HHLA

Press release

Hamburg, 27 March 2013

Annual Results 2012

HHLA Expands Market Position and Intends to Continue Paying High Dividend

- *Container throughput rises by 1.4 % to 7.2 million standard containers*
- *HHLA's market share in the North Range increases to 19.6 %*
- *Group revenue of € 1,128.5 million following Intermodal realignment*
- *Operating margin of 16.5 % with an operating result (EBIT) of € 186.3 million*
- *Unchanged dividend proposal of € 0.65 per listed Class A share*
- *Forecast: HHLA expects container throughput to reach the previous year's level and aims to considerably expand container transport by rail*

Hamburger Hafen und Logistik AG (HHLA) expanded its position in a difficult market environment during the 2012 financial year and increased its market share in the North Range to 19.6 %. Following the realignment of the Intermodal segment and a change in the accounting of fruit logistics, Group revenue declined by 7.3 % to € 1,128.5 million. The operating result was burdened among others by the delay in dredging the river Elbe and decreased by 10.0 % to € 186.3 million (adjusted for a one-off gain of € 17.6 million to € 168.7 million). With considerable capital expenditure to improve the performance of its container terminals and the realignment of the transport companies in the Intermodal segment, HHLA took major steps to prepare the company for its future development. For the 2013 financial year, HHLA expects Group revenue to reach between € 1.1 billion and € 1.2 billion and an operating result in the range of € 155 million to € 175 million.

"We are satisfied with how the 2012 financial year unfolded. Despite a gloomier market environment, we performed well against our major competitors and expanded our position, even though our operating margin fell slightly. However, it is still clearly in a double-digit range. We have therefore completely matched our forecast made in July 2012," stated HHLA's Chairman of the Executive Board, Klaus-Dieter Peters, when presenting the annual results for 2012. "With the realignment of our rail companies, the far-reaching modernisation measures at our container terminals and the associated capital expenditure, we have taken major steps over the previous year to prepare the way for the company's future development and growth. Even though our investments in the future do not translate immediately into higher profits, we continue to maintain an excellent liquidity position and a solid balance sheet structure. This enables us to propose once again a dividend payment of € 0.65 per dividend-entitled Class A share."

The forecast made in July 2012 set Group targets of around € 1.1 billion for revenue and between € 170 million and € 190 million for EBIT.

Proposed dividend payment of € 0.65

On this basis, the HHLA Executive Board and Supervisory Board will propose to the Annual General Meeting on 13 June 2013 that the listed shares in the Port Logistics subgroup, which accounts for 97 % of HHLA revenue, are to receive a dividend for the 2012 financial year of € 0.65 per dividend-entitled share. This corresponds to a dividend payout ratio of 68.4 % of the net profit for the year after minority interests. Such a payout is possible because HHLA was able to increase its company value further in 2012. Despite a lower EBIT, the return on capital employed (ROCE), at 13.7 % (previous year: 15.4 %), remained well above the weighted average cost of capital of 10.5 %. Cash flow from operating activities (cash inflow) came to € 210 million (previous year: € 266 million).

From its stake in HHLA, the city of Hamburg received dividend payments to the amount of € 33.9 million in 2012. Furthermore, the Group generated tax receipts for the public authorities totalling € 41.6 million in 2012.

Revenue and earnings development

HHLA's revenue fell by 7.3 % to € 1,128.5 million in the 2012 financial year. The primary reasons for this were the realignment of the Intermodal segment with the disposal of HHLA's shares in TFG Transfracht as well as a change in the accounting of fruit logistics, the revenue from which are no longer included in the Group revenue. The decline of 10.0 % in the operating result (EBIT) to € 186.3 million stems largely from:

– additional costs incurred from the further delay in dredging the navigation channel of the river Elbe,
– rising costs (mainly for staff and energy),
– the higher proportion of lower-margin feeder traffic in container handling,
– the sharp fall in storage fees due to shorter container dwell times and
– ramp-up and lead-lag costs for the new operating system at Container Terminal Burchardkai.

This was partly offset by the one-off gain of € 17.6 million generated essentially from the disposal of HHLA's shares in TFG Transfracht.

Revenue in the listed Port Logistics subgroup went down by 7.5 % to € 1,101.2 million. The subgroup's operating result (EBIT) declined by 11.1 % to € 173.1 million.

