



**Presentation of results of OT
Logistics Capital Group
in the first quarter of 2018**

15 May 2018

AGENDA

THE MOST IMPORTANT ACHIEVEMENTS

FINANCIAL AND OPERATING RESULTS

PLANS FOR THE FUTURE

➤ The most important events in 1Q 2018

➤ Positive market environment

- Animation in industry and construction makes the demand for transportation and transshipment in ports bigger
- Expected growth in agro sector before harvest

➤ Revenue growth and debt reduction

- Consolidated revenue in the amount of PLN 226.7 million, higher by 3.2% than last year
- Debt reduction by 8% quarter-on-quarter, to the level of PLN 427.3 million
- Active measures taken within the field of non-core real estate sales (real estate sales in Opole)

➤ Growing revenue in the port sector

- Over twofold increase in the port sector and sustaining good volume of transshipment in ports
- Revenue in the sector after 1Q at the level of PLN 35.1 million vs PLN 17.0 million.

➤ Increasing the Group's presence on new markets

- the establishment of the OTL Forwarding company – business activity in Serbia, Croatia, Slovenia, Bosnia and Herzegovina, Montenegro, and Macedonia; the business activity of OTL Forwarding may contribute to an increase in transshipment in the Croatian Port of Rijeka, controlled by OT Logistics
- The establishment of the OT Bel company for serving the Belarussian market, activity in favour of the establishment of a logistics center next to the Bruzgi terminal.

➤ Further integration within the Group

- takeover of the Sealand Logistic company by C.Hartwig Gdynia – improvement of customer service and simplification of the Group's structure; positive influence upon the profitability of the forwarding sector
- Continuation of work on the simplification of the Capital Group's structure

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Summary of financial and operating results of OT Logistics CG in 1Q 2018 (in millions of PLN)

	Q1 2018	YOY Change Q1 2018/17
Revenue	226.7	+3.2%
EBITDA	18.2	-4.2%
CAPEX (Group's investments, other)	5.9	-52.1%
Net debt	371.9	+2.4%



2.4 million tons

-7% YOY
of cargo reloaded
in the Group's ports



245.5 million tkm

+53%
distinct increase in transportation
activity of the rail sector



PLN 10.1 million

+171%
positive cash flows
from operating activities

➤ Revenues in 1Q 2018, broken down by sectors of operation – the most important information



INLAND NAVIGATION and other transportation

- Return to the Oder with regular river transport services
- Navigability of routes determined by weather conditions
- Negative influence of the economic situation in German industrial production
- Waiting for the opening of the lock in Malczyce, possible extension of routes and period of water transport on the Oder

**24.0% of
revenue**



Port services

- Significant increase in transshipment of ore and coal
- Smaller agro transshipment in anticipations of liquidation of stock by producers before the next harvest time
- Making up for losses incurred in the difficult 2017

**15.5% of
revenue**



Forwarding

- Positive influence of the effects of the simplification of the Group's structure (operational fusion of C.Hartwig Gdynia and Sealand Logistics)
- Visible positive influence of the business surroundings – the good economic situation in the industrial and private consumption sector

**52.6% of
revenue**



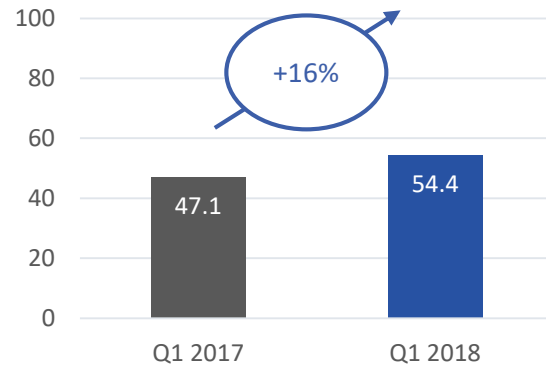
Rail services

- Redirection of rail services to carry out transportation in favor of the companies that belong to the Capital Group
- Strong increase in transport activities – increase in volume of cargo and average transport distance
- Increase in profitability

