

PBG Group's Financial Results – 1H2011

Warsaw, August 30th, 2011

Presentation:
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The most important events in the PBG Group since the beginning of 2011



MONTH	EVENTS
January	Sale of 500.000 shares by main shareholder of PBG – Mr. Jerzy Wiśniewski , and therefore decreasing his share to 41,42% in votes at AGM.
March	Signing an agreement concerning „Connecting Airport with Seaport Gdańsk – Słowackiego Route – Phase II, section Potokowa Street – Rzeczypospolitej Avenue” total length of 3,32 km. PLN 129,3 mn VAT exclusive.
April	<p>Signing an agreement on execution of „ Construction of sports hall in Toruń”. PLN 99 mn VAT exclusive.</p> <p>Signing a Memorandum of Understanding between PBG and Obrascón Huarte Lain (OHL) on close cooperation on foreign markets in the segment of natural gas and crude oil, including natural gas and crude oil transmission installations, pipelines, natural gas and crude oil storage systems in Mexico, Brasil and other countries in South America.</p> <p>Positive opinion of the Supervisory Board on Management Board’s motion on PLN 20,013 mn dividend in the amount of PLN 1,40 per share.</p> <p>Tender offer for Energomontaż Południe shares up to 66%.</p> <p>Increased stake in PBG by Clients of Pioneer Pekao Investment Management. Currently, their share in overall number of votes at AGM is at the level of 19,18%.</p> <p>Merger of companies CP Energia and KRI through the acquisition of in-kind contribution by the CP Energia company 100% of KRI shares. KRI shares were acquired as a contribution in kind to cover the new J series shares issued by CP Energia. As a result of the transaction, PBG has become the owner of 9,048.491 J series shares of CP Energia entitling to 9,048.491 votes at the AGM. It represented 12,98% of overall number of votes at AGM and in initial capital. In July 2011, after the tender offer, PBG has become the owner of 9.788.627 shares of CP Energia entitling to 13,98% votes at AGM and constituting 13,98% of initial capital.</p>
May	Suspending negotiations with Spanish OHL on sales of 51% shares of Hydrobudowa Polska and 50,1% shares of Aprivia. Decision has been made by mutual agreement, and it derives from significant decrease of HBP’s share price, and therefore its market value. Talks will be renewed after reaching by HBP’s share price the level from the beginning of negotiations.
June	<p>Conclusion of an agreement between the National Sports Centre and ALPINE BAU DEUTSCHLAND AG, ALPINE BAU GmbH, ALPINE Construction Polska, HYDROBUDOWA POLSKA and PBG executing the construction of a multi-function National Stadium in Warsaw. As a result, the role of the Leader took HYDROBUDOWA POLSKA. There has also been extended the termination date and its end is projected at 29th of November 2011.</p> <p>Summary of a tender offer for the sale of shares of Energomontaż Południe. As a result, the PBG company, altogether with ENERGO MONTAŻ POŁUDNIE, owned 46.699.770 shares of the Company, entitling to 46.699.770 votes. This represented 65,80% of the total number of votes at AGM and an equally exceptional same proportion of the initial capital. After the transaction of sale of own shares by the EPD in July 2011, PBG has 46.021.520 shares of the Company, representing 64,84% of the total vote at the AGM and in the initial capital.</p> <p>Signing a preliminary contract of sale of RAFAKO between Elektrim and PBG. The conclusion of a final agreement must be made within 3 weeks after obtaining the consent of the concentration given by the UOKiK. Following the transaction, PBG will have 50% + 1 share in the total number of votes at the AGM as well as in initial capital in RAFAKO.</p> <p>Signing a contract for execution of the task, “Construction of „Piekło” gas press station with a discharge pipe and water supply infrastructure” with a value of PLN 52,1 mn VAT exclusive.</p>
August	<p>Signing of a subcontract by the Hydrobudowa Polska company for the task: “Design, construction and commissioning of a regasification terminal for liquefied natural gas in Swinoujście.”</p> <p>PBG exceeded 5% threshold in votes at AGM of the RAFAKO company. For the purchase of 3.761.669 shares entitling to 5,41% of votes at AGM and constituting 5,41% of an initial capital, PBG spent PLN 45.460.926,00, which means that an average purchase price of one share was PLN 12,09.</p> <p>Signing an agreement on the “Execution of works involving the reconstruction of Roosevelt Street on the section from the junction of Dąbrowskiego Street and the Theatre Bridge, to the intersection with Głogowska Street and Bridge Dworcowy and rebuilding hub Kaponiera Roundabout in Poznań” with a value of PLN 170,2 mn VAT exclusive.</p>

