

Financial and operating results of the PKP CARGO Group for 6M 2022

Warsaw, 26 August 2022

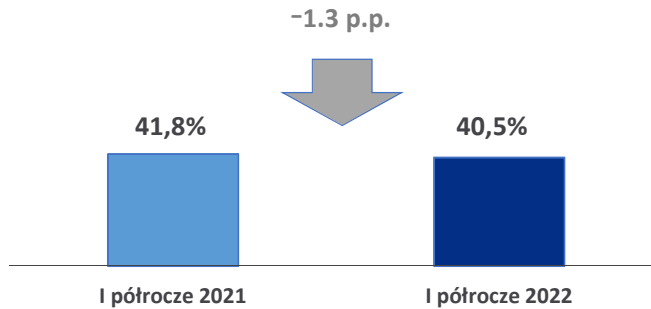


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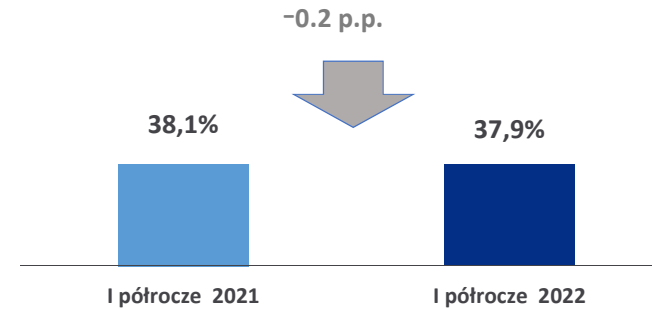
| | | |
|---|---|---|
| ✓ | ✓ | ✓ |
| <p>MARKET SHARE (Office of Rail Transport)</p> <p>40.5% measured by freight turnover (-1.3 p.p. yoy)</p> <p>37.9% measured by freight volume (-0.2 p.p. yoy)</p> | <p>EBITDA</p> <p>PLN 372 m 64% yoy profitability of 15%</p> | <p>CAPEX</p> <p>PLN 379 m -17% yoy</p> |
| <p>REVENUES FROM CONTRACTS WITH CUSTOMERS</p> <p>PLN 2,452 m 20% yoy</p> | <p>NET RESULT</p> <p>PLN -42 m +87 million yoy</p> | <p>OPEX</p> <p>PLN 2,447 m +12% yoy</p> |