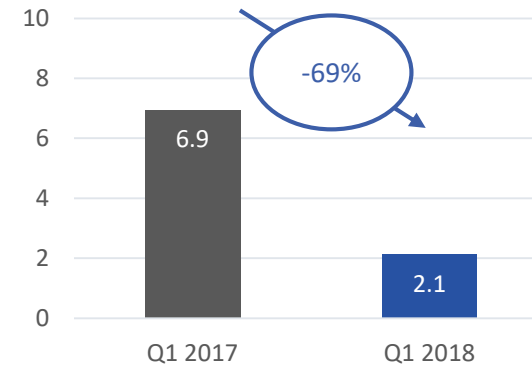
**7.8% of
revenue**

Results of inland navigation and other transportation in 1Q 2018

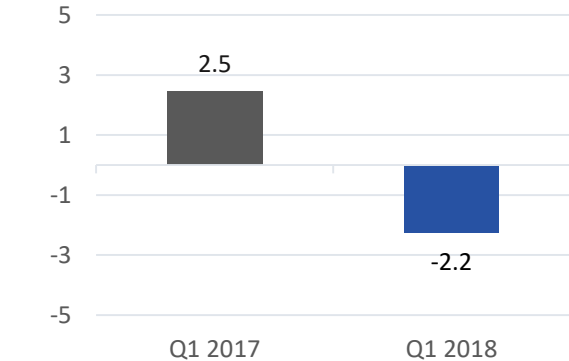
Inland navigation and other transportation – revenue from external entities [PLNm]



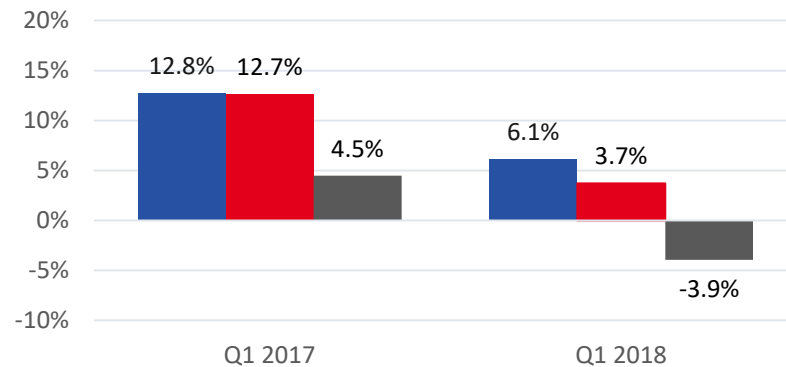
EBITDA result [PLNm]



Net result [PLNm]



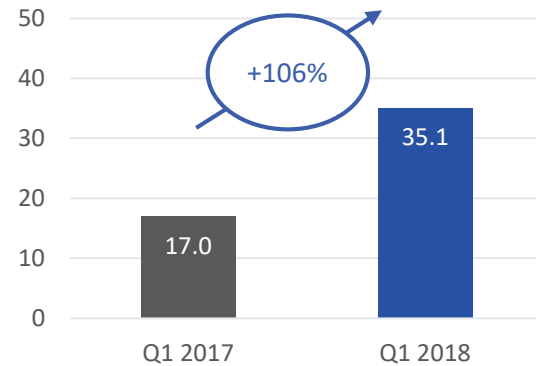
Margins [%]



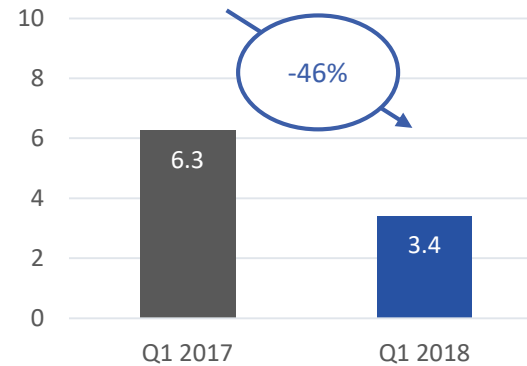
- Return to the Oder with regular coal freight from Opole to Wrocław
- Negative influence of the industrial production sector in Germany – lack of execution of some orders in full volume
- Drop in high-volume transportation that translates to margin
- Extension of the winter season shortened the navigation period in March and postponed the execution of some contracts to the second quarter

