

SUMMARY OF THE BUSINESS PLAN FOR 2022 AND ESTIMATE OF THE BUSINESS PERFORMANCE IN 2021 OF LUKA KOPER, D. D., AND LUKA KOPER GROUP

Luka Koper Group
and Luka Koper, d. d.

1 Forecast of business performance for 2022

Business plan for 2022 is based on the key forecasts of international institutions, such as IMF¹ and OECD². The forecast of both institutions are based on the assumptions of the global economic recovery, when the COVID-19 pandemic has been resurging, and which will have lasting consequences on the mid-term performance because of its persistence. Hence, further growth of the global economy and of GDP is projected for 2022, which will be slightly lower than in 2021. For 2022, OECD forecasts 4.5 percent growth of the global economy, whilst the International Monetary Fund (IMF) 4.9 growth. In the last IMF forecast in October 2021, IMF forecasts 4.3 percent economic growth in 2022 for euro area economy; as for Slovenia, the expected growth of GDP for 2022 is 4.6 percent. Likewise, in hinterland markets of Luka Koper, d. d., the growth of GDP is projected in 2022 and namely: Germany is expected to achieve 4.6 percent GDP growth, Austria 4.5 percent, Slovakia 5.2 percent and Czech Republic 4.5 percent. IMF forecasts GDP growth in the amount of 5.6 percent for the Chinese economy, which is the most important oversea market of Luka Koper d. d.

Given the current global situation and economic projections for 2022, Luka Koper, d. d., and Luka Koper Group in 2022, compared to 2021 estimates, will achieve 9 percent higher net revenue from sale and 3 percent higher maritime throughput. The throughput growth is planned for all cargo groups.

3 percent higher throughput of containers, as the most important cargo group, is planned for 2022 (measured in TEUs) as compared to 2021 estimates. Thus, the Port of Koper will maintain the leading position among the ports in the Adriatic area. We expect that the performance in 2022 will continue to be affected by the instability of maritime connections (irregular ship arrivals), we witnessed in 2021.

Due to the COVID-19 pandemic, global automotive industry is one of the most significantly affected sectors. In 2022, we expect car sales to grow again as a result of economic recovery. In the strategic cargo group of cars in 2022 we plan 4 percent higher throughput of cars, compared to 2021 estimate and to retain its leading position among Mediterranean ports.

In 2022, Luka Koper, d. d., and Luka Koper Group will achieve 14 resp. 16 percent higher earnings before interest and taxes (EBIT) and 22 resp. 23 percent net profit or loss compared to 2021 estimate, mostly due to higher planned net revenue from sale, lower cost growth than revenue growth and higher financial revenues.

Luka Koper, d. d., and Luka Koper Group drew up the investment plan for 2022, by which they will pursue the objectives of the strategic plan. The key investment projects in 2022 will relate to: enlargement of the container terminal capacity (completion of the extension of the southern side of the Pier I and installation of two new container cranes), construction of additional storage areas for cars transshipment and increase of storage capacities as well as operating conditions for the throughput of general cargoes, start of the construction of a new truck terminal and purchase of the equipment. In 2022, Luka Koper Group will allocate EUR 12.3 million for sustainable development projects, representing 18 percent of total planned investments.

¹ IMF – International Monetary Fund

² OECD – Organisation for Economic Co-operation and Development

2 Key performance indicators of Luka Koper, d. d., and Luka Koper Group in 2022

Income statement (in EUR)	Luka Koper, d. d.			Luka Koper Group		
	ESTIMATE 2021	PLAN 2022	index 2022/ 2021	ESTIMATE 2021	PLAN 2022	index 2022/ 2021
Net sales	219,269,545	239,764,988	109	222,263,572	241,511,071	109
Earnings before interest and taxes (EBIT) ³	26,699,252	30,451,649	114	26,993,290	31,215,530	116
Earnings before interest, taxes, depreciation and amortisation (EBITDA) ⁴	55,709,496	60,737,382	109	56,790,798	62,384,598	110
Profit or loss from financing activity	3,611,991	3,808,665	105	2,176,965	2,840,024	130
Profit before tax	30,311,243	34,260,315	113	30,810,563	34,986,565	114
Net profit or loss	25,673,511	31,440,824	122	26,116,956	32,092,703	123
Added value ⁵	137,272,984	143,379,266	104	145,037,544	151,909,676	105

Statement of financial position (in EUR)	ESTIMATE 31.12.2021	PLAN 31.12.2022	index 2022/ 2021	ESTIMATE 31.12.2021	PLAN 31.12.2022	index 2022/ 2021
Assets	600,817,033	640,281,081	107	617,135,372	656,094,891	106
Non-current assets	529,865,972	565,166,577	107	541,606,793	576,435,542	106
Current assets	70,951,061	75,114,504	106	75,528,579	79,659,349	105
Own funds	426,222,664	445,343,488	104	459,468,651	478,429,355	104
Non-current liabilities with provisions and long-term accruals and deferred revenue	126,761,147	133,009,778	105	108,915,185	115,077,197	106
Short-term liabilities	47,833,222	61,927,815	129	48,751,535	62,588,339	128
Financial liabilities	92,678,629	102,157,455	110	72,551,384	82,030,209	113

Investments (in EUR)	ESTIMATE 2021	PLAN 2022	index 2022/ 2021	ESTIMATE 2021	PLAN 2022	index 2022/ 2021
Investments in property, plant and equipment, investment property and intangible assets ⁶	53,223,011	68,929,091	130	53,509,786	70,366,091	132

³ Earnings before interest and taxes (EBIT) = difference between operating income and costs..