PKP CARGO Group's market position

PKP CARGO Group's share of the Polish market
by freight turnover

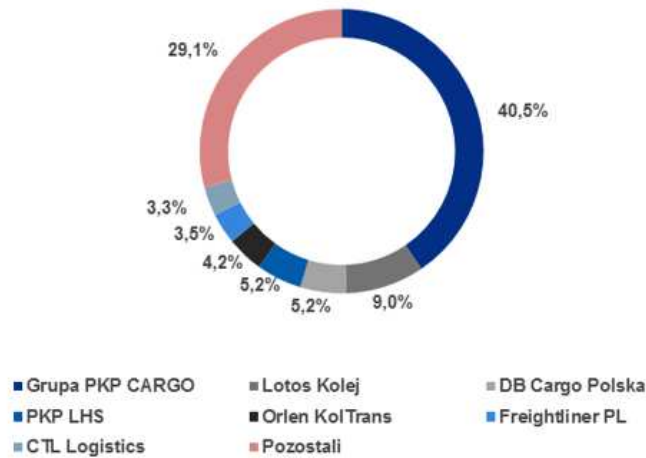


PKP CARGO Group's share of the Polish market
by freight volume



PKP CARGO Group's share of the Polish market

by freight turnover



UTK data for the Polish market for 6M 2022

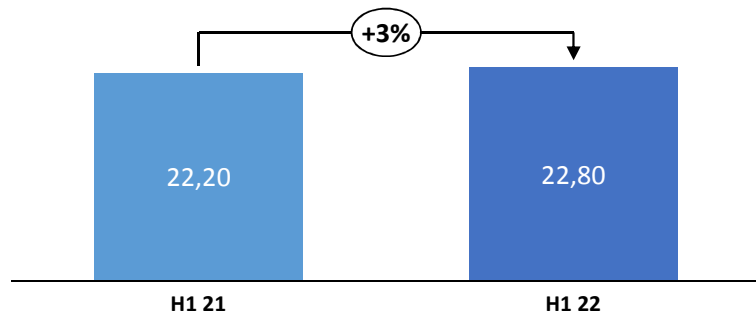
- **freight volume in rail transport**
125.0 million tons (+7.0% yoy)
- **freight turnover**
30.4 billion tkm (+14.4% yoy)
- **average haul**
243 km (+16 km)

Statistics Poland data for 6M 2022

- **hard coal**
43.5 million tons (+1.5% yoy)
- **aggregates, stone, sand and gravel**
22.6 million tons (+7.1% yoy)
- **petroleum refinery products**
9.6 million tons (+14.2% yoy)

Hard coal

Freight volume carried by the PKP CARGO Group in 2021-2022 (million tons)

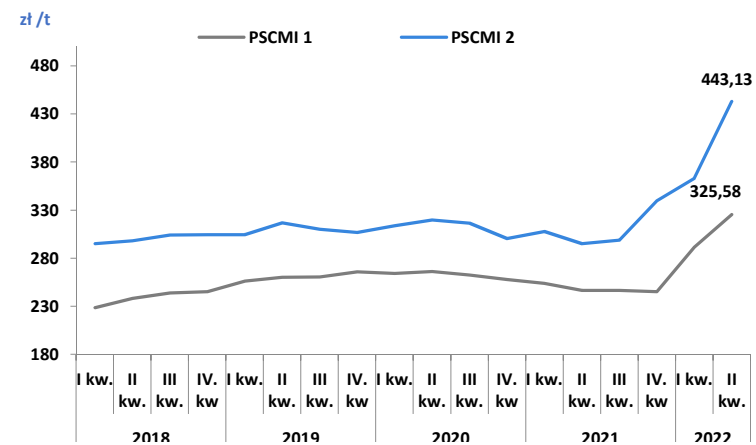


- Ban on the import and transit of coal (and coke) from the Russian Federation and Belarus due to the war
- Planned increase in transport volumes for PGE Paliwa and Węglokoks (+5.0 million tons) to June 2023
- Stronger demand for hard coal



- Strong increase in coal prices on the Polish coal market
- Expansion of the logistics chain along new distribution routes
- Reversal of trends in the national energy mix

Chart of current and historical values of coal price indices on the Polish market: power industry (PSCMI 1) and heating sector (PSCMI 2)

