

Luka Koper (LKPG SV)

ALTA

NEW
INVESTMENT
CULTURE

12M Target price: 38 EUR

Recommendation: BUY

Previous target price: 37 EUR, BUY (2.3.2017)

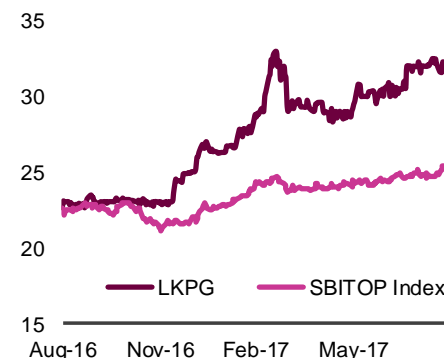
KEY MARKET DATA:

Stock data as of 30.08.2017 :		Price performance:	3M	12M
Market price (EUR)	31.0	Price change in %	6.9%	37.2%
52 week range (EUR)	22.6 - 33.0	SBI 20 index change in %	5.2%	11.9%
Market Cap (EUR)	434.0	Relative to SBI 20 index in %	1.6%	22.6%
		Valuation multiples:	TTM	Forward
Avg. daily trade vol., EUR(k)	86	EV/Sales	2.3	2.2
Average daily % of stock traded	0.023%	EV/EBITDA	6.1	6.0
No. of Shares in millions	14.0	EV/EBIT	9.1	9.1
		P/E	9.0	9.3
Dividend yield	4.5%	P/B	1.3	1.2

KEY COMPANY DATA & ESTIMATES:

million €	FY2015	FY2016	TTM	2017F	2018F
Sales	184.3	200.9	206.9	216.2	230.1
EBITDA	69.9	75.8	79.5	81.5	85.2
Margin	38.0%	37.7%	38.4%	37.7%	37.0%
EBIT	42.4	49.3	53.1	53.6	54.7
Net income	32.4	44.4	48.0	46.9	48.0
EPS	2.3	3.2	3.4	3.4	3.4
DPS	1.13	1.40		1.40	1.40
Financial debt	111.9	110.3	124.6	111.4	108.1
Cash	12.6	5.8	8.6	6.3	6.7
Net debt	31.8	41.9	51.7	105.0	101.3
Equity	306.1	331.8	341.9	362.9	395.1
Assets	464.5	490.0	522.7	527.8	562.2
ND/EBITDA	0.5	0.6	0.7	1.3	1.2
P/E	9.9	7.9	9.0	9.3	9.0
EV/EBITDA	5.1	5.2	6.1	6.0	5.7

SHARE PRICE DYNAMIC:



KEY CURRENT DEVELOPMENT:

- One of the key investment risks is related to state ownership and regular tension between state entities, supervisory and management board. This was more than evident in last few months from news flow perspective:
 - Lawsuit from Slovenian Railways – Freight Transport for the presumed economic damage because of the spontaneous work stop in the port in July 2016 in the amount of EUR 1.8m. Work stop happened due to tensions related to Slovenian Sovereign Holding (SSH) proposal for supervisory board change (that eventually materialized in 2017).
 - Lawsuit by Pan Slovenian Shareholders' Association (VZMD) related to the nullity and subordinate contestability of the resolutions adopted at the last General assembly, namely appointment of several new members of the supervisory board (proposed by SSH).
 - Answer submitted by Luka Koper on a Study and accusations posted by SSH regarding the effectiveness / benchmark position of the port.
- Consequently on one hand we have a strong result dynamic, even above our estimates, which justifies an optimistic view. On the other hand we have a track record of corporate governance related issues.**
- Our target price is slightly raised to EUR 38.**

2Q and 1H17 Results

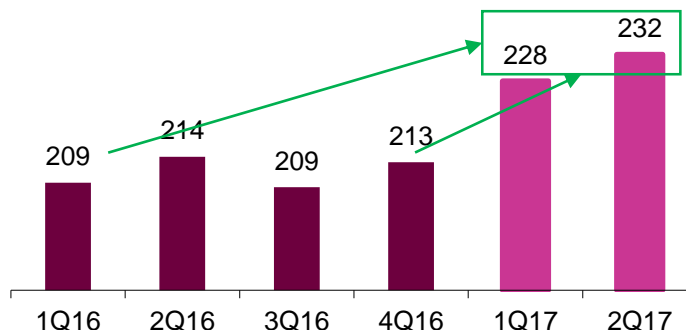
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- Even though Luka Koper had their best quarter with regards to revenues, this failed to materialize in record earnings especially as costs of services increased by 9.5% over 1Q17. Despite that gross margin improved YoY by 0.7 p.p. to 68.8% in 2Q17.
- From 1H17 perspective gross margin also improved from 67.9% to 69.2% as cost of services increased by only 0.5% YoY while cost of materials increased by 9.3% YoY (key item being cost of energy that increased by EUR 0.7m). As for cost of services, the relative stagnation is a result of most items balancing out higher cost of core activity services rendered and higher concession related costs (now at EUR 3.7m).
- Labour costs +2.8% YoY and 1.9% QoQ in 2Q17. D&A +2.1% YoY. Only other costs increased by 23.9% YoY to EUR 2.5m in 2Q17.

- EBITDA margin declined by 0.2 p.p. YoY to 41% In 2Q17 while EBIT margin increased by 1.7 p.p. to 28.7%. Note that margins usually peak in 1Q and then they decline throughout the year with 2H being much worse than 1H.
- EBITDA and profit were around EUR 3.7m above our expectation.

Throughput of containers (in thousand TEUs)



in EUR 000	1H15	1H16	1H17	YoY	
Sales revenues	92,131	101,148	108,014	6.8%	↑
COGS	29,129	32,436	33,251	2.5%	↑
Gross Margin	68.4%	67.9%	69.2%		
Labour costs	23,428	25,867	26,892	4.0%	↑
Other opex	4,909	3,933	4,521	15.0%	↑
EBITDA	37,726	41,415	45,094	8.9%	↑
EBITDA margin	40.9%	40.9%	41.7%		
EBIT	24,028	28,097	31,868	13.4%	↑
EBIT margin	26.1%	27.8%	29.5%		
Net Income	19,631	23,704	27,358	15.4%	↑
Net Income margin	21.3%	23.4%	25.3%		

in EUR 000	2016	1H17
Financial debt	110,333	124,578
Cash	5,827	8,558
ST & LT Investments	43,368	45,609
Equity	331,808	341,881

- Elevated investments in infrastructure continued in 1H17 as they invested EUR 29.4m.
- Luka Koper generated EUR 36.6m of net cash from operating activities in 1H17.

