



EUROKAI GmbH & Co. KGaA

**Interim Group Management Report
for the first half-year 2020**

Hamburg, September 2020

EUROKAI GmbH & Co. KGaA, Hamburg

Consolidated income statement for the period January 01 to June 30, 2020

	Jan 01 to June 30, 2020 TEUR	Jan 01 to June 30, 2019 TEUR
Revenues	95,352	149,565
Other operating income	4,337	38,149
Cost of materials	-33,773	-47,397
Personnel expenses	-30,456	-54,651
Amortisation/ depreciation	-9,305	-17,199
Other operating expenses	-8,782	-11,558
Earnings before investment result, interest and income tax (EBIT)	17,373	56,909
Interest and similar income	3,073	157
Finance costs	-4,687	-5,633
Income from associates	-7,101	10,088
Other financial result	-27	-6
Earnings before income tax (EBT)	8,631	61,515
Income tax	-5,107	-10,022
Consolidated net profit for the period	<u>3,524</u>	<u>51,493</u>
Thereof attributable to:		
Equity holders of the parent	-2,948	38,380
Non-controlling interest	6,472	13,113
	<u>3,524</u>	<u>51,493</u>
Earnings per share in EUR (according to IAS 33)	-0.19	2.42

EUROKAI GmbH & Co. KGaA, Hamburg

Consolidated statement of comprehensive income for the period January 01 to June 30, 2020

	Jan 01 to June 30, 2020 TEUR	Jan 01 to June 30, 2019 TEUR
	3,524	51,493
Other comprehensive income:		
Items not to be reclassified to profit or loss in subsequent periods:		
Revaluation of financial derivatives	7	0
Deferred tax recognized directly in equity of financial derivatives	-2	0
Actuarial gains/losses from defined benefit pension plans from joint ventures and associates	5,111	-6,635 *)
Actuarial gains/losses from defined benefit pension plans	26	-485
Deferred tax recognized directly in equity	-1,627	2,228 *)
	3,515	-4,892
Net other comprehensive income not being reclassified to profit or loss subsequent		
Revaluation of financial derivatives from joint ventures and associates	62	-102
Deferred tax recognized directly in equity of financial derivatives	-20	23
Currency translation adjustments from joint ventures and associates	-1,389	754 **)
Currency translation adjustments	-319	46 **)
	-1,666	721
Other comprehensive income, net of tax	1,849	-4,171
Total comprehensive income, net of tax	5,373	47,322
Thereof attributable to:		
Equity holders of the parent	-1,096	34,332
Non-controlling interest	6,469	12,990
	5,373	47,322

*) The presentation of the comparative figures for the previous year was adjusted to reflect the more precise allocation of the deferred taxes.

***) The presentation of the comparative figures for the previous year was adjusted to reflect the more precise allocation of the effects of companies accounted for using the equity method.

EUROKAI GmbH & Co. KGaA, Hamburg
Consolidated Balance Sheet as at June 30, 2020

ASSETS	June 30, 2020 TEUR	Dec 31, 2019 TEUR
Non-current assets		
Intangible assets		
Other intangible assets	75,962	76,805
Property, plant and equipment		
Land, land rights and buildings including buildings on third-party land	58,316	60,042
Plant and machinery	52,678	56,446
Other equipment, furniture and fixtures	4,365	4,705
Prepayments and assets under construction	4,133	3,012
	<u>119,492</u>	<u>124,205</u>
Financial assets		
Investments in associates	175,873	176,569
Investments	1,143	1,139
	<u>177,016</u>	<u>177,708</u>
Deferred income tax assets	14,620	15,633
Other financial receivables and assets	168,788	167,680
Other non- financial receivables and assets	1,569	1,849
	<u>557,447</u>	<u>563,880</u>
Current assets		
Inventories	5,904	6,192
Trade receivables	41,869	55,043
Other financial assets	19,640	20,711
Other non-financial assets	11,118	12,665
Current recoverable income taxes	2,892	2,808
Cash and cash equivalents	163,002	180,414
	<u>244,425</u>	<u>277,833</u>
	<u>801,872</u>	<u>841,713</u>
EQUITY AND LIABILITIES	June 30, 2020 TEUR	Dec 31, 2019 TEUR
Capital and reserves		
Issued capital	13,468	13,468
Personally Liabe General Partner's capital	294	294
Capital reserves	1,801	1,801
Reserve from the fair value measurement of financial derivatives	-9	-9
Reserve from other changes in equity of associates	-24,773	-26,918
Reserve of exchange differences on translation	111	377
Revenue reserves	134,568	127,044
Accumulated profit	244,324	279,157
Equity attributable to equity holders of the parent	<u>369,784</u>	<u>395,214</u>
Non-controlling interest	85,760	79,342
	<u>455,544</u>	<u>474,556</u>
Liabilities and provisions		
Non-current financial and provisions		
Non-current financial liabilities, net of current portion	18,452	22,477
Non-current portion of deferred government grants	2,669	2,671
Other financial liabilities	222,147	221,604
Other non-financial liabilities	1,062	1,122
Deferred income tax liabilities	9,537	9,660
Provisions		
Provisions for employee benefits	7,302	7,545
Other provisions	8,474	8,886
	<u>269,643</u>	<u>273,965</u>
Current liabilities and provisions		
Current portion of non-current financial liabilities	18,298	22,446
Trade payables	29,250	33,374
Current portion of deferred government grants	240	321
Other financial liabilities	15,665	19,324
Other non-financial liabilities	6,726	9,945
Income tax obligations	154	1,446
Provisions		
Provisions for employee benefits	1,627	1,602
Other provisions	4,725	4,734
	<u>76,685</u>	<u>93,192</u>
	<u>346,328</u>	<u>367,157</u>
	<u>801,872</u>	<u>841,713</u>

