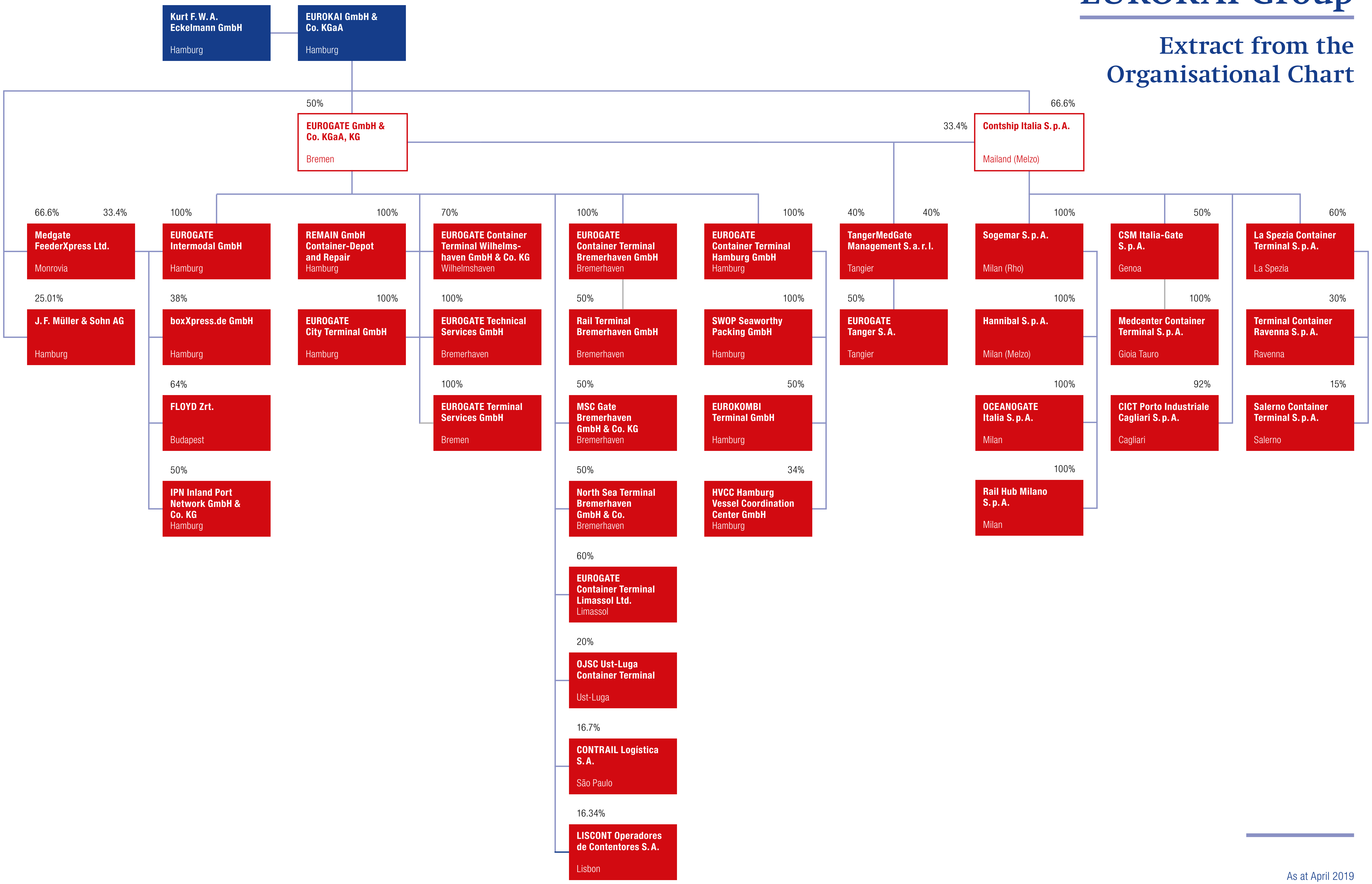
EUROKAI

ANNUAL REPORT
2018

Condensed Version

EUROKAI Group

Extract from the Organisational Chart



As at April 2019

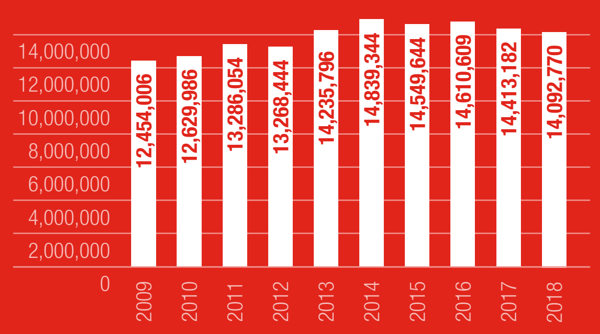
Balance Sheet Figures and Corporate Data

Figures in accordance with IFRSs

	2018 EUR '000	2017 EUR '000
REVENUE	343,937	340,103
NET PROFIT FOR THE YEAR	60,480	64,956
TOTAL ASSETS	682,830	687,089
EQUITY	472,116	454,143
EQUITY RATIO	69%	66%
CAPITAL EXPENDITURE ON PPE AND INTANGIBLE ASSETS	13,114	6,393
DEPRECIATION AND AMORTISATION EXPENSE	29,458	26,056
CASH FLOW FROM CONTINUING OPERATIONS	45,839	78,930
PERSONNEL EXPENSES	131,478	130,389
EMPLOYEES	1,985	2,170
EARNINGS PER SHARE IN EUR (UNDER IAS 33)	2.66	3.10

DEVELOPMENT OF EUROKAI CONTAINER HANDLING

TEUs



Since 2010 excluding Livorno.

SHARE PRICE DEVELOPMENT EUROKAI

PREFERENCE SHARE ISIN DE0005706535

EUR

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Foreword by the Chairman of the Management Board

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

THOMAS H. ECKELMANN
Chairman of the Management Board

To all our shareholders,

The financial year 2018, which is the subject of this report, was again very mixed; however, in summary the overall performance was good.

The net income shown in the single-entity financial statements for EUROKAI amounts to EUR 49.7 million (2017: EUR 55.0 million), while consolidated net profit was EUR 60.5 million (2017: EUR 65.0 million). Thus, both the result shown in the single-entity financial statements and consolidated net profit were each better than originally forecast.

Correspondingly, earnings per share in accordance with IAS 33 declined to EUR 2.66 (2017: EUR 3.10).

In an environment characterised by a general weakness of the stock markets, the market price of the EUROKAI preference share took a downward turn. While at the end of 2017 EUROKAI shares stood at EUR 44.80, the price at the end of 2018 was EUR 31.00. The preference shares are currently trading at EUR 35.30 (as at 16 April 2019).

Based on the solid results shown in the EUROKAI single-entity financial statements, we propose distribution of a dividend of EUR 1.50 per share for the financial year 2018. In container handling, the EUROKAI Group's core business segment, we succeeded in 2018 in almost confirming the handling volumes of the previous year. At 14.1 million TEUs in total, the Group recorded only a slight 2.2% drop in handling volumes year-over-year. All in all, this is positive news, because in individual cases there are distinct peaks and troughs. What is important is our dividend continuity, which we keep at a constant level of 150%. We plan to maintain this level in the financial year 2019.

The CONTSHIP Italia Group posted very satisfactory earnings after taxes of EUR 38.0 million for 2018, which was at the previous year's level (2017: EUR 37.9 million). At EUROGATE, net profit for the year decreased in 2018 in line with expectations by EUR 21.0% year-over-year to EUR 67.3 million, due to the non-recurring and special effects included in the previous year's result.

STABLE HANDLING VOLUMES IN GERMANY

Overall, container handling volumes at the Group's German locations were encouraging, with performance on a par with the previous year's level. At a total of around 7.76 million TEUs, the figure was only 0.2% below that of the previous year. Measured against the constantly increasing fluctuations in the market, the consistency shown here is something to be proud of. It proves once again that our diversification strategy in the German market is paying off.

The three container terminals in Bremerhaven remained stable and closed the year with only a slight volume loss of 1.3% at a good level of 5.47 million TEUs. However, the announcement of the transfer of four transatlantic services operated by THE Alliance from EUROGATE Container Terminal Bremerhaven to HHLA Container Terminal Altenwerder in Hamburg was a bitter blow for the EUROGATE Group. While this change, which took effect from January 2019, did not impact on the results for 2018, it will be one of the bigger challenges we will have to overcome in 2019.

EUROGATE Container Terminal Hamburg, by contrast, returned to a path of growth. After two difficult years with heavy volume losses, we succeeded above all in the second half-year 2018 in halting the negative trend and once again saw a significant increase in handling volumes. Although at 1.64 million TEUs total throughput in 2018 is still 3.0% below the previous year's level, nonetheless after a weak first six months with a decline of up to 16%, capacity utilisation at the terminal recovered significantly between July and December. One reason for the turnaround is the additional transhipment volumes resulting from the integration of Hamburg Süd into the Mærsk Group and a new Far East trade operated by recently acquired customer Hyundai Merchant Marine. Furthermore, towards the end of the year we signed a contract with CMA CGM, Marseilles, for a major Europe–Far East service operated by OCEAN Alliance. Although the service has only been operating via the Hamburg terminal since January 2019 and, therefore, outside of the reporting period, it will ensure that the upward trend at our Hamburg location continues in the current financial year, and already accounts for growth of 41% year-over-year in Q1 2019 alone. As of January 2019, Tom Eckelmann (36) has taken over the reins as Managing Director of the container terminal in Hamburg-Waltershof founded by his grandfather.

EUROGATE Container Terminal Wilhelmshaven recorded double-digit growth for the third consecutive year. With a handling volume of 0.66 million TEUs, our terminal achieved a new record that was 18.3% higher than in the previous year. And while there is still a long way to go before the company breaks even, this growth reinforces our confidence in the potential and future viability of the site.

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 of the EUROKAI Group grew year-over-year by 2.8% overall to 1.05 million TEUs. While German intermodal operations showed a slight dip of 0.5% in transport volumes, this was more than compensated by activities in Italy (+3.3%), in Portugal and in Brazil (together +36.9%).

PEAKS AND TROUGHS IN ITALY

The performance of the container terminals of the CONTSHIP Italia Group could hardly be more disparate. La Spezia and Salerno continue to be the mainstays of earnings, posting volume increases of 0.8% and even 5.6% respectively, while our transhipment terminals in Gioia Tauro and Cagliari report a dramatic decline in some areas.

At Medcenter Container Terminal (MCT), Gioia Tauro, collaboration with our partner and only customer, MSC Mediterranean Shipping Company S.A., again proved far from easy. We continued during the financial year 2018 to strive for an acceptable solution for both sides going forward, but unfortunately did not succeed. We have therefore decided to sell the 50% interest in Gioia Tauro to a partner in 2019.

The future of the terminal in Cagliari, which saw handling volumes decline by around 50% in 2018, continues to be a major topic for the EUROKAI and CONTSHIP Italia management in 2019. The task we currently face is to clarify once and for all what opportunities and risks – and resulting options for the EUROKAI Group – continued operation of the site would entail.

TANGIER AND LIMASSOL STRONG IN INTERNATIONAL OPERATIONS

In our international operations, the terminals in Tangier, Morocco, and Limassol, Cyprus, clearly stand out. The latter achieved a very gratifying volume increase of 14.1% to around 0.4 million TEUs. And we are creating the prerequisites for further growth: in the autumn, two efficient new container gantries were delivered that will in the future enable the terminal to handle ultra large container ships. Commissioning was completed in the first quarter of 2019.

In Tangier, there were two very positive developments. First, EUROGATE Tanger in Morocco maintained handling volumes on a par with the previous year and, with around 1.38 million TEUs, closed 2018 only slightly (0.5%) below the previous year's high level. Second, we signed the consortium agreement with our local partner Marsa Maroc to build the new TangerMed 3 (TC 3) terminal and started with preparations for construction of the superstructure. As already announced, the terminal is being built as a dedicated terminal for Hapag-Lloyd, which has incorporated the Tangier location permanently into its global growth strategy. With the planned transfer of Hapag-Lloyd to the new terminal from the start of operations of in mid-2020, EUROGATE Tanger will become a dedicated terminal for CMA CGM, which will then fully utilise the capacity of the existing terminal.

