



PBG Group's Financial Results – 3Q 2011

Warsaw, November 18th, 2011

Presentation:

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The most important events in the PBG Group in 3Q2011 and later



MONTH

August

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 Swinoujscie.**"

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**.

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 Poznan**" with a value of **PLN 170,2 mn VAT exclusive**.

October

Updated forecast of the PBG Group's financial performance in 2011

Revenue – PLN 3bn;

Operating profit – PLN 260m;

Net profit - PLN 200 m.

Sale of Strateg Capital stake (reduction from 80% to 48,80%)

Sale of GasOil Engineering, with headquarters in Poprad, stake (reduction from 62,45% to 49,90%)

Approval from the Office of Competition and Consumer Protection (UOKiK) for business combination involving takeover of control over Rafako S.A

HYDROBUDOWA POLSKA S.A. executed an agreement for construction works: Connection between the Gdańsk Airport and the Sea Port of Gdańsk – Trasa Słowackiego (The Słowacki Route), Task 4, Węzeł Marynarki Polskiej – Węzeł Ku Ujściu section. The remuneration due to the Consortium for performing the project is PLN 720m netto.

Assignment of long-term rating to PBG by Standard & Poor's Rating Services Standard & Poor's Ratings Services assigned BB- long-term rating (outlook stable) to PBG SA.

November

Acquisition of 100% of shares in MULTAROS (indirect acquisition of shares in RAFAKO S.A.), and execution of securities blocking and registered pledge agreements involving the RAFAKO shares.

P&L

<i>In thousand PLN</i>	3Q 2011	3Q 2010	change %	3QC 2011	3QC 2010	change % y/y
REVENUES	923 643	724 916	+27	2 380 498	1 905 054	+25
GROSS PROFIT(LOSS)	90 412	88 381	+2	256 144	230 906	+11
EBIT	65 666	65 993	-0,5	180 839	141 163	+28
AMORTIZATION	16 607	11 611	+43	42 145	35 338	+19
EBITDA	82 273	77 604	+6	222 984	176 501	+26
NET PROFIT(LOSS)	81 447	53 280	+52	179 878	114 077	+58
PARENT COMPANY PROFIT(LOSS)	78 071	57 688	+35	175 615	118 844	+47
MINORITY SHAREHOLDER PROFIT(LOSS)	3 376	-4 408	-	4 263	-4 767	-

Balance Sheet

<i>In thousand PLN</i>	As of 30.09.2011	As of 30.09.2010	change % y/y
ASSETS	5 195 320	4 042 098	+28
TRADE RECEIVABLES	1 051 882	890 681	+18
RECEIVABLES FROM CONTRACTING PARTIES DUE TO WORKS SET OUT	936 299	754 045	+24
EQUITY OF THE PARENT COMPANY	1 734 660	1 508 074	+15
EARNING PER SHARE(EPS)	12,29	8,31	+48
CREDITS AND LOANS	907 658	610 839	+48
LONG TERM CREDIT AND LOANS	39 191	150 142	-74
SHORT TERM CREDIT AND LOANS	868 467	460 697	+88
BONDS	825 000	500 000	+65
TRADE PAYABLES	970 336	835 470	+15

Financial Highlights- CASH FLOW

CASH FLOW

<i>In thousand PLN</i>	3QC 2011	3QC 2011	change % y/y
NET CASH FROM OPERATIONS	-505 290	-376 274	-129 016
NET CASH FROM INVESTMENTS	-152 659	-65 720	-86 939
NET CASH FROM FINANCIAL ACTIVITY	+349 002	+239 624	+109 378
NET CASH FLOW AND CASH EQUIVALENTS BALANCE	-308 947	-202 370	-106 577

<i>In thousand PLN</i>	As of 30.09.2011	As of 30.06.2011	change % 30.09/30.06
CLOSING BALANCE OF CASH AND CASH EQUIVALENTS	399 597	505 841	-21
CREDITS AND LOANS	907 658	947 511	-4
NET DEBT	1 451 338	1 371 304	+6
FINANCIAL LEASING	118 277	104 634	+13
NET DEBT/EBITDA	3.46x	3,46x	-
CREDIT AND GUARANTEE LINES	3 616 787	3 640 000	-1

Parallel gaining of significant road contracts for backlog of orders of PBG Group.

