

## Polimex-Mostostal with a complete portfolio of orders following Q3 of 2011

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The end of Q3 2011.

Polimex-Mostostal ended Q3 of 2011 with the following consolidated results:

revenues from sales amounted to PLN 3,468 million - an increase by 16.4% as compared to Q3 of last year,

net income amounted to PLN 41 million - a decrease by 32.1% as compared to Q3 of last year,

operating income amounted to PLN 81 million - a decrease by 37.3% as compared to Q3 of last year,

net margin of profit amounted to 1.2% as compared to 2.0% in Q3 of last year.

portfolio of orders of the Group currently amounts to PLN 12 billion taking into account consortium members - an increase by 11.1% as compared to Q3 of last year, and PLN 8.8 billion exclusive of consortium members - an increase by 14.3% as compared to Q3 of last year.

- The result accomplished has been substantially affected by the currently significant share of infrastructural contracts (which are characterised by a low margin of profit) in the sales, and generally very strong price competition in tenders.

It ought to be emphasised that even despite the economic slowdown and a difficult situation on the construction market the positive result generated is better than the market consensus, informs Konrad Jaskóła, President of the Management Board of Polimex-Mostostal S.A.

- One also needs to pay attention to the fact that the value of the portfolio of the contracts signed has continued to remain at a very high level. This, to a

significant extent, ensures the realisation of the budgets in 2012 and 2013, adds Konrad Jaskóła.

Recently concluded contracts.

In Q3 and the first weeks of Q4 Polimex-Mostostal has signed numerous contracts, including contracts for the execution of large investments, for instance:

- for the modernisation of the Łódź Fabryczna Railway Station of the gross value of over 1.76 billion Polish zlotys. The contract is being executed by Torpol – a Polimex-Mostostal Group company (Torpol's participation in the works amounts to 40%),
- for the construction of the International Congress Centre in Katowice of the gross value of 252.7 billion Polish zlotys,
- for the modernisation of the Ernest Pohl Football Stadium in Zabrze – Stage I of the gross value of 192.5 million Polish zlotys,
- for the general contractorship regarding reconstruction of a section of national roads No. 1 and 86 (Gdańsk – Cieszyn) within the city limits of Tychy of the total length of 6.8 kilometres. The contract gross value amounts to: 149.9 million Polish zlotys,
- for the construction of an Automotive Parts Manufacturing Plant in Wałbrzych of the gross value of 107.3 million Polish zlotys,
- for the construction of an education and administration building of the Gdańsk University in Gdańsk of the gross value of 77.2 million Polish zlotys,
- for the construction of a sports arena in Romania of the gross value of 68.7 million Polish zlotys,
- for the construction of a Shopping Centre in Szczecin of the gross value of 59.8 million Polish zlotys,
- for the construction of an intercommune municipal waste disposal complex in Sulnówek of the gross value of 42.4 million Polish zloty.

Moreover, in recent weeks Polimex-Mostostal has placed bids with best prices as well as bids which have already been considered by the Ordering Parties to be the most advantageous ones, inclusive of a contract for the construction of the 'Podium' sports and entertainment arena in Gliwice of the gross value of 294.3 million Polish zlotys.

- We expect to sign the contract by the end of this year, explains President Jaskóła.

- We expect that our portfolio of orders may gradually expand due to more and more contracts for the modernisation and construction of new railway line sections. They will counterbalance a possible decrease in the number of tenders in the road building sector. What is important, we need to hope that contracts in the railway building sector will be characterised by slightly higher margins of profit than it is in the case of road building contracts, adds President Jaskóła.

Export perspectives.

Geographic diversification is a strong asset of the activity conducted by Polimex-Mostostal. Abroad, the Company has its own manufacturing plants in Romania, Italy and Ukraine. Our services and products are purchased by customers from numerous countries of Europe, Africa, both Americas and other countries.

Following Q3 2011, export constituted 29% of the sales.

Contracts being executed abroad include installation contracts in the power engineering sector executed on the German market, a contract for the construction of a tank terminal in the Netherlands or a railway contract in Norway.