Our terminal investments in Lisbon, Portugal, and Ust-Luga, Russia, closed the financial year 2018 with substantial volume losses. In Lisbon, a long period of strikes called by the trade union resulted in a drop in handling figures of almost 30% to just 0.14 million TEUs. Ust-Luga is still enduring the negative repercussions from the sanctions imposed against Russia and, with a total of approximately 0.07 million TEUs, lost around 7% year-over-year.

Our contracts with the Iranian SINA Port & Maritime Co. to take over operation of the Shahid Rajaee Container Terminal 2 (SRCT 2) in Bandar Abbas, Iran, have been delayed due to the recent sanctions imposed on Iran by the US and the unclear position of the Europeans in this regard, and are currently on ice. The joint venture and consultancy services agreements signed in August 2018 remain in force however, and we hope to be able to resume talks on their implementation once the political situation allows.

A FRAMEWORK FOR AUTOMATION AND DIGITALISATION

Our EUROGATE "STRADegy" straddle carrier automation project continues to progress. At the end of the reporting period, major infrastructure measures at the test site in Wilhelmshaven were finally contracted out, after bottlenecks on the services market as a result of the general construction boom in Germany had delayed the tendering procedure during the year. The four test vehicles were, however, delivered to Wilhelmshaven at the beginning of 2019 and were put into operation in the subsequent weeks. The first tests got underway in March.

The project is thus now progressing apace and is at last beginning to take concrete shape. It was therefore all the more important for us that finally on 20 December 2018, after more than a year of intensive negotiations, the "Future" collective agreement between EUROGATE and the united services union ver.di was concluded. This governs the long-term management for the German locations of the EUROGATE Group of employment-related changes brought about through automation and digitalisation projects, and thus provides a binding framework for both sides as well as security and orientation for our employees in this important transformation process.

IMPORTANT INFRASTRUCTURE DECISIONS

At the end of August 2018, we could at last breathe a sigh of relief. After 17 long years, the planning approval procedure for the fairway adjustment of the River Elbe was finally concluded. The ruling of the Federal Administrative Court meant that preparations for the deepening and widening of the Lower Elbe were able to get underway in the autumn. According to the current schedule, initial improvements regarding the nautical situation in the Elbe fairway are expected for late 2019.

Another important infrastructure decision for us is still pending, however. In connection with the planning approval order for the westward expansion of our terminal in Hamburg, actions by private individuals are still pending. In December 2018, the Federal Administrative Court promised a hearing soon, so that we are hoping for a positive ruling before the end of the first half of 2019. Consequently, subject to an anticipated construction start in 2020, it is now estimated that commissioning of the entire area will be delayed until 2026 at the earliest.

FOCUSING ON OUR STRENGTHS

The EUROKAI Group successfully mastered a thematically complex year in 2018. We have adapted to the constantly changing market environment and drawn the right conclusions from the developments of recent years. This is something we must and will continue to do, because 2019 will not be any less challenging. As in the many years before, it will be essential that in all situations and developments we continue to focus on our strengths. This year, we will mark two anniversaries. CONTSHIP Italia celebrates its 50th and EUROGATE its 20th anniversary. Both companies have positioned and asserted themselves in the market over the past decades. Together they form an ideal group structure of experienced and established players and good young talent. We therefore hope you will continue to place your trust in this network, for which I would like to take this opportunity to offer my sincere thanks. We would also like to express heartfelt thanks to all employees of the EUROKAI Group, without whom the achievements of the past financial year would not have been possible.

Hamburg, April 2019
Yours,

Thomas H. Eckelmann
Chairman of the Management Board

EUROKAI

Rainbow over EUROGATE Container Terminal Wilhelmshaven.

Group Management Report for fiscal year 2018

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, Gioia Tauro, Cagliari, Ravenna and Salerno (Italy), in Hamburg, Bremerhaven and Wilhelmshaven (Germany), 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.

Revenue within the EUROKAI Group grew slightly in the 2018 fiscal year by 1.1% to EUR 343.9 million (2017: EUR 340.1 million). Consolidated profit for the year decreased by EUR 4.4 million to EUR 60.5 million (2017: EUR 65.0 million/–6.9%) due to slightly lower operating profit with a simultaneous decline in income from investments.

At 14.093 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 (2.2%) than in the previous year (2017: 14.413 million TEUs). The handling statistics are shown on page 12.

CONTSHIP ITALIA SEGMENT

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

Although La Spezia Container Terminal marginally exceeded the previous year’s already high handling figures, the terminals of the CONTSHIP Italia Group recorded a drop in handling volumes overall by 6.0% to 4.356 million TEUs (2017: 4.637 million TEUs) due to the downward trend in transhipment volumes at the container terminals in Gioia Tauro and Cagliari.

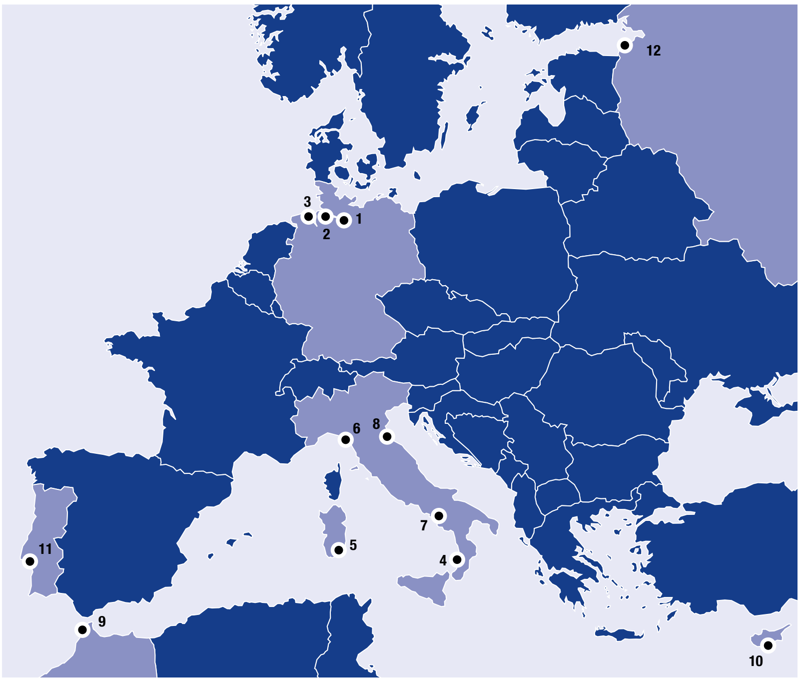
The CONTSHIP Italia Group generated revenue of EUR 333.4 million in fiscal 2018 (2017: EUR 329.8 million). Despite significant burdens on earnings from the transhipment terminals in Gioia Tauro and Cagliari, as well as the consequential costs of a rail accident in the intermodal segment that occurred in the Milan suburb of Pioltello, consolidated net profit for the year, at EUR 38.0 million (2017: EUR 37.9 million), remained at the previous year’s level in 2018. This is largely accounted for by the positive handling and earnings trend of the fully consolidated La Spezia Container Terminal S. p.A and higher income from investments. Annual earnings of the CONTSHIP Italia Group were therefore better than projected, despite failure to reach the forecast slight rise in handling volumes.

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

At 2.289 million TEUs (2017: 2.396 million TEUs), handling figures at Medcenter Container Terminal S. p. A., an indirect 50% shareholding, are 4.5% below the level of the previous year. The continued decline in the number of containers handled due to changes in the liner services network of the key account customer MSC Mediterranean Shipping Company S. A. (MSC) and expenses in connection with ongoing legal disputes following the transfer of 377 employees to a state agency already reported on in 2017 led to a further decline and a negative year-end result.

Cagliari International Container Terminal – CICT Porto Industriale Cagliari S. p. A., in which Contship Italia S. p. A. has a 92% shareholding – recorded handling figures of 0.205 million TEUs in fiscal 2018, which was a 49.2% decrease over the previous year (2017: 0.404 million TEUs). The reason for this was the full-year effects of the rescheduling of liner services undertaken in the course of the previous year by the major customer Hapag-Lloyd. Furthermore, an impairment loss recognised on property, plant and equipment in the

EUROKAI container terminal sites



	Site	2018	2017	Change
		TEUs	TEUs	%
	Germany			
1	Hamburg	1,635,900	1,686,364	–3.0
2	Bremerhaven	5,467,468	5,536,889	–1.3
3	Wilhelmshaven	655,790	554,449	18.3
	Total Germany	**7,759,158**	**7,777,702**	**–0.2**
	Italy			
4	Gioia Tauro	2,288,768	2,395,856	–4.5
5	Cagliari	205,080	403,621	–49.2
6	La Spezia	1,350,116	1,339,655	0.8
7	Salerno	331,521	313,869	5.6
8	Ravenna	180,934	183,654	–1.5
	Total Italy	**4,356,419**	**4,636,655**	**–6.0**
	Other			
9	Tangier (Morocco)	1,377,317	1,384,714	–0.5
10	Limassol (Cyprus)	393,574	344,949	14.1
11	Lisbon (Portugal)	137,411	195,029	–29.5
12	Ust-Luga (Russia)	68,891	74,133	–7.1
	Total Other	**1,977,193**	**1,998,825**	**–1.1**
	Total	**14,092,770**	**14,413,182**	**–2.2**

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 Gioia Tauro, Cagliari and La Spezia.

amount of EUR 5.1 million had a negative impact on the year-end result. Overall, this led to a further decline and substantially negative net earnings year-over-year.

La Spezia Container Terminal S. p. A. is a 60% shareholding of Contship Italia S. p. A. The company saw its already high handling volumes increase by 0.8% to 1.350 million TEUs in 2018 (2017: 1.340 million TEUs), and posted substantially improved earnings year-over-year thanks to the increased handling volume, the reversal of a loan loss provision from the previous year and lower depreciation on property, plant and equipment.

The market share of the CONTSHIP Italia Group in container handling in Italy stood at 43% in fiscal 2018 (2017: 46%). Thus, the CONTSHIP Italia Group was largely able to defend its market leadership among Italy's container handling companies.

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 a slightly improved operating profit for the 2018 reporting period compared to the previous year as a result of 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 0.311 million TEUs, the company recorded a higher intermodal transport volume (2017: 0.301 million TEUs). In addition to higher expenses for auxiliary transport services due to an increased proportion of truck traffic, the company's annual profit was burdened by consequential costs from the rail accident in the Milan suburb of Pioltello (see "Key events in the course of the fiscal year"). Accordingly, the year-end result was significantly lower than in the previous year, albeit still slightly positive.

OCEANOGATE Italia S. p. A. reported a slight increase in rail freight transport in the 2018 reporting period and, despite a negative effect on the result in connection with the rail accident in Pioltello, posted a gratifying improvement in earnings compared to the previous year owing to a significantly enhanced revenue structure.

Rail Hub Milano S. p. A. operates the inland terminals of the CONTSHIP Italia Group in Melzo and Rho. Despite higher handling volumes, the company recorded declining earnings year-over year, principally as a result of higher shunt costs and the rail accident in Pioltello, which here, too, had a negative impact on earnings.

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 (50%), and EUROGATE Container Terminal Wilhelmshaven GmbH & Co. KG (70%), have been incorporated in the "EUROGATE" Segment using the equity method.

In the North Range, handling volumes increased slightly overall in the financial year 2018 (+3.5%). In this market environment, container handling volumes at the German container terminals in the EUROGATE Group, with –0.2%, were only marginally below the previous year's level.

The EUROGATE Group saw group revenue fall by 0.7% to EUR 604.0 million in fiscal 2018 (2017: EUR 607.9 million). In light of the negative trend in handling volumes in particular at the Hamburg location, the operating profit decreased accordingly, to EUR 79.3 million (2017: EUR 100.3 million). As a result, given the decline in earnings-related income taxes compared year-over-year, consolidated net profit for the year fell by 21.0% to EUR 67.3 million (2017: EUR 85.2 million) in line with expectations. Thus, consolidated net profit is consistent with the significant decline in earnings forecast for 2018.