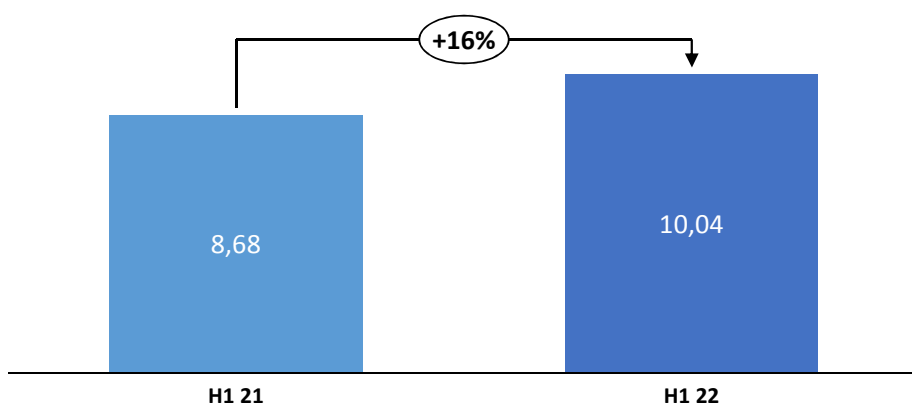


Source: Proprietary material based on the Industrial Development Agency's data



Aggregates and construction materials

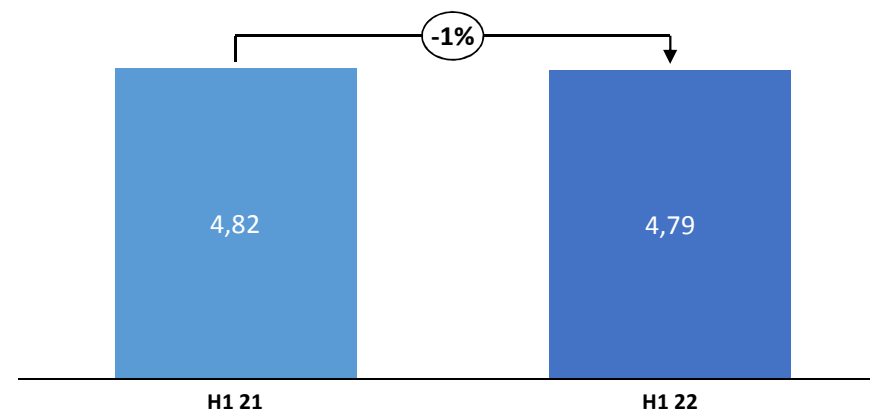
Freight volume transported by the PKP CARGO Group in 6M 2022 and 2021 (million tons)



- Government-funded investment projects – road and rail programs (National Railway Program)
- Continuing favorable situation in construction projects
- Growth in construction and assembly output in Poland by 12.0% yoy (Statistics Poland data)



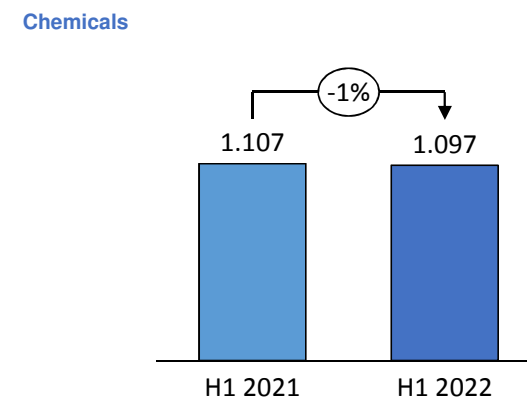
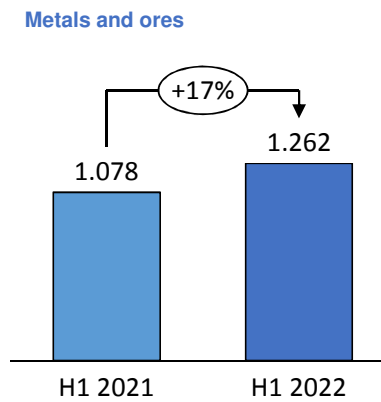
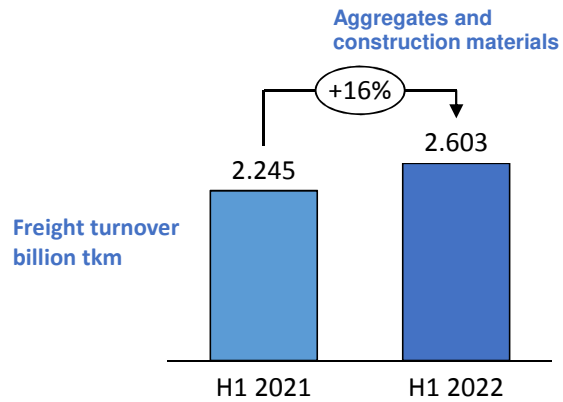
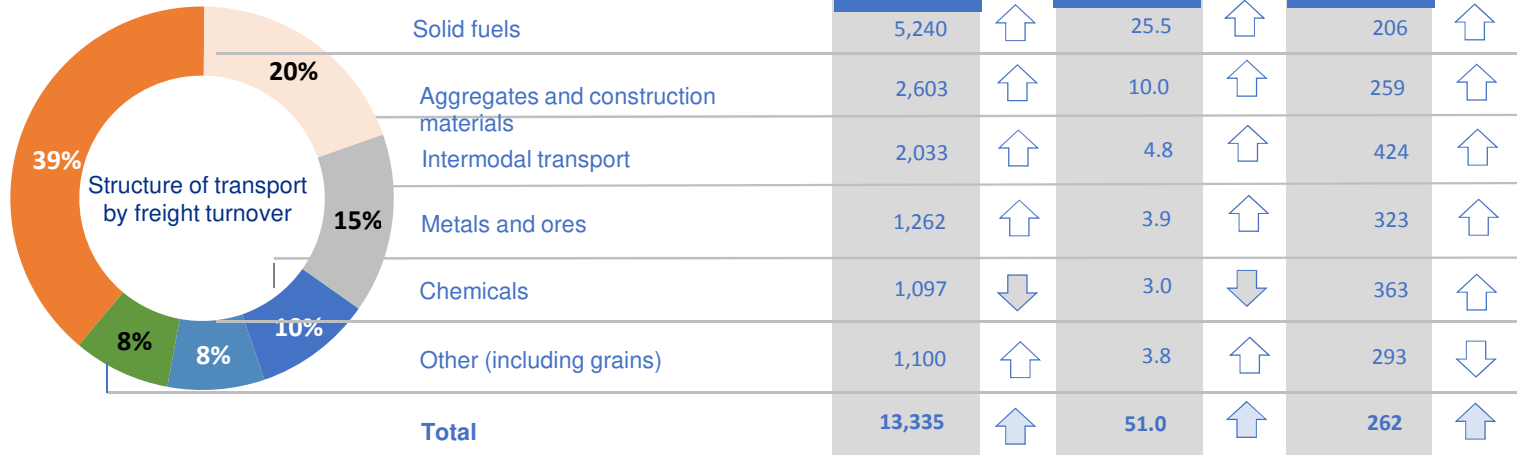
Intermodal transport



