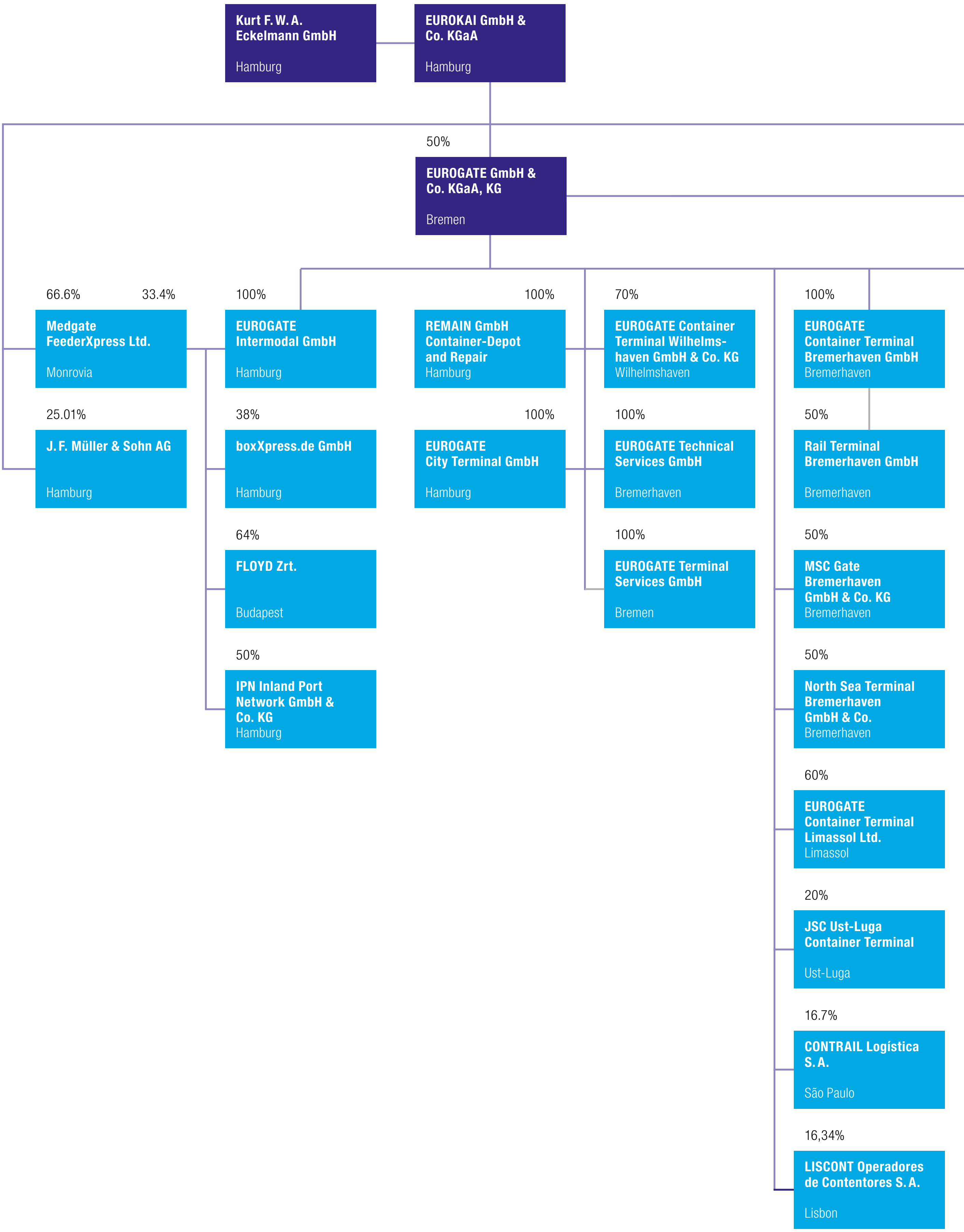
EUROKAI

ANNUAL REPORT 2019

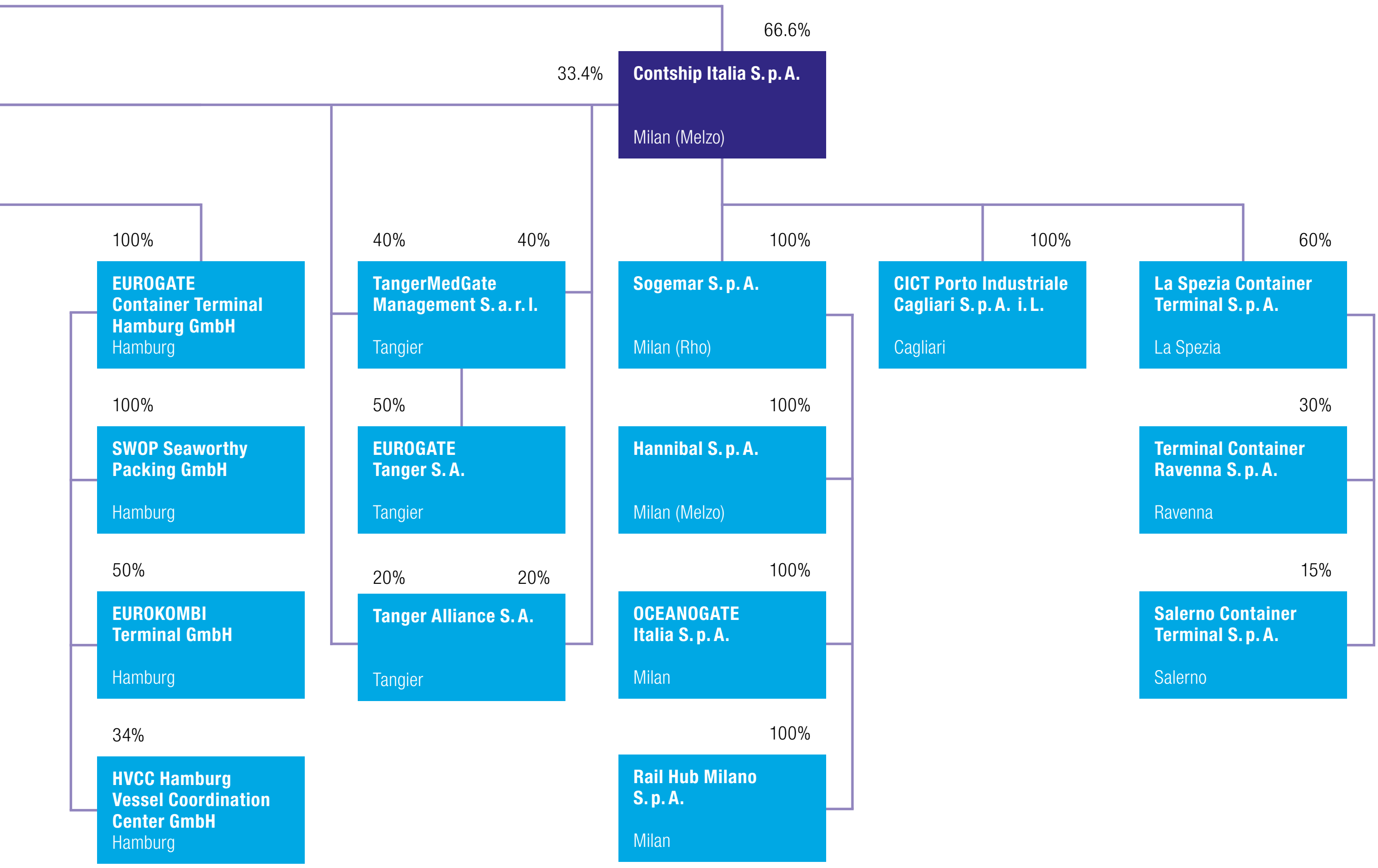
Short Version



Kurt F. W. A. Eckelmann GmbH
Hamburg
EUROKAI GmbH & Co. KGaA
Hamburg
50%
EUROGATE GmbH & Co. KGaA, KG
Bremen
66.6%
33.4%
Medgate FeederXpress Ltd.
Monrovia
25.01%
J. F. Müller & Sohn AG
Hamburg
100%
EUROGATE Intermodal GmbH
Hamburg
38%
boxXpress.de GmbH
Hamburg
64%
FLOYD Zrt.
Budapest
50%
IPN Inland Port Network GmbH & Co. KG
Hamburg
100%
REMAIN GmbH Container-Depot and Repair
Hamburg
100%
EUROGATE City Terminal GmbH
Hamburg
70%
EUROGATE Container Terminal Wilhelms-haven GmbH & Co. KG
Wilhelmshaven
100%
EUROGATE Technical Services GmbH
Bremerhaven
100%
EUROGATE Terminal Services GmbH
Bremen
100%
EUROGATE Container Terminal Bremerhaven GmbH
Bremerhaven
50%
Rail Terminal Bremerhaven GmbH
Bremerhaven
50%
MSC Gate Bremerhaven GmbH & Co. KG
Bremerhaven
50%
North Sea Terminal Bremerhaven GmbH & Co.
Bremerhaven
60%
EUROGATE Container Terminal Limassol Ltd.
Limassol
20%
JSC Ust-Luga Container Terminal
Ust-Luga
16.7%
CONTRAIL Logística S. A.
São Paulo
16,34%
LISCONT Operadores de Contentores S. A.
Lisbon

EUROKAI Group

Extract from the Organisational Chart



As at April 2020

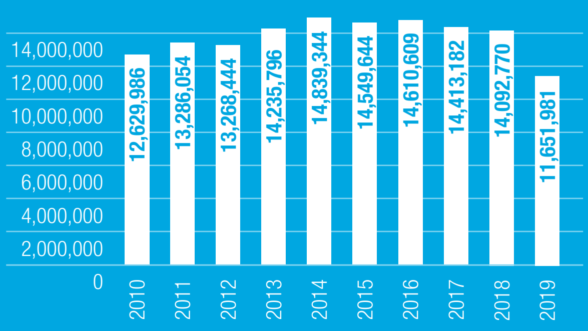
Balance Sheet Figures and Corporate Data

Figures in accordance with IFRSs

	2019 EUR '000	2018 EUR '000
REVENUE	260,848	343,937
NET PROFIT FOR THE YEAR	70,228	60,480
TOTAL ASSETS	841,713	682,830
EQUITY	474,556	472,116
EQUITY RATIO	56%	69%
CAPITAL EXPENDITURE ON PPE AND INTANGIBLE ASSETS (EXCLUDING THE EFFECTS OF APPLYING IFRS 16)	6,302	13,114
DEPRECIATION AND AMORTISATION EXPENSE	20,504	29,458
CASH FLOW FROM CONTINUING OPERATIONS	54,213	45,839
PERSONNEL EXPENSES	89,540	131,478
EMPLOYEES	1,323	1,985
EARNINGS PER SHARE IN EUR (UNDER IAS 33)	3.11	2.66

DEVELOPMENT OF EUROKAI CONTAINER HANDLING

TEUs

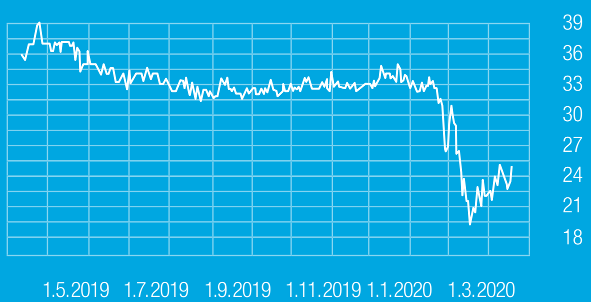


Since 2019 excluding Medcenter Container Terminal (MCT), Gioia Tauro.

SHARE PRICE DEVELOPMENT EUROKAI

PREFERENCE SHARE ISIN DE0005706535

EUR



Contents

Foreword by the Chairman of the Management Board

Delivery of the first of six container gantries for EUROGATE Container Terminal Hamburg on 27 March 2020.

THOMAS H. ECKELMANN
Chairman of the Management Board

To all our shareholders,

The financial year 2019, which is the subject of this report, was in many respects notable for its special challenges.

The net income shown in the single-entity financial statements for EUROKAI amounts to EUR 27.9 million (2018: EUR 49.7 million) while consolidated net profit was EUR 70.2 million (2018: EUR 60.5 million). Thus contrary to the original forecast, the earnings shown in the single-entity financial statements were significantly lower than the previous year's result. This can be attributed in particular to the substantial decline in earnings of EUROGATE GmbH & Co. KGaA, KG. Consolidated net profit for the Group, on the other hand, increased considerably as had been projected.

Correspondingly, earnings per share in accordance with IAS 33 rose to EUR 3.11 (2018: EUR 2.66).

Although 2019 was a good year for the Group as a whole, current developments surrounding the spread of the COVID-19 virus have made it difficult to assess the consequences for society and the market. We are attempting to manage these risks by introducing a wide range of measures intended on one side to protect our employees, while nevertheless buoying up operations at our various sites and ensuring that projects continue to be implemented. As things currently stand, for the financial year 2020 at least we must assume that the current crisis will have a not insignificant impact on the operating business of the Group companies. There is at present no way of predicting whether and to what extent the impact of the coronavirus outbreak will affect profitability over the medium to long term. From today's vantage point, the good liquidity situation of the Group companies provides sufficient financial reserves to at least weather the short- to medium-term fallout and after-effects.

The trading price of the EUROKAI preference shares remained stable during the 2019 calendar year. While at the end of 2018 EUROKAI shares stood at EUR 31.00, the price at the end of 2019 was EUR 33.00. Reflecting the uncertainties triggered by the coronavirus pandemic and the accompanying general stock market malaise, the preference shares are currently trading at EUR 24.80 (as at 17 April 2020).

We are nevertheless proposing a dividend payout of EUR 1.50 per share.

The CONTSHIP Italia Group posted earnings after taxes of EUR 65.8 million for 2019, which was significantly higher than the previous year's level (EUR 43.0 million) mainly due to the positive effect from the disposal of the indirectly held equity interest in Medcenter Container Terminal S. p.A, Gioia Tauro in April 2019. Furthermore, the consolidated net profit also included the expenses in connection with the permanent cessation of the business operations and liquidation of CICT Porto Industriale Cagliari S. p. A. At EUROGATE, net profit for the year decreased substantially year-over-year in 2019 to EUR 45.5 million (2018: EUR 67.3 million) despite positive one-time effects.

HANDLING VOLUMES IN GERMANY DOWN SLIGHTLY

The container handling volumes at the Group's German locations were down slightly on the previous year. At a total of around 7.602 million TEUs, the figure was 2.0% below that of the previous year.

The three container terminals in Bremerhaven closed the year with clear volume losses of –10.9% to 4.871 million TEUs (2018: 5.467 million TEUs). The transfer of four transatlantic services operated by THE Alliance to HHLA Container Terminal Altenwerder in Hamburg delivered a bitter blow to EUROGATE Container Terminal Bremerhaven, leading to a volume loss of 58.6% compared with 2018. MSC Gate Bremerhaven also transhipped 1.5% fewer containers year-over-year. Despite an increase in the number of containers handled at North Sea Terminal Bremerhaven (2.918 million TEUs, +3.3%), these volume losses were on the whole only marginally compensated.

In contrast to this, the handling volumes at EUROGATE Container Terminal Hamburg increased significantly. At 2.092 million TEUs, total throughput in 2019 was 27.9% higher than in 2018. This growth was driven by winning a contract for a major OCEAN Alliance Europe–Far East service operated by CMA CGM. This service, which has made regular calls at our terminal in Hamburg since January 2019, is being withdrawn again from May 2020, but is to be replaced by an even higher volume Europe–Far East service also operated by CMA CGM. As a result, EUROGATE Container Terminal Hamburg will continue to report good capacity utilisation for the current financial year.

EUROGATE Container Terminal Wilhelmshaven was unfortunately unable to match the double digit growth of the past three years and closed the year with a slight drop in volumes of 2.5% to 0.639 million TEUs (2018: 0.656 million TEUs). The main reason for this is the loss of many unscheduled port calls that had fuelled the significant growth of the previous few years. By contrast, EUROGATE Container Terminal Wilhelmshaven recorded stable handling volumes in 2019 on the scheduled and feeder services serving the port. The deep-water port will attract greater interest in future as the size of vessels continues to grow.

INTERMODAL BUSINESS CONTINUES TO GROW

In the intermodal business segment, the EUROKAI Group continued to develop positively. This is very good news, because in light of the growing pressure and increasing market power of the shipping line alliances, it is in EUROKAI's interests to promote and further expand this business segment together with forwarding and logistics partners.

The intermodal transport business across the EUROKAI Group grew year-over-year by 4.6% to 1.094 TEUs. While German intermodal operations showed a rise in transport volumes of 3.9%, Italy posted a more modest increase of 0.6%. Although Portugal transhipped 20.1% fewer containers, this was more than compensated by the very strong 44.7% growth in transport volumes year-over-year handled in Brazil.

STRATEGIC SUCCESSES IN ITALY

After a period of long and intensive negotiations, we successfully sold our indirect 50 per cent interest in Medcenter Container Terminal (MCT), Gioia Tauro in April 2019. The accounting profit resulting from the sale of the shares had a distinctly positive effect on the earnings of the EUROKAI Group in 2019.

In Cagliari, business operations at CICT Cagliari International Container Terminal were permanently ceased and the terminal closed after a final container ship belonging to THE Alliance was processed in June 2019. The company has been in liquidation since 2 October 2019.

Hence the decisions to dispose of the holdings in Gioia Tauro and Cagliari taken by the Management Board and Supervisory Board in autumn 2018 were effectively implemented in the financial year 2019.

The remaining container terminals in the CONTSHIP Italia Group kept handling volumes stable at the previous year's level (1.857 million TEUs, –0.3%). This said, handling volumes in La Spezia dipped by 3.4% compared with the high level of 2018, while Salerno posted a volume increase of 12.1% and Ravenna matched the previous year's level.

In May 2019, agreement was reached with the responsible port authority for the Liguria region on the westward expansion of La Spezia Container Terminal. With the now following invitations to tender for the further construction measures we are laying the foundation stone for expanding the handling capacity at the La Spezia site.

TANGIER LEADS INTERNATIONAL OPERATIONS

Within the EUROKAI Group, above all the terminals in Tangier, Morocco, and Limassol, Cyprus, represent the favourable development of the international subsidiaries.

EUROGATE Tanger achieved a very gratifying volume increase of 10.9% compared with 2018, closing the year with some 1.527 million TEUs handled. Following the signing of the consortium agreement with our local partner Marsa Maroc to build the new TangerMed 3 (TC 3) terminal, we succeeded in October 2019 in winning Hapag-Lloyd, Hamburg, as a shareholder with a 10% stake in TC 3. As part of the arrangement, both CONTSHIP Italia and EUROGATE International each sold 5% of their shares to Hapag-Lloyd. Building work for the construction of the terminal superstructure on the infrastructure being provided by the port authority TMSA commenced in summer 2019. Commissioning of the terminal, which will have a throughput capacity of approx. 1.5 million TEUs, is scheduled for end of 2020.

Handling volumes at EUROGATE Container Terminal Limassol, Cyprus, increased by a good 3.7% to 0.408 million TEUs year-over-year (2018: 0.394 million TEUs).

Our terminal investments in Lisbon, Portugal, and Ust-Luga, Russia, by contrast, reveal a mixed picture. Following a long period of strikes, handling activities in Lisbon stabilised in the second half-year, resulting in an overall volume increase for the financial year 2019 of 2.9% to 0.141 million TEUs year-over-year. Ust-Luga on the other hand is still enduring the negative repercussions from the sanctions imposed against Russia and, with a total of approximately 0.062 million TEUs, lost around 9.9% compared with 2018. However, at the end of 2018 the terminal switched to also handling coal and was thus able to generate additional income and strong positive earnings.

MAINTAINING AND STRENGTHENING EARNINGS POWER IN GERMANY

Consolidations and the formation of powerful shipping alliances, overcapacities in terms of terminal space in North Europe and ultra-large container vessels with transport capacities of up to 24,000 TEUs represent ever greater challenges for our terminals. Customers expect their ships to be handled quickly and efficiently. A large number of alternatives are in the meantime available, leading to mounting price and cost pressure being brought to bear on the terminals. Advancing digitalisation and automation among the competition are further intensifying the competitive situation.

The 2019 financial year showed that, under these general market conditions, the terminals in Germany in particular suffered a significant loss of earnings power. For this reason, we are also placing a long-term focus on standardisation, as well as the implementation of further digitisation and automation technologies. However, until such time as these measures are introduced and implemented, we must concentrate our efforts over the short and medium term on optimising processes and productivity, especially at EUROGATE. Our goal for the coming three to five years is to initiate and implement measures that have a significant positive impact on the competitiveness and earnings power of the Group as a whole as well as of the individual Group companies.

AUTOMATION COMES A STEP CLOSER

Development and installation work relating to the STRADegy pilot project for the automation of straddle carriers on the designated test site at EUROGATE Container Terminal Wilhelmshaven has in the meantime been completed. In parallel, the positioning and safety systems to be tested, along with the necessary technical installations on two container gantry cranes and a rail crane were commissioned. An access and security system for an automated terminal was elaborated in co-operation with Germanischer Lloyd and the components and systems developed for it were also installed for test purposes on the project site.

The pilot project is continuing to progress apace and is now practically in the final spurt. The necessary system components as a basis for the decision on whether to roll out the automated straddle carriers in commercial terminal operations were supplied by Kalmar by the end of 2019; however, the necessary analyses, tests and expected adjustments will still take some time. We currently expect a conclusive decision based on the final evaluation of the project to be taken in Q2 2020.

WELL-POSITIONED FOR CHALLENGING TIMES AHEAD

2019 was an intensive and challenging year for all stakeholders in the EUROKAI Group. The market environment made heavy demands on all of us, but all in all we were able to uphold our position and take important decisions for the future. Although as a Group we are currently navigating choppy waters, I believe we are robust and capable enough of charting a course through the challenging times ahead. As in previous years, it is crucial that we recognise new developments at an early stage and draw the right conclusions from them, allowing us to respond to the many questions of our times in a timely manner. We intend to do everything in our power to maintain and expand our market share and develop the Group so that it remains strong and competitive going forward. We therefore hope you will continue to place your trust in the EUROKAI Group, for which I wish to offer my sincere thanks.

We would also like to express heartfelt thanks to all employees of the EUROKAI Group, whose efforts contributed significantly to the success of the past financial year.

Hamburg, April 2020

Yours,

Thomas H. Eckelmann
Chairman of the Management Board

A swarm of flamingos rises up against the backdrop of EUROGATE Container Terminal Limassol.

Group Management Report for fiscal year 2019

Sunset at La Spezia Container Terminal.

1. REPORT ON ECONOMIC POSITION

The companies incorporated in the EUROKAI Group are principally engaged in container handling in continental Europe. These companies operate container terminals, in some cases with partners, in La Spezia, Ravenna and Salerno (Italy), in Hamburg, Bremerhaven and Wilhelmshaven (Germany), as well as in Tangier (Morocco), in Limassol (Cyprus), in Lisbon (Portugal) and in Ust-Luga (Russia). The EUROKAI Group also has shareholdings in a number of inland terminals and railway operating companies.

Secondary services are also available in the form of intermodal services (carriage of sea containers to and from terminals), repairs, depot storage and trade of containers as well as cargomodal services and technical services.

