



PKP CARGO GROUP Q1 2022



Financial and operating results in Q1 2022



Group's business

Major cargo categories

- Coal 
- Aggregates 
- Intermodal 
- Metals & ores 
- Other 

Permits for independent transport activity



Other areas of the Group's business

-  Terminals – bulk cargo and container
-  Forwarding – rail, road, water transport, warehousing, transshipment, customs services
-  Rolling stock – inspections, repairs, rentals
-  Sidings – train formation, sidings traffic management
-  Reclamation – revitalization of post-industrial land

1,732
locomotives

55,819
wagons

25
terminals

9
countries, in which we carry out transport activities



Results of the PKP CARGO Group in 2022



Financial data Q1 2022

PLN 1,166.3 million
revenues from contracts with
customers

PLN 152.4 million
EBITDA

PLN -31.5 million
EBIT



Operational data Q1 2022

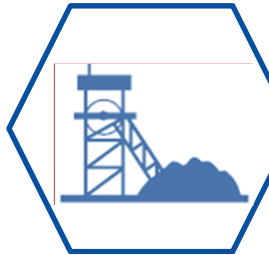
6,550 million tkm
of freight turnover

25.9 million tons
of freight volume

320.6 thousand tkm
of freight turnover per FTE



Situation in key cargo categories



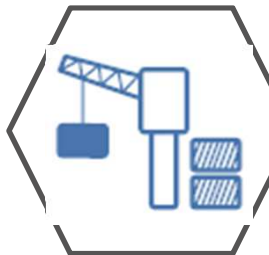
Solid fuels

- increase in coal transport services caused by the replenishment of the mandatory reserves in the storage facilities of power plants;
- greater hard coal imports via Poland's eastern border before the announced embargo on coal purchases from Russia;
- increased coal exports to Ukraine;
- decrease in the volume of transported coke on domestic and international routes;



Construction materials and aggregates

- stronger demand for construction stone due to the mild winter, enabling the transport of aggregates to supplement storage facilities and continue construction works on the A1, S7, S5 and S19 roads as well as other road construction projects and the upgrade of the E59, E75 rail lines and stations (including Warszawa Zachodnia);



Intermodal transport

- continued transport of semi-trailers as part of operator connections to Duisburg and from Lithuania to the Netherlands;
- continued shipments on the New Silk Road to Germany, the Czech Republic, Hungary and Italy, with a simultaneous decrease in the number of shipments due to the lockdown in China, the Chinese New Year and the military operations in Ukraine;
- decrease in the number of trains from and to ports due to modernization works currently in progress in the Tri-City area, ~~restraining the capacity of rail routes and extending travel time;~~



