

Presentation of the interim financial results of the ČD Group for 2014



Prague, 1 September 2014



Financial results of the ČD Group

[CZK mil.]	1st half of 2014	1st half of 2013
Revenues from principal operations	16 468	16 337
Other operating income	1 721	1 950
Costs	14 191	14 928
- purchased consumables and services	7 927	8 521
- employee benefit costs	5 932	6 219
- other operating profit/losses	332	188
EBITDA	3 998	3 359
Depreciation and amortization	2 964	2 886
EBIT	1 034	473
EBT	380	-190
Profit (loss) for the period	158	-510

(consolidated ČD Group according to IFRS)

- **Revenues from principal operations increased y-o-y by CZK 131 million (1 %):**
 - *in passenger transportation the revenues from domestic and international passenger transportation increased and also the traffic performance continued increasing;*
 - *in freight transportation the revenues decreased primarily due to the growing competition in the transport of brown and hard coal and iron and engineering products.*
- **Total costs of the ČD Group decreased y-o-y by CZK 737 million (5 %):**
 - *the decrease was caused mainly by the lower costs for the traction energy and diesel by CZK 332 million (14 %) thanks to a more effective and long-term procurement;*
 - *in freight transportation the costs for the use of railway route were lower due to the fewer provided services and lower costs for purchased services;*
 - *the continued restructuring in the segment of freight transportation brought savings in employee benefit costs by CZK 297 mil. (5 %);*
 - *on the contrary, the costs of repairs, maintenance and the cleaning of railway vehicles increased y-o-y.*
- **Given the significant savings in operating costs, the Group reported the EBITDA of CZK 4 billion (y-o-y increase of CZK 639 million [19%]) and the EBIT of CZK 1 billion, which is more than double y-o-y.**
- **As compared to the previous year's loss, the Group reported a net profit after tax of CZK 158 million for the first six months of 2014.**

Financial results of the passenger transportation segment

[CZK mil.]	1st half of 2014	1st half of 2013
Revenues from principal operations	10 180	9 748
Other operating income	0	0
Costs	7 938	7 915
- purchased consumables and services	4 210	4 295
- employee benefit costs	3 345	3 324
- other operating profit/losses	383	296
EBITDA	2 242	1 833
Depreciation and amortization	2 107	1 972
EBIT	135	-139
Profit (loss) for the period	-262	-644

(standalone ČD, a.s. according to IFRS)

- **Revenues from principal operations increased y-o-y by CZK 432 mil. (4 %):**
 - *in the first half of 2014 the revenues increased due to increased sales from domestic and international passenger transportation and higher sales from the use of passenger coaches abroad;*
 - *the revenues were impacted by a slight increase of tariffs and the increase of passenger kilometres (the passengers travelled longer distances);*
 - *traffic performance increased y-o-y by 35 million passenger-kilometres in key submarkets of international and domestic transportation and suburban transportation integrated into IDS systems.*

- **The most significant savings brought reduced costs directly relating to the services, which decreased y-o-y by CZK 85 million (2%) primarily due to the lower costs of traction energy – electricity and diesel.**

- **Higher revenues positively impacted the increase of EBITDA, which increased y-o-y by CZK 409 million (22 %).**

- **Despite the increase of depreciation and amortization by CZK 135 million (7 %) the passenger transportation segment reported positive EBIT of CZK 135 million.**

- **The passenger transportation segment reported the y-o-y decrease in the total loss of from CZK -644 million in the first half of 2013 to CZK -262 million in the first half of 2014.**

Financial results of the freight transportation segment

[CZK mil.]	1st half of 2014	1st half of 2013
Revenues from principal operations	6 315	6 660
Other operating income	0	0
Costs	4 921	5 442
- purchased consumables and services	3 221	3 576
- employee benefit costs	1 852	2 134
- other operating profit/losses	-152	-268
EBITDA	1 394	1 218
Depreciation and amortization	504	624
EBIT	890	594
Profit (loss) for the period	540	236

(ČD Cargo, a.s. including the consolidated ČD Cargo's subsidiaries according to IFRS)