EUROKAI GmbH & Co. KGaA directly holds 66.6% of the shares in the CONTSHIP Italia Group via the holding company Contship Italia S. p. A. and an indirect 16.7% shareholding via EUROGATE GmbH & Co. KGaA, KG of Bremen. Calculated proportionally, EUROKAI GmbH & Co. KGaA thus holds a stake of 83.3% in the CONTSHIP Italia Group.

EUROKAI GmbH & Co. KGaA has a 50% shareholding in the EUROGATE Group via EUROGATE GmbH & Co. KGaA, KG, Bremen. It also has a 50% shareholding in the Personally Liable General Partner of EUROGATE GmbH & Co. KGaA, KG, EUROGATE Geschäftsführungs-GmbH & Co. KGaA, Bremen, as well as its Personally Liable General Partner, EUROGATE Beteiligungs-GmbH, Bremen.

Control of the EUROKAI Group is vested in three business segments, “CONTSHIP Italia”, “EUROGATE” and “EUROKAI”, whereby the EUROGATE joint venture is recognised in the consolidated EUROKAI financial statements using the equity method of accounting in line with the provisions of IFRS 11.

The global economy noticeably lost momentum in 2019. Economic development and the capital markets became the casualties of the major hot topics of trade war and Brexit. 2019 thus saw the weakest growth in the global economy for a decade. The continuing and in some cases even increasing uncertainty of various trade conflicts (e. g. USA vs. China, Japan vs. South Korea, USA vs. Europe) has put a strain on the propensity to invest and on world trade.

The combination of insufficient technological innovation, falling productivity, an ageing population, geopolitical disputes and the rise in global debt also weighed heavily on global economic expansion during the year. Above all the trade frictions triggered by increasing protectionism, and their impact on exports and industrial production, slowed down the global economy considerably.

This economic development was also reflected in the development of handling volumes in Germany, especially in the second half-year of 2019. In the face of persistently difficult conditions due to overcapacities at the container terminals and continued fierce competition as well as rescheduling of liner services, the growth rate in handling volumes at the Hamburg location was notably weaker in the fourth quarter especially, and at the Bremerhaven and Wilhelmshaven terminals even showed a significant decline compared with the same period of the previous year.

Revenue within the EUROKAI Group decreased sharply in the reporting period to EUR 260.8 million (2018: EUR 343.9 million) due to the disposal and deconsolidation of Medcenter Container Terminal S. p. A. at the end of March 2019 and the cessation of operations at CICT Porto Industriale Cagliari S. p. A. with effect from the end of June 2019. Consolidated net profit for the year increased by EUR 9.7 million to EUR 70.2 million (2018: EUR 60.5 million) particularly on the back of the significant increase in the operating result due to the disposal of the investments in Italy, despite a simultaneous decline in income from investments.

Hence the expenses incurred in connection with the liquidation of CICT-Cagliari are already included in the year-end result for 2019 and the decision to dispose of the holdings in Gioia Tauro and Cagliari taken by the Management Board and Supervisory Board in autumn 2018 was effectively implemented in the financial year 2019.

At 11.652 million TEUs, handling volumes at the container terminals of the EUROKAI Group – i. e. the terminals in Germany, Italy, Morocco, Cyprus, Portugal and Russia – were slightly lower overall (1.3%) than in the previous year (2018: 11.804 million TEUs). The handling statistics are shown below. For reasons of comparability, the handling volumes of Medcenter Container Terminal S. p. A., Gioia Tauro, are no longer included in the statistics because Contship Italia S. p. A. entirely divested itself of this investment in April 2019.

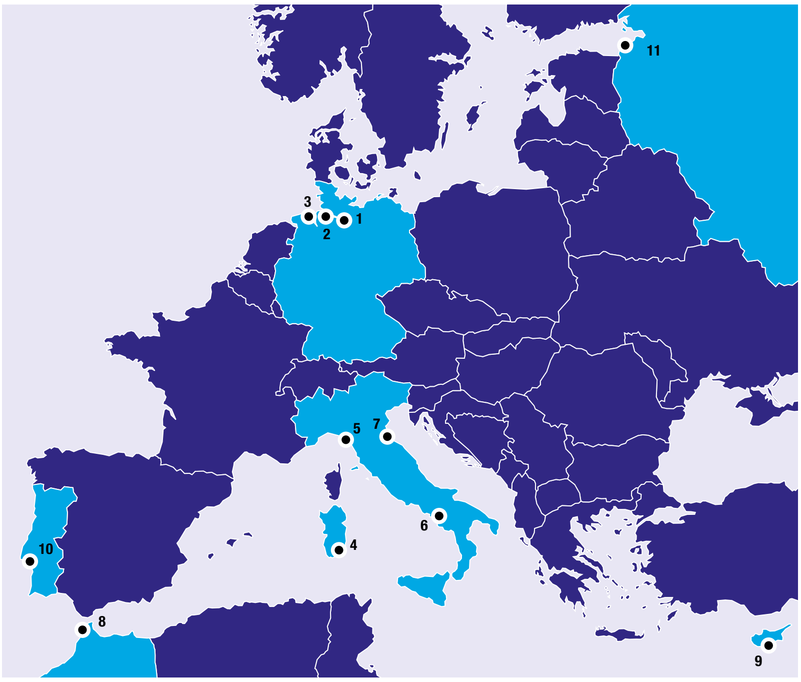
Operations in Cagliari were discontinued with effect from the end of June 2019.

CONTSHIP ITALIA SEGMENT

Contship Italia S. p. A. of Melzo, Milan, is the holding company of the CONTSHIP Italia Group, which sets corporate strategy and coordinates operating activities. Its main investees are La Spezia Container Terminal S. p. A., CICT Porto Industriale Cagliari S. p. A., Cagliari, as well as Sogemar S. p. A. Melzo/Milan, Hannibal S. p. A., Melzo/Milan and OCEANOGATE Italia S. p. A., La Spezia, and Rail Hub Milano S. p. A., Milan, which are engaged in intermodal business (all in Italy).

Contship Italia S. p. A. sold its 50% shareholding in CSM Italia-Gate S. p. A. (CSM), the holding company of Medcenter Container Terminal S. p. A. (MCT), in April 2019. The remaining container terminals in the Italian group recorded a drop in handling volumes overall in the

EUROKAI container terminal sites



	Site	2019	2018	Change
		TEUs	TEUs	%
	Germany			
1	Hamburg	2,092,218	1,635,900	27.9
2	Bremerhaven	4,870,875	5,467,468	–10.9
3	Wilhelmshaven	639,084	655,790	–2.5
	Total Germany	**7,602,177**	**7,759,158**	**–2.0**
	Italy			
4	Cagliari (until June 2019)	53,520	205,080	–73.9
5	La Spezia	1,304,522	1,350,116	–3.4
6	Salerno	371,665	331,521	12.1
7	Ravenna	180,918	180,934	–0.0
	Total Italy	**1,910,625**	**2,067,651**	**–7.6**
	Other			
8	Tangier (Morocco)	1,527,339	1,377,317	10.9
9	Limassol (Cyprus)	408,306	393,574	3.7
10	Lisbon (Portugal)	141,452	137,411	2.9
11	Ust-Luga (Russia)	62,082	68,891	–9.9
	Total Other	**2,139,179**	**1,977,193**	**8.2**
	Total	**11,651,981**	**11,804,002**	**–1.3**

Figures show total handling at the respective terminals. Of these, the sole contributors to Group revenue are the handling volumes at the fully consolidated terminals in Cagliari and La Spezia.

financial year 2019 by 7.6% to 1.911 million TEUs (2018: 2.068 million TEUs) primarily due to the declining volumes at the transhipment terminal in Cagliari (–73.9%), where the company is currently in liquidation after operations ceased with effect from the end of June 2019. This said, handling volumes in La Spezia dipped by –3.4% compared with the high level of 2018, while Salerno posted a volume increase of +12.1% and Ravenna matched the previous year's level. Despite the overall decline in handling volumes, year-over-year the CONTSHIP Italia Group reported significantly higher consolidated net profit for the period. This increase is largely accounted for by the positive impact on earnings from the disposal of the CSM/MCT investment.

The CONTSHIP Italia Segment generated revenue of EUR 260.8 million in financial year 2019 (2018: EUR 333.4 million). This drop in revenue is mainly due to the disposal and deconsolidation of Medcenter Container Terminal S. p. A. and the cessation of operations at CICT Porto Industriale Cagliari S. p. A. with effect from the end of June 2019. Despite the decline in throughput volumes in Cagliari and the resulting negative earnings including expenses in connection with the cessation of operations and the liquidation of CICT Porto Industriale Cagliari S. p. A., segment earnings (EBT), at EUR 66.0 million (2018: EUR 51.8), were significantly up on the previous year's level due to the positive impact on earnings from the disposal of the CSM/MCT investment.

The trend in throughput and IFRS results for the Italian companies over the period under review was as follows:

Cagliari International Container Terminal – CICT Porto Industriale Cagliari S. p. A., which following a capital injection and the resulting withdrawal of the minority shareholder is now a wholly-owned subsidiary of Contship Italia S. p. A. – recorded handling figures of 53,520 TEUs up to the cessation of operations at the end of June 2019 (2018: 205,080 TEUs). This was a consequence of the rescheduling of liner services undertaken by the major customer Hapag-Lloyd AG (Hapag-Lloyd) as part of the restructuring of the "THE Alliance" consortium and the handling of the last THE Alliance ships in early June. This had a corresponding negative impact on the company's year-end result and led to a loss year-over-year. Furthermore, expenses relating to the cessation of business operations and the winding up of the company additionally burdened the earnings situation of the company, which has been in liquidation since 2 October 2019.

La Spezia Container Terminal S. p. A. is a 60% shareholding of Contship Italia S. p. A. At 1.305 million TEUs, the company was unable to match the previous year's high handling volume (2018: 1.350 million TEUs, a decline of 3.4%). As a result of this, as well as increased provisions for municipal taxes, the company's net profit for the year was also down on the previous year.

The fully-owned CONTSHIP Italia subsidiary Sogemar S. p. A. continues to hold 100% of the shares in Hannibal S. p. A., OCEANOGATE Italia S. p. A. and Rail Hub Milano S. p. A., Milan, Italy, for which it provides leasing, administration and IT services. The company recorded an improved operating profit for the 2019 reporting period compared to the previous year due to higher income from investments.

In addition to handling international container transports, Hannibal S. p. A. manages the national truck and rail activities of the CONTSHIP Italia Group. At 0.313 million TEUs (2018: 0.311 million TEUs), the company recorded an intermodal transport volume on a par with the previous year. The company's year-end result increased year-on-year, in particular due to improved margins in the transport business.

OCEANOGATE Italia S. p. A. recorded a slight decrease in rail freight transport in 2019. As a result of this decline in transport activities in conjunction with increasing wagon hire and maintenance costs as well as rising personnel expenses, the company posted a lower operating profit year-over-year.

Rail Hub Milano S. p. A. operates the inland terminals of the CONTSHIP Italia Group in Melzo and Rho. The company recorded higher handling volumes and an improved operating profit for the 2019 reporting period compared to the previous year.

EUROGATE SEGMENT

EUROGATE GmbH & Co. KGaA, KG of Bremen, in which EUROKAI GmbH & Co. KGaA and BLG LOGISTICS GROUP AG & Co. KG of Bremen each have a 50% shareholding, is the EUROGATE Group's holding company. EUROGATE GmbH & Co. KGaA, KG supplies central services for its subsidiaries and affiliated companies. Its principal shareholdings are EUROGATE Container Terminal Hamburg GmbH, Hamburg, EUROGATE Container Terminal Bremerhaven GmbH, North Sea Terminal Bremerhaven GmbH & Co., MSC Gate Bremerhaven GmbH & Co. KG – all of Bremerhaven – and EUROGATE Container Terminal Wilhelmshaven GmbH & Co. KG, Wilhelmshaven. The EUROGATE Group also has a 33.4% stake in Contship Italia S. p. A., Italy.

EUROGATE GmbH & Co. KGaA, KG, the EUROGATE Group's holding company, has a 100% shareholding in both EUROGATE Container Terminal Hamburg GmbH and EUROGATE Container Terminal Bremerhaven GmbH. These companies are fully consolidated in the EUROGATE Segment. The joint ventures North Sea Terminal Bremerhaven GmbH & Co. (EUROGATE share: 50%), MSC Gate Bremerhaven GmbH & Co. KG (EUROGATE share 50%), and EUROGATE Container Terminal Wilhelmshaven GmbH & Co. KG (EUROGATE share 70%), have been incorporated in the EUROGATE Segment using the equity method.

In the North Range, handling volumes increased by 2.4% in 2019 (2018: +3.5%). Compared with 2018, container handling volumes in Antwerp were up by 6.8%, in Rotterdam by 2.1% and in Hamburg by 6.1%. In Bremerhaven, handling volumes declined by 10.9% and in Wilhelmshaven by 2.5%.

In this market environment, container handling volumes at the German container terminals in the EUROGATE Group were 2.0% down on the previous year's level overall.

With a handling figure of 4.871 million TEUs (2018: 5.467 million TEUs), the container terminals in Bremerhaven recorded a decline in handling volumes of 10.9%. EUROGATE Container Terminal Hamburg, by contrast, saw a 27.9% rise in handling volumes from 1.636 million TEUs in 2018 to 2.092 million TEUs. In addition to the growth in volumes resulting from the acquisition of services operated by the Hamburg Süd and Hyundai Merchant Marine shipping lines in the course of the previous year (up until the end of September 2019), this volume increase can be attributed in particular to the newly acquired (from January 2019) OCEAN Alliance FAL 3 Far East service operated by CMA CGM.

At the Bremerhaven location, the development of container throughput took a downward turn following the transfer of THE Alliance's transatlantic services to HHLA Container Terminal Altenwerder in Hamburg in early 2019.

Handling volumes at EUROGATE Container Terminal Wilhelmshaven decreased by 2.5% to 0.639 million TEUs as a result of the reduction in the number of inducement calls (2018: 0.656 million TEUs). Thus, taken together, the handling volume of the German EUROGATE terminals was 7.602 million TEUs, which was 2.0% below the previous year's level of 7,759 million TEUs handled.

On the back of this 2.0% drop in handling volumes in Germany, the EUROGATE Segment saw segment revenue decline by 6.5% to EUR 564.6 million in financial year 2019 (2018: EUR 604.0 million). While the handling volume at the Hamburg location grew by 27.9%, EUROGATE Container Terminal Bremerhaven GmbH recorded a decline in handling volumes of as much as 58.6% due to the loss from early 2019 of the transatlantic services operated by THE Alliance. The loss of earnings in Bremerhaven was nowhere near compensated for by the improvement in earnings at the Hamburg location. Consequently, at EUR 52.2 million, Group operating profit (EBIT) was considerably below the previous year's figure (EUR 79.3 million). With EUR 47.4 million, EBT (including pro rata earnings from the CONTSHIP Italia Group) is also significantly lower than in the previous year (EUR 74.8 million). While the Group recorded a marked increase in net income from associates resulting primarily from the disposal of interests within the CONTSHIP Italia Group, as well as a decrease in income tax expenses, consolidated net profit for the year declined to EUR 45.5 million (2018: EUR 67.3 million), despite positive one-time effects. The ownership interests from CONTSHIP Italia included in the segment net profit must be eliminated in order to determine the income from associates attributable to EUROKAI, as CONTSHIP Italia is fully consolidated within the EUROKAI Group.

The trend in throughput and earnings under IFRSs for the EUROGATE companies operating container terminals in financial year 2019 was as follows:

With a handling figure of 2.092 million TEUs (2018: 1.636 million TEUs), EUROGATE Container Terminal Hamburg recorded a marked increase in handling volumes of 27.9%. The company's earnings improved on the back of the positive volume development despite the deterioration in the consignment structure resulting from the considerably higher transhipment volumes, and due to income from the reversal of provisions. Thus, the company recognised higher positive net profit before profit transfer to the EUROGATE holding company.

EUROGATE Container Terminal Bremerhaven GmbH saw a substantial volume decrease of 58.6% in the 2019 reporting period, with a handling figure of 0.472 million TEUs (2018: 1.139 million TEUs). On the basis of this fall-off in volume and including income from the reversal of provisions, the company posted a significantly lower, albeit positive, annual result before profit transfer to EUROGATE Holding for the financial year 2019 compared with the previous year.

As a dedicated terminal for Mærsk Line shipping company, North Sea Terminal Bremerhaven GmbH & Co. recorded handling figures of 2.918 million TEUs in financial year 2019, an increase in volume of 3.3% year-over-year (2018: 2.826 million TEUs). The company's profit for the year rose significantly year-over-year mainly driven by volume and the impairment charge taken into account for container gantry cranes included in the previous year's result.

With a throughput figure of 1.481 million TEUs (2018: 1.503 million TEUs), MSC Gate Bremerhaven GmbH & Co. KG, a joint venture between the EUROGATE holding company and Terminal Investment Limited Sàrl., Geneva (Switzerland), a related company of Mediterranean Shipping Company S. A. (MSC), Geneva, Switzerland, recorded a slight decline in handling volumes in 2019 of 1.5% compared with the previous year. The company nevertheless posted higher annual net profit compared with the corresponding period of the previous year due to an improved consignment structure and income from services in connection with a disabled container vessel.

EUROGATE Container Terminal Wilhelmshaven GmbH & Co. KG is jointly owned by the EUROGATE holding company (70%) and APM Terminals Wilhelmshaven GmbH, an indirectly wholly-owned subsidiary of the A. P. Møller Mærsk Group, Copenhagen, Denmark, with 30%. In the fiscal year 2019, handling volumes stood at 0.639 million TEUs, a slight decline of 2.5% compared to the previous year (2018: 0.656 million TEUs). Capacities nevertheless continued to be underutilised and the company generated a renewed heavy loss.

boxXpress.de
EGIM Regular Service
boxXpress.hu
CONTSHIP Italia Intermodal

Handling volumes at EUROGATE Tanger S. A., Tangier, Morocco, in which the EUROGATE Group and the CONTSHIP Italia Group each indirectly hold a 20% interest, grew significantly to 1.527 million TEUs in the reporting period (2018: 1.377 million TEUs/+10.9%). This again led to an increase in annual net profit year-over-year.

The EUROGATE Group holds a 60% interest in EUROGATE Container Terminal Limassol Limited, Cyprus. The other consortium partners are Interorient Navigation Company Ltd. (20%), Limassol, Cyprus, and East Med Holdings S.A. (20%), Luxembourg. In the 2019 financial year, the company handled 408,306 TEUs (2018: 393,574 TEUs). Based on the volume increase of 3.7%, the company's net profit thus continued to improve.

The handling situation at LISCONT Operadores de Contentores S. A., Lisbon, Portugal, in which the Group holds a 16.34% interest, stabilised again from mid-2019 following a period of extensive and persistent strike action. The company recorded an overall volume increase of 2.9% compared with the previous year, with handling figures standing at 141,452 TEUs (2018: 137,411 TEUs). Correspondingly, the company's year-end result was also up on the previous year.

JSC Ust-Luga Container Terminal, Ust-Luga, Russia, in which the EUROGATE Group holds a 20% stake, handled only 62,082 TEUs over the period under review (2018: 68,891 TEUs/–9.9%) due to the ongoing Russia crisis and the overcapacities in the greater St. Petersburg area. However, since the end of 2018 the company has also handled coal here. Due to the positive effects on earnings from these coal handling activities, the company was able to post further improved net profit year-over-year despite the inclusion of negative currency effects.

KEY EVENTS IN THE COURSE OF THE FISCAL YEAR

CONTSHIP Italia Segment

On 15 March 2019, Contship Italia S. p. A. and EUROGATE International GmbH each acquired a 25% interest in Tanger Alliance S. A. (formerly Marsa International Tangier Terminals S. A. (MINTT)), the operating company of the new Container Terminal 3 (TC 3) in Tangier, Morocco. With effect from 15 October 2019, Contship Italia S. p. A. and EUROGATE International GmbH sold 5% of their shares respectively to Hapag-Lloyd AG, Hamburg. Consequently, the shareholder structure of Tanger Alliance S. A. is now as follows: Société d'Exploitation des Ports S. A. (Marsa Maroc): 50%; Contship Italia S. p. A.: 20%; EUROGATE International GmbH: 20%; Hapag-Lloyd AG: 10%.

The new container terminal initially has a quay wall length of 800 m, with a water depth of 18 m and an area of 320,000 m² (with a possible option to expand).

The infrastructure being provided by TMSA has in the meantime been transferred, so that the company was able to start work on producing the superstructure for the terminal in the second half of 2019. Commissioning of the terminal, which will have a throughput capacity of approx. 1.5 million TEUs, is scheduled for autumn 2020.

In April 2019, Contship Italia S. p. A. sold its 50.0% interest in CSM Italia-Gate S. p. A., Gioia Tauro, the holding company of Medcenter Container Terminal S. p. A., to Itaterminaux S. à. r.l, Luxembourg. Itaterminaux S. à. r. l. – a wholly-owned subsidiary of Terminal Investment Limited Sàrl, Geneva – now holds 100% of the company's shares and is thus the sole indirect shareholder of Medcenter Container Terminal S. p. A.

At the end May 2019, agreement was reached with Autorità di Sistema Portuale del Mar Ligure Orientale (AdSP) – the responsible port authority for the Liguria region – on the westward expansion of La Spezia Container Terminal. On this basis, La Spezia Container Terminal S. p.A can now initiate the tendering procedure for the further construction measures in connection with the expansion project.

In early June 2019, the last ships operated by the Hapag-Lloyd key account were processed at CICT Porto Industriale Cagliari S. p. A., reducing handling operations at Cagliari to just a small volume of feeder business transporting local cargo. In light of this development, it was decided that the main transhipment business of CICT in Cagliari is no longer viable in this form. In this connection, following intensive negotiations with the government in Sardinia, the central government in Rome and the trade unions, it was agreed to lay off the 220-strong workforce under the "cassa integrazione straordinaria per chiusura" scheme with effect from 2 September 2019. Following the cessation of operating activities, the company has been in liquidation since 2 October 2019.

EUROGATE Segment

In early June 2019, the South Korean shipping company Hyundai Merchant Marine (HMM) announced plans to leave the 2M Alliance and join THE Alliance. At the same time, the THE Alliance partnership was extended for a further ten years. The agreements between the now four partners come into effect in April 2020. Against this background, HMM suspended its own AEX Far East service, which had previously called at EUROGATE Container Terminal Hamburg, with effect from the end of September 2019 and has since been operating under a slot charter arrangement on the Far East services of 2M and THE Alliance.

The zoning decision on the adjustment of the Elbe fairway was made legally binding and incontestable at the beginning of October 2018. The required budgetary funding at federal level amounting to almost EUR 500 million has been made available. The Federal Administration began implementation on 23 July 2019. As part of the first construction phase, the Bundeswasserstraßenverwaltung (Federal Waterways Management Authority) had already constructed the section of the so-called passing box that falls within its area of responsibility by the end of 2019. Construction work has yet to start on the other section of the passing box which lies within the territory of the City State of Hamburg and falls under the responsibility of the Hamburg Port Authority (HPA). The HPA has not yet awarded the necessary contracts. The HPA has announced that it expects full realisation of the passing box to be completed by the third quarter of 2020. Thus the passing box and, consequently, initial nautical improvements that will facilitate the approach and departure of the largest mega container ships currently using the fairway to access the Port of Hamburg are not to be reckoned with before the second half of 2020.