Influence of acquisition of controlling stake in Energomontaż Południe on the results for 1H2011

- **Negative impact on the result at the operational level** had the consolidation by equity method losses generated by the Energomontaż Południe company in the amount of **PLN 4,7 mn**;
- **Positive impact on the result at the financial level** had a fair value measurement of the current stake in the Energomontaż Południe company in the amount of **PLN 12,2 mn** as a result of the transition from associate company to the subsidiary. This amount was included in the position of the **remaining profits from investments**.

Changes in the consolidated financial statement for 1H2010

- **Cut off margins on contracts jointly implemented** by the companies from the Group, which have been identified during the annual CFS for 2010. In whole 2010 it was minus PLN 21,4 mn and in 1H2011 it was the amount of **minus 14,7 mn**;
- **Correction of accounting of 25% of financial result contributed by the Energomontaż Południe Group** achieved during the reporting period:
 - **from 1.03-30.06.2010 – minus PLN 4,4 mn**;
 - from 1.03-31.12.2010 – minus PLN 5,4 mn;
- **Correction of an error resulting from not taking in the books of year 2010 reduction of the scope of work executed by Hydrobudowa 9** on the task executed for MWiK in Bydgoszcz:
 - **introduction of pricing on cash flow** hedges previously recorded in equity to the result (due to the reduction of the hedged item) - the amount of **minus PLN 22 mn**;
 - **establishment of reserves for planned losses** resulting from the agreed annex - the amount of **minus 5,6 mn**.

Financial Highlights – P&L and Balance Sheet



P&L

<i>In thousand PLN</i>	2Q 2011	2Q 2010	change %	1H 2011	1H 2010	change % y/y
REVENUES	979 220	722 842	+35	1 456 855	1 180 138	+23
GROSS PROFIT(LOSS)	110 463	105 593	+5	165 733	142 525	+16
EBIT	81 701	62 974	+30	115 173	75 170	+52
AMORTIZATION	14 294	12 139	+18	25 538	23 727	+8
EBITDA	95 995	75 113	+28	140 711	98 897	+42
NET PROFIT(LOSS)	74 170	52 860	+40	98 431	60 797	+62
PARENT COMPANY PROFIT(LOSS)	73 460	49 954	+47	97 544	61 156	+60
MINORITY SHAREHOLDER PROFIT(LOSS)	710	2 906	-76	887	(359)	-

Balance Sheet

<i>In thousand PLN</i>	As of 30.06.2011	As of 30.06.2010	change % y/y
ASSETS	5 230 446	3 895 181	+34
TRADE RECEIVABLES	1 166 397	868 599	+34
RECEIVABLES FROM CONTRACTING PARTIES DUE TO WORKS SET OUT	802 532	714 717	+12
EQUITY OF THE PARENT COMPANY	1 659 601	1 453 771	+14
EARNING PER SHARE(EPS)	6,82	4,28	+47
CREDITS AND LOANS	947 511	630 289	+50
LONG TERM CREDIT AND LOANS	137 595	80 338	+71
SHORT TERM CREDIT AND LOANS	809 916	549 954	+47
BONDS	825 000	500 000	+65
TRADE PAYABLES	1 106 482	768 124	+44

Financial Highlights- CASH FLOW



CASH FLOW		
<i>In thousand PLN</i>	1H2011	1H2010
NET CASH FROM OPERATIONS	(376 274)	65 182
NET CASH FROM INVESTMENTS	(65 720)	(260 755)
NET CASH FROM FINANCIAL ACTIVITY	239 624	1 779
NET CASH FLOW AND CASH EQUIVALENTS BALANCE	(202 370)	(193 794)