The trend in throughput and earnings under IFRSs for the EUROGATE companies operating container terminals in fiscal 2018 was as follows:

With a handling figure of 1.636 million TEUs (2017: 1.686 million TEUs), EUROGATE Container Terminal Hamburg recorded a decline in handling volumes of 3.0%. While the downward volume trend up to and including May 2018 had a severely dampening impact due to the base effect in connection with the restructuring of the shipping line consortia (merger of our customer China Shipping (Group) Company (China Shipping), Shanghai, with HHLA customer China Ocean Shipping Group Company (COSCO), and merger of our customer United

Arab Shipping Company (UASC), with HHLA customer Hapag-Lloyd AG (Hapag-Lloyd), with corresponding losses in handling volumes from February 2017), the company's handling figures picked up again from May 2018 following the acquisition of a Far-East service of the Hyundai Merchant Marine (HMM) shipping line. Furthermore, in the wake of the takeover of the Hamburg Süd shipping line by Mærsk Line in the early summer of 2018, the Hamburg location was able to recuperate significant volumes. Based on the continued slight decline in handling volumes overall, the company posted significantly lower annual earnings in 2018 compared to the previous year. Nevertheless, the company recognised positive net profit before profit transfer to the EUROGATE holding company.

EUROGATE Container Terminal Bremerhaven GmbH saw a volume increase of 5.8% in the 2018 reporting period, with a handling figure of 1.139 million TEUs (2017: 1.076 million TEUs). Notwithstanding the increased transhipment volumes, the company posted a slightly lower annual result before profit transfer to EUROGATE GmbH & Co. KGaA, KG ("EUROGATE holding company") for fiscal 2018 compared with the previous year. This is due to slightly declining average revenues and the elimination of the positive non-recurring and extraordinary items included in the previous year's result.

North Sea Terminal Bremerhaven GmbH & Co., the joint venture between the EUROGATE holding company and APMT Terminals Deutschland (Holding) GmbH, recorded handling figures of 2.826 million TEUs in fiscal 2018, a decline in volume of 2.1% year-over-year (2017: 2,885 million TEUs). Due to the slight decline in volume growth, coupled with the decommissioning of container gantries, the company posted slightly lower earnings compared to the 2017 reporting period.

With a throughput figure of 1.503 million TEUs (2017: 1.576 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 drop in handling volumes in 2018 of 4.6% compared with the previous year. The company's annual net profit was thus lower than for the corresponding period of the previous year.

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 2018, handling volumes stood at 0.656 million TEUs, a rise of 18.3% compared to the previous year (2017: 0.554 million TEUs). Based on this volume, capacities nevertheless continued to be underutilised, and although earnings in 2018 picked up slightly year-over-year, the company as expected generated a renewed net loss.

Handling volumes at EUROGATE Tanger S. A., Tangier, Morocco, in which the EUROGATE Group and the CONTSHIP Italia Group each indirectly hold 20% of the shares, remained at the previous year's high level with 1.377 million TEUs (2017: 1.385 million TEUs/–0.5%). Productivity gains led to slightly improved annual earnings year-over-year.

The EUROGATE Group holds a share of 60% 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. EUROGATE Container Terminal Limassol Limited took over operation of the container terminal from the Cyprus Port Authority on 29 January 2017. In fiscal 2018, the company handled 0.394 million TEUs (2017 [from the takeover up to the reporting date]: 0.345 million TEUs). Based on the volume increase of 14.1%, the company's operating 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% share, was again impacted by extensive and persistent strike action in the 2018 financial year. Against this background, with a handling volume of 0.137 million TEUs (2017: 0.195 million TEUs), the company recorded a significant 29.5% decline in handling figures. Correspondingly, the company's year-end result also deteriorated, but was still clearly positive.

OJSC Ust-Luga Container Terminal, Ust-Luga, Russia, in which the EUROGATE Group holds a 20% stake, handled only 0.069 million TEUs over the period under review (2017: 0.074 million TEUs/–7.1%) due to the ongoing Russia crisis and the overcapacities in the greater St. Petersburg area. This notwithstanding, thanks to cost-saving measures and currency effects the company posted significantly improved operating profit year-over-year.

KEY EVENTS IN THE COURSE OF THE FISCAL YEAR

CONTSHIP Italia Segment

A passenger train derailed on the Cremona–Milan line in the Milan suburb of Pioltello on 25 January 2018. In the course of the subsequent official investigations, the railway line was partially closed, with the result that up to 12 February 2018 there were considerable disruptions and restrictions in the inflow and outflow of freight traffic in the greater Milan area, which in turn led to not inconsiderable revenue losses for the CONTSHIP Italia Group companies operating in the intermodal business. CONTSHIP Italia is asserting claims for the ensuing damages against Rete Ferroviaria Italiana (RFI), the railway company responsible for the tracks, on the basis of an assumed structural failure of the tracks.

In competition with the western ports of Rotterdam and Antwerp, CONTSHIP Italia has recorded its first notable successes with its "Change Your Point Of View" marketing campaign. Since 2 July

Intermodal transport

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

2018, the Niederglatt container terminal near Zurich, operated by the Swissterminal Group, has offered importers and exporters in Switzerland a direct rail connection with five departures per week to the Milano Rail Hub in Melzo/Milan. The new service is provided by Hannibal S. p. A. The Rail Hub offers various connections, in particular to the seaports of La Spezia and Genoa, as well as continental destinations.

EUROGATE Segment

In spring 2018, the new Far East service of the South Korean shipping company Hyundai Merchant Marine was acquired for the Hamburg location. On Saturday, 12 May 2018, the MV "Hyundai Forward" tied up at EUROGATE Container Terminal Hamburg for the first time. The container ship operates on the newly established Asia Europe Express (AEX) service. The 4,700 TEU carrier is one of ten ships that have been regularly connecting Hamburg with Asia on a weekly basis since mid-May. Mærsk Line/Hamburg Süd's new ME1 Europe–India service has been operating in and out of EUROGATE Container Terminal Hamburg since mid-2018, as has Sealand/Hamburg Süd's Euro-Mediterranean service since December 2018. Other main vessels have been integrated into the Mærsk Line network and will benefit EUROGATE accordingly.

In May 2018, the EUROGATE Group for the first time received the Asian Freight, Logistics & Supply Chain Award (AFLAS) as "Best Green Container Terminal Operator 2018".

In order to take advantage of the persistently low level of interest rates, as of 27 June 2018 EUROGATE GmbH & Co. KGaA, KG took out several borrower's note loans or registered bonds repayable at maturity with terms of up to 12 years in the total amount of EUR 75 million.

In the late autumn of 2018, the Hapag-Lloyd shipping line confirmed its intention to transfer four transatlantic services previously handled by EUROGATE Container Terminal Bremerhaven GmbH to HHLA Container Terminal Altenwerder in Hamburg from January 2019. For the Bremerhaven location, this means an initial loss of around 10% of its handling volume. At almost the same time, CMA CGM confirmed its decision to entrust transhipment of an additional Far East service to EUROGATE Container Terminal Hamburg GmbH. The resulting additional throughput at the Hamburg location for 2019, including the effects on handling volumes of the first full year following acquisition of the Hyundai Far East service in the course of 2017 as well as the additional transhipment volumes from Hamburg Süd, are expected to offset the handling losses at the Bremerhaven location.

In the previous year (5 October 2017), EUROGATE International GmbH, together with Contship Italia S. p. A. and Société d'exploitation des Ports (Marsa Maroc), Casablanca, Morocco, had signed a Memorandum of Understanding (MoU) with the aim of participating in a joint venture for the construction and operation of the new Container Terminal 3 (TC 3) in Tangier, Morocco. After further negotiations with the port authority Tangier Mediterranean Special Agency (TMSA) and Marsa Maroc, a partnership agreement was drawn up at the end of 2018 under which EUROGATE International GmbH and Contship Italia S. p. A. will accede to the existing operating company with 25% minus 3 shares and 25% respectively. Marsa Maroc will have a share of 50% plus 3 shares in this joint venture, which holds the concession to build and operate TC 3 until 2046. The Moroccan competition authority gave its approval on 31 January 2019. There are also plans for a globally operating container shipping company to acquire a minority stake in the terminal. Initially, the new container terminal will have 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 is currently under construction, so that the joint venture is expected to be able to start work on producing the superstructure for the terminal in the course of 2019. Commissioning of the terminal, which will have a throughput capacity of 1.5 million TEUs, is scheduled for mid-2020.

In the 2018 financial year, work continued on developing the control and process systems for the "STRADegy" pilot project for the automation of straddle carriers carried out in collaboration with APM Terminals and equipment and systems supplier Kalmar. The necessary infrastructure measures for the test operation on the designated subarea of EUROGATE Container Terminal Wilhelmshaven were planned and the necessary construction and operating permits obtained.

Furthermore, the technical upgrade of two container gantry cranes and a rail crane necessary for the planned test operation with automated straddle carriers was tendered out and awarded.

The software components are currently being tested and the necessary systems for control, safety and positioning are being installed. Preliminary acceptance tests for the four automated straddle carriers have been carried out. The vehicles were delivered to the test site in Wilhelmshaven on 15 January 2019.

Due to system planning and development delays experienced by the supplier Kalmar and the resulting setbacks in planning and implementing necessary construction and infrastructure measures, completion of the project is currently five months behind schedule. 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 at the end of Q4 2019.

On 20 December 2018, after more than one year of negotiations, the "Future" collective agreement between EUROGATE and the united services union ver.di was concluded. It governs the long-term management for the German locations of the EUROGATE Group of employment-related changes brought about through automation and digitalisation projects, and thus provides a binding framework for both sides in this important transformation process.

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 lead 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, 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 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 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 order 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 76 petitioners (private individuals). Two applicants withdrew their complaints in March 2017, so that 74 actions are still pending. No lawsuits 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.

In December 2018, the Administrative Court issued a comprehensive ruling announcing that an oral hearing would soon be scheduled. On the basis of this ruling, the lawyers of the defendant and joined parties are assuming that a decision by the Administrative Court can be expected before the end of the first half of 2019.

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 construction of the superstructure for the terminal can begin from 2025/26. As a result, commissioning of the entire site is likely to be delayed until 2026 at the earliest.

The zoning decision on the adjustment of the Elbe fairway was made legally binding and incontestable at the beginning of October 2018. This means construction can begin. The project sponsors (Federal Government and City of Hamburg) are currently preparing the awarding of the necessary construction contracts to the construction companies. The start of construction is scheduled for spring 2019, unless an appeal against the awarding of the contracts leads to further postponements. From today's perspective, assuming a construction time of approx. 21 months, complete realisation of the project is expected in the year 2021.

Initial improvements regarding the nautical situation in the fairway are expected for late 2019/early 2020.

The number of large container vessels in service further increased, leading to continued pressure on sea freight rates among the container shipping lines. Parallel to this, around another 50 large container ships with a capacity of around 22,000 TEUs are currently on the 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 to the deepening of the Elbe and Outer Weser shipping channels, have further intensified for these ports. This in turn, however, continues to mean very good prospects for the Wilhelmshaven terminal for the medium to long term.

Miscellaneous

On 11 March 2018, EUROKAI GmbH & Co. KGaA signed a Memorandum of Understanding (MoU) with SINA Port & Maritime Co. (SPMCO), Teheran, Iran, with the aim to establish a joint venture to take over operation of the Shahid Rajaee Container Terminal 2 (SRCT 2) in the South Iranian port of Bandar Abbas with a handling capacity of 4 million TEUs.

Following withdrawal of the USA from the Iran nuclear deal, and the reintroduction of sanctions at the beginning of November 2018, the project has been put on ice until further notice pending future political developments.

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 disclosures relating to the individual items of the consolidated income statement relate only to the CONTSHIP Italia and EUROKAI Segments.

To show the financial performance, the following table uses an earnings statement based on operational management:

External revenue of the EUROKAI Group stood at EUR 343.9 million (2017: EUR 340.1 million). EUR 333.4 million (2017: EUR 329.8 million) of this was generated by the CONTSHIP Italia Segment and EUR 10.5 million (2017: EUR 10.3 million) by the EUROKAI Segment. Despite a 6.0% drop in handling volumes overall at the sea terminals in the CONTSHIP Italia Segment, Group revenue increased as a result of higher average revenue per container and a generally encouraging rise in volumes and revenues in intermodal transport operations within the CONTSHIP Italia Segment.

