

PKP CARGO Group at a glance

2022 Results



Zurs, 12th - 13th April 2023



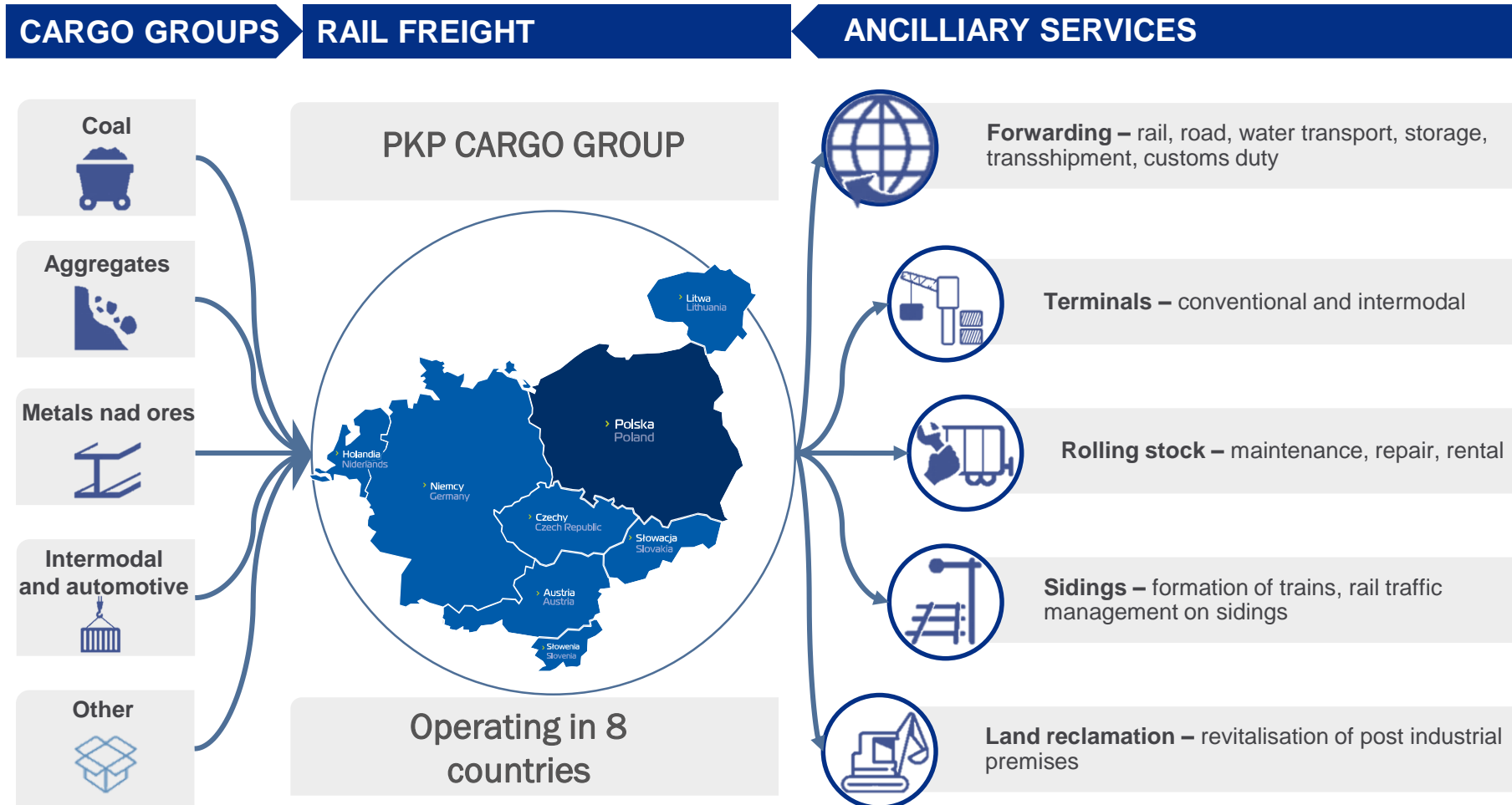


> Agenda

- **PKP CARGO Group overview**
- Results summary
- Operational results
- Financial results
- Key development areas

