
Bojan Brank, Management Board President

Since being appointed Luka Koper's Management Board President, i.e. following the leap from a supervisory to a managerial function, I've spent much time dealing with one single issue: dredging; at present, this is the company's greatest challenge. Dredging Basin I at the Container Terminal shall allow our anxious shipowner partners to bring larger and more heavily loaded vessels to the Port of Koper. No meeting with representatives of the major shippers or their clients and logistics operators passes without the address of this particular subject. Indeed, during these hard times, economies of scale and cost reduction are essentials in the business operations of shipping companies. Despite the delay, they still consider Luka Koper a reliable and valuable partner in this part of the world, though they cannot afford to wait forever for our bureaucratic procedures to be completed. It's not my intention to put pressure on anyone, but the fact that neighbouring ports - our competition in the region - are strengthening rapidly is beyond denial. Trieste has no problems with the depth of its berths or approaches, and very soon they are going to upgrade their container crane provision. Rijeka has accelerated the construction of its new container terminal and here too draught won't be an issue.

Just imagine the embarrassment of Luka Koper's Management Board President when he has to continually inform clients as to ever-extended deadlines in relation to the completion of dredging. Consider the arguments and the effort it takes when attempting to convince a person on the other side of the world as to these problems; a person who - to begin with - finds it difficult to understand why a wind can be responsible for a slowdown or even the interruption of port operations (here I refer to last year's two-week bora). We are currently explaining to our business partners that only if we don't stumble upon any further bureaucratic complications shall the berths at the container quayside be deepened by the end of this autumn. Any additional month or more - which

may be necessary for an administrative authority to issue an opinion, permit, consent or any other document - marks the loss of a definite volume of containers, and consequently revenue, for Luka Koper.

As you probably know, we are involved in the preparation of a plot at the foot of Sermin Hill, which has, in collaboration with Slovenia's Ministry of Infrastructure and Spatial Planning, been identified as the most suitable site for the disposal of silt from dredging operations. The new alternative location was subject to mandatory archaeological excavation before use; a preliminary inspection has now been performed and nothing of any significance has been discovered. Nonetheless, Slovenia's Institute for the Protection of Cultural Heritage decided to send a sample of organic remains for laboratory analysis in New Zealand. Supposedly this should not affect the issue of consent and further procedures in readying the site for silt disposal. But the devil is hidden in detail, thus we are taking every further step with extreme caution. Luckily, an alternative solution has emerged; i.e. the site at Bonifika near Ankaran, which was Luka Koper's first choice as a location for silt disposal before the Constitutional Court of RS prohibited any such use due to a dispute between Koper Municipality and Ankaran as to its administrative control. Recently, this parcel was released for disposal and the company shall strive to acquire it. After all, said land is located within the area covered by the National Spatial Plan for the Port of Koper, meaning that it is reserved exclusively for port operations.

When it comes to the provision of essential support to the economy by the state and its organs, Luka Koper's dredging story is in a number of respects both educational and symbolic. I have to point out that thus far we have been met with support and assistance; the main problem is obviously the system itself which restrains companies in making necessary adaptations to evolving market conditions.

april 2013



LUKA KOPER

Port of Koper

Review of cargo throughput and revenues by cargo types

Cargo throughput - in tonnes

	January - March 2013	January - March 2012	Index 13/12
General cargos	430,004	290,624	148
Containers	1,404,174	1,344,927	104
Cars	147,426	155,874	95
Liquid cargos	581,193	764,307	76
Dry bulk cargos	1,920,473	1,801,637	107
TOTAL	4,483,270	4,357,369	103

Cargo throughput - in units

	January - March	January - March	Index
Containers (TEUs)	146,903	152,072	97
Cars (units)	105,739	110,314	96

Luka Koper d.d. operating revenues, January – March 2013*

(in euros)	January - March 2013	January - March 2012	Index 13/12
General cargos	9,240	8,485	109
Containers	8,998	8,367	108
Cars	3,481	3,754	93
Liquid cargos	1,681	1,673	100
Dry bulk cargos	8,482	8,421	101
Other operating revenues	3,387	3,353	101
TOTAL OPERATING REVENUES	35,269	34,053	104

*Incomplete and non-audited data.

Cargo Throughput at European Ports in 2012

The European Sea Ports Organisation - ESPO - has published data on its members' cargo throughputs in 2012. Significant differences can be observed in the performance of individual ports; nonetheless, the majority experienced year-on downturns in volumes.

