

# PKP CARGO Group financial and operational results

for 2022



Warsaw, 5 April 2023







## > Agenda

- **Results summary**
- Operational results
- Financial results
- Key development areas

# > PKP CARGO Group results 2022

## Strong financial results

Revenues from contracts with customers

**5 390 mn PLN**

+26% y/y



Net profit

**148 mn PLN**

+373 mn PLN y/y

CAPEX

**776 mn PLN**

-15% y/y

EBITDA

**1 066 mn PLN**

+108% y/y

profitability 20%

OPEX


**5 055 mn PLN**

+12% y/y



# > PKP CARGO Group key areas

Growth in all areas of business activities

 	<b>COMMERCE</b>	<b>IMPROVEMENT AND GROWTH OF SALES</b> BK16 <ul style="list-style-type: none"><li>■ Improvement in clients service (CMS)</li><li>■ Intensive commercial growth and acquisitions of new clients</li><li>■ Development of commercial offers – new, complex services</li><li>■ Infrastructure growth, terminals construction</li></ul>
 	<b>OPERATIONS</b>	<b>SUPPLY CHAIN RECONFIGURATION – AGILITY AND FLEXIBILITY</b> <ul style="list-style-type: none"><li>■ Adapting resources to market environment</li><li>■ Optimization of freight transport processes</li><li>■ Increasing efficiency of traction teams work</li></ul>
 	<b>FINANCE</b>	<b>COSTS OPTMIZATION</b> <ul style="list-style-type: none"><li>■ Adjusting investments to financial capacity of the Group</li><li>■ Improvement in cash flows</li><li>■ Disinvestment in the Goup's idle rolling stock and assets</li></ul>
 	<b>EMPLOYEMENT</b>	<b>EMPLOYMENT POOL AND POTENTIAL GROWTH</b> <ul style="list-style-type: none"><li>■ Numerous trainings and workshops for employees – almost 180 ths hours of workshops, including 477 ths hours for train drivers</li><li>■ Competitive remunerations in challenging market conditions</li></ul>



**BK16**

customer service?

Bruliński Krzysztof; 2023-04-04

## > Success pillars 2022



Revenue improvement due to market adjustment for freight rates



Development of cooperation in 7 countries: Lithuania, Slovakia, Slovenia, Austria, Czechia, Germany and the Netherlands



