



april 2014

Andraž Novak, Management Board President



Dear Business Partners,

As is evident from the Annual Report, published some days ago, 2013 was a successful year for the Luka Koper Group. Despite generally unfavourable economic conditions and delays in the dredging of Basin I, which prevented the full exploitation offered by growth in the container freight business, cargo throughput was a percentage point ahead of 2012, whilst operating revenues were up two percent. As a consequence of insufficient sea depth at the Container Terminal quayside, the largest vessels servicing Far East markets had to first call at Trieste upon their arrival in the Northern Adriatic. This is the key reason for Trieste's eleven percent growth in its container business in 2013, as opposed to only five percent at Luka Koper. The first stage of deepening the seabed to 13 metres in Basin I, has now been completed, whilst the second stage - to 14 metres - is currently underway and shall be accomplished at the end of May. We are confident and have every reason to expect that Koper shall soon, once again, become the regular first port of call in the Adriatic, in the same way as it maintains its premier position among the region's container terminals and the

number of TEUs handled. According to statistics provided by the European Sea Ports Organisation, the port industry is not at its best. In relation to the sixty-five European ports surveyed, there was - on average - a four percent downturn in cargo throughput in 2013, which is the second consecutive year of declining trade. Even container freight has, overall, fallen by nearly two percent. We can, however, be somewhat more optimistic as regards car throughput, which may well be the first sign of economic recovery. Indeed, in 2013 Europe's forty car terminals handled some 17 million cars, which is a year-on increase of 2.4 percent. Koper slipped from tenth to eleventh place among all European ports handling vehicles, though in the Mediterranean it maintains a strong second place immediately behind Barcelona. With the exception of operating revenues, other measures are down on their 2012 levels, thus we cannot be entirely satisfied with our performance in 2013. Such can be attributed to the value write-down of real-estate and financial investments; had there been no such impairments, the Luka Koper Group would have generated 17 million

euros in net profit last year. Due to a lower volume of investments, the Group's indebtedness was reduced by 30 million euros during 2013, and it is this increase in financial strength that facilitates consideration of strategic investments in port infrastructure and equipment, as well as the provision of additional commercial services. Most investments are now focused on the Container Terminal where, in addition to be able to accommodate vessels of greater draught, container storage facilities are also undergoing expansion. Investments will amount to over 37 million euros in 2014, hence the allocation of distributable profits shall be adapted accordingly. Last year's dividend was 17 cents per share, whereas this year's proposal - subject to the decision of shareholders at the General Assembly - is 10 cents. Contrary to the operators of most

European ports, Luka Koper is solely responsible for investments in port infrastructure without which both company and port would lose its competitive advantages in the longer term.

Judging solely by the trends observed in the first three months of this year, there is every reason to be optimistic in relation to 2014. Cargo throughput is nine percent ahead of the same period last year, and operating revenues are also up on the 2013 level. The largest growth was recorded at the Container Terminal where throughput was up by ten percent, and year-on quarterly revenues rose by twenty-five percent. By way of comparison, Trieste's Container Terminal handled 2.5 percent more freight than it did in the same period last year.

A comparison of results and plans is also interesting. Although the business

plan was rather ambitious, we exceeded it by seven percent in the first three months, and this despite February's freezing rain storms which severed Koper's hinterland rail links for six days. Credit should, in particular, be given to Luka Koper's employees and my colleagues who - in a timely and dedicated manner - responded to the challenges. Thanks also to the comprehension and collaboration of our business partners, especially the Slovenian railways, who didn't turn their back on us, even in the most critical of situations.

Throughput and revenues by cargo types

Cargo throughput (tonnage measure)

	January - March 2014	January - March 2013	Index 2014/2013
General cargoes	442,070	430,003	103
Container freight	1,597,226	1,404,174	114
Cars	167,969	147,426	114
Liquid cargoes	629,538	581,193	108
Dry bulk cargoes	2,044,229	1,920,473	106
Total	4,881,032	4,483,269	109

Cargo throughput (unit measure)

	January - March 2014	January - March 2013	Index 2014/2013
Container freight (TEU)	162,037	146,903	110
Cars (unit)	114,317	105,739	108

Luka Koper d.d. operating revenues

(in 000 EUR)	January - March 2014	January - March 2013	Index 2014/2013
General cargoes	9,527	9,240	103
Container freight	11,209	8,998	125
Cars	3,516	3,481	101
Liquid cargoes	1,775	1,681	106
Dry bulk cargoes	9,534	8,482	112
Other operating revenues	3,053	3,387	90
Total operating revenues	38,614	35,269	109