EUROKAI GmbH & Co. KGaA, Hamburg
Consolidated cash flow statement for the period January 01 to June 30, 2020

	Jan 01 to Jun 30, 2020 TEUR	Jan 01 to Jun 30, 2019 TEUR
1. Cash flows from operating activities		
EBT	8,631	61,515
Depreciation, amortisation and impairment losses	9,305	17,199
Loss from the disposal of assets	-257	-311
Currency translation adjustments	27	6
Profit/loss from investments accounted for using the equity method	4,464	-22,331
Interest result	1,615	5,476
= Operating profit before changes in assets carried as working capital	<u>23,785</u>	<u>61,554</u>
Increase/decrease in trade receivables	13,175	-4,924
Increase/decrease in other assets	1,790	8,372
Increase/decrease in inventories	288	-157
Increase/decrease in government grants	-84	-97
Increase/decrease in provisions which affects income (excluding interest costs)	-934	-2,352
Increase/decrease in trade payables and other financial and non-financial liabilities	179	-25,682
= Cash flows used in/from changes in assets carried as working capital	<u>14,414</u>	<u>-24,840</u>
Interest received	3,073	157
Interest paid	-4,345	-750
Interest paid for leasing contracts	0	-1,366
Cash receipts from repayments of finance lease receivables	2,793	0
Income taxes paid	-4,406	-1,953
Income taxes received from tax refunds	646	0
= Cash paid/received for interest and income tax	<u>-2,239</u>	<u>-3,912</u>
= Net cash flows from operating activities	<u>35,960</u>	<u>32,802</u>
2. Cash flows from investing activities		
Proceeds from the disposal of intangible assets and property, plant and equipment	1,434	409
Investments in intangible assets and property, plant and equipment	-2,940	-2,280
Cash received from the sale of shares of subsidiaries less deducted liquid funds	0	44,349
Cash paid for the purchase of shares in associated companies	0	-1,319
Cash paid for loans granted to investments accounted for using the equity method	-12,000	0
Dividends received	0	26,553
= Net cash flows used in investing activities	<u>-13,506</u>	<u>67,712</u>
3. Cash flows from financing activities		
Cash paid to equity holders	-24,385	-27,656
Cash paid for the increase of share in subsidiaries	0	-372
Repayment of non-current financial liabilities	-8,173	-8,151
Payment of finance lease liabilities	-7,308	-3,967
Payment to non-controlling interest	0	-20,460
= Net cash flows used in financing activities	<u>-39,866</u>	<u>-60,606</u>
Net increase/decrease in cash and cash equivalents (subtotal of 1 to 3)	-17,412	39,908
Cash and cash equivalents at January 01	180,414	146,675
Cash and cash equivalents at the end of the period	<u>163,002</u>	<u>186,583</u>
<u>Composition of cash and cash equivalents</u>		
Cash and cash equivalents	163,002	187,009
Bank liabilities/overdrafts due on demand	0	-426
Cash and cash equivalents at the end of the period	<u>163,002</u>	<u>186,583</u>

EUROKAI GmbH & Co. KGaA, Hamburg

Interim Group Management Report as of 30 June 2020

General

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

Secondary services are provided in the form of intermodal services (carriage of sea containers to and from the terminals), repairs, depot storage and trading of containers, cargo-modal services, and technical services.

EUROKAI GmbH & Co. KGaA has a direct shareholding of 66.6% in the CONTSHIP Italia Group via Contship Italia S.p.A., and an indirect shareholding of 16.7% via EUROGATE GmbH & Co. KGaA, KG of Bremen. Thus, calculated as an overall proportion, EUROKAI GmbH & Co. KGaA holds 83.3% of the shares in the CONTSHIP Italia Group.

