

Dear business partners,

2013 was a difficult year for the construction industry. Construction and assembly production fell by 13.6% in comparison with 2012, primarily caused by the situation in the infrastructure segment, where production value dropped by 18.6%. This decline in production did not come as surprise for the market. The slowdown in 2013 was expected in anticipation of the new EU budget, which was finally approved in November 2013.

All of this, in combination with a careful selection of contracts and accurate valuation of bids, affected the sales of Budimex, which amounted to PLN 4 billion in 2013, a decrease by 24% in comparison with the previous year.

The value of the order portfolio of Budimex amounted to PLN 4.2 billion at the end of 2013. The share of road contracts in the portfolio decreased from 60% in 2012 to 53% in 2013. In the same period the share of general construction increased from 40% to 47%.

Infrastructure development continued to have the biggest share, i.e. 60%, in the sales of the construction segment of Budimex in 2013 (62% in the previous year).

In 2013 Budimex signed contracts with a total value of PLN 2.9 billion, which is PLN 0.3 billion higher than in 2012. The biggest contracts include the contract for the construction of the Pomeranian Metropolitan Railway for over PLN 582 million net, completing the construction of two sections of the A4 motorway after other companies that had gone bankrupt: Krzyż – Dębica Pustynia for nearly PLN 400 million and Rzeszów Zachód (West) – Rzeszów Centralny (Central) for PLN 150 million, construction of the Faculty of Chemistry of the Jagiellonian University in Cracow (over PLN 130 million), extension of the takeoff area at the Warsaw Chopin Airport (nearly PLN 107 million) and construction of the second stage of the 19 Dzielnica housing estate in Warsaw (nearly PLN 90 million).

In spite of the slowdown in the construction sector, we are pleased with our financial results. We ended 2013 with the highest ever net profit, which to a considerable degree resulted from the sales of Budimex Danwood of PLN 240 million in accordance with the strategy.

Budimex also recorded satisfactory results on the German market, where the company carries out construction-related activities consisting in hiring out employees to building material prefabrication plants. Revenues from sales on this market amounted to PLN 124.1 million and the operating profit stood at PLN 15.3 million.

We are interested in railway contracts. Apart from the Pomeranian Metropolitan Railway referred to above, we are performing a contract for the Local Control Centre (LCS) in Iława and several contracts for tramlines. We participate in selected railway tender procedures and at the same time we are waiting for decisions regarding the future of Przedsiębiorstwo Napraw Infrastruktury (PNI, an infrastructure repair company). We would like the company to continue its activities avoiding liquidation. Its acquisition was intended to support our growth in this construction segment.

We are planning to start activities in new areas. We are paying close attention to the power and gas network markets, and we are waiting for regulations connected with compulsory purchases as a lack of such regulations carries risks that we do not accept.

Budimex enjoys a stable financial position and very good liquidity, thanks to which it stands a strong chance of being awarded the highest number of contracts in planned tender procedures. Poland is the greatest beneficiary of the "Connecting Europe" facility, aimed at efficient interconnection of trans-European networks in the fields of transport, energy and telecommunications. Thanks to the new EU framework, within which Poland will receive in excess of EUR 20 billion for developing the railway and road infrastructure in 2014-2020, the year 2014 will be a period of stabilising revenues and controlling costs while at the same time building a portfolio for the coming years. Our objective is to improve the operating margin on construction activities.

In spite of a difficult situation in the sector, we retained our best experts, and we have the resources and funds to start performing new contracts efficiently. I believe that the construction sector will feel the first effects of economic revival in the form of new projects this year.

However, in order to talk about the success of another investment programme in Poland, about the success of construction companies and Budimex, changes are needed in order to prevent the repeating of errors made in the past. I mean the need for contracting parties to thoroughly analyse the capability of contractors to perform contracts, taking

into account their achievements on the Polish market, a specimen contract that would balance the currently disrupted distribution of contractual risks between the contractor and the contracting party, as well as the liability of contractors for the valuation of their bids, thanks to which companies could avoid a price war, disastrous in its consequences.

We are a reliable and trustworthy business partner. We employ 3.6 thousand people and annually employ about 12 thousand contractors who value us for meeting our obligations. Budimex is one of the biggest Polish employers and one of the biggest tax remitters.

In 2013 Budimex maintained its leading position, by market value, among companies from the construction sector listed on the Warsaw Stock Exchange. Our accomplishments so far and our growth potential are recognised by the fact that in 2013 the price of Budimex shares rose from PLN 70 to PLN 132 per share.

I would like to encourage you to read the Budimex S.A. 2013 annual report.

Dariusz Blocher

President of the Management Board of Budimex SA