

Notes to the income statement

8. Revenue

In the segment report, the revenue is broken down by segment, including inter-segment revenue. The revenue is broken down by region in [Note 44](#) of the notes to the segment report. This note also contains segment-specific details on the type of revenue.

9. Changes in inventories

Changes in inventories

in € thousand	2020	2019
	61	131

Changes in inventories relate to changes in the inventories of finished products and work in progress.

10. Own work capitalised

Own work capitalised

in € thousand	2020	2019
	4,587	6,183

As in the previous year, own work capitalised results mainly from development activities and from technical work capitalised in the course of construction work.

11. Other operating income

Other operating income

in € thousand	2020	2019
Income from reimbursements	15,627	8,104
Income from compensation	3,130	3,703
Income from reversal of other provisions	2,218	3,078
Income from exchange rate differences	1,402	1,298
Proceeds on disposal of property, plant and equipment	373	6,187
Other	28,080	23,213
	50,830	45,583

As in the previous year, income from reimbursements related primarily to costs which were passed on in connection with leases. In the reporting period, higher reimbursed subsidies were received compared to the previous year.

Income from compensation includes income from contractual penalties.

Proceeds from the disposal of property, plant and equipment in the previous year mainly relate to the sale of wagons.

Other operating income includes income from the outsourcing of personnel of € 5,212 thousand (previous year: € 4,628 thousand), income from staff catering of € 2,592 thousand (previous year: € 2,934 thousand) and a gain in the reporting period arising from the derecognition through profit and loss of a liability from a contingent consideration in the amount of € 4,327 thousand that occurred in connection with the acquisition of shares in Bionic Production GmbH, Lüneburg. This liability from the contingent consideration was derecognised as a result of a new agreement with the seller in the second quarter of 2020. The matter comes within the economic context of the development described in [Note 22](#) and the resulting impairment loss in the second quarter. Furthermore, other operating income also includes numerous smaller individual items.

12. Cost of materials

Cost of materials

in € thousand	2020	2019
Raw materials, consumables and supplies	92,618	99,617
Purchased service	285,584	300,576
Leasing costs	875	1,010
	379,077	401,203

The expenses for purchased services mainly consist of the cost of rail services purchased by the Intermodal segment.

For further details of leases, please refer to [Note 45](#).

13. Personnel expenses

Personnel expenses

in € thousand	2020	2019
Wages and salaries	362,775	353,143
Staff deployment	55,831	75,987
Social security contributions and benefits	114,287	71,081
Service expense	14,062	15,097
Other retirement benefit expenses	1,143	811
	548,098	516,119

The direct remuneration paid to members of the Executive Board totalled € 3,182 thousand for the financial year 2020 (previous year: € 3,060 thousand). More details on the remuneration paid to the Executive Board and the Supervisory Board can be found in [Note 48](#).

The rise in personnel expenses in the year under review is due to increases in union wage rates and a larger headcount.

Due to the decrease in capacity utilisation at the container terminals in Hamburg, which was mainly caused by the coronavirus pandemic, there was a decline in expenses for staff deployment.

Social security contributions and benefits rose on account of the addition to a provision for restructuring as part of an efficiency programme. Social security contributions include payments towards the public pension scheme amounting to € 30,509 thousand (previous year: € 29,759 thousand) and payments to the German pension insurance scheme.

Service expense includes payments from defined benefit pension commitments and similar obligations, see [Note 36](#).

Average number of employees of fully consolidated companies

	2020	2019
Employees receiving wages	3,359	3,273
Salaried staff	2,869	2,796
Trainees	70	73
	6,298	6,142

In addition, the Group used an annual average of 548 employees (previous year: 753) of Gesamthafenbetriebs-Gesellschaft m.b.H., Hamburg (GHB).

