Polimex-Mostostal SA has signed conditional sale of assets agreements for Boilers Factory SEFAKO S.A. and Energomontaż-Północ Gdynia Ltd. and a conditional preliminary sales contract for a port real estate in Gdynia

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As part of the strategy related to the process of disinvestment, Polimex-Mostostal has signed conditional sale of assets agreements for the two companies of the Group previously selected as the assets not related to the core business, i.e.: Sefako and Energomontaż-Północ Gdynia and a conditional preliminary sales contract for the real estate in the port of Gdynia where Energomontaż-Północ Gdynia operates. For the sale contract of the companies the party is MARS Closed Investment Fund, based in Warsaw, managed and represented by the MS Mutual Fund Society SA - Belonging to the Industrial Development Agency SA, and for the real estate sales contract the party is Mars Finance 1 Ltd.

The amount of the Sefako sale is 72,321,000 PLN

The amount of the Energomontaż-Północ Gdynia sale is 46,369,000 PLN
The amount of the port real estate in Gdynia sale is 43,330,000 PLN
The implementation of each payment is linked to the fulfillment of certain conditions described in the agreements including the consent to the transaction given by the Office of Competition and Consumer Protection. The first payments to Polimex-Mostostal will take the form of advances.

- We spent the last few days on the analysis of the bids for Sefako and Energomontaż-Północ Gdynia received by us after the completion of the due diligence process in these companies. The assets selected by us to be sold are healthy companies, operating in attractive segments of the industry, so we had

several interesting proposals from potential investors. When choosing a buyer the most important factors were: the level of prices possible to be achieved for the assets and the terms of payment. On this basis, we have chosen the offer of the MARS fund as meeting the criteria best. Closing of the transaction and its settlement is related to the fulfillment of certain conditions including the consent of the OCCP - Robert Kosmal responsible for the sale of assets of Polimex-Mostostal says.

Sefako is one of the largest manufacturers of boilers in Poland, both in the industrial and the small power engineering. The company is also a leading manufacturer of pressure parts for boilers.

Energomontaż-Północ Gdynia deals with manufacturing and assembly of steel structures for shipbuilding and ship and port repairs, operations focused on shipbuilding, offshore and construction, prefabrication, repair and modernization of industrial plants.

The strategy to optimize operational and financial restructuring of the Group envisages the implementation of further asset sales including: Transformers Division (Polimex-Mostostal SA Transformers ZREW Division in Łódź), Galvanizing Division (Polimex-Mostostal SA Corrosion Protection Branch in Dębica) and the Galvanizing Division in Częstochowa (Polimex-Mostostal Corrosion Protection Division in Częstochowa) and development assets.

The Office of Competition and Consumer Protection has given consent for the Luxembourg company owned by the Highlander International to acquire the Polimex-Mostostal transformers manufacturing plant in Łódź. The shareholders of Polimex-Mostostal gave their consent to the sale of this plant and the galvanizing plant in Czętochowa and Dębica during the extraordinary General Meeting, which took place on 15 October.

The Board receives further offers from potential buyers and anticipates that the sales will be realized in the coming months.

- The implementation of the elements of the Group’s healing programme identified by the Board, such as cost optimization, and sales of assets not related to the core business, follow the plan. Assets that have been selected for sale are marketable, that is why we may get satisfactory prices for them, which will have a positive impact on Polimex-Mostostal cash. At the same time we are continuing operations in our core business segments, which is also associated with making a further review of the budgets of contracts and their updates. As it was mentioned

on the occasion of the publication of the results for the first half of the year - some effects of these actions, in the form of write-offs, will still be visible in the Group's financial results for the third quarter, but the scale will be smaller than those we already made in the first half of the year, concerning the biggest contracts - Przemysław Milczarek, Managing Director of Polimex-Mostostal says

Expected total revenue from the sale of assets is at least 330 million PLN.

In addition, the Management Board expects cost savings of about 260 million in the period 2013-2015 as a result of the restructuring organizational programme implemented by the Group.

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