



PRESENTATION  
Mostostal Puławy S.A.



Puławy, 2015



# AGENDA

- I. General information about Mostostal Puławy S.A.
- II. Operational information
- III. Growth strategy of Mostostal Puławy S.A.

## ATTRACTIVE LOCATION

- ❑ Company headquarters is located in Puławy, in the central - eastern part of Poland, in the direct vicinity of Z.A. "Puławy" S.A. . Subsidiaries Mezap Sp. z o.o. and Energezap Sp. z o.o are located in Z.A. "Pulawy" S.A. .
- ❑ The location provides GK Mostostal Puławy S.A. with the access to skilled workforce. The Company's production is performed by Steel Works Plant (WKS) and the Prefabrication Elements Plant, and significantly expanded part of the construction and assembly plant.



Administrative office building of Mostostal Puławy S.A.

ul. Budowlanych 5 in Puławy



## COMPANY WITH A LONG HISTORY

- ❑ **Mostostal Puławy S.A.** – The company has over 50 – year tradition in construction industry.

Its roots date back to 1963 when a branch of the Warsaw Steel Construction and Industrial Devices Plant was opened for the purpose of building industrial installations within the Puławy Nitrates Plant. The Puławy Branch remained within the structure of Mostostal Warszawa until 1994, when it was converted into a limited liability company. In 1998 it became a joint-stock company.

**Subsidiaries of Mostostal Puławy S.A.:** In 2005 Mostostal Puławy S.A. took over controlling interests of two companies located in the area Z.A. "Puławy" S.A., resulting in the formation of Capital Group Mostostal Puławy S.A.

- ✓ **Department of Specialized Equipment and Repairs Mezap Sp. z o.o.** (97.00% of share capital). Scope of activity: manufacturing and repair apparatus and chemical equipment, food and energy sectors, ie .: pressurized and non-pressurized, steam and water boilers, different types of heat exchangers, drip coolers and shell, reactors, coils for boilers, apparatus.
- ✓ **Energy Maintenance Company Sp. z o.o.** (92.76% of share capital). The scope of activity: Installation and repair services in the field of mechanical work of main equipment in power plants: boilers, steam turbines, auxiliary equipment and installations of boiler rooms, engine rooms, carburizing, preparation of water and energy networks. The company also performs repairs of centrifugal pumps, pressure vessels, heat exchangers, pipe and plate exchangers, etc.

## EXPERIENCED EXECUTIVES



### ☐ **Tadeusz Rybak – Chief Executive Officer, Director**

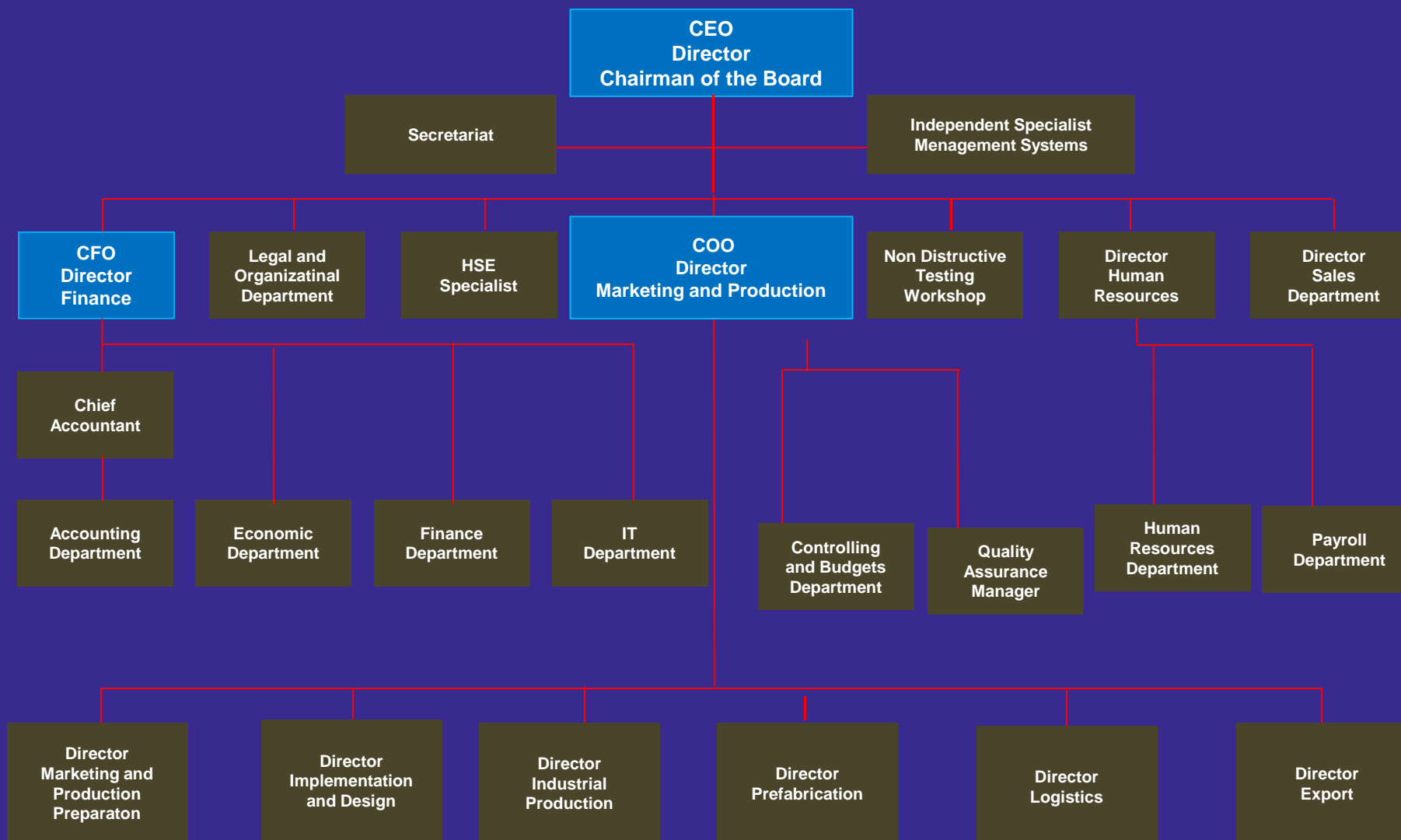
- ✓ Born in 1951. For the most part of his career has been associated with Mostostal Warszawa S.A. and Mostostal Puławy S.A. Since 1993 Chairman of the Board of Mostostal Puławy S.A.
- ✓ A graduate of the Polytechnic Institute of Lublin and the University of De Paull in Chicago.
- ✓ He completed postgraduate studies at the Department of Roads and Bridges at Polytechnic Institute of Warsaw.
- ✓ He possesses numerous certificates from the fields of economics, management and marketing.



