Presentation of the results of the OT Logistics Capital Group following the II quarter of 2016

13 September 2016
AGENDA

KEY EVENTS

FINANCIAL AND OPERATIONAL RESULTS

PLANS FOR THE FUTURE

SUMMARY

APPENDICES
The most important information following the I quarter of 2016

Financial results

In the II quarter of 2016 revenues came to PLN 348.1 million, net profit reached ca. PLN 4.4 million. Positive cash flow PLN +3.9 million. Gross sales profitability in 2Q 2016 13.5%

Market

Increase in the area of agro transshipments, the coal and steel market remains under pressure

Further optimisation activities

Optimisation of management - the first results already visible in Q2 (port sector), further positive effects expected in 3-4Q 2016
First effects of the new strategy, expansion in Poland and the countries of the North-South Corridor

The Group took over **Sealand Logistics**, one of the leaders in the container shipping market in Poland

**Expected results:**
Development of expertise and greater scale of operation in the container shipping sector

In June of the current year the Group concluded a contingent agreement for the acquisition of shares of **STK S.A. and Kolej Bałtycka**

**Expected results:**
Strengthening of the position in the rail transport market

The Group established in Croatia the company **C.Hartwig Adria** which is going to handle the transport, shipping and storage activities

**Expected results:**
Expansion in the market of logistics services in the countries of the North-South corridor
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Revenues in I half of 2016, broken down by sectors of operation

- **Transport**: 27% of revenue
  - OT Logistics S.A., Deutsche Binnenreederei, Żegluga Bydgoska
  - Current hydroengineering contracts were concluded, pending the launch of further investments in the revitalisation of waterways, maintenance shutdowns

- **Forwarding**: 58% of revenue
  - C. Hartwig Gdynia, Rentrans International Spedition, Rentrans Cargo
  - An increase of the share of forwarding in revenues, competition and downward customers’ pressure reflected in lower margins

- **Ports**: 12% of revenue
  - OT Port Gdynia, OT Port Świnoujście
  - Decrease of revenues from harbour activity due to the situation in the market of coal and steel, an increase in profitability of harbour activity

GK OTL: Revenue structure [%]

1H 2015

- Transport: 29%
- Spedycja: 15%
- Usługi Portowe: 54%
- Pozostałe: 3%

1H 2016

- Transport: 27%
- Spedycja: 12%
- Usługi Portowe: 58%
- Pozostałe: 3%
1H 2016 - Financial results

GK OTL: Revenue [PLNm]

Results affected mainly by the downturn in the coal and steel market and the completion of hydro-engineering works in the area of the upstream Oder river and in Germany.

The EBITDA result increased by 2.8% y/y, EBITDA profitability in 2Q 2016 at 8.8% vs 8.0% in the previous year.
2Q 2016 - The result of the transport sector

Transport sector: Revenues (external entities) [PLNm]

Transport sector: The result of EBITDA [PLNm]

Transport sector: Margins [%]

Transport sector: Net result [PLNm]
2Q 2016 - The result of the forwarding sector

Forwarding sector: Revenues (external entities) [PLNm]

Forwarding sector: The result of EBITDA [PLNm]

Forwarding sector: Margins [%]

Forwarding sector: Net result [PLNm]
2Q 2016 - The result of the port sector

Port sector: Revenues (external entities) [PLNm]

-3.3%

Port sector: The result of EBITDA [PLNm]

+170.2%

Port sector: Margins [%]

Port sector: Net result [PLNm]
The volume of transshipments in the Group’s harbours in Poland

Transshipments OT Port Gdynia

[thousands tonnes]

![Graph showing transshipments at OT Port Gdynia from 2Q 2015 (659,0) to 2Q 2016 (835,7) with an increase of +26.8%]

- The volume of transshipments in the harbour OT Port Gdynia increased by +27% with respect to 2Q 2015.
- 13% more agro commodities were transshipped in the harbour of Gdynia compared to the year before.
- Similar volume of transshipment, despite continuing unfavourable conditions in the coal and steel market.
- OT Port Świnoujście obtained higher margins and a high global result of its activities thanks to optimisation of organisation processes.

