

25 August 2020

Comment on Luka Koper Group 2020 half-year results

The operations of the Luka Koper Group in the period January – June 2020 were mainly marked by the pandemic, which had a strong impact on trade flows on the global scale. A comparison with other selected ports across Europe shows that the effect of the pandemic in the northern Adriatic region was less adverse than elsewhere. *»In the sphere of container freight, it was clearly perceived that Koper and the neighbouring ports were not confronted with shipping line cancellations that the northern European ports had to face. And as far as the number of handled cars is concerned, in the first half of the year we even overtook both Spanish ports which are comparable to Koper in terms of cars throughput volumes«*, noted **Dimitrij Zadel**, president of the management board of the Port of Koper.

Throughput in selected ports in the first half of 2020:

total throughput - ton	Jan - Jun 2019	Jan - Jun 2020	change
Ravenna	13.359.866	10.723.820	-19,7 %
Venice	12.667.277	11.093.854	-12,4 %
Trieste	30.721.066	26.257.000	-14,5 %
Hamburg	69.545.000	61.200.000	-12,0 %
Rotterdam	240.977.000	218.945.000	-9,1 %
Koper	11.918.715	10.133.004	-15,0 %

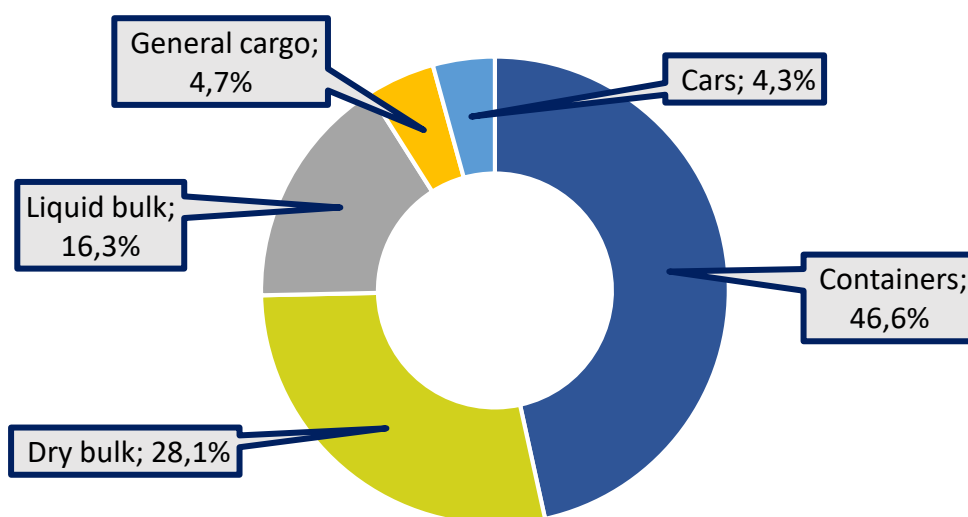
containers- TEU	Jan - Jun 2019	Jan - Jun 2020	change
Ravenna	109.974	99.171	-9,8 %
Venice	303.801	264.285	-13,0 %
Trieste	391.068	376.251	-3,8 %
Hamburg	4.680.000	4.100.000	-12,4 %
Rotterdam	7.002.000	7.529.000	-7,0 %
Koper	497.877	478.656	-3,9 %

cars - units	Jan - Jun 2019	Jan - Jun 2020	change
Valencia	393.369	245.769	-37,5 %
Barcelona	417.016	218.543	-47,6 %
Koper	341.990	271.859	-20,5 %

Source: Websites of Port Authorities (Note: Port of Rijeka Authority does not publish its interim throughput data).

Luka Koper's financial performance indicators for the period January – June reflect the global economic circumstances and the situation in the sector. Net sales revenues in this period amounted to 107 million euros and were 11 percent lower than in the first six months of 2019. A drop in revenues was mainly a consequence of the lower volume of maritime throughput due to the cooling of the economy and the outbreak of the pandemic. The decline in production and the consequent drop in the throughput of vehicles has affected the entire supply chain, which is evident in the general cargo throughput, namely in the throughput of steel products for the automotive industry, and at the bulk cargo terminal, where we handle raw materials (iron ore) for the steel industry. Account should also be taken of the introduction of environmental levies on CO2 emissions in European countries, which affect the throughput of energy products. Due to the mentioned external influences and the Luka Koper's strategic orientation on containers and cars (both commodity groups that are earmarked the largest portion of funds for investments aimed at increasing port capacities), the throughput structure in the Port of Koper is more in favour of environmentally friendly cargo.

Structure of maritime throughput (percentage of throughput in tons, Jan-Jun 2020):



In the period January – June 2020, operating profit (EBIT) amounted to 17 million euros and exceeded the plan by 3%. Compared to the same period last year, it was 42 percent lower due to lower sales revenues caused by declined throughput, higher labor costs, increased number of employees and the transition to a new three-pillar employment system, and due to the throughput fee for the construction of the second railway track that in 2019, the company started paying only in March.

Estimate of company's operation by the end of the year

As it is difficult to predict to what extent the epidemic will affect business by the end of the year, we closely monitor developments in the hinterland markets and, at the same time, take measures to ensure access to a sufficient amount of liquid assets to overcome these impacts. *»Owing to its low indebtedness, the company is financially stable and therefore, we continue to implement our key development projects, especially the extension of Pier I and the container quay, as well as the construction of a new garage and the new entrance to the port,»* concluded the president of the management board Zadel by summarizing the most important investments that are currently under way.