Polimex-Mostostal completed Q3 2009 with profit.

11/09/2009

Summary of three quarters of 2009.

Following three quarters of 2009, consolidated income from sale amounted to 3,311.9 million PLN and increased as compared to the analogical period of last year by 7.44%.

Net income in the compared period increased by 15.13% and amounted to 105.9 million PLN.

Operating income amounted to 190.8 million PLN and was 10.44% higher than in the analogical period of 2008.

Gross margin of profit from sale amounted to 11.1% as compared to 10.5% following three quarters of 2008.

Net margin, following three quarters of 2009, amounted 3.2% as compared to 3.0% following three quarters of 2008.

Portfolio of orders currently amounts to 7 billion PLN.

- Results of the Company and of the Group correspond with the assumptions. Summarised financial results of the three quarters of the year are good. Income and net profit have increased as compared to the analogical period of the previous year. We expect that the current year, even despite the economic slowdown, will end with results on a satisfactory level, informs Konrad Jaskóła, President of the Management Board.

Organic development.

Extension of productive capacities is one of the important factors supporting achievement of satisfactory dynamics of growth of the Company and of the Group. The largest investments completed this year include extension of productive capacities in Siedlce, at the SEFAKO Boiler Manufacturing Plant in Sędziszów, and at the Energop pipeline prefabrication plant in Sochaczew. Total expenditures on the realisation amount to approx. 400 million PLN.

- The investments will result in a modernised stock of machinery and more effective manufacturing processes. We have increased the ability to manufacture high-margin steel structures, power boilers for various fuels, and pipeline prefabrication capacities. We have become more competitive in the production and services sectors. I am convinced that the investments will provide the Company with profits, adds Konrad Jaskóła.

- An important issue are the significant tax abatements due to the Company (in the amount of up to 40% of the investment value) resulting from the fact of realising the investments within special economic zones: in Siedlce (the Tarnobrzeg SEZ) and Sędziszów (the Starachowice SEZ).

Production at the new Steel Products Manufacturing Plant and Paintshop in Siedlce was launched on 5 November. As part of the new investment, Polimex-Mostostal S.A. has launched very modern technological lines, provided capacities to manufacture heavy-weight steel products, applied efficient material and component processing and painting equipment, and implemented IT programmes supporting production management.

Implementation of the project also means further improvement of employee safety and working conditions, and an increase of the environment protection level. Over 300 new jobs have been created.

Acquisitions.

During the three quarters of the year, Polimex-Mostostal did not make any large-scale acquisitions:

- in January this year, the Management Board took a decision on the merger of Energotechnika and Biprokwas and locating activity at new headquarters in Gliwice, thus developing the Centrum Projektowe Polimex-Mostostal.

- In February 2009, Polimex-Mostostal signed a contract of purchase of shares in the Pracownia Wodno - Chemiczna 'EKONOMIA' Sp. z o.o. having its seat in Bielsko-Biała. 'EKONOMIA' specialises in services with respect to water and

industrial sewage treatment.

Domestic demand.

Since the beginning of the year, Polimex-Mostostal has signed numerous contracts, inclusive of contracts for the realisation of large investments, such as:

a contract worth nearly 691 million PLN net for the construction of an A-2 expressway section, a contract for the supply and installation of 6,891 tons of steel structures and installation of 1,682 tons of equipment worth nearly 84 million PLN net for the carburisation system at Bełchatów Power Plant,
a contract for the construction of a section of the A1 expressway from the Sośnica junction to the Maciejów junction for 900 million PLN net,
another contract for works on the reconstruction of the Wisła Football Stadium in Krakow – the value of the works executed there amounts to 244 million PLN net,
a contract for the construction in Warsaw of the Museum of History of Polish Jews for 125 million PLN net,
a contract for the delivery and installation of steel structures at the Neurath Power Plant in Grevenbroich, Germany for over 55 million PLN net,
a contract for the construction of a new exhibition hall and an entrance and reception building at the premises of the Kielce Fair for over 35 million PLN net,
a contract for the reconstruction of one of the main arteries in Gorzów Wielkopolski – ul. Wyszyńskiego – for over 18 million PLN net,
a contract for the modernisation of the Warsaw - Gdynia railway line for over 250 million EUR net concluded by the consortium featuring Torpol– a 100% subsidiary company of Polimex-Mostostal S.A.
Perspectives for new contracts.

- Concluding contracts to be realised next year and the years to come has become one of the main tasks of marketing services. I am however calm as we are successively completing our portfolio with further orders. At present, the portfolio of orders amounts to 7 billion PLN, out of which for 2010 we have signed contracts for the amount of approx. 3.5 billion PLN. Our bidding actions are also effective. Let me here remind of the bid for over 121 million PLN for the construction of a complete winning haulage system for the Lubelski Węgiel ‘Bogdanka’ S.A. which appeared the most advantageous to the ordering party, informs President Jaskóła.

For several years now, Polimex-Mostostal has been consequently increasing the number of road and railway contracts in its portfolio.

Currently, the Group is realising several significant contracts in the sector and intends to continue development of this activity. This year’s sale in the road sector will amount to approximately 500 million PLN, as compared to last year’s sale slightly exceeding 400 million PLN. Similarly, in the railway sector the sales will increase from 300 million PLN in 2008 to over 500 million PLN this year. The increase in these sectors will be much higher than the average increase within the entire Group.