From today's perspective, complete realisation of the entire project (widening and deepening) can be expected by the end of 2021/early 2022.

In financial year 2019, the infrastructure and installation work relating to the STRADegy pilot project for the automation of straddle carriers on the test site at EUROGATE Container Terminal Wilhelmshaven was completed.

The positioning and safety systems to be tested along with the necessary technical installations on two container gantry cranes and a rail crane, as well as the test facilities for transferring containers onto trucks, the interface between manual and automated areas and the inward and outward transfer of automated equipment for servicing and maintenance were also installed and commissioned.

An access and security system for an automated terminal was elaborated in cooperation with Germanischer Lloyd and the developed components and systems were also installed for test purposes on the project site.

Along with the four automated straddle carriers delivered by Kalmar in the first quarter of 2019, all components are currently undergoing intensive and extensive safety and performance testing.

Delays in the development of the control and emulation software experienced by the supplier Kalmar in 2018 due to lacking IT resources could not be offset in 2019. While the necessary system components as a basis for the decision on whether to roll out the automated straddle carriers in commercial terminal operations were supplied by Kalmar by the end of 2019, the necessary analyses, tests and expected adjustments will still take some time, so that a final evaluation of the project is likely in Q2 2020.

Large container ships with transport capacities of over 20,000 TEUs pose ever greater challenges for port and terminal operators. Customers expect their ships to be handled quickly and efficiently. This requires processes to be predictable and reliable. Advancing digitalisation and automation are leading to a changed competitive situation.

EUROGATE cannot afford to ignore these developments if it is to remain competitive. For this reason, we also focus over the long term on standardisation, as well as the implementation of further digitisation and automation technologies, as well as continuous process optimisation.

Progress on the westward expansion project of EUROGATE Container Terminal Hamburg continues to play an important role for the EUROGATE Group. The project foresees the complete filling of the Petroleumhafen and the direct extension of the Predöhlkai by some 650 m, as well as the creation of an additional 400 m of berths at the Bubendey-Ufer. Another major goal of the measures to improve the nautical conditions at the Port of Hamburg being pursued with the planning approval procedure is the enlargement of the turning basin at the Waltershof Harbour to provide a turning radius of 600 m for large container ships.

The planning approval authority issued the planning approval decision for this project, planning of which commenced in 1997, on 9 December 2016 backdated to 28 November 2016. In January 2017, legal actions against the planning approval order were lodged by 70 petitioners (private individuals). No law-suits have been filed by environmental associations.

The defendant is the Free and Hanseatic City of Hamburg, represented by the planning approval authority (Behörde für Wirtschaft, Verkehr und Innovation); the Hamburg Port Authority (HPA) and EUROGATE Container Terminal Hamburg GmbH are both joined parties to the action. The main grounds given for the actions in March 2017 were an alleged lack of justification for the planning approval order and the feared nuisance impact of (operating) noise and ground vibrations.

On 5 June 2019, the Administrative Court dismissed all legal actions at first instance, subject to review on appeal. The written ruling was notified to EUROGATE as a joined party on 27 September 2019. The losing plaintiffs appealed against this decision to the Higher Administrative Court (Oberverwaltungsgericht, OVG) and submitted the grounds for their appeal against the Administrative Court's ruling within the time limit in a written statement dated 27 January 2020. Future developments remain to be seen.

The lawyers of the joined parties expect the appeal proceedings to take at least one year.

According to the current schedule, the construction measures by the HPA will probably take five years before it is possible to hand over the land to the terminal operator, so that from today's perspective construction of the superstructure for the terminal can begin at the earliest from 2026. As a result, commissioning of the entire site is likely to be delayed until 2027 at the earliest.

The number of large container vessels in service continued to increase, leading to constant pressure on sea freight rates among the container shipping lines. Parallel to this, the container shipping lines have many more large container ships with a capacity of currently > 23,000 TEUs on their order books. These figures underscore the present trend towards a highly disproportionate rise in the number of large container vessels in service on the main world trades and the resulting price pressure on the markets, which are already characterised by overcapacities.

Given this trend, the EUROGATE Group has also seen an increase in the number of ultra-large container ships calling at its terminals.

The nautical difficulties in the approach and departure of these container ships to and from the German North Sea ports of Bremerhaven and Hamburg, particularly given ongoing delays and adjustments to the deepening of the Elbe and Outer Weser shipping channels, have not improved for these ports. This in turn, however, continues to mean good prospects for the Wilhelmshaven terminal for the medium to long term.

2. RESULTS OF OPERATIONS

The individual revenues and expenditures of the EUROGATE Segment, which is consolidated using the equity method, are not recognised in the consolidated income statement for the EUROKAI Group. Instead, the contribution to earnings of the EUROGATE Group is netted and shown under investment income. Consequently, the notes to the individual items of the consolidated income statement relate only to the CONTSHIP Italia and EUROKAI Segments.

To show the results of operations, the following table uses an earnings statement based on operational management:

As a result of the deconsolidation of Medcenter Container Terminal S. p. A., which had been fully consolidated in previous years, revenue declined year-over-year by EUR 64.1 million, other operating income by EUR 1.8 million, cost of materials by EUR 15.8 million, personnel expenses by EUR 32.4 million, depreciation, amortisation and impairment losses by EUR 5.7 million, other operating expenses by EUR 10.5 million and finance costs by EUR 0.6 million.

In the EUROKAI Segment, the first-time application of IFRS 16 (Leases) impacted revenue (decrease) and cost of materials (decrease) with EUR 9.5 million. In addition, interest expenses and interest income each rose by EUR 5.4 million. In the CONTSHIP Italia Segment, the impact on depreciation, amortisation and impairment losses (increase) was EUR 7.7 million, on other operating expenses (decrease) EUR 3.7 million, on cost of materials (decrease) EUR 6.0 million and on interest expenses (increase) EUR 2.2 million. Overall, application of the new standard burdened consolidated earnings before taxes on income to the tune of EUR 0.1 million.

Furthermore, the cessation of business operations at CICT Porto Industriale Cagliari S. p.A in early June 2019 led to a decrease in revenue of EUR 9.6 million, an increase in other operating income of EUR 0.9 million, reductions of EUR 2.5 million in the cost of materials, of EUR 2.3 million in personnel expenses as well as of EUR 3.7 million in depreciation, amortisation and impairment losses and to increases in other operating expenses of EUR 0.2 million, in finance costs of EUR 0.8 million and in taxes on income.

Other significant influences on changes in the individual line items of the income statement are explained below:

External revenue of the EUROKAI Group stood at EUR 260.8 million (2018: EUR 343.9 million). EUR 260.8 million (2018: EUR 333.4 million) of this was generated by the CONTSHIP Italia Segment and EUR 0.0 million (2018: EUR 10.5 million) by the EUROKAI Segment. The decrease in Group revenue was largely due to the disposal and deconsolidation of Medcenter Container Terminal S. p. A. and the decline in handling volumes as a result of the cessation of business operations at CICT Porto Industriale Cagliari S. p. A. in early June. Furthermore, due to the first-time application of IFRS 16, rental income from the subletting of operating areas and quay walls that was previously recognised at EUROKAI as revenue is required from financial year 2019 to be reported under interest and principal payments on lease liabilities.

The increase in other operating income of EUR 33.5 million to EUR 49.0 million can be explained almost entirely by the disposal of the CSM/MCT investment.

Apart from the above-mentioned influencing factors from the deconsolidation of Medcenter Container Terminal S. p. A., the first-time application of IFRS 16 and the cessation of operations at CICT Porto Industriale Cagliari S. p. A. in early June 2019, other operating expenses were impacted mainly by allocations to a provision for municipal taxes in Italy in the amount of EUR 2.8 million.

Operating profit (EBIT) for the 2019 financial year amounted to EUR 74.0 million (2018: EUR 43.6 million), which was significantly higher than the previous year's total. This significant rise in the operating profit is mainly due to the exceptionally positive gains from the disposal of the CSM/MCT investment in April 2019, but also already takes into account anticipated total expenses in connection with the winding up and liquidation of CICT Porto Industriale Cagliari S. p. A. The slight downturn in handling volumes was also reflected in the operating profit at La Spezia Container Terminal S. p. A., which nevertheless remained strongly positive. In the intermodal business segment, operating profit remained stable year-over-year.

	2019		2018		Change	
	EUR m	%	EUR m	%	EUR m	%
Revenue	260.8	84	343.9	96	–83.1	–24
Other operating income	49.0	16	15.5	4	33.5	216
Total operating income	**309.8**	**100**	**359.4**	**100**	**–49.6**	**–14**
Cost of materials	–92.3	–30	–118.5	–33	26.2	–22
Personnel expenses	–89.5	–29	–131.5	–37	42.0	–32
Depreciation, amortisation and impairment losses	–20.5	–7	–29.5	–8	9.0	–31
Other operating expenses	–33.5	–10	–36.3	–10	2.8	–8
Operating expenses	**–235.8**	**–76**	**–315.8**	**–88**	**80.0**	**–25**
Net operating profit	**74.0**	**24**	**43.6**	**12**	**30.4**	**70**
Interest and similar income	5.6		0.5		5.1	
Finance costs	–9.4		–2.0		–7.4	
Investment income	18.7		38.8		–20.1	
Other finance costs (income)	–0.1		0.0		–0.1	
Profit before taxes	**88.8**		**80.9**		**7.9**	
Current tax payables	–18.8		–19.8		1.0	
Deferred taxes	0.2		–0.6		0.8	
Consolidated profit for the year	**70.2**		**60.5**		**9.7**	
Thereof attributable to:						
Equity holders of the parent	49.3		42.2			
Minority interests	20.9		18.3			
	70.2		**60.5**			

Investment income fell sharply by EUR 20.1 million to EUR 18.7 million (2018: EUR 38.8 million). The main changes here relate to the proportional change in earnings of the EUROGATE Group to EUR 12.7 million (2018: EUR 30.3 million), of TangerMedGate Management S. a. r. l. to EUR 5.5 million (2018: EUR 3.5 million) and Terminal Container Ravenna S. p. A. to EUR 0.5 million (2018: EUR 0.9 million).

Pre-tax profit (EBT) rose by 7.9% to EUR 88.8 million (2018: EUR 80.9 million) year-over-year.

Overall, year-over-year the EUROKAI Group was able to report improved consolidated net profit for the financial year 2019 of EUR 70.2 million (2018: EUR 60.5 million) due to the one-time gains from the disposal of interests in the CONTSHIP Italia Segment, despite lower income from investments mainly attributable to the EUROGATE Segment. Thus, the net profit for 2019 was generally in line with the previous year's forecast.

3. FINANCIAL POSITION

The following cash flows were posted in 2019 and 2018:

	2019	2018
	EUR '000	EUR '000
Net cash flows from operating activities	54.2	45.8
Net cash flows from investing activities	58.9	23.8
Cash outflows from financing activities	–79.4	–66.3
Net increase/decrease in cash and cash equivalents	**33.7**	**3.3**
Cash and cash equivalents at 1 January	**146.7**	**143.4**
Cash and cash equivalents at end of period	**180.4**	**146.7**

Composition of cash and cash equivalents		
Cash	180.4	151.7
Bank liabilities/overdrafts due on demand	0.0	–5.0
Cash and cash equivalents at end of period	**180.4**	**146.7**

Based on the pre-tax profit for the financial year 2019 of EUR 88.8 million (2018: EUR 80.9 million), cash flows from ordinary operating activities of EUR 54.2 million (2018 EUR 45.8 million) were generated.

CAPITAL EXPENDITURE AND FINANCE

Capital expenditure by the Group on intangible assets and property, plant and equipment amounted in 2019 to EUR 6.3 million (2018: EUR 13.1 million). Capital expenditure related primarily to investments in large-scale equipment.

The Group did not take up any new loans during the 2019 financial year. Scheduled bank loan repayments of EUR 16.5 million were made.

4. NET ASSETS

The structure of assets and equity in 2019 was as follows:

Assets	2019		2018		Change
	EUR m	%	EUR m	%	EUR m
Intangible assets	76.8	9	54.2	8	22.6
Property, plant and equipment	124.2	15	149.7	22	–25.5
Financial assets	177.7	21	158.5	23	19.2
Deferred tax assets	15.6	2	16.7	2	–1.1
Other non-current assets	169.6	20	3.9	1	165.7
Non-current assets	**563.9**	**67**	**383.0**	**56**	**180.9**
Inventories	6.2	1	11.8	2	–5.6
Trade receivables	55.0	7	72.9	11	–17.9
Other current non-financial assets and current tax receivables	36.2	4	63.4	9	–27.2
Cash and cash equivalents	180.4	21	151.7	22	28.7
Current assets	**277.8**	**33**	**299.8**	**44**	**–22.0**
Total assets	**841.7**	**100**	**682.8**	**100**	**158.9**

Equity and liabilities	2019 EUR m	2019 %	2018 EUR m	2018 %	Change EUR m
Issued capital	13.5	2	13.5	2	0.0
Equity capital attributable to the Personally Liable General Partner and Reserves	102.6	12	102.1	15	0.5
Net retained profit	279.2	33	264.6	39	14.6
Equity attributable to non-controlling interests	79.3	9	91.9	13	–12.6
Equity	**474.6**	**56**	**472.1**	**69**	**2.5**
Non-current liabilities net of current portion	22.5	3	53.5	8	–31.0
Non-current portion of deferred government grants	2.7	0	5.2	1	–2.5
Other non-current liabilities	222.7	27	2.0	0	220.7
Deferred tax liabilities	9.7	1	14.8	2	–5.1
Provisions	16.4	2	33.7	5	–17.3
Non-current liabilities	**274.0**	**33**	**109.2**	**16**	**164.8**
Current portion of non-current financial liabilities	22.4	3	18.0	3	4.4
Trade payables	33.4	4	47.9	7	–14.5
Current portion of deferred government grants	0.3	0	0.7	0	–0.4
Other current liabilities and current tax payables	30.7	3	30.1	4	0.6
Provisions	6.3	1	4.8	1	1.5
Current liabilities	**93.1**	**11**	**101.5**	**15**	**–8.4**
Total equity and liabilities	**841.7**	**100**	**682.8**	**100**	**158.9**

The main changes in the assets and equity structure as a result of the deconsolidation of the previously fully consolidated subsidiaries CSM Italia-Gate S. p. A. and Medcenter Container Terminal S. p. A. are as follows:

As a result of the deconsolidation of Medcenter Container Terminal S. p. A., intangible assets decreased by EUR 18.2 million. Property, plant and equipment declined by EUR 42.2 million as a result of the deconsolidation of Medcenter Container Terminal S. p. A., inventories by EUR 5.6 million, trade receivables by EUR 15.4 million, other non-current assets by EUR 7.5 million and cash and cash equivalents by EUR 4.1 million.

Non-current financial liabilities decreased by EUR 9.0 million, deferred tax liabilities by EUR 4.9 million, non-current provisions by EUR 19.3 million, trade payables by EUR 17.6 million and other current liabilities by EUR 7.5 million as a result of the deconsolidation of Medcenter Container Terminal S. p. A. Additionally, the deconsolidation of CSM Italia-Gate S. p. A. led to a reduction of EUR 6.0 million in non-current financial liabilities.

Other significant influences on changes in the individual line items of the balance sheet are explained below:

Total assets of the EUROKAI Group increased by EUR 158.9 million to EUR 841.7 million in 2019, mainly as a result of following the modified retrospective approach for the first-time application of the new IFRS 16 standard for leases.

The increase in intangible assets of EUR 22.6 million to EUR 76.8 million is attributable with EUR 46.9 million to the initial adoption of IFRS 16, as is for the most part the increase in other non-current assets of EUR 165.6 million to EUR 169.5 million.

Property, plant and equipment was mainly influenced by disposals from the deconsolidation of Medcenter Container Terminal S. p. A., by additions resulting from application of the new leases standard, as well as by depreciation.

The increase in financial assets relates with EUR 7.4 million to the interest in the EUROGATE Group investment accounted for using the equity method and with EUR 5.6 million to the interest in Tanger-MedGate Management S. a. r. l. A further increase of EUR 11.4 million resulted from the capital investment in the new Tanger Alliance S. A. associate.

At the balance sheet date, non-current assets were covered in full by equity and non-current financial liabilities.

The decrease in other assets and tax receivables is mainly attributable to a decline in the profit transfer entitlement to EUROGATE GmbH & Co. KGaA, KG.

The substantial increase in cash and cash equivalents of EUR 28.7 million to EUR 180.4 million reflects the sustained positive liquidity situation of the Group.

The change in net retained profit is accounted for principally by the appropriation based on a resolution of the General Meeting of EUR 7.5 million to retained earnings and the dividend distribution of EUR 27.7 million to the shareholders, as well as the consolidated net profit of EUR 49.3 million for 2019 which is attributable to the equity holders of the parent.

Equity rose in financial year 2019 by EUR 2.5 million to EUR 474.6 million (2018: EUR 472.1 million), an increase of 0.5%. Thus, despite significantly higher total assets as a result of the first-time application of IFRS 16, the EUROKAI Group posted a very solid equity ratio of 56% (2018: 69%).

The change in non-current financial liabilities, including current portion, resulted from the balance between the take-up of new loans to finance capital investments and repayments already made. In addition, financial liabilities declined as a result of the deconsolidation processes in 2019.

The significant increase in other liabilities and income tax liabilities is mainly due to the first-time application of IFRS 16 and essentially corresponds to the increase in intangible assets, property, plant and equipment and other financial assets.

5. PERSONNEL AND WELFARE

Once again in 2019, Group companies provided their staff with further training courses, both internal and external, in order to continue to improve their standard of qualification.

The following shows average employee numbers in the fully consolidated Group companies (excluding Management Board, temporary staff and trainees):

	2019	2018
Industrial workers	791	1,300
Office staff	532	685
	1,323	**1,985**

The decline in average employee numbers includes the loss of 291 employees from Medcenter Container Terminal S. p. A. following deconsolidation of the company, as well as 220 employees from CICT Porto Industriale Cagliari S. p. A., who were transferred to the “cassa integrazione straordinaria per chiusura” in connection with the cessation of business operations and liquidation of the company.

6. NON-FINANCIAL KEY PERFORMANCE INDICATORS

The activities of the EUROKAI Group are characterised by profit-driven business practices and responsibility towards staff, society and the environment. Due to the high capacity intensity and long useful lives involved, anyone building up and operating transhipment facilities and hinterland networks needs to think in large dimensions and focus their business on long-term success extending beyond individual economic cycles.

The material non-financial key performance indicators for us affect the environmental and employee dimension and, more specifically, energy consumption, occupational health and safety as well as anti-corruption and anti-bribery.

ENERGY CONSUMPTION AND ENERGY INTENSITY

Energy consumption is a key performance indicator for the management of resources and has a direct impact on incurred costs and hence on our financial performance. At the same time, energy consumption has a significant impact on the environment, because it uses natural resources and produces greenhouse gas emissions. Together with the cost aspect, EUROKAI’s energy management activities are driven by efforts to limit climate change and minimise the Group’s own contribution to climate change.

The key ratios for CONTSHIP Italia and EUROGATE are consumption in total megawatt hours and reduction of the energy consumption per container in per cent.

The following table shows the current goal attainment:

	CONTSHIP Italia*	EUROGATE**
Goal	Lower energy consumption	Lower energy consumption per container handled by 20% up to 2020 (compared to 2008)
Status 2018	139,556 MWh (of which 9,363 MWh renewables)	Reduction of 16.8% per container handled
Status 2019	**73,976 MWh (of which 6,680 MWh renewables)**	**Reduction of 17.8% per container handled**
Comment	Consumption has been lowered. This is mainly due to the disposal of the indirectly held equity interest in Medcenter Container Terminal, Gioia Tauro, and the cessation of operations at Cagliari International Container Terminal.	The improvement in energy intensity is mainly due to technical and operational measures in connection with the deployment of straddle carriers and container gantry consumptions.

* Excl. fuel volumes from bought-in intermodal services and excl. heating energy consumption in offices in La Spezia.

** When calculating the key figure kWh/container, the container-relevant consumption of the main companies (EUROGATE container terminals, EUROGATE Technical Services GmbH and the EUROGATE holding company) are taken as a basis.

OCCUPATIONAL HEALTH AND SAFETY

Protecting the Group’s own employees and employees of external companies against work-related injuries or sickness and safeguarding their health and well-being is a top priority. Most of the work is performed using heavy equipment at the terminals (mainly straddle carriers and container gantries) and is susceptible to prevailing weather conditions. Given the physical nature of this work and the deployment of much of the workforce in a three-shift system, promoting and protecting their health is particularly important.

The key ratios for CONTSHIP Italia and EUROGATE in the area of occupational health and safety are the number of work-related accidents (accidents at the workplace and on the way to/from work) and the number of work-related fatalities.

The following table shows the current goal attainment:

	CONTSHIP Italia*	EUROGATE**
Goal	Minimise the number of work-related accidents and prevent accident-related fatalities	
Status 2018	Work-related accidents: 87	Work-related accidents: 320
	Accident-related fatalities: None	Accident-related fatalities: None
Status 2019	**Work-related accidents: 61**	**Work-related accidents: 366**
	Accident-related fatalities: None	**Accident-related fatalities: None**
Comment	The goal to lower the number of work-related accidents was not met. As part of the defined monitoring processes in the area of occupational safety, measures to counter this development are developed based on the analysis of hazardous situations, accident severity and cause.	

* In Italy, accidents must be reported if a person is killed as a result of an accident or injured to a degree that renders them unable to work for more than one day. Some processes at the operating facilities are carried out by external contractors. Their employees account for around 40% of the total workforce on site. The CONTSHIP Italia figure does not include accidents involving temporary contract workers and external contractors.

** In Germany, accidents must be reported if a person is killed as a result of an accident or injured to a degree that renders them unable to work for more than three days. In addition to the accident figure for its own employees, the EUROGATE figure takes contract workers into consideration. Accidents involving external contractors are not included.

ANTI-CORRUPTION AND ANTI-BRIBERY

A company's long-term success presupposes compliant, fair and reliable conduct. Within EUROKAI, the umbrella term "compliance" relates to the adherence to legal norms and internal guidelines and working towards their observance in the EUROKAI Group. These include the relevant guidelines and principles for the prevention of bribery and corrupt conduct.

The key indicator for CONTSHIP Italia and EUROGATE in relation to anti-corruption and anti-bribery is the number of corruption cases.

The following table shows the current goal attainment:

	CONTSHIP Italia	EUROGATE
Goal	No cases of corruption	No cases of corruption
Status 2018	Not recorded	None
Status 2019	**None**	**None**
Comment	In the financial years 2017 and 2018, the basic concept of a system for monitoring the guidelines was developed. In the course of financial year 2019, an anonymous whistleblower system was implemented, which is supervised by an external ombudsman. Following implementation of the reporting procedure (April 2019) there were no reported and confirmed cases of corruption via the whistleblower system.	The goal was met. There were no confirmed cases of corruption in the reporting year.