Via EUROGATE GmbH & Co. KGaA, KG, with its subsidiaries and stakeholdings, EUROKAI GmbH & Co. KGaA has a 50% shareholding in the EUROGATE Group. It likewise holds 50% of the shares in its Personally Liable General Partner, EUROGATE Geschäftsführungs-GmbH & Co. KGaA of Bremen, and in the latter's Personally Liable General Partner, EUROGATE Beteiligungs-GmbH of Bremen.

The EUROKAI Group is controlled via the CONTSHIP Italia, EUROGATE and EUROKAI segments, the joint-venture company EUROGATE, under the rules of IFRS 11, being included at equity in the EUROKAI Group.

In the first quarter 2020 bad weather conditions and associated delay to ships, plus a large number of coronavirus-related capacity reductions in the container shipping lines' network, and a correspondingly lower number of ship clearances through "blank sailings", had an impact on the handling volumes. Overall, the already difficult market environment, especially in the months of the second quarter, was additionally depressed by a weakening of trade caused by the spread of the coronavirus. These pressures on revenues and earnings were spread almost equally across the months of April, May and June. Since July 2020 the handling position has slightly improved again overall.

Over the period under review, due to the decline in handling figures, due to the sale and deconsolidation of Medcenter Container Terminal S.p.A., and the discontinuation of business operations as of the end of June 2019 at CICT Porto Industriale Cagliari (currently still in liquidation), revenues at the EUROKAI Group fell to EUR 95.4 million (previous year: EUR 149.6 million). Net Group profit for the first half-year 2020 – given a significant fall in operating result (EBIT) to EUR 17.4 million (previous year: EUR 56.9 million), due in particular to the significantly reduced and negative stakeholding result, which was down to EUR - 7.1 million (previous year: EUR 10.1 million), and the profit from shareholding sales contained in the previous year's result – fell significantly to EUR 3.5 million (previous year: EUR 51.5 million). The fall in the stakeholding result was caused in particular by the pro rata decline in result at the EUROGATE segment.

Volume trends

Handling volumes at the container terminals in the EUROKAI Group, including the terminals in Italy, Germany, Morocco, Cyprus, Portugal and Russia, stood at a total of 5.253 million TEUs in the first half-year 2020, which was 11.8% down on the figure for the previous year (5.956 million TEUs).

The following table shows the current handling statistics:

Terminal	First half-year 2020 (in TEUs)	First half-year 2019 (in TEUs)	Change
Hamburg	958,026	1,080,776	-11.4%
Bremerhaven	2,361,990	2,496,333	-5.4%
Wilhelmshaven	222,395	361,486	-38.5%
Total Germany	3,542,411	3,938,595	-10.1%
La Spezia	503,540	668,652	-24.7%
Salerno	199,845	190,278	+5.0%
Ravenna	83,830	90,957	-7.8%
Total Italy	787,215	949,887	-17.1%
Tangier	674,038	767,973	-12.2%
Limassol	187,768	199,566	-5.9%
Lisbon	34,276	70,386	-51.3%
Ust-Luga	26,945	29,173	-7.6%
Total other	923,027	1,067,098	-13.5%
Total EUROKAI	5,252,700	5,955,580	-11.8%

The volumes shown represent total handling at each of the terminals in question. Of these figures, Group revenues are derived solely from handling volumes at the fully consolidated container terminal in La Spezia.

On grounds of comparability these handling statistics no longer contain the handling volumes at CICT Porto Industriale Cagliari S.p.A. of Cagliari, which is now in liquidation, since the company's operating business was already discontinued at the end of June 2019.

Trends at the operating segments of the EUROKAI Group were as follows:

CONTSHIP Italia Group

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. The most important stakeholdings continue to be La Spezia Container Terminal S.p.A. of La Spezia, Sogemar S.p.A. of Melzo, Milan, Hannibal S.p.A. of Melzo, Milan – the latter two both engaged in intermodal business – OCEANOGATE Italia S.p.A. of La Spezia, and Rail Hub Milano S.p.A. of Milan (all in Italy).

In the first half year 2020 the container terminals of the CONTSHIP Italia Group recorded a total decline in handling of 17.1%, at 787,214 TEUs (previous year: 949,887 TEUs). Handling volumes were down in La Spezia (-24.7%) and Ravenna (-7.8%), while volumes in Salerno rose by 5.0%. At La Spezia Container Terminal S.p.A., along with the impact from the spread of the coronavirus, the scheduled withdrawal from service of berths and working areas for repair measures impacted negatively on the handling volumes.

