Polimex-Mostostal changes the face

09/29/2014

Two new companies separated from Polimex-Mostostal SA will already begin to operate in October. They will acquire and implement important contracts for Polimex-Mostostal.

Polimex Mostostal SA rebuilds its organizational structure. A holding structure will be a result of the changes. The principal powers of the holding will include specialized engineering design activities in the energy and petrochemical industries with a large share of own workmanship and service activities.

The new companies are: Naftoremont-Naftobudowa and Polimex Power Industry. Workers currently employed in Polimex-Mostostal, in the Petrochemical and Power Industry segments, will be transferred to the new companies. Both companies will benefit from a New Warranty Line, which amounts to PLN 60 million.

- Our subsidiaries will have ideal conditions for growth provided. They will continue implementation of contracts being currently carried out in segments of Petrochemicals and Power Industry. We provide them with capital and bank guarantees - Maciej Stańczuk says, the acting Chairman of the Board of Polimex-Mostostal SA - The new companies will have a task to build a stable and strong market position based on the experience and knowledge of their employees, but also on the quality of services.

Polimex Power Industry will acquire, among others, new energy projects, orders for modern installations in the field of environmental protection and installation services. It will also take part in the implementation of two strategic contracts of the Group, namely the Kozienice and Opole Power Plants. The President of the

Polimex Power Industry is Jacek Czerwonka.

On the other hand, Naftoremont-Naftobudowa will handle refinery and petrochemical installations, construction of industrial furnaces, biodiesel installations with particular emphasis on NExBTL, prefabrication of steel furnace shell structures. The Company is headed by Maciej Barycki.

Both companies will be re-capitalized from the proceeds of a bond issue. PLN 80 million will be allocated for their recapitalization. The issue value is PLN 140. PLN 81.5 million is the value of bonds convertible into shares, and PLN 58.5 million is the value of ordinary bonds. The Industrial Development Agency SA will cover all of the ordinary bonds and convertible bonds worth PLN 73 million. Convertible bonds worth PLN 8.5 million will be covered by other financial institutions.

- The Group of Polimex-Mostostal will have a new face. We want the Group to focus on business, attracting new contracts and timely completion of ongoing projects - Joanna Makowiecka-Gaca says, the Vice President of the Management Board of Polimex-Mostostal SA - This is possible thanks to the finalization of the agreements with creditors and the involvement of the IDA, a strategic investor.

Creditors converted liabilities worth PLN 501 million into shares. Polimex-Mostostal SA issued a total of PLN 2 billion 863 million R-series shares. The average share price was PLN 0.175. It is the largest transaction of this kind in the history of Poland.

- We have started work on the prospectus, the goal is to introduce the R-series shares for public trading. This will most likely take place early next year - Krzysztof Cetnar explains, the Vice President of the Management Board of Polimex-Mostostal.

After the conversion of liabilities into shares and acquisition of bonds the PxM SA shareholding will be significantly altered. Bondholders and creditors will be included among shareholders.

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