14. Other operating expenses

Other operating expenses

in € thousand	2020	2019
Consultancy, services, insurance and auditing expenses	50,229	48,071
External maintenance services	46,775	43,360
Leasing costs	7,211	9,472
Other personnel expenses	3,519	3,479
Travel expenses, advertising and promotional costs	2,982	4,840
Impairment losses on financial assets	2,731	1,064
External and internal cleaning costs	2,529	2,551
Other taxes	2,440	2,924
Postage and telecommunications costs	1,828	1,604
Other venture expenses	1,426	827
Expenses from exchange rate differences	1,353	520
Losses on the disposal of property, plant and equipment	558	144
Other	15,156	15,719
	138,737	134,575

Expenses for consultancy, services, insurance and auditing increased, mainly due to an increased need for project-related consultancy.

Expenses for external maintenance services mainly increased due to higher real estate-related maintenance expenses and a greater need for maintenance to the IT infrastructure.

The HHLA Group regards the impairment losses on financial assets listed above as immaterial and has therefore decided not to show them separately in the income statement. The increase in expenses is chiefly attributable to a greater need for adjustments to trade receivables as a consequence of the prevailing coronavirus pandemic in the reporting year.

Other operating expenses also include numerous smaller individual items.

15. Depreciation and amortisation

Depreciation and amortisation

in € thousand	2020	2019
Intangible assets	11,230	8,289
Property, plant and equipment	146,053	144,311
Investment property	8,549	8,788
	165,832	161,388

A classification of the depreciation and amortisation by asset category is shown in the fixed asset movement schedule, see [Note 22](#), [Note 23](#) and [Note 24](#).

16. Financial result

Financial result

in € thousand	2020	2019
Earnings from associates accounted for using the equity method	3,601	4,458
Income from the adjustment of settlement obligations to shareholders with non-controlling interests	5,909	0
Income from exchange rate differences	709	606
Interest income from non-affiliated companies and non-consolidated affiliated companies	579	1,485
Interest income from bank balances	44	90
Income from currency hedging instruments at fair value	0	705
Interest income	7,241	2,886
Interest included in lease payments	21,581	22,016
Interest expenses on bank liabilities	5,303	6,253
Interest portion of pension provisions	3,520	7,158
Interest expenses to non-affiliated companies and non-consolidated affiliated companies	1,625	1,836
Expenses from exchange rate differences	1,377	845
Interest portion of other provisions	1,012	1,826
Expenses from currency hedging instruments at fair value	883	0
Expenses from the adjustment of settlement obligations to shareholders with non-controlling interests	0	2,525
Interest expenses	35,301	42,459
Net interest income	- 28,060	- 39,573
Income from other equity investments	0	0
Other financial result	0	0
	- 24,460	- 35,115

Earnings from companies accounted for using the equity method relate to the pro rata annual earnings of the joint ventures and associates, see also [Note 25](#).

For information on gains (previous year: expenses) from the adjustment of settlement obligations to shareholders with non-controlling interests, see [Note 6](#).

See [Note 38](#) for information about the interest conditions related to interest expenses associated with liabilities to banks.

17. Research and development costs

Research and development costs of € 4,412 thousand were incurred in the 2020 financial year (previous year: € 5,526 thousand). These primarily relate to the development of air-assisted logistics services, as well as research as part of the subsidy programme for Innovative Port Technologies (IHATEC).

18. Income tax

Paid or outstanding income taxes and deferred taxes are shown under the item income taxes. Income taxes are made up of corporation tax, a solidarity surcharge and trade tax. Companies domiciled in Germany pay corporation tax of 15.0 % and a solidarity surcharge of 5.5 % of the corporation tax expense. These companies and German-based subsidiaries in the legal form of limited partnerships are also liable for trade tax, which is imposed at different local rates. Trade tax does not reduce the amount of a limited company's profits on which corporation tax is payable.

Income tax

In € thousand	2020	2019
Deferred taxes on temporary differences	- 9,357	- 759
of which domestic	- 10,955	- 1,901
of which foreign	1,598	1,142
Deferred taxes on losses carried forward	452	578
of which domestic	0	0
of which foreign	452	578
Total deferred taxes	- 8,905	- 181
Current income tax expense	33,878	49,245
of which domestic	19,511	29,562
of which foreign	14,367	19,683
	24,973	49,064

Current income tax expenses include tax expenses from other accounting periods amounting to € 1,189 thousand (previous year: € 1,223 thousand).

