



PKP CARGO GROUP Q3 2021



**LEADING FREIGHT
CARRIER**

Financial and operating results after Q3 2021





Results of the PKP CARGO Group for 9M 2021



Financial data 9M 2021

PLN 3,145.9 million
in revenues from
contracts with
customers

PLN 392.3 million
EBITDA

PLN -138.4 million
EBIT



Operational data 9M 2021

19.0 billion tkm freight
turnover

75.0 million tons freight
volume

889.4 thousand tkm
freight turnover per FTE



The market environment determined the situation in key cargo categories



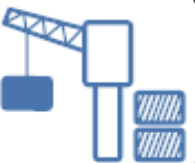
Solid fuels

- increase in electricity generation reflecting the stronger customer demand for electricity and the larger share of hard coal-fired power plants in the national energy mix
- greater hard coal imports via Poland's eastern border and passing through seaports
- increase in coke shipments within Poland and in international transport



Construction materials and aggregates

- increased customer demand for construction stone (road construction projects, including A1, S7, S5 and S19, and rail infrastructure investments)
- increase in the haul of aggregates, including for the construction of S7 and the Rail Baltica line
- decrease in PKP CARGO International's freight volume transported for the construction of rail tracks in the Czech Republic



Intermodal transport

- launch of an intermodal connection to Turkey in cooperation with PKP CARGO CONNECT
- decrease in the number of trains to and from ports (modernization works currently in progress in the Tri-City area)
- decrease in transport services on the New Silk Road due to the reduced capacity of rail routes in Poland and Germany



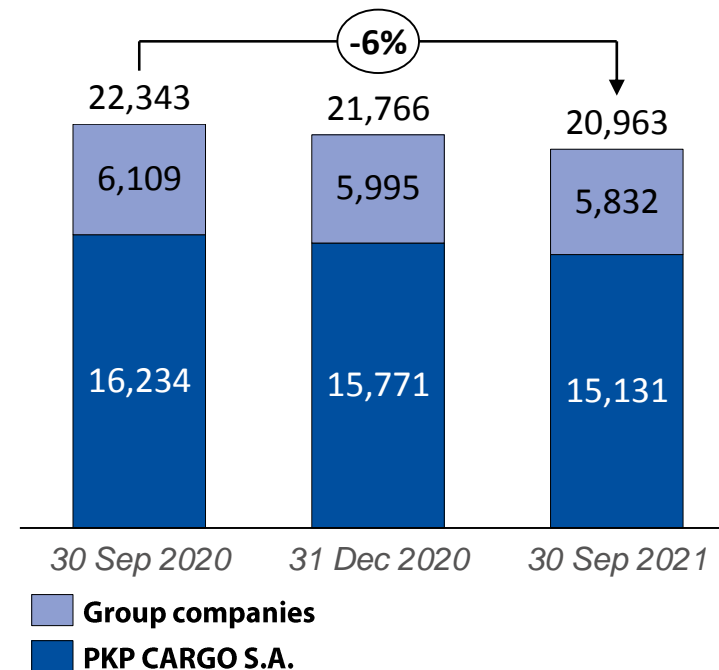
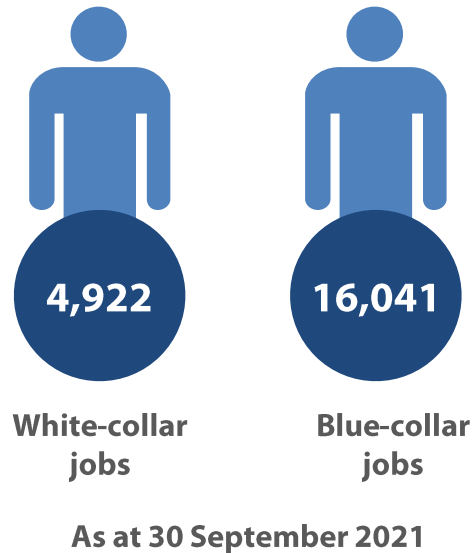
Metals and ores

- increase in transport services of ores and metals resulting from stronger demand for steel products as a result of the economic recovery both in Poland and abroad (following the recession of 2020)
- increase in steel imports from within and without the EU (the current production of metals in Poland fails to satisfy the demand)



The employment structure and headcount in the PKP CARGO Group are being aligned with the new market environment and the ongoing pandemic

