

# HHLA IN UKRAINE DEVELOPMENT OF FINANCE SECTOR FROM PERSPECTIVE OF A FOREIGN COMPANY

Deutsch-Ukrainisches Forum  
Berlin, June 12, 2019



# Agenda

## 1. Hamburger Hafen- und Logistikaktien- gesellschaft (HHLA)



## 2. HHLA International and Container Terminal Odessa



## 3. Financing of activities in the Ukraine



## 4. Q&A



# Hamburger Hafen und Logistik AG is a leading port and logistics company in Europe

HHLA



- The City of Hamburg owns 68% of HHLA, with the remaining 32% being in free float.
- HHLA's activities extend from the Port of Hamburg across the whole of Europe, especially to Eastern Europe and the Caucasus.

€ 1.3 billion

REVENUE

€ 204 million

EBIT

# HHLA Container Terminals are using state-of-the-art handling technology with a total throughput of 7.3 million TEU in 2018



## Container Terminal Altenwerder

- One of the most modern terminals in the world
- Very high degree of automation



## Container Terminal Burchardkai

- Largest container terminal in Hamburg
- First facility in Europe to introduce tandem cranes



## Container Terminal Tollerort

- Smallest but most flexible terminal in Hamburg
- Rail terminal built with five curved tracks

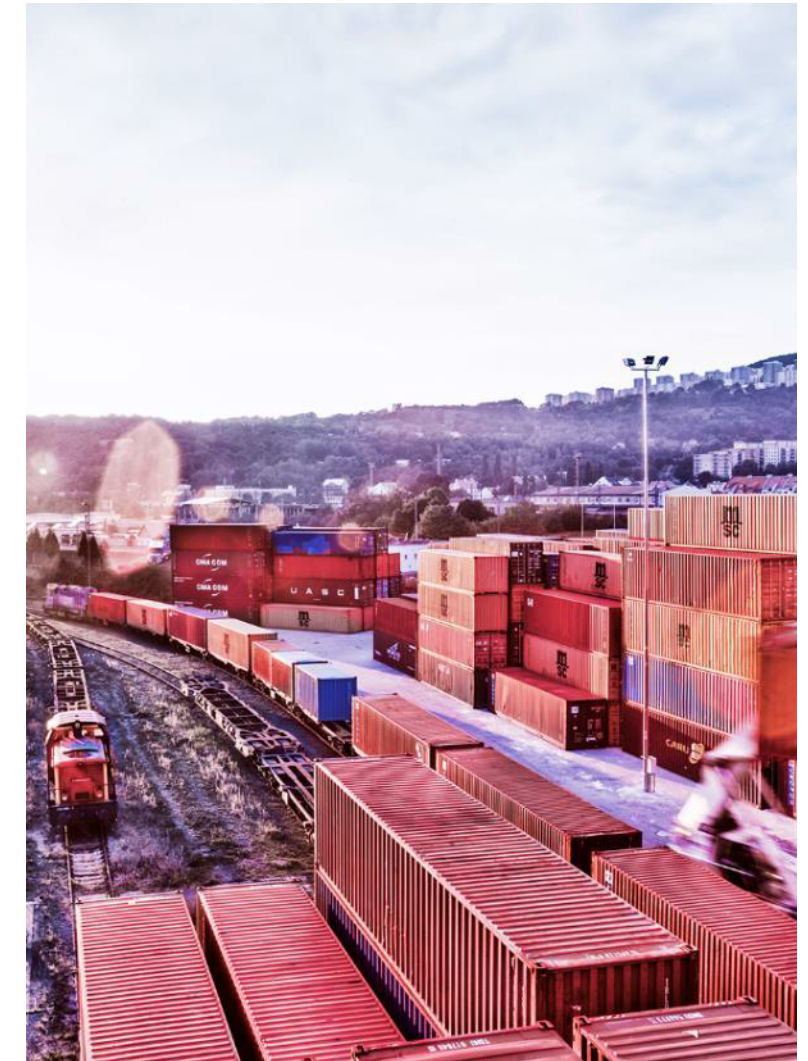
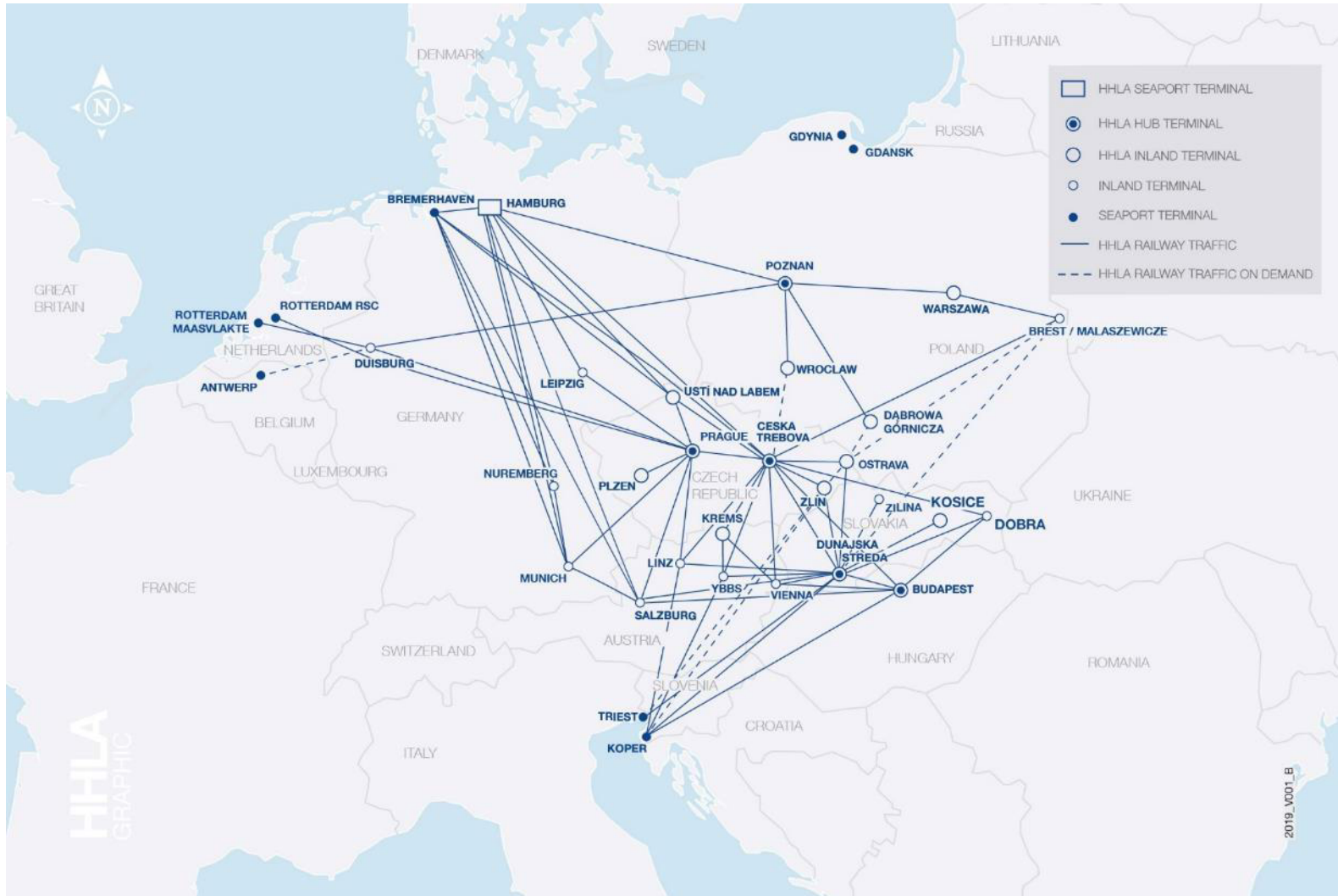
Plus two international terminals

