



# PKP CARGO GROUP Q1 2021



**LEADING FREIGHT  
CARRIER**

# Financial and operating results in Q1 2021





## Results of the PKP CARGO Group in Q1 2021



### Financial data Q1 2021

**PLN 996 million**  
revenues from  
contracts with customers

**PLN 104.4 million**  
EBITDA

**PLN -71 million** EBIT



### Operational data Q1 2021

**5,901 million tkm**  
freight turnover

**23.3 million tons**  
freight volume

**273.6 thousand tkm**  
freight turnover  
per employee



## In Q1 2021, the market environment determined the situation in key cargo categories



### Solid fuels

- increase in the significance of electricity generation in hard coal-fired commercial power plants, decrease in the significance of wind and gas-fired energy
- declining share of electricity imports
- increase in coke shipments within Poland



### Construction materials and aggregates

- suspension of certain investments due to adverse weather conditions
- **smaller scale of investment projects** in progress, **increase in the prices of construction materials and labor**
- **deterioration of liquidity among construction companies and lower profitability of investments**



### Intermodal transport

- increased volumes of transport on the New Silk Road
- **provision of regular operator services**
- **limitation of bulk freight in containers**



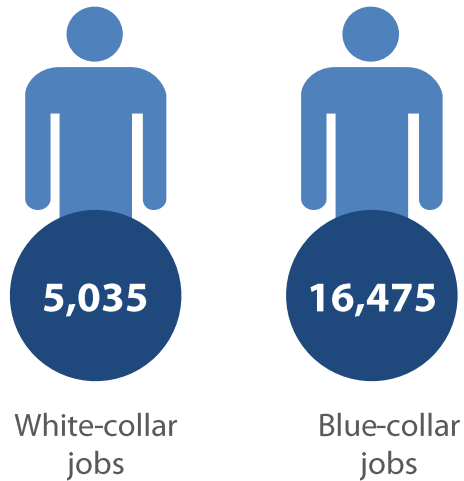
### Metals and ores

- greater demand for steel products
- acquisition of contracts for the transport of metals from seaports to the Czech Republic
- increase in the average haul related to changes in the directions of ore deliveries and exports and transit of metals to seaports

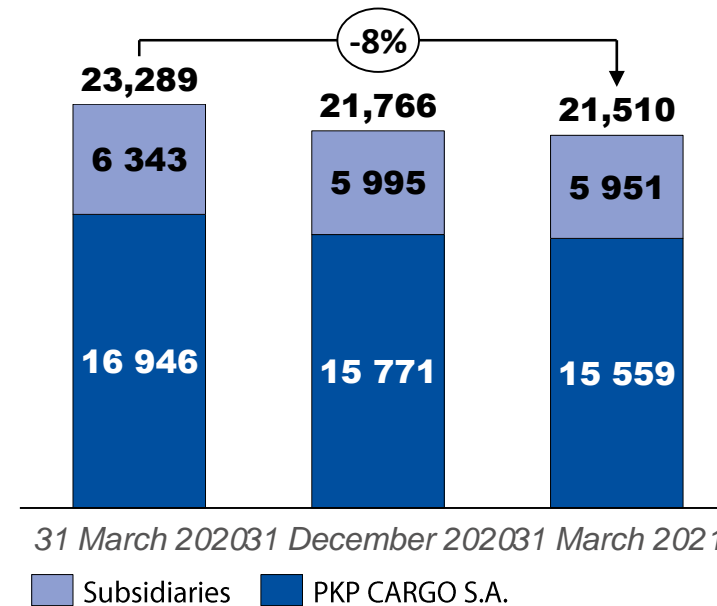


## Alignment of the structure and terms of employment in the PKP CARGO Group with the new market environment and the ongoing pandemic