The separate consolidated non-financial statement in accordance with Sections 315b and 315c in conjunction with Sections 289c to 289e of the German Commercial Code (HGB) is published on the corporate website at www.eurokai.com (under Investor Relations/ Corporate Governance).

7. REPORT ON EXPECTED DEVELOPMENTS, OPPORTUNITIES AND RISKS AS WELL AS RISK MANAGEMENT SYSTEM

RISK MANAGEMENT SYSTEM

Risk management is regarded within the EUROKAI Group as a permanent task of management and is practised as a system that is actively implemented across all the Group's companies and organisational units. As such, risk management has for years been an integral part of management control. The main aims of risk management within the Group are to recognise and identify critical developments – as well as opportunities – at an early stage, to take measures to remove such risks, and to promote risk-aware and opportunity-led thinking at all levels within the Group. In general, the risk policy is characterised by a conservative approach.

RISK POSITIONS

Via the CONTSHIP Italia Group as well as the EUROGATE Group, the EUROKAI Group is principally exposed to market risks, operational risks and financial risks.

Market risks and operational risks and opportunities

Before the risks of the corona pandemic became known

As a financial holding company, EUROKAI Holding is exposed via its subsidiaries and associates to the individual risks of the various business fields. Risks are identified and inventoried as part of the process of preparing the annual financial statements and management report. The subsequent assessment of the impact of these risks on the overriding corporate objectives defined for EUROKAI, taking into account the probability of their occurrence, is condensed into a risk portfolio for each undertaking. The risks documented therein encompass the entire spectrum of operational activities, especially those arising from the operation of several container terminals.

The EUROKAI Group continues to hold that a deepening of the Outer Weser and Elbe is urgently necessary to secure and position the German seaports in the “North Range” so that ever larger container vessels can operate without problems into and out of Hamburg and Bremerhaven. In the financial year 2019, the nautical problems encountered by the ever-growing number of mega carriers did not improve, especially at the Hamburg location. With the start of construction work on the Elbe fairway adjustment, the nautical difficulties should be mitigated to some extent starting from the second half of 2020 now that the widening and deepening of the navigation channel has got underway. Should either of these schemes – or both – still fail to materialise, or should they continue to be seriously delayed, this may have a highly adverse effect on future developments in handling volumes at these locations.

With the facilities of EUROGATE Container Terminal Wilhelmshaven, the EUROKAI Group is, however, fortunate in being able to offer its customers an excellent alternative for the handling of mega carriers with corresponding draughts at Germany’s only deep-water port.

In addition to general economic trends, the Group is exposed to other factors and risks associated with future transhipment and transport demand and corresponding handling volumes at our container terminals. As in previous years, these also include

- start of operations of additional terminal handling capacities in the North Range and the Baltic,
- commissioning of more ultra-large container vessels and the related operational challenges for transhipment handling (peak situations) as well as
- changes in the market, network and processes arising from the shifts in consortium structures (mergers or consortium changes).

On the customer side, possible insolvencies could negatively impact the shipping line consortia as well as the structure of services and handling volumes.

Following the switch of HYUNDAI Merchant Marine (HMM) from 2M Alliance to THE Alliance with effect from 1 April 2020, the market will be dominated on the customer side by three major consortia:

- 2M with the shipping companies Mærsk and MSC;
- OCEAN Alliance, with the shipping companies COSCO Shipping, CMA CGM, EVERGREEN and OOCL;
- THE Alliance, with the shipping companies Hapag-Lloyd, YANG-MING, HMM and ONE.

Since there are free capacities at the container terminals – at least in the medium term – the market power of the remaining consortia/shipping lines is increasing in the wake of their consolidation, and with it the pressure on earnings, as well as the need to identify and further implement sustainable cost reductions at the container terminals as well as standardisation and automation measures.

Against the background of increasing cyberattacks, the company has for some time now significantly stepped up IT security measures. In addition to the general basic protection of systems, software tools are used to monitor and identify anomalies in system and network behaviour. Insurance has also been taken out against cyber risks because despite all the security measures in place, the risk of suffering economic loss as a result of a cyberattack cannot be entirely ruled out.

Addendum after the risks of the corona pandemic became known

Additionally, due to the current spread of the coronavirus in 2020, it is to be expected that for a temporary period handling and transport volumes will decline and fluctuate sharply. The measures implemented to curb the spread of the virus in the affected countries will indirectly lead to a significant restriction of economic activity. As matters currently stand, it is not possible to reliably estimate the exact extent of the overall impact on the global economy, international trade and consequently the trend in transhipments at the locations across the EUROKAI Group. At present, we are expecting that the development of our terminal locations will be severely affected by the corona pandemic in 2020. Wherever necessary and possible, we will take advantage of government support packages such as reduced hours compensation.

Legal risks

In the EUROGATE Segment, a final out-of-court settlement was reached between all parties including the respective insurers in the financial year 2019 and early 2020 in respect of the legal disputes arising from an accident involving a container gantry in Bremerhaven in 2015.

Financial risks

Financial risk management objectives and policies

The Group's principal financial instruments, other than derivatives, comprise loans, finance leases and hire purchase contracts, as well as cash and short-term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial instruments, such as trade receivables and payables, which arise directly from its operations.

Derivatives for hedging interest rates are only used for the purposes of hedging open risks. Interest derivatives are used exclusively to optimise loan terms and minimise interest rate risks as part of matching-maturity financing strategies. Derivatives are not used for trading or speculation.

The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk, foreign currency risk and credit risk. In our opinion the aforementioned interest rate risk, foreign currency risk and liquidity risk are also to be viewed as opportunities. The Management Board reviews and agrees policies for managing each of these risks, and they are summarised below. The current market price risk, as well as the opportunity it represents for all financial instruments, is also monitored at Group level. The Group's accounting and valuation policies in relation to financial instruments, as well as quantitative details relating to the financial instruments used within the Group, are set out in Sections 2 and 29 of the Notes to the consolidated financial statements.

Interest rate risk

The Group's exposure to interest rate risks relates primarily to the Group's non-current financial liabilities.

The Group's policy is to manage its interest rate risks using a mix of fixed and floating rate debt. A large majority of liabilities to banks are covered by short-dated interest rate agreements on the basis of the 1-, 3- or 6-month EURIBOR, plus the agreed credit margin. Furthermore, interest rates were and are to a certain extent hedged by agreement of interest rate swaps.

Giving loans a short-term wrapper on the one hand gives rise to an interest rate risk if interest rates increase. On the other hand, if interest rates drop, this presents the opportunity of lower interest charges. Nevertheless, on expiry of each interest rate period, it is in principle possible to give loans a long-term wrapper and to hedge a certain interest rate level; in this respect, movements in interest rates are continuously monitored.

Values relating to financial instruments are presented in Section 29 of the Notes to the consolidated financial statements.

Foreign currency risk

All fully consolidated entities denominate their invoices exclusively in euros. Consequently, currency risks can only arise in specific cases, e. g. as a result of foreign dividend income or purchase of goods and services abroad or the granting of foreign currency loans. Currently there are no noteworthy currency risks in the Group arising from such specific cases.

Credit risk

Before the risks of the corona pandemic became known

The Group's credit risk principally results from trade receivables in particular from shipping companies. Significant trade receivables pertain to just a few, internationally operating container shipping lines. The amounts disclosed in the balance sheet exclude write-downs for expected irrecoverable receivables estimated on the basis of past experience and the current economic environment. Due to the current intensive crowding out on the part of the shipping lines, a higher credit risk is assumed. This higher exposure to credit risk is countered across the Group by more intensive monitoring of receivables on all levels – and on management level in particular. Corresponding action plans have been drawn up to minimise any damage in the event of such a risk materialising. Nevertheless, despite appropriate monitoring and warnings, in the current environment the risk of future defaults cannot be eliminated entirely.

Furthermore, EUROGATE has taken out insurance coverage in order to minimise the risk of loss or default on receivables from key account customers. A significant change in the financial situation of individual debtors, the sector as a whole or the market may lead insurers to limit the amount of coverage for new receivables from these debtors or no longer guarantee coverage. The same applies in the event of non-compliance with contractual obligations to cooperate in accordance with the insurance policy.

In the CONTSHIP Italia Segment, the payment performance of the key account customer remained stable, so that it was again decided not to take out insurance against losses from outstanding receivables. Nevertheless, CONTSHIP Italia also places strong emphasis on monitoring outstanding and past-due trade receivables.

Credit risk is limited for cash and cash equivalents and derivatives, as these are held at banks or transacted with banks which are awarded a high credit rating by international rating agencies.

The Group's maximum credit risk is equivalent to the amount of total financial assets recognised on the balance sheet.

Addendum after the risks of the corona pandemic became known

The Group's credit risks are likely to rise sharply as the negative economic impacts of the corona pandemic take hold. However, more precise estimates and forecasts are not yet possible.

Liquidity risk

Before the risks of the corona pandemic became known

The EUROKAI Group's liquidity is ensured by autonomous and independent cash pooling of the subsidiaries with the respective holding companies of the sub-groups, both within the CONTSHIP Italia Group and the EUROGATE Group, as well as by centralised cash management functions within the respective corporate groups.

Centralised investment control and credit management at holding level also ensure the timely provision of funds (loans/leases/rent) to meet all payment obligations.

There are currently no significant concentrations of financing risk within the Group.

No risks posing a threat to the continued existence of the company as a going concern, such as overindebtedness or impending insolvency currently exist and are not foreseeable at the present time.

Addendum after the risks of the corona pandemic became known

There are currently no significant concentrations of financing risk within the Group. We do not expect the current impact of the spread of the coronavirus to have a lasting negative effect on the financing and capital markets.

No risks posing a threat to the continued existence of the company as a going concern, such as overindebtedness or impending insolvency currently exist and are not foreseeable at the present time.

Accounting-related internal control system

The objective of the internal control system (ICS) for the reporting process is to guarantee with reasonable certainty that the financial statements are drawn up in compliance with the applicable regulations.

With respect to the financial reporting process, the following structures and processes are implemented within the EUROKAI Group, which also apply to the Group financial reporting process:

- The principles, operational and organisational structure, as well as processes, underlying the accounting-related internal control and risk management system are laid down in directives and operating procedures that are adapted to reflect ongoing internal and external developments.
- The EUROKAI Group has a clear management and corporate structure.
- The functions of the main divisions involved in the reporting process – finances, accounting and cost controlling – are clearly separated. The spheres of responsibility are clearly allocated. The separation of functions and the double-check rule are key principles of control in the reporting process.
- The IT systems used for financial reporting are protected against unauthorised access by means of corresponding security systems.
- Uniform reporting practice is guaranteed in particular through Group-wide terms of reference (e. g. investment guideline, purchasing guideline, travel expenses guideline). These are regularly updated.
- Reporting-relevant processes are regularly reviewed by external auditors. Furthermore the respective IT processes are subject to external reviews.

The Management Board of the Personally Liable General Partner bears overall responsibility for the internal control and risk management system with respect to the reporting process within the company. This integrates all divisions via a predetermined management and reporting organisation.

To enable a rapid response to unexpectedly arising negative developments, regular – at least once monthly – reports to the Management Board form part of the control and risk management system.

The expectations and goals form the basis of annual medium-term planning, which is presented to the Supervisory Board. For the current financial year, deviations from budgeted values are analysed in the monthly reporting and forecasts are prepared for the current year taking actual values into account. Reporting also covers the operating profit/loss of the company's associates and thus reflects all operating activities of the EUROKAI Group.

8. DISCLOSURE REQUIREMENTS PURSUANT TO SECTION 315 A (1) HGB

ISSUED CAPITAL

The issued capital of EUR 13,468,000 has been fully paid up. It is divided into 6,759,480 ordinary voting shares with a nominal value of EUR 1.00 each, 6,708,494 non-voting preference shares with a nominal value of EUR 1.00 each, and one preference voting share with a nominal value of EUR 520.00.

The ordinary voting shares are made out to bearer.

The preference voting share is registered and pursuant to Section 5 of the Articles of Association carries a preference dividend of 15% of the residual profit for the year in accordance with the internal balance sheet pursuant to Section 16 of the Articles of Association, which ranks above dividends from other share classes.

A nominal value of EUR 1.00 for each voting share entitles its holder to one vote.

The non-voting preference shares are made out to bearer and are endowed with a preference profit participation within the scope of Section 139 of the German Stock Corporation Act (AktG), which comprises an advance dividend of 5% (Section 5 (1) of the Articles of Association).

The following entities directly or indirectly hold more than 10% of the voting shares:

- Familie Thomas Eckelmann GmbH & Co. KG, Hamburg
- Familie Thomas Eckelmann Verwaltungsgesellschaft mbH, Hamburg
- Eckelmann GmbH, Hamburg
- Thomas H. Eckelmann GmbH, Hamburg
- J. F. Müller & Sohn AG, Hamburg
- J. F. Müller & Sohn Beteiligungs GmbH, Hamburg

Furthermore, Mr Thomas H. Eckelmann indirectly holds more than 10% of the voting shares

For disclosures relating to the shareholders of the company pursuant to the provisions of the German Securities Trading Act (WpHG) we refer to the information contained in the Notes to the financial statements of EUROKAI GmbH & Co. KGaA.

EQUITY ATTRIBUTABLE TO PERSONALLY LIABLE GENERAL PARTNER

As at 31 December 2019, the Personally Liable General Partner, Kurt F. W. A. Eckelmann GmbH, Hamburg, made a capital contribution of EUR 294,000 pursuant to Section 5 of the Articles of Association. The share of EUR 282,000 of the fixed capital contribution eligible for dividend participates in the profit for the year proportionately to the share capital of the company, which is calculated on the basis of an internal balance sheet prepared in accordance with Section 16 of the Articles of Association. In the case of future increases in share capital, under Section 5 of the Articles of Association the Personally Liable General Partner is authorised at any time to raise the fixed capital contribution by up to 20% of the respective amount of the capital increase.

The Personally Liable General Partner may instead of or in addition to the fixed capital contribution also acquire preference shares of the company or convert the already paid in contribution wholly or in part into preference shares of the company.

APPOINTMENT AND TERMINATION OF MANAGEMENT MANDATES AND AMENDMENT TO THE ARTICLES OF ASSOCIATION

In the case of a Kommanditgesellschaft auf Aktien (partnership limited by shares), the duties of the Management Board of a stock corporation are incumbent upon the Personally Liable General Partner. In accordance with Section 278 (2) of the German Stock Corporation Act (AktG) in conjunction with Section 164 of the German Commercial Code (HGB), and lacking any specific provisions in the Articles of Association of the company, management is thus incumbent upon the Personally Liable General Partner, Kurt F. W. A. Eckelmann GmbH, represented by its management. The appointment and dismissal of management mandates is governed by Section 6 of the Articles of Association of the company. Under these provisions, the Administrative Board of Kurt F. W. A. Eckelmann GmbH appoints the management for a maximum period of five years. Reappointments or extensions of the term of office – in each case for a maximum of five years – are also permitted.

In the case of extraordinary business transactions, the Personally Liable General Partner must seek the prior endorsement of the Supervisory Board.

Amendments to the Articles of Association affecting the organisational framework of the company are made in accordance with Sections 285 and 179 AktG in conjunction with Sections 161 and 119 HGB. Pursuant to Section 179 AktG in conjunction with Section 19 of the Articles of Association, the Supervisory Board has the powers to decide on amendments and additions to the Articles of Association provided these affect this version only.

9. EXPECTED DEVELOPMENTS

BEFORE THE RISKS OF THE CORONA PANDEMIC BECAME KNOWN

Competitive pressure for the shipping companies is likely to remain high due to the fact that global growth will not suffice to ensure full utilisation of shipowners' tonnage capacities and overcome the current structural problems in the container shipping industry. Consequently, container terminals continue to face an uncertain future, not least because of the large number of new container vessels being built.

Here, continued cooperation and concentration among the container shipping lines could have an impact. In this context, increasing price pressure on the terminals cannot be ruled out.

CONTSHIP Italia Segment

In addition to leveraging internal synergies, the management of the CONTSHIP Italia Group will once again in the 2020 financial year continue to focus on improving the quality of integrated services in order to remain competitive and on implementing measures to further reduce costs. Another important project is the further expansion of the La Spezia Container Terminal.

Apart from this, attention will focus on completion of the liquidation procedure of CICT Porto Industriale Cagliari S. p. A.

Given that segment earnings in 2019 included significant gains from the disposal of the CSM/MCT Gioia Tauro investment, the CONTSHIP Italia Segment is likely to see a substantial decline in earnings in 2020. Nevertheless, we still expect the CONTSHIP Italia Segment to post a very positive earnings result.

EUROGATE Segment

Following the general drop in handling volumes that became noticeable from the fourth quarter, further changes to liner services were announced as part of the regular rescheduling of services. The ME1 service operated by 2M-Alliance and the FAL 3 service operated by OCEAN Alliance will no longer call at the Hamburg location from spring 2020. In addition to transhipment volumes, the aforementioned services also transported significant volumes of local cargo to the Hamburg location, which will now be redistributed in the Hamburg market. However, we are expecting that at least the local volumes transported by the ME1 service will be reallocated to other 2M-Alliance services (for example, the AE 7). Independently of this, in February 2020 the FAL 1 service run by OCEAN Alliance was successfully acquired. This service will be handled by EUROGATE Container Terminal Hamburg GmbH from May 2020. As a result, a slight increase in handling volumes is projected for EUROGATE's Hamburg location for the 2020 financial year.

Following the loss of four transatlantic services operated by "THE Alliance" consortium in early 2019, the future development of throughput volumes at EUROGATE Container Terminal Bremerhaven remains difficult to predict. From today's perspective, we do not expect to see handling volumes increase significantly in 2020.

Furthermore, reaching an adequate level of capacity utilisation of the EUROGATE Container Terminal in Wilhelmshaven continues to be extremely important for the EUROGATE Group. In an environment characterised by tough competition, throughput volumes of the regular liner services at the Wilhelmshaven location stabilised in financial year 2019 at a still low level, leading unchanged to considerable losses for the company. However, given the trend towards ever larger container ships and the increasing nautical restrictions that this imposes on the navigation channels of the Outer Weser and Elbe – even once the deepening and widening measures currently underway have been completed – Wilhelmshaven is more than ever predestined to handle ultra-large vessels. Bearing in mind that in the next few years the leading container shipping companies will commission more vessels with a capacity in excess of 23,000 TEUs, Wilhelmshaven has a good chance to acquire additional liner services. Based on the current corporate planning of EUROGATE Container Terminal Wilhelmshaven KG, we expect the level of capacity utilisation to improve successively and significantly from 2021. Should the handling volumes underlying the planning fall substantially short of the projected levels, however, this could have a negative impact on the overall performance of the EUROGATE Group.

Total throughput volumes at the Bremerhaven location for financial year 2020 are currently expected to match the previous year's level. Here, the focus moving forward will be on continuing to maintain and enhance the competitive position and recoup handling volumes.

The STRADegy straddle carrier automation project continues to progress and is currently in the active testing phase. The results of the pilot project, which will form the basis for the decision on whether to roll out automated straddle carriers in commercial terminal operations, are expected to be published in the course of Q2 2020.

Due to the outlooks described above, coupled with the ongoing losses forecast for EUROGATE Container Terminal Wilhelmshaven for 2020, we expect to see a marked decline in consolidated net profit for the financial year 2020 in the EUROGATE Segment. This anticipated significant drop in earnings is also based on much lower projected earnings for EUROGATE Container Terminal Bremerhaven GmbH and EUROGATE Container Terminal Hamburg GmbH, which apart from the volume trend at the respective locations are attributable to a further decline in average revenue and the absence of the one-time positive effect on earnings from the reversal of provisions included in the previous year's figures. Furthermore, the EUROGATE Group's earnings in 2019 included a one-time (pro rata) effect on earnings from the disposal of the CONTSHIP Italia investment, and the up-front costs for the STRADegy automation project are ongoing.

For the financial year 2020, the EUROKAI Group expects the significant decline in earnings in both the CONTSHIP Italia and EUROGATE Segments to also result in a considerably lower net profit for the Group as a whole.

The Group's overall profit continues to be strongly influenced by the earnings of the container terminals, and here by handling volumes and throughput rates as the key influencing parameters.

Overall, the EUROKAI Group is and remains relatively independent thanks to its diversified European positioning and continues to be well positioned in the competitive environment.

Based on continued sound balance sheet ratios and with an equity ratio of 56%, the EUROKAI Group is well prepared to face the challenges still to come.

Unforeseen developments may cause the actual business trend to deviate from expectations, which are based on assumptions and estimates made by the Group Management Board. We undertake no obligation to revise our forward-looking statements in the light of either new information or unexpected events.

ADDENDUM AFTER THE IMPACT OF THE CORONA PANDEMIC BECAME KNOWN

Report on post-balance sheet date events

Besides the site-specific developments, it is becoming clear that from the beginning of the 2020 financial year the coronavirus, which became known at the end of 2019, will have an additional adverse – as yet unpredictable – impact on cargo handling. This impact is not yet factored into the above forecasts. According to Alphaliner, for example, Chinese ports recorded a fall in handling volumes of around 20% for the first few weeks of the year.

There is at present a high degree of uncertainty as to what this will mean for the global economy, international trade flows and the related supply chains, as well as for the customers of the EUROKAI Group companies going forward. For the 2020 financial year, it is to be expected that for a temporary period handling and transport volumes will decline and fluctuate sharply. The precise extent of the overall impact cannot be reliably estimated at the present moment in time. However, it is to be expected that the negative impact on 2020 earnings will be considerable.

From the current perspective, however, the EUROKAI Group has sufficient liquidity to be able to satisfy all due payment obligations for the whole of 2020.

10. MANAGEMENT STATEMENT PURSUANT TO SECTIONS 289F AND 315D HGB

The Management Statement in accordance with Section 315d of the German Commercial Code (HGB) is published on the corporate website at www.eurokai.com (under Investor Relations/Corporate Governance).

11. CLOSING REMARKS

The Personally Liable General Partner has drawn up a Dependency Report on legal and business relations with affiliated companies, containing the following closing remarks:

"We declare that the company has received appropriate compensation for all transactions and activities listed in the report on relations with affiliated companies, according to the circumstances which were known to us on the date at which the transactions were performed. No action has been taken or omitted on the initiative or in the interest of the companies to be reported on."

Hamburg, Germany, 2 April 2020

Personally Liable General Partner
Kurt F. W. A. Eckelmann GmbH, Hamburg

Thomas H. Eckelmann
Cecilia E. M. Eckelmann-Battistello

View of the Apennines from La Spezia Container Terminal.

Report of the Supervisory Board

Container gantry driver at work above a ship.

DR WINFRIED STEEGER

Chairman of the Supervisory Board

Once again in 2019 the Supervisory Board carried out the duties entrusted to it by law, under the terms of the company's Articles of Association, its own rules of procedure, the German Corporate Governance Code (in the following "Code") and the German CSR Directive. The Supervisory Board regularly advised and continuously monitored all business activities of the Management Board of the Personally Liable General Partner. It was guided in this by the principles of responsible and good corporate governance.

