

Signing annexes to agreements concluded with ArcelorMittal Group companies

Current Report No. 22/2017 of 30 June 2017

Legal basis (selected in ESPI):

Article 17 Section 1 of MAR – confidential information.

The Management Board of PKP CARGO S.A (“Company”, “PKP CARGO”) hereby reports the signing, on 30 June 2017, of annexes to the agreements concluded on 20 April 2011 by and between PKP CARGO and ArcelorMittal Group companies (ArcelorMittal Poland S.A., ArcelorMittal Warszawa Sp. z o.o. and ArcelorMittal Ostrava a.s), prevailing in the period from 1 July 2011 to 30 June 2017, as amended (Current Report No. 28/2014 of 28 April 2014).

The aforementioned agreements pertain to provision of freight rail transportation services by the Company to the business partners and the signed annexes extend their term till 30 June 2020. The value of the cooperation in the period from 1 July 2017 to 30 June 2020 is estimated at PLN 1,268,569.30 thousand.

The agreement with the highest value is the contract with ArcelorMittal Poland S.A. (“Agreement”); its value in the period from 1 July 2017 to 30 June 2020 is estimated at PLN 1,061,467.39 thousand.

The Agreement pertains to provision of freight rail transportation services by the Company to the business party.

The Agreement provides for the following contractual penalties:

If the transportation services performed in the given settlement period are below the declared level the Company is entitled to charge an extra fee of 30% of the product of the shortage of the freight volume and the average rate from the Agreement or extension of the Agreement for the time specified for performance of the transportation services. The Agreement provides for the possibility of transporting a freight volume that is lower than declared in the event of occurrence of objective premises specified in the Agreement.

Payment of the contractual penalties excludes the right to pursue claims for damages exceeding the amount of such penalties.

The terms and conditions of the amended Agreement do not deviate from those generally used in agreements of this type.

The conclusion of the Agreement is an element of implementation of the Company’s business assumptions and shows the increasing demand for the services provided by PKP CARGO, confirming the strengthening of the Company’s position in the market.

Legal basis: Article 17 Section 1 of Regulation (EU) No. 596/2014 of the European Parliament and of the Council on Market Abuse.