

Management Board's  
**REPORT**  
on the activities  
of the Company in 2017



Mysłowice | 28 February 2018

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## DEFINITIONS AND ABBREVIATIONS

The table below presents the definitions of the abbreviations used in this Report.

<b>ADT</b>	Average Daily Traffic
<b>ASPI</b>	Autostrade per l'Italia S.p.A. with its registered office in Rome (Italy)
<b>Atlantia</b>	Atlantia S.p.A. with its registered office in Rome (Italy)
<b>Financing Banks</b>	Portigon AG (London Branch), Raiffeisen Bank Polska S.A., FMS Wertmanagement, KfW IPEX-Bank GmbH and PEKAO S.A.
<b>Biuro Centrum</b>	Biuro Centrum Sp. z o.o. with its registered office in Katowice
<b>Deloitte</b>	Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp.k. (formerly Deloitte Audyt Sp. z o.o.) with its registered office in Warsaw, Al. Jana Pawła II nr 22, entered on the list of entities authorised to audit financial statements kept by the National Chamber of Statutory Auditors under No. 73
<b>DPSN 2016</b>	"Best Practice of GPW Listed Companies 2016" adopted by resolution No. 26/1413/2015 of the Supervisory Board of GPW on 13 October 2015, which entered into force on 1 January 2016.
<b>GDDKiA</b>	General Directorate for National Roads and Motorways
<b>GPW</b>	Warsaw Stock Exchange (Giełda Papierów Wartościowych w Warszawie S.A.)
<b>Capital Group, Stalexport Autostrady Group, Group</b>	Stalexport Autostrady S.A. Capital Group with its registered office in Mysłowice
<b>KSH, Commercial Companies Code</b>	Act of 15 September 2000 – the Code of Commercial Companies and Partnerships (Polish Journal of Laws Dz.U of 2000 No. 94 item 1037 as amended)
<b>Independent Engineer</b>	JPL Project Sp. z o.o. with its registered office in Warsaw
<b>PPP</b>	Public-Private Partnership
<b>Ordinance on current and periodic information</b>	Ordinance of the Minister of Finance of 19 February 2009 concerning current and periodic information provided by issuers of securities and the conditions for considering as equivalent information required by the law of a non-member state as equivalent (Dz.U. of 2014, item 133, uniform text)
<b>SAM, Concessionaire</b>	Stalexport Autostrada Małopolska S.A. with its registered office in Mysłowice

<b>Report</b>	Management Board's Report on the Activities of Stalexport Autostrady S.A. in 2017
<b>Stalexport Autoroute</b>	Stalexport Autoroute S.à r.l. with its registered office in Luxembourg
<b>Stalexport Autostrady, Company, Issuer</b>	Stalexport Autostrady S.A. with its registered office in Mysłowice
<b>Concession Agreement</b>	Concession Agreement dated 19 September 1997 on building through conversion of the A4 motorway section: Katowice (Murckowska Junction, 340.2 km) – Kraków (Balice Junction, 401.1 km) to the toll motorway standards and motorway operation on this section, including modifications made on the basis of subsequent amendments, the rights and obligations under which were transferred in their entirety from Stalexport Autostrady to SAM on 28 July 2004
<b>Project Loan Agreement</b>	Agreement dated 28 December 2005, entered into between SAM and the banks, i.e. WESTLB BANK POLSKA S.A. Warsaw, WESTLB AG (London Branch), DEPFA BANK PLC, Dublin, Ireland, KfW Frankfurt, Germany and BANK BPH SPÓŁKA AKCYJNA, Warsaw. The object of the Loan Agreement was to grant a loan of PLN 380 million to finance the A4 toll motorway project on the Katowice–Kraków section (i.e. to finance the construction works of Phase IIa and to refinance the construction works of Phase I)
<b>Act on Auditors</b>	Act of 11 May 2017 on statutory auditors, audit firms and public supervision (Polish Journal of Laws Dz.U. of 2017 item 1089)
<b>Act on Offering</b>	Act of 29 July 2005 on public offering and conditions governing the introduction of financial instruments to organised trading system and public companies (Polish Journal of Laws Dz.U. of 2016 item 1639 uniform text)
<b>UOKiK</b>	Office of Competition and Consumer Protection
<b>VIA4</b>	VIA4 Spółka Akcyjna with its registered office in Mysłowice
<b>General Meeting</b>	General Meeting of Shareholders

## 1. LETTER FROM THE PRESIDENT OF THE MANAGEMENT BOARD OF STALEXPORT AUTOSTRADY

Dear Sir, Dear Madam,  
Dear Shareholders,

Key events in 2017 definitely included the resolution of the General Meeting of Stalexport Autostrady S.A. to distribute a part of the profit for 2016 in the amount of over PLN 44.5 million as dividend, amounting to 0.18 PLN per share.

In 2017, due to the much lower amounts of dividends paid by Stalexport Autoroute S.à r.l., i.e. in the amount of PLN 72.5 million (vs. approx. PLN 177.7 million in 2016), financial revenue amounted to over PLN 77.8 million, and the net profit of Stalexport Autostrady S.A. amounted to over PLN 73.2 million, vs. over PLN 180.7 million in 2016.

Revenue from sale at Stalexport Autostrady S.A. is generated above all by services related to the lease of office space in a building located in Katowice. Last year, this revenue was similar to the 2016 figure and amounted to approx. PLN 3.7 million.

However, the Company's activities focus above all on supervising companies from the Stalexport Autostrady S.A. Capital Group, which manage and operate the concession section of the A4 motorway (Katowice–Kraków).

Revenue from sales in the Capital Group increased by approx. 9% last year vs. 2016, amounting to over PLN 318.8 million. This increase resulted mostly from the increase in revenue from toll collection (by 9.2%), which was influenced by the change of the toll rates for heavy goods vehicles from 1 March 2017, as well as by the increased traffic intensity on the Katowice–Kraków section of the A4 motorway managed by the Group, by 5.9% vs. 2016, i.e. to the level of over 43 thousand vehicles per day.

The Capital Group's net profit, on the other hand, decreased by approx. 4% to the amount of approx. PLN 158.8 million, which was influenced by the higher own costs of sales vs. 2016, related to provisions for resurfacing (up by PLN 24.8 million).

The key projects implemented in 2017 in the Capital Group consisted in the completion of the expansion of the Rudno junction as well as in the replacement of toll collection equipment together with the launch of the **A4Go** electronic toll collection system. As part of the activities contributing to environmental protection, modernisation of motorway drainage and construction of noise screens continued, while road traffic safety will be improved as a result of the investment started last year, concerning the traffic management system (installation of electronic information panels). The total amount allocated to investments in 2017 was over PLN 43.9 million.

Resurfacing continued as part of the maintenance works.



In 2018, further stages of modernisation of drainage will be carried out, more noise screens will be built, and the supports of one of the bridge structures in the Małopolskie Voivodeship will be renovated. Resurfacing will also be carried out on the last 6.1 km section of the carriageway in the direction of Krakow, as well as on the slip roads of the Balin junction.

You will find more information about the Company and its activity in the year 2017 further below in this Report as well as in the financial statements of Stalexport Autostrady S.A. for 2017. I do encourage you to read it.

I would like to thank our Shareholders and the Supervisory Board for our good collaboration and support last year. I would also like to thank all the employees of the Capital Group for their professional approach, commitment and creativity.

Enjoy your reading!

Your sincerely,

President of the Management Board  
CEO



Emil Wąsacz



## 2. BASIC INFORMATION ON STALEXPORT AUTOSTRADY

### 2.1. BASIC CORPORATE DATA AND HISTORY OF STALEXPORT AUTOSTRADY

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**Management Board:**

Emil Wąsacz –  
President of the Management Board,  
CEO  
Mariusz Serwa –  
Vice-President of the Management  
Board, CFO

**KRS [National Court Register]:**

0000016854

**NIP [VAT No.]: 634-013-42-11**

**REGON [National Official Business  
Register No.]: 271936361**

**Share capital:**

PLN 185,446,517.25  
(paid-up in full)

**www:**

stalexport-autostrady.pl

Stalexport Autostrady S.A. plays the primary role in the Group which focuses on the upgrade and expansion of motorway infrastructure. The Company was the first Polish company to be granted a concession to implement the pioneering project with regard to the operation, alteration and adaptation of the Katowice–Kraków section of the A4 motorway to toll motorway requirements.

In 2004, the concession was transferred to an entity established specifically for the purpose of implementing the provisions of the Concession Agreement, i.e. Stalexport Autostrada Małopolska S.A.

Since mid-2006, the Company has been part of the Italian Atlantia Group. At the moment, Atlantia Group manages a network of approximately 5,000 km of toll motorways in Italy, Brazil, Chile, India and in Poland, and it is an automatic motorway toll collection system leader. For more information about Atlantia Group, visit its web page at [www.atlantia.it](http://www.atlantia.it)

Apart from the activities associated with the construction and operation of toll motorways, the Company also leases out office space in a building it co-owns, located in Katowice.

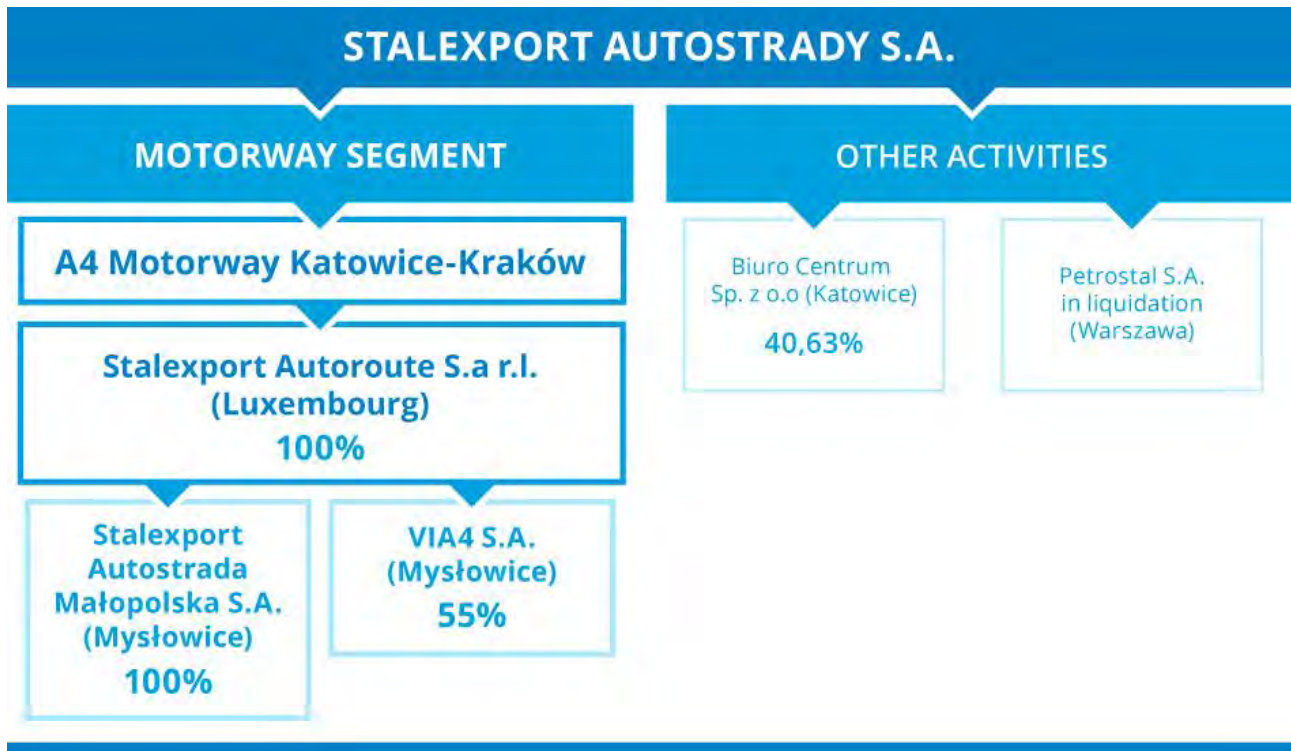
### 2.2. STALEXPORT AUTOSTRADY GROUP

At present, the operations of the Company and of the entities belonging to its Capital Group focus primarily on activities related to motorways. They include operation and maintenance of the Katowice–Kraków section of the A4 motorway. The activities are conducted by SAM and VIA4 through the special purpose holding: Stalexport Autoroute.