In the course of the 2019 financial year, the Supervisory Board was briefed in a regular, timely and comprehensive manner by the Management Board of the Personally Liable General Partner, through both written and verbal reports, on the current situation and all matters relating to the company and the Group, as well as joint ventures included in the Group reporting entity. These reports related in particular to significant business transactions and ventures, corporate strategy, business policy, corporate planning (in particular financial, investment and personnel planning), as well as the business development. The Management Board also reported on handling volumes, revenue, the current position of the company and of the Group, the financial and earnings situation, as well as profitability. It also explained in detail any deviations – stating reasons – from the planned operational performance and agreed targets, risk exposure, especially transactions having a possible material impact on the profitability or liquidity of the company and of the Group, major investment projects and finally risk management, the internal control system and auditing practices, including the compliance management system.

The key focuses of extensive reports and the main issues discussed at the ordinary Supervisory Board meetings in 2019 were

- the current business development of EUROKAI's Contship Italia S. p. A. and EUROGATE GmbH & Co. KGaA, KG investment holdings, as well as their respective subsidiaries and major affiliates,
- the operational performance and the strategic forward planning of the EUROKAI Group,
- progress reports relating to various port projects,
- continuing infrastructure deficits, especially at the Hamburg location,
- the dominance of the three major consortia, 2M, OCEAN Alliance and THE Alliance, on the customer side and the repercussions of this for the container terminals of the EUROKAI Group,
- EUROGATE's STRADegy project for the automation of straddle carriers deployed at container terminals,
- compliance and corporate governance-related issues,
- the disposal by Contship Italia S. p. A. of its 50% shareholding in CSM Italia-Gate S. p. A., the holding company of Medcenter Container Terminal S. p. A.,
- the winding up/liquidation of CICT Porto Industriale Cagliari S. p. A.,
- business development of competitors.

The Supervisory Board also consulted regularly with the Management Board of the Personally Liable General Partner on the economic environment and the possible ripple effect for the EUROKAI Group. In-depth consideration was among other things given to

- the impact evident for some years now of the increasing concentration on the customer side with a corresponding increase in market power due to substantial overcapacities on the part of the transhipment companies in the North Range, hand in hand with enormous pressure on rates,
- stagnating handling volumes,
- the marked downturn in the German economy with economic growth standing at just 0.5%, along with a general slowdown in the euro region over the past three years and the parallel downward trend in China, attributable partly to restrictions in connection with the trade war with the USA,
- slower growth also in the US economy,
- the continuing trend of container shipping companies to commission the building of additional ultra-large container vessels – in the meantime with capacities >23,000 TEUs – and a corresponding increase in the number of ULCVs docking at the terminals of the EUROKAI Group,
- industry-specific impacts on the handling volumes of the terminals such as
    - commissioning of new transhipment and additional transport capacities by competitors,
    - changes in processes and consortia on the customer side,
    - mergers and the establishment of joint ventures,
    - price structures in the market.

The Supervisory Board endorsed and monitored adherence to the Management Board's corporate planning, in particular to the realisation of the actions and objectives contained therein. It also devoted special attention to the corporate strategy and its implementation. Based in particular on written and verbal reports, the Supervisory Board discussed deviations of the course of business from the planned targets, as well as significant business transactions for the company and the Group with the Management Board of the Personally Liable General Partner. Regular consideration was given as to whether business transactions required the Supervisory Board's approval in accordance with statutory provisions or the company's Articles of Association, which was the case twice in the reporting period.

The reporting and information requirements of the Personally Liable General Partner vis-à-vis the Supervisory Board, as set out by the latter in 2016 in accordance with No. 3.4 of the German Corporate Governance Code (as amended), are also accessible on the website at www.eurokai.com. As in previous years, the Management Board of the Personally Liable General Partner met its obligations to provide information in full and in a timely manner.

MEETINGS OF THE SUPERVISORY BOARD

The Supervisory Board convened four ordinary meetings and one extraordinary meeting during the financial year 2019. The extraordinary meeting held on 16 April 2019 was necessary because not all reporting data for 2018 was available in full and in due time before the first meeting convened to review the Group's financial statements on 1 April 2019.

At its meeting on 1 April 2019, the Supervisory Board, in the presence of the auditor, dealt in particular with the result of the audit of the (consolidated) non-financial statement, the report of the Supervisory Board, the Management Statement including Corporate Governance Report and the Declaration of Compliance as well as the agenda of the General Meeting with the proposal to appoint Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Hamburg, as independent auditor. All points were approved/adopted based on the recommendation of the Audit Committee.

The auditor also attended the Supervisory Board meeting held on 16 April 2019 as a guest. This meeting focused on the review of the single-entity and consolidated financial statements, as well as the management report of the company and the Group management report, the Dependency Report, the report of the auditor on the audit of the single-entity and consolidated financial statements, the management report/Group management report as well as the Dependency Report. The Supervisory Board approved the financial statements and management commentaries and agreed to the profit distribution proposal.

At its constituent meeting held on 27 May 2019 following the General Meeting, the Supervisory Board elected its Chairman and Deputy Chairman, as well as the Chairman of the Audit Committee.

The meeting of 16 September 2019 was held at EUROGATE Container Terminal Wilhelmshaven. During a tour of the terminal, which also took in the testing site, followed by a presentation, the Supervisory Board was able to take stock of the status of EUROGATE's straddle carrier automation project (STRADegy). Also during this meeting, the Management Board was authorised to give the go-ahead for investments in an intermodal rail yard in Bremerhaven. Approval was also granted for construction measures at the Hamburg location to ensure compliance with environmental regulations. The meeting additionally passed the resolution commissioning the independent auditor with the auditing of the (consolidated) non-financial statement and launched the regular efficiency review/self-evaluation of the Supervisory Board.

At the meeting of 11 December 2019, the multi-year operational planning of the EUROGATE Group was routinely presented and discussed. The Supervisory Board took note of the plan and further defined the key areas of the audit of the 2019 single-entity and consolidated financial statements. It also took note of EUROKAI GmbH & Co. KGaA's annual planning for 2020 as well as the 3-year planning for 2020–2022. In light of the predominant market uncertainties and changes on the customer side, a decision was taken to re-discuss elements of the updated plans at the April 2020 meeting on the basis of changes in the planning assumptions.

Within the scope of its duties and based on the comprehensive reporting on the internal control system, risk management, internal auditing practices and the compliance management system, the Supervisory Board came to the conclusion that the EUROKAI Group has reliable and effective systems in place to deal with such issues in an appropriately organised manner. It satisfied itself of the legality, regularity and efficiency of the company's management.

The members of the Supervisory Board had adequate opportunity to discuss the documentation submitted and to contribute their own suggestions.

COMPOSITION OF THE SUPERVISORY BOARD

Giving consideration to the fact that EUROKAI GmbH & Co. KGaA is a pure financial holding company whose investment holdings operate nationally and internationally almost exclusively in the field of port handling as well as indirectly in related upstream and downstream areas of activity in the transport sector, the Supervisory Board has specified concrete objectives regarding its composition. These objectives are intended on the one hand to ensure that the Supervisory Board of EUROKAI GmbH & Co. KGaA in its entirety is familiar with the sector in which the company operates within the meaning of Section 100 (5) of the German Stock Corporation Act (AktG), and at the same time they define a profile of skills and expertise that its members as a group should possess in accordance with Section 5.4.1 of the Code and describe the diversity concept pursued within the meaning of Section 289f (2) no. 6 of the German Commercial Code (HGB). These objectives do not, however, constitute binding requirements to be heeded by shareholders eligible to elect members, who remain completely free in making their decisions. Rather, election recommendations made by the Supervisory Board to the General Meeting should take these objectives into account as a basis for implementation by corresponding resolution of the General Meeting.

The diversity concept aims to comply with the recommendation of the Code in Section 5.4.1 (1), namely that the Supervisory Board should be composed in such a way that "its members as a group possess the knowledge, ability and expert experience required to properly complete its tasks". The individual objectives of the Supervisory Board in connection with the defined profile of skills and expertise and the diversity concept pursued are described in the Corporate Governance report, which also reports on the status of their implementation. The report is publicly accessible on the EUROKAI GmbH & Co. KGaA website at www.eurokai.com.

Members of the Supervisory Board and members of the Management Board of the Personally Liable General Partner were involved in no conflicts of interest.

Pursuant to Section 11 of the Articles of Association, the Supervisory Board is composed of six members.

Mr Jochen Döhle and Dr Klaus-Peter Röhler were re-elected until the end of the 2023 General Meeting. The periods of office of Dr Winfried Steeger, Dr Sebastian Biedenkopf and Mr Max M. Warburg terminate with the end of the 2020 General Meeting, that of Ms Katja Both with the end of the 2021 General Meeting. At the constituent meeting of the Supervisory Board regularly held following the General Meeting, Dr Winfried Steeger was re-elected as Chairman and Dr Sebastian Biedenkopf as Deputy Chairman of the Supervisory Board on 27 May 2019.

The following table shows the length of office of the individual members of the Supervisory Board:

Supervisory Board members:	Member since
Dr Winfried Steeger (Chairman)	15 June 2011
Dr Sebastian Biedenkopf (Deputy Chairman)	20 June 2012
Katja Both	10 June 2015
Jochen Döhle	25 August 1999
Raetke Müller (until 27 May 2019)	25 August 1999
Dr Klaus-Peter Röhler	27 May 2019
Max M. Warburg	30 March 2000

ATTENDANCE AND COMPENSATION OF MEMBERS OF THE SUPERVISORY BOARD IN 2019

The compensation of the Supervisory Board is regulated by Section 13 of the Articles of Association of EUROKAI GmbH & Co. KGaA. Detailed information is provided in the Corporate Governance Statement. The General Meeting on 27 May 2019 resolved to increase the compensation of the Supervisory Board. The total compensation of the Supervisory Board is also presented in No. 31 and No. 36 of the Notes to the consolidated financial statements.

Member	Attendance	in %	Attendance fee	Supervisory Board compensation	Audit Committee compensation	Total
			EUR	EUR	EUR	EUR
Dr Winfried Steeger (Chairman)	5/5	100	2,500	36,250	2,000	40,750
Dr Sebastian Biedenkopf (Deputy Chairman)	5/5	100	2,500	18,125	4,000	24,625
Katja Both	4/5	80	2,000	12,083	2,000	16,083
Jochen Döhle	4/5	80	2,000	12,083		14,083
Raetke Müller[1]	3/3	100	1,500	3,333		4,833
Dr Klaus-Peter Röhler[2]	3/3	100	1,500	9,418		10,918
Max M. Warburg	3/5	60	1,500	12,083		13,583
Total			**13,500**	**103,375**	**8,000**	**124,875**

[1] Mr Müller retired from the Supervisory Board on 27 May 2019.
[2] Dr Röhler was elected to the Supervisory Board by the General Meeting on 27 May 2019.

Mr Jochen Döhle and Ms Katja Both were each unable to attend one meeting; Mr Max M. Warburg missed two meetings. All other members attended all meetings. Thus all members of the Supervisory Board attended more than half of the sessions. In respect of individual items of the agenda requiring approval at the meetings they were unable to attend, Ms Both, Mr Döhle and Mr Warburg submitted their votes to the Chairman beforehand in a written procedure. With one exception, both members of the Management Board of the Personally Liable General Partner attended all the Supervisory Board meetings. Ms Cecilia Eckelmann-Battistello was unable to attend one meeting. A meeting of the Supervisory Board without the members of the Management Board of the Personally Liable General Partner was not required to be convened in 2019. Furthermore, the Chairman of the Supervisory Board remained in regular contact with the Management Board of the Personally Liable General Partner and was regularly briefed between official meetings on the current business situation and development, as well as significant business transactions and important pending decisions and consulted on issues relating to strategy, risk exposure and risk management, as well as compliance.

FORMATION OF COMMITTEES

In order to perform its duties effectively, the Supervisory Board has set up an Audit Committee, which has three members. Dr Sebastian Biedenkopf was once again appointed Chairman of the Audit Committee on 27 May 2019. Dr Biedenkopf meets the requirements of an independent financial expert pursuant to Sections 100 (5), 107 (4) of the German Stock Corporation Act (AktG). Consistent with the provisions of the Code, he is independent and is not a former member of the Management Board of the Personally Liable General Partner. As Chairman of the Supervisory Board, Dr Winfried Steeger remains a member of the Audit Committee, along with Ms Katja Both. The Audit Committee convened three meetings during the 2019 financial year, which were attended by all members. The Audit Committee discussed in particular the monitoring of the company's financial accounting and financial reporting process, as well as the single-entity annual financial statements and consolidated financial statements, the management commentaries of the company and the Group, the Dependency Report, the single-entity financial statements in accordance with the German Commercial Code (HGB) and the audit. It also assessed the effectiveness of the internal control system, auditing system and risk management system, including compliance. The Audit Committee discussed the 2019 half-yearly financial report with the Management Board of the Personally Liable General Partner. Furthermore, the Audit Committee gave consideration to the key points of the audit as defined by the German Financial Reporting Enforcement Panel (Deutsche Prüfstelle für Rechnungslegung), as well as the internal audit plan for 2020, and deliberated on the consolidated non-financial statement and the related audit report by Ernst & Young Wirtschaftsprüfungsgesellschaft, Munich (see below).

AUDIT OF THE ANNUAL AND CONSOLIDATED FINANCIAL STATEMENTS

Following extensive deliberations by the Audit Committee, the Supervisory Board, in granting the audit mandate, also agreed the audit fees with the auditor and defined the key audit matters for the audit of the 2019 annual financial statements in accordance with the German Financial Reporting Enforcement Panel.

The financial statements and the management report of the company for the 2019 financial year were drawn up in accordance with the requirements of the German Commercial Code (HGB) and the consolidated financial statements and Group management report were prepared in accordance with International Financial Reporting Standards (IFRSs), such as they apply in the EU, in conjunction with the supplementary requirements pursuant to the provisions of Section 315a of the German Commercial Code (HGB). The Articles of Association do not stipulate any supplementary provisions for Group financial reporting. The auditing criteria for the Group management report were Sections 315 and 315a of the German Commercial Code (HGB). The single-entity financial statements and management report of the company, including the accounts for the financial year 2019 on which they are based, and the consolidated financial statements and management report of the EUROKAI GmbH & Co. KGaA Group, have been reviewed by the auditor, Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Hamburg, in accordance with Section 317 of the German Commercial Code (HGB) and the EU Regulation on specific requirements regarding statutory audits of public-interest entities (APrVO) taking into account German auditing regulations and German generally accepted standards for the audit of financial statements promulgated by the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer – IDW) and each been issued an unqualified audit opinion.

The auditor also confirmed that the Management Board of the Personally Liable General Partner has put in place an appropriate monitoring system as required pursuant to Section 91 (2) of the German Stock Corporation Act (AktG), which is suitable in its design and handling to identify at an early stage developments which could place the continued existence of the EUROKAI Group at risk. The auditor additionally determined the effectiveness of the internal control system for financial reporting.

The auditor has issued the following unqualified opinion for the report on relations with affiliated companies (Dependency Report) in accordance with Section 312 of the German Stock Corporation Act (AktG):

"Having duly examined and assessed this report, we confirm that

1. the factual statements contained in the report are correct,
2. the company's consideration with respect to all legal transactions stated in the report was not inappropriately high."

The single-entity financial statements and the management report of the company, the consolidated financial statements and Group management report, the proposal for the distribution of profits, the report on relations with affiliated companies and the auditor's reports were distributed to all members of the Supervisory Board in a timely manner immediately after their preparation.

Following a detailed preliminary assessment by the Audit Committee, which focused in particular on the key audit matters addressed in the Auditor's Report on the consolidated financial statements and the Group management report, the Supervisory Board at its meeting of 7 April 2020 in the presence of the auditor and the Management Board of the Personally Liable General Partner reviewed the single-entity financial statements of the company and the consolidated financial statements of the Group as at 31 December 2019, as well as the management report/Group management report, the proposal for the distribution of profits, the report on relations with affiliated companies for the financial year 2019 and the findings of the audits of the annual/consolidated financial statements, the management commentaries and the report on relations with affiliated companies by the auditor. At this meeting, the above documents were discussed in detail with the Management Board of the Personally Liable General Partner in the presence of the auditor.

Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Hamburg, reported to the Supervisory Board on the course of its audits and on the main findings, with a particular focus on the key audit matters and the performed audit activities. Following this report, all the Supervisory Board's questions were answered in full by the Management Board of the Personally Liable General Partner and the auditor.

Based on the final results of the comprehensive reviews by the Audit Committee and the Supervisory Board, the Supervisory Board concurred with the financial statements and management report of the company, the consolidated financial statements and Group management report prepared by the company, the proposal for the appropriation of distributable profit, the report on relations with affiliated companies, including the closing remarks of the Management Board of the Personally Liable General Partner contained therein, as well as the auditor's findings and reports. It approved the financial statements of EUROKAI GmbH & Co. KGaA and of the Group drawn up by the Management Board as at 31 December 2019. The Supervisory Board agreed to the profit distribution proposal.

In line with the recommendation of the Audit Committee, the Supervisory Board proposes that Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Hamburg, be granted the audit mandate for the 2020 financial year and as a precautionary measure also be appointed to review the half-yearly financial report for the 2020 financial year. For this purpose, a statement of independence was obtained from the auditor.

The Supervisory Board, jointly with the Management Board of the Personally Liable General Partner, resolved upon the wording and submission of the Corporate Governance Statement required under Sections 289f and 315d of the German Commercial Code (HGB), including the Declaration of Compliance pursuant to Section 161 of the German Stock Corporation Act (AktG), for the 2019 financial year.

EUROKAI GmbH & Co. KGaA was required to produce a separate non-financial statement in accordance with Sections 289b and 315b of the German Commercial Code (HGB) for the 2019 financial year. The non-financial statements for EUROKAI GmbH & Co. KGaA and for the EUROKAI Group were combined in a single statement. The Supervisory Board commissioned Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Munich, (in the following "Ernst & Young") to conduct an assurance engagement on the consolidated non-financial statement to obtain limited assurance in accordance with IASE 3000 (revised). The consolidated non-financial statement of EUROKAI GmbH & Co. KGaA, comprises the CONTSHIP Italia and EUROGATE segments. All members of the Supervisory Board received in a timely manner the combined separate non-financial report and the independent auditor's report of Ernst & Young on the assurance engagement to obtain limited assurance. The report and the audit opinion of Ernst & Young were discussed at the meeting of the Supervisory Board's Audit Committee of 7 April 2020. The responsible auditor also attended the meeting of the Audit Committee and presented the audit findings. These were reported in depth at the subsequent meeting of the Supervisory Board, which also devoted due time and attention to the consolidated non-financial statement. No objections were raised on the basis of the Supervisory Board's own review and the non-financial statement/consolidated statement was approved.

The Supervisory Board would like to thank the Management Board of the Personally Liable General Partner and all employees in the affiliated companies of EUROKAI GmbH & Co. KGaA in Germany and abroad for their dedicated efforts and work done in 2019. Through their active commitment they made it possible to successfully overcome the challenges in the just completed financial year.

Hamburg, Germany, 7 April 2020
The Chairman of the Supervisory Board

Dr Winfried Steeger

OCEANOGATE e-locomotive in Italy.

Corporate Governance Report

Ammar Kanaan, CEO of Terminal Investment Limited, Geneva, with his wife Samar at the naming ceremony of the "MSC Samar" in Bremerhaven on 17 September 2019.

MANAGEMENT STATEMENT PURSUANT TO SECTIONS 289F AND 315D OF THE GERMAN COMMERCIAL CODE (HGB) INCLUDING CORPORATE GOVERNANCE REPORT PURSUANT TO SECTION 3.10 OF THE GERMAN CORPORATE GOVERNANCE CODE AND DECLARATION OF COMPLIANCE PURSUANT TO SECTION 161 OF THE GERMAN STOCK CORPORATION ACT (AKTG)

In addition to the Declaration of Compliance pursuant to Section 161 of the German Stock Corporation Act (AktG), the following joint statement made by the Personally Liable General Partner and the Supervisory Board of EUROKAI GmbH & Co. KGaA (in the following "EUROKAI") pursuant to Sections 289f and 315d of the German Commercial Code (HGB) includes the Corporate Governance Report required under Section 3.10 of the German Corporate Governance Code in the current version of 7 February 2017 published by the German Federal Ministry of Justice in the official section of the Federal Gazette on 24 April 2017 and corrected on 19 May 2017 (in the following "Code"). It is also made publicly accessible on the EUROKAI website at www.eurokai.com.

As a company listed on the German stock exchange and having its head office in Germany, the general Corporate Governance framework for EUROKAI is governed by the applicable laws, the Articles of Association and the Code. Apart from justified exceptions, EUROKAI complies with the recommendations of the German Corporate Governance Code.

EUROKAI is a partnership limited by shares and as such is an independent legal entity pursuant to Section 278 (1) of the German Stock Corporation Act (AktG), in which at least one partner is generally liable with the entirety of its assets vis-à-vis the company's creditors (Personally Liable General Partner) and the other partners have a stake in the authorised capital, which is divided into shares, without being personally liable for the company's liabilities (limited liability shareholders).

The Personally Liable General Partner of EUROKAI responsible for running the business of the KGaA is Kurt F. W. A. Eckelmann GmbH, Hamburg. The personally liable managing partner of a KGaA (partnership limited by shares) can be compared to the management board of a stock corporation. Section 283 AktG therefore rules that a number of provisions governing the management board of a stock corporation shall apply analogously to the personally liable general partner of a KGaA. Kurt F. W. A. Eckelmann GmbH is represented by the Managing Directors Mr Thomas H. Eckelmann (Chairman) and Ms Cecilia Eckelmann-Battistello. Contrary to a stock corporation, in which pursuant to Section 84 AktG the Supervisory Board is responsible for the appointment and removal of the management board, the Managing Directors of Kurt F. W. A. Eckelmann GmbH are appointed and removed by its Administrative Board, which is also responsible for concluding the senior executive agreements with the Managing Directors and determining the assignment of duties/rules of procedure of the Management Board. The duty of the supervisory boards of listed companies to set target quotas for women on their executive board required under Section 111 (5) AktG therefore does not apply to the appointment of the Management Board of Kurt F. W. A. Eckelmann GmbH, because this responsibility does not lie with the Supervisory Board. If, regarding the composition of the governing body entitled to represent the company – pertaining here to Kurt F. W. A. Eckelmann GmbH – Section 289f (2) no. 6 HGB requires a description of the pursued diversity concept, this is not possible for the same reasons; this is a decision taken not by the Supervisory Board of EUROKAI, but autonomously by the Administrative Board of Kurt F. W. A. Eckelmann GmbH.

EUROKAI has no employees of its own. Tasks not related to the management structure of EUROKAI, such as finances, financial control and accounting are handled by EUROGATE GmbH & Co. KGaA, KG, Bremen (in the following "EUROGATE") within the scope of a service agreement.

EUROKAI is a financial holding company. Its principal ownership interests are the 66.6% holding in Contship Italia S. p. A., Melzo/Milan, Italy, as well as the 50% interest in EUROGATE , the holding company of the EUROGATE Group, in which BLG LOGISTICS GROUP AG & Co. KG, Bremen, a company owned by the Free Hanseatic City of Bremen (municipality), also holds 50%. The EUROGATE Group, in turn, has a 33.4% stake in Contship Italia S. p. A. Thus EUROKAI effectively holds a total 83.3% interest in the CONTSHIP Italia Group. Ms Cecilia Eckelmann-Battistello is President of Contship Italia S. p. A. and Mr Thomas H. Eckelmann is Chairman of the Group Management Board of EUROGATE, as well as a member of the Board of Directors of Contship Italia S. p. A.

