



# HYDROBUDOWA POLSKA PRESENTATION OF THE CAPITAL GROUP

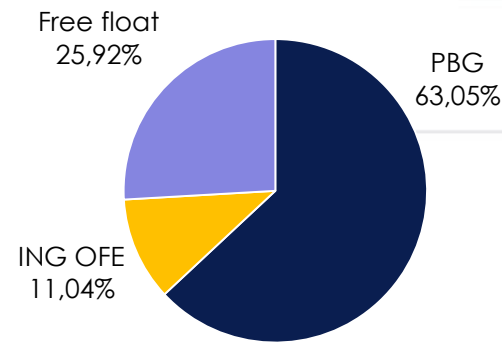
Updated: November 15, 2010

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**reliable** investment

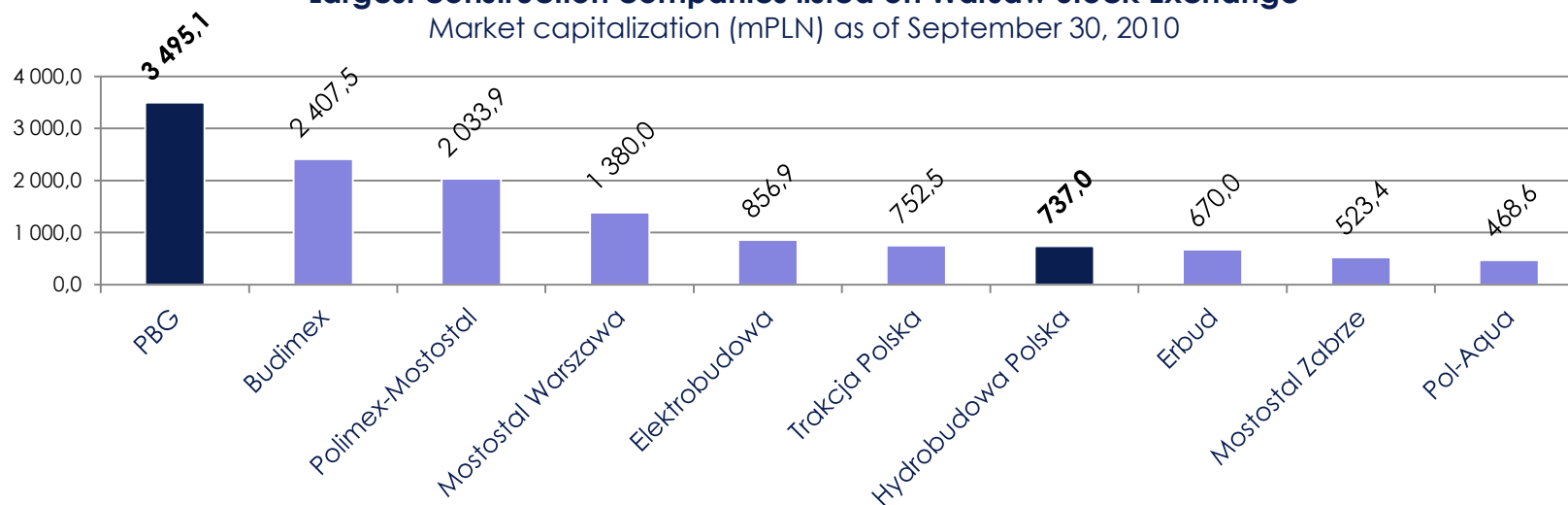
- IPO (September 2007): 1 303 464 shares (J series) of a nominal value of PLN 50 (after the split: 65 173 200 shares of a nominal value of PLN 1) – joint issue – merger with Hydrobudowa Śląsk
- SPO (April 2008): 35 000 000 shares (K series); issue price: PLN 8,80; gross offer value: PLN 308 million
- Private offering (September 2008): 36 885 245 shares (L series) in exchange for 100 percent of Hydrobudowa 9 shares
- Total number of shares: 210 558 445
- Current market price (30 September 2010): PLN 3,50

## Shareholder structure



## Largest construction companies listed on Warsaw Stock Exchange

Market capitalization (mPLN) as of September 30, 2010



NAME	FUNCTION	AREA OF RESPONSIBILITY
Jerzy Ciechanowski	President	Strategy and development
Edward Kasprzak	Vice-President	Execution
Jarosław Duśi	Vice-President	Economics, Finances
Szymon Tamborski	Vice-President	Execution
Rafał Damasiewicz	Board Member	Economics, IT
Andrzej Zwierzchowski	Board Member	Execution
Andrzej Szultka	Proxy, Contracts Preparation Manager	Tendering
Joanna Zwolak	Proxy, Main Accountant	Accounting