> PKP CARGO Group overview

Main business lines and cargo groups



> PKP CARGO Group in numbers

Strengthening leading logistics operator position

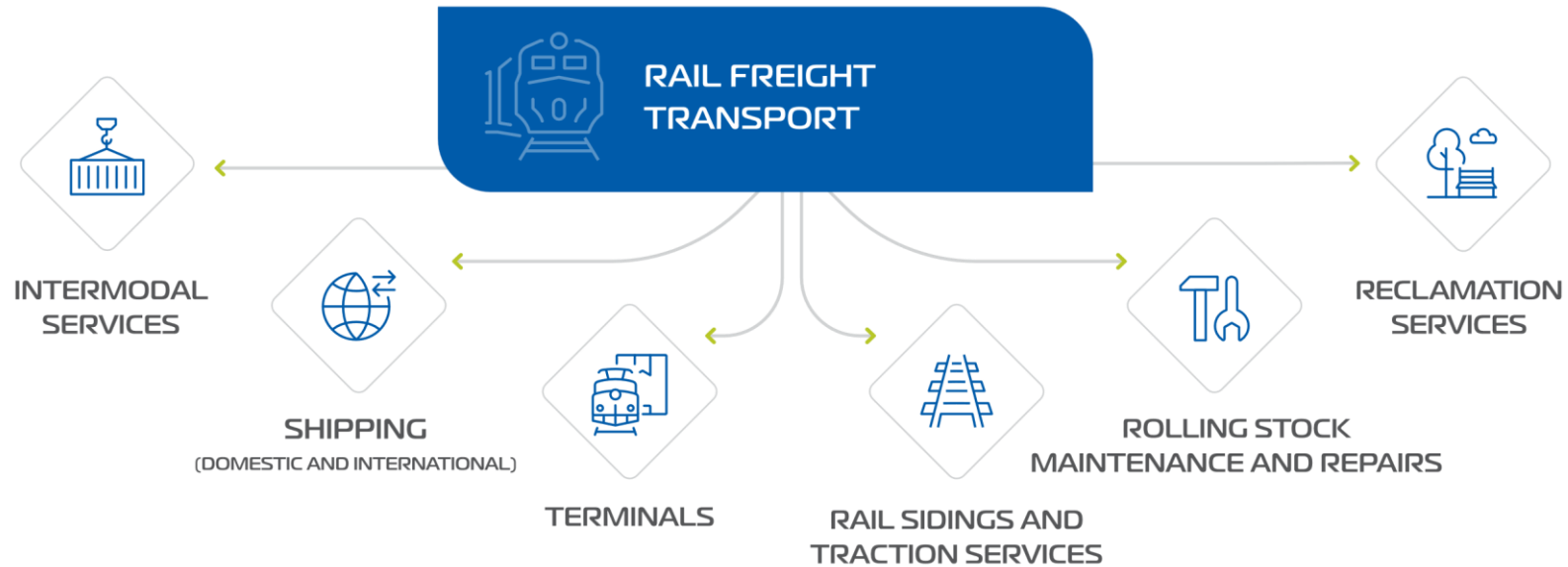
100,6 mn tons
freight volume

20 subsidiary
companies

Over 20 ths
employees

1 547
locomotives

53 459
train cars



4

PKP CARGO
CONNECT

CARGOSPED

CARGOTOR

PKP CARGO
TERMINALE

PKP CARGO
SERVICE

PKP CARGO
TABOR

PKP CARGO
INTERNATIONAL

> PKP CARGO Group as a listed company

Strengthening leading logistics operator position

PKP CARGO Management Board



Dariusz Seliga
Chairman of the Board



Maciej Jankiewicz
Management Board Member in charge of Finance



Marek Olkiewicz
Management Board Member in charge of Operations

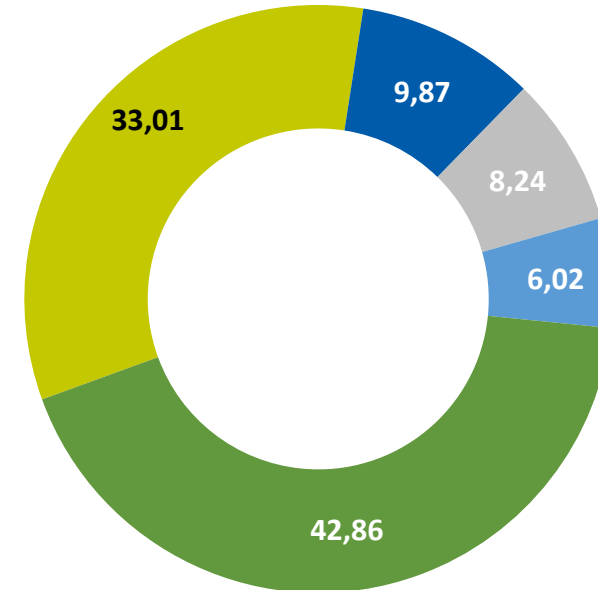


Jacek Rutkowski
Management Board Member in charge of Commerce



Zenon Kozendra
Management Board Member in charge of Employee Representative

PKP CARGO Shareholding structure

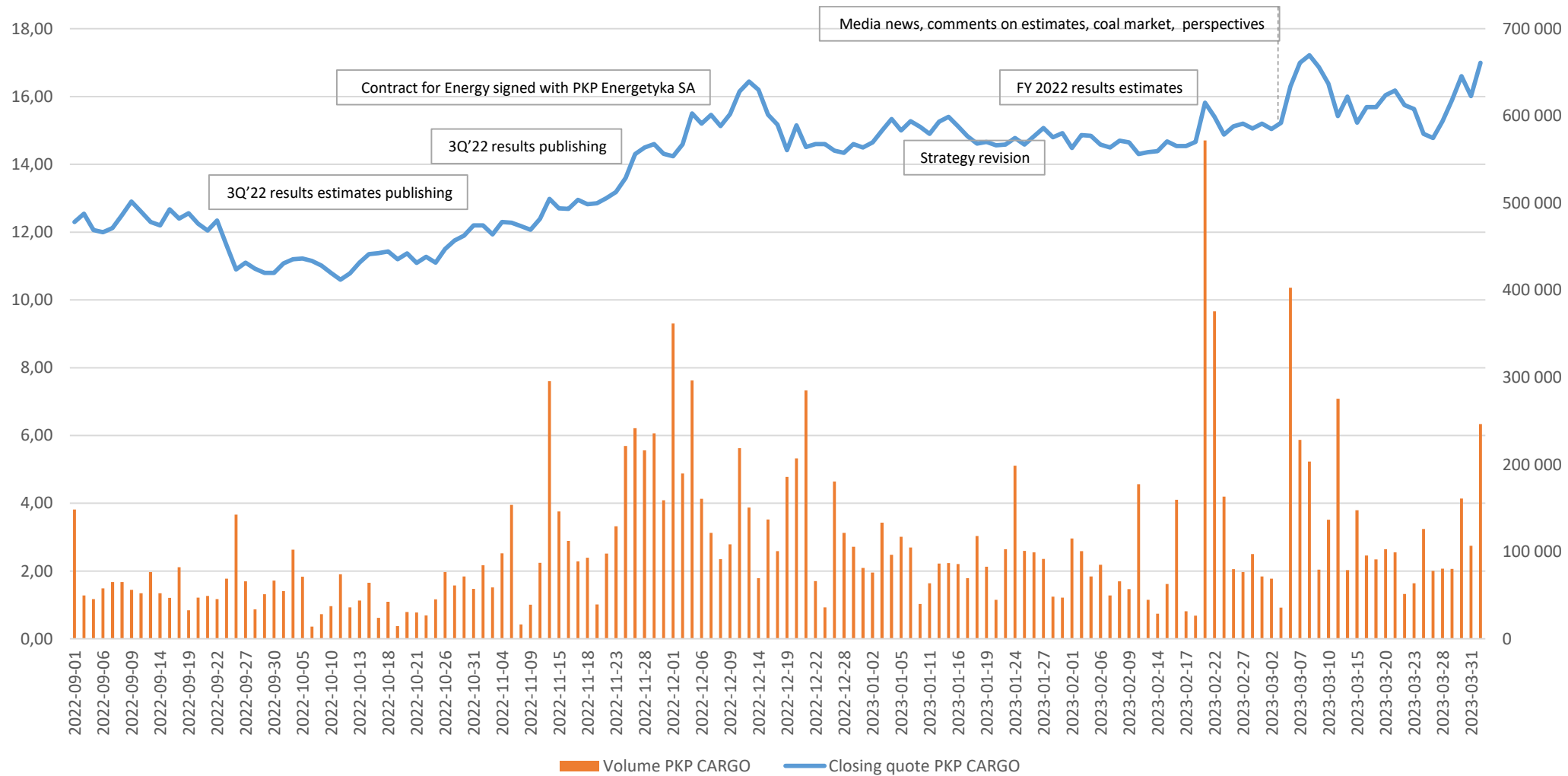


- PKP S.A.
- NATIONALE NEDERLANDEN OFE
- ALLIANZ FUNDS GROUP
- GENERALI PTE
- OTHER SHAREHOLDERS



> PKP CARGO recent quotations on WSE

Recovering the position



> PKP CARGO Group key cargo groups

Wide spectrum of transported goods

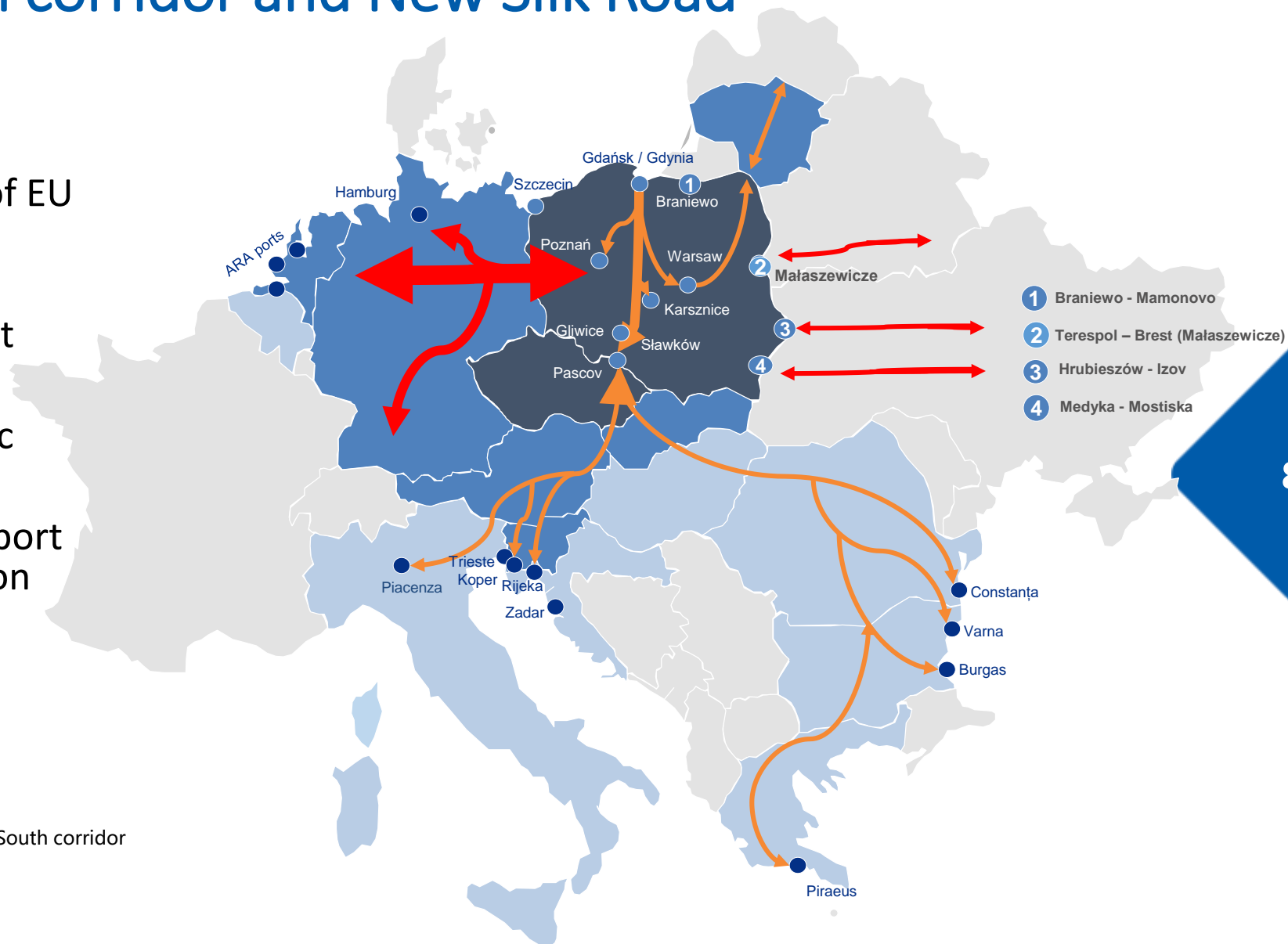
	Solid fuels	<ul style="list-style-type: none">▪ Hard coal, coke, brown coal transported to power plants▪ In 2022 PKP CARGO Group transported 51,5 mn tons
	Aggregates	<ul style="list-style-type: none">▪ Construction materials transported to infrastructure sites – roads etc▪ In 2022 PKP CARGO Group transported 21,0 mn tons
	Metals and ores	<ul style="list-style-type: none">▪ Metal sector slow down, slight increase in transports from Czechia▪ In 2022 PKP CARGO Group transported 6,5 mn tons
	Liquid fuels	<ul style="list-style-type: none">▪ Increase in transport to Ukraine, and from Lithuania▪ In 2022 PKP CARGO Group transported 2,8 mn tons
	Intermodal	<ul style="list-style-type: none">▪ General slow down due to Covid and war in Ukraine▪ In 2022 PKP CARGO Group transported 8,4 mn tons
	Timber, produce	<ul style="list-style-type: none">▪ Agriculture produce import from Ukraine to marine ports▪ In 2022 PKP CARGO Group transported 3,2 mn tons
	Chemicals	<ul style="list-style-type: none">▪ Fertilizers production slow down due to high gas prices▪ In 2022 PKP CARGO Group transported 5,4 mn tons