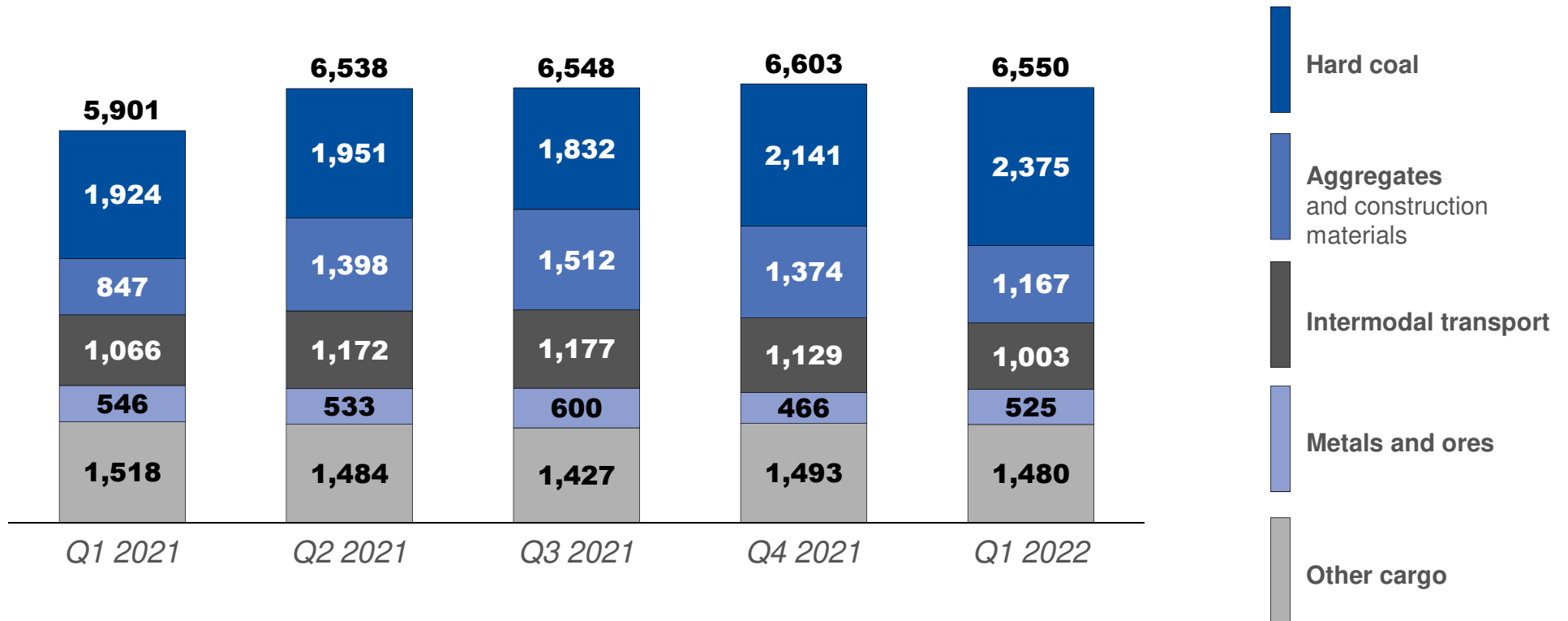
Metals and ores

- change in the directions of metal ore supplies to steel mills in Poland (from imports from Ukraine to imports through sea ports);
- decrease in the volume of transported metals due to the lower steel output and the suspension of production in areas affected by the hostilities in Ukraine;
- increased transport of metal ores in transit to the Czech Republic;



Structure of transport of key cargo categories

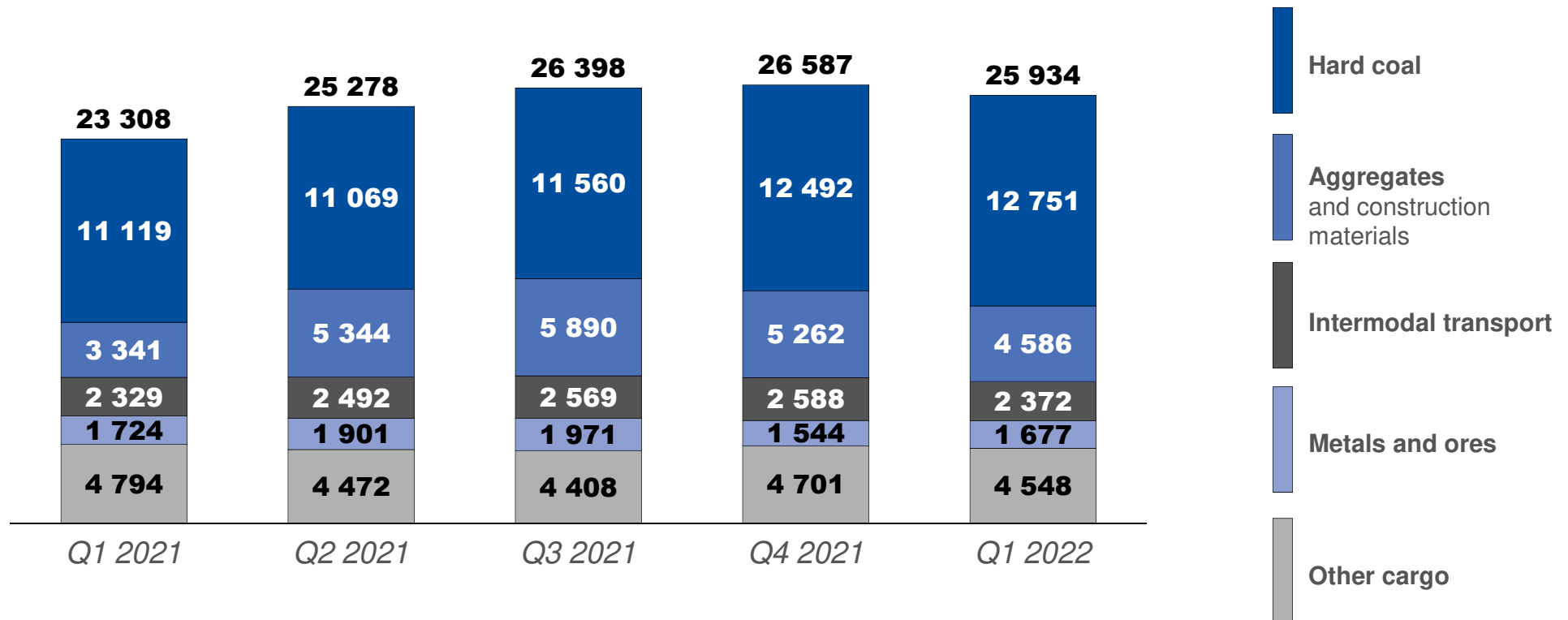
PKP CARGO GROUP'S FREIGHT TURNOVER
Q1 2021 – Q1 2022
million tkm