SHAREHOLDERS AND GENERAL MEETING

The shareholders of EUROKAI exercise their rights at the General Meeting. The ordinary Annual General Meeting held once a year decides on all matters determined by law and the Articles of Association. Contrary to a stock corporation, in which pursuant to Section 172 German Stock Corporation Act (AktG) the Supervisory Board is generally responsible for approving the annual financial statements (for exceptions see Section 173 AktG), in a KGaA, pursuant to Section 286 (1) AktG, the General Meeting resolves upon the approval of the annual financial statements. This ruling requires the consent of the Personally Liable General Partner. Under the provisions of Section 285 (2) AktG, resolutions of the General Meeting also require the consent of the Personally Liable General Partner.

A nominal value of EUR 1.00 for each voting share entitles its holder to one vote.

All shareholders who have registered with the company and submitted specific evidence of their shareholding issued by their custodian bank are entitled to attend the General Meeting. Shareholders who are unable to personally attend the General Meeting may assign their voting rights by proxy to a chosen representative, for example a bank, a shareholders' association or a proxy appointed by the company acting on their instructions, to vote on their behalf.

The convening of the General Meeting as well as the reports and information required for the passing of resolutions are published in compliance with the requirements under stock corporation law and made available on the EUROKAI website at www.eurokai.com.

WORKING PROCEDURES OF THE PERSONALLY LIABLE GENERAL PARTNER

The Management Board of the Personally Liable General Partner is composed of two Managing Directors, Ms Cecilia Eckelmann-Battistello and Mr Thomas H. Eckelmann. Mr Thomas H. Eckelmann is Chairman. Under the rules of procedure for the Management Board, he is responsible for coordinating the activities of the Management Board, representing the company in the public domain, overseeing business communications with the Administrative Board constituted in this company and with the shareholders. Notwithstanding the fact that the Managing Directors are jointly responsible for the management, they carry out independently the duties assigned to them in the schedule of responsibilities. Mr Thomas H. Eckelmann is specifically responsible for EUROGATE, of which he is Chairman of the Group Management Board, and Ms Cecilia Eckelmann-Battistello is specifically responsible for the CONTSHIP Italia Group, of which she is President. Under the rules of procedure, the authorisation to independently conduct the tasks assigned to them reaches its limits where, for example, both areas of responsibility or transactions of material importance are affected, or in the case of measures requiring the consent of the Administrative Board. These and other cases set forth in the rules of procedure require a joint resolution to be adopted by both Managing Directors. Under the provisions set out in the rules of procedure the Managing Directors reach their decisions in meetings that – based on the needs of this pure financial holding company – are held regularly at least twice per month and additionally on a case-by-case basis as required. These are chaired by the Chairman of the Management Board. Use is made of the possibilities to adopt resolutions outside meetings in written or electronic form. Should the Managing Directors not be able to come to an agreement, the Chairman of the Administrative Board shall be responsible for arbitration.

COMPOSITION, OBJECTIVES, DIVERSITY CONCEPT AND PROFILE OF SKILLS AND EXPERTISE OF THE SUPERVISORY BOARD

Pursuant to Section 11 of the Articles of Association, the Supervisory Board of EUROKAI is composed of six members, who are elected by the shareholders. They are appointed for a term of four years. In compliance with the recommendations of the German Corporate Governance Code, Supervisory Board members are elected individually.

Taking into account that EUROKAI is a pure financial holding company whose portfolio companies operate nationally and internationally almost exclusively in the field of port handling as well as indirectly in related upstream and downstream areas of activity in the transport sector, the Supervisory Board has specified concrete objectives regarding its composition, which pursuant to Section 100 (5) AktG are intended to ensure that the members of EUROKAI's Supervisory Board in their entirety are familiar with the sector in which the company operates. Rather, these objectives at the same time define a profile of skills and expertise that its members as a group should possess in accordance with Section 5.4.1 of the Code and describe the diversity concept pursued within the meaning of Section 289f (2) no. 6 of the German Commercial Code (HGB). These objectives do not, however, constitute binding requirements to be heeded by shareholders eligible to elect members, who remain completely free in making their decisions. Rather, election recommendations made by the Supervisory Board to the General Meeting should take these objectives into account as a basis for implementation by corresponding resolution of the General Meeting.

The diversity concept aims to comply with the recommendation of the Code in Section 5.4.1 (1), namely that the Supervisory Board should be composed in such a way that "its members as a group possess the knowledge, ability and expert experience required to properly complete its tasks".

The Supervisory Board has specified the following concrete objectives:

1. Irrespective of the gender of the respective person concerned, professional qualifications and personal independence and expertise, as well as discretion and integrity are the most important prerequisites for appointments to seats on the Supervisory Board. When proposing Supervisory Board candidates for election, irrespective of their gender, the Supervisory Board will always give top priority to these prerequisites, which are essential for fulfilling its legal duties.
2. Overall, the Supervisory Board's objective is to be able to optimally meet its monitoring and advisory duties by having a diversity of members. Diversity covers many aspects, some of which are covered by Section 5.4.1 of the Code, which may be weighted differently from time to time. This may, for example, be the case if the profile of the EUROKAI, EUROGATE and/or CONTSHIP Italia Group or that of the respective markets changes, making it necessary to evaluate these aspects at regular intervals. Obviously, not all Supervisory Board members need to satisfy all of these aspects; however, the board as a whole should do so as far as possible. Within the company-specific situation of EUROKAI, these aspects shall reflect internationality, knowledge of the respective product and geographical markets, basic financial expertise (particularly in the areas of financials and reporting), capability to understand and critically scrutinise business decisions and commercial experience gained from practice. To ensure the composition of the Supervisory Board fulfils the overall profile of required

skills and expertise, consideration shall be given generally to age, gender, general educational and professional background, as well as the ability to work in a team and motivation. It goes without saying that every candidate is able to devote the expected amount of time required. Lastly, care shall be taken to ensure that there are no potential conflicts of interest and that the Supervisory Board includes an appropriate number of independent members within the meaning of Section 5.4.2 of the Code. In the following, a number of concrete objectives are identified.

3. At least two members of the Supervisory Board should have international business experience; they do not necessarily have to be foreigners themselves and do not necessarily need to have acquired the relevant experience abroad.
4. At least one Supervisory Board member shall have experience and expertise in the business segments that are significant for the company.
5. At least one member of the Supervisory Board shall possess expertise in the fields of financial accounting or auditing as defined by Section 100 (5) of the German Stock Corporation Act (AktG).
6. The Supervisory Board shall include at least one legal expert with experience in commercial law gained through practice.
7. The members as a group shall be familiar with the business sector in which the company operates.
8. As long as EUROKAI by virtue of its shareholder structure – as is currently the case – can be considered to be a family-owned company, the Supervisory Board should have at least (i) one family member and (ii) one member who has experience in managing a medium-sized or large family-owned company. The family member shall, if possible, be a member of the Audit Committee.
9. The Supervisory Board shall include what it considers an adequate number of independent members, as defined by Section 5.4.2 of the Code. This recommendation further implies that any other activities and functions exercised by the members of the Supervisory Board are such that they are not likely to cause a substantial and not merely temporary conflict of interest. Given that by virtue of its shareholder structure the company can currently be considered to be a family-owned company, the Supervisory Board considers it desirable that at least two of its members are independent.
10. No one shall be proposed for election to the Supervisory Board who simultaneously serves on a body of or advises a major competitor of the company, or provides consultancy services thereto.
11. The Supervisory Board considers it generally desirable to integrate women into the work of the company, as is currently and has for many years been the case regarding the work of the Management Board of the Personally Liable General Partner, and consequently also the tasks of the Supervisory Board. The Supervisory Board has determined a target to integrate at least one (1) female member into the governing body in the short term, and over the medium term, at the latest by the end of the ordinary General Meeting 2021, two (2) female members, bringing the proportion of seats reserved for women to 1/3.
12. As a general rule, an age limit of 70 shall apply for members of the Supervisory Board. Exceptions are permitted in isolated cases, in the knowledge that age in itself is not a criterion for qualifications and expertise and that the many years of experience accumulated by members of the Supervisory Board constitute a valuable asset to the company. The length of service of Supervisory Board members shall as a rule be limited to five consecutive terms.
13. The Supervisory Board reviews these objectives on a regular basis. It publishes its objectives and the status of their implementation annually in the Corporate Governance Report.

With the exception that two members of the Supervisory Board reached the age of 70 in 2019 and one member was re-elected for a sixth period, the Supervisory Board is of the opinion that all of the above objectives are currently satisfied.

This applies with respect to nos. 3 and 4 at least to Messrs Raetke Müller (Supervisory Board member until 27 May 2019), Jochen Döhle, Dr Klaus-Peter Röhler and Max Warburg.

With respect to no. 5 in particular to Dr Sebastian Biedenkopf and Dr Klaus-Peter Röhler.

With respect to no. 6 also to Dr Sebastian Biedenkopf, Dr Klaus-Peter Röhler and Dr Winfried Steeger.

No. 7 is satisfied.

With respect to no. 8 to Ms Katja Both, who is the daughter of the Chairman of the Management Board of the Personally Liable General Partner, Mr Thomas H. Eckelmann, and additionally a co-partner in the Eckelmann family holding company, which indirectly holds a majority interest in EUROKAI. Since 4 April 2018, she has been a member of the Audit Committee. Moreover, Dr Winfried Steeger and Dr Sebastian Biedenkopf have extensive experience in coaching and managing family-owned companies.

With respect to no. 9 in particular to Dr Sebastian Biedenkopf, Mr Jochen Döhle, Dr Klaus-Peter Röhler, Dr Winfried Steeger and Mr Max Warburg; in the assessment of the Supervisory Board also for Mr Raetke Müller (Supervisory Board member until 27 May 2019), irrespective of the fact that he is Chairman of the Management Board of J. F. Müller & Sohn AG, in which EUROKAI holds a 25.01% stake.

Nos. 10 and 11 are satisfied.

No. 12 relates to regulatory limits, which are currently exceeded on two counts with respect to age and on one count with respect to the length of service on the Supervisory Board. Mr Jochen Döhle was re-elected to the Supervisory Board by the 2019 General Meeting for a sixth term.

Former Managing Directors of the Personally Liable General Partner of EUROKAI whose appointed term ended less than two years ago are not represented on the Supervisory Board.

The Supervisory Board regularly conducts an efficiency audit, most recently in 2019. In accordance with this, the objectives are met.

The objectives defined by the Supervisory Board for its composition are also published on the website at www.eurokai.com under Investor Relations/Corporate Governance and were decided on anew at the meeting of 4 April 2018.

COMMITTEES OF THE SUPERVISORY BOARD

The Supervisory Board of EUROKAI has set up an Audit Committee, which is composed of three members of the Supervisory Board. Where appropriate, the committee prepares decisions that are deliberated at the meetings of the Supervisory Board and complements the work of the Supervisory Board. In as far as the law and the Articles of Association permit, the Supervisory Board may form additional advisory and decision-making committees as and where necessary.

The principal tasks of the Audit Committee are to discuss the half-yearly financial report with the Management Board of the Personally Liable General Partner, to audit the disclosures included in the single-entity annual financial statements and consolidated financial statements, management commentaries, Dependency Report and – in consultation with the auditor – the auditor's findings and reports; additionally to prepare the decision of the Supervisory Board on the approval of the single-entity annual financial statements and the consolidated financial statements, the appointment of the auditor, as well as the proposal of the Personally Liable General Partner for the distribution of the net retained profits. Furthermore, the Audit Committee monitors the financial accounting, the accounting process, the effectiveness of the internal control and risk management system including compliance, the internal auditing system and the annual audit, and in particular the independence of the auditor and any services additionally provided by the auditor.

The Chairman of the Audit Committee (who shall not be identical with the Chairman of the Supervisory Board), Dr Sebastian Biedenkopf, is independent and has gained extensive professional know-how and experience in the application of accounting principles and internal control procedures. The other members of the Audit Committee are Ms Katja Both and Dr Winfried Steeger.

WORKING PROCEDURES OF THE SUPERVISORY BOARD

The working procedures of the six-member Supervisory Board are based on the Supervisory Board's rules of procedure. The Supervisory Board usually convenes at four ordinary meetings during the year, the dates of which are determined annually in advance. In addition the Supervisory Board where necessary adopts resolutions outside meetings using modern means of communication, so that resolutions in written or electronic form are sufficient. The Supervisory Board has a Chairman, currently Dr Winfried Steeger, who invites members to the meetings, chairs meetings and is responsible for adoption of the resolutions passed. As provided for by law, resolutions require a simple majority and may only be passed on items of the agenda announced beforehand in due form in the convention documents, unless all members of the Supervisory Board consent to the passing of a resolution. The work of the Supervisory Board in the meetings is intensive and characterised by the specialist expertise of its members. The Supervisory Board has formed one committee, the Audit Committee, which performs statutory duties. Under the rules of procedure, the Chairman of the Supervisory Board is an "automatic" member; however, in line with the recommendation under No. 5.3.2 (3) of the German Corporate Governance Code, he is not Chairman of the Audit Committee. The Chairman of the Committee is currently Dr Sebastian Biedenkopf, who pursuant to Section 100 (5) AktG has the requisite expertise (financial expert). The Audit Committee usually convenes twice a year.

The Supervisory Board did not form a Human Resources Committee since, due to its function as a pure holding company, EUROKAI has no employees of its own and the appointment and removal of the Managing Directors of the Personally Liable General Partner are the responsibility of its Administrative Board.

Moreover, the Chairman of the Supervisory Board regularly maintains contact with the Management Board and consults with it on an ongoing basis on the course of business. The Supervisory Board is also kept regularly informed by the Management Board about the development of the company through legally stipulated reports and special reports, as and when required.

COMPENSATION OF THE SUPERVISORY BOARD

The presently valid compensation of the Supervisory Board is specified in Section 13 (1) of the Articles of Association, which was revised at the 2019 ordinary General Meeting and has the following wording:

"In addition to reimbursement of all necessary expenses and an attendance fee of EUR 500.00 for each meeting attended, each member of the Supervisory Board shall receive annual compensation in the amount of EUR 15,000.00. The Deputy Chairman of the Supervisory Board shall receive one-and-a-half times this amount, the Chairman of the Supervisory Board shall receive three times the amount. Each member of the Audit Committee shall additionally receive annual compensation of EUR 2,000.00. The Chairman of the Audit Committee shall receive twice this amount."

The compensation of the Supervisory Board is thus fixed and does not include any performance-based components.

For information regarding the remuneration of the statutory organs of the company, we refer to No. 31 and No. 36 of the notes to the consolidated financial statements and to the Report of the Supervisory Board.

COOPERATION BETWEEN PERSONALLY LIABLE GENERAL PARTNER AND SUPERVISORY BOARD

The Personally Liable General Partner and the Supervisory Board of EUROKAI give high priority to responsible and transparent management committed to corporate responsibility and geared towards long-term success, as well as to the appropriate management of risks. The Personally Liable General Partner informs the Supervisory Board in a regular, timely and comprehensive manner on all matters relevant to the company and the Group, as well as the joint ventures included in the consolidated financial statements, relating to the corporate strategy, business policy, corporate planning (in particular financial, investment and personnel planning). It also reports on the development of business, especially of revenue, the position of the company, the financial and earnings situation, and profitability, and explains in detail any deviations from projections, risk exposure, especially transactions having a possible material impact on the company's profitability or liquidity, as well as risk management, the internal control system and auditing practices, including compliance. Furthermore, it ensures compliance with legal requirements, in particular the measures stipulated in Section 91 (2) of the German Stock Corporation Act (AktG), and uses its influence to ensure their compliance within the Group companies.

The Supervisory Board advises and supervises the Personally Liable General Partner in the running of the company. In the case of exceptional business transactions, the Personally Liable General Partner must obtain the prior approval of the Supervisory Board pursuant to Section 7 of the Articles of Association. Furthermore, it must submit a budget estimate/earnings statement as well as an annual investment and financial plan to the Supervisory Board for approval and report on their implementation on a three-monthly basis. The Supervisory Board reviews and approves the single-entity financial statements and the management report of the company as well as the consolidated financial statements and Group management report, the non-financial statement and consolidated non-financial statement, and the management's proposal on the appropriation of net retained profits.

The Supervisory Board has drawn up internal rules of procedure to govern its work. The Chairman of the Supervisory Board coordinates work performed by the Board, chairs its meetings and represents the Board's interests vis-à-vis third parties. Between meetings he regularly consults with the Management Board of the Personally Liable General Partner.

The Supervisory Board has more precisely defined the reporting and information requirements of the Personally Liable General Partner and made them available on the website at www.eurokai.com.

For more information we refer to the Report of the Supervisory Board on page 32 of our Annual Report. The Annual Report is also published on our website at www.eurokai.com under Investor Relations/ Financial Reports.

TRANSPARENCY

EUROKAI informs the general public in a regular and timely manner on the economic situation of the Group. The Annual Report and the half-yearly financial report are published within the statutory periods (www.eurokai.com under Investor Relations/Financial Reports). First- and third-quarterly interim statements are also published on a voluntary basis. Newsworthy events and new developments are reported in press releases and, where necessary, ad-hoc announcements, which are subsequently published on the EUROKAI website (www.eurokai.com under Investor Relations/Ad-hoc Announcements and Further Publications). The legally stipulated reports, documents and information required for the General Meeting are available on the website together with the agenda of the General Meeting and any counter-motions or nominations on the part of the shareholders that the company is obliged to make accessible to the public.

The planned dates for the main recurring events and publications – such as General Meeting, Annual Report, half-yearly financial report and interim statements – are listed in a financial calendar which is published sufficiently in advance and made permanently available on the EUROKAI website www.eurokai.com under Investor Relations/ Financial Calendar).

RISK MANAGEMENT

EUROKAI regards the responsible management of business risks as an important principle of good and sustainable corporate governance. Early identification of risks and minimisation of risk positions form an integral part of this. EUROKAI employs an internal control and risk management system, including compliance, and an internal auditing system, which identify, assess and control risks. Continuous adaptation of the systems – in particular of the manuals pertaining to the early risk identification system of the EUROGATE and the CONTSHIP Italia Group – to changed general conditions, as well as monitoring their effectiveness, is a permanent task for the Personally Liable General Partner and the Supervisory Board.

The Personally Liable General Partner informs the Supervisory Board regularly and promptly of existing risks and their development.

For further details, we refer to the risk report and outlook under No. 7 of the Group management report.

COMPLIANCE MANAGEMENT SYSTEM

Within EUROKAI, the umbrella term "compliance" relates to the adherence to legal norms and internal guidelines and working towards their observance in the EUROKAI Group companies.

This goal is pursued through the establishment, coordination and ongoing development of a Group-wide compliance management system designed as far as possible to prevent compliance violations and avoid damage to EUROKAI's good reputation, liability claims or other legal prejudice to the EUROKAI Group, its employees and governing bodies.

A further objective and at the same time a central task of the compliance management system is to identify and continuously assess significant compliance risks, while implementing appropriate measures and processes to minimise such risks.

Moreover, the compliance management system seeks to raise awareness amongst the employees of the EUROKAI Group of the need to observe the relevant legal regulations and internal guidelines which apply to their work and thus create awareness amongst the workforce of possible compliance risks and strategies for managing such risks.

For the EUROKAI Group companies, the following applies:

Since EUROKAI is a pure financial holding company with, in terms of personnel, only two Managing Directors of the Personally Liable General Partner and two authorised representatives, it has not been deemed necessary to set up a specific compliance management system.

The CONTSHIP Italia Group established a code of conduct in 2012, which was further developed as part of a Group-wide revision of the regulatory system in 2018, and states that all activities of the CONTSHIP Italia Group shall be in compliance with the legislative framework, the principles of fair competition, honesty, integrity, fairness, good faith, and respect the legitimate interests of its customers, staff, shareholders, business and financial partners. Principles are also established in particular in respect of compliance-relevant issues such as conflicts of interest, money laundering and the giving or accepting of undue advantage. Internal company policies define additional principles for dealing with compliance issues. The CONTSHIP Italia Group implemented an anonymous whistleblower system in 2019, which is supervised by an external ombudsman. No cases of corruption were reported through the whistleblower system in 2019.

Responsibility for compliance with compliance-relevant issues rests with the Management Board of Contship Italia S. p. A., the holding company of the CONTSHIP Italia Group, and the management boards of the respective companies within the CONTSHIP Italia Group. Internal audits support the identification of improvement potential with regard to compliance with the Group's guidelines. On the basis of the audit results, the respective company develops and action plan where significant deviations are found. The compliance supervisory bodies introduced in 2018 are responsible for monitoring compliance with the guidelines.

The compliance management system for the EUROGATE Group companies is laid down in the compliance policy that came into force on 1 January 2017, which is permanently available to employees of the EUROGATE Group for download on the intranet. EUROGATE has also implemented an anti-corruption policy and a code of conduct, which are accessible on the intranet and on the EUROGATE website at http://www1.eurogate.de/en/SERVICE/Downloads under the point Compliance. They also contain the contact details of the compliance officer and the external ombudsman to whom employees and third parties can turn, anonymously if they so wish. The compliance policy describes in detail the relevant duties and responsibilities within the Group. The duties are performed interdisciplinarily by various bodies, with the compliance officer being involved in each case. Additionally, the responsibilities of the governing bodies, relating in particular to the Supervisory Board and the Group Management Board, on each of which a central contact is named, and of the compliance officer are defined. In order to guarantee the independence and objectivity of the compliance officer, his or her appointment may only be countermanded for cause through application of Section 626 of the German Civil Code (BGB). Once a year, the compliance officer submits an internal report to the Group Management Board and the supervisory bodies. This contains, among other things, an inventory of the main compliance risks as well as proposals for new measures or changes.

Technical responsibility for the compliance management system lies with the legal department in Hamburg. In 2019, no violations of the compliance guideline were identified at the EUROGATE Group.

REPORTING AND AUDIT OF THE ANNUAL FINANCIAL STATEMENTS

EUROKAI prepares its consolidated annual financial statements in accordance with International Financial Reporting Standards (IFRSs) such as they apply in the EU. The single-entity annual financial statements are prepared according to the requirements of the German Commercial Code (HGB). They are audited by the auditor as well as by the Supervisory Board. The half-yearly financial report is reviewed by the Audit Committee together with the Personally Liable General Partner prior to being published.

The consolidated financial statements and single entity financial statements of EUROKAI were audited and each issued an unconditional audit certificate by the auditor Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Hamburg, which was appointed by the 2019 General Meeting.