The Hydrobudowa Polska Capital Group specializes in comprehensive executions in the areas of:

WATER	INDUSTRIAL AND RESIDENTIAL CONSTRUCTION	ROADS
<ul style="list-style-type: none"> <li>▪ technological installations for water and sewage systems, including:               <ul style="list-style-type: none"> <li>– water pipelines,</li> <li>– sewage systems,</li> <li>– water mains,</li> <li>– trunk sewers,</li> <li>– water intakes,</li> <li>– wastewater treatment plants,</li> </ul> </li> <li>▪ hydrotechnical engineering structures, including:               <ul style="list-style-type: none"> <li>– water dams,</li> <li>– storage reservoirs,</li> <li>– dykes,</li> </ul> </li> <li>▪ renovation of water and sewage systems,</li> <li>▪ microtunneling</li> </ul>	<ul style="list-style-type: none"> <li>▪ sports and recreation facilities,</li> <li>▪ office buildings, social and technical facilities,</li> <li>▪ industrial structures, including waste incineration plants</li> <li>▪ residential buildings,</li> <li>▪ retail facilities,</li> <li>▪ hotel and conference buildings,</li> <li>▪ tunnels, including:               <ul style="list-style-type: none"> <li>- underground tunnels,</li> <li>- railway tunnels,</li> </ul> </li> <li>▪ piercing and drilling, microtunneling</li> </ul>	<ul style="list-style-type: none"> <li>▪ motorways and expressways,</li> <li>▪ bridges and viaducts,</li> <li>▪ road tunnels,</li> <li>▪ parking lots</li> </ul> <p data-bbox="1255 829 1846 922"><b>NATURAL GAS, CRUDE OILS AND FUELS</b></p> <ul style="list-style-type: none"> <li>▪ crude oil and fuel tanks,</li> <li>▪ surface installations for production of crude oil and natural gas,</li> <li>▪ surface installations of underground gas storage facilities</li> </ul>

WATER	INDUSTRIAL AND RESIDENTIAL CONSTRUCTION	ROADS	POWER ENERGY
<ul style="list-style-type: none"> <li>▪ EU budget for 2007-2013 : <b>EUR 63 billion</b> for Poland; the Infrastructure and Environment Protection Program 2007-2013 : <b>EUR 37,6 billion</b>, including <b>EUR 4,8 billion</b> for environment protection               <ul style="list-style-type: none"> <li>➢ water and sewage management projects: <b>EUR 3,3 billion</b></li> <li>➢ waste management and surface protection: <b>EUR 1,4 billion Euro</b></li> </ul> </li> <li>▪ „Program for ODR A 2006” – estimated total financial investments for the years 2002-2016: <b>PLN 9 billion</b>, including               <ul style="list-style-type: none"> <li>➢ sewage treatment plants: <b>PLN 3,6 billion</b></li> <li>➢ flood control facilities: <b>PLN 3,1 billion</b></li> <li>➢ flood-banks reconstruction and modernization: <b>PLN 365 million</b></li> </ul> </li> <li>▪ increasing flood security – raising the capacity of polish reservoirs by approximately 2 billion m<sup>3</sup>, to about 3,3 billion m<sup>3</sup>, reconstructing 1 000 km of embankments, river bank improvement on 4 000 km</li> <li>▪ modernization of the Włocławek dam or construction of the Nieszawa water-power plant: <b>PLN 1,5-3,5 billion</b></li> <li>▪ Construction of the Racibórz flood control reservoir: <b>PLN 1 billion</b></li> </ul>	<ul style="list-style-type: none"> <li>▪ investment plans connected with the European Football Championships for the years 2008-2012: <b>PLN 10,4 billion</b> including:               <ul style="list-style-type: none"> <li>➢ Stadiums and training centers: <b>PLN 6,6 billion</b></li> <li>➢ Hotel infrastructure: <b>PLN 3,8 billion</b></li> </ul> </li> <li>▪ underground car parks</li> <li>▪ waste disposal facilities, including waste incineration plants in Poznań, Kraków, Olsztyn and Szczecin : <b>PLN 2 billion</b></li> </ul>	<ul style="list-style-type: none"> <li>▪ road construction expense plans in the years 2010-2013: ca. <b>PLN 50 billion</b></li> <li>▪ GDDKiA plans: construction of over 1600 km of motorways and over 1700 km of expressways;</li> <li>▪ road construction plans associated with organization of the European Football Championships in 2012 for the years of 2008-2013: <b>EUR 19 billion</b> <ul style="list-style-type: none"> <li>➢ 636 km of motorways,</li> <li>➢ 2200 km of expressways,</li> <li>➢ 3 993 km of public roads</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>▪ the value of energy companies' investments into new production capacities and distribution networks in the period of 15 years may reach <b>PLN 200 billion</b></li> <li>▪ taking into account EU assumptions regarding renewable energy and plans of introducing atomic energy in Poland, the value of these investments may <b>double</b></li> <li>▪ the construction of new 16 thousand MW power units is planned for the years of 2010-2020, including               <ul style="list-style-type: none"> <li>➢ construction of a power unit in the PGE power plant in Opole: <b>PLN 10 billion</b></li> <li>➢ construction of a 900-1000 MW power unit in the Koziernice power plant: <b>PLN 5-6 billion</b></li> </ul> </li> </ul>
	<b>FUELS</b>		
	<ul style="list-style-type: none"> <li>▪ NATO investments in Poland: <b>PLN 2 billion</b>, including fuel storage bases: <b>PLN 0,7 billion</b></li> <li>▪ Development of the PKN Orlen, OLPP and PERN storage bases</li> </ul>		