⁴ Earnings before interest, taxes, depreciation and amortisation (EBITDA) = earnings before interest and taxes (EBIT) + depreciation/amortisation.

⁵ Added value = net sales + capitalised own products and own services + other revenue – costs of goods, material, services – other operating expenses excluding revaluation operating expenses.

⁶ Without taking into account advances paid for the equipment.

Luka Koper, d. d.				Luka Koper Group		
Ratios (in %)	ESTIMATE 2021	PLAN 2022	index 2022/ 2021	ESTIMATE 2021	PLAN 2022	index 2022/ 2021
Return on sales (ROS) ⁷	12.2%	12.7%	104	12.1%	12.9%	106
Return on equity (ROE) ⁸	6.1%	7.2%	118	5.8%	6.8%	117
Return on assets (ROA) ⁹	4.4%	5.1%	116	4.3%	5.0%	116
EBITDA margin ¹⁰	25.4%	25.3%	100	25.6%	25.8%	101
EBITDA margin from market activity ¹¹	26.2%	26.7%	102	26.3%	27.2%	103
Financial liabilities/equity	21.7%	22.9%	105	15.8%	17.1%	109
Net financial debt /EBITDA ¹²	1.2	1.3	108	0.8	0.9	113

Maritime throughput (in tonnes)	ESTIMATE 2021	PLAN 2022	index 2022/ 2021	ESTIMATE 2021	PLAN 2022	index 2022/ 2021
Maritime throughput	20,556,455	21,080,399	103	20,556,455	21,080,399	103

Number of employees	ESTIMATE 2021	PLAN 2022	index 2022/ 2021	ESTIMATE 2021	PLAN 2022	index 2022/ 2021
Number of employees	1,588	1,597	101	1,751	1,758	100

⁷ Return on sales (ROS) = earnings before interest and taxes (EBIT) / net sales.

⁸ Return on equity (ROE) = net income / shareholder equity.

⁹ EBITDA margin = earnings before interest, taxes, depreciation and amortisation (EBITDA) / net sales.

¹⁰ EBITDA margin = earnings before interest, taxes, depreciation and amortisation (EBITDA) / net sales.

¹¹ EBITDA margin from market activity = earnings before interest, taxes, depreciation and amortisation (EBITDA) / net revenue from market activity

¹² Net financial debt/EBITDA = (financial liabilities – cash and cash equivalents) / EBITDA.

3 Estimate of business performance in 2021

In 2021, there was a gradual recovery of the global economy and strengthening of economic activity in the international context, which affected business results of the Luka Koper Group, although towards the end of the year, due to COVID-19 resurgence, uncertainties have been increasing.

The maritime throughput is projected to achieve 20.6 million tonnes by the end of the year, which is 5 percent ahead on achieved quantities in 2020 and at planned quantities level for 2021.

Higher throughput of both strategic cargo groups of containers and cars should be emphasized as well as higher throughput of dry bulk cargoes compared to 2020 and also compared to the plan, which was achieved despite the aggravated business environment and Covid-19 pandemic. Besides the impact and consequences of the pandemic, the situation in the car market in 2021 was unstable also due to the shortage of car semiconductors and other parts, causing occasional delays in car production. In 2021, there was an increase of the classic maritime throughput in the cargo group of general cargoes and a downturn of containers stuffing and unstuffing. In 2021, the suspension of the air passenger traffic and lower volume of petroleum products throughput, as consequence of the pandemic, affected the throughput of liquid cargoes. The throughput of dry and dry bulk cargoes was impacted by the Pan-European 'green policy', which aims to the drastic reduction of the carbon footprint resp. CO₂ emissions, thus resulting in reducing throughput of the thermal coal. Based on the achieved results in 2021 and the forecasts until the end of the year, we estimate that net revenue from sales of the Luka Koper Group in 2021 will amount to EUR 222.3 million, which is 6 percent ahead on 2020 and one percent ahead on planned revenue in 2021. Earnings before interest and taxes (EBIT) in 2021 will achieve EUR 27 million, which was 19 percent decrease in comparison with 2020 resp. 5 percent ahead on the planned, net profit will achieve EUR 26.1 million, representing 18 percent decrease in comparison with 2020 resp. 7 percent ahead on the planned profit in 2021.