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European Association
for Coal and Lignite



Polish coal industry restructuring plans

remarks on the situation in the Czech Republic

15-16 March 2015, Katowice

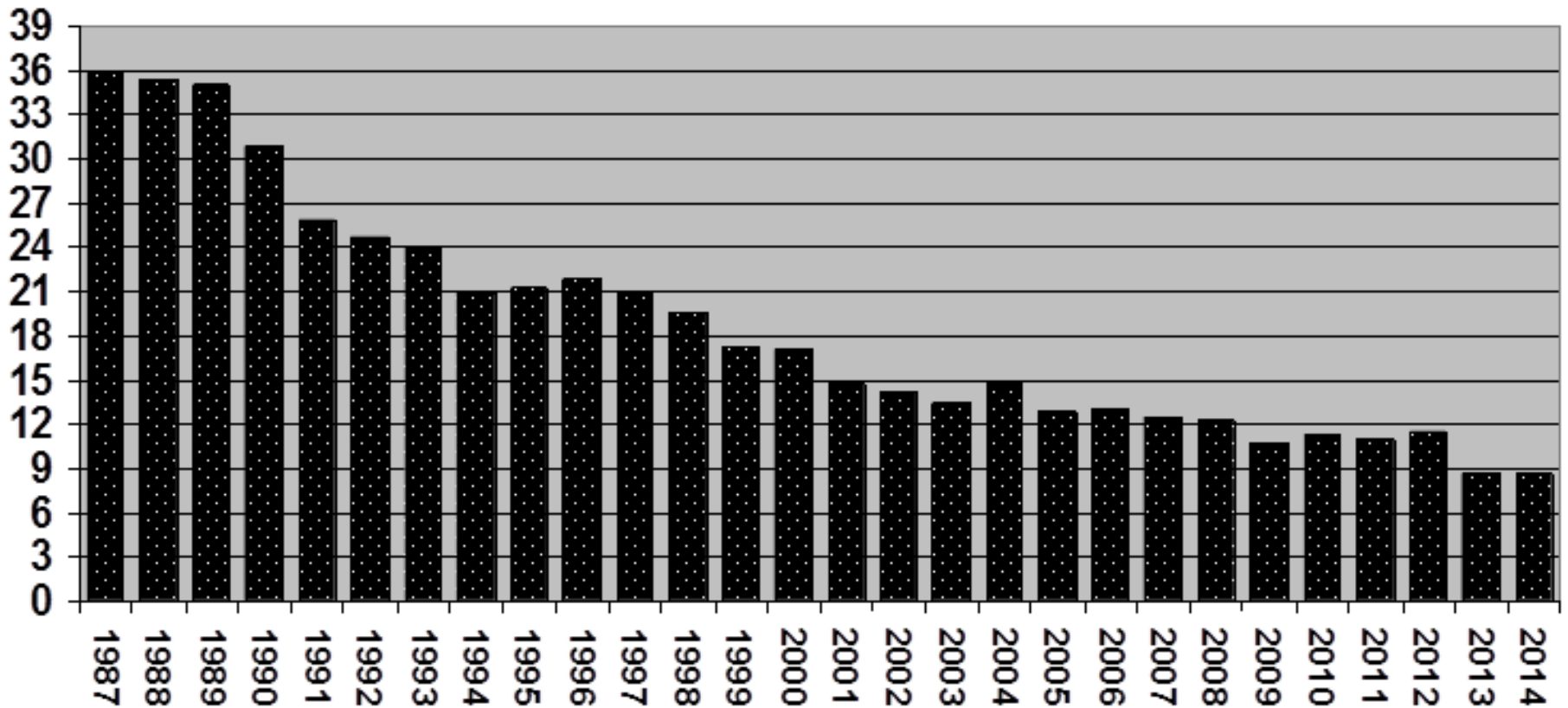
Vladimír BUDINSKÝ, Vice President

remarks on the situation in the Czech Republic



Hard coal production, long term development (in Mt/y)