Coal contracts - strategic importance for energy security in 2022



Agreement with the employees that ended the collective dispute



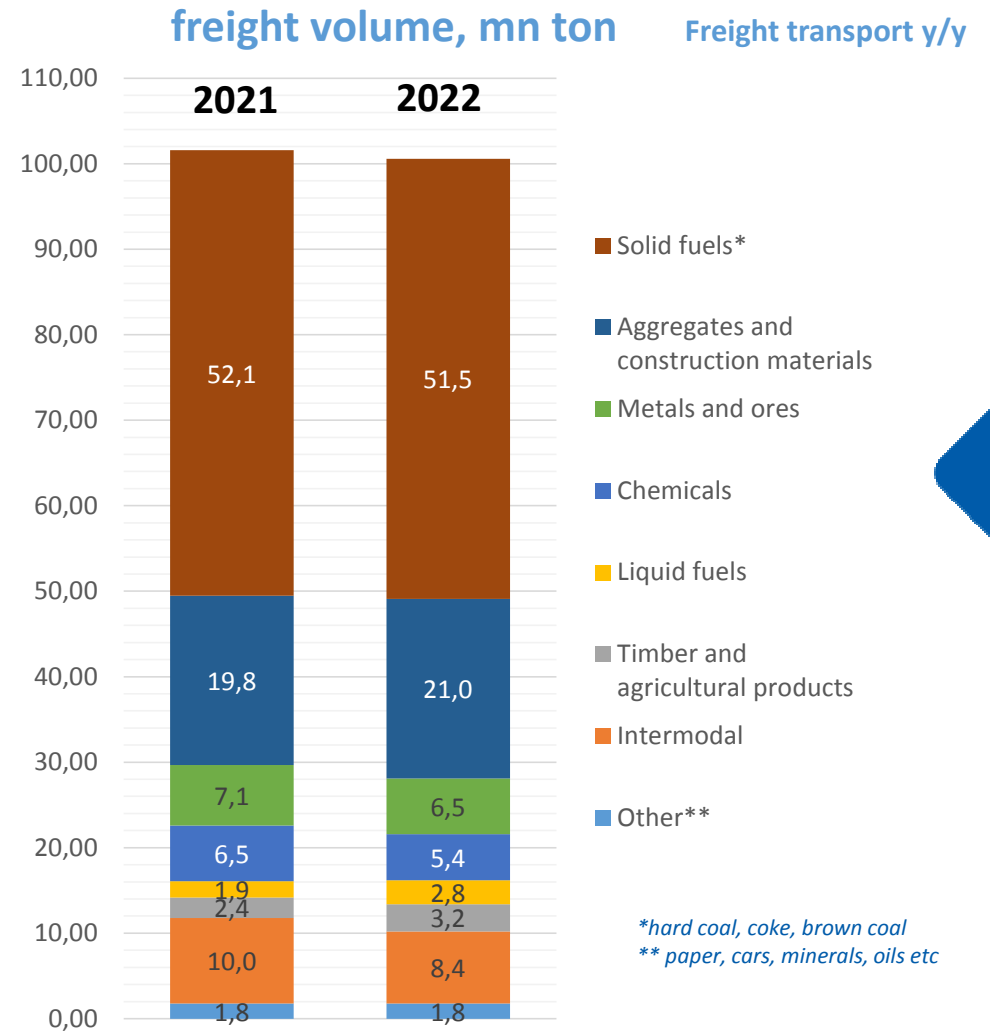
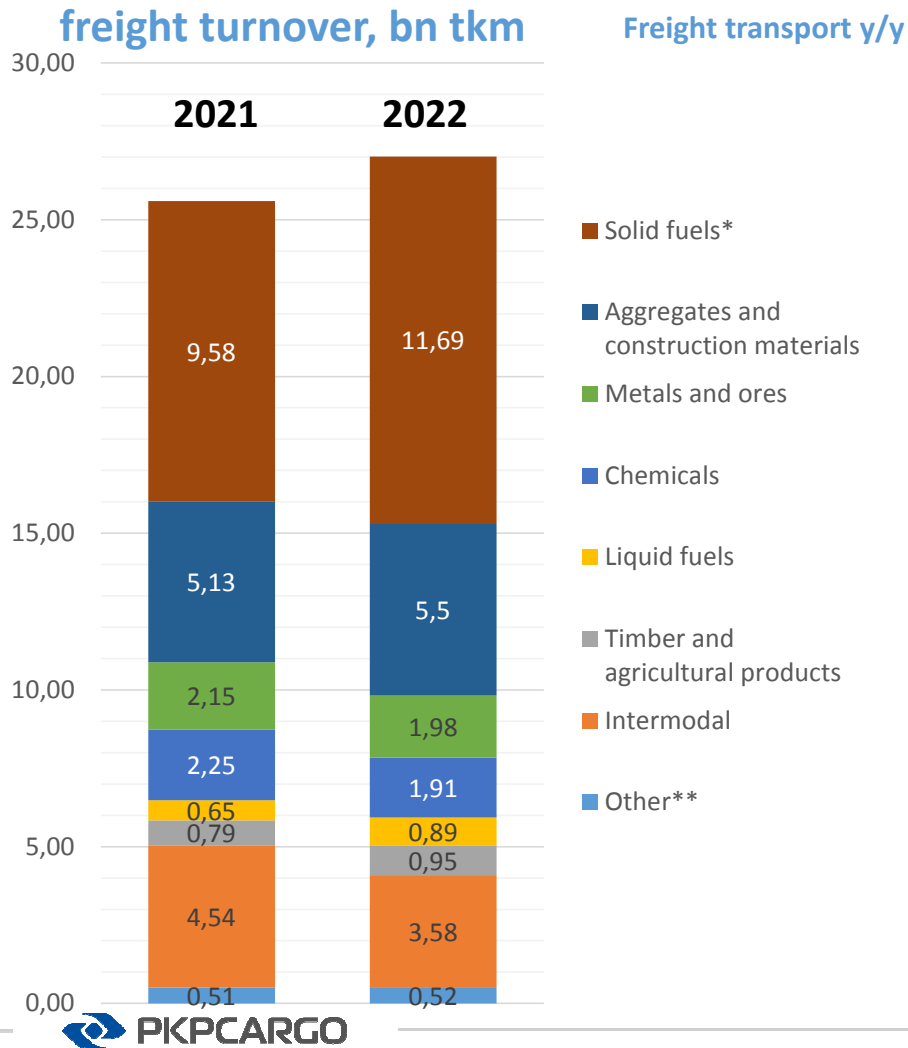


 PKP CARGO

## > Agenda

- Results summary
- **Operational results**
- Financial results
- Key development areas

# Freight turnover growth, stable freight volume



The presentation contains rounding of numbers, applied for easier reading purposes. It may cause insignificant deviations in the presented data.