### NUMBER OF PERSONS EMPLOYED BY THE PKP CARGO GROUP



As at 31 March 2021



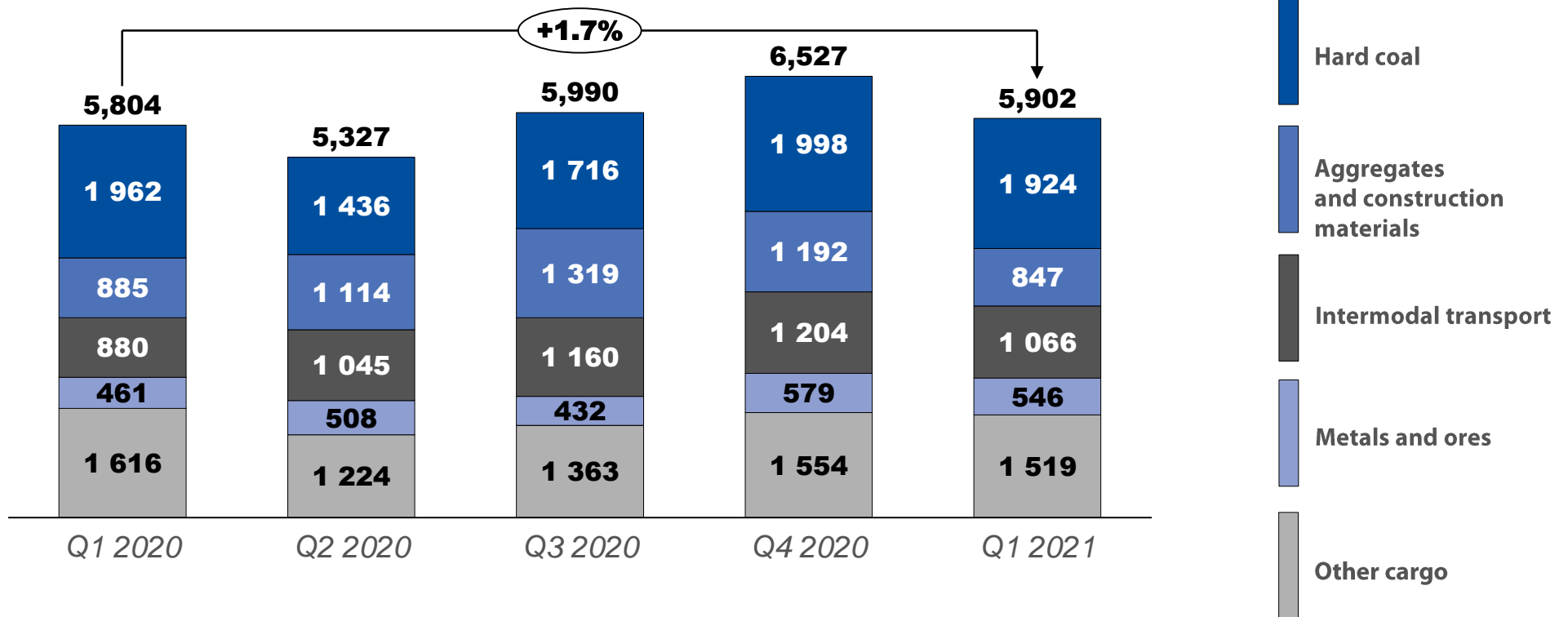


In Q1, key cargo categories remained highly sensitive to general economic trends

### PKP CARGO GROUP'S FREIGHT TURNOVER

Q1 2020 – Q1 2021

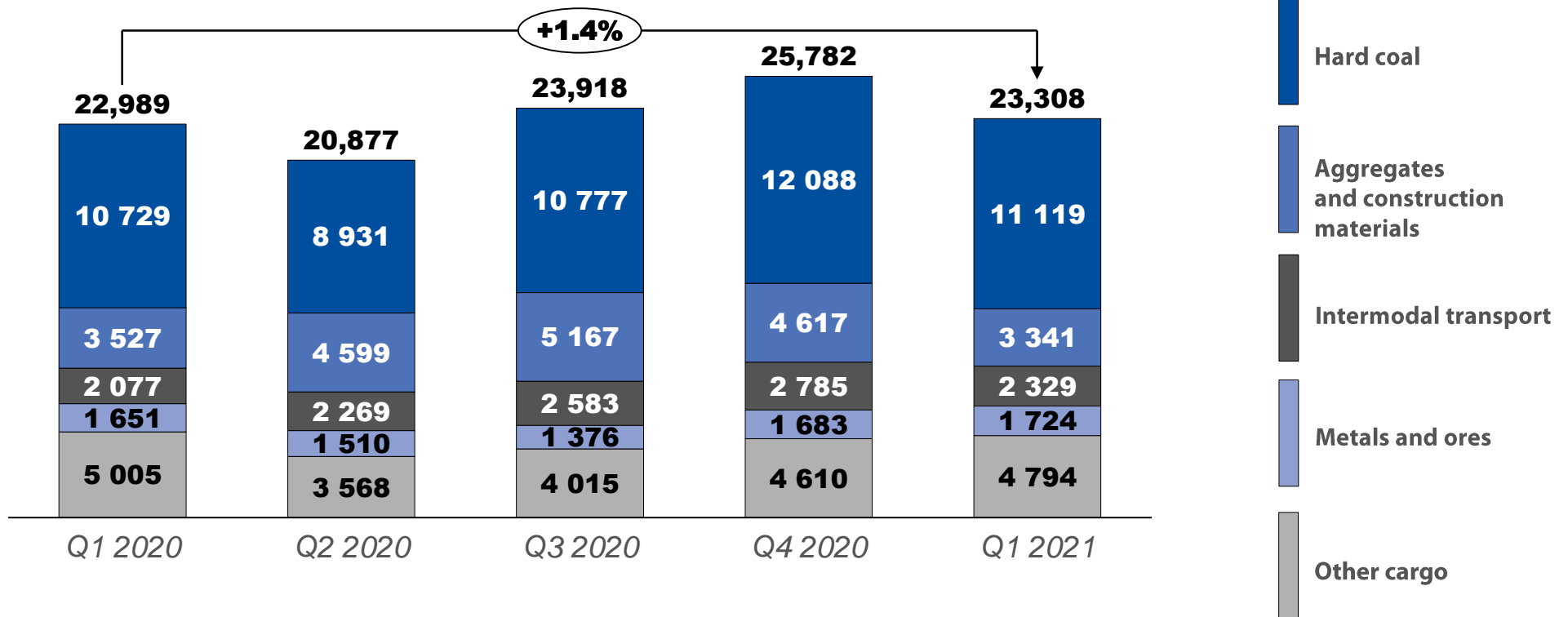
million tkm





In Q1, key cargo categories remained highly sensitive to general economic trends

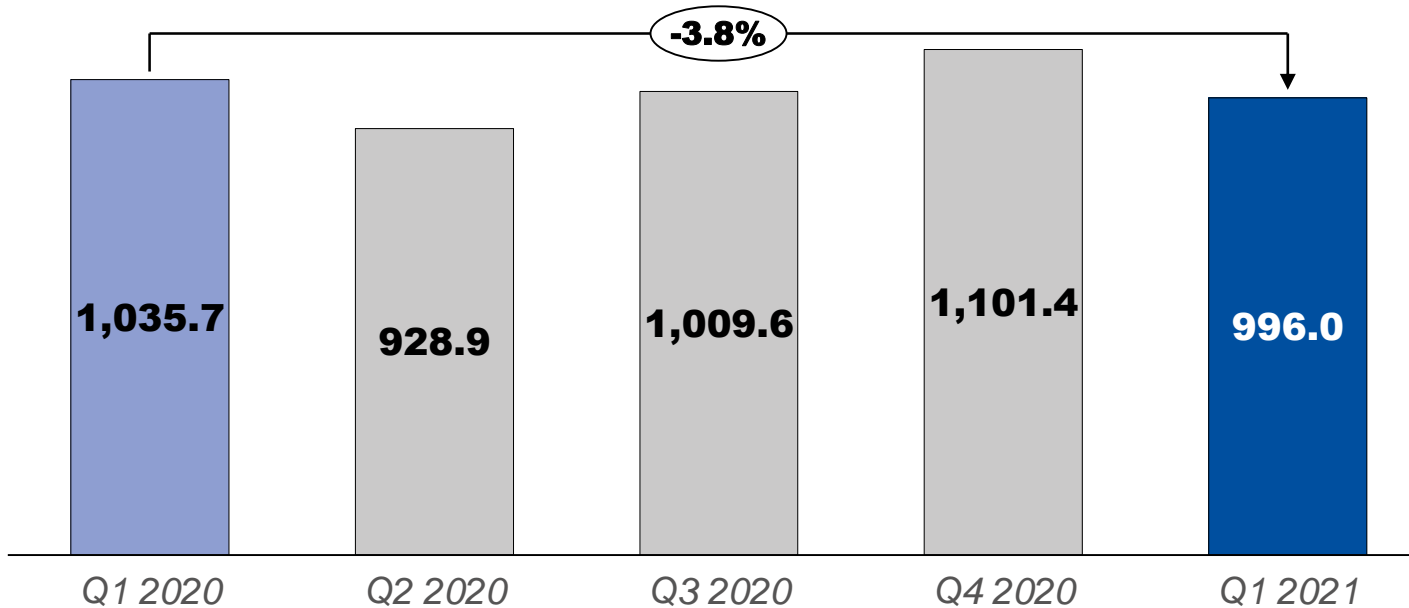
**PKP CARGO GROUP'S FREIGHT VOLUME**  
Q1 2020 – Q1 2021  
million tons





