

## PRESS NEWS

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### **Energomontaż-Północ Group decreases costs and intensifies sale**

- In the first quarter of the year 2010, the Group of Energomontaż-Północ reached PLN 67.4 million of the revenues and closed this period with a net loss in the amount of over PLN 4 million.
- The main reasons of the weaker result were orders reduction in the production segment and delays in execution of the contracts, caused by the hard winter.
- Since the end of the third quarter, the Group has carried out a restructuring process, which is aimed at an activation of the sale processes and decrease of the costs.

The Capital Group of Energomontaż-Północ closed the first quarter of the year 2010 with the revenues lower by 20 percent than in the analogical period of the year 2009. The reason of the lower sale was substantial orders reduction in the production segment, in which the related companies Energop and Energomontaż-Północ Gdynia are active. The orders from the power industry and offshore markets, which are the basic ones for these companies, have been considerably postponed.

Despite keeping the general management cost at the last year's level, the Group noted an operating loss and net loss, which in the first quarter of 2010 amounted to PLN 4.2 million. *"Even at the end of the last year, which was extremely successful for our Group, we warned about shrinking of the market of services for the power industry and delay of the new big investments, as well as the end of the investment processes in the oil and petrochemical sector,"* says president Dyrka. *"In the first quarter it was clearly obvious. The lower revenues, even with such accurate costs control, caused that the result of the quarter was negative".*

The better situation than in the production sector is in the erection sector and in the servicing. Both the mother company (erection), as well as ZRE Lublin (servicing) reached growth of the revenues in the first quarter of 2010. Individual sale of Energomontaż-Północ SA amounted to PLN 50 million and was higher than one year ago by 20 percent. On the negative net result of the mother company (-2.6 million of PLN) had the effect the elongation of the execution period of the contract in Hungary.

Anticipating worsening of the market situation, the Management Boards of Energomontaż-Północ Group companies even since the third quarter of the year 2009 have been carrying out activities in order to intensify sales and further decrease of costs. *"The undertaken activities have already brought measurable benefits, actually the monthly savings are amounting to PLN 400 thousand and in the next months they will be growing up,"* says president Dyrka. *"We have been decreasing the personnel and standing costs as well as increasing productivity of work."*



Exceedingly important is sale intensification. In a situation when the investment processes in the Polish oil and petrochemical industry are going to an end, while investment projects in the power industry are still postponed, the Group looks for the new segments, in which it can make money using its experience. *“It applies to the offshore segment, full utilization of the bought dry dock in Gdynia, as well as prospective segment of the offshore wind farms,”* explains president Dyrka. *“We intensify activities aimed to obtain contracts in a broadly defined environment protection and a green energy. First of all, we count on the new markets in Poland – biogas plants and flue gas denitrification plants.”*

*Energomontaż-Północ S.A. is the dominant company of the Capital Group. The companies included in it carry out construction/erection works, and their specialization is in the services for the power industry, chemical, environmental and petrochemical sectors, as well as in the municipal and industry construction.*

*The Group employs about 2000 persons. In 2009, it achieved over PLN 390 million of the revenues and PLN 32.6 million of the net profit. The principal shareholder of the company is Polimex-Mostostal S.A., possessing 65.55 percent of share in the capital and in the votes at the General Assembly of the Shareholders (WZA). More information about the company you can find on [www.energomontaz.com.pl](http://www.energomontaz.com.pl)*

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