

# Presentation of the interim financial results of the ČD Group for 2015



Prague, 31 August 2015



# Financial results of the ČD Group

[CZK mil.]	1st half of 2015	1st half of 2014
Revenues from principal operations	16 326	16 468
Other operating income	1 803	1 721
Costs	-14 327	-14 191
- purchased consumables and services	-8 031	-7 927
- employee benefit costs	-6 086	-5 932
- other operating profit/losses	-210	-332
<b>EBITDA</b>	<b>3 802</b>	<b>3 998</b>
Depreciation and amortization	-2 940	-2 964
<b>EBIT</b>	<b>862</b>	<b>1 034</b>
<b>EBT</b>	<b>197</b>	<b>380</b>
<b>Profit (loss) for the period</b>	<b>102</b>	<b>158</b>

(consolidated ČD Group according to IFRS)

- For the 1st half of 2015 the ČD Group reported net profit after tax of CZK 102 million.
- Revenues from principal activities decreased y-o-y by CZK 142 million (1 %) primarily due to the decreased revenues in freight transportation:
  - *in passenger transportation the growth of traffic performance continued in the 1st half of 2015 and the y-o-y revenues increased mainly thanks to the international transportation;*
  - *in freight transportation the revenues decreased primarily due to the growing competition in intermodal and intramodal transport.*
- Total operating costs of the ČD Group increased y-o-y by CZK 137 million (1 %):
  - *the increase was caused by increased costs for repairs and maintenance of railway vehicles and increased costs for substitute bus transport that resulted from extensive closures as a result of ongoing renovations of railway infrastructure;*
  - *staff costs increased y-o-y by CZK 154 million mainly due to an increase in the extra work in the provision of transportation services during traffic closures and an increase in performance bonuses for employees with high-risk jobs that were approved in the Company collective agreement for 2015.*
- Given the above factors the EBITDA decreased y-o-y by CZK 196 million (4.9 %) and EBIT by CZK 172 million (16.6 %).
- The lower net profit additionally reflected the increase in financial costs, primarily the interest expenses relating to the provision of financing of the ČD Group.

# Financial results of the passenger transportation segment

[CZK mil.]	1st half of 2015	1st half of 2014
<b>Revenues from principal operations</b>	<b>10 425</b>	<b>10 180</b>
<b>Other operating income</b>	<b>0</b>	<b>0</b>
<b>Costs</b>	<b>-7 891</b>	<b>-7 938</b>
- purchased consumables and services	-4 294	-4 210
- employee benefit costs	-3 421	-3 345
- other operating profit/losses	-176	-383
<b>EBITDA</b>	<b>2 534</b>	<b>2 242</b>
Depreciation and amortization	-2 155	-2 107
<b>EBIT</b>	<b>379</b>	<b>135</b>
<b>Profit (loss) for the period</b>	<b>-78</b>	<b>-262</b>

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

- **Revenues from principal operations increased y-o-y by CZK 245 million (2.4 %):**
  - *in the first half of 2015 the revenues increased mainly due to increased sales in low-cost offer segment and in sales to Austria due to the use of new railjet vehicles and the offer of new tariffs;*
  - *revenues from domestic transportation decreased mainly due to significant traffic closures on account of ongoing renovations of railway infrastructure;*
  - *traffic performance increased y-o-y by 101 million passenger kilometres (3 %);*
  - *the number of passengers was on y-o-y comparable level even though the 1st quarter of 2015 reported a significant decrease due to traffic closures.*
  
- **Total operating costs decreased by CZK 47 million (0.6 %).** The decrease reflected decreased overhead costs and the lower level of provisions as compared to the 1st half of 2014.
  
- **Higher revenues and lower costs positively impacted the EBITDA, which increased y-o-y by CZK 292 million (13 %).**
  
- **Despite the increase of depreciation and amortization by CZK 48 million (2.3 %), the EBIT almost tripled.**
  
- **For the 1st half of 2015 the passenger transportation segment reported the y-o-y decrease in the loss for the period from CZK – 262 million CZK -78 million.**