In Q1, the Group generated nearly PLN 1 billion in revenues with slightly rising freight transport

**PKP CARGO GROUP'S REVENUES FROM CONTRACTS WITH CUSTOMERS**  
Q1 2020 – Q1 2021  
PLN million



In Q1 2021, revenues were affected chiefly by:

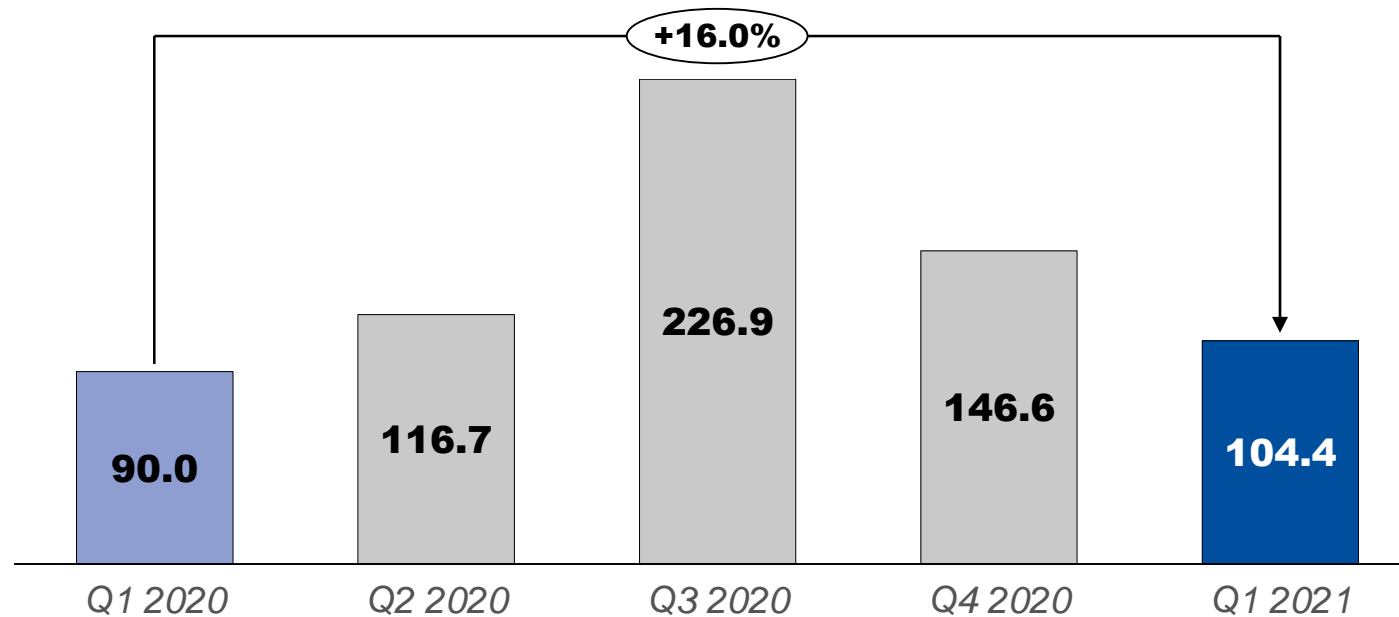
- consequences of the COVID-19 pandemic and related economic and social restrictions
- decrease in unit transportation prices, which (despite better performance in terms of freight volume and freight turnover) drove down revenues from transportation services





