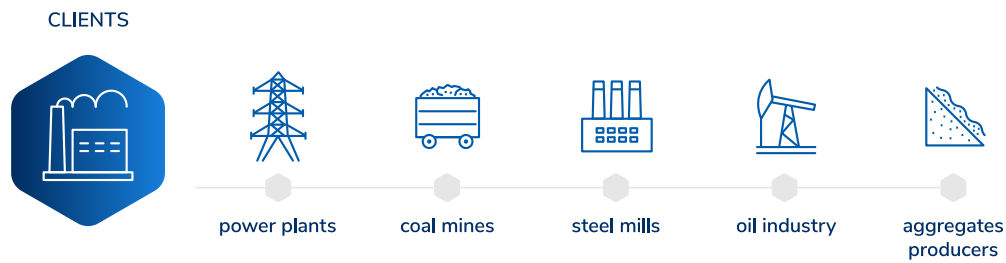


Clients and contractors

Key clients

102-6, 102-7 The Company operates in one principal geographic area, i.e. Poland, where its registered offices are also located. Total revenues for all geographic areas outside Poland in 2018 and 2017 did not exceed 13% of total revenues from agreements with clients. There is no single geographic area (outside of Poland) which generates more than 5% of revenues from agreements with clients.



The Group defines the geographical territory of business as the location of the registered office of the service recipient, and not as the country of the service provision. Poland is the key geographic area of the Group's activity.

In the financial year ended 31 December 2018, the Group's revenue from any single Group client did not exceed 10% of the total revenues from agreements with clients. In the year ended 31 December 2017, sales to the Arcelor Mittal Group represented 10.9% of total revenues from agreements with clients.

Key contractors

As they operate on the freight transport market, both the PKP CARGO Group and Parent Company are dependent on the largest supplier of access services to rail infrastructure in Poland, namely PKP Polskie Linie Kolejowe S.A. (PKP PLK). This company is a domestic supplier that provides access to the prevalent portion of rail infrastructure in Poland in accordance with the price list approved annually by the President of the Office of Rail Transport. This infrastructure is made available for a fee on the same terms to all carriers offering passenger and cargo rail transport. PKP PLK renders services to the PKP CARGO Group that include the provision of access to rail infrastructure, the provision of access to traction network equipment, the directing and carrying of traffic and access to train handling equipment. PKP PLK's percentage of procurement costs in 2018 (meaning the sum of the costs of external services and of the consumption of raw materials and supplies) was 37.1% in the PKP CARGO S.A., while it was 43.6% in the Group.

Moreover, the Group's main supplier for traction fuel and traction energy is PKP Energetyka S.A. This supplier specializes in selling and supplying electricity, selling liquid fuels and providing electrical energy-related services. PKP Energetyka S.A.'s percentage of procurement costs in 2018 (meaning the sum of the costs of external services and of the consumption of raw materials and supplies) was 27.6% in the PKP CARGO S.A., while it was 19.8% in the Group%.