➤ The results of the port services sector in 1Q 2018

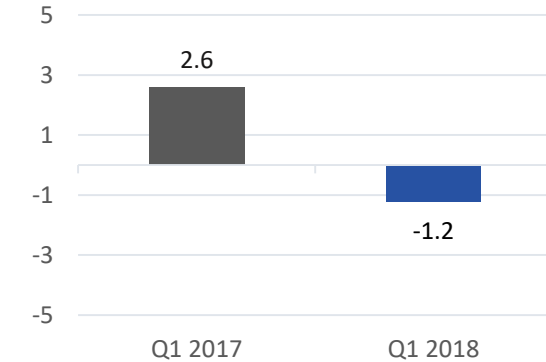
Port services – revenue from external entities [PLNm]



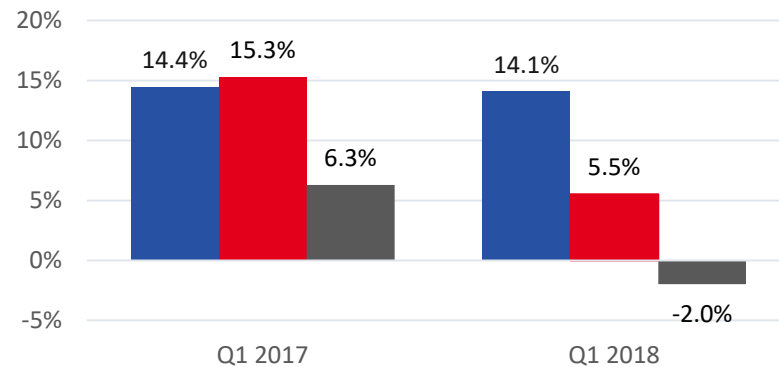
EBITDA result [PLNm]



Net result [PLNm]



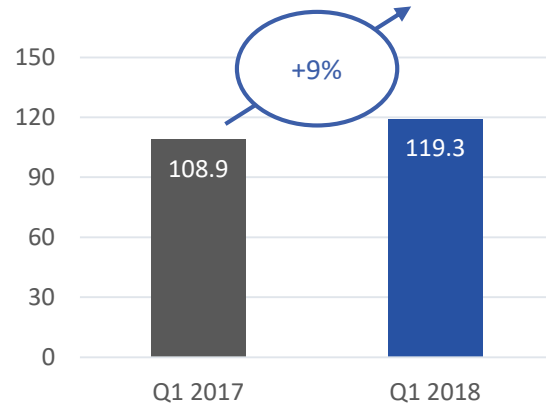
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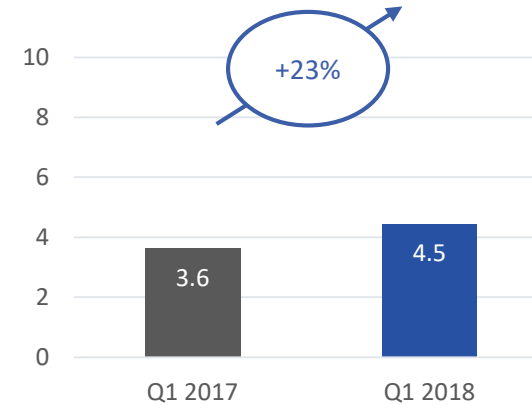
- Distinct increase in transshipment of ore and coal in Świnoujście
- Expecting an increase in the availability of agro goods – producers can liquidate the retained stock before the next harvest time
- Postponing the servicing of a big ore carrier in Rijeka (167 thousand tons) from 1Q to 2Q 2018
- Continuation of restructuring activities in Luka Rijeka port.