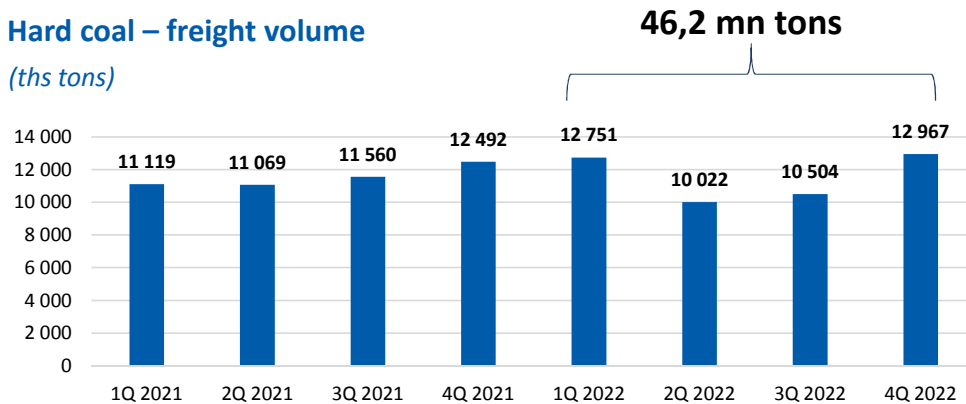


# > Hard coal transport

## We provide energy safety

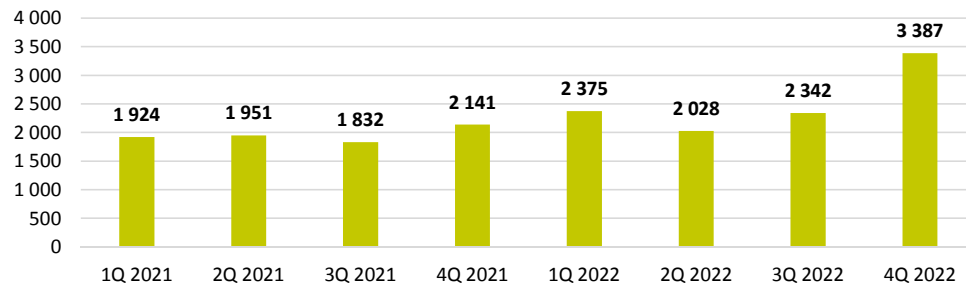
### Hard coal – freight volume

(ths tons)



### Hard coal transport – freight turnover

(mn tkm)



- As of April there has been embargo imposed on transports from Russia and Belarus
- Solid fuels freight volume has been steady in 2022 compared to previous year
- Increase of hard coal transport was observed in Q1 and Q2 of 2022 due to replenishments of reserves in power and heating plants
- Steelworks has decreased orders for coke due to both domestic and international slump in steel market demands
- There has been observed shift in direction of coal transport. Due to embargo on Russia and Belarus, the coal is shipped from marine ports which is reflected in higher freight turnover and average distance.

## Slajd 8

---

**BK17**    kosmetyk  
Bruliński Krzysztof; 2023-04-04

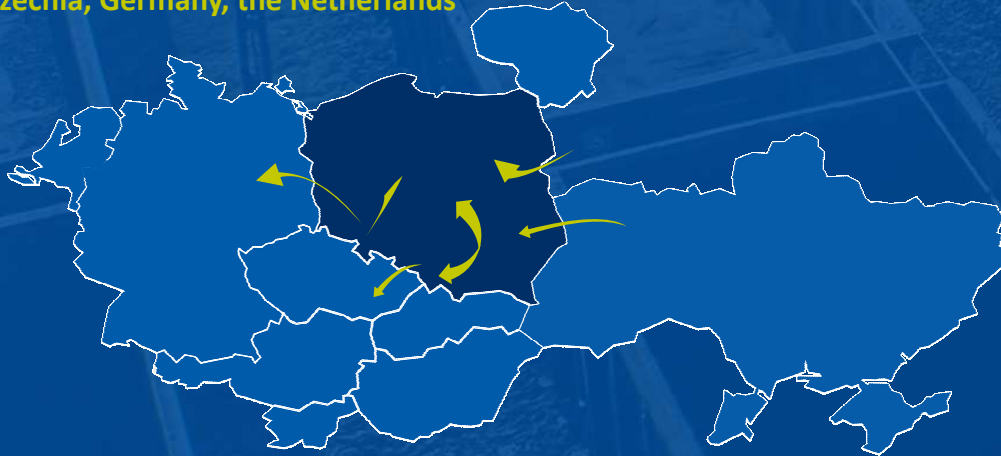
**BK18**    embargo  
Bruliński Krzysztof; 2023-04-04



## > Aggregates and construction materials – PKP CARGO Group

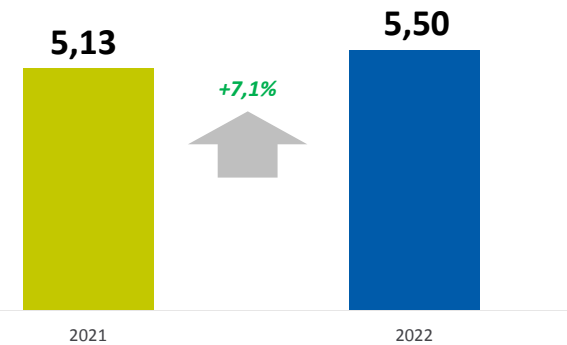
- Catching up on transports due to be completed in 2021
- Increased demand for construction materials due to intensified building works of roads, bridges and other infrastructural investments;
- Increased demand for limestone from German combined heat and power plans and Czech steelworks.
- Increased transports of cement clinker.

