



CURRENT REPORT 54 / 2016

3 November 2016

Legal basis: Art. 17.1 of the MAR – Confidential Information.

Subject: Preliminary Financial Results for Three Quarters of 2016.

Content:

The Management Board of ZUE S.A. (the "Company," ZUE) inform that after they had completed on 3 November 2016 aggregating financial data for the purpose of preparation of the consolidated financial statements of the Company and the Capital Group for the three quarters of 2016, a decision was made to report preliminary financial results for the said period.

Preliminary financial results of ZUE for the three quarters of 2016:

- Revenue: PLN 197,564 thousand;
- Profit (loss) on operating activities: PLN (-) 6,745 thousand;
- Net profit (loss): PLN (-) 4,831 thousand.

Preliminary financial results of the Capital Group for the three quarters of 2016:

- Revenue: PLN 220,614 thousand;
- Profit (loss) on operating activities: PLN (-) 7,586 thousand;
- Net profit (loss): PLN (-) 6,106 thousand.

The Management Board of the Company inform that the significantly lower revenue for the three quarters of 2016 when compared with the analogous period of 2015 is mainly a result of a sharp and expected downturn in the rail and urban infrastructure market. At present, the Company performs lower value contracts as a result of which, the portfolio of orders is fragmented. A margin on the contracts performed by the Company is much lower than it was in the past years. At the same time, the Company intends to maintain its workload capacity with regard to both its staff and equipment and the construction works carried out on a smaller scale generate additional costs.



The Management Board of the Company inform that at this report publication date, the Group companies have the portfolio of orders worth approx. PLN 683m.

The rail infrastructure market witnesses a recovery in awarding large contracts. Since 7 October 2016, the Company has submitted (independently or as a consortium member) the lowest price tenders in tender procedures for the total net amount of PLN 654.7m. The expected remuneration under the said contracts attributable to ZUE is approx. PLN 404m. In addition, the tender submitted by the consortium including ZUE has been selected as the most advantageous offer in the tender procedure for the net amount of PLN 159.7m and the remuneration under the said contract attributable to ZUE is approx. PLN 53m. After the submitted tenders have been selected by contracting authorities and relevant contracts have been signed, the Group companies will have the portfolio of orders worth approx. PLN 1,140m.

Regardless of the foregoing, the Issuer participates (independently or as a consortium member) in 20 tender procedures for the estimated total amount of approx. PLN 15.5bn.

The Issuer states that detailed information about the portfolio of orders and final financial results for the three quarters of 2016 will be provided in the consolidated report of the Capital Group for the said period.