The increase in other operating income by EUR 3.1 million to EUR 15.5 million is largely explained by transportation subsidies in the intermodal segment and income unrelated to the accounting period.

	2018		2017		Change	
	EUR '000	%	EUR '000	%	EUR '000	%
Revenue	343,937	96	340,103	96	3,834	1
Other operating income	15,480	4	12,375	4	3,105	25
Total operating income	**359,417**	**100**	**352,478**	**100**	**6,939**	**2**
Cost of materials	–118,507	–33	–112,243	–32	–6,264	6
Personnel expenses	–131,478	–37	–130,389	–37	–1,089	1
Depreciation, amortisation and impairment losses	–29,458	–8	–26,056	–7	–3,402	13
Other operating expenses	–36,369	–10	–39,253	–11	2,884	–7
Operating expenses	**–315,812**	**–88**	**–307,941**	**–87**	**–7,871**	**3**
Net operating profit	**43,605**	**12**	**44,537**	**13**	**–932**	**–2**
Interest and similar income	491		637		–146	
Finance costs	–1,948		–2,696		748	
Investment income	38,752		43,217		–4,465	
Other finance costs (income)	33		692		–659	
Profit before taxes (EBT)	**80,933**		**86,387**		**–5,454**	
Current tax payables	–19,823		–22,407		2,584	
Deferred taxes	–630		976		–1,606	
Consolidated profit for the year	**60,480**		**64,956**		**–4,476**	
Thereof attributable to:						
Equity holders of the parent	42,202		49,194			
Non-controlling interests	18,278		15,762			
	60,480		**64,956**			

Operating profit (EBIT) for the 2018 fiscal year amounted to EUR 43.6 million (2017: EUR 44.5 million), which was only slightly below the previous year's total. This decrease despite the very positive handling and earnings performance of La Spezia Container Terminal S. p. A. is accounted for by the downturn in handling volumes and earnings at the transhipment terminals in Gioia Tauro and Cagliari, an impairment loss recognised on property, plant and equipment relating to CICT Porto Industriale Cagliari S. p. A., as well as non-recurring expenses in connection with unresolved legal disputes concerning the Gioia Tauro location.

The rise in the cost of materials is due in particular to growth in the volume of intermodal transport activities, coupled with consequential costs resulting from the rail accident in Pioltello. In addition, the cost of diesel fuel rose due to higher volumes and prices. Despite a drop in the average number of employees across the EUROKAI Group, personnel expenses rose on the one hand as a result of the increase in handling volumes at La Spezia Container Terminal S. p. A., accompanied on the other hand by higher wages and salaries as well as expenses in connection with the unresolved legal disputes in Gioia Tauro.

The increase in depreciation and amortisation expense results from an impairment loss recognised on property, plant and equipment relating to CICT Porto Industriale Cagliari S. p. A. in the amount of EUR 5.1 million.

Other operating expenses decreased year-over-year, particularly as a result of the lower expenses for losses and damage compared with the previous year.

Investment income fell by EUR 4.4 million to EUR 38.8 million (2017: EUR 43.2 million). The main changes here relate to the proportional change in earnings of the EUROGATE Group to EUR 30.3 million (2017: EUR 36.0 million), of TangerMedGate Management S. a. r. l. to EUR 3.5 million (2017: EUR 2.9 million), of Contrepair S. a. r. l. to EUR 2.4 million (2017: EUR 0.0 million) and of Con-Tug S. r. l. to EUR 0.8 million (2017: EUR 2.5 million).

Pre-tax profit (EBT) fell by 6.3% to EUR 80.9 million (2017: EUR 86.4 million) year-over-year.

Current pre-tax profit decreased by EUR 2.6 million to EUR 19.8 million, in particular due to the weaker financial performance compared with the previous year.

Overall, year-over-year the EUROKAI Group reported a decrease in consolidated net profit for the financial year 2018 of EUR 60.480 million (2017: EUR 64.956 million) due to the overall stable development of the CONTSHIP Italia Group and lower investment income primarily in respect of the EUROGATE Group. Thus, the net profit for 2018 exceeded the forecast published in August 2018, which had anticipated consolidated net profit of between EUR 50 million and EUR 55 million.

3. FINANCIAL POSITION

The following cash flows were posted in 2018 and 2017:

	2018	2017
	EUR '000	EUR '000
Net cash flows from operating activities	45,839	78,930
Net cashflows from investing activities	23,744	41,346
Cash outflows from financing activities	–66,333	–63,052
Net increase/decrease in cash and cash equivalents	**3,250**	**57,224**
Cash and cash equivalents at 1 January	**143,425**	**86,201**
Cash and cash equivalents at end of period	**146,675**	**143,425**
Composition of cash and cash equivalents		
Cash and cash equivalents	151,722	146,046
Bank liabilities/overdrafts due on demand	–5,047	–2,621
Cash and cash equivalents at end of period	**146,675**	**143,425**

Based on the pre-tax profit for the financial year 2018 of EUR 80.9 million (2017: EUR 86.4 million), cash flows from ordinary operating activities of EUR 45.8 million (2017: EUR 78.9 million) were generated.

CAPITAL EXPENDITURE AND FINANCE

Capital expenditure by the Group on intangible assets and property, plant and equipment increased significantly compared to the previous year and amounted in 2018 to EUR 13.1 million (2017: EUR 6.4 million). Capital expenditure related primarily to investments in large-scale equipment and sealed surface areas.

In the financial year 2018, the Group took up new bank loans totalling EUR 1.3 million. During the same period the Group made scheduled bank loan repayments of EUR 20.0 million.

4. NET ASSETS

The structure of assets and equity in 2018 was as follows:

Assets	2018		2017		Change
	EUR '000	%	EUR '000	%	EUR '000
Intangible assets	54,219	8	56,437	8	–2,218
Property, plant and equipment	149,682	22	164,131	24	–14,449
Financial assets	158,535	23	141,169	21	17,366
Deferred tax assets	16,743	2	18,677	3	–1,934
Other non-current assets	3,778	1	9,792	0	–6,014
Non-current assets	**382,957**	**56**	**390,206**	**56**	**–7,249**
Inventories	11,766	2	11,080	2	686
Trade receivables	72,870	11	67,344	10	5,526
Other current non-financial assets and current tax receivables	63,515	9	72,413	10	–8,898
Cash and cash equivalents	151,722	22	146,046	22	5,676
Current assets	**299,873**	**44**	**296,883**	**44**	**2,990**
Total assets	**682,830**	**100**	**687,089**	**100**	**–4,259**

Equity and liabilities					
Issued capital	13,468	2	13,468	2	0
Equity capital attributable to the Personally Liable General Partner and Reserves	102,159	15	90,471	13	11,688
Net retained profit	264,586	39	265,067	39	–481
Equity attributable to non-controlling interests	91,903	13	85,137	12	6,766
Equity	**472,116**	**69**	**454,143**	**66**	**17,973**
Non-current financial liabilities net of current portion	53,482	8	69,922	10	–16,440
Non-current portion of deferred government grants	5,196	1	5,981	1	–785
Other non-current liabilities	2,068	0	2,985	0	–917
Deferred tax liabilities	14,808	2	14,980	2	–172
Provisions	33,702	5	33,526	5	176
Non-current liabilities	**109,256**	**16**	**127,394**	**18**	**–18,138**
Current portion of non-current financial liabilities	17,962	3	20,289	3	–2,327
Trade receivables	47,943	7	44,236	7	3,707
Current portion of deferred government grants	695	0	793	0	–98
Other current liabilities and current tax payables	30,086	4	33,048	5	–2,962
Provisions	4,772	1	7,186	1	–2,414
Current liabilities	**101,458**	**15**	**105,552**	**16**	**–4,094**
Total equity and liabilities	**682,830**	**100**	**687,089**	**100**	**–4,259**

With amortisation and depreciation of EUR 29.5 million, disposals to residual carrying amounts of EUR 0.3 million and capital expenditure amounting to EUR 13.1 million, intangible assets and property, plant and equipment decreased overall by EUR 16.7 million to EUR 203.9 million.

The increase in financial assets relates with EUR 12.9 million to the interest in the EUROGATE Group investment accounted for using the equity method and with EUR 3.9 million to the interest in Tanger-MedGate Management S. a. r. l. Further information is provided in Sections 6 and 15 of the Notes to the consolidated financial statements.

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

The rise in trade receivables of EUR 5.5 million from EUR 67.3 million to EUR 72.9 million is attributable to an extended average payment period in 2018. The decrease in other assets and tax receivables is mainly attributable to a decrease in the profit transfer entitlement against EUROGATE GmbH & Co. KGaA, KG.

The slight increase in cash and cash equivalents by EUR 5.7 million to EUR 151.7 million reflects the sustained positive liquidity situation of the Group.

The change in net retained profit is accounted for largely 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 35.2 million to the shareholders, as well as the consolidated net profit of EUR 42.2 million for 2018 which is attributable to the equity holders of the parent.

Equity rose in fiscal 2018 by EUR 18.0 million to EUR 472.1 million (2017: EUR 454.1 million), an increase of 4%. The EUROKAI Group thus reported a continuing robust equity ratio of 69% (2017: 66%).

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.

The increase in trade payables is related to balance-sheet-date effects.

The decrease in other liabilities and income tax liabilities is mainly due to reduced income tax liabilities and, inversely, an increase in the utilisation of short-term credit facilities by companies in the CONTSHIP Italia Group.

Lower current provisions are mainly accounted for by the decline in provisions for revenue reductions.

5. PERSONNEL AND WELFARE

Once again in 2018, 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):

	2018	2017
Industrial workers	1,300	1,488
Office staff	685	682
	1,985	**2,170**

6. REPORT ON POST-BALANCE SHEET DATE EVENTS

On 15 March 2019, Contship Italia S. p. A. and EUROGATE International GmbH acquired an interest in Marsa International Tangier Terminals S. A. (MINTT), the operating company of the new Container Terminal 3 (TC 3) in Tangier, Morocco, with 25% and 25% minus 3 shares, respectively.

By way of a contract dated 1 April 2019 (signing), Contship Italia S. p. A. sold its 50,0% of the shares in CSM Italia-Gate S. p. A., Gioia Tauro, the holding company of Medcenter Container Terminal S. p. A., to Itaterminaux Sàrl, Luxembourg. The formal transfer of the shares is planned for the end of April (closing). Itaterminaux Sàrl – a fully-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., Gioia Tauro. For the EUROKAI Group, the transaction will have an effect on earnings with between EUR 25 million and EUR 30 million, which will have a corresponding positive impact on Group earnings in 2019.

Following a strong decline in freight handling volumes in the financial years 2017 and 2018, Cagliari International Container Terminal is set to lose its key customer, Hapag Lloyd, completely from early May 2019. The last ship is scheduled for clearance on 2 May 2019.

No other events having a material impact occurred after the balance sheet date.

7. 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 Group therefore attaches great importance to sustainable entrepreneurship.

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

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. Most of the energy consumption within the EUROKAI Group results from the use of diesel fuel, which is required, for example, to power the straddle carriers used to achieve the business performance at the terminals. Other major energy consumers are container gantries, buildings and surface illumination. For these, electricity and gas are also used as energy sources.

Together with the cost aspect, limiting climate change and the negative effects of climate change as a socially relevant issue also drives the activities of EUROKAI.

The strategic orientation of the CONTSHIP Italia and EUROGATE Segments as regards energy consumption differs both from a conceptual perspective and in terms of progress.

Except for the procurement of energy, CONTSHIP Italia controls the concept to reduce energy consumption on a decentralised basis. Energy consumption levels and the financial implications of savings generated are regarded at the level of the individual companies. Formal, qualitative savings targets are not set; however, the company pursues the qualitative goal to reduce energy in absolute terms compared to the previous year. Energy audits pursuant to EU Resolution 2012/27 are performed at least every four years; the first audit was in 2015, the next will be carried out at the end of 2019. These audits deliver proposals on further possible measures to reduce energy consumption.