## Improvement in cost efficiency translated into a year-over-year increase in EBITDA

**EBITDA OF THE PKP CARGO GROUP**  
Q1 2020 – Q1 2021  
PLN million



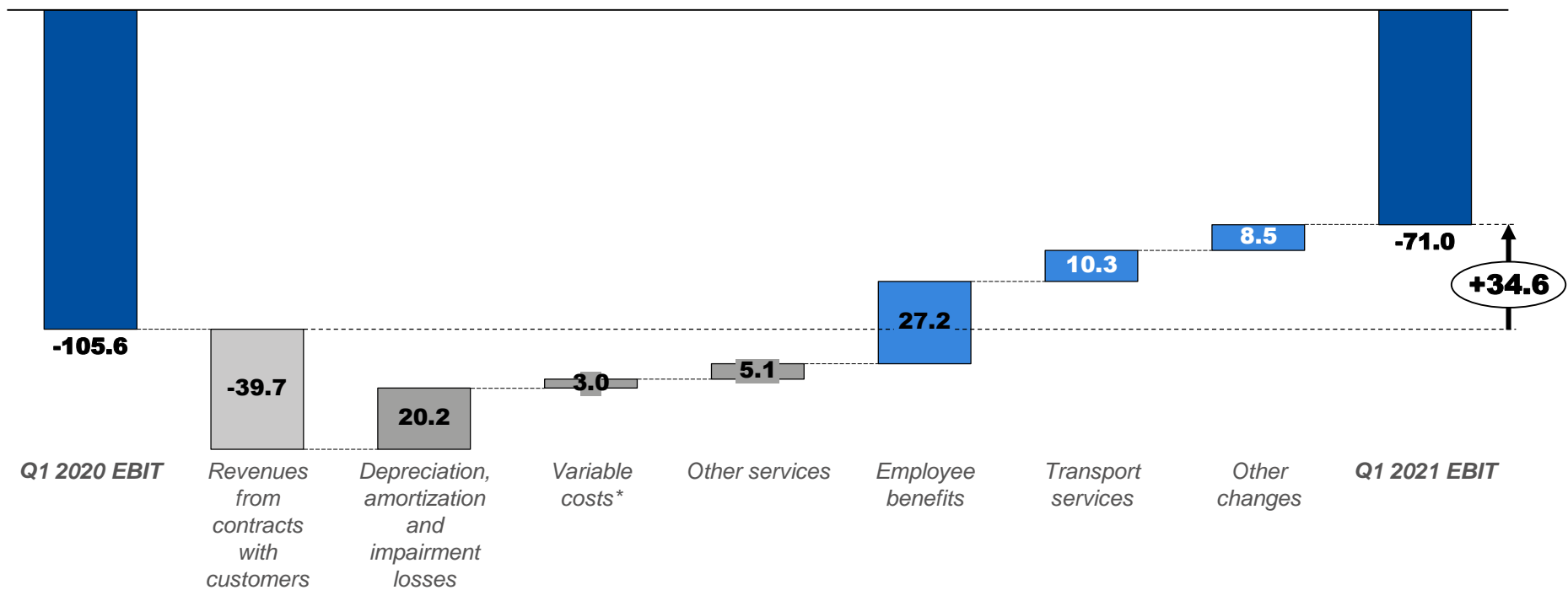
Key factors affecting EBITDA in Q1 2021:

- lower employee benefits as a result of an 8% year-over-year decline in headcount
- lower costs of transport services
- **decrease in unit transportation prices affecting the level of revenues**



The Group consistently pursues significant savings efforts in all cost categories

**COMPONENTS OF THE CHANGE IN OPERATING PERFORMANCE OF THE PKP CARGO GROUP**  
Q1 2020 vs. Q1 2021 (PLN million)

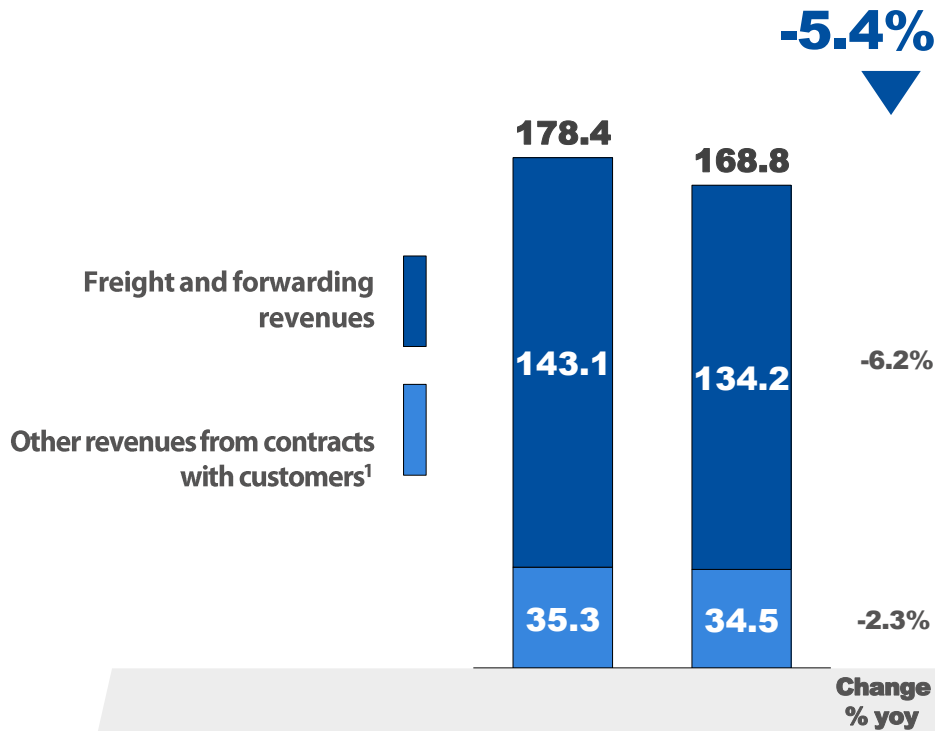


\* Variable costs are the costs of: traction fuel, traction energy and access to infrastructure