Nr.	Name:	Signed:	Contractor:	Value:
1	Construction of Highway A1 in Włocławek	16.07.2010	PBG, APRIVIA (lider) , Hydrobudowa Polska, SRB Civil Engineering, John Sisk&Son <i>(share of the PBG Group - 50%)</i>	703 m PLN
2	Construction of Highway A1 in Toruń	16.07.2010	SRB Civil Engineering (lider) , PBG, APRIVIA, Hydrobudowa Polska, John Sisk & Son <i>(share of the PBG Group - 50%)</i>	766 m PLN
3	Construction of Highway A4 in Rzeszów	07.07.2010	SIAC Budowa , PBG, Hydrobudowa Polska, (lider) APRIVIA <i>(share of the PBG Group - 50%)</i>	1,43 bn PLN
4	Construction of Speedway S-5 in Breslaw	30.07.2010	ALPINE Bau (lider) , PBG, APRIVIA, Hydrodowa Polska <i>(share of the PBG Group - 40%)</i>	777 m PLN

- **Parallel gaining of road contracts for a total value of nearly PLN 3,7 bn**
- **Contracts are executed according to FIDIC standards and accounted for according to time-consuming procedures;**
- **Necessity of changing a leader on a Highway A4 section contract for Hydrobudowa Polska company due to lack of the financial capacity of the existing one.**
- **There was PLN 350m of negative operating cash-flow generated on road contracts during 3 quarters of 2011 .**

Execution of Stadiums contracts

Nr.	Name:	Execution date:	Contractor:	Value:
1	Construction of National Stadium in Warsaw	04.05.2009 29.11.2011	Hydrobudowa Polska (lider) , PBG, Alpine Bau Deutschland <i>(share of the PBG Group - 50%)</i>	1,25 mld PLN
2	Construction of PGE Arena in Gdansk	10.04.2009 30.04.2011	Hydrobudowa Polska (lider) , PBG, Hydrobudowa 9, Alpine Bau Deutschland <i>(share of the PBG Group - 50%)</i>	427,7 mln PLN

- **Change of the leader on National Stadium and prolongation of execution date to November 29th;**
- **Prolonged acceptance procedure of PGE Arena stadium in Gdansk, set up a committee for a final settlement of the contract, which should occur by the end of November 2011;**
- **Withhold amounts, accounted for 5% of the contract value, will be settled after final acceptance;**
- **There was PLN 90 m of negative operating cashflow generated on stadiums contracts during 3 quarters of 2011;**
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Execution of Real Estates projects

- **In the 3rd quarter of 2011 PBG Erigo finalized purchase of land of the value of PLN 22,6m which was booked as an operating expense;**
- **During three quarters of 2011 Energopol Ukraina had expenses concerning execution of real estate projects which influenced the operating cash-flow on the level of around PLN 38 m.**

TRANSACTION STAGES

- Obtaining a decision of the financing bank in June 2011, signing of term sheet;
- Execution of a preliminary share sale agreement providing for the acquisition of a special purpose vehicle, wholly-owned by Elektrim S.A., holding 50% and one share in RAFAKO S.A., for PLN 540.840 million
- Adjustment of the Elektrim group's corporate structure for the purposes of the transaction;
- And obtaining clearance from the Office for Competition and Consumer Protection (acceptance issued on 13.10.2011);
- Due Diligence carried out by KPMG
- Acquisition of 12,42% stake of Rafako for total amount of nearly PLN 97 mn within a period of July-October 2011 (average price per share equals to PLN 11,33)
- Execution of a final agreement, taking into consideration due diligence results, new price per share, in November 2011;
- Announcement of a tender offer for RAFAKO shares at transaction price, in order to achieve 66% of the total votes at its general shareholders meeting;

Transaction price and installment price

- Following due diligence, transaction price was lowered from PLN 540,840 mn to PLN 460mn for 50% and one share (average price per share equals to PLN 13,22);
- Payment will be spread into three installments:
 - I installment price amount of PLN 100mn - will be paid within 14 days counting from the day of signing a final agreement;
 - II installment price- amount of PLN 200mn will be paid at the latest, until December 15th 2011;
 - III installment price – amount of PLN160mn will be paid on January 5th 2012.

