



# RegioJet Group

18 May 2020



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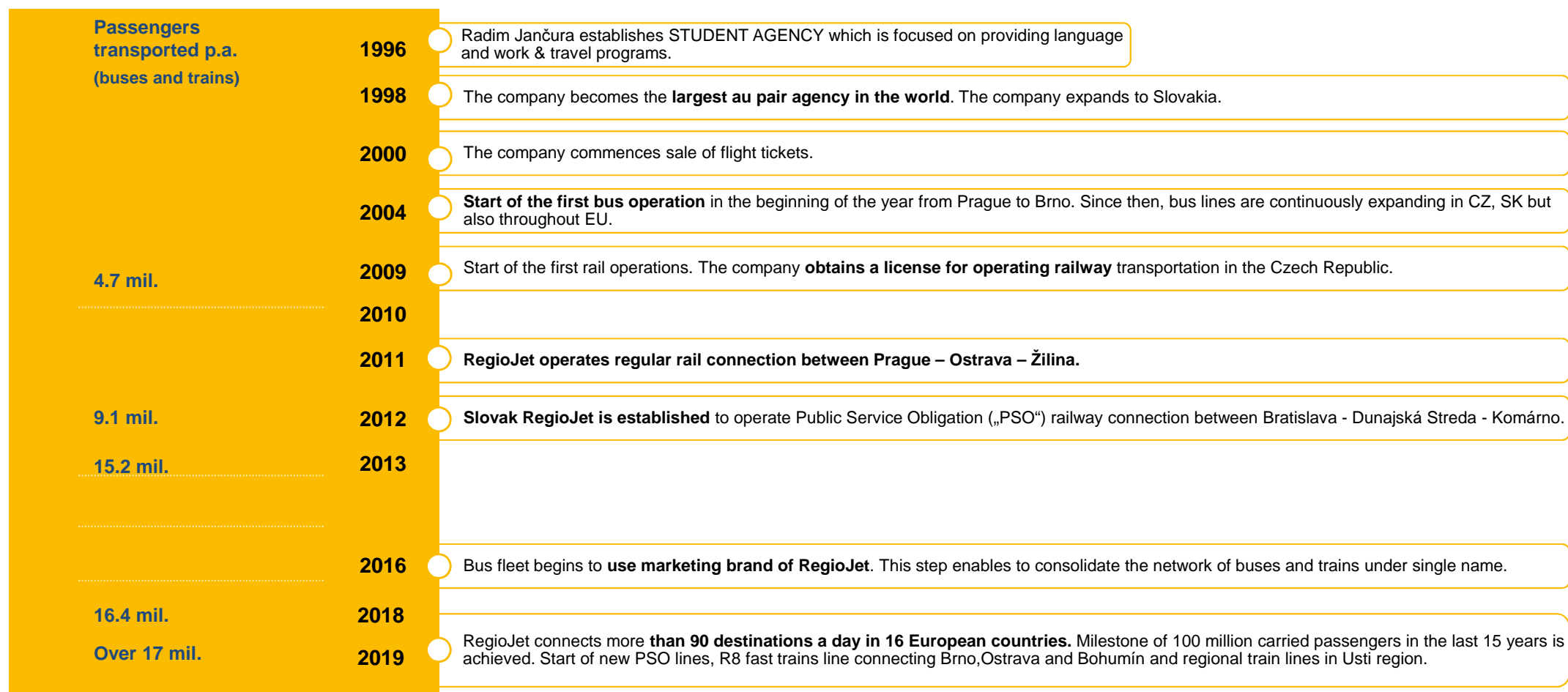
# Agenda

- **Introduction**
- **Market Overview**
- **RegioJet's Operations**
- **Assets**
- **Financial Highlights**