Main transport routes: Poland, Lithuania, Slovakia, Slovenia, Austria, Czechia, Germany, the Netherlands

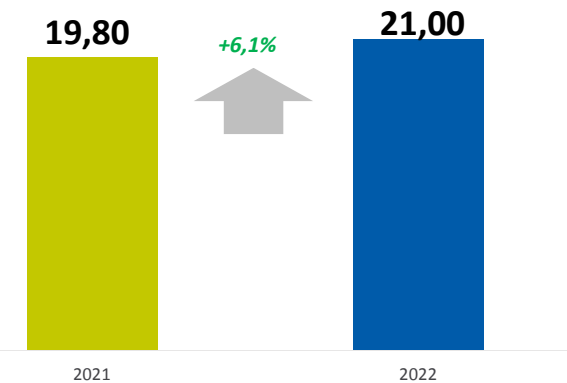


### Aggregates and construction materials

Freight turnover, bn tkm



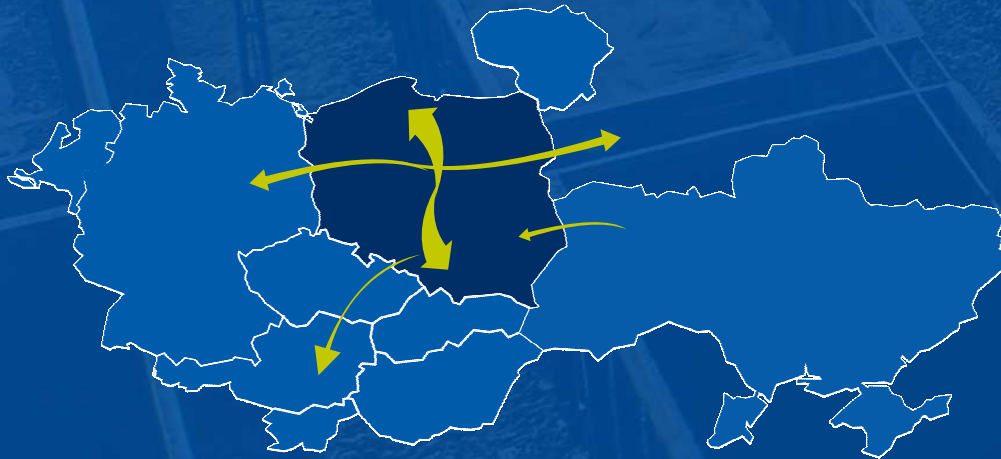
Freight volume, mn tons



## > Intermodal – PKP CARGO Group

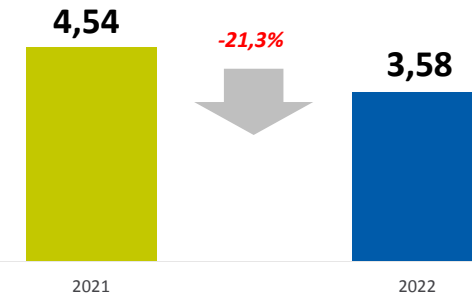
- Difficulties in infrastructure capacity due to ongoing repairs and modernizations of train tracks in Gdańsk and Gdynia area. Coal transports were given higher priority in order to secure energy provision **BK19**
- Inefficient infrastructure in terms of transports to and from Ukraine.
- embargo introduced on freight transports from Russia and Belarus as of April;
- Decline in transports on New Silk Road – lack of locomotives and train drivers on German and Dutch routes **BK20**
- Increase in transports **BK21** on route Gliwice – Piacenza, intermodal transports from marine ports Gdańsk and Gdynia.

