
LUKA KOPER GROUP

SUMMARY OF THE BUSINESS PLAN OF LUKA KOPER, D. D., AND LUKA KOPER GROUP FOR 2019 AND PERFORMANCE FOR 2018

KOPER, DECEMBER 2018

At its regular 17th session in December 2018, the Supervisory Board of Luka Koper, d. d., was acquainted with the Business Plan of Luka Koper, d. d., and Luka Koper Group for 2019 and gave its approval thereto.

PERFORMANCE FOR 2018

By the end of 2018, total maritime throughput will achieve 23.8 million tonnes, which is 2 percent ahead on the achieved throughput in 2017 and 3 percent ahead on the planned in 2018. The throughput of containers in 2018 is estimated on 990 thousand TEUs, the throughput of vehicles is expected to reach 774.4 thousand vehicles.

PERFORMANCE OF LUKA KOPER, D. D., FOR 2018

Luka Koper, d. d., estimates that net revenue from sale in 2018 amounted to EUR 220.8 million, which is 7 percent ahead on 2017 and 2 percent beyond the planned. Net revenue from sale from marketing activities in 2018 will achieve the planned net revenue from sale, whilst the revenue from the performance of the public utility service of regular maintenance of the port's the plan by 43 percent, which will consequently result in a total non-achievement of planned revenue by 2 percent.

In 2018, the net operating profit (EBIT) will achieve EUR 66.5 million, which is 90 percent ahead on 2017 and 2 percent ahead on planned. In 2016, Earnings before interest, taxes, depreciation and amortization (EBITDA) will achieve EUR 95.1 million, which is a year-on increase of 52 percent and one percent ahead on planned. In 2018, the net operating profit will reach EUR 56 million, which is 69 percent increase on 2017 and 2 percent ahead on planned.

The operating profit in 2018 comprises an extraordinary event, namely the received compensation for damaged crane at the dry bulk and bulk cargoes terminal in the amount of EUR 9.6 million.

PERFORMANCE OF LUKA KOPER GROUP FOR 2018

Luka Koper will expectedly conclude 2018 with net revenue from sale in the amount of EUR 224.6 million, which is 6 percent ahead on 2017 and at the planned level. Net revenue from the sale from marketing activity in 2018 will exceeded the planned by 2 percent, whilst the revenue from the performance of the public utility service of the regular maintenance of the port's infrastructure destined for the public transport will be behind the plan by 43 percent, which will consequently have an impact on the achievement of the planned revenue for 2018.

In 2018, the operating profit (EBIT) will achieve EUR 67.5 million, which is 84 percent ahead on 2017 and 3 percent ahead on planned. In 2018, Earnings before interest, taxes, depreciation and amortization (EBITDA) will achieve EUR 96.9 million, which is 49 percent ahead on 2017 and 3 percent ahead on planned. The net operating profit in 2018 will reach EUR 56.9 million, which is 63 percent ahead on 2017 and 3 percent ahead on planned.

PERFORMANCE FORECAST FOR 2019

Luka Koper Group is approaching a significant development cycle. By the obtainment of the final building permit for the extension of the Pier I. has achieved a significant step forward in the implementation of key strategic investments. Thanks to the increase of the capacities of the container terminal, Luka Koper, d. d., will follow international trends of containers throughput and maintain the competitiveness in comparison with other ports, which also invest in the increase of its capacities.

In 2019, the company will strive to realise higher throughput and increase net revenue from sale from marketing activities, but higher costs resulting from the implementation of the implementation of the port's services providers strategy and expected costs of tax on the throughput will have a significant impact on the financial indicators. On the other hand, regulated working environment and reliable railway connection will enable long-term, stable, sustainable and competitive performance.

In the first quarter of 2019, Luka Koper Group will draw up a new Strategic business plan for the period 2020 – 2025, which will replace the current one due to expire. This will replace the existing one, which is due to expire and respond to strategic challenges of the global logistics. The plan will define key developments in the field of product groups, human resources, technologies, equipment and spatial solutions.