> The North-South corridor and New Silk Road

Key transport routes

Strategic location in the network of EU transport corridors:

- Main transport route between Western Europe and CIS/Far East countries
- Main player in the Baltic-Adriatic transport corridor
- Significant contribution in transport routes between the Balcan region and Scandinavian countries



- New Silk Road flow of cargo
- North-South corridor flow of cargo
- PKP CARGO domestic markets
- Countries where freight operations concerning North - South corridor and New Silk Road are conducted
- Countries nearby the North-South corridor and New Silk Road





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> 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 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

10

> PKP CARGO Group key areas

Growth in all areas of business activities

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

> 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



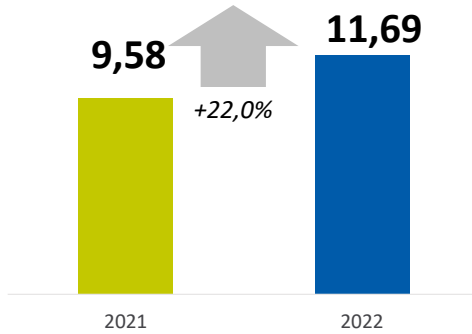
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> Freight turnover - PKP CARGO Group 2022

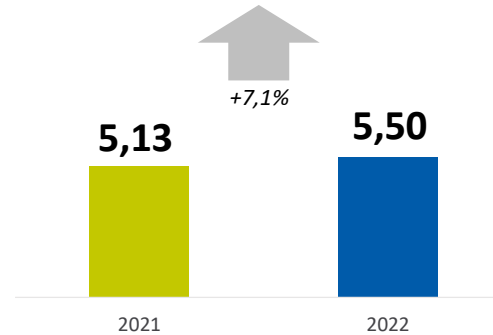
Solid growth in key commodity groups

Solid fuels*
freight turnover, bn tkm

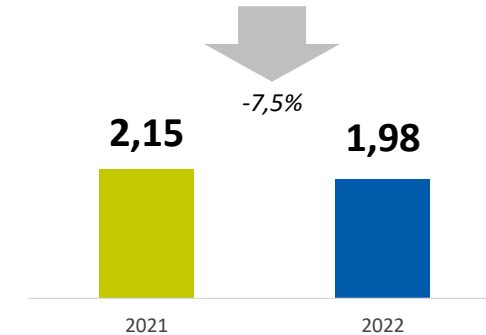


*hard coal, coke, brown coal

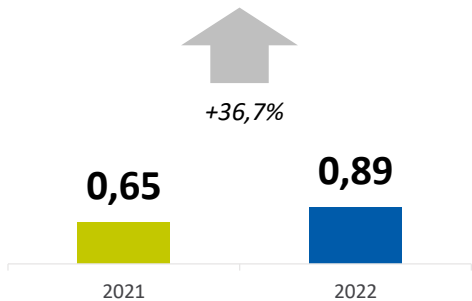
Aggregates and construction materials
freight turnover, bn tkm



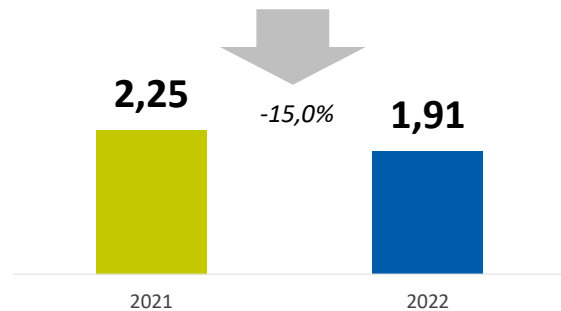
Metals and ores
freight turnover, bn tkm



