

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

9M 2024



Warsaw, November 28th 2024





> Agenda

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

> PKP CARGO S.A. in restructuring Group results in 9M 2024

Revenues from contracts
with customers

PLN 3,371.6 m

-19.1% y/y

Net profit

PLN -795.7 m

- 880.9% y/y

EBITDA

PLN 118.6 m

-86,1% y/y
profitability 3.5%

Freight volume

PLN 52.2 m tons

-16.2 % y/y

Capital expenditure
(CAPEX)

PLN 532.5 m

-58.5% y/y

Operating costs

PLN 3,755.3 m

-2.8% y/y

Freight turnover

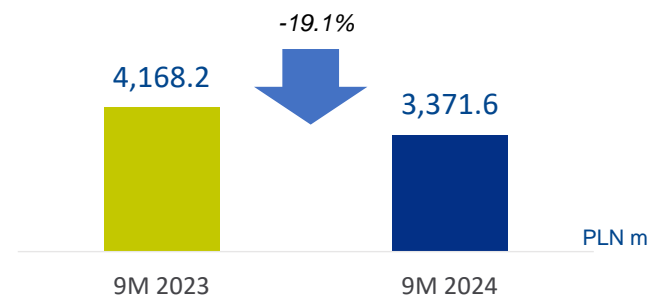
13,517 bn tkm

-20.1 % y/y

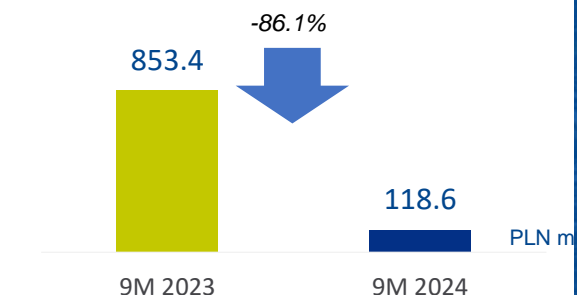


> Revenue and EBITDA down

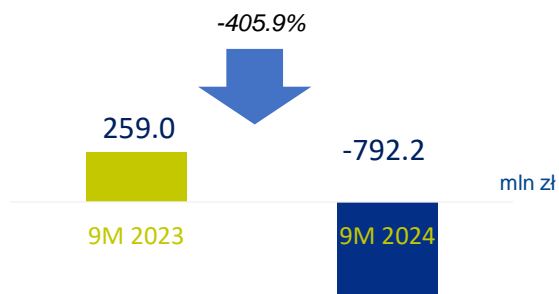
Revenues from contracts with customers



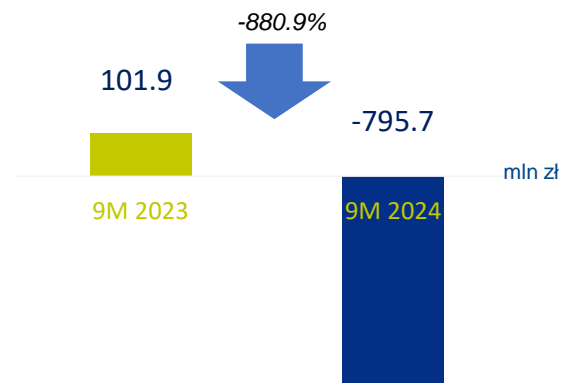
EBITDA



EBIT



Net profit



Revenue and EBITDA down

- Revenues and EBITDA are down 19.1% and 86.1% y/y, respectively
- EBIT driven by:
 - an increase in costs in the “other changes” item, mainly due to the creation of restructuring reserves of PLN 149.1 million and write-offs of VAT receivables of PLN 203.1 million, with a simultaneous decrease in other costs by type.
 - an increase in depreciation and impairment losses of PLN 316.4 million.
- A decrease in costs:
 - a decrease in the costs of energy consumption and traction fuel (by -26.2% y/y), infrastructure access services (by -14.7% y/y) and transport services costs (by -23.0% y/y) correlated with a decrease in transport work