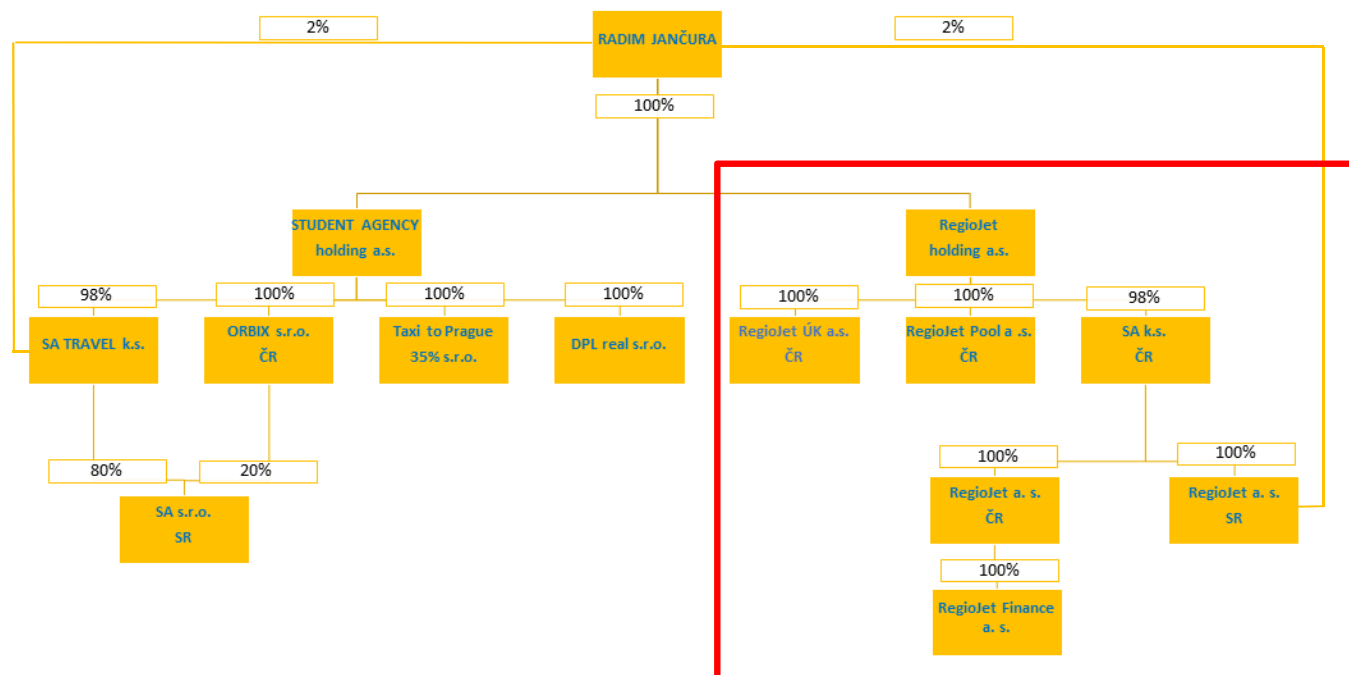
# Introduction

# Group History

The Group was established in 1996 as a travel and work intermediary agency and since has grown organically to become one of the most reputable Czech companies and brands.



# Structure of the Group



The Group consists of two sub-holdings:

- 1) **STUDENT AGENCY holding a.s.** – covering **travel business operations** (air-tickets, holiday packages, language and Work & Travel programs).
- 2) **RegioJet holding a.s.** – covering **the bus and rail passenger transport**.

## Key companies of RegioJet doprava holding:

- **STUDENT AGENCY k.s.** – headquartered in Brno primarily responsible for bus operations and for the sale of RJ Group tickets, the company manages operational activities including advertisement, insurance and others.
- **RegioJet a.s. (CZ)** – owns and operates Czech and international trains to Ostrava, Košice, Bratislava and Vienna as well as PSO (Public Service Obligation) train line R8 between Brno and Ostrava.
- **RegioJet a. s. (SK)** – operates trains and buses in Slovakia including Bratislava – Komárno route provided based on the contract with the Ministry of Transport.
- **RegioJet Finance a.s. (CZ)** – financing vehicle used for bond issue (owner of rolling stock used as a pledge in favour of the security agent).
- **RegioJet ÚK a.s. (CZ)** – operates regional trains in the part of Ústí region.

Source: the Issuer



# Group Summary

**|| REGIOJET**

Established rail transport operator



**| STUDENT | AGENCY |**

Established bus transport operator and provider of *online and OTC travel services*