### ☐ **Jerzy Świeca – Chief Operational Officer Director of Marketing and Production**

- ✓ Born in 1971. Board Member since 2010.
- ✓ Mechanical engineer, virtually the entire professional life to date associated with Mostostal Puławy S.A., with years of experience in the direct implementation of export energy projects.
- ✓ He surpassed all career levels ranging from pre-production engineer, project manager, contract manager and finishing at the position currently occupied.

## ORGANIZATIONAL CHART





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## RECOGNIZED BRAND IN THE DOMESTIC AND FOREIGN MARKETS

- ❑ Diversified activities carried out in 4 segments, including energy and chemical industry,
- ❑ Effective sales and contracting process,
- ❑ Modern machinery park and convenient location - 130 km from Warsaw,
- ❑ Significant potential for production - capacity to 7,000 tons of structural steel per year,
- ❑ Experienced management staff and qualified workforce,
- ❑ Effective organizational structure,
- ❑ IT systems supporting the activities of Impuls EVO.



## ATTRACTIVE MARKET SEGMENTS

### ❑ Energy and Environment:

- ✓ thermal waste treatment
- ✓ (waste incinerators),
- ✓ air purification plants (desulphurisation, denitrification, dedusting exhaust),
- ✓ water purification plants (sewage treatment plants, sludge incineration),
- ✓ Waste segregation



Installation of biomass boiler for power plant in Havo, Finland



Delivery of the steel structures for silos and platforms for NARVA project in Estonia



Installation of the boiler in E.On Värme Sverige, Örebro

- ☐ Infrastructure-Transportation:
- ✓ bridges,
- ✓ overpasses,
- ✓ border crossings,
- ✓ terminals.

## ATTRACTIVE MARKET SEGMENTS



Construction of the suspended bridge over the river San in Przemyśl, provincial road connecting the National Road No. 77 and No. 28



The bridge across the river Wieprz, road within Kock and Wola Skromowskiej - National Road S19



The bridge across the river Wisłok in Strzyżów, Provincial Road No. 989

## ATTRACTIVE MARKET SEGMENTS

### Industrial Construction:

- ✓ energy industry,
- ✓ chemical industry,
- ✓ petrochemical industry,
- ✓ food industry,
- ✓ cement industry



Melamine Plant III,  
Nitrogen Plant,  
Puławy S.A.

### Building Construction:

- ✓ sport complexes,
- ✓ urban infrastructure



Apparatus and  
equipment assembly  
in Terephthalic Acid  
Plant for PKN Orlen in  
Włocławek



Sport complex in Łódź













### Industrial Construction:

- ✓ Apparatus and equipment assembly in Terephthalic Acid Plant for PKN Orlen in Włocławek,
- ✓ Melamine Plant II at Nitrogen Plant „Puławy” S.A.,
- ✓ Melamine Plant III at Nitrogen Plant „Puławy” S.A.,
- ✓ Expansion of the terminal for handling of liquid gas in Brzeźnia near Chełm,
- ✓ Food concentrate warehouse for SVZ Polska Sp. z o.o. in Tomaszów Lubelski,
- ✓ Terminal for liquid and bulk fertilizers for Bałtycka Baza Masowa in Gdynia,
- ✓ Installation of fermentation tanks and processing lines in Browary Lubelskie S.A. in Lublinie,
- ✓ Modernization of the distribution of dry beet for Sugar Factory in Krasnystaw.

## SELECTED PROJECTS IN INDIVIDUAL MARKET SEGMENTS

### ❑ Power and Environment

- ✓ Complex assembly of CFB boiler at the Power Plant for E.ON Varmer Svergie AB, Norrköping in Sweden, 
- ✓ Installation of the boiler in BFB technology with internal pipelines in the paper mill for Smurfit Kappa, Biganos in France, 
- ✓ Execution and delivery of steel, bag filter and exhaust ducts for the installation of flue gas purification, Kristiansand in Norway, 
- ✓ Installation of Hybex type boiler pressure element, Kalmar w Sweden, 
- ✓ Assembly of CFB boiler, Jyväskylä in Finland, 
- ✓ Installation of Hybex type boiler pressure element, Örnsköldsvik in Sweden, 
- ✓ Assembly of CFB boiler at the Power Plant, Tornio in Finland, 
- ✓ Installation of a complete gas cleaning system consisting of 3 electrostatic precipitators, bag filter, channels and devices for the Iron Ore Mine, Gällivare in Sweden. 