➤ Results of the forwarding sector in 1Q 2018

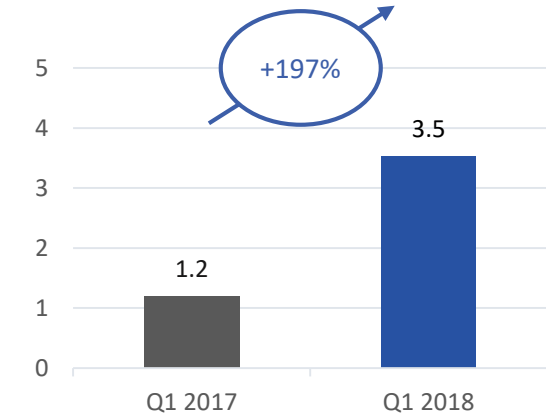
Forwarding – revenue from external entities
[PLNm]



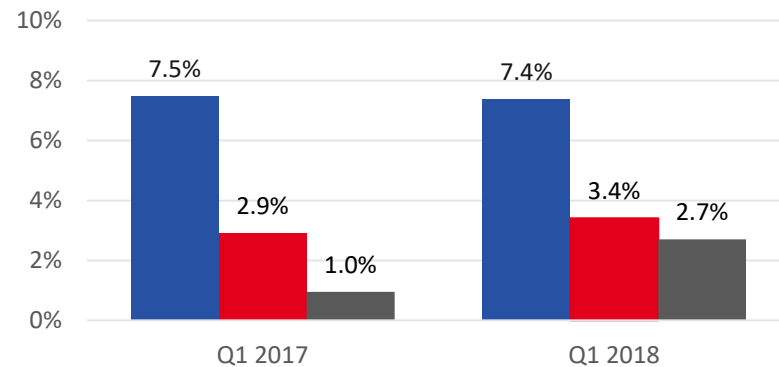
EBITDA result [PLNm]



Net result [PLNm]



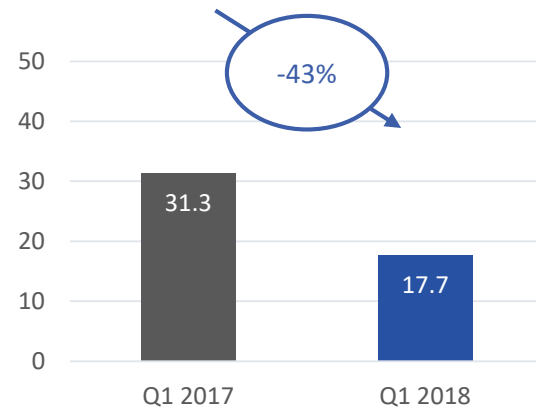
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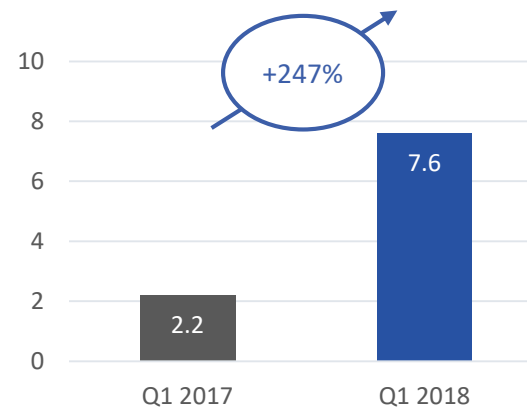
- Positive influence of the operational fusion of C.Hartwig Gdynia and Sealand Logistics
- Positive influence of the economic growth of our country – sector of industrial production (including construction sector) and private consumption accelerating the demand for transportation of goods
- Increase in prices of container freight
- No visible negative influence of exchange losses on net result in 1Q 2017