PBG Group's Financial Results 3QC 2011



Financial results

<i>In thousand PLN</i>	3Q 2011	3Q 2010	change% y/y	3Q 2011	3Q 2010	change% y/y
Revenues	979 220	724 916	+27	2 380 498	1 905 054	+25
Costs	868 757	636 535	+31	2 124 354	1 674 148	+27
Gross profit (loss) on sales	90 412	88 381	+2	256 144	230 906	+11
Costs of sold products, goods & materials	1 746	17	+10171	3 666	66	+5454
General and administrative costs	29 051	21 630	+34	82 770	78 611	+5
Profit (loss) on sales	59 615	66 734	-11	169 708	152 229	+11
Other operating revenues	11 043	8 057	+37	26 307	30 509	-14
Other operating expenses	4 992	9 445	-47	10 432	39 196	-73
Share in profit	0	647	0	-4 744	-2 379	+99
Profit (loss) on operating activities	65 666	65 993	0	180 840	141 163	+28
Financial revenues	36 690	6 143	+497	60 080	46 168	+30
Financial expenses	27 969	7 099	+294	67 536	50 158	+35
Other revenues/expenses from investment	18 742	0	-	35 207	2 208	+1495
Gross profit (loss)	93 129	65 037	+43	208 591	139 381	+50
Income tax	11 682	11 757	-1	28 712	25 304	+13
Net profit (loss), including:	81 447	53 280	+53	179 879	114 077	+58
Parent company profit (loss)	78 071	57 688	+35	175 615	118 844	+48
Minority shareholder profit (loss)	3 376	-4 408	-	4 263	-4 767	-

Margins (%)

<i>In thousand PLN</i>	3Q 2011	3Q 2010	change p.p. y/y	3Q 2011	3Q 2010	change p.p. y/y
GROSS MARGIN	9,8%	12,2%	-2,4%	10,8%	12,1%	-1,4%
OPERATING MARGIN	7,1%	9,1%	-2,0%	7,6%	7,4%	+ 0,2%
NET MARGIN	8,5%	8,0%	+0,5%	7,4%	6,2%	+1,1%

Other operating revenues

<i>In thousand PLN</i>	3Q 2011	3Q 2010
write offs amounts	6 103	16 383
compensation	4 435	2 931
lease, rental	4 888	4 904

<i>In thousand PLN</i>	3Q 2011	3Q 2010
compensation	1 866	15 848
Costs of maintaing investments	3 671	-
other costs	2 040	4 625

<i>In thousand PLN</i>	3Q 2011	3Q 2010
loan interest	24 656	26 121
bank loan interest	9 051	9 790
exchange profit	24 585	9 459

<i>In thousand PLN</i>	3Q 2011	3Q 2010
bonds interest	35 316	22 780
bank loan interest	15 153	11 681
costs from transaction on financial markets	9 706	12 249

Financial Results						
<i>In thousand PLN</i>	3Q 2011	3Q 2010	change% y/y	3Q 2011	3Q 2010	change% y/y
Revenues	198 666	239 963	-17	685 572	533 888	+28
Costs	164 229	194 103	-15	570 622	432 570	+32
Gross profit (loss) on sales	34 437	45 860	-25	114 950	101 318	+13
Costs of sold products, goods & materials	-	-	-	-	-	-
General and administrative costs	6 232	6 597	-6	21 008	20 987	0
Profit (loss) on sales	28 205	39 263	-28	93 942	80 331	+17
Other operating revenues	4 244	2 516	+69	8 089	5 143	+57
Other operating expenses	55	426	-87	1 054	1 222	-14
Profit (loss) on operating activities	32 394	41 353	-22	100 977	84 252	+20
Financial revenues	27 817	3 549	+684	62 856	82 337	-24
Financial expenses	13 240	5 215	+154	56 954	36 652	+55
Other revenues/expenses from investment	393	-	-	343	17	+1918
Gross profit (loss)	47 364	39 687	+19	107 222	129 954	-17
Income tax	10 833	8 338	+30	19 934	17 347	+15
Net profit	36 531	31 349	+17	87 288	112 607	-22
Margins (%)						
<i>In thousand PLN</i>	3Q 2011	3Q 2010	change p.p. y/y	3Q 2011	3Q 2010	change p.p. y/y
GROSS MARGIN	17,3%	19,1%	-1,8%	16,8%	19,0%	-2,2%
OPERATING MARGIN	16,3%	17,2%	-0,9%	14,7%	15,8%	-1,1%
NET MARGIN	18,4%	13,1%	+5,3%	12,7%	21,1%	-8,4%

