

# Luka Koper is investing in container handling facilities

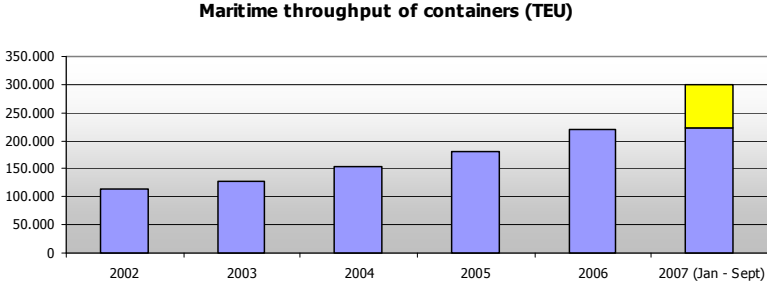
## 1. Extension of Pier No. 1 at *Luka Koper*

The container terminal at the Port of Koper was constructed 30 years ago, in an era when containerisation had only just begun. Today, containerisation is rapidly increasing, as is the flow of goods between Europe and the Far East, which is also partly attributable to the expansion of the EU and the economic growth of its new member states. Based on current data, it is anticipated that European container freight will more than double by 2010, and amount to approximately 100 million TEUs per annum. North European ports are already overburdened, and as a result it is expected that half of this total will pass through Mediterranean ports, with a significant portion passing through the Adriatic. Indeed, a number of Adriatic ports are planning expansions and already extending and modernising their facilities in order to meet the requirements of increased container throughput.

Container freight at *Luka Koper* has risen steeply over recent years, and the average annual growth rate was 19% between 2002 and 2005. This year has been particularly successful – even three months prior to year’s end, we have already surpassed the annual record set in 2006. Based on the current trend, we anticipate a throughput close to 300,000 TEUs by the end of 2007.

Maritime throughput of container freight at *Luka Koper* (in TEU):

<b>2002</b>	<b>114,863</b>
<b>2003</b>	<b>126,237</b>
<b>2004</b>	<b>153,347</b>
<b>2005</b>	<b>179,745</b>
<b>2006</b>	<b>218,970</b>
<b>Jan-Sept 2007</b>	<b>223,938</b>
<b>Forecast 2007</b>	<b>300,000</b>



In addition to the fact that current container capacities at the Port of Koper do not meet demand, they are also not technologically optimised. In order to handle this new demand, capacities have to be increased so that – pursuant to *Luka Koper's* long-term business strategy - they will facilitate a per annum throughput of one million TEUs of container freight. In order to adjust to contemporary requirements, and based on developments in maritime trade as well as the existing range of services at the port, a new container terminal needs to be constructed at the third pier. This development will provide adequate handling infrastructure that will be capable of fulfilling the growing needs and requirements of shippers as well as rail and road carriers. This facility will also allow Koper to accept the largest and most advanced container vessels, which are currently – due to insufficient depth alongside the existing quays – unable to land. A final decision on the new terminal has yet to be made, but the fact remains that *Luka Koper* desperately needs new facilities. A temporary, medium-term solution is the project elaborated for the extension of the Pier No. 1, which shall provide the current container terminal with an additional berth as well as new quayside areas for container handling.

The aforementioned extension project complies with the statutory requirements pertaining to land use as well as other development regulations, and by way of its accomplishment *Luka Koper* shall acquire 27,600 m<sup>2</sup> of new areas. The project's investment value – which also includes two postpanamax cranes – amounts to some 50 million Euros.

The initial step in construction will be the creation of a dyke around the area, after which the water can be drained. Next is the construction of 146.4 m long and 34.40 m wide quayside, together with a 45 m wide hinterland construction. The new quayside will be grounded on steel piles driven into the seabed. The third phase will encompass the completion of the remaining 60 m long and 51 m wide inland area. It is anticipated that these works will take 22 months to complete.

This project also anticipates the implementation of measures to ameliorate any negative impacts that construction may have, such as emissions of dust, noise, and other effects on the air, soil and the waters. The works will be accomplished gradually and thereby having no impact whatsoever on the condition of local waters. Seabed cleaning will take place only during fine weather in order to prevent any spread of muddy water from the port area.

