



## **CURRENT REPORT 17 / 2017**