- Container Terminal Odessa
- HHLA TK Estonia/Tallinn



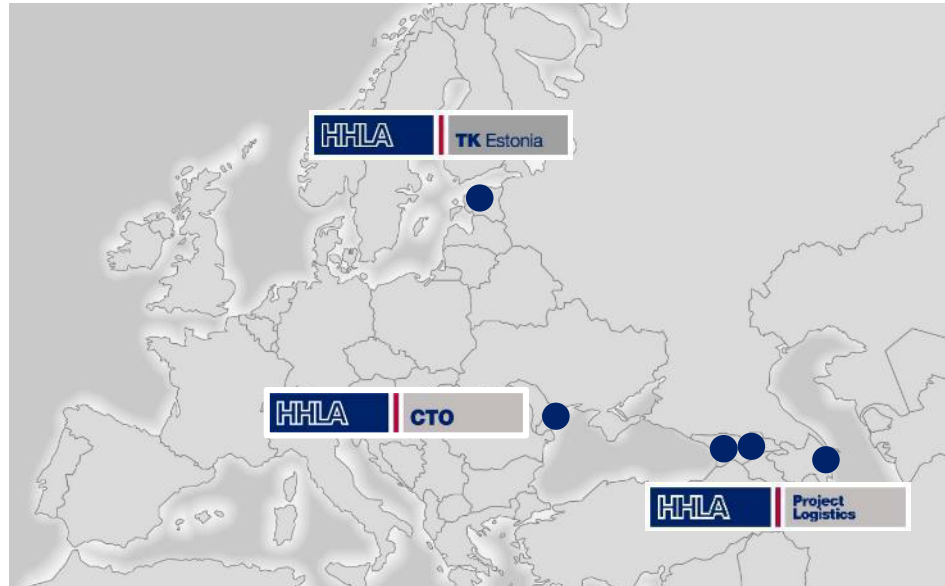
# METRANS is the largest rail operator in Europe handling ~1.5 million TEU in 2018, operating more than 500 trains weekly

HHLA



# HHLA International is present, next to the Ukraine, in Estonia, Georgian and Azerbaijan

## HHLA INTERNATIONAL ENTITIES IN UKRAINE, ESTONIA AND GEORGIA\*



- HHLA International GmbH (HIG) established 2017
- 100% owned by HHLA AG
- Aim of HIG is to:
  - Manage / ensure the strategic development of the international subsidiaries of HHLA,
  - Further develop the port portfolio of HHLA internationally through acquisitions or new developments
- Mid-term aim is to be a mid-sized operator of terminals complementing HHLA's terminals in Hamburg and making use of the know-how and reputation of HHLA