DECLARATION OF COMPLIANCE OF EUROKAI GMBH & CO. KGAA WITH THE GERMAN CORPORATE GOVERNANCE CODE IN ACCORDANCE WITH SECTION 161 OF THE GERMAN STOCK CORPORATION ACT (AKTG)

Pursuant to Section 161 of the German Stock Corporation Act (AktG), the Management Board of Kurt F. W. A. Eckelmann GmbH, Hamburg, as Personally Liable General Partner, and the Supervisory Board of EUROKAI GmbH & Co. KGaA, Hamburg (hereinafter "EUROKAI"), taking into account the specific organisational distinctions of the legal form of a partnership limited by shares (KGaA) as set out in the following (cf. Section A below), and the structuring of this legal form through EUROKAI's Articles of Association, declare that, with the exception of the deviations set out in the following (cf. Section B below), in the period since the last Declaration of Compliance of April 2019, EUROKAI has complied with and will continue to comply with the recommendations of the "Government Commission German Corporate Governance Code" in the version dated 7 February 2017 and published in the Federal Gazette on 24 April 2017 and corrected on 19 May 2017 (hereinafter the "Code").

A SPECIFIC ORGANISATIONAL DISTINCTIONS OF THE LEGAL FORM OF A PARTNERSHIP LIMITED BY SHARES (KGAA)

- EUROKAI is a Kommanditgesellschaft auf Aktien ("KGaA" – partnership limited by shares). In a KGaA, the duties of the management board of a stock corporation ("AG") are the responsibility of the personally liable general partner. The sole Personally Liable General Partner of EUROKAI is Kurt F. W. A. Eckelmann GmbH, Hamburg, whose Management Board is thus responsible for conducting the business of EUROKAI. EUROKAI does not hold an interest in the Personally Liable General Partner. The sole shareholder of the Personally Liable General Partner is Familie Thomas Eckelmann GmbH & Co. KG, Hamburg, which is controlled entirely by the family of Mr Thomas H. Eckelmann.
- In comparison with the supervisory board of a German stock corporation, the role of a supervisory board of a KGaA is limited. In particular, the supervisory board is not responsible for appointing or dismissing general partners or for regulating the terms and conditions of their contracts, issuing rules of procedure for the management board or determining business transactions requiring approval. For this reason, Section 7 of EUROKAI's Articles of Association requires that the Personally Liable General Partner obtain the prior approval of the Supervisory Board for all extraordinary transactions. To this end Section 7 of the Articles of Association contains a catalogue of business transactions requiring approval. The duty of the management board of a stock corporation to report to and inform the supervisory board, as governed by Section 90 AktG, applies analogously to EUROKAI as a KGaA. EUROKAI has also specified the information and reporting duties of the Personally Liable General Partner in greater detail in accordance with Section 3.4 of the Code. These can be found on the company's website under Corporate Governance.
- The general meeting of a KGaA fundamentally has the same rights as the general meeting of an AG; it additionally resolves on the adoption of EUROKAI's annual financial statements. Many of the resolutions made by the General Meeting require the consent of the Personally Liable General Partner; particularly the adoption of EUROKAI's annual financial statements.
- Although the concrete wording of the recommendations of the Code does not in all instances take into account the specific organisational distinctions of the legal form of a KGaA, the Personally Liable General Partner, Kurt F. W. A. Eckelmann GmbH, and the Supervisory Board have agreed to currently and in future comply with the recommendations of the Code with the deviations stated in Section B below.

B. DEVIATIONS FROM THE RECOMMENDATIONS OF THE CODE

The following are the only provisions of the Code that were not applied and will not be applied in the future:

B. 1 Section 3.8 (3) – Deductible in the D&O (directors' and officers' liability insurance) policy for the Supervisory Board

No deductible has been agreed upon in the D&O policy for the Supervisory Board because neither the Personally Liable General Partner nor the Supervisory Board believes that the motivation and responsibility which the Supervisory Board brings to the fulfilment of its duties can be improved by any such deductible.

B. 2 Section 4.2.4, 4.2.5 (3) – Separate disclosure of the total compensation of each of the Managing Directors of the Personally Liable General Partner

Section 9 of EUROKAI's Articles of Association provides that the compensation of the Managing Directors of the Personally Liable General Partner is determined by EUROKAI's Supervisory Board and is granted and paid to them directly by EUROKAI. To date no use has been made of this option. EUROKAI pays no compensation either to the Managing Directors of the Personally Liable General Partner or to the Personally Liable General Partner itself. Therefore, separate disclosure of the total compensation of each of the Managing Directors of the Personally Liable General Partner in the Notes and in the management report is dispensed with. As a precautionary measure however, in application of Sections 286 (5), 314 (3) sentence 1 of the German Commercial Code (HGB) in force at the time, the EUROKAI General Meeting of 10 June 2015 decided that in the single-entity and consolidated financial statements for EUROKAI to be prepared for the years 2015 to 2019 the disclosures required under Section 285 no. 9 letter a sentence 5 to 8 HGB and under Section 314 (1) no. 6 letter a sentence 5 to 8 HGB in force at the time would be omitted.

B. 3 Section 5.3.3 – Nomination Committee

Pursuant to Section 5.3.3 of the Code, the Supervisory Board is to form a nomination committee composed exclusively of shareholder representatives which proposes suitable candidates to the Supervisory Board for recommendation to the General Meeting.

The Personally Liable General Partner and the Supervisory Board are of the opinion that a nomination committee is not required since the Supervisory Board is composed of only six representatives of the shareholders and is therefore in a position to directly and efficiently make election recommendations to the General Meeting.

B. 4 Section 5.4.1 – Specification of an age limit for Supervisory Board members

Whereas Section 5.4.1 of the Code requires only a regular limit to Supervisory Board members' term of office to be specified, with respect to the age limit of Supervisory Board members, the provision stipulates that a fixed limit be specified. Both the Personally Liable General Partner and the Supervisory Board believe that setting a fixed age limit is detrimental due to its lack of flexibility. Here, too, they consider a regular limit to be sufficient.

B. 5 Section 7.1.2 – Financial reporting

Pursuant to Section 7.1.2 of the Code, the consolidated financial statements shall be publicly accessible within 90 days of the end of the financial year; interim reports (half-yearly and any quarterly reports) shall be publicly accessible within 45 days of the end of the reporting period.

EUROKAI does not apply this recommendation, and practically is not in a position to do so. EUROKAI is a pure financial holding company and therefore relies on the figures provided by its investment holdings, which it regularly does not receive in time to comply with the recommendation. The consolidated financial statements are published pursuant to the requirements under Section 15 of the Company Disclosure Act (PublG) and Section 325 (4) of the German Commercial Code (HGB) and the half-yearly report pursuant to the requirements under Sections 115 of the German Securities Trading Act (WpHG).

Hamburg, Germany, February 2020

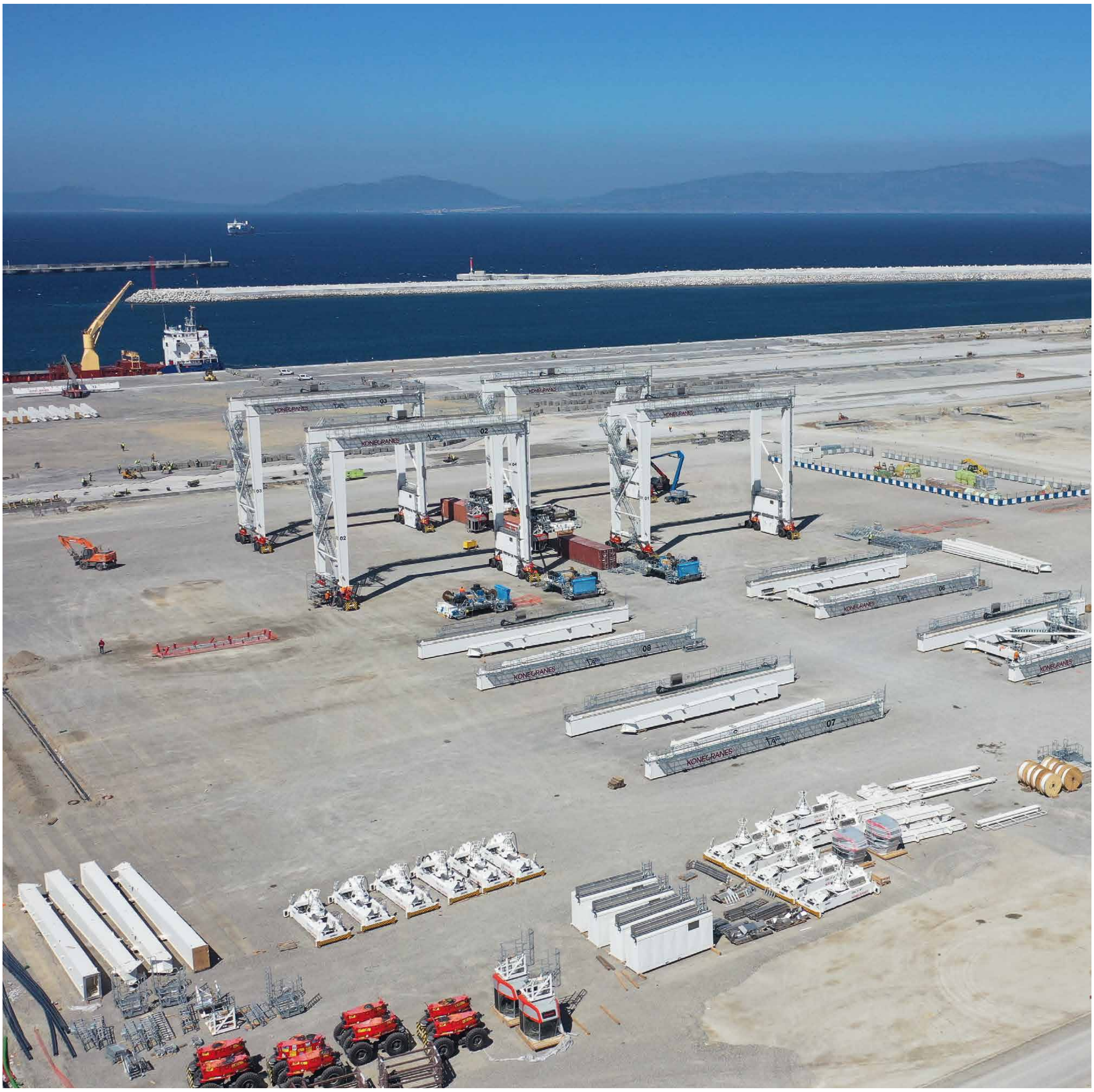
Personally Liable General Partner
Kurt F. W. A. Eckelmann GmbH, Hamburg

Thomas H. Eckelmann
Cecilia E. M. Eckelmann-Battistello

Supervisory Board
Dr Winfried Steeger

Driverless straddle carrier deployed on the STRADegy
automation project in Wilhelmshaven.

Consolidated Financial Statements in accordance with IFRSs



“Tanger Alliance” Terminal under construction.

Consolidated Income Statement

	2019	2018
	EUR '000	EUR '000
Revenue	260,848	343,937
Other operating income	48,958	15,480
Cost of materials	–92,278	–118,507
Personnel expenses	–89,540	–131,478
Depreciation, amortisation and impairment losses	–20,504	–29,458
Other operating expenses	–33,496	–36,369
Profit before income from investments, interest and taxes (EBIT)	**73,988**	**43,605**
Interest and similar income	5,638	491
Finance costs	–9,402	–1,948
Profit/loss from companies accounted for using the equity method	18,727	38,752
Other finance costs (income)	–122	33
Profit before taxes (EBT)	**88,829**	**80,933**
Income tax expense	–18,601	–20,453
Consolidated profit for the year	**70,228**	**60,480**
Profit attributable to:		
Equity holders of the parent	49,355	42,202
Non-controlling interests	20,873	18,278
	70,228	**60,480**
Diluted and basic earnings per share (in EUR)	**3.11**	**2.66**

Consolidated Statement of Comprehensive Income

	2019	2018
	EUR '000	EUR '000
Consolidated profit for the year	**70,228**	**60,480**
Other comprehensive income:		
Items that will not be reclassified to profit or loss		
Remeasurement of financial instruments	–336	659
Deferred taxes on remeasurement of financial instruments	93	–172
Actuarial gains/losses from defined benefit pension plans from joint ventures	–12,341	1,568
Actuarial gains/losses from defined benefit pension plans	–482	450
Deferred taxes on actuarial gains/losses	4,121	–550
	–8,945	**1,955**
Items that are or may be subsequently reclassified to profit or loss		
Remeasurement of financial instruments from joint ventures	109	171
Deferred taxes on remeasurement of financial instruments	–36	–57
Exchange differences on translation of joint ventures	1,448	–521*
Exchange differences on translation of foreign operations	234	389*
	1,755	**–18**
Other comprehensive income (after tax)	**–7,190**	**1,937**
Total comprehensive income	**63,038**	**62,417**
Attributable to:		
Equity holders of the parent	42,330	43,735
Non-controlling interests	20,708	18,682
	63,038	**62,417**

* The presentation of the comparative figures for the previous year was adjusted to reflect the more precise allocation of the effects of companies accounted for using the equity method. We refer to our explanations in Note 2.

Ravenna Container Terminal.

Consolidated Balance Sheet

Assets	31.12.2019	31.12.2018
	EUR '000	EUR '000
Non-current assets		
Intangible assets		
Other intangible assets	76,805	54,219
Property, plant and equipment		
Land, land rights and buildings including buildings on third-party land	60,042	49,923
Plant and machinery	56,446	90,550
Other equipment, fixtures and fittings	4,705	4,476
Prepayments and assets under construction	3,012	4,733
	124,205	**149,682**
Financial assets		
Equity investments accounted for using the equity method	176,569	156,941
Equity investments	1,139	1,594
	177,708	**158,535**
Deferred tax assets	15,633	16,743
Other non-current financial assets	167,680	974
Other non-current non-financial assets	1,849	2,804
Total non-current assets	**563,880**	**382,957**
Current assets		
Inventories	6,192	11,766
Trade receivables	55,043	72,870
Other current financial assets	20,711	41,302
Other current non-financial assets	12,665	20,242
Current tax receivables	2,808	1,971
Cash and cash equivalents	180,414	151,722
Total current assets	**277,833**	**299,873**
Total assets	**841,713**	**682,830**

Equity and liabilities	31.12.2019	31.12.2018
	EUR '000	EUR '000
Equity and reserves		
Issued capital	13,468	13,468
Equity attributable to Personally Liable General Partner	294	294
Capital reserves	1,801	1,801
Reserve from the fair value measurement of financial derivatives	–9	–9*
Reserve from other changes in equity of associates	–26,918	–20,032*
Foreign currency reserves	377	182*
Retained earnings	127,044	119,923*
Net retained profit	279,157	264,586
Equity attributable to equity holders of the parent	**395,214**	**380,213**
Equity attributable to non-controlling interests	79,342	91,903
Total equity and reserves	**474,556**	**472,116**
Liabilities and provisions		
Non-current liabilities and provisions		
Non-current financial liabilities, net of current portion	22,477	53,482
Government grants	2,671	5,196
Other non-current financial liabilities	221,604	316
Other non-current non-financial liabilities	1,122	1,752
Deferred tax liabilities	9,660	14,808
Provisions		
Provisions for pensions and other post-employment benefits	7,545	17,024
Other non-current provisions	8,886	16,678
	273,965	**109,256**
Current liabilities and provisions		
Current portion of non-current financial liabilities	22,446	17,962
Trade payables	33,374	47,943
Government grants	321	695
Other current financial liabilities	19,324	17,212
Other current non-financial liabilities	9,945	11,406
Current tax payables	1,446	1,468
Provisions		
Provisions for pensions and other post-employment benefits	1,602	1,385
Other current provisions	4,734	3,387
	93,192	**101,458**
Total liabilities and provisions	**367,157**	**210,714**
Total equity and liabilities	**841,713**	**682,830**

* The presentation of the comparative figures for the previous year was adjusted to reflect the more precise allocation of the effects of companies accounted for using the equity method. We refer to our explanations in Note 2.

Consolidated Cash Flow Statement

	2019	2018
	EUR '000	EUR '000
1. Cash flows from operating activities		
Earnings before income tax	88,829	80,933
Depreciation, amortisation and impairment losses	20,504	29,458
Gain/loss on disposals of intangible assets and property, plant and equipment	–611	27
Deconsolidation gain	–33,890	0
Foreign exchange losses/gains	121	96
Change in investment in associates not affecting cash flow	–32,278	–49,215
Interest income/loss	3,765	1,457
Operating profit before change in net working capital	**46,440**	**62,756**
Change in trade receivables	2,379	–5,527
Net change in other financial and non-financial assets	28,496	12,214
Change in inventories	53	–685
Income from the release of government grants	–193	–962
Change in provisions (excluding accrued interest and additions from capitalised demolition costs) recognised in profit or loss	3,658	–2,051
Change in trade payables including other financial liabilities and non-financial liabilities	–11,288	2,911
Cash inflows from change in net working capital	**23,105**	**5,900**
Interest received	4,207	491
Interest paid	–7,867	–1,688
Cash receipts from repayments of finance lease receivables	6,365	0
Taxes on income and earnings paid	–18,037	–21,620
Interest and income taxes paid	**–15,332**	**–22,817**
Net cash inflow from operating activities	**54,213**	**45,839**
2. Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment and intangible assets	1,563	297
Capital expenditure on property, plant and equipment and intangible assets	–6,302	–13,114
Proceeds from the disposal of interests in consolidated companies less cash and cash equivalents disposed of	44,349	0
Proceeds from the repayment of loans issued	6,000	0
Payments into the equity capital of associates	–11,400	0
Payments of loans to associates	–4,000	0
Dividends received	28,717	36,561
Cash inflows from investing activities	**58,927**	**23,744**

	2019	2018
	EUR '000	EUR '000
3. Cash flows from financing activities		
Dividends paid to equity holders	–27,656	–35,183
Proceeds from the repayment of loans granted	0	1,250
Repayments of financial loans	–16,521	–20,019
Repayments of finance lease liabilities	–14,764	–349
Dividends paid to non-controlling interests	–20,460	–12,032
Net cash used in financing activities	**–79,401**	**–66,333**
Net increase/decrease in cash and cash equivalents (subtotal of 1 to 3)	33,739	3,250
Cash and cash equivalents at 1 January	146,675	143,425
Cash and cash equivalents at end of period	**180,414**	**146,675**
Composition of cash and cash equivalents		
Cash and cash equivalents	180,414	151,722
Bank liabilities/overdrafts due on demand	0	–5,047
Cash and cash equivalents at end of period	**180,414**	**146,675**

Segment Reporting

For purposes of corporate management, the Group continues to be organised into business units according to services and geographical segments and has the following three business segments that are subject to segment reporting:

- The "EUROKAI" Segment includes the EUROKAI business entity, whose focus is on the leasing of operating areas and quay walls in Germany.
- The "CONTSHIP Italia" Segment comprises the business entities of the Italian CONTSHIP Italia Group.
- The "EUROGATE" Segment comprises the proportionate share-holding (50%) in the EUROGATE Group, which generates its revenue in Germany.

The operating result of the business units is monitored separately by the management to enable it to take decisions relating to the distribution of resources and determine the profitability of the units.

Profitability of the segments is assessed on the basis of the operating result. Inter-segment transfers are accounted for at prevailing market conditions.

Segment assets and liabilities include all operating assets and liabilities that are used by or result from a segment's operating activities and whose positive or negative balance determines the operating profit or loss, respectively. Segment assets include principally intangible assets, property, plant and equipment and investments in companies shown using the equity method, as well as trade and other receivables and inventories. Segment liabilities principally consist of liabilities to banks, government grants, trade and other payables as well as provisions. Segment capital expenditure comprises additions to intangible assets and property, plant and equipment.

Inter-segment transactions are eliminated in the Consolidation/reconciliation column.

Inter-segment revenues are recognised at prices corresponding to fair market prices.

In segment reporting, the EUROGATE GmbH & Co. KGaA, KG joint venture is proportionately consolidated as the EUROGATE Segment in line with the 50% equity interest held, and not included using the equity method of accounting as in the consolidated financial statements.

At 31 December 2019 the segments were broken down as follows:

31 December 2019	EUROKAI	CONTSHIP Italia	EUROGATE	Subtotal	Consolidation and reconciliation to IFRS 11	Total
	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000
Revenue	0	260,848	282,304	**543,152**	–282,304	**260,848**
of which external revenue	0	260,848	282,304	**543,152**	–282,304	**260,848**
Interest revenue	5,515	123	1,042	**6,680**	–1,042	**5,638**
Interest expense	–5,588	–3,814	–11,454	**–20,856**	11,454	**–9,402**
Profit/loss of entities accounted for using the equity method	128	5,913	–2,960	**3,081**	15,646	**18,727**
Dividends from other segments	18,615	0	0	**18,615**	–18,615	**0**
EBT	18,458	65,991	13,648	**98,097**	–9,268	**88,829**
Segment assets	195,969	319,333	557,475	**1,072,777**	–445,572	**627,205**
Segment liabilities	173,085	182,966	543,417	**899,468**	–543,417	**356,051**
Depreciation, amortisation and impairment losses	0	–38,186	–32,774	**–70,960**	50,456	**–20,504**
Capital expenditure	0	6,305	63,169	**69,474**	–63,169	**6,305**

At 31 December 2018 the segments were broken down as follows:

31 December 2018	EUROKAI	CONTSHIP Italia	EUROGATE	Subtotal	Consolidation and reconciliation to IFRS 11	Total
	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000
Revenue	10,524	333,413	301,982	**645,919**	–301,982	**343,937**
of which from inter-segment sales	5,262	0	0	**5,262**	–5,262	**0**
of which external revenue	5,262	333,413	301,982	**640,657**	–296,720	**343,937**
Interest revenue	42	449	1,144	**1,635**	–1,144	**491**
Interest expense	–85	–1,863	–5,538	**–7,486**	5,538	**–1,948**
Profit/loss of entities accounted for using the equity method	605	7,844	–1,236	**7,213**	31,539	**38,752**
Dividends from other segments	16,017	0	0	**16,017**	–16,017	**0**
EBT	16,370	51,776	34,073	**102,219**	–21,286	**80,933**
Segment assets	52,431	325,806	344,011	**722,248**	–234,494	**487,754**
Segment liabilities	4,547	189,860	347,136	**541,543**	–347,135	**194,408**
Depreciation, amortisation and impairment losses	0	–29,458	–23,239	**–52,697**	23,239	**–29,458**
Capital expenditure	0	13,114	18,855	**31,969**	–18,855	**13,114**

Consolidated Statement of Changes in Equity

	Issued capital	Equity attributable to Personally Liable General Partner	Capital reserves	Reserve from the fair value measurement of financial derivatives
	EUR '000	EUR '000	EUR '000	EUR '000
Balance at 1 January 2018	**13,468**	**294**	**1,801**	**–473**
Reclassification within equity to reflect the more precise allocation of the effects of companies accounted for using the equity method	–	–	–	348
Balance at 1 January 2018 (restated)	**13,468**	**294**	**1,801**	**–125**
Changes in 2018 financial year				
Remeasurement of derivative financial instruments	–	–	–	116
Remeasurement of equity investments to fair value	–	–	–	–
Remeasurement of pension obligations	–	–	–	–
Currency translation	–	–	–	–
Consolidated profit for the year	–	–	–	–
Net profit for the period	**0**	**0**	**0**	**116**
Dividends paid to equity holders	–	–	–	–
Dividends paid to non-controlling interests	–	–	–	–
Appropriations to retained earnings	–	–	–	–
Capital share of non-controlling interests	–	–	–	–
Balance at 31 December 2018	**13,468**	**294**	**1,801**	**–9***

* The presentation of the comparative figures for the previous year was adjusted to reflect the more precise allocation of the effects of companies accounted for using the equity method. We refer to our explanations in Note 2.