INVESTMENTS

In 2018, the company obtained the building permit for the construction of the Ro-Ro berth (berth for vessels with vehicles) in the Basin III. and the construction of the group of tracks in the rear area of this Basin. In both cases these are additional capacities for the vehicles throughput. To this will be dedicated a new parking garage with the storage capacity of 6.000 vehicles. The construction of a new truck entrance at Sermin, which will decongest the main transport routes toward the Port, increase the traffic fluidity within the port's area and reduce the freight transport in the city centre. In 2019, expense for property, plant and equipment, investment property and intangible assets of Luka Koper, d. d., are planned in the amount of 69.8 million, of Luka Koper Group in the amount of EUR 71.7 million.

MARITIME THROUGHPUT

In 2019, the maritime throughput is planned in the amount of 24.7 million tonnes, which is the continuation of the positive trend and 3 percent increase with respect to 2018. The growth is expected in all product groups, whereby, measured in tonnes, the highest growth is expected at the container terminal. Higher growth in other product will depend on the implementation of key

investments in infrastructure and in the obtainment of new areas. The company will strive for further throughput growth also in the segment of stuffing and stripping of containers, which generates the multiplicative effects at several terminals.

RAILWAY CONNECTION OF THE PORT WITH HINTERLAND AREA

Planned investments will contribute to the throughput growth in the Port, where it is essential how the increase freight volume will be conveyed to wished destinations. For many years, the ratio of the freight transport between the railway and the road is in the favour of the railway, and we wish to maintain this in future, since direct railway connections with hinterland countries are the main generator of the throughput growth in Luka Koper.

The project of the construction of an additional railway track (or even two) between Koper and Divača continues and it is expected to be finished by 2027. In this respect Luka Koper, d.d., shall pay a new tax on the throughput in compliance with the Act Regulating the Construction, Operation and Management of the Second Track of the Divača-Koper Railway Line (the beginning of the payment depends on the start of the implementation of the preparatory works). How to improve the fluidity of the existing track during this time will be a challenge. We have defined a set of measures (infrastructural, organisational and other), which will provide higher track capacity, jointly with other stakeholders.

ISSUES RELATED TO PROVIDERS OF PORT SERVICES

The year 2019 will mark a turning point in terms of a final establishment of a new business model of the cooperation with the providers of port's services, which is a change of more than 20 years practice in this area. The action plan of the implementation of the port's services providers (IPS) introduce a three-pillar model, which comprises 307 new regular employments (first pillar), 346 outsourced agency workers (second pillar) and the cooperation with contracting companies in single areas (third pillar). Thus, the company will reduce the risk of inequalities in pays for equal work, meet the criteria of the sustainable development and enhance the corporate reputation in the business environment.

PERFORMANCE HIGHLIGHTS OF LUKA KOPER, D. D., AND LUKA KOPER GROUP IN 2019

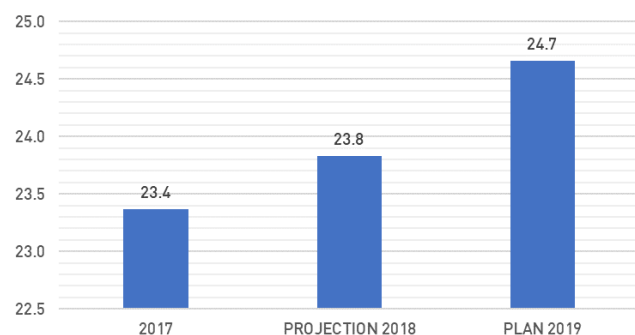
- The maritime throughput in 2019 is planned in the amount of 24.7 million tonnes, which is 3 percent ahead on the achieved maritime throughput in 2018. The throughput growth is planned in all product groups.

