

## **Consent to draw down an obligation to purchase 936 flat wagons**

Current Report No. 16/2019 of 20 March 2019

*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 that on 20 March 2019 the PKP CARGO S.A. Supervisory Board gave consent to draw down an obligation through PKP CARGO executing a contract with Tatravagónka a.s. with its registered office in Slovakia, Poprad, Štefánikova 887/53, to deliver 936 new flat wagons to be used for intermodal transport with a performance deadline of 31 December 2022.

The object of this Contract covers the supply of 936 factory-new flat wagons designated to transport containers, including: (i) 324 wagons with a cargo length of 40’, (ii) 468 wagons with a cargo length of 80’ and (iii) 144 wagons with a cargo length of 90’.

The wagon supply timetable is as follows: (i) 2019: supply of 50 wagons; (ii) 2020: supply of 400 wagons; (iii) 2021: supply of 298 wagons; (iv) 2022: supply of 188 wagons.

The net/gross contract value will not exceed PLN 368,392,500.00. The deliveries contemplated by this contract will be made by an entity registered in Slovakia; accordingly, they are classified as intracommunity supply of goods subject to taxation at a VAT rate of 0%.

The Contract is in effect from the date of its execution until the end of the quality warranty period for the last supplied wagon.

The Contract contemplates contractual penalties payable to PKP CARGO by Tatravagónka a.s for the following reasons: (i) delays in supplying wagons, (ii) delays in the performance of warranty obligations and delays in the performance of obligations under the seller’s warranty, (iii) failure to adhere to the clauses of the Contract, (iv) termination of the license to take advantage of the documentation of the wagons, (v) withdrawal from the Contract for reasons attributable to Tatravagónka a.s.

The contractual penalties for withdrawal from the Contract for reasons attributable to Tatravagónka a.s. may not in total exceed 10% of the net value of the unrealized part of the subject matter of the Contract.

If the contractual penalties do not cover all the losses, then PKP CARGO will have the right to pursue damages in excess of the contractual penalties on general terms.

The other terms and conditions of the Contract are substantially similar to those generally used in contracts of this type.

The execution of this Contract is an important part of building the PKP CARGO S.A.’s strong and stable competitive position. One of PKP CARGO S.A.’s most important strategic objectives is to develop intermodal transport domestically and internationally with special emphasis on leveraging Poland’s location as a transit hub along the “New Silk Road”. The purchase of these wagons will enable PKP CARGO S.A. to continue the development of intermodal transport.

The purchase of wagons is a key investment in the project entitled “Flat wagons for intermodal transport”, which has received co-funding from the European Union’s aid funds under Measure 3.2 Development of Maritime Transport, Inland Waterways and Multimodal Connections, Priority Axis III of the Operational Program Infrastructure and Environment 2014-2020.

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