

Financial and operational results of the PKP CARGO S.A. Group in restructuring

za 1H 2024



Warsaw, September 30th 2024





> Agenda

- **Results overview**
- Operational results
- Financial results

> PKP CARGO S.A. Group in restructuring results in 1H 2024

Revenues from contracts with customers

PLN 2,300.5 m

-20,7% y/y

Net profit

PLN -453.1 m

- 513,0% y/y

EBITDA

PLN 237.0 m

-61,2% y/y
profitability 10,2%

Freight volume
PLN 35,0 m

tons
-17,7 % y/y

Capital expenditure (CAPEX)

PLN 436.0 m

-54,7% y/y

Operating costs

PLN 2,725.9 m

-2,4% y/y

Freight turnover

9 116,0 bn tkm

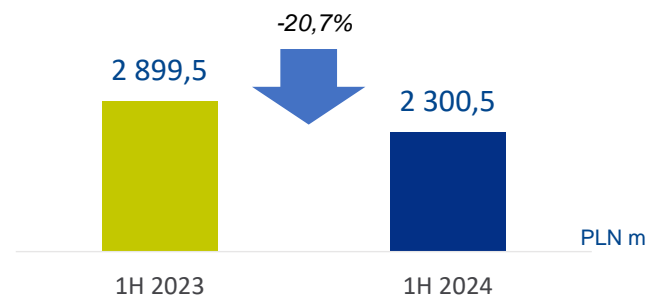
-21,6 % y/y



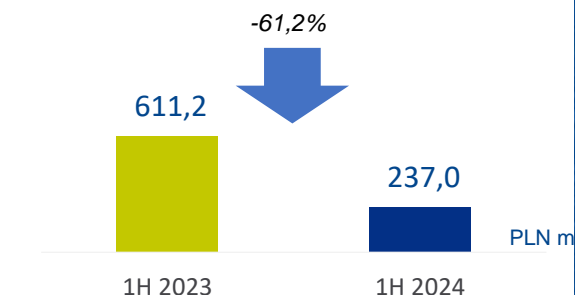
- Significant decline in revenue from customer contracts,
- Slight decrease in operating costs.

> Revenue and EBITDA down

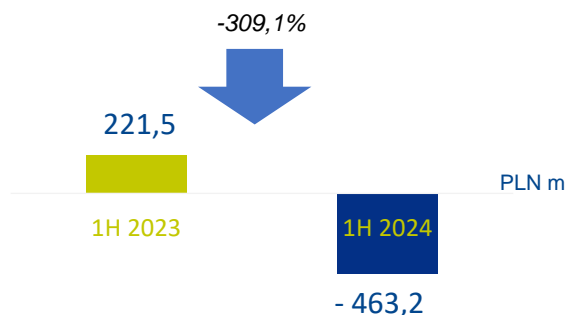
Revenues from contracts with customers



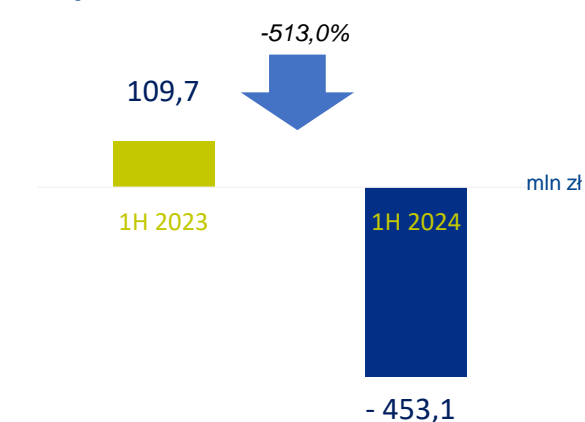
EBITDA



EBIT



Net profit



Revenue and EBITDA down

- Revenues and EBITDA down **20.7%** and **61.2%** y/y, respectively
- EBIT influenced by:
 - Increase in depreciation costs – being mainly the result of impairment losses on fixed assets in the results of impairment tests of assets of the Company and PKP CARGOTABOR Sp. in restructuring conducted as at 30 June 2024 (PLN 257 million) – by PLN 310.5 million, i.e. **79.7%** y/y
 - Increase in employee benefits costs by PLN 43.9 m yy, i.e. **4.5%** y/y
- Cost reduction:
 - consumption of energy and traction fuel by PLN 134.2 m and infrastructure access services by PLN 48.8 mi, which is **29.9%** and **19.8%** y/y,
 - respectively transport services as a result of a **23.4%** y/y decline in transport performance