Transshipments OT Port Świnoujście

[thousands tonnes]

![Graph showing transshipments at OT Port Świnoujście from 2Q 2015 (942,9) to 2Q 2016 (901,1) with a decrease of -4.4%]

- 13% more agro commodities were transshipped in the harbour of Gdynia compared to the year before.
Optimisation activities within the Group

- Overview of staff in subsidiaries
- Consolidation of intercompany operating activities – an increase of effectiveness, synergies
- Joining offices – cost reduction, synergies
- Overview of subcontracting agreements in railway companies
- Organisation of the sales structure – creating group structure
- Increase of the authority of Key Account Management – better contract management at Group level
- Better connection of the budget for 2016 with an incentive system for sales representatives and the KAM
- Activities aimed at increasing brand recognition
- Searching new business opportunities
Increasing investments of the Group

- Expenses incurred in connection with takeovers and investments in the first half of 2016 contributed to increase the indebtedness of the Group.
- We are able to finance growth both through bank financing and by issuing bonds.
- It is expected that debt ratios will remain at the levels of (debt/EBITDA) not higher than 4.0.

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OT Logistics bonds with maturity date

- Obligacje w PLN 2017: 30 EURm, 100 EURm
- Obligacje w EUR 2018: 10 EURm
What can shape the results of the Group in subsequent quarters?

**External factors**
- Economic situation in the coal, steel and cereals market
- Government investments in the revitalisation of waterways in Poland
- End of maintenance shutdowns in customers’ facilities
- Seasonal variations – supplies of energy fuels, end of harvest time

**Internal factors**
- Optimisation synergies
- Development of container forwarding
- Potential acquisitions and the execution of the strategy
New strategy of development - where are we heading

Capital Group
OT Logistics in 2021

Leader of transportation and logistics services in Central and Eastern Europe with an annual revenue of EUR 1 billion.
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<th>Where are we heading within the next 5 years</th>
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| 1 | Becoming number 1 in the handling of agricultural products within the Baltic Sea basin (excluding Russia) and the Adriatic Sea basin  
   Market share in the market of agro transshipments in Polish harbours at 50% |
| 2 | Doubling transshipments in Rijeka harbour |
| 3 | Developing port terminals |
| 4 | Developing inland and railway transportation by changing the service profile |
| 5 | Forwarding - becoming one of Poland's top 10 forwarders  
   5% share in container maritime forwarding  
   The presence on the market of logistics services in the countries of the North-South corridor |
| 6 | Building the position of Central European railway-forwarding operator through an organic growth and creating strategic alliances |
An increase of demand of transport in Poland - Long-term forecasts

Demand of rail transport [billion tkm]

- CAGR 1.8%

Demand of road transport [billion tkm]

- CAGR 2.4%

Demand of inland water transport [billion tkm]

- CAGR 6.1%

Demand of sea transport [billion tkm]

- CAGR 2.2%

Source: MIR “Strategy of development of transportation until 2020, including a 2030 perspective”
Government plans - a support for the sector in which we operate

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

- **PLN 107 billion** - announced government investments in the programme of development of highways and expressways in Poland by 2023
- **PLN 67.5 billion** - planned investments in the development of national infrastructure by 2030
- **PLN 60 billion** - Investments planned within the government development plan for inland waterways over the next 15 years
- **PLN 31.5 billion** - Investment in modernisation of the middle and lower section of the Vistula from Warsaw to Gdańsk
- **PLN 16.5-22.6 billion** - the value of the investment in activating the Oder Waterway
- **PLN 3 billion** - Joint Polish and German project of dredging the Oder River and the associated hydro technical structures
- **PLN 800 million** - The investment involving a canal across the Vistula Spit
- **PLN 610 million** - planned investment of the Gdynia Sea Harbour in the reconstruction and development of port infrastructure between 2015 and 2017
- **PLN 4 billion** - the programme of improvement of railway access to the Baltic Sea
- **PLN 3 billion** - Joint Polish and German project of dredging the Oder River and the associated hydro technical structures
- **Poland acceding the AGN Convention in 2016** - European Agreement on Main Inland Waterways of International Importance will enable it to obtain additional funds for modernisation of waterways

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Poland acceding the AGN Convention in 2016 - European Agreement on Main Inland Waterways of International Importance will enable it to obtain additional funds for modernisation of waterways
Summary

The Group is executing a new strategy of growth which is to strengthen its position in the TSL sector in Poland and Europe.