At EUROGATE, energy and environmental protection are managed centrally by the holding company of the EUROGATE Group, based on a Group-wide internal energy policy guideline. Based on this internal guideline, a defined reduction target has been developed for energy consumption: up to 2020, the Group aims to reduce the energy consumption per container handled by 20% compared to 2008 levels. A reduction target has also been set for lowering emissions (25% per container handled from 2008 up to 2020). Since CO_2 emissions in the business are closely linked to the consumption of fossil energy sources, management processes are based on the energy input rather than on the output (CO_2 emissions). In this context, EUROGATE is investing in renewable energy sources to enable it to meet its own energy needs. Energy efficiency is a decision criterion for capital investments and purchasing decisions.

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 status:

	CONTSHIP Italia*	EUROGATE**
Goal	Lower energy consumption	Lower energy consumption per container handled by 20% up to 2020 (compared to 2008)
Status 2017	145,317 MWh (of which 9,959 MWh renewables)	Reduction of 15.7% per container handled
Status 2018	**139,556 MWh (of which 9,363 MWh renewables)**	**Reduction of 16.8% per container handled**
Comment	Consumption has been lowered. This is mainly due to lower handling volumes at Cagliari International Container Terminal.	The improvement in energy intensity is mainly due to extensive conversions of the surface illumination to LED and the implementation of operational measures.

*Excl. fuel volumes from bought-in intermodal services and excl. heating energy consumption in offices. The total energy consumption for 2017 was adjusted to account for the non-consideration of own-produced renewable energy and energy consumption from general cargo handling in La Spezia as well as the adjustment of a conversion rate.

**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 health and well-being of the Group's own employees, employees of external companies as well as of customers, suppliers and guests is our top priority and is safeguarded through extensive preventive measures and policy guidelines. Occupational safety has a significant influence on employees' ability to perform. Continuously improving the level of occupational health and safety is defined as a key management task. The measures implemented take account of the needs at the respective location.

The EUROKAI Group's overriding goal is to reduce the number of occupational injuries to a minimum and eliminate accident-related fatalities altogether.

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 status:

	CONTSHIP Italia*	EUROGATE**
Goal	Minimise the number of work-related accidents and prevent accident-related fatalities	
Status 2017	Work-related accidents: 97	Work-related accidents: 343
	Accident-related fatalities: None	Accident-related fatalities: None
Status 2018	**Work-related accidents: 87**	**Work-related accidents: 320**
	Accident-related fatalities: None	**Accident-related fatalities: None**
Comment	The goal to lower the number of work-related accidents was met.	

*In Italy, accidents are reportable 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. The CONTSHIP Italia figure does not include accidents involving contract workers.

**In Germany, accidents are reportable 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. The previous year's figure has been adjusted to account for the non-consideration of the North Sea Terminal Bremerhaven GmbH & Co. and EUROKOMBI Terminal GmbH joint ventures in the 2017 reporting.

ANTI-CORRUPTION AND ANTI-BRIBERY

A company's long-term success presupposes compliant, fair and reliable conduct. In the EUROKAI Group, the generic term "compliance" refers to adherence to legal standards and internal company guidelines and working towards their observance by the EUROKAI Group companies. These include the relevant guidelines and principles for the prevention of bribery and corrupt conduct.

At CONTSHIP Italia, the management of Contship Italia S. p. A., the holding company of the CONTSHIP Italia Group, and the management representatives of the respective companies bear responsibility for the observance of compliance-relevant issues. The compliance supervisory bodies introduced in 2018 are responsible for monitoring compliance with the guidelines.

At EUROGATE, competence for the compliance management system lies with the legal department of the EUROGATE holding company. Responsibility for compliance with the guidelines and principles is vested in the Group Management Board and the management representatives of the individual EUROGATE Group companies. Compliance management at the North Sea Terminal Bremerhaven GmbH & Co. (NTB) joint venture with APMT is organised separately and is the responsibility of the NTB management.

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 status:

	CONTSHIP Italia	EUROGATE
Goal	No cases of corruption	No cases of corruption
Status 2017	–	None
Status 2018	**–**	**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 fiscal 2019, an anonymous whistleblower system will be implemented, which will be supervised by an external ombudsman.	The goal was met. There were no confirmed cases of corruption in the reporting year.

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

8. 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

As a financial holding company, the EUROKAI holding company 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 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 fiscal 2018, the nautical problems encountered by the ever-growing number of mega carriers further intensified especially at the Hamburg location. The nautical difficulties should be mitigated to some extent starting from the end of 2019 with the widening and deepening of the navigation channel that can now get underway following the granting of the construction permit for the Elbe fairway adjustment. 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 re-alliances within the consortia).

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

Since 2016, consolidation processes in response to changed framework conditions in container shipping have led to far-reaching changes. The new 03, CKYHE and G6 consortia that were formed at the time did not endure for long, however, giving way to completely different constellations in the "OCEAN Alliance" and "THE Alliance" as early as February 2017.

This development was reinforced by mergers between other market players (Mitsui OSK Lines [MOL], Nippon Yusen Kaisha [NYK] and K-Line), further consolidations as a result of takeovers (Mærsk Line acquires Hamburg Süd, OOCL is integrated into COSCO) and the insolvency of HANJIN in 2016. Consequently, the market is currently dominated by three major consortia on the customer side. These are

- 2M with the shipping companies Mærsk Line, MSC and Hyundai Merchant Marine as cooperation partners,
- OCEAN Alliance, with the shipping companies CMA CGM, COSCO Shipping, Evergreen and OOCL,
- THE Alliance with the shipping companies Hapag-Lloyd, YANG MING and ONE, a merger between the Japanese shipping companies MOL, NYK and K-Line).

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. EUROGATE has also taken out insurance 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.

Legal risks

In the CONTSHIP Italia Segment, at the 2017 balance sheet date the rate agreement between two terminals and the Group's key account customer had expired with effect from 31 December 2016. New rate agreements were successfully concluded between the container terminals and the key account customer in 2018. The rate agreements with the customer have not yet been fixed in writing. Nevertheless, the customer settled all invoices in 2018 without reservations. We do not currently see a risk that the customer might not recognise the orally agreed rates.

At the end of 2016, the Italian labour authority had adopted a regulation which at times of below-capacity employment allows transhipment companies to transfer a corresponding number of employees into a pool that is funded by the government and organised by the local port authorities and from which underemployed personnel can be loaned out as required. On this basis, 377 employees of Medcenter Container Terminal S. p. A. were transferred to this newly formed agency in mid-2017.

A number of the employees transferred to this agency at the time brought court action for reinstatement and following a judgement pronounced by the court of first instance had to be either reinstated or compensated. Medcenter Container Terminal S. p. A. has appealed against this ruling. The second-instance court decision is expected at the beginning of June 2019.

In the EUROGATE Segment, an accident involving a container gantry in Bremerhaven in 2015 gave rise to considerable legal disputes, the outcome of which still cannot as yet be reliably estimated.

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 loans.

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.

In the case of the following associates of the EUROKAI Group or EUROGATE Group no material currency risk arises due to the fact that the functional currency of these companies is the respective national currency: Tanger-MedGate Management S. a. r. l., Tangier (Morocco, currency: Moroccan dirham), OJSC Ust-Luga Container Terminal, Ust-Luga (Russia, currency: Russian rouble), Medgate FeederXpress Ltd., Monrovia (Liberia, currency: US dollar) as well as CONTRAIL Logística S. A., São Paulo (Brazil, currency: Brazilian real).

Credit risk

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, there has been a sustained improvement in the payment performance of the major customer since the end of 2017, so that it was again decided not to take out insurance against losses from outstanding receivables due to the significantly reduced risk potential. 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.

Liquidity risk

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, insolvency or other risks with a substantial effect on its net assets, financial position and results of operations currently exist.

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 current 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.

9. DISCLOSURE REQUIREMENTS PURSUANT TO SECTION 315A (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 the voting shares of EUR 1.00 entitles the 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 2018, 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 DISMISSAL OF MANAGEMENT MANDATES AND AMENDMENTS 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 Board. 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.

10. EXPECTED DEVELOPMENTS

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.

In addition to leveraging internal synergies, the management of the CONTSHIP Italia Group will once again in the 2019 financial year continue to focus on improving the quality of integrated services in order to maintain competitiveness and on implementing measures to further reduce costs. Further expansion of La Spezia Container Terminal is also of particular importance.

The future development of the Cagliari International Container Terminal (CICT) transhipment terminal continues to be very difficult to assess. In the further course of the financial year 2019 we will conduct intensive negotiations with the customer in an effort to arrive at an overall solution.

From today's perspective, assuming continued operation of the transhipment terminal in Cagliari – with still uncertain results – together with the related losses, the CONTSHIP Italia Segment is expected to post an increase in earnings, due to the positive effect on earnings of the disposal of the shares in CSM Italia-Gate S. p. A.

Within the EUROGATE Group, a significant rise in handling volumes at the Hamburg location is expected from January 2019 due to the effects of the first full year following acquisition of the Hyundai Far East service in the course of 2017, the additional transhipment volumes from Hamburg Süd, as well as the newly acquired FAL3 Far East service operated by CMA CGM.

Following the transfer at the beginning of 2019 of the transatlantic services operated by THE Alliance to HHLA Container Terminal Altenwerder in Hamburg, a reduction of around 10% of the handling volume is projected for the Bremerhaven location. Here, the focus moving forward will be on continuing to maintain and enhance the competitive position and recoup handling volumes.

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 at the Wilhelmshaven location once again showed a very positive development in 2018, with double-digit growth in handling volumes for the third successive year; however, there is still a long way to go before the company breaks even. Wilhelmshaven is predestined to handle ultra-large container vessels. However, given the trend towards ever larger container ships and the increasing nautical limitations that this imposes on the navigation channels of the Outer Weser and Elbe, and bearing in mind that in the next few years the leading container shipping companies will commission more vessels with a capacity of up to 23,000 TEUs, Wilhelmshaven has a good chance to acquire additional liner services.

The STRADegy straddle carrier automation project continues to progress. The active testing phase of the pilot trial system commenced in early 2019. 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 at the end of Q4 2019.

Due to the outlooks described above, coupled with the ongoing losses forecast for EUROGATE Container Terminal Wilhelmshaven in 2019, we expect consolidated net profit for the financial year 2019 to decrease slightly, accompanied by a slight increase in container handling volumes. This is explained primarily by increasing up-front costs for the STRADegy automation project and initially negative earnings effects in net interest income in connection with the first-time application of IFRS 16 (Leasing).

For the financial year 2019, the EUROKAI Group – despite the weaker earnings projected for the EUROGATE Segment – expects the improved result for the CONTSHIP Italia Segment to also result in a better 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 excellently positioned in the competitive environment.

Based on continued sound balance sheet ratios and with an equity ratio of 69%, 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.

11. 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).