2013 business forecast: Slight revenue growth and virtually unchanged operating result expected in a lingering difficult market environment

The prospects for the global economy continue to be fraught with considerable uncertainty. Nevertheless, it appears that the global economic downturn has been decelerated for the time being. Current forecasts expect container handling volumes to remain flat in Northern Europe, with transport volumes in Germany increasing slightly in 2013. The dredging of the river Elbe remains of particular importance. It is not currently possible to predict if work can begin in 2013 or not. Should the economic situation take a turn for the better and the global economy experience modest growth, HHLA expects container throughput to remain at the level seen in 2012, container transport by rail to increase significantly and Group revenue to rise slightly, with a high operating result just below that of the previous year (the 2012 operating result (EBIT) includes a one-off gain arising from the change in the ownership structure in the Intermodal segment). Total Group revenue is expected to range between € 1.1 billion and € 1.2 billion, with the operating result coming to between € 155 million and € 175 million. In view of the lingering difficult market environment, it is expected to only be possible to compensate for rising costs to a limited extent again in 2013.

Hinterland network expanded

HHLA realigned its Intermodal segment in the 2012 financial year and now owns 100 % of the shares in Polzug and 86.5 % of the shares in Metrans. The company's former 50 % stake in TFG Transfracht has been sold to Deutsche Bahn. This means that HHLA is now in the position to align its entire transport network with the requirements of maritime logistics. HHLA's customers have access to a top quality and highly reliable logistics chain between the European hinterland and seaport terminals. In the process, HHLA is increasingly using its own production resources, such as modern inland terminals, specialised container-carrying vehicles and locomotives, as well as its own equipment for container transport by road. In the 2012 financial year, HHLA's rail companies enlarged their network. Metrans has substantially expanded its traffic in Germany and Austria and now has its own terminal in Krems, as well as linking Munich, Nuremberg and Leipzig directly to the German seaports. Polzug was able to cut journey times between Hamburg and its hub terminal in Poznan by a third to just 12 hours, and now provides a connection to seaports in Poland via Poznan.

The companies now managed by HHLA were able to maintain transport volumes by increasing their services in declining markets (Germany: - 2.7 %; Czech Republic: - 6.7 %). Their transport volume reached 993 thousand TEU (previous year: 992 thousand TEU, pro forma figures).
The pro forma figures apply the new ownership structure in place in the Intermodal segment since the second quarter of 2012 to the entire 2012 financial year and to the previous year.

Following the realignment of the segment, dynamic growth in rail container traffic is expected for the 2013 financial year.

Container terminal performance improved

The HHLA container terminals improved their performance in the 2012 financial year with a host of measures. A key objective was to accelerate the handling of mega-ships. The focus here was on the HHLA Container Terminal Burchardkai (CTB), where the new system was introduced while normal operations continued. Furthermore, process improvements were made at all HHLA container terminals. In view of the fact that economic growth slowed during the year, the volume of investment was cut by around 30 % compared to the original plan in order to respond to general demand developments. This reduction was possible because ongoing expansion projects have been designed to be scalable. In this way, HHLA is able to avoid expensive surplus capacities which cannot be met by demand.

In the 2012 financial year, 7,183 thousand TEU was handled at the HHLA container terminals in Hamburg and Odessa, which corresponds to an increase of 1.4 %. In Hamburg, 6,854 thousand

TEU was handled (previous year: 6,769 thousand TEU) and in Odessa 329 thousand TEU was handled (previous year: 318 thousand TEU). There was a shift in volumes between shipping regions during the 2012 financial year. As a result of the economic slowdown, Far East traffic dropped by 8.3 % to 2,967 thousand TEU, which corresponds to a 43.3 % share of HHLA's throughput in Hamburg (previous year: 47.8 %). In contrast, throughput to and from North America increased by 19.4 % to 535 thousand TEU. This corresponds to 7.8 % of containers handled by HHLA in Hamburg. Feeder traffic via the Baltic Sea also went up significantly. Its volume rose 15.7 % to 1,054 thousand TEU, accounting for 13.5 % of throughput handled by HHLA in Hamburg (previous year: 11.8 %).