## SELECTED PROJECTS IN INDIVIDUAL MARKET SEGMENTS

### ☐ Infrastructure-Transportation:

- ✓ Reconstruction of the bridge over the Wisłok river in Strzyżów,
- ✓ Construction of the bridge over the Pisa river in Pisz,
- ✓ Reconstruction of the bridge over the Tanew river in Osuchy,
- ✓ Reconstruction of the bridge over the Krzna river in Neple,
- ✓ Reconstruction of the bridge over the Słupia river in Charnowo near Ustka,
- ✓ Reconstruction of the overpass over the railway PKP in Jamielnik,
- ✓ John Paul II bridge over the Vistula river in Puławy,
- ✓ Siekierkowski bridge over the Vistula river in Warsa,
- ✓ Świętokrzyski bridge over the Vistula river in Warsa,
- ✓ John Paul II bridge over Dead Vistula river in Gdańsk.



## SELECTED PROJECTS IN INDIVIDUAL MARKET SEGMENTS

### ❑ Urban Infrastructure:

- ✓ Expansion of flower hall for Lubelski Rynek Hurtowy S.A. in Elizówce,
- ✓ Arena Łódź – sport complex in Łódź,
- ✓ Construction of the roof for KS Polonia Stadium in Warsaw,
- ✓ Indoor cycling track and supporting facilities in Pruszków near Warsaw,
- ✓ Sport complex for Cathlic Uniersity of Lublin,
- ✓ Supermarket Carrefour in Warsaw-Bemowo,
- ✓ Renault Car Dealership Showroom in Lublin.



Arena Łódź – sport complex in Łódź

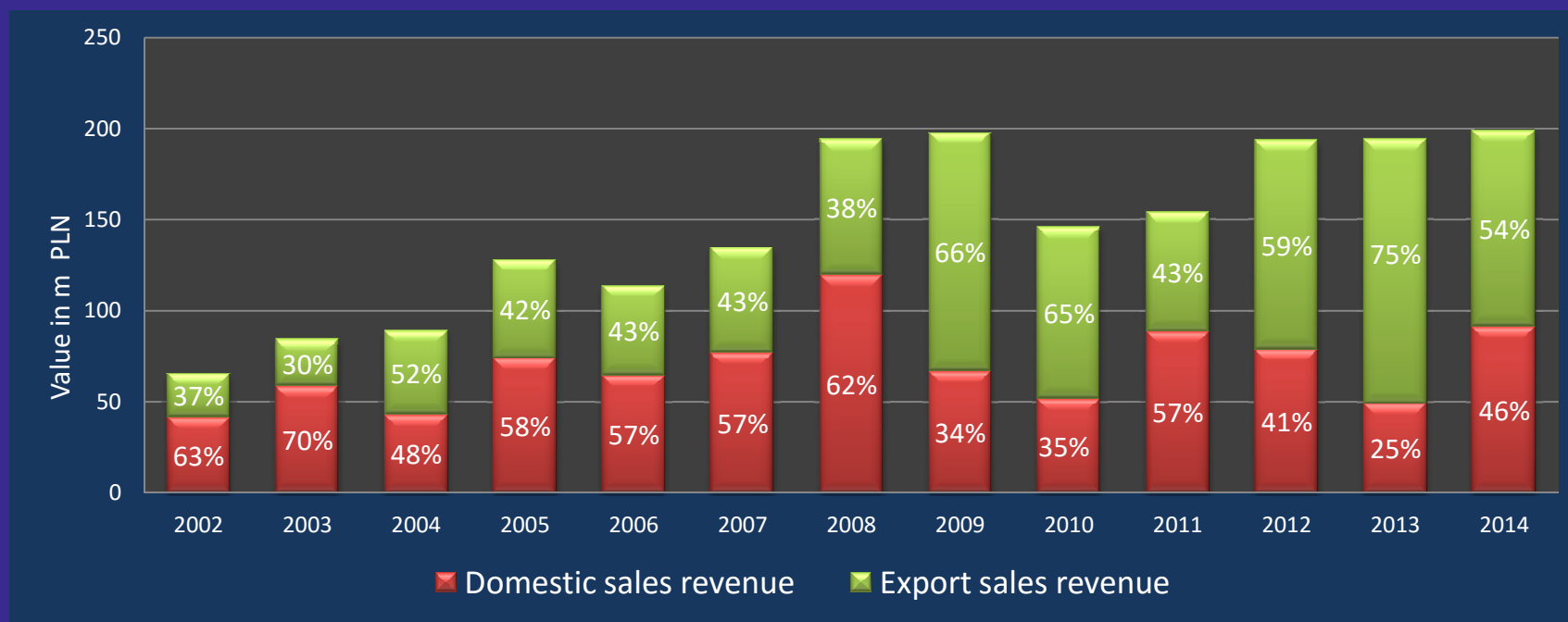
- ❑ Mostostal Puławy S.A. completed the task of manufacture and erection of steel structure roof.
- ❑ The total weight of the mounted steel structure roof was 1,915 tons.
- ❑ Installation was carried out in nine stages using temporary supports and heavy lifting equipment.
- ❑ Arena Łódź is the largest of its kind in Poland and hence dethroned the former leader - Katowicki Spodek.