- Lower volume of traffic on the New Silk Road by approx. 50% as a result of the war in Ukraine
- Redirection from the East to alternative directions of intermodal transport

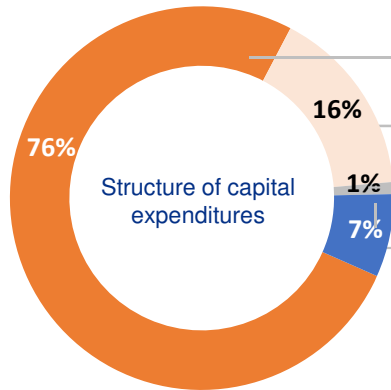
Structure of transport

Structure of transport by freight turnover for 6M 2022



Capital expenditures

Structure of capital expenditures for 6M 2022 and 2021



| | 6M 2022 | 6M 2021 | Change yoy | Change % yoy |
|--|--------------|--------------|--------------|---------------|
| Procurement, repairs and inspections of wagons | 287.2 | 234.2 | +53.0 | -22.6% |
| Upgrades, repairs and inspections of locomotives | 62.2 | 151.6 | -89.4 | -59.0% |
| ICT development | 1.7 | 6.3 | -4.6 | -73.0% |
| Other ¹⁾ | 27.7 | 65.9 | -38.2 | -58.0% |
| Total | 378.8 | 458.0 | -79.2 | -17.3% |

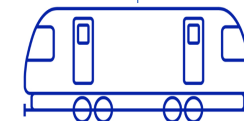
¹⁾ Other investments include expenditures on right-of-use assets, investment construction, machinery, equipment and workshop devices.

