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 Logistikaktiengesellschaft (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

- 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 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

- 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 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

- 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)
<table>
<thead>
<tr>
<th>Situation in the past</th>
<th>Situation today</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Payments of dividends administratively complex, with many limitations</td>
<td>• Elimination of most major obstacles</td>
</tr>
<tr>
<td>• Forex transaction with many limitations in amounts, time and documentation</td>
<td>• Gradual liberalization making Forex transaction much more predictable and easier to conduct</td>
</tr>
<tr>
<td>• Sudden and significant changes in UAH exchange rate and fiscal policy often driven by politics</td>
<td>• Much improved stability and (at least) perceived increased independence of central bank</td>
</tr>
<tr>
<td>• Local banks close to ‘distress’ and limited alternatives with international banks</td>
<td>• Gradual recovery of local banks and improved possibility of banking with international banks</td>
</tr>
</tbody>
</table>
Key areas for improvement

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.

Philip Sween
Managing Director
Email: sweens@hhla.de
+49 40 3088-3880

HHLA International GmbH
Bei St. Annen 1
20457 Hamburg
www.hhla.de