Additionally, owing to the fact that Stalexport Autostrady Group co-owns the office building in the centre of Katowice, it provides services related to leasing of office and parking spaces. These activities are carried out by the Company itself, as the co-owner of the property, as well as by its affiliate Biuro Centrum Sp. z o.o., as the property managing entity.

The figure no. 1 below presents the organisational structure of Stalexport Autostrady Capital Group broken down into: (i) core area of activities, i.e. the motorway segment, and (ii) other activities.

**FIGURE 1**  
 Organisational chart of Stalexport Autostrady Group as at 31 December 2017



Source: The Company's own compilation

Table no. 1 includes basic consolidated data of Stalexport Autostrady Group as well as separate data regarding the three major entities belonging to the Group, i.e. Stalexport Autostrady, SAM and VIA4. Apart from the results achieved by the said companies in 2017, for the purpose of comparison, we also included the results achieved by the companies in the corresponding period of the previous year, whereas for the balance sheet data, we presented the figures as at 31 December 2017 and 31 December 2016.

**TABLE 1**  
**Basic financial data of selected entities from the Group [figures in PLN '000]**

balance sheet data	Stalexport Autostrady Group		Stalexport Autostrady		SAM		VIA4	
	31 Dec 2017	31 Dec 2016	31 Dec 2017	31 Dec 2016	31 Dec 2017	31 Dec 2016	31 Dec 2017	31 Dec 2016
Non-current assets	1 009 401	1 059 736	78 210	78 950	990 774	1 041 300	9 945	8 945
Current assets	428 945	386 910	341 278	310 721	81 677	69 023	13 649	14 308
Total equity	698 173	586 828	416 327	387 585	336 833	253 520	10 431	11 110
Non-current liabilities	456 369	682 793	2 156	1 109	452 965	680 619	5 259	4 971
Current liabilities	283 804	177 025	1 005	977	282 653	176 184	7 904	7 172
Net debt***	-441 214	-315 362	-324 225	-300 032	-107 723	-9 455	7 490	5 573
<b>performance data</b>	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Revenue from sales	318 831	292 853	3 660	3 774	314 776	288 394	44 374	42 351
Gross profit/loss from sales	248 324	251 999	-358	-261	227 200	230 286	20 050	20 671
EBITDA*	265 753	245 367	-3 679	-2 928	253 170	230 845	16 562	17 618
EBIT	216 409	222 761	-4 262	-3 474	205 914	210 362	15 057	16 049
Profit/loss from financial activities	-18 196	-21 158	77 748	181 331	-23 320	-24 500	-193	-266
Net profit/loss	158 780	165 294	73 208	180 747	146 125	149 230	11 996	12 736
EBIT margin*	68%	76%	-116%	-92%	65%	73%	34%	38%
ROE	23%	28%	18%	47%	43%	59%	115%	115%

\*EBITDA = EBIT + depreciation and amortisation + provision for motorway resurfacing

\*\*EBIT margin = EBIT / revenue from sales

\*\*\* Net debt = total liabilities – provision for capital expenditures – derivatives (net of deferred tax impact) – non-current deposits – cash and cash equivalent

Source: The Company's own compilation

### 3. STALEXPORT AUTOSTRADY – FINANCIAL ANALYSIS

#### 3.1. PRESENTATION OF FINANCIAL RESULTS

The table no. 2 shows the Company's basic financial results achieved in 2017 and comparative 2016 figures.

**TABLE 2**  
Selected items of the statement of comprehensive income of Stalexport Autostrady in 2017 and 2016 (separate figures)

PLN '000	2017	2016	Change [%]
Revenue from sales	3 660	3 774	-3%
Cost of sales	-4 018	-4 035	0%
<b>Gross profit from sales</b>	<b>-358</b>	<b>-261</b>	<b>37%</b>
Other operating revenue	76	46	65%
General and administrative expenses	-3 974	-3 226	23%
Other operating expenses	-6	-33	-82%
<b>Profit on operating activities (EBIT)</b>	<b>-4 262</b>	<b>-3 474</b>	<b>23%</b>
Financial revenue	77 833	181 424	-57%
Financial expenses	-85	-93	-9%
<b>Balance on financial activities</b>	<b>77 748</b>	<b>181 331</b>	<b>-57%</b>
<b>Profit before tax</b>	<b>73 486</b>	<b>177 857</b>	<b>-59%</b>
Income tax	-278	2 890	-110%
<b>Net profit</b>	<b>73 208</b>	<b>180 747</b>	<b>-59%</b>

Source: The Company's own compilation

The amount of net profit generated in 2017 was mainly a result of positive financial operations described in detail in section 3.1.3 of the Report.

##### 3.1.1. AMOUNT AND STRUCTURE OF OPERATING REVENUE

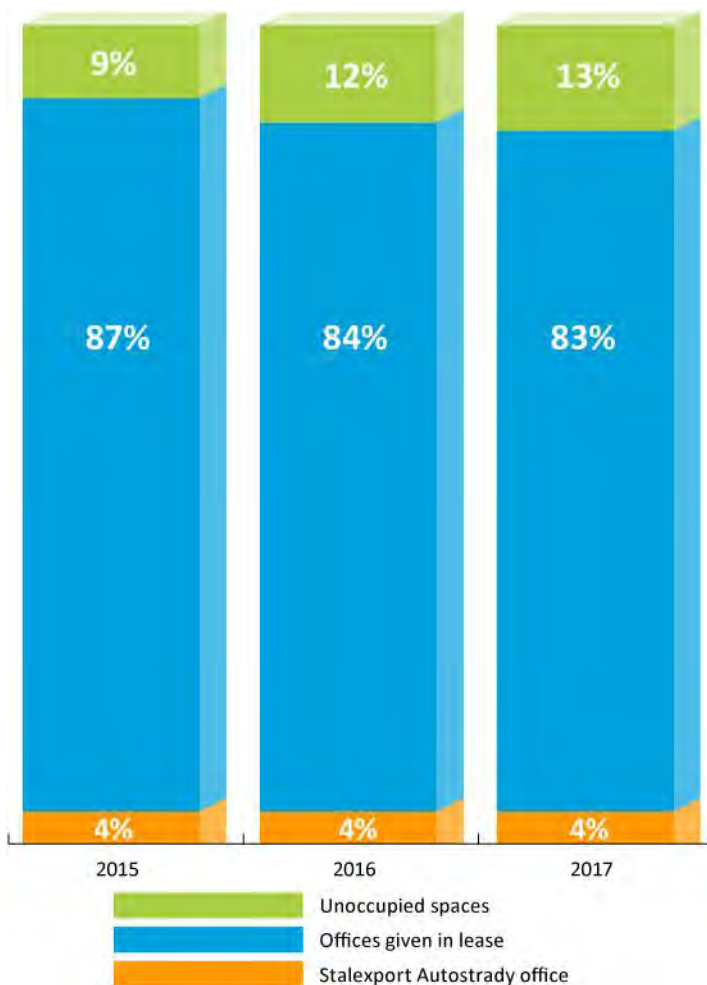
Stalexport Autostrady runs its motorway business through its subsidiaries. Thus, the separate **revenue from sales** generated by the Company includes mainly revenue from services related to the lease of office space in the office

building in Katowice at ul. Mickiewicza 29 and of parking spaces located next to this office building. In 2017, Stalexport Autostrady generated total revenue in relation to this operation in the amount of PLN 3,184 thousand vs. PLN 3,304 thousand in the previous year.

Stalexport Autostrady is a co-owner of the office building in Katowice at ul. Mickiewicza 29. As such, the Company has at its sole disposal the office space of 4,735 m<sup>2</sup> (and additionally 212 m<sup>2</sup> of conference rooms). As at the end of 2017, 178 m<sup>2</sup> of this office space was occupied by Stalexport Autostrady for its own needs (same as at the end of 2016).

**FIGURE 2**  
**The structure of office space utilisation in the office building in Katowice at ul. Mickiewicza 29**

Currently, the unoccupied office space is near to the minimum level possible from the technical point of view that results from a natural turnover of lessees and preparation (refurbishment or redecoration) of spaces in order to lease them out to third parties. This year, the plan is to continue the efforts in order to maintain the current office space occupancy while maintaining the optimum rent rates.



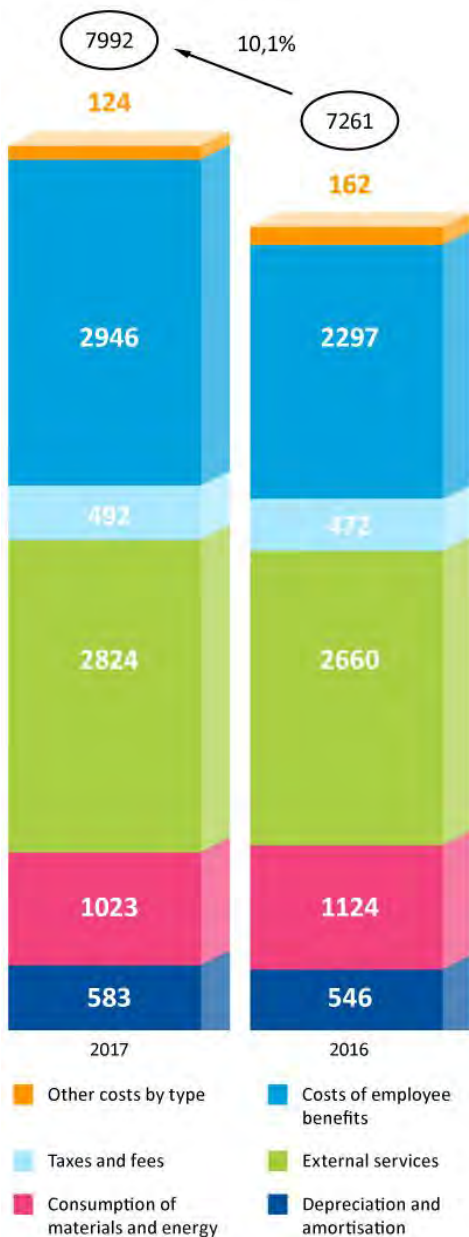
Other revenue from sales amounting to PLN 476 thousand was generated by the Company from the provision of services, including mainly work related to IT services and from the fee received from VIA4 in relation the performance guarantee granted to this company. In 2017, this revenue increased by PLN 6 thousand vs. the previous year. The above-mentioned sources are the **permanent elements of operating revenue** of Stalexport Autostrady and their value in the future periods should be similar to that reported in 2017.

Source: The Company's own compilation

### 3.1.2. AMOUNT AND STRUCTURE OF OPERATING EXPENSES

In 2017, the value of expenses incurred by Stalexport Autostrady – including the cost of sales as well as general and administrative expenses – increased by 10.1%.

**FIGURE 3**  
The structure of costs by type related to the Company's operations



The largest item in the structure of the Company's costs by type consists of employee benefits, including remuneration. In 2017, these costs increased vs. 2016 (by approx. 28.3%).

The second largest item of costs by type incurred by the Company was represented by costs of outsourced services (including, but not limited to property administration, repair, maintenance and cleaning services, property security, rental and lease and consultancy services), whose value in 2017 also increased vs. 2016 (by over 6.2%).

