The Management Board of Polimex-Mostostal continues reorganisation

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The Management Board of Polimex-Mostostal continues the activities aimed at reorganisation involving acquisition of 7 Group companies operating in the chemical and power engineering sectors,and inclusion of them in the organisational structure of Polimex-Mostostal.

Polimex-Mostostal S.A., supported by the Companies constituting the Capital Group, is the leader of the Polish engineering and construction marker, offering a unique and complementary scope of construction and installation services provided on the general contractorship basis to the following sectors: crude oil and gas, chemical and petrochemical, environmental protection, power engineering, industrial, road, railway and general construction sectors.

The Group specialises in the production of power equipment and technological furnaces, large industrial steel structures and platform grates.

In response to the changing market environment, there have been numerous investment and reorganisation activities undertaken, which aim at reinforcing the market position of the Capital Group within the most perspective areas of activity.

- Throughout the last two years, there were important investments of the value of approx. 300 million PLN realised, which significantly increased the manufacturing capacities with respect to the manufacturing of steel structures, technological furnaces and anti-corrosion protection.

Currently, there are reorganisation works being conducted, which are aimed at further reinforcement of the market position of the Group with respect to engineering and construction services for sectors of significant growth potential, i.e. power engineering, chemical and petrochemical industries.

The primary element of the undertaken activities is the acquisition of 7 Group companies by Polimex-Mostostal – informs Konrad Jaskóła, President of the Management Board.

The companies being acquired include:

- Energomontaż-Północ S.A.,

- Naftoremont Spółka z o.o.,

- Zakłady Remontowe Energetyki Kraków Spółka z o.o.,

- Zakłady Remontowe Energetyki Lublin S.A.,

- EPE-Rybnik Spółka z o.o.,

- ECeRemont Spółka z o.o,

- Naftobudowa S.A.

The merger will take place by means of transfer of the entirety of the assets of each of the Companies Being Acquired onto Polimex, with concurrent increase of the business capital of Polimex-Mostostal with the Merger Issue Shares which Polimex shall grant to the stockholders or partners of the Companies Being Acquired.

As a result of the Merger, the foregoing stockholders or partners (save for EPE Rybnik and ECeRemont, of which Polimex-Mostostal is the sole owner) shall become Polimex-Mostostal stockholders.

- The objective of the Management Board of Polimex-Mostostal is the reinforcement and maintenance of a significant competitive advantage in the sectors in which Polimex-Mostostal is active, with particular attention paid to the power engineering and the chemical sectors.

Successful realisation of such a task requires:

- becoming capable of comprehensively realising large investments and increasing the share of own resources in the realisation of works (positive impact on the effectiveness of the bidding action),

- decrease of the negative impact of seasonality and cyclicity by enabling free movement of human resources and equipment between individual business units of the Capital Group (improvement of economic effectiveness of services),

- extension of the scope of own supplies with new products, in particular of a significant importance to the realisation of entire orders (lower risk value),

- reduction of the costs being incurred.

This, in turn, requires resource concentration, the purpose of which the incorporation of the selected subsidiary companies is to serve, adds President Jaskóła.

Economic premises indicate legitimacy of the Merger of Polimex-Mostostal and the foregoing Companies. The Merger is advisable in strategic, operating, investment and cost respects.

- In particular, the Merger will make it possible to:

- reinforce the competitive advantage,

- increase the economic effectiveness of the activity conducted by reducing and controlling the costs incurred more effectively,

- rationalise the management,

- increase attractiveness to investors.

A long-term result of the Merger will be the increased effectiveness of operation of the Merged Company, which shall translate into an increase of the market value, concludes the President.

The Management Board of Polimex-Mostostal convened an Extraordinary General Meeting of Shareholders of the Company to be held on 12 July this year, the agenda of which will cover the adoption of resolutions of the merger of Polimex-Mostostal and the Group companies involved in the reorganisation.

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