

Dear Shareholders, Business Partners, Employees and Stakeholders,

We have closed the year 2014, marked by challenges, hard work, but also a string of successes. On April 17th, we signed our largest ever contract to construct a 910 MW supercritical power generating unit at the Jaworzno III Power Plant for the Tauron Group. We completed all pre-construction work on the project, as evidenced by the fact that the contractors were able to move to the construction site on March 2nd this year. Holding a 99.99% interest, RAFAKO leads the consortium responsible for this project, with a VAT-exclusive price of PLN 4.4bn. Also last year, thanks to a settlement with the ALSTOM Group companies, we were able to repay a substantial portion of our outstanding bank debt. This helped us focus on our operations, and as a result – despite the challenging environment for our business (including the precarious standing of our parent) – we were awarded several interesting contracts in areas of our core expertise, e.g. steam generators and environmental protection facilities, not only in the power generation sector but also the chemical industry, even though we had restricted access to guarantee lines. A case in point is a contract with Zakłady Azotowe Kędzierzyn for phase one (one steam generator and turbine generator set) of the ZAK Group's coal-fired CHP plant, with a VAT-exclusive price of PLN 320m. Another notable assignment is a contract to reduce NOX emissions from steam generators of the Ostrołęka B Power Plant for ENERGA Elektrownie Ostrołęka, with a VAT-exclusive price of PLN 149.9m.

One of our primary objectives for the coming years will be to diversify our markets and customer base. The commercial power sector will certainly remain our main source of revenue, but we view contracts for other sectors, like the already mentioned chemical industry, as also extremely important.

We will also aim to expand our foothold in foreign markets, where we derived 14.8% of our consolidated revenue in 2014. We successfully pursued several contracts to manufacture, deliver, assemble and start up electrostatic precipitators and steam generators for power stations in Germany. We also deliver steam generators, fluidised bed boilers, biomass-fired boilers and boiler components to power plants in the UK, Denmark, Turkey and Serbia.

These export markets are very important to RAFAKO, as manifested by the fact that in 2014 we secured new interesting contracts from customers in Turkey, the UK, and Finland. The target share of export markets in our total revenue is 25%-30%, to be achieved within the next three years.

In line with the previous year's guidance, our consolidated revenue grew by 58%, to nearly PLN 1.2bn. There was strong improvement at every level of our consolidated statement of profit or loss. Gross profit reached PLN 120.1m, with operating profit coming in at PLN 37.7m and net profit attributable to owners of the parent at PLN 22.6m. Our plans for this year are to further improve our performance across these metrics. We expect to generate some PLN 700m in consolidated revenue from the Jaworzno III Power Plant contract alone.

Toward last year's end, we released an updated strategy for 2015–2018, with the following strategic objectives:

1. to strengthen our development efforts in the three key areas of boiler, power generation and environmental protection technologies;
2. to consolidate our position as a leader on the Polish market of technologically advanced and environmentally-friendly solutions for the power and industrial sectors;
3. to expand foreign sales; and
4. to optimise management of working capital and funding costs, while improving cost discipline.

We expect the coming years to bring us new, exciting sale opportunities, connected with the capex plans announced by all power, chemical and fuel sector groups in Poland. Investments to increase or replace production capacities and comply with the ever more stringent emission requirements are estimated, depending on the source, at various levels in excess of tens of billions of zloty, to be spent over the next few years. We are prepared to meet all challenges placed before us by the power market. RAFAKO's offering includes the widest range of technologies available in Poland to build complete power generating units of all specified parameters and types of fuels, as well as the full suite of flue gas desulfurisation, denitrification and dust removal technologies. We are one of the leading European contractors in these areas and one of Europe's four vendors offering the complete technology for supercritical units.

In 2015, we will consistently pursue our activities in these segments, expanding our product mix through a number of R&D programmes to include cutting-edge solutions.

To conclude, on behalf of the entire Management Board, I would like to thank all our Shareholders for their trust in RAFAKO, without which we would not be able to boast a 25% year-on-year appreciation in our stock price. Let me also thank all our Business Partners for another successful year of working together, especially on the largest contract in our order book, i.e. the construction of a power generating unit at the Jaworzno III Power Plant. I thank members of the Supervisory Board for their continued support. First and foremost though, I thank all RAFAKO Employees for their enormous contribution and commitment in 2014. I believe this year will be exceptional and will bring us further successes.

Agnieszka Wasilewska-Semail

President of the Management Board

Racibórz, March 23rd 2015