- Cash flows from operating activities of the PBG Group depend primarily on the life cycle of contracts. This means that in the initial phase of implementation there is involved significant cash and then together with worked out margin projects begin to generate positive cash flows
- **At the level of operating cash flows in 1H2011 the largest influence had road contracts (negative cash flows of PLN 270 mn), stadium contracts (negative cash flows amounting PLN 70 mn) and security deposit loan in the amount of PLN 38 mn**
- **PBG has generated positive operating cash flows of contracts in the segment of natural gas and crude oil (the amount is over PLN 23 mn)**
- **The biggest investment expense of the PBG Group in 1H2011 was the acquisition of nearly 40% stake in Energomontaż Południe for PLN 119 mn**
- In 1H2011, the PBG Group **has spent over PLN 76 mn to buy tangible assets** while **yielding PLN 35 mn from its sale**
- In 1H2011, the PBG Group **granted loans totaling PLN 25 mn** and at the same time, **received a refund loans in the amount of PLN 23 mn**
- In 1H2011, companies from the Group **took total PLN 478 mn of credits**
- In 1H2011, companies from the Group **repaid total of nearly 182 mn of credit**

<i>In thousand PLN</i>	As of 30.06.2011	As of 30.06.2010	change % y/y
CLOSING BALANCE OF CASH AND CASH EQUIVALENTS	505 841	466 487	+8
CREDITS AND LOANS	947 511	630 289	+50
NET DEBT	1 266 671	663 807	+91
NET DEBT/EBITDA	3,46	2,18	+59
CREDIT AND GUARANTEE LINES	3 640 000	2 656 000	+37

Comment on current PBG Group's level of debt

- Net debt increased almost double. It was influenced by:
 - gain control over the Energomontaż company and consolidation its debt amounting to nearly PLN 54,5 mn and debt for the lease in the amount of PLN 56,3 mn;
 - commitment of substantial working capital for road contracts;
 - acquisition of nearly 40% of the shares of Energomontaż for an amount PLN 119 mn.

Comment on planned PBG Group's level of debt

- **The aim of the PBG Board is to maintain IBD/EBITDA ratio on less than 3,5 and lower its value in the next 18 months to less than 3,0.**
- The level of cash flows and the debt ratio in the next quarters will be influenced by the following factors:
 - achieving positive operating cash flows on road contracts in the coming quarters;
 - focus on the segment of natural gas, oil and energy;
 - possible gradual recovering from the road segment, if the market situation not change (low margins and billing procedures);
 - sales of ready-made development projects, such as Skalar Office Center in Poznan;
 - start of sales of apartments in Kiev;
 - sale of the properties which does not have a material impact on the Group, acquired mostly historically together with the acquired companies;
 - sale of investment projects, such as Strateg Capital;
 - proceeds from the repayment of loans;
 - acquisition of Rafako.

PBG Group's Financial Results 1H2010



Financial results						
<i>In thousand PLN</i>	2Q 2011	2Q 2010	change% y/y	1H 2011	1H 2010	change% y/y
Revenues	979 220	722 842	+35	1 456 855	1 180 138	+23
Costs	868 757	617 249	+41	1 291 123	1 037 613	+24
Gross profit (loss) on sales	110 463	105 593	+5	165 732	142 525	+16
Costs of sold products, goods & materials	722	49	+1373	1 920	49	+3818
General and administrative costs	28 066	32 170	-13	53 719	56 981	-6
Profit (loss) on sales	81 672	73 374	+11	110 093	85 496	+29
Other operating revenues	7 217	4 060	+78	15 264	22 452	-32
Other operating expenses	2 100	10 030	-79	5 440	29 751	-82
Share in profit	(5 091)	4 430	+15	(4 744)	(3 026)	+57
Profit (loss) on operating activities	81 701	62 974	+30	115 173	75 171	+53
Financial revenues	12 267	23 995	-49	24 456	40 025	-39
Financial expenses	21 363	25 930	-18	40 633	43 059	-6
Other revenues/expenses from investment	12 508	2 208	+466	16 465	2 208	+646
Gross profit (loss)	85 113	63 247	+35	115 461	74 344	+55
Income tax	10 943	10 387	+5	17 030	13 547	+26
Net profit (loss), including:	74 170	52 860	+40	98 431	60 797	+62
Parent company profit (loss)	73 460	49 954	+47	97 544	61 156	+60
Minority shareholder profit (loss)	710	2 906	-76	887	(359)	-
Margins (%)						
<i>In thousand PLN</i>	2Q 2011	2Q 2010	change p.p. y/y	1H 2011	1H 2010	change p.p. y/y
GROSS MARGIN	11,3%	14,6%	-3,3	11,4%	7,2%	+4,2
OPERATING MARGIN	8,3%	8,7%	-0,4	7,9%	6,4%	+1,5
NET MARGIN	7,5%	6,9%	+0,6	6,7%	5,2%	+1,5