In 2017, the consumption of materials and energy decreased by approx. 9% vs. the previous year. Depreciation, amortisation, taxes and fees in 2017 were slightly higher vs. 2016, while other costs by type dropped by 23.5%.

In 2017, other operating expenses amounted to PLN 6 thousand.

Source: The Company's own compilation (in PLN '000)

### 3.1.3. FINANCIAL OPERATIONS

The financial operations of the Company significantly affect the net profit/loss generated by Stalexport Autostrady. This is a consequence of the nature of the activity carried out by the Company (managing the Capital Group). This activity makes it possible to accumulate funds that can subsequently be used for the implementation of future motorway projects or to pay dividends.

The figures in this area of operation are influenced to the greatest extent by financial revenue which in 2017 included mainly the following:

- dividends received from the subsidiary Stalexport Autoroute (PLN 72,517 thousand);
- interest related to investments consisting in depositing financial resources with banks (PLN 5,076 thousand);
- interest related to finance lease (PLN 230 thousand).

In 2017, total financial revenue amounted to PLN 77,833 thousand and was lower by PLN 103,591 thousand vs. the previous year, mainly as a result of lower dividend from the subsidiary Stalexport Autoroute.

The amount of financial expenses in 2017, on the other hand, was influenced by revaluation write-downs related to the impairment of shares of Dom Maklerski BDM S.A., in the total amount of PLN 85 thousand, lower than in 2016 (PLN 93 thousand).

## 3.2. ASSETS AND FINANCIAL POSITION

The assets and the financial position of Stalexport Autostrady were presented on the basis of the synthetic statement of financial position shown in the table no 3. It takes into account the structure of assets and liabilities of the Company and the year-on-year dynamics for particular items.

**TABLE 3**  
**A synthetic report on Stalexport Autostrady's statement of financial position as at 31 December 2017 and 31 December 2016 – separate figures**

in PLN'000			Variations	Structure	
	31 Dec 2017	31 Dec 2016	2017/2016	31 Dec 2017	31 Dec 2016
Non-current assets	78 210	78 950	-1%	19%	20%
Current assets	341 278	310 721	10%	81%	80%
Equity	416 327	387 585	7%	99%	99%
Non-current liabilities	2 156	1 109	94%	1%	0%
Current liabilities	1 005	977	3%	0%	0%
<b>Balance sheet total</b>	<b>419 488</b>	<b>389 671</b>	<b>8%</b>	<b>100%</b>	<b>100%</b>

Source: The Company's own compilation based on the Company's financial statements

### 3.2.1. ASSETS

As far as the structure of **non-current assets** is concerned, the main item consists in the shares of the subsidiary running the motorway business, i.e. Stalexport Autoroute (PLN 67,086 thousand). The decrease in the value of non-current assets reported in the analysed period was mainly due to a decrease in the value of investment property and deferred income tax assets, respectively by PLN 531 thousand and PLN 263 thousand (vs. an increase by PLN 225 thousand and PLN 2,891 thousand in 2016, respectively). In the period covered by the report, the value of tangible fixed assets also decreased by PLN 50 thousand. On the other hand, the value of non-current assets was also influenced by an increase in the value of finance lease receivables by PLN 103 thousand (vs. a decrease by PLN 865 thousand in 2016).

The amount of **current assets** is determined by the amount of cash and cash equivalents that may be used to implement future motorway projects. The value of this item increased from PLN 302,118 thousand in 2016 to PLN 327,386 thousand in 2017, mainly as a result of the positive balance of dividends paid and received. Stalexport Autostrady invested the said funds in the money market in the form of short-term bank deposits.

Other significant items of Stalexport Autostrady's current assets include the shares held for sale in the amount of PLN 1,403 thousand, short-term lease finance receivables in the amount of PLN 1,965 thousand, as well as trade receivables and other receivables in the amount of PLN 10,524 thousand, including overdue net receivables in the amount of PLN 5,088 thousand.

### 3.2.2. EQUITY AND LIABILITIES

in 2017, retained earnings decreased within the equity structure, amounting to PLN 73,235 thousand as at the end of the year (decrease by PLN 107,518 thousand vs. 2016). The above is a consequence of the payment of dividend for the Company's shareholders from the net profit for 2016 in the amount of PLN 44,507 thousand, with the remaining part of the net profit for 2016 being transferred to other reserve capital (PLN 136,240 thousand)

As at 31 December 2017, the Company's total liabilities amounted to PLN 3,161 thousand, following an increase by PLN 1,075 thousand vs. 31 December 2016, caused mainly by the increase in the payable related to other employee benefits by PLN 1,047 thousand.



## 4. ANALYSIS OF THE CORE MARKET OF THE COMPANY'S OPERATION

Taking into account the condition of the road infrastructure and development needs, the Ministry of Infrastructure developed the "Programme for Construction of National Roads for the Years 2014–2023 (with a perspective until 2025)" (hereinafter referred to as the Programme). On 8 September 2015, the Programme was approved by a resolution of the Council of Ministers. The Ministry of Infrastructure and Construction updated the Programme in 2017, and the changes were approved by way of resolutions of the Council of Ministers, respectively of 25 May 2017, 20 June 2017, and 12 July 2017.

The updated document defines the objectives and priorities, both in terms of investments and of road network maintenance. The Programme indicates the material scope scheduled to be implemented in the years 2014–2023 as far as new road investments are concerned. The estimated level of capital flow for their implementation, under the National Road Fund was estimated, after the update, at PLN 135 billion. This amount is supposed to be allocated to the implementation of investment tasks consisting in the construction of motorways, expressways and ring roads around certain towns or cities.

Apart from the financing under the National Road Fund, the Programme provides for the construction of motorway sections in the off-budget (commercial) system, but still under the control of the public party, mostly through a special purpose vehicle operating in the road sector. In the initial Programme, this was potentially supposed to concern the construction of certain sections of the motorways A1, A2 and A18. However, in relation to the need to complete the A1 Tuszyn–Częstochowa section in the financial perspective until 2023, a decision was made, as part of the 2017 update of the Programme, to implement it in the traditional formula, i.e. within the framework of the National Road Fund. Neither the initial Programme, nor the updated one, however, assumes financing road infrastructure in the classic public-private partnership system.

If any new invitation to public tender being of interest to Stalexport Autostrady is issued, it will be analysed by the Company and if it is positively verified and meets the strategic objectives of the Group, the Company will decide to participate in such a tender.

The Company does not exclude the option of equity investment in some of the existing concession projects in Poland if another participant of the projects is ready to quit the project or if one of the consortiums looks for additional partners with regard to capital support.

Moreover, bearing in mind the increasing level of public debt as well as the current budget deficit, one should not overlook the possibility of infrastructure privatisation in the longer-term perspective, also with regard to motorways currently under the management of the public party. The experience of Italy and France in this respect shows clearly that this instrument allows for a rapid reduction of a part of the public debt as well as for acceleration of the process of infrastructure development, in compliance with the standards of safety and quality. This issue, however, is currently not a subject of public debate.

## 5. OTHER INFORMATION ON STALEXPORT AUTOSTRADY

### 5.1. INFORMATION ON CONTRACTS SIGNIFICANT FOR THE COMPANY'S AND THE GROUP'S OPERATING ACTIVITY, INCLUDING CONTRACTS BETWEEN THE SHAREHOLDERS AS WELL AS INSURANCE AND COOPERATION CONTRACTS THE COMPANY IS AWARE OF

**On 4 July 2017**, SAM issued a letter of approval for Pavimental Polska Sp. z o.o. The issuing of the said letter of approval meant that SAM had accepted the tender submitted by Pavimental Polska Sp. z o.o. in the procedure related to the performance of the lump-sum contract with a fixed price no. ROM48 "Renovation of supports of the M48 bridge structure" (hereinafter referred to as the Contract). The net value of the Contract is PLN 21,300 thousand (hereinafter: the Approved Net Contractual Amount).

Following the issuing of the letter of approval, SAM and Pavimental Polska Sp. z o.o. signed an agreement related to the performance of the Contract, whose provisions were consistent with the model presented in the tender procedure documents.

The General Conditions for the above-mentioned Contract will be provided by the "Conditions of Contract for Construction for Building and Engineering Works Designed by the Employer", first ed. 1999, published by Fédération Internationale des Ingénieurs-Conseils (FIDIC), copy in Polish (fourth English-Polish edition, unchanged, 2008). The General Conditions of Contract will be complemented by the Specific Conditions of Contract. The General Conditions of Contract remain in force unless the Specific Conditions of Contract provide otherwise. The General and the Specific Conditions of the Contract together form the Conditions of Contract.

The agreement envisages the following liquidated damages for Pavimental Polska Sp. z o.o.:

- delay damages – the liquidated damages limit under Clause 8.7 of the Conditions of Contract is 10% of the Approved Net Contractual Price,
- damages for failure to remedy defects by the fixed date – the liquidated damages limit under Clause 11.4 of the Conditions of Contract is 10% of the Approved Net Contractual Price,
- damages for unjustified traffic hindrances – the liquidated damages limit under Clause 8.13 of the Conditions of Contract is 2% of the Approved Net Contractual Price,

No other contracts significant for the Group's operating activity were entered into in the reporting period and until the date of this Report.

### 5.2. INFORMATION ON CHANGES IN ORGANISATIONAL OR CAPITAL RELATIONS OF THE GROUP WITH OTHER ENTITIES

**On 13 February 2017**, Stalexport Autostrady acquired 10 shares in CATTERICK INVESTMENTS Sp. z o.o. with its registered office in Warsaw, entered into the Register of Entrepreneurs kept by the District Court for the capital city of Warsaw in Warsaw, 12<sup>th</sup> Commercial Department of the National Court Register under the company registration number KRS: 0000636804 (hereinafter referred to as CATTERICK INVESTMENTS), with the nominal value of 50 PLN each share, constituting in total 10% of the share capital of CATTERICK INVESTMENTS, together with all the rights resulting from the

said shares. The party selling the said shares was VISTRA SHELF COMPANIES Sp. z o.o. with its registered office in Warsaw. The total acquisition price of the 10 shares in CATTERICK INVESTMENTS was PLN 1,285.75.

On 20 February 2017, CATTERICK INVESTMENTS submitted to the GDDKiA a request for admission to participate in the public procurement procedure no. DPR.DPR-2.2413.6.2016.DZR.34 for the NATIONAL TOLL COLLECTION SYSTEM TOGETHER WITH ELECTRONIC TOLL COLLECTION ACTIVITIES AND ACTIVITIES RELATED TO TOLL COLLECTION IN GENERAL, announced on 14 December 2016 by the GDDKiA (hereinafter: the Procedure), a competitive dialogue procedure.

On 3 January 2018, an amendment of the Act on public roads and of some other acts was published in the Polish Journal of Laws, which assumed entrusting the operation of the toll collection system to the Central Road Transport Inspectorate. Following the said amendment, the GDDKiA annulled the Procedure on 18 January.

No other changes of the said type occurred in the reporting period or until the date of preparation of the Report.