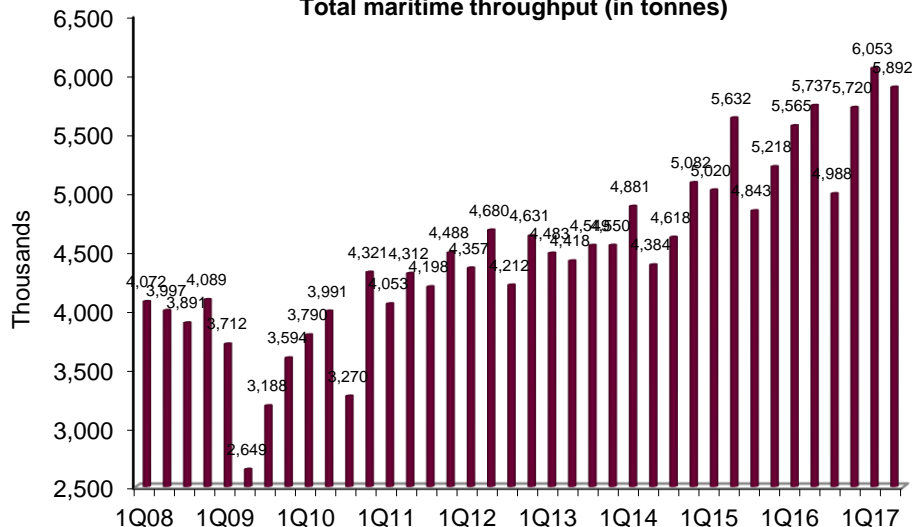
- Cargo handling in 1H17 increased by 5.7% YoY with 2.7% YoY growth in 2Q17 (5.9m tones).
- TEU's increased by 8.7% and 8.7% YoY for 1H and 2Q respectively (to record high of 232.4k TEUs)
- On the other hand vehicles growth rates were down 1.5% and 0.4% YoY for 1H and 2Q.
- Strong growth rates were delivered by liquid cargo segment, however general cargoes are also down YoY.



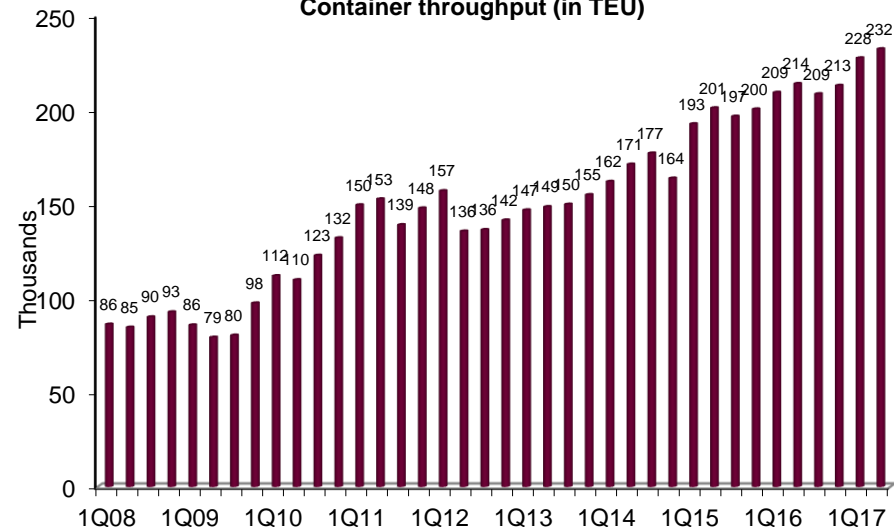
- This translated into revenue growth of 6.8% in 1H17.
- Top line is in-line with our estimates.
- Financial debt increased by EUR 14.3m to EUR 124.6m, while cash position increased by EUR 2.7m to EUR 8.5m. We estimate it tied to dividend payment (payable on 31st August in total amount of EUR 19.4m; EUR 1.40 per share).
- In addition Luka Koper group has EUR 12.5m in shares and interests in associates and EUR 32.9m in other non-current investments (like shares of pharmaceutical company Krka). Consequently adjusted net debt is at EUR 70.4m.

Throughput dynamic

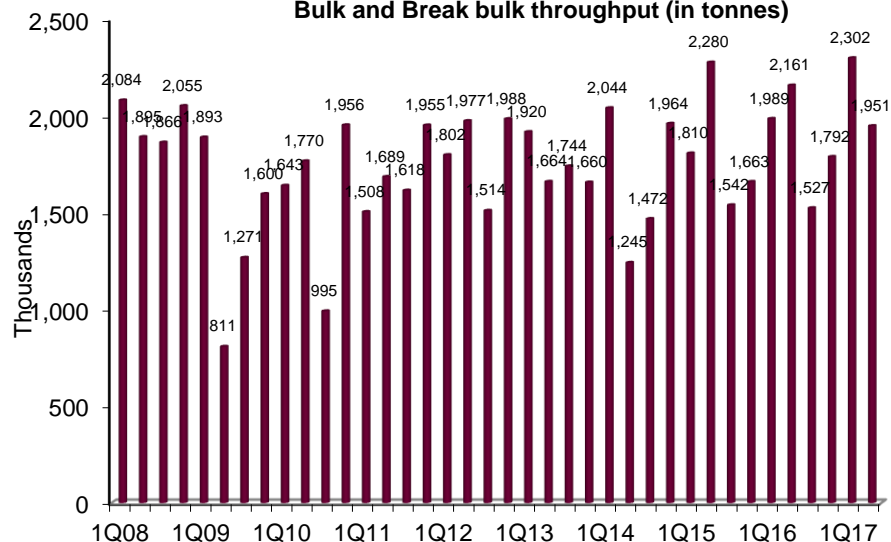
Total maritime throughput (in tonnes)