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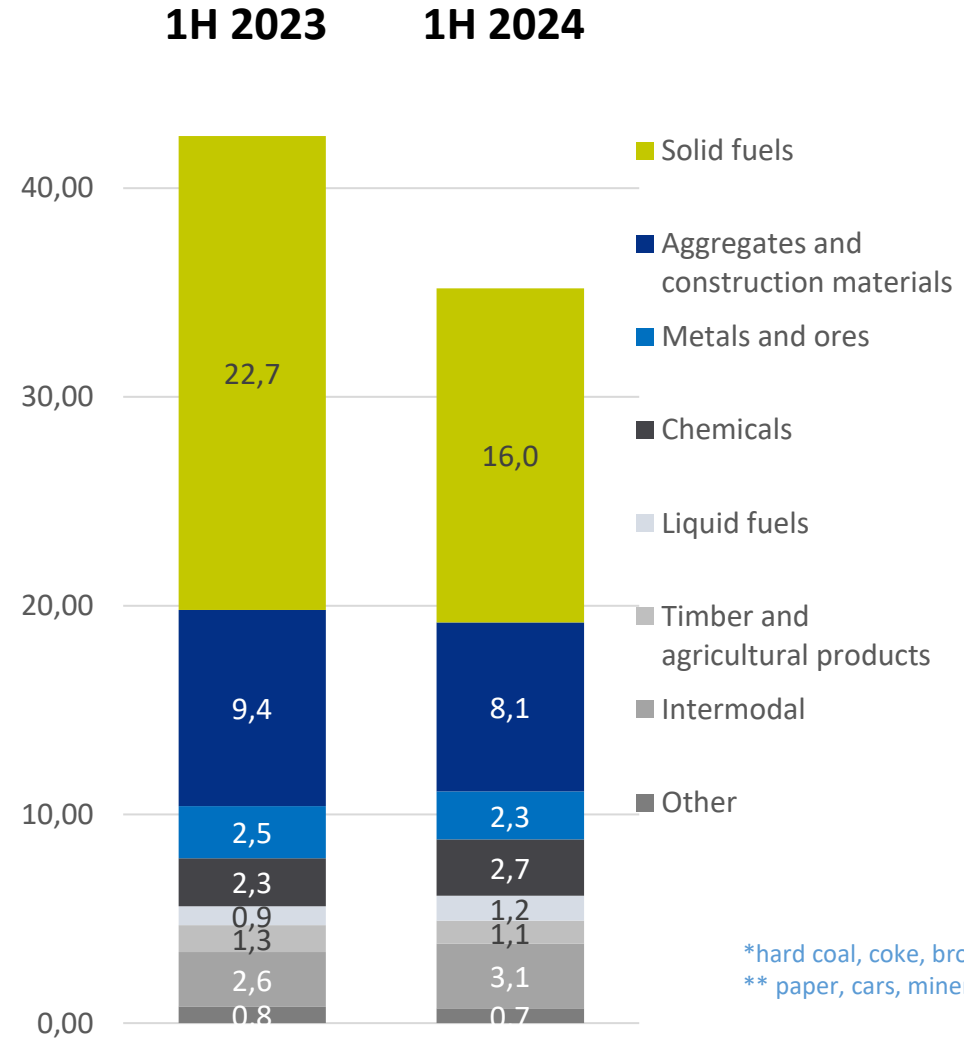
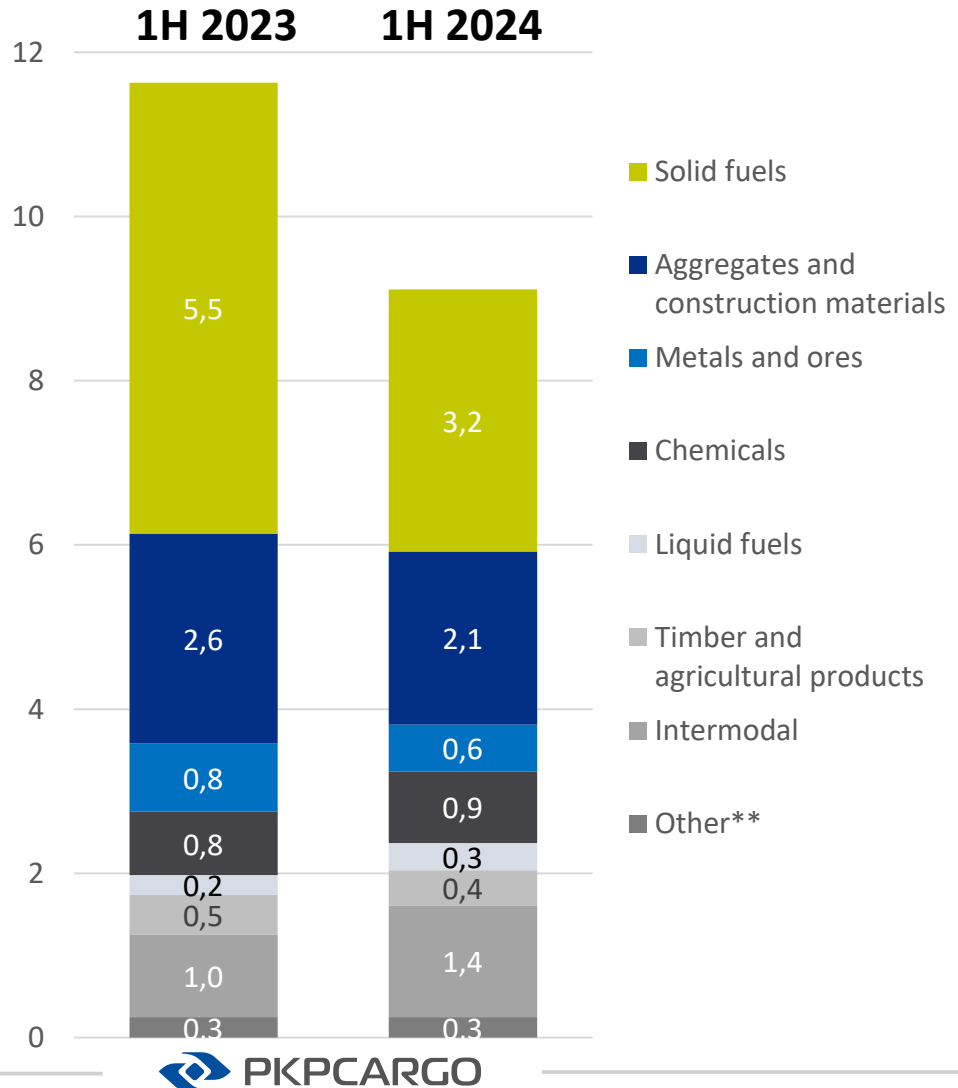
- Results overview
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> Reduction of transport parameters in 1H 2024