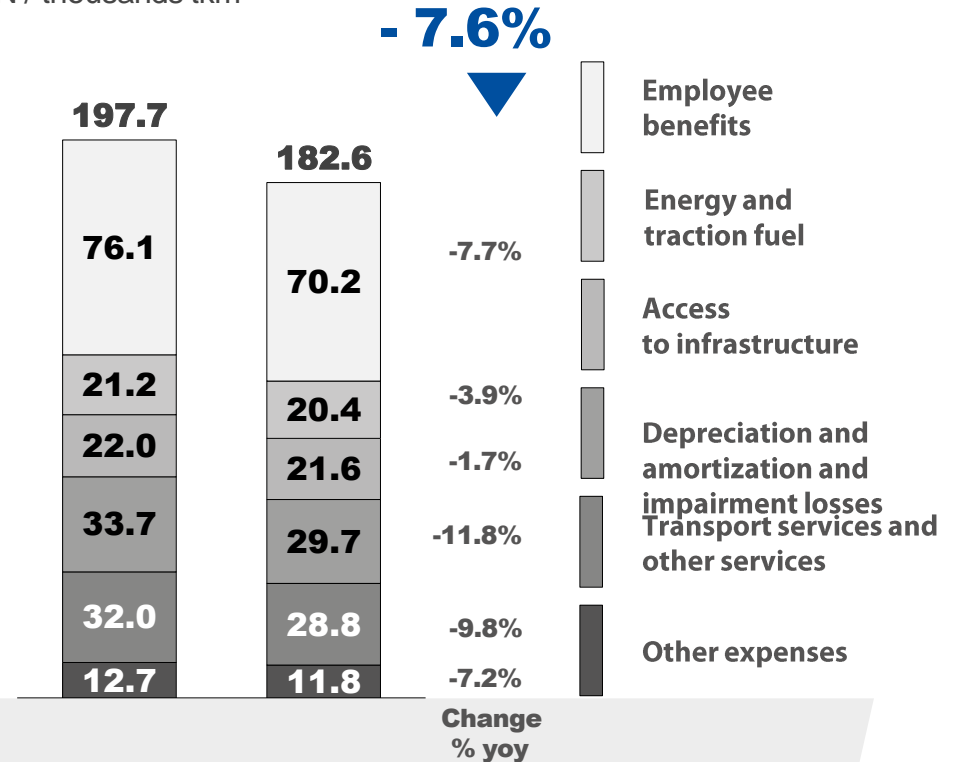


The PKP CARGO Group strives to maintain a stable level of unit revenue despite the adverse influence exerted by the market environment

**PKP CARGO GROUP'S UNIT REVENUE**  
PLN / thousands tkm



**PKP CARGO GROUP'S UNIT COSTS**  
PLN / thousands tkm



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



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

### KEY BALANCE SHEET ITEMS

PLN million	31 December 2020	31 March 2021
Fixed capital	6,173	6,064
Non-current assets	6,397	6,429
Coverage ratio <sup>1</sup>	0.96	0.94
Total debt	4,416	4,367
Total debt ratio	0.58	0.59

### FINANCIAL RATIOS

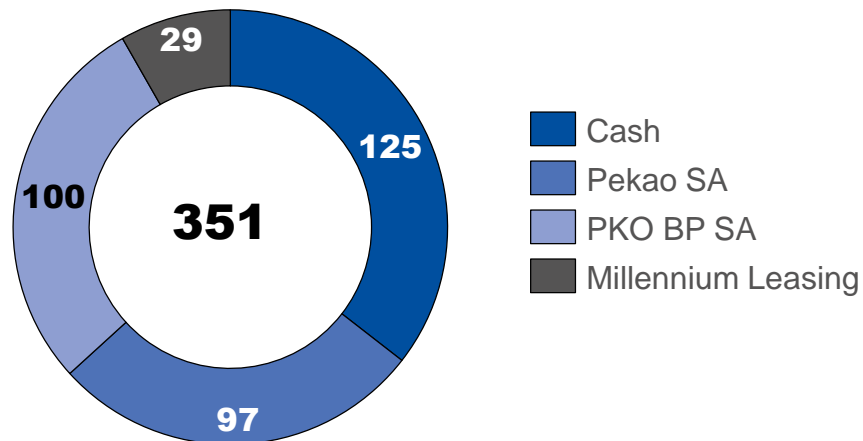
	Q1 2020	Q1 2021
ROA <sup>2</sup>	-1.7%	-2.4%
ROE <sup>3</sup>	-4.0%	-5.9%
EBITDA margin <sup>4</sup>	8.6%	10.3%

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 past 12 months to total assets
3. Calculated as the ratio of net profit for the past 12 months to equity
4. Calculated as the ratio of the operating result plus depreciation and amortization (EBITDA) to total operating revenue