*non-audited and incomplete data

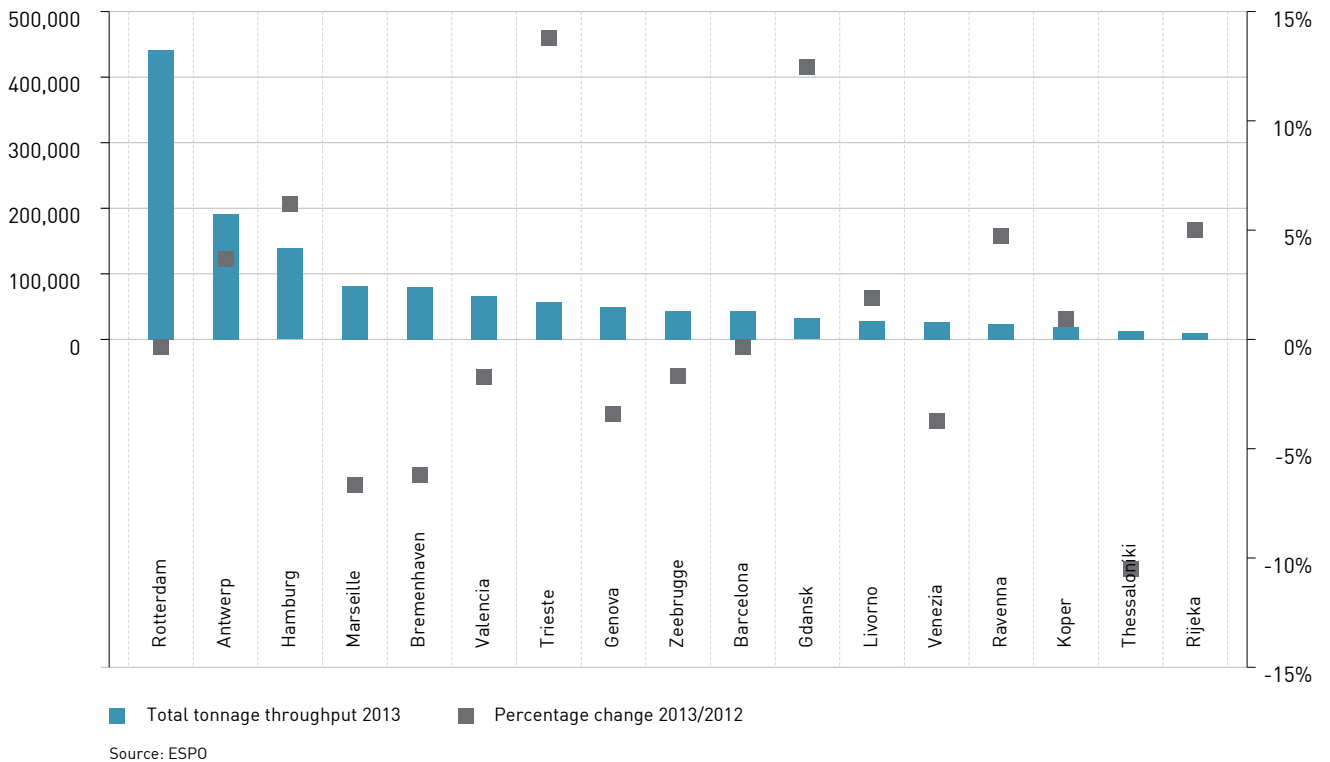
Cargo Throughput at European ports in 2013

This spring, the European Sea Ports Organisation (ESPO) published extensive statistics on cargo throughput at European ports. On average, ports recorded a downturn in trade for the second year running.

