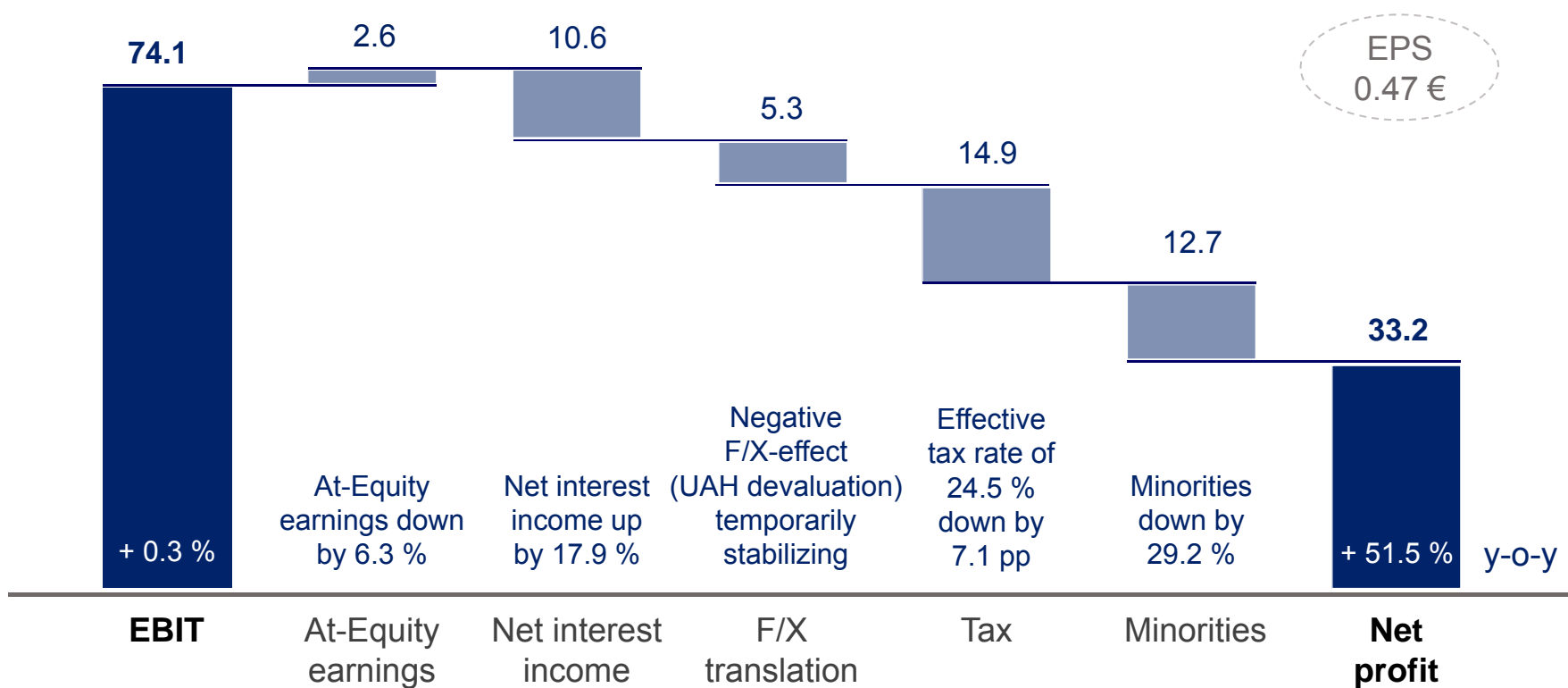


- At-equity companies improved in volume, revenue and operational result
- However, earnings from associates slightly under previous years level due to changes in disclosure of taxes

# Earnings Bridge

Net profit and EPS substantially increased – Financial result burdened by F/X-effect