Bus transport operator using market brand RegioJet



**| STUDENT | AGENCY |**

 **letenky.cz**

**dovolena.cz** 

**| STUDENT | AGENCY |**  
jazykové a pracovní pobyt v zahraničí

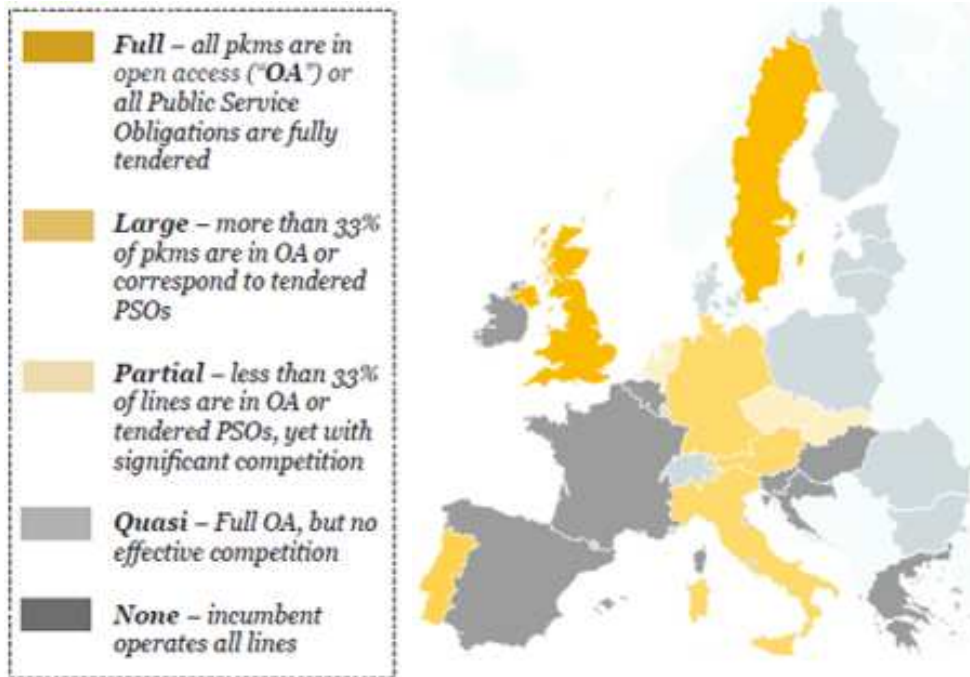
# Market Overview



# Railway Market

## EU – market liberalization as market changer

Degree of liberalization, 2017



- The **degree of liberalization** among EU member states is still diverse. Passenger transport by rail is divided into two systems: public service obligations which are either directly awarded or competitively tendered and non-subsidized train services.
- Between 2001 and 2016, **four legislative packages** were adopted with the aim of **gradually opening EU rail transport service markets for competition**, making national railway systems interoperable and defining appropriate framework conditions for the development of a single European railway area.
- The **market will enter its final phase, granting access to domestic passenger services in all EU member states to all players from December 2019**. Since December 2023, competitive tendering for PSO rail services will be mandatory in the majority of cases. Nevertheless, some markets might remain partially closed until end of 2033.



Source: European Commission; Issuer's analysis

# Railway Market

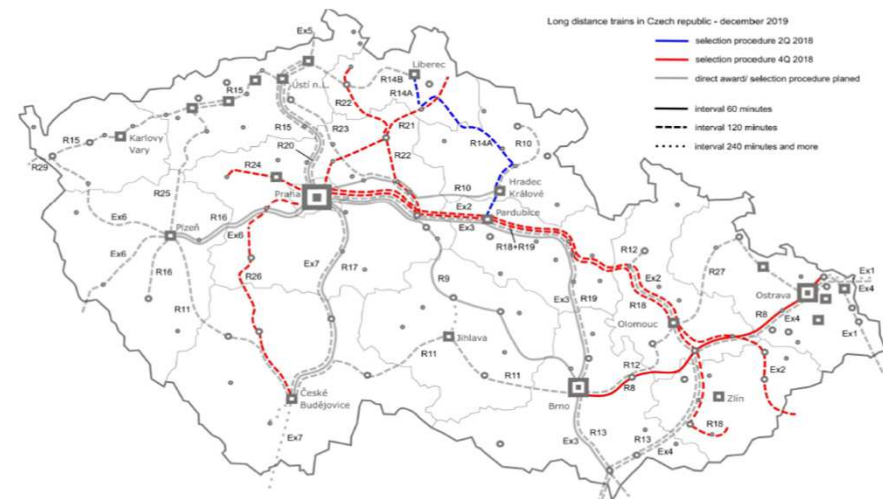
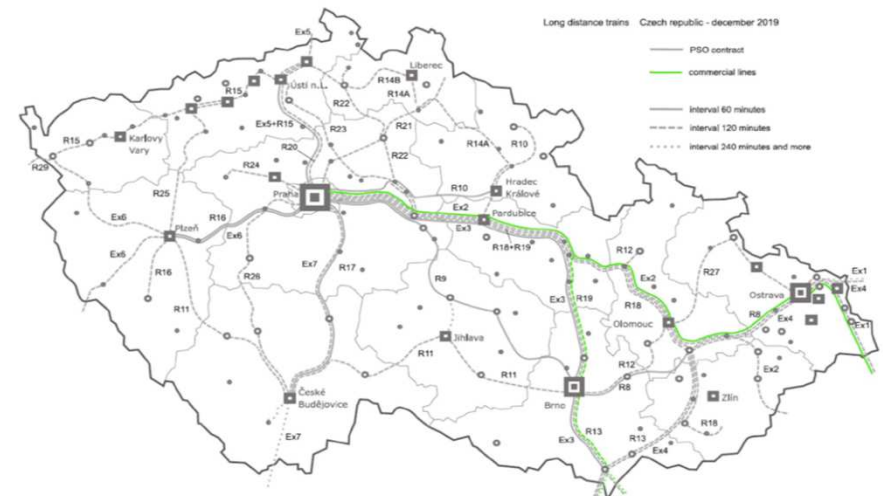
## Open access vs. tenders

### 1) Open access competition – non-subsidized train services

- Open access represents the highest level of railway liberalization.
- **Free competition of non-subsidized train services on international and domestic lines**, i.e. train services that can be economically operated without subsidies.