Other operating revenues		
<i>In thousand PLN</i>	1H2011	1H2010
write offs amounts	16 050	12 049
compensation	224	1 941
lease, rental	2 937	4 081

Other operating expenses		
<i>In thousand PLN</i>	1H2011	1H2010
compensation	4 095	18 531
write offs amounts	2 178	6 237
other costs	2 518	3 568

Other operating revenues		
<i>In thousand PLN</i>	1H2011	1H2010
loan interest	8 024	13 444
bank loan interest	2 468	6 439
exchange profit	15 681	15 681

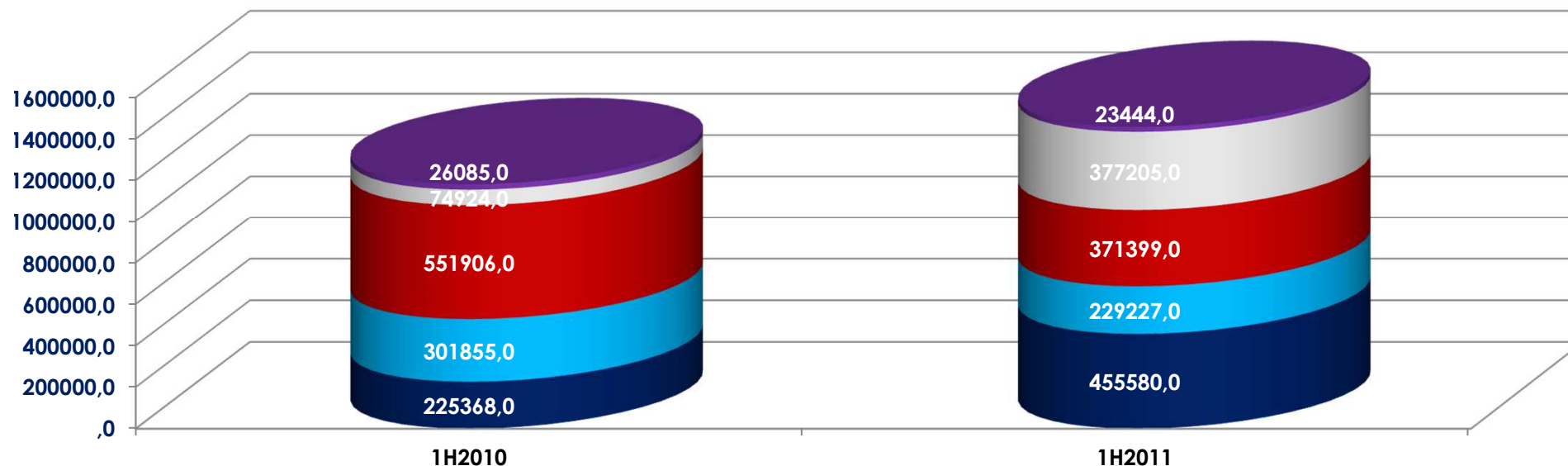
Other operating expenses		
<i>In thousand PLN</i>	1H2011	1H2010
bonds interest	5 246	15 234
bank loan interest	10 921	16 272
costs from transaction on financial markets	8 665	8 665