*in € million, Figures of listed Port Logistics subgroup*

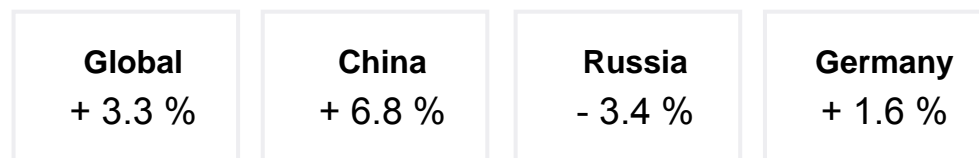


# Incisive Withdraw in Volume Estimates

Market research institutes keep correcting growth expectations for 2015

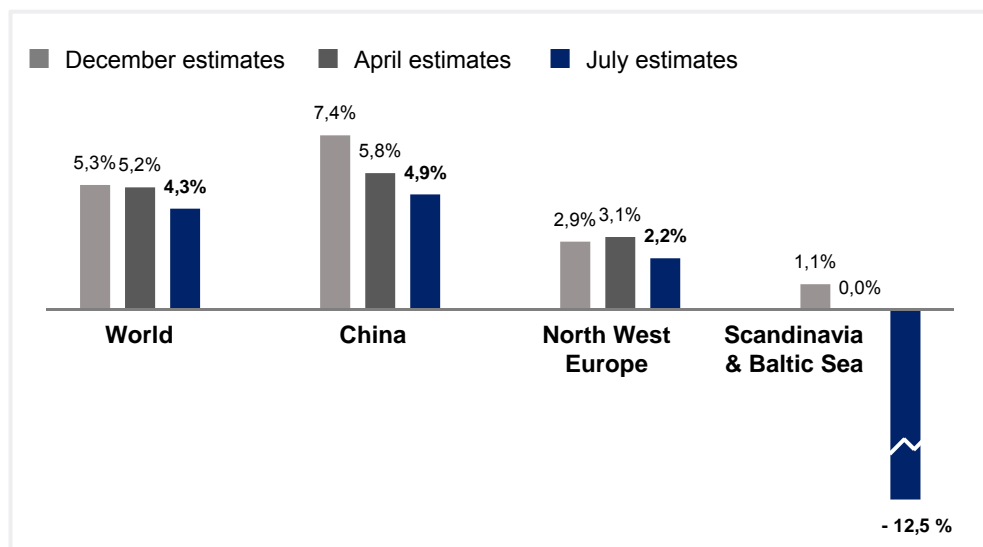
## Outlook for GDP development 2015

by International Monetary Fund, July 2015



## Outlook for container growth by region 2015

by Drewry Maritime Research



## GDP development










- Slight slowdown of global GDP dynamic
- Lowest GDP level in China since 2009
- Russian economy is hampered by low oil prices and the ongoing conflict in Eastern Ukraine

## Container volumes

- Muted outlook for global volume growth mainly driven by lower volumes in and out China
- Due to weak rouble and extended sanctions strong decline in Russian volumes expected which also affects growth for Europe

# Forecast 2015

## EBIT Forecast on Group Level Unchanged whilst Segmental Outlook Adapted

<b>Forecast</b> <i>Compared to previous year's level</i>	<b>2014</b>	<b>15 May 2015</b> <i>Confirmed</i>	<b>13 August 2015</b>	<b>Adaption</b> <i>vs. May</i>
Container throughput	7.5 million TEU	Slight increase	Moderate decrease	
Container transport	1.3 million TEU	Moderate increase	Moderate increase	
<b>Revenue</b>	<b>€1.2 billion</b>	<b>Slight increase</b>	<b>Slight decrease</b>	
thereof Container segment	€ 743.7 million	Slight increase	Moderate decrease	
thereof Intermodal segment	€ 351.5 million	Moderate increase	Moderate increase	
<b>EBIT</b>	<b>€156 million</b>	<b>On previous year's level</b>	<b>On previous year's level</b>	
thereof Container segment	€ 156.1 million	Moderate decrease	Within a range of € 125 million to € 135 million	
thereof Intermodal segment	€ 27.3 million	Considerable increase	Strong increase	
<b>Investments</b>	<b>€ 115 million</b>	<b>In the region of € 170*</b>	<b>In the region of € 170*</b>	

\* Almost all of which is allocated for the Port Logistics subgroup (approx. € 20 million carried over from 2014)

# Financial Calendar

# IR Contact

## **13 May 2015**

Interim Report January-March 2015

## **11 June 2015**

Annual General Meeting (AGM)

## **13 August 2015**

Interim Report January-June 2015

## **12 November 2015**

Interim Report January-September 2015

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# Appendix



# Key Figures

## Annual Financial Statement H1 2015

	Port Logistics Subgroup Listed Class A share			HHLA Group		
in € million	H1 2015	H1 2014	Change	H1 2015	H1 2014	Change
Revenues	<b>569.8</b>	581.7	- 2.0 %	<b>585.1</b>	595.7	-1.8 %
EBIT	<b>74.1</b>	73.9	+ 0.3 %	<b>82.6</b>	81.4	+ 1.5 %
Profit after tax and minority interests	<b>33.2</b>	21.9	+ 51.5 %	<b>37.5</b>	26.0	+ 44.0 %
Earnings per share in €	<b>0.47</b>	0.31	+ 51.5 %	-	-	-
ROCE	13.2 %	12.7 %	+ 0.5 pp	<b>12.8 %</b>	12.4 %	+ 0.4 pp
Capex	<b>63,5</b>	47,0	+ 35,2 %	<b>64.0</b>	56.9	+ 12.5%

# Container Segment

January to June 2015

in € million	H1 2015	H1 2014	Change
Container throughput in TTEU	3,404	3,783	- 10.0 %
Revenues	351.9	374.3	- 6.0 %
EBITDA	100.3	122.5	- 18.1 %
EBITDA margin	28.5 %	32.7 %	- 4.2 pp
EBIT	57.5	79.1	- 27.3 %
EBIT margin	16.3 %	21.1 %	- 4.8 pp

# Intermodal Segment

January to June 2015

in € million	H1 2015	H1 2014	Change
Container transport in TTEU	654	633	+ 3.2 %
Revenues	180.8	170.1	+ 6.3 %
EBITDA	38.2	23.3	+ 63.6 %
EBITDA margin	21.1 %	13.7 %	+ 7.4 pp
EBIT	26.8	13.1	+ 104.0 %
EBIT margin	14.8 %	7.7 %	+ 7.1 pp

# Logistics Segment

January to June 2015

in € million	H1 2015	H1 2014	Change
Revenues	33.1	31.9	+ 3.7 %
EBITDA	- 0.4	- 0.4	neg.
EBITDA margin	- 1.3 %	- 1.3 %	0.0 pp
EBIT	- 1.1	- 1.0	neg.
EBIT margin	- 3.2 %	- 3.1 %	- 0.1 pp
Earnings from associates (using the equity method)	2.2	2.4	- 5.3 %