### 2) Tenders and competition in subsidized Public Service Obligation („PSO“) train services

- According to the EU legislation – after 2024, all **PSO contracts can only be signed as results of public tenders**.
- After 2034 – all PSO subsidized trains can only be operated by tendered operators (no older direct award contracts can be valid anymore).



# Railway Market

## the Czech Republic – market decline reversed

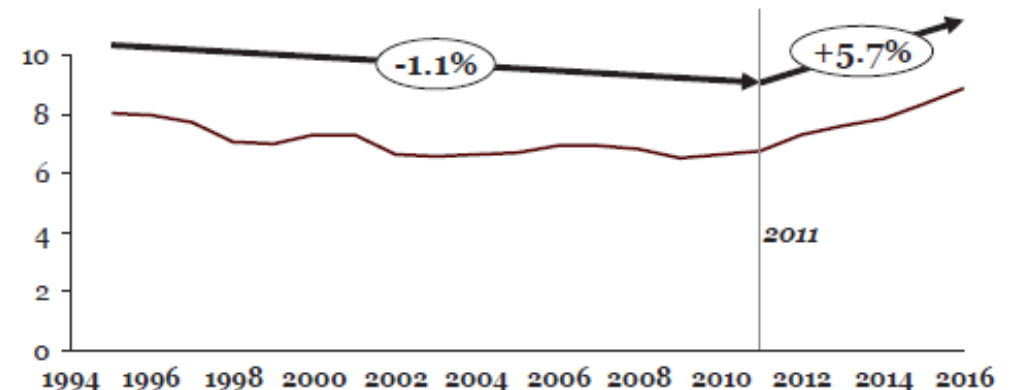
### Prior to RegioJet's market entry (before 2011)

- Prior to 2011, passenger rail services in the Czech Republic were provided exclusively by state-owned company České dráhy (ČD).
- The popularity of rail passenger travel steadily declined as total pkms fell from 8bn in 1995 to 6.7bn in 2011.

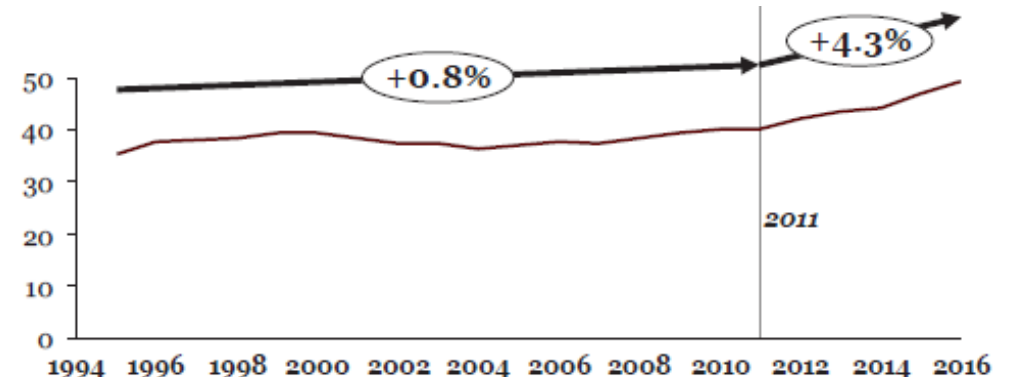
### Post RegioJet's market entry (after 2011)

- RegioJet was the first private rail operator.
- RegioJet disrupted the market with its customer-centric approach, better service on board and better schedules.
- The quality of services improved, rail travel experience that resulted in steady increase in pkms between 2011 and 2016 (CAGR of 5.7%) and passing values of mid 1990s.
- In 2018, rail passenger travel reached a total of 10.3bn pkms.
- Additionally, the average transport distance has grown from 40km to 49.4km between 2011 and 2016, a lot faster compared to the period before 2011.

Passenger rail transport traffic in the Czech Republic, 1995-2016, pkms [bn]



Average transport distance in the Czech Republic, 1995-2016, kilometres



Source: Czech statistical office, Issuer's analysis

# RegioJet's Operations

# RegioJet's Highlights

Most popular mobility network in the CEE



- Leading long distance private bus and train operator in Central Europe, mainly in the Czech Republic, Slovakia, Austria, Germany, Hungary.
- Complete mobility – Trains with feeding buses and other means of transportation services (car sharing, partnering taxi, etc.).
- Network for over 17 million passengers a year.
- In PAX/km reaching almost 50% of the traffic volume of ČD.
- Popular network for international tourists and visitors travelling around Europe. Popular for students, business people and leisure travellers.
- Part of the STUDENT AGENCY holding – leader in travel services in the Czech Republic and Slovakia.