### 5.3. DESCRIPTION OF TRANSACTIONS WITH RELATED PARTIES AND INFORMATION ON TRANSACTIONS CONCLUDED BY THE COMPANY OR ITS SUBSIDIARIES WITH RELATED PARTIES ON TERMS OTHER THAN MARKET TERMS

#### (i) Transactions with related parties for the single or total transaction value exceeding in the financial year the amount of EUR 500,000

In the case of the Company, in the financial year, there were five transactions meeting the above-mentioned criteria:

- In 2017, Stalexport Autostrady incurred costs as per maintenance cost estimates and estimates for investments related to the safety and functioning of the office facility located in Katowice at ul. Mickiewicza 29. All of the above-mentioned expenses were covered by the agency of Biuro Centrum and their total amount attributable to Stalexport Autostrady was PLN 3,080 thousand. It is the equivalent of approximately EUR 738 thousand (based on the National Bank of Poland's average exchange rate as at 31 December 2017);
- In 2017, VIA4 transferred (in instalments) to Stalexport Autoroute a dividend in the total amount of PLN 6,957 thousand, which is the equivalent of approximately EUR 1,668 thousand (based on the National Bank of Poland's average exchange rate as at 31 December 2017);
- In 2017, SAM transferred (in instalments) to Stalexport Autoroute a dividend in the total amount of PLN 65,570 thousand, which is the equivalent of approximately EUR 15,721 thousand (based on the National Bank of Poland's average exchange rate as at 31 December 2017);
- In 2017, Stalexport Autoroute transferred (in instalments) to Stalexport Autostrady a dividend in the total amount of PLN 72,270 thousand, which is the equivalent of approximately EUR 17,327 thousand (based on the National Bank of Poland's average exchange rate as at 31 December 2017);
- In 2017, Stalexport Autostrady transferred dividend to shareholders in the amount of PLN 44,507 thousand, i.e. the equivalent of approx. EUR 10,671 thousand (based on the average exchange rate of the National Bank of Poland of 31 December 2017), including the amount of PLN 27,238 thousand to Atlantia, i.e. the equivalent of approx. EUR 6,531 thousand (based on the average exchange rate at the National Bank of Poland of 31 December 2017).

(ii) **Information on transactions concluded by the Company or by its subsidiaries with related parties on the terms other than market terms**

All transactions concluded by the Company or its subsidiaries with related parties were carried out on market terms. However, the Management Board of the Company would like to draw your attention to six significant agreements entered into by its subsidiaries with related parties:

- The first agreement of that kind is the **Operation and Maintenance Agreement** which was initially entered into in 1998 by and between Stalexport Autostrady and VIA4. The current agreement was entered into **by and between SAM and VIA4** on 22 March 2006.

The Operation and Maintenance Agreement was entered into for the term of the Concession Agreement (until 2027) and its scope includes clearly defined works connected with the A4 concession project, including toll collection services and current maintenance and operation of the motorway (including winter maintenance). The contractual level of the operator's remuneration in the term of the Agreement separates in a long term the risk of impact of frequent market price fluctuations on maintenance and operation costs as well as ensures continuity of services and operation through the many years of implementation of the investment project. In 2017, the value of the transactions between SAM and VIA4 under the above-mentioned Agreement amounted to PLN 43,410 thousand.

Considering the specificity and the scope of the above-mentioned Agreement and the fact that the market for services of the relevant kind is very limited, it is difficult to compare the provisions of the Operation and Maintenance Agreement to the terms which it is possible to obtain on what is referred to as the free market.

Nevertheless, in the opinion of the Company's Management Board, the above-mentioned Agreement was entered into on market terms and its provisions do not differ from the terms which might have been obtained if it had been signed with an entity not belonging to the Group.

- The second agreement is the **contract between SAM and Autostrade Tech S.p.A.** (this entity is a member of Atlantia Group which holds 100% of the shares of Autostrade Tech S.p.A.) for the **Replacement of the Toll Collection Equipment (RTCE).**

The contractor for this contract was selected on the basis of the established tendering procedures. On 31 May 2012, SAM sent invitations to tender to the selected companies. The following two companies submitted their tenders within the deadline (i.e. by 10 July 2012): (i) Autostrade Tech S.p.A. and (ii) Egis Project S.A. As a result of the tender committee works with the participation of the Independent Engineer, the tender of Autostrade Tech S.p.A. obtained the highest rating. The contract with this company was entered into on 14 September 2012 upon the approval of the Financing Banks. The contract envisages replacement of the toll collection equipment at the Balice and Brzeczowice toll plazas as well as equipping with toll collection equipment four new lanes at each toll plaza, built additionally under separate contracts. The contract is being carried out on a Design-Build basis.

Implementation of the contract was divided into sections. Section I was completed already in 2016, while work related to Section II was completed in 2017. The predicted contract value as of the end of 2017, taking into account what is referred to as the provisional prices determined for a part of the works as well as the running costs of support and maintenance in the contractual period, is PLN 37,850 thousand. As at the end of 2017, the progress of works under that contract corresponded to PLN 36,790 thousand (i.e. 97.2% of the current contract value), of which PLN 13,296 thousand in 2017.

In the opinion of the Company's Management Board, the above-mentioned agreement was entered into on market terms and its conditions do not differ from the terms which might have been obtained if it had been signed with an entity not belonging to the Group.

- The third agreement is the **contract between SAM and the consortium of Pavimental S.p.A. and Pavimental Polska Sp. z o.o.** (the said entities belong to the Atlantia group, which holds 99.6% of the shares of Pavimental S.p.A., i.e. the sole shareholder of Pavimental Sp. z o.o.) for the **extension of the Myslowice Junction and construction of the Rudno Junction**.

The notice of invitation to tender was published on 4 March 2015 and the tender dossier started to be provided to tenderers on 9 March 2015. The tender submission deadline was set for 20 April 2015. Only one tender was received within the said deadline, submitted by the consortium of Pavimental S.p.A. and Pavimental Polska Sp. z o.o. The consortium offered to perform the full scope of the Works for the net price of PLN 22,046 thousand. As a result of the tender procedure, the Pavimental companies' consortium became the contractor and the construction work contract was entered into on 15 June 2015.

The work began on 1 July 2015 and the expected time of contract performance is 300 days for the Myslowice junction and 600 days for the Rudno junction. Mobilisation was completed in 2015, while the basic construction works started in 2016. Variation order no. 1 was issued in 2016, and variation orders no. 2–5 were issued in 2017. Taking the above variation orders into account, the final value of the contract is PLN 21,489 thousand. The work related to the alteration of the Myslowice junction was completed until the end of 2016, while the work related to the alteration of the Rudno junction was completed in 2017. The total net value of works invoiced by the consortium on account of this contract amounts to PLN 21,489 thousand (i.e. 100% of the contract value), of which the amount of PLN 1,256 thousand was invoiced in 2017.

Taking into consideration the procedure for the selection of the entity to execute the above-mentioned contract, in the opinion of the Company's Management Board its terms should be deemed market terms.

- The fourth agreement is the **contract between SAM and the consortium of Pavimental S.p.A. and Pavimental Polska Sp. z o.o.** (the said entities belong to the Atlantia group, which holds 99.6% of the shares of Pavimental S.p.A., i.e. the sole shareholder of Pavimental Sp. z o.o.) **for resurfacing on motorway sections with a total length of 59.88 km in the years 2016–2017**.

The contractor in this case was selected on the basis of a tendering procedure. The following three entities submitted their tenders within the deadline: (i) the consortium of Pavimental S.p.A. and Pavimental Polska Sp. z o.o. (ii) DROGOMEX Sp. z o.o. and (iii) EUROVIA Polska S.A. As a result of the tender committee works with the participation of the Independent Engineer, the tender submitted by the consortium of Pavimental S.p.A. and Pavimental Polska Sp. z o.o. obtained the highest rating. The contract was entered into for the amount of PLN 40,227 thousand on 5 February 2016, and the time set for completion of the works envisaged by the contract was 620 days from the initial date, i.e. 19 February 2016.

After the mobilisation period, performance of the basic works started on 4 May 2016. In total, 7 variation orders were issued in the years 2016 and 2017, as a result of which the scope of the works was increased, and some of them were moved to be performed in 2018, while the total value of the contract amounts to PLN 44,783 thousand. The net value of works invoiced by the consortium on account of this contract

amounts to a total of PLN 35,115 thousand (i.e. 78.4% of the current contract value), of which the amount of PLN 18,854 thousand was invoiced in 2017.

Taking into consideration the procedure for the selection of the entity to execute the above-mentioned contract, in the opinion of the Company's Management Board its terms should be deemed market terms.

- The fifth agreement is the **contract between SAM and the consortium of Pavimental S.p.A. and Pavimental Polska Sp. z o.o.** (the said entities belong to the Atlantia group, which holds 99.6% of the shares of Pavimental S.p.A., i.e. the sole shareholder of Pavimental Sp. z o.o.) **for alteration of A4 motorway drainage on the Silesian voivodeship section – part II.**

The contractor for this contract was selected on the basis of a tendering procedure, the conditions of which were agreed with GDDKiA (pursuant to the provisions of the Concession Agreement, the Concessionaire selects each contractor by means of a tender and GDDKiA has the right to verify the tendering criteria and conditions before announcing each of the tender procedures) and with the Financing Banks. The tender dossier was provided to the potential tenderers after the tender was announced. Only one tender was received within the deadline, submitted by the consortium of Pavimental S.p.A. and Pavimental Polska Sp. z o.o. Having opened and having verified the tender, the tender committee found it to be valid and complete. The contract related to the alteration of the drainage system for 8 catchment areas in the Silesian voivodeship was entered into for the amount of PLN 23,420 thousand on 1 April 2016, and the time set for completion of the works envisaged by the contract was 580 days from the initial date, i.e. 4 May 2016.

The construction works started in 2016 after the mobilisation period. During the year 2017, variation orders 1–3 were issued, expanding the construction works for instance by adding an extra catchment area, 4s. Taking into account the above variation orders, the contract value increased to PLN 28,172 thousand. The total net value of works invoiced by the consortium on account of this contract amounts to PLN 22,517 thousand (i.e. 79.9% of the contract value), of which the amount of PLN 15,069 thousand was invoiced in 2017.

Taking into consideration the procedure for the selection of the entity to execute the above-mentioned contract, in the opinion of the Company's Management Board its terms should be deemed market terms.

- The sixth agreement is the **contract between SAM and Pavimental Polska Sp. z o.o.** (entity belonging to the Atlantia group, which holds 99.6% of the shares of Pavimental S.p.A., i.e. the sole shareholder of Pavimental Sp. z o.o.) **for the renovation of supports of the M48 bridge structure.**

The contractor for this contract was selected on the basis of a tendering procedure during which tenders from three entities were received: (i) Pavimental Polska Sp. z o.o. (ii) Freyssinet Polska Sp. z o.o. and (iii) the consortium of DROG-BUD Sp. z o.o. and BTH FORMAT Andrzej Karapyta. As a result of the tender committee works with the participation of the Independent Engineer, the tender submitted by the consortium of Pavimental Polska Sp. z o.o. obtained the highest rating. The contract was entered into for the amount of PLN 21,300 thousand on 4 July 2017, and the time set for completion of the works envisaged by the contract is 860 days from the initial date, i.e. 18 July 2017.

The construction works started after the mobilisation period. The total net value of works invoiced by the contractor on account of this contract amounts to PLN 2,107 thousand (i.e. 9.9% of the contract value), the whole of which was invoiced in 2017.

Taking into consideration the procedure for the selection of the entity to execute the above-mentioned contract, in the opinion of the Company's Management Board its terms should be deemed market terms.

#### 5.4. INFORMATION REGARDING CONTRACTS ON CREDITS AND LOANS INCURRED AND TERMINATED IN THE FINANCIAL YEAR

In 2017, the Company did not incur any credits or loans. No credit or loan agreement was terminated in that period.

#### 5.5. INFORMATION ON LOANS GRANTED IN THE FINANCIAL YEAR, IN PARTICULAR LOANS GRANTED TO RELATED PARTIES

In 2017, the Company did not grant any loans to related parties or to entities not belonging to the Group.

#### 5.6. INFORMATION ON SURETIES AND GUARANTEES GRANTED AND RECEIVED IN THE FINANCIAL YEAR, IN PARTICULAR SURETIES AND GUARANTEES GRANTED TO RELATED PARTIES

In 2017, the Company did not grant nor receive any sureties or guarantees. As at the end of 2017, the Company has a contingent liability under the performance guarantee towards VIA4 in the amount of PLN 22,758 thousand. The Company receives remuneration on this account.