Several days ago, the A-4 Krakow – Szarów expressway section, realised by Polimex-Mostostal, was officially commissioned.

It ought also to be mentioned that Polimex-Mostostal made a bid with the best price for the construction of a section of the A-4 expressway from the Szarów junction to the Brzesko junction. The bid price amounts to 779 million PLN gross.

- Moreover, Polimex-Mostostal made a bid with the best price, amounting to 0.5 billion PLN, for the construction of a power unit in the south of Poland, adds President Jaskóła.

- Power engineering is one of the most developing areas of the economy. In this sector, Polimex-Mostostal has significant experience and a strong position of the general contractor. Building its strategy for the coming years, we have allowed for the perspectives for the industry and actively participate in its development. Polimex-Mostostal offers comprehensive execution of power industry projects, mainly as the investment general contractor, informs Konrad Jaskóła.

- We cooperate with renowned, most important world leaders of the power engineering industry, such as: Alstom Power, Tecnimont SpA, BWE, Siemens, and Austrian Energy. Our portfolio features contracts for the largest Polish and foreign power engineering companies. At present, we are executing works for, among others, Bełchatów Power Plant, śerań Heat and Power Generating Plant, and Neurath and Westfallen power plants (Germany). We expect further significant orders, adds the President.

Stable and strong position of Polimex-Mostostal.

The Management Board of the Company conducts system activities aimed at reducing the costs and, on the other hand, is planning further development of the Company. Such approach is aimed at stabilising and further increasing the value of the Company.

As part of these actions, the Management Board has e.g. implemented a Group structure reorganisation project.

The reorganisation activities cover the following Group companies:

Energomontaż Północ S.A., Naftobudowa S.A., Naftoremont Sp. z o.o., ZRE Kraków Sp. z o.o., ZRE Lublin S.A., EPE Rybnik Sp. z o.o. and ECE Remont Sp. z o.o.
As a result of the reorganisation, Polimex-Mostostal will obtain 100% of the shares of the aforementioned companies and will include them in its organisational structure.

The main advantages of reorganisation include:

full consolidation of the results of the companies;
better utilisation of the effects of synergy of the companies within the Group and simplification of the organisational structure as well as making the Group management process more flexible. Simplification of the structure will also result in greater transparency to analysts and the investment market;
reductions of overhead expenses;
increase of complementarity of the services provided and achievement of a market advantage in perspective sectors; for instance, in the power engineering sector, the reorganisation will make it possible to offer comprehensive realisation of high capacity power units and provision of maintenance and repair services.
- The reorganisation schedule provides that in the first decade of November the Companies will be appraised and a share exchange parity proposal will be developed. Concurrently, there will be developed an information memorandum as a document required for the purpose of marketing at the Stock Exchange of the shares issued for minority shareholders of the Companies subject to the reorganisation process. Assuming positive decisions of the Companies' and external institutions' bodies, the incorporation process ought to be completed in Q2 2010, informs President Jaskóła.

Polimex-Mostostal and its Management Board have been recognised.

During the three quarters of 2009, Polimex-Mostostal S.A. and the President of the Management Board were awarded:

Polish Quality Award for Polimex-Mostostal in the 15th edition of the contest organised by the National Chamber of Commerce, the Polish Centre for Testing and Certification, and the Polish ISO 9000 Forum [10.2009];
'Excellent Leader' Polish Quality Award for Konrad Jaskóła, President of the

Management Board, in the 3rd edition of the contest organised by the National Chamber of Commerce, the Polish Centre for Testing and Certification, and the Polish ISO 9000 Forum [10.2009];
‘Polish Transformation Leader’ Title for Polimex-Mostostal in the ’20 years of Polish Transformation’ ranking (in the category of: Infrastructure and Construction), organised by the Forbes monthly [16.09.2009];
The Title of the ‘Ambasador Polskiej Gospodarki’ (‘Polish Economy Ambassador’) in the ‘Marka Europejska’ (‘European Brand’) category – title for Polimex-Mostostal S.A. in the contest organised by the Business Center Club under the honorary patronage of the Minister of Foreign Affairs of the Republic of Poland [06.2009];
1st place in the TOP TSR (Total Shareholder Return) 2004 – 2008 ranking in the WIG 20 Group of the CEO Top Managers Magazine [06.2009];
First Diamond with the Golden Statue of the Polish Business Leader (awarded in 2007) for Polimex-Mostostal and the President of the Management Board Konrad Jaskóła for maintaining the Leading position and excellent financial results – awarded by the Business Centre Club [05.2009];
3rd place among 100 Most Valuable Companies in Poland in 2008 in the construction sector; Newsweek and Atkearney ranking [27.04.2009];
Title and statue of the ‘Diamond Engineer’ for Konrad Jaskóła, the President of the Management Board in the jubilee, 15th Contest for the readers of the ‘Przegląd Techniczny’ engineering magazine [27.02.2009];
Professor Stanisław Pilat Medal for Konrad Jaskóła, President of the Management Board, for the activity in favour of the development of the petroleum industry in Poland and long-time creative cooperation with the Institute of Petroleum Processing granted by the Chapter of the Medal in coordination with the Head of the Oil and Gas Institute and the Scientific Board of the Oil and Gas Institute [01.2009].

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