➤ Results of the rail services sector in 1Q 2018

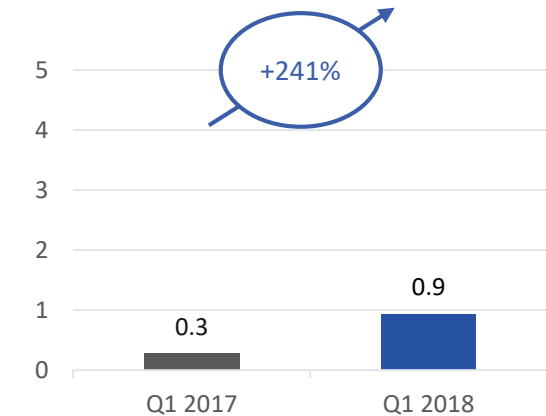
Rail services – revenue from external entities [PLNm]



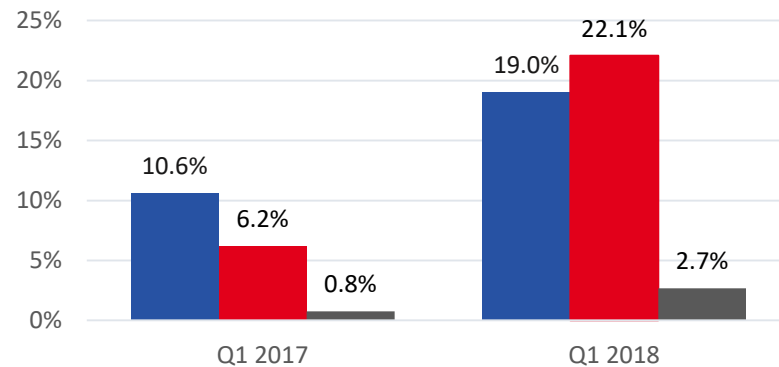
EBITDA result [PLNm]



Net result [PLNm]

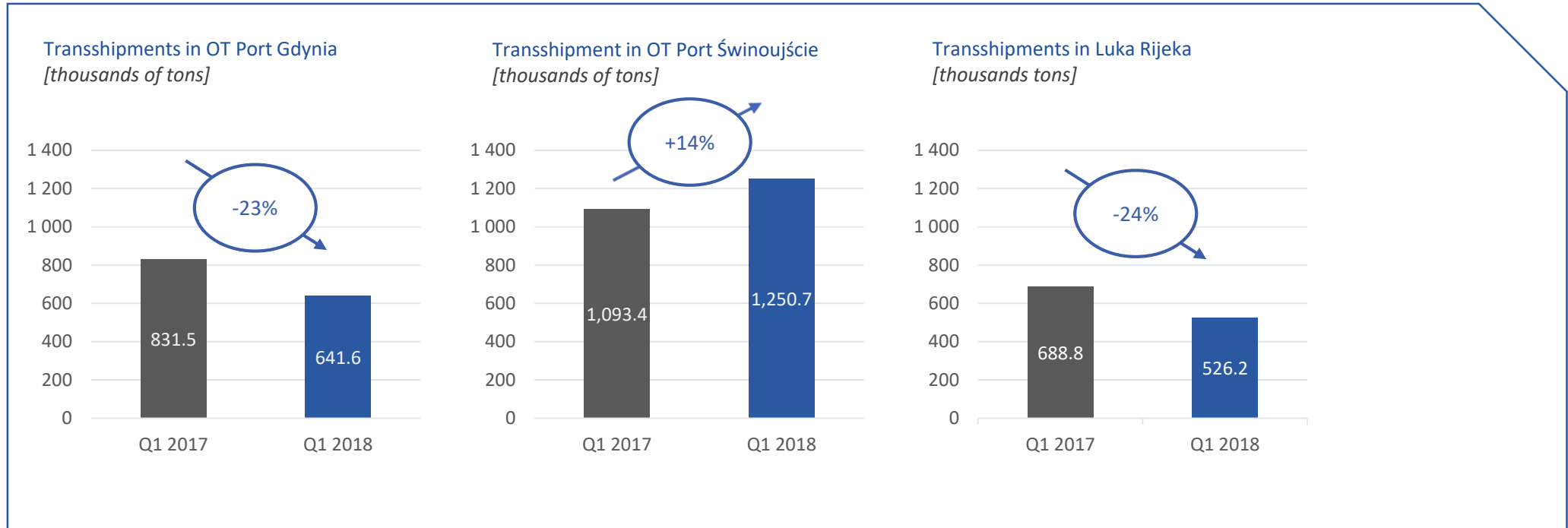


Margins [%]



