

Press release

24.4.2020

## Good business performance in 2019

Despite first signs of global economy slow down in the second half of 2019, the Luka Koper Group obtained a good business performance in 2019. The key financial indicators published in the first information about business performance in February remain unchanged in the Annual report 2019. Net sales revenues reached 229 million EUR, an increase of 1 % compared to 2019. The business results were marked by the new model of port services provision and the transshipment fee intended for the construction of the second rail track. As added Dimitrij Zadel, president of the management board of Luka Koper, d.d.: »In March, we started paying the transshipment fee, which totalled EUR 4.8 million throughout the year. It is a new statutory levy, which is intended solely for the construction of an additional rail track to the port without which we will not be able to achieve our strategic objectives. All the investments envisaged over the next five years are based on the assumption that the first train will start on the new track in 2026. Higher labour costs, however, are about fulfilling the commitment we made to our shareholders, the state and the public to redefine the port operating model which will be based largely on our own staff. As a result, the number of employees increased by a third last year.«

The EBIT of Luka Koper Group amounted in 2019 45 million EUR, a 35 % less compared to 2018, but 3 % above the plan. EBITDA amounted to 73 million EUR, which is 26 % less compared to 2018 and on the planned levels. Net profit of the Group amounted to 40 million EUR, a 32 % decrease compared to 2018, but exceeds the plan by 5 %. When making comparisons with 2018, the impact of the extraordinary event of receiving compensation amounting to EUR 9.3 million in 2018 for the crane that collapsed in an accident in 2017 has to be considered. Considering this fact, the net profit would be only 23 % lower compared to 2018.

The coronavirus pandemic is affecting also the global logistics. Despite the introduction of measures to protect our employees and all other stakeholders in the port, we have been providing our services smoothly. In the meantime, we have not recorded any infections among our employees, which inspires us with optimism that we will continue to provide a high level of services to our customers. However, in this moment is hard to predict long-term consequences on the cargo flows and supply chains. The most affected is currently the automotive sector, which also implies the whole supply chain. The throughput of cars is slightly lower because of stopped production and sales, and this affects the component supply segment, the steel production industry and the supply of raw materials. On the other hand, we are noticing increased volumes of some dry bulks, especially soybean, and timber. We are aware that we will probably feel the effects of the pandemic with a delay, that's why we are conservative when

making forecasts: »The coronavirus outbreak in early 2020, may have a negative impact on the operations of the Luka Koper Group, but due to the great uncertainty surrounding the virus itself and our ability to control it, the effects are difficult to predict. The Group will closely monitor all events related to government interventions and ensure by taking relevant measures that it has access to a sufficient amount of liquidity resources to overcome these impacts, while at the same time making sure that development project crucial to the company are being implemented. The situation today is significantly different from that prevailing in the wake of the 2008 global economic crisis. In addition, today the Luka Koper Group is in a much better financial position than it was then. But it is also true that, even with this latest crisis, we find that the multi-purpose port is the right business model, since the decline of one product group is easier to replace with another«, commented Dimitrij Zadel.

Due to the pandemic is absolutely necessary to ensure the financial stability of Luka Koper. The management proposed, with the approval of the supervisory board, that accumulated profit that amounted to EUR 30,013,663.97 remain unappropriated. Luka Koper's dividend policy combines, in a balanced manner, the shareholders' tendency for dividend yields and the tendency of the company to use net profit to finance investment plans. But the future is uncertain because of the pandemic. The actions of companies in such a situation should be, among others, geared to managing cash flows and providing sufficient liquidity reserves for the smooth running of the company. Due to the uncertainty of the market, the announced recession and the fact that experts cannot make a reliable prediction regarding the duration of measures to limit the spread of COVID-19, and in particular to mitigate the negative impact on the company's operations and ensure the stability of its business and future strategic development, the management board and the supervisory board are proposing an exception from the company's dividend policy for this year.

The members of the supervisory board and members of the management board have also renounced a part of their income in favour of the company facing the epidemic-related situation. The remuneration of the members of the supervisory body will thus be reduced by 30% and the remuneration of the members of the management board will be reduced by 20%.

Luka Koper, d. d.