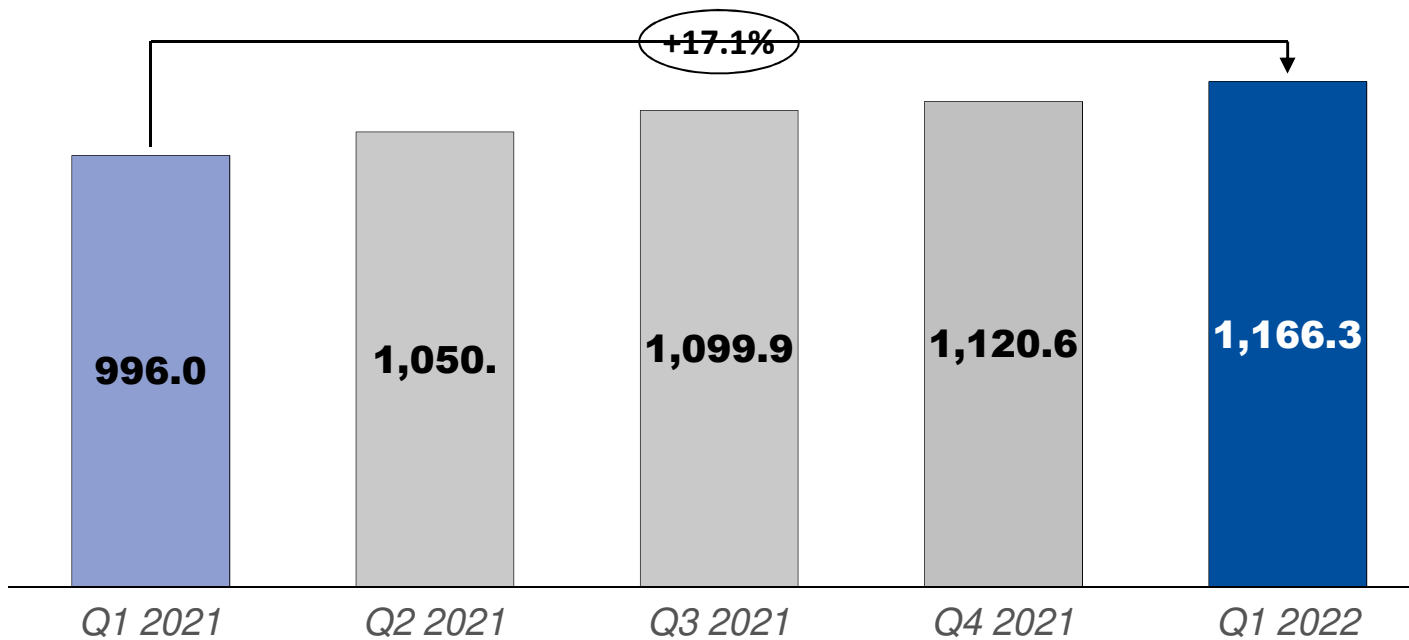
Structure of transport of key cargo categories

PKP CARGO GROUP'S FREIGHT VOLUME
Q1 2021 – Q1 2022
thousand tons





Revenues of the PKP CARGO Group from contracts with customers from Q1 2021 to Q1 2022 mln PLN



In Q1 2022, revenues were affected chiefly by:

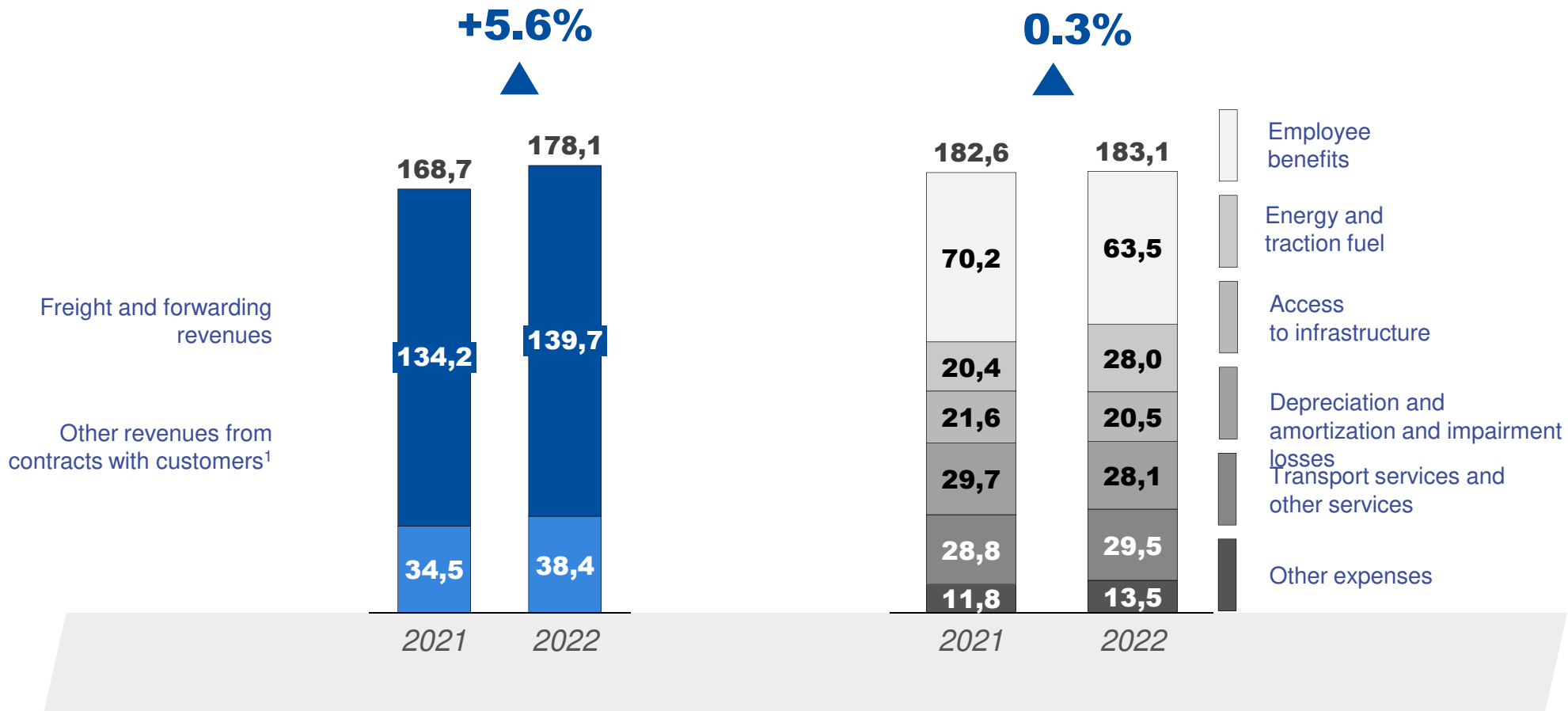
- increased demand for transport services associated with improved business conditions
- increased revenues from contracts with customers:
 - from transportation and forwarding services,
 - from siding and traction services
 - from sales of materials
- increase in freight volume and freight turnover by 11.3% and 11,0%, respectively



Unit costs and revenues of the PKP CARGO Group

PKP CARGO GROUP'S UNIT REVENUE
PLN / thousands tkm

PKP CARGO GROUP'S UNIT COSTS
PLN / thousands tkm

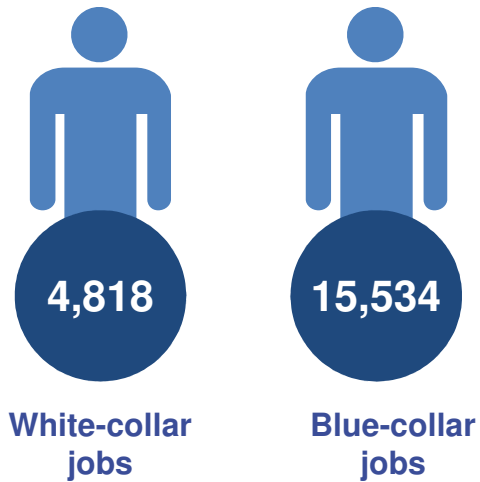


¹ Revenues from contracts with customers, excluding revenues on rail transportation and freight forwarding services