> Agenda

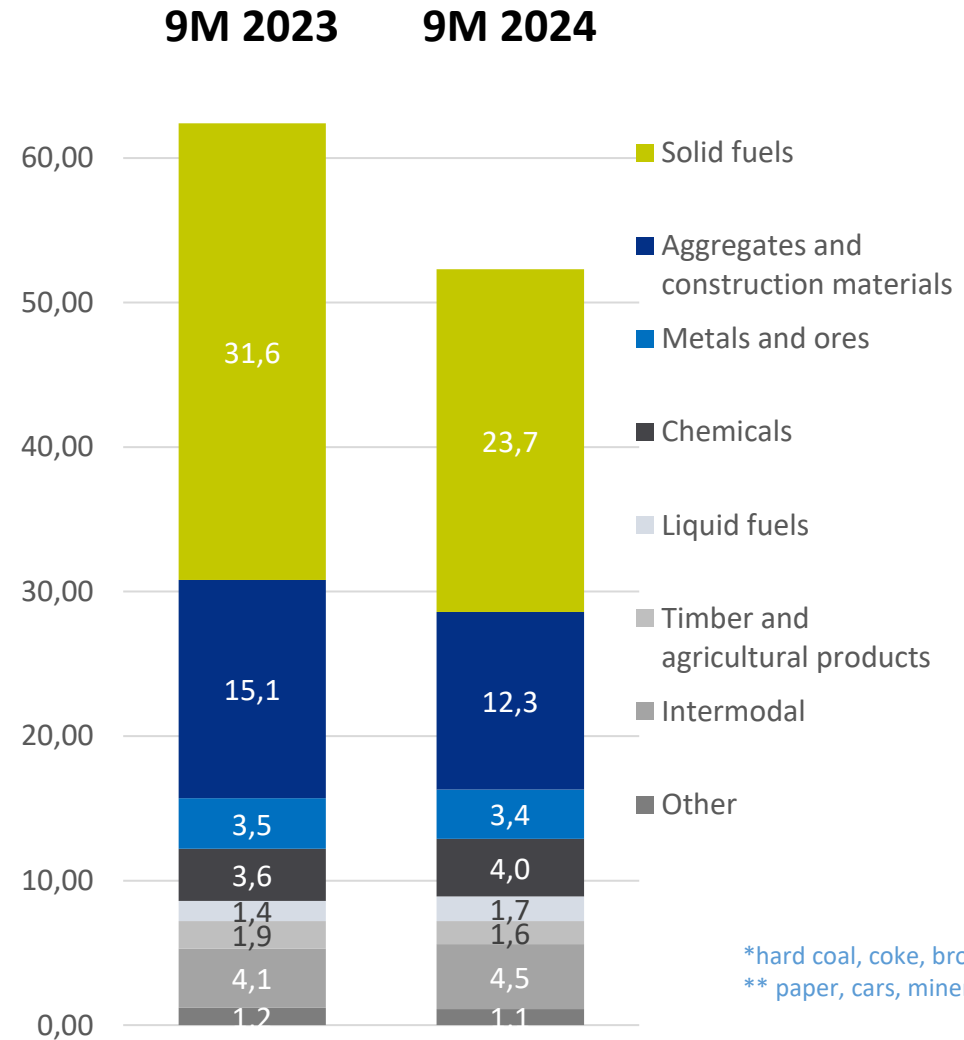
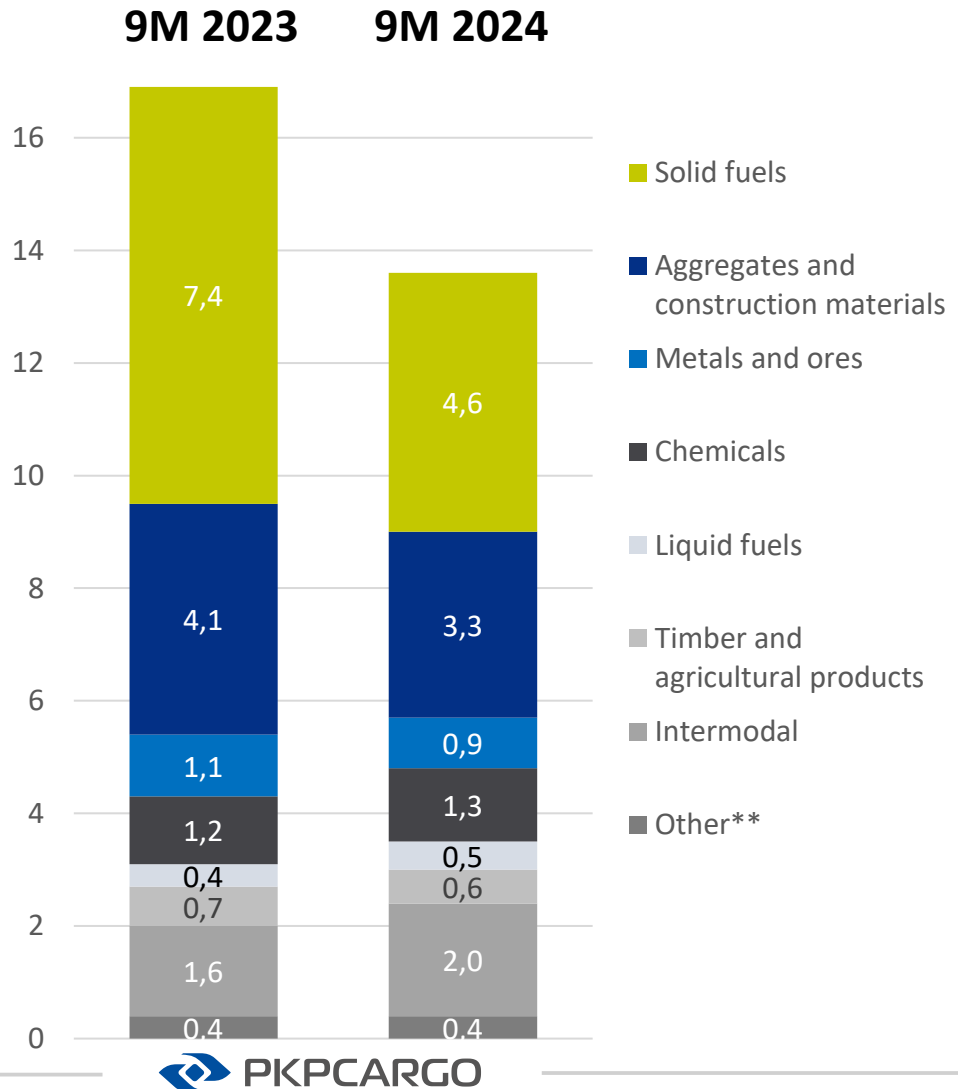
- Results overview
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- Financial results