# Financial results of the freight transportation segment

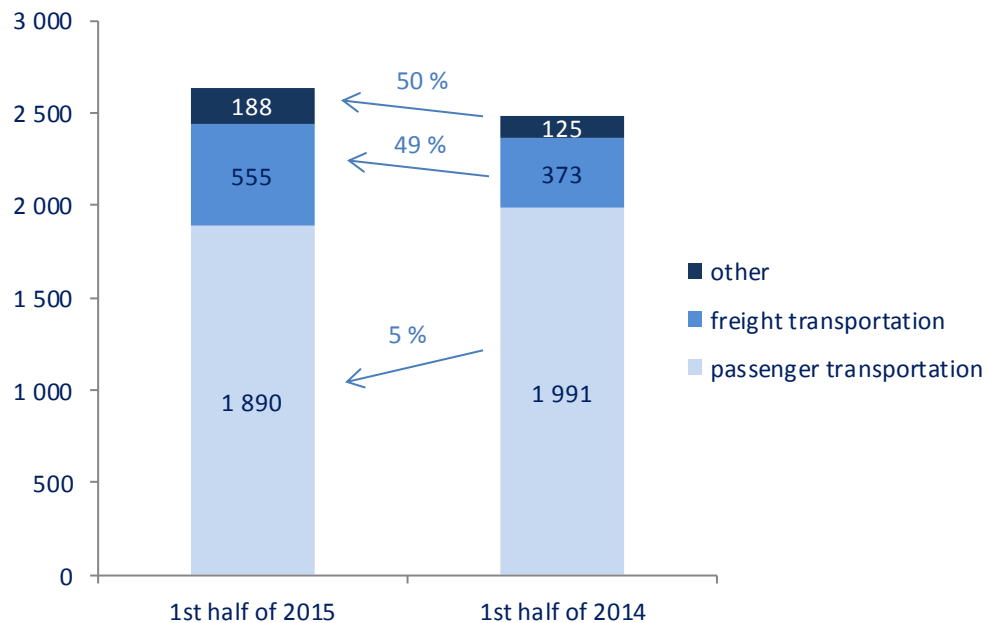
[CZK mil.]	1st half of 2015	1st half of 2014
<b>Revenues from principal operations</b>	<b>5 893</b>	<b>6 315</b>
<b>Other operating income</b>	<b>0</b>	<b>0</b>
<b>Costs</b>	<b>-4 920</b>	<b>-4 921</b>
- purchased consumables and services	-3 109	-3 221
- employee benefit costs	-1 940	-1 852
- other operating profit/losses	129	152
<b>EBITDA</b>	<b>973</b>	<b>1 394</b>
<i>Depreciation and amortization</i>	<i>-546</i>	<i>-504</i>
<b>EBIT</b>	<b>427</b>	<b>890</b>
<b>Profit (loss) for the period</b>	<b>216</b>	<b>540</b>

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

- **Despite the decrease of revenues and traffic performance the freight transportation segment reported a net profit after tax of CZK 216 million.**
- **In freight transportation segment the revenues from principal operations decreased y-o-y by CZK 422 million (6.7 %):**
  - *the revenues decline was negatively impacted by the growing competition on the fully liberalised railway freight transportation market that increased the pressure on the decrease of unit prices in the segment of complete trains and further by the lower price of oil on global markets which supported the growth of road freight transport at the expense of the transport of single wagon shipments on the railway.*
- **The decline in revenues was partially compensated by decreased costs.**
- **Given the decline in revenues, the EBITDA decreased y-o-y by CZK 421 million (30.2 %) and the EBIT by CZK 463 million (52 %), which was further impacted by the increased depreciation and amortization by CZK 42 million (8.3 %) due to higher investments.**

# ČD Group CAPEX

[CZK million]



- **Total CAPEX in the first half of 2015 amounted to CZK 2.6 bn:**
  - **CAPEX in passenger transportation, largely comprising the modernisation of existing vehicles and the purchase of new vehicles, amounted to CZK 1,9 bn in the first half of 2015 (net of subsidies at the amount of CZK 87 million)**
    - **in the 1st half of 2015 ČD invested CZK 594 million in regional transport and CZK 1.2 bn in long-distance transport; no investments were made in commercial transport;**
  - **CAPEX in freight transportation amounted to CZK 555 million; CAPEX primarily focused on technical improvements and inspection repairs of the principal set of freight wagons and main general repairs of locomotives;**
  - **CAPEX in other subsidiaries consolidated in ČD Group amounted to CZK 188 million.**

# Total debt

[CZK mil.]	1st half 2015	1st half 2014
ČD - bonds	28 759	20 759
ČD - Eurofima	1 635	2 882
ČD - leasing	2 131	2 574
ČD - promissory notes programme and overdraft	0	2 066
ČD - ČSOB syndicated loan	0	141
<b>Total ČD</b>	<b>32 524</b>	<b>28 422</b>
ČD Cargo - bonds	2 171	2 168
ČD Cargo - leasing	2 652	3 058
ČD Cargo - promissory notes programme and overdraft	0	251
<b>Total ČD Cargo</b>	<b>4 823</b>	<b>5 477</b>
debt of other consolidated subsidiaries	469	504
<b>Consolidated Debt</b>	<b>37 816</b>	<b>34 402</b>
cash and its equivalents	4 735	1 064
<b>Net Debt</b>	<b>33 081</b>	<b>33 339</b>

- **The increase of consolidated debt was caused by the bond issuance in November 2014 and June 2015:**
  - on 5 November 2014 ČD issued EUR 180 million dual tranche debt private placement, consisting of a tranche of EUR 30 million with 2.875 % coupon and maturity of 10 years and a tranche of EUR 150 million with coupon 3.50 % and maturity of 15 years;
  - on 3 June 2015 ČD issued EUR 115.2 million dual tranche debt private placement, consisting of a tranche of EUR 37.7 million with 1.89 % coupon and maturity of 7 years and a tranche of EUR 77.5 million with coupon 3.00 % and maturity of 20 years.
- In March ČD paid part of the loan at the amount of EUR 45 to EUROFIMA.
- The financial leasing is paid by ČD and ČD Cargo in regular instalments and the liability is being gradually reduced.
- Obtained proceeds from the executed private placements supported covering cash outflows, thus committed lines from the promissory notes programme and overdrafts were kept unused.
- In spite of the increase of consolidated debt in the balance sheet, net debt is year-to-year down by 258 mil. CZK (proceeds from the bond issuance are prepared on ČD accounts for forthcoming expenses).