Other operating revenues		
<i>In thousand PLN</i>	3Q 2011	3Q 2010
release of provisions	685	759
compensation	981	774
income from rental and leasing	2 374	1 987

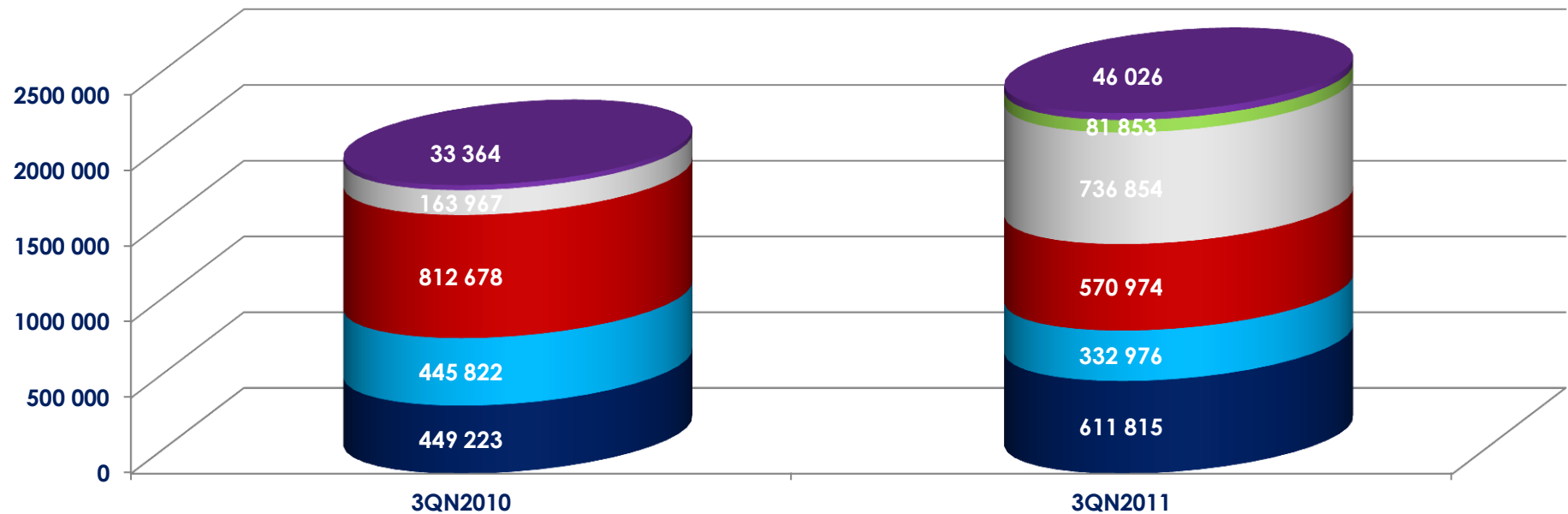
Other operating expenses		
<i>In thousand PLN</i>	3Q 2011	3Q 2010
compensation	224	232
loss of disposing non financial tangible assets	134	35
Other costs	150	355

Financial revenues		
<i>In thousand PLN</i>	3Q 2011	3Q 2010
loan and receivables	32 574	27 097
exchange rate gains	18 254	828
deposits	7 554	8 491

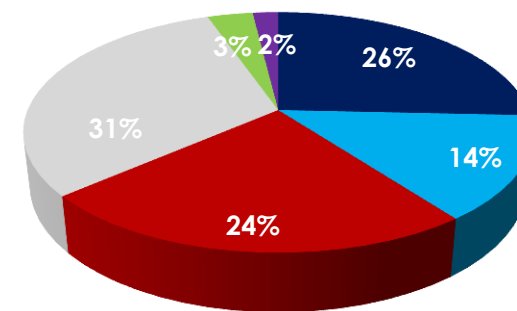
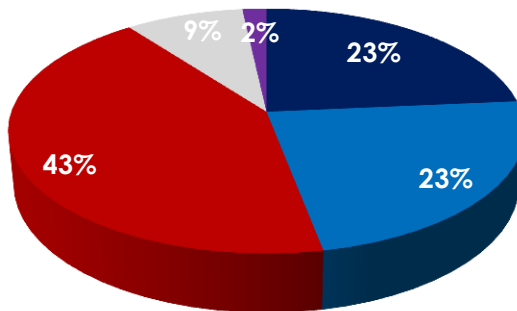
Financial expenses		
<i>In thousand PLN</i>	3Q 2011	3Q 2010
bond interest	50 081	27 912
financial leasing	87	143
bank loan interest	4 386	8 243