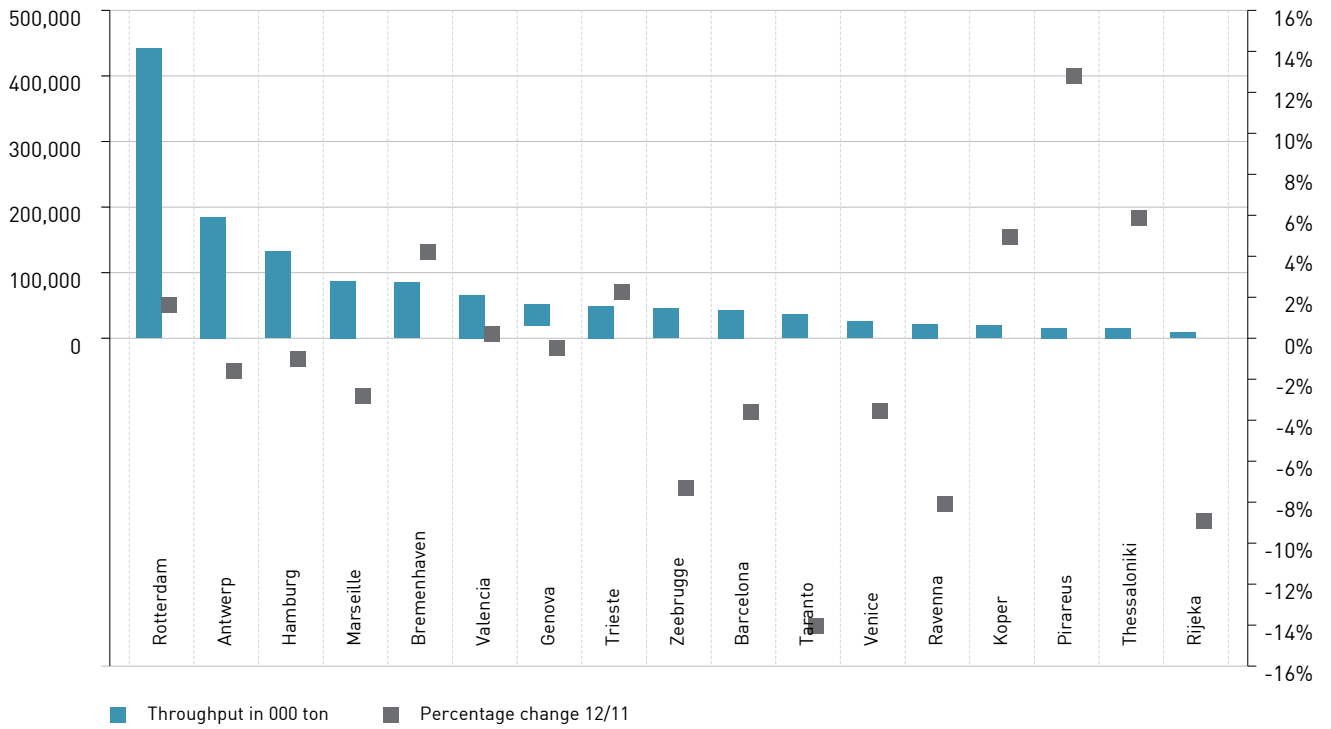
The average throughput fall in relation to all 65 ports included in 2012 statistics amounted to 4.7%. Rotterdam and Bremerhaven were the only major Northern European ports to increase

their overall cargo throughput last year: the first on account of liquid cargos and the second in relation to container freight. 2012 was a relatively bad year for Mediterranean ports, with the exception of those in Greece and Valencia. As regards the Northern Adriatic ports, positive results were achieved by Trieste and Koper.