**The Left-Bank Wastewater Treatment Plant  
in Poznań**



**Execution time: 2006-2009**  
**Net value: EUR 55,3 million**

**The Kuźnica Warężyńska  
flood control reservoir**



**Execution time: 2003-2005**  
**Net value: PLN 28,4 million**

**First metro line in Warsaw**



**Execution time: 2006-2008**  
**Net value: PLN 546,7 million**

**Storage containers in Rejowiec**



**Execution time: 2007**  
**Net value: PLN 25,6 million**

**The Saint Roch bridge  
on the Warta River in Poznań**



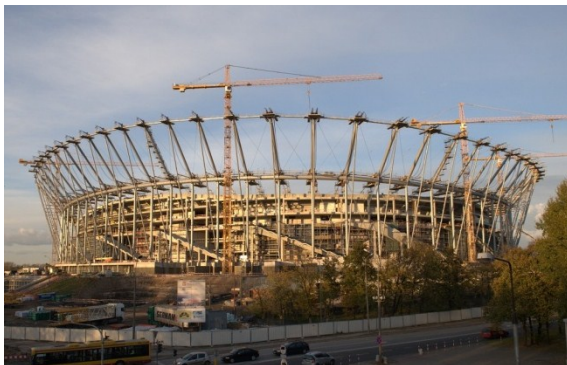
**Execution time: 2002-2004**  
**Net value: PLN 44,5 million**

**Football stadium in Poznań**



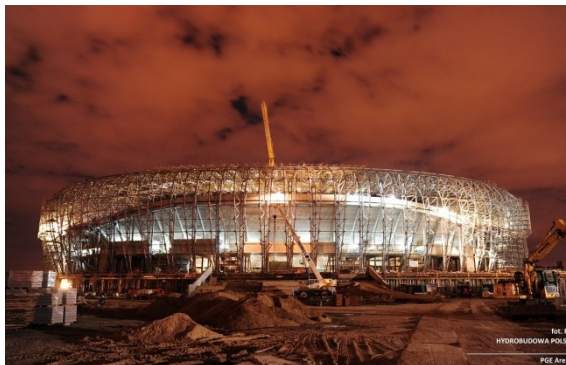
**Execution time: 2009-2010**  
**Net value: PLN 398,4 million**

**National Stadium in Warsaw**



Execution time: 2009-2011  
Net value: PLN 1 252,8 million

**PGE Arena Gdańsk**



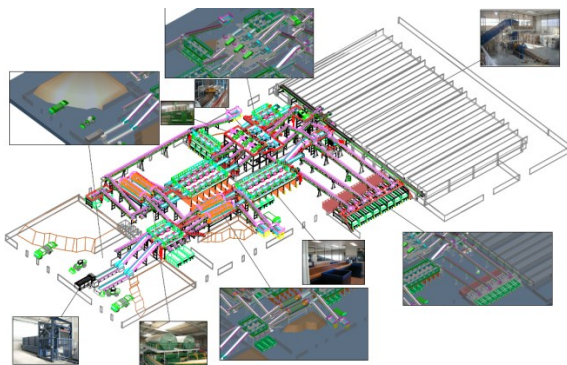
Execution time: 2009-2011  
Net value: PLN 427,7 million

