
Nine months' results as stimulus for future activities

The forecasts anticipating more profitable autumn results are becoming a reality: in September, we again registered a doubled cargo throughput by handling 1,123,926 tonnes of goods in total. However, this is 25 percent less than in September last year when we beat all records, and 8 percent below budget. Namely, in the first nine months of this year we registered a throughput of 9,549,436 tonnes of goods, which is one-fifth less than attained in the same period last year. Nevertheless, by considering the general economic conditions in Slovenia and in our hinterland markets, we estimate these results as good, with other ports facing much harsher conditions. However, it is also necessary to consider the differences referring to different cargo types, something that again confirms the advantages of a multi-purpose port like Luka Koper.

Compared to the previous year, we shipped higher quantities of timber and liquid cargoes. Timber represents a traditional cargo in our port and the owners appreciate both the port's natural conditions and our services. As far as liquid cargoes are concerned, the investment in the jet fuel reservoirs proved to be very profitable. Good results were also reported by the fruit terminal, where close cooperation with Customs and the Phytosanitary Inspection enabled the timely dispatch of perishable goods to shops.

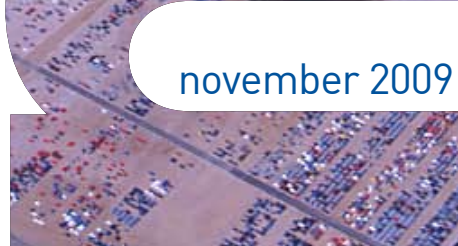
Equally satisfying results were reported by container freight, where 245,664 TEU (Container Units) were registered, which is 6 percent less than last year but 2 percent above the plan. Other ports attained less satisfying results, as you can read in the continuation of this Notice. Above all, the direct container connection with the Far East that we established in July of this year contributed to the good results. However, in line with our expectations, the most unsatisfactory results were registered at the car terminal: with 224,187 handled cars, only 50 percent of the 2008 throughput was attained. Fortunately, September also brought positive trends to this segment, where it shall always be considered that the car industry remains among the most unpredictable lines of business. According to the forecasts of my colleagues from different Profit Centres,

with estimates entirely reported in the continuation of this Notice, we can expect the meeting of this year's plan in almost all cargo types, with the exception of cars. The cargo throughput applying to some groups of goods will even near last year's quantities. However, we estimate that we will manage to reach approximately 13 million tonnes of handled goods by year end, which is 3 million tonnes less than in 2008.

As far as liquidity is concerned, both the Group and the joint-stock company are entirely independent. In other words, the cash flow generated from operative activity enables the regular servicing of all financial liabilities, i.e. regular principal repayment in line with amortisation plans and the paying of interest. However, this financial independence is a result of not performed but urgently required investments into port infrastructure. Namely, Luka Koper is one of those rare ports in Europe, and certainly the only one in the Adriatic area, where the port infrastructure is not financially supported by the State or by Local Authorities out of the public budget. Investing into the port infrastructure entirely burdens the concessionaire, in our case Luka Koper d.d. (PLC). It goes without saying that without investing, we cannot maintain our competitive position on the market nor expect our market share to rise.



november 2009



LUKA KOPER

Port of Koper

Generally, lower cargo throughput brings lower revenues and profit; however, the measures aimed at decreasing costs have already showed concrete results. In the first nine months the Company generated 12 percent less operating revenues over the same period last year. Operating expenses decreased by 3 percent, exceeding the half-year business result by 4 percent. The unfavourable costs movement was mostly triggered by the movements of labour costs and amortisation costs. Operating profit was 50 percent lower than last year and amounted to 8.9m € while the net profit for the period amounted to 5m €. In line with the financial calendar, we will publish all of the information on the business results attained in the period January through September 2009 by the end of November at the latest.

However, another unpleasant task awaits us, namely the revaluation of investments, which means that we will have to take some unavoidable impairments. This will affect the amount of net profit at year end, but the new management board has to start from a new foundation. Nevertheless, when we speak about net profit, we refer to an accounting category which does not directly affect the Company's liquidity or the success of its basic business activity. According to our estimate, by the end of the year we will attain 12 percent lower operating income and 5 percent lower operating expenses compared to last year. The measures aimed at rationalising expenses are reflected in the expected operating profit, which according to estimates will exceed 11.5m €.

Therefore, there are two crucial challenges that we have to respond to: the mastering of expenses, with a special incentive on labour costs, and the increasing of income. We regularly meet with two representative Trade Unions that operate within the Company and together we look for solutions on how to further reduce labour costs. On the other hand, through intensified market activities we are constantly searching for new business opportunities and consolidating our position in the markets of Central and Eastern Europe. Not to forget that already at this moment, Luka Koper represents the major container port for Hungary and the most important port in the Adriatic for the Austrian market.

