

Legal basis: Art. 56.1.1 of the Public Offering Act – inside information

Text of the report:

The Management Board of SECO/WARWICK S.A. presents the key objectives under the Group's new growth strategy until 2016.

1. Mission

SECO/WARWICK is a global provider of industrial equipment and advanced metal heat treatment technologies. Thanks to their innovativeness and conformity with modern industrial processes, our products offer customers competitive advantage in the production process.

2. Company value growth

A three-fold growth in SECO/WARWICK's business, from revenue of ca. PLN 370m in 2011 to ca. PLN 1bn in 2016, and an increase in net margin to ca. 7%.

3. Changes in organisational structure

Implementation of organisational changes whereby SECO/WARWICK is to become a global industrial group with its management centre in Świebodzin, Poland. The function of the holding company with a staff of between ten to twenty employees will be, apart from its natural governance function, to manage the gradual implementation of the best technologies and the transfer of best practices between the regional companies. In order to streamline the organisational structure, as of January 1st 2013 the operating activities in Poland will be consolidated in one company SECO/WARWICK Europe, which will be an operating centre for the European region and, at the same time, a model enterprise for other companies. Savings generated as a result of the spinning off of operating activities from SECO/WARWICK S.A. to SECO/WARWICK Europe S.A. are estimated at ca. PLN 5.25m from 2013, with an additional PLN 4.5m from 2014.

4. Investment

The Group's organic growth will be supported by growth through acquisitions. The Management Board plans to incur capital expenditure of PLN 40-50m in 2012-2013.

5. Financing structure, dividend distributions

- A secure financing structure planned to be maintained, with low debt facilitating flexible response to market changes;
- Investment programmes to be financed with internally generated cash flows;
- Effective control over SUBs – implementation of a system to effectively expatriate profits to the holding company;
- Dividend policy from 2013 onwards – upon completion of intensive investment efforts, recommendation to pay out >50% of net profit;

6. Macroeconomic assumptions

- In the Group's markets, including *emerging markets*, expected improvement in the GDP growth rate; over the next two years the growth rate is expected to return to its pre-crisis level; China and India will remain to be growth leaders;
- Foreign exchange rates of the currency pairs relevant to SECO/WARWICK's business are expected to stabilise within the following ranges: EUR/USD: 1.25-1.35; EUR/PLN: 3.8-4.2; and as the product of the two preceding rates - USD/PLN: 2.8-3.4.

The Group's strategic objectives until 2016 described herein represent the targets defined by the SECO/WARWICK Management Board to be achieved in the course of implementation of the adopted strategy. Due to the above, the financial targets presented herein are not financial forecasts within the meaning of Par. 5.1.25) of the Minister of Finance's Regulation on current and periodic reports to be published by issuers of securities and conditions for recognition as equivalent of information whose disclosure is required under the laws of a non-member state, dated February 19th 2009 (Dz. U. No. 33, item 259, as amended).

Legal basis:

Art. 56.1.1 of the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies, dated July 29th 2005 (Dz.U. No. 184, item 1539)