

SUMMARY OF THE BUSINESS PLAN FOR 2024 AND ESTIMATE OF THE BUSINESS PERFORMANCE IN 2023 OF LUKA KOPER, D. D., AND LUKA KOPER GROUP

Luka Koper GROUP
and Luka Koper, d. d.

1 Estimate of business performance in 2023

From the point of view of economic recovery, the beginning of 2023 was promising. The situation in the energy markets has calmed down, energy prices have fallen. However, global economic growth moderated during the year. Although international institutions had forecasted a strengthening of economic activity in the second half of the year, the recovery in the second and third quarters was slower than expected. Forecasts until the end of the year predict slow and uneven growth and a continuation of the downward trend in energy prices.

In 2023, the Luka Koper Group has been achieving good business results. The Luka Koper Group estimates that net sales in 2023 will amount to EUR 302.8 million, and fell by 3 percent or EUR 10.7 million in comparison with 2022 and by 4 percent or EUR 12.7 million in comparison with the plan 2023. The decrease in revenue, compared to 2022 is the result of lower revenue from storage fees, due to the reduced retainment time of containers in the warehouse, as situation on the global logistic market calmed down. The operating result (EBIT) in 2023 will achieve EUR 49.1 million which is 41 percent or EUR 34 million decrease compared to 2022 and 42 percent or EUR 14.5 million ahead on planned. In addition to lower revenue from storage fees, also the increase of costs as result of inflationary pressures will affect the achieved earnings before interest and taxes (EBIT) in 2023. Net operating result will achieve EUR 45.1 million, which is 39 percent or EUR 29.1 million less than in 2022 and 40 percent or EUR 12.8 million ahead on planned in 2023. Compared to 2022, a higher turnover of both strategic cargo groups will be achieved in 2023. The throughput of containers (in TEU) will amount to 1,061 thousand TEU, which is 4 percent increase in comparison with 2022, the transshipment of cars (in units) will amount to 893 thousand cars, which is 11 percent increase compared to 2022. The throughput of cars (in units) will exceed also planned quantities 2023, whilst the throughput of containers (in TEU) will be slightly lower than planned. Total maritime throughput (in tons) is expected to reach 22.1 million tons by the end of 2023, which is 5 percent less than achieved in 2022 and 5 percent less than planned for 2023. In the cargo group general cargoes, the trend of timber containerisation will continue also in 2023. The throughput of liquid cargoes in 2023 is characterised by lower throughput of petroleum derivatives, whilst the throughput of dry bulk cargoes and bulk cargoes is marked by lower throughput of soya, aluminium oxide, phosphates, coal and iron ore.

The impact of management estimates about assets and liabilities which are drawn up during the preparation of audited financial statements (provisions, impairments) are not included in the estimate of business operations until the end of 2023.

2 Forecast of business performance for 2024

The IMF¹ forecasts global economic growth of 2.9 percent in 2024. GDP is expected to reach 1.2 percent in the euro area and 2.2 percent in Slovenia. UMAR² Institute of Macroeconomic Analysis and Development), forecasts GDP growth of 2.8 percent for Slovenia and investment growth of 5.5 percent. Inflation is expected to fall to a good 3 percent by the end of the year. S&P Global³ forecasts 3 percent growth in global container traffic for 2024. According to EIU⁴ forecasts, global sales of passenger vehicles are expected to increase by 3 percent in 2024.

The situation on the Slovenian railway network and maintenance work will affect the operations of the Luka Koper Group until the construction of the second track, as they represent an obstacle to further growth and cause the loss of a part of the business that the Company already had in the past. The Group drew up the plan for 2024 on the assumption that the war in Middle East would not be prolonged and that it would not affect the reduction of the volume of business.

The throughput of the strategic cargo group of containers should amount to 1,093 thousand TEU in 2024, which is 3 percent more than the estimated turnover in 2023, while it is planned to maintain the transshipment of cars in the amount of 895 thousand vehicles at the 2023 level. Compared to 2023, with projected growth in other cargo groups, the total maritime throughput (in tons) in 2024 will increase by 2 percent to 22.6 million tons.

In 2024, Luka Koper, d. d., will generate net sales revenue in the amount of EUR 320.9 million, while the Luka Koper Group in the amount of EUR 324.5 million, which is 7-percent increase compared to 2023. The expected increase in throughput and the increase in sales prices will contribute to the achievement of higher net sales revenue.