**Transfer collectors for the Czajka waste water treatment plant in Warsaw (stage I)**



Execution time: 2009-2010  
Net value: EUR 52,8 million

**Waste treatment plant  
in Gdańsk Szadółki**



Execution time: 2008-2011  
Net value: PLN 298,5 million

**A1 Toruń-Stryków motorway**



Execution time: 2010-2012  
Net value: PLN 1 468,4 million

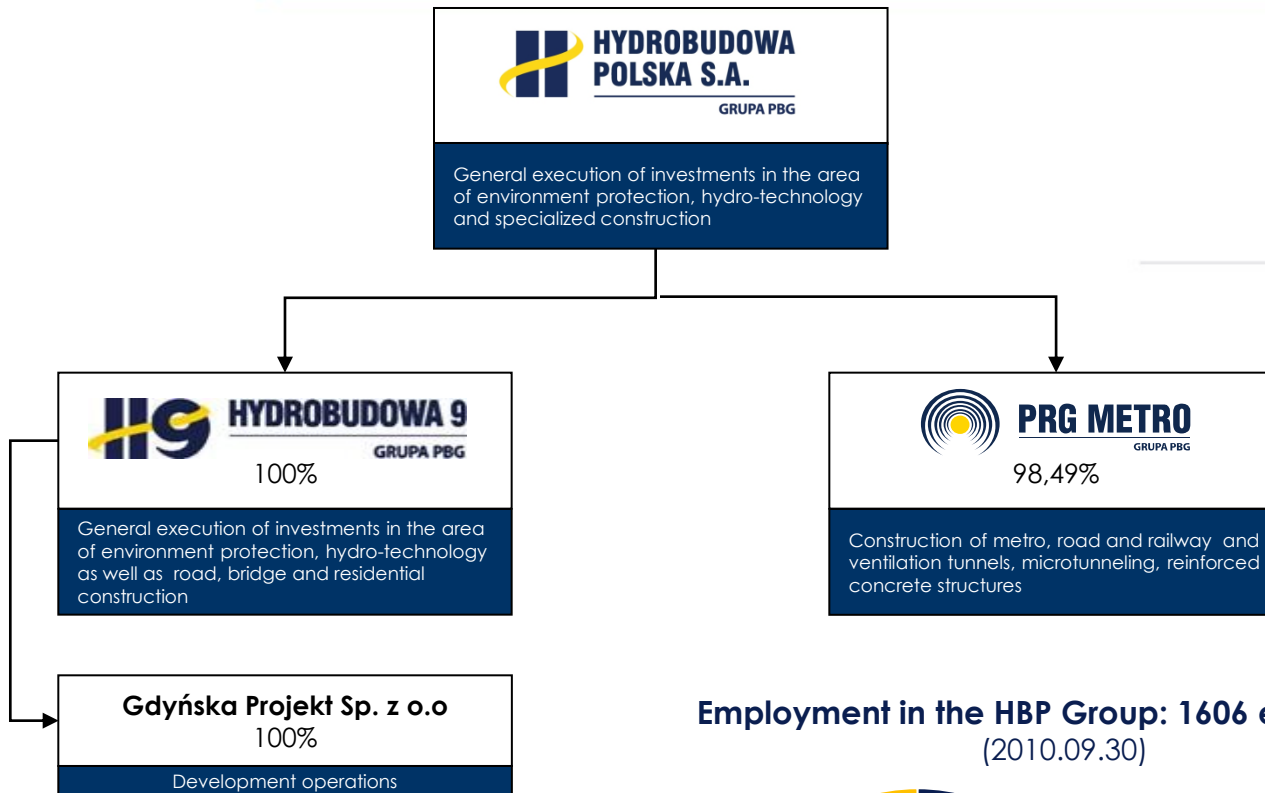
**A4 Tarnów-Rzeszów motorway**



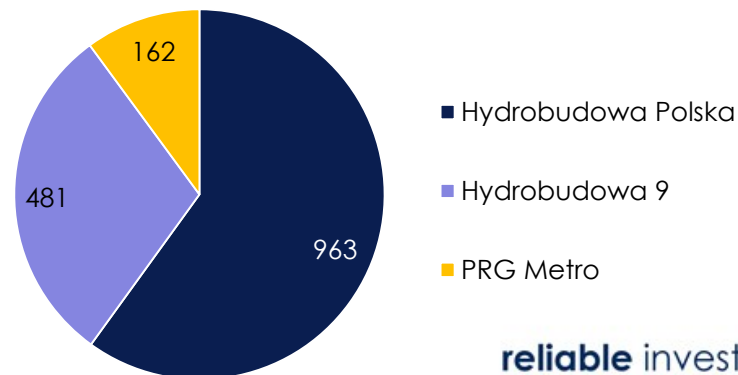
Execution time: 2010-2012  
Net value: PLN 1 434,8 million