12. 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:

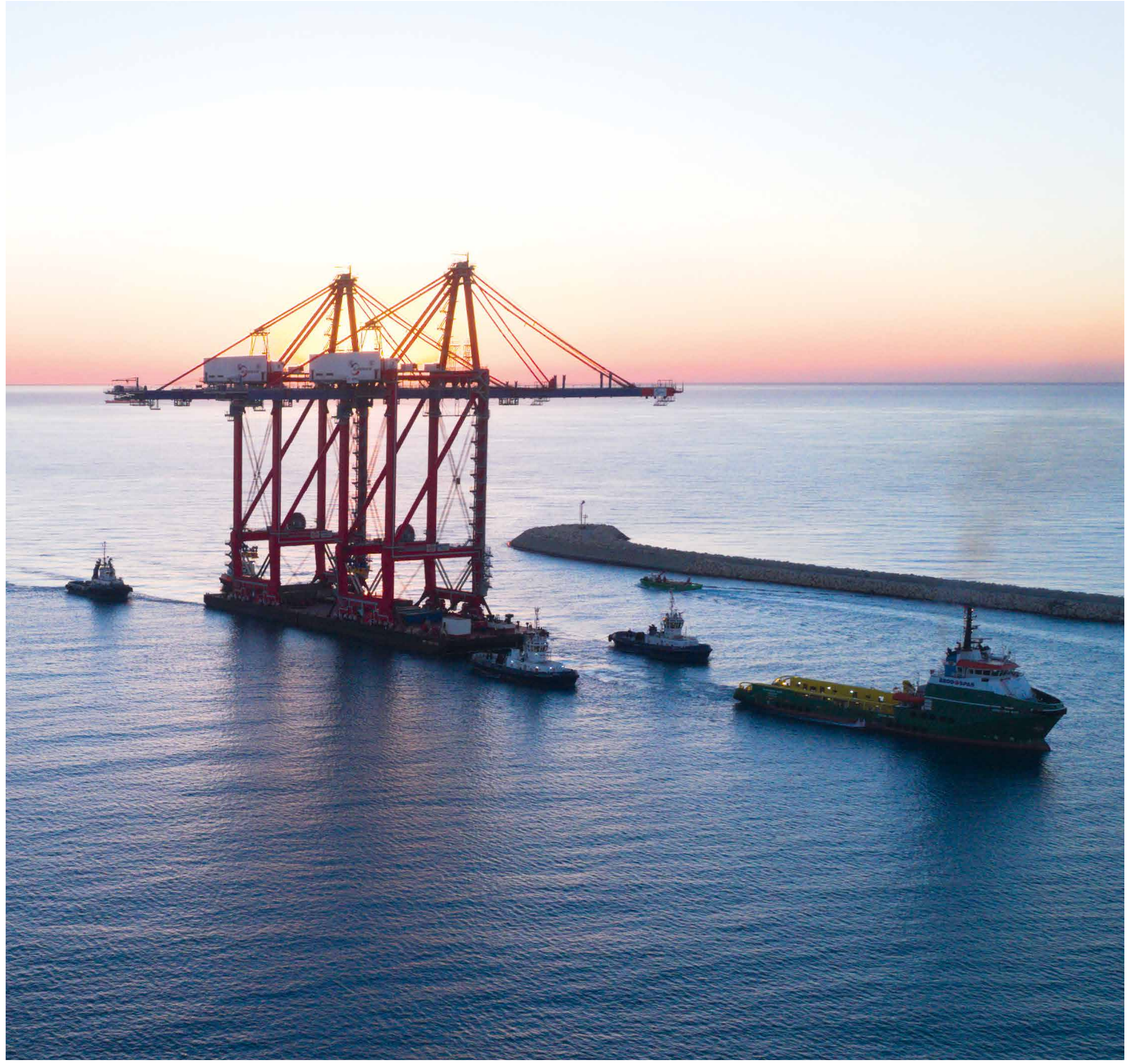
"We declare that the company has received appropriate compensation for all transactions and activities listed in the report on relations with affiliated companies, according to the circumstances which were known to us on the date at which the transactions were performed. No action has been taken or omitted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

Hamburg, Germany, 16 April 2019

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

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

Report of the Supervisory Board



Delivery of new container gantries for EUROGATE Container Terminal Limassol.

DR WINFRIED STEEGER
Chairman of the Supervisory Board

Once again in 2018 the Supervisory Board carried out the duties entrusted to it by law, under the terms of the company's Articles of Association, 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 2018 fiscal 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 any deviations – stating reasons – from the planned operational performance, 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 discussions in 2018 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 affiliated companies,
- the planned investment of Contship Italia S. p.A and EUROGATE International GmbH in a joint venture to operate container terminal 3 in Tangier, Morocco,
- EUROKAI/CONTSHIP Italia's originally intended and currently put on hold investment in the port project in Bandar Abbas, Iran, also and in particular in connection with the implications and consequences of the US sanctions.
- operational performance and the strategic forward planning of the EUROKAI Group,
- boardroom/first-tier management changes at Contship Italia S. p. A.
- the dominance of the three major consortia 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,
- the report on the risk management system, the internal control system, internal auditing practices and the compliance management system within the EUROKAI Group,
- the consolidated non-financial declaration and the ongoing implementation of the system to establish the relevant issues to be reported on,
- compliance and corporate governance-related issues
- privacy aspects.

In light of the difficult economic environment persisting now for some years, the Supervisory Board consulted in-depth with the Management Board of the Personally Liable General Partner on the possible ripple effect for the EUROKAI Group. In-depth consideration was among other things given to

- the impact on the global economy of
  - political risks in particular arising from developments in the US, Europe, Asia and South America,
  - the gridlock in the negotiations to implement the Brexit decision,
  - protectionism in China,
  - far-reaching economic sanctions and barriers to trade,
  - the downward trend in economic development both in the euro area and in the US economy and China
- 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
- continuing infrastructure deficits, especially at the Hamburg location.

At its meeting on 12 September 2018, the Supervisory Board had a capital market specialist from a renowned international commercial law firm update the Supervisory Board on the latest capital market-related developments as part of its further training.

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. Based in particular on the written and verbal reports from the Management Board of the Personally Liable General Partner, the Supervisory Board devoted special attention to the corporate strategy and its implementation, deviations of the course of business from the planned targets, as well as to significant business transactions for the company and the Group. 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 not the case in the reporting period.

Within the scope of its duties and based on the comprehensive reporting on the internal control system, risk management as well as 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.

Giving consideration to the fact that EUROKAI GmbH & Co. KGaA is a pure financial holding company that operates 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) newly inserted into the Stock Corporation Act through the CSR Directive. These objectives do not constitute 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.

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 Section 3.4 of the current version of the German Corporate Governance Code, are also accessible on the website at www.eurokai.com. As in previous years, the Management Board of the Personally Liable General Partner fully and promptly fulfilled these obligations.

Members of the Supervisory Board and members of the Management Board of the Personally Liable General Partner were involved in no conflicts of interest. Dr Winfried Steeger, in his capacity as a lawyer and with the approval of the remaining members of the Supervisory Board, advised the Management Board of the Personally Liable General Partner on the Iran project.

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

The 2018 General Meeting re-elected Mr Jochen Döhle and Mr Lic. oec. Raetke Müller until the end of the 2019 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 13 June 2018.

The Supervisory Board convened four ordinary meetings during the financial year 2018, two per half-year. Mr Jochen Döhle was unable to attend two meetings. Otherwise all members attended all of the meetings. Thus with the exception of Mr Jochen Döhle, all members of the Supervisory Board attended more than half of the sessions. In respect of individual items of the agenda requiring resolutions at the meetings he was unable to attend, Mr Döhle submitted his votes to the Chairman beforehand in a written procedure. Two motions were approved by circular resolution. 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. Furthermore, the Chairman of the Supervisory Board remained in continuous 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. The members of the Supervisory Board had adequate opportunity to discuss the documentation submitted and to contribute their own suggestions.

ATTENDANCE AND COMPENSATION OF MEMBERS OF THE SUPERVISORY BOARD IN 2018

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 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)	4/4	100	2,000	24,000	2,000	28,000
Dr. Sebastian Biedenkopf (Deputy Chairman)	4/4	100	2,000	12,000	4,000	18,000
Katja Both	4/4	100	2,000	8,000	1,000	11,000
Jochen Döhle	2/4	50	1,000	8,000		9,000
Raetke Müller	4/4	100	2,000	8,000		10,000
Max M. Warburg	4/4	100	2,000	8,000	1,000	11,000
Summe			**11,000**	**68,000**	**8,000**	**87,000**

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 13 June 2018. 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. Mr Max. M. Warburg resigned his mandate on the Audit Committee with the end of the meeting on 4 April 2018. Katja Both was appointed in his place during the same meeting. The Audit Committee convened two meetings during the 2018 fiscal 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, the annual separate and consolidated financial statements and the audit. It also assessed the effectiveness of the internal control, auditing system and risk management system, including compliance. The Audit Committee discussed the 2018 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 2019, and deliberated on the consolidated non-financial statement and the related audit report by Ernst & Young (see below).

Following extensive deliberations by the Audit Committee, the Supervisory Board, in connection with the appointment of the auditor, also agreed the audit fees with the auditor and defined the key focus points for the audit of the 2018 annual financial statements in accordance with the German Financial Reporting Enforcement Panel (DPR).

The financial statements and the management report of the company for the 2018 fiscal 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 (1) 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 fiscal year 2018 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 separate 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 in the presence of the auditor and the Management Board of the Personally Liable General Partner, which focused in particular on the key audit matters addressed in the Auditor's Report on the consolidated financial statements and Group management report, the Supervisory Board at its meeting of 16 April 2019 reviewed the separate financial statements of the company and the consolidated financial statements of the Group as at 31 December 2018, 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 fiscal year 2018 and the findings of the audits of the annual financial statements 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 of 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 2018. The Supervisory Board agreed to the profit distribution proposal.

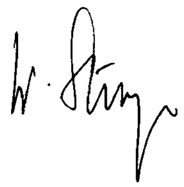
In line with the recommendation of the Audit Committee, the Supervisory Board proposes that Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Hamburg, be granted the audit mandate for the 2019 fiscal year and as a precautionary measure also be appointed to review the half-yearly financial report for the financial year 2019. 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 Conformity pursuant to Section 161 of the German Stock Corporation Act (AktG), for the 2018 financial year.

EUROKAI GmbH & Co. KGaA was required to produce a separate statement of non-financial information in accordance with Section 289b, 315b HGB for the 2018 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 audit opinion of Ernst & Young were discussed at the meeting of the Supervisory Board's Audit Committee of 16 April 2019. This was reported on in detail at the subsequent meeting of the Supervisory Board. The consolidated non-financial statement was discussed intensively. No objections were raised on the basis of the Supervisory Board's own examination 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 2018. Through their active commitment they made it possible to successfully overcome the challenges in the just completed financial year.

Hamburg, Germany, 16 April 2019
The Chairman of the Supervisory Board



Dr Winfried Steeger

boxXpress Vectron Locomotives.

Corporate Governance Report

Container gantry boom in Limassol.

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 CONFORMITY PURSUANT TO SECTION 161 OF THE GERMAN STOCK CORPORATION ACT (AKTG)

In addition to the Declaration of Conformity 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 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 dismissal of the management board, the Managing Directors of Kurt F. W. A. Eckelmann GmbH are appointed and dismissed 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 controlling 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 (for exceptions see Section 173 AktG) responsible for approving the annual financial statements, 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 or a shareholders' association, 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 not only 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) newly inserted into the German Stock Corporation Act through the CSR Directive. However, these objectives do not 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 shall 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 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 shall 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 the Group, 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 the many years of experience accumulated by members of the Supervisory Board constitute a valuable asset to the company. The term of office 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 one member of the Supervisory Board reached the age of 70 in 2018 and the average age of the members of the Supervisory Board could perhaps be slightly lower, 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 Mr Raetke Müller, Mr Jochen Döhle and Mr Max Warburg.

With respect to no. 5 at least to Dr Sebastian Biedenkopf.

With respect to no. 6 to Dr Sebastian Biedenkopf and Dr Winfried Steeger.

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 has extensive experience in coaching and managing family-owned companies.

With respect to no. 9 at least to Dr Sebastian Biedenkopf, Mr Jochen Döhle, Dr Winfried Steeger and Mr Max Warburg; in the assessment of the Supervisory Board also to Mr Raetke Müller, 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 is partly satisfied; no member of the Supervisory Board has been longer than five consecutive periods in office.

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 2017. 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's rules of procedure make provision for its members to 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 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 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, is independent and has gained extensive professional know-how and experience in the application of accounting principles and internal control procedures.

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 Section 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 knowledge (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 dismissal of the Managing Directors of the Personally Liable General Partner are the responsibility of its Administrative Board.

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 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 8,000.00. 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.

At the company's forthcoming General Meeting on 27 May 2019, it is planned to pass a resolution on an appropriate adjustment to the compensation designed to meet the increased demands made on the work 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 financial statements and the management report of the company as well as the consolidated financial statements and Group management report and 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 30 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. 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 Report on expected developments, opportunities and risks as well as risk management system under No. 8 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 necessary to set up a specific compliance management system.

The CONTSHIP Italia Group established a code of conduct in 2012, which 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. The code of conduct was further developed in 2018 as part of a Group-wide revision of the regulatory system. Internal company policies define additional principles for dealing with compliance issues. The CONTSHIP Italia Group is planning to implement an anonymous whistleblower system in 2019, to be supervised by an external ombudsman.

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 an 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 www.eurogate.eu/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 2018, no violations of the compliance guideline were identified at either the CONTSHIP Italia Group or 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). The financial statements are audited by the auditor as well as by the Audit Committee and 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 2018 General Meeting.