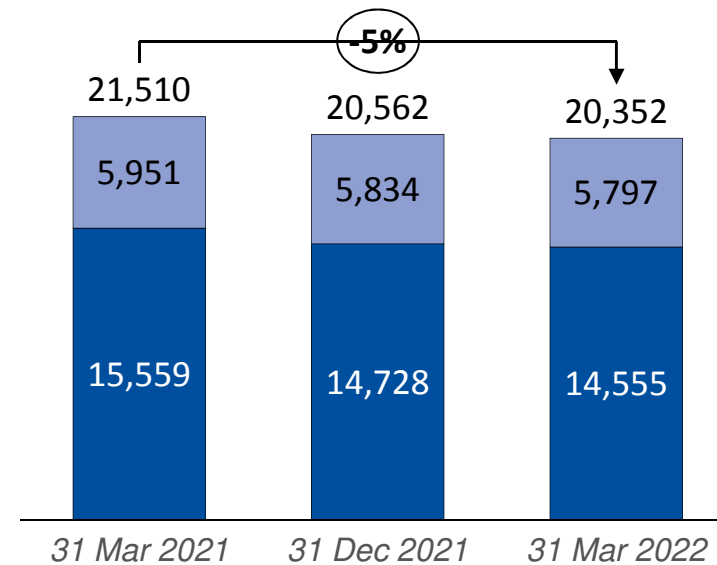


Structure and level of employment in the PKP CARGO Group

NUMBER OF PERSONS EMPLOYED BY THE PKP CARGO GROUP



As at 31 March 2022

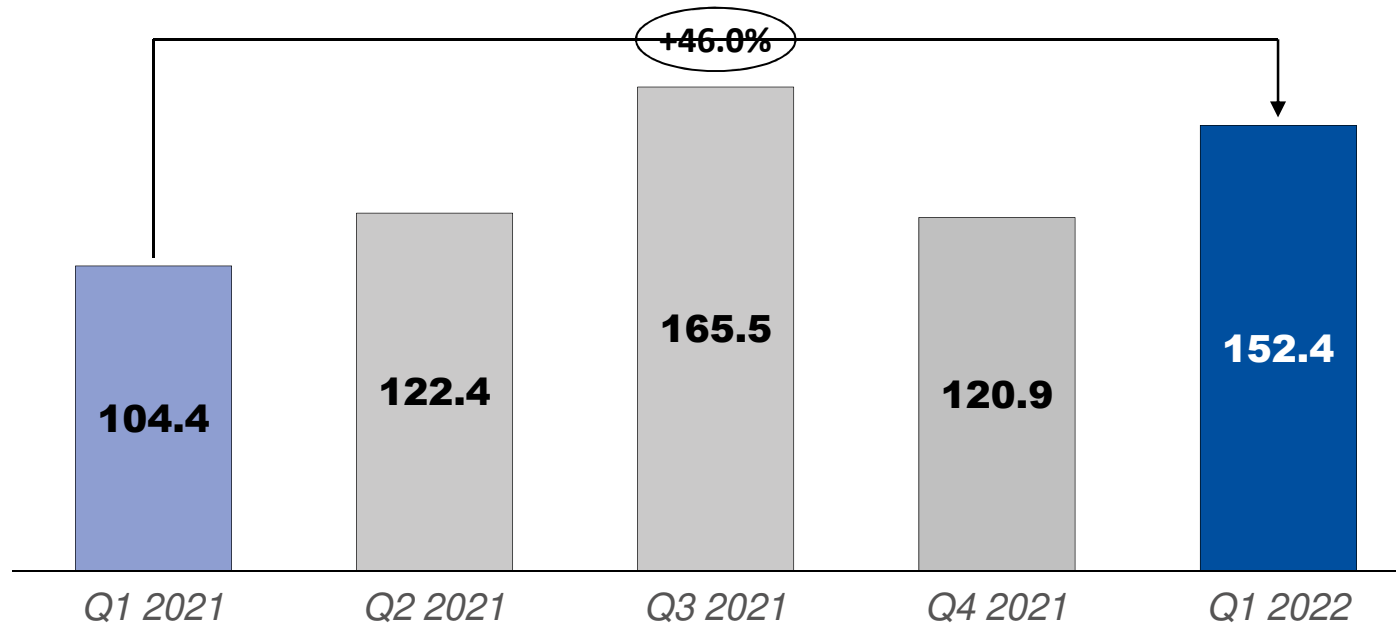


Group companies
PKP CARGO S.A.