In 2024, Luka Koper, d. d., and the Luka Koper Group will achieve 3 percent higher operating result (EBIT), despite planned higher operating costs which will continue to be affected by the inflation. Labour costs will also be affected by additional employment in 2023 and 2024. The net operating result of Luka Koper, d. d., and the Luka Koper Group in 2024 will be 8 or 7 percent higher than the estimate for 2023.

The investment plan for 2024 of Luka Koper, d. d., and the Luka Koper Group is consistent with the strategic business plan. The key investment projects in 2024 will be related to the continuation of the activities to increase the capacity of the Container terminal, construction of additional open storage areas for the transshipment of cars, increase of storage capacity for the throughput of general cargoes, construction of a new Cruise terminal, construction of solar power plants on the roofs of existing warehouses, construction of a fire station and procurement of equipment. The Luka Koper Group will allocate EUR 21 million, which is 32 percent of all planned investments in 2024 for sustainable development and social responsibility projects.

¹ IMF – International Monetary Fund (World Economic Outlook, October 2023)

² UMAR – Institute of Macroeconomic Analysis and Development (Autumn forecast of economic trends, September 2023)

³ S&P Global Market Intelligence

⁴ EIU – Economist Intelligence Unit

3 Key performance indicators of Luka Koper, d. d., and the Luka Koper Group in 2024

	Luka Koper, d. d.			Luka Koper Group		
Items	ESTIMATE 2023	PLAN 2024	Index 2024/2023	ESTIMATE 2023	PLAN 2024	Index 2024/2023
Net sales (in EUR)	299,708,517	320,850,930	107	302,775,187	324,524,911	107
Earnings before interest and taxes (EBIT) (in EUR) ⁵	47,260,287	48,872,228	103	49,093,400	50,349,756	103
Earnings before interest, taxes, depreciation and amortisation (EBITDA) (in EUR) ⁶	79,830,878	80,969,188	101	82,323,128	83,726,233	102
Net profit or loss (in EUR)	43,036,726	46,551,351	108	45,090,505	48,042,914	107
Added value (in EUR) ⁷	183,331,021	203,478,682	111	193,706,530	215,208,187	111
Investment expenditure (in EUR)	45,227,334	66,577,466	147	45,463,466	71,588,933	157
Maritime throughput (in tons)	22,113,000	22,559,000	102	22,113,000	22,559,000	102
Number of employees	1,831	2,141	117	2,001	2,310	115

Indicators	ESTIMATE 2023	PLAN 2024	Index 2024/2023	ESTIMATE 2023	PLAN 2024	Index 2024/2023
Return on sales (ROS) ⁸	15.8%	15.2%	97	16.2%	15.5%	96
Return on equity (ROE) ⁹	8.8%	9.2%	105	8.6%	8.9%	103
Return on assets (ROA) ¹⁰	6.1%	6.2%	102	6.1%	6.2%	102
EBITDA margin ¹¹	26.6%	25.2%	95	27.2%	25.8%	95
EBITDA margin from market activity ¹²	27.5%	26.2%	95	28.0%	26.8%	96
Financial liabilities/equity	22.2%	22.3%	100	20.7%	17.2%	83
Net financial debt / EBITDA ¹³	0.7	1.1	157	0.4	0.8	200

Items	ESTIMATE 31.12.2023	PLAN 31.12.2024	Index 2024/2023	ESTIMATE 31.12.2023	PLAN 31.12.2024	Index 2024/2023
Assets (in EUR)	745,643,488	751,651,839	101	785,073,433	772,734,726	98
Equity (in EUR)	494,689,981	513,941,332	104	532,235,185	552,992,476	104
Financial liabilities (in EUR)	110,040,877	114,847,642	104	110,125,411	94,926,716	86

⁵ Earnings before interest and taxes (EBIT) = difference between operating income and costs.

⁶ Earnings before interest, taxes, depreciation and amortisation (EBITDA) = earnings before interest and taxes (EBIT) + amortisation.

⁷ Added value = net sales + capitalised own products and own services + other revenue – costs of goods, material, services – other operating expenses.

⁸ Return on sales (ROS) = earnings before interest and taxes (EBIT) / net sales.

⁹ Return on equity (ROE) = net income / shareholder equity.

¹⁰ Return on assets (ROA) = net income / average total assets.

¹¹ EBITDA margin = earnings before interest, taxes, depreciation and amortisation (EBITDA) / net sales.

¹² EBITDA margin from market activity = earnings before interest, taxes, depreciation and amortisation (EBITDA) / net sales from market activity.

¹³ Net financial debt / EBITDA = (financial liabilities – cash and cash equivalents) / EBITDA.