DECLARATION OF CONFORMITY 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. 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. B below), in the period since the last Declaration of Conformity of April 2018, 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 provisions of the Code 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), the EUROKAI General Meeting of 10 June 2015 decided that in the annual 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 and under Section 314 (1) no. 6 letter a sentence 5 to 8 HGB 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 – Regular limit to Supervisory Board members' term of office

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. 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 Section 115 of the German Securities Trading Act (WpHG).

Hamburg, Germany, April 2019

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

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

Supervisory Board
Dr Winfried Steeger

Container gantry ballet in La Spezia.

Consolidated Financial Statements in accordance with IFRSs

Energy saving through LED lighting at
EUROGATE Container Terminal Hamburg.

Consolidated Income Statement

	2018	2017
	EUR '000	EUR '000
Revenue	343,937	340,103
Other operating income	15,480	12,375
Cost of materials	–118,507	–112,243
Personnel expenses	–131,478	–130,389
Depreciation, amortisation and impairment losses	–29,458	–26,056
Other operating expenses	–36,369	–39,253
Profit before income from investments, interest and taxes (EBIT)	**43,605**	**44,537**
Interest and similar income	491	637
Finance costs	–1,948	–2,696
Profit/loss from companies accounted for using the equity method	38,752	43,217
Other finance costs (income)	33	692
Profit before taxes (EBT)	**80,933**	**86,387**
Income tax expense	–20,453	–21,431
Consolidated profit for the year	**60,480**	**64,956**
Profit attributable to:		
Equity holders of the parent	42,202	49,194
Non-controlling interests	18,278	15,762
	60,480	**64,956**
Diluted and basic earnings per share (in EUR)	**2.66**	**3.10**

Consolidated Statement of Comprehensive Income

	2018	2017
	EUR '000	EUR '000
Consolidated profit for the year	**60,480**	**64,956**
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurement of financial instruments	659	0
Deferred taxes on remeasurement of financial instruments	–172	0
Actuarial gains/losses from defined benefit pension plans from joint ventures	1,568	2,589
Actuarial gains/losses from defined benefit pension plans	450	–443
Deferred taxes on actuarial gains/losses	–550	–711
	1,955	**1,435**
Items that are or may be subsequently reclassified to profit or loss		
Remeasurement of financial instruments	171	364
Deferred taxes on remeasurement of financial instruments	–57	–118
Remeasurement of available-for-sale financial assets	0	–755
Deferred taxes on remeasurement of available-for-sale financial assets recognised direct to equity	0	243
Exchange differences on translation of foreign operations	–132	–2,349
	–18	**–2,615**
Other comprehensive income (after tax)	**1,937**	**–1,180**
Total comprehensive income	**62,417**	**63,776**
Attributable to:		
Equity holders of the parent	43,735	48,171
Non-controlling interests	18,682	15,605
	62,417	**63,776**

Europe's longest container quay at EUROGATE Container Terminal Bremerhaven.

Consolidated Balance Sheet

Assets	31.12.2018	31.12.2017
	EUR '000	EUR '000
Non-current assets		
Intangible assets		
Other intangible assets	54,219	56,437
Property, plant and equipment		
Land, land rights and buildings including buildings on third-party land	49,923	51,824
Plant and machinery	90,550	102,937
Other equipment, fixtures and fittings	4,476	6,623
Prepayments and assets under construction	4,733	2,747
	149,682	**164,131**
Financial assets		
Equity investments accounted for using the equity method	156,941	140,272
Equity investments	1,594	897
	158,535	**141,169**
Deferred tax assets	16,743	18,677
Other non-current financial assets	974	678
Other non-current non-financial assets	2,804	9,114
Total non-current assets	**382,957**	**390,206**
Current assets		
Inventories	11,766	11,080
Trade receivables	72,870	67,344
Other current financial assets	41,302	49,894
Other current non-financial assets	20,242	17,852
Current tax receivables	1,971	4,667
Cash and cash equivalents	151,722	146,046
Total current assets	**299,873**	**296,883**
Total assets	**682,830**	**687,089**

Equity and Liabilities	31.12.2018	31.12.2017
	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	–357	–473
Reserve from other changes in equity of associates	–21,360	–22,676
Foreign currency reserves	–5,060	–4,863
Retained earnings	126,841	116,388
Net retained profit	264,586	265,067
Equity attributable to equity holders of the parent	**380,213**	**369,006**
Equity attributable to non-controlling interests	91,903	85,137
Total equity and reserves	**472,116**	**454,143**
Liabilities and provisions		
Non-current liabilities and provisions		
Non-current liabilities, net of current portion	53,482	69,922
Government grants	5,196	5,981
Other non-current financial liabilities	316	629
Other non-current non-financial liabilities	1,752	2,356
Deferred tax liabilities	14,808	14,980
Provisions		
Provisions for pensions and other post-employment benefits	17,024	17,814
Other non-current provisions	16,678	15,712
	109,256	**127,394**
Current liabilities and provisions		
Current portion of non-current financial liabilities	17,962	20,289
Trade payables	47,943	44,236
Government grants	695	793
Other current financial liabilities	17,212	14,766
Other current non-financial liabilities	11,406	10,516
Current tax payables	1,468	7,766
Provisions		
Provisions for pensions and other employee benefits	1,385	1,320
Other current provisions	3,387	5,866
	101,458	**105,552**
Total liabilities and provisions	**210,714**	**232,946**
Total equity and liabilities	**682,830**	**687,089**

Consolidated Cash Flow Statement

	2018 EUR '000	2017 EUR '000
1. Cash flows from operating activities		
Earnings before income tax	80,933	86,387
Depreciation, amortisation and impairment losses	29,458	26,056
Loss on disposals of intangible assets and property, plant and equipment	27	359
Foreign exchange losses/gains	96	–251
Proceeds from disposals of other financial assets (hybrid bond)	0	–444
Changes in investments in associates not affecting cash flow	–49,215	–23,246
Interest income/loss	1,457	2,059
Operating profit before change in net working capital	**62,756**	**90,920**
Change in trade receivables	–5,527	21,576
Net change in other financial and non-financial assets	12,214	–17,437
Change in inventories	–685	–445
Income from the release of government grants	–962	–1,295
Change in provisions (excluding accrued interest and additions from capitalised demolition costs) recognised in profit or loss	–2,051	5,346
Change in trade payables including other financial liabilities and non-financial liabilities	2,911	1,305
Cash inflows from change in net working capital	**5,900**	**9,050**
Interest received	491	637
Interest paid	–1,688	–2,448
Taxes on income and earnings	–21,620	–19,229
Interest and income taxes paid	**–22,817**	**–21,040**
Net cash generated from operating activities	**45,839**	**78,930**
2. Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment and intangible assets	297	844
Capital expenditure on property, plant and equipment and intangible assets	–13,114	–6,393
Proceeds from the withdrawal from retained earnings from joint ventures	0	11,800
Proceeds from the repayment of other financial assets (bond)	0	13,200
Dividends received	36,561	21,895
Cash inflows from investing activities	**23,744**	**41,346**

	2018 EUR '000	2017 EUR '000
3. Cash flows from financing activities		
Dividends paid to equity holders	–35,183	–23,326
Proceeds from borrowings	1,250	18,078
Repayments of financial loans	–20,019	–46,002
Repayments of finance lease liabilities	–349	–376
Dividends paid to non-controlling interests	–12,032	–11,426
Net cash used in financing activities	**–66,333**	**–63,052**
Net increase/decrease in cash and cash equivalents (subtotal of 1 to 3)	3,250	57,224
Cash and cash equivalents at 1 January	143,425	86,201
Cash and cash equivalents at end of period	**146,675**	**143,425**
Composition of cash and cash equivalents		
Cash and cash equivalents	151,722	146,046
Bank liabilities/overdrafts due on demand	–5,047	–2,621
Cash and cash equivalents at end of period	**146,675**	**143,425**

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 shareholding (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 order to allow comparability with previous years, the Segment Reporting has been prepared unchanged and reconciled in accordance with the provisions of IFRS 11.

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 income	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	**31,971**	–18,855	**13,114**

At 31 December 2017 the segments were broken down as follows:

December 2017	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	10,259	329,844	303,954	**644,057**	–303,954	**340,103**
of which from inter-segment sales	5,130	0	0	**5,130**	–5,130	**0**
of which external revenue	5,129	329,844	303,954	**638,927**	–298,824	**340,103**
Interest income	394	243	1,155	**1,792**	–1,155	**637**
Interest expense	–57	–2,639	–5,410	**–8,106**	5,410	**–2,696**
Profit/loss of entities accounted for using the equity method	829	6,353	–2,141	**5,041**	38,176	**43,217**
Dividends from other segments	15,152	0	0	**15,152**	–15,152	**0**
EBT	15,939	50,534	44,013	**110,486**	–24,099	**86,387**
Segment assets	62,502	330,763	350,521	**743,786**	–253,950	**489,836**
Segment liabilities	4,256	205,920	335,948	**546,124**	–335,948	**210,176**
Depreciation, amortisation and impairment losses	0	–26,056	–23,029	**–49,085**	23,029	**–26,056**
Capital expenditure	1	6,392	12,741	**19,134**	–12,741	**6,393**

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	Foreign currency reserves	Reserve from the fair value measurement of available-for-sale financial assets	Reserve from other equity transactions of associates	Generated equity: Retained earnings	Generated equity: Net retained profits	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	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000
Balance at 01 January 2017	**13,468**	**294**	**1,801**	**–730**	**–2,542**	**512**	**–24,850**	**109,333**	**246,676**	**343,962**	**81,165**	**425,127**
Changes in 2017 fiscal year												
Remeasurement of derivative financial instruments	–	–	–	255	–	–512	–	–	–	–257	–9	–266
Remeasurement of pension obligations	–	–	–	–	–	–	2,174	–591	–	1,583	–148	1,435
Currency translation	–	–	–	–	–2,349	–	–	–	–	–2,349	–	–2,349
Consolidated profit for the year	–	–	–	–	–	–	–	–	49,194	49,194	15,762	64,956
Net profit for the period	**0**	**0**	**0**	**255**	**–2,349**	**–512**	**2,174**	**–591**	**49,194**	**48,171**	**15,605**	**63,776**
Dividends paid to equity holders	–	–	–	–	–	–	–	–	–23,326	–23,326	–	–23,326
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	0	–11,426	–11,426
Appropriations to retained earnings	–	–	–	–	–	–	–	7,500	–7,500	0	–	0
Capital share of non-controlling interests	–	–	–	2	28	–	–	146	–	176	–207	–31
Other	–	–	–	–	–	–	–	–	23	23	–	23
Balance at 31 December 2017	**13,468**	**294**	**1,801**	**–473**	**–4,863**	**0**	**–22,676**	**116,388**	**265,067**	**369,006**	**85,137**	**454,143**

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	Foreign currency reserves	Reserve from the fair value measurement of available-for-sale financial assets	Reserve from other equity transactions of associates	Generated equity		Equity attributable to equity holders of the parent	Equity attributable to non-controlling interests	Total equity
								Retained earnings	Net retained profits			
	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000
Balance at 01 January 2018	**13,468**	**294**	**1,801**	**–473**	**–4,863**	**0**	**–22,676**	**116,388**	**265,067**	**369,006**	**85,137**	**454,143**
Effects of first-time adoption of IFRS 9 as of 1 January 2018				**0**	**0**	**0**	**0**	**2,811**	**0**	**2,811**	**51**	**2,862**
Balance at 01 January 2018 (restated)	**13,468**	**294**	**1,801**	**–473**	**–4,863**	**0**	**–22,676**	**119,199**	**265,067**	**371,817**	**85,188**	**457,005**
Changes in 2018 fiscal year												
Remeasurement of derivative financial instruments	–	–	–	116	–	–	–	–	–	116	–2	114
Remeasurement of equity investments to fair value	–	–	–	–	–	–	–	266	–	266	221	487
Remeasurement of pension obligations	–	–	–	–	–	–	1,316	–33	–	1,283	185	1,468
Currency translation	–	–	–	–	–132	–	–	–	–	–132	–	–132
Consolidated profit for the year	–	–	–	–	–	–	–	–	42,202	42,202	18,278	60,480
Net profit for the period	**0**	**0**	**0**	**116**	**–132**	**0**	**1,316**	**233**	**42,202**	**43,735**	**18,682**	**62,417**
Dividends paid to equity holders	–	–	–	–	–	–	–	–	–35,183	–35,183	–	–35,183
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	0	–12,032	–12,032
Appropriations to retained earnings	–	–	–	–	–	–	–	7,500	–7,500	0	–	0
Capital share of non-controlling interests	–	–	–	–	–65	–	–	–91	–	–156	65	–91
Balance at 31 December 2018	**13,468**	**294**	**1,801**	**–357**	**–5,060**	**0**	**–21,360**	**126,841**	**264,586**	**380,213**	**91,903**	**472,116**