### Container Terminal Odessa

- Involvement since 2001
- Largest container terminal in the Ukraine



### HHLA TK Estonia/Tallinn

- Terminal acquired in 2018
- Largest terminal operator in Estonia
- Gateway for Estonia, Russia and CIS countries

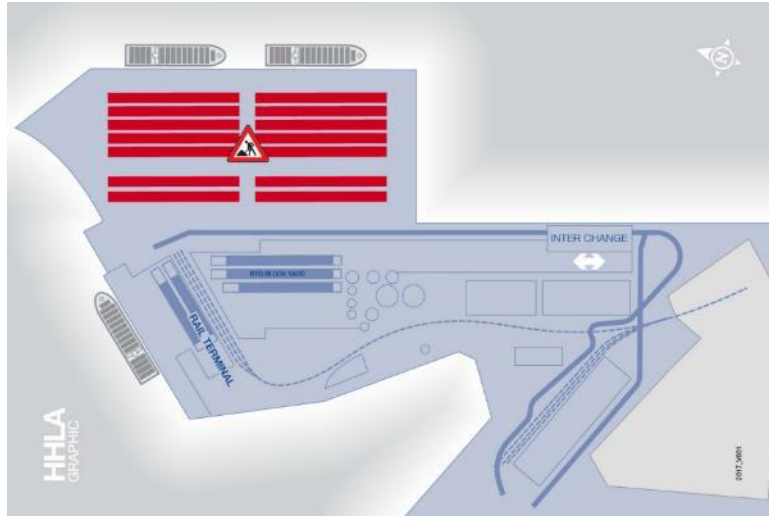


### HHLA Project Logistics

- Established in 2001 in Poti/Georgia
- Specialized in organization of heavy lift transports and of containerized intermodal transports in Caucasus and CIS



# Container Terminal Odessa (CTO) is the leading container terminal in the Ukraine



CTO

Terminal area [ha]	37
Quay length [m]	960
Water depth [m]	Up to 14.5
Berths	3
Capacity [kTEU]	850
Cranes	6 STS

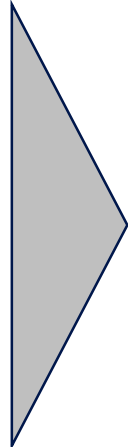
- HHLA involvement in Odessa **since 2001**
- More than **EUR 150 Million investment** in the development and management of the terminal, ensuring a state of the art container facility for Ukraine.
- **Leading container terminal** in Ukraine
  - Throughput of ~300k TEU in 2018
  - Common User Terminal with Western European service standards
  - Capable of serving Bosphorus-Max vessels
  - High productivity levels
  - Modern IT System with real-time data exchange
- Besides container operations CTO develops **general and bulk cargo handling** to diversify business
- **Concession until 2044**
- Terminal **well connected to road and rail network**
- Currently investments undertaken to **increase terminal and rail capacity. Additional investment in excess of EUR 20 Million in 2019 / 2020**

# HHLA / CTO entertains banking and financing relationships with a number of local and international banks in the Ukraine

## HHLA / CTO banking relationships in Ukraine

- HHLA has history of developing local banking relationships rather than managing all through Head Office
- Longstanding relationships with local and subsidiaries of international banks in the Ukraine
- Financing of investments, if required, are mostly done locally based on local assets
- Repatriation of dividends to Head Office as per results of the local entity
- High influence of exchange rates as revenues mostly indexed to USD, local costs in UAH while reference currency for HHLA Group is Euro

## Examples of current banking relationships

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- Local banks: Pivdenny Bank, Vostok Bank, MTB Bank, Ukreximbank = slightly over 50% of CTO bank balances
  - International banks: OTP, Raiffeisen Bank Aval, Credit Agricole, Deutsche Bank = slightly under 50% of CTO bank balances
  - Project financing (larger investments): IFC, DEG for project finance (loan fully repaid in early 2019)



# Positive developments in the past years in the Ukraine

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## Situation in the past

- Payments of dividends administratively complex, with many limitations
- Forex transaction with many limitations in amounts, time and documentation
- Sudden and significant changes in UAH exchange rate and fiscal policy often driven by politics
- Local banks close to 'distress' and limited alternatives with international banks

## Situation today

- Elimination of most major obstacles
- Gradual liberalization making Forex transaction much more predictable and easier to conduct
- Much improved stability and (at least) perceived increased independence of central bank
- Gradual recovery of local banks and improved possibility of banking with international banks

# Key areas for improvement

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1

Uncertainty of future monetary and fiscal policy of new Ukrainian government and sustainable independence of UAH from political decisions

2

Banking sector remains fragile and prone to disruption in case of economic crisis. Foreign banks not yet fully established in the country

3

Forex transactions still burdened by administrative complexities and limitation (although with strong improvement)



# THANK YOU FOR YOUR ATTENTION.

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