SEGMENT	DOMESTIC COMPETITION	FOREIGN COMPETITION
<b>WATER</b>	Pol-Aqua, Eiffage Budownictwo Mitex, Hydrobudowa Gdańsk, Budimex, Warbud, Polimex-Mostostal, Mostostal Zabrze	Skanska, Strabag, Bilfinger Berger
<b>INDUSTRIAL AND RESIDENTIAL DEVELOPMENT</b>	Mostostal Warszawa, Budimex, Warbud, Unibep, Polimex-Mostostal, Erbud, Mostostal Zabrze	Skanska, Strabag, Dragados, Ferrovial
<b>ROADS</b>	Budimex, Warbud, Mostostal Warszawa, Polimex - Mostostal, Unibep, Erbud	Strabag, Skanska, Dragados, Mota-Engil, Acciona Infraestructuras, J&P Avax, FCC Construcción, China Overseas Engineering Group

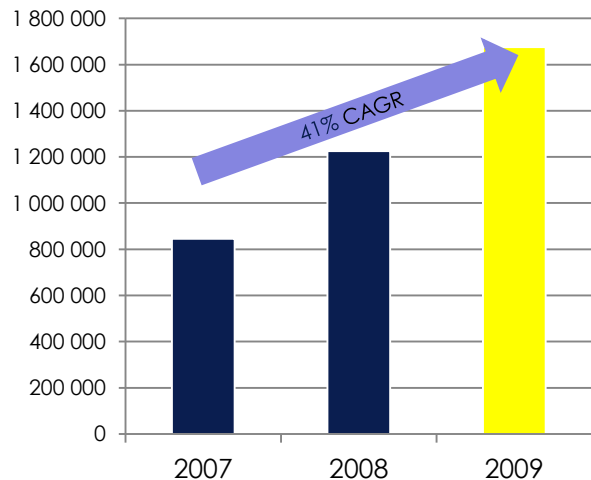
2008		2009		I-IIIQ2010	
Key clients	Share in revenue	Key clients	Share in revenue	Key clients	Share in revenue
1. Wrocław Municipality	8,8%	1. POSiR Poznań	14,7%	1. National Sports Centre	28,9%
2. Piaseczno Municipality	7,9%	2. National Sports Centre	13,1%	2. POSiR Poznań	22,0%
3. PBG	6,7%	3. Zakład Utylizacji Gdańsk	7,5%	3. Gdańsk Municipality	14,9%
4. ZPWik Zabrze	6,4%	4. Wrocław Municipality	5,7%	4. Zakład Utylizacji Gdańsk	8,2%
5. MPWiK Wrocław	4,6%	5. PBG	5,7%	5. Wrocław Municipality	4,4%