Wagons



54,139

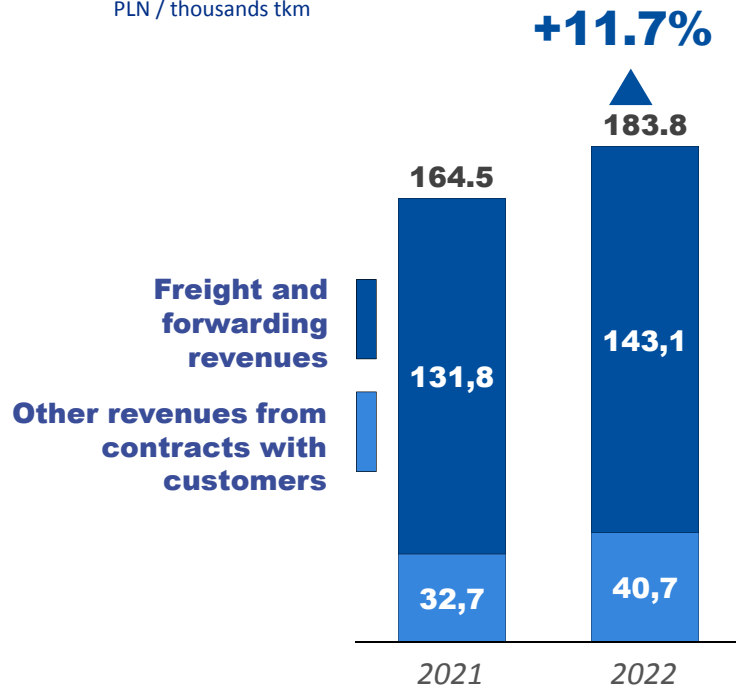
Locomotives



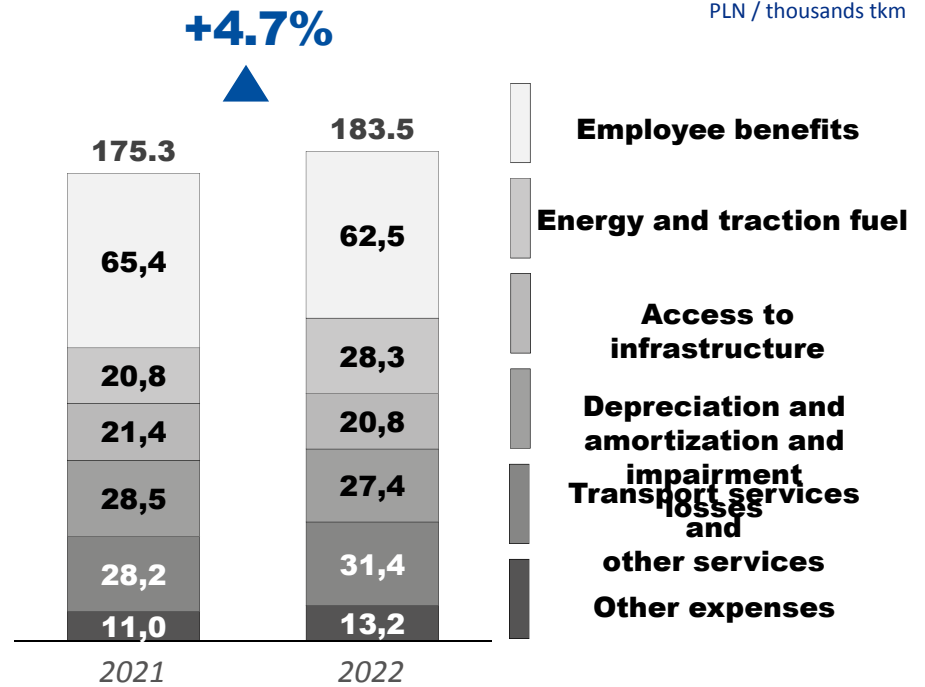
1,722

Unit revenues and expenses

PKP CARGO Group's unit revenues
for 6M 2022 and 2021
PLN / thousands tkm



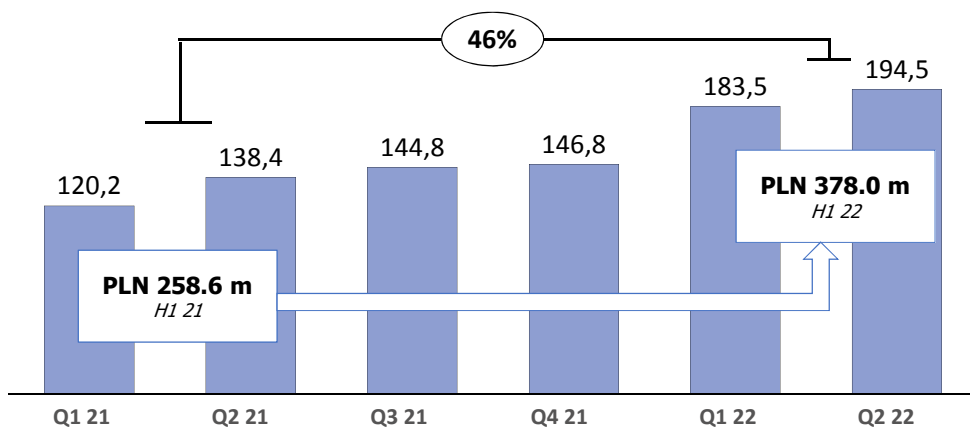
PKP CARGO Group's unit expenses
for 6M 2022 and 2021
PLN / thousands tkm



Energy and fuel costs