NUMBER OF PERSONS EMPLOYED BY THE PKP CARGO GROUP



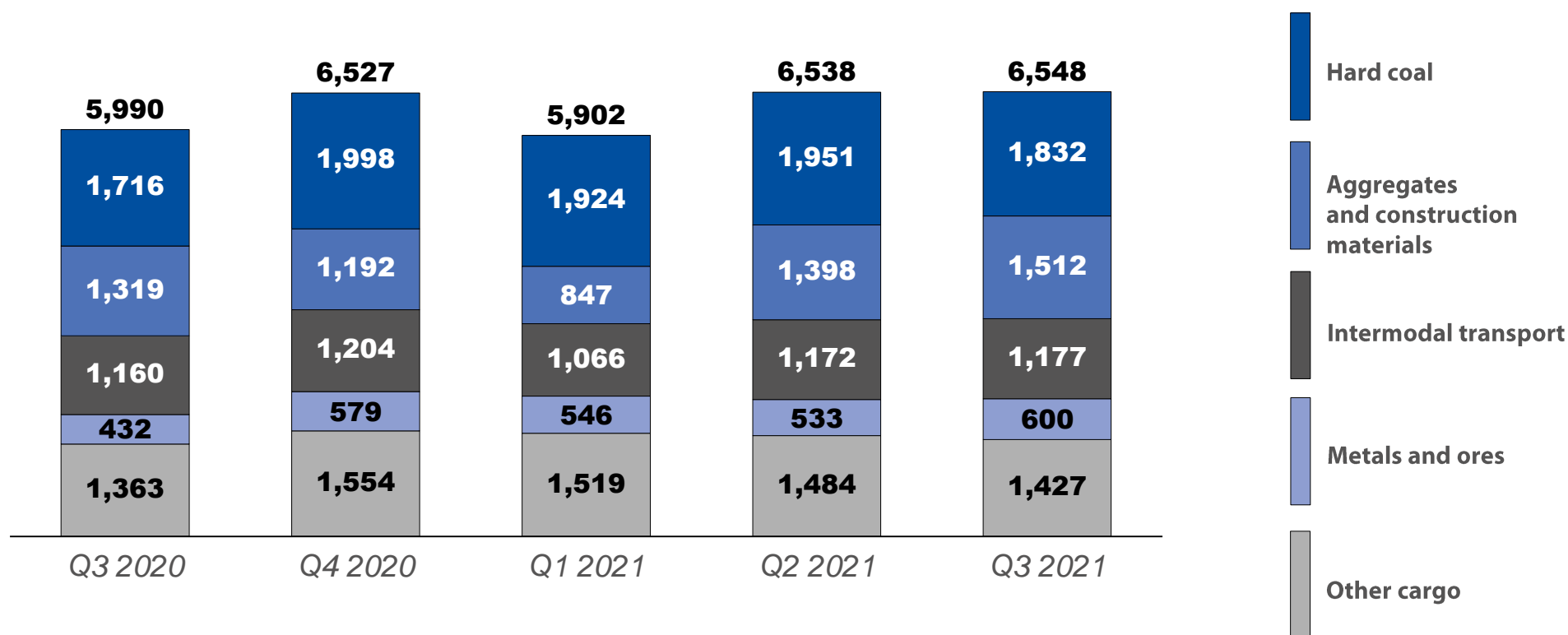


In 9M 2021, key cargo categories remained highly sensitive to general economic trends

PKP CARGO GROUP'S FREIGHT TURNOVER

Q3 2020 – Q3 2021

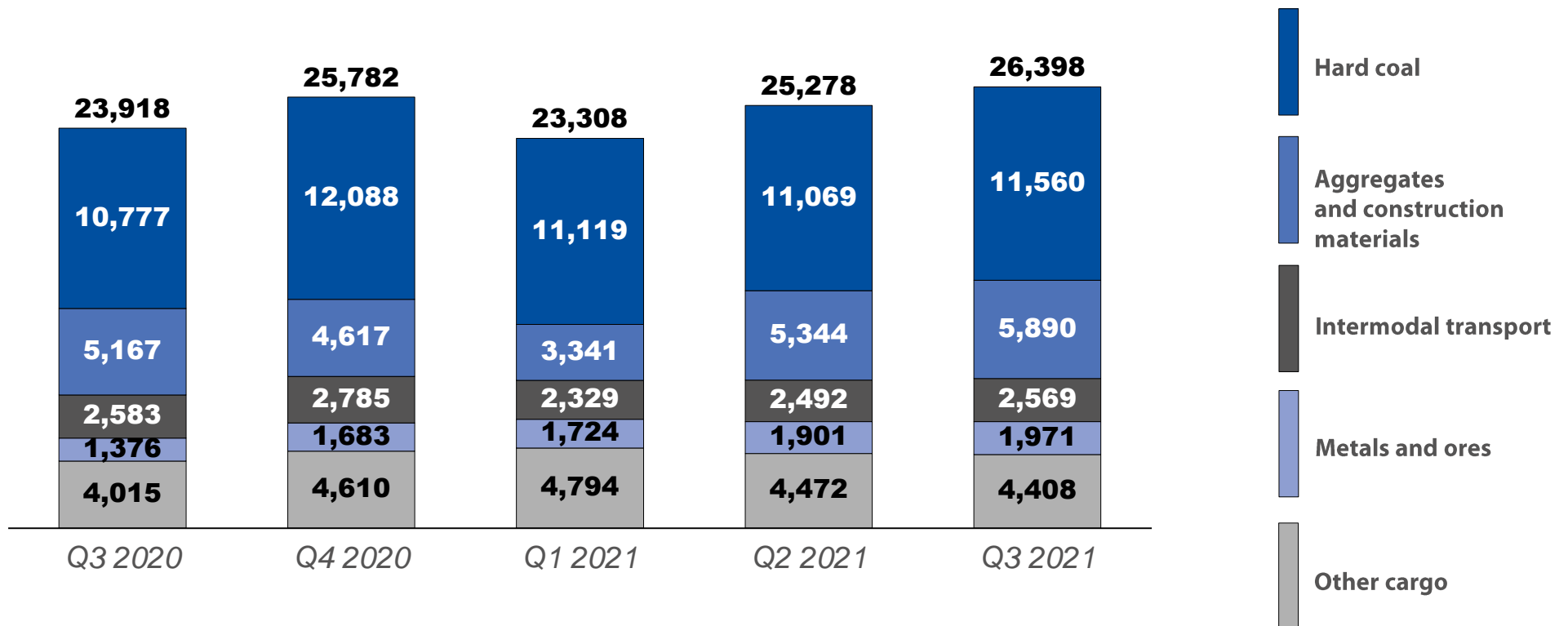
million tkm





In 9M 2021, key cargo categories remained highly sensitive to general economic trends