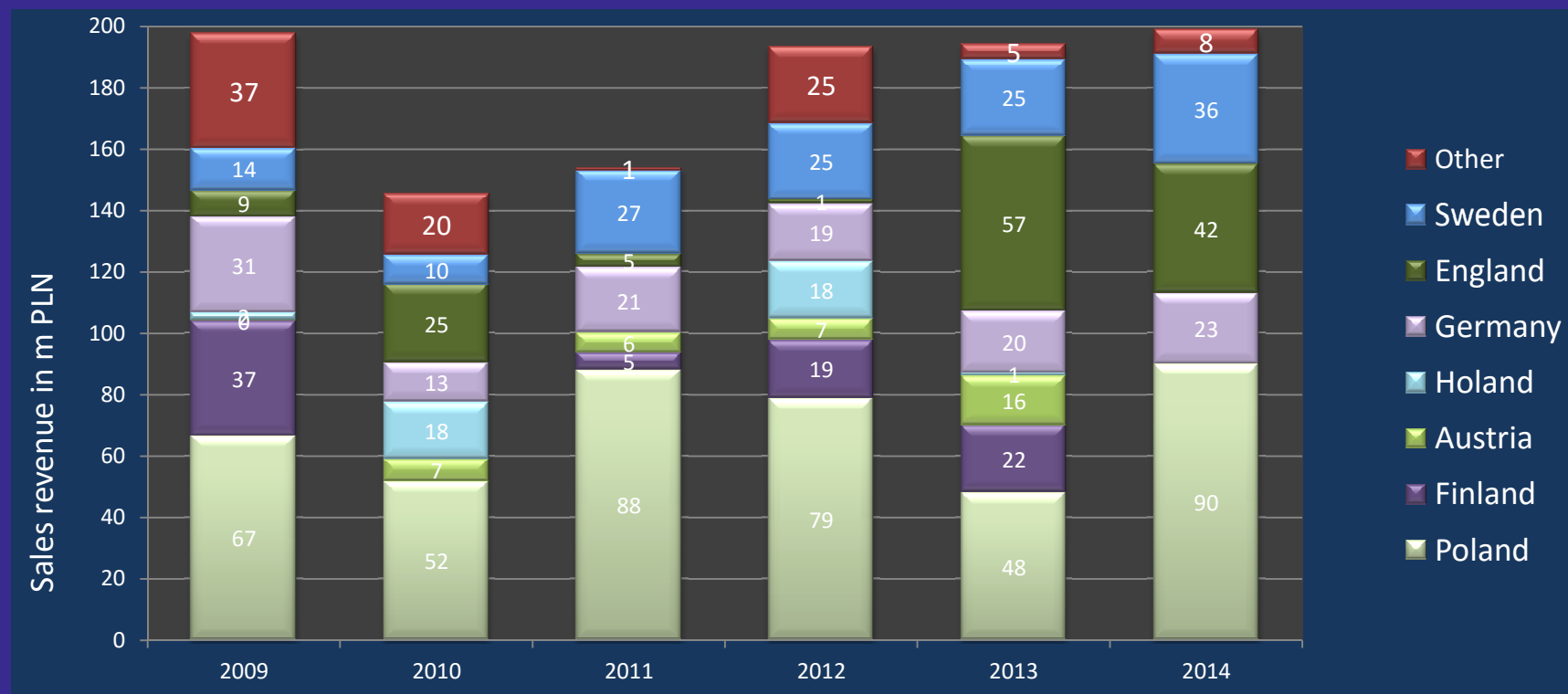
## INCREASING SALES REVENUE- EXPORT

- ❑ The last 13 years of Mostostal Pulawy S.A. has been a period of strong expansion on foreign markets.
- ❑ Sales revenues are growing steadily. In the last 12 years the value of exports increased more than 5-fold and in 2014 amounted to -108 million PLN, which constitutes 54% of total revenues of Mostostal Puławy S.A.
- ❑ Revenues from the sales by country and exports for the period 2002-2014 presents the following chart :



## GEOGRAPHICALLY DIVERSIFIED SALES

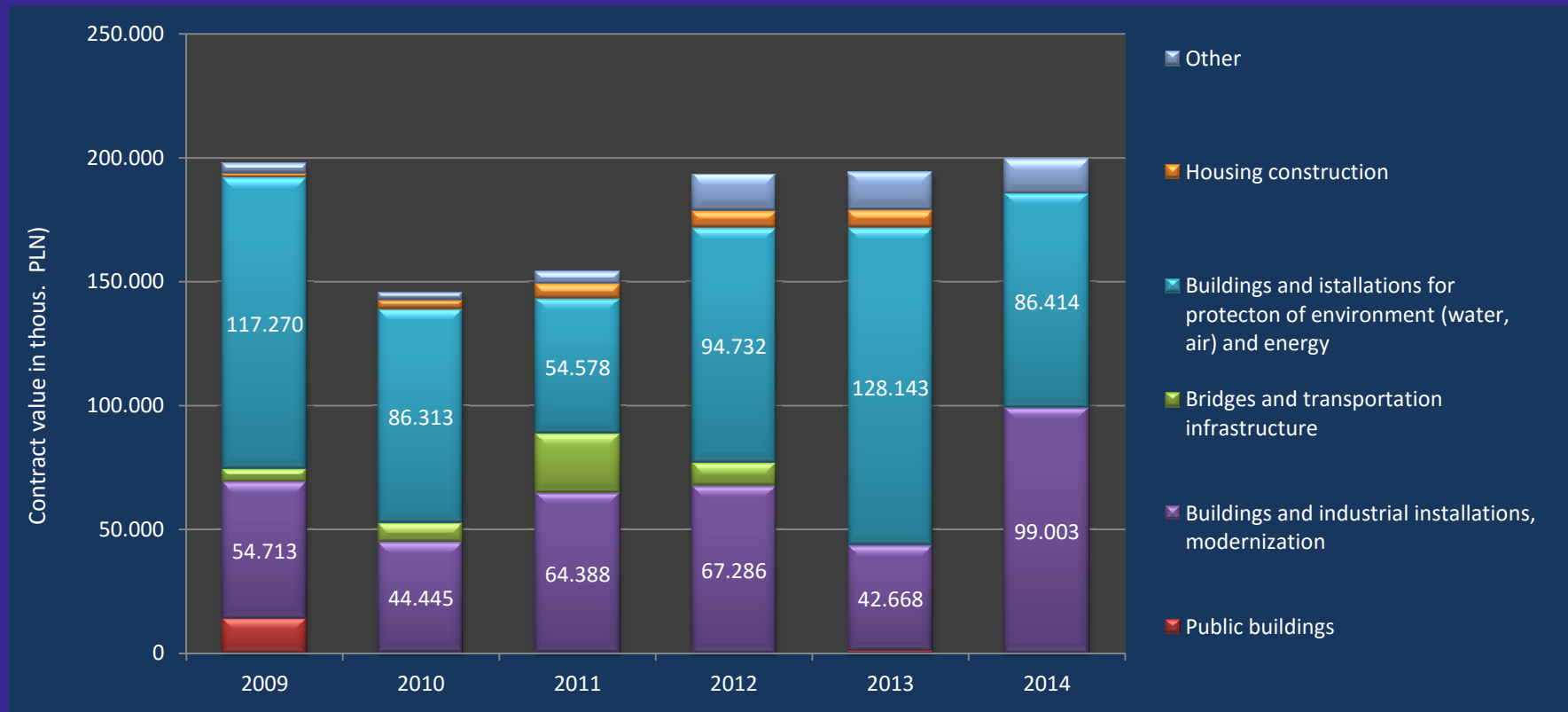
- Mostostal Puławy S.A. has established its position in the countries of western and northern Europe. The market is demanding, but also giving the opportunity to become familiar with new solutions, new technologies, and this in turn gives us the advantage on the domestic market.
- The structure from sales revenues in the various countries for the period 2009-2014 presents the following chart :