In the CONTSHIP Italia segment, due to the decline in handling and the sale and deconsolidation of Medcenter Container Terminal S.p.A. as of the end of March 2019, and the discontinuation of business operations as of the end of June 2019 at CICT Porto Industriale Cagliari S.p.A. (currently still in liquidation), revenues fell to EUR 95.4 million (previous year: EUR 145.2 million). Given the overall downturn in handling, the half-yearly result of EUR 13.7 million was down correspondingly on the previous year (EUR 55.2 million). In addition, the previous year's result contained the positive earnings effect stemming from the sale of shares in CSM Italia-Gate S.p.A., the holding company of Medcenter Container Terminal.

The handling volumes and IFRS results for the Italian companies showed the following trends in the period under review:

La Spezia Container Terminal S.p.A. is a 60% stakeholding of Contship Italia S.p.A. The company saw handling volumes decline by 24.7% to 504,540 TEUs (previous year: 668,652 TEUs), posting a half-yearly result which was correspondingly down on the same period of the previous year. At La Spezia Container Terminal S.p.A., along with the impact from the spread of the coronavirus, the scheduled withdrawal from service of berths and working areas for repair measures also impacted negatively on handling volumes.

The 100% 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. of Milan, Italy, for which it provides letting, management and IT services. Due to a decline in stakeholder earnings, the company also posted a half-yearly result for the period under review which was down on the same period of the previous year.

Hannibal S.p.A., along with international container carriage, also undertakes the national truck and rail operations of the CONTSHIP Italia Group. Given a decline in carriage volumes of 32.2%, the company's half-yearly result worsened considerably and is slightly negative.

OCEANOGATE Italia S.p.A., in its capacity as railway operator, ran 27.5% fewer trains than the previous year. This being so, its half-yearly result is significantly down on the previous year and slightly negative.

Rail Hub Milano S.p.A. operates the inland terminals of the Contship Italia Group in Melzo and Rho. In the period under review its handling volumes were 24.4% below the level of the previous year. Against this backdrop the company posted a lower yet break-even half-yearly result.

EUROGATE Group

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 stakeholdings. Its main stakeholdings comprise EUROGATE Container Terminal Hamburg GmbH of 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 of Wilhelmshaven. The EUROGATE Group also has a 33.4 % stake in Contship Italia S.p.A. of Melzo (Milan), Italy.

EUROGATE GmbH & Co. KGaA, KG has a 100% shareholding in both EUROGATE Container Terminal Hamburg GmbH of Hamburg and EUROGATE Container Terminal Bremerhaven GmbH. These companies are fully consolidated in the EUROGATE segment. The three joint ventures, North Sea Terminal Bremerhaven GmbH & Co. (EUROGATE stake: 50%), MSC Gate Bremerhaven GmbH & Co. KG (stake: 50%), EUROGATE Container Terminal Wilhelmshaven GmbH & Co. KG (stake: 70%), and EUROGATE Container Terminal Limassol Limited (EUROGATE share 60%) have been included in the EUROGATE segment at equity.

Handling volumes in the EUROGATE segment declined by a total of 10.1%, to stand at 3.542 million TEUs (previous year: 3.939 million TEUs). While handling volumes in Bremerhaven over the period under review were 5.4% below those for the same period of the previous year, EUROGATE Container Terminal Hamburg posted a decline in volume of 11.4%. This volume decline, along with the pandemic-led impact, was due in particular to the loss of handling volumes from the HMM Line (formerly Hyundai Merchant Marine). At the Wilhelmshaven terminal handling volumes in the first half-year 2020 were significantly down on the same period of the previous year, showing a decline of 38.5%.

In the first half-year 2020, given a decline in handling volumes of 10.1% in Germany, the EUROGATE segment posted a decline in Group revenues of 13.5%, to EUR 249.2 million (previous year: EUR 288.2 million). As a consequence of this volume decline, as well as the removal of positive one-off effects, the Group posted not only a significantly reduced but – for the first time – also an actually negative operating result, standing at EUR -5.9 million (previous year: EUR 24.4 million). Given a likewise significantly reduced result from associated companies, the Group's half-yearly net profit likewise fell significantly in the period under review and was in negative territory, standing at EUR -12.6 million (previous year: EUR 33.0 million).

Handling volumes and IFRS results at the domestic companies operating container terminals showed the following trends in the period under review:

EUROGATE Container Terminal Hamburg GmbH recorded a decline of 11.4% in handling volume in the first half-year 2020, its handling figures standing at 958,025 TEUs (previous year: 1,080,776 TEUs). This decline in handling volumes, and the loss of the one-off effects contained in the previous year's result, led to significant reduced earnings and to a slightly negative half-yearly result.