PKP CARGO GROUP'S FREIGHT VOLUME
Q3 2020 – Q3 2021
thousand tons



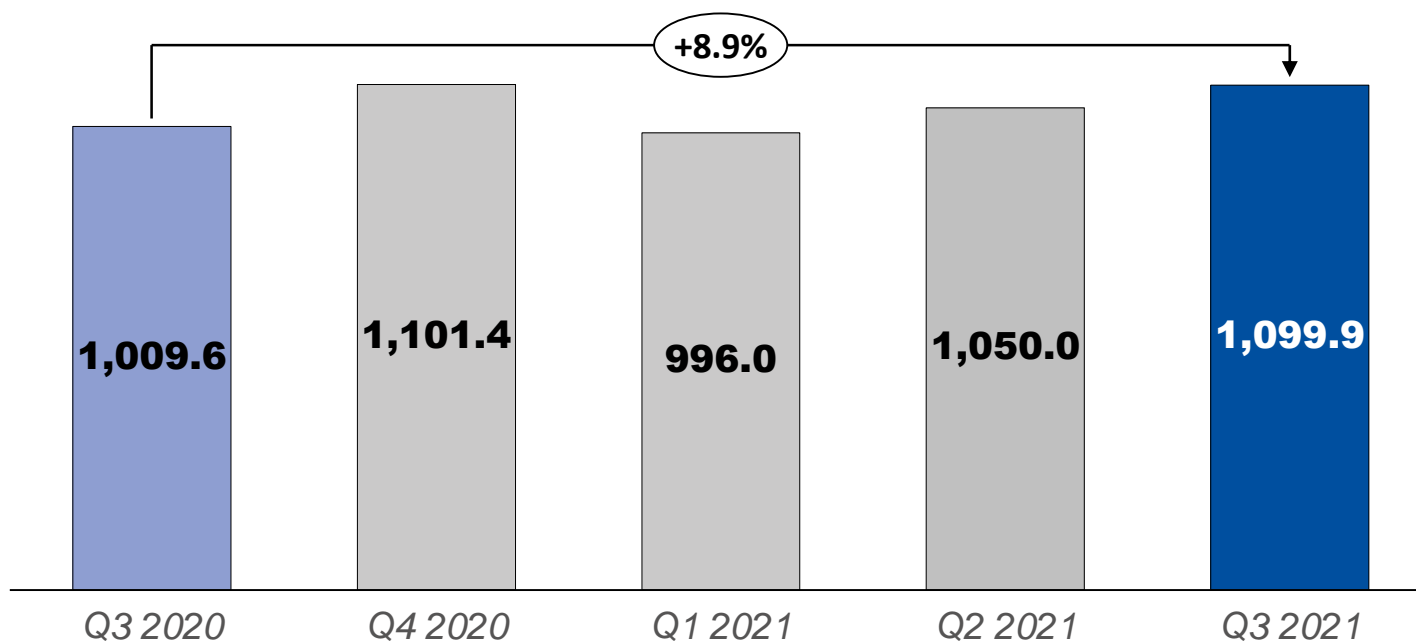


In Q3 2021, the Group generated PLN 1.1 billion in revenues from contracts with customers, up 8.9% yoy

PKP CARGO GROUP'S REVENUES FROM CONTRACTS WITH CUSTOMERS

Q3 2020 – Q3 2021

PLN million



- Gradual improvement in the economic situation both in Poland and abroad
- Increase in freight turnover with a simultaneous decline in the rates charged for transportation services