- Increase in variable costs (consumption of electricity and traction fuel and infrastructure access services) in H1 by 24.8% associated with an increase in wholesale energy prices and fuel prices

Energy and traction fuel costs in 2021 and 2022 in PLN million

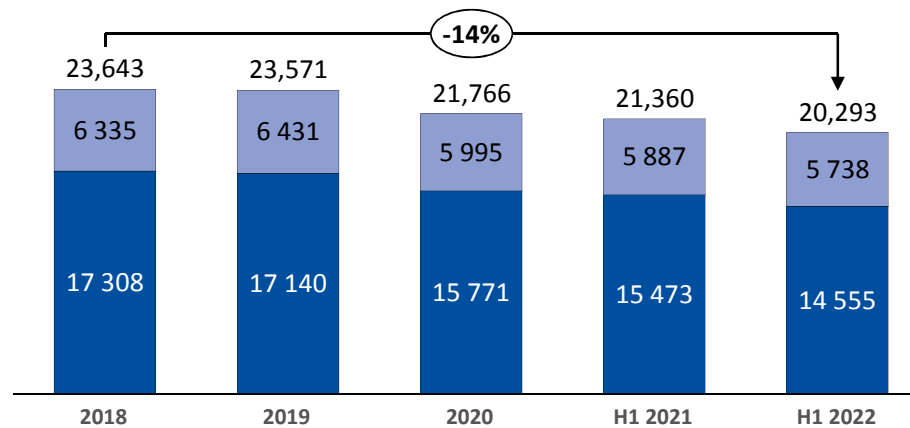


Payroll expenses

- Agreement with the trade unions (PKP CARGO S.A.) – expected effect in H2: approx. PLN 80 million
- Headcount down by 3.3 thousand staff since 2018