PBG Group's Financial Results

3QC 2010 & 3QC 2011 – Business Profile



■ Gaz ziemny i ropa naftowa ■ Woda ■ Budownictwo przemysłowe i mieszkaniowe ■ Drogi ■ Budownictwo energetyczne ■ Inne

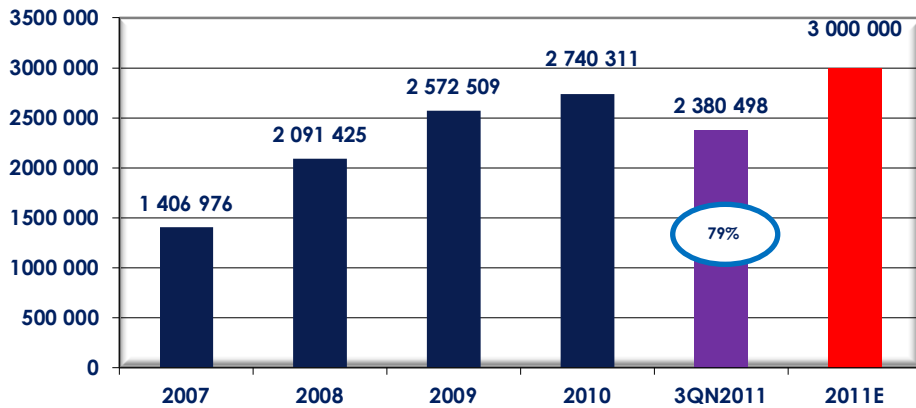


SEGMENTS	NATURAL GAS, CRUDE OIL AND FUELS,	WATER	INDUSTRIAL AND RESIDENTIAL CONSTRUCTION	ROAD CONSTRUCTION	POWER ENERGY CONSTRUCTION	OTHER
GROSS MARGIN IN 3QC 2011 (%)	18,8	16,7	6,1	3,7	19,5	16,0
GROSS MARGIN IN 3QC 2010 (%)	22,6	12,3	7,4	3,3	-	26,1

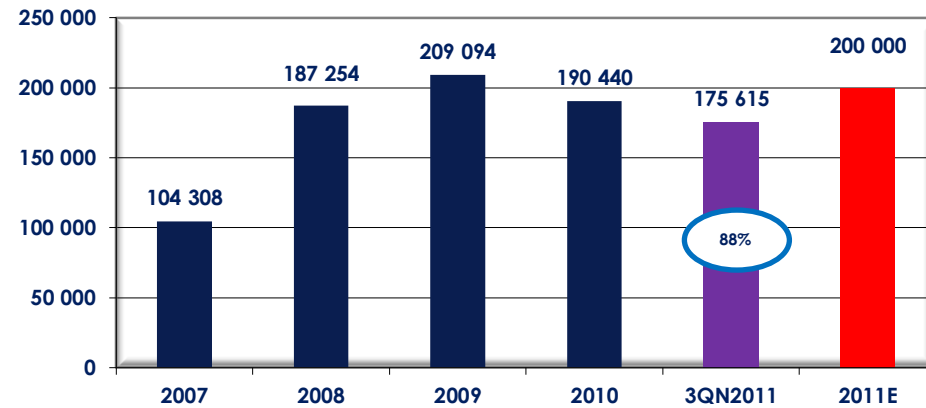
Selected financial highlights of the PBG Group 2007 – 2011 [PLN'000]