### AVAILABLE FUNDING SOURCES

As at 31 March 2021

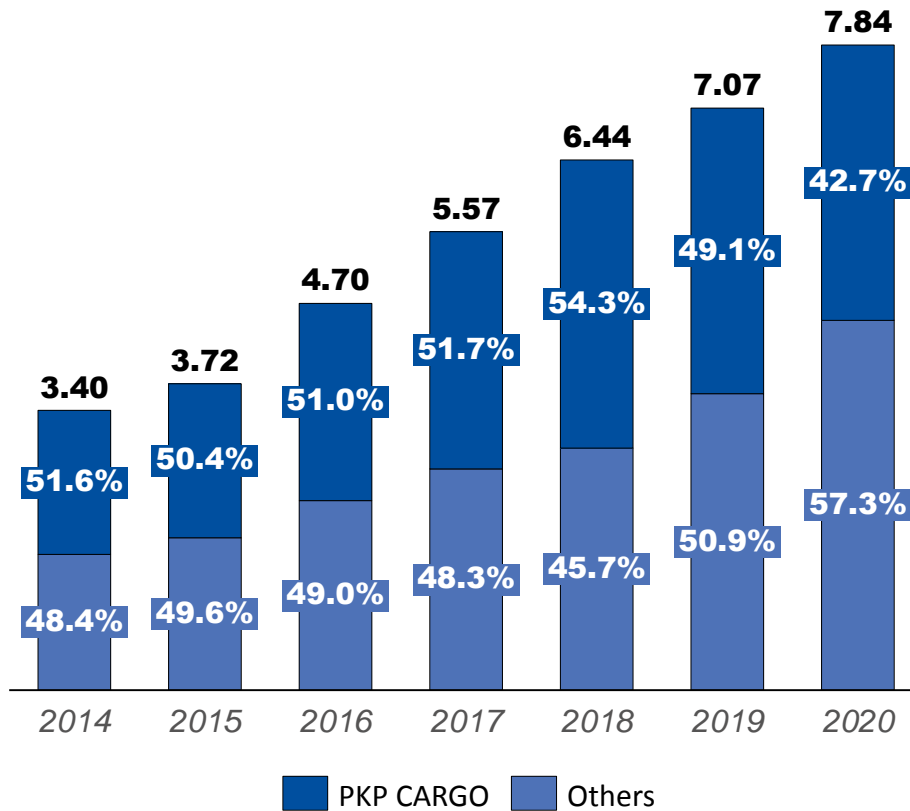
PLN million



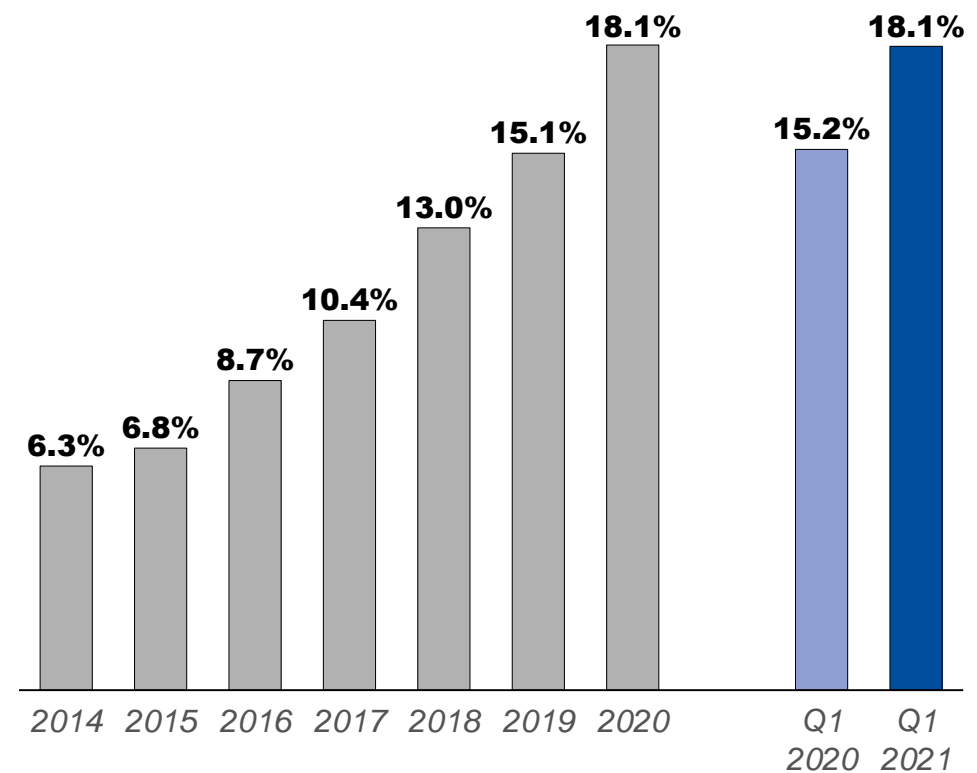


PKP CARGO enjoys a stable position on the domestic market, with intermodal transport gaining in significance for the whole Group

