



## **CURRENT REPORT 4 / 2017**

**20 January 2017**

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

Subject: Value of Contracts Concluded with PKP PLK S.A.

Content:

With reference to the current report 49/2016 of 14 October 2016 concerning the total value of contracts entered into between the companies comprising the ZUE Capital Group (ZUE) and the companies comprising the PKP Polskie Linie Kolejowe Capital Group (PKP PLK), the Management Board of ZUE S.A. with registered office in Cracow (the "Company," the "Issuer") informs that following the conclusion on 20 January 2017 by the consortium including the Company and PKP PLK of a design and construction contract in connection with the following project: "Works on the railway lines no. 140, 148, 157, 159, 173, 689 and 691 of the Chybie – Żory – Rybnik – Nędza / Turze section" as part of the Infrastructure and Environment Operational Programme (IEOP) 5.2-5 (the "Contract"), the total net value of the contracts entered into since 15 October 2016 between ZUE and PKP PLK is PLN 139.1m. This amount includes both the contracts entered into directly between ZUE and PKP PLK and the abovementioned Contract signed by the following consortium.

The abovementioned Contract is the highest value contract signed in the reporting period.

The Company informed about the submission of the lowest price tender for the said project and the selection of the most economically advantageous tender in the current report 50/2016 of 14 October 2016 and the current report 56/2016 of 14 November 2016, respectively.

The Contract was signed by the consortium of:

- 1) Trakcja PRKiL S.A. with registered office in Warsaw (Leader);
- 2) COMSA S.A. with registered office in Barcelona;
- 3) ZUE S.A. with registered office in Cracow;
- 4) STRABAG sp. z o.o. with registered office in Pruszków;



5) STRABAG Rail a.s with registered office in Ústí nad Labem-Střekov (hereinafter referred to by the "Consortium").

The net value of the tender submitted by the Consortium is PLN 373.7m and the expected net remuneration attributable to the Company is PLN 124.5m.

The gross value of the tender submitted by the Consortium is PLN 459.7m.

In addition, the Contract provides for the contingent sum of PLN 25m, which may for instance be used to perform additional works.

The project completion date is 30 months of the Contract conclusion date.

The warranty given by the Consortium to PKP PLK is six years of the final acceptance. The Consortium is liable under the guarantee for six years.

The Contract provides for contractual penalties payable by the Consortium to PKP PLK in the circumstances specified in the Contract, including a penalty for the failure to perform a stage of the project in a timely fashion. The Consortium will also pay PKP PLK the penalty of 30% of the Contract gross value if the Contract is terminated by PKP PLK or the Consortium through the fault of the Consortium. However, the total amount of the contractual penalties must not exceed 30% of the Contract gross value.

Regardless of the contractual penalties, PKP PLK will have the right to claim additional damages up to the value of actual damage.

The remaining terms of the Contract, including but not limited to the termination terms, do not differ from the standard terms of such type of contracts.

The Company also informs that following the conclusion of the Contract, the total value of the Group's order book at this report publication date is approx. PLN 266m. The expected remuneration payable to the Company in connection with the lowest price tenders submitted by the Company (independently or as part of the consortium) is approx. PLN 930m.