- Decrease in revenue from external recipients caused by the change in the character of the rail sector – services provided to the companies of the OTL Group (total revenue in the sector in 1Q 2017 amounted to PLN 34.4 million vs 35.2 million the previous year)
- Increase in transportation activity by over 50% to 245 million tkm; increase in the volume of transport and the average distance of individual freight
- The costs of the sector encumbered with, i.e. depreciation of rolling stock, recognition of intangible assets – the effect of adjusting STK and Kolej Bałtycka companies to the OTL Group

Operating results – transshipments in ports



- Record-breaking transshipments of **metal ores**, significant **increase in the volume of coal import**
- **Decrease in agro transshipments** in OTPG and OTPŚ caused by the situation on the market; the Group is awaiting an increase in the turnaround of agro goods (agricultural producers can put an end to retaining cereals and liquidation of stock before the next harvest time)
- In the port in Rijeka, **postponing the servicing of the ore carrier** that last year was serviced in the first quarter (in 2018 services executed in the second quarter)

➤ Main financial indicators and financing structure of the OT Logistics Capital Group

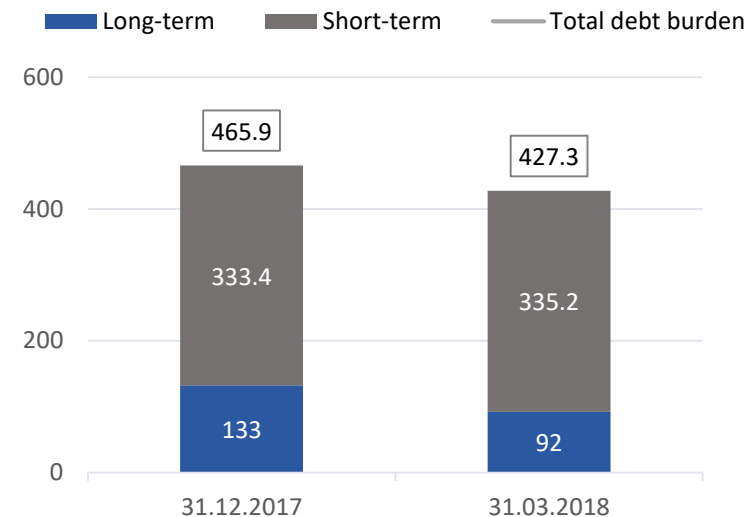
Indicators	1Q 2018	1Q 2017
EBITDA (PLN million)	18.2	18.9
EBITDA profitability	8.0%	8.6%
General debt ratio	65%*	66%**

Cash flow (PLN million)	1Q 2018	1Q 2017
from operating activities	10.12	3.73
from investment activities	-5.97	-12.46
from financial activities	-43.58	6.78

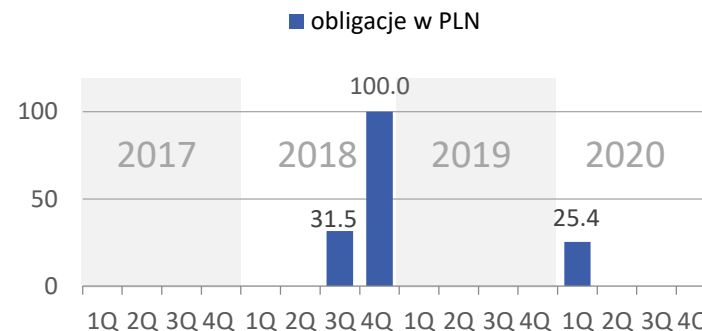
* Position at the end of the period

** Position at the end of 2017

Debt burden [PLN million]



OT Logistics bonds with maturity date [PLN million]



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➤ What can shape the results of the Group in subsequent quarters?

