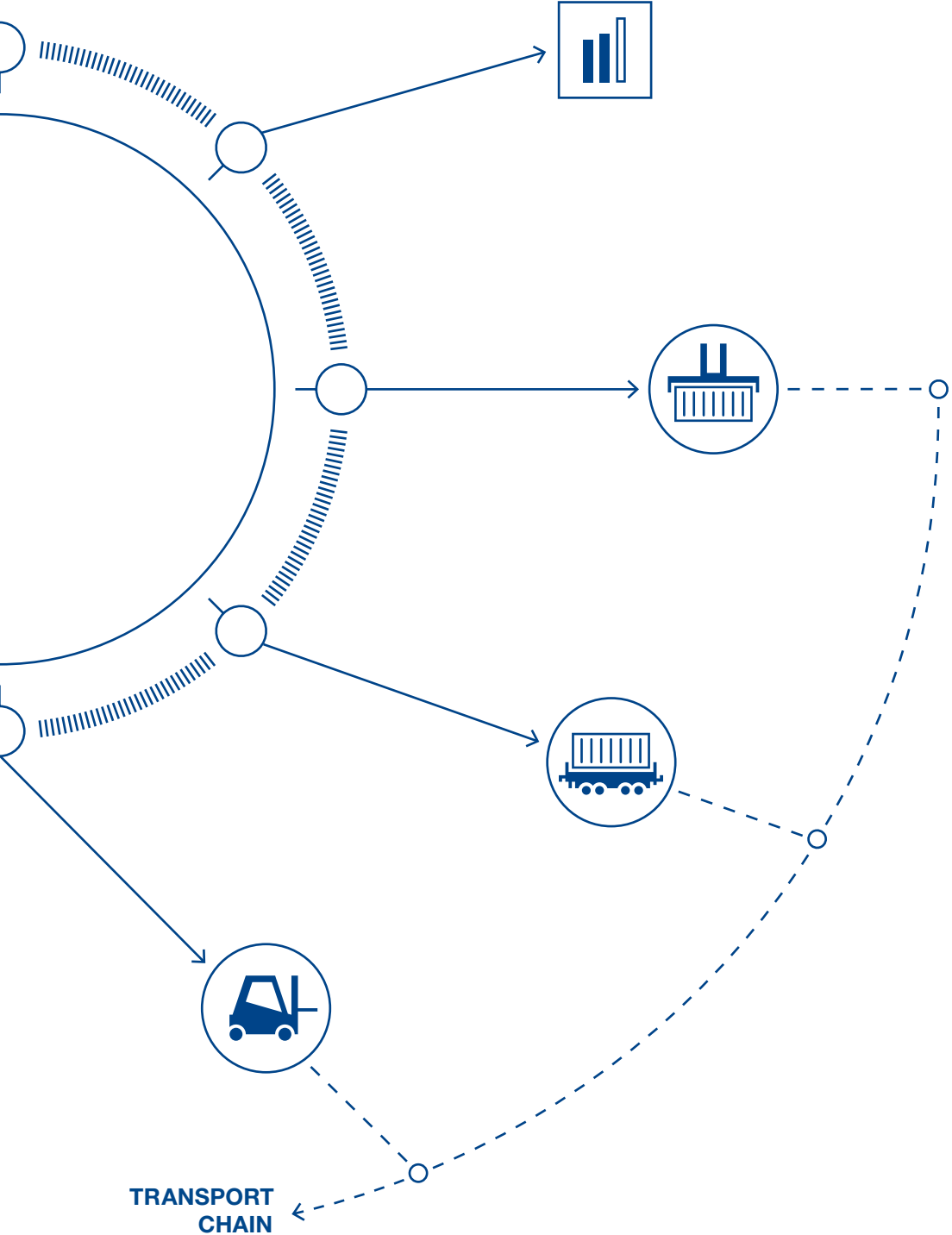


HALF-YEAR FINANCIAL REPORT

2018 HAMBURGER HAFEN UND LOGISTIK AG
JANUARY TO JUNE



HHLA key figures

in € million	HHLA Group		
	1-6 2018	1-6 2017	Change
Revenue and Earnings			
Revenue	633.0	622.8	1.6 %
EBITDA	157.7	158.5	- 0.5 %
EBITDA margin in %	24.9	25.5	- 0.6 pp
EBIT	99.9	98.8	1.1 %
EBIT margin in %	15.8	15.9	- 0.1 pp
Profit after tax	68.8	70.3	- 2.2 %
Profit after tax and minority interests	52.4	52.6	- 0.5 %
Cash flow statement and Investments			
Cash flow from operating activities	95.9	148.1	- 35.2 %
Investments	44.2	63.6	- 30.5 %
Performance data			
Container throughput in thousand TEU	3,631	3,586	1.2 %
Container transport in thousand TEU	713	744	- 4.2 %

in € million	30.06.2018	31.12.2017	Change
Balance sheet			
Balance sheet total	1,797.7	1,835.3	- 2.0 %
Equity	572.5	602.4	- 5.0 %
Equity ratio in %	31.8	32.8	- 1.0 pp
Employees			
Number of employees	5,849	5,581	4.8 %

in € million	Port Logistics Subgroup ^{1,2}			Real Estate Subgroup ^{1,3}		
	1-6 2018	1-6 2017	Change	1-6 2018	1-6 2017	Change
Revenue	617.1	607.3	1.6 %	19.3	18.7	3.0 %
EBITDA	146.8	148.0	- 0.8 %	10.9	10.5	3.5 %
EBITDA margin in %	23.8	24.4	- 0.6 pp	56.5	56.2	0.3 pp
EBIT	91.4	90.6	0.8 %	8.4	8.0	4.9 %
EBIT margin in %	14.8	14.9	- 0.1 pp	43.6	42.8	0.8 pp
Profit after tax and minority interests	47.3	48.1	- 1.6 %	5.1	4.6	10.8 %
Dividend per share in € ⁴	0.68	0.69	- 1.6 %	1.87	1.69	10.8 %

¹ Before consolidation between subgroups



² Listed Class A shares

³ Non-listed Class S shares

⁴ Basic and diluted

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This Half-Year Financial Report was published on **14 August 2018**.
<http://report.hhla.de/half-year-financial-report-2018/>



To our Shareholders

The HHLA Share

Stock Market Data

29.12.2017 – 29.06.2018	HHLA	SDAX	DAX
Change	- 21.4 %	0.5 %	- 4.7 %
Closing 29.12.2017	23.67	11,887	12,918
Closing 29.06.2018	18.60	11,950	12,306
High	24.36	12,737	13,560
Low	17.67	11,602	11,787

Benchmark indices burdened by strong euro and punitive US tariffs

Germany's benchmark index made a sluggish start to 2018 on account of the strong euro. In anticipation of a strong reporting period, the DAX climbed to a new all-time high of 13,560 points in the second half of January. In February, however, fears of rising interest rates resulting from a tighter monetary policy of the US Federal Reserve had a negative effect on stock markets. The subsequent slump on the US stock markets also entailed losses on their European counterparts. The DAX fell to a new low for the year of 12,107 points on 9 February 2018 and, with a decline of over 5 %, recorded its largest weekly loss in two years. US President Donald Trump's announcement of punitive tariffs on steel and aluminium imports pushed the DAX below the 12,000 mark in March and caused considerable uncertainty on the market, with this uncertainty only easing a little in early April. Driven by positive indications from the USA and China, Germany's benchmark index rose again and, in mid-May, reached the level obtained at the start of the year. In June, European stock trading was once again overshadowed by the expansion of the trade dispute. The decision of the European Central Bank to leave the base rate unchanged only brought short-term relief. The DAX closed the second quarter at 12,306 points, down 4.7 % on the year-end 2017 figure. The SDAX was somewhat less volatile, closing at 11,950 points on 29 June – up 0.5 % on year-end 2017.

HHLA share down in declining market

The HHLA share made a positive start to the new year, reaching its year-high so far of € 23.67 on 9 January. From mid-January onwards, however, the share weakened in a declining market environment before stabilising at over € 22. A number of recommendations for the share were upgraded on publication of HHLA's interim figures on 8 February. Nevertheless, the share price was burdened by the negative market trend. Once it fell below the € 20 mark on the following day, the pressure on the order book intensified. The daily trading volume climbed to 346 thousand shares, almost quadruple the annual average; the share price fell further. In addition to the technical downwards trend, the HHLA share was affected in particular by

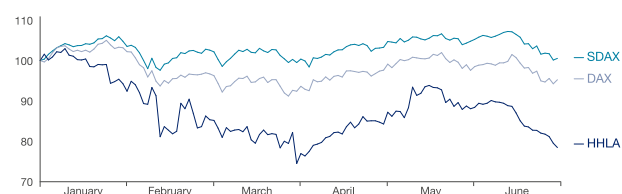
concerns surrounding the consequences of a potential trade war. Prior to the publication of the 2017 Annual Report on 28 March 2018, the share price fell to a year-low so far of € 17.67. The share price rose steadily throughout April, once again exceeding the € 20 mark towards the end of the month. Following the buy recommendation of a bank in early May, the share price rose strongly by 9.6 % over the day. The market outlook for the first quarter was confirmed with the publication of the quarterly figures on 15 May 2018. In particular, the strategic measures were received favourably by the market. HHLA's Annual General Meeting was held on 12 June 2018 and attended by just under 670 shareholders and guests. Approximately 82 % of share capital was represented. The resolutions proposed by the Supervisory Board and Executive Board were adopted with large majorities, including the payment of a dividend of € 0.67 (previous year: € 0.59) per listed Class A share. Following payment, the share traded at a corresponding discount. In the second half of June, the HHLA share also began to feel the effects of the strained market environment. It once again dropped below the € 20 mark and closed at € 18.60 on 29 June, down 21.4 % compared to year-end 2017.

Dialogue with capital market actively maintained

The Investor Relations department continued its proactive communication activities in the first half of 2018 and held a large number of discussions with analysts and investors. HHLA was also represented at various conferences in Europe and the USA. In addition to the strategic realignment and associated investment programme, discussions focused in particular on the Intermodal segment. Furthermore, the acquisition of the Estonian multi-functional terminal Transiidikeskuse AS and the current status of dredging on the Elbe were also elucidated. In the first half of the year, 15 financial analysts covered the HHLA share, meaning that the level of research coverage remained high for an SDAX share. More than three quarters of the analysts recommend buying or holding the HHLA share.

Share Price Development January to June 2018

Closing prices in %



Source: Datastream

The latest prices and further information about HHLA's shares can be found at www.hhla.de/en/investor-relations.html.

Ladies and gentlemen,

Even before the discovery of America, Europeans already appreciated the benefits of free trade. In the 13th century, a trading network called the Hanseatic League was established that, at its zenith, spanned some 200 inland and coastal towns, allowing far-sighted merchants to harness the benefits of cross-border cooperation. This flourishing commerce led to wealth and prosperity, which can still be seen today in the impressive brick architecture of the ports dotted along the North and Baltic Sea coasts. However, the importance of the Hanseatic League went much further. It was a cultural alliance, an ethos and a way of life that went beyond national borders and religious differences.

The attributes of this “Hanseatic mindset”, as Hamburg’s former mayor Henning Voscherau so succinctly put it, are currently being subjected to an extremely severe stress test. Neo-nationalism, protectionism and tariff wars are all threatening the established order of multilateralism and free trade.

So far, the growing tensions in global trading relations have not impacted our operations. The results for the first half of the year are at the high level we expected. We achieved a further slight increase in both revenue and EBIT. We are still confident that we can meet our projected targets for the year as a whole. This confidence is not just based on the half-year results, which are described in detail in this report. HHLA has sufficient knowledge and experience to cope with the challenges of a volatile market. However, it is much harder for us to deal with the repercussions of political decisions that are already jeopardising economic stability. We continue to monitor developments in our market environment very closely and will factor any possible changes into our planning for 2019.

Meanwhile, we will continue to systematically implement our strategy of strengthening the future viability and creative force of HHLA. This includes continually enhancing the productivity, quality and competitiveness of our core business. HHLA is committed to defending the Port of Hamburg’s leading position in the competition between European seaports. Regardless of the unresolved question of when the river Elbe is to be dredged, our Burchardkai and Tollerort terminal facilities are already handling ships with capacities of over 20,000 TEU on a daily basis. We continue to trust in the assurance given by those responsible that dredging work will begin before the end of the year.

Without questioning the status quo and demonstrating a willingness to change, the Port of Hamburg will be unable to hold its own against the competition. We therefore welcome the fact that representatives of the Senate of the Free and Hanseatic

Angela Titzrath
Chairwoman of the Executive Board



”

We will continue to systematically implement our strategy of strengthening the future viability and creative force of HHLA. This includes continually enhancing the productivity, quality and competitiveness of our core business.

City of Hamburg have submitted proposals on the future of the Port of Hamburg and on ways of strengthening customer loyalty. We expect these proposals to contribute to a significant volume increase at the port, to secure jobs and to further increase HHLA’s value added for its shareholders.