#### 5.7. INFORMATION ON ISSUANCE OF SECURITIES INCLUDING THE DESCRIPTION OF THE USE OF THE PROCEEDS FROM THE ISSUE BY THE COMPANY

In 2017, the Company did not issue any securities.

#### 5.8. EXPLANATION OF DIFFERENCES BETWEEN THE FINANCIAL RESULTS PRESENTED IN THE ANNUAL REPORT AND PREVIOUSLY PUBLISHED FINANCIAL RESULT FORECASTS FOR THE FINANCIAL YEAR

The Company did not publish any financial result forecasts for 2017.

## 5.9. EVALUATION (WITH JUSTIFICATION) OF FUNDS MANAGEMENT, INCLUDING IN PARTICULAR THE COMPANY'S ABILITY TO PAY OFF ITS LIABILITIES AND DETERMINATION OF POTENTIAL THREATS AND ACTIONS TAKEN BY STALEXPORT AUTOSTRADY OR ACTIONS IT INTENDS TO TAKE IN ORDER TO PREVENT THESE THREATS

Currently, there are no threats related to the liquidity risk. The free funds held by Stalexport Autostrady are fully sufficient to pay off the liabilities and may be used to finance future motorway projects. Currently, free funds are kept in short-term bank deposits generating additional financial revenue.

## 5.10. INVESTMENT PLANS FEASIBILITY ASSESSMENT

In 2017, the Company did not allocate significant amounts to investments in property, plant and equipment. CAPEX for 2018 is planned to amount to PLN 644 thousand, including PLN 383 thousand for the performance of necessary works related to renovation of the office building at ul. Mickiewicza 29 in Katowice. They will be financed with Stalexport Autostrady's own funds.

## 5.11. ASSESSMENT OF THE FACTORS AND EXTRAORDINARY EVENTS AFFECTING THE OPERATION RESULTS IN THE REPORTING PERIOD AND DESCRIPTION OF THE IMPACT OF THESE FACTORS OR EXTRAORDINARY EVENTS ON THE ACHIEVED RESULT

In 2017, the Company did not record any factors or extraordinary events affecting the operation results.

## 5.12. DESCRIPTION OF THE EXTERNAL AND INTERNAL FACTORS SIGNIFICANT FOR THE COMPANY'S DEVELOPMENT AND OF THE PERSPECTIVES FOR BUSINESS DEVELOPMENT

Detailed information is presented in the following Sections of this document:

- Section 3 of this Report (Stalexport Autostrady – financial analysis),
- Section 4 of this Report (Analysis of the core market of the Company's operations),
- Section 6 of this Report (Perspectives for development and major risks and threats; description of the external and internal factors significant for Stalexport Autostrady's development).

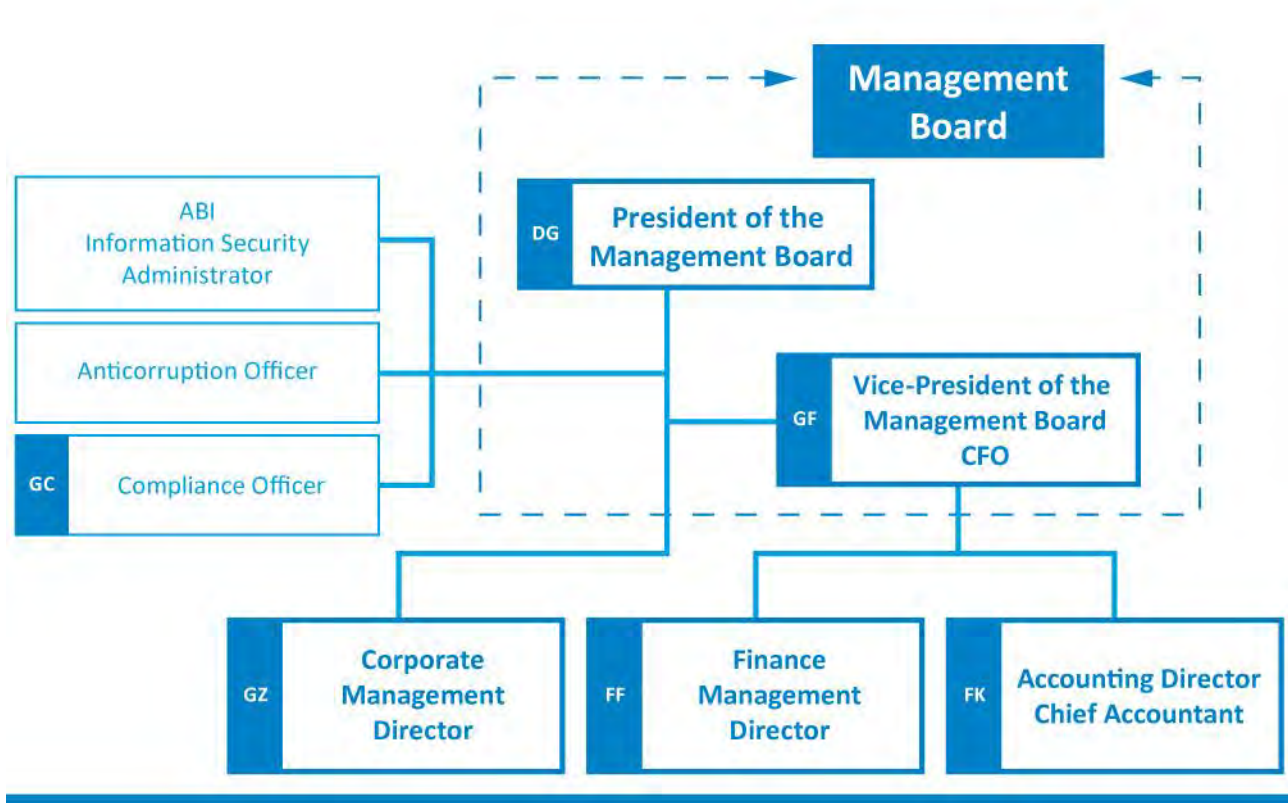


### 5.13. CHANGES TO THE BASIC PRINCIPLES FOR THE COMPANY'S MANAGEMENT AND ESSENTIAL INFORMATION FOR THE EMPLOYMENT SITUATION ASSESSMENT

#### Organisational structure of Stalexport Autostrady

In 2017, the Company's organisational structure changed as a result of the adoption by the Company (to be applied starting from 31 December 2017), of the "Anticorruption Policy of the Atlantia Group". The Company's organisational chart as at 31 December 2017 is shown in the figure no. 4.

**FIGURE 4**  
 Organisational structure of Stalexport Autostrady S.A. as at 31 December 2017



Source: The Company's own compilation

The number of employees as of 31 December 2017 remained unchanged compared to 31 December 2016, when there were 24 employees (6% FTE).

#### 5.14. INFORMATION REGARDING AGREEMENTS BETWEEN THE COMPANY AND THE MANAGING PERSONS PROVIDING FOR COMPENSATION IF THEY RESIGN OR ARE MADE REDUNDANT WITHOUT VALID REASON OR IF THEY ARE DISMISSED OR MADE REDUNDANT BECAUSE OF COMPANY'S MERGER BY ACQUISITION

The contracts with members of the Management Board performing such functions in 2017 provide for the following:

- in the case of Emil Wąsacz – a 6-month severance pay in the case of dismissal before the end of the term of office;
- in the case of Mariusz Serwa – payment of an additional benefit corresponding to 6-month remuneration in the case of termination of the contract by the Company, except termination for reasons attributable to the managing person.

#### 5.15. REMUNERATION OF THE MANAGING AND SUPERVISING PERSONS OF STALEXPORT AUTOSTRADY

Pursuant to the Statutes of Stalexport Autostrady, the rules for the Management Board members' remuneration payment are defined by the Supervisory Board. In 2017, the total remuneration paid to the Company's managing persons, i.e. members of the Management Board, amounted to PLN 836.32 thousand. The total remuneration of the Company's managing persons obtained for being members of subsidiaries' bodies in the same period amounted to PLN 1,060.15 thousand. Detailed information regarding the amount of remuneration of the Company's managing persons in 2017 is presented in the table no 4.

**TABLE 4**  
**Remuneration paid in 2017 to the Company's managing persons [figures in PLN '000]**

No.	Given name and surname	Position in the Company	Remuneration, rewards or benefits paid within the Company	Remuneration amounts received as members of subsidiaries' bodies	TOTAL
1.	Emil Wąsacz	President of the Management Board CEO	667.10	578.04	1 245.14
2.	Mariusz Serwa	Vice-President of the Management Board CFO	169.22	482.11	651.33
×	TOTAL		836.32	1 060.15	1 896.47

Source: The Company's own compilation

The remuneration amounts presented in the table above include the payment of the amount of PLN 176.13 thousand on account of the annual bonus paid in 2017 and concerning 2016, covered by a provision charged to 2016.

The provision for the Management Board's bonus for 2017, on the other hand, in the amount of PLN 199 thousand, and additionally the provision for payment of the three-year incentive plan (concerning the period from January 2016 until December 2018) in the amount of PLN 1,025.4 thousand, were charged to 2017.

Pursuant to the Statutes of Stalexport Autostrady, the rules for the Supervisory Board members' remuneration payment are defined by the General Meeting.

In 2017, the total remuneration paid to the members of the Supervisory Board amounted to PLN 70 thousand. Detailed information regarding the amount of remuneration paid to individual persons being members of the Supervisory Board of Stalexport Autostrady in this period is presented in the table no 5.

**TABLE 5**  
**Remuneration paid in 2017 to the members of the Company's Supervisory Board [figures in PLN '000]**

No.	Given name and surname	Position in the Supervisory Board of Stalexport Autostrady	Remuneration amount
1.	Roberto Mengucci	Chairman	did not receive remuneration
2.	Aleksander Galos	Deputy Chairman	38.00
3.	Stefano Rossi	Secretary	did not receive remuneration
4.	Nicolo Caffo	Member	did not receive remuneration
5.	Marco Pace	Member	did not receive remuneration
6.	Massimo Sonogo	Member	did not receive remuneration
7.	Tadeusz Włudyka	Member	32.00
	<b>Razem</b>		<b>70.00</b>

Source: The Company's own compilation

There are no incentive or bonus programmes based on the Company's capital, including programmes based on senior bonds, convertible bonds, warrants (in cash, in kind or any other form), paid, due or potentially due to the Company's managing and supervising persons.

## 5.16. THE COMPANY'S SHARES AND THE RELATED COMPANIES' SHARES HELD BY PERSONS MANAGING AND SUPERVISING STALEXPORT AUTOSTRADY

The number and nominal value of shares of Stalexport Autostrady and of related parties held by persons managing and supervising the Company is provided based on representations of those persons. The figures as at 31 December 2017 and as at the date of this Report is presented in the table no. 6.

**TABLE 6**

**The number and nominal value of Stalexport Autostrady's shares held by persons managing and supervising the Company and the Group (as at 31 December 2017 and as at the date of this Report)**

Lp.	Given name and surname	Company name	Number of shares [units]	Nominal value [in PLN]
1.	Emil Wąsacz	Stalexport Autostrady	59 000	44 250 PLN
2.	Roberto Mengucci	Atlantia	22 587	22 587 EUR
3.	Massimo Sonego	Atlantia	9 837	9 837 EUR

Source: The Company's own compilation based on representations made by the persons managing and supervising the Company

## 5.17. INFORMATION ON AGREEMENTS THE COMPANY IS AWARE OF (INCLUDING THOSE ENTERED INTO AFTER THE BALANCE SHEET DATE), WHICH IN THE FUTURE MAY RESULT IN CHANGES IN PROPORTIONS OF THE SHARES HELD BY THE EXISTING SHAREHOLDERS AND BONDHOLDERS

The Company is not aware of any agreements concluded, as a result of which changes may take place in the future in the proportions of shares held by the existing shareholders.