**Main transport routes: Ukraine, Germany, Belarus**

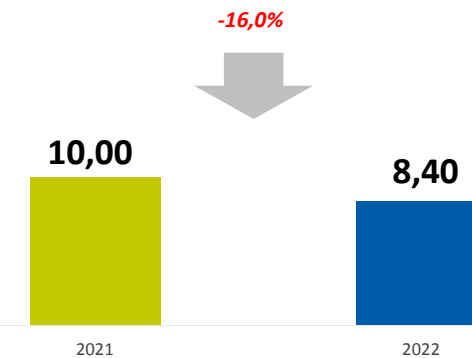


### Intermodal

Freight turnover, bn tkm



Freight volume, mn tons



## Slajd 10

---

- BK19** supply  
Bruliński Krzysztof; 2023-04-04
- BK20** wlk litera  
Bruliński Krzysztof; 2023-04-04
- BK21** transports (literówka)  
Bruliński Krzysztof; 2023-04-04

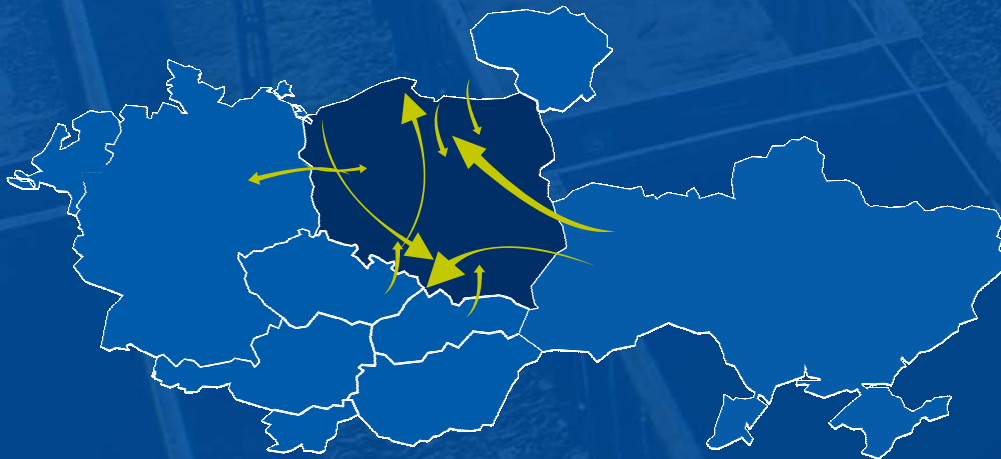


## > Metals and ores – PKP CARGO Group

BK22

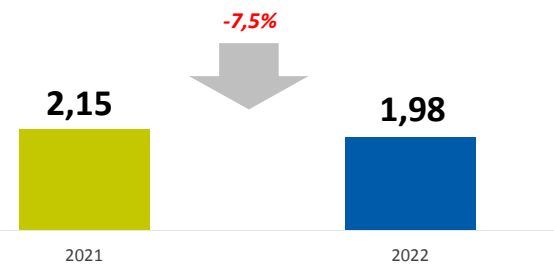
- Domestic and international slowdown in steel demand reflected in decrease of metals and ores transport. Poland in the past imported raw steel and steel products from Russia, Ukraine and Belarus. Ukraine was also the main source for iron ore;
- a slight increase in transit of ores to Czechia,
- increase in pyrite transports from Ukraine to marine ports and to Czechia,

Main transport routes: Ukraine, Germany, Slovakia

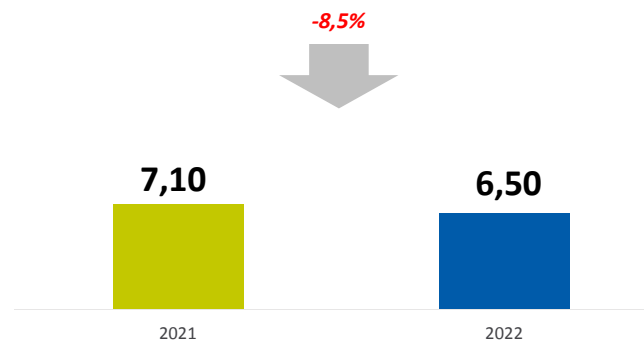


### Metals and ores

Freight turnover, bn tkm



Freight volume, mn tons



**BK22**

**łącznie**

Bruliński Krzysztof; 2023-04-04



## > Agenda

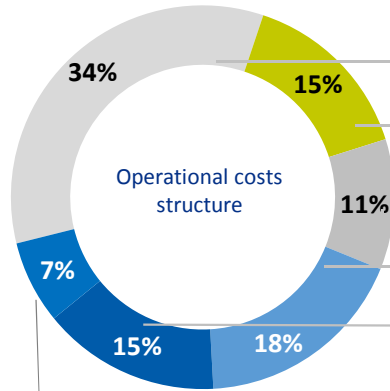
- Results summary
- Operational results
- **Financial results**
- Key development areas