> Reduction of transport parameters after 3 quarters 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. in restructuring Group's commodity groups for Q3 2024 and year-on-year changes



HARD COAL TRANSPORT

Gradual decrease in the share of hard coal in the Group's transport (26.0% year-on-year decrease in transport by freight mass) as a fuel in connection with the adaptation of companies' 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 the average transport distance by -5 km (-1.7%), due to the change in the structure/directions of supplies.



INTERMODAL:

Increase in transport of the PKP CARGO S.A. Group in restructuring by 24.9% in terms of transport work, including within the New Silk Road. A significant part of goods transported by sea returned to its northern corridor. Increase in the average transport distance by +52 km (+13.3%), due to the change in the transport structure.



PRODUCE AND TIMBER:

Lower Group transport by 18.4% in terms of transport work, decrease in the average transport distance by 5 km (-1.2%) as a result of the decrease in the share of transit transport in the transport of grain and feed as well as in the export transport of wood, export and import of wood-based panels.

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

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



Train cars

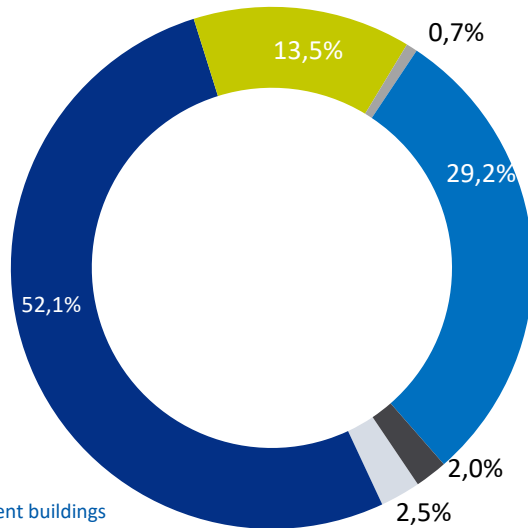
51 992



Locomotives

1 524

CAPEX structure in 9M 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

	9M 2023	9M 2024	Zmiana r/r	Zmiana % r/r
Investment buildings	76.7	13.7	-63	-82.1%
Purchases, periodic repairs and maintenance of train cars	489.4	277.2	-212.2	-43.4%
Modernization and periodic repairs and maintenance of locomotives	322.8	71.7	-251.1	-77.8%
IT	14.8	3.7	-11.1	-75.0%
Rights to assets use ¹⁾	362.5	155.5	-207.0	-57.1%
Others	18.4	10.7	-7.7	-41.8%
Total	1,284.6	532.5	-752.1	-58.5%

1) Expenditures on rights of use of assets do not include increases resulting from sale and leaseback: for the 9-month period of 2024, reloading equipment in the amount of PLN 6.2 million and for the 9-month period of 2023, in the amount of PLN 126.9 million, including: locomotives in the amount of PLN 125.4 million and transport equipment in the amount of PLN 1.5 million.