Group transport y/y

freight turnover, bn tkm

freight volume, m ton



*hard coal, coke, brown coal
 ** paper, cars, minerals, oils etc



> PKP CARGO S.A. Group's commodity groups undergoing restructuring in H1 2024 and y/y changes



HARD COAL TRANSPORT

Gradual decrease in the share of hard coal (a decrease of **30.9% y/y** in terms of cargo mass) as a fuel in connection with the adaptation of enterprises' operations to the requirements of the implemented climate policy. Increasing competitiveness of other fuels, development of electricity production from renewable energy sources, implementation of transformation policies resulting in lower demand for this raw material,



AGGREGATES AND CONSTRUCTION MATERIALS:

Strong competition from rail carriers with free resources due to the decrease in demand for transport of, among others, coal. Decrease in domestic construction and assembly production: by **-8,7% y/y** (compared to an increase of +3,8% y/y in H1 2023),



INTERMODAL:

Increase in transport PKP CARGO S.A. Group in restructuring by **36% in terms of transport work**, including within the New Silk Road. A significant part of goods transported by sea returned to its northern corridor. Implementation of transports related to the armed conflict in Ukraine,



PRODUCE AND TIMBER:

12,5% lower transport of timber and wood-based panels in Group in land imports and in domestic transport in terms of transport work, caused by a drop in production in this market segment in Poland.



> Capital expenditures – PKP CARGO S.A. Group in restructuring

The structure of the rolling stock used by the PKP CARGO S.A. Group in restructuring



Train cars

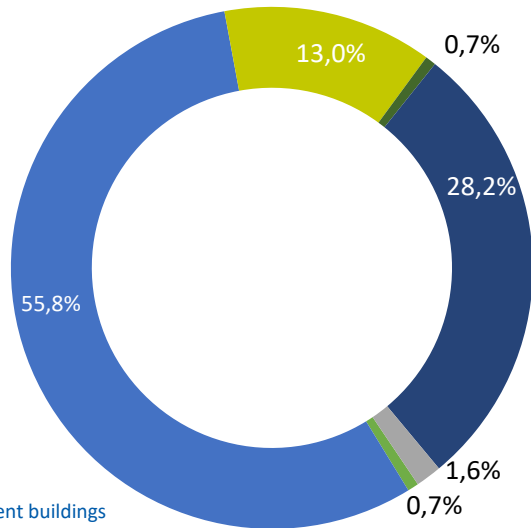
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Locomotives

