



# Advanced World Transport



# **Destination Europe**

8 January 2015



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# **Agenda**



Structure and parameters of the transaction

Market overview

AWT Group background



## **Summary of the transaction**



Signing of the SPA

The purchase price of 80% of shares

The implied EV/EBITDA 2014F\* multiple

80% of shares in AWT B.V.

EUR 103.2

~5x

- The agreement on purchase of 80% of shares in AWT B.V. was signed on 30 December 2014
- The purchase agreement incorporated conditions precedent
- Antitrust proceedings are pending
- The transaction will be financed in 100% from the funds owned by PKP CARGO



### Structure and parameters of the transaction

### Main conditions of the agreement

- PKP CARGO signed the agreement on purchase of 80% of shares in AWT B.V. with Mr. Zdeněk Bakala and The Bakala Trust ("Sellers"), for the purchase price of EUR 103.2 million that corresponds to the equity value of EUR 129 million for 100% of shares
- An agreement has been concluded with the minority shareholder Minezit SE (providing for a possibility to buy remaining 20% of shares – put/call option)

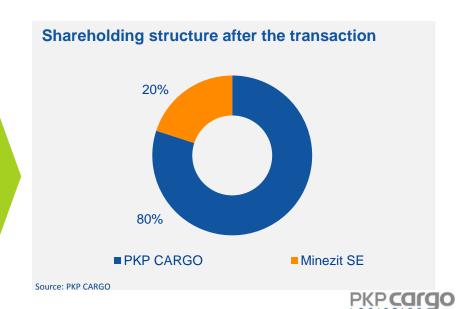
### **EV/EBITDA** multiple

### EV/EBITDA 2014F multiple ~5X

Value of 100% of shares	Net Debt 2014F
EUR 129 m	EUR 27 m
Enterprise value	EBITDA 2014F
EUR 156 m	EUR 31-32 m

### **Structure of AWT Group**

AWT B.V.		
Shareholding structure: (i) 80% Sellers; (ii) 20% Minezit		
		AWT Rekultivace
AWT Rail HU a.s.	AWT Rail SK a.s.	a.s.
AWT	AWT Coal	AWT Rosco a.s.
Cechofracht a.s.	Logistics a.s.	
AWT a.s.	AWT Rail PL a.s.	



Source: AWT

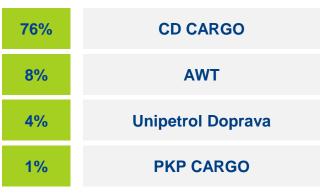
### The Czech market from a European perspective

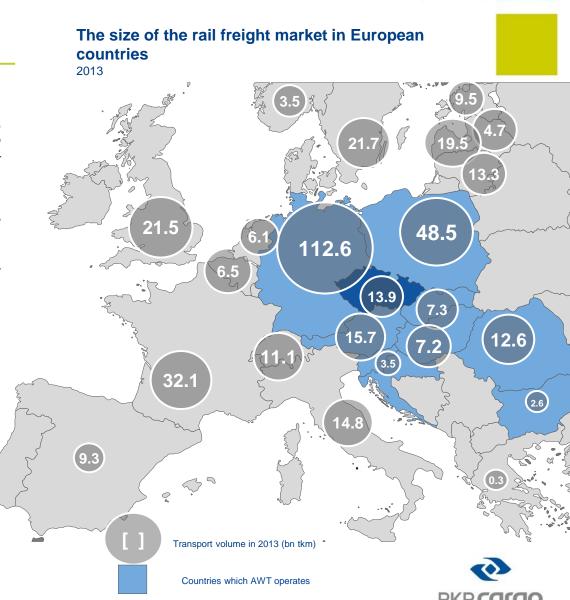
# Opportunities resulting from entry into the Czech market

- Market size (84m tons, 14 bn tkm)
- Expansion of the PKP CARGO business area to 12 countries - better use of PKP CARGO transport certificates thanks to AWT assets
- Opportunity to provide rail connections between Poland and Czech Republic
- Extension of the PKP CARGO transit offer by freight to Western and Southern Europe