For its part, HHLA has now taken full control of Transiidikeskuse AS (TK), the largest Estonian terminal operator. This is a first important step in the implementation of our strategy. Together with a motivated workforce at the Port of Muuga, we aim to capture the potential of this site for HHLA as a whole. As Hanseatic cities, Hamburg and the Estonian capital of Tallinn share a long tradition. We hope to breathe new life into the spirit of the “Hanseatic mindset” with this takeover.

Yours,

A. Titzrath

Angela Titzrath
Chairwoman of the Executive Board

Interim Management Report

Economic Environment

Macroeconomic Development

Global economic growth was weaker in the first half of the year than in 2017. The slowdown in growth was particularly prevalent in the advanced economies, while the rate of expansion remained stable in emerging markets. This trend is reflected in **global trade**, which was down slightly year-on-year in the first four months.

Economic momentum in the **advanced economies** slowed noticeably, with good capacity utilisation. Exports in particular cooled off and there was a clear slowdown in capital spending after a period of strong growth. By contrast, the **emerging markets** experienced further solid growth in the first half of 2018, with countries that export raw materials profiting especially from the rise in commodity prices. In the second quarter, the **Chinese economy** displayed stable growth of 6.7 % – just 0.1 percentage point below the first quarter of 2018. In **Russia**, the recovery slowed somewhat in the first half of the year, but recent leading indicators point towards steady growth for the remaining months of the year. Economic growth in **Ukraine**, continued to be adversely affected by reform projects, the national debt and the increasingly problematic financial situation.

Despite the uncertainties surrounding Brexit and US trade policy, numerous indicators suggest **steady economic growth for the eurozone**. Macroeconomic activity in the eurozone is estimated to have expanded by 2.6 % in the first quarter of 2018 and by 2.2 % in the second quarter.

Outside the eurozone, there was particularly strong growth in Poland and Hungary among the economies of **Central and Eastern Europe** in the first quarter of 2018. In Romania and the Czech Republic, on the other hand, the economies slowed in the first three months of 2018 following strong growth in the previous quarter.

Economic growth in Germany was generally steady, but did experience a slightly weaker phase in the first half of the year. For the second quarter of 2018, however, the economic barometer issued by the German Institute for Economic Research (DIW) indicates renewed quarter-on-quarter growth in gross domestic product (GDP) of 0.4 %. Despite fears of a global trade war, **German foreign trade** gained momentum in the first five months of 2018. Exports increased by 3.2 % in the months from January to May 2018 compared to the same period of the previous year – and imports also climbed by 3.8 %.

Sector Development

Global container throughput maintained its strong growth of the previous year in the first half of 2018. Container throughput at global ports grew by 6.1 % year-on-year in the first quarter – significantly higher than the already optimistic 4.6 % increase forecast by the market research institute Drewry in April. Following a readjustment of their forecast models, the experts now anticipate a further acceleration in growth to 6.5 % for the second quarter.

Although the latest estimates for the container throughput at the **Chinese ports** indicate strong growth of 5.3 % in the first quarter, this was still slightly below the forecasts issued at the beginning of the year. For the second quarter, the experts expect a further reduction in the growth rate to 4.8 %. Following modest growth of 3.3 % in the first quarter, Drewry now anticipates a significant upturn for the **North-West Europe trade** in the second quarter: following readjustment of its forecast models, the company now projects growth of 6.1 %. With growth of 14.3 % in the first quarter of 2018 and of 12.9 % in the second quarter, container throughput in **Scandinavia and the Baltic Sea** was also more than twice as strong as forecast in April. The increase in container throughput was particularly strong at Russia's Baltic Sea ports.

Container throughput in **Rotterdam** of 7.1 million TEU in the reporting period was 6.2 % up on the first half of 2017. In **Antwerp**, 5.6 million TEU passed over the quayside in the first six months of the year, resulting in throughput growth of 8.3 %.

At the time of reporting, no half-year data was available for the **German ports** along the North Range. In the first five months of the year, throughput at the Bremen ports amounted to 2.2 million TEU – down 0.4 % on the previous year. Wilhelmshaven posted 252 thousand TEU for the same period, thus raising container throughput volume by 56.9 % year-on-year.

Container throughput at **HHLA's** Hamburg container terminals was raised by 0.9 % to 3.5 million TEU in the first six months.

Course of Business and Economic Situation

Key Figures

in € million	1–6 2018	1–6 2017	Change
Revenue	633.0	622.8	1.6 %
EBITDA	157.7	158.5	- 0.5 %
EBITDA margin in %	24.9	25.5	- 0.6 pp
EBIT	99.9	98.8	1.1 %
EBIT margin in %	15.8	15.9	- 0.1 pp
Profit after tax and minority interests	52.4	52.6	- 0.5 %
ROCE in %	14.7	14.9	- 0.2 pp

Notes on the Reporting

During the reporting period, HHLA increased its level of investment in METRANS a.s., Prague, Czech Republic, and now holds 100 % of shares in the company. On 26 March 2018, HHLA also signed an agreement to acquire 100 % of shares in Transiidikeskuse AS, a terminal operator based in Tallinn, Estonia. Upon fulfilment of the conditions precedent, HHLA acquired control on 27 June 2018.

There were no other particular events or transactions during the period under review, either in HHLA's operating environment or within the Group, that had a significant impact on its results of operations, net assets and financial position. Both the available key economic indicators and HHLA's actual economic performance were largely in line with the performance forecast in the 2017 Annual Report. ► See results of operations, page 5, net assets and financial position, page 6

There is normally no long-term order backlog for handling and transport services, and thus no use is made of this particular reporting figure.

Earnings Position

The economic development of HHLA in the first half of 2018 was encouraging. HHLA recorded a slight increase in **container throughput** of 1.2 % to 3,631 thousand TEU in the first half of the year (previous year: 3,586 thousand TEU). This growth was based on strong volumes in Far East services.

Transport volumes declined moderately by 4.2 % to 713 thousand TEU (previous year: 744 thousand TEU). This development is attributable to the realignment of rail transport in Poland and the fall in freight volume for road transport in Hamburg.

Revenue for the HHLA Group amounted to € 633.0 million in the reporting period and was thus up slightly by 1.6 % on the prior-year figure (previous year: € 622.8 million). This increase is partly due to a lower feeder ratio in container throughput and longer transport distances in the Intermodal segment.

In its **Container**, **Intermodal** and **Logistics** segments, the listed Port Logistics subgroup generated revenue of € 617.1 million in the reporting period (previous year: € 607.3 million). This 1.6 % increase almost matched the trend for the Group as a whole. At € 19.3 million, revenue at the non-listed Real Estate subgroup climbed by 3.0 % year-on-year (previous year: € 18.7 million).

As in the same period last year, **changes in inventories** of € 0.5 million (previous year: € 0.3 million) had no noticeable impact on the consolidated profit. **Own work capitalised** amounted to € 3.0 million (previous year: € 2.8 million).

Other operating income amounted to € 21.2 million (previous year: € 22.0 million).

Operating expenses rose in line with revenue by 1.6 % to € 557.7 million.

The **cost of materials** declined by 3.2 % in the reporting period to € 178.7 million (previous year: € 184.6 million). The cost of materials ratio decreased to 28.2 % (previous year: 29.6 %), due in part to falling volumes in the material-intensive Intermodal segment.

There was a year-on-year increase of 4.4 % in **personnel expenses**, taking the figure to € 237.6 million (previous year: € 227.5 million). In addition to wage increases, this was also due to greater use of employees from Gesamthafenbetriebs-Gesellschaft (GHB) at the Hamburg terminals and the growth in headcount following the opening of the terminal in Budapest. The personnel expense ratio rose to 37.5 % (previous year: 36.5 %).

Other operating expenses rose considerably in the reporting period by 8.2 % to € 83.7 million (previous year: € 77.3 million). The ratio of expenses to revenue rose from 12.4 % in the previous year to 13.2 %. There was a particularly strong increase in external maintenance services.

On the basis of these developments, the Group achieved an **operating result before depreciation and amortisation (EBITDA)** of € 157.7 million (previous year: € 158.5 million). The EBITDA margin amounted to 24.9 % in the reporting period (previous year: 25.5 %).

Depreciation and amortisation of € 57.8 million was recorded in the first half of the year (previous year: € 59.7 million). As a result, its ratio to revenue fell to 9.1 % (previous year: 9.6 %).

At Group level, the **operating result (EBIT)** improved slightly by 1.1 % to € 99.9 million (previous year: € 98.8 million) with an EBIT margin of 15.8 % (previous year: 15.9 %). The Port Logistics subgroup generated EBIT of € 91.4 million (previous year: € 90.6 million) with an EBIT margin of 14.8 %. The Real Estate subgroup reported EBIT of € 8.4 million (previous year: € 8.0 million).

Net expenses from the **financial result** increased by € 2.3 million to € 7.6 million (previous year: € 5.3 million), mainly due to exchange rate effects.

The Group's **effective tax rate** amounted to 25.5 % (previous year: 24.8 %).

Profit after tax decreased by 2.2 %, from € 70.3 million to € 68.8 million. With a slight decline of 0.5 %, profit after tax and minority interests of € 52.4 million, was more or less on a par with the previous year (€ 52.6 million). At € 0.72, earnings per share were also unchanged from the previous year (€ 0.72). The listed Port Logistics subgroup reported a 1.6 % decrease in earnings per share to € 0.68 (previous year: € 0.69). Earnings per share of the non-listed Real Estate subgroup were up by 10.8 % year-on-year to € 1.87 (previous year: € 1.69). The return on capital employed (ROCE) declined by 0.2 percentage points to 14.7 % (previous year: 14.9 %).

Financial Position

Balance Sheet Analysis

Compared with year-end 2017, the HHLA Group's **balance sheet total** decreased slightly as of the reporting date to € 1,797.7 million.

Balance Sheet Structure

in € million	30.06.2018	31.12.2017
Assets		
Non-current assets	1,412.0	1,348.0
Current assets	385.7	487.3
	1,797.7	1,835.3
Equity and liabilities		
Equity	572.5	602.4
Non-current liabilities	1,012.3	993.8
Current liabilities	212.9	239.1
	1,797.7	1,835.3

Non-current assets rose by 4.7 % to € 1,412.0 million (31 December 2017: € 1,348.0 million). The increase is chiefly attributable to the first-time consolidation of Transiidikeskuse AS and the associated increase in property, plant and equipment of € 62.3 million, as well as the increase in intangible assets (including goodwill) of € 19.3 million. There was an opposing effect from the scheduled depreciation of property, plant and equipment. Financial assets also decreased by € 6.2 million.

At € 385.7 million as of 30 June 2018, **current assets** were € 101.6 million below the corresponding figure as of 31 December 2017 (€ 487.3 million). This decline resulted partly from a reduction of € 103.7 million in cash and cash equivalents, as well as a drop of € 42.2 million in receivables from related parties due to a reduction in overnight deposits available on demand. The decrease in cash and cash equivalents and the aforementioned overnight deposits available on demand is mainly due to the acquisition of Transiidikeskuse AS and the takeover of the remaining shares in the METRANS Group. This was offset by a rise of € 25.3 million in trade receivables, as well as an increase of € 18.9 million in other financial receivables.

Equity declined by € 29.9 million to € 572.5 million as of the reporting date (31 December 2017: € 602.4 million). This decrease resulted mainly from the payment for the acquisition of further shares in METRANS a.s. amounting to € 49.9 million, as well as the payment of dividends totalling € 52.3 million. Net profit in the reporting period of € 68.8 million made a positive contribution to equity. The equity ratio decreased to 31.8 % in total (31 December 2017: 32.8 %).

The € 18.5 million increase in **non-current liabilities** to € 1,012.3 million compared to the the year-end figure (31 December 2017: € 993.8 million) is chiefly due to an increase in pension provisions of € 15.1 million and an increase of € 5.6 million in non-current financial liabilities.

Current liabilities fell by € 26.2 million to € 212.9 million (31 December 2017: € 239.1 million). This was mainly due to the decrease in current financial liabilities of € 32.5 million and the decrease in other current provisions of € 13.3 million. There was an opposing effect from the increase in other liabilities of € 13.7 million, as well as from an increase in trade liabilities of € 8.7 million.

Investment Analysis

Capital expenditure in the reporting period totalled € 44.2 million, well below last year's figure of € 63.6 million. Property, plant and equipment accounted for € 37.8 million (previous year: € 61.4 million) of capital expenditure, while investments in intangible assets made up € 6.4 million (previous year: € 2.2 million). The majority of this capital expenditure was for replacement investments.

Capital expenditure in the first half of 2018 focused on the procurement of large-scale equipment for horizontal transport, the expansion of infrastructure at the HHLA container terminals in the Port of Hamburg and the acquisition of new wagons at METRANS.

Liquidity Analysis

Cash flow from operating activities declined by € 52.2 million to € 95.9 million as of 30 June 2018 (previous year: € 148.1 million). The changes in trade receivables and in other financial receivables led to a decrease in operating cash flow.