Decline and the stabilization at 8,5 Mt/y

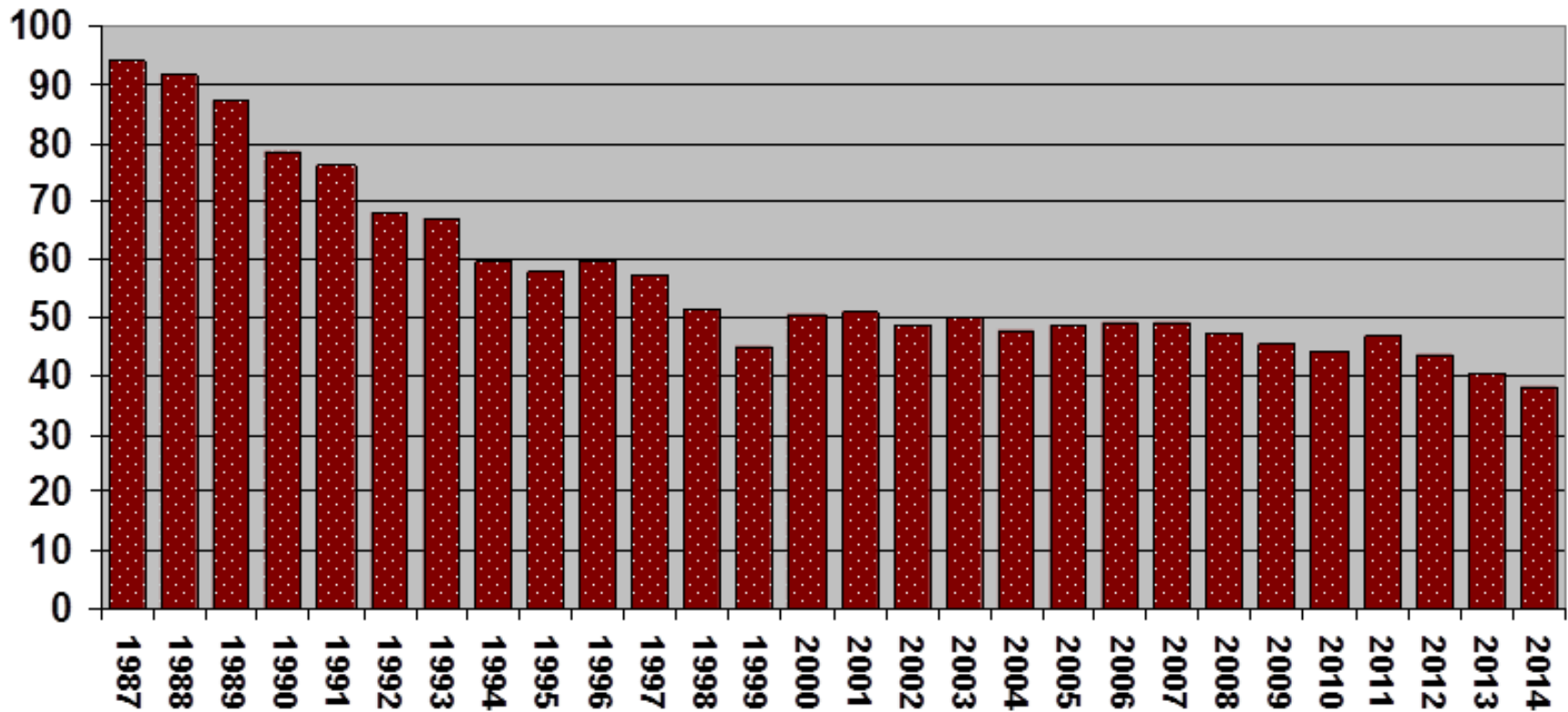


remarks on the situation in the Czech Republic



Brown coal production, long term development (in Mt/y)