Source: Annual reports; Issuer's analysis



# Rail and Bus Operations

RegioJet's railway network connects Vienna, Ostrava, Košice, Prague and Bratislava through its northern and southern line; it also has a wide network of bus lines across Europe (operated by STUDENT AGENCY under the RegioJet brand). Under PSO contracts RegioJet operate inter-regional trains connecting 2nd and 3rd biggest cities in CR (Brno and Ostrava), regional trains in Ústí nad Labem Region and regional trains in Slovakia on Bratislava – Komárno line.

## RegioJet trains

- The backbone of the railway network consists of the very popular **northern line** (Prague – Ostrava – Košice) and **southern line** (Prague – Brno – Bratislava).
- Furthermore, in 2017, the **railway network expanded to Vienna** and further expansion to **Budapest** has been planned for **2020**.
- Apart from a **license** for operating in the Czech Republic and Slovakia, in 2017, RJ fulfilled regulatory requirements for operating in Poland. In other countries, RegioJet operates in co-operation with reliable partners and local railway carriers.
- As of December 2019, start of PSO train operations in the CR – on R8 Interregional fast train line Brno – Ostrava – Bohumín and on regional lines in the Ústí nad Labem region.

## STUDENT AGENCY (RegioJet) buses

- SA has **considerable bus operations** serviced by 150 modern buses.
- Within the Czech Republic and Slovakia, the bus lines connect major cities (in many cases connecting to the company's rail lines).
- Furthermore, the bus lines extend to cities such as Paris, Amsterdam, Rome, Milano, Geneva, Zurich or London.

Source: the Issuer



# RegioJet Trains

## The best customer services



**Our philosophy:** best value for money on rails

**Four travel classes:**

- **Business** - for most demanding passengers
- **Relax** – 2<sup>nd</sup> class with the 1<sup>st</sup> class care
- **Standard** – best value – full service, economy price
- **Low-cost** – best price, low service



- **Complimentary free of charge extras:** Wi-Fi internet, beverages, press, seat-reservation, entertainment portal, etc.
- **Extra services:** compartments for children, conference coaches, bike compartments, etc.



# RegioJet Trains

Four travel classes

## Business



## Relax



## Standard

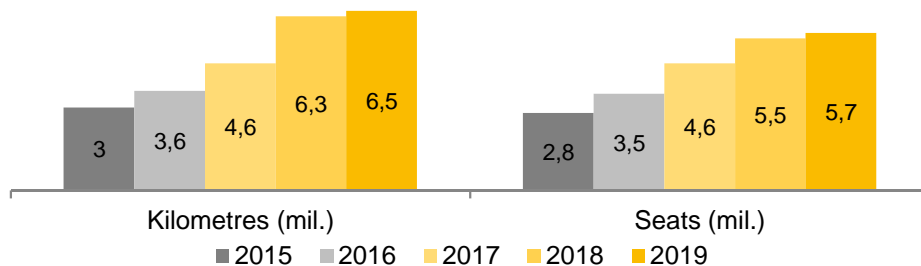


## Low-cost

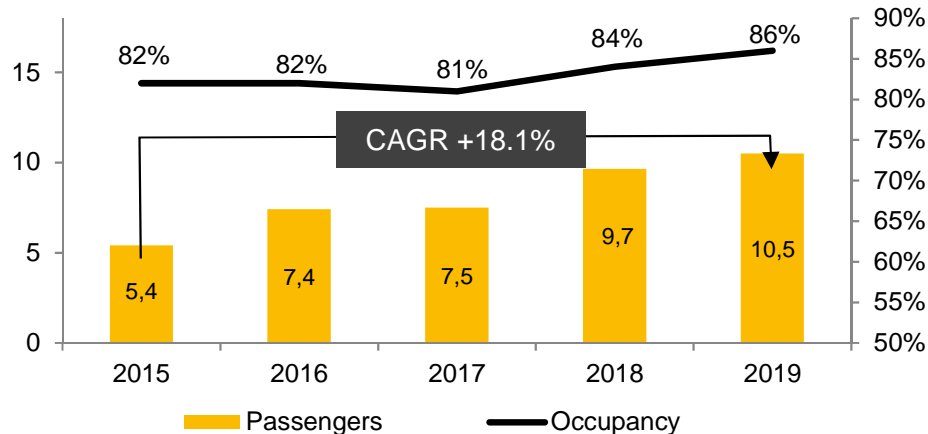


# Overview of Business Performance

Development of Train kilometers [mil. km], Train seats [mil. seats]



Development of Train passengers [mil.], Train Occupancy rate [% , rhs]



Source: Issuer's data

- RegioJet's growth is driven by expanding rail operations in terms of volume of service, passengers as well as occupancy.
- RegioJet benefits from high brand awareness in the Czech Republic.
- The total customer base reached 7.5 and 10.5 million train passengers in 2017 and 2019, respectively.
- Number of RegioJet's employees (under all types of contracts) has expanded to almost 1,500 in 2019.