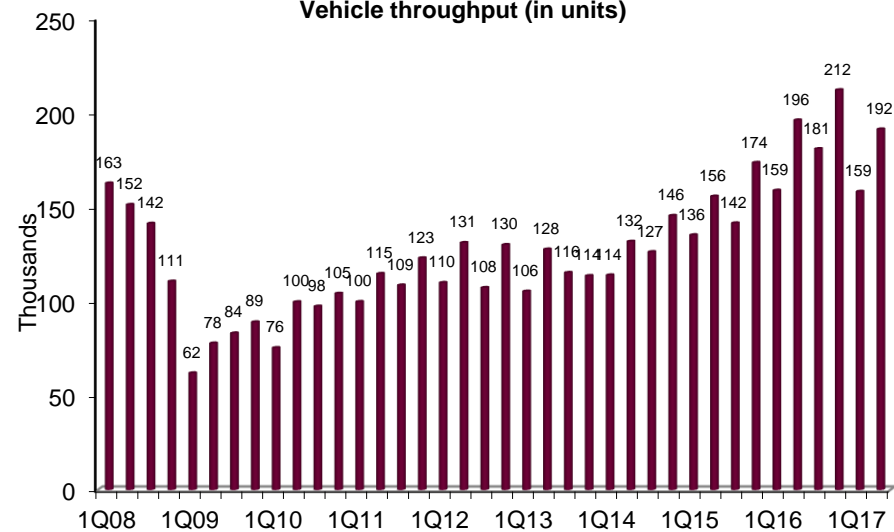
Container throughput (in TEU)



Bulk and Break bulk throughput (in tonnes)



Vehicle throughput (in units)



Investment Thesis

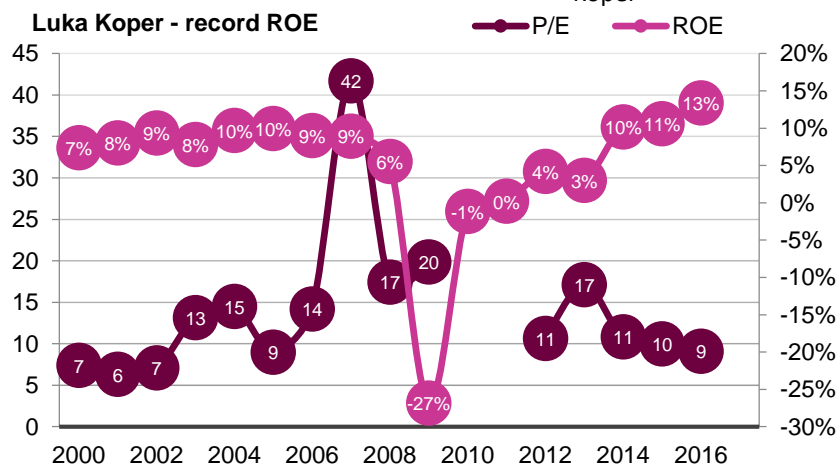
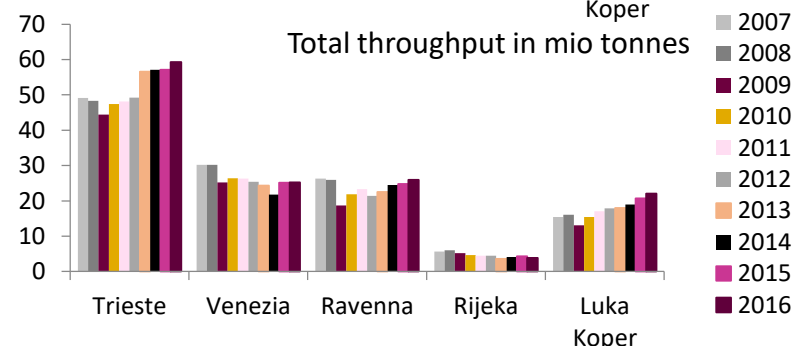
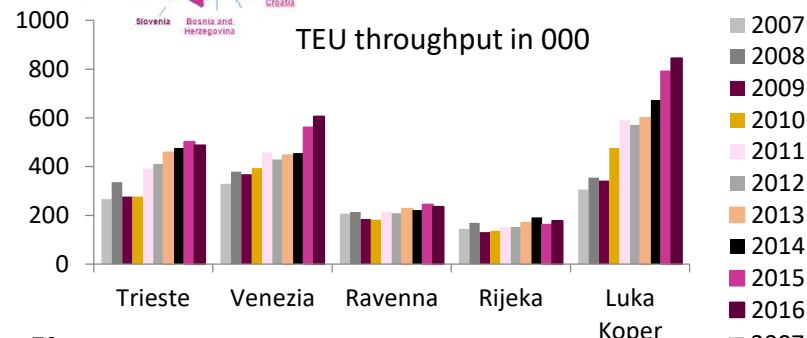
POSITIVE:

- **Luka Koper has superb strategic position in North Adriatic**, which can cater surrounding area. Its a key port in Adriatic see, where ports are increasingly competitive against Northern European ports. Consequently Luke Koper is **at the same time gaining market share in local region as well as gaining together with local competitors as Adriatic as a whole is gaining traffic**.
- The port area consists of 270 hectares of land with 28 berths located on 3,282 meters of the shoreline
- It is top container terminal in Adriatic, among top 3 terminals in Mediterranean regarding vehicles and first port for Austria, Hungary and Slovakia (for the latter two in regards to terminals).
- Luka Koper noted that London-based organization Drewry, specialized in the global maritime sector and transport, published a best-route market study for containerized imports from China to South Germany in which they indicated that Luka Koper had the fastest overall transit time.
- Increased depth of navigation channel (enabled ships carrying 20k TEUs to enter the port) is already showing results. All in all their **CAPEX cycle should continue opening possibilities for future strong growth dynamic**, capitalizing on superb strategic position.
- In addition Luke Koper is **logically cyclical play on regional economy**. **Improving conditions** are therefore favorable and for now there is no stall on the horizon. Even more, current throughput dynamic remains encouraging.
- **In line with this, strategic figures are attractive**. Throughput expected CAGR **2016-2020** at 2.5% to 24.3m tones, with TEU CAGR of 4.3% and vehicles CAGR at 3.2%. Target ROE at 10%.
- **Last few year Luka Koper constantly beat estimates on top and bottom line**. Guidance for 2017 was again encouraging with sales EUR 215.4m, EBITDA 80.4m (+3%) and profit EUR 47.5m (+7%), nevertheless it seems Luka Koper will again surpass these estimates.