## > Operating costs in challenging market environment

### Operating costs - structure and change 2022

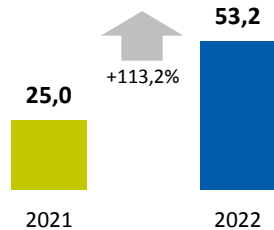
mn PLN



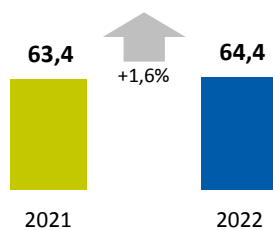
	2021	2022	y/y	% y/y
Employee benefits	1 622,05	1 738,4	116,4	7,2%
Consumption of traction electricity and traction fuel	550,2	762,5	212,3	38,6%
Access to infrastructure costs	530,0	562,5	32,5	6,1%
Transport and other services*	764,6	899,2	134,6	17,6%
Depreciation, amortization and impairment losses	722,0	733,0	11,0	1,5%
Other expenses**	309,1	359,5	50,4	16,3%
<b>Total</b>	<b>4 497,9</b>	<b>5 055,1</b>	<b>557,2</b>	<b>12,4%</b>

13

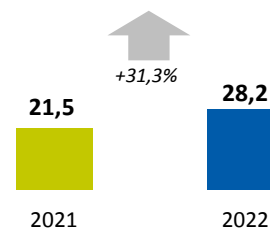
#### EBITDA per employee (ths PLN/employee)



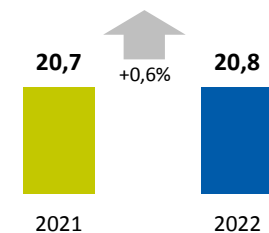
#### Employee benefits (PLN/ths tkm)



#### Traction electricity and fuel (PLN/ths tkm)



#### Access to infrastructure costs (PLN/ths tkm)



## > Employment in PKP CARGO Group



**PKP CARGO GRUOP  
EMPLOYMENT (HEADCOUNT)**  
AS OF:

31/12/2022	<b>20 038</b>
31/12/2021	20 562
31/12/2020	21 766



**BLUE -COLLAR POSITIONS  
GROUP (HEADCOUNT)**  
AS OF:

31/12/2022	<b>15 271</b>
31/12/2021	15 754
31/12/2020	16 687

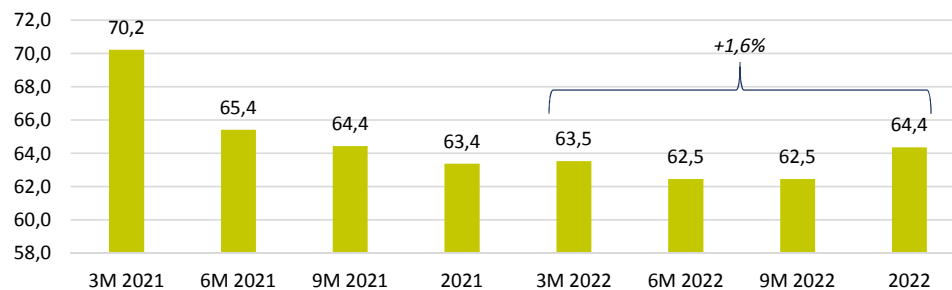


**WHITE - COLLAR POSITIONS  
GROUP (HEADCOUNT)**  
AS OF:

31/12/2022	<b>4 767</b>
31/12/2021	4 808
31/12/2020	5 079

### Employment costs per freight turnover

*Employment costs (PLN/ ths tkm)*



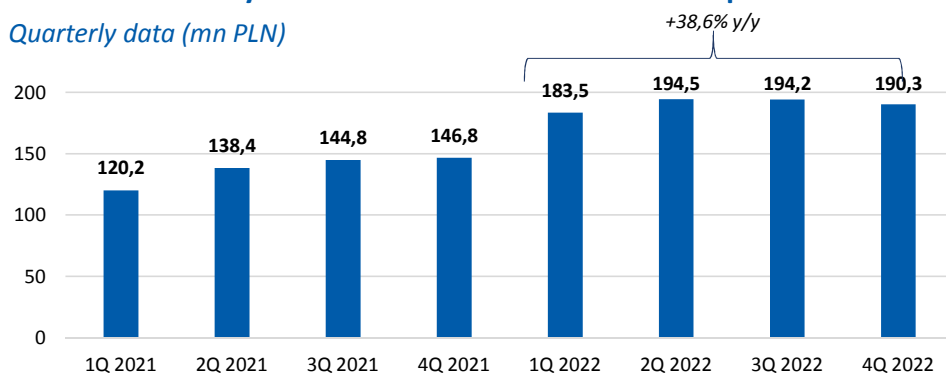
## Ensuring full operational efficiency

- retirement;
- technical optimization of some processes allowing to decrease employment;
- market environment and limited availability of highly qualified employees;
- long time needed to hire and train manual workers for freight cargo sector.