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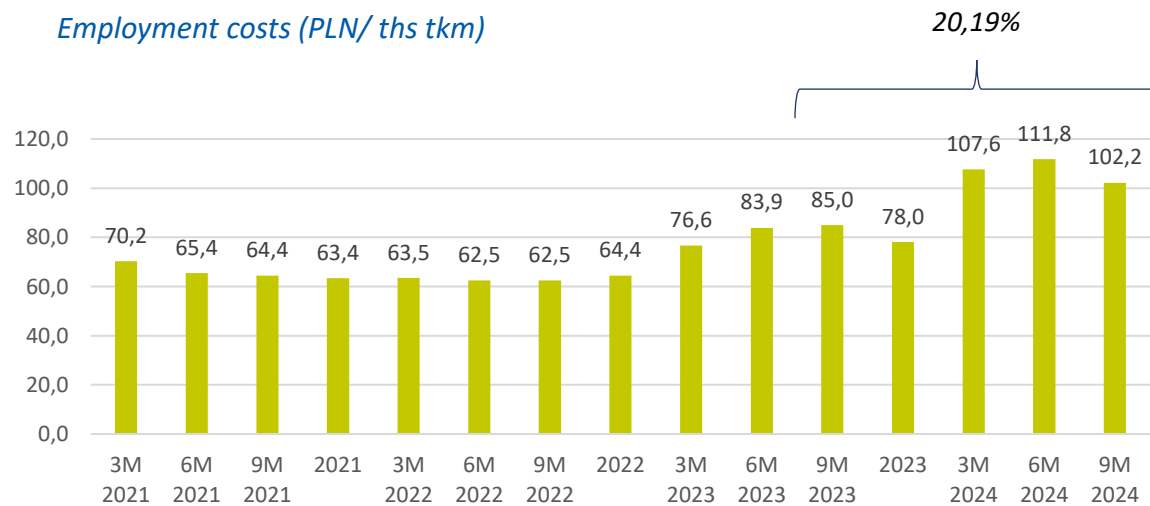
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- **Financial results**

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

	HEADCOUNT IN GROUP (IN PERSONS) AS AT:	BLUE-COLLAR POSITIONS IN GROUP (IN PERSONS) AS AT:	WHITE-COLLAR POSITIONS IN GROUP (IN PERSONS) AS AT:
	30/09/2024 16,623	30/09/2024 12,229	30/09/2024 4,394
31/12/2023 19,933	31/12/2023 15,108	31/12/2023 4,825	
	HEADCOUNT IN COMPANY (IN PERSONS) AS AT:	BLUE-COLLAR POSITIONS IN COMPANY (IN PERSONS) AS AT:	WHITE-COLLAR POSITIONS IN COMPANY (IN PERSONS) AS AT:
	30/09/2024 11,223	30/09/2024 8,202	30/09/2024 3,021
31/12/2023 14,062	31/12/2023 10,657	31/12/2023 3,405	

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

Employment costs (PLN/ ths tkm)



Optimization in the area of employment in the Capital Group

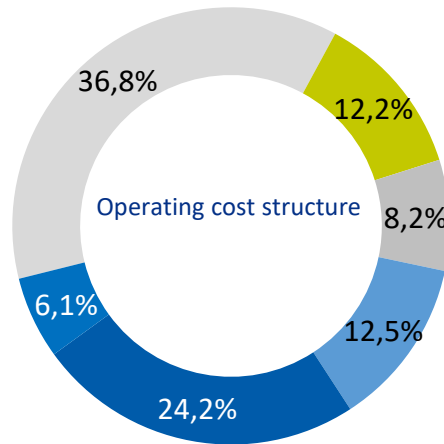
- a decrease in employee benefit costs was noted as a result of the release of provisions for employee benefits in connection with the implementation of group layoffs, which significantly reduced the number of employees covered by individual benefits and the program of exemptions from the obligation to provide work.
- Group layoffs in PKP CARGO covered 2,515 employees, and the estimated costs resulting from group layoffs (excluding holiday pay) were set at approximately PLN 113.25 million. As part of employment optimization in PKP CARGO, employment decreased between July 3, 2024 and November 4, 2024 by a total of 3,665 people, of which 2,515 left as part of group layoffs and the rest for other reasons. The employment status as of November 4, 2024 was 10,046 people

