

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

Dear Ladies and Gentlemen,

In 2017 we noted in Poland the long awaited growth trend and improved moods in the construction industry. According to preliminary data of the Central Statistical Office, the economic growth rate in 2017 was 4.6% and was the highest in the last six years. The better market situation resulted in an improved condition in construction. Construction and assembly production was by 12.6% higher than in 2016. Increased production was recorded in all construction sectors, in particular in the non-residential sector and in particular in the engineering sector – most interesting for economic and social development.

Sales by the ULMA Construcción Polska Capital Group in the previous year focused primarily on the domestic market and accounted for about 80% of total revenues – however, its relative importance decreased materially, mainly due to increased revenues of foreign companies. In 2017, the Capital Group generated about PLN 200 million of total revenues from sales and a positive result on operations of PLN 31 million (versus PLN 16.6 million in the previous year). We recorded improved EBITDA (by almost 15%) and net profit of PLN 24.2 million (versus PLN 12.9 million in 2016).

As far as foreign markets are concerned – in Ukraine the economy and financial markets continued to stabilise. Gross national product grew by 1.8% versus 2016, inflation decreased and in 2017 it was 14.4%. The Ukrainian currency continues to be unstable; however, last year it was not subject to such fluctuations and devaluation like earlier. In the construction sector, it was growing throughout the year and overall in 2017 the growth was 20.9%, and reached two-digit growth rates in all construction sectors – the largest ones were in the engineering sector (26.3%) and in the non-residential sector (20.2%). Due to market conditions and the consistently followed growth strategy, our subsidiary exceeded the annual plan.

In Kazakhstan, after a period of stagnation, foreign investors started to finance new projects and investments. The largest investment by Chevron Oil, USA – commenced funding of USD 36.6 billion to expand an oil field in Tengiz, western Kazakhstan. At the end of 2017, Kazakhstan's government decided to start financing the BAKAD project – a ring road of Almaty which covers the construction of 17 bridges which is the domain of our subsidiary. The growth of construction and assembly production in Kazakhstan in 2017 was 1.9%, including 18.3% in the engineering section. The Company managed to win several projects in the engineering and industrial sections, hoping that we will become involved in large investments in the sector.

In the analysed period, Lithuania's economy was growing at the annual rate of 3.8% with the growth of construction and assembly production of 14.2%. The current economic growth has been driven by factors related to exports, improving situation in foreign markets and growing investments. According to the Bank of Lithuania, the accelerating growth may be contained by shortage of labour force. Analysts of the Central Bank note that the tensions in Lithuania's labour market and the record level of utilising production potential at the level of 77.5% has been forcing businesses to increase their investments. Lithuania's good economic condition as well as its increased exports to other countries of the Baltic region, resulted in our subsidiary company exceeding the annual plan.

I trust that in view of the economic condition of Poland and of other foreign markets in 2017, you will positively assess our efforts and financial results.

The abundant experience of companies in the Capital Group in handling infrastructural projects and the high efficiency on bidding, in particular at the end of 2017, look promising for the future. Projections show that in 2018 there will be a growth of production in engineering construction by 21.1%, in particular in the segment covering construction bridges, viaducts and flyovers that is the most interesting segment for the Group. Further growth is forecast for residential and non-residential construction although not as high as in 2017 (3.2% and 6.7% respectively). With respect to the foreign markets where the Capital Group operates, optimism is derived from the continued two-digit growth rates of construction and assembly production which is evidence of a major improvement of the investment climate in Ukraine as well as the commenced projects of several shopping centres for which our company has already signed contracts). In 2018 in Kazakhstan economic reforms will continue to be implemented (which means search for private foreign investors to large state-owned enterprises) as well as there will be a further development of the oil sector and continued interest of foreign companies in the sector.

I wish to assure that in the next year of our business we will take all reasonable efforts not to undermine your confidence and confidence of our business partners. I thank all ULMA employees for their support in pursuing the targets that we have set for the next year.

With sincere regards,

Rodolfo Carlos Muñiz Urdampilleta

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