PBG SA's Financial Results 1H2010

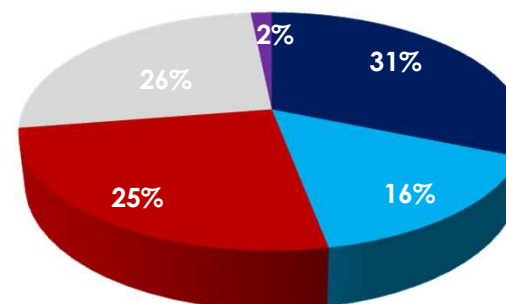
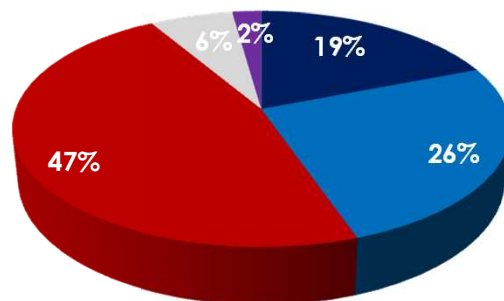


Financial Results							
<i>In thousand PLN</i>	2Q 2011	2Q 2010	change% y/y	1H 2011	1H 2010	change% y/y	
Revenues	307 796	183 100	+68	486 906	293 925	+66	
Costs	255 551	147 657	+73	406 393	238 467	+70	
Gross profit (loss) on sales	52 245	35 443	+47	80 513	55 458	+45	
Costs of sold products, goods & materials	-	-	-	-	-	-	
General and administrative costs	8 147	8 243	-1	14 776	14 390	+3	
Profit (loss) on sales	44 098	27 200	+62	65 737	41 068	+60	
Other operating revenues	598	1 344	-56	3 845	3 845	+46	
Other operating expenses	322	437	-16	999	796	+26	
Profit (loss) on operating activities	44 374	28 107	+58	68 583	42 899	+60	
Financial revenues	16 836	64 238	-74	35 188	78 789	-55	
Financial expenses	22 038	17 515	+26	43 793	31 437	+39%	
Other revenues/expenses from investment	(50)	17	-	(50)	17	-	
Valuation of interests in joint ventures	-	-	-	-	-	-	
Gross profit (loss)	39 122	74 847	-48	59 858	90 268	-34	
Income tax	5 558	6 118	-9	9 101	9 009	+1	
Net profit	33 564	68 729	-51	50 757	81 259	-38	
Margins (%)							
<i>In thousand PLN</i>	2Q 2011	2Q 2010	change p.p. y/y	1H 2011	1H 2010	change p.p. y/y	
GROSS MARGIN	17,0%	19,4%	-2,4	16,5%	18,9%	-2,4	
OPERATING MARGIN	14,4%	15,4%	-1,0	14,1%	14,6%	-0,5	
NET MARGIN	10,9%	37,5%	-26,6	10,4%	27,6%	-17,2	
							Other operating revenues
							<i>In thousand PLN</i>
							1H2011
							1H2010
							income from rental and leasing
							1 585
							1 385
							compensation
							903
							151
							release of provisions
							585
							-
							Other operating expenses
							<i>In thousand PLN</i>
							1H2011
							1H2010
							donations
							434
							345
							other costs
							385
							289
							compensation
							146
							153
							Financial revenues
							<i>In thousand PLN</i>
							1H2011
							1H2010
							loan and receivables
							9 555
							8 388
							investment funds units
							4 100
							2 590
							deposits
							2 521
							3 442
							Financial expenses
							<i>In thousand PLN</i>
							1H2011
							1H2010
							bond interest
							34 190
							18 775
							foreign currency losses
							5 808
							-
							bank loan interest
							2 839
							5 499

PBG Group's Financial Results 1H2010 & 1H2011 – Business Profile



■ Natural gas , crude oil & fuels
 ■ Water
 ■ Industrial and housing estate construction
 ■ Roads
 ■ Other

