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Za/To:

27th November 2008

Predmet/Subject: **An Encouraging Nine Months**

At its 28th regular session, which took place on 19th November 2008, the Supervisory Board of *Luka Koper d.d.* was provided insight into the company's performance over the first three-quarters of 2008 and – in relation to projections and in comparison to the same period last year – assessed it as most satisfactory.

Between January and September 2008, the *Luka Koper Group* generated consolidated sales revenues in the amount of 103 million euros, which is a year-on increase of 16%. *Group* Earnings before interest and tax (EBIT) in the amount of 20.6 million euros were 7% ahead of the same period last year. Performance is both positive and stable, and this is also reflected in the EBITDA indicator of cash flow: 34.6 million euros over the nine-month period is a 6 percent increase on the same period last year.

The *Luka Koper Group* generated € 21.7 million in pre-tax profit and € 18.2 million in net profit over the period, which is equivalent to 69% of last year's net profit. In any comparison of data, the impacts of the disposal of financial investments in 2007, as well as the attributable profits of associated companies should be taken into consideration. Upon the exclusion of these factors, this year's net profit is three percent ahead of last year's.

Total cargo throughput over the first nine months amounted to 11.9 million tonnes, which is a year-on increase of six percent. The company handled 216,000 TEUs, thus recording 16% growth on the same period in 2007, together with 456,000 vehicles, 25% up on the 2007 level.

Investment dynamics adapted to current conditions

Between January and September 2008, the *Luka Koper Group* allocated 87.8 million euros for infrastructure investments. In addition to the first phase of a new multi-storey garage warehousing facility for vehicles, three oil derivatives tanks were also constructed. The extension of Pier I – and with that the expansion of the container terminal quayside – is underway, as are other significant investments in plant and equipment.

The intensity of *Luka Koper*'s investment cycle will be adapted to the severity of conditions in obtaining investment financing that may be engendered by any prolonged turmoil in the banking sector and on international money markets. Nevertheless, those key projects aimed at the expansion and modernisation of operational facilities will be completed according to plan. By the end of this year and throughout 2009 the company shall continue to embark on new infrastructure projects, which shall - on the basis of expert analyses - remain justifiable in the light of any unfolding global recession. Namely, priority will be given to investments in *Luka Koper*'s core port-related activities. The company will adapt to any worsening of conditions by employing measures to ensure the optimisation of business processes, and in this the provisions of the Concession Agreement and new corporate Collective Agreement will be taken into consideration.

Set fair for year's end

In the first nine months of 2008, *Luka Koper* handled 13.5 million tonnes of cargo, which is nearly eight percent more than during the same period last year. It is anticipated that this positive trend will continue to the end of the year, and that the company will exceed its plan and expectations for 2008; indeed, it is estimated that total cargo throughput for the year will come close to 16 million tonnes.

Ready to weather the effects of any global recession

Luka Koper anticipates lower cargo throughput growth and operating revenues in 2009, but no downturn as regards comparison with previous years. The estimations and predictions of the company's business partners perceive a slow-down in the vehicles trade, container freight and - to a lesser extent - general cargos. Forecasts for bulk cargo - which accounts for over 50% of *Luka Koper*'s business - remain favourable.

Luka Koper expects that the impact of the anticipated recession will have but a mild effect on the company's operations, particularly so due to the continuing gravitation of the markets of Central and East Europe towards the Port of Koper as a consequence of its strategic advantages. Goods from the Middle and Far East, which are destined for the countries of Central and Eastern Europe, have a considerably shorter route when using Koper than they do if they are shipped through the large ports along the Northwestern side of the continent. With higher fuel costs coupled with a period of recession during which shipping costs will have to be kept to a minimum, this equation is destined to play an even more significant role in the future than it has done in the past.

The Management board