Liquidity Analysis

in € million	1–6 2018	1–6 2017
Financial funds as of 01.01.	255.5	232.4
Cash flow from operating activities	95.9	148.1
Cash flow from investing activities	- 84.8	- 56.3
Free cash flow	11.1	91.8
Cash flow from financing activities	-140.1	- 93.6
Change in financial funds	- 128.1	- 2.3
Financial funds as of 30.06.	127.4	230.1
Short-term deposits	0.0	10.0
Available liquidity	127.4	240.1

Investing activities led to cash outflows of € 84.8 million (previous year: € 56.3 million). The increase in payment volumes of € 28.5 million was primarily attributable to the acquisition of all shares in Transiidikeskuse AS, which totalled € 72.0 million excluding acquired cash and cash equivalents. This was offset by reduced investments in property, plant and equipment, as well as increased proceeds from short-term deposits.

Free cash flow, which is the total cash flow from operating and investing activities, amounted to € 11.1 million at the end of the reporting period (previous year: € 91.8 million) and was therefore down by € 80.7 million year-on-year.

The cash outflow from **financing activities** amounted to € 140.1 million as of 30 June 2018 (previous year: € 93.6 million), an increase of € 46.5 million. A payment was made to acquire minority interests in METRANS a.s., Prague, Czech Republic, in the current reporting year. However, proceeds from new loans had the opposing effect in the reporting period.

As of the reporting date, the changes described above resulted in **financial funds** of € 127.4 million (30 June 2017: € 230.1 million), which were thus considerably lower than at the beginning of the year (31 December 2017: € 255.5 million). The Group's available liquidity as of 30 June 2018 totalled € 127.4 million (30 June 2017: € 240.1 million, including short-term deposits).

Segment Performance

Container Segment

Key Figures

in € million	1–6 2018	1–6 2017	Change
Revenue	380.3	372.3	2.2 %
EBITDA	106.9	109.9	- 2.7 %
EBITDA margin in %	28.1	29.5	- 1.4 pp
EBIT	68.2	68.2	0.0 %
EBIT margin in %	17.9	18.3	- 0.4 pp
Container throughput in thousand TEU	3,631	3,586	1.2 %

In the first half of 2018, HHLA's container terminals handled a total of 3,631 thousand standard containers (TEU). This is 1.2 % more than in the previous year (previous year: 3,586 thousand TEU). **Container throughput** at HHLA's three container terminals was raised by 0.9 % to 3,473 thousand TEU (previous year: 3,441 thousand TEU). This slight growth was mainly driven by the 4.1 % increase in Asia traffic. The rate of decline in feeder traffic was lower than in the first quarter. Compared with the same period last year, container throughput at the North Sea and Baltic Sea ports fell by 4.8 %. There was a corresponding decline in the feeder ratio of 1.4 percentage points to 23.6 % (previous year: 25.0 %). Container throughput at the Container Terminal Odessa continued to make good progress with year-on-year growth of 8.3 % to 158 thousand TEU in the first half of 2018 (previous year: 146 thousand TEU).

The slight volume growth of 1.2 % led to a 2.2 % increase in **revenue** to € 380.3 million compared with the first six months of 2017 (previous year: € 372.3 million). The slightly disproportional increase in relation to the volume trend is mainly attributable to increases in individual handling rates and to the lower feeder ratio. By contrast, the share of local cargo increased, especially rail-dependent throughput. Shorter container dwell times due to the improved punctuality of overseas services led to a slight fall in storage fees, which had risen significantly in the previous year due to the reorganisation of service structures. The average revenue per container handled at the quay-side rose in total by 0.9 % year-on-year.

The segment's EBIT costs increased by 2.6 %, thus also outstripping throughput volume. This was caused by the additional use of resources due to ship delays, as well as the considerable variation in capacity utilisation at the container terminals in Hamburg. Nevertheless, the **operating result (EBIT)** of € 68.2 million was on a par with the previous year. The EBIT margin decreased slightly to 17.9 % (previous year: 18.3 %).

Intermodal Segment

Key Figures

in € million	1-6 2018	1-6 2017	Change
Revenue	208.0	206.2	0.9 %
EBITDA	51.5	46.9	9.8 %
EBITDA margin in %	24.8	22.7	2.1 pp
EBIT	38.6	34.9	10.7 %
EBIT margin in %	18.6	16.9	1.7 pp
Container transport in thousand TEU	713	744	- 4.2 %

In the first half of 2018, HHLA's transport companies posted a moderate decline of 4.2 % in the highly competitive market for container traffic in the hinterland of major seaports. **Transport volumes** declined from 744 thousand standard containers (TEU) in the same period last year to 713 thousand TEU. In addition to rail transport, there was also a marked decline in road transport. Rail transport was adversely affected by multiple factors, including the scheduled realignment of POLZUG activities as part of its integration into the METTRANS organisation. Compared with the second quarter of 2017, rail transport was down slightly by 1.7 % to 558 thousand TEU (previous year: 568 thousand TEU). Due to a significant decrease in freight volume in the greater Hamburg area, road transport fell by 12.0 % year-on-year to 155 thousand TEU (previous year: 176 thousand TEU).

At € 208.0 million, **revenue** was up 0.9 % against the prior-year figure (previous year: € 206.2 million) and thus performed much better than transport volume. This stable revenue trend resulted from a slight increase in rail's share of HHLA's total intermodal transportation from 76.3 % to 78.3 %, in combination with longer transport distances.

The **operating result (EBIT)** increased year-on-year to € 38.6 million (previous year: € 34.9 million). In addition to a decrease in the cost of materials, this trend was due in particular to changes in the route mix. The terminal in Budapest, which started operations in mid-2017, also had a positive impact on the efficiency of HHLA's intermodal network.

Logistics Segment

Key Figures

in € million	1-6 2018	1-6 2017	Change
Revenue	25.2	24.7	2.0 %
EBITDA	3.3	2.8	15.3 %
EBITDA margin in %	13.0	11.5	1.5 pp
EBIT	1.0	0.7	58.0 %
EBIT margin in %	4.2	2.7	1.5 pp
At-equity earnings	2.3	2.6	- 10.9 %

The key financial figures for the Logistics segment include the vehicle logistics and consultancy divisions. The results from dry bulk and fruit logistics are included in at-equity earnings.

The companies of the Logistics segment once again made varying progress in the first half of 2018. The consolidated companies reported **revenue** of € 25.2 million, up 2.0 % on the prior-year figure (previous year: € 24.7 million). This was due in particular to increases in volume and revenue in the vehicle logistics division.

The **operating result (EBIT)** of the Logistics segment amounted to € 1.0 million in the reporting period, compared to € 0.7 million in the prior-year period. This improvement resulted from the vehicle logistics division.

At-equity earnings declined by a total of 10.9 % to € 2.3 million in the first half of 2018. Both dry bulk handling and fruit logistics were down on their prior-year performance.

Real Estate Segment

Key Figures

in € million	1–6 2018	1–6 2017	Change
Revenue	19.3	18.7	3.0 %
EBITDA	10.9	10.5	3.5 %
EBITDA margin in %	56.5	56.2	0.3 pp
EBIT	8.4	8.0	4.9 %
EBIT margin in %	43.6	42.8	0.8 pp

The Hamburg office rental market performed modestly in the first half of 2018. According to Grossmann & Berger's latest market report, 250,000 m² of office space was let in the first half of 2018 – 17 % less than in the previous year (previous year: 300,000 m²). The decline in available space, and the resulting decrease in the vacancy rate, is regarded as a key reason for the drop in turnover. Due to high demand, the vacancy rate in Hamburg fell to 3.9 % (previous year: 4.9 %) – and was thus below the 4 % mark for the first time. In view of the expected completions in the medium term, there are no signs of the current market situation easing.

HHLA's properties in the Speicherstadt historical warehouse district and the fish market area continued their positive revenue trend in the first half of 2018. Despite full occupancy in both quarters having been largely reached in the previous year, **revenue** still rose moderately by 3.0 % to € 19.3 million (previous year: € 18.7 million).

Largely due to increased revenue from existing and newly developed properties in the Speicherstadt historical warehouse district – and in spite of the implementation of planned maintenance work – there was a year-on-year growth in the cumulative **operating result (EBIT)** of 4.9 % to € 8.4 million, (previous year: € 8.0 million).

Employees

Employees

by segments	30.06.2018	31.12.2017	Change
Container	3,132	2,909	7.7 %
Intermodal	1,932	1,872	3.2 %
Holding/Others	618	636	- 2.8 %
Logistics	135	134	0.7 %
Real Estate	32	30	6.7 %
HHLA Group	5,849	5,581	4.8 %

At the end of the first half of 2018, HHLA employed a total of 5,849 people. Compared with the figure as of 31 December 2017, the number of employees rose by 268. This increase is mainly attributable to the first-time consolidation of Transiidikeskuse AS, which employed 219 people as of 30 June 2018.

Employees by Segment

In the Container segment, the number of employees increased by 223 people, mainly as a result of the first-time consolidation of Transiidikeskuse AS described above. Due to the expansion of services and the increase in vertical integration, headcount in the Intermodal segment rose by a further 60 employees to 1,932. By contrast, the number of staff employed at the strategic management holding company fell by 18. Headcount at the other segments at the end of the first half of 2018 was more or less on a par with year-end 2017: Headcount in the Logistics segment rose by just one; two new employees joined the Real Estate segment.

Employees by Region

In geographical terms, the workforce was concentrated mainly in Germany in the first half of 2018, with 3,466 staff members (31 December 2017: 3,479), the majority of whom worked in Hamburg. This corresponds to a share of 59.3 % (31 December 2017: 62.3 %). The number of staff employed abroad rose by 281, or 13.4 %, to 2,383 in the first half of 2018 (31 December 2017: 2,102), mainly attributable to the first-time consolidation of Transiidikeskuse AS. As a result, the number of employees in the subsidiaries in Austria, Poland, Georgia and Estonia has increased by 229, or 127.9 %, to 408 (31 December 2017: 179). At the Intermodal companies in the Czech Republic, Slovakia, Slovenia and Hungary headcount increased by 51, or 3.5 %, to 1,516 (31 December 2017: 1,465). In Ukraine, headcount remained more or less constant at 459 (31 December 2017: 458).

Business Forecast

Macroeconomic and Sector Outlook

In July 2018, the International Monetary Fund (IMF) largely confirmed its macroeconomic forecast from the beginning of the year and still anticipates a moderately positive economic trend for 2018 on the whole. The organisation only made a minor correction of 0.2 percentage points to its forecast for the eurozone, where it anticipates a robust growth rate of 2.2 %. Compared with its outlook as of April 2018, the IMF has also lowered its forecast for the development of global trade by 0.3 percentage points to 4.8 %.

Following a readjustment of its forecast models, the market research institute Drewry has upgraded its sector outlook considerably compared with the beginning of the year. Its growth forecast for global container throughput has risen from 4.5 % to 6.5 %. The experts now anticipate throughput growth of 4.6 % in North-West Europe in 2018 (previously: 3.2 %). The outlook for Scandinavia and the Baltic region has doubled from 6.0 % at the beginning of the year to 12.3 %.

This far more optimistic outlook is based on a more positive assessment of global economic growth and a revised data collection model for global and regional container throughput. The outlook does not factor in the potential effects of the punitive tariffs imposed and announced as a consequence of the USA's trade conflict with Europe and China, which Drewry currently believes will only have a negligible effect on container traffic. It believes that consumer goods have hardly been affected so far or would be imported by alternative trading partners.

Expected Group Performance

The economic development of HHLA in the first half of 2018 was in line with expectations. The disclosures made in the 2017 Annual Report regarding the expected course of business in 2018 therefore continue to apply.

Risk and Opportunity Report

With regard to the HHLA Group's risk and opportunity position, the statements made in the Management Report section of the 2017 Annual Report continue to apply, unless otherwise indicated in this report. This section of the Annual Report describes the risk and opportunity factors associated with the HHLA Group's business activities. The risks identified still do not threaten the ongoing existence of the Group. As far as the future is concerned, there are also no discernible risks at present that could jeopardise the continued existence of the company.