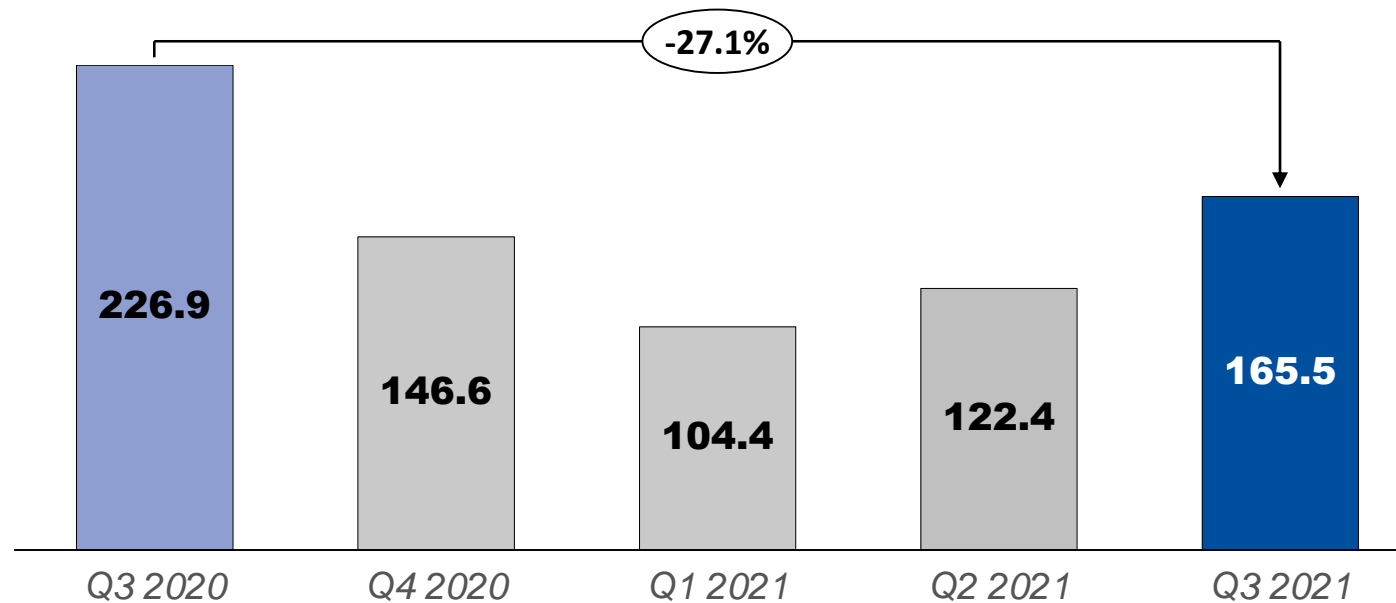


The Group keeps rebuilding its EBITDA gradually

EBITDA OF THE PKP CARGO GROUP

Q3 2020 – Q3 2021

PLN million



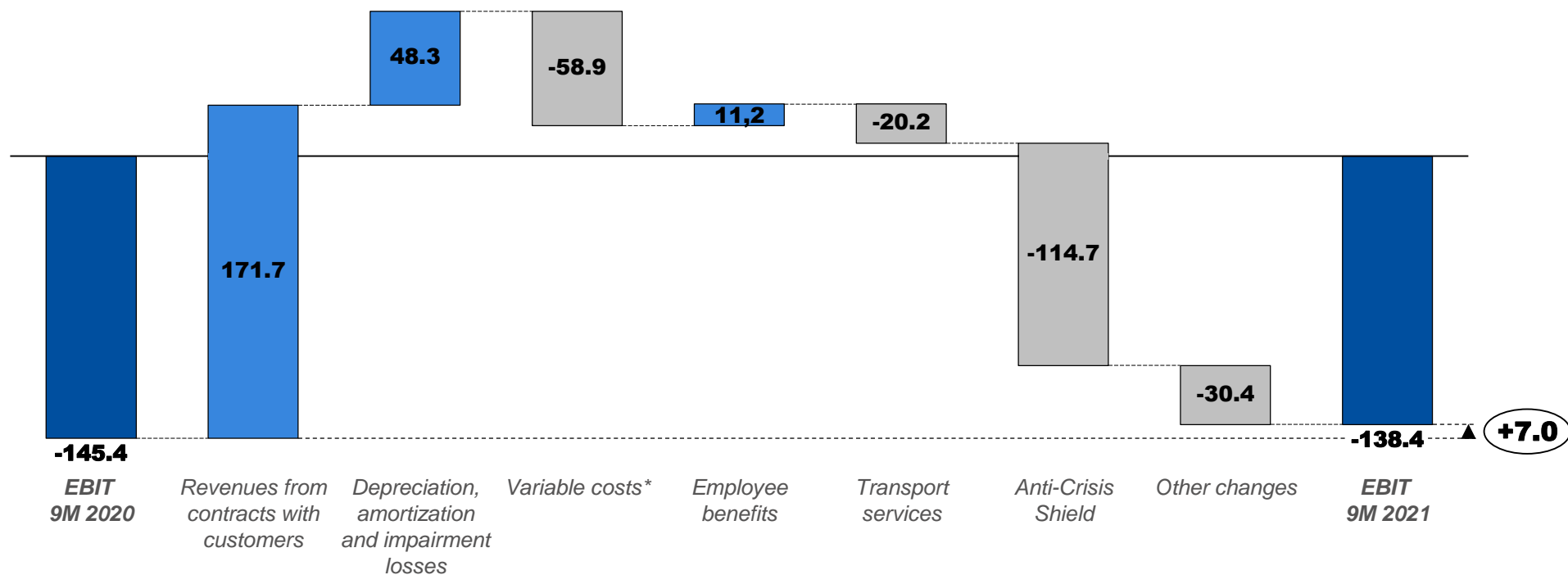
- The bottom line for Q3 2020 includes PLN 80.6 million of support obtained under the Anti-Crisis Shield
- Increase in revenue caused by the greater volume of transport services despite lower freight rates (fiercer competition)



The PKP CARGO Group relentlessly continues its savings efforts

COMPONENTS OF THE CHANGE IN OPERATING PERFORMANCE OF THE PKP CARGO GROUP

9M 2020 vs. 9M 2021 (PLN million)



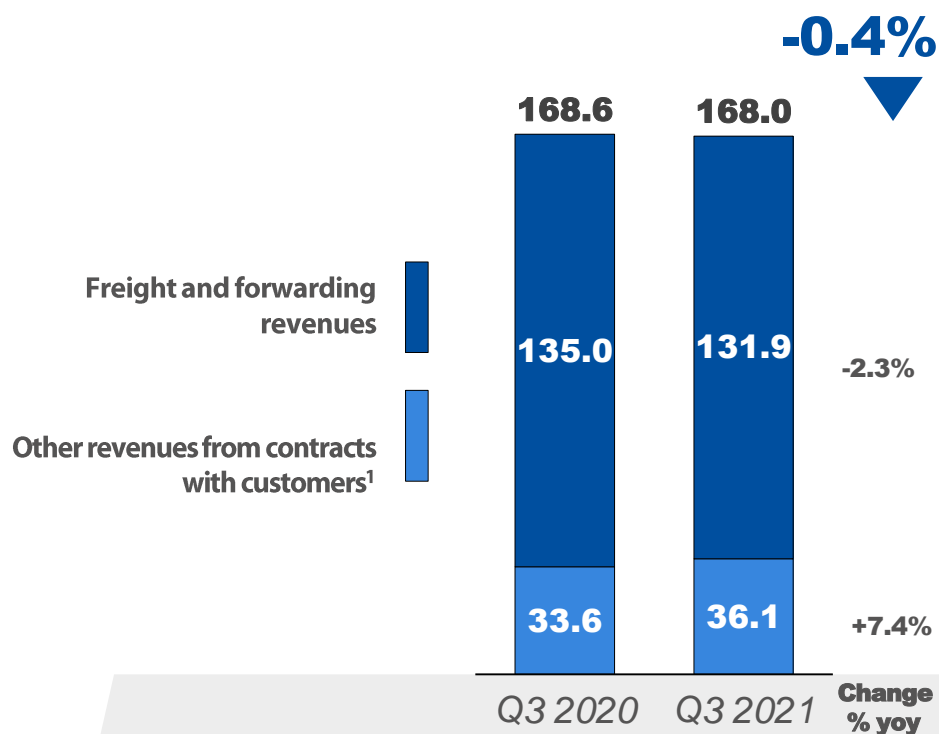
* Variable costs are the costs of: traction fuel, traction energy and access to infrastructure