**Employment in the HBP Group: 1606 employees**  
(2010.09.30)

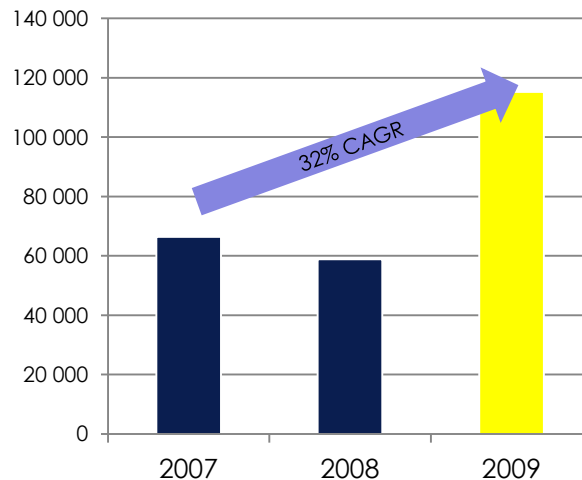


Przychody

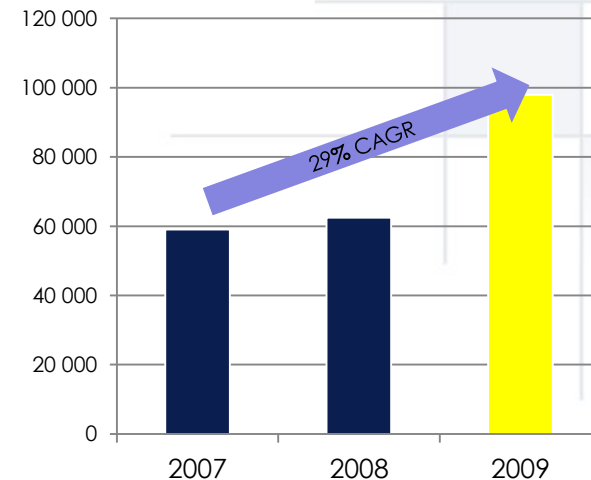


\* CAGR – compound annual growth rate

EBIT



Zys netto



Financial results (in thousand PLN)	2007	2008	2009
Net revenue	845 055	1 225 492	1 675 623
Operating profit - EBIT	66 356	58 868	115 244
Net profit (attributable to HBP shareholders)	58 997	62 439	97 910

Profitability ratios	2007	2008	2009
Operating margin	7,9%	4,8%	6,9%
Net margin	7,0%	5,1%	5,8%

P&L ACCOUNT (in thousand PLN)	I-IIIQ2009	I-IIIQ2010	Change	2009
REVENUE	1 049 747	<b>1 211 028</b>	+15%	1 675 623
GROSS INCOME	101 503	<b>95 562</b>	-6%	164 652
OPERATING INCOME – EBIT	69 856	<b>43 275</b>	-38%	115 244
EBITDA	82 758	<b>57 633</b>	-30%	133 036
NET PROFIT (ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS)	59 334	<b>36 526</b>	-38%	97 910
EARNINGS PER SHARE (PLN)	0,28	<b>0,17</b>	-38%	0,47

PROFITABILITY RATIOS	I-IIIQ2009	I-IIIQ2010	2009
GROSS MARGIN	9,7%	<b>7,9%</b>	9,8%
OPERATING MARGIN	6,7%	<b>3,6%</b>	6,9%
NET MARGIN	5,7%	<b>3,0%</b>	5,8%

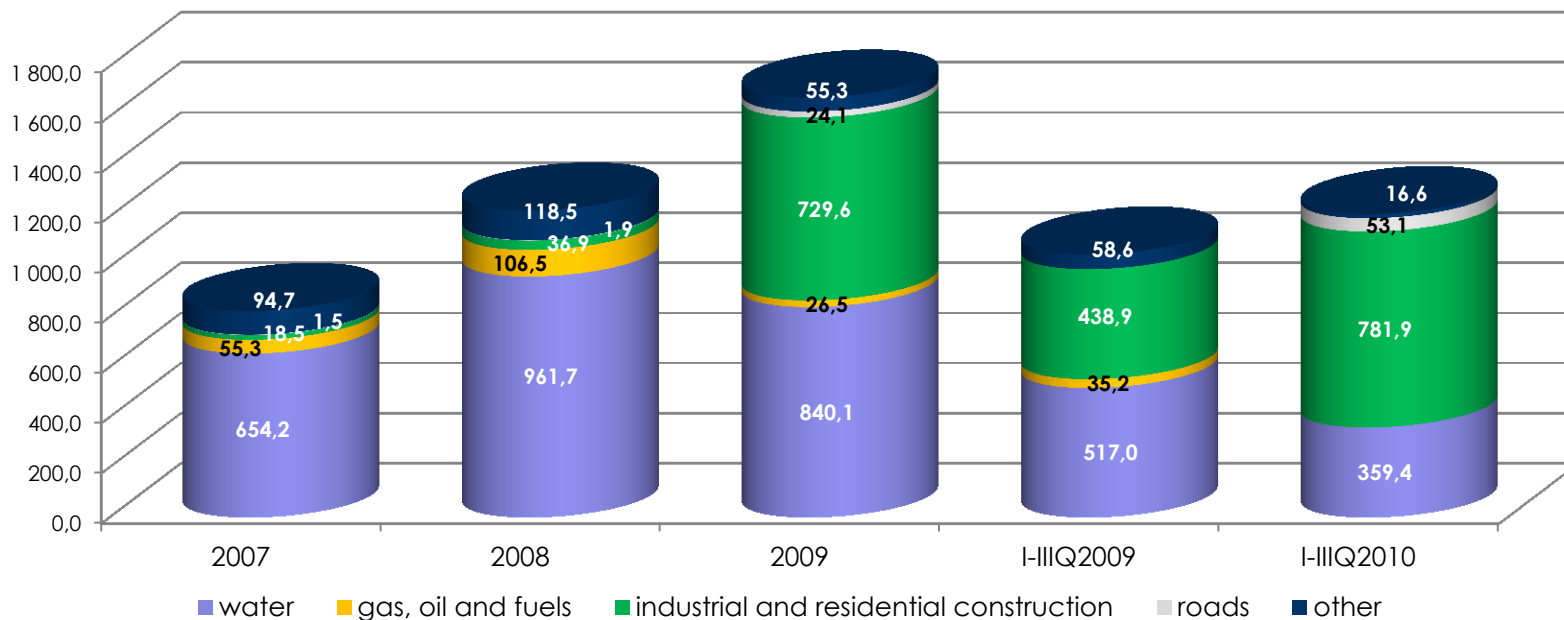
CASH FLOW (in thousand PLN)	I-IIIQ2009	I-IIIQ2010	2009
NET CASH FROM OPERATIONS	-32 547	<b>-68 571</b>	36 630
NET CASH FROM INVESTMENTS	4 886	<b>-39 191</b>	-16 296
NET CASH FROM FINANCIAL OPERATIONS	8 116	<b>89 906</b>	-10 533
NET CHANGE	-20 909	<b>-17 856</b>	9 801