# Winning PSO Tenders

Successful start of operations  
in just 10 months



- In December 2019, RegioJet started operations under two won PSO contracts.
- RegioJet won the tender for **regional trains in Ústí nad Labem region** with an offer of CZK 149 mil. / year – a related entity from the Group will replace the current train operator on several regional lines from December 2019 to 2029.
- RegioJet won the selection process for **R8 fast trains line** (connecting Brno – Ostrava and Bohumín), with an offer of CZK 250 mil. / year. A related entity from the Group will commence providing rail services from December 2019 until 2027.
- RegioJet managed the whole preparation process within just 10 months and successfully took over operations from České dráhy in December 2019.



# Success on the R8 PSO line



- RegioJet has received positive feedback from the ministry and the public for its entrance on the R8 line and services provided.
- In only 10 months RegioJet managed to prepare for all operations on this line connecting 2nd and 3rd biggest cities in the Czech Republic – meaning the growth of RegioJet activities in long distance trains by 81 % overnight.
- Only 3 months after the start of operations, RegioJet extended the scope of on-board services for another class and offered customers even more benefits.
- First year, RegioJet expects additional 1.5 million additional passengers from the operations on the R8 line – with revenues over 200 mil. CZK a year.



# Expansion Plans for 2020 and 2021

- In the 2nd half of 2020 RegioJet will expand the network of its long-distance trains to Budapest once the restriction on international travel are lifted.
- This will extend number of international passengers by additional 250,000 and CZK 100 mil. additional revenues a year.
- For summer 2020, RegioJet plans to establish direct season train connection from CZ and SK to Croatia (Rijeka/Split) – reacting on expected strong demand for holidays in Croatia.
- In 2021, RegioJet plans to start train operations to Ukraine and Poland.
- All together, RegioJet expects to grow for additional 1 million passengers and CZK 600 mil. per year from new international services within next 2 years.



# 2020 Predictions and Successful Restart after COVID 19 Lock Down

- According to its revenues, occupancy and sales figures, RegioJet started 2020 as the most successful year in its history.
- January and February figures have shown the best business performance in these 2 months ever:
  - Revenues (2020 vs. 2019): CZK 320 mil. vs. CZK 250 mil.;
  - Passengers (2020 vs. 2019): 933,722 vs. 889,930 – meaning growth by 5% for the IC trains and new sales from PSO.
- In March, April and May – RegioJet implemented deep adjustments of its performance – to keep the business safe during the times of the COVID 19 pandemic
  - Elimination of nr. of services – to only basic connections during the peak times;
  - Price adjustments to keep the level of revenues per km;
  - Cut downs in services and related costs.
- As of May 2020 RegioJet is restarting its activities with the vision of the full scheme of operations in mid-June for domestic operations with plan to add international routes from July onwards
  - RegioJet has been recording 100% growth of revenues each 2 weeks – when returning back in full service = during the first 10 days in May the total revenues has already reached almost 35% of the last year's level of revenues;
  - RegioJet plans to be on the pre-Covid revenue levels in summer and restart its profit growth again in September at the latest.

# Successful Track Record

## Prague – Vienna

RegioJet doubled number of passengers on the Prague – Vienna line and surpassed Flixbus with an extreme growth of the market share (according to internal marketing researches):

### **2017:**

- RegioJet operated 10 bus pairs on the route Prague – Vienna;
- Flixbus operated 10 bus pairs on the route Prague – Vienna.

### **2018:**

- RegioJet launched 4 couples of train services and 5 couples of bus services;
- RegioJet is operating the trains with majority of seats in the „bus“ pricing level (EUR 15–17);
- Flixbus is operating 15 bus pairs on the route Prague – Vienna;
- RegioJet increased number of passengers by 100% and in 9 pairs of bus and train services is carrying 2 times more passengers than Flixbus in 15 pairs.

## Prague – Košice

RegioJet became the biggest train operator on the most important Czech – Slovak train line (Prague – Košice) and also on the domestic part (Prague – Ostrava)

Market share in 2017 (according to internal marketing researches):

- RegioJet: 4.2 million PAX;
- Leo Express: 1.2 million PAX;
- SC Pendolino (ČD): 1.2 million PAX.

Profitable operations

- Longest train sets – reaching up to 15 coaches;
- Average occupancy of ca. 80%.



