



October 2014

Dragomir Matić, President of the Management Board,
Luka Koper, d.d.



Dear Readers,

Luka Koper registered good results in the first nine months of the year. The cargo throughput increased by three percent, compared to the same period last year, the operating revenues even by 11 percent. The biggest growth is registered in the container segment where the planned project of dredging the seabed was finally completed in the midst of summer. Since the detailed presentation of the project was given in one of previous editions of Notice, I wish only once again draw your attention to the fact that deeper seabed at the Container Terminal quayside allowing the arrival of vessels having deeper draft, is one of the essential competitive achievements of our Port in last years. Today the Port of Koper is comparable to the neighbouring ports endowed with natural seawater depths.

As mentioned, in the beginning of the summer we wrote about the arrival of a new Alliance P3, alliance of three major world shipowners, of which plans were impeded by the Chinese competition authorities. The

alliance had predicted the arrival of larger container vessels also in the Northern Adriatic, and therefore the Port of Koper prepared for this event. Failing this, the new alliances among the shipowners have been established and now we are in position to officially announce the introduction of the connection between the Port of Koper and the Far East with three direct lines; thus increasing the attractiveness for the owners of goods, envisaging in the Adriatic route a shorter and more rapid connection, in particular because the Northern European ports have been facing congestion and delays. These opportunities are also challenging for us, since an adequate work allocation and organization in order to handle promptly at once larger quantities of containers, arriving by three mother vessels weekly, have to be provided. New storage areas at the head of the Pier 1 completed in the midst of the summer will also contribute to this. Thanks to the mentioned achievement, the annual terminal capacity has been increased from

750.000 to 850.000 TEUs.

Past experience has shown that the investments in the container segment are profitable. In 2009 we completed the extension of the Pier 1 and then acquired four new, larger and higher-capacity container cranes and despite the peak of the global crisis in the following two years, the cargo throughput increased by more than 30 percent yearly. In the future, it will be difficult to achieve such outstanding

results; however, the containerisation trend is a fact. Such an example are general cargoes, half of which are already stuffed in/unstuffed from containers and Luka Koper should adapt to this new trend developing additional storage capacities and enhancing the distribution activities. This topic is outlined in the main theme of this Notice.

Things are heading in the right direction, at least in the port sector.

We are well aware not to be an isolated island and that the future of the port depends on the development of the land transport infrastructure especially railway. However, this topic will be treated in the next edition of Notice, when the prospective of the second railway track and the future orientation of the national logistics might be known.

Maritime throughput and revenues by cargo type

Cargo throughput in tonnes			
	Jan - Sept 2014	Jan - Sept 2013	Index 14/13
General cargoes	1,205,943	1,217,575	99
Containers	5,112,179	4,345,588	118
Cars	548,435	497,141	110
Liquid cargoes	2,255,625	2,061,780	109
Dry bulk cargoes	4,760,767	5,327,704	89
TOTAL	13,882,949	13,449,788	103

Cargo throughput in units			
	jan - sept 2014	Jan - Sept 2013	Index 14/13
Containers (TEU)	510,265	445,447	115
Cars (units)	373,070	349,409	107

Luka Koper operating revenues, d.d. for the period January – September 2014:*			
(in 000 euros)	Jan - Sept 2014	Jan - Sept 2013	Index 14/13
General cargoes	24,965	23,925	104
Containers	37,132	27,947	133
Cars	11,924	11,258	106
Liquid cargoes	5,581	5,440	103
Dry bulk cargoes	24,117	23,272	104
Other operating revenues	8,873	9,710	91
Total operating revenues	112,592	101,552	111

* non-audited and incomplete data

Increasing containerisation for general cargoes

The Profit center General cargoes in the Port of Koper is one of the company's largest terminals, encompassing four terminals resp. product groups: general cargoes, highly perishable goods, timber and livestock. Under classic general cargoes comprehended various goods: coffee, rice, cotton, iron and steel products, paper, household appliances, machinery and similar. In the past the general cargo was arriving in the Port exclusively by conventional vessels in bags, cartons, packages, on pallets, etc. At present half of the general cargoes, also fruit and to a lesser extent timber, is transported in containers which are then stuffed resp. unstuffed in the Port. Additional treatment services such as packing, polishing, palletizing, disinfection, weighing and similar. For loading and unloading of conventional vessels we use various headclamps on hooks and other accessories. However, the last years, the share of general cargo conveyed in containers increased strongly. On one side the reason is that the renting of conventional vessels is expensive, therefore their capacities have to be exploited at maximum. On the other side, the transport of smaller quantities is enabled in containers, so the requests of customers wishing to avoid stocks are met. Besides

that the transport in containers is in compliance with the «just in time» principle, since containers' lanes are regular and take place in shortest intervals.

Currently, yet 20 per cent of containers are general cargoes, for which additional treatment services are provided in the Port of Koper. This is on one side a source of additional revenues, on the other side it is challenging since an adequate infrastructure has to be provided. The warehouses must be roofed, thus enabling the stuffing and unstuffing of containers in any weather conditions. Unloading ramps and of course sufficient storage areas, which have already been slowly lacking are also required. Therefore, new ones have to be constructed in the future. Other concern are berthing places. Vessels loaded with general cargoes are transhipped at quays between berth 2 and 5 (sometimes these berthing places are also occupied by passenger vessels) at Pier 1 and the berth 11 on Pier 2 and periodically also on the Container shore and the dry bulk cargoes shore. This is a general problem for all product groups not using permanent berths. The solution can be found in the enlargement of the port's infrastructure, in the extension of both existing piers and the construction of the additional

handling areas, i.e. areas which are comprehended in the medium term plan of Luka Koper and in compliance with the National Spatial Plan for the freight port of Koper.



In Luka Koper we are qualified and equipped for handling a wide range of goods, of any dimensions and forms.



Livestock also fall within the general cargoes, but are transported by specially modified vessels.



Bananas are not arriving in the port by conventional vessels but mostly in containers.



Timber can be dried, cut, marked, palletised and adequately protected. Hardwood is mainly transported in containers.

New asphalted areas for cars

Shortly 55.000 m² of asphalted storage areas will be completed at the Car Terminal.

More than ten years ago, the areas destined to vehicles, located in the hinterland of the Pier II, close to the central waste water treatment plant, the car parking area was arranged and the surface was consolidated with gravel - afterwards also access routes were asphalted. At that time, customers did not demand other different arrangement of the parking area. However, in last months there

were growing demands requiring storage area to be entirely asphalted. A part of surfaces measuring 24.300 m², have been recently asphalted and arranged, till the end of the year additional 30.000 m² of areas will be asphalted, which means about 4.000 parking lots.

At present, practically all manufacturers require the storage of vehicles on asphalted areas. Thus the possible risk of damages to the vehicles' chassis, to spoilers and to the lower edge on vehicles'

doors, in particular when vehicles are driving one after another is prevented, tracking of vehicles on micro-locations is also facilitated.

Producers' standards are continuously implemented at the Car Terminal. Besides that each such improvement of services is the best way to keep previous business deals and acquire new ones, also those of the most demanding customers.

