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# HHLA backs MSC deal



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Port of Hamburg

Mediterranean Shipping Co (MSC) has secured further blessings for its entry into Hamburg port.

The Aponte family-controlled world's largest containerline and the city of Hamburg recently reached an agreement to run Hamburger Hafen und Logistik (HHLA) as a joint venture, in which MSC will own 49.9% by buying all of HHLA's free-floating stock at €16.75 per share.

The executive board and the supervisory board of HHLA, the main operator of Germany's biggest port, have recommended to the shareholders that they accept the offer tabled by MSC. In October, the Federal Financial Supervisory Authority (Bafin) in Berlin also green-lighted the deal, which has since come under fierce criticism from local players and employee representatives.

MSC's offer ends on November 20, and the closing of the transaction is subject to certain regulatory approvals and the approval of the parliament of the city-state of Hamburg.

HHLA generates more than half of its revenue by operating container terminals in Hamburg, Odessa, Tallinn, and Trieste, with HHLA's three

container terminals in Hamburg achieving a local market share of 75%. HHLA also generates just under 40% of its revenue with its intermodal segment, Metrans.

As part of its move into Hamburg, MSC plans to expand cargo throughput in HHLA terminals as early as 2025 and reach a minimum volume of 1m teu from 2031. The company will also build a new German headquarters in Hamburg with between 500 and 700 employees in the city.

HHLA has signed a binding preliminary framework agreement with MSC and the city of Hamburg on key aspects related to securing the company and its business model in the long term, with certain individual points set to be finalised in the coming weeks.

The deal will see, subject to the approval of the Hamburg parliament, the joint venture provide HHLA with additional equity capital of €450m for investments in business operations over the next few years.

HHLA will retain decision-making authority over its investment planning, securing the ongoing modernisation of HHLA's container terminals in Hamburg and the international expansion of the intermodal network in the coming years.

Angela Titzrath, CEO of HHLA, said: "This gives us considerable additional resources to drive forward HHLA's successful development into a leading European logistics company even more actively and rapidly, opening up significant development and business opportunities – for HHLA, our stakeholders and for Hamburg."

"With the agreements reached, we are securing the future viability of HHLA and its business model. As the offer price is deemed adequate following our review, the HHLA supervisory board and the executive board recommend accepting the offer from MSC," added Rüdiger Grube, chairman of HHLA's supervisory board.

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