Wysogotowo, April 26th 2018

Dear Shareholders, Clients,
Colleagues and Partners,

It has become a good tradition to use the release of an annual report as an opportunity to thank all those involved with the PBG Group for everything we achieved together during the past year.

2017 was full of important events.

Let me begin by saying that the purpose of all efforts undertaken by the Company is to fulfil the Arrangement made with its Creditors. Reached after many months of negotiations, the Arrangement is at the top of our priority list, as we can only start regaining PBG's former position by delivering on the promises given to our Creditors. They believe in our potential, appreciate our experience and positively view our ability to meet the restructuring obligations. One of them was the listing of Series H shares in August 2017. As a natural consequence, the supply of new shares sent the stock price significantly lower. However, I would like to stress again that the information on the new share issue under the Arrangement and the obligation to introduce these shares to trading was communicated to investors since the relevant agreement had been reached with our Creditors. We made every effort, including in the form of communications disseminated through the media, to inform the market of potential risks related to the issue of new shares.

From my perspective, the biggest strain related to the performance of the Arrangement has been to maintain repayments under the Arrangement and redemptions of the Bonds. In 2017 alone, the Company repaid PLN 19m to covered Creditors and redeemed PLN 68m worth of Bonds, discharging in total PLN 87m of debt. Over a longer period, since June 2016, the Company has repaid PLN 125.5m.

In 2017, PLN 67m in net proceeds was raised from divestments, being the principal source of financing for the Arrangement and redemption of the Bonds. In order to deliver the divestment plan within its time frame and realise expected proceeds, we must prepare and implement multiple scenarios for the different assets being sold.

One of our key accomplishments last year was the issue of RAFAKO shares, which led to the subsidiary gaining a new shareholder – Fundusz Inwestycji Polskich Przedsiębiorstw FIZ AN, managed by TFI PFR of the state-owned PFR Group. A respected and reputable shareholder like that buying a stake in RAFAKO sends a signal to the market that

the company is worth considering as an investment. Through the share issue, RAFAKO raised new capital of PLN 163.4m net of related costs. The transaction could not have been completed without the consent given by PBG Bondholders, for which I would like to thank them now. Although its shareholding has decreased below 50% plus one share and has been diluted to 33.32%, PBG has retained operational control of RAFAKO (with the right to appoint a majority of the Supervisory Board members, guaranteed under RAFAKO's Articles of Association until December 2020).
I am also pleased and proud of the successful completion by PBG oil and gas of a ca. PLN 80m Radoszyn field development project for PGNiG S.A. With a daily production capacity of 80 tonnes of crude oil, it is now the third largest oil and gas production site in Poland.

In 2017, progress was made on the PBG Group's largest ever project in the power construction segment, extremely important to improving Poland's energy security, involving the construction of a 910 MW generation unit at the Jaworzno III Power Plant. I wish to underscore, as the employer itself has done, that the project is progressing on time and within budget. Revenue and profit on this contract had a significant positive effect on the RAFAKO Group's overall earnings in 2017.

All these developments had an impact on financial performance delivered by the Company and its Group. Consolidated revenue for FY 2017 was PLN 1.87bn, with pre-tax profit at close to PLN 173m. One-off items, such as recognition of a PLN 84m impairment loss on goodwill in RAFAKO and a discount of non-current liabilities covered by the arrangement and zero-coupon bonds of almost PLN 18.0m, led to an operating loss of PLN 42.9m posted by the Group. Net loss attributable to owners of the parent was PLN 30.4m. On a standalone basis, PBG generated PLN 13.4m in revenue and PLN 6.3m in gross profit. It also posted an operating loss of PLN 18.2m, reflecting mainly the discount of non-current liabilities covered by the arrangement and zero-coupon bonds of PLN 19.2m. One-off items, such as recognition of a PLN 65.2m impairment loss on RAFAKO shares, led to a net loss of PLN 83.7m posted by the Company. The value of the over 33% interest in RAFAKO disclosed in the Company's financial statements is close to PLN 250m.

The audit of the 2017 financial statements ended with the issuance of an audit report containing a disclaimer of opinion. The auditor, applying the principle of professional scepticism, was unable to form an opinion on the going concern assumption adopted by the Company, pointing out such issues as the feasibility of the Management Board's cash flow plan, particularly with respect to the expected timing of receipts from divestment of assets of

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the Company and some of its subsidiaries, sufficient to service the Company's liabilities for the 12 months after the reporting date and for the foreseeable future. It is important to note that in 2017 the Company repaid its debt in the Arrangement and redeemed Bonds in a timely manner. We assume that in 2018 and in the following years the repayments and redemptions will continue to be made in line with the agreed schedule. We used all reasonable care to provide relevant documents and clarifications that would address the enquires and doubts raised by the auditor, however, taking into account the Company's financial and legal circumstances, the implementation of some of our plans involves a certain degree of risk.

The Group's order book at the beginning of 2018 was worth PLN 3.25bn, comprising predominantly projects in the power construction segment. New contract wins are vital, and we are actively seeking them out both in Poland and abroad.

At the beginning of 2018, we decided to update our strategy and assign to RAFAKO the leading role in both key segments of the PBG Group's business. The Company's updated strategy seeks to deliver long-term growth in the Group's value by building Poland's largest engineering and construction business around the RAFAKO Group, which enjoys a strong position in international markets, offering specialist construction services for the power sector and for the oil and gas upstream and downstream sectors. To that end, we will build through RAFAKO a leading position in the domestic power construction market, by delivering and participating in the largest capital investment projects in the Polish power sector, capturing a market share in services related to the modernisation of power and heat infrastructure and ensuring compliance with BAT regulations. Leveraging synergies across the PBG Group, we will also strive to regain our position of the Polish market's leader in the provision of comprehensive services involving management and execution of projects in the oil and gas sector.

One of the factors contributing to achievement of the Group's strategic objectives will be the way in which the Group is organised, with EPC and general contractor capabilities in the upstream and downstream oil and gas sectors to be transferred to the RAFAKO Group. The Group's internal reorganisation will be effected through the merger of RAFAKO Engineering, PBG oil and gas, and PGL Dom, as a result of which RAFAKO will acquire a majority interest in the combined entity. This will increase the RAFAKO Group's capacity to bid for and deliver projects with its extended capabilities and will naturally facilitate its business growth by leveraging synergies of the merged companies. PBG will remain the holding company, responsible for setting the overall directions and strategic objectives for the Group, exercising oversight and providing a broad range of organisational support services to its subsidiaries. The divestment process, as a source of funds to perform its obligations under the Arrangement, will also remain within PBG's remit. Our new structure will certainly increase the Group's transparency, while reducing the risk of conflicts of interest in bidding for contracts.

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We will also seek to win foreign contracts and deliver them in partnership with international players and selected local partners. We are confident that assigning the leading role to the RAFAKO Group will benefit the stakeholders of PBG and RAFAKO alike by fully leveraging the Group's business capabilities and enhancing its growth potential. Our 2018 target is to win at least PLN 500m of new contracts in the power construction segment and at least PLN 400m of new contracts in the oil and gas upstream and downstream segments.

We are actively seeking new business, making inroads into new markets and trying to restore a presence in the markets we once served. At the same time, we are pursuing company reorganisations and selling down investment property in an effort to successfully complete the restructuring process and perform our obligations under the Arrangement, but also to deliver on our strategy.

To conclude, let me again thank all our Shareholders, Clients and Business Partners for the continued support you have provided, and my closest Associates and all PBG Group Employees for your contribution to building our organisation.

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