At the moment, Arabic and North African countries constitute a potentially interesting market on which Polimex-Mostostal has been active since the 1960s and the 1970s. The Company continues to be recognised and appreciated there. Polimex-Mostostal has got an agency office there and is also executing a contract in Libya. Bearing in mind the scheduled, large-scale investments in that country, it is possible to increase the involvement in the execution of new contracts on that market in the future.

Polimex-Mostostal is also conducting negotiations as a possible contractor with local institutions in Iraq.

We have recently re-established a joint venture company involving Polimex-Mostostal and a local partner in Saudi Arabia. There, the Company is conducting

negotiations related to contracts associated with the modernisation of a chemical system as well as residential and commercial construction.

- When making a decision on developing the activity on the Arabic markets, we shall bear in mind economic safety of the contracts as well as physical safety of our employees. We are concurrently active on European markets, among others in Germany, Scandinavia or France; we are also undertaking more activities in Belarus. We expect that as a result of our efforts we will execute further export contracts on those markets, among others in the power engineering industry, regarding railway infrastructure, industrial and general construction, informs President Jaskóła.

#### Perspectives in the power engineering sector

- The investments in the Polish power engineering sector are for the total amount of over 44 billion Polish zlotys net. In several tenders, we have already been pre-qualified. As shown by the experience, tender procedures are not to be completed very soon, but in the future this sector will generate significant revenues, informs President Jaskóła.

The demand for pro-ecological solutions is also growing. Among other things, the Group has already supplied several dozen boilers for incineration plants to customers throughout Europe. It has been planned to execute numerous systems of this type in Poland, each worth several hundred million Polish zlotys.

Polimex-Mostostal is also developing its activity in the wind power engineering sector. The Company intends to develop its activity as a general contractor in that respect, that is to execute projects comprehensively.

Investments.

- We are continuing the investment within the area covered by the Pomorska Special Economic Zone. We are adjusting our own wharf to the specific requirements of the Group so as to facilitate preparation of structures and equipment for dispatch, to reduce the time of deliveries to the client and the time of installation of elements at the client's site. This is in line with global trends to manufacture prefabricated equipment and structures prior to shipment to the customer. In this way we are increasing export capabilities regarding high-margin steel products. Here, we are systematically increasing our output and installation of large and spherical steel structures, among others for the purposes of marine projects and the nuclear energy sector. We also overhaul ships here, informs Jaskóła.

- On the other hand, Grande Meccanica SpA (Italy), a 100% subsidiary company of Polimex-Mostostal, is developing its own output capacities at Civitavecchia wharf near Rome so as to extend its offer with the production of large, thick-walled pressure equipment primarily used in the chemical and petroleum industries, adds the President.

Operator's activity.

Polimex-Mostostal pursues the philosophy of escaping forward, that including the need to constantly attempt to be ahead of the competition in various respects. Due to the anticipated reduction of investments in Poland we are analysing new possibilities of further differentiation of business activity. Among other things, we are considering operator's activities which Polimex-Mostostal could successfully conduct.

- There are plenty of options with respect to operator's activities. A plan like that could be implemented by Polimex-Mostostal by means of, for instance, becoming a co-investor in medium output power units, explains Jaskóła.

- Analysing the market of heat and electricity we are becoming convinced that the power engineering sector offers good conditions for such an activity. In Poland, we have a poor energy balance as well as obsolete power plants and transmission lines. Sale of energy generated by new units might thus be a good business, adds the President.

- However, we are not confining ourselves solely to the power engineering domain. There are other areas which we are exploring, for example road and railway infrastructure. They also appear interesting and may impel us to become an investor and operator in the years to come. For such a big company as

Polimex-Mostostal operator's functions may become yet another step into the future and a way to stabilise our revenues, results and jobs, concludes Konrad Jaskóła.

Polimex-Mostostal and its Management Board have been recognised.

In Q3 2011 Polimex-Mostostal S.A has been recognised with:

1st place in the 'Eagles of Polish Construction' competition in the General Contractor category granted by the Chapter and the Organisers of the Competition under the patronage of the Ministry of Infrastructure,  
the 'Merit in the Construction Industry' Golden Award granted by the Chapter of the 'Merit in the Construction Industry' Award,  
the 'STEEL STRUCTURE - EXECUTION OF THE YEAR 2011' title granted for the construction of the Exhibition Hall at the premises of Kielce Fair.

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