**INTERMODAL TRANSPORT IN POLAND  
FREIGHT TURNOVER**  
billion tkm



**INTERMODAL TRANSPORT IN THE PKP CARGO GROUP  
SHARE IN FREIGHT TURNOVER**





# PKP CARGO International – transformation from a coal carrier into an intermodal rail operator

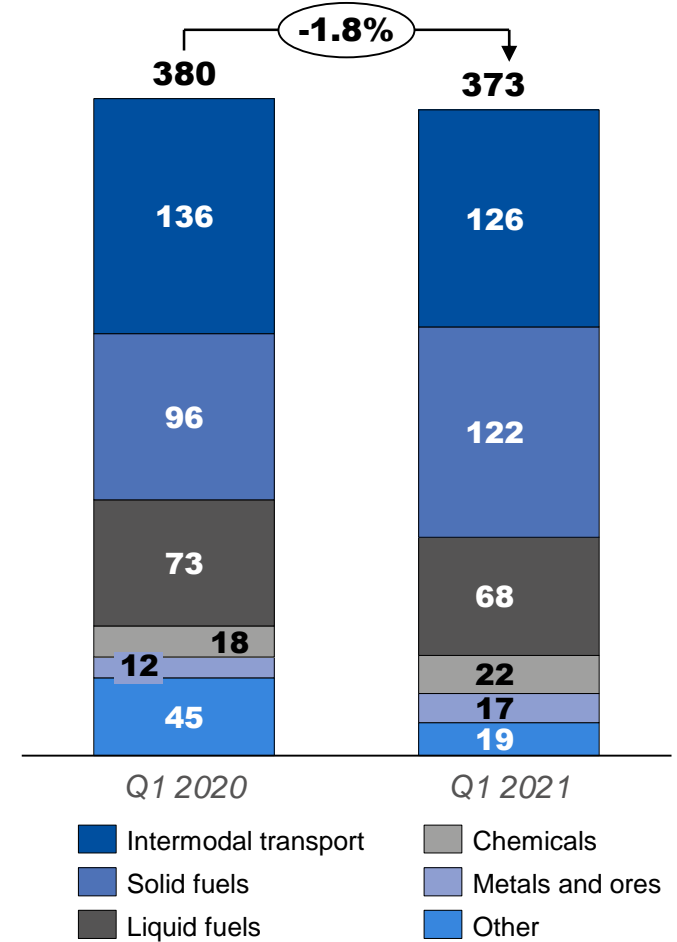
## PKP CARGO INTERNATIONAL GROUP

Provision of long-term regular transport services in the North-South corridor in both directions:

- Paskov – Koper
- Trnava – Koper
- Karviná – Koper
- Mělník – Koper

Modernization of the Hodoš crossing (Hungarian-Slovenian border) – independently provided container transport services to and from Slovenia and Italy

PKP CARGO INTERNATIONAL GROUP'S FREIGHT TURNOVER  
million tkm





## CONNECT OPERATOR – pioneering development of domestic and international operator connections in Central Europe

### PKP CARGO CONNECT handles operator connections in Poland and abroad

As part of Connect Operator's offering, international transport services are provided on various routes, including:

- Małaszewicze – Warsaw – **Piacenza**
- Małaszewicze – Warsaw – **Duisburg**
- Małaszewicze – Warsaw – **Hamburg**

### Ultimately, connections on the following routes:

- Poznań → **Hamburg**
- Poznań → **Duisburg**
- Gliwice → **Budapest**
- Gliwice → **Trieste**
- Gliwice → **Istanbul**
- Medyka → **Kyiv**
- Medyka → **Odessa**
- Medyka → **Dnipro**
- Gdynia → **Gliwice**



# Attachments







## Freight results

<b>Freight turnover [million tkm]</b>	<b>Q1 2021</b>	<b>Q1 2020</b>	<b>Change</b>	<b>% change</b>	<b>Share in Q1 2021</b>	<b>Share in Q1 2020</b>
<i>Solid fuels, including:</i>	2,395	2,430	-35	-1.4%	41%	42%
<i>hard coal</i>	1,924	1,962	-39	-2.0%	33%	34%
<i>Aggregates and construction materials</i>	847	885	-38	-4.2%	14%	15%
<i>Metals and ores</i>	546	461	85	18.3%	9%	8%
<i>Chemicals</i>	542	470	72	15.4%	9%	8%
<i>Liquid fuels</i>	160	256	-97	-37.7%	3%	4%
<i>Timber and agricultural produce</i>	229	266	-37	-13.9%	4%	5%
<i>Intermodal transport</i>	1,066	880	186	21.1%	18%	15%
<i>Other</i>	116	156	-40	-25.7%	2%	3%
<b>Total</b>	<b>5,901</b>	<b>5,805</b>	<b>96</b>	<b>1.7%</b>	<b>100%</b>	<b>100%</b>
<b>FREIGHT VOLUME [million tons]</b>	<b>Q1 2021</b>	<b>Q1 2020</b>	<b>Change</b>	<b>% change</b>	<b>Share in Q1 2021</b>	<b>Share in Q1 2020</b>
<i>Solid fuels, including:</i>	12.7	12.2	0.5	4.3%	55%	53%
<i>hard coal</i>	11.1	10.7	0.4	3.6%	48%	47%
<i>Aggregates and construction materials</i>	3.3	3.5	-0.2	-5.3%	14%	15%
<i>Metals and ores</i>	1.7	1.7	0.1	4.4%	7%	7%
<i>Chemicals</i>	1.6	1.5	0.1	8.7%	7%	6%
<i>Liquid fuels</i>	0.5	0.8	-0.3	-38.0%	2%	3%
<i>Timber and agricultural produce</i>	0.6	0.8	-0.1	-17.4%	3%	3%
<i>Intermodal transport</i>	2.3	2.1	0.3	12.1%	10%	9%
<i>Other</i>	0.5	0.5	0.0	-9.0%	2%	2%
<b>Total</b>	<b>23.3</b>	<b>23.0</b>	<b>0.3</b>	<b>1.4%</b>	<b>100%</b>	<b>100%</b>