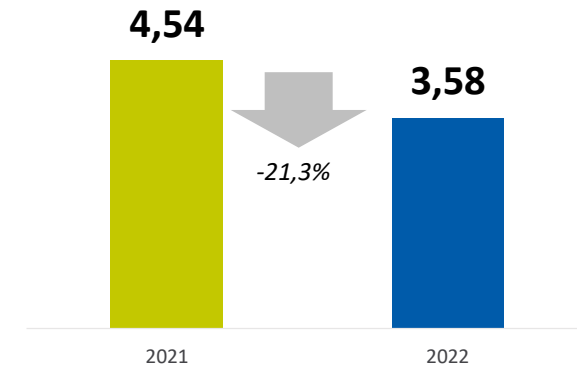
Liquid fuels
freight turnover, bn tkm



Chemicals
freight turnover, bn tkm



Intermodal
freight turnover, bn tkm

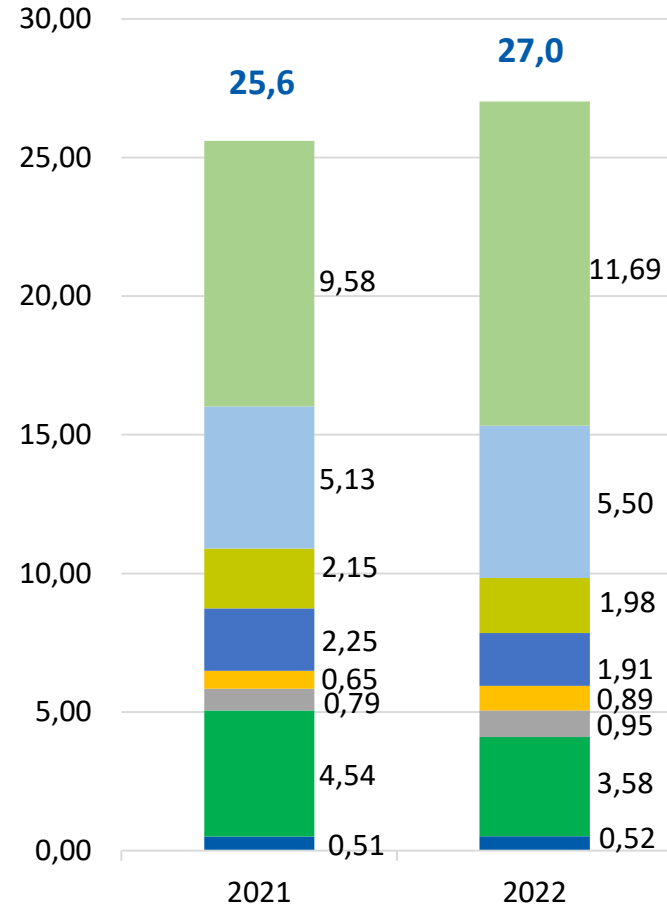


> Freight turnover - PKP CARGO Group

- Strong growth and improvement of freight turnover, stable freight volume

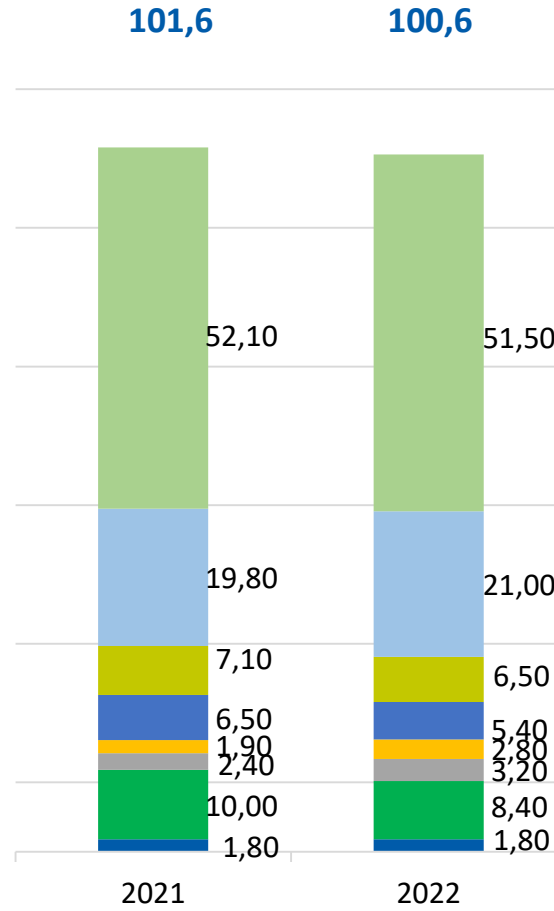
Freight turnover y/y

bn tkm



Freight volume y/y

Mn tons



- Solid fuels*
- Aggregates and construction materials
- Metals and ores
- Chemicals
- Liquid fuels
- Timber and agricultural products
- Intermodal
- Other**

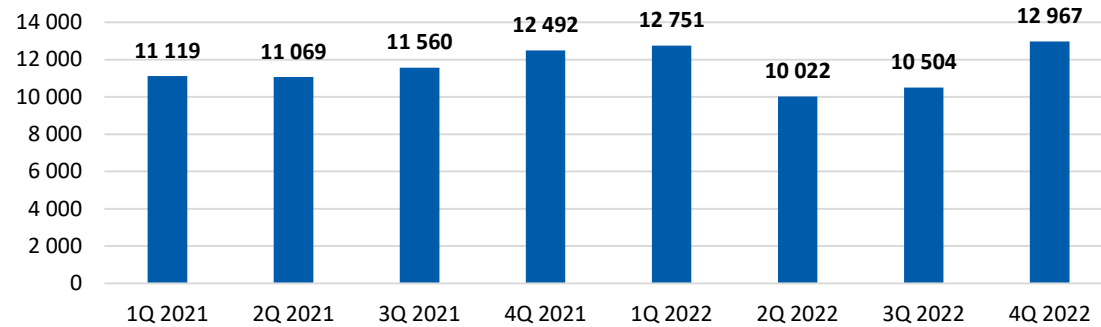


> Hard coal transport

We provide energy safety

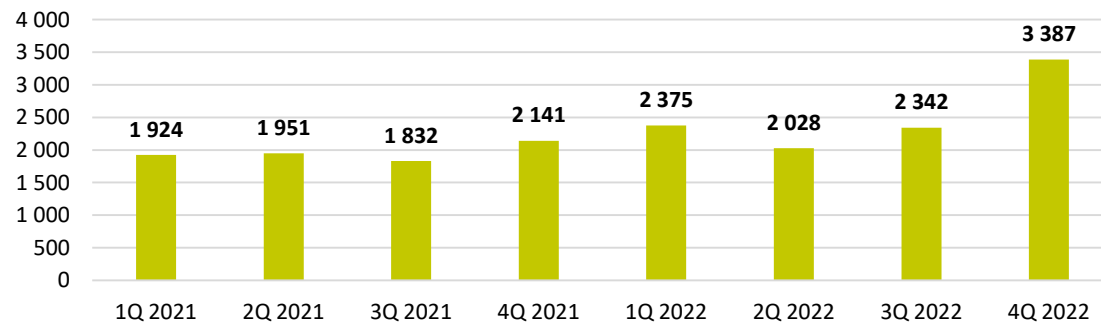
Hard coal – freight volume

(ths tons)



Hard coal transport – freight turnover

(mn tkm)



- Solid fuels freight volume has been steady in 2022 compared to previous year
- Increase of hard coal transport was observed in I and IV Q 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.

Aggregates and construction materials – PKP CARGO Group

Transport summary - Aggregates and construction materials 2022:

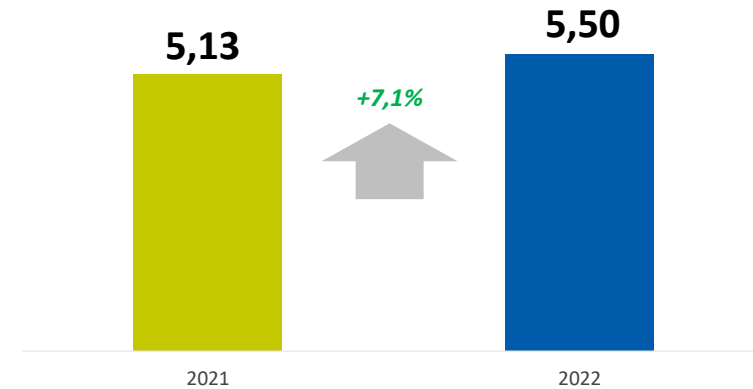
- Increased demand for construction materials due to intensified building works of roads, bridges and other infrastructural investments;
- Increased demand for limestone from German combined heat and power plans and Czech steelworks.
- Increased transports of cement clinker.

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

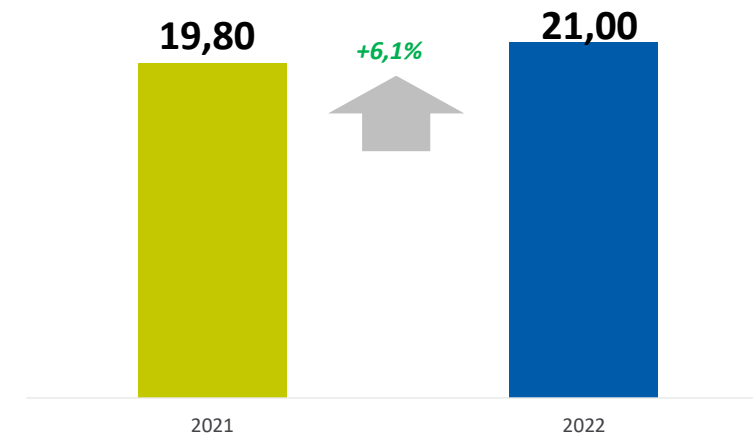


Aggregates and construction materials

Freight turnover, bn tkm



Freight volume, mn tons



> Intermodal – PKP CARGO Group

Transport summary – Intermodal 2022:

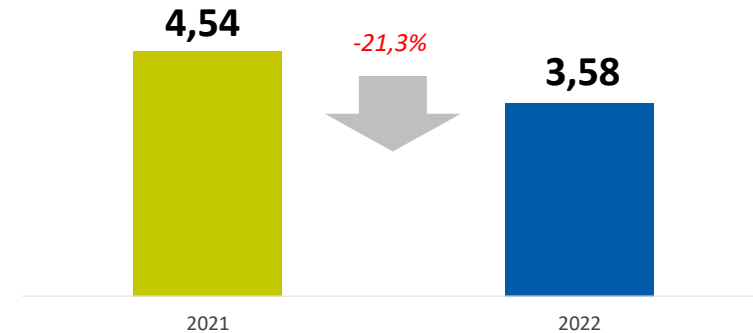
- General slow down on the markets due to war in Ukraine and inflation pressure that caused increase in prices of intermodal shipping and as a consequence lower cargo volumes;
- Difficulties in infrastructure capacity due to ongoing repairs and modernizations of train tracks in Gdańsk and Gdynia area. Coal transports were given higher priority in order to secure to energy provisions
- Inefficient infrastrucure in terms of transports to and fro Ukraine.