Sharp decline, the stabilization and slow decline to 38 Mt/y



remarks on the situation in the Czech Republic



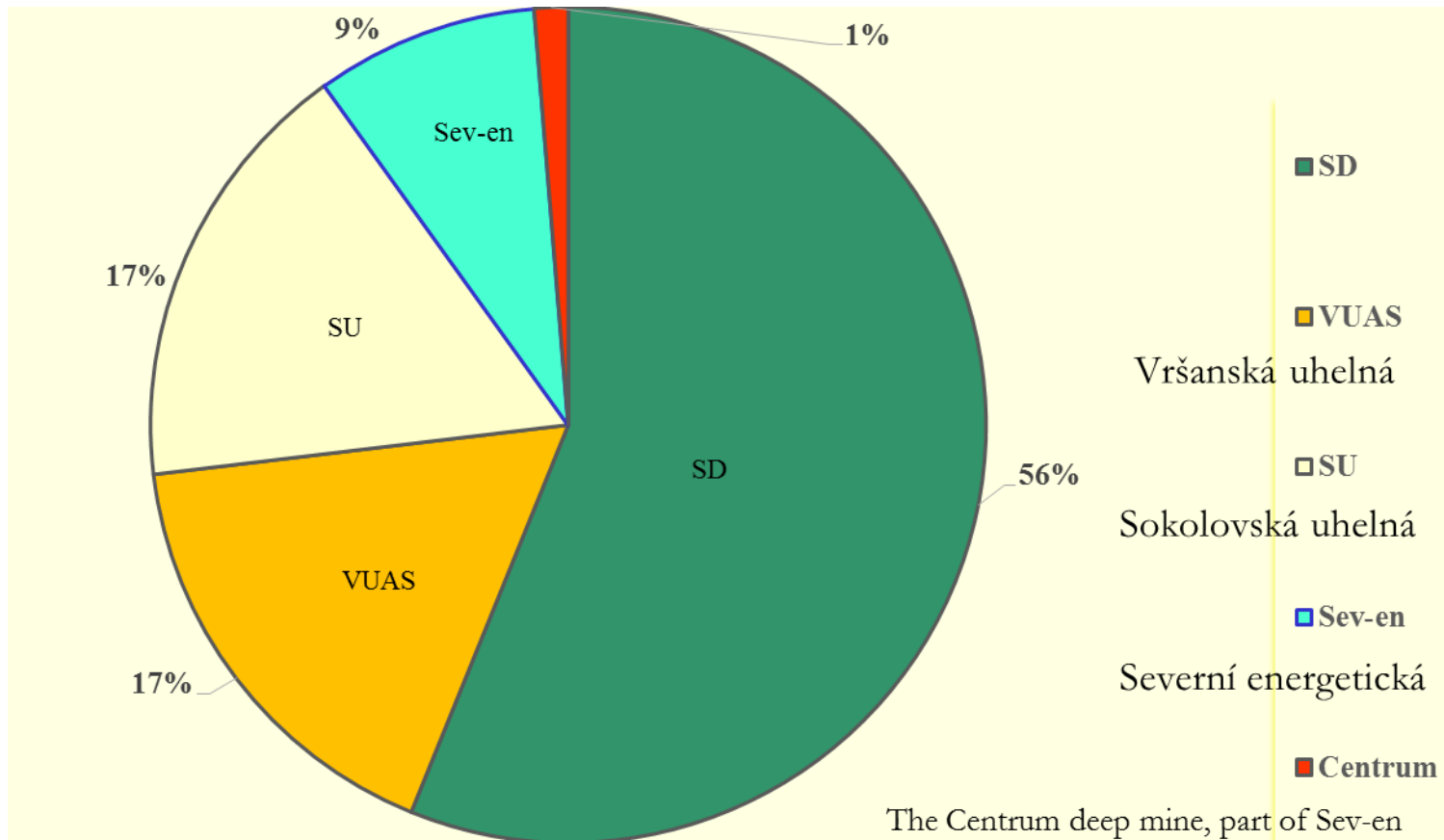
Situation in Czech hard coal industry

- OKD owner is planning to **decrease costs by 80 million Euro** in the year 2015
- OKD is planning to **increase productivity to 2018** from 622 t/ employee **to 800 t/employee**
- Paskov Mine – will be in production after 2017
- OKD has now 11.000 employees and other 3000 subcontractors
- **OKD will reduce staff by 1600 people** - 300 finishes end of April, - 500 till end of 2015,
- 800 subcontractors in 2015
- NWR decreased in 2014 **profit loss** by Euro 893 million to **Euro 21 million**
- **Revenue in 2014 decreased by 20 % to Euro 676 million**

remarks on the situation in the Czech Republic



Situation in Czech brown coal industry



remarks on the situation in the Czech Republic



Situation in Czech brown coal industry

Mining limits – the decision prolonged to H2 – 2015

Bilina Mine – no conflict, ČSA Mine – relocation of 2000 people

Payments from extraction activities

- Ministry of Finance proposed ten times higher concession fees and royalties
- Following exciting discussions (mining companies, unions, municipalities), we now have a bill to amend the Czech Mining Act, containing the following proposals:

Concession fees for mining areas have to increase 10times:

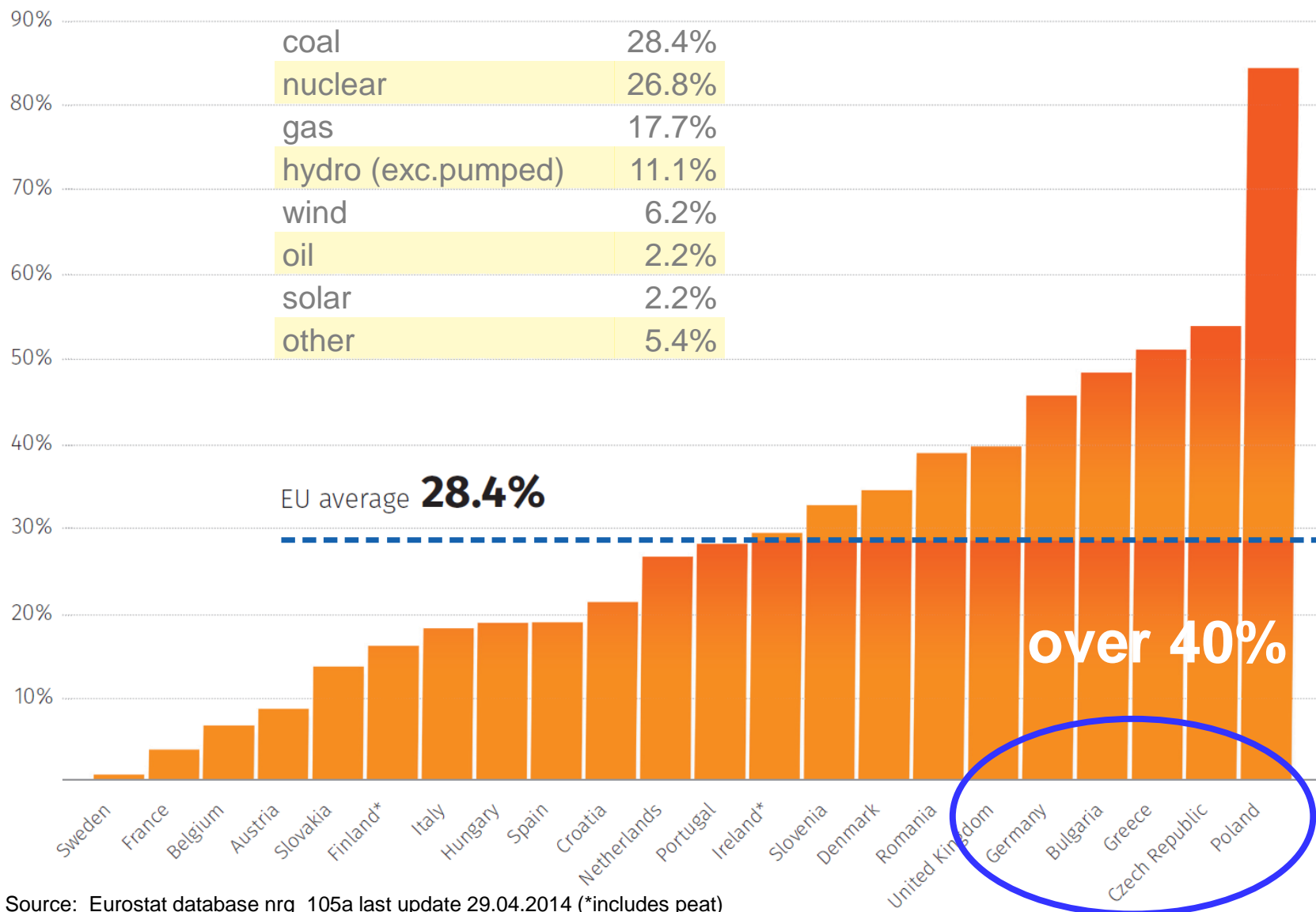
CZK 1,000 /€ 36/ per hectare (active mining) CZK 300 /€10.8/ per hectare (other areas)

Royalties - increase, on average two times:

Calculation formula: tons times a fixed rate for minerals extracted

New approach to the brown coal produced in surface mines where the rate is related to the calorific value and has been proposed at CZK 1.18/GJ (i.e. € 0.04)

remarks on the situation in the Czech Republic



Source: Eurostat database nrg_105a last update 29.04.2014 (*includes peat)

