

Ladies and Gentlemen,

Following a slowdown caused by waiting for a new EU budget, the construction industry saw an improvement in 2014. The Council of the European Union adopted the budget for 2014–2020 and new road contracts appeared in the market.

In 2014, Budimex recorded a significant growth in all main areas: sales, operating profit, cash position, awarded contracts, order book and pre-sales of flats. Budimex's revenues in 2014 were higher by 13.3% than in the previous year (the sale of Budimex Danwood not included), while the construction and assembly production on market prices increased merely by 2.6%.

The market appreciated the good standing of Budimex. The company's market value increased from PLN 3.4 billion as at the end of 2013 to PLN 3.6 billion as at the end of 2014. And at the end of February 2015, the Company's market capitalisation amounted to PLN 4.2 billion.

The year 2014 was the best in the history of Budimex as regards the value of signed contracts, which amounted to PLN 6.3 billion and was nearly twice as high as in the previous year. At the end of 2014, the value of the order book stood at PLN 6.1 billion, which meant an increase by 41% as compared to 2013. It was caused, among others, by high efficiency in bidding in the road construction sector and an increase in an average value of the bids as compared to the previous year. The order book's structure changed. In 2014, the share of infrastructure construction projects increased from 26 to 43%, while the share of the industrial construction projects increased from 4% as at the end of 2013 to 14% as at the end of 2014, mainly due to the conclusion of the contract for the construction of a new power-generating unit at the Turów Power Plant.

In 2014, Budimex Nieruchomości regained the position of the third developer in Poland in terms of the number of pre-sold flats, which was possible thanks to the Nowe Czyżyny project in Krakow meeting the criteria of the 'Mieszkanie dla Młodych' [Flat for the Young] programme. The pre-sales reached the highest level in history of 1,685 flats, i.e. by 127% higher than in the previous year.

Mostostal Krakow owned by Budimex underwent restructuring. Currently the main objective of this company is to strengthen its market position and improve operational performance.

FBserwis, where Budimex holds 49% of shares, faces good development prospects for the next few years. In 2014, it created an order book of the total value of PLN 220 million.

In 2014, Budimex completed the purchase of 41.65% of the shares of Elektromontaż Poznań SA and increased its share to 92.31%. We are currently working on the strategic plans for that company for the next 2–3 years, where one of the options being considered is the sale of the operational part of the business.

We also made an appearance in the power industry in line with our strategy. As part of the Consortium with Mitsubishi Hitachi Power Systems Europe GmbH and Tecnicas Reunidas SA we are constructing a unit in Turów. We also execute contracts for EDF and PGNiG. The value of the power contracts concluded in 2014 was PLN 751.5 million net. We plan further growth in this sector and acquisition of new customers. We are analysing investments in gas units and we will certainly compete in selected tenders.

We are still willing to execute railway contracts regardless of the outcomes of PNI, but tenders in this sector will not probably appear until the fourth quarter of 2015 or at the beginning of 2016.

We are also present in the hydro-technical industry, whose value up to 2021 was estimated to be PLN 10 billion.

We are awaiting the development of PPP market. In 2014, a special purpose vehicle of Budimex completed the construction and manages our so far only project on this basis — a parking lot in Wrocław. We are currently participating in several procedures, but we do not expect this market to grow before 2020, when the large EU assistance programmes enjoyed by Poland are completed.

In 2014, Budimex was once again in a row listed in the RESPECT Index including the shares of companies meeting the highest CSR standards. Our two nationwide social programmes: 'ICE Intercom' [Domofon Ice] in which we improve children's safety on the roads and 'Parent Zone. Budimex for Children' [Strefa Rodzica. Budimex Dzieciom] aimed at creating relax and play zones for children and parents at the paediatric wards in hospitals are also widely appreciated. One of the main evidence of our responsibility is our particular concern about occupational safety. The Company acting within the Porozumienie dla Bezpieczeństwa w Budownictwie [Agreement for Safety in Construction] works actively for improving occupational safety and reducing the number of accidents in the construction industry.

For us 2015 will be the time of strengthening our position in the road construction sector. Our objective is to maintain the leadership in the infrastructure construction. We are also going to grow the real estate development segment. In 2015, we are planning to buy up to 10 plots of land for the total amount of PLN 200–300 million.

Due to the expected accumulation of works in the years 2016–2017, we wish to prepare personnel and capital background. We are planning to increase investments, but above all we want to employ the best industry specialists for whom around 800 jobs await in Budimex.

In 2015, we are expecting stabilisation of results at the level comparable to the previous year. We will execute the contracts we have already signed, but given their nature their completion will take many months, therefore achieving the sales level as in 2014 will pose a major challenge. Our primary goal is to constantly strive to maintain the image of Budimex as a predictable company, reliable and trustworthy for investors.

Please, feel free to read the Annual Report of the Budimex Group for 2014.

Dariusz Blocher

The President of the Management Board of Budimex SA