

LETTER FROM THE PRESIDENT OF ZUE S.A.

Ladies and Gentlemen,



I am pleased to present the report of the ZUE Group for 2015. It was another year of excellent financial results and successful achievement of our basic strategic objectives.

We have strengthened the position of the ZUE Group as one of the leaders of the Polish urban and rail infrastructure market as well as its presence in the power infrastructure sector. We have expanded our operations to include production and distribution, entered new foreign markets, enhanced our design and contracting capacity and made our organisational structure uniform.

The Group's has for many years generated most of its revenue from construction services provided on the rail, urban and power infrastructure markets. In 2015, the share in these markets was 88%. In the nearest future, intensive investment activity will focus on these crucial markets and will be funded largely by the EU perspective for the years 2014-2020. Our aim is to take an active part in this investment boom and we are perfectly prepared for this. In 2015, the Group invested nearly PLN 17.7m in the extension of its technical facilities, mainly in the purchase of specialist machinery and equipment. I am confident that our investments in the equipment that we have already made and intend to make will pay off in the future as they will make the company more competitive and increase its revenue.

We have expanded our operations to include distribution (ultimately production and distribution) following the acquisition in March 2015 of a 70% stake in Railway gft Polska

Sp. z o.o., a company dealing with the distribution of materials required to build and repair tram and railway tracks. On the one hand it provides us with new sales possibilities and on the other, it improves the security of deliverables to the Group. The fact that Railway gft Polska continues the activities of ThyssenKrupp GfT Polska on the Polish market guarantees a proper quality of the company's offer. It is worth emphasizing that Railway gft Polska ended 2015 with a positive financial result.

Our major organisational changes include the consolidation of design activities in one entity, namely Biuro Projektów Komunikacyjnych w Poznaniu Sp. z o.o. The



company has emerged from the merger of BIUP and BPK Poznań. It has helped us optimize the companies' resources, reduce the costs of design companies' operations and streamline decision and operating processes within the Group. Our own strong design company gives us a considerable advantage over competitors when more and more tenders are announced in a "Design-Build" formula.

The Group is also present on foreign markets. As a consortium member, we have completed the urban infrastructure project named "Construction of IKD Košice, Maratónu Mieru Square – Station Yard" in Slovakia. BPK Poznań, the Group's design company, takes part in the execution of two projects in Bulgaria. Railway gft Polska has begun to supply railway materials to the demanding German market. These activities have already produced positive results.

We participate in several tenders in Slovakia and in the Balkans. The aim of our foreign activities is to consistently increase the share of revenue from these operations in the total revenue of the Group.

We have consistently pursued our strategy as a result of which the year 2015 saw very good financial results and, in particular, highly dynamic profits. Gross profit was almost PLN 48m (increase by 40.2% when compared with 2014), EBITDA was almost PLN 32m (increase by 40.4%), operating profit (EBIT) was almost PLN 22.6m (i.e. it increased year-on-year by 61.3%) and net profit was almost PLN 17.5m (increase by 63.9%). A considerable increase has also been seen on all levels of profitability ratios. We may state in this context that quality factors have contributed more and more to the Group's development and significant improvement of its results.

In 2015, we have laid strong foundations for the continued building of the value of ZUE for its Shareholders.

We optimistically enter the year 2016. This year is special both for the Group and for me personally. Twenty five years ago, in June 1991, I founded Zakład Urządzeń Energoelektronicznych – a very small prototype of the organisation which has grown into a big capital group based on strong foundations and employing almost 800 people. The Group which is consistently expanding its potential and has promising prospects of further development.

Yours sincerely,
Wiesław Nowak
Management Board President
ZUE S.A.