For the "other" countries in which contracts are implemented by GK Mostostal Puławy S.A. we include: China, Russia, Norway, Ireland, Denmark, France, United Arab Emirates, Japan, Switzerland, Luxembourg, the Czech Republic, Estonia

## ATTRACTIVE MARKET SEGMENTS

- ❑ The structure of revenues of Mostostal Puławy S.A. broken down by product for the period 2009-2014 is presented in the chart below.
- ❑ The dominant position in the sales revenue constitute environmental protection facilities (including energy) and industrial installations.



## EFFECTIVE SALES POLICY

Monitoring of requests  
for proposals and  
tenders

- Dział Marketingu i Przygotowania Produkcji
- Monitoring the following: profitability, technical possibilities of performance, terms and conditions of sales, risk analysis

Preparation and  
submission an offer

- Marketing and Production Preparation, the individual sections for each market segment, ie .: Export Department, Department of bridge construction, industrial and general

Sales agreement

- Sales Department, in collaboration with the Department of Implementation, Financial and Legal prepares a contract containing: guarantees of good performance, advance payment and warranty of counterparty.



## EFFECTIVE SALES POLICY

### DESCRIPTION

- ✓ Sales at Mostostal Puławy S.A. is realized through its own sales force, which consists of teams Marketing and Production Preparation
- ✓ Acquisition of the production order is carried out by :
  - Monitoring of tenders,
  - Acquisition inquiries consistent with the Group's business profile.
- ✓ Market segments from which orders are acquired are subjected to monitoring. Continuous monitoring of market segments allows us to specify the potential of these segments and provide for the possible benefits of getting orders from contracts in the given segment.
- ✓ Acquired inquiries are assessed against:
  - Profitability,
  - Technical feasibility of performance,
  - Sales and financial conditions,
  - Risk assessment.
- ✓ The offer is developed by specialists of individual sections of the Marketing Department and Production Preparation based on a detailed calculation, offers, subcontractors, or analysis of the price indices based on their own experience. Upon acceptance of the offer by the Board of Directors and join the formal documents an offer is submitted to the contracting authority.

## EFFECTIVE SALES POLICY

- ❑ In the offer cards of analysis are part of documents of quality assurance system where are evaluated all the characteristic affecting the price data confirming the possibility of their execution by key cells such as Chief Welder, WKS, prefabrication and confirmation of possibility of performing quality activities by Independent Specialist of Quality Assurance System
- ❑ Any agreement, regardless of whether it concerns national or foreign market, requires the provision of :
  - ✓ Performance guarantee - usually entering the construction site depends on providing a guarantee,
  - ✓ Advance payment guarantee - the possibility of financing operations with funds from a payer,
  - ✓ Warranty/guarantee for a period of technical warranty - ensures liquidity and reduces risk of losing funds in the event of bankruptcy or financial problems counterparty.
- ❑ As part of the ongoing sales activities Capital Group Mostostal Puławy S.A. cooperates with Polish and European technology companies: Duro Dakovic Termoenergetska Postrojenja d.o.o., Andritz Oy, Metso Power Oy, CNIM, Foster Wheeler OY.

## EFFECTIVE SALES POLICY

- ❑ In the case of the necessity of obtaining subcontractors, team execution of contracts, together with the sales department carries out the bid process by which it is made to choose the best subcontractors.
- ❑ The billing for the performed work is done on the basis of partial acceptance protocols in accordance with the contract and financial services have control over their proper course.
- ❑ The contract is closed as soon as both sides sign the acceptance of works and produce documents for technical and financial guarantee (guarantee card, financial security for the warranty period).

## WIDE RANGE OF CUSTOMERS

### ☐ Industrial Construction:

- ✓ Zakłady Azotowe „Puławy” S.A.,
- ✓ Zakłady Chemiczne „Police” S.A.,
- ✓ Krajowa Spółka Cukrowa in Toruń,
- ✓ LUBCON Polska Sp. z o.o.,
- ✓ Lubelski Rynek Hurtowy S.A.,
- ✓ VZ Poland Sp. z o.o.,
- ✓ OY Galvatek.