24,654,959 TONNES

MARITIME THROUGHPUT

PLAN 2019/ESTIMATION 2018 **+3 %**

Maritime throughput (in million tonnes)



- Net revenue from sale of Luka Koper, d. d., in 2019 are planned in the amount of EUR 238 million, which is 8 percent ahead on the achieved net revenue from sale in 2018. In 2019, net revenue from sale from marketing activity will amount to EUR 225 million and will exceed the planned net revenue in 2018 by 4 percent, the revenue from the performance of the public utility of regular maintenance of the port's infrastructure destined for public transport will be higher by 155 percent in comparison to the estimated in 2018. In 2019, net revenue from sale of Luka Koper will amount to EUR 243 million, which is 8 percent increase with respect to the estimate in 2018.

EUR 238,126,934

LUKA KOPER, D. D.

NET REVENUE FROM SALE

PLAN 2019/ESTIMATION 2018 **+8 %**

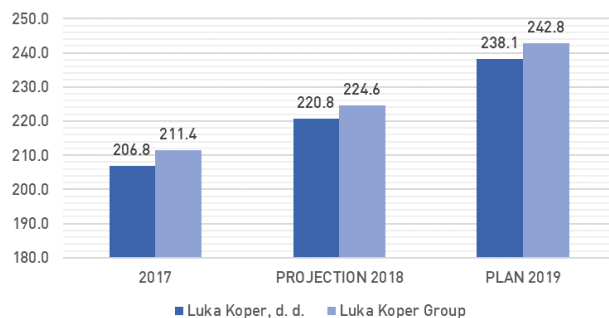
EUR 242,767,294

LUKA KOPER

NET REVENUE FROM SALE

PLAN 2019/ESTIMATION 2018 **+8 %**

Net sales revenues (in million euros)



- Earnings before interest and taxes (EBIT) of Luka Koper, d. d., in 2019 is planned in the amount of EUR 43 million, which is 36 percent lower than the estimated figure in 2018. In 2019, the operating profit (EBIT) of Luka Koper Group is expected to achieve EUR 44 million, which is 35 percent below the estimates in 2018. The estimated operating profit in 2018 comprises an exceptional event i.e. the received compensation for the collision of the vessel in the amount of EUR 9.6 million.

42,624,782 EUR

LUKA KOPER, D. D.

OPERATING PROFIT (EBIT)

PLAN 2019/ESTIMATION 2018 **-36 %**

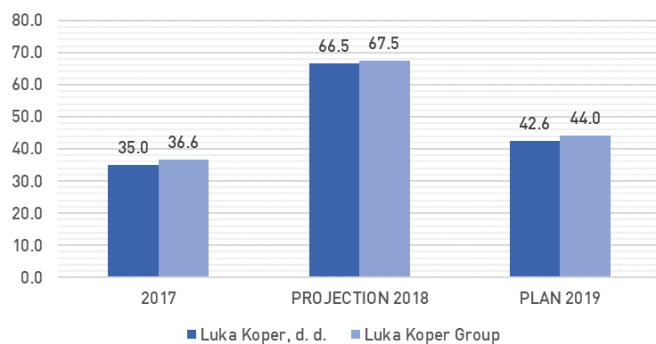
44,037,110 EUR

LUKA KOPER GROUP

OPERATING PROFIT (EBIT)

PLAN 2019/ESTIMATION 2018 **-35 %**

Operating result (EBIT) (in million euros)



- In 2019, Earning before interest, taxes, depreciation and amortization (EBITDA) of Luka Koper, d. d., is planned in the amount of EUR 71 million, which is 25 percent lower than the estimated figure in 2018. The EBITDA for Luka Koper Group is planned in the amount of EUR 73 million, which is 24 percent below the estimated in 2018.

71,214,780 EUR

LUKA KOPER, D. D.