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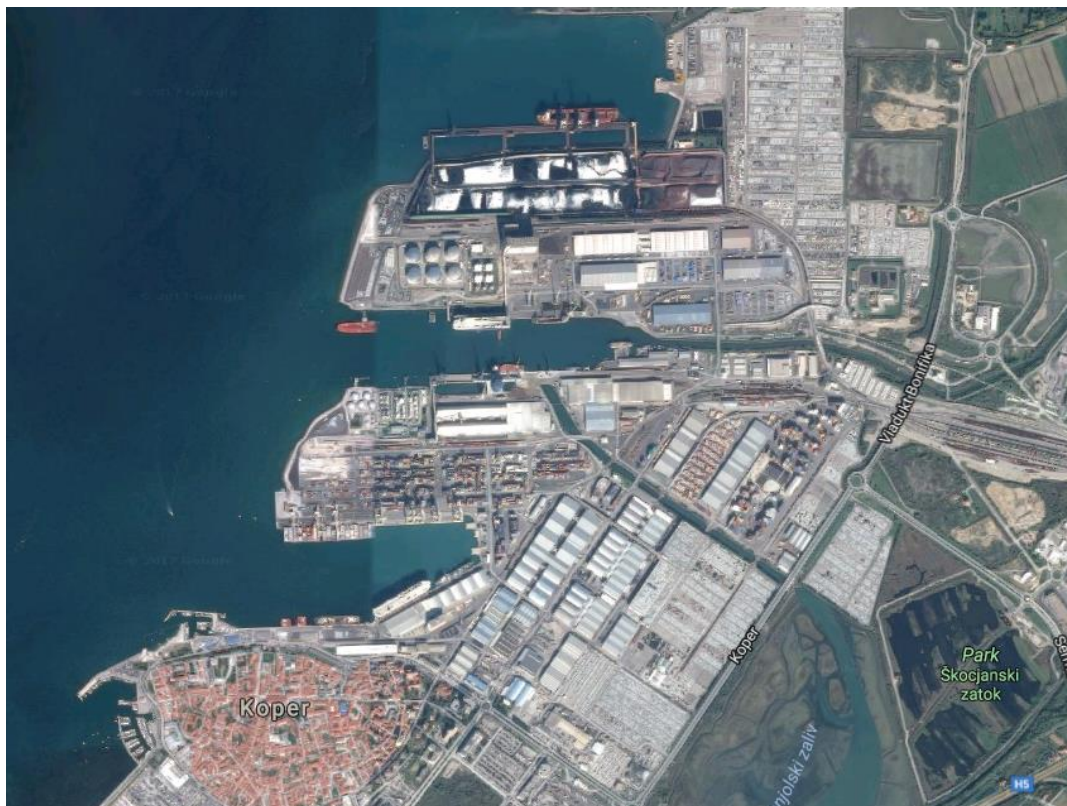
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Port facilities

The port area consists of:

- 270 hectares of land,
- 48.4 hectares of covered storage,
- 109.6 hectares of open-air storage space,
- 28 berths located on 3,282 metres of the shoreline along 179 hectares of the sea.



Dry Bulk Terminal
Reefer Terminal
Timber Terminal
Silo Terminal
Alumina Terminal

Iron ore and Coal Terminal
Livestock terminal
Cruise Terminal
▪ 69 cruise vessels with
▪ 78.923 passengers in 2016.

Container Terminal:

- Quayside 596 m
- Max. allowed draft 14.5 m
- 4 Berths
- Total terminal area: 270,000 m²
- Stacking area: 180,000 m²
- 4 STS panamax cranes
- 4 STS post-panamax cranes

Car and Ro Ro Terminal:

- Operative shore 800 m
- 7 Berths
- 4 Ro-Ro ramps
- 6 Railway ramps
- Open storage areas: 750,000 m²
- Covered storage areas: 125,000 m²
- Open air storage capacity: 44,000 units
- Covered storage capacity: 6,000 units

General Cargo Terminal:

- Operative shore 840 m
- 6 Berths
- Multipurpose closed warehouses 134,000 m²
- Roofed warehouses 3,600 m²
- Open storage areas 40,000 m²

Liquid Cargo Terminal:

- 51 shoretanks with capacity from 300 to 20,000 m³
- In total capacity of 203,000 m³
- Mild steel shoretanks 33
- Stainless steel tanks 9
- Reinforced polyester tanks 6

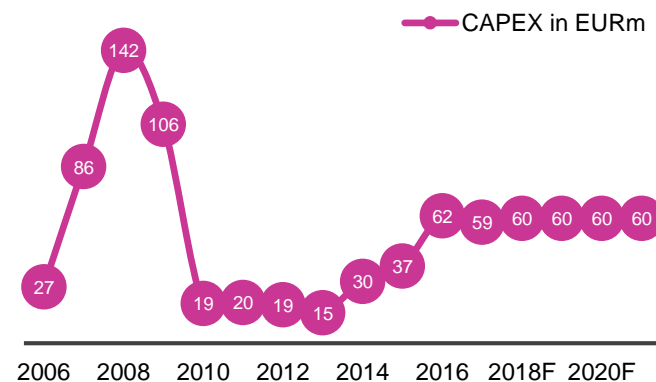
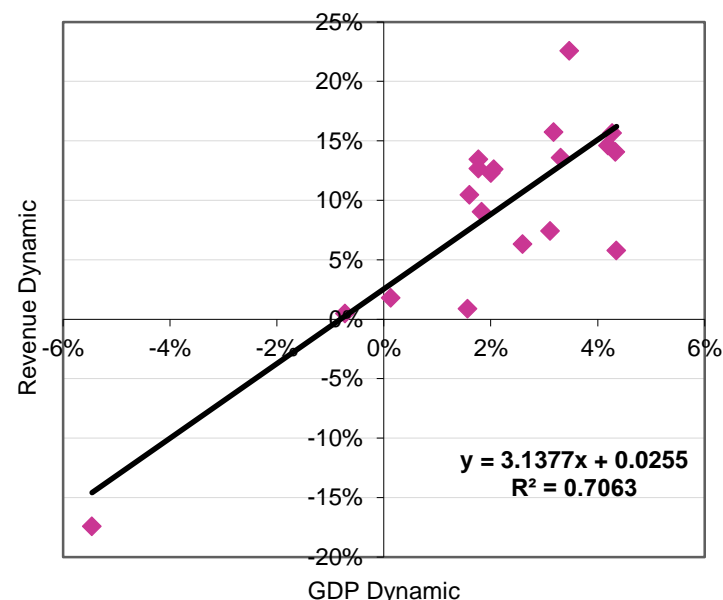
Investment Thesis