### ☐ Environment and Energy,

- ✓ Alstom Power AB,
- ✓ Andritz OY, Andritz AG,
- ✓ Metso Power OY,
- ✓ Foster Wheeler Energia OY,
- ✓ Hitachi Zosen Inova Ltd,
- ✓ Keppel Seghers Belgium NV,
- ✓ Vatenall Heat Poland,
- ✓ Duro Dakovic TEP,
- ✓ RAFAKO S.A.,
- ✓ Sawex S.A.,
- ✓ Elstal AB,
- ✓ CNIM,
- ✓ LAB.





## WIDE RANGE OF CUSTOMERS

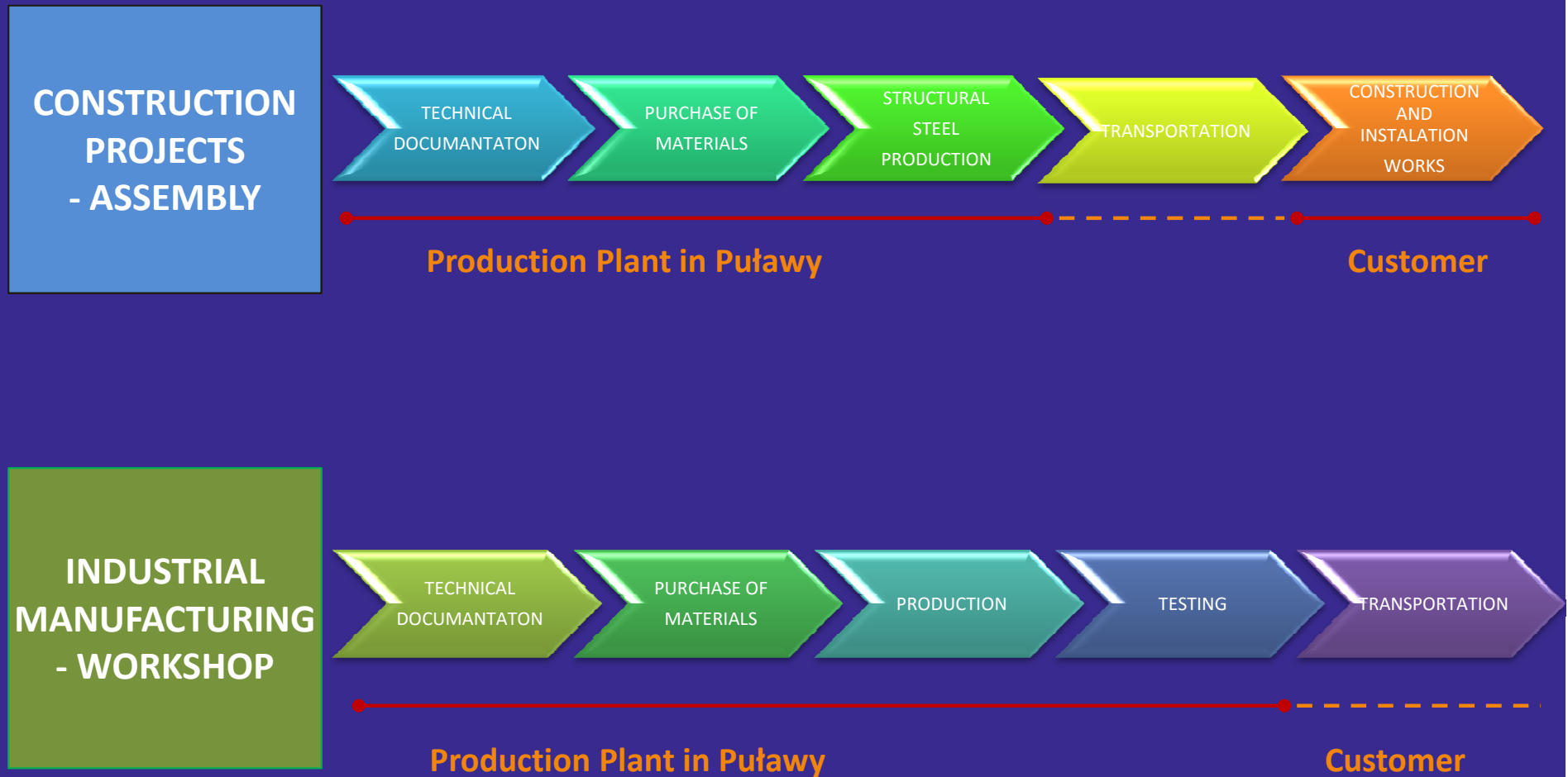
### ❑ Construction of buildings:

- ✓ Polski Związek Kolarski,
- ✓ Urząd Miasta Łodzi,
- ✓ Regionalne Centrum Krwiodawstwa and Krwiolecznictwa in Wrocław.

### ❑ Transport Infrastructure:

- ✓ Mostostal Warszawa S.A.,
- ✓ Mota Engil Central Europe S.A.,
- ✓ Hochtief Sp. z o.o.,
- ✓ Most Sp. z o.o.,
- ✓ Strabag Sp. z o.o.,
- ✓ GDDKiA Oddział in Lublin.

## PRODUCTION PROCESS ADAPTED TO THE NEEDS OF CUSTOMERS





## EFFECTIVE PRODUCTION PROCESS

### DESCRIPTION

- ✓ Mostostal Puławy S.A. offers a wide range of services in the field of production, due to the varied technical and technological production processes by which we can distinguish :
  - industrial and workshop performance,
  - construction and assembly projects.
- ✓ Departments involved in production process:
  - Implementation of Production and Design,
  - Prefabrication,
  - Construction Steel Plant (WKS),
  - Export,
  - Quality Control,
  - NDT Lab.