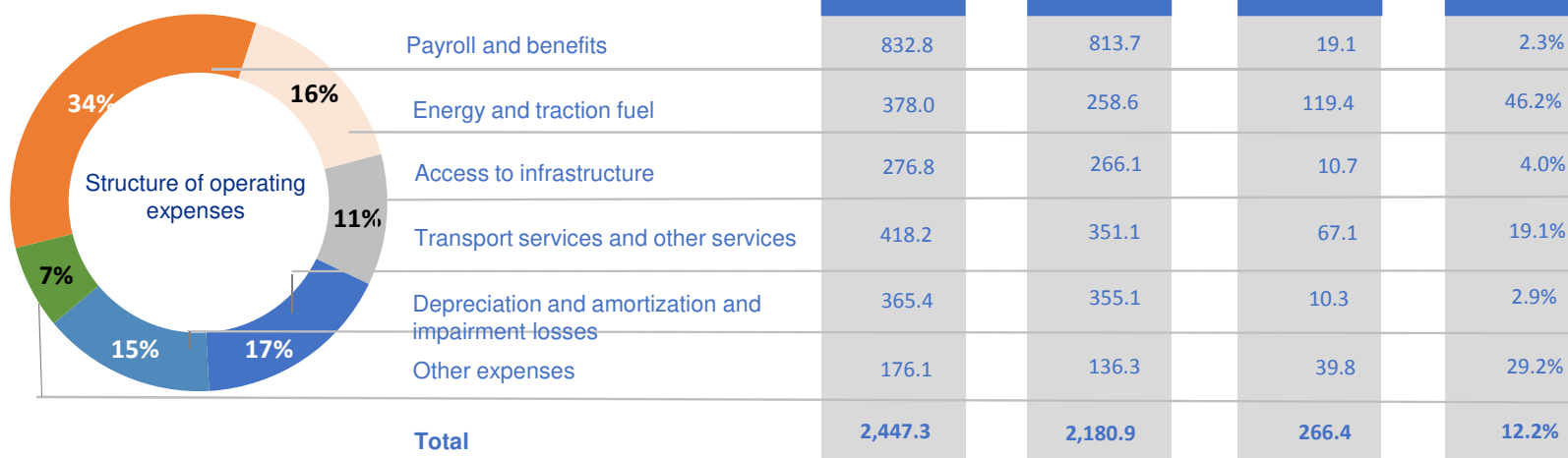
Headcount in 2018-2022 (persons)

■ Group companies ■ PKP CARGO S.A.



Operating expenses and selected financial ratios

Structure and movement in operating expenses in 6M 2022
PLN m



Selected financial ratios for 6M 2022 and 2021

| Ratio | H1 2022 | H1 2021 |
|---------------|---------|---------|
| EBITDA margin | 15% | 11% |
| ROA | -1.8% | -2.2% |
| ROE | -4.5% | -5.3% |
| ROS | -1.7% | -6.4% |

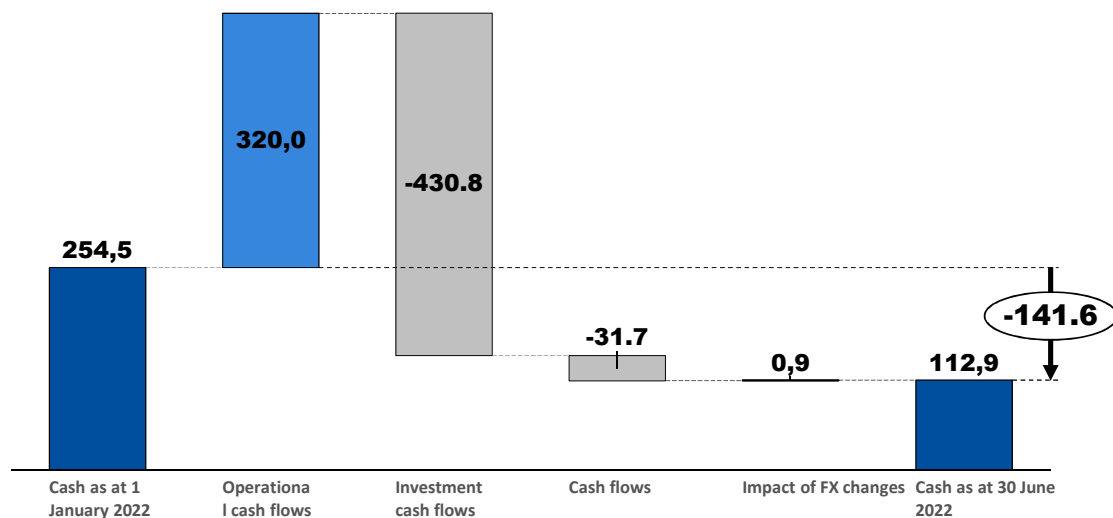
- Increase in depreciation and impairment losses resulting from higher capital expenditures (including expenditures on rolling stock) in 2021
- Increase in costs of transport services and other services by PLN 67.1 million, caused by, among other factors, an increase in fees for the use of real properties and rolling stock
- Increase in other costs caused by an increase in the cost of goods and materials sold and an increase in the consumption of non-traction electricity, gas and water

