Polska Grupa Zbrojeniowa S.A.

Strategic goals and assumptions
I. Polska Grupa Zbrojeniowa – Polish Armaments Group
About Polish Armaments Group

We are forming one of the largest defence groups in Europe, based on many years’ experience and acquired competences. Our ambition is to become the leading manufacturer of high-tech military equipment for modern armies worldwide.

Strong position in the region

We are forming one of the largest defence groups in Europe, based on many years’ experience and acquired competences. Our ambition is to become the leading manufacturer of high-tech military equipment for modern armies worldwide.
We are building the power of the Polish economy, and as the main business partner in the Polish Army upgrade process we are a major element in the national security system.

We concentrate over 30 companies to offer proven and reliable products to our customers. We develop resources to quickly respond to customer requirements home and abroad.
Investment and knowledge transfer

We invest in the development of the delivered highly innovative solutions and systems for all types of armed forces to ensure high customer satisfaction level, and thereby stable jobs and increased value of the companies.

We are going to become a link between business and science, providing continuous transfer of new technologies into the economy.
Responsibility and trust

Our most important values, by which we are guided in business, are responsibility and trust. We support sustainable development, corporate governance, ethical principles and environmentally-friendly technologies. Creativity, innovativeness, quick action, and teamwork are what we find essential in business.
About Polish Armaments Group*

- Over 16K employees in PGZ companies
- Over 30 companies belonging to PGZ
- Over PLN 4.5B annual turnover of PGZ companies

*Data as of the day of completion of the 2nd stage of consolidation
Openness and dialogue

Relations with employees is one of the most precious assets of the group. Dialogue is a priority both for the Management Board of PGZ and for the management boards of all companies belonging to the group.
II. Why are we consolidating the Polish defence industry?
Why are we consolidating the Polish defence industry? (1)

Development of Polish defence industry

The key purpose of the consolidation is to create the conditions for the increased capability of Polish defence companies of competing on international markets by:

- Creating a cooperation platform between armed forces, scientific teams and the industry – integrating the economic, scientific and defence spheres;
- Being a credible business partner, including a partner for establishing industrial ties with foreign contracting parties.
Why are we consolidating the Polish defence industry? (2)

Strategic goal of the consolidation

Integration of the Polish defence industry, which gives the capability of competing on international markets of armaments and military equipment – in particular on the European market.
Challenge

Participation in the technological upgrade of the Polish Armed Forces as the strategic partner of the Ministry of National Defence, offering products that satisfy the Ministry’s demand.

Action

Consolidation of key assets

| Manufacturing | Services&Repairs | Trade |

Effect

Complementary economic structure that is strong in the sector and capable of contending with the increasingly fiercer international competition.

Why are we consolidating the Polish defence industry? (3)
Why are we consolidating the Polish defence industry? (4)

Indirect goals of the consolidation and benefits for PGZ companies

- Increase in manufacturing capacity
- Increase in defensive capacity
- Consolidation of R&D facilities
- Lasting international cooperation

- Guarantee of increased Poland-orientation in the case of purchases as part of the upgrade programme of the Polish Armed Forces
- Development of PGZ companies and stable employment of the personnel
- Execution of innovative engineering solutions in the field of global defence

- Why are we consolidating the Polish defence industry? (4)
III. Business goals
Business goals (1)

**Short-term goal**
Consolidating the Polish defence industry with the participation of public and private sectors and pursuing a strategy that will coordinate business activities of the acquired companies, modernise them, increase their competitiveness and ensure their rapid development.

**Medium-term goal**
Achieving the position of an industrial leader in the upgrade of the Polish Army and intelligent specialisation within the following scopes:

- Air and anti-aircraft defence
- Unmanned systems
- Command support and battlefield visualisation
- Small arms, rocket and artillery weapons
- Innovative marine technology
- Achieving the position of an equal partner–competitor on the international defence market
Achieving the position of a strong and competitive international business organisation, which becomes involved in the system of foreign cooperation in the field of military equipment production and R&D project implementation, provides its customers with innovative and comprehensive solutions allowing for the full product or service lifecycle.
Effective organisation based on 3 pillars

<table>
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<tr>
<th>Customers</th>
<th>Employees</th>
<th>Investors and Shareholders</th>
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| - perceive and understand Customer needs  
- support the Customer at every stage of product lifecycle  
- engage Customers in the product creation and improvement processes  
- build strong partner relations with Contracting Parties | - strive for being a desired employer  
- care for level of employee satisfaction from work and support them in success  
- search for talents from various industries actively to design and build products, innovative solutions and services for most demanding Customers as a team | - goal: be a place of investment of choice  
- building goodwill responsibly to achieve excellent financial results and provide investors with the expected rate of return on investment  
- gain and maintain confidence of investors in our financial success, company leadership, employee quality, offered goods and services, management manner and general condition |
IV. Consolidation diagram and target equity structure
Consolidation diagram and target equity structure

**State Treasury**
- Ministry of Treasury
  - Huta Stalowa Wola S.A.
  - OBR CTM S.A.
- Ministry of National Defence
  - ROSOMAK S.A.
  - WZL Nr 1 S.A.
  - WZMot. S.A.
  - WZInż S.A.
  - WZE S.A.
  - WZł. Nr 1 S.A.
  - WZł. Nr 2 S.A.
  - WCBKT S.A.
  - WZL Nr 2 S.A.
  - WZL Nr 4 S.A.
  - WZU S.A.

**Stage I**

**Polska Grupa Zbrojeniowa S.A.**
- Agencja Rozwoju Przemysłu S.A.
  - JELCZ SP. Z O.O.
  - Huta Stalowa Wola S.A.
  - WSK PZL-KALISZ S.A.
  - FB ŁUCZNIK – Radom
  - NANO CARBON sp. z o.o.
  - MS TFI S.A.
  - Grupa MARS

**Stage II**

**Polski Holding Obrony sp. z o.o.**
- PIT-RADWAR S.A.
- MESKO S.A.
- PCO S.A.
- ZM BUMAR –ŁABĘDY S.A.
- ZM BUMAR-MIKULCZYCE S.A.
- ZM DEZAMET S.A.
- OBRUM sp. z o.o.
- ZM Tarnów S.A.
- PSO MASKPOL S.A.

**FK SEFAKO S.A.**
- ENERGOP SP. Z O.O.
- MSR GRYFIA S.A.
- Energomontaż-Północ Gdynia
- SR NAUTA S.A.
- Bilfinger MARS Offshore
Equity structure of Polska Grupa Zbrojeniowa S.A. after completed consolidation process

State Treasury

- Polski Holding Obronny sp. z o.o.: 84.08%
- Agencja Rozwoju Przemysłu S.A.: 100%

Polska Grupa Zbrojeniowa S.A.:
- ~38%
- ~37%
- ~25%
Directions of actions until the end of 2014

1-4 September 2014

Inauguration of PGZ S.A. actions on the 22nd International Defence Industry Exhibition in Kielce

Q3 2014

Consolidation of Polski Holding Obronny companies

Q4 2014

Development of PGZ S.A. Group’s strategy, including:

- marketing and image strategy
- expense and sales strategy
- corporate social responsibility strategy

Inauguration of Shared Services Centre
Inauguration of Technology Development Centre
Thank you for your attention.