Polimex-Mostostal SA summary of the third quarter of 2012

11/15/2012

• Effective and timely implementation of the defined objectives for financial and operational restructuring:
- review of orders
- developing and implementation of funding strategy
- signing a letter of intent with the IDA on subscribing for new shares
- obtaining the EGM consent to increase the capital – debt convertion and recapitalising the Group
- obtaining a bank warranty and signing a contract for the construction of a power unit in Kozienice with the amount of 2.7 billion PLN
- signing conditional sales contracts for the Boilers Factory Sefako SA and Energomontaż-Północ Gdynia Ltd. and conditional preliminary contract for the sale of the port assets in Gdynia with the total amount of 172 million PLN
- signing the preliminary sales agreement for the production unit ZREW transformers with the total amount of 46.7 million PLN
• Financial results for the third quarter of 2012:
- reaching 1.07 billion PLN of sales
- results under the negative impact of adjustments to the budgets of contracts
- Group's order backlog as of 30 September 2012: 13.9 billion PLN
- focus on the power engineering sector (53% of orders)

According to the announcements and the time limits, Polimex-Mostostal is implementing the process of financial and operational restructuring. The third quarter of this year was full of events bringing the Company closer to achieving full financial and operational stability.

- As part of the planned work we have made in-depth review of contracts in terms of their profitability and prospects. On this basis, we have updated their value. As

a result, it became necessary to make appropriate allowances, which had an impact on the results of the third quarter of this year. We have already pre-announced such a possibility - Robert Bednarski tells, the Vice President of Polimex-Mostostal.

On October 15, the Company obtained the approval of the shareholders to increase the capital through which on the one hand the convertion of a substantial part of debt (with a total nominal value of approximately 250 million PLN) into M-series shares will be possible and on the other hand - the recapitalization of the Company through the issue of N1 and N2-series shares and warrants convertible into O-series shares will take place (the total amount of about 250 million PLN).

- We have developed a financial and operational restructuring strategy. After three months of work it can be said that the objectives are being realised according to the plan, with the support of major creditors and shareholders. With the signing of a letter of intent with the Industrial Development Agency on equity in Polimex-Mostostal and deinvestment we have a good chance to regain financial stability and to continue operating activities in the most attractive sectors of the market. We expect the planned share issues to be completed in late 2012 and 2013. Their performance will be preceded by the signing of the restructuring agreement with creditors. This should be done in the near future - Przemysław Milczarek tells – the Managing Director Polimex-Mostostal

Polimex is implementing cost reduction programme and the sale of assets not related to the core business at the same time.

Management Board expects total revenue from the sale of assets at the level of at least 330 million PLN. In addition, due to the restructuring programme Polimex-Mostostal will reduce costs by at least about 260 million PLN in 2013-2015.

- After nearly three months of intensive work we have signed preliminary contracts for the sale of Sefako and Energomontaż-Północ Gdynia - along with a conditional sale contract for the port assets in Gdynia - with a total amount of 172 million PLN. Highlander Partners Fund has signed a preliminary agreement with us for the sale of transformers production unit ZREW in Łódź for 46.7 million PLN. At the same time work is progressing on the sale of Dębica and Czestochowa galvanizing divisions and Torpol. The current divestment process confirms that the assets selected by us to be sold operate in prospective areas and are marketable and thus obtain satisfactory prices - Robert Bednarski adds.

Polimex-Mostostal reached 1 069 million PLN income in the third quarter of 2012, suffered 215 million PLN EBITDA loss and 232 million PLN net loss. In the third quarter of 2011 the data was: 1 362 million PLN income, 39 milllion PLN EBITDA profit and 15 million PLN net profit. Despite the impairment, the Group generated positive cash flows from operating activities.

- The Group's order book is more than 13.9 billion PLN with the largest part of the portfolio of contracts - nearly 53% - falling to the very promising power engineering sector. We believe that these contracts, and the prospect of obtaining further ones, will provide us with significant influence in the coming quarters and years.
We continue to look for new opportunities to reduce costs within our organizational structure.
Parallel actions aiming at reducing debt and improving liquidity by selling assets and improving operational performance through restructuring activities significantly bring us out of the crisis - Przemysław Milczarek summarizes.

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