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NEGATIVE:

- Luka Koper **prospects depend on global and regional economic situation and consequent maritime throughput dynamic**. Therefore any cooling of surrounding region or global trade would negatively impact performance of Luka Koper.
- As Luka Koper has begun with another investment cycle to increase capacity, CAPEX is seen at **EUR 300m from 2015-2020**. While **CAPEX looks justified and is needed to support current growth dynamic**, it bears risks:
 - Firstly, overbudgeting is always possible – albeit last few years vice versa applied – especially as state remains the main shareholder. Any overbudgeting or missed investment would hamper the overall economics of CAPEX.
 - Secondly, risk is that internal CAPEX will not be followed by in-land (government) infrastructure. Some growth expansions would in this case end up as dead investments. On the other hand any delay is also limiting business expansion.
- The later is tied to the fact that **railway** is remaining Luka Koper's main **logistic bottleneck** and long term risk of falling behind the curve. This could **considerably hamper growth in 2020-2030 period**, thereby capping growth profile of Luka Koper. This would impact valuation, despite being balanced by lower CAPEX need.
- **New 2nd tier project could bring additional taxation** (as planned in the latest government legislature proposal) or alternatively (if legislature falters) other means of co-finance railway infrastructure by Luka Koper could apply.
- **State ownership has been for several times a key headwind to Luka Koper share price**. This political risk came in several forms:
 - Top management is relatively often being replaced or rumored to be replaced. This could in times preoccupy management or even lead to labor strikes or end up Luka Koper paying for improper termination of individual agreement.
 - In certain past periods (however not in the last few years) there was a poor translation of strong top-line performance into good bottom-line performance.
 - Several times government contemplated ideas out about Slovene Logistic Holding, which would not be beneficial to Luka Koper shareholders, according to our belief.
 - There are clearly disappearances about the outlook, benchmarking and even second tier project between Luka Koper and state as the major shareholder.



Second Tier Controversy

- National assembly adopted the **Act on the construction, management and governance of the second track** of the Divača – Koper railway line.
- The main issue here is that the Act is implementing a new taxation of port throughput, namely:
 - EUR 1.00 per tone – general cargos;
 - EUR 0.40 per tone – bulk and break bulk cargos;
 - EUR 0.50 per tone – liquid cargos;
 - EUR 1.50 per unit – container freight;
 - EUR 1.00 per unit – vehicles.
- The explanation of the Act (when proposed) was that the **state would collect EUR 10m per year with this taxation** in order to finance second tier project. Exact calculation for 2016 data gives EUR 8.3m as additional changes to the taxation lowered the burden.
- In the Act there is a clause that government defines taxable cargo and classification with a Decree. In addition government can change the stated taxation by +/- 20%.
- Hard to asses positives or negatives. On one hand second tier is finally gathering momentum, albeit it did and will spiral controversy regarding the economics and costs. Also we were always worried that state will want to push Luka Koper into direct project investment – this risk now abated. On the other hand its hard to imagine for Luka Koper to pass on this proposed new tax burden onto its clients, thereby **future EBITDA margin will, it seems, be lower.**
- Note every EUR 1m of lower EBIT shrugs of roughly EUR 0.5 per share in our DCF model. However our valuation already included conservative assumptions (35.9% EBITDA margin assumption versus 39% 2020 guidance).
- Opposition to the act managed to collect enough signatures to initiate a referendum vote (scheduled on 24.9.2017).** As to overturn the Act on the referendum itself, not only majority of attendees must vote against, but overall 1/5 of all voters. **Overrule is therefore still less likely scenario, albeit not impossible.**

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- 27.1 km route with 8 tunnels, 2 viaducts, 2 bridges and 1 gallery.
- Capacity is supposed to go from 15.2m net tones per year toward 43.4m tones (25.7m through new track and 2.5m through modernization of existing track).

TTM EBITDA margin 38.4% ➔ 34.4%

EV/EBITDA 6.1X ➔ 6.8X

Our previous 2018 EBITDAm estimate 36.2% and implied target EV/EBITDA of 6.8x.

CARGO TYPE (in tonnes)	1Q15	2Q15	3Q15	4Q15	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17
General cargos	379,014	354,301	293,377	448,384	433,535	330,454	291,555	478,660	348,066	330,154
Container freight	1,892,111	2,010,873	1,910,465	1,928,497	2,042,506	2,119,148	2,033,785	2,078,956	2,273,485	2,342,428
Vehicles	200,054	228,976	213,787	259,351	243,708	294,659	279,229	321,963	240,192	287,400
Liquid cargos	738,314	757,749	883,062	918,100	856,188	831,816	856,380	1,048,563	889,238	980,842
Bulk and break bulk cargos	1,810,223	2,279,710	1,542,325	1,663,168	1,988,804	2,161,017	1,527,382	1,792,311	2,302,416	1,951,442
Skupaj	5,019,716	5,631,609	4,843,016	5,217,500	5,564,741	5,737,094	4,988,331	5,720,453	6,053,397	5,892,266
Containers (TEU)	192,596	201,059	196,615	200,466	209,306	213,959	208,508	212,985	227,567	232,400
Vehicles (units)	135,577	156,021	141,859	173,869	159,165	196,348	181,163	212,330	158,566	191,563