Interim Financial Statements

Income Statement HHLA Group

in € thousand	1-6 2018	1-6 2017	4-6 2018	4-6 2017
Revenue	633,037	622,832	317,822	317,703
Changes in inventories	515	326	- 160	- 87
Own work capitalised	2,964	2,844	1,697	1,438
Other operating income	21,169	21,956	13,146	10,556
Cost of materials	- 178,719	- 184,607	- 89,835	- 89,781
Personnel expenses	- 237,589	- 227,504	- 118,913	- 115,690
Other operating expenses	- 83,651	- 77,328	- 43,799	- 40,676
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	157,726	158,519	79,958	83,463
Depreciation and amortisation	- 57,783	- 59,703	- 27,940	- 29,892
Earnings before interest and taxes (EBIT)	99,943	98,816	52,018	53,571
Earnings from associates accounted for using the equity method	2,731	2,983	1,737	1,477
Interest income	1,033	2,721	427	1,680
Interest expenses	- 11,335	- 11,032	- 6,077	- 5,432
Other financial result	0	0	0	0
Financial result	- 7,571	- 5,328	- 3,913	- 2,275
Earnings before tax (EBT)	92,372	93,488	48,105	51,296
Income tax	- 23,569	- 23,157	- 12,106	- 12,467
Profit after tax	68,803	70,331	35,999	38,829
of which attributable to non-controlling interests	16,448	17,715	7,334	10,596
of which attributable to shareholders of the parent company	52,355	52,616	28,665	28,233
Earnings per share, basic and diluted, in €				
HHLA Group	0.72	0.72	0.39	0.38
Port Logistics Subgroup	0.68	0.69	0.37	0.37
Real Estate Subgroup	1.87	1.69	1.08	0.97

Statement of Comprehensive Income HHLA Group

in € thousand	1-6 2018	1-6 2017	4-6 2018	4-6 2017
Profit after tax	68,803	70,331	35,999	38,829
Components which cannot be transferred to the Income Statement				
Actuarial gains/losses	1,866	14,200	- 3,524	8,486
Deferred taxes	- 613	- 4,584	1,139	- 2,740
Total	1,253	9,616	- 2,385	5,746
Components which can be transferred to the Income Statement				
Cash flow hedges	22	- 41	22	44
Foreign currency translation differences	2,783	- 1,581	1,771	- 646
Deferred taxes	25	- 34	- 10	- 17
Other	- 99	61	9	7
Total	2,731	- 1,595	1,792	- 612
Income and expense recognised directly in equity	3,984	8,021	- 593	5,134
Total comprehensive income	72,786	78,352	35,406	43,963
of which attributable to non-controlling interests	16,445	17,650	7,306	10,484
of which attributable to shareholders of the parent company	56,341	60,702	28,100	33,479

Income Statement HHLA Subgroups

in € thousand; Port Logistics Subgroup and Real Estate Subgroup; annex to the condensed notes	1–6 2018 Group	1–6 2018 Port Logistics	1–6 2018 Real Estate	1–6 2018 Consolidation
Revenue	633,037	617,078	19,257	- 3,298
Changes in inventories	515	513	2	0
Own work capitalised	2,964	2,515	0	449
Other operating income	21,169	19,010	2,986	- 827
Cost of materials	- 178,719	- 175,235	- 3,805	321
Personnel expenses	- 237,589	- 236,458	- 1,131	0
Other operating expenses	- 83,651	- 80,574	- 6,432	3,355
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	157,726	146,849	10,877	0
Depreciation and amortisation	- 57,783	- 55,485	- 2,482	184
Earnings before interest and taxes (EBIT)	99,943	91,364	8,395	184
Earnings from associates accounted for using the equity method	2,731	2,731	0	0
Interest income	1,033	1,096	20	- 83
Interest expenses	- 11,335	- 10,048	- 1,370	83
Other financial result	0	0	0	0
Financial result	- 7,571	- 6,221	- 1,350	0
Earnings before tax (EBT)	92,372	85,143	7,045	184
Income tax	- 23,569	- 21,398	- 2,125	- 46
Profit after tax	68,803	63,745	4,920	138
of which attributable to non-controlling interests	16,448	16,448	0	
of which attributable to shareholders of the parent company	52,355	47,297	5,058	
Earnings per share, basic and diluted, in €	0.72	0.68	1.87	

Statement of Comprehensive Income HHLA Subgroups

in € thousand; Port Logistics Subgroup and Real Estate Subgroup; annex to the condensed notes	1–6 2018 Group	1–6 2018 Port Logistics	1–6 2018 Real Estate	1–6 2018 Consolidation
Profit after tax	68,803	63,745	4,920	138
Components which cannot be transferred to the Income Statement				
Actuarial gains/losses	1,866	1,553	313	
Deferred taxes	- 613	- 512	- 101	
Total	1,253	1,041	212	0
Components which can be transferred to the Income Statement				
Cash flow hedges	22	22	0	
Foreign currency translation differences	2,783	2,783	0	
Deferred taxes	25	25	0	
Other	- 99	- 99	0	
Total	2,731	2,731	0	0
Income and expense recognised directly in equity	3,984	3,772	212	0
Total comprehensive income	72,786	67,516	5,132	138
of which attributable to non-controlling interests	16,445	16,445	0	
of which attributable to shareholders of the parent company	56,341	51,071	5,270	

Income Statement HHLA Subgroups

in € thousand; Port Logistics Subgroup and Real Estate Subgroup; annex to the condensed notes	1–6 2017 Group	1–6 2017 Port Logistics	1–6 2017 Real Estate	1–6 2017 Consolidation
Revenue	622,832	607,329	18,697	- 3,194
Changes in inventories	326	326	0	0
Own work capitalised	2,844	2,569	0	275
Other operating income	21,956	19,607	2,866	- 517
Cost of materials	- 184,607	- 181,237	- 3,432	62
Personnel expenses	- 227,504	- 226,395	- 1,109	0
Other operating expenses	- 77,328	- 74,194	- 6,508	3,374
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	158,519	148,005	10,514	0
Depreciation and amortisation	- 59,703	- 57,357	- 2,511	165
Earnings before interest and taxes (EBIT)	98,816	90,648	8,003	165
Earnings from associates accounted for using the equity method	2,983	2,983	0	0
Interest income	2,721	2,795	20	- 94
Interest expenses	- 11,032	- 9,680	- 1,446	94
Other financial result	0	0	0	0
Financial result	- 5,328	- 3,902	- 1,426	0
Earnings before tax (EBT)	93,488	86,746	6,577	165
Income tax	- 23,157	- 20,981	- 2,135	- 41
Profit after tax	70,331	65,765	4,442	124
of which attributable to non-controlling interests	17,715	17,715	0	
of which attributable to shareholders of the parent company	52,616	48,050	4,566	
Earnings per share, basic and diluted, in €	0.72	0.69	1.69	

Statement of Comprehensive Income HHLA Subgroups

in € thousand; Port Logistics Subgroup and Real Estate Subgroup; annex to the condensed notes	1–6 2017 Group	1–6 2017 Port Logistics	1–6 2017 Real Estate	1–6 2017 Consolidation
Profit after tax	70,331	65,765	4,442	124
Components which cannot be transferred to the Income Statement				
Actuarial gains/losses	14,200	13,993	207	
Deferred taxes	- 4,584	- 4,517	- 67	
Total	9,616	9,476	140	0
Components which can be transferred to the Income Statement				
Cash flow hedges	- 41	- 41	0	
Foreign currency translation differences	- 1,581	- 1,581	0	
Deferred taxes	- 34	- 34	0	
Other	61	61	0	
Total	- 1,595	- 1,595	0	0
Income and expense recognised directly in equity	8,021	7,881	140	0
Total comprehensive income	78,352	73,646	4,582	124
of which attributable to non-controlling interests	17,650	17,650	0	
of which attributable to shareholders of the parent company	60,702	55,996	4,706	

Income Statement HHLA Subgroups

in € thousand; Port Logistics Subgroup and Real Estate Subgroup; annex to the condensed notes	4-6 2018 Group	4-6 2018 Port Logistics	4-6 2018 Real Estate	4-6 2018 Consolidation
Revenue	317,822	309,743	9,835	- 1,756
Changes in inventories	- 160	- 160	0	0
Own work capitalised	1,697	1,461	0	236
Other operating income	13,146	11,956	1,654	- 464
Cost of materials	- 89,835	- 88,188	- 1,928	281
Personnel expenses	- 118,913	- 118,320	- 593	0
Other operating expenses	- 43,799	- 42,552	- 2,950	1,703
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	79,958	73,940	6,018	0
Depreciation and amortisation	- 27,940	- 26,772	- 1,248	80
Earnings before interest and taxes (EBIT)	52,018	47,168	4,770	80
Earnings from associates accounted for using the equity method	1,737	1,737	0	0
Interest income	427	457	11	- 41
Interest expenses	- 6,077	- 5,436	- 682	41
Other financial result	0	0	0	0
Financial result	- 3,913	- 3,242	- 671	0
Earnings before tax (EBT)	48,105	43,926	4,099	80
Income tax	- 12,106	- 10,846	- 1,241	- 19
Profit after tax	35,999	33,080	2,858	61
of which attributable to non-controlling interests	7,334	7,334	0	
of which attributable to shareholders of the parent company	28,665	25,746	2,919	
Earnings per share, basic and diluted, in €	0.39	0.37	1.08	

Statement of Comprehensive Income HHLA Subgroups

in € thousand; Port Logistics Subgroup and Real Estate Subgroup; annex to the condensed notes	4-6 2018 Group	4-6 2018 Port Logistics	4-6 2018 Real Estate	4-6 2018 Consolidation
Profit after tax	35,999	33,080	2,858	61
Components which cannot be transferred to the Income Statement				
Actuarial gains/losses	- 3,524	- 3,750	226	
Deferred taxes	1,139	1,212	- 73	
Total	- 2,385	- 2,538	153	0
Components which can be transferred to the Income Statement				
Cash flow hedges	22	22	0	
Foreign currency translation differences	1,771	1,771	0	
Deferred taxes	- 10	- 10	0	
Other	9	9	0	
Total	1,792	1,792	0	0
Income and expense recognised directly in equity	- 593	- 746	153	0
Total comprehensive income	35,406	32,334	3,011	61
of which attributable to non-controlling interests	7,306	7,306	0	
of which attributable to shareholders of the parent company	28,100	25,028	3,072	

Income Statement HHLA Subgroups

in € thousand; Port Logistics Subgroup and Real Estate Subgroup; annex to the condensed notes	4-6 2017 Group	4-6 2017 Port Logistics	4-6 2017 Real Estate	4-6 2017 Consolidation
Revenue	317,703	309,945	9,406	- 1,648
Changes in inventories	- 87	- 83	- 4	0
Own work capitalised	1,438	1,243	0	195
Other operating income	10,556	9,100	1,716	- 260
Cost of materials	- 89,781	- 88,164	- 1,647	30
Personnel expenses	- 115,690	- 115,109	- 581	0
Other operating expenses	- 40,676	- 39,295	- 3,064	1,683
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	83,463	77,637	5,826	0
Depreciation and amortisation	- 29,892	- 28,708	- 1,263	79
Earnings before interest and taxes (EBIT)	53,571	48,929	4,563	79
Earnings from associates accounted for using the equity method	1,477	1,477	0	0
Interest income	1,680	1,717	10	- 47
Interest expenses	- 5,432	- 4,759	- 720	47
Other financial result	0	0	0	0
Financial result	- 2,275	- 1,565	- 710	0
Earnings before tax (EBT)	51,296	47,364	3,853	79
Income tax	- 12,467	- 11,148	- 1,300	- 19
Profit after tax	38,829	36,216	2,553	60
of which attributable to non-controlling interests	10,596	10,596	0	
of which attributable to shareholders of the parent company	28,233	25,620	2,613	
Earnings per share, basic and diluted, in €	0.38	0.37	0.97	

Statement of Comprehensive Income HHLA Subgroups

in € thousand; Port Logistics Subgroup and Real Estate Subgroup; annex to the condensed notes	4-6 2017 Group	4-6 2017 Port Logistics	4-6 2017 Real Estate	4-6 2017 Consolidation
Profit after tax	38,829	36,216	2,553	60
Components which cannot be transferred to the Income Statement				
Actuarial gains/losses	8,486	8,370	116	
Deferred taxes	- 2,740	- 2,702	- 38	
Total	5,746	5,668	78	0
Components which can be transferred to the Income Statement				
Cash flow hedges	44	44	0	
Foreign currency translation differences	- 646	- 646	0	
Deferred taxes	- 17	- 17	0	
Other	7	7	0	
Total	- 612	- 612	0	0
Income and expense recognised directly in equity	5,134	5,056	78	0
Total comprehensive income	43,963	41,272	2,631	60
of which attributable to non-controlling interests	10,484	10,484	0	
of which attributable to shareholders of the parent company	33,479	30,788	2,691	