Cash flows

☐ cash flows on operating activity

- gross loss of PLN 46.9 million
- depreciation, amortization and impairment allowances (PLN 365.4 million)
- negative cash flows resulting from movement in working capital (PLN 79.7 million)

Cash flows in 6M 2022
PLN m



| Cash flows | H1 | | change |
|-------------|---------|---------|--------|
| | 2022 | 2021 | |
| Operational | 320.0 | 190.7 | +129.3 |
| Investing | - 430.8 | - 371.7 | - 59.1 |
| Financial | - 31.7 | - 16.7 | - 15.0 |

☐ cash flows on investing activity:

- expenditures on the acquisition and proceeds on the sale of non-financial non-current assets (PLN 467.8 million and PLN 33.6 million, respectively)

☐ cash flows on financial activity

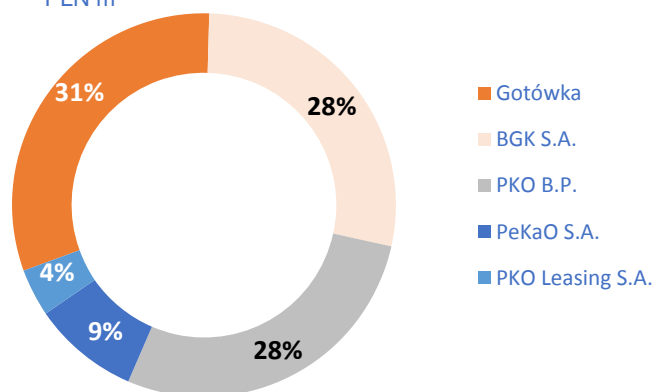
- repayment of loans and leases with interest: PLN 262.2 million
- proceeds from drawn-down loans (PLN 169.5 million) and obtained grants (PLN 63.0 million)

Structure of capital and available sources of financing

Structure of equity and liabilities
PLN m



Available financing sources as at 30 June 2022
PLN m



| Type of loan | Bank | 30/06/22 |
|----------------------|------------------|--------------|
| Cash | | 112.9 |
| Overdraft facilities | BGK S.A. | 100.0 |
| Overdraft facilities | PKO B.P. | 99.2 |
| Overdraft facilities | PeKaO S.A. | 31.9 |
| Leasing facility | PKO Leasing S.A. | 15.2 |
| TOTAL | .. | 359.2 |

Key growth directions

| | | |
|---|----------------------------------|--|
| ✓ | Commercial area | <ul style="list-style-type: none">▶ Improved quality of customer service (CMS)▶ Search for new freight volumes▶ Development of commercial offering and expansion of terminals |
| ✓ | Operational area | <ul style="list-style-type: none">▶ Alignment of resources with market requirements▶ Optimization of the execution of freight transport processes▶ Optimization of train crew work processes |
| ✓ | Financial area | <ul style="list-style-type: none">▶ Balancing of capital expenditures with financial results generated▶ Improvement in cash flows▶ Divestment of the Group's non-working assets |
| ✓ | Directions of development | <ul style="list-style-type: none">▶ Development of the PKP CARGO Group Strategy▶ Strengthening of the Group's position in Europe (North-South corridor)▶ International logistics group▶ Human capital |

Key investments of the PKP CARGO Group

Karsznice



- Increased volumes of cargo handled along the North-South corridor (Three Seas Initiative)
- Tapping into the potential of PKP CARGO Group companies
- Strengthening the Group's position on the international market

Paskov



- Located near the Polish-Slovak border near important industrial zones on the north-south logistic corridor from the Baltic Sea to the Adriatic Sea (Gdańsk – Koper)
- Storage capacity: 4,800 TEU, storage and maneuvering space: 70,000 m²
9 reloading cranes for containers and trailers. The adjacent railway station has 9 tracks, the longest of which is 610 m
- Reloading of containers, semi-trailers and swap bodies, possibility of short and long-term storage of containers



Q&A session



Układamy logistykę



For additional information, please contact the Management Board Office
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