### ❑ QUALITY CONTROL:

- ✓ Quality control is carried out in different phases of the production process - factories use their own laboratory with the ability to perform non-destructive testing of welded joints, eg.: x-ray, magnetic and ultrasound. According to PN-EN 1090-2 Non-destructive tests are carried out in an amount of at least 5% of the joints, depending on the type of construction. In accordance with Directive 97/23 / EC in some cases the scope of testing can be increased up to 100%.
- ✓ After positive verification of quality control services - steel structures are transferred to the Works Department of Corrosion, where they are subjected to anticorrosion protection guidelines with accordance of the project documentation. Structures after internal and external reception (by the customer) are loaded on the means of transport and delivered to the installation site.



Non-Destructive  
Testing Lab  
Mostostal  
Puławy S.A.



## WIDE RANGE OF CERTIFICATION

### Integrated Management System Certificates :

- ✓ Quality Management System Certificate EN ISO 9001: 2009,
- ✓ Environmental Management System Certificate EN ISO 14001: 2005,
- ✓ Quality Management System Certificate AQAP 2110: 2009,
- ✓ Certifications Safety Management System PN-N-18001: 2004 and BS OHSAS 18001: 2007.

### Other Certificates and Permissions :

- ✓ Factory Production Control Certificate,
- ✓ Health and Safety Management System Certificate according to the SCC \*\* 2008 / 5.1 standards,
- ✓ Manufacturer Certificate of Steel Structures.

### Office of Technical Inspection :

- to manufacture, assembly, modernization and repair :
- ✓ steam boilers and water boilers,
- ✓ steam pipelines,
- ✓ liquid transmission pipelines and gas transmission pipelines,
- ✓ technological pipelines for liquids and gas pipelines,
- ✓ non-pressure tanks and pressure vessels for flammable liquids,
- ✓ portable tanks,
- ✓ stationary pressure tanks,
- ✓ non-pressure tanks and pressure tanks for poisonous or corrosive materials and elements of pressure devices.



## WIDE RANGE OF CERTIFICATION

- ❑ **Authorization of Technical Supervision Transportation**  
manufacture, assembly, modernization and repair of technical equipment, subordinated under the TDT.
- ❑ **Qualification Certificates**  
granted by the Qualification Commission of Plants Performing Steel Structures of Bridges :
  - ✓ qualification certificate No. 16/12 for the implementation of bridge steel structures,
  - ✓ qualification certificate No. 16 / M / 09 for installation and repair of bridge steel structures.
- ❑ **Conformity Certificate**  
WE issued by the Office of Technical Inspection, confirming that Mostostal Puławy S.A. meets the requirements of the module A1 in the production of devices Pressure Equipment Directive 97/23 / WE.
- ❑ **Laboratory Recognition Certificate**  
awarded by the Office of Technical Inspection for Non-Destructive Testing Laboratory Mostostal Puławy S.A.
- ❑ **Certificate**  
Subcontractor Office of Technical Inspection in carrying out research at Non-Destructive Testing Laboratory awarded to Mostostal Puławy SA



## PRODUCTION CAPACITY ADAPTED TO THE NEEDS

- ❑ To produce steel structures a basic carbon steels and high strength steels are used
- ❑ The company has a production capacity to produce 7 000 tonnes per year of heavy steel structures, or 5 500 tonnes of light steel structures.
- ❑ Production is carried out by:
  - ✓ Steel Works Plant (WKS) departments: preparatory, assembly and welding and corrosion protection;
  - ✓ Prefabrication Plant.
- ❑ Among the dominant technological processes can be distinguished :
  - ✓ Plastic processing and cold cut and gas sheets and profiles,
  - ✓ Assembly Workshop of building structures,
  - ✓ Structure welding,
  - ✓ Protection against corrosion including cleaning,
  - ✓ Protective painting.
- ❑ Product Quality Control-Quality control is carried out in different phases of the production process and the finished product.



Blast chamber - type Blastlux PC-BL 2165

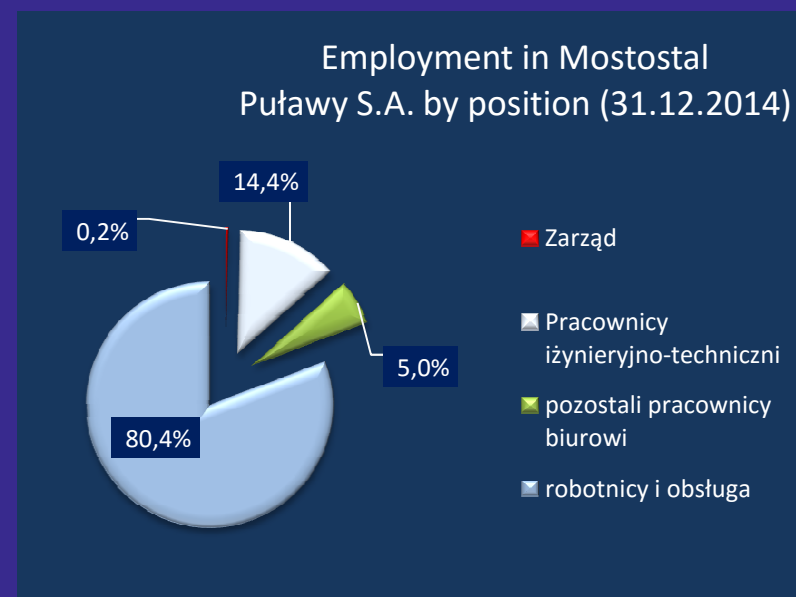
### ❑ Employment Structure Mostostal Puławy S.A.

