

Dear Shareholders,

Past year brought a number of challenges that significantly influenced changes in the construction sector. The EU funds launched in the past years have impacted the number of public procurement sector tenders, especially in infrastructure. The growth trend was also kept throughout the real estate market, strengthening further demand for construction services also in the general building.

During 2018, Mostostal Warszawa Capital Group achieved sales revenues of PLN 1 bln and had a gross loss of PLN 36,7 mio. and a net loss of PLN 46,3 mio. We observed and reacted to the challenges facing construction sector, among others related to, increase in building materials and subcontractors services prices, as well as a labour costs. The portfolio of orders allowed us to respond to the current difficulties within the industry, among others by deepening diversification - both in terms of activity in specific markets segments (we have contracts in all areas: energy, infrastructure, general construction, environment protection), in terms selection of contractors (we have public and private contracts for domestic and foreign investors), and in organizational sense, as a capital group, which includes companies conducting multilateral activities, including both general contracting and typically production and designer activities.

Intensive and effective offerings deepened the diversification of our portfolio of orders and resulted in the number of new contracts with new clients, and also enabled us to maintain cooperation with existing ones. In 2018, we have signed and executed numerous contracts in each of our business segments: energy, industrial, infrastructure, environmental and general construction. We noticed a significant increase in the number of contracts, especially in the energy construction sector, where we started work on the expansion of the PERN base in Gdansk, and also have signed a contract for the construction of a reserve heat source at Stalowa Wola and heat insulation for no. 10 plant Łagisza Power Plant. The contract for the construction of power units No. 5 and 6 in the Opole Power Plant is decreasing in our order portfolio, due to the final phase of its implementation. However, in the field of energy construction, many options are created by regulations obliging the energy sector to carry out modernization over the next few years on facilities that do not meet emission standards.

Last year, we have signed new contracts in the industrial construction segment, including the expansion of the Autoliv factory in Jelcz-Laskowice. We have also begun construction work on the ETAC production plant, and we have concluded the Center for Research, Development and Quality at Mondelēz International RD&Q.

In our orders portfolio, we increased the share of infrastructure projects. We have signed a number of contracts with the General Directorate for National Roads and Motorways, including: Nisko Południe-Podgórze along the S17 road, Ełk Południe-Wysokie along the S61, Kielce-Brzeziny/Morawica within DK73. We also implemented the Strzyżów bypass – the investment of the Road Administration of Podkarpackie Voivodship. We have developed a portfolio of orders for new contracts in the field of general construction, signed contracts and implemented residential facilities (Warsaw's Wola and Wilanów districts and Szczecin), cultural (eg. a multimedia library in Piotrków Trybunalski), sports (among others, we have built the AquaPark in Tychy) and school (we have completed several contracts for the University of Science and Technology in Krakow, and we have signed a contract for the construction of a primary school in Warsaw). We were active in the implementation of contracts in the field of health (we started the extension of the West Pomeranian Specialist Hospital). We also joined the extension of Focus Mall shopping center in Zielona Góra.



BUDUJEMY PRZYSZŁOŚĆ.

mostostal.waw.pl

Mostostal Warszawa SA, ul. Konstruktorska 12A, 02-673 Warszawa, tel.: +48 22 250 70 00, fax: +48 22 250 70 01
Sąd Rejonowy dla m. st. Warszawy w Warszawie, XIII Wydział Gospodarczy Krajowego Rejestru Sądowego
Nr KRS 0000008820, NIP: 526-020-49-95, Regon: 012059053, Kap. zakładowy 20 000 000 PLN, Kap. wpłacony 20 000 000 PLN

Our goal for 2019 is to increase the portfolio of orders and improve our financial results. We want to achieve our goal through consistent development in all business areas. Particular attention will be paid to the effectiveness and quality of offers, in order to build a safely portfolio of orders, as well as discipline in the implementation of current contracts.

Miguel Angel Heras Llorente
President of the Management Board of Mostostal Warszawa