

CURRENT REPORT 10 / 2017

17 February 2017

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

Subject: Conclusion of Contract Between PKP PLK S.A. and Consortium Including ZUE S.A.

Content:

The Management Board of ZUE S.A. with registered office in Cracow (the "Company," the "Issuer") inform about a contract entered into on 17 February 2017 between the Consortium including the Company and PKP Polskie Linie Kolejowe S.A. (PKP PLK) for Completion of design services and construction works in connection with the following project: "Works on the ring rail line in Warsaw (the Warszawa Gołębki/Warszawa Zachodnia - Warszawa Gdańska section)" (the "Contract").

The Company informed about the selection of the Consortium's tender as the most economically advantageous offer in the current report 53/2016 of 21 October 2016.

The Contract was signed by the Consortium of:

- 1) Budimex S.A. with registered office in Warsaw (Leader);
- 2) STRABAG sp. z o.o. with registered office in Pruszków;
- 3) STRABAG Rail a.s with registered office in Ústí nad Labem-Střekov;
- 4) STRABAG Rail GmbH with registered office in Lauda- Königshofen;
- 5) STRABAG Általános Építő Kft. with registered office in Budapest; and
- 6) ZUE S.A. with registered office in Cracow (hereinafter referred to as the "Consortium").

The Contract net value is PLN 159.7m (i.e. the gross value is PLN 196.4m) and the expected net remuneration attributable to the Company is PLN 52.7m.

The project completion date is 26 months of the commencement 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 the same period of time.

The Contract provides for contractual penalties payable by the Consortium to PKP PLK in the circumstances specified in the Contract, including the penalty for the failure to complete a stage of the project or to remove defects in a timely fashion. The Consortium will also pay the contractual penalty of 30% of the Contract gross value if the Contract is terminated by PKP PLK or the Consortium due to the circumstances blamed on the Consortium. However, the total amount of 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.

In addition, the Company informs that following the conclusion of the Contract, the total value of the book of orders held by the ZUE Group companies at the date of this report is approx. PLN 327m and 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 874m.