## 5.18. INFORMATION ON THE CONTROL SYSTEM REGARDING EMPLOYEE SHARE SCHEMES

There are no employee share schemes in Stalexport Autostrady.

## 5.19. DATE OF CONCLUSION OF THE CONTRACT WITH AN ENTITY AUTHORISED TO AUDIT FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS, THE TERM OF THAT CONTRACT, AS WELL AS THE TOTAL AMOUNT OF REMUNERATION FOR THE SEPARATE AND CONSOLIDATED AUDIT IN THE FINANCIAL YEAR

In accordance with the powers stipulated in the Statutes of the Company, the Supervisory Board entrusted the audit of the financial statements of the Company and of the consolidated financial statements of Stalexport Autostrady S.A. Group for 2017 to Deloitte. Deloitte is entered on the list of entities authorised to audit financial statements under No. 73.

On 14 June 2017, the Company entered into an agreement with Deloitte for the audit and review of the financial statements in the period 2017–2018.

Deloitte's total remuneration for the audit and review of the financial statements for 2017 was set at the net amount of PLN 73.5 thousand, including remuneration for work related to the following:

- review of the interim separate and consolidated financial statements of Stalexport Autostrady for the period of 6 months ended on 30 June 2017: PLN 22.05 thousand;
- audit of the annual separate and consolidated financial statements of the Company for 2017: PLN 51.45 thousand.

The limit for additional costs subject to reimbursement was set at 5%.

Deloitte's total net remuneration for the audit and review of the financial statements for 2016 amounted to PLN 73.5 thousand, including remuneration for work related to the following:

- review of the interim separate and consolidated financial statements of Stalexport Autostrady for the period of 6 months ended on 30 June 2016: PLN 22.05 thousand;
- audit of the annual separate and consolidated financial statements of the Company for 2016: PLN 51.45 thousand.

The limit for additional costs subject to reimbursement was set at 5% and the actual additional costs amounted to PLN 3.7 thousand.

As a result of the entry into force of the Act on Auditors, setting among other things a maximum 5-year period for the audit of financial statements in companies being entities of public interest (Article 134 of the Act), the performance of the contract entered into with Deloitte may not continue with regard to the reporting periods ending respectively on 30 June 2018 (6 months) and 31 December 2018 (12 months).

Due to the above, the Company and Deloitte (hereinafter referred to jointly as the Parties) entered into an agreement on 17 January 2018, under which the Parties agreed:

- to terminate the contract with regard to the financial auditing services concerning the reporting periods ending respectively on 30 June 2018 (6 months) and 31 December 2018 (12 months), effective as of the date of conclusion of the agreement;

- that the contract would remain in force and would continue to be binding upon the Parties with regard to the financial auditing services concerning the reporting periods ending respectively on 30 June 2017 (6 months) and 31 December 2017 (12 months);
- that justified grounds had appeared for termination of the Contract, and that the termination of the contract was not due to any difference in opinion with regard to the application of accounting or financial auditing standards.

## 5.20. INFORMATION ON PROCEEDINGS BEFORE THE COURT, THE AUTHORITY COMPETENT FOR THE ARBITRATION PROCEEDINGS OR A PUBLIC ADMINISTRATION AUTHORITY

The Company is not a party to any proceedings before any common or arbitration court or any public administration authority in cases in which the value of the amount in dispute exceeds the amount constituting at least 10% of the Company's equity. This concerns both individual proceedings and all proceedings conducted by the Company or against the Company.

## 6. PERSPECTIVES FOR DEVELOPMENT AND MAJOR RISKS AND THREATS; DESCRIPTION OF THE EXTERNAL AND INTERNAL FACTORS SIGNIFICANT FOR STALEXPORT AUTOSTRADY'S DEVELOPMENT

### 6.1. OUTLOOKS FOR DEVELOPMENT

The prospects for external development of Stalexport Autostrady result from the possible implementation of potential projects related to road infrastructure. The Road Construction Programme creates a potential market for the Company and for the companies belonging to the Group. However, it should be emphasised that the road infrastructure area is a sector heavily dependent on the State regulator. As a result of that, the number of tender procedures related to projects of interest for the Company and the possibility of their implementation under the PPP formula is the consequence of the public party's policy on road construction and of the condition of the national budget. It needs to be mentioned at this point that the Company, which analyses the public party's policy on a systematic basis, is also interested in other projects related to the broadly perceived road infrastructure.

An example was provided by the public procurement procedure no. DPR.DPR-2.2413.6.2016.DZR.34 for the NATIONAL TOLL COLLECTION SYSTEM TOGETHER WITH ELECTRONIC TOLL COLLECTION ACTIVITIES AND ACTIVITIES RELATED TO TOLL COLLECTION IN GENERAL, announced on 14 December 2016 by the GDDKiA and subsequently annulled on 18 January 2018. The fact that CATTERICK INVESTMENTS Sp. z o.o., 10% of whose shares are held by Stalexport Autostrady, participated actively in the said procedure, constitutes significant information.

As far as internal growth is concerned, the Capital Group has been making and will continue to make efforts to improve the quality of services provided to the motorway users by way of improvements of the toll collection system, allowing the customers to diversify the range of toll payment methods. These efforts are intended to improve the flow capacity at the toll plazas and to shorten the transaction time. An example of such activities undertaken on the part of the Stalexport Autostrady Group was the pioneer project (among toll motorway concessionaires in Poland) consisting in the introduction of an electronic toll collection system using the microwave technology (in accordance with EU directives) under the commercial name of "A4Go" ([www.karta4go.pl](http://www.karta4go.pl)), making it possible to drive through the toll plazas operated on the A4 Katowice–Kraków section more conveniently and more rapidly compared to using different payment forms.

It was possible to implement this project thanks to the experience of the companies from the Atlantia group, an international leader in the electronic toll collection sector.

## 6.2. DESCRIPTION OF MAJOR RISKS AND THREATS, THE EXTERNAL AND INTERNAL FACTORS SIGNIFICANT FOR STALEXPORT AUTOSTRADY'S DEVELOPMENT AND RISK PREVENTION METHODS

The major risks and threats and the external and internal factors significant for the operation of Stalexport Autostrady can be divided into three basic areas related to the following:

- **the A4 Katowice–Kraków project in progress**

Within this scope, risks as well as the economic and financial factors related to the general economic situation and to the current situation on the construction works market, as well as risks of political and legal nature prevail.

The **overall economic situation** in Poland has an impact mainly on the number of vehicles using the A4 motorway (this factor affects mainly the heavy goods vehicle traffic), and thus on the level of revenue from toll collection generated by the Concessionaire. The Group reduces this risk by means of an adequate (optimal) price policy and by taking actions aiming at improving the customer service quality on the motorway section managed by the Group by the replacement of toll collection equipment (currently in progress), diversifying the range of toll payment methods available to the customers.

As far as the **construction works market** is concerned, a buoyant mood on that market increases the prices of construction services and decreases the profitability of the A4 Katowice–Kraków project, while in the period of slowdown on that market, the Group may negotiate more favourable conditions for the execution of the necessary works, thus keeping more funds available to the shareholders. The Company seeks to reduce the risk within this area by active management, within the scope of powers granted to it under the Concession Agreement, of the schedule of the construction works planned and carried out.

Institutional and legal instability of the environment regulating the infrastructure sector in Poland is the main factor from the **political and legal risk group**. The Company seeks to counteract these risks for instance by promoting best practices and solutions aimed at creating an appropriate legal framework for the execution of infrastructure projects and by actively participating in the public debate regarding new legislative solutions. This risk group also includes the potential efforts to amend the existing law, which may affect the revenue or expense level of the A4 Katowice–Kraków project. It is worth emphasising at this point that the Concession Agreement includes provisions which make it possible to claim compensation from the State Treasury if the public party performs activities that adversely affect the profitability of the A4 Katowice–Kraków project.

Additional risks are also related to the **decision of the UOKiK** of 2008, in which the Office stated, among other things, that the Concessionaire's practice restricted competition by "imposing unfair prices for using the toll section of the motorway in the amount specified in the price list, in spite of the repair works being carried out at the same time on that section, resulting in major traffic disruption" and ordered that the relevant practice be ceased. When performing future repair works causing substantial traffic disruption, the Concessionaire should respect the provisions of that decision in its toll rate policy. The Company reduced this risk by introducing the following documents for application: the Rules of performance of works causing traffic disruption on the motorway, and the Principles of charging reduced toll rates if construction/repair works are being performed between the toll plazas leading to the failure to meet the motorway standard.



- **lease of office space and investment of the own funds**

Within this scope, the risks that should be mentioned are related to the overall economic situation and to the investment climate, as well as to the market interest rate risk.

The **overall economic situation** in Poland directly affects the office space lease market and thus the size of the unoccupied (unleased) space and the rent rates. The Company reduces this risk by applying a flexible pricing policy and by making other efforts to increase the attractiveness of the office space and to improve the safety of its users. Furthermore, the Company makes constant efforts to win new lessees.

As a result of the revenue structure and of the nature of the business, the Company's financial results are burdened by an **interest rate risk**. This risk is related to the volatility of the financial markets and manifests itself in changes in the value of money. Stalexport Autostrady reduces this risk by diversifying the terms of the deposits in which the Company invests its funds.

- **all activities generally performed by the Company**

The institutional and legal instability of the environment mentioned above affects not only the implementation of the A4 Katowice–Kraków project, but also all of the Company's and of the Group's activities, with particular emphasis on the functioning of Stalexport Autostrady as a public company.

The Company seeks to counteract these risks by constant monitoring of all changes to legal regulations (both national and EU ones), by using consultancy services provided by companies specialising in the given fields, by participation of the Management Board and of the employees responsible for the given business area in training courses and conferences related to the new regulations, and by implementing appropriate procedures and best practices, both in the Company and in the entire Group.

## 7. STATEMENT OF THE MANAGEMENT BOARD OF STALEXPORT AUTOSTRADY ON THE COMPANY'S COMPLIANCE WITH CORPORATE GOVERNANCE RULES

### 7.1. INTRODUCTION

In compliance with the obligation stipulated in §91(5)(4) of the Ordinance concerning current and periodic information, the Management Board of Stalexport Autostrady publishes this statement of compliance by the Company's application of the corporate governance rules specified in the DPSN 2016 collection in the period from 1 January until 31 December 2017.

### 7.2. CORPORATE GOVERNANCE RULES THE COMPANY IS SUBJECT TO AND THEIR PUBLIC AVAILABILITY

The Management Board of Stalexport Autostrady declares that the corporate governance rules the Company was subject to in 2017, i.e. the DPSN 2016, are publicly available on the following web pages:

- of the Warsaw Stock Exchange ([www.corp-gov.gpw.pl](http://www.corp-gov.gpw.pl));
- of the Polish Association of Stock Exchange Issuers ([www.seg.org.pl](http://www.seg.org.pl));
- of the Company ([www.stalexport-autostrady.pl](http://www.stalexport-autostrady.pl)).

### 7.3. INFORMATION ON THE EXTENT TO WHICH THE COMPANY DEPARTED FROM THE PROVISIONS OF THE ABOVE-MENTIONED CORPORATE GOVERNANCE RULES, IDENTIFICATION OF THESE PROVISIONS AND EXPLANATION OF THE REASONS

Pursuant to §29(3) of the rules of Giełda Papierów Wartościowych w Warszawie S.A. [Warsaw Stock Exchange], Stalexport Autostrady submitted, on 8 January 2016, report no. 1/2016, via the Electronic Information Database (EBI), concerning the non-observance of specific rules included in the DPSN 2016 collection.