EBITDA from Q1 2021 to Q1 2022

EBITDA OF THE PKP CARGO GROUP
from Q1 2021 to Q1 2022
PLN million



Key EBITDA drivers in Q1 2022:

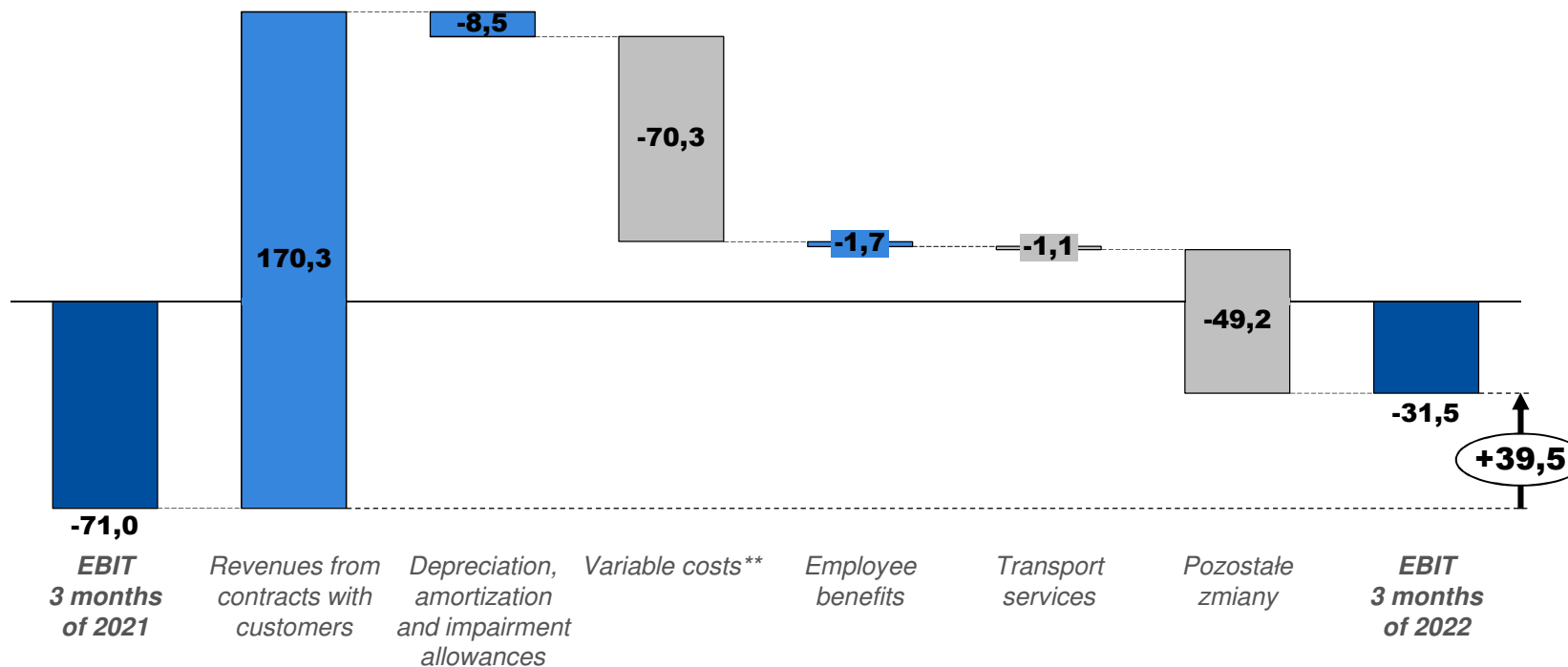
- an increase in revenues from contracts with customers (+ PLN 170.3m) with a simultaneous increase in unit freight rates
- increase in variable costs (consumption of electricity and traction fuel and infrastructure access services) by 28.4% (PLN -70.3m) associated with an increase in wholesale energy prices and fuel prices on the global markets coupled with an increase in the quantum of transport services;
- other changes (PLN -52.0m), caused by, among other factors, an increase in rents and fees for the use of real properties and rolling stock, an increase in the costs of land reclamation services and an increase in the value of materials sold, and consumption of electricity, gas and water as well as non-traction fuel;



The PKP CARGO Group increases revenue on competitive market environment

COMPONENTS OF THE CHANGE IN OPERATING PERFORMANCE OF THE PKP CARGO GROUP

Q1 2022 vs. Q1 2021



* Variable costs are the costs of: traction fuel, traction energy and access to infrastructure



The Group has a stable balance sheet structure and secured funding sources

KEY BALANCE SHEET ITEMS

PLN million	31 Dec 2021	31 March 2022
Fixed capital	5 874	5 735
Non-current assets	6 459	6 492
Coverage ratio ¹	0,91	0,88
Total debt	4 573	4 549
Total debt ratio	0,60	0,60