- ✓ Average age of employees: 42 years
- ✓ Average period of employment : 9 years
- ✓ 96% of employees are men

### ❑ Employment Mostostal Puławy S.A .

#### by position:

- ✓ Management – 0,2%
- ✓ Engineers - Technical – 14,4%
- ✓ Administrative office workers – 5,0%
- ✓ Labourers - 80,4%

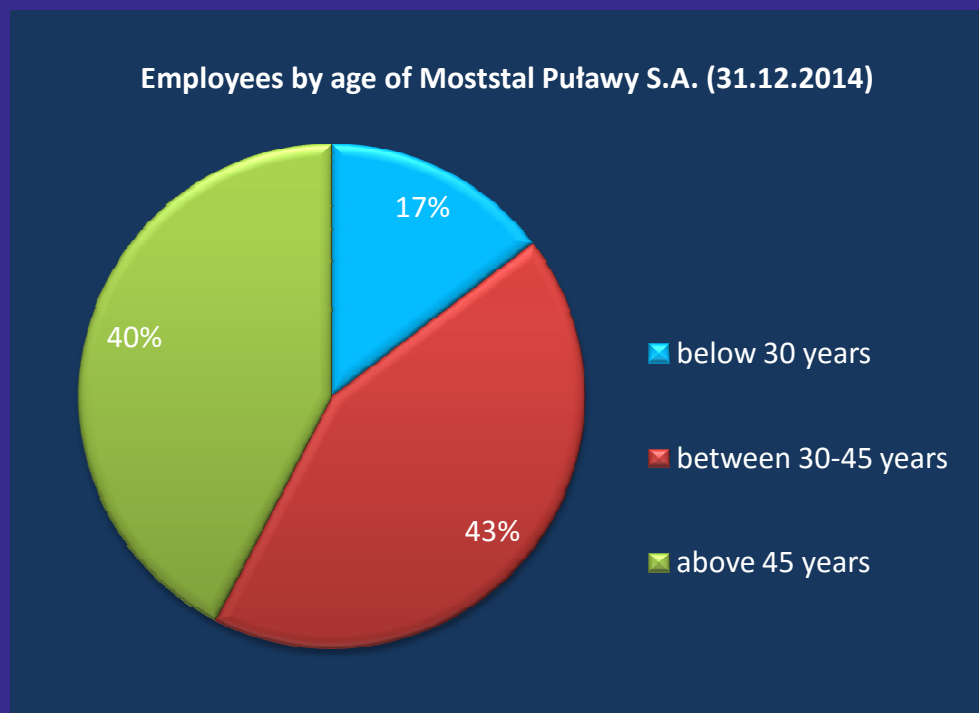




## EXPERIENCED STAFF

### ☐ Employees by age of Mostostal Puławy S.A. :

- ✓ Below 30 years of age – 17%
- ✓ Between 30-45 years of age – 43%
- ✓ Above 45 years of age – 40%





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### ❑ Mission

*"Performing services for construction industry in the world, taking into account the Poland and European Union countries and creating a solid image of the company providing services of the highest quality and technological level "*

### ❑ Vision

*"The presence of the Group Mostostal Puławy S.A. in many markets, associating our company with energy and environmental protection. „*

*The company takes care of future generations in accordance with the slogan "Building for the Future" accompanying us since the inception of the Company.*

### ❑ Our values

*Values are built through concrete actions and provide a solid foundation on which we build the future of our entire Group. Our values are :*

- *Responsibility,*
- *Entrepreneurship,*
- *Cooperation,*
- *Continuous improvement.*

Growth Strategy





## STRATEGY GOALS OF MOSTOSTAL PUŁAWY S.A. BUILDING COMPETITIVE ADVANTAGE

### ❑ Strategy goals of Mostostal Puławy S.A.

#### ✓ Markets activities:

- Maintaining and further strong expansion of the company's markets in Western and Northern Europe, in particular in the energy and environmental industries.
- Keeping strong position in the domestic market with continuous monitoring of margins in individual market segments, with particular attention to the chemical industry (Great Chemistry), energy and environmental protection (waste sorting).
- Further strengthening the Company's position in the local market and acquiring emerging orders in this market. The company is one of the main contractors in investment projects as well as renovation works for Z.A. "Puławy" S.A. . All major investments in recent years for Z.A. "Puławy" S.A. were carried out by Mostostal Puławy S.A.



## STRATEGY GOALS OF MOSTOSTAL PUŁAWY S.A. BUILDING COMPETITIVE ADVANTAGE

- ❑ Strategy goals of Mostostal Puławy S.A.
- ✓ Diversification of activities with particular emphasis on margins:
  - Increase company's involvement in energy projects (installation of boilers) with installations related to environmental protection (desulphurization, dust removal, denitrification)
  - Diversification of the company - to expand into new market segments, eg. industrial construction the field of environmental protection, eg. industrial waste incinerators and waste sorting.
  - Monitoring the market in terms of emerging opportunities and threats, eg. analysis of potential transportation market where the industry expects changes to the regulations of tenders.





## STRATEGY GOALS OF MOSTOSTAL PUŁAWY S.A. BUILDING COMPETITIVE ADVANTAGE

- ❑ Strategy goals of Mostostal Puławy S.A.
- ✓ Participation in projects with a high degree of technological advancement :
  - Expertise in the technically demanding and highly processed of structural steel manufacturing and installation,
  - Cooperation and joint submission of bids with companies possessing technologies and patents, especially in the chemical, energy and the environmental industry.



Thank you for your attention