

Consent to draw down an obligation to purchase of 220 flat wagons

Current Report No. 51/2019 of 23 October 2019

Legal basis (selected in ESPI):

Article 17 Section 1 of MAR – confidential information.

The Management Board of PKP CARGO S.A. (“Company”, “PKP CARGO”) hereby reports that on 23 October 2019 the PKP CARGO S.A. Supervisory Board gave consent to draw down an obligation through PKP CARGO executing a contract with the consortium of companies: Wagony Świdnica sp. z o.o. with its registered office in Świdnica and ASTRA RAIL INDUSTRIES S.A. with its registered office in Romania (“Contractor”), to deliver 220 new flat wagons to be used for intermodal transport with a performance deadline of 30 November 2022.

The subject matter of the Contract is the delivery of 220 newly produced six-axis flat wagons to be used to transport Sggrs(s) containers with a loading length of 80’.

The wagon supply timetable is as follows: (i) 2021: supply of 130 wagons; (ii) 2022 (by 30 November): supply of 90 wagons.

The gross value of the contract will not exceed PLN 126,099,600.00.

The Contract is in effect from the date of its execution until the end of the quality warranty period for the last supplied wagon.

The Contract contemplates contractual penalties payable to PKP CARGO by the Contractor for the following reasons: (i) delays in supplying wagons, (ii) delays in the performance of warranty obligations and delays in the performance of obligations under the seller’s warranty, (iii) failure to adhere to the clauses of the Contract, (iv) termination of the license to take advantage of the documentation of the wagons, (v) withdrawal from the Contract for reasons attributable to the Contractor.

The contractual penalties for withdrawal from the Contract for reasons attributable to the Contractor may not in aggregate exceed 5% of the net value of the part of the subject matter of the Contract that has not been done.

If the contractual penalties do not cover all the losses, then PKP CARGO will have the right to pursue damages in excess of the contractual penalties on general terms.

The other terms and conditions of the Contract are substantially similar to those generally used in contracts of this type.

The execution of this Contract constitutes a material contribution to building PKP CARGO’s strong and stable competitive position. One of PKP CARGO’s most important strategic objectives is to develop intermodal transport domestically and internationally with special emphasis on leveraging Poland’s location as a transit hub along the “New Silk Road” and the north-south corridor. The purchase of these wagons will enable PKP CARGO to continue the development of intermodal transport.

The purchase of wagons is a key investment in the project entitled “Multi-system locomotives and wagons for intermodal transport”, which has received co-funding from the European Union’s aid funds under Measure 3.2 Development of Maritime Transport, Inland Waterways and Multimodal Connections, Priority Axis III of the Operational Program Infrastructure and Environment 2014-2020.

Legal basis: Article 17 Sec. 1 of Regulation (EU) No. 596/2014 of the European Parliament and of the Council on Market Abuse.