

Ladies and Gentlemen,

The year 2012 was difficult for many construction companies and there were unfinished contracts, losses, workforce reductions and bankruptcies. After the value of road-related tenders dropped by 40% in 2011, the year 2012 saw this indicator drop by a further 15% and, since this sector of the construction industry constitutes 61% of the order portfolio of Budimex S.A., such situation in the market did have an impact on Budimex. The average value of contracts signed by us dropped from PLN 77 million (2011) to PLN 35 million (2012) and the portfolio of our orders also diminished. By the end of 2012, its value amounted to PLN 4.6 billion, whereas by the end of 2011 it was PLN 7.1 billion.

In 2012, the Company concluded contracts with a total value amounting to PLN 2.3 billion (PLN 5.0 billion in 2011). This situation was caused by a decrease of the value of tenders announced on the market and the attention we pay to maintaining a healthy portfolio in a very competitive and ever-dwindling market.

Przedsiębiorstwo Napraw Infrastruktury (PNI), a company purchased by Budimex in November 2011, filed a petition for bankruptcy open to arrangements in August 2012. In November 2012, the management board of PNI was dismissed by court and a legal receiver was appointed. Due to this, Budimex wrote off the entire value of the investment and the assets connected with its losses (PLN 182 million in 2011 and PLN 108 million in 2012).

However, in spite of those difficulties and the slower development of the construction industry, we are pleased with the financial results we achieved in 2012, as they demonstrate that Budimex remains the most valuable company listed on the Warsaw Stock Exchange.

Except for the negative impact of PNI, we consider the 2012 results good and comparable to the results for the analogous period in 2011. In 2012, we managed to achieve a record-breaking level of income from sales (over PLN 5.2 billion, i.e. exceeding the level from 2011 by more than 4%) in spite of the fact that building and assembly production dropped by 1.0% in the same period.

By the end of 2012, the Company managed to achieve a gross profit of PLN 145 million and a net profit of PLN 112 million; in the analogous period in 2011, these same indicators were PLN 154 million and PLN 133 million respectively (in June 2012 we updated our 2011 results due to the shares of PNI being written off as losses).

The activity of the Company in the construction sector of the German market generated sales income amounting to PLN 134 million and an operating profit amounting to PLN 14 million.

Even though in financial terms the position of Budimex S.A. has diminished by 33% by the end of 2012 in comparison with the preceding year, as a result of dividend payment – PLN 280 million – and the PNI investment (i.e. from PLN 1 440 million to PLN 958 million), the current financial condition of the Company makes it possible to maintain the policy of systematically sharing profits with shareholders initiated several years ago. This is why we will recommend that the dividend for 2012 is paid.

Years 2013 to 2014 will be difficult. We expect that the building and assembly production will drop by 16% to 18% in 2013. New road contracts sponsored by the EU budget for the period from 2014 to 2020, will appear in the portfolios of companies in the second half of 2014. Numerous investments of the "design and build" type are also expected and, consequently, significant profits derived from their performance will only be available in 2015.

There are also other challenges ahead of us. We have decided to diversify our activity due to the dwindling market of road investments. We intend to become involved in energy investments (mainly

gas units and incineration plants) which will, in the future, need to be performed in many large cities. As of now, we are constructing an incineration plant in Białystok. The energy sector is very promising and it has a great potential.

The hydrotechnical sector is just as promising. In our portfolio, we already have contracts from this sector worth nearly PLN 300 million net.

In line with our strategy, we would also like to become involved in the railway industry, where expenses of about PLN 8 to PLN 10 million per annum are expected during the next several years. However, we will make our activity in this sector dependent on decisions taken in connection with PNI.

We have also analysed foreign markets where we could potentially function. Due to significant expenses connected with entering such markets and due to insufficient transparency of some of those markets and the related risks, we decided to diversify our activity on the domestic market.

In the difficult 2013-2014 period, we will focus on retaining our potential under the existing conditions and on reducing sales in order to make the most of the market in 2015 and later on, when money from the European Union will become available. During the next two years, we will look for niches to invest in (i.e. industry, hydrotechnical industry, gas networks and electrical networks).

I firmly believe that in the difficult 2013 year, we will manage not only to maintain our strong position but also to develop our activity in new sectors – this will make it possible for us to develop dynamically in the years to come.

Next year, during which the industry will slow down will be a good time for contractors and investors, particularly public investors, to draw conclusions for the future and define new and sound principles regarding cooperation.

I would like to encourage you to read the Budimex S.A. 2012 Annual Report.