Polimex-Mostostal gained gross sales profit in 2013. The capital group backlog remains at the high level of PLN 9.3 billion.

03/24/2014

The Company is continuing the process of restructuring – the Management Board of Polimex-Mostostal has developed and consulted with its creditors a modified concept of operational and financial restructuring of the company.

- As a result of the restructuring actions taken in the last quarter, we have obtained a significant improvement in the company's functioning on many levels, including a significant reduction in the cost of business operations - Gregor Sobisch, the President of the Board of Polimex-Mostostal, informs.

- Positive effects, involving a significant reduction in the costs of general management, clearly reflected in the financial data for 2013, have been obtained through the deployed operational restructuring and simplifying the organizational structure – Joanna Makowiecka points out, the Vice-President of the Board.

- We have developed and presented to our creditors a modified program of further financial and operational restructuring, defining the necessary - in the opinion of the board - actions aimed at achieving stabilization of the company's finances at a satisfactory level – Maciej Stańczuk, the Vice-President, adds.

Financial results for 2013

Polimex-Mostostal:

PLN 1.7 billion revenues (compared to PLN 3.1 billion in 2012),
PLN 6.7 million gross profit (compared to -647.9 million loss on sales in 2012),
PLN -152.5 million operating loss (compared to PLN -834.1 million operating loss in 2012),
PLN -161.6 million net loss (compared to PLN -1.1 billion net loss in 2012),
gross profit margin was 0.4% (compared to -20.6% in 2012).

Polimex-Mostostal Group:

PLN 2.4 billion revenues (compared to PLN 4.1 billion in the comparable period of 2012).
PLN 24.7 million gross profit (compared to PLN -635.3 million gross loss on sales in 2012),
PLN -173.6 million operating loss (compared to PLN -1.2 billion operating loss in the comparable period of 2012),
PLN -260.9 million net loss (compared to PLN -1.2 billion net loss in the comparable period of 2012),
gross margin on sales was 1.0% (compared to -15.5% in the comparable period of 2012).

The portfolio of orders of the company to be implemented over the next few years remains at the high level of PLN 9.3 billion.

Operating and restructuring activities of Polimex-Mostostal

Despite the tense situation in terms of liquidity, Polimex-Mostostal, in 2013, executed significant contracts, including the requiring energy sector. Among the executed contracts, the construction of a new power unit in Kozienice must be pointed out, which is proceeding according to the schedule. The contract value amounts to PLN 6.3 million gross.

Polimex–Mostostal, in February 2014, launched yet another significant contract, i.e. the construction of two new power units in the Opole Power Plant. Its value is

PLN 11.5 billion gross, of which approximately 42 %, i.e. PLN 4.83 billion, is the share of Polimex -Mostostal.

The company has decided to freeze operations in road construction. Due to the employer, i.e., the General Directorate for National Roads and Motorways, Polimex-Mostostal terminated two contracts for the construction of the sections of the A1 and A4 motorways and the contract for the construction of the S69 expressway. Smaller contracts in this sector are being executed by a subsidiary, PRInż-1. Through another subsidiary, Torpol SA, the group's rail construction is being continued.

- Parallel to the implementation of tasks arising out of the contracts, we are continuing a program of deep operational restructuring, the beneficial effects of which are more clearly reflected in the financial results. In 2013, the necessary reduction in the number of posts was progressing. This process was to bring the potential of Staff as close to the implemented orders and the new organizational structure of the company as possible – Joanna Makowiecka informs, the Vice-President of the Board.

The company continued to sell assets not belonging to the core business. Sales of subsidiaries and its properties, also in block trades, have been implemented as part of the divestment program.

Polimex-Mostostal was also reorganizing its own capital group. The structure of the group has been simplified and the costs of its operation reduced. SPVs have been liquidated, as they have already completed projects and the reorganization of not profitable companies and branches with no prospects of conducting profitable business in the future followed.

- The Group, through its uncompromising restructuring and focus on the core competencies, builds its position as a market leader and a preferred business partner in engineering and service in the energy and petrochemical industries – Gregor Sobisch, the President, informs.

- The new strategy of the group envisages the introduction of six new strategic initiatives in the years 2014-2019, including,

focus on the core activities and conducting a series of divestments
introducing new organizational structure,
increasing flexibility and cost efficiency,
increasing the company’s operations in foreign markets,
further developing the competences of the company,
reducing the net debt – President Sobisch adds.

Thanks to the consistent efforts in the field of financial restructuring aimed at improving the liquidity of the company, in October 2013, an annex to the restructuring agreement was signed with creditors, it has implemented the second phase of financial restructuring within the principles of the company's financial debt service. Arrangements have been made regarding rescheduling the debt, obtaining a guarantee line and cash, due to selling some assets.

The Extraordinary General Meeting Convened by the Board on November 12, 2013, decided on the share capital increase.

- Actions taken by the Management Board constituted a response to the difficult economic situation of the company and were necessary for recovery from the crisis and the company's operations in the future. The priority is to further improve liquidity and, consequently, gradually restore confidence in the company among investors, creditors, contractors and sub-contractors – Gregor Sobisch, the President, concludes.

PDF