EUROGATE Container Terminal Bremerhaven GmbH, with a handling volume of 231,238 TEUs in the period under review (previous year: 235,615 TEUs), posted a volume decline of 1.9%. Due to this decline in volume, plus the loss of the positive one-off effects contained in the result in the previous year, the company posted for the first half-year 2020 a half-yearly result significantly reduced compared with the same period of the previous year, in slightly negative territory.

North Sea Terminal Bremerhaven GmbH & Co., in which APM Terminals Deutschland Holding GmbH – an indirect 100% subsidiary of A.P. Moeller Maersk A/S of Copenhagen, Denmark – has a stakeholding of 50%, posted a volume decline of 3.8% in the first half-year 2020, its handling figures standing at 1,445,597 TEUs (previous year: 1,503,206 TEUs). Due to one-off earnings following settlement of an insurance claim, the company's half-yearly result improved significantly.

MSC Gate Bremerhaven GmbH & Co. KG, the 50:50 joint venture between EUROGATE GmbH & Co. KGaA, KG and Terminal Investment Limited Sàrl of Geneva, Switzerland, with a handling volume 9.5% down on the first half-year 2019, standing at 685,155 TEUs (previous year: 757,512 TEUs), also posted a fall in its half-yearly result compared with the previous year.

Handling volume at EUROGATE Container Terminal Wilhelmshaven GmbH & Co. KG, in which APM Terminals Wilhelmshaven GmbH – likewise part of the Moeller Maersk Group of Copenhagen – has a 30% stakeholding, with a handling volume of 222,395 TEUs (previous year: 361,486 TEUs), posted a significant volume decline of 38.5%. The company's half-yearly result is down on the same period under review of the previous year and continues to be significantly negative overall.

Trends at the EUROGATE Group's stakeholdings abroad were as follows:

Handling volume at EUROGATE Tanger S.A. of Tangier, Morocco, in which the EUROGATE Group and the CONTSHIP Italia Group each have an indirect 20% stakeholding, fell in the period under review by 12.2% to 674,038 TEUs (previous year: 767,973 TEUs). Thus the company's half-yearly result has worsened slightly compared with the previous year.

Due to the persistent crisis in Russia, JSC Ust-Luga Container Terminal of Ust-Luga, Russia, in which the EUROGATE Group has a stakeholding of 20%, saw container handling decline by 7.6% in the period under review, to stand at 26,945 TEUs (previous year: 29,173 TEUs). Coal handling, however, is also undertaken here. The positive result, an improvement on the previous year, contains a one-off book profit resulting from the sale of large items of equipment no longer needed.

The EUROGATE Group has a 60% stakeholding in EUROGATE Container Terminal Limassol Limited of Limassol, Cyprus. The further partners in the consortium are Interorient Navigation Company Ltd. (20%) of Limassol, Cyprus and East Med Holdings S.A. (20%) of Luxembourg. In the first half-year 2020 the company handled 187,768 TEUs (previous year: 199,566 TEUs, down 5.9%). Despite the slight decline in handling volume, the company posted a positive half-yearly result at the level of the previous year.

Handling volume at the 16.34% stakeholding LISCONT Operadores de Contentores S.A. of Lisbon, due to the continuing strike combined with pandemic-associated falls in volume, declined considerably, to stand at 34,276 TEUs (previous year: 70,386 TEUs, down 51.3%). Accordingly the company posted a significant fall in its result, which was in negative territory.

Major transactions in the business year

The downward trend in handling in the second quarter of 2020 was used by La Spezia Container Terminal S.p.A. to take berths and open areas out of service temporarily for repairs to take place. In this way it was possible to minimise the limitations on construction and impact on the operation of the terminal.

On 27 March 2020 the first in a total of six new super-postpanamax container bridges was delivered at EUROGATE Container Terminal Hamburg GmbH. This means it will be possible to clear the latest generation of container ships, with a width of 24 container rows on deck. Meanwhile all six of these new items of equipment are already in place. Operation of this new equipment is expected to commence on Berth 6 in the Waltershof Harbour in the second half-year of 2020.

On 1 May 2020 EUROGATE Container Terminal Bremerhaven GmbH and MSC Gate Bremerhaven GmbH & Co. KG in Bremerhaven started operation of NAVIS N4, the new terminal operating system.

On 15 May 2020 at EUROGATE Container Terminal Hamburg GmbH the first vessel from the newly acquired FAL 1 service of OCEAN ALLIANCE underwent clearance, in the shape of the CMA GGM Georg Forster. Since then the ships on this flagship service have been calling regularly at the terminal.