Deferred tax assets and liabilities result from temporary differences and tax loss carry-forwards.

Deferred taxes recognised in the balance sheet

in € thousand	Deferred tax assets		Deferred tax liabilities	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Intangible assets	0	0	5,194	5,084
Property, plant and equipment	0	0	28,728	25,724
Investment property	0	0	9,346	10,057
Other assets	1,833	1,867	3,626	1,978
Pension and other provisions	129,874	108,684	1,204	1,374
Other liabilities	35,730	36,674	394	500
Tax losses carried forward	406	859	0	0
	167,843	148,084	48,492	44,717
Netted amounts	- 26,423	- 24,013	- 26,423	- 24,013
	141,420	124,071	22,069	20,704

Reconciliation between the income tax and hypothetical tax based on the IFRS result and the Group's applicable tax rate

in € thousand	2020	2019
Earnings before tax (EBT)	99,105	186,122
Income tax expense at hypothetical income tax rate of 32.28 % (previous year: 32.28 %)	31,991	60,080
Tax income (-), tax expenses (+) for prior years	1,233	144
Tax-free income	2,331	780
Non-deductible expenses	1,983	2,070
Trade tax additions and reductions	- 624	64
Permanent differences	- 1,498	38
Differences in tax rates	- 12,811	- 14,907
Impairment losses in deferred tax assets	2,393	819
Other tax effects	- 25	- 24
Income tax	24,973	49,064

Deferred taxes are calculated on the basis of the tax rates currently in force in Germany or those expected to apply at the time of realisation. A tax rate of 32.28 % was used for the calculations in both 2020 and 2019. This is made up of corporation tax at 15.0 %, a solidarity surcharge of 5.5 % of the corporation tax, and the trade tax payable in Hamburg of 16.45 %. Limited partnerships are also liable for trade tax. Due to special rules, property management companies generally do not pay trade tax. Due to rules on minimum taxation, tax loss carry-forwards are only partially usable in Germany. Tax losses of up to € 1 million can be set off against taxable profits without restriction, and higher tax losses up to a maximum of 60 %.

Permanent differences only include items for which no deferred taxes are recognized due to their permanent nature. The change compared to the previous year results, among other things, from the impairment loss recognized in the reporting year on the goodwill of the Bionic CGU, see also [Note 22](#).

The effects of tax rates for domestic and foreign taxes that diverge from the Group parent company's tax rate are reported in offsetting and reconciliation under differences in tax rates.

Deferred tax assets are recognised on tax loss carry-forwards and temporary differences if it is sufficiently certain that they can be realised in the near future. The Group has no domestic corporation tax loss carry-forwards and no domestic trade tax loss carry-forwards for which deferred tax assets are recognised. Deferred taxes of € 406 thousand (previous year: € 859 thousand) are recognised on foreign tax loss carry-forwards of € 2,138 thousand (previous year: € 4,521 thousand). No deferred tax assets are recognised for domestic corporation tax loss carry-forwards of € 7,955 thousand (previous year: € 2,671 thousand), domestic trade tax loss carry-forwards of € 23,956 thousand (previous year: € 13,752 thousand) and foreign tax loss carry-forwards of € 20,950 thousand (previous year: € 14,609 thousand). Under current legislation, tax losses can be carried forward in Germany without restriction.

Deferred tax assets of € 43,459 thousand (previous year: € 36,239 thousand) recognised directly in equity without effect on profit and loss come from actuarial gains and losses on pension provisions and unrealised gains/losses arising from financial assets measured at fair value.