1 548

CAPEX structure in 1H 2024 (m PLN)



- Investment buildings
- Purchases, periodic repairs and maintenance of train cars
- Modernization and periodic repairs and maintenance of locomotives
- IT
- Rights to assets use
- Others

	1H 2023	1H 2024	Zmiana r/r	Zmiana % r/r
Investment buildings	66,7	3,0	-63,7	-95,5%
Purchases, periodic repairs and maintenance of train cars	294,2	243,6	-50,6	-17,2%
Modernization and periodic repairs and maintenance of locomotives	222,3	56,6	-165,7	-75,4%
IT	12,4	2,9	-9,5	-76,6%
Rights to assets use ¹⁾	353,0	122,9	-230,1	-65,2%
Others	13,4	7,0	-6,4	-47,8%
Total	962,0	436,0	-526,0	-54,7%

1) Expenditures for rights of use of assets do not include increases resulting from sale and leaseback: for the 6-month period of 2024 for reloading equipment in the amount of PLN 6.2 million and for the 6-month period of 2023 for transport equipment in the amount of PLN 1.5 million.





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> Employment in PKP CARGO Group S.A. in restructuring



HEADCOUNT
IN **GROUP** (IN PERSONS)
AS AT:

30/06/2024
16,979

31/12/2023
19,933

BLUE-COLLAR POSITIONS
IN **GROUP** (IN PERSONS)
AS AT:

30/06/2024
12,620

31/12/2023
15,108

WHITE-COLLAR POSITIONS
IN **GROUP** (IN PERSONS)
AS AT:

30/06/2024
4,359

31/12/2023
4,825

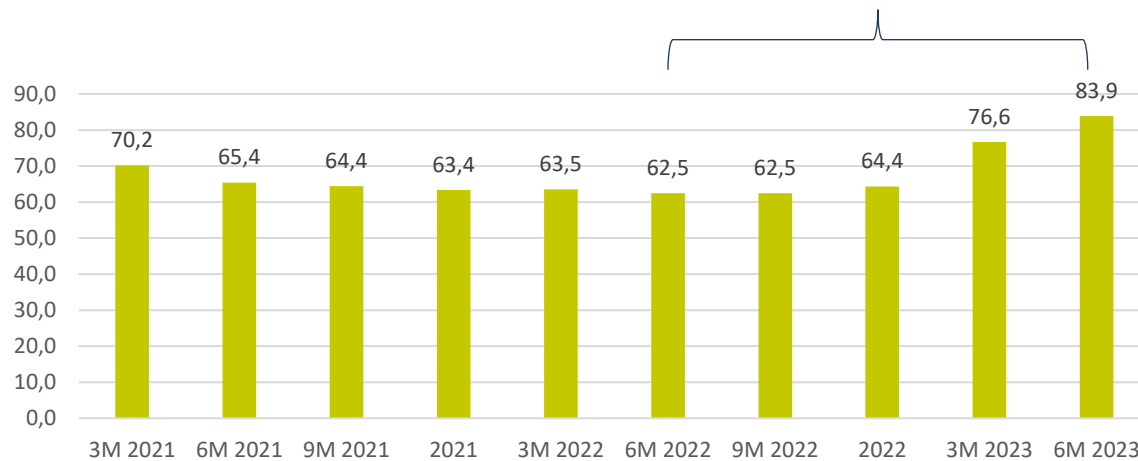
Optimization in the area of employment in the Capital Group

- Reduction of employment in the Group in H1 2024 by **2,954 people**, i.e. **14.8%**
- Employee benefits costs – **PLN 1,019.4 million**, up **4.5% y/y**
- As part of the implementation of the recovery program aimed at rebuilding the value and position of the Company, the Management Board of PKP CARGO S.A. decided on 27 May 2024 to launch, as of 1 June this year, a program of directing for a 12-month period, up to 30% of the Company's employees to the so-called non-performance of work.