According to the said report by Stalexport Autostrady, the Company did not observe 3 recommendations: VI.R.1., VI.R.2., VI.R.3. as well as 4 specific rules: I.Z.1.9., II.Z.8., III.Z.3., VI.Z.1.; however, recommendation VI.R.3 and rule II.Z.8 were observed from 20 May 2016. The rules from which the Company departed are presented in the table below, with an explanation of the reasons.

**TABLE 7**  
**Rules from which the Company departed with an explanation of the reasons**

Rule no.	Rule contents	Reasons for the Company's departure from observance of the rule
I.Z.1.9	Information on dividend planned and on the dividend paid by the company in the period of the last 5 financial years, including data concerning the record date, the payment dates and the dividend amounts: in total and per share.	In the last 5 financial years, Stalexport Autostrady S.A. did not pay any dividend. As far as planned dividend is concerned, the Company does not intend to observe that rule, due to the fact that the planning of dividend of significant value by Stalexport Autostrady depends on whether its subsidiary, i.e. Stalexport Autostrada Małopolska S.A., obtains consent from the banks financing that company's activity (on a project finance basis) to the payment of dividend by SAM.
III.Z.3.	The rules of independence set forth in generally recognised, international standards of professional practice for internal audit, apply to the person in charge of the internal audit function and to the other persons responsible for the performance of its tasks.	This rule is not observed, except the function of compliance supervision, for which a Compliance Officer was appointed at the Company.
VI.Z.1.	The incentive programmes should be structured in such a way as to make sure, among other things, that the level of remuneration of members of the company's management board and of its key managers depends on the actual, long-term financial position of the company and on the long-term increase of value for shareholders and stability of the enterprise's functioning.	The Company has appropriate incentive programmes (long-term programmes) in place for the Management Board members. The Company did not introduce a similar incentive programme, however, for key managers not being members of the Management Board.

Source: The Company's own compilation

#### 7.4. DESCRIPTION OF THE BASIC ATTRIBUTES OF THE COMPANY'S SYSTEMS OF INTERNAL CONTROL AND RISK MANAGEMENT AS REGARDS DRAWING UP OF THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS

The Management Board of Stalexport Autostrady is responsible for the system of internal control and its effectiveness. The system of internal control and risk management with regard to the process of drawing up of the financial statements involves the procedures for the drawing up and approval of financial statements in force in Stalexport Autostrady. The system makes it possible to monitor the liabilities and to control the costs and the achieved results on a systematic basis. The financial data constituting the basis for the financial statements and for the periodic reports come from the accounting and financial system IMPULS in which documents are recorded in line with the Company's accounting policy based on the International Accounting Standards.

The financial statements are drawn up by the financial and accounting staff under the control of the Company's Chief Accountant and they are subsequently verified by the Vice-President of the Management Board – CFO in cooperation with the Finance Management Director and their final contents are approved by the Management Board by way of a resolution.

The financial statements approved by the Management Board are audited by a statutory auditor selected by the Supervisory Board of the Company. Subsequently, pursuant to § 18(2)(1) of the Company's Statutes, the Supervisory Board, following the recommendation of the Audit Committee, verifies each year whether the audited financial statements of the Company and of the Group are consistent with the books and documents and whether they reflect the real situation, and notifies the shareholders of the results of this verification in its annual report.

The Company systematically monitors changes required under external laws and regulations concerning the stock exchange reporting requirements and prepares to implement them suitably in advance.

#### 7.5. SHAREHOLDERS HOLDING DIRECTLY OR INDIRECTLY SIGNIFICANT BLOCKS OF SHARES AND THE NUMBER OF SHARES HELD BY THESE SHAREHOLDERS, THEIR PERCENTAGE SHARE IN THE SHARE CAPITAL, THE NUMBER OF VOTES RELATED TO THESE SHARES AND THEIR PERCENTAGE SHARE IN THE TOTAL NUMBER OF VOTES AT THE GENERAL MEETING OF THE COMPANY

The shareholders holding, according to the best knowledge of the Company, at least 5% of the total number of votes at the Stalexport Autostrady's General Meeting as at 31 December 2017 and as at the date of this Report are listed in the table no. 8.

**TABLE 8**

**List of Stalexport Autostrady's shareholders holding significant blocks of the Company's shares (as at 31 December 2017 and as at the date of this Report)**

Name of person/entity	Number of ordinary bearer shares [units]	Share in the share capital [%]	Number of votes at the General Meeting [units]	Share in the total number of votes at the General Meeting [%]
Atlantia	151.323.463	61,20%	151.323.463	61,20%

Source: The Company's own compilation based on notifications received by the Company from shareholders pursuant to Articles 69 and 69a in relation to Article 87 of the Act on Public Offering, on the Conditions Governing the Introduction of Financial Instruments to Organised Trading and on Public Companies

## 7.6. HOLDERS OF ANY SECURITIES GIVING SPECIAL CONTROL RIGHTS AND A DESCRIPTION OF THESE RIGHTS

No shares of Stalexport Autostrady provide shareholders with special control rights towards the Company.

## 7.7. INFORMATION ON ALL LIMITATIONS REGARDING EXERCISING THE VOTING RIGHT, SUCH AS LIMITATION OF EXERCISING THE VOTING RIGHT BY THE HOLDERS OF A SPECIFIED PART OR NUMBER OF VOTES, TIME LIMITATIONS REGARDING EXERCISING THE VOTING RIGHTS OR PROVISIONS UNDER WHICH, WITH THE COOPERATION OF THE COMPANY, THE CAPITAL RIGHTS RELATED TO THE SECURITIES ARE SEPARATED FROM THE HOLDING OF THE SECURITIES

The shares of Stalexport Autostrady are not subject to any limitations as far as exercising the right to vote related to the shares is concerned.

## 7.8. INFORMATION ON ALL LIMITATIONS REGARDING TRANSFERRING THE OWNERSHIP RIGHTS TO THE COMPANY'S SECURITIES

The shares of Stalexport Autostrady are not subject to any limitations as far as the transfer of the ownership right is concerned.

## 7.9. DESCRIPTION OF THE RULES OF APPOINTING AND DISMISSING MANAGING PERSONS AND THEIR RIGHTS, IN PARTICULAR THE RIGHT TO DECIDE ON THE ISSUANCE OR BUYBACK OF SHARES

Pursuant to §10 of the Company's Statutes, the Management Board is composed of 1 to 3 persons. The President of the Management Board is appointed by the Supervisory Board and other members of the Management Board are appointed by the Supervisory Board at the request of the President of the Management Board.

The powers of the Management Board are specified in the Statutes of the Company, Regulations of the Management Board issued on the basis of these Statutes, the Code of Commercial Companies and other generally applicable laws. The Statutes of Stalexport Autostrady and the Regulations of the Management are available on the corporate web page of Stalexport Autostrady ([www.stalexport-autostrady.pl](http://www.stalexport-autostrady.pl)).

## 7.10. DESCRIPTION OF THE RULES OF AMENDING THE STATUTES OR ARTICLES OF ASSOCIATION OF THE COMPANY

Amendments to the Statutes of the Company are made in accordance with the rules specified in the Code of Commercial Companies. The Statutes do not stipulate otherwise in this respect, except for §5(2) which concerns material change of the objects of the Company. In such a case, the Statutes do not stipulate the necessity to buy out the shareholders that do not agree to the amendment.

## 7.11. THE GENERAL MEETING'S RULES OF PROCEDURE AND ITS BASIC POWERS AND THE DESCRIPTION OF THE RIGHTS OF SHAREHOLDERS AND THE WAY OF EXERCISING THESE RIGHTS, IN PARTICULAR THE RULES STIPULATED IN THE REGULATIONS OF THE GENERAL MEETING IF SUCH REGULATIONS WERE ADOPTED, UNLESS INFORMATION IN THIS RESPECT RESULTS DIRECTLY FROM THE LAW

The General Meetings of Stalexport Autostrady are held in line with the rules stipulated in the Code of Commercial Companies, the Statutes and the Regulations of the General Meeting, and these rules do not differ from the rules which are applied by other GPW listed companies. In particular, apart from the shareholders, the members of the Management Board and the Supervisory Board of the Company as well as guests, including experts invited by the body convening the General Meeting, may attend the General Meeting. A representative of the statutory auditor of the Company attends the General Meetings whose agenda comprises financial matters of the Company and provides explanations during such Meetings.

General Meetings are convened in the manner and according to the rules stipulated in the generally applicable regulations. This means that the notice convening the General Meeting is published on the web page of Stalexport Autostrady ([www.stalexport-autostrady.pl](http://www.stalexport-autostrady.pl)) not later than 26 days before the date of the general meeting. Moreover, in accordance with §38 of the Ordinance on current and periodic information, the Company provides, in the form of a current report, all the information related to the convening of the General Meeting, required by that regulation.

The shareholders holding shares of Stalexport Autostrady on the 16<sup>th</sup> day before the date of the General Meeting, which is the record date, are entitled to take part in the General Meeting. The basis for permitting a shareholder to attend the General Meeting is the placement of that shareholder on the list made available to the Company by Krajowy Depozyt Papierów Wartościowych S.A. not later than one week before the date of the General Meeting.

The General Meetings are held in the Company's registered office or in Katowice and the specific rules of procedure are specified for them in the Regulations of the General Meeting of Stalexport Autostrady. The Regulations of the General Meeting currently in force are available on the corporate web page of Stalexport Autostrady and they take into account the new rules for the organisation of the General Meetings of public (listed) joint stock companies, which were introduced on 3 August 2009 by the amendment to the Code of Commercial Companies of 5 December 2008 (Dz.U. of 2009, No. 2, item 28).

The above-mentioned Regulations specify in particular the scope of rights of shareholders (in relation to the most important right that is exercised by them, i.e. participation in the General Meeting) and the way these rights are exercised, the rules of appointing the Chairman of the General Meeting, the tasks of the Chairman of the General Meeting and his duties, the rules of appointing members of the Returning Committee and its duties. In practice, the Returning Committee is not appointed according to the decision made from time to time by the General Meeting, because the voting is carried out via a computer system of casting and counting the votes, and the printed results of the vote are signed by the Chairman of the General Meeting pursuant to §10a of the Regulations of the General Meetings.

Pursuant to §24 of the Company's Statutes, resolutions of the General Meeting are required in particular in the case of:

- 1) approval, upon review, of the Management Board's Report on the Company's Activities and of the financial statements for the previous financial year;
- 2) distribution of profit/covering of losses;
- 3) acknowledgement of the fulfilment of duties by members of the Management Board and members of the Supervisory Board;
- 4) disposal and lease of the enterprise or of its organised part and establishment of a limited right in rem over them;
- 5) issuing of convertible bonds or senior bonds;
- 6) review and approval of the financial statements of Stalexport Autostrady Group;
- 7) amendment to the Company's Statutes, including change of the objects of the Company, share capital increase or decrease and redemption of shares;
- 8) material change of the objects of the Company;
- 9) dissolution and liquidation of the Company;
- 10) Company's merger, demerger and transformation;
- 11) appointment of members of the Supervisory Board after their number has been determined for the given term of office and their dismissal;
- 12) determination of the remuneration rules for the appointed members of the Supervisory Board.

## 7.12. COMPOSITION AND ITS CHANGES WHICH TOOK PLACE IN THE LAST FINANCIAL YEAR AND DESCRIPTION OF THE ACTIVITY OF THE BODIES MANAGING, SUPERVISING OR ADMINISTERING THE COMPANY AND OF THEIR COMMITTEES

### (i) Management Board

Pursuant to §10 of the Company's Statutes, the Management Board is composed of 1 to 3 persons. The President of the Management Board is appointed by the Supervisory Board, and the other members of the Management Board are appointed by the Supervisory Board at the request of the President of the Management Board. The joint term of office of the Management Board members lasts three consecutive years, and their mandates expire on the day of holding of the General Meeting approving the financial statements for the last full financial year of performance of the function of Management Board member.