Balance Sheet HHLA Group

in € thousand

	30.06.2018	31.12.2017
ASSETS		
Intangible assets	92,621	69,679
Property, plant and equipment	1,018,468	974,551
Investment property	181,958	179,884
Associates accounted for using the equity method	17,580	15,215
Financial assets	15,412	21,579
Deferred taxes	85,969	87,093
Non-current assets	1,412,008	1,348,001
Inventories	22,561	21,340
Trade receivables	174,371	149,115
Receivables from related parties	39,316	81,527
Other financial receivables	21,559	2,651
Other assets	28,436	26,828
Income tax receivables	1,630	4,302
Cash, cash equivalents and short-term deposits	97,829	201,514
Current assets	385,702	487,277
Balance sheet total	1,797,710	1,835,278
EQUITY AND LIABILITIES		
Subscribed capital	72,753	72,753
Port Logistics Subgroup	70,048	70,048
Real Estate Subgroup	2,705	2,705
Capital reserve	141,584	141,584
Port Logistics Subgroup	141,078	141,078
Real Estate Subgroup	506	506
Retained earnings	452,341	469,672
Port Logistics Subgroup	409,091	426,068
Real Estate Subgroup	43,250	43,604
Other comprehensive income	- 108,440	- 112,439
Port Logistics Subgroup	- 108,393	- 112,180
Real Estate Subgroup	- 47	- 259
Non-controlling interests	14,219	30,790
Port Logistics Subgroup	14,219	30,790
Real Estate Subgroup	0	0
Equity	572,457	602,359
Pension provisions	463,987	448,925
Other non-current provisions	111,052	112,893
Non-current liabilities to related parties	105,235	105,470
Non-current financial liabilities	310,358	304,721
Deferred taxes	21,721	21,779
Non-current liabilities	1,012,353	993,788
Other current provisions	21,246	34,585
Trade liabilities	85,915	77,246
Current liabilities to related parties	9,602	8,058
Current financial liabilities	48,341	80,836
Other liabilities	46,251	32,505
Income tax liabilities	1,545	5,901
Current liabilities	212,900	239,131
Balance sheet total	1,797,710	1,835,278

Balance Sheet HHLA Subgroups

in € thousand; Port Logistics Subgroup and Real Estate Subgroup; annex to the condensed notes	30.06.2018 Group	30.06.2018 Port Logistics	30.06.2018 Real Estate	30.06.2018 Consolidation
ASSETS				
Intangible assets	92,621	92,613	8	0
Property, plant and equipment	1,018,468	999,804	4,558	14,106
Investment property	181,958	27,895	179,864	- 25,801
Associates accounted for using the equity method	17,580	17,580	0	0
Financial assets	15,412	11,346	4,066	0
Deferred taxes	85,969	96,411	0	- 10,442
Non-current assets	1,412,008	1,245,649	188,496	- 22,137
Inventories	22,561	22,484	77	0
Trade receivables	174,371	173,064	1,307	0
Receivables from related parties	39,316	34,770	8,358	- 3,812
Other financial receivables	21,559	21,532	27	0
Other assets	28,436	26,913	1,523	0
Income tax receivables	1,630	1,198	432	0
Cash, cash equivalents and short-term deposits	97,829	96,352	1,477	0
Current assets	385,702	376,313	13,201	- 3,812
Balance sheet total	1,797,710	1,621,962	201,697	- 25,949
EQUITY AND LIABILITIES				
Subscribed capital	72,753	70,048	2,705	0
Capital reserve	141,584	141,078	506	0
Retained earnings	452,341	409,091	52,039	- 8,789
Other comprehensive income	- 108,440	- 108,393	- 47	0
Non-controlling interests	14,219	14,219	0	0
Equity	572,457	526,043	55,203	- 8,789
Pension provisions	463,987	457,592	6,395	0
Other non-current provisions	111,052	108,649	2,403	0
Non-current liabilities to related parties	105,235	105,235	0	0
Non-current financial liabilities	310,358	206,474	103,884	0
Deferred taxes	21,721	15,818	19,251	- 13,348
Non-current liabilities	1,012,353	893,768	131,933	- 13,348
Other current provisions	21,246	21,193	53	0
Trade liabilities	85,915	81,694	4,221	0
Current liabilities to related parties	9,602	11,493	1,921	- 3,812
Current financial liabilities	48,341	42,200	6,141	0
Other liabilities	46,251	44,292	1,959	0
Income tax liabilities	1,545	1,279	266	0
Current liabilities	212,900	202,151	14,561	- 3,812
Balance sheet total	1,797,710	1,621,962	201,697	- 25,949

Balance Sheet HHLA Subgroups

in € thousand; Port Logistics Subgroup and Real Estate Subgroup; annex to the condensed notes	31.12.2017 Group	31.12.2017 Port Logistics	31.12.2017 Real Estate	31.12.2017 Consolidation
ASSETS				
Intangible assets	69,679	69,666	13	0
Property, plant and equipment	974,551	955,575	4,660	14,316
Investment property	179,884	29,798	176,282	- 26,196
Associates accounted for using the equity method	15,215	15,215	0	0
Financial assets	21,579	17,549	4,030	0
Deferred taxes	87,093	96,762	0	- 9,669
Non-current assets	1,348,001	1,184,565	184,985	- 21,549
Inventories	21,340	21,266	74	0
Trade receivables	149,115	147,913	1,202	0
Receivables from related parties	81,527	75,945	9,575	- 3,993
Other financial receivables	2,651	2,613	38	0
Other assets	26,828	25,519	1,309	0
Income tax receivables	4,302	3,988	1,043	- 729
Cash, cash equivalents and short-term deposits	201,514	197,132	4,382	0
Current assets	487,277	474,376	17,623	- 4,722
Balance sheet total	1,835,278	1,658,941	202,608	- 26,271
EQUITY AND LIABILITIES				
Subscribed capital	72,753	70,048	2,705	0
Capital reserve	141,584	141,078	506	0
Retained earnings	469,672	426,068	52,530	- 8,926
Other comprehensive income	- 112,439	- 112,180	- 259	0
Non-controlling interests	30,790	30,790	0	0
Equity	602,359	555,803	55,482	- 8,926
Pension provisions	448,925	442,058	6,867	0
Other non-current provisions	112,893	110,511	2,382	0
Non-current liabilities to related parties	105,470	105,470	0	0
Non-current financial liabilities	304,721	198,872	105,849	0
Deferred taxes	21,779	15,902	18,500	- 12,623
Non-current liabilities	993,788	872,813	133,598	- 12,623
Other current provisions	34,585	34,519	66	0
Trade liabilities	77,246	73,240	4,006	0
Current liabilities to related parties	8,058	10,036	2,015	- 3,993
Current financial liabilities	80,836	75,612	5,224	0
Other liabilities	32,505	31,180	1,325	0
Income tax liabilities	5,901	5,738	892	- 729
Current liabilities	239,131	230,325	13,528	- 4,722
Balance sheet total	1,835,278	1,658,941	202,608	- 26,271

Cash Flow Statement HHLA Group

in € thousand

	1–6 2018	1–6 2017
1. Cash flow from operating activities		
Earnings before interest and taxes (EBIT)	99,943	98,816
Depreciation, amortisation, impairment and reversals on non-financial non-current assets	57,783	59,703
Increase (+), decrease (-) in provisions	- 2,350	- 10,391
Gains (-), losses (+) from the disposal of non-current assets	- 3,350	110
Increase (-), decrease (+) in inventories, trade receivables and other assets not attributable to investing or financing activities	- 38,422	12,863
Increase (+), decrease (-) in trade payables and other liabilities not attributable to investing or financing activities	13,509	24,250
Interest received	907	1,070
Interest paid	- 6,268	- 7,200
Income tax paid	- 24,805	- 30,105
Exchange rate and other effects	- 1,034	- 1,028
Cash flow from operating activities	95,913	148,088
2. Cash flow from investing activities		
Proceeds from disposal of intangible assets, property, plant and equipment and investment property	4,169	364
Payments for investments in property, plant and equipment and investment property	- 30,334	- 63,209
Payments for investments in intangible assets	- 6,430	- 2,256
Payments for the acquisition of interests in consolidated companies and other business units	- 72,236	0
Proceeds (+), payments (-) for short-term deposits	20,000	8,795
Cash flow from investing activities	- 84,831	- 56,306
3. Cash flow from financing activities		
Payments for equity repatriation	- 342	0
Payments for increasing interests in fully consolidated companies	- 51,845	0
Dividends paid to shareholders of the parent company	- 52,342	- 46,738
Dividends/settlement obligation paid to non-controlling interests	- 30,901	- 22,602
Redemption of lease liabilities	- 2,058	- 3,429
Proceeds from the issuance of bonds and (financial) loans	11,077	0
Payments for the redemption of (financial) loans	- 13,675	- 20,802
Cash flow from financing activities	- 140,086	- 93,571
4. Financial funds at the end of the period		
Change in financial funds (subtotals 1.–3.)	- 129,004	- 1,789
Change in financial funds due to exchange rates	890	- 526
Financial funds at the beginning of the period	255,514	232,397
Financial funds at the end of the period	127,400	230,082

Cash Flow Statement HHLA Subgroups

in € thousand; Port Logistics Subgroup and Real Estate Subgroup; annex to the condensed notes	1–6 2018 Group	1–6 2018 Port Logistics	1–6 2018 Real Estate	1–6 2018 Consolidation
1. Cash flow from operating activities				
Earnings before interest and taxes (EBIT)	99,943	91,364	8,395	184
Depreciation, amortisation, impairment and reversals on non-financial non-current assets	57,783	55,485	2,482	- 184
Increase (+), decrease (-) in provisions	- 2,350	- 2,127	- 223	
Gains (-), losses (+) from the disposal of non-current assets	- 3,350	- 3,349	- 1	
Increase (-), decrease (+) in inventories, trade receivables and other assets not attributable to investing or financing activities	- 38,422	- 37,973	- 630	181
Increase (+), decrease (-) in trade payables and other liabilities not attributable to investing or financing activities	13,509	11,874	1,816	- 181
Interest received	907	970	20	- 83
Interest paid	- 6,268	- 4,478	- 1,873	83
Income tax paid	- 24,805	- 23,315	- 1,490	
Exchange rate and other effects	- 1,034	- 1,034	0	
Cash flow from operating activities	95,913	87,417	8,496	0
2. Cash flow from investing activities				
Proceeds from disposal of intangible assets, property, plant and equipment and investment property	4,169	4,168	1	
Payments for investments in property, plant and equipment and investment property	- 30,334	- 24,377	- 5,957	
Payments for investments in intangible assets	- 6,430	- 6,430	0	
Payments for the acquisition of interests in consolidated companies and other business units	- 72,236	- 72,236	0	
Proceeds (+), payments (-) for short-term deposits	20,000	20,000	0	
Cash flow from investing activities	- 84,831	- 78,875	- 5,956	0
3. Cash flow from financing activities				
Payments for equity repatriation	- 342	- 342	0	
Payments for increasing interests in fully consolidated companies	- 51,845	- 51,845	0	
Dividends paid to shareholders of the parent company	- 52,342	- 46,933	- 5,409	
Dividends/settlement obligation paid to non-controlling interests	- 30,901	- 30,901	0	
Redemption of lease liabilities	- 2,058	- 2,058	0	
Proceeds from the issuance of bonds and (financial) loans	11,077	11,077	0	
Payments for the redemption of (financial) loans	- 13,675	- 11,712	- 1,963	
Cash flow from financing activities	- 140,086	- 132,714	- 7,372	0
4. Financial funds at the end of the period				
Change in financial funds (subtotals 1.–3.)	- 129,004	- 124,172	- 4,832	0
Change in financial funds due to exchange rates	890	890	0	
Financial funds at the beginning of the period	255,514	244,631	10,883	
Financial funds at the end of the period	127,400	121,349	6,051	0

Cash Flow Statement HHLA Subgroups

in € thousand; Port Logistics Subgroup and Real Estate Subgroup; annex to the condensed notes	1–6 2017 Group	1–6 2017 Port Logistics	1–6 2017 Real Estate	1–6 2017 Consolidation
1. Cash flow from operating activities				
Earnings before interest and taxes (EBIT)	98,816	90,648	8,003	165
Depreciation, amortisation, impairment and reversals on non-financial non-current assets	59,703	57,357	2,511	- 165
Increase (+), decrease (-) in provisions	- 10,391	- 10,301	- 90	
Gains (-), losses (+) from the disposal of non-current assets	110	117	- 7	
Increase (-), decrease (+) in inventories, trade receivables and other assets not attributable to investing or financing activities	12,863	13,558	257	- 952
Increase (+), decrease (-) in trade payables and other liabilities not attributable to investing or financing activities	24,250	20,565	2,733	952
Interest received	1,070	1,144	20	- 94
Interest paid	- 7,200	- 5,336	- 1,958	94
Income tax paid	- 30,105	- 27,530	- 2,575	
Exchange rate and other effects	- 1,028	- 1,028	0	
Cash flow from operating activities	148,088	139,194	8,894	0
2. Cash flow from investing activities				
Proceeds from disposal of intangible assets, property, plant and equipment and investment property	364	351	13	
Payments for investments in property, plant and equipment and investment property	- 63,209	- 60,990	- 2,219	
Payments for investments in intangible assets	- 2,256	- 2,256	0	
Payments for the acquisition of interests in consolidated companies and other business units	0	0	0	
Proceeds (+), payments (-) for short-term deposits	8,795	8,795	0	
Cash flow from investing activities	- 56,306	- 54,100	- 2,206	0
3. Cash flow from financing activities				
Payments for equity repatriation	0	0	0	
Payments for increasing interests in fully consolidated companies	0	0	0	
Dividends paid to shareholders of the parent company	- 46,738	- 41,329	- 5,409	
Dividends/settlement obligation paid to non-controlling interests	- 22,602	- 22,602	0	
Redemption of lease liabilities	- 3,429	- 3,429	0	
Proceeds from the issuance of bonds and (financial) loans	0	0	0	
Payments for the redemption of (financial) loans	- 20,802	- 18,749	- 2,053	
Cash flow from financing activities	- 93,571	- 86,109	- 7,462	0
4. Financial funds at the end of the period				
Change in financial funds (subtotals 1.–3.)	- 1,789	- 1,015	- 774	0
Change in financial funds due to exchange rates	- 526	- 526	0	
Financial funds at the beginning of the period	232,397	222,537	9,860	
Financial funds at the end of the period	230,082	220,996	9,086	0