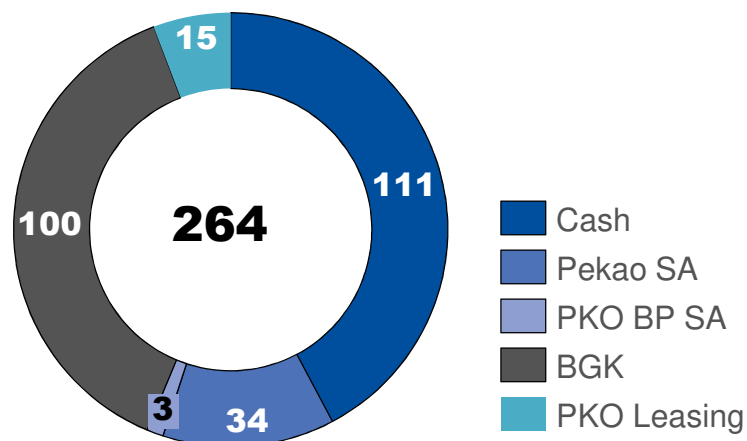
FINANCIAL RATIOS

	Q1 2021	Q1 2022
ROA2	-2.4%	-2.7%
ROE3	-6.0%	-6.7%
EBITDA margin ⁴	10.3%	12.9%

AVAILABLE FUNDING SOURCES

As at 31 March 2022

PLN million



1. Calculated as the ratio of total equity and non-current liabilities to non-current assets
2. Calculated as the ratio of net result for the last 12 months to total assets
3. Calculated as the ratio of the net result for the last 12 months to equity
4. Calculated as the ratio of the operating result plus depreciation and amortization (EBITDA) to total operating revenue

Appendices



PKP CARGO Group's freight turnover in Q1 2022-2021



FREIGHT TURNOVER						
[million tkm]	Q1 2022	Q1 2021	Change	% change	Share in 2022	Share in 2021
Solid fuels, including:	2,821	2,395	426	17.8%	43%	41%
<i>hard coal</i>	2,375	1,924	452	23.5%	36%	33%
Aggregates and construction materials	1,167	847	320	37.7%	18%	14%
Metals and ores	525	546	-21	-3.9%	8%	9%
Chemicals	545	542	3	0.5%	8%	9%
Liquid fuels	179	160	19	11.9%	3%	3%
Timber and agricultural produce	204	229	-25	-10.8%	3%	4%
Intermodal transport	1,003	1,066	-63	-5.9%	15%	18%
Other	106	116	-10	-8.3%	2%	2%
Total	6,550	5,901	648	11.0%	100%	100%
FREIGHT VOLUME						
[million tons]	Q1 2022	Q1 2021	Change	% change	Share in 2022	Share in 2021
Solid fuels, including:	14.16	12.73	1.43	11.3%	55%	55%
<i>hard coal</i>	12.75	11.12	1.63	14.7%	49%	48%
Aggregates and construction materials	4.59	3.34	1.25	37.3%	18%	14%
Metals and ores	1.68	1.72	-0.05	-2.7%	6%	7%
Chemicals	1.57	1.61	-0.04	-2.7%	6%	7%
Liquid fuels	0.51	0.47	0.04	8.3%	2%	2%
Timber and agricultural produce	0.68	0.65	0.03	5.1%	3%	3%
Intermodal transport	2.37	2.33	0.04	1.8%	9%	10%
Other	0.37	0.45	-0.08	-17.2%	1%	2%
Total	25.93	23.31	2.63	11.3%	100%	100%

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	3 months ended 31 March 2022	3 months ended 31 March 2021
Revenues from contracts with customers	1,166.3	996.0
Operating expenses		
Consumption of electricity and traction fuel	(183.5)	(120.2)
Infrastructure access services	(134.5)	(127.5)
Transport services	(85.4)	(84.3)
Other services	(108.1)	(85.9)
Employee benefits	(416.1)	(414.4)
Other expenses	(88.1)	(69.7)
Other operating revenue (and expenses)	1.8	10.4
Operating profit before depreciation and amortization (EBITDA)	152.4	104.4
Depreciation, amortization and impairment allowances	(183.9)	(175.4)
Profit / (loss) on operating activities (EBIT)	(31.5)	(71.0)
Financial revenue (and expenses)	(25.1)	(15.6)
Share in the profit / (loss) of entities accounted for under the equity method	1.1	1.4
Profit / (loss) before tax	(55.5)	(85.2)
Income tax	7.9	13.9
NET PROFIT / (LOSS)	(47.6)	(71.3)
OTHER COMPREHENSIVE INCOME		
Measurement of hedging instruments	(5.6)	(3.3)
Income tax	1.1	0.6
Exchange differences resulting from conversion of financial statements of foreign operations	20.6	11.4
Total other comprehensive income subject to reclassification to profit or loss	16.1	8.7
Total other comprehensive income	16.1	8.7
TOTAL COMPREHENSIVE INCOME	(31.5)	(62.6)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION - ASSETS