# Assets

# Key Assets

## LOCOMOTIVES

**Škoda 99 E** – 9 locomotives operating northern CZ & SK routes

**Bombardier Traxx** – 4 locomotives designated for operations between Prague, Vienna and Bratislava

**Other locomotives** – 3 supplemental diesel locomotives

## COACHES

State-of-art **ASTRA coaches**, already delivered 21 coaches with additional deliveries of 6 coaches within 2020

Fleet of **152 passenger coaches** for day operation and **32 couchette coaches** for night operation

**9 ex DB DMUs** class 628 for regional traffic

RegioJet Finance (Issuer) owns 170 coaches, for example: coaches 1st class open space/compartment part originated from ÖBB, 2nd class compartment with kitchen and children's compartment, 1st class open space originated from DB, etc.



## NEW VEHICLES Ordered

**7 Pesa Elf.eu EMU** for regional traffic

**15 Bombardier Traxx MS3** locomotives

# Astra Coaches

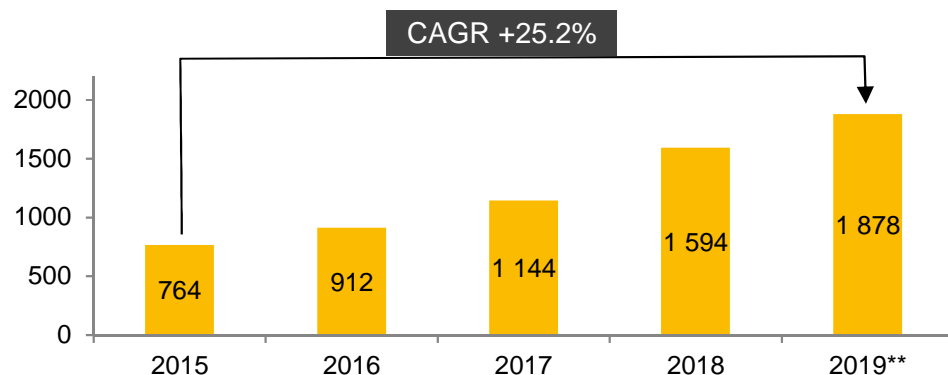
- Brand new coaches of Astra Vagoane Calatori production representing an unique asset of RegioJet's corporate brand.
- Its main advantage lies in the arrangement with 80 genuine leather upholstered seats that feature LCD screens with entertainment system, 230V sockets for every passenger, air conditioned, approved for 200km/h and simply the quality of used materials.



# Financial Highlights

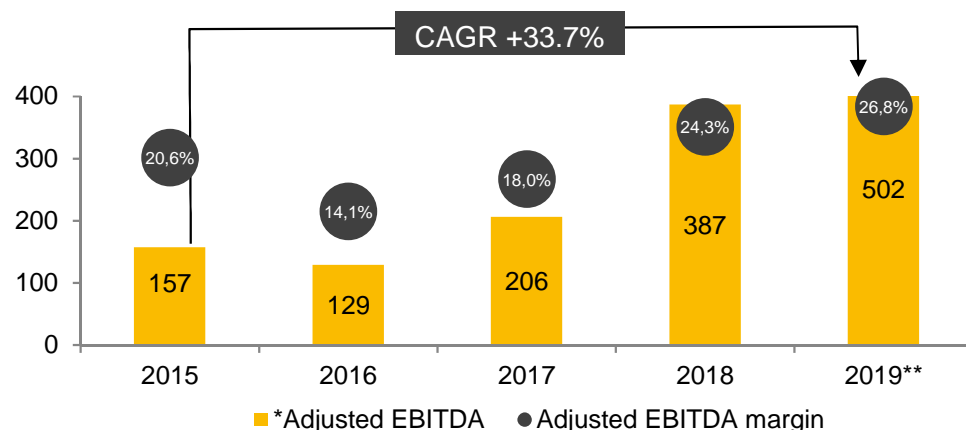
# Overview of Financial Performance

Development of Sales, 2015-2019 [CZK mil.]



- Year 2019 was the best year ever for the company, reporting sales over CZK 1.9bn just for train operations with more than 10 mil passengers using train service to Kosice, Ostrava, Bratislava and Vienna as well as PSO service in Slovakia.
- Specifically, new routes to Bratislava and Vienna positive contributed to overall financial performance, brought more than CZK 600 mil in sales growing more than 35% annually with new 240,000. number of passengers and reaching for these two new lines 92 % occupancy rate.
- The existing lines, mainly to Ostrava and Kosice reported almost 100% occupancy rate for the peak times and the only limitation for additional growth was number of coaches available.
- As we launched the first PSO (public service obligation) in 12/2019 and as we managed to obtain more coaches from Deutsche Bahn, we expected a significant increase in sales and EBITDA in 2020, which was shown by the economic results for 1-2 /2020, which were CZK 17 million better than 1-2 / 2019.
- Systematic focus on delivering the best customer service resulted in higher occupancy rate that enabled ticket price increase during 2019, RegioJet has remained the number one choice as train operator.

Development of Adjusted EBITDA, 2015-2019 [CZK mil.]