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. December 2016	70,048	2,705	141,078	506	435,345	- 64,595
Dividends					- 46,738	
Total comprehensive income					52,616	- 1,608
Balance as of 30. June 2017	70,048	2,705	141,078	506	441,223	- 66,203
Balance as of 31. December 2017	70,048	2,705	141,078	506	469,672	- 70,041
Adjustment due to first-time adoption of IFRS 9					68	
Balance as of 1. January 2018	70,048	2,705	141,078	506	469,740	- 70,041
Dividends					- 52,342	
Acquisition of non-controlling interests in consolidated companies					- 17,311	
Deconsolidation of interests in related parties						
Total comprehensive income					52,355	2,748
Other changes					- 101	14
Balance as of 30. June 2018	70,048	2,705	141,078	506	452,341	- 67,279

Other comprehensive income					Parent company interests	Non-controlling interests	Total consolidated equity
Cash flow hedges	Actuarial gains/ losses	Deferred taxes on changes recognised directly in equity	Other				
412	- 85,995	27,733	11,507	538,744	32,094	570,838	
				- 46,738		- 46,738	
- 41	14,342	- 4,661	53	60,702	17,650	78,352	
371	- 71,653	23,072	11,560	552,708	49,744	602,452	
405	- 80,248	25,813	11,633	571,570	30,790	602,359	
				68	34	102	
405	- 80,248	25,813	11,633	571,638	30,823	602,461	
				- 52,342		- 52,342	
				- 17,311	- 32,597	- 49,908	
				0	- 342	- 342	
22	1,909	- 606	- 88	56,341	16,445	72,786	
				- 87	- 110	- 197	
427	- 78,339	25,207	11,545	558,239	14,219	572,457	

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

in € thousand; annex to the condensed notes

	Parent company			
	Subscribed capital	Capital reserve	Retained consolidated earnings	Reserve for foreign currency translation
Balance as of 31. December 2016	70,048	141,078	396,191	- 64,595
Dividends			- 41,329	
Total comprehensive income subgroup			48,050	- 1,608
Balance as of 30. June 2017	70,048	141,078	402,912	- 66,203
Balance as of 31. December 2017	70,048	141,078	426,068	- 70,041
Adjustment due to first-time adoption of IFRS 9			70	
Balance as of 1. January 2018	70,048	141,078	426,138	- 70,041
Dividends			- 46,933	
Acquisition of non-controlling interests in consolidated companies			- 17,311	
Deconsolidation of interests in related parties				
Total comprehensive income subgroup			47,298	2,748
Other changes			- 101	14
Balance as of 30. June 2018	70,048	141,078	409,091	- 67,279

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

in € thousand; annex to the condensed notes

Balance as of 31. December 2016
Dividends
Total comprehensive income subgroup
Balance as of 30. June 2017
Plus income statement consolidation effect
Less balance sheet consolidation effect
Total effects of consolidation
Balance as of 30. June 2017
Balance as of 31. December 2017
Adjustment due to first-time adoption of IFRS 9
Balance as of 1. January 2018
Dividends
Total comprehensive income subgroup
Balance as of 30. June 2018
Plus income statement consolidation effect
Less balance sheet consolidation effect
Total effects of consolidation
Balance as of 30. June 2018

Other comprehensive income				Parent company interests	Non-controlling interests	Total subgroup consolidated equity
Cash flow hedges	Actuarial gains/losses	Deferred taxes on changes recognised directly in equity	Other			
412	- 85,645	27,620	11,507	496,616	32,094	528,710
				- 41,329		- 41,329
- 41	14,136	- 4,594	53	55,996	17,650	73,646
371	- 71,509	23,026	11,560	511,284	49,744	561,028
405	- 79,867	25,690	11,633	525,014	30,790	555,803
				70	34	103
405	- 79,867	25,690	11,633	525,084	30,823	555,907
				- 46,933		- 46,933
				- 17,311	- 32,597	- 49,908
				0	- 342	- 342
22	1,596	- 505	- 88	51,071	16,445	67,516
				- 87	- 110	- 197
427	- 78,271	25,185	11,545	511,824	14,219	526,043

				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	48,325	- 350	113		51,299
		- 5,409				- 5,409
		4,442	207	- 67		4,582
2,705	506	47,357	- 144	46		50,470
		124				124
		- 9,170				- 9,170
		- 9,046				- 9,046
2,705	506	38,311	- 144	46		41,424
2,705	506	52,530	- 381	123		55,482
		- 2				- 2
2,705	506	52,528	- 381	123		55,480
		- 5,409				- 5,409
		4,920	313	- 101		5,132
2,705	506	52,039	- 68	22		55,203
		137				137
		- 8,926				- 8,926
		- 8,789				- 8,789
2,705	506	43,250	- 68	22		46,414

Segment Report HHLA Group

in € thousand; business segments;
annex to the condensed notes

	Port Logistics Subgroup					
	Container		Intermodal		Logistics	
	1-6 2018	1-6 2017	1-6 2018	1-6 2017	1-6 2018	1-6 2017
Segment revenue						
Segment revenue from non-affiliated third parties	376,817	369,195	207,320	205,365	22,259	22,525
Inter-segment revenue	3,495	3,086	669	863	2,907	2,159
Total segment revenue	380,312	372,281	207,989	206,228	25,166	24,684
Earnings						
EBITDA	106,928	109,859	51,499	46,906	3,272	2,838
EBITDA margin	28.1 %	29.5 %	24.8 %	22.7 %	13.0 %	11.5 %
EBIT	68,176	68,150	38,585	34,851	1,049	664
EBIT margin	17.9 %	18.3 %	18.6 %	16.9 %	4.2 %	2.7 %
Assets						
Segment assets	895,542	828,720	417,801	391,393	38,173	40,571
Other segment information						
Investments in property, plant and equipment and investment property	14,816	50,467	15,566	6,532	239	887
Investments in intangible assets	444	1,217	243	109	39	7
Total investments	15,260	51,684	15,809	6,641	278	894
Depreciation of property, plant and equipment and investment property	35,602	36,971	12,826	11,924	2,190	2,150
Amortisation of intangible assets	3,150	4,738	88	131	33	24
Total amortisation and depreciation	38,752	41,709	12,914	12,055	2,223	2,174
Earnings from associates accounted for using the equity method	401	367	0	0	2,330	2,615
Non-cash items	13,233	10,149	799	994	851	778
Container throughput in thousand TEU	3,631	3,586	–	–		
Container transport in thousand TEU	–	–	713	744		

Holding/Other		Real Estate Subgroup		Total		Consolidation and reconciliation with Group		Group	
Real Estate		Real Estate		Total		Consolidation and reconciliation with Group		Group	
1-6 2018	1-6 2017	1-6 2018	1-6 2017	1-6 2018	1-6 2017	1-6 2018	1-6 2017	1-6 2018	1-6 2017
8,585	8,247	18,056	17,500	633,037	622,832	0	0	633,037	622,832
64,569	66,632	1,201	1,197	72,841	73,937	- 72,841	- 73,937	0	0
73,154	74,879	19,257	18,697	705,878	696,769				
- 14,783	- 11,598	10,877	10,514	157,793	158,519	- 67	0	157,726	158,519
- 20.2 %	- 15.5 %	56.5 %	56.2 %						
- 17,283	- 14,016	8,395	8,003	98,923	97,652	1,020	1,163	99,943	98,816
- 23.6 %	- 18.7 %	43.6 %	42.8 %						
104,722	66,477	194,674	186,124	1,650,912	1,513,285	146,797	275,739	1,797,710	1,789,024
1,225	1,261	5,957	2,220	37,802	61,367	0	0	37,802	61,367
5,778	923	0	0	6,502	2,256	- 72	0	6,430	2,256
7,003	2,184	5,957	2,220	44,304	63,623	- 72	0	44,232	63,623
1,837	1,848	2,477	2,504	54,932	55,397	- 851	- 904	54,081	54,493
662	570	5	6	3,938	5,469	- 236	- 260	3,702	5,210
2,499	2,418	2,482	2,510	58,870	60,866	- 1,087	- 1,164	57,783	59,703
0	0	0	0	2,731	2,983	0	0	2,731	2,983
7,487	7,909	241	205	22,611	20,035	- 44	5	22,566	20,039

Condensed Notes

1. Basic information on the Group

The Group's parent company is Hamburger Hafen und Logistik Aktiengesellschaft, Bei St. Annen 1, 20457 Hamburg (HHLA), 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 (HGV).

The Condensed Interim Consolidated Financial Statements, and therefore the information in the Notes, are presented in euros (€). For the sake of clarity, the individual items are shown in thousands of euros (€ thousand) unless otherwise indicated. Due to the use of rounding procedures, it is possible that some figures do not add up to the stated sums.

2. Significant events in the reporting period

Significant events in the reporting period were the increase in the interest held in METRANS a.s., Prague, Czech Republic, and the acquisition of all shares in Transiidikeskuse AS, which is headquartered in Tallinn, Estonia. For further details, please refer to ► Note 4, page 31.

There were no further events or transactions during the period under review that had an impact on the Group's earnings, net assets and financial position.

3. Consolidation, accounting and valuation principles

3.1 Basis for preparation of the Financial Statements

The Condensed Interim Consolidated Financial Statements for the period from 1 January to 30 June 2018 were prepared in compliance with the rules of IAS 34 *Interim Financial Reporting*.

The IFRS requirements that apply in the European Union have been met in full.

The Condensed Interim Consolidated Financial Statements should be read in conjunction with the audited [Consolidated Financial Statements as of 31 December 2017](#).

3.2 Principal accounting and valuation methods

The accounting and valuation methods used for the preparation of the Condensed Interim Consolidated Financial Statements correspond to the methods used in the preparation of the Consolidated Financial Statements as of 31 December 2017.

During the reporting period, a renewal of the economic useful lives of assets in the asset class "Technical equipment and machinery" was made. This adjustment do not have a material impact on the Group's earnings, net assets and financial position. The range of useful lives outlined in the Consolidated Financial Statements as of 31 December 2017 remains valid.

The company started applying the following new standards on 1 January 2018:

- ▮ Amendments to IFRS 2 *Classification and Measurement of Share-based Payment Transactions*
- ▮ IFRS 9 *Financial Instruments*
- ▮ IFRS 15 *Revenue from Contracts with Customers*
- ▮ Amendments to IFRS 15 *Clarifications*
- ▮ Improvements to IFRS 2014–2016 Cycle *IFRS 1 First-time Adoption and IAS 28 Investments in Associates and Joint Ventures*
- ▮ Amendments to IAS 40 *Transfers of Investment Property*
- ▮ IFRIC 22 *Foreign Currency Transactions and Advance Consideration*

IFRS 9 amends the reporting standards for the classification and measurement of financial assets, impairments of financial assets and the reporting of hedging relationships. In accordance with the transition guidance of IFRS 9, HHLA did not adjust the prior-year figures and recognised the transition effects on a cumulative basis in revenue reserves as of 1 January 2018.