	31/03/2022	31/12/2021
ASSETS		
Rolling stock	4,307.3	4,241.6
Other property, plant and equipment	884.1	893.4
Right-of-use assets	999.2	1,030.7
Investments in entities accounted for under the equity method	35.6	36.7
Trade receivables	5.0	4.2
Lease receivables	8.4	8.5
Other assets	39.0	40.5
Deferred tax assets	213.6	203.1
Total non-current assets	6,492.2	6,458.7
Inventories	148.8	164.6
Trade receivables	682.1	611.7
Lease receivables	0.6	0.6
Income tax receivables	4.8	4.5
Other assets	113.5	103.1
Cash and cash equivalents	111.3	254.5
Total current assets	1,061.1	1,139.0
Non-current assets classified as held for sale	5.2	15.7
TOTAL ASSETS	7,558.5	7,613.4

CONSOLIDATED STATEMENT OF FINANCIAL POSITION – EQUITY AND LIABILITIES

EQUITY AND LIABILITIES	31/03/2022	31/12/2021
Share capital	2,239.3	2,239.3
Supplementary capital	771.7	771.7
Other items of equity	(80.3)	(75.8)
Exchange differences resulting from conversion of financial statements of foreign operations	163.1	142.5
Retained earnings / (Accumulated losses)	(84.7)	(37.1)
Total equity	3,009.1	3,040.6
Debt liabilities	1,997.6	2,090.3
Trade payables	4.2	2.3
Investment commitments	95.5	111.8
Provisions for employee benefits	527.3	529.1
Other provisions	7.4	7.0
Deferred tax liability	93.8	93.3
Total non-current liabilities	2,725.8	2,833.8
Debt liabilities	629.7	473.9
Trade payables	588.2	639.0
Investment commitments	179.5	221.4
Provisions for employee benefits	142.3	127.3
Other provisions	24.8	23.3
Other liabilities	259.1	254.1
Total current liabilities	1,823.6	1,739.0
Total liabilities	4,549.4	4,572.8
TOTAL EQUITY AND LIABILITIES	7,558.5	7,613.4

CONSOLIDATED CASH FLOW STATEMENT

	3 months ended 31 March 2022	3 months ended 31 March 2021
Cash flows from operating activities		
Profit / (loss) before tax	(55.5)	(85.2)
Adjustments		
Depreciation, amortization and impairment allowances	183.9	175.4
(Profit) / loss on the sale and liquidation of non-financial non-current assets		
Foreign exchange (gains)/losses		
(Profits) / losses on interest, dividends	19.4	12.7
Interest received / (paid)	0.4	0.3
Income tax received / (paid)	(3.4)	(1.4)
Movement in working capital	(108.7)	(43.9)
Other adjustments	1.5	(0.1)
Net cash from operating activities	37.6	57.8
Cash flows from investing activities		
Expenditures on the acquisition of non-financial non-current assets	(258.1)	(179.4)
Proceeds from the sale of non-financial non-current assets	27.2	17.2
Proceeds from dividends received		
Other proceeds / (expenditures) from investing activities	0.2	0.4
Net cash from investing activities	(230.7)	(161.8)
Cash flows from financing activities		
Expenditures on leases	(42.2)	(34.9)
Proceeds from drawn down loans / credit facilities	163.5	24.3
Repayment of loans/ credit facilities	(77.5)	(72.8)
Interest paid on leases and loans/borrowings	(18.9)	(12.0)
Subsidies received	25.1	17.9
Other expenditures concerning financing activities	(0.9)	(1.0)
Net cash from financing activities	49.1	(78.5)
Net increase / (decrease) in cash and cash equivalents	(144.0)	(182.5)
Cash and cash equivalents at the beginning of the reporting period	254.5	306.0
Impact of FX rate movements on the cash balance in foreign currencies	0.8	1.1
Cash and cash equivalents at the end of the reporting period, including:	111.3	124.6
restricted cash	39.4	32.7