Foreign currency reserves	Reserve from other equity transactions of equity-accounted entities	Generated equity: Retained earnings	Generated equity: Net retained profit	Equity attributable to equity holders of the parent	Equity attributable to non-controlling interests	Total equity
EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000
–4,863	**–22,676**	**119,199**	**265,067**	**371,817**	**85,188**	**457,005**
4,721	1,849	–6,918	–	0	–	0
–142	**–20,827**	**112,281**	**265,067**	**371,817**	**85,188**	**457,005**
–	–	–	–	116	–2	114
–	–	266	–	266	221	487
–	1,316	–33	–	1,283	185	1,468
389*	–521*	–	–	–132	–	–132
–	–	–	42,202	42,202	18,278	60,480
389*	**795***	**233**	**42,202**	**43,735**	**18,682**	**62,417**
–	–	–	–35,183	–35,183	–	–35,183
–	–	–	–	0	–12,032	–12,032
–	–	7,500	–7,500	0	–	0
–65	–	–91	–	–156	65	–91
182*	**–20,032***	**119,923***	**264,586**	**380,213***	**91,903**	**472,116**

Consolidated Statement of Changes in Equity

	Issued capital	Equity attributable to Personally Liable General Partner	Capital reserves	Reserve from the fair value measurement of financial derivatives
	EUR '000	EUR '000	EUR '000	EUR '000
Balance at 1 January 2019	**13,468**	**294**	**1,801**	**–9***
Changes in 2019 financial year				
Remeasurement of derivative financial instruments	–	–	–	0
Remeasurement of equity investments to fair value	–	–	–	0
Remeasurement of pension obligations	–	–	–	–
Currency translation	–	–	–	–
Consolidated profit for the year	–	–	–	–
Net profit for the period	**0**	**0**	**0**	**0**
Dividends paid to equity holders	–	–	–	–
Dividends paid to non-controlling interests	–	–	–	–
Appropriations to retained earnings	–	–	–	–
Capital share of non-controlling interests	–	–	–	–
Disposal of investments in subsidiaries	–	–	–	–
Disposals of non-controlling interests due to deconsolidation	–	–	–	–
Balance at 31 December 2019	**13,468**	**294**	**1,801**	**–9**

* The presentation of the comparative figures for the previous year was adjusted to reflect the more precise allocation of the effects of companies accounted for using the equity method. We refer to our explanations in Note 2.

		Generated equity				
Foreign currency reserves	Reserve from other equity transactions of equity-accounted entities	Retained earnings	Net retained profit	Equity attributable to equity holders of the parent	Equity attributable to non-controlling interests	Total equity
EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000
182*	**–20,032***	**119,923***	**264,586**	**380,213***	**91,903**	**472,116**
–	73	–	–	73	0	73
–	–	–146	–	–146	–97	–243
–	–8,407	–227	–	–8,634	–68	–8,702
234	1,448	–	–	1,682	–	1,682
–	–	–	49,355	49,355	20,873	70,228
234	**–6,886**	**–373**	**49,355**	**42,330**	**20,708**	**63,038**
–	–	–	–27,656	–27,656	–	–27,656
–	–	–	–	0	–20,460	–20,460
–	–	7,500	–7,500	0	–	0
–39	–	–6	–	–45	45	0
–	–	–	372	372	–372	0
–	–	–	–	0	–12,482	–12,482
377	**–26,918**	**127,044**	**279,157**	**395,214**	**79,342**	**474,556**

Consolidated Statement of Changes in Non-current Assets

	Historical cost							
	1.1.2019	Additions IFRS 16	Additions	Disposals	Change in reporting entity	Re-classifi-cations	Other changes in invest-ments in asso-ciates	31.12.2019
	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000
Intangible assets								
Concessions, software, rights and prepayments (own)	127,936	0	1,093	–5,262	–8,425	0	0	115,342
Concessions, software, rights and prepayments (leased)	0	48,575	0	–6,669	0	0	0	41,906
Property, plant and equipment								
Land, land rights and buildings (own)	137,416	0	981	–3,584	–20,050	14	0	114,777
Land, land rights and buildings (leased)	0	17,003	0	0	0	0	0	17,003
Machinery (own)	411,880	0	2,048	–6,439	–217,791	30	0	189,728
Machinery (leased)	3,167	9,813	0	–187	0	0	0	12,793
Other equipment, fixtures and fittings (own)	57,677	0	1,346	–3,158	–12,724	–45	0	43,096
Other equipment, fixtures and fittings (leased)	226	1,301	0	–290	0	0	0	1,237
Prepayments and assets under construction	4,840	0	834	–165	–2,497	0	0	3,012
	615,206	**28,117**	**5,209**	**–13,823**	**–253,062**	**–1**	**0**	**381,646**
Financial assets								
Investments in associates	156,997	0	23,017	0	–4,028	0	639	176,625
Equity investments	1,625	0	0	–452	–3	0	0	1,170
Other financial assets	0		0	0	0	0	0	0
	158,622	**0**	**23,017**	**–452**	**–4,031**	**0**	**639**	**177,795**
Total non-current assets	**901,764**	**28,117**	**29,319**	**–19,537**	**–265,518**	**–1**	**639**	**674,783**

Accumulated amortisation/depreciation and impairment losses					Carrying amounts	
1.1.2019	Additions	Disposals/ Reclassifications	Change in reporting entity	31.12.2019	31.12.2019	31.12.2018
EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000
–73,717	–1,219	5,200	–9,731	–79,467	35,875	54,219
0	–1,645	669	0	–976	40,930	0
–87,493	–3,936	3,570	17,527	–70,332	44,445	49,923
0	–1,406	0	0	–1,406	15,597	0
–323,277	–6,310	5,878	183,146	–140,563	49,165	88,603
–1,220	–4,354	62	0	–5,512	7,281	1,947
–53,303	–1,298	3,124	12,340	–39,137	3,959	4,374
–124	–442	75	0	–491	746	102
–107	106	1	0	0	3,012	4,733
–465,524	**–17,640**	**12,710**	**213,013**	**–257,441**	**124,205**	**149,682**
–56	0	0	0	–56	176,569	156,941
–31	0	0	0	–31	1,139	1,594
0	0	0	0	0	0	0
–87	**0**	**0**	**0**	**–87**	**177,708**	**158,535**
–539,328	**–18,859**	**17,910**	**203,282**	**–336,995**	**378,718**	**362,436**

Coal handling at Ust-Luga Container Terminal.


УЛКТ
УЛКТ
УЛКТ
WISDOM LINE

Financial Statements

EUROKAI GmbH & Co. KGaA, Hamburg (shortened) in accordance with the German Commercial Code (HGB)

First port call of the "CMA CGM CHRISTOPHE COLOMB"
at EUROGATE Container Terminal on 9 January 2019.

The following disclosures are based on the single-entity financial statements of EUROKAI GmbH & Co. KGaA (in the following referred to as EUROKAI), which have been prepared according to the requirements of the German Commercial Code (HGB).

The detailed financial statements as at 31 December 2019, for which Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft issued an unqualified audit report, and the management report of EUROKAI for 2019 are published in the electronic version of the Federal Gazette (Bundesanzeiger) and deposited in the Commercial Register.

Income statement	2019		2018	
	EUR '000	%	EUR '000	%
Sales	9,483		10,742	
Other operating income	1,159		18	
Operating revenue	**10,642**	**100**	**10,760**	**100**
Cost of materials	–10,444	–98	–10,486	–97
Personnell expenses	–83	–1	–79	–1
Other operating expenses	–1,406	–13	–1,979	–19
Operating expenses	**–11,933**	**–112**	**–12,544**	**–117**
Operating result	**–1,291**	**–12**	**–1,784**	**–17**
Net income from financing activities	–95		–63	
Net income from investments	32,310		56,877	
Taxes on income	–3,040		–5,339	
Net income for the year	**27,884**		**49,691**	

Balance sheet	2019		2018	
	EUR '000	%	EUR '000	%
Assets				
Fixed assets	240,923	70	229,306	66
Receivables from long-term investees and investors	11,221	3	37,586	11
Other assets, prepaid expenses and liquid funds	92,959	27	80,401	23
	345,103		**347,293**	
Equity and liabilities				
Equity	342,893	99	342,664	99
Provisions	1,334	1	3,301	1
Other liabilities	876	0	1,328	0
	345,103		**347,293**	

RESULTS OF OPERATIONS

EUROKAI is a financial holding company and, as such, no longer carries on any operating activities. Its business operations are restricted to the administration of its financial investments and to the subletting of quay walls and properties leased from the Free and Hanseatic City of Hamburg/Hamburg Port Authority to the EUROGATE Group.

This subletting brings rental income from quay walls, operating areas and other charges of EUR 9.5 million (2018: EUR 10.7 million) – which, however, is reduced by credit notes issued for rents from previous years in the amount of EUR 1.1 million. Sales revenues for 2019 are offset by comparable initial rental expenses.

Fiscal 2019 showed income from investments of EUR 32.3 million (2018: EUR 56.9 million), of which EUR 12.6 million (2018: EUR 38.7 million) relates to the share in profit for the 2019 financial year of EUROGATE GmbH & Co. KGaA, KG, Bremen. The decrease in the profit share is mainly due to the development of earnings of the affiliated companies and investments of EUROGATE GmbH & Co. KGaA, KG, as well as to a pro rata write-down of EUR 15.0 million on the investment in EUROGATE Container Terminal Wilhelmshaven GmbH & Co. KG, Wilhelmshaven. EUROKAI also recognised dividend income from Contship Italia S. p. A., Melzo/Milan, Italy, in the amount of EUR 18.6 million (2018: EUR 16.0 million), from Medgate Feeder-Xpress Ltd., Monrovia, Liberia, in the amount of EUR 1.0 million (2018: EUR 1.5 million) and from J. F. Müller & Sohn AG, Hamburg, in the amount of EUR 1.0 million (2018: EUR 0.6 million).

The increase in other operating income resulted particularly from the reversal of provisions amounting to EUR 1.0 million.

Other operating expenses primarily cover the profit share attributable to the Personally Liable General Partner, administrative costs, legal and consulting fees, as well as remuneration of the Supervisory Board and Administrative Board.

Tax expenses decreased by EUR 2.3 million to EUR 3.0 million mainly due to the lower amount of taxable profit attributable to EUROGATE GmbH & Co. KGaA, KG.

For the financial year 2019, net income of EUR 27.9 million (2018: EUR 49.7 million) was recognised. This decline is mainly the result of reduced income from the EUROGATE GmbH & Co. KGaA, KG subsidiary.

FINANCIAL POSITION

Based on the result of EUR 27.9 million posted in 2019 (2018: EUR 49.7 million), a cash flow from ordinary operations was generated of EUR –6.1 million (2018: EUR 10.5 million).

NET ASSETS

The increase in fixed assets of EUR 11.6 million is mainly accounted for by the renewed allocation of previously distributed profits to EUROGATE GmbH & Co. KGaA, KG, Bremen.

Receivables from long-term investees and investors are almost exclusively accounted for by the profit share attributable to EUROGATE GmbH & Co. KGaA, KG, Bremen, for the respective financial year.

Other assets, liquid funds and prepaid expenses primarily include receivables from the tax authority from income taxes of EUR 1.5 million (2018: EUR 0.9 million) as well as call accounts and fixed-term deposits and bank balances amounting to EUR 91.4 million (2018: EUR 79.4 million).

The company's equity ratio at the end of the financial year 2019 remained unchanged at 99% (2018: 99%).

PROPOSAL ON THE APPROPRIATION OF NET PROFIT

The Management Board of the Personally Liable General Partner will propose to the Supervisory Board and the General Meeting that for 2019 a 150% dividend payment (2018: 150%) on the nominal value of ordinary and non-voting preference shares be made from the net retained profits recognised in EUROKAI's single-entity financial statements of EUR 185.809 million and an amount of EUR 7.5 million be allocated to other revenue reserves.

Flags marking the birth of August Carl Both
(7th generation of the Eckelmann family)
on 22 January 2020.

Other Disclosures

PERSONALLY LIABLE GENERAL PARTNER

Personally Liable General Partner of EUROKAI is Kurt F. W. A. Eckelmann GmbH, Hamburg, Germany, with a share capital of EUR 100,000.00. Managing Directors of the Personally Liable General Partner are:

Thomas H. Eckelmann, Hamburg, Germany
Chairman

Cecilia E. M. Eckelmann-Battistello, Limassol, Cyprus

The Management Board of the Personally Liable General Partner receives no remuneration for its services, either from EUROKAI or from the Personally Liable General Partner.

SUPERVISORY BOARD

The following persons were members of the Supervisory Board during the financial year 2019:

Dr Winfried Steeger, Hamburg, Germany
Chairman
- Managing Director Jahr Holding GmbH, Hamburg, Germany

Dr Sebastian Biedenkopf, Stuttgart, Germany
Deputy Chairman
- General Counsel Robert Bosch GmbH, Stuttgart, Germany
- Managing Director BIEDENKOPF & ASSOCIATES Strukturierungsberatung GmbH, Hamburg, Germany

Katja Gabriela Both (née Eckelmann), Hamburg, Germany
- Commercial employee EUROGATE GmbH & Co. KGaA, KG, Bremen, Germany

Jochen Döhle, Hamburg, Germany
- Personally Liable General Partner Peter Döhle Schiffahrts-KG, Hamburg, Germany

Raetke H. Müller, Hamburg, Germany
(until 27 May 2019)
- Management Board Member J. F. Müller & Sohn AG, Hamburg, Germany

Max M. Warburg, Hamburg, Germany
- Banker

Dr Klaus-Peter Röhler, Munich, Germany
(since 27 May 2019)
- Chairman of the Board of Management of Allianz Deutschland AG, Munich, Germany
- Chairman of the Board of Management of Allianz Versicherungs-AG, Munich, Germany (since 1 December 2019)

The members of the Personally Liable General Partner's Management Board and the Supervisory Board are also members of the following governing bodies:

Thomas H. Eckelmann
- Contship Italia S. p. A., Melzo/Milan, Italy, Member of the Board of Directors
- Sogemar S. p. A., Melzo/Milan, Italy, Chairman of the Board of Directors
- La Spezia Container Terminal S. p. A., La Spezia, Italy, Chairman of the Board of Directors
- EUROGATE Container Terminal Bremerhaven GmbH, Bremerhaven, Germany, Member of the Supervisory Board
- EUROGATE Container Terminal Hamburg GmbH, Hamburg, Germany, Member of the Supervisory Board
- EUROGATE Container Terminal Wilhelmshaven GmbH & Co. KG, Wilhelmshaven, Germany, Member of the Advisory Board
- EUROGATE Technical Services GmbH, Hamburg, Germany, Member of the Supervisory Board
- boxXpress.de GmbH, Hamburg, Germany, Deputy Chairman of the Advisory Board
- CSM Italia-Gate S. p. A., Genoa, Italy, Chairman of the Board of Directors (until 18 April 2019)

Cecilia E. M. Eckelmann-Battistello
- Contship Italia S. p. A., Melzo/Milan, Italy, Chairwoman of the Board of Directors
- La Spezia Container Terminal S. p. A., La Spezia, Italy, Deputy Chairwoman of the Board of Directors
- Sogemar S. p. A., Melzo/Milan, Italy, Deputy Chairwoman of the Board of Directors
- CICT Porto Industriale Cagliari S. p. A., Cagliari, Italy, Chairwoman of the Board of Directors
- Terminal Container Ravenna S. p. A., Ravenna, Italy, Deputy Chairwoman of the Board of Directors
- CSM Italia-Gate S. p. A., Genoa, Italy, Member of the Board of Directors (until 18 April 2019)
- Medcenter Container Terminal S. p. A., Gioia Tauro, Italy, Chairwoman of the Board of Directors (until 18 April 2019)

Dr Winfried Steeger

- Verwaltungsgesellschaft Otto mbH (co-determined GmbH of the Otto Group), Hamburg, Germany, Member of the Supervisory Board
- August Prien Verwaltung GmbH, Hamburg, Germany, Chairman of the Supervisory Board
- Symrise AG, Holzminden, Germany, Chairman of the Supervisory Board (since 7 August 2019)
- EUROGATE Geschäftsführungs-GmbH & Co. KGaA, Bremen, Germany, Member of the Supervisory Board
- Kurt F. W. A. Eckelmann GmbH, Hamburg, Germany, Deputy Chairman of the Administrative Board
- Familie Thomas Eckelmann GmbH & Co. KG, Hamburg, Germany, Deputy Chairman of the Administrative Board
- Familie Thomas Eckelmann Verwaltungsgesellschaft mbH, Hamburg, Germany, Deputy Chairman of the Administrative Board
- Blue Elephant Energy AG, Hamburg, Germany, Member of the Supervisory Board

Jochen Döhle

- Ernst Russ AG, Hamburg, Germany, Member of the Supervisory Board
- EUROGATE Geschäftsführungs-GmbH & Co. KGaA, Bremen, Germany, Member of the Supervisory Board
- Familie Thomas Eckelmann Verwaltungsgesellschaft mbH, Hamburg, Germany, Member of the Administrative Board
- Familie Thomas Eckelmann GmbH & Co. KG, Hamburg, Germany, Member of the Administrative Board
- Kurt F. W. A. Eckelmann GmbH, Hamburg, Germany, Member of the Administrative Board

Dr Sebastian Biedenkopf

- Delton AG, Bad Homburg, Germany, Member of the Supervisory Board (until 31 January 2019)
- Bosch Sicherheitssysteme GmbH, Grasbrunn, Germany, Member of the Supervisory Board
- Robert Bosch Automotive Steering GmbH, Schwäbisch Gmünd, Germany, Member of the Supervisory Board
- EUROGATE Geschäftsführungs-GmbH & Co. KGaA, Bremen, Germany, Member of the Supervisory Board

Katja Gabriela Both (née Eckelmann)

- Contship Italia S. p. A., Melzo/Milan, Italy, Member of the Board of Directors (non-executive)

Raetke H. Müller

- Metechon AG, Munich, Germany, Chairman of the Supervisory Board
- Silon s. r. o., Sezimovo Usti, Czech Republic, Deputy Chairman of the Advisory Board
- DROOMS AG, Zug, Switzerland, Member of the Administrative Board

Max M. Warburg

- M. M. Warburg & CO (AG & Co.) KGaA, Hamburg, Germany, Deputy Chairman of the Supervisory Board (until 31 December 2019)
- Marcard, Stein & CO AG, Hamburg, Germany, Deputy Chairman of the Supervisory Board (until 31 December 2019)
- EUROGATE Geschäftsführungs-GmbH & Co. KGaA, Bremen, Germany, Second Deputy Chairman of the Supervisory Board
- Familie Thomas Eckelmann Verwaltungsgesellschaft mbH, Hamburg, Germany, Chairman of the Administrative Board
- Familie Thomas Eckelmann GmbH & Co. KG, Hamburg, Germany, Chairman of the Administrative Board
- Kurt F. W. A. Eckelmann GmbH, Hamburg, Germany, Chairman of the Administrative Board

Dr Klaus-Peter Röhler

- Kurt F. W. A. Eckelmann GmbH, Hamburg, Germany, Member of the Administrative Board
- Familie Thomas Eckelmann Verwaltungsgesellschaft mbH, Hamburg, Germany, Member of the Administrative Board
- Familie Thomas Eckelmann GmbH & Co. KG, Hamburg, Germany, Member of the Administrative Board
- Allianz Lebensversicherungs-AG, Munich, Germany, Chairman of the Supervisory Board
- Allianz Versicherungs-AG, Munich, Germany, Chairman of the Supervisory Board (until 13 November 2019)
- Allianz Private Krankenversicherungs-AG, Munich, Germany, Chairman of the Supervisory Board
- Allianz Beratungs- und Vertriebs-AG, Munich, Germany, Chairman of the Supervisory Board
- Versicherungsombudsmann e. V., Berlin, Germany, Member of the Board of Management and the Advisory Board
- InsurTech Hub Munich e. V., Munich, Germany, Member of the Advisory Board

Supervisory Board remuneration amounted to EUR 124,875.99 in financial year 2019. Dr Steeger received EUR 40,750.00 thereof, Dr Biedenkopf EUR 24,625.00, Mr Warburg EUR 13,583.33, Mr Müller EUR 4,833.33, Ms Both EUR 16,083.33, Mr Döhle EUR 14,083.33 and Dr Röhler EUR 10,917.67.

AUDIT AND CONSULTING FEES

The Group auditor's fees, which are recognised as an expense, amounted to EUR 32,000 for the audit of the single-entity and consolidated financial statements, EUR 11,000 for tax consulting services and EUR 26,000 for other services.

CORPORATE GOVERNANCE

The Declaration of Compliance with the recommendations of the "Government Commission on the German Corporate Governance Code" as required pursuant to Section 161 of the German Stock Corporation Act (AktG) was issued by the Management Board and the Supervisory Board of the Personally Liable General Partner and made permanently accessible to the shareholders in the electronic version of the Federal Gazette (Bundesanzeiger) and on EUROKAI's website (www.eurokai.com).

Hamburg, Germany, 2 April 2020

Personally Liable General Partner
Kurt F. W. A. Eckelmann GmbH, Hamburg, Germany

Thomas H. Eckelmann
Cecilia E. M. Eckelmann-Battistello

Responsibility Statement (Group)

RESPONSIBILITY STATEMENT (GROUP)

We hereby affirm that, to the best of our knowledge, the consolidated financial statements present a true and fair view of the net assets, financial position and results of operations of the Group in accordance with the applicable financial reporting standards and that the Group management report provides a faithful and accurate review of the Group's business performance, including operating results and situation, and outlines the significant opportunities and risks associated with the Group's likely development.

Hamburg, Germany, 2 April 2020

Personally Liable General Partner
Kurt F. W. A. Eckelmann GmbH, Hamburg

Thomas H. Eckelmann
Cecilia E. M. Eckelmann-Battistello

Contact

This Annual Report contains a shortened version of the Consolidated Financial Statements. All references to the Notes to the Consolidated Financial Statements relate to the full version. The full version can be obtained – in German – from:

EUROKAI GmbH & Co. KGaA

Investor Relations

Kurt-Eckelmann-Strasse 1
21129 Hamburg
Germany

Phone +49 40 7405-0
eckelmann@eurokai.com
www.eurokai.com

EUROKAI GmbH & Co. KGaA

Kurt-Eckelmann-Strasse 1
21129 Hamburg
Germany

Phone +49 40 7405-0
eckelmann@eurokai.de
www.eurokai.de

Contship Italia S. p. A.

Via Primo Maggio, 1
20066 Melzo (MI)
Italy

Phone +39 02 95529611
infocs@contshipitalia.com
www.contshipitalia.com

EUROGATE GmbH & Co. KGaA, KG

Präsident-Kennedy-Platz 1A
28203 Bremen
Germany

Phone +49 421 142502
info@eurogate.eu
www.eurogate.eu