Polimex-Mostostal continues restructuring and cost optimization program

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We consistently continue the implementation of corrective actions that are intended to restore financial stability to the Company remaining in difficult economic situation. An important issue is to lower the operating costs of the company.

- The Management Board took steps to simplify the structure and reduce the costs of the Group. This takes into account, among others, reduction of the scale of operation by closing the special purpose entities which have already completed projects or those that are not profitable and do not indicate running a profitable business in the future - Dariusz Krawczyk acting Chairman of the Board of Polimex-Mostostal SA informs

At the same time matching the number of employees to the current economic situation and the new organizational structure of the Company is taking place. The company is currently not able to provide the group of workers employed appropriate level of work and tasks to be performed. Reducing the number of jobs has become necessary to bring the potential of Staff to the current needs of the Company arising from the number and scope of contracts. Employment in the Company will be further decreased by about 1,200 people by the end of September.

- The Management Board has the full knowledge that it is related to the depletion of the most valuable assets of the Company which are the Staff, they made a difficult, but necessary in the current situation decision on further job losses through the implementation of the second phase of redundancies. It covers employees in different locations and at various positions, including, in particular, a large group of staff members in the non-production, executive and managerial

positions – Dariusz Krawczyk stresses.

In addition, the termination of the Collective Labour Agreement, which took place at the beginning of April, will allow the Company to use more flexible forms of remuneration, well adapted to market conditions.

- Efforts are being intensified to conclude the Company's new profitable contracts. It is facilitated by the recently acquired by the Company guarantee line in the amount of 200 million PLN, in a group of five banks, with the leading share of PKO BP. The company is looking for further orders by taking part in tender procedures. Only those projects that guarantee achieving attractive financial results are selected. Among others, a bid submitted by a consortium led by Polimex-Mostostal was chosen for implementation of civil and erection works of significant value 75 million PLN, at Huta Miedzi Głogów –Paweł Szymaniak informs – the spokesman of Polimex-Mostostal SA.

One of the key elements of the restructuring program of the Company arising from the findings of the restructuring agreement signed with creditors, are divestments. The sell assets that do not belong to the core business, which is the construction industry, is being continued. Sefako and Energomontaż-Północ Gdynia sales have been completed - including the property in the port of Gdynia. Highlander Partners Fund acquired transformer manufacturing plant ZREW located in Lodz. The sale of the Department of Transport in Siedlce has been finalized. The total proceeds from these transactions are estimated at 200 million PLN, a part of which has already been received. Negotiations with those interested in buying galvanizing lines in Dębica and Częstochowa are also being completed. Polimex-Mostostal also put for sale more than 50 properties, which have a common significant developer potential. First transactions are to be completed in the second quarter this year.

The ongoing process of the formation by the Supervisory Board the target Management Board of Polimex-Mostostal, including the choice of the President, in no way slows down the restructuring program implemented by the Company and the Group.

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