Main transport routes: Ukraine, Germany, Belarus

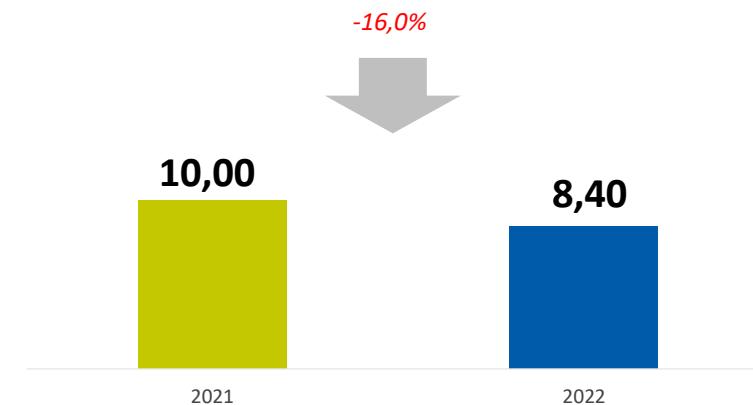


Intermodal

Freight turnover, bn tkm



Freight volume, mn tons



> Domestic terminals

Key transport corridors

POZNAŃ FRANOWO

 **2,8**

 **117**



GLIWICE

 **6,5**

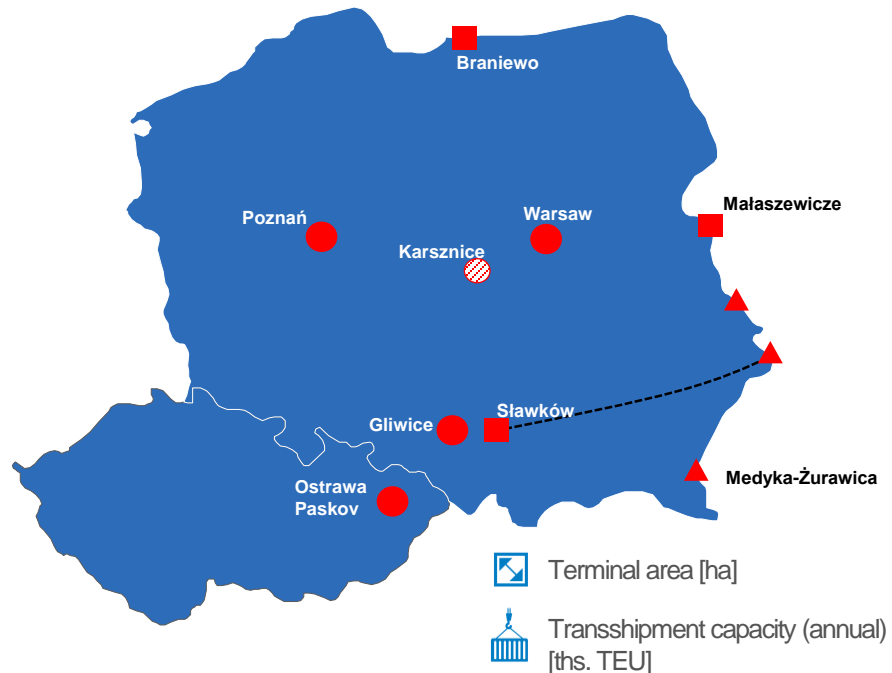
 **128**



OSTRAVA-PASKOV


 **3,1**

 **200**



BRANIEWO

 **8**

 Przewozy Intermodalne ruszyły w V 2018 r.



WARSZAWA

 **3**

 **77**



MAŁASZEWICZE

 **14**

 **220**



SŁAWKÓW

 **90,3**

 **285**

19

Karsznice



- Construction of new inland transshipment terminal will allow to increase capacity for business activities
- International position of PKP CARGO will be stronger

- Intermodal terminals
- Intermodal and conventional terminals
- ▲ Conventional terminals
- ⊘ Investment in progress – Terminal Karsznice

> Metals and ores – PKP CARGO Group

Transport summary – Metals and ores 2022:

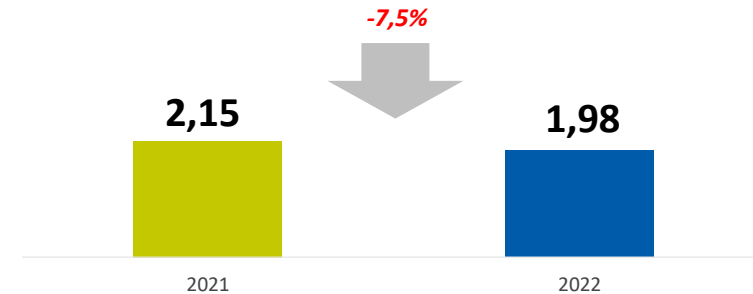
- Domestic and international slow down in steel demand reflected in decrease of metals and ores transport. Poland in the past imported raw steel and steel products from Russia, Ukraine and Belarus. Ukraine was also the main source for iron ore;
- a slight increase in transit of ores to Czechia,
- increase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

Main transport routes: Ukraine, Germany, Slovakia

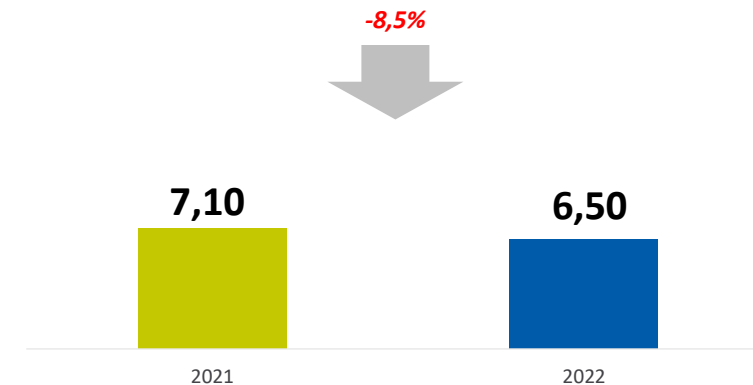


Metals and ores

Freight turnover, bn tkm



Freight volume, mn tons



> Produce and timber – PKP CARGO Group

Transport summary – Produce and timber 2022:

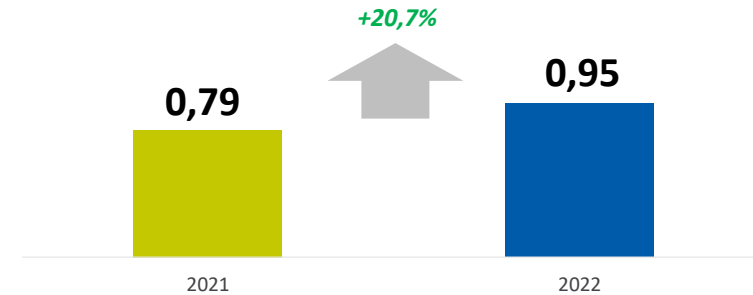
- dynamic growth of produce transport from Ukraine to marine ports both for import and in transit purposes
- growth in transports "on the spot"
- decline in transport of timber from Czechia to marine ports

Main transport routes: Ukraine, Germany, Slovakia

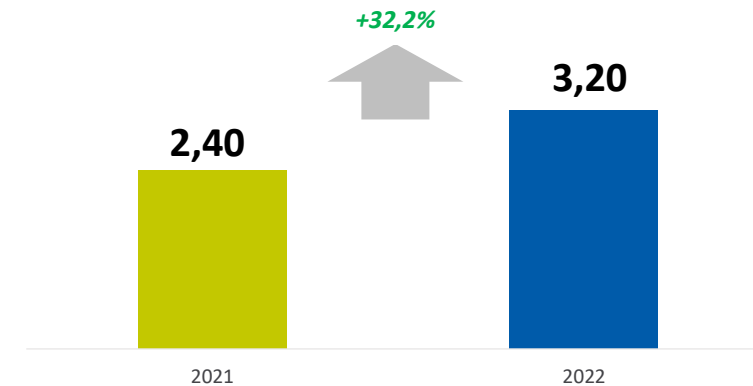


Produce and timber

Freight turnover, bn tkm



Freight volume, mn tons





> Agenda

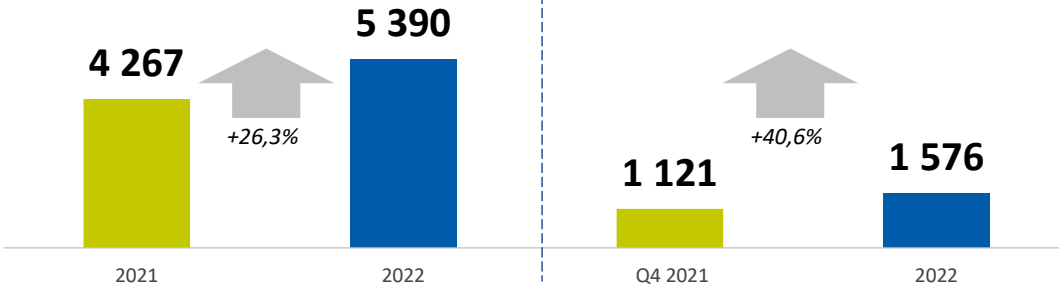
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- Key development areas