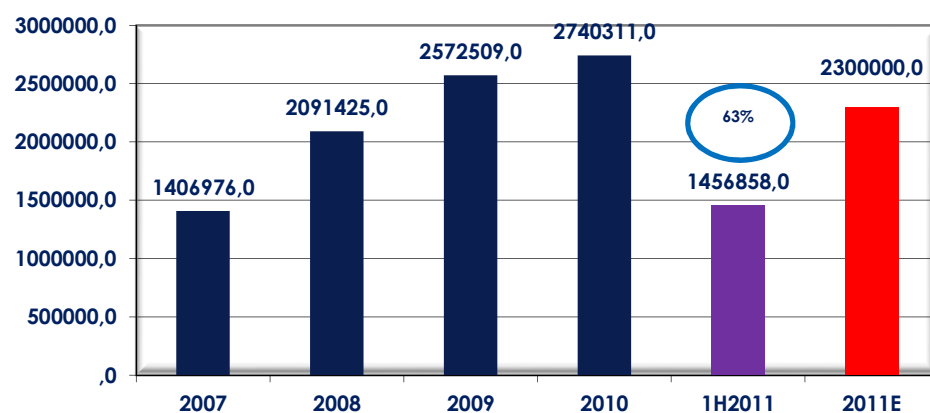


SEGMENTS	NATURAL GAS, CRUDE OIL AND FUELS	WATER	INDUSTRIAL AND RESIDENTIAL CONSTRUCTION	ROAD CONSTRUCTION	OTHER
GROSS MARGIN IN 1H2011 (%)	19,7%	16,5%	4,8%	3,8%	25,3%
GROSS MARGIN IN 1H2010 (%)	23,5%	16,6%	7,5%	-8,4%	18,1%

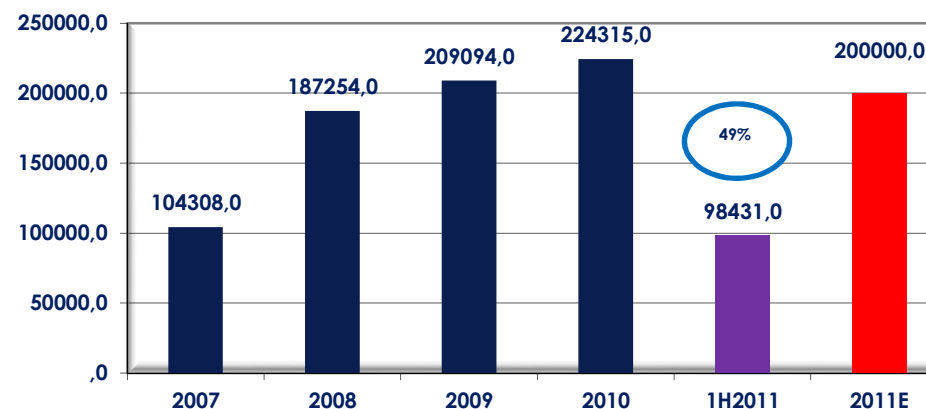
Selected financial highlights of the PBG Group 2007 – 2011 [PLN'000]



