

EUROKAI GmbH & Co. KGaA

Interim Report for the first to third quarter 2020

To all our shareholders:

In the business year 2020, along with its structural problems, our market environment has been adversely affected by the coronavirus pandemic. The slump in the business economy which this has caused can also be clearly seen in the results for the current year.

The management in charge both at CONTSHIP Italia and the EUROGATE Group has responded in good time to this development with measures of cost reduction and postponement of capital investments.

The group management of the EUROGATE Group is currently implementing a comprehensive transformation programme, with the aim of achieving sustainable productivity improvements and Group-wide cost savings in the order of EUR 84 million a year, which are due to be realised in full from 2024.

In the first three quarters of 2020 the container terminals in the EUROKAI Group handled 8.0 million TEUs (previous year: 8.9 million TEUs), thus recording an overall fall in handling volumes of 9.5%. Handling volumes in Italy, due to the decline in handling figures at La Spezia, were down by 15.6%, and in Germany by 7.6%. Handling figures at the other terminals were down by 11.3%.

Thus the trend in handling and results in the third quarter of 2020 has hardly changed from the first half-year 2020. Due to the decline in handling, the Group results as of the end of the third quarter is considerably down on the same period of the previous year. Along with a significant decline in operating result, income from stakeholdings was also sharply down and is even in negative territory. This decline in income from stakeholdings is due to the pro rata fall in result from the EUROGATE segment.

Handling figures and earnings

The following table shows the handling figures for the container terminals in the EUROKAI Group, including the terminals in Italy, Germany, Morocco, Cyprus, Portugal and Russia:

Terminal	Jan. - Sept. 2020 (in TEUs)	Jan. - Sept. 2019 (in TEUs)	Change
Hamburg	1,552,546	1,615,973	-3.9%
Bremerhaven	3,528,564	3,736,020	-5.6%
Wilhelmshaven	324,577	498,542	-34.9%
Total Germany	5,405,687	5,850,535	-7.6%
La Spezia	773,042	986,537	-21.6%
Salerno	283,985	273,706	+3.8%
Ravenna	124,022	138,553	-10.5%
Total Italy	1,181,049	1,398,796	-15.6%
Tangier (Morocco)	1,054,245	1,164,434	-9.5%
Limassol (Cyprus)	288,711	302,901	-4.7%
Lisbon (Portugal)	55,824	107,899	-48.3%
Ust-Luga (Russia)	39,928	47,106	-15.2%
Total other	1,438,708	1,622,340	-11.3%
Total EUROKAI	8,025,444	8,871,671	-9.5%

The volumes shown comprise total handling at each of the container terminals in question. Group earnings derive exclusively, however, from the handling volumes at the fully consolidated terminal in La Spezia.

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

CONTSHIP Italia segment:

Handling volumes at the CONTSHIP Italia Group in the first nine months of the business year 2020, standing at 1.2 million TEUs, are down by a total of 15.6% on those of the same period in the previous year (1.4 million TEUs). This decline in handling volumes is mainly due to the fall in handling in La Spezia (-21.6%). La Spezia Container Terminal S.p.A. has used the fall in handling, especially steep in the second quarter of 2020, to take berths and working areas, temporarily not needed, out of operation for repair work. In this way it has been possible to minimise the structural restrictions and impact on the terminal's operations, which are in any case reduced.

For the period under review, due to the decline in handling and transport volumes, and particularly due to the elimination of the book profit realised in the previous year from the sale of the CSM/MCT shares, a significant decline in result is shown for the CONTSHIP Italia segment, yet a result which is still strongly positive.

EUROGATE segment:

Handling volumes for the EUROGATE Group at the German terminals of Hamburg, Bremerhaven and Wilhelmshaven, standing at 5.4 million TEUs, fell in the period under review by a total of 7.6% compared with the same period of the previous year (5.9 million TEUs).

While handling volume at the Hamburg terminal in the period under review was down by 3.9% compared with the same period of the previous year, the Bremerhaven terminal recorded a fall in handling of 5.6%. At the Wilhelmshaven terminal handling volumes as of the end of the third quarter 2020 actually fell by 34.9% compared with the same period of the previous year.

Handling volumes at EUROGATE Tangier, Morocco (-9.5%), EUROGATE Container Terminal Limassol, Cyprus (-4.7%), Ust-Luga Container Terminal, Russia (-15.2%) and LISCONT, Portugal (-48.3 %) have all continued on a downward trend.

As a consequence of this significant volume decline and the elimination of positive one-off effects, the EUROGATE segment posted a negative operating result in the period under review. Given the equally significant fall in income from affiliated companies, the overall cumulated result at the EUROGATE segment in the period under review has fallen significantly compared with the period under review of the previous year and is markedly negative.

Outlook

Based on the anticipated results for the CONTSHIP Italia and EUROGATE segments, the EUROKAI Group, in accordance with its statements in the Half-Yearly Financial Report, continues to expect a Group result for 2020 as a whole considerably down on the previous year, which will very probably be negative.

This anticipated deterioration in result will be due, along with the crisis-related fall in handling and transport volumes in Italy, to the severe deterioration in results at EUROGATE, likewise caused by the pandemic.

Risks threatening the continued existence of the business

Apart from the risks already set out in the Management Report as of 31 December 2019, no additional risks can be identified on which it would be necessary to report. With regard to the risks and opportunities of the EUROKAI Group, the statements made in the Management Report for 2019 and in the Half-Yearly Financial Report for 2020 continue to apply.

Despite the stresses caused by the pandemic, the EUROKAI Group's liquidity is sufficient in our current view to meet its due payment obligations at any time.

Addendum

There have been no other transactions of particular importance which have not already been set out in the Management Report as of 31 December 2019, or in the Half-Yearly Financial Report 2020, or which are comprised in this Interim Report.

Hamburg, den 11 November 2020

The Personally Liable General Partner

Kurt F.W.A. Eckelmann GmbH

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EUROKAI preference shares – key statistics:

The market price of EUROKAI preference shares stood as of the end of September 2020 at EUR 23.00 (previous year: EUR 32.20).

ISIN: DE 000 570653 5
Current share price (10 November 2020): EUR 24.00
52-week high: EUR 35.00
52-week low: EUR 19.00
Share capital: EUR 13,468,494.00, of which: preference shares: EUR 6,708,494.00