■ \*Adjusted EBITDA ● Adjusted EBITDA margin

Source: Annual reports and financial statements (Czech accounting standards - Czech GAAP).

Note: \*Adjusted EBITDA calculated as operating profit + depreciation + operating and financial leases + rent paid to STUDENT AGENCY k.s.

\*\* Combined financials of RegioJet a.s. and RegioJet Finance a.s.

# RegioJet Finance a.s. and RegioJet a.s. – \*Combined Financial Overview

(CZK in millions)	2015	2016	2017	2018	2019
<b>Sales</b>					
<b>Total Sales</b>	765	912	1,144	1,591	1,878
Sales of own products and service	650	772	995	1,319	1,394
Sales of goods	69	84	75	92	102
Other operating sales**	46	56	73	179	382
<b>Profitability</b>					
<b>Adjusted EBITDA</b>	<b>157</b>	<b>129</b>	<b>206</b>	<b>387</b>	<b>502</b>
Adjusted EBITDA margin	20.5%	14.1%	18.0%	24.3%	26.7%
Operating leases - locomotives (RegioJet)	1	4	78	105	91
Rent - coaches (paid to STUDENT AGENCY k.s. or RegioJet Finance a.s.)	29	34	40	48	74
Financial leases - locomotives and coaches (RegioJet)***	71	71	72	86	85
<b>EBITDA</b>	<b>56</b>	<b>20</b>	<b>17</b>	<b>149</b>	<b>252</b>
EBITDA Margin	7.3%	2.2%	1.5%	9.3%	13.4%
Depreciation and amortization	12	26	29	34	46
<b>EBIT</b>	<b>44</b>	<b>-6</b>	<b>-12</b>	<b>114</b>	<b>206</b>
<b>Net Profit</b>	<b>35</b>	<b>-13</b>	<b>-36</b>	<b>90</b>	<b>112</b>
<b>Operating expenses</b>					
Costs of goods sold	72	91	86	98	92
Personnel expenses	160	183	195	234	258
Material and energy costs	175	200	265	311	377
Services	298	414	578	782	881

The long-term debt raised for R8 lines operations in 2019 (ca. CZK 251m) is expected to increase the EBITDA 2020 by ca. CZK 90m

(CZK in millions)	31.12.2015	31.12.2016	31.12.2017	31.12.2018	31.12.2019
<b>Balance Sheet Highlights</b>					
<b>Total Assets</b>	<b>818</b>	<b>917</b>	<b>1,190</b>	<b>1,067</b>	<b>2,482</b>
Intangible fixed assets	10	0	1	1	2
Tangible fixed assets	406	462	770	683	1,939
Current assets	205	288	282	221	464
Accrued and deferred items	197	167	137	162	77
<b>Total Assets</b>	<b>807</b>	<b>918</b>	<b>1,191</b>	<b>1,067</b>	<b>2,482</b>
Shareholder's equity	216	203	167	296	851
Provisions	0	0	0	1	30
Long-term liabilities	438	534	735	410	1,231
Short-term liabilities	153	180	289	360	370
Accrued and deferred items	0	1	1	0	0

Source: Issuer's annual reports and financial statements (Czech GAAP)

Note: \*2019 - combined financial statements, 2015-2018 standalone financials of RegioJet a.s.; \*\*compensation for discounted ticket (students+seniors 65+); \*\*\*excluding down payments related to financial leases

# Train Business - Debt and Leases Overview

## Group debt\* and leases overview – related to rolling stocks financing

CZK million	31.12.2018	31.12.2019
Bank loans - Student Agency k.s. (SA)	377	263**
Bank loans - RegioJet a.s. (RJ)	328	82
Bonds - RegioJet Finance a.s. (RJF)		921
<b>Total bank loans and bonds</b>	<b>704</b>	<b>1,266</b>
Financial leasing	353	250
Operating leases	139	91
<b>Total leases</b>	<b>492</b>	<b>341</b>
<b>Debt (bank loans + leases + bonds)</b>	<b>1,196</b>	<b>1,608</b>
Cash	21	153
<b>Net Debt (bank loans + leases - cash)</b>	<b>1,175</b>	<b>1,455</b>
<b>Adjusted EBITDA (RegioJet/RJF level)</b>	<b>387</b>	<b>502</b>
<b>Net Debt / Adjusted EBITDA</b>	<b>3.0</b>	<b>2.9</b>
Market Value of rolling stock: SA + RJ + RJF	2,361	2,580
out of which secured in favour of Security Agent		1,169
<b>Net Debt to Market Value of Assets</b>	<b>49%</b>	<b>56%</b>

Source: Issuer's data

Note: \*excluding RegioJet's payables (shareholder's loan) to controlling entity (STUDENT AGENCY k.s.)

\*\* unaudited

## Simplified structure as at 31.12.2019