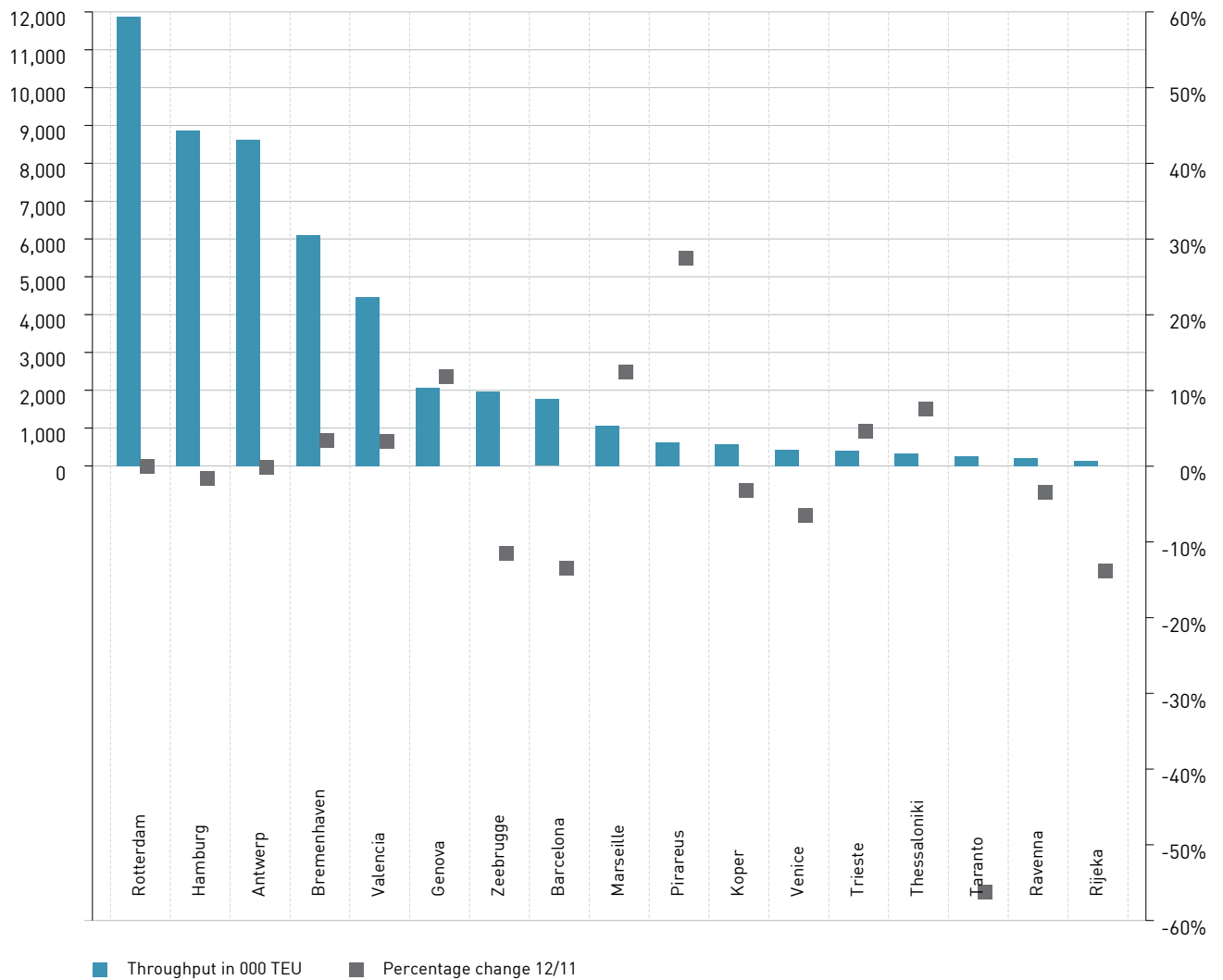
In the container freight segment, the major ports of Northwest Europe – which are one of the barometers as to the state

of the European economy – remained at approximately the same level as in 2011. Most Mediterranean ports somewhat improved their performance, whilst Piraeus recorded the largest growth with a nearly thirty percent increase in its container business. Overall, the TEU measure of European container freight decreased by some 5% on 2011 level.

Total cargo throughput of selected European ports in 2012 (Source: ESP0)



Container throughput of selected European ports in 2012 (Source: ESP0)



Second in the Mediterranean, Tenth in Europe

On the scale of Europe's thirty-four car terminals, a throughput of 480,000 vehicles placed Koper tenth in 2012; within the Mediterranean, it was only surpassed by Barcelona as regards the volume of its business.

The European car market has recorded a fall for the fifth consecutive year, and the fact that ten percent fewer vehicles were registered in the first two months of 2013 than a year previously doesn't provide any note of optimism. Vehicle imports to the continent decreased by 8% in 2012, whilst only those exports from the UK and Germany increased. Koper's Car Terminal is traditionally linked to the Mediterranean, and Far East imports in particular; of late, however, 60% of throughput is attributable to exports destined for the Eastern Mediterranean and Africa. In the first three months of 2013, the Car Terminal recorded a five percent downturn, which is for the major part attributable to a decrease in the export of used cars to Northern Africa. Nonetheless Africa, currently headed by Egypt and Algeria, is an important export market due to the fact that existing and new shipping lines are increasing cargo volumes. The growing interest of the automobile industry in Africa is corroborated by a large growth in throughput at Piraeus, Greece. The fall in imports of vehicles onto the domestic market has been substituted by transshipments from Southeast Asia to North Africa.

Port	Car throughput in 2012	Growth compared to 2011
1 Bremerhaven, Germany	2,150,000	+ 5%
2 Zeebrugge, Belgium	1,747,334	- 0.20%
3 Emden, Germany	1,260,000	+ 1%
4 Grimsby & Immingham, UK	789,000	- 6%
5 Antwerp, Belgium	710,000	+ 18%
6 Tyne, UK	666,481	- 0.20%
7 Southampton, UK	654,500	+ 26%
8 Barcelona, Spain	552,402	- 1%
9 London, UK	541,496	+ 3%
10 Koper, Slovenia	480,754	+ 8%
11 Piraeus, Greece	458,755	+ 10%
12 Copenhagen, Denmark	454,000	+ 12%
13 Bristol, UK	423,842	- 8%
14 Valencia & Sagunto, Spain	402,902	+ 0.50%
15 Livorno, Italy	356,053	- 23.50%
16 Cuxhaven, Germany	348,988	+ 8%
17 Le Havre, France	341,000	- 8%
18 Vlissingen, Netherlands	337,000	- 4%
19 Rotterdam, Netherlands	335,000	+ 6%
20 Vigo, Spain	311,205	- 34%

Source: Automotive Logistics, Finished Vehicle Logistics, April 2013

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