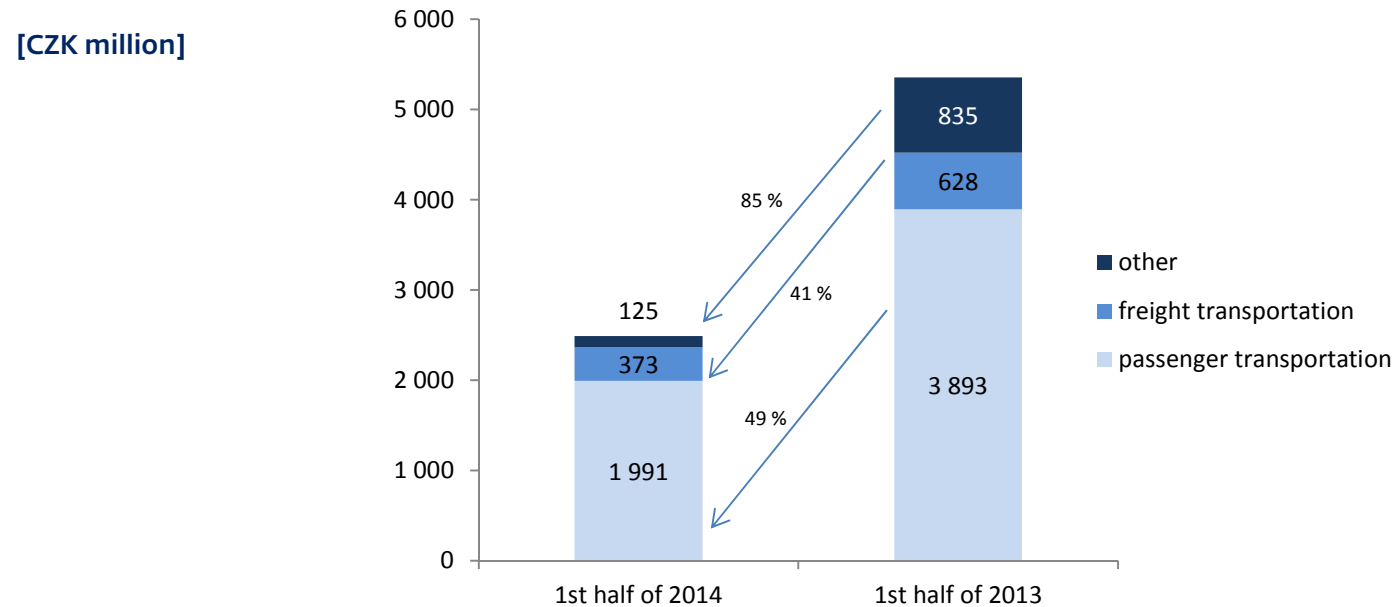
- **In freight transportation segment the revenues from principal operations decreased y-o-y by CZK 345 million (5 %):**
 - *the revenues decline was negatively impacted by the growing competition in the transport of brown and hard coal and iron and engineering products that led to a loss of certain transports; the company managed to replace only some of these by newly acquired transports.*

- **The declined revenues were compensated by significant savings in total costs, which decreased y-o-y by CZK 521 million (10 %):**
 - *the decrease in costs was positively impacted by the continuing restructuring, an increase in the work productivity and an increase in the effectiveness of partial activities of the company;*
 - *The y-on-y decline in transportation performance additionally resulted in a decrease of costs directly depending on the services - consumption of traction energy and fuel and payment for the use of the railway route.*

- **The decreased costs positively impacted EBITDA, which increased y-o-y by CZK 176 million (14 %) and EBIT, which increased y-o-y by CZK 296 million (50 %). The increased EBIT was further impacted by the decreased depreciation and amortization.**

- **The freight transportation segment reported a net profit of CZK 540 million, up by CZK 304 million in comparable period.**

ČD Group CAPEX



- **Total CAPEX in the first half of 2014 amounted to CZK 2.5 bn:**
 - **CAPEX in passenger transportation, largely comprising the modernisation of existing vehicles and the purchase of new vehicles, amounted to CZK 1,991 million in the first half of 2014 (net of subsidies at the amount of CZK 506 million); the largest CAPEX was into long-distance transportation; CAPEX in regional transportation decreased due to the termination of projects that used funding from ROP;**
 - **CAPEX in freight transportation amounted to CZK 373 million; CAPEX primarily focused on the renewal of rolling stock;**
 - **CAPEX in other subsidiaries consolidated in ČD Group amounted to CZK 125 million.**

Total debt

[CZK mil.]	1st half of 2014	1st half of 2013
ČD - bonds	20 759	15 806
ČD - Eurofima	2 882	3 892
ČD - leasing	2 574	2 974
ČD - promisory notes programme and overdraft	2 066	3 676
ČD - ČSOB syndicated loan	141	399
Total ČD	28 422	26 747
ČD Cargo - bonds	2 168	2 490
ČD Cargo - leasing	3 058	2 535
ČD Cargo - promisory notes programme and overdraft	251	1 129
Total ČD Cargo	5 477	6 154
debt of other consolidated subsidiaries	504	306
Total debt (consolidated)	34 402	33 207

- **The increase in debt was caused by the issuance of a 5-year domestic bond with the nominal value of CZK 4 bn issued in July 2013 and further by the devaluation of Czech crown in November 2013, which increased the liabilities denominated in EUR.**
- **In regards to Eurofima, in the first half of 2014 ČD, a.s. repaid principals of EUR 25.4 million and EUR 19.6 million as of 4 February 2014 and 12 May 2014, respectively.**
- **On 25 May 2014, ČD a.s. made the next-to-last repayment of the ČSOB syndicated loan principal of EUR 5.1 million.**
- **In May 2014 ČD Cargo, a.s. leased modernised traction vehicles of 363.5 series – III. tranche for CZK 690 million under leaseback arrangements.**

