

## LETTER FROM THE PRESIDENT OF ZUE S.A.



Ladies and Gentlemen,

I am pleased to present the report of ZUE S.A. for 2013.

For the Group it has been another year of many prestigious projects but it has also been a year filled with events that will bring positive effects in subsequent periods.

First of all, we have merged ZUE S.A. and PRK w Krakowie S.A. The transaction has simplified the corporate structure (through the creation of one corporate centre) and streamlined the decision-making process and operational processes at the Group. This will help us reduce administrative and organisational costs and achieve a number of synergies. In the nearest future, we plan to merge the design companies of the ZUE Capital Group.

In 2013, we successfully entered the high-voltage transmission network market after we had submitted the most economically advantageous tender in a tender procedure for the construction of the double track 400 kV Koźienice – Ołtarzew. The net value of the tender was PLN 469m and the project was commissioned by Polskie Sieci Elektroenergetyczne S.A. We believe that references obtained from such a prestigious project will help us win new interesting power contracts and gradually increase the share of sales on the power network infrastructure marked (that we find attractive) in the Group's revenue.

The financial results presented by the Group at the end of 2013 were also better than those disclosed in 2012. Despite a drop in revenue to PLN 410.5m (from PLN 518.1m), the consolidated net profit amounted to PLN 5.6m; i.e. it grew by 133.1% compared to the analogous figure of 2012. We are particularly pleased with the result of construction activities which grew by 176.1% from PLN 2.8m in 2012 to PLN 7.6m in 2013.

We produced better results despite a relatively difficult situation on the railway and urban construction market, especially in the first half of 2013 which was marked by the changing prices of raw materials and contracted services. In addition, many tasks had to be slowed down or stopped due to unfavourable weather conditions in the first quarter of 2013.

We began 2014 with the portfolio of orders of approx. PLN 700m and expanded it in the first months of the year to a safe level of PLN 1.3bn that we are proud to present today.

We are actively searching for new contracts and continue our activities aimed at entering selected foreign markets.

The Group's main goal is to strengthen its position of one of the leaders on the Polish public transport infrastructure market and one of major entities on the rail infrastructure market. The Group also intends to expand its operations on the power network infrastructure market.

Despite many challenges faced by the industry in the previous and current year, we assess the long-term prospects for the markets we operate in as good. The prospects related to the new EU perspective also seem promising to us.

The year 2014 will be another year of the Group's intensive activity focused on the exploitation of market opportunities on the one hand and the improvement of efficiency on the other. Our main goal remains the strengthening of our market position and building the value of the Group for its Shareholders.

Yours sincerely,

Wiesław Nowak  
Management Board President  
ZUE SA