# Market shares of rail freight operators by transport performance

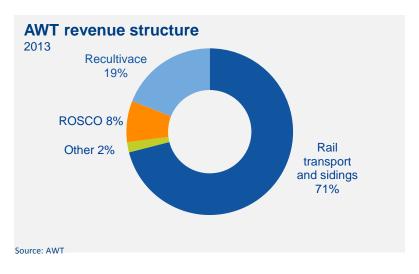
2013





Source: Eurostat, the Railawy Transport Office (UTK) - Poland

### Diversification – a broad portfolio of AWT services



### **Basic operating information**

	Unit	2012	2013	Jan-Sept 2014
Freight turnover	ths tkm	1 361 938	1 588 258	1 580 793
Freight volume	ths tons	11 275	12 755	11 381
Wagons	pcs	4 954	4 773	5 070
- Owned	pcs	3 197	3 258	3 348
- Rented	pcs	1 757	1 515	1 722
No. of locomotives	pcs	160	163	170

Source: AWT

### **Key segments of AWT activity**

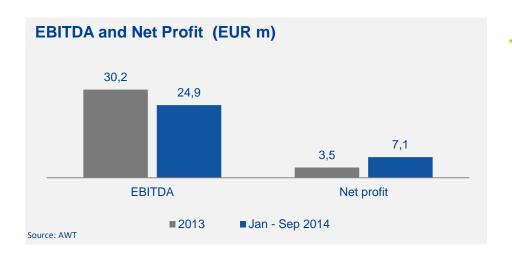
Rail transport and sidings	Key commodities transported by AWT include: coal, steel, intermodal units
ROSCO	The segment offers: rental, maintenance, and repair services of freight wagons
Recultivace	The segment offers complex services in the area of reclamation, earthworks, construction, demolition & project performance

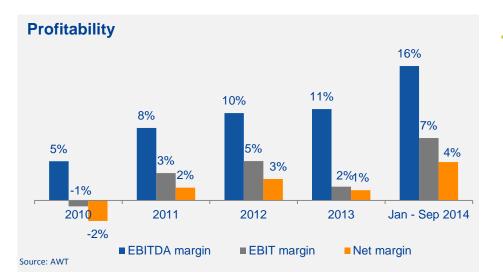
#### **Basic facts**

- The second largest rail operator in the Czech Republic (transporting approx.12m tons per year)
- AWT operates 170 locomotives and approx. 5,000 wagons (64% of them are owned by AWT)
- The Company operates 60 sidings (25 sidings with daily operations)
- Ostrava Paskov terminal
  - 60 km from the Slovak border and 25 km from the Polish border
  - A storage facility with a capacity of 2,400 TEU on 31,000 m<sup>2</sup>



# **Dynamically growing profitability**





### **EBITDA and Net Profit (EUR m)**

- AWT has been improving its margins as a result of a changed business model
- The company has been shifting from lowmargin forwarding to high-margin own rail transport
- Chvaletice contract expired in 2014 and was not renewed for 2015

#### **Balance sheet**

EUR m	31.12.2013	30.09.2014
Fixed assets	231.0	223.1
Current assets	96.9	80.4
Cash and cash equivalents	26.3	23.0
Total assets	327.9	303.5
Equity	. 177.2	184.3
Loans& Leasing	63.9	50.2
Other	86.8	69.0
Total liabilities	327.9	303.5

Source: AWT



## **Conclusions**

1	Increase of market share and international expansion	✓ AWT is the second largest rail freight operator in the Czech Republic
		✓ PKP CARGO will gain a strong development platform for its operations within Czech Republic with a combined market share of nearly 10%
		✓ PKP CARGO will be able to expand its transit offer in Southern and Western Europe due to easier access to transports channel connecting the Baltic Sea with the Adriatic
		✓ PKP CARGO transport certificates will be used more effectively thanks to AWT assets
2	Synergies	✓ The largest synergies are expected to be generated in the areas of (i) tenancy and maintenance of rolling stock and (ii) potential new contracts
		The rolling stock
		✓ Replacing part of AWT rolling stock with PKP CARGO's resources
		✓ Using PKP CARGO's multisystem electric locomotives to service long – haul transport from the Czech Republic
		✓ Investments optimisation of the rolling stock – better utilisation PKP CARGO's modernised rolling stock
		✓ A strategic location, close to the Polish border, servicing
3	Paskov Terminal	Silesian transport

✓ The possibility to create a transportation hub in Paskov operating ports in Hamburg and Gdansk





# Thank you for your attention







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