EARNING BEFORE INTEREST, TAXES,
DEPRECIATION AND AMORTIZATION
(EBITDA)

PLAN 2019/ESTIMATION 2018 **-25 %**

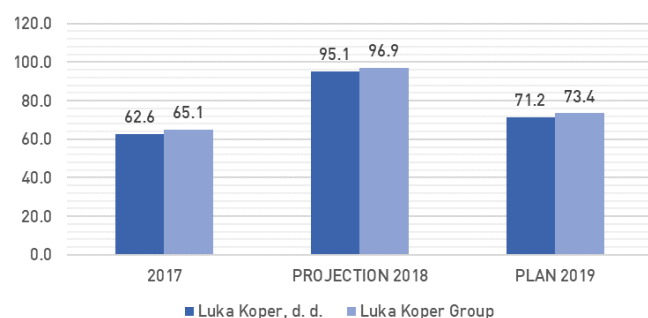
73,407,349 EUR

LUKA KOPER GROUP

EARNING BEFORE INTEREST, TAXES,
DEPRECIATION AND AMORTIZATION
(EBITDA)

PLAN 2019/ESTIMATION 2018 **-24 %**

Operating earning before amortization (EBITDA) (in million euros)



- Net operating profit of Luka Koper, d. d., in 2019 is planned in the amount of EUR 37 million, which is 34 percent lower than the estimated in 2018. In 2019, Luka Koper Group will expectedly achieve the net operating profit in the amount of EUR 38 million, which is 33 percent below the estimated in 2018.

37,214,551 EUR

LUKA KOPER, D. D.
NET OPERATING PROFIT

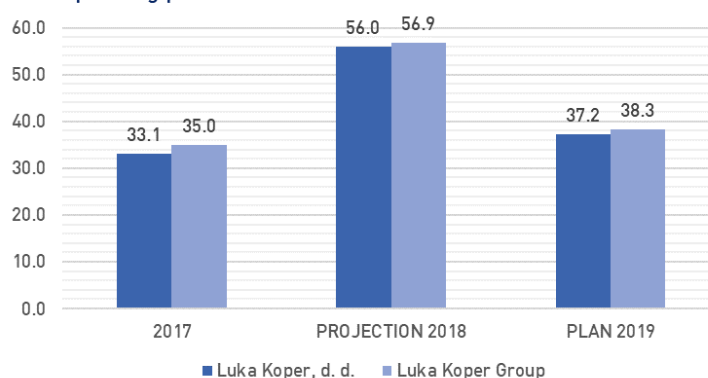
PLAN 2019/ESTIMATION 2018 **-34 %**

38,344,688 EUR

LUKA KOPER GROUP
NET OPERATING PROFIT

PLAN 2019/ESTIMATION 2018 **-33 %**

Net operating profit (in million euros)



- In 2019, the Return on Equity (ROE) of Luka Koper, d. d., was planned in the amount of 10.1 percent, which is 6.4 percentage point lower than the estimated in 2018. The Return on Equity (ROE) of Luka Koper Group in 2019 is planned in the amount of 9.6 percent, which is 5.7 percentage point below the estimated in 2018.

10.1 %

LUKA KOPER, D. D.
RETURN ON EQUITY (ROE)

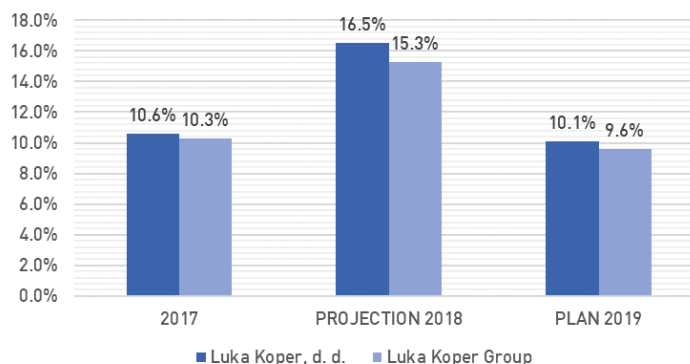
PLAN 2019/ESTIMATION 2018 **-39%**

9.6 %

LUKA KOPER GROUP
RETURN ON EQUITY (ROE)

