

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

Dear Sirs/Madams;

The year 2018 was promising right from the first quarter, filled with important contracts initiated in the previous period and a large portfolio of investments to implement, overshadowed only by indications of possible financial constraints on the market, which ultimately did not take place, at least not on the expected scale. The rest of the year went according to the forecast, with a slight decrease in the trend on the market in Poland in the second quarter resulting from the rotation of constructions which is an integral part of our activity. However, a rapid improvement took place with an upward trend until the end of the year.

In a favourable economic context, where according to the data from the Central Statistical Office the GDP growth rate in 2018 amounted to 5.1% and was one of the highest in recent years, an upward trend continued in the construction sector and improvement of market conditions was confirmed.

Construction and assembly production for units employing more than 9 employees was higher by 20.3% in comparison with the year 2017. The increased production was reported in all branches, particularly in the non-residential construction sector based primarily on construction of shopping centres or social, healthcare and education infrastructure.

In relation to the business data, sales of the Capital Group were focused mainly on the domestic market and constituted approximately 75% of the total revenue, however, despite sustainable growth, the relative importance of the Polish market decreased due to the increase of revenues of foreign companies. In 2018, the Capital Group generated PLN 223.7 million of total revenues and achieved a positive result in operational activity on the level of PLN 55.8 million, with a considerable increase as compared with the previous year. In consequence, improvement of EBITDA by 20.9% and a positive net result amounting to PLN 46.9 million in comparison with PLN 24.2 million in 2017 were also obtained.

With respect to foreign markets, a continued positive trend from the previous year was observed in Ukraine, many indicators improved there, gross domestic product increased by 3.3% in comparison to 2017, inflation declined and in 2018 amounted to 10.5%, which definitely helped with stabilisation of the Ukrainian currency. Positive dynamics persisted in the construction sector and in 2018 reached the level of 29%, with considerable growth in all sectors of the construction market, particularly in the engineering sector with an increase of 35% and the non-residential sector with an increase of 24%. We managed to keep up with the local market dynamics, strengthening our business model through investments and knowledge transfer.

In Kazakhstan, after an unforgettable and significant devaluation which contributed to major changes in market rules, we found a business model corresponding to the characteristics of the local market which allowed us to regain balance. In reference to the market, after the aforementioned decision of the government of Kazakhstan about financing the BAKAD project, where the implementation has already partially started, a full mobilisation on the construction of the ALMATY ring road, including the construction of 20 bridge structures in the realisation of which our Company

is specialised, is expected at the latest in the spring of 2019. The dynamics of construction and assembly production in Kazakhstan amounted to 9.6% in comparison with the previous year.

In terms of our market in Lithuania, the economy demonstrated annual growth of 3.5%, whereas in reference to the dynamics of construction and assembly production it amounted to 17% in 2018. In this context, our Company managed to strengthen its market position and tackle the problems in the economic system which is highly concentrated from the point of view of demand, as well as to expand its activities into other countries of the Baltic Sea region in search of diversification and profitability.

We hope that considering the economic situation of Poland and foreign markets in 2018, You will assess both our efforts and financial results positively.

Once again I confirm that experience of ULMA with the implementation of a wide range of projects supported by a young, highly qualified and committed team allows us to see a promising future in a positive economic context. The forecasts indicate that despite small deceleration of growth dynamics in the construction sector in 2019, construction and assembly production growth will remain positive. In the housing sector, after a peak level in 2018 with a production increase of 14.4%, growth will slow down and reach 2.3%. It will be possible to observe a similar situation in the non-residential construction sector, as we will record a decrease in production of about 3% from a growth rate of 23.9% in 2018, although in absolute terms we will continue to generate a significantly higher turnover than in 2017 and previous years. On the other hand, considering one of the most important aspects, production in engineering construction will continue to grow and will reach 14.6% in 2019, and in the segment which is the most relevant to us and encompasses construction of bridges, viaducts and trestle bridges the mentioned dynamic will achieve more than significant growth of 38.7%.

Certainly, in the next year of our activity we will, as usual, make every effort not to fail the trust of both You and our business Partners. In particular, I would like to thank the employees of ULMA for their commitment and professional approach in pursuit of the objectives and challenges which are ahead of us.

Yours sincerely,

Rodolfo Carlos Muñiz Urdampilleta

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