External factors

- Investments in infrastructure in Poland – the program of construction of roads and highways
- Economic situation on the coal, steel, and cereals market
- Seasonal variations in energy fuels supply
- Government investments in revitalization of waterways in Poland
- Increasing labor and fuel costs
- Modernization of railway lines causing difficulties in transport

Internal factors

Forwarding

- Development of the network of terminals
- Ampliation of the offer – development of the activity towards China and CIS countries
- Strengthening the competences of the commercial department

Transport and rail

- Investment in rail and modernization of railway lines causing difficulties in transport
- Operational optimization of new rail companies; synergies from acquisitions

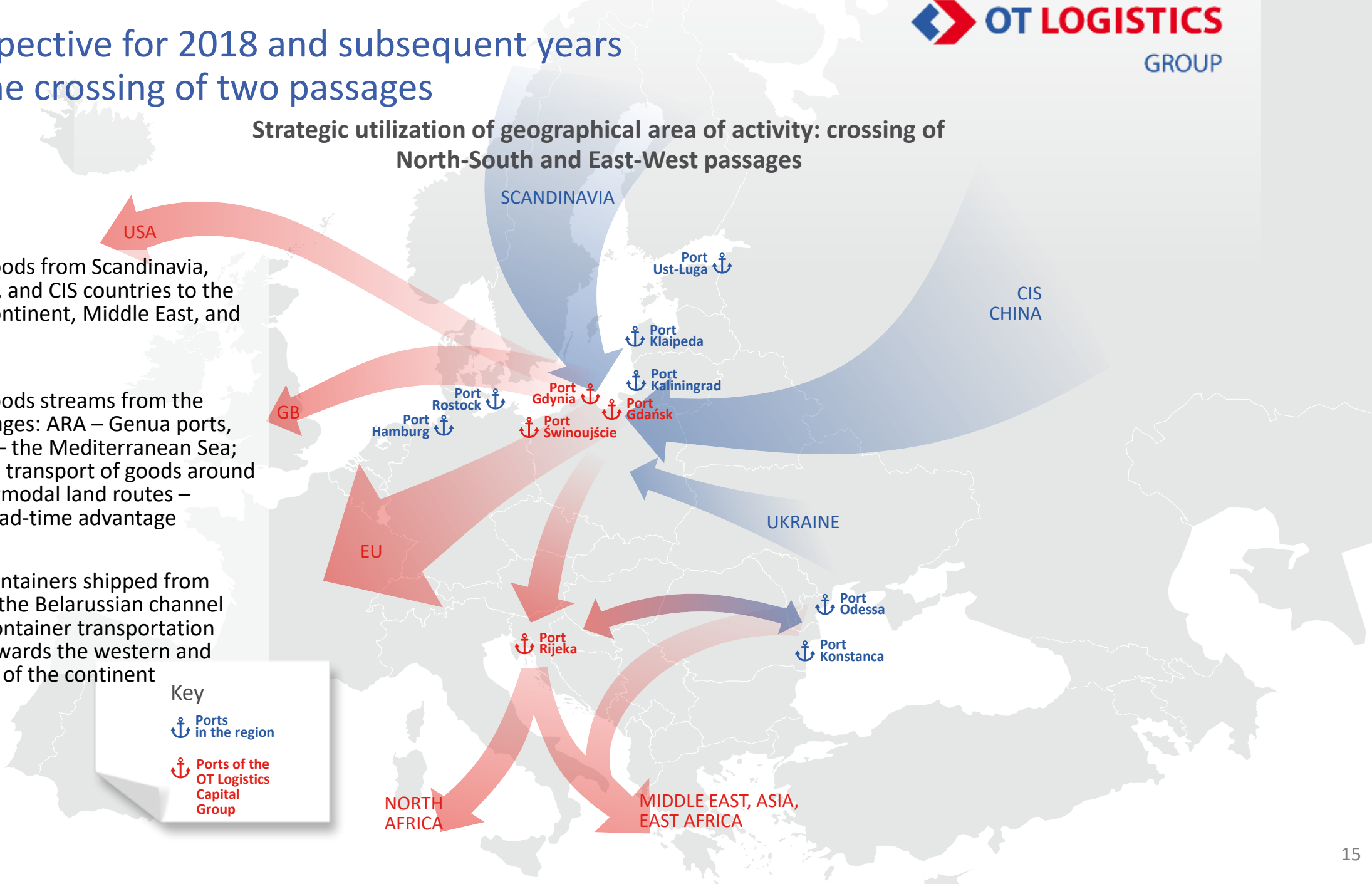
Ports and terminals

- Increasing labor and fuel costs
- Launching of new installations from executed investments

➤ Perspective for 2018 and subsequent years At the crossing of two passages

Strategic utilization of geographical area of activity: crossing of North-South and East-West passages

- Transport of goods from Scandinavia, North America, and CIS countries to the South of the continent, Middle East, and North Africa
- Intercepting goods streams from the following passages: ARA – Genua ports, German ports – the Mediterranean Sea; shifting marine transport of goods around Europe to intermodal land routes – utilization of lead-time advantage
- Transport of containers shipped from China through the Belarussian channel (80% of land container transportation from China) towards the western and southern parts of the continent

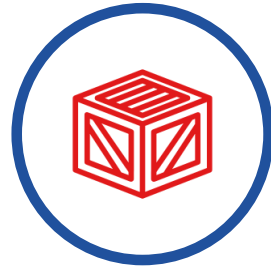


➤ Strategic sectors within the scope of interest of OTL CG

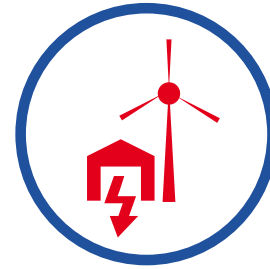