## > Consumption of traction electricity and traction fuel

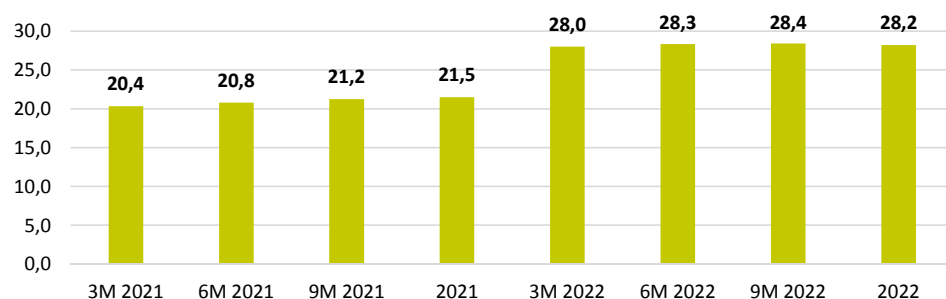
### Traction electricity and fuel costs in PKP CARGO Group

Quarterly data (mn PLN)



### Traction electricity and fuels costs per freight turnover

(PLN/ths tkm)



## Traction electricity and fuel consumption

- PKP CARGO Group has observed growth in freight turnover which has a direct impact on costs of used energy. By negotiating a new contract for Energy with PKP Energetyka our goal was to mitigate the impact on customers
- Variable costs such as traction electricity, fuel and infrastructure access costs have increased by 39% y/y. It is a direct consequence of global trends on energy and fuel markets.



# PKP CARGO Group - CAPEX Investing in modern rolling stock

Rolling stock structure in numbers  
PKP CARGO Group



Train cars

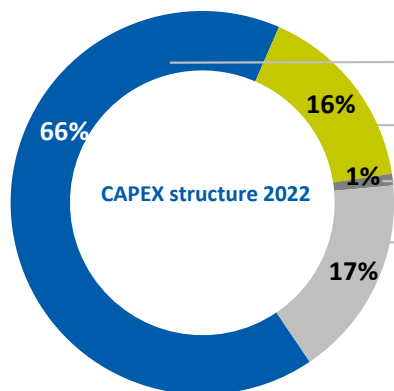
53 459



Locomotives

1 547

CAPEX structure 2022 (mn PLN)



	2021	2022	y/y	% y/y
Purchases, periodic repairs and maintenance of train cars	510,1	510,4	0,3	+0,1%
Modernization and periodic repairs and maintenance of locomotives	215,3	125,6	- 89,7	-41,6%
IT	12,8	5,1	-7,7	-60,2%
Other <sup>1) 2)</sup>	170,1	135,1	-35,0	-20,6%
<b>Total</b>	<b>908,3</b>	<b>776,2</b>	<b>-132,1</b>	<b>-14,5%</b>

1) Other investments include i.a.: rights to assets use, construction of buildings, train locomotives purchases, machines and workshops equipment

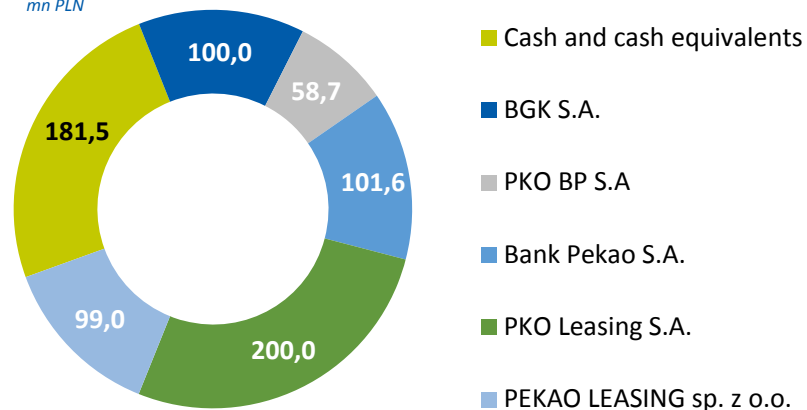
2) Rights to assets use do not include leasing on rolling stock and machines and equipment, in 2022 it amounted to 16,7 mn PLN, in 2021 - 101,0 mn PLN.