In response to the falling market prices, the Group continues to cut costs

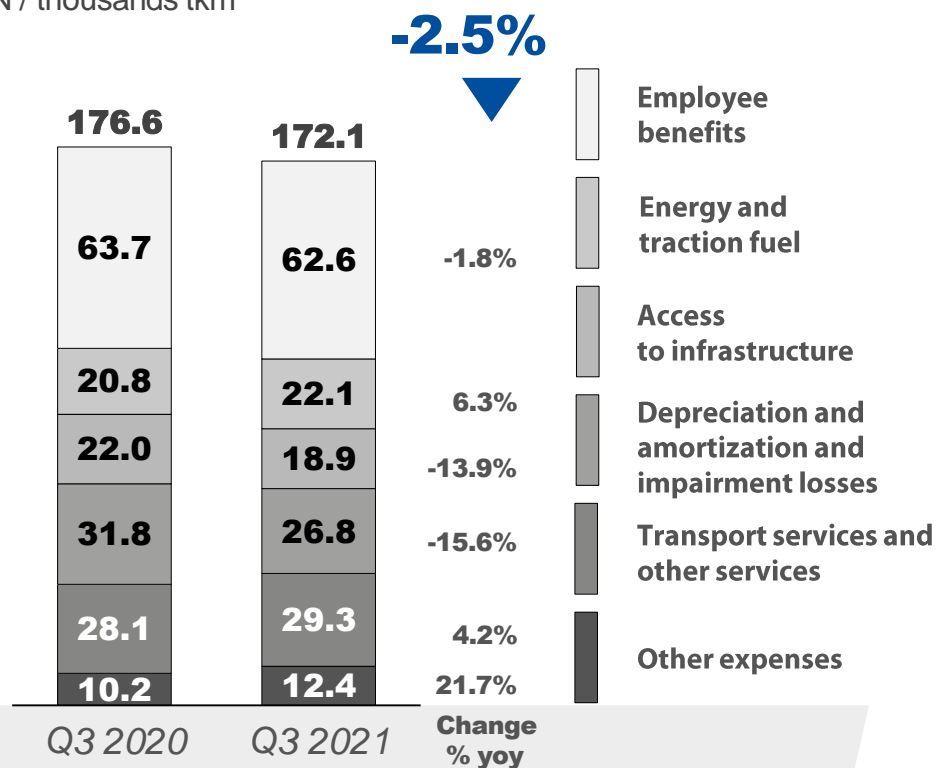
PKP CARGO GROUP'S UNIT REVENUE

PLN / thousands tkm



PKP CARGO GROUP'S UNIT COSTS

PLN / thousands tkm



¹ Revenues from contracts with customers, excluding revenues on rail transportation and freight forwarding services



The PKP CARGO Group has a stable balance sheet structure and secured funding sources

KEY BALANCE SHEET ITEMS

PLN million	31 Dec 2020	30 Sep 2021
Fixed capital	6,173	5,973
Non-current assets	6,397	6,436
Coverage ratio ¹	0.96	0.93
Total debt	4,416	4,458
Total debt ratio ²	0.58	0.59

FINANCIAL RATIOS

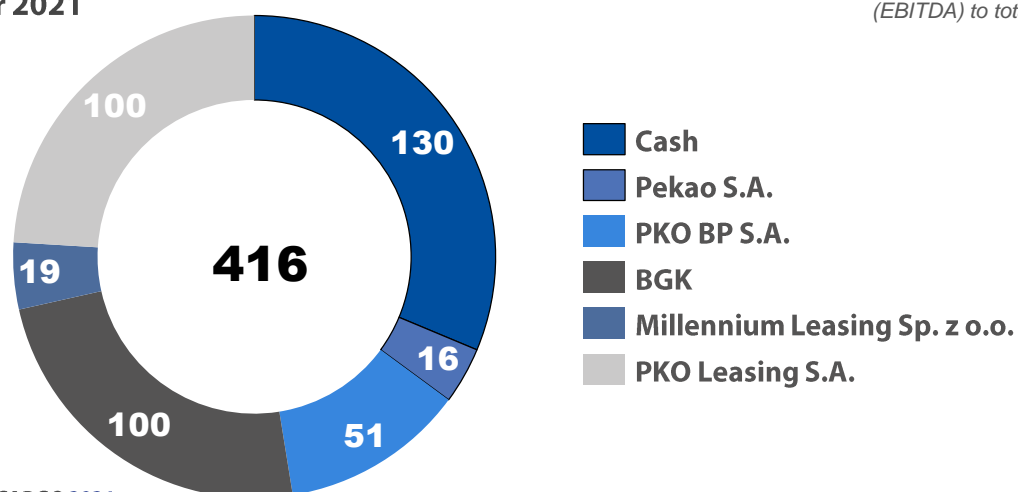
	9M 2020	9M 2021
ROA ³	-3.1%	-2.7%
ROE ⁴	-7.6%	-6.6%
EBITDA margin ⁵	13.9%	12.3%