The following table shows the reconciliation of financial assets from IAS 39 to IFRS 9:

Reconciliation of carrying amounts from IAS 39 to IFRS 9

in € thousand

	Carrying amounts according to IAS 39 as at 31.12.2017	Reclassifications	Valuation effects	Carrying amounts according to IFRS 9 as at 01.01.2018
Financial assets measured at cost				
Financial assets	11,834	0	0	11,834
Trade receivables	149,115	0	- 291	148,824
Receivables from related parties	81,527	0	0	81,527
Other financial receivables	1,974	0	0	1,974
Cash, cash equivalents and short-term deposits	201,514	0	0	201,514
Total	445,964	0	- 291	445,673
Financial assets available for sale				
Financial assets (securities)	6,227	- 6,227	0	0
Financial assets	3,518	- 3,518	0	0
Other financial receivables	677	- 677	0	0
Total	10,422	- 10,422	0	0
Financial assets at fair value through other comprehensive income				
Financial assets (securities)	0	6,227	0	6,227
Financial assets	0	2,901	302	3,203
Total	0	9,128	302	9,430
Financial assets at fair value through profit or loss				
Financial assets	0	617	0	617
Other financial receivables	0	677	0	677
Total	0	1,294	0	1,294

Initial application effects of IFRS 9 on Group equity

in € thousand

	Retained consolidated earnings of the parent company	Non-controlling interests
Equity in accordance with IAS 39 as of 31 December 2017	469,672	30,790
Increase in valuation allowances on trade receivables	- 273	- 18
Reclassification of financial assets from "available for sale" to "through other comprehensive income"	257	45
Deferred taxes on initial effects	84	7
Equity in accordance with IFRS 9 as of 1 January 2018	469,740	30,823

The following Balance Sheet table shows the impacts of the amended IFRS 9 financial reporting standard on the opening Balance Sheet values, as well as the measurement categories pursuant to IAS 39 and IFRS 9:

Valuation categories and reconciliation of the carrying amounts from IAS 39 to IFRS 9

in € thousand

	Valuation categories according to IAS 39	Valuation categories according to IFRS 9	Carrying amount according to IAS 39 for 31.12.2017	Adjustment effects	Carrying amount according to IFRS 9 as of 01.01.2018
Financial assets	Available for sale	Fair value (through other comprehensive income)	9,128	302	9,430
Financial assets	Available for sale	Fair value (profit or loss)	617	0	617
Financial assets	Loans and receivables	At cost	11,834	0	11,834
Trade receivables	Loans and receivables	At cost	149,115	- 291	148,824
Receivables from related parties	Loans and receivables	At cost	81,527	0	81,527
Other financial receivables	Available for sale	Fair value (profit or loss)	677	0	677
Other financial receivables	Loans and receivables	At cost	1,974	0	1,974
Cash, cash equivalents and short-term deposits	Loans and receivables	At cost	201,514	0	201,514
Deferred taxes (assets)			87,093	91	87,184
Equity			602,359	102	602,461
- thereof retained consolidated earnings of the parent company			469,672	68	469,740
- thereof non-controlling interests			30,790	34	30,823

There are no effects on the opening Balance Sheet values as of 1 January 2018 as a result of first-time application of IFRS 15. Comparative figures from the prior-year period have not been restated. With its first-time application, revenue from customer-specific ancillary transport services is no longer recognised with the corresponding expenses in the income statement, a change from the prior-year period. This approach resulted in a reduction of € 576 thousand in revenue and cost of materials in the first half of the reporting year. Without the offsetting described in the reporting year, revenue would amount to € 633,613 thousand (previous year: € 622,832 thousand) and cost of materials would amount to € 179,295 thousand (previous year: € 184,607 thousand). Furthermore, there were no differences between the revenue recognised pursuant to IFRS 15 and the revenue recognised pursuant to IAS 18 and IAS 11. The effects on the Group's earnings, net assets and financial position are immaterial overall.

No effects on the Consolidated Financial Statements arise from the application of any other standards.

The following new standard may be applied voluntarily for this financial year. It has not been adopted by HHLA:

■ IFRS 16 *Leases*

Adoption of IFRS 16 is mandatory for financial years that begin on or after 1 January 2019. The HHLA Group has opted for the modified retrospective approach during the transition to the new standard. Application of the modified retrospective approach does not require any adjustment of the comparative figures from prior-year periods. Therefore, any changeover effects as of 1 January 2019 must be recognised as adjustments to revenue reserves. As part of the modified retrospective approach, an incremental borrowing rate as of 1 January 2019 will be used to calculate the lease liability.

In respect of many of the contracts, HHLA will recognise the usage rights for leased assets in the amount of the corresponding lease liabilities at first-time application, meaning that no equity effects will arise at this time. Due to their material importance, rental agreements for space at the Port of Hamburg, which were previously recognised as operating leases, will be recognised at their carrying amounts, as though IFRS 16 had applied since the start of the lease. As a result, changeover effects are expected as of 1 January 2019 and will be shown as adjustments to revenue reserves. HHLA has initiated a Group-wide project for the purpose of implementing the new leasing standard. The statements made in the Consolidated Financial Statements as of 31 December 2017 concerning the effects arising from the first-time application of the standard remain valid.

3.3 Changes in the group of consolidated companies

As of 30 June 2018, Transiidikeskuse AS is included in HHLA's Consolidated Financial Statements for the first time. Disclosures on the acquisition of 100 % of shares in terminal operator Transiidikeskuse AS, headquartered in Tallinn, Estonia, can be found under ► Note 4, page 31.

With submission of the application for its removal from the commercial register on 25 May 2018, the company HCC Hanseatic Cruise Centers GmbH i. L., Hamburg, was deconsolidated as of 30 June 2018 and is therefore no longer included in HHLA's group of consolidated companies as of the end of the reporting period.

4. Purchase and sale of shares in subsidiaries

With the share purchase agreement dated 28 December 2017 and the agreement on the transfer of company shares dated 22 January 2018, METRANS a.s., Prague, Czech Republic, acquired 100 % of shares in POLZUG Intermodal Polska sp. z.o.o., Warsaw, Poland, and renamed the acquired company METRANS (Polonia) Sp. z.o.o. This transaction has no material impact on HHLA's Consolidated Financial Statements.

With share purchase and transfer agreements dated 2 March 2018, HHLA is acquiring further shares in METRANS a.s., Prague, Czech Republic, thus increasing its stake from 90.0 % to 100 %. The purchase price for these shares is taken directly to equity in accordance with the entity concept with a corresponding reduction in non-controlling interests.

HHLA has signed a contract dated 26 March 2018 for the acquisition of 100 % of shares in terminal operator Transiidikeskuse AS, headquartered in Tallinn, Estonia, in order to further expand its existing transport and logistics network in Estonia. Upon the various conditions precedent being met, HHLA took control of the company on 27 June 2018 (acquisition date within the meaning of IFRS 3 (9)). The purchase price (transferred consideration) was paid in euros.

The following table summarises the values of the assets identified, and liabilities acquired, on the date of acquisition.

Fair value of assets and liabilities

in € thousand

Cash and cash equivalents	2,190
Property, plant and equipment	62,301
Customer relationships	6,775
Other intangible assets	647
Short-term assets	3,044
Long-term liabilities	- 9,199
Short-term liabilities	- 3,480
Acquired identifiable net assets	62,278
Plus goodwill	11,922
Sum of transferred consideration	74,200

The derived goodwill amounting to € 11,922 thousand comprises the value of the workforce of the acquired company and the opportunities arising from the business model, such as expansion of operations in the Baltic region, operations in Russia and the establishment of RoRo services. The goodwill has been allocated to the Container segment. Customer-related intangible assets (customer relations) include an amount of € 6,775 thousand relating to the simplified access of Transiidikeskuse AS to an existing customer base. It is not anticipated that a portion of the recorded goodwill will be tax deductible.

Due to the proximity of the acquisition date to the Balance Sheet date, the fair values of acquired assets and liabilities have only been measured provisionally. The final measurement has yet to be completed. Changes may occur in property, plant and equipment, in customer relations, in other intangible assets and in current assets. This would result in a change in goodwill.

The fair value of current assets is € 3,044 thousand and includes trade receivables of € 2,590 thousand. The gross amount of due contractual trade receivables totals € 3,875 thousand, with € 1,285 thousand of this figure expected to be irrecoverable.

Due to the proximity of the acquisition date to the Balance Sheet date, no Interim Financial Statements were prepared as of 27 June 2018. Had the acquisition taken place as of 1 January 2018, the Executive Board estimates that Group revenue would have been € 10.8 million higher and that Group profit after tax would have been € 1.7 million higher. When calculating these amounts, the Executive Board assumed that the provisional adjustments to fair values performed as of the acquisition date would still have remained valid in the event of an acquisition on 1 January 2018.

There were no further material acquisitions or disposals of shares in subsidiaries in the first six months of 2018.

5. Earnings per share

The following table illustrates the calculation for basic earnings per share for the Group and the subgroups:

Basic earnings per share in €

	Group		Port Logistics Subgroup		Real Estate Subgroup	
	1-6 2018	1-6 2017	1-6 2018	1-6 2017	1-6 2018	1-6 2017
Share of consolidated net profit attributable to shareholders of the parent company in € thousand	52,355	52,616	47,297	48,050	5,058	4,566
Number of common shares in circulation	72,753,334	72,753,334	70,048,834	70,048,834	2,704,500	2,704,500
	0.72	0.72	0.68	0.69	1.87	1.69

The diluted earnings per share are identical to basic earnings per share, since there were no conversion or option rights in circulation during the reporting period.

6. Dividends paid

At the Annual General Meeting held on 12 June 2018, shareholders approved the proposal by the Executive Board and Supervisory Board to distribute a dividend of € 0.67 per share to the shareholders of the Port Logistics subgroup and of € 2.00 per share to the shareholders of the Real Estate subgroup. The total dividend of € 52,342 thousand was paid accordingly on 15 June 2018.

7. Segment Report

The Segment Report is presented as an annex to the Condensed Notes.

The HHLA Group's Segment Report is prepared in accordance with the provisions of IFRS 8 *Operating Segments*. IFRS 8 requires reporting on the basis of the internal reports made to the Executive Board for the purpose of controlling the company's activities.

The segment performance indicator used is the internationally customary key figure EBIT (earnings before interest and taxes), which serves to measure the success in each segment and therefore aids the internal control function. For further information, please refer to the [Consolidated Financial Statements as of 31 December 2017](#).

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 the Notes to the Consolidated Financial Statements as of 31 December 2017.

Segment information is reported on the basis of the internal control function, which is consistent with external reporting and is classified in accordance with the activities of the HHLA Group's business segments. These are organised and managed autonomously in accordance with the type of services being offered.

The HHLA Group still operates in four segments: [Container](#), [Intermodal](#), [Logistics](#) and [Real Estate](#).

The Holding/Other division used for segment reporting does not represent an independent business segment as defined by the IFRS standards. However, it has been allocated to the segments within the Port Logistics subgroup in order to provide a complete and clear picture.

The reconciliation of segment assets with Group assets incorporates not only items for which consolidation is mandatory, but also claims arising from current and deferred income taxes, cash and cash equivalents, short-term deposits and financial assets that are not to be assigned to segment assets.

The reconciliation of the segment variable EBIT with consolidated earnings before taxes (EBT) incorporates not only transactions between the segments and the subgroups for which consolidation is mandatory, but also the proportion of companies accounted for using the equity method, net interest income and the other financial result.

Reconciliation of the Segment Variable EBIT to Earnings before Tax (EBT)

in € thousand	1–6 2018	1–6 2017
Segment earnings (EBIT)	98,923	97,653
Elimination of business relations between the segments and subgroups	1,020	1,163
Group earnings (EBIT)	99,943	98,816
Earnings from associates accounted for using the equity method	2,731	2,983
Net interest income	- 10,302	- 8,311
Other financial result	0	0
Earnings before tax (EBT)	92,372	93,488

8. Equity

The breakdown and development of HHLA's equity for the period from 1 January to 30 June of the years 2018 and 2017 are presented in the Statement of Changes in Equity.

9. Pension provisions

The calculation of pension provisions as of 30 June 2018 was based on an interest rate of 1.50 % (31 December 2017: 1.40 %; 30 June 2017: 1.60 %). The calculation of the new pension scheme (HHLA capital plan) as of 30 June 2018 was based on an interest rate of 1.70 % (previously: provisions for working lifetime accounts as of 31 December 2017: 1.70 %; as of 30 June 2017: 1.90 %). Actuarial gains/losses changed as follows. These are recognised in equity without effect on profit and loss.

Development of Actuarial Gains/Losses

in € thousand	2018	2017
Cumulative actuarial gains (+)/losses (-) as of 1 January	- 80,303	- 85,844
Change during the financial year due to a change in interest rate	1,899	14,200
Cumulative actuarial gains (+)/losses (-) as of 30 June	- 78,404	- 71,644

As of 31 December 2017, pension provisions included both pension obligations and working lifetime obligations. As part of the harmonisation of existing pension systems, provisions for working lifetime obligations were transferred to the provisions for the HHLA capital plan as of 1 January 2018.

The existing plan assets (shares in funds) of the working lifetime obligations amounting to € 13,290 thousand as of 31 December 2017 no longer constitute plan assets following transfer to the new pension scheme and are reported as other current financial receivables as of 30 June 2018.

The other provisions of € 9,145 thousand formed in the previous year for the change in the existing pension scheme have been reclassified to provisions for the HHLA capital plan in the amount of € 3,906 thousand. The remaining amount of € 5,239 thousand relates to current settlement obligations under collective labour agreements.

As part of the harmonisation, the "port pension" obligations attributable to the company's active employees were transferred to the provisions for the HHLA capital plan in the amount of € 18,013 thousand.

The provisions for the HHLA capital plan fall within the category of defined benefit plans; unlike the previous approach taken in respect of working lifetime obligations, however, they constitute non-financed plan assets. Therefore, they represent a pension scheme financed by provisions, just like the pension obligations.