## Consolidated statement of profit or loss and other comprehensive income

<b>CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME [PLN million]</b>		<b>Q1 2021</b>	<b>Q1 2020</b>
Revenues from contracts with customers		996.0	1,035.7
Consumption of electricity and traction fuel		(120.2)	(123.1)
Infrastructure access services		(127.5)	(127.6)
Transport services		(84.3)	(94.6)
Other services		(85.9)	(91.0)
Employee benefits		(414.4)	(441.6)
Other expenses		(69.7)	(73.9)
Other operating revenue and (expenses)		10.4	6.1
<b>Operating profit before depreciation (EBITDA)</b>		<b>104.4</b>	<b>90.0</b>
Depreciation, amortization and impairment losses		(175.4)	(195.6)
<b>Profit / loss on operating activities (EBIT)</b>		<b>(71.0)</b>	<b>(105.6)</b>
Financial income and (expenses)		(15.6)	(33.8)
Share in the profit / (loss) of entities accounted for under the equity method		1.4	0.5
<b>Profit / (loss) before tax</b>		<b>(85.2)</b>	<b>(138.9)</b>
Income tax		13.9	24.5
<b>NET PROFIT / (LOSS)</b>		<b>(71.3)</b>	<b>(114.4)</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Measurement of hedging instruments		(3.3)	(45.8)
Income tax		0.6	8.7
Exchange differences resulting from conversion of financial statements of foreign operations		11.4	(7.0)
<b>Total other comprehensive income subject to reclassification to profit or loss</b>		<b>8.7</b>	<b>(44.1)</b>
<b>Total other comprehensive income</b>		<b>8.7</b>	<b>(44.1)</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>(62.6)</b>	<b>(158.5)</b>



## Consolidated statement of financial position

<b>ASSETS [PLN million]</b>	<b>As at 31 March 2021</b>	<b>As at 31 December 2020</b>
Rolling stock	4,280.7	4,245.0
Other property, plant and equipment	857.8	875.6
Right-of-use assets	1,004.3	1,008.6
Investments in entities accounted for under the equity method	36.5	42.0
Trade receivables	3.4	3.0
Lease receivables	10.1	10.3
Other assets	43.4	35.1
Deferred tax assets	193.1	177.8
<b>Total non-current assets</b>	<b>6,429.3</b>	<b>6,397.4</b>
Inventories	177.3	165.8
Trade receivables	613.8	585.8
Lease receivables	0.7	0.7
Income tax receivables	3.0	2.9
Other assets	96.9	88.1
Cash and cash equivalents	124.6	306.0
<b>Total current assets</b>	<b>1,016.3</b>	<b>1,149.3</b>
Non-current assets classified as held for sale	2.2	12.7
<b>TOTAL ASSETS</b>	<b>7,447.8</b>	<b>7,559.4</b>



## Consolidated statement of financial position

<i>EQUITY AND LIABILITIES [PLN million]</i>	<i>As at 31 March 2021</i>	<i>As at 31 December 2020</i>
Share capital	2,239.3	2,239.3
Supplementary capital	782.4	782.4
Other items of equity	(162.9)	(160.2)
Exchange differences resulting from conversion of financial statements of foreign operations	116.2	104.8
Retained earnings	106.2	177.5
<b>Total equity</b>	<b>3,081.2</b>	<b>3,143.8</b>
Debt liabilities	2,046.7	2,101.8
Trade payables	1.6	1.5
Investment commitments	155.6	145.5
Provisions for employee benefits	682.6	684.3
Other provisions	5.8	5.7
Deferred tax liability	90.0	90.7
<b>Total non-current liabilities</b>	<b>2,982.3</b>	<b>3,029.5</b>
Debt liabilities	484.2	478.5
Trade payables	360.5	347.5
Investment commitments	135.1	133.5
Provisions for employee benefits	132.6	116.3
Other provisions	16.0	24.1
Other liabilities	255.9	286.2
<b>Total current liabilities</b>	<b>1,384.3</b>	<b>1,386.1</b>
<b>Total liabilities</b>	<b>4,366.6</b>	<b>4,415.6</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>7,447.8</b>	<b>7,559.4</b>



## Consolidated cash flow statement

Cash flow [PLN million]	Q1 2021	Q1 2020
<b>Cash flows from operating activities</b>		
<b>Profit / (loss) before tax</b>	<b>(85.2)</b>	<b>(138.9)</b>
<b>Adjustments</b>		
Depreciation, amortization and impairment losses	175.4	195.6
(Profits) / losses on interest, dividends	12.7	15.8
Interest received / (paid)	0.3	1.3
Income tax received / (paid)	(1.4)	(5.5)
Movement in working capital	(43.9)	35.1
Other adjustments	(0.1)	(0.6)
<b>Net cash from operating activities</b>	<b>57.8</b>	<b>102.8</b>
<b>Cash flows from investing activities</b>		
Expenditures on the acquisition of non-financial non-current assets	(179.4)	(249.5)
Proceeds on the sale of non-financial non-current assets	17.2	5.2
Other proceeds from investing activities	0.4	1.6
<b>Net cash from investing activities</b>	<b>(161.8)</b>	<b>(242.7)</b>
<b>Cash flows from financing activities</b>		
Expenditures on leases	(34.9)	(35.8)
Proceeds from drawn down loans/borrowings	24.3	18.2
Repayment of credit facilities / loans	(72.8)	(77.6)
Interest paid on leases and loans/borrowings	(12.0)	(14.9)
Subsidies received	17.9	12.7
Other expenditures concerning financing activities	(1.0)	(0.8)
<b>Net cash from financing activities</b>	<b>(78.5)</b>	<b>(98.2)</b>
Net increase / (decrease) in cash and cash equivalents	(182.5)	(238.1)
Cash and cash equivalents at the beginning of the reporting period	306.0	550.4
Impact exerted by FX rate movements on the cash balance in foreign currencies	1.1	1.1
<b>Cash and cash equivalents at the end of the reporting period, including:</b>	<b>124.6</b>	<b>313.4</b>
restricted cash	32.7	45.3



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