Coal in Europe 2012

reserves of lignite and hard coal

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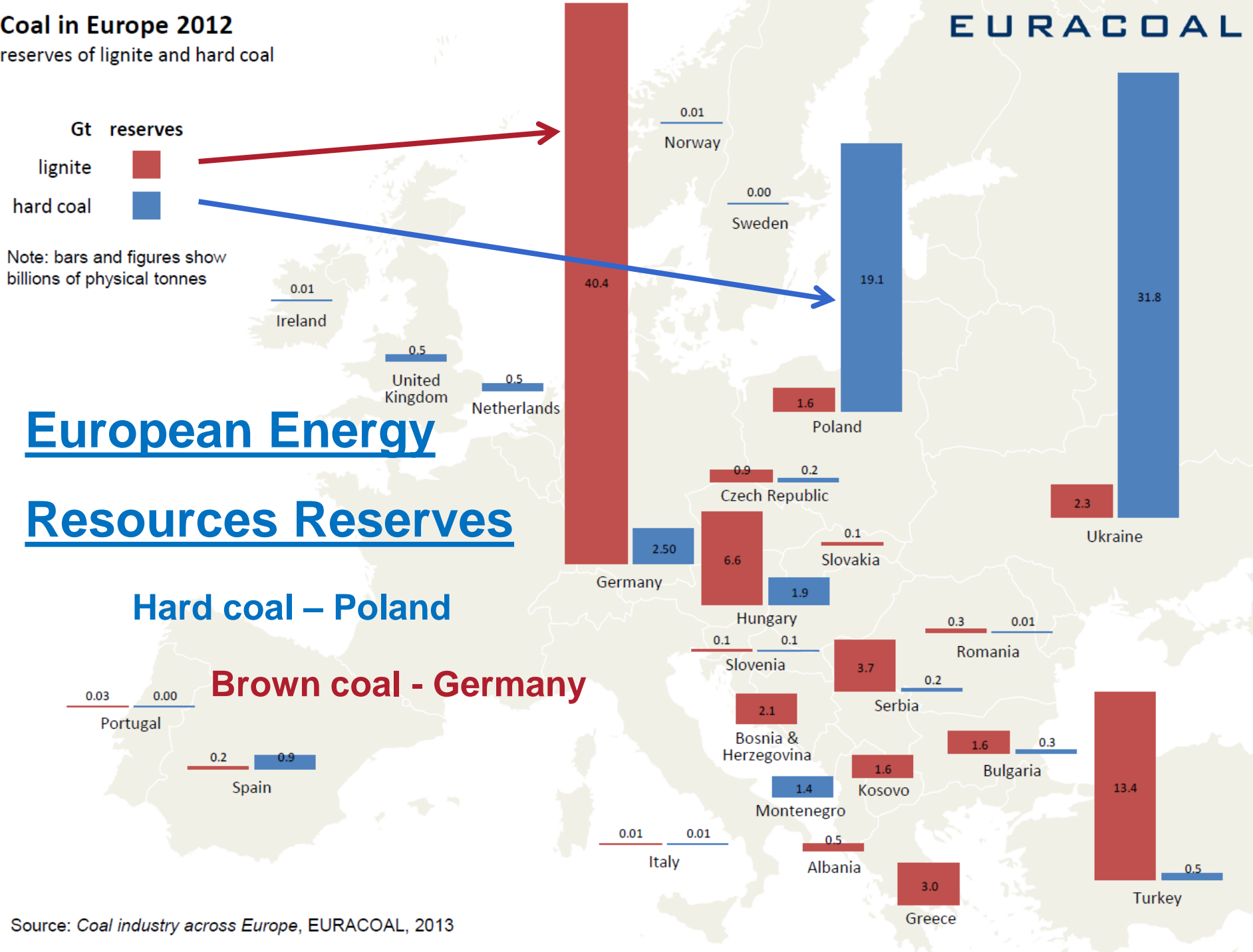
Gt reserves
 lignite [red square]
 hard coal [blue square]

Note: bars and figures show billions of physical tonnes

European Energy Resources Reserves

Hard coal – Poland

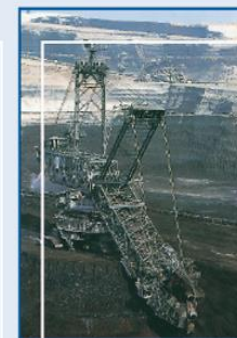
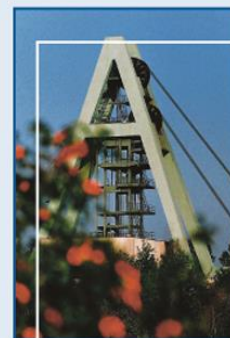
Brown coal - Germany



Source: Coal industry across Europe, EURACOAL, 2013

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Thank you!



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