The Group increases the scale of operation in the forwarding market thanks to the Sealand Logistics acquisition.

Acquisition of shares in STK Group and Kolej Bałtycka will strengthen the competences of the Group in the railway transport sector.

The Group expands its activities in southern Europe.

The results of the Group are affected by an unfavourable situation in the market of steel and coal.

Visible reduction of running costs of the Group.

Further optimisation activities will support the results of the Group in subsequent quarters.
Q&A

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OT LOGISTICS
in short

Globalny zasięg

Kompleksowe usługi TSL

Unikalna strategia
One stop Shop

ponad 20 spółek
w Europie
i Ameryce Północnej

OKOŁO 800
jednostek pływających

Najbardziej wszechstronny
operator portowy w Polsce

PONAD 8 mln ton
przeładowywanych towarów rocznie
Management Board

Zbigniew Nowik, PhD
President of the Management Board

Between 2002-2015 Chairman of the Supervisory Board of OT Logistics S.A.
Experience in the area of finance and management gained in international corporations.
Graduate of the Université Paris-Dauphine (PhD in economic sciences)
In OT Logistics he is responsible for planning and coordination of the activities of the Company and planning strategic development of the Group.

Piotr Ambrozowicz, PhD
Vice-President of the Management Board

Since June 2014, a proxy of the Board for Operational Affairs, since November 2014 President of the Management Board of C. Hartwig Gdynia S.A., since September 2015 Member of the Management Board of OT Logistics
Within OT Logistics, responsible for the area of commerce and marketing and the execution of logistic operations in particular lines of business.

Ryszard Warzocha
Vice-President of the Management Board

Between 2002-2015 Chairman of the Supervisory Board of OT Logistics S.A.
Experience in the area of finance and management gained in international corporations.
Graduate of the Université Paris-Dauphine (PhD in economic sciences)
In OT Logistics he supervises the Development and Finance Division.

Ireneusz Miski
Vice-President of the Management Board, CFO

Broad skills and expertise in the area of development and increasing the value of enterprises, restructuring, acquisition, financing companies and managing an international team, gained i.e. in companies listed on the stock exchange
In OT he supervises the Development and Finance Division.

He has broad professional experience gained while working in audit, advisory and IT companies both in the Polish market and abroad, i.e. in New Zealand and USA. Between 2001-2007 he worked as external auditor in KPMG. He is a lecturer within the MBA programme at the WSB in Szczecin
Within OT Logistics S.A., responsible for the Finance Division.
New functional scheme
Of the OT Logistics Capital Group

SUPERVISORY BOARD

VICE-RESIDENT OF THE MANAGEMENT BOARD FOR DEVELOPMENT

DEVELOPMENT DIVISION
Departments: controlling and stock market information, strategy and development, treasury and risk

PRESIDENT OF THE MANAGEMENT BOARD
CORPORATE DIVISION
Departments: audit, legal, communication, HR policy, quality, health and safety, safety,

OPERATION DIVISION
Inland Waterway Transport Division
- main GK OTL companies

Railway Division
- main GK OTL companies

Forwarding Division
- main GK OTL companies

Port Division
- main GK OTL companies

VICE-PRESIDENT OF THE MANAGEMENT BOARD FOR FINANCE
FINANCE DIVISION
Departments: finance, business controlling, purchasing, administration, IT, shared services

VICE-PRESIDENT OF THE MANAGEMENT BOARD FOR COMMERCIAL AFFAIRS
COMMERCIAL DIVISION
Departments: sales and marketing
THANK YOU FOR YOUR ATTENTION