Relative valuation

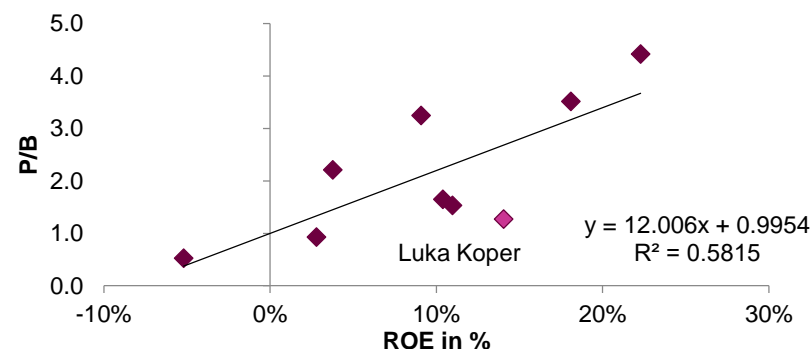
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Company name	EV/S			EV/EBITDA			EV/EBIT		
	TTM	2017F	2018F	TTM	2017F	2018F	TTM	2017F	2018F
Piraeus Port	4.1	3.6	2.8	16.6	6.7	5.7	39.9	n.a.	n.a.
Luka Ploce	0.9	n.a.	n.a.	neg.	n.a.	n.a.	neg.	n.a.	n.a.
Luka Rijeka	4.4	n.a.	n.a.	71.1	n.a.	n.a.	neg.	n.a.	n.a.
Thessaloniki Port	3.6	n.a.	n.a.	7.3	n.a.	n.a.	8.7	n.a.	n.a.
Hamburger H&L	1.8	1.8	1.7	6.7	7.4	7.2	11.0	12.8	12.2
Port of Tauranga	13.3	11.8	11.3	24.6	21.2	20.7	29.8	24.8	24.1
South Port NZ	4.6	n.a.	n.a.	11.5	n.a.	n.a.	14.7	n.a.	n.a.
Eurokai KGAA	1.6	1.5	1.5	7.7	7.4	7.1	12.8	12.5	11.9
Luka Koper	2.3	2.2	2.1	6.1	6.0	5.7	9.1	9.1	8.9
Median	3.9	2.7	2.3	11.5	7.4	7.2	13.8	12.8	12.2

Company name	EBITDA margin TTM	EBIT margin (%)	Profit margin (%)	ROE TTM	ROA TTM	Assets turnover	Div. yield (%)	Assets/ Equity	Net debt to EBITDA
Piraeus Port	24.7%	10.3%	6.5%	3.8%	1.9%	0.29	0.64	2.03	1.21
Luka Ploce	-7.4%	-11.5%	-10.2%	-5.2%	-4.5%	0.44	0.00	1.14	2.10
Luka Rijeka	6.2%	-0.8%	12.5%	2.8%	2.4%	0.19	0.00	1.16	3.85
Thessaloniki Port	49.7%	41.6%	29.3%	10.4%	9.3%	0.32	2.35	1.11	-2.05
Hamburger H&L	26.0%	16.0%	8.1%	18.1%	5.6%	0.69	2.21	3.24	0.65
Port of Tauranga	54.2%	44.6%	32.6%	9.1%	5.9%	0.18	1.16	1.53	2.71
South Port NZ	40.3%	31.5%	21.5%	22.3%	14.3%	0.66	4.43	1.56	0.94
Eurokai KGAA	20.9%	12.6%	12.6%	11.0%	6.2%	0.49	3.80	1.95	0.05
Luka Koper	38.4%	25.7%	23.2%	14.1%	9.2%	0.40	4.52	1.53	0.65
Median	25.3%	14.3%	12.5%	9.7%	5.7%	0.38	1.68	1.54	1.07

- There are not many peer companies trading with such lows multiples as Luka Koper. Namely EV multiples are much lower than average for the peer group and the same applies for P/E. Implied peer valuation target price is at EUR 40.0, with equal weight of EV/Sales, EV/EBITDA, EV/EBIT and P/E multiples.
- This upside was tested and confirmed also by historical relative valuation and by using P/B ratio. The implied regression value is even at EUR 65.5 as ROE is exceptionally strong or EUR 53.0 if our LT average ROE assumption is included.



FCF valuation - forecasts

ESTIMATES:

EURm	2017F	2018F	2019F	2020F	2021F	2022F	2023F	2024F	2025F	2026F
Sales	216.2	230.1	243.8	257.8	272.2	283.0	294.4	306.1	318.4	331.1
COGS	70.8	75.8	80.8	86.0	91.3	95.0	98.8	102.7	106.8	111.1
Labour costs	56.1	60.9	64.8	68.8	72.9	75.8	78.8	82.0	85.3	88.7
Other opex	10.8	11.0	11.0	11.0	10.9	13.2	13.7	14.3	14.9	15.4
Sales growth	7.6%	6.5%	5.9%	5.8%	5.6%	4.0%	4.0%	4.0%	4.0%	4.0%
EBITDA	81.5	85.2	90.0	94.9	99.9	99.1	103.0	107.1	111.4	115.9
EBITDA margin	37.7%	37.0%	36.9%	36.8%	36.7%	35.0%	35.0%	35.0%	35.0%	35.0%
EBIT	53.6	54.7	56.9	59.4	61.4	59.1	61.7	64.7	68.1	71.9
EBT	53.9	55.1	57.6	60.3	62.6	59.9	63.1	66.8	70.5	74.4
Net income	46.9	48.0	50.1	52.5	54.5	51.5	53.6	56.1	58.5	61.0
EURm	2017F	2018F	2019F	2020F	2021F	2022F	2023F	2024F	2025F	2026F
Total Assets	527.8	562.2	594.0	623.4	649.7	672.1	691.5	708.3	742.8	789.2
PPE	406.8	436.8	464.2	489.2	511.2	529.9	545.5	558.3	568.5	576.5
LT-investments	62.5	63.1	63.7	64.3	65.0	65.6	66.3	67.0	67.6	68.3
Trade receivables	36.0	38.3	40.5	42.9	45.3	47.1	49.0	50.9	53.0	55.1
Cash	6.3	6.7	7.1	7.5	7.9	8.2	8.5	8.9	9.2	9.6
Debt	111.4	108.1	99.8	89.2	73.5	57.3	36.0	10.0	0.0	0.0
Equity	359.1	387.5	418.0	450.8	485.7	517.6	551.6	587.4	624.5	663.2
EURm	2017F	2018F	2019F	2020F	2021F	2022F	2023F	2024F	2025F	2026F
ROE	13.1%	12.4%	12.0%	11.6%	11.2%	9.9%	9.7%	9.6%	9.4%	9.2%
CAPEX	58.7	60.5	60.5	60.5	60.5	58.7	56.9	55.2	53.5	51.9

MAIN ASSUMPTIONS:

- For 2017 management expected 4% cargo handling growth to 22.8m tons. Total revenues were guided at EUR 215.4m (+8% YoY), EBITDA at EUR 80.4m (+14% YoY) while net income was expected at EUR 47.5m (+9% YoY). Planned CAPEX for 2017 stands at EUR 58.1m. In 2015 company issued strategic goals for the 2016 – 2020 period. Throughput of 24.3m tons by 2020 with over 1m of TEUs and over 850k vehicles; revenues of EUR 218m at end period with EBITDA margin of 39%.
- Given the past track record (Luka Koper is often conservative in its assessments) and own model (GDP / throughput regression), our estimates don't differ much from management guidance. We are only slightly more prudent regarding EBITDA margin expectation which proved correct given the proposed legislature about second tier project. Consequently there is no immediate need to adjust estimates in relation to this topic.
- We expect container handling to remain the main revenue and profitability driver, even though growth rate is slowing down.