PLAN2019/ESTIMATION 2018 **-37 %**

Net return on equity (ROE)



- In 2019, both Luka Koper, d. d., and Luka Koper Group will additionally decrease the volume of financial liabilities. At the end of 2019, the financial liabilities will expectedly achieve EUR 107 million in Luka Koper, d. d., which is 9 percent decrease in comparison with estimation in 2018, and to EUR 91 million in Luka Koper Group, which is 11 percent decrease according to the estimated in 2018.

107,189,943 EUR

LUKA KOPER, D. D.
FINANCIAL LIABILITIES

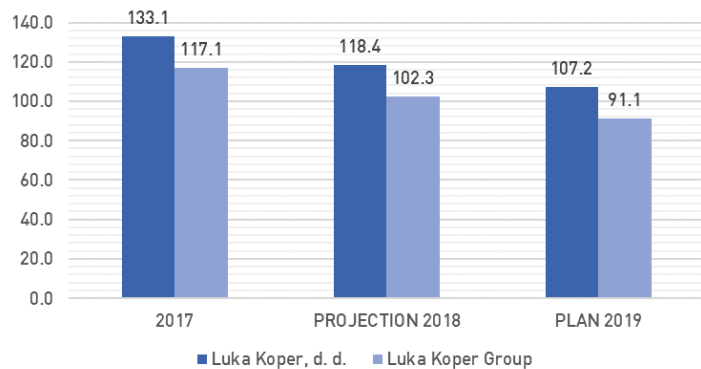
PLAN 2019/ESTIMATION 2018 **-9 %**

91,129,943 EUR

LUKA KOPER GROUP
FINANCIAL LIABILITIES

PLAN 2019/ESTIMATION 2018 **-11 %**

Financial liabilities (in million euros)



- In 2019, net financial debt / EBITDA of Luka Koper, d. d., is planned in the amount of 1.0, at the end of the year it is estimated on 0.3. Net financial debt / EBITDA of Luka Koper Group in 2019 is expected to amount to 0.6, in 2018 it is estimated to amount on 0.1.

1.0

LUKA KOPER, D. D.
NET FINANCIAL DEBT/ EBITDA

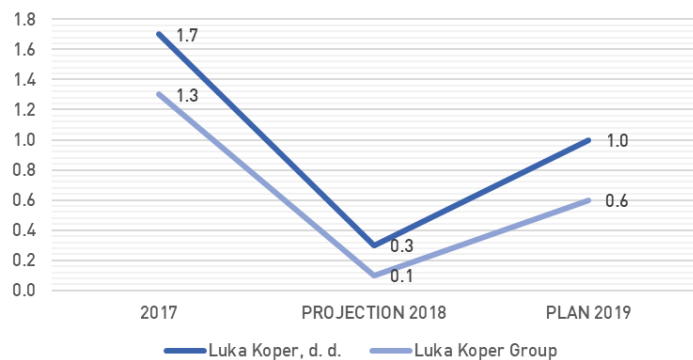
PLAN 2019/ESTIMATION 2018 **+233%**

0.6

LUKA KOPER GROUP
NET FINANCIAL DEBT / EBITDA

PLAN 2019/ESTIMATION 2018 **+500 %**

Net financial debt / EBITDA



- In 2019, expense for property, plant and equipment, investment property and intangible assets of Luka Koper, d. d., are planned in the amount of EUR 70 million, which is an increase of EUR 52 million in comparison with 2018. In 2019, in Luka Koper Group, these expenses are planned to amount to EUR 72 million, which is 55 million ahead on the estimated in 2018.

69,818,024 EUR

LUKA KOPER, D. D.