Gregor Veselko, PhD
President of the Management Board

At half-year among the most successful



than 41 percent. Also from the comparison with Rijeka it is obvious that we were more successful in dealing with comparable cargoes. This is particularly evident in container freight, where Luka Rijeka registered a 20 percent drop.

In all major European ports, first-half throughput was 14 percent lower on average compared to the same period last year. At Luka Koper, total throughput volume decreased by a good 21 percent. The interim results attained by the Port of Trieste (Porto di Trieste) showed a 14 percent drop in total throughput; however, their cargo types differ significantly from ours. Generally, 75 percent of the total cargo throughput in the Port of Trieste consists of oil and oil products. In this segment, the port reported an 11.7 percent lag in quantity compared to last year's level. Nevertheless, the comparison

between Luka Koper and the Port of Trieste is reasonable only with regard to those cargo types that are not specific to one port or the other. The first-half results registered in the field of container freight showed an 18 percent drop in Trieste and a 3.3 percent drop in Koper over the same period last year.

At the Port of Rijeka (Luka Rijeka), the total interim throughput was 9 percent lower than last year. Like Trieste, the Port of Rijeka does not operate a car terminal and in the cargo throughput structure oil and oil products prevail with more

Container freight – change in throughput (TEU) for the period January through June 2009/2008

Koper	-3.3%
Trieste	-18.5%
Rijeka	-20%
Rotterdam	-15%
Antwerp	-18.5%
Le Havre	-8%
Hamburg	-28.7%
Barcelona	-34.6%
Genoa	-11.7%

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Situation on the market

Our questions regarding the actual trends as per single cargo types and the expectations by the end of the year have been commented on by the Heads of the Profit Centres:

Dargomir Matič, Head of the PC General Cargoes Terminal:

»In the General Cargo profit centre, we plan to meet the set plan in the sphere of general cargoes by the end of 2009; however, we expect a slight drop compared to the same period last year, mainly due to the reduced throughput of steel products used by the car industry. We expect timber throughput to show an improvement over last year and an increase in the segment of perishable goods, mainly due to fruit and vegetable cargoes from Israel. In our overseas markets, especially in the markets of North Africa (Egypt, Tunisia, Libya, Morocco, etc.), the operations and the markets are stable and function well, whereas in our hinterland markets of Eastern and Western Europe a certain consolidation of the market, i.e. a renewed partial recovery of the market, can be perceived.«

Gregor Belič, Head of the PC Car Terminal:

»Compared to the initial months of the present year, a slight increase in throughput was registered in the recent months. By considering the indicators referring to the last quarter of this year, which seem to be more positive than those experienced in the first nine months, we expect the total 2009 throughput to include about 290,000 vehicles. This estimate is mainly based on the anticipations of car manufacturers, who expect the sales of vehicles in our hinterland markets to show a slight improvement in the last quarter.«

Andraž Novak, Head of the PC Dry Bulk Terminal:

»In the profit centre for dry bulk cargoes we expect the throughput to reach 1.4 million tonnes by the end of the year, which is between 15 and 20 percent less than the same period last year. The most significant drop

has been registered in the throughput of minerals, caused mainly by reduced production in the hinterland countries and in Slovenia. Despite this fact, we plan to attain the same throughput level of soy as last year.«

Marko Babič, Head of the PC Container and Ro-Ro Terminal:

»Even after considering a certain decrease in the level of container freight operations registered in 2009, there was only a slight decrease in the volume of operations compared to last year. That was a consequence of newly gained deals, as in the opposite case there would have been a more considerable decrease. Certain signs of economic recovery and positive trends can be perceived with regard to the last quarter, which is linked to the Christmas season and traditionally higher consumption. However, nobody from the ship freighters ventures to anticipate what the first months of next year will bring.«

Bojan Tomišič, Head of the PC European Energy Terminal:

»Due to the global recession, a decrease in the amount of bulk cargo throughput was registered compared to the previous business year. However, in the last quarter we plan to increase the cargo throughput by 35 percent compared to the first nine months of the year. Based on positive indications in the market, in the next business year we plan to increase the throughput level of dry bulk cargoes by 20 percent. In the sphere of liquid cargo, the results at the end of 2009 will be ahead of expectations. The position of the distribution centre for liquids is growing stronger each year. Further growth is also expected next year, when we will start to handle cargoes at the methanol distribution centre.«

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