In view of structural changes, in May 2020 the management of the EUROGATE Group agreed and drew up a transformation project. Its aim comprises improvements to productivity and group-wide cost savings in the order of EUR 84 million a year, to be achieved by 2024. The individual measures underlying the intended cost savings are currently being validated and prioritised and, this being so, have not yet been approved in detail at the present time, so that, as of the cut-off day for this Report, they have not led to the formation of reserves. However, charges arising herefrom are anticipated in the region of the mid tens of millions.

In June 2020, in view of the trend in handling at Hamburg, short-time working was introduced at EUROGATE Container Terminal Hamburg GmbH, EUROKOMBI Terminal GmbH and EUROGATE Intermodal GmbH. The same applies at Wilhelmshaven to EUROGATE Technical Services GmbH. The EUROGATE Group Management Board, and further members of the management, have voluntarily declared that they will forgo their salaries during the phase of short-time working.

Start-up of the EUROKAI Group's second terminal at Tangier by Tanger Alliance S.A. was originally due to take place in mid-2020. However, due to the delays in deliveries for the container bridges caused by the coronavirus pandemic, and the restrictions likewise due to the pandemic which have led to a slow-down in the progress of construction and of the project, this date has been postponed to the end of 2020.

Meanwhile further successful milestones were passed in the EUROGATE STRADegy automation project and the integration tests are continuing to run successfully. Proof of the system's performance in live operation and of its scalability are due to be provided by the supplier in the second half-year 2020, so that on a present view it will be possible to conclude the project at the end of 2020. Then it will be possible to make a decision on the sequential launch of the system.

Earnings

To show Group earnings, in the following overview we have used an income statement derived under business-management terms:

	1 January to 30 June 2020		1 January to 30 June 2019		Change EURk
	EURk	%	EURk	%	
Revenues	95,352		149,565		-54,213
Miscellaneous operating income	4,337		38,149		-33,812
Operating performance	99,689	100	187,714	100	-88,025
Material costs	-33,773	-34	-47,397	-25	13,624
Staff costs	-30,456	-31	-54,651	-29	24,195
Depreciation	-9,305	-9	-17,199	-9	7,894
Miscellaneous operating expenditure	-8,782	-9	-11,558	-6	2,776
Operating costs	-82,316	-83	-130,805	-69	48,489
Earnings before stakeholding income, interest and tax (EBIT)	17,373	17	56,909	31	-39,536
Interest and similar income	3,073		157		2,916
Financing costs	-4,687		-5,633		946
Depreciation on financial assets	0		0		0
Earnings from associated companies	-7,101		10,088		-17,189
Other financial result	-27		-6		-21
Earnings before tax (EBT)	8,631		61,515		-52,884
Revenue and income taxes	-5,107		-10,022		4,915
Net Group half-yearly profit	3,524		51,493		-47,969

which breaks down into the following groups:

Shareholders of parent company	-2,948	38,380
Minority shareholders	6,472	13,113
	<u>3,524</u>	<u>51,493</u>

Through the deconsolidation of Medcenter Container Terminal S.p.A., which had been fully consolidated up to the end of March 2019, and the close of business operations as of the end of June 2019 at CICT Porto Industriale Cagliari S.p.A, which has been in liquidation since October 2019, the Group's revenues, operating costs, income from interest and revenue and income taxes for the first half-year 2020 are not comparable with those of the same period of the previous year.

Further significant influences on the change in individual items of the Profit & Loss Account are explained below:

The EUROKAI Group's external revenues stood at EUR 95.4 million in the period under review (previous year: EUR 149.6 million). This significant fall in Group revenues, alongside the downward trend in handling, is also connected with Medcenter Container Terminal S.p.A., which was still fully consolidated until the end of March 2019, and the closure of operating business as of the end of June 2019 at CICT Porto Industriale Cagliari S.p.A., still currently in liquidation.

The fall in miscellaneous operating income by EUR 33.8 million to EUR 4.3 million is to be explained, along with the deconsolidation of Medcenter Container Terminal S.p.A., mainly by the impact on earnings in the previous year's reporting period arising from the shareholding sale.

The operating result (EBIT) stood in the first half-year 2020 at EUR 17.4 million and, due in particular to the impact on earnings contained in the previous year from the shareholding sale, was considerably down on the previous year's level (EUR 56.9 million).

The decline in earnings from associated companies to EUR -7.1 million (previous year: EUR 10.1 million) resulted mainly from the significant fall and even negative pro rata result of the EUROGATE Group to EUR -7.9 (previous year: EUR 7.0 million).

Thus in the period under review the EUROKAI Group has posted a corresponding fall in earnings before tax (EBT) of EUR 8.6 million (previous year: EUR 61.5 million).

Overall, net Group profit for the year fell significantly compared with the same period of the previous year to EUR 3.5 million (previous year: EUR 51.5 million).