FCF valuation - commentary

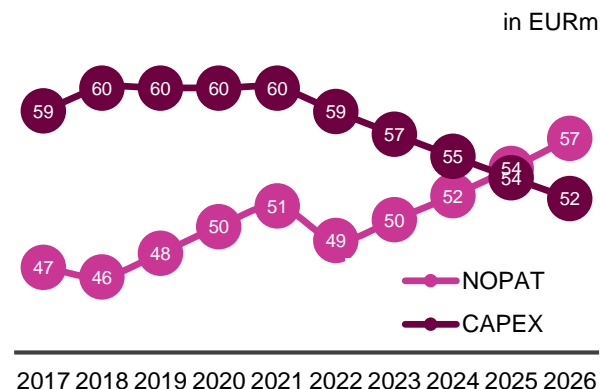
VALUATION TABLE:

EURm	2017F	2018F	2019F	2020F	2021F	2022F	2023F	2024F	2025F	2026F
NOPLAT	46.6	45.9	47.7	49.8	51.3	48.7	50.3	52.2	54.3	56.6
NOPLAT growth	8.1%	-1.6%	4.0%	4.3%	3.2%	-5.2%	3.3%	3.7%	4.0%	4.3%
Depreciation	27.9	30.5	33.1	35.4	38.5	40.0	41.3	42.4	43.3	44.0
Depretiation/Sales	12.9%	13.3%	13.6%	13.8%	14.1%	14.1%	14.0%	13.8%	13.6%	13.3%
CAPEX	58.7	60.5	60.5	60.5	60.5	58.7	56.9	55.2	53.5	51.9
CAPEX/Sales	27.2%	26.3%	24.8%	23.5%	22.2%	20.7%	19.3%	18.0%	16.8%	15.7%
Change in net working capital	1.8	-1.3	-1.6	0.7	0.7	0.5	0.5	0.6	0.6	0.6
NWC/Sales	6.8%	5.8%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%	4.8%
FCF to firm	14.0	17.3	21.9	24.1	28.7	29.5	34.1	38.8	43.4	48.0

FCF valuation	
Value in forecasting period	186
Continuing value	377
Total enterprise value	564
Net debt	57
Equity value	506
No. of shares (in mio)	14.0
Equity value per share	36

WACC	2017	TV
Tax rate	13.0%	19.0%
Cost of debt	2.3%	2.3%
Beta	0.9	0.7
Cost of equity	9.3%	7.8%
Debt/Equity	24.9%	0.0%
WACC	7.8%	7.8%
Perpetuity growth rate		1.5%

- Our top line estimates were in line with delivered results. On the other hand despite better than expected earnings in 1H17 we for now maintained our valuation unchanged – albeit this implies end 2017 earnings beat is likely.
- Note dividend payment was higher than anticipated for a similar amount.



WEIGHTING SCHEME & END COMMENTARY:

- Target price is set to EUR 38 per share, up from EUR 37. This warrants a buy recommendation.
- Given current multiples and stabile top-line history supplying above average growth we believe Luka Koper is a good infrastructure investment, with target price implying EV/EBITDA multiple of only 7.3x, P/E 11.1x and P/B of 1.56x for ROE at 14.0%. This price would also imply a dividend yield of 3.7%.
- Crucial long term catalyst is second railway tier project, which will enable, together with Luka Koper own CAPEX expansion projects, prolonged higher growth potential. Alternative scenario is that growth slows down after 2020 due to capacity restraints, albeit together with this, also CAPEX requirements. However its true that due to complexity of both scenarios, visibility (for calculations) is lower.

FCFF	Relative
50%	50%
EUR	EUR
36.0	40.0

Historic Financial Data

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in EURm	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Assets	366.4	461.2	556.6	531.7	502.3	478.3	463.4	443.6	452.6	464.5	490.0
Non-current assets	326.9	421.4	509.2	505.0	459.1	445.9	428.2	403.1	414.4	418.9	450.7
Current assets	39.4	39.5	44.7	25.7	42.7	31.8	33.6	38.8	38.2	45.7	39.3
Short term investment	16.3	8.6	10.7	3.2	0.8	0.7	3.3	0.7	4.2	0.3	0.1
Cash	0.6	2.0	7.9	0.6	0.7	1.0	1.6	3.2	5.9	12.6	5.8
Equity	294.9	340.7	311.1	247.4	244.1	240.8	249.3	259.2	286.3	306.3	332.0
Equity of non-controlling interests	1.9	2.9	3.5	0.4	0.0	0.1	0.1	0.1	0.2	0.2	0.2
Provisions	4.6	11.7	4.4	6.6	5.9	6.2	3.0	4.3	4.4	3.7	4.8
Non-current liabilities	45.3	17.9	105.3	48.0	161.2	158.7	138.4	138.2	114.1	101.3	99.1
Non-current financial liabilities	33.3	6.6	103.8	45.0	158.4	156.9	136.9	138.1	111.8	101.0	98.3
Current liabilities	15.2	90.5	127.8	220.9	83.4	65.1	61.8	28.9	34.6	36.6	37.5
Current financial liabilities	2.3	52.0	97.5	189.5	67.9	48.9	46.9	15.7	16.4	10.9	12.0