> Operating costs in a challenging market environment

Operating costs - structure and change in 9M 2024

PLN m

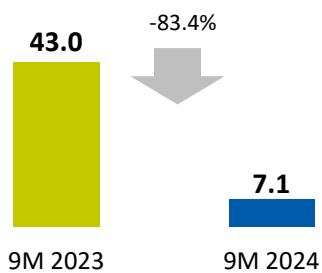
- Employee benefits
- Consumption of traction electricity and fuel
- Access to infrastructure costs
- Transport and other services
- Depreciation and write-offs
- Other expenses



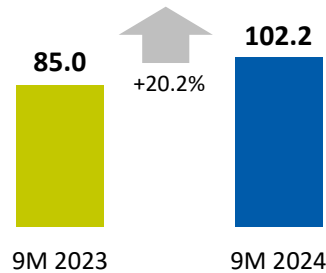
	9M 2023	9M 2024	Zmiana r/r	Zmiana % r/r
Employee benefits	1,438.7	1,381.3	-57.4	-4.0%
Consumption of traction electricity and traction fuel	620.8	458.0	-162.8	-26.2%
Access to infrastructure costs	359.6	306.7	-52.9	-14.7%
Transport and other services*	575.3	470.5	-104.8	-18.2%
Depreciation and write-offs	594.4	910.8	316.4	53.2%
Other expenses**	273.3	228.0	-45.3	-16.6%
Total	3,862.1	3,755.3	-106.8	-2.8%

Unit costs per freight turnover

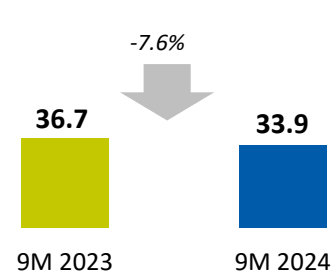
EBITDA per employee (ths PLN/employee)



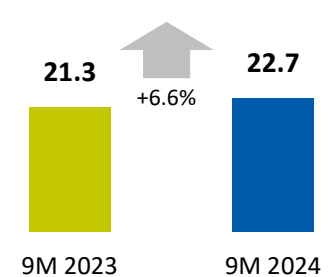
Employee benefits (PLN/ths tkm)



Traction electricity and fuel (PLN/ths tkm)



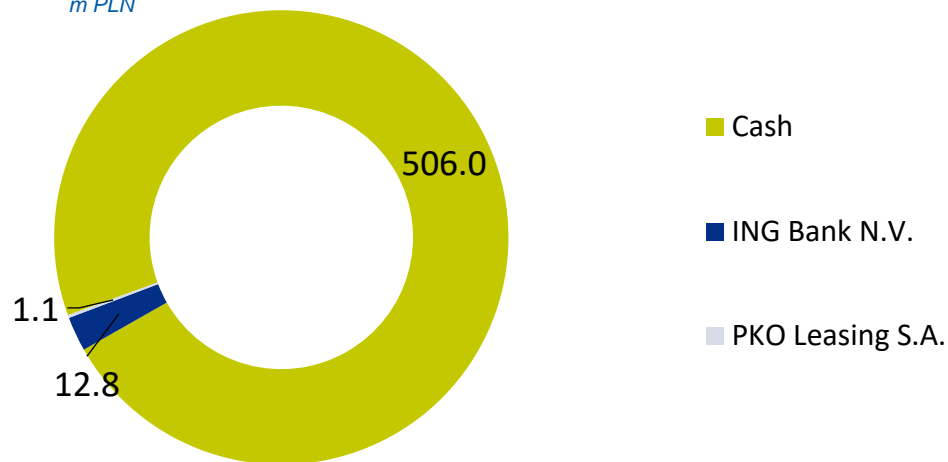
Access to infrastructure (PLN/ths tkm)



> Cash flows, liabilities and funding sources

Available funding sources as of 30.09.2024

m PLN



Ratio	9M 2023	9M 2024
EBITDA margin	20.3%	3.5%
ROA	3.1%	-10.0%
ROE	7.7%	-34.7%
ROS	2.4%	-23.3%

Liabilities structure

m PLN

Zobowiązania	31.12.2023	30.09.2024
Long-term	2,784.2	2,558.0
Short-term	2,333.3	3,239.0
Total	5,117.5	5,797.0

Cash flow

m PLN

Cash flow	9M 2023	9M 2024	zmiana
Operational	1,089.6	890.3	-199.3
Investment	-726.2	-352.1	374.1
Financing	-327.6	-293.5	34.1

Thank you

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

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