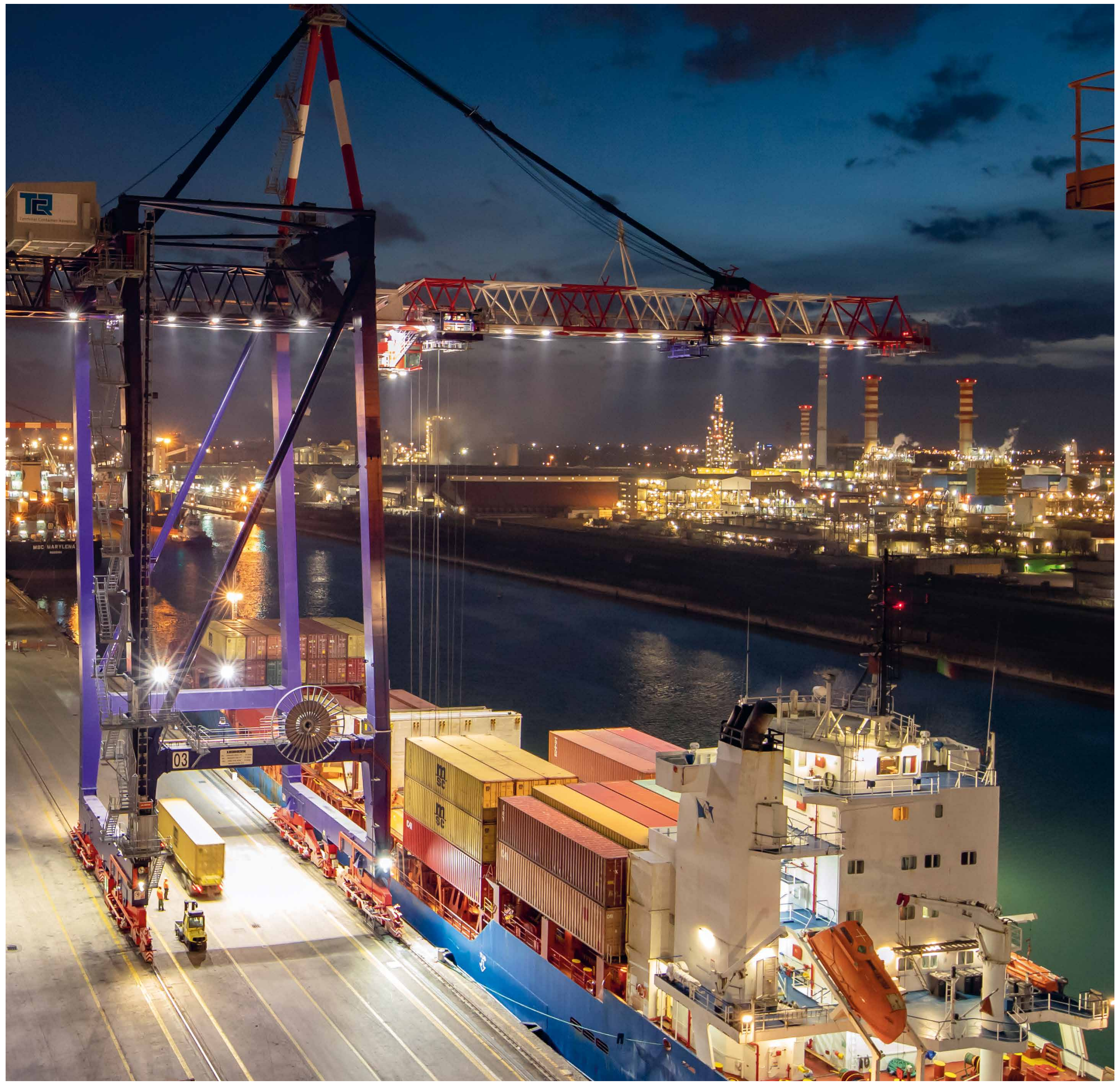
Consolidated Statement of Changes in Non-current Assets

	Historical cost							Accumulated amortisation/depreciation and impairment losses				Carrying amounts	
	1.1.2018	Additions	Disposals	Change in reporting entity	Reclassifi-cations	Other changes in investments in associ-ates	31.12.2018	1.1.2018	Additions	Disposals/ Reclassifications	31.12.2018	31.12.2018	31.12.2017
	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000
Intangible assets													
Concessions, software, rights and prepayments	127,178	758	0	0	0	0	127,936	–70,741	–2,976	0	–73,717	54,219	56,437
Property, plant and equipment													
Land, land rights and buildings	133,833	3,583	0	0	0	0	137,416	–82,009	–5,484	0	–87,493	49,923	51,824
Machinery	414,092	5,052	–4,097	0	0	0	415,047	–311,155	–17,209	3,867	–324,497	90,550	102,937
Other equipment, fixtures and fittings	56,388	1,558	–43	0	0	0	57,903	–49,765	–3,682	20	–53,427	4,476	6,623
Prepayments and assets under construction	2,747	2,163	–70	0	0	0	4,840	0	–107	0	–107	4,733	2,747
	607,060	**12,356**	**–4,210**	**0**	**0**	**0**	**615,206**	**–442,929**	**–26,482**	**3,887**	**–465,524**	**149,682**	**164,131**
Financial assets													
Investments in associates	140,328	13,975	0	0	7	2,687	156,997	–56	0	0	–56	156,941	140,272
Equity investments	897	756	–21	0	–7	0	1,625	0	–31	0	–31	1,594	897
	141,225	**14,731**	**–21**	**0**	**0**	**2,687**	**158,622**	**–56**	**–31**	**0**	**–87**	**158,535**	**141,169**
Total non-current assets	**875,463**	**27,845**	**–4,231**	**0**	**0**	**2,687**	**901,764**	**–513,726**	**–29,489**	**3,887**	**–539,328**	**362,436**	**361,737**

Transhipment at EUROGATE Container Terminal Tanger.

Financial Statements

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



Ravenna Container Terminal.

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), as opposed to the consolidated financial statements, which are based on IFRSs.

The detailed financial statements as at 31 December 2018, for which Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft issued an unqualified audit report, and the management report of EUROKAI for 2018 are published in the electronic version of the Federal Gazette (Bundesanzeiger) and deposited in the Commercial Register.

Income statement	2018		2017	
	EUR '000	%	EUR '000	%
Sales	10,742		10,391	
Other operating income	18		547	
Operating revenue	**10,760**	**100**	**10,938**	**100**
Cost of materials	–10,486	–97	–10,317	–94
Personnel expenses	–79	–1	–70	–1
Other operating expenses	–1,979	–18	–1,996	–18
Operating expenses	**–12,544**	**–117**	**–12,383**	**–113**
Operating result	**–1,784**		**–1,445**	
Net income from financing activities	–63		310	
Net income from investments	56,877		63,502	
Taxes on income	–5,339		–7,377	
Net income for the year	**49,691**		**54,990**	

Balance sheet	2018		2017	
	EUR '000	%	EUR '000	%
Assets				
Fixed assets	229,306	66	215,332	64
Receivables from long-term investees and investors	37,586	11	46,455	14
Other assets, prepaid expenses and liquid funds	80,401	23	75,085	22
	347,293		**336,872**	
Equity and liabilities				
Equity	342,664	99	328,158	97
Provisions	3,301	1	7,125	2
Other liabilities	1,328	0	1,589	1
	347,293		**336,872**	

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 10.7 million (2017: EUR 10.4 million) – which, however, is counterbalanced by almost equal initial rental expenses. Fiscal 2018 showed income from investments of EUR 56.9 million (2017: EUR 63.5 million), of which EUR 38.7 million (2017: EUR 46.6 million) relates to the share in profit for the 2018 financial year of EUROGATE GmbH & Co. KGaA, KG, Bremen. EUROKAI also recognised dividend income from Contship Italia S.p.A., Melzo/Milan, Italy, in the amount of EUR 16.0 million (2017: EUR 15.2 million), from Medgate FeederXpress Ltd., Monrovia, Liberia, in the amount of EUR 1.5 million (2017: EUR 1.0 million.) and from J.F. Müller & Sohn AG, Hamburg, in the amount of EUR 0.6 million (2017: EUR 0.8 million).

Other operating income was down by EUR 529 thousand to EUR 18 thousand (2017: EUR 547 thousand). The decrease resulted primarily from one-time effects recognised in the previous year in relation to income from the disposal of securities held as fixed assets.

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 and Administrative Board.

Tax expenses decreased by EUR 2.038 million to EUR 5.339 million due to the lower amount of taxable profit attributable to EUROGATE GmbH & Co. KGaA, KG.

For the financial year 2018, net income of EUR 49.7 million (2017: EUR 55.0 million) was recognised. This decline is mainly the result of reduced income from the EUROGATE GmbH & Co. KGaA, KG subsidiary, as expected.

FINANCIAL POSITION

Based on the result of EUR 49.7 million posted in 2018 (2017: EUR 55.0 million) a cash flow from ordinary operations was generated of EUR –10.5 million (2017: EUR –7.0 million).

NET ASSETS

The increase in fixed assets of EUR 14.0 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 fiscal year.

Other assets, liquid funds and prepaid expenses primarily include receivables from the tax authority from income taxes of EUR 0.9 million (2017: EUR 0.5 million) as well as call and fixed-term deposits and bank balances amounting to EUR 79.4 million (2017: EUR 74.6 million).

The company's equity ratio at the end of the fiscal year 2018 was 99% (2017: 97%).

PROPOSAL ON THE APPROPRIATION OF NET PROFIT

The Personally Liable General Partner will propose to the Supervisory Board and the General Meeting that for 2018 a 150% dividend payment (2017: 150% plus a bonus of 50%) 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 193.081 million, and an amount of EUR 7.5 million be allocated to revenue reserves.

Tom Eckelmann, Thomas Eckelmann and Katja Both.

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 fiscal year 2018:

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
- Management Board Member J. F. Müller & Sohn AG, Hamburg, Germany

Max M. Warburg, Hamburg, Germany
- Banker

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., Lucernate di Rho (Mi), Italy, Chairman of the Board of Directors
- La Spezia Container Terminal S. p. A., La Spezia, Italy, Chairman of the Board of Directors
- CSM Italia-Gate S. p. A., Genoa, Italy, Chairman of the Board of Directors (since 27 April 2018)
- 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, Chairman of the Advisory Board

Cecilia E. M. Eckelmann-Battistello
- Contship Italia S. p. A., Melzo/Milan, Italy, Chairwoman of the Board of Directors
- Medcenter Container Terminal S. p. A., Gioia Tauro, 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., Lucernate di Rho (Mi), 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

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, Member of the Supervisory Board
- 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
- 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 (since 24 April 2018)
- 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
- Marcard, Stein & CO AG, Hamburg, Germany, Deputy Chairman of the Supervisory Board
- 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

Supervisory Board remuneration amounted to EUR 87,000.00 in fiscal year 2018. Dr Steeger received EUR 28,000.00 thereof, Dr Biedenkopf EUR 18,000.00, Mr Warburg EUR 11,000.00, Mr Müller EUR 10,000.00, Ms Both EUR 11,000.00 and Mr Döhle EUR 9,000.00.

AUDIT AND CONSULTING FEES

The Group auditor's fees, which are recognised as an expense, amounted to EUR 49,000 for the audit of the single-entity and consolidated financial statements, EUR 20,000 for tax consulting services and EUR 30,000 for other services.

CORPORATE GOVERNANCE

The Declaration of Conformity 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, 16 April 2019

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, 16 April 2019

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

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

Contact

This Annual Report contains a condensed 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:

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