> Key financial results

Bringing back the profitability in PKP CARGO Group

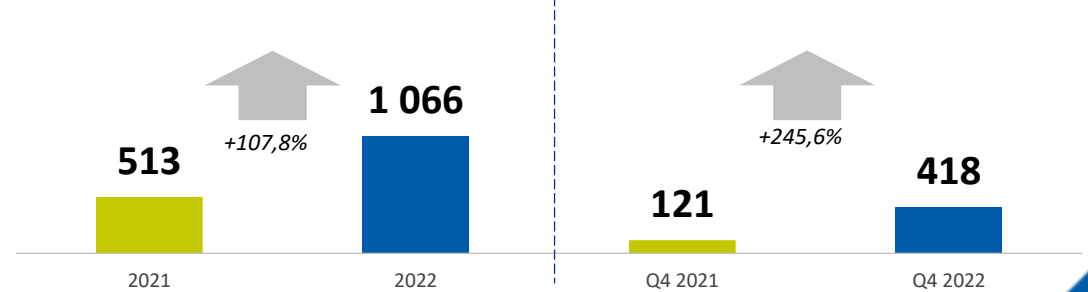
Operating revenues

mn PLN



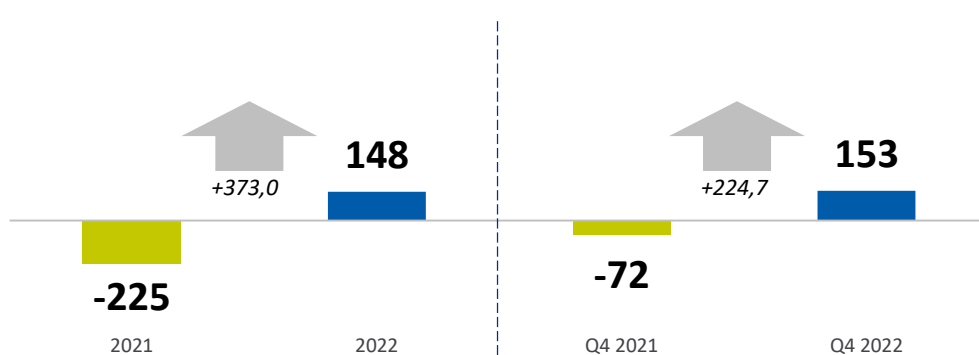
EBITDA

mn PLN



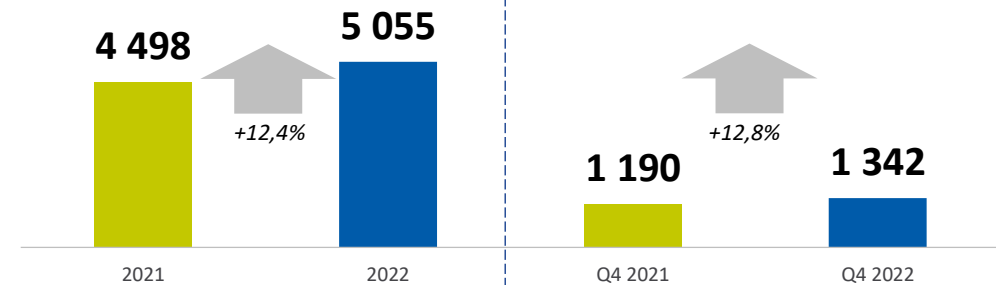
Net profit

Mn PLN



OPEX

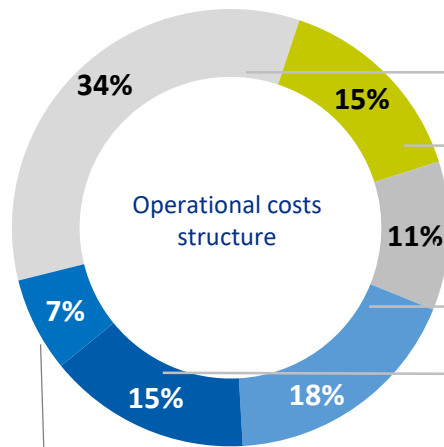
mn PLN



> Revenues and operating costs in challenging market environment

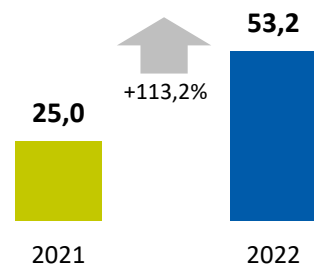
Operating costs - structure and change 2022

mn PLN

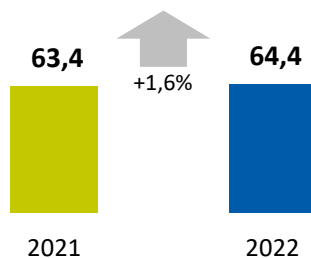


	2022	2021	y/y	% y/y
Employee benefits	1 738,4	1 622,05	116,4	7,2%
Consumption of traction electricity and traction fuel	762,5	550,2	212,3	38,6%
Access to infrastructure costs	562,5	530,0	32,5	6,1%
Transport and other services*	899,2	764,6	134,6	17,6%
Depreciation, amortization and impairment losses	733,0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

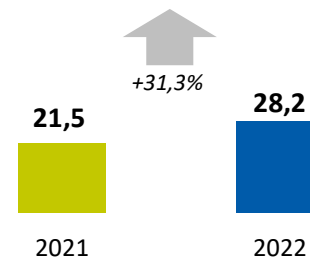
EBITDA per employee (ths PLN/employee)



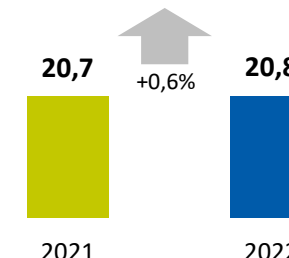
Employee benefits (PLN/ths tkm)



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	20 038
31/12/2021	20 562
31/12/2020	21 766



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

31/12/2022	15 271
31/12/2021	15 754
31/12/2020	16 687

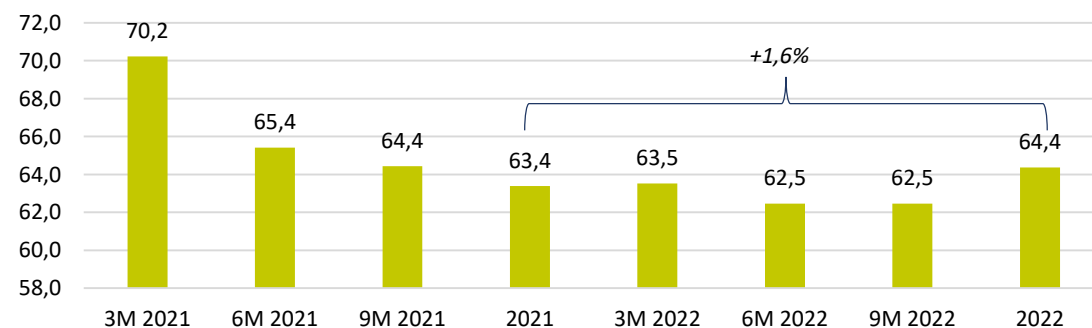


**WHITE- COLLAR POSITIONS
GROUP (HEADCOUNT)**
AS OF:

31/12/2022	4 767
31/12/2021	4 808
31/12/2020	5 079

Employment costs per freight turnover

Employment costs (PLN/ ths tkm)



Employment

PKP CARGO Group optimizes the human resources. Number of employees (as of the end of 2022) has decreased by 2,5 % compared to 2021. It is joint consequence of the following:

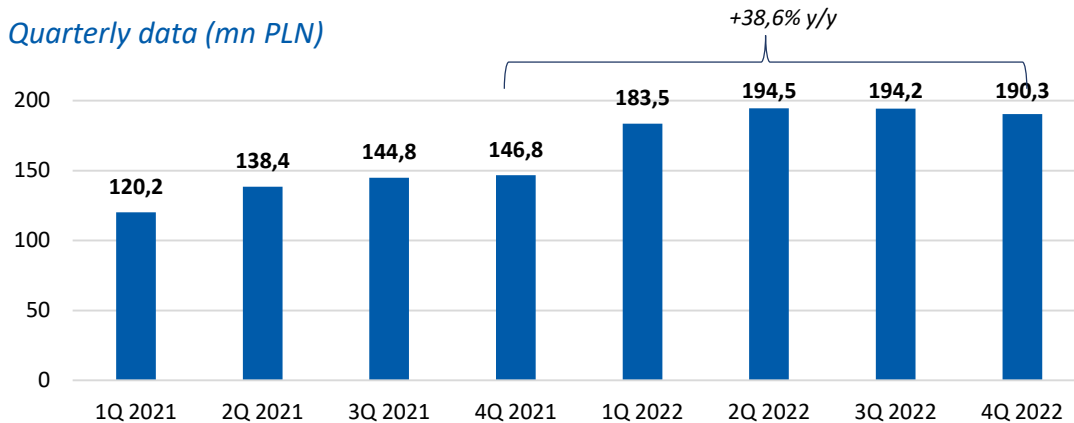
- retirement;
- technical optimization of some processes allowing to decrease employment;
- market environment and limited availability of highly qualified employees;
- long time needed to hire and train manual workers for freight cargo sector.

> Consumption of traction electricity and traction fuel

Traction electricity and fuel consumption

Traction electricity and fuel costs in PKP CARGO Group

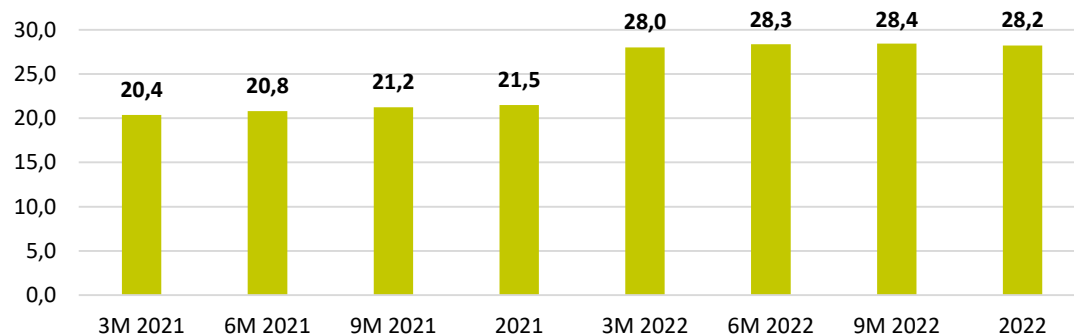
Quarterly data (mn PLN)



- 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.

Traction electricity and fuels costs per freight turnover

(PLN/ tks tkm)



- PKP CARGO Group has observed growth in freight turnover which has a direct impact on costs of used energy.

> PKP CARGO Group - CAPEX Investing in modern rolling stock

Rolling stock structure in numbers
PKP CARGO Group



Train cars

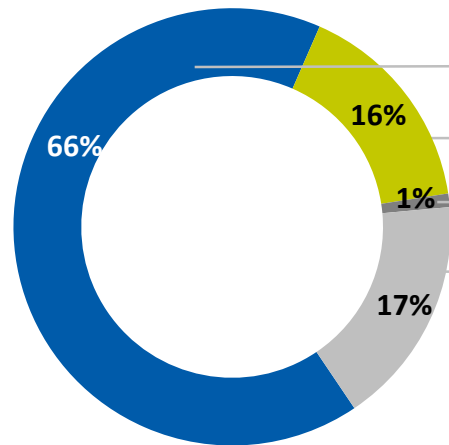
53 459



Locomotives

1 547

CAPEX structure 2022 (mn PLN)



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

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

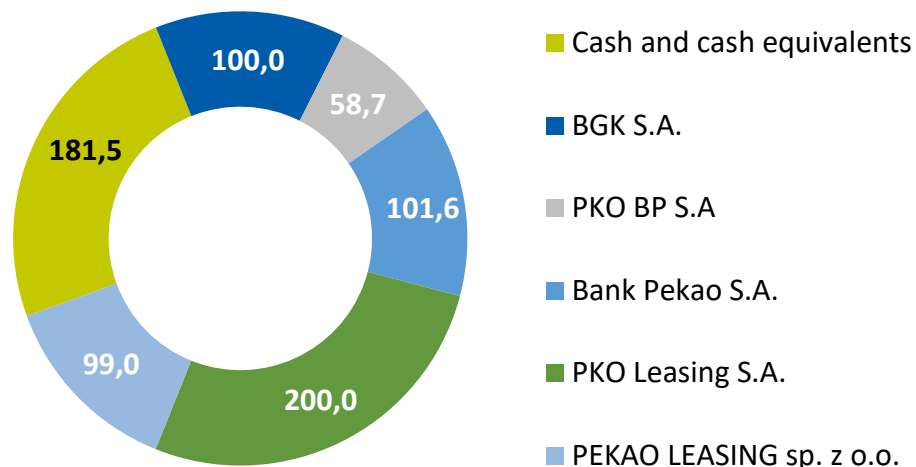
2) Rights to assets use do not include leasing on rolling stock and machines and equipment, in 2022 it amounted to 16,7 mn PLN, in 2021 - 101,0 mn PLN.

> Cash flows, liabilities and funding sources

Improvement of financial structure

Available funding source

As of 31 December 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
Total	4.572,8	4.427,3

Cash flow

mn PLN

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

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



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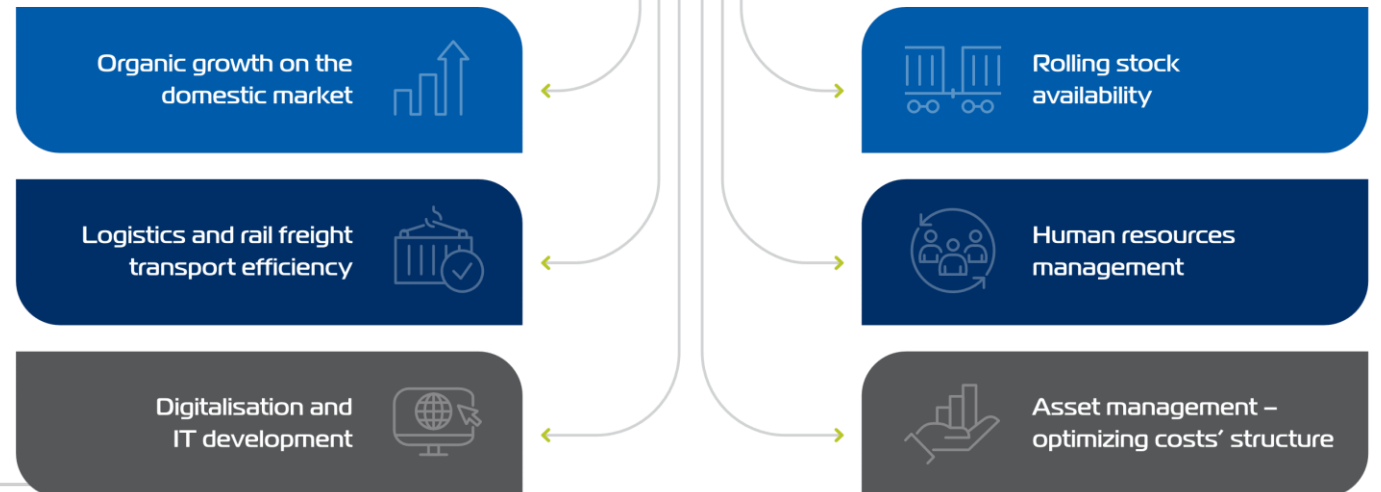
> Strategy

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 8 countries and in Poland
- Maintaining position on the New Silk Road (UE area)



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



> Appendix

> PKP CARGO Group operational parameters - transport results

PKP CARGO Group - Freight turnover results in 2022 and 2021 (mn tkm)

