

Current report No 17/2019

Date of issue: 1 July 2019

Issuer short name: POLIMEX-MOSTOSTAL

Subject: Conclusion of a letter of intent with General Electric Global Services GmbH, branch in Poland

Legal basis: Article 17(1) of the Market Abuse Regulation (MAR) – confidential information

Content of the report:

The Management Board of Polimex-Mostostal S.A. with the registered office in Warsaw (the “Company”, the “Party”) informs that on 1 July 2019 the Company concluded a letter of intent (the “LOI”) with General Electric Global Services GmbH, branch in Poland with the registered office in Warsaw (“GE”, the “Party”, both companies jointly referred to as the “Parties”). The LOI stipulates that both Parties wish to jointly participate in the proceeding carried out by PGE Górnictwo i Energetyka Konwencjonalna S.A. (the “Ordering Party”), the subject of which is the preparation and submission of the offer for the implementation of two gas and steam units for PGE GiEK S.A. at the Dolna Odra Power Plant Complex (the “Proceeding”). The document also assumes, within the framework of this Proceeding, the conduct of negotiations with the Ordering Party and in the event of a successful acquisition of the project the conclusion of a relevant implementation agreement. The LOI provides for the possibility of signing a consortium agreement by the Parties, as well as the subsidiaries of the Parties before the submission of the offer in the Proceeding.

The LOI assumes exclusivity in the activity of the Parties with regards to the Proceeding. Compliant with the provisions of the letter, the Parties will have no grounds to make claims against each other in the event of a failure to acquire the project. The LOI is subject to the jurisdiction of the Polish law.

The LOI will bind the Parties until the following occurs, depending on which of the events takes place first: (i) the offer of the Parties is rejected by the Ordering Party in the Proceeding, (ii) the Proceeding is cancelled by the Ordering Party, except when the Proceeding is reopened under the same technical conditions and similar scope, (iii) the Ordering Party selects an entity other than the Parties in the Proceeding, (iv) one of the Parties receives a written notice from another party regarding the withdrawal from the negotiations on the conclusion of the consortium agreement, (v) both Parties jointly agree in writing to terminate the LOI, (vi) the LOI will bind the Parties until 15 November 2019, unless the Parties have decided otherwise, (vii) lastly, the LOI will stop binding the Parties in an event of an expiry of the deadline for alleviating damage caused by the violation of the LOI by the Party in breach of the LOI.

The LOI will further enhance the cooperation between Polimex-Mostostal and GE after the joint realization of the construction of Power Units No 5 and 6 for PGE GiEK S.A at the Opole Power Plant. The letter also constitutes an important milestone in the realization of the Company’s long-term strategic goals.