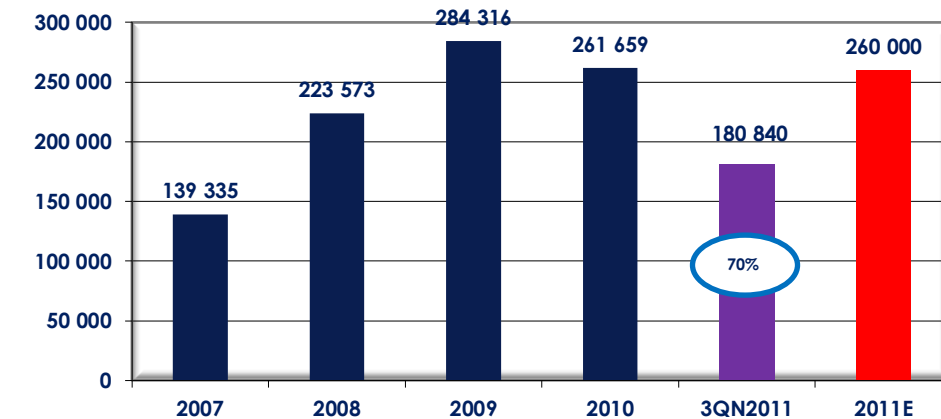
SALES



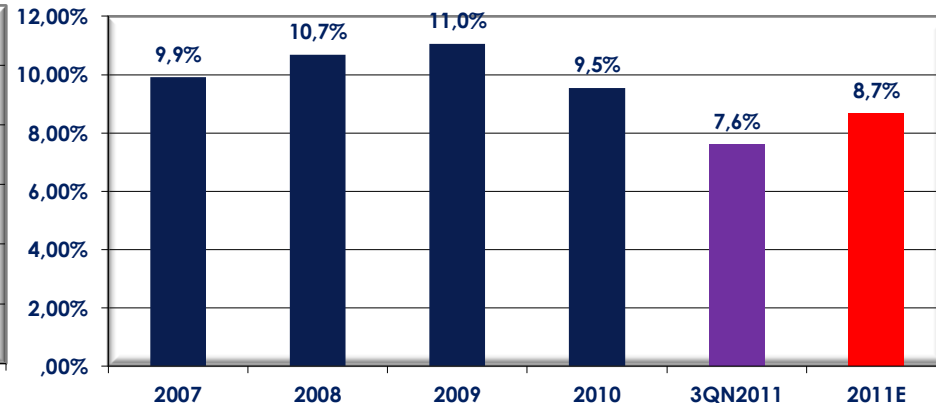
NET PROFIT



OPERATING PROFIT - EBIT



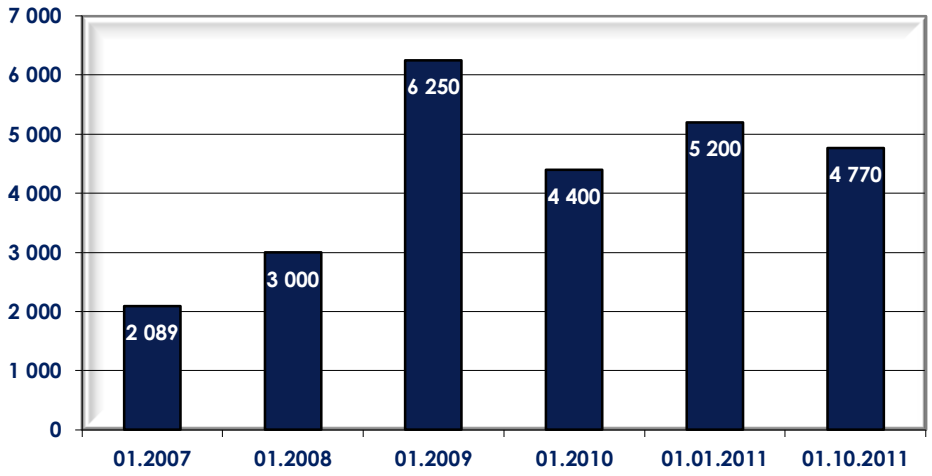
OPERATING MARGIN



BACKLOG OF ORDERS AS OF OCTOBER 1ST, 2011

Natural gas, crude oil & fuels	25.1%
Water	14.3%
Industrial and residential construction	6.4%
Road construction	43.2%
Power Energy construction	11.0%
TOTAL	100%

BACKLOG OF ORDERS



	ESTIMATED VALUE [mPLN]	
	2010	3QN2011
Submitted tenders	32 547,00	18 941,00
Signed contracts	3 817,00	1 006,00
	%	%
Hit ratio	11,7%	5,3%

	VALUE [mPLN]	YEARS	
		2011	2012 and futher
Backlog of orders	4 770,00	880,00	3 890,00

	ESTIMATED VALUE [mPLN]
Value of submitted tenders awaiting for settlement (October 2011)	579,00
Value of offers in prequalification (October 2011)	19 125,00
Value of offers in preparation (October 2011)	22 266,00



NATURAL GAS, CRUDE OIL AND FUELS, ENGINEERING AND GENERAL CONTRACTOR SERVICES



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