Item	2022	2021	Change 2022/2021		2022	2021	Q4 2022	Q4 2021	Change Q4 2022/Q4 2021	
	(million tkm)		%		percentage of total (%)		(million tkm)		%	
Solid fuels ¹	11,690	9,583	2,107	22.0%	43%	37%	3,745	2,567	1,178	45.9%
<i>of which hard coal</i>	10,132	7,848	2,284	29.1%	38%	31%	3,387	2,141	1,246	58.2%
Aggregates and construction materials ²	5,497	5,131	366	7.1%	20%	20%	1,261	1,374	-113	-8.2%
Metals and ores ³	1,984	2,145	-161	-7.5%	7%	8%	263	466	-204	-43.7%
Chemicals ⁴	1,909	2,246	-337	-15.0%	7%	9%	383	546	-163	-29.9%
Liquid fuels ⁵	887	649	238	36.7%	3%	3%	212	183	29	15.7%
Timber and agricultural produce ⁶	948	785	162	20.7%	4%	3%	279	216	63	29.3%
Intermodal transport	3,577	4,544	-966	-21.3%	13%	18%	614	1,129	-515	-45.6%
Other ⁷	516	508	9	1.7%	2%	2%	133	122	11	8.7%
Total	27,008	25,590	1,418	5.5%	100%	100%	6,890	6,603	287	4.3%

PKP CARGO Group - Freight volume results in 2022 and 2021 (mn tons)

Item	2022	2021	Change 2022/2021		2022	2021	Q4 2022	Q4 2021	Change Q4 2022/Q4 2021	
	(million tons)		%		percentage of total (%)		(million tons)		%	
Solid fuels ¹	51.5	52.1	-0.6	-1.1%	51%	51%	14.2	13.9	0.2	1.7%
<i>of which hard coal</i>	46.2	46.2	0.0	0.0%	46%	46%	13.0	12.5	0.5	3.8%
Aggregates and construction materials ²	21.0	19.8	1.2	6.1%	21%	20%	4.7	5.3	-0.5	-10.1%
Metals and ores ³	6.5	7.1	-0.6	-8.7%	6%	7%	1.0	1.5	-0.5	-32.7%
Chemicals ⁴	5.4	6.5	-1.1	-16.8%	5%	6%	1.2	1.6	-0.4	-26.3%
Liquid fuels ⁵	2.8	1.9	1.0	51.7%	3%	2%	0.7	0.5	0.2	34.5%
Timber and agricultural produce ⁶	3.2	2.4	0.8	32.2%	3%	2%	0.8	0.7	0.1	20.4%
Intermodal transport	8.4	10.0	-1.6	-16.3%	8%	10%	1.5	2.6	-1.1	-42.4%
Other ⁷	1.8	1.8	0.0	0.1%	2%	2%	0.4	0.5	-0.1	-10.8%
Total	100.6	101.6	-1.0	-1.0%	100%	100%	24.5	26.6	-2.0	-7.7%

> Consolidated statement of Comprehensive Income

	2022	2021
Revenues from contracts with customers	5,390.1	4,266.5
Consumption of traction electricity and traction fuel	(762.5)	(550.2)
Services of access to infrastructure	(562.5)	(530.0)
Transport services	(361.3)	(350.7)
Other services	(537.9)	(413.9)
Employee benefits	(1,738.4)	(1,622.0)
Other expenses	(359.5)	(309.1)
Other operating revenue and (expenses)	(1.7)	22.6
Operating profit without depreciation (EBITDA)	1,066.3	513.2
Depreciation, amortization and impairment losses	(733.0)	(722.0)
Profit / (loss) on operating activities (EBIT)	333.3	(208.8)
Financial revenue and (expenses)	(150.6)	(60.3)
Share in the profit / (loss) of entities accounted for under the equity method	9.1	4.7
Profit / (loss) before tax	191.8	(264.4)
Income tax	(43.8)	39.1
NET PROFIT / (LOSS)	148.0	(225.3)
OTHER COMPREHENSIVE INCOME		
Measurement of hedging instruments	(6.7)	13.2
Income tax	1.3	(2.5)
FX differences resulting from translation of financial statements	34.4	37.7
Total other comprehensive income subject to reclassification in the financial result	29.0	48.4
Actuarial profits / (losses) on post-employment benefits	18.9	91.0
Income tax	(3.6)	(17.3)
Total other comprehensive income not subject to reclassification in the financial result	15.3	73.7
Total other comprehensive income	44.3	122.1
TOTAL COMPREHENSIVE INCOME	192.3	(103.2)

> Consolidated statement of Financial Position

	31/12/2022	31/12/2021
ASSETS		
Rolling stock	4,208.3	4,241.6
Other property, plant and equipment	891.1	893.4
Rights-of-use assets	972.2	1,030.7
Investments in entities accounted for under the equity method	41.8	36.7
Trade receivables	7.3	4.2
Lease receivables	8.7	8.5
Other assets	48.6	40.5
Deferred tax assets	176.1	203.1
Total non-current assets	6,354.1	6,458.7
Inventories	200.8	164.6
Trade receivables	769.4	611.7
Lease receivables	0.6	0.6
Income tax receivables	1.6	4.5
Other assets	151.9	103.1
Cash and cash equivalents	181.5	254.5
Total current assets	1,305.8	1,139.0
Non-current assets classified as held for sale	0.3	15.7
TOTAL ASSETS	7,660.2	7,613.4

> Consolidated statement of Financial Position

	31/12/2022	31/12/2021
EQUITY AND LIABILITIES		
Share capital	2,239.3	2,239.3
Supplementary capital	678.0	771.7
Other items of equity	(65.9)	(75.8)
FX differences resulting from translation of financial statements	176.9	142.5
Retained earnings / (Accumulated losses)	204.6	(37.1)
Total equity	3,232.9	3,040.6
Debt liabilities	1,711.5	2,090.3
Trade liabilities	7.9	2.3
Investment liabilities	46.7	111.8
Provisions for employee benefits	483.5	529.1
Other provisions	0.5	7.0
Deferred tax liability	94.5	93.3
Total long-term liabilities	2,344.6	2,833.8
Debt liabilities	660.7	473.9
Trade liabilities	803.8	639.0
Investment liabilities	143.0	221.4
Provisions for employee benefits	156.7	127.3
Other provisions	21.4	23.3
Other liabilities	297.1	254.1
Total short-term liabilities	2,082.7	1,739.0
Total liabilities	4,427.3	4,572.8
TOTAL EQUITY AND LIABILITIES	7,660.2	7,613.4

> Consolidated Cash Flow Statement

	2022	2021
Cash flows from operating activities		
Profit / (loss) before tax	191.8	(264.4)
Adjustments		
Depreciation, amortization and impairment losses	733.0	722.0
(Profit) / losses on the sale and liquidation of non-financial non-current assets	(18.8)	(19.2)
(Profits)/ losses on FX differences	7.8	4.8
(Profits) / losses on interest, dividends	122.4	50.1
Received / (paid) interest	0.3	0.7
Received / (paid) income tax	(14.0)	(11.3)
Movement in working capital	(17.1)	125.1
Other adjustments	13.0	92.0
Net cash from operating activities	1,018.4	699.8
Cash flows from investing activities		
Expenditures on the acquisition of non-financial non-current assets	(856.9)	(808.5)
Proceeds from the sale of non-financial non-current assets	75.9	158.4
Proceeds from dividends received	4.4	2.9
Other inflows from investing activities	3.7	1.6
Net cash from investing activities	(772.9)	(645.6)
Cash flows from financing activities		
Payments on lease liabilities	(140.1)	(128.5)
Proceeds from bank loans and borrowings	141.4	323.9
Repayment of bank loans and borrowings	(309.0)	(348.6)
Interest paid on lease liabilities and bank loans and borrowings	(104.6)	(42.4)
Grants received	96.1	93.3
Other outflows from financing activities	(3.3)	(4.1)
Net cash from financing activities	(319.5)	(106.4)
Net increase / (decrease) in cash and cash equivalents	(74.0)	(52.2)
Cash and cash equivalents at the beginning of the reporting period	254.5	306.0
Impact exerted by FX rate movements on the cash balance in foreign currencies	1.0	0.7
Cash and cash equivalents at the end of the reporting period, including:	181.5	254.5
<i>Restricted cash</i>	<i>47.3</i>	<i>60.6</i>

Thank you

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

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