BALANCE SHEET (in thousand PLN)	30.09.2009	30.09.2010	Change	31.12.2009
<b>ASSETS</b>	1 314 169	<b>1 410 146</b>	+7%	1 457 838
<b>EQUITY (ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS)</b>	325 264	<b>450 585</b>	+39%	389 253
<b>BOOK VALUE PER SHARE (PLN)</b>	1,54	<b>2,14</b>	+39%	1,85
<b>LIABILITIES</b>	988 190	<b>959 277</b>	-3%	1 068 336
<b>CREDITS AND LOANS</b>	311 125	<b>412 705</b>	+33%	301 395
➤ <b>LONG-TERM CREDITS AND LOAN</b>	15 204	<b>4 311</b>	-72%	11 929
➤ <b>SHORT-TERM CREDITS AND LOANS</b>	295 921	<b>408 394</b>	+38%	289 466
<b>NET DEBT</b>	257 691	<b>346 709</b>	+35%	217 251
<b>CASH AND CASH EQUIVALENTS</b>	53 434	<b>65 996</b>	+24%	84 144

DEBT AND LIQUIDITY RATIOS	30.09.2009	30.09.2010	31.12.2009
<b>DEBT RATIO</b>	75%	<b>68%</b>	73%
<b>EQUITY-TO-DEBT RATIO</b>	33%	<b>47%</b>	36%
<b>CURRENT RATIO</b>	1,16	<b>1,24</b>	1,19
<b>QUICK RATIO</b>	1,14	<b>1,21</b>	1,19
<b>SUPER QUICK RATIO</b>	0,06	<b>0,07</b>	0,08

# Revenue structure (PLN million)

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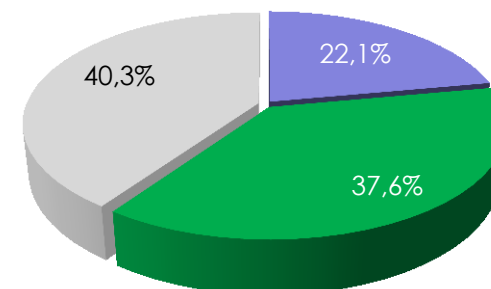


(mPLN)	2007	2008	2009	I-IIIQ2009	I-IIIQ2010
<b>Revenue</b>	845,1	1 225,5	1 675,6	1 049,7	1 211,0
<b>GROSS MARGIN</b>	<b>WATER</b>	<b>NATURAL GAS, CRUDE OIL AND FUELS</b>	<b>INDUSTRIAL AND RESIDENTIAL CONSTRUCTION</b>	<b>ROADS</b>	<b>OTHER</b>
<b>2008</b>	4,5%	13,5%	25,2%	23,7%	46,4%
<b>2009</b>	11,9%	-46,7%	9,8%	1,3%	9,1%
<b>I-IIIQ2010</b>	8,9%	-	8,2%	0,2%	-5,6%