Assets

The asset and capital structure showed the following course in the first half-year 2020:

Assets	30 June		31 December		Change
	2020		2019		
	EURk	%	EURk	%	
Intangible assets	75.962	9	76.805	9	-843
Fixed assets	119.492	15	124.205	15	-4.713
Financial assets	177.016	22	177.708	21	-692
Deferred tax claims	14.620	2	15.633	2	-1.013
Other long-term assets	170.357	22	169.529	20	828
Long-term assets	557.447	70	563.880	67	-6.433
Inventories	5.904	1	6.192	1	-288
Receivables due for supplies and services	41.869	5	55.043	7	-13.174
Miscellaneous assets and tax claims	33.650	4	36.184	4	-2.534
Liquid funds	163.002	20	180.414	21	-17.412
Short-term assets	244.425	30	277.833	33	-33.408
Total assets	801.872	100	841.713	100	-39.841

Liabilities	30 June		31 December		Change
	2020		2019		
	EURk	%	EURk	%	
Subscribed capital	13.468	2	13.468	2	0
Capital of the Generally Liable Personal					
Partner and reserves	111.992	14	102.589	12	9.403
Balance-sheet profit	244.324	30	279.157	33	-34.833
Share of minorities in capital	85.760	11	79.342	9	6.418
Shareholders' equity	455.544	57	474.556	56	-19.012
Long-term loans less short-term percentage	18.452	2	22.477	3	-4.025
Long-term percentage of public grants	2.669	0	2.671	0	-2
Miscellaneous liabilities	223.209	28	222.726	26	483
Deferred tax liabilities	9.537	1	9.660	1	-123
Reserves	15.776	2	16.431	2	-655
Long-term liabilities	269.643	33	273.965	32	-4.322
Short-term percentage of long-term loans	18.298	2	22.446	3	-4.148
Payables due for supplies and services	29.250	4	33.374	4	-4.124
Short-term percentage of public grants	240	0	321	0	-81
Miscellaneous payables and tax liabilities	22.545	3	30.715	5	-8.170
Reserves	6.352	1	6.336	0	16
Short-term liabilities	76.685	10	93.192	12	-16.507
Total capital	801.872	100	841.713	100	-39.841

The main changes to the asset and capital structure are as follows:

Fixed assets have fallen through scheduled depreciation by EUR 4.7 million to EUR 119.4 million.

The decline in receivables due for supplies and services by EUR 13.2 million to EUR 41.9 million is connected with the fall in handling and revenues.

The fall in liquid funds by EUR 17.4 million to EUR 163.0 million resulted principally from the dividend distribution resolved to this effect by the Annual General Meeting. As a consequence, and also due to the allocation of EUR 7.5 million to the profit reserves, the balance-sheet total has also fallen.

The balance-sheet total for the EUOKAI Group fell in the first half-year 2020 overall by EUR 39.8 million to EUR 801.9 million. The Group equity ratio remains at a high level, standing at 57% (previous year: 56%).

Financial position

The following cashflows were earned in the first half-years 2019 and 2020:

	1 January to 30 June 2020 EURk	1 January to 30 June 2019 EURk
Inflow of funds from current business activity	35,960	32,802
Inflow of funds from investment	-13,506	67,712
Outflow of funds from financing	<u>-39,866</u>	<u>-60,606</u>
Changes to financial funds on the payments side	-17,412	39,908
Financial funds on 1 January	<u>180,414</u>	<u>146,675</u>
Financial funds at end of period	<u><u>163,002</u></u>	<u><u>186,583</u></u>
<u>Composition of financial funds</u>		
Cash and cash equivalents	163,002	187,009
Bank liabilities and current-account balances payable immediately	<u>0</u>	<u>-426</u>
Financial funds at end of period	<u><u>163,002</u></u>	<u><u>186,583</u></u>

Based on earnings before tax in the first half-year 2020 of EUR 8.6 million (previous year: EUR 61.5 million), a cashflow of EUR 36.0 million (previous year: EUR 32.8 million) was earned from current business activity.

The inflow of funds from investment of the previous year contains the one-off inflow from the sale of the shareholding in CSM/MCT.

Staff and welfare

The average number of employees in the Group (not including management board, temporary staff and trainees) as of 30 June 2020 was as follows:

	30 June 2020	30 June 2019
Industrial staff	531	546
Office staff	497	500
	1,028	1,046

Addendum

Events of significant importance subject to mandatory publication have not taken place following the accounting cut-off day of 30 June 2020.

Opportunities and risks of future development

With regard to the risks and opportunities of the EUROKAI Group, unless set out otherwise in this Report, the statements made in the Management Report for 2019 remain valid.