10. Investments

As of 30 June 2018, total capital expenditure throughout the HHLA Group (excluding expenditure connected with the acquisition of Transiidikeskuse AS) amounted to € 44.2 million (previous year: € 63.6 million).

The largest investments up to the end of the first half of 2018 were made in the Container and Intermodal segments. HHLA's investments included large-scale equipment for horizontal transport, infrastructure expansion at the HHLA container terminals in the Port of Hamburg and the acquisition of additional wagons. In the previous year, HHLA made investments, including in container gantry cranes at HHLA Container Terminal Burchardkai and at HHLA Container Terminal Tollerort.

As of 30 June 2018, the Intermodal segment accounted for the bulk of investment commitments at € 28.5 million.

11. Financial instruments

The tables below show the carrying amounts and fair values of financial assets and financial liabilities, including their level in the fair value hierarchy.

Financial Assets as of 30 June 2018 (valuations according to IFRS 9)

in € thousand

	Carrying amount			Fair Value				
	Amortised cost	Fair value through profit or loss	Fair value through other comprehensive income	Balance sheet value	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value								
Financial assets (securities)		70	5,775	5,845	5,845			5,845
Other financial receivables		289	17,276	17,565	17,565			17,565
	0	359	23,051	23,410				
Financial assets not measured at fair value								
Financial assets	9,567			9,567				
Trade receivables	174,371			174,371				
Receivables from related parties	39,316			39,316				
Other financial receivables	3,994			3,994				
Cash, cash equivalents and short-term deposits	97,829			97,829				
	325,077	0	0	325,077				

Financial Liabilities as of 30 June 2018 (valuations according to IFRS 9)

in € thousand

	Carrying amount			Fair Value			
	Fair value through profit or loss	Amortised cost	Balance sheet value	Level 1	Level 2	Level 3	Total
Financial liabilities measured at fair value							
Financial liabilities			0				0
	0	0	0				
Financial liabilities not measured at fair value							
Financial liabilities (liabilities from bank loans)		260,808	260,808		264,646		264,646
Financial liabilities (finance lease liabilities)		40,171	40,171		40,171		40,171
Financial liabilities (settlement obligation)		22,620	22,620		22,620		22,620
Financial liabilities (other)		35,100	35,100		35,100		35,100
Trade liabilities		85,915	85,915				0
Liabilities to related parties (finance lease liabilities)		105,695	105,695		141,034		141,034
Liabilities to related parties (other)		9,142	9,142				
	0	559,451	559,451				

Financial Assets as of 31 December 2017 (valuations according to IAS 39)

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		6,844	6,844	6,844			6,844
Other financial receivables		677	677	677			677
	0	7,521	7,521				
Financial assets not measured at fair value							
Financial assets	11,834	2,901	14,735				
Trade receivables	149,115		149,115				
Receivables from related parties	81,527		81,527				
Other financial receivables	1,974		1,974				
Cash, cash equivalents and short-term deposits	201,514		201,514				
	445,964	2,901	448,865				

Financial Liabilities as of 31 December 2017 (valuations according to IAS 39)

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				0				0
	0	0	0	0				
Financial liabilities not measured at fair value								
Financial liabilities (liabilities from bank loans)			256,879	256,879		260,869		260,869
Financial liabilities (finance lease liabilities)			37,422	37,422		37,422		37,422
Financial liabilities (settlement obligation, long-term)			22,620	22,620		22,620		22,620
Financial liabilities (settlement obligation, short-term)			30,900	30,900				
Financial liabilities (other)			37,736	37,736		37,736		37,736
Trade liabilities			77,246	77,246				
Liabilities to related parties (finance lease liabilities)			105,914	105,914		141,722		141,722
Liabilities to related parties (other)			7,614	7,614				
	0	0	576,331	576,331				

In the first half of 2018, losses of € 359 thousand (30 June 2017: € 742 thousand) were recognised in the Income Statement on financial assets and/or liabilities held at fair value through profit and loss. In the previous year and in the first half of 2018, these relate to currency hedging instruments that do not pertain to effective hedging relationships as per IAS 39 and IFRS 9.

Currency futures contracts concluded in the previous year covering a total amount of € 28,500 thousand have a remaining term of approximately two years.

The valuation methods and key unobservable input factors for calculating fair value are described in the [Notes to the Consolidated Financial Statements as of 31 December 2017](#).

12. Transactions with respect to related parties

There are various contracts between the Free and Hanseatic City of Hamburg and/or the Hamburg Port Authority and companies in the HHLA Group for the lease of land and quay walls in the Port of Hamburg and in the Speicherstadt historical warehouse district. Moreover, the HHLA Group lets office space to other related enterprises and public institutions with the Free and Hanseatic City of Hamburg. Further information about these business relationships can be found in the [Consolidated Financial Statements as of 31 December 2017](#).

The amounts reported for receivables from related parties and liabilities to related parties as of 30 June 2018 remained largely the same as those recorded as of 31 December 2017, with the exception of the receivables from existing cash clearing.

13. Events after the Balance Sheet date

There were no significant events after the Balance Sheet date of 30 June 2018.

Hamburg, 2 August 2018

Hamburger Hafen und Logistik Aktiengesellschaft
The Executive Board



Angela Titzrath



Heinz Brandt



Jens Hansen



Dr. Roland Lappin

Assurance of the legal representatives

To the best of our knowledge, and in accordance with the applicable accounting principles for interim financial reporting, the Interim Consolidated Financial Statements give a true and fair view of the earnings, net assets and financial position of the Group, and the Interim Management Report of the Group 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 remainder of the financial year.

Hamburg, 2 August 2018

Hamburger Hafen und Logistik Aktiengesellschaft
The Executive Board



Angela Titzrath



Heinz Brandt



Jens Hansen



Dr. Roland Lappin

Review Report

To Hamburger Hafen und Logistik Aktiengesellschaft, Hamburg

We have reviewed the Condensed Interim Consolidated Financial Statements – comprising the Balance Sheet, the Income Statement, the Statement of Comprehensive Income, the Cash Flow Statement, the Statement of Changes in Equity and Selected Explanatory Notes – and the Interim Group Management Report of Hamburger Hafen und Logistik Aktiengesellschaft, Hamburg, for the period from 1 January to 30 June 2018, which are part of the six-monthly financial report pursuant to Section 115 of the German Securities Trading Act (WpHG). The company's Executive Board is responsible for preparation of the Condensed Interim Consolidated Financial Statements in accordance with IFRSs on interim financial reporting as adopted by the EU and for preparation of the Interim Group Management Report in accordance with the provisions of the WpHG applicable to Interim Group Management Reports. Our responsibility is to issue a report on the Condensed Interim Consolidated Financial Statements and the Interim Group Management Report based on our review.

We conducted our review of the Condensed Interim Consolidated Financial Statements and the Interim Group Management Report in accordance with the German generally accepted standards for the review of Financial Statements promulgated by the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer, IDW). Those standards require that we plan and perform the review to obtain a certain level of assurance in our critical appraisal to preclude that the Condensed Interim Consolidated Financial Statements are not prepared, in all material respects, in accordance with IFRSs on interim financial reporting as adopted by the EU and that the Interim Group Management Report is not prepared, in all material respects, in accordance with the provisions of the WpHG applicable to Interim Group Management Reports. A review is limited primarily to making enquiries of company personnel and applying analytical procedures and thus does not provide the assurance that we would obtain from an audit of financial statements. In accordance with our engagement, we have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the Condensed Interim Consolidated Financial Statements are not prepared, in all material respects, in accordance with IFRSs on interim financial reporting as adopted by the EU or that the Interim Group Management Report is not prepared, in all material respects, in accordance with the provisions of the WpHG applicable to Interim Group Management Reports.

Hamburg, 2 August 2018

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Claus Brandt
Wirtschaftsprüfer
[German Public Auditor]

Christoph Fehling
Wirtschaftsprüfer
[German Public Auditor]

Financial Calendar

Imprint

28 March 2018

Annual Report 2017
Analyst Conference

15 May 2018

Interim Statement January–March 2018
Analyst Conference Call

12 June 2018

Annual General Meeting

14 August 2018

Half-year Financial Report January–June 2018
Analyst Conference Call

13 November 2018

Interim Statement January–September 2018
Analyst Conference Call

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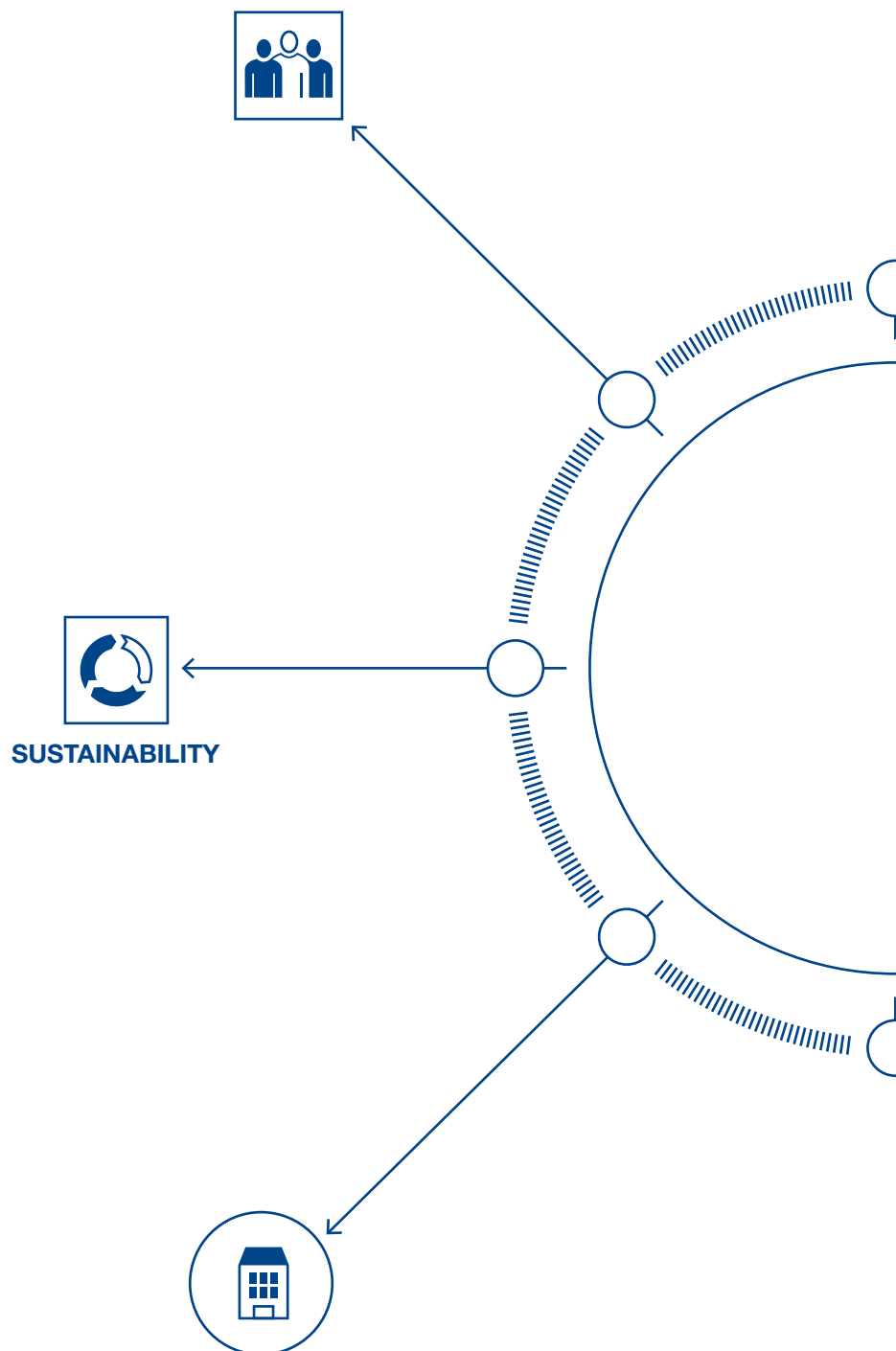
This report constitutes a non-binding English convenience translation of the half-year financial report originally published in German. Only the German version is legally binding.

The specialist terminology and financial terms are described in the 2017 Annual Report.

The **2017 Annual Report** is available online at:

<http://report.hhl.de/annual-report-2017/>

This document contains forward-looking statements that are based on the current assumptions and expectations of the Hamburger Hafen und Logistik Aktiengesellschaft (HHLA) management team. Forward-looking statements are indicated through the use of words such as expect, intend, plan, anticipate, assume, believe, estimate and other similar formulations. These statements are not guarantees that these predictions will prove to be correct. The future development and the actual results achieved by HHLA and its affiliated companies are dependent on a wide range of risks and uncertainties and may therefore deviate greatly from the forward-looking statements. Many of these factors are outside of HHLA's control and therefore cannot be accurately estimated, such as the future economic environment and the actions of competitors and others involved in the marketplace. HHLA neither plans nor undertakes any special obligation to update the forward-looking statements.



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