We want to be a universal logistic operator. We care about diversification, which guarantees being independent of cyclicality in individual sectors.



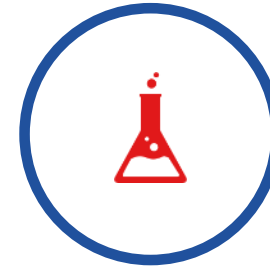
Agro



General Cargo



Oversized cargo



Chemicals
and dangerous goods



Metallurgy
and energy technology



Containers



Fertilizers



Building materials
and aggregates

➤ Government plans – a support for the sector in which we operate

Expected benefits stemming from the planned and executed investments with the use of public funds, supported with the funds from the European Union

➤ **Poland's accession to the AGN Convention in 2016**
– The European Agreement on Main Inland Waterways of International Importance will enable Poland to gain additional funds for modernization of waterways

➤ **PLN 107 billion** – announced government investments in the program of development of highways and expressways in Poland by 2023

➤ **Ca. PLN 27 billion by 2023** for the maintenance and renovation of rail aimed at increasing speed

➤ **PLN 31.5 billion** – the cost of investment in modernization of the middle and lower section of the Vistula from Warsaw to Gdańsk

➤ **PLN 16.5-22.6 billion** – the value of investment in favor of activating the Oder Waterway

➤ **PLN 3 billion** – expenditure on a joint Polish-German project of dredging the Oder River and the associated hydrotechnical structures

➤ **PLN 800 million** – the estimated value of dyke through the Vistula Spit

➤ **PLN 610 million** – planned investment of Morski Port Gdynia in the redevelopment and development of port infrastructure between 2015 and 2017

➤ **PLN 4 billion** – program of improvement of rail access to the Baltic Sea

➤ **PLN 60 billion** – investments within the framework of government development plan for inland waterways over the next 15 years

Q&A

Contact data

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**THANK YOU
FOR YOUR ATTENTION**