Report on Forecasts and other Information regarding anticipated Development

The impact of the coronavirus pandemic and of the persistent difficult market environment is reflected in the volume and earnings forecasts for the current business year. Due in particular to the continuing pandemic, further development is still bound up with great uncertainties.

The risks identified continue to be such as do not threaten the ability of the business to remain as a going concern. Nor, on a present view, can any risks be discerned for the future which endanger the continued existence of the company.

No potential threats to the continued existence of the firm, such as over-indebtedness, insolvency or other risks with a particular impact on assets, financial position and earnings, exist at the present time.

The container-shipping lines continue to suffer from severe competition, since world economic growth will not suffice to solve the structural problems of container shipping. Due not least to the large number of newly launched container vessels, uncertainties will also continue to be felt by the container terminals.

In particular, the further collaborations and concentration of container-shipping lines already announced, and thus a downward pressure on prices, may well have a negative impact on the terminals.

Since the container terminals have free capacity, at least in the medium term, in the wake of this consolidation the market power of the remaining consortia and shipping lines is growing and, with it, the pressure on earnings and need to implement sustainable cost reductions at the container terminals.

Forecast for the CONTSHIP Italia segment

For the CONTSHIP Italia segment, due to the decline in handling and carriage volumes, and due in particular to the elimination of the book profit realised in the previous year from the sale of the shares in CSM/MCT, a significant decline in earnings compared with the previous year continues to be anticipated, but still a significantly positive result. Thus we retain the original forecast for this segment for the business year 2020.

Forecast for the EUROGATE segment

For the year as a whole an overall decline in handling volumes is anticipated for the terminals in Hamburg, Bremerhaven and Wilhelmshaven.

Based on the trend in results so far, the expectation of declining handling volumes overall, and the elimination of the positive one-off effects contained in the previous year's result, on a present view an operating loss is anticipated for the EUROGATE Group for the business year 2020, in the region of EUR 20 million to EUR 25 million (EUROKAI-share EUR 10 million to 12.5 million.)

Further, perceptible reserves must be probable for restructuring measures in connection with the transformation, the level of which, and their effect on earnings cannot be numbered yet. In addition, depending on the further trend in handling over the next six months, a need for a write-down on financial assets may emerge.

Thus the forecast so far for the EUROGATE segment for the 2020 business year has significantly worsened.

Forecast for the EUOKAI Group 2020

Based on the aforementioned forecasts for the CONTSHIP Italia and EUROGATE segments, a significantly downward and most probable even negative result is anticipated for the EUOKAI Group for the year 2020 as a whole compared with the previous year. This being so, the forecast for the EUOKAI Group for the 2020 business year has worsened significantly compared with the forecast set out in the Management Report for 2019.

Along with the decline in handling and carriage volumes in Italy, this worsened result will also be due in particular to the elimination of the book profit contained in the previous year's result stemming from the sale of the indirect shareholding in Medcenter Container Terminal S.p.A. of Gioia Tauro, and to the considerable worsening of result at EUROGATE.

The Group result continues to be governed essentially by the container terminals, the decisive influencing factors being the handling volumes and handling rates.

Overall, the EUOKAI Group, through its diversified European placement, is relatively independent and continues to be excellently positioned in its competitive environment.

Whether, in the wake of the coronavirus pandemic, a "second wave" will eventuate as feared, with further impact on trading flows and handling volumes, is not foreseeable at the present time.

Given this unforeseeable development, the actual course of business may deviate from the expectations based on assumptions and estimates made by the corporate management. We undertake no obligation, beyond the statutory requirements, to update our forecast statements in the light of new information.

Despite the stresses caused by the pandemic, the EUOKAI Group's liquidity is sufficient on a present view to meet its due payment obligations at all times.

Report on significant transactions with closely related companies

No significant changes are to be recorded in relations with closely related companies or in the type and volume of transactions with the same in the first half-year 2020 in comparison with the business year 2019.

Hamburg, September 2020

The Personally Liable General Partner

Kurt F. W. A. Eckelmann GmbH, Hamburg

Cecilia E. M. Eckelmann-Battistello

Thomas H. Eckelmann

Responsibility Statement

Declaration by legal representatives:

“We hereby declare, to the best of our knowledge, that, in conformity with the accounting principles applicable to the production of interim financial reports, the Interim Group Financial Statement gives an accurate picture of the assets, financial position and earnings of the Group, and that the Interim Group Management Report presents the course of business in the Group, including its business results and position, in such a way as to convey an accurate picture, and that it sets out the main risks and opportunities involved in the Group’s anticipated development in the remaining business year.”

Hamburg, September 2020

The Personally Liable General Partner

Kurt F. W. A. Eckelmann GmbH, Hamburg

Cecilia E. M. Eckelmann-Battistello

Thomas H. Eckelmann