# > Cash flows, liabilities and funding sources

## Improvement of financial structure

### Available funding source as of 31.12.2022

mn PLN



### Liabilities structure

mn PLN

	31.12.2021	31.12.2022
Long-term	2.833,8	2.344,6
Short-term	1.739,0	2.082,7
<b>Total</b>	<b>4.572,8</b>	<b>4.427,3</b>

Ratio	2021	2022
EBITDA margin	11,9%	19,6%
ROA	-3,0%	1,9%
ROE	-7,4%	4,6%
ROS	-5,2%	2,7%

### Cash flow

mn PLN

Cash flow	2021	2022	change
Operational	699,8	1 018,4	318,6
Investing	- 645,6	- 772,9	- 127,3
Financial	-106,4	- 319,5	- 213,1



## > Agenda

- Results summary
- Operational results
- Financial results
- **Key development areas**

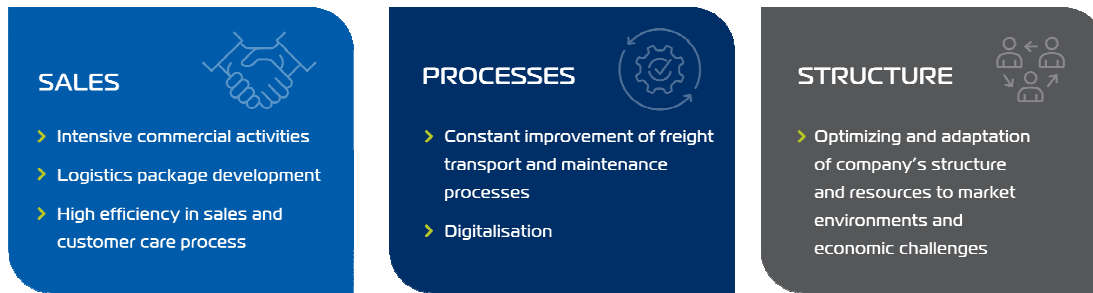


# > Strategy

Strategic goal: Maintaining no 1 position in the area of North - South Corridor and New Silk Road in EU – both in terms of freight turnover and volume.

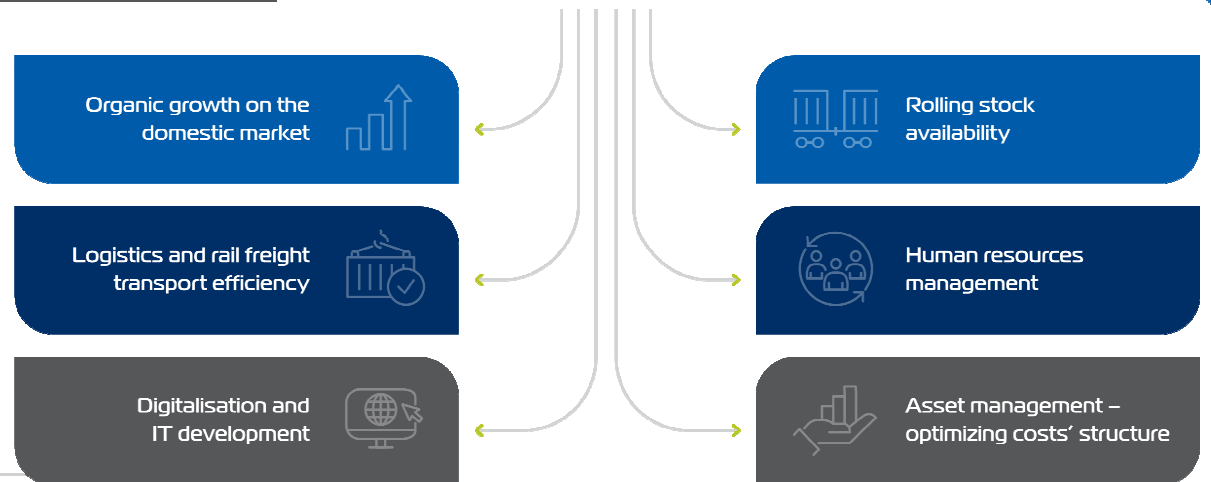
## GROWTH PILLARS

Key drivers



## GROWTH PILLARS

Strategic initiatives of highest priority



# PKP CARGO Group's development areas

We are building international logistics operator position



## International position

- North - South Corridor and Tri-Seas Initiative with priority significance
- Shipping licences for foreign markets in 7 countries and in Poland
- Maintaining position on the New Silk Road (UE area)

BK23



## Growth and investments

- Investment in modern rolling stock - 12 new locomotives were delivered by NEWAG to PKP CARGO in March 2023
- We are completing the construction of transshipment terminal in Zdunska Wola – Karsznice. It will allow PKP CARGO to increase competitiveness on rail freight market



## PKP CARGO Group Strategy

- PKP CARGO Group has started works on creation of a long term strategy for 2024-2027
- In cooperation with subsidiary companies we have created our first Sustainability Report
- Very first ESG Strategy

**BK23**

8 jest razem z Polską

Bruliński Krzysztof; 2023-04-04

# Thank you

Please fill free to contact Investors Relations Team in order to obtain more information

PKP CARGO S.A.  
ul. Grójecka 17  
02-021 Warszawa

e-mail: [relacje.inwestorskie@pkpcargo.com](mailto:relacje.inwestorskie@pkpcargo.com)

phone: +48 22 391 46 67