EXPENSE FOR INVESTMENTS

PLAN 2019/ESTIMATION 2018 **+270 %**

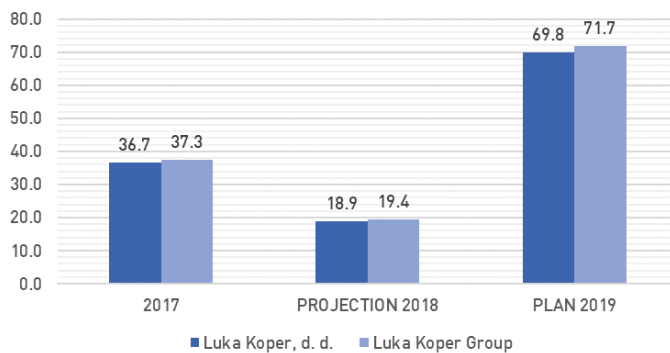
71,737,774 EUR

LUKA KOPER GROUP

EXPENSE FOR INVESTMENTS

PLAN 2019/ESTIMATION 2018 **+271 %**

Investment (in million euros)



KEY BUSINESS INDICATORS OF LUKA KOPER, D. D., AND LUKA KOPER GROUP FOR 2019

(in EUR)	Luka Koper, d. d.			Luka Koper Group		
Income statement	PROJECTION 2018	PLAN 2019	Index Plan 2019 / Proj. 2018	PROJECTION 2018	PLAN 2019	Index Plan 2019 / Proj. 2018
Net sales revenues	220,830,145	238,126,934	108	224,610,417	242,767,294	108
Operating result (EBIT)	66,541,338	42,624,782	64	67,493,959	44,037,110	65
Operating earnings before amortisation (EBITDA)	95,087,030	71,214,780	75	96,852,571	73,407,349	76
Net operating profit	55,993,827	37,214,551	66	56,857,233	38,344,688	67

Statement of financial position	PROJECTION 31.12.2018	PLAN 31.12.2019	Index Plan 2019 / Proj. 2018	PROJECTION 31.12.2018	PLAN 31.12.2019	Index Plan 2019 / Proj. 2018
Assets	567,824,639	565,955,791	100	585,232,441	585,725,899	100
Equity	359,465,004	378,059,552	105	390,457,887	411,802,821	105
Financial liabilities	118,381,405	107,189,943	91	102,321,405	91,129,943	89

Indicators (in %)	PROJECTION 2018	PLAN 2019	Index Plan 2019 / Proj. 2018	PROJECTION 2018	PLAN 2019	Index Plan 2019 / Proj. 2018
Return on sales (ROS)	30.1%	17.9%	59	30.0%	18.1%	60
Net return on equity (ROE)	16.5%	10.1%	61	15.3%	9.6%	63
Net return on assets (ROA)	10.3%	6.6%	64	10.1%	6.5%	64
EBITDA margin	43.1%	29.9%	69	43.1%	30.2%	70
EBITDA margin related to the market activity	44.1%	31.6%	72	44.1%	31.9%	72
Financial liabilities /equity	32.9%	28.4%	86	26.2%	22.1%	84
Net financial debt/EBITDA	0.3	1.0	333	0.1	0.6	600

Statement of cash flows	PROJECTION 2018	PLAN 2019	Index Plan 2019 / Proj. 2018	PROJECTION 2018	PLAN 2019	Index Plan 2019 / Proj. 2018
Investment	18,886,837	69,818,024	370	19,356,978	71,737,774	371

Maritime throughput (in tonnes)	PROJECTION 2018	PLAN 2019	Index Plan 2019 / Proj. 2018	PROJECTION 2018	PLAN 2019	Index Plan 2019 / Proj. 2018
Maritime throughput	23,832,438	24,654,959	103	23,832,438	24,654,959	103

Number of employees	PROJECTION 2018	PLAN 2019	Index Plan 2019 / Proj. 2018	PROJECTION 2018	PLAN 2019	Index Plan 2019 / Proj. 2018
Number of employees	1,090	1,524	140	1,245	1,695	136