in EURm	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Sales revenues	101.9	119.0	133.3	113.8	125.2	141.0	141.7	144.2	163.6	184.3	199.5
Total Revenues	105.7	122.2	137.2	116.1	127.7	144.1	145.4	148.1	168.1	189.2	204.1
Cost of goods, materials and services	35.8	41.8	48.2	40.7	43.2	49.5	52.8	51.5	55.4	60.9	65.8
Labour costs	26.8	30.9	38.0	37.0	36.1	37.9	37.5	39.9	43.8	48.1	51.9
D&A plus impairments	14.7	16.8	19.6	35.5	28.3	27.7	30.1	37.5	28.5	29.5	28.5
Other operating expenses	9.0	9.4	7.7	11.1	6.0	6.6	5.7	7.0	7.1	8.3	8.6
EBITDA (w/o impairments)	34.1	40.2	43.2	27.3	42.5	50.1	49.3	49.7	61.8	72.0	77.8
Operating income	19.4	23.4	23.6	-8.2	14.2	22.4	19.2	12.2	33.4	42.4	49.3
Financial income	6.1	14.1	9.7	4.4	2.3	1.7	2.1	1.6	1.9	1.4	1.5
Financial expenses	2.1	3.8	16.9	68.4	19.8	22.2	8.2	7.1	4.0	7.4	2.0
Interest cost	1.3	2.3	7.0	8.2	8.6	8.0	6.0	4.4	3.9	3.2	1.9
EBT	23.4	33.7	16.4	-72.2	-3.3	1.9	13.1	6.6	32.0	37.8	50.8
Total taxes	2.7	2.8	-0.9	-5.6	-0.4	1.5	2.6	-1.1	2.9	5.4	6.4
Net profit / loss	19.9	30.9	17.2	-66.6	-2.9	0.4	10.5	7.7	29.1	32.4	44.4
Attributable to equity holders of the parent	19.2	30.1	16.9	-66.3	-2.9	0.5	10.5	7.8	29.1	32.4	44.4

CAPEX	-27.3	-85.6	-141.9	-106.1	-19.3	-19.8	-18.6	-14.8	-30.0	-37.4	-61.8
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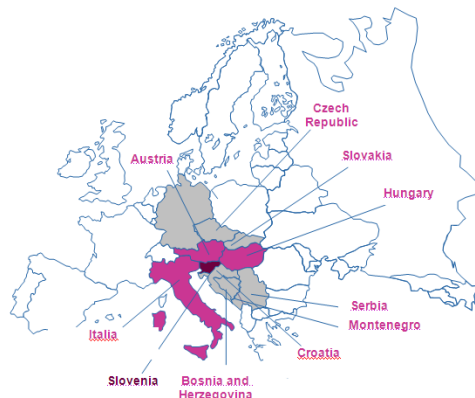
in EURm	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Gross margin	64.9%	64.9%	63.8%	64.2%	65.5%	64.9%	62.7%	64.3%	66.1%	67.0%	67.0%
EBITDA margin	33.5%	33.7%	32.4%	24.0%	33.9%	35.5%	34.8%	34.5%	37.8%	39.0%	39.0%
EBIT margin	19.0%	19.7%	17.7%	-7.2%	11.3%	15.9%	13.5%	8.5%	20.4%	23.0%	24.7%
Net margin	18.8%	25.3%	12.7%	-58.3%	-2.3%	0.3%	7.4%	5.4%	17.8%	17.6%	22.2%
Assets Turnover	0.28	0.26	0.24	0.21	0.25	0.29	0.31	0.33	0.36	0.40	0.41
ROA	5.2%	6.5%	3.0%	-12.5%	-0.6%	0.1%	2.3%	1.7%	6.4%	7.0%	9.1%
Assets to Equity	1.24	1.35	1.79	2.15	2.06	1.99	1.86	1.71	1.58	1.52	1.48
ROE	6.5%	8.8%	5.4%	-26.8%	-1.2%	0.2%	4.2%	3.0%	10.2%	10.6%	13.4%
Net debt / EBITDA	1.0	1.4	4.5	8.6	5.3	4.1	3.7	3.0	2.0	1.4	1.3
Debt to Assets	9.7%	12.7%	36.2%	44.1%	45.0%	43.0%	39.7%	34.7%	28.3%	24.1%	22.5%
Debt to Equity	0.12	0.17	0.65	0.95	0.93	0.85	0.74	0.59	0.45	0.37	0.33
TIE ratio	15.5	10.1	3.4	-1.0	1.6	2.8	3.2	2.8	8.6	13.4	26.0
NWC / Assets	2.5%	-2.1%	-0.8%	-2.1%	1.5%	1.5%	1.7%	2.7%	1.8%	1.5%	1.6%
Days inventory outstanding	0.0	0.1	0.2	0.1	0.1	0.0	0.0	0.0	3.1	4.9	4.5
Days receivable outstanding	80.0	88.3	71.1	65.7	67.0	59.8	58.5	64.0	57.6	63.2	59.5
Days payable outstanding	132.6	336.3	229.4	281.5	131.2	119.0	103.0	92.9	119.9	154.2	141.2
EBITDA - CAPEX	6.8	-45.4	-98.7	-78.8	23.2	30.3	30.7	34.9	31.9	34.6	16.0

Company & ALTA Description

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COMPANY DESCRIPTION:

- Slovenia's sole port which provides port and logistics services to the economically developed town of Koper and nearby region.
- Providing warehousing and cargo handling services for all types of goods, Luka Koper also serves Central and Eastern Europe.



OWNERSHIP STRUCTURE:

Republika Slovenia	51.0%
SDH d.d.	11.1%
KAD d.d.	5.0%
Municipality Koper	3.1%
Citibank (Fiduciary account)	1.5%

Source: KDD

RESEARCH REPORT:

Prepared by:

Matej Justin
Analyst / Asset Manager

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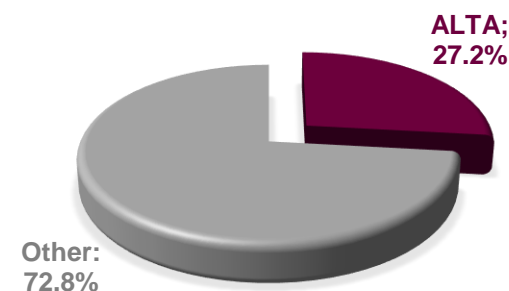
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- ✓ 38,300 brokerage clients with EUR 3.3 bn of assets.
- ✓ European Banking award: Best Broker & Best Asset Manager in 2015 and 2016.

TTM market share:



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Sašo Stanovnik, Head of research. On the day of the public release, the author of the recommendation did not held securities of the relevant issuer.

First release of the recommendation was performed on 13.4.2010.

Quarterly updates are planned for data, valuation, target price and recommendation.

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