In the reporting period (and until the date of preparation of the Report), the composition of the Company's Management Board did not change and was as follows:

- **Emil Wąsacz** – President of the Management Board,
- **Mariusz Serwa** – Vice-President of the Management Board.



**Emil Wąsacz – President  
of the Management Board**



**Mariusz Serwa – Vice-President  
of the Management Board**

### (ii) Supervisory Board

Pursuant to §14 of the Company's Statutes, the Supervisory Board is composed of 5 to 9 persons appointed for a joint term of office of three years. The General Meeting appoints and dismisses members of the Supervisory Board having previously determined their number for the given term of office.



On 14 April 2016, the Ordinary General Meeting of Stalexport Autostrady decided that the Supervisory Board of Stalexport Autostrady of the ninth term (2016–2018) would be composed of seven members and appointed the Supervisory Board for the following term of office with the following members:

1. Nicoló Caffo,
2. Aleksander Galos,
3. Roberto Mengucci,
4. Marco Pace,
5. Stefano Rossi,
6. Massimo Sonogo,
7. Tadeusz Włudyka.

On 20 May 2016, pursuant to §14(4) and §15(1) of the Company's Statutes, the Supervisory Board Members elected:

- Mr Roberto Mengucci as Chairman of the Supervisory Board,
- Mr Aleksander Galos as Deputy Chairman of the Supervisory Board,
- Mr Stefano Rossi as Secretary of the Supervisory Board.

The Company's Supervisory Board continued to be composed of the members listed above until 15 December 2017, because Mr Nicolò Caffo had resigned as member of the Supervisory Board on 23 November 2017, with the resignation taking effect on 15 December 2017.

The Supervisory Board operating in the period from 16 December 2017 until 26 January 2018 was composed of the following persons:

1. Aleksander Galos – Deputy Chairman,
2. Roberto Mengucci – Chairman,
3. Marco Pace,
4. Stefano Rossi – Secretary,
5. Massimo Sonogo,
6. Tadeusz Włudyka.

On 26 January 2018, before proceeding in accordance with the agenda of the Extraordinary General Meeting of Stalexport Autostrady, Mr Tadeusz Włudyka resigned as member of the Supervisory Board.

The Company's Extraordinary General Meeting held on 26 January 2018 decided that the Supervisory Board of Stalexport Autostrady of the ninth term (2016–2018) would continue to be composed of seven members and appointed the following two new members of the Supervisory Board:

1. Tomasz Dobrowolski,
2. Flavio Ferrari.

From that time until the day of preparation of the Report, the Supervisory Board was composed of the following 7 members:

1. Tomasz Dobrowolski,
2. Flavio Ferrari,
3. Aleksander Galos – Deputy Chairman,
4. Roberto Mengucci – Chairman,
5. Marco Pace,
6. Stefano Rossi – Secretary,
7. Massimo Sonogo,

The following committees function within the Supervisory Board: The Remuneration Committee and the Audit Committee, operating as advisory and opinion-forming bodies for the Supervisory Board. Their composition in the reporting period was the following:

**Remuneration Committee (renamed on 16 October 2017, previously literally called "Committee in charge of Remuneration" in Polish).**

- Roberto Mengucci – Chairman,
- Aleksander Galos,
- Tadeusz Włudyka.

**Audit Committee:**

- Aleksander Galos – Chairman,
- Marco Pace,
- Tadeusz Włudyka.

On 30 January 2018, in relation to the resignation of Mr Tadeusz Włudyka as member of the Supervisory Board of Stalexport Autostrady, the Supervisory Board filled the vacancy on the said committees, appointing Mr Tomasz Dobrowolski as their member. From that moment until the date of preparation of the Report, the composition of the said committees of the Supervisory Board was the following.

**Remuneration Committee:**

- Roberto Mengucci – Chairman,
- Tomasz Dobrowolski,
- Aleksander Galos.

**Audit Committee:**

- Aleksander Galos – Chairman,
- Tomasz Dobrowolski,
- Marco Pace.

**Mr Tomasz Dobrowolski and Mr Aleksander Galos meet the criteria of independence envisaged for independent Remuneration Committee members**, as defined by Annex II to Commission Recommendation 2005/162/EC of 15 February 2005 on the role of non-executive or supervisory directors of listed companies and on the committees of the (supervisory) board, taking into account the guidelines included in the DPSN 2016, **as well as meet the criteria of independence envisaged for independent Audit Committee members**, as defined in Article 129(3) of the Act of 11 May 2017 on statutory auditors, auditing firms and public supervision (Dz.U. of 2017, item 1089), and §3(5) of the Rules of the Audit Committee.

Mr Tadeusz Włudyka also met the above criteria in the period in which he performed his functions on the Supervisory Board of Stalexport Autostrady.

The Supervisory Board operates on the basis of applicable provisions of the law, including the Code of Commercial Companies and the Statutes passed by the General Meeting. Moreover, pursuant to the Company's Statutes, the Supervisory Board adopted its own Regulations, constituting its rules of procedure. It is available on the corporate web page of Stalexport Autostrady ([www.stalexport-autostrady.pl](http://www.stalexport-autostrady.pl)).

The Supervisory Board's committees operate pursuant to the regulations adopted by the Supervisory Board forming Enclosures to the Regulations of the Supervisory Board. They are also available from the corporate web page of the Company ([www.stalexport-autostrady.pl](http://www.stalexport-autostrady.pl)).

**(iii) Proxies**

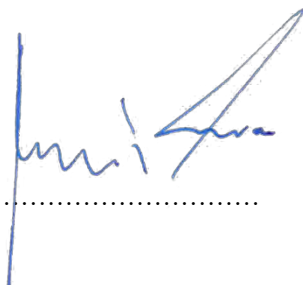
Pursuant to Article 371 §4 of the Code of Commercial Companies, proxies are appointed by the Management Board. In the reporting period, there were no proxies in the Company.

## 8. SUMMARY

Concluding the presentation of the Report, we would like to emphasise that Stalexport Autostrady, operating in the motorway business, has sound financial bases that guarantee the stability of its business and provide opportunities for implementation of future projects related to the construction and management of motorways.

Vice-President of the Management Board

CFO



.....

Mariusz Serwa

President of the Management Board

CEO



.....

Emil Wąsacz

Mysłowice, 28 February 2018

## 9. STATEMENTS

- 9.1. MANAGEMENT BOARD'S STATEMENT SETTING FORTH THAT, ACCORDING TO THEIR BEST KNOWLEDGE, THE ANNUAL FINANCIAL STATEMENTS AS WELL AS THE COMPARABLE DATA HAVE BEEN DRAWN UP IN LINE WITH THE APPLICABLE ACCOUNTING STANDARDS AND THEY GIVE A TRUE AND FAIR VIEW OF THE COMPANY'S ASSETS AND FINANCIAL POSITION, AND THAT THE MANAGEMENT BOARD'S REPORT ON THE ACTIVITIES OF THE COMPANY GIVES A TRUE PRESENTATION OF THE COMPANY'S DEVELOPMENT, ACHIEVEMENTS AND POSITION, INCLUDING THE DESCRIPTION OF MAJOR THREATS AND RISKS

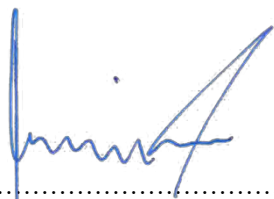
### Statement

We hereby represent that, according to our best knowledge, the annual financial statements of the Company for 2017 and the comparable data have been drawn up in line with the applicable accounting standards and they give a true and fair view of the Stalexport Autostrady's assets and financial position as well as its financial profit or loss.

At the same time we represent that the annual Management Board's Report on the Activities of Stalexport Autostrady S.A. in 2017 gives a true presentation of the Company's development, achievements and position, including the description of major risks and threats.

Vice-President of the Management Board

CFO



.....

Mariusz Serwa

President of the Management Board

CEO



.....

Emil Wąsacz

Mysłowice, 28 February 2018

9.2. MANAGEMENT BOARD'S STATEMENTS STATING THAT THE ENTITY AUTHORISED TO AUDIT THE FINANCIAL STATEMENTS, AUDITING THE ANNUAL FINANCIAL STATEMENTS, HAS BEEN APPOINTED IN ACCORDANCE WITH THE PROVISIONS OF THE LAW AND THAT THIS ENTITY AS WELL AS THE CHARTERED AUDITORS CONDUCTING THE AUDIT HAVE MET THE CONDITIONS REGARDING ISSUING IMPARTIAL AND INDEPENDENT OPINION ON THE AUDITED ANNUAL FINANCIAL STATEMENTS, IN LINE WITH APPLICABLE PROVISIONS OF THE LAW AND PROFESSIONAL STANDARDS

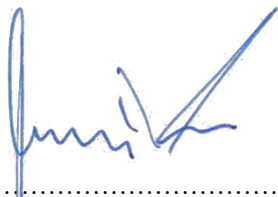
**Statement**

We hereby represent that Deloitte with its registered office in Warsaw, authorised to audit the financial statements, auditing the annual financial statements for 2017, has been appointed in accordance with the provisions of the law, i.e. pursuant to § 18(3)(8) of the Statutes of Stalexport Autostrady.

At the same time, we represent that the above-mentioned entity and the chartered auditors conducting the audit met the conditions regarding the issuing of an impartial and independent opinion on the audited annual financial statements, in line with applicable provisions of the law and professional standards.

Vice President of the Management Board

CFO



Mariusz Serwa

President of the Management Board

CEO



Emil Wąsacz

Mysłowice, 28 February 2018

## 10. ENCLOSURE

**Enclosure no. 1** Selected financial data of Stalexport Autostrady

## SELECTED FINANCIAL DATA OF STALEXPORT AUTOSTRADY

Financial figures from the Separate Financial Statement of Stalexport Autostrady for the period of 12 months ended 31 December 2017

	in PLN '000		in EUR '000	
	2017	2016	2017	2016
Revenue	3 660	3 774	862	862
Results from operating activities	(4 262)	(3 474)	(1 004)	(794)
Profit before income tax	73 486	177 857	17 312	40 647
Profit for the period	73 208	180 747	17 247	41 307
Weighted average number of shares at the end of period	247 262	247 262	247 262	247 262
Profit per 1 share (in PLN/EUR)	0.3	0.73	0.07	0.17
Diluted profit per 1 share (in PLN/EUR)	0.3	0.73	0.07	0.17
Net cash from operating activities	(3 183)	(2 873)	(750)	(657)
Net cash used in investing activities	72 920	181 605	17 179	41 503
Net cash used in financing activities	(44 469)	-	(10 476)	-
Total net cash flows	25 268	178 732	5 953	40 846
	<b>31.12.2017</b>	<b>31.12.2016</b>	<b>31.12.2017</b>	<b>31.12.2016</b>
Total assets	419 488	389 671	100 575	88 081
Non-current assets	78 210	78 950	18 751	17 846
Current assets	341 278	310 721	81 824	70 235
Total liabilities	3 161	2 086	758	472
Non-current liabilities	2 156	1 109	517	251
Current liabilities	1 005	977	241	221
Total equity	416 327	387 585	99 817	87 610
Share capital	185 447	185 447	44 462	41 918

Source: The Company's own compilation

Selected financial data is converted into EUR according to the following rules:

- items of the separate financial statements concerning comprehensive income and the separate cash flow statement for 2017 and for 2016 based on the exchange rate being an arithmetic mean of average exchange rates announced by NBP, applicable on the last day of each month during the period, i.e. 4,2447 PLN/EUR and 4,3757 PLN/EUR respectively;
- items of assets and liabilities based on the average exchange rate published by NBP, applicable as at the reporting date, i.e. 4,1709 PLN/EUR as at 31 December 2017 and 4,424 PLN/EUR as at 31 December 2016.