## The HBP Group's order backlog as of September 30, 2010

Total value [mPLN]	Contracts due in:		
	IVQ2010	2011	2012 and later
~3 000	~600	~1 700	~700

## Order backlog structure as of September 30, 2010



■ water ■ industrial and residential construction ■ roads

- **HYDROBUDOWA POLSKA** acquires contracts alone as well as with companies of the PBG capital group
- Thanks to cooperation with PBG the company is able to place offers in a larger amount of bids and increases the possibility of winning, especially in case of bids in areas where the company has less experience, such as: road infrastructure construction, storage of fuels, oil and gas as well as general construction

OFERTOWANIE	2006	2007	2008	2009	I-IIIQ2010
Value of submitted tenders (mPLN)	5 658	7 460	10 324	13 123	5 875
Value of signed contracts (mPLN)	364	806	1 135	2 320	1 680
Contract aquisition efficiency – hit ratio	6,4%	10,8%	11,0%	17,7%	28,6%

Segment	Project	Execution time	Investor	Net value
WATER	Sewage transfer system for the Czajka wastewater treatment plant in Warsaw	2009 – 2011	MPWiK Warsaw	stage I: EUR 52,8 million stage II: PLN 144,8 million
	Water treatment plant in Mosina	2010 – 2015	Aquanet	PLN 217,7 million
	Drainage of rain sewage from water intake protection zones: Las Gdański and Czyżkówko	2008 – 2010	MWiK Bydgoszcz	EUR 30,8 million
INDUSTRIAL AND RESIDENTIAL CONSTRUCTION	National Stadium in Warsaw	2009 – 2011	National Sports Centre	PLN 626,4 million *
	PGE Arena Gdańsk	2009 – 2011	City of Gdańsk	PLN 213,9 million *
	Zakładu unieszkodliwiania odpadów w Gdańsku Szadółkach	2008 – 2011	City of Gdańsk	PLN 298,5 million
ROADS	A4 Tarnów – Dębica motorway	2010 – 2012	GDDKiA	PLN 717,4 million *
	A1 Toruń – Kowal motorway	2010 – 2012	GDDKiA	PLN 461,1 million **

\* HBP share (50% of contract total value); \*\* anticipated HBP Group's share

Segment	Project	Investor
WATER	Racibórz flood control reservoir on the Odra river	RZGW in Gliwice
	Water Node in Wrocław	KZGW
	Dam and hydroelectric power plant in Nieszawa	KZGW, Energa
INDUSTRIAL AND RESIDENTIAL CONSTRUCTION	Tram line in Olsztyn	Olsztyn Municipality
	Waste incineration plant in Poznań	City of Poznań
	Waste incineration plant in Kraków	City of Kraków
ROADS	Słowackiego Route in Gdańsk, including road tunnel under the Martwa Wisła river	Gdańskie Inwestycje Komunalne
	Sucharskiego Route in Gdańsk	Gdańskie Inwestycje Komunalne
	S8 Wrocław – Łódź expressway	GDDKiA

## **Strategic goal:**

- Maintain Poland's leading position in the area of hydrotechnical structure execution and environment protection engineering as well as broaden our operations in the areas of specialized structure, industrial and road construction

## **How we strive to achieve our strategic goal:**

- we consolidate the market of entities providing execution services in the area of environment protection and engineering structures;
- we make attempts to acquire companies with areas of expertise useful in broadening our operations;
- we increase the acquisition efficiency of high value contracts ensuring the assumed margins;
- we secure funding for the growing contract portfolio;
- we constantly improve the quality of executed work;
- we invest in workload capacity;
- we secure human resources

## **HYDROBUDOWA POLSKA S.A.**

Skórzewska Street 35,  
Wysogotowo near Poznań  
62-081 Przeźmierowo

[www.hbp-sa.pl](http://www.hbp-sa.pl)

[polska@hbp-sa.pl](mailto:polska@hbp-sa.pl)

tel. (+48 61) 664 19 50

fax. (+48 61) 664 19 51

[krzysztof.woch@hbp-sa.pl](mailto:krzysztof.woch@hbp-sa.pl)

mobile (+48) 781 859 191

[bartosz.basa@hbp-sa.pl](mailto:bartosz.basa@hbp-sa.pl)

tel. (+48 32) 781 31 227

mobile (+48) 691 910 760