This May, based on the Environmental Impact Report, produced by the Ljubljana-based *Opi Inter d.o.o.*, the Environmental Agency of the Republic of Slovenia issued its approval. The Report was audited and supplemented, and in addition, the Agency also obtained the opinion of the Piran Institute for Nature Conservation which stated that the intervention is – from the perspective of nature conservation and the preservation of biotic diversity – acceptable. Between 26<sup>th</sup> March and 24<sup>th</sup> April the Impact Report was the subject of an open inquiry in Koper, at which the general public were able to submit their own commentary. The public were also informed as to the inquiry through publication on the web as well as in the regional *Primorske Novice* newspaper. Indeed, no comments were supplied by any members of the public during the open inquiry period.

*Luka Koper* obtained planning information for the anticipated construction in October 2006, whereas the building permit was issued by the Ministry of the Environment and Spatial Planning this September.

The total area of the new storage facility (not including the new quayside) will ultimately amount to 22,570 m<sup>2</sup>, thus extending the existing container terminal area by about a third. The technology employed will remain the same. Accomplishment of this project shall be an extremely significant acquisition for *Luka Koper*, allowing the company to at meet the demands and requirements of large and important business partners who direct their container freight via our port and whose business is crucial to our own future.

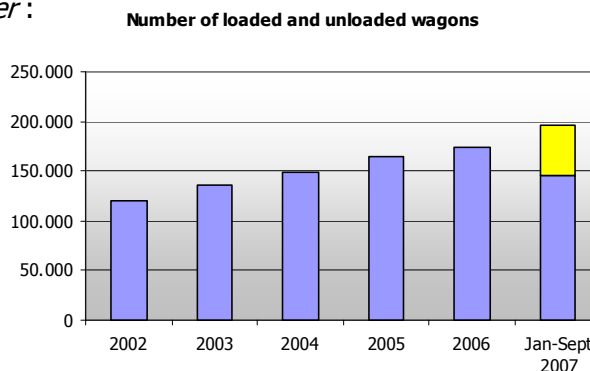
## **2. Maritime Throughput in the First Nine Months of 2007**

According to initial estimates, *Luka Koper* handled 11.2 million tonnes of goods between January and September 2007, which is 80% of the cargo throughput achieved in the whole of last year. The largest increases have been recorded at the container, car and general cargo terminals. Container freight is up by 44% on the same period last year, whereas vehicles are over 28% higher.

Parallel with the increase in maritime freight, there's also been a rise in rail transport. Despite September's block of the track between Divača and Zgornje Ležiče stations, the company has - in the first nine months - handled 145,918 wagons, which is an increase of 21,373 wagons (17%) on the same period last year. Successful business co-operation with *Slovenske Železnice*, Slovenia's national rail operator, in accordance with the port's requirements, is also evident by the number of trains dispatched per day – on 29<sup>th</sup> September their number totalled 34, which is a new record for the port.

Rail freight wagons handled annually by *Luka Koper* :

<b>2002</b>	<b>119,505</b>
<b>2003</b>	<b>135,873</b>
<b>2004</b>	<b>147,947</b>
<b>2005</b>	<b>164,333</b>
<b>2006</b>	<b>173,667</b>
<b>Jan to Sept. 2007</b>	<b>145,918</b>
<b>Forecast 2007</b>	<b>195,000</b>



### **3. After Sežana, Divača. Then East Along The 5<sup>th</sup> European Transport Corridor to the East**

In accordance with *Luka Koper*'s development strategy by 2015, the company anticipates – among other things – the establishment of new inland terminals. One such facility will be a terminal capable of handling various types of general cargo at the mainline railhead goods-yard at Divača. *Luka Koper* is to purchase three hectares of land from the Divača Municipality specifically for this purpose, and this will then be used for the compilation and temporary storage of cargos destined for the port. In addition to the realty purchase, the investment anticipates the construction of covered storage area for goods such as timber, which may need additional handling or ancillary treatment. By way of this investment, the company will be able to free-up overburdened capacities at the port.

### **4. A New Admin Building For *Luka Koper***

Due to the spatial shortcomings and inadequacies of *Luka Koper*'s current administrative headquarters, the company decided a while ago to construct a new one in the area between the roundabout at the port entrance and the so-called *Barka*. Building permission for this project was received a few days ago, as a result of which construction work will soon be underway. This investment, valued at some 12 million euros, will take two years to complete. The new eight-storey premises will have a ground floor, services floor and two basements offering 180 parking spaces. It is anticipated that the old headquarters will be rented to *Luka Koper* business partners from all over the world.

### **5. A promising business year 2007**

Current business results and the forecast for the next months indicates the total maritime throughput shall reach about 15 million tonnes. Operating revenues and profit will register at least 10% growth, mainly because better structure of handled cargo (40% growth of containers and 20% growth of cars).