1. Calculated as the ratio of total equity and non-current liabilities to non-current assets
2. Calculated as the ratio of total liabilities and total assets
3. Calculated as the ratio of net result for the last 12 months to total assets
4. Calculated as the ratio of net profit for the last 12 months to equity
5. Calculated as the ratio of the operating result plus depreciation and amortization (EBITDA) to total operating revenue

AVAILABLE FUNDING SOURCES

As at 30 September 2021

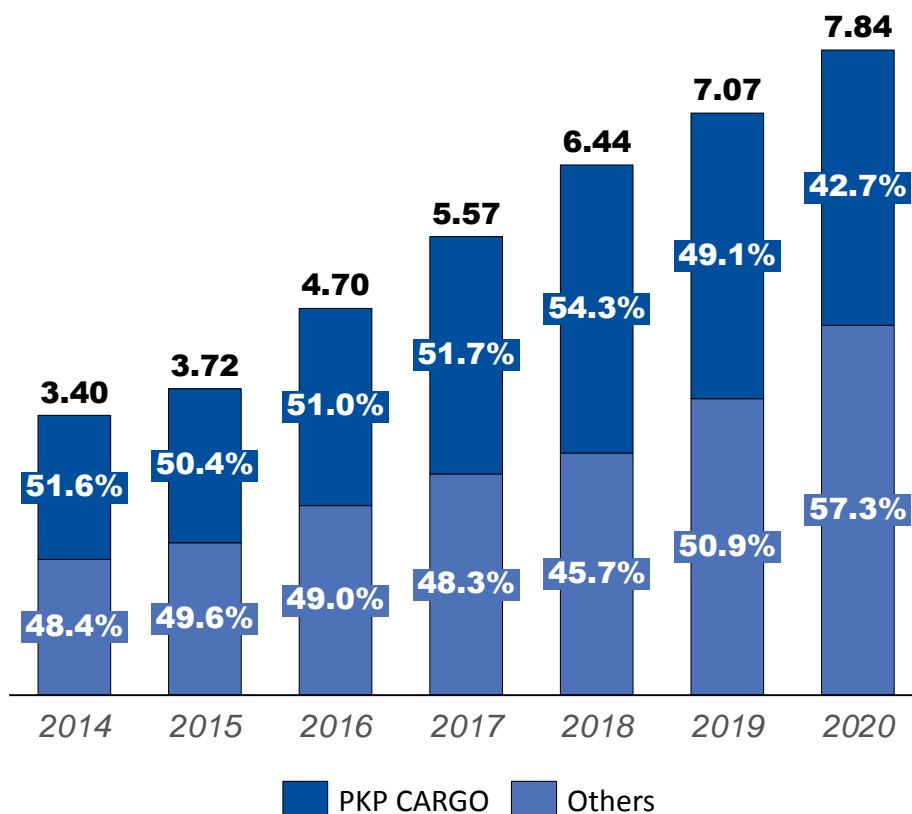
PLN million



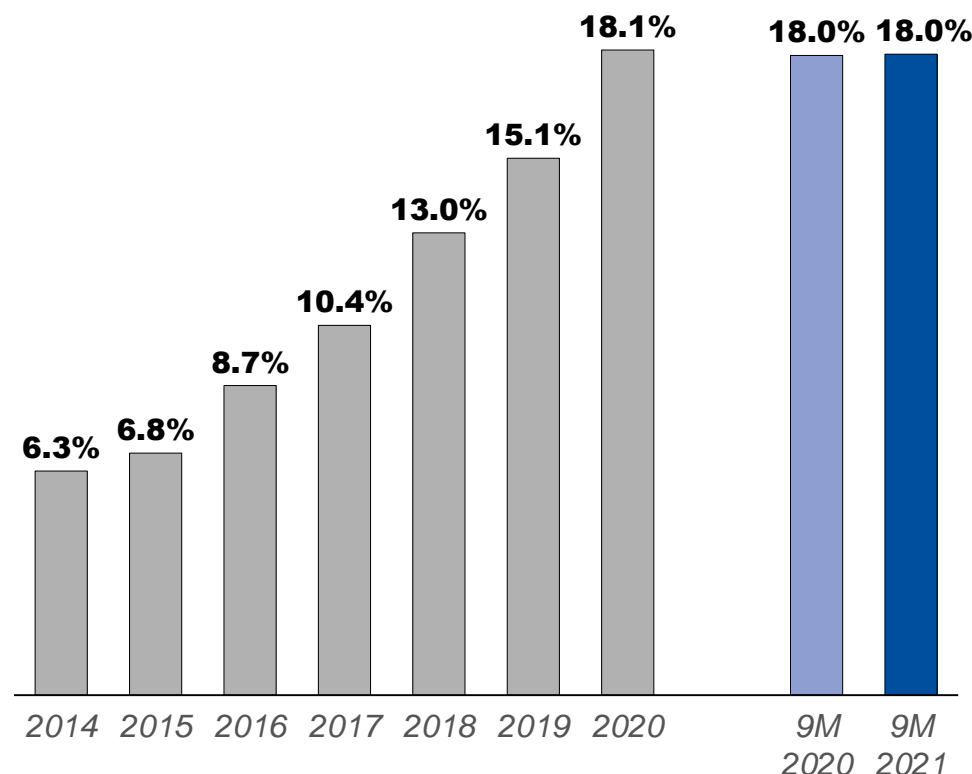


PKP CARGO remains on the growth path with its intermodal transport operations, accounting for a consistently large share in the Group's freight turnover mix

