

To the Shareholders of the ULMA Construcción Polska S.A. Capital Group

Dear Sir/Madam,

The just-passed 2016 was my first full accounting period in Poland, and the first 6 months of managing ULMA Construcción Polska S.A. The year was characterised by major fluctuations in the construction market, slower investment activity, and a slowdown in closing infrastructural tenders in Poland.

The economic growth rate in 2016 in Poland was 2.8% – the slowest over the last three years. Nevertheless, we were able to maintain sales at a level similar to the previous years, and there was a positive trend in the consolidated profit, with a major contribution by the company's operations on the Polish market. The above performance resulted primarily from contracts gained in the last quarter of 2015, as well as cost-optimisation processes and cost-effectiveness initiated in previous years and enhanced in 2016.

Our Polish company's revenues grew to PLN 166 million, which amounts to about a 90% increase on a consolidated basis, and is evidence of very-strong growth on 2015 and measured against its contribution to the Capital Group. In terms of operating results, we succeeded in reversing the negative trend from previous years and reached a positive EBIT of PLN 11.5 million, well above the result from the previous financial year (PLN -4.6 million), and consequently we generated EBITDA of 35%.

On the consolidated level, the Capital Group generated PLN 180 million in total revenues and a positive result on operations of PLN 16.6 million (compared with PLN 9 million in the previous year). At the same time, EBITDA grew by over 5.5%, reaching 36.3%. In 2016 the Capital Group recorded a consolidated positive net profit of PLN 12.9 million.

On the foreign markets, the noticeable stability of the economy and the financial market in Ukraine was a key achievement last year. Throughout the year, the construction market maintained high growth dynamics in all core sectors, and as a result the company exceeded its budget.

In Kazakhstan the market displayed trends similar to those from the previous years. Low oil prices and a significant devaluation of the local currency affected our activities throughout the reported period. However, after a slowdown period, we recorded a trend among foreign investors of the gradual introduction of new initiatives and preparation for major investments in Kazakhstan. In 2016 our Company redefined its strategy, focusing on an in-depth review of investment plans in the industrial sector and on the preparation of specialist packages. This approach generated the first successes in winning contracts in the oil sector, which supports our optimistic outlook for the future.

In continuing an analysis of our foreign operations, it is necessary to mention Lithuania's economy, whose growth rate in the period under report was slightly above 2%, while the slowdown in investment activities was reflected by negative ratios in the construction sector, in which a decrease in construction and assembly production occurred. Despite a slowdown in the construction sector and pressure on prices, we successfully maintained or even improved sales results by changing the revenue structure as a result of a larger number of sales contracts.

In summary, I would like to stress that, despite fluctuations and delays in closing tenders for infrastructural projects on the Polish market, on foreign markets we ensured the maintaining of a positive trend on a consolidated basis. All the above emanated from our improved relations with customers and suppliers, as well as from adjusting our activities to the current needs of the market. It is worth adding that we have been implementing innovations to comply with the future requirements of our counterparts; however, we are primarily optimising our cost structure and focusing on the internal effectiveness of the implemented processes, as well as on the joint actions of the companies in the Capital Group. We trust that you will see our results and profit generated in 2016 in a very positive light.

Next year will bring about new challenges. We believe that the market will give us more opportunities. I wish to confirm that we have an excellently prepared team and we are ready to face the challenges and fully seize the opportunities when they arise.

On behalf of the Management Board I assure you that we will make every effort not to break the trust of either yourselves or our business partners. Using this opportunity, I thank our investors, customers, and all staff members of ULMA for their support in pursuing our objectives for this 2017.

Sincerely yours,

Rodolfo Carlos Muñiz Urdampilleta

President of the Management Board of ULMA Construcción Polska S.A.