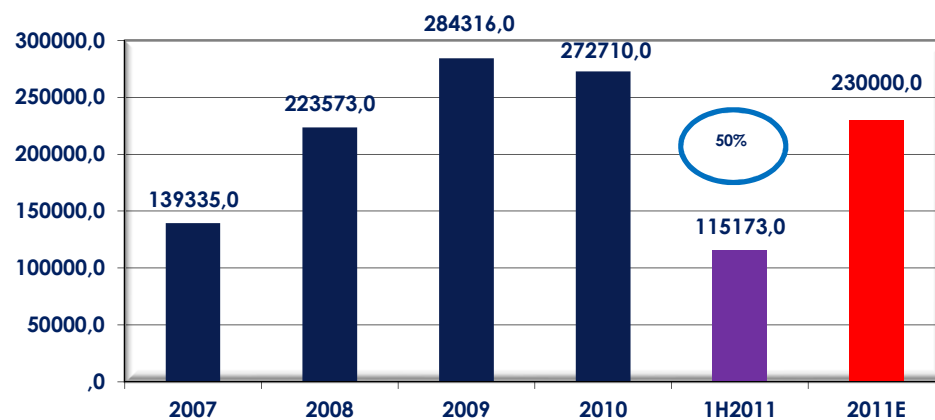
SALES



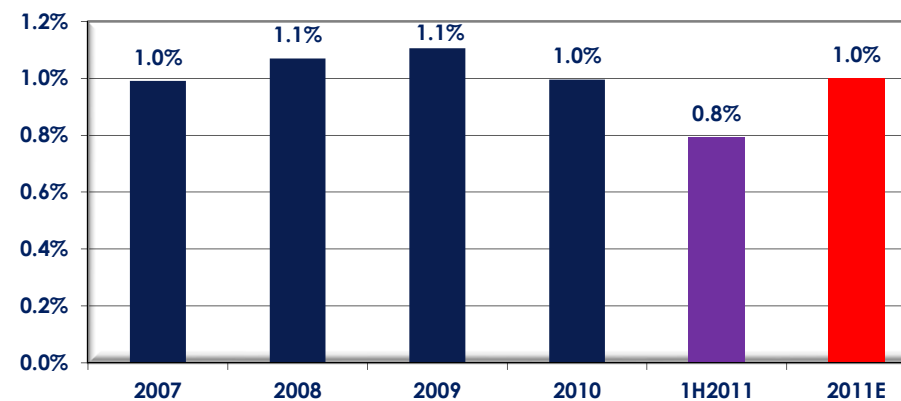
NET PROFIT



OPERATING PROFIT - EBIT



OPERATING MARGIN



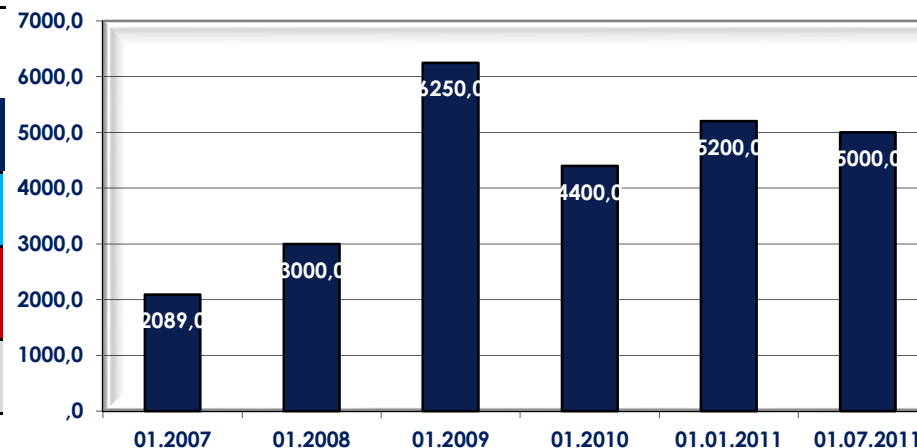
PBG Group's backlog of orders



BACKLOG OF ORDERS

BACKLOG OF ORDERS AS OF JULY 1, 2011

Natural gas, crude oil & fuels	34,2%
Water	14,7%
Industrial and residential construction	11,9%
Road construction	39,2%
TOTAL	100%



	ESTIMATED VALUE [mPLN]	
	2010	1H2011
Submitted tenders	32 547,00	9 305,00
Signed contracts	3 817,00	677,00
Hit ratio	11,7%	7,0%

	VALUE [mPLN]	YEARS	
		2011	2012 and further
Backlog of orders	5 000,00*	1 700,00	3 300,00

*in the backlog of orders there has been included value of the portfolio of Energomontaż Południe in the amount of PLN 340 mn in industrial and residential construction

	ESTIMATED VALUE [mPLN]
Value of submitted tenders awaiting for settlement (August 2011)	5 309,00
Value of offers in prequalification (August 2011)	29 221,00
Value of offers in preparation (August 2011)	6 800,00

Structure of the PBG Group



NATURAL GAS, CRUDE OIL & FUELS
ENGINEERING & GENERAL CONSTRUCTION



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