**INTERMODAL TRANSPORT IN POLAND
FREIGHT TURNOVER**
billion tkm



**INTERMODAL TRANSPORT IN THE PKP CARGO GROUP
SHARE IN FREIGHT TURNOVER**





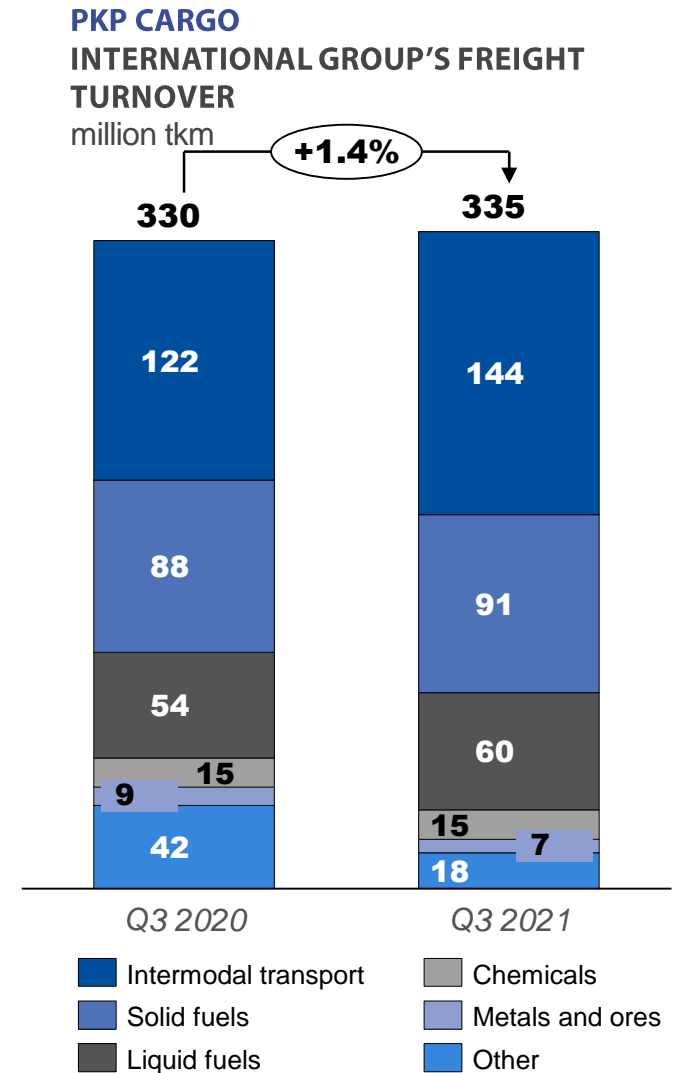
The PKP CARGO International Group keeps developing its intermodal segment, which already generates approx. 43% of the Group's freight turnover

PKP CARGO INTERNATIONAL GROUP

Provision of long-term regular transport services in the North-South corridor in both directions:

- Paskov – Koper
- Trnava – Koper
- Karviná – Koper
- Mělník – Koper

Modernization of the Hodoš crossing (Hungarian-Slovenian border) – more efficient container transport services to and from Slovenia and Italy





CONNECT OPERATOR – pioneering development of domestic and international operator connections in Central Europe

PKP CARGO CONNECT handles operator connections in Poland and abroad

As part of Connect Operator's offering, international transport services are provided on various routes, including:

- Małaszewicze – Warsaw – Piacenza
- Małaszewicze – Warsaw – Duisburg
- Małaszewicze – Warsaw – Hamburg

Ultimately, connections on the following routes:

Poznań → Hamburg
Poznań → Duisburg
Gliwice → Budapest
Gliwice → Trieste
Gliwice → Istanbul
Medyka → Kyiv
Medyka → Odessa
Medyka → Dnipro
Gdynia → Gliwice



Appendices





Freight results

Freight turnover [million tkm]	9M 2021	9M 2020	Change	% change	Share – 9M 2021	Share – 9M 2020
Solid fuels	7,016	6,207	810	13.0%	37%	36%
of which hard coal	5,707	5,114	593	11.6%	30%	30%
Aggregates and construction materials	3,757	3,317	440	13.3%	20%	19%
Metals and ores	1,679	1,401	278	19.8%	9%	8%
Chemicals	1,700	1,353	347	25.6%	9%	8%
Liquid fuels	466	557	-91	-16.4%	2%	3%
Timber and agricultural produce	570	728	-158	-21.7%	3%	4%
Intermodal transport	3,415	3,086	329	10.7%	18%	18%
Other	385	473	-88	-18.6%	2%	3%
Total	18,987	17,121	1,866	10.9%	100%	100%

FREIGHT VOLUME [million tons]	9M 2021	9M 2020	Change	% change	Share – 9M 2021	Share – 9M 2020
Solid fuels	38.1	33.9	4.2	12.5%	51%	50%
of which hard coal	33.7	30.4	3.3	10.9%	45%	45%
Aggregates and construction materials	14.6	13.3	1.3	9.6%	19%	20%
Metals and ores	5.6	4.5	1.1	23.5%	7%	7%
Chemicals	4.9	4.1	0.8	19.7%	7%	6%
Liquid fuels	1.3	1.6	-0.3	-17.5%	2%	2%
Timber and agricultural produce	1.7	2.0	-0.3	-14.3%	2%	3%
Intermodal transport	7.4	6.9	0.5	6.7%	10%	10%
Other	1.4	1.5	-0.1	-5.8%	2%	2%
Total	75.0	67.8	7.2	10.6%	100%	100%



Consolidated statement of profit or loss and other comprehensive income

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME [PLN million]