HHLA is committed to sustainability

In the 2012 financial year, HHLA was the first maritime company to publish its key figures in accordance with the provisions of the German Sustainability Code (GSC). In addition, HHLA's sustainability reporting practices in 2012 were, for the first time, subject to evaluation as per with the requirements of the Global Reporting Initiative (GRI), the most commonly used global standard. In the HHLA Group, CO2 emissions constitute the main source of air pollution. Compared with the reference year 2008, CO2 emissions per container handled and transported fell by as much as 24.5 % in the 2012 financial year. A range of individual measures helped achieve this result. For example, new low-consumption, low-emission straddle carriers went into service in 2012. The 'dual cycle' process at the Container Terminal Altenwerder (CTA) cuts down on empty runs and reduces diesel consumption by hundreds of thousands of litres. The 'twin operation' procedure launched at the Container Terminal Tollerort (CTT) in the 2012 financial year considerably reduced the number of trips required there. Moreover, the largest fleet of electric cars in a North Range port entered service at the CTT.

Members of staff form the basis of sustainable working practice. In the 2012 financial year, HHLA created an additional 118 jobs. Particular emphasis is placed on occupational health and safety. The Hamburg Office for Occupational Health and Safety awarded the CTT with the prize for 'workplace with exemplary occupational health and safety' for the second time in succession in 2012. HHLA also expanded its health promotion programmes in the year under review.

Development of key Group figures at a glance

- **Revenue** fell by 7.3 % to € 1,128.5 million.
- The **operating result (EBIT)** declined by 10.0 % to € 186.3 million.
- **Profit after tax** was 5.8 % below that of the previous year at € 111.8 million.
- **Profit after tax and minority interests** fell by 18.9 % to € 72.4 million.
- **Cash flow** from operating activities decreased by 20.9 % to € 210.5 million.
- The **equity ratio** shrank from 35.6 % to 31.8 %.
- **Earnings per share** amounted to € 0.95 for the listed Port Logistics subgroup in 2012, a year-on-year decline of 20.8 %.

A proposal will be made at the 2012 Annual General Meeting to distribute a **dividend** to the amount of € 0.65 per listed Class A share. This corresponds to a dividend payout ratio of 68.4 %.

The **listed Port Logistics subgroup,** in which HHLA's core business is pooled, reported revenue of € 1,101.2 million in 2012 (- 7.5 %) and EBIT of € 173.1 million (- 11.1 %). This meant that the Port Logistics subgroup generated 97.4 % of Group revenue and 92.9 % of Group EBIT.

Key Figures HHLA Group

in € million	2012	2011	Change
Revenue	**1,128.5**	1,217.3	- 7.3 %
EBITDA	**307.5**	333.4	- 7.8 %
EBIT	**186.3**	207.0	- 10.0 %
EBIT margin in %	**16.5**	17.0	- 0.5 pp
Profit after tax	**111.8**	118.8	- 5.8 %
Profit after tax and minority interests	**72.4**	89.3	- 18.9 %
Container throughput in thousand TEU	**7,183**	7,087	1.4 %
Container transport in thousand TEU[1]	**1,213**	1,887	- 35.7 %
Pro forma container transport[2] in thousand TEU	***993***	*992*	*0.1 %*

	31.12.2012	31.12.2011	Change
Equity ratio in %	**31.8**	35.6	- 3.8 pp
Employees	**4,915**	4,797	2.4 %

Key Figures Port Logistics Subgroup

in € million	2012	2011	Change
Revenue	**1,101.2**	1,190.6	- 7.5 %
EBITDA	**290.4**	317.3	- 8.5 %
EBIT	**173.1**	194.8	- 11.1 %
EBIT margin in %	**15.7**	16.4	- 0.7 pp
Profit after tax and minority interests	**66.6**	84.0	- 20.8 %
Dividend in € per Class A share[3]	**0.65**	**0.65**	0.0 %

[1] The transport volume was fully consolidated
[2] Pro forma: using the new investment structure in the Intermodal segment
[3] Dividend proposal for 2012

The following photos are available for download on the HHLA website under ‘Press’, Photos & Films/Current Press Photos: **klick here for download.**

About HHLA

Hamburger Hafen und Logistik AG (HHLA) is a leading port logistics group in Europe. With its Container, Intermodal and Logistics segments, HHLA is positioned vertically along the transport chain. Efficient container terminals, high-capacity transport systems and a full range of logistics services form a complete network between the overseas port and its European hinterland.

Further inquiries

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