Unit costs of the PKP CARGO S.A. Group in restructuring

Employment costs (PLN/ tks tkm)

+33,3%

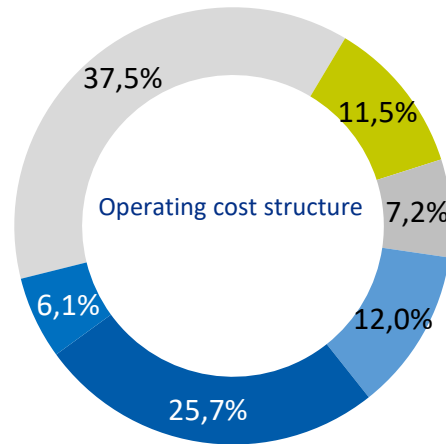


> Operating costs in a challenging market environment

Operating costs - structure and change in 1H 2024

PLN m

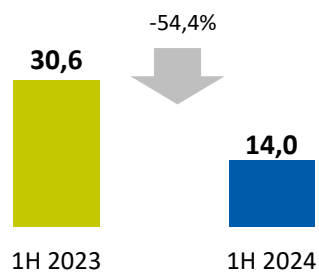
- Employee benefits
- Consumption of traction electricity and fuel
- Access to infrastructure costs
- Transport and other services
- Depreciation and write-offs
- Other expenses



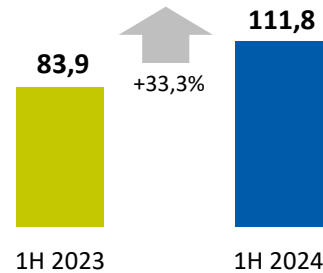
	1H 2023	1H 2024	Zmiana r/r	Zmiana % r/r
Employee benefits	975,5	1 019,4	43,9	4,5%
Consumption of traction electricity and traction fuel	448,2	314,0	-134,2	-29,9%
Access to infrastructure costs	246,2	197,4	-48,8	-19,8%
Transport and other services*	406,1	327,9	-78,2	-19,3%
Depreciation and write-offs	389,7	700,2	310,5	79,7%
Other expenses**	196,5	167,0	-29,5	-15,0%
Total	2 662,2	2 725,9	63,7	2,4%

Unit costs per freight turnover

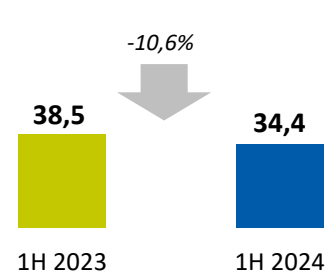
EBITDA per employee (ths PLN/employee)



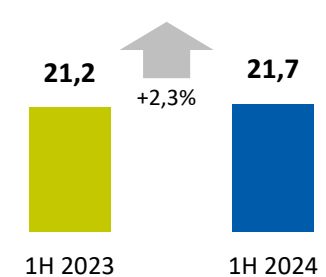
Employee benefits (PLN/ths tkm)



Traction electricity and fuel (PLN/ths tkm)



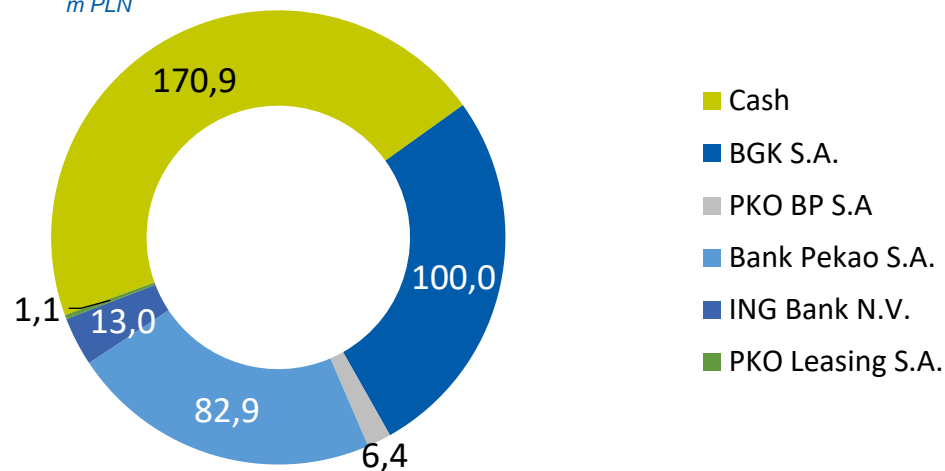
Access to infrastructure (PLN/ths tkm)



> Cash flows, liabilities and funding sources

Available funding sources as of 30.06.2024

m PLN



Ratio	1H 2023	1H 2024
EBITDA margin	20,9%	10,2%
ROA	3,7%	-6,0%
ROE	9,1%	-17,7%
ROS	3,8%	-19,5%

Liabilities structure

m PLN

Zobowiązania	31.12.2023	30.06.2024
Long-term	2.784,2	2.701,7
Short-term	2.333,3	2.534,2
Total	5.117,5	5.235,9

Cash flow

m PLN

Cash flow	1H 2023	1H 2024	zmiana
Operational	695,7	501,7	-194,0
Investment	-587,6	-297,8	289,8
Financing	-111,1	-295,0	-183,9

Thank you

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

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