Revenues from contracts with customers
Consumption of electricity and traction fuel
Infrastructure access services
Transport services
Other services
Employee benefits
Other expenses
Other operating revenue and (expenses)
Operating profit before depreciation and amortization (EBITDA)
Depreciation, amortization and impairment losses
Profit / (loss) on operating activities (EBIT)
Financial income and (expenses)
Share in the profit / (loss) of entities accounted for under the equity method
Profit / (loss) before tax
Income tax
NET PROFIT / (LOSS)
OTHER COMPREHENSIVE INCOME
Measurement of hedging instruments
Income tax
FX differences from translation of financial statements
Total other comprehensive income subject to reclassification to profit or loss
Actuarial gains / (losses) on employee benefits
Income tax
Measurement of equity instruments at fair value
Total other comprehensive income not subject to reclassification to profit or loss
Total other comprehensive income
TOTAL COMPREHENSIVE INCOME

9M 2021	9M 2020
3,145.9	2,974.2
(403.4)	(359.2)
(390.1)	(375.4)
(258.6)	(238.4)
(284.5)	(267.4)
(1,223.5)	(1,234.7)
(217.2)	(193.9)
23.7	128.4
392.3	433.6
(530.7)	(579.0)
(138.4)	(145.4)
(45.2)	(64.4)
3.0	1.4
(180.6)	(208.4)
27.1	32.1
(153.5)	(176.3)
5.3	(43.6)
(1.0)	8.3
24.5	(6.4)
28.8	(41.7)
36.4	(52.1)
(6.9)	9.9
-	(0.7)
29.5	(42.9)
58.3	(84.6)
(95.2)	(260.9)



Consolidated statement of financial position

ASSETS [PLN million]	As at 30 September 2021	As at 31 December 2020
<i>Rolling stock</i>	4,315.1	4,245.0
<i>Other property, plant and equipment</i>	857.7	875.6
<i>Right-of-use assets</i>	944.1	1,008.6
<i>Investments in entities accounted for under the equity method</i>	35.1	42.0
<i>Trade receivables</i>	3.6	3.0
<i>Lease receivables</i>	9.3	10.3
<i>Other assets</i>	67.7	35.1
<i>Deferred tax assets</i>	203.8	177.8
Total non-current assets	6,436.4	6,397.4
<i>Inventories</i>	162.2	165.8
<i>Trade receivables</i>	643.8	585.8
<i>Lease receivables</i>	0.7	0.7
<i>Income tax receivables</i>	2.6	2.9
<i>Other assets</i>	112.5	88.1
<i>Cash and cash equivalents</i>	130.2	306.0
Total current assets	1,052.0	1,149.3
<i>Non-current assets classified as held for sale</i>	18.3	12.7
TOTAL ASSETS	7,506.7	7,559.4



Consolidated statement of financial position

EQUITY AND LIABILITIES [PLN million]	As at 30 September 2021	As at 31 December 2020
Share capital	2,239.3	2,239.3
Supplementary capital	771.7	782.4
Other items of equity	(126.4)	(160.2)
Exchange differences resulting from conversion of financial statements of foreign operations	129.3	104.8
Retained earnings	34.7	177.5
Total equity	3,048.6	3,143.8
Debt liabilities	2,087.2	2,101.8
Trade payables	2.0	1.5
Investment commitments	127.9	145.5
Provisions for employee benefits	609.3	684.3
Other provisions	6.7	5.7
Deferred tax liability	91.6	90.7
Total non-current liabilities	2,924.7	3,029.5
Debt liabilities	616.9	478.5
Trade payables	392.2	347.5
Investment commitments	99.7	133.5
Provisions for employee benefits	144.6	116.3
Other provisions	19.9	24.1
Other liabilities	260.1	286.2
Total current liabilities	1,533.4	1,386.1
Total liabilities	4,458.1	4,415.6
TOTAL EQUITY AND LIABILITIES	7,506.7	7,559.4



Consolidated cash flow statement

Cash flow [PLN million]
Cash flows from operating activities
Profit / (loss) before tax
Adjustments
Depreciation, amortization and impairment losses
(Profit) / loss on the sale and liquidation of non-financial non-current assets
Foreign exchange (gains) / losses
(Profits) / losses on interest, dividends
Interest received / (paid)
Income tax received / (paid)
Movement in working capital
Other adjustments
Net cash from operating activities
Cash flows from investing activities
Expenditures on the acquisition of non-financial non-current assets
Proceeds on the sale of non-financial non-current assets
Proceeds from dividends received
Other investment expenditures
Other proceeds from investing activities
Net cash from investing activities
Cash flows from financing activities
Expenditures on leases
Proceeds from drawn down loans/borrowings
Repayment of credit facilities / loans
Interest paid on leases and loans/borrowings
Subsidies received
Inflow / (outflow) as part of cash pool
Other expenditures concerning financing activities
Net cash from financing activities
Net increase / (decrease) in cash and cash equivalents
Cash and cash equivalents at the beginning of the reporting period
Impact of FX rate movements on the cash balance in foreign currencies
Cash and cash equivalents at the end of the reporting period, including:
restricted cash

9M 2021	9M 2020
(180.6)	(208.4)
530.7	579.0
(17.7)	(7.2)
5.6	6.7
36.2	42.3
0.4	1.9
(7.9)	45.4
(86.8)	(21.2)
34.0	(57.4)
313.9	381.1
(619.6)	(498.1)
51.7	35.9
2.9	0.4
(27.0)	-
1.3	2.6
(590.7)	(459.2)
(95.9)	(114.0)
418.0	289.3
(219.0)	(241.4)
(35.4)	(42.7)
38.4	17.4
-	1.5
(2.6)	(3.9)
103.5	(93.8)
(173.3)	(171.9)
306.0	550.4
(2.5)	(0.3)
130.2	378.2
30.1	44.6

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