Deferred taxes recognised in the statement of comprehensive income

in € thousand	Gross		Taxes		Net	
	2020	2019	2020	2019	2020	2019
Actuarial gains/losses	- 22,376	- 45,625	7,220	14,727	- 15,156	- 30,898
Unrealised gains/losses on available-for-sale financial assets	- 164	79	0	- 26	- 164	53
	- 22,540	- 45,546	7,220	14,701	- 15,320	- 30,845

19. Share of results attributable to non-controlling interests

Profits attributable to non-controlling interests amounting to € 31,558 thousand (previous year: € 33,776 thousand) mainly relate to non-controlling shareholders of HHLA Container Terminal Altenwerder GmbH, Hamburg (CTA). Their share of earnings decreased due to CTA's lower actual share of earnings. This was offset by interest revenue (previous year: interest expenses) arising from the measurement of a settlement obligation to a non-controlling shareholder.

20. Earnings per share

Basic earnings per share in €

	Group		Port Logistics subgroup		Real Estate subgroup	
	2020	2019	2020	2019	2020	2019
Share of consolidated net profit attributable to shareholders of the parent company in € thousand	42,575	103,282	35,278	93,631	7,297	9,651
Number of common shares in circulation (weighted average)	73,240,627	72,753,334	70,536,127	70,048,834	2,704,500	2,704,500
	0.58	1.42	0.50	1.34	2.70	3.57

In the financial year, a capital increase in return for contribution in kind was carried out in connection with the dividend distribution to holders of Class A shares. As part of this capital increase, 1,651,381 new no-par-value registered Class A shares were issued to holders of Class A shares, with each share representing € 1.00 of the share capital. This was accounted for accordingly in the figures for the reporting year in respect of the weighted average of common shares in circulation for the Group as a whole and for the Port Logistics subgroup. For more information, see [Note 21](#) and [Note 35](#).

Basic earnings per share are calculated in accordance with IAS 33 by dividing the profit after tax and minority interests attributable to the shareholders of the parent company by the average number of shares.

The diluted earnings per share are identical to the basic EPS, as there were no conversion or option rights in circulation during the financial year.

21. Dividend per share

The dividend entitlement for the share classes is based on the portion of the distributable profit attributable to the relevant division. This is calculated in accordance with the German Commercial Code (HGB).

A resolution was passed at the Annual General Meeting held on 20 August 2020 to distribute a portion of the distributable profit for the 2019 financial year through the payment of a dividend to holders of common shares in the amount of € 0.70 per Class A share and € 2.10 per Class S share. On the basis of a subscription offer to all holders of Class A shares, Class A shareholders were granted the right to assert the dividend entitlements arising from the resolution on the appropriation of net income on a pro rata basis in the amount of € 0.49 (pro rata dividend entitlement) as a contribution in kind for the granting of new Class A shares from a capital increase from Authorised Capital I (Section 3 [4] of the articles of association) (share dividend). The remaining portion of the dividend in the amount of € 0.21 was paid in cash – irrespective of the exercise of the option right by Class A shareholders. No corresponding option right was granted to holders of Class S shares.

The option right in favour of the share dividend was exercised for a total of 51,357,949 Class A shares. On the basis of the subscription ratio, the subscription price and further regulations governing the share dividend, a total of 1,651,381 new Class A shares, each representing € 1.00 of the company's share capital, were issued from Authorised Capital I. The share capital of Hamburger Hafen und Logistik Aktiengesellschaft (HHLA) now amounts to 74,404,715 shares: 71,700,215 Class A shares and an unchanged 2,704,500 Class S shares. For further information, please refer to [Note 35](#). The cash payment of the dividend totalling € 23,869 thousand was made following expiry of the subscription period on 15 September 2020.

The remaining undistributed profit was carried forward to new account.

For the reporting period, the Executive Board and the Supervisory Board will propose to the Annual General Meeting on 10 June 2021 the distribution of a scrip dividend of € 0.45 (previous year: € 0.70) per dividend-entitled listed Class A share and a cash dividend of € 2.10 (previous year: € 2.10) per non-listed Class S share. Based on the number of dividend-entitled shares as of 31 December 2020, this is equivalent to a distribution of € 32,265 thousand for the Port Logistics subgroup and € 5,679 thousand for the Real Estate subgroup.