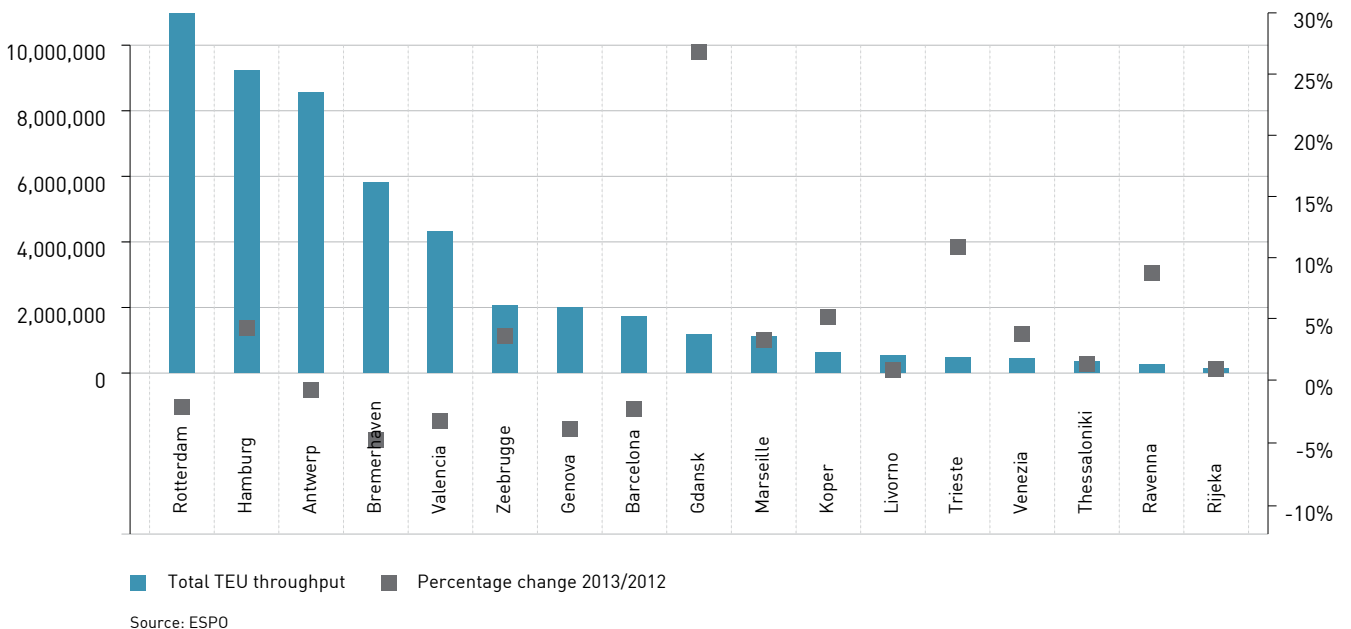
In 2012, cargo throughput at 65 European ports decreased by 4.7% on average; this was followed by a further 4.6% decline in 2013. The largest downturn last year was recorded in liquid cargoes (-8.2%) and the lowest

in container freight (-1.8%). The only increase, and a very slight one at that, was observed in relation to dry bulk cargoes (+0.2%).

Total tonnage throughput at selected ports in 2013; percentage change 2013/2012:



Container throughput (in TEUs) at selected ports in 2013; percentage change 2013/2012:



Still second-place in the Mediterranean

In 2013, forty European car terminals handled a total of some 17 million cars, which is a year-on increase of 2.4-percent. Among all these ports, Koper fell one place overall, whilst strongly holding its second position in the Mediterranean.

Last year, British and Spanish ports recorded the largest throughput increases in cars; German ports more-or-less maintained their 2012 volumes, whilst all of Europe's Mediterranean car-terminal operations recorded downturns. The growth in northern Spanish ports is attributable to the fact that some large manufacturers have moved their production from Western Europe. According to the latest data provided by the European Automobile Manufacturers Association (ACEA), eight percent growth in the sale of new cars was recorded this February. In the first quarter of 2014, car throughput at the Port of Koper rose by 8% on the same period last year; this is, in particular, due to an increase in the overseas export of Korean brands manufactured in Europe, as well as due to imports by other manufacturers in relation to Mediterranean countries.

Port	Cars throughput in 2013	Year-on Growth
1 Bremerhaven, Germany	2,180,000	+1.4 %
2 Zeebrugge, Belgium	1,942,988	+11.2 %
3 Emden, Germany	1,228,542	+2.5 %
4 Grimsby, UK	950,000	+22.7 %
5 Antwerp, Belgium	760,633	+7.0 %
6 Southampton, UK	744,390	+13.7 %
7 Tyne, UK	644,000	-3.4 %
8 London, UK	543,436	+ 0.4 %
9 Vigo, Spain	495,700	+14.9 %
10 Barcelona, Spain	488,462	-11.6 %
11 Koper, Slovenia	463,375	-3.6 %
12 Sagunto (Valencia), Spain	453,012	+12.4 %
13 Bristol, UK	452,105	+6.7 %
14 Piraeus, Greece	448,682	-2.2 %
15 Copenhagen-Malmö Denmark-Sweden	401,000	-11.7 %
16 Cuxhaven, Germany	367,000	+5.2 %
17 Livorno, Italy	348,017	-2.3 %
18 Rotterdam, Netherlands	340,000	+1.5 %
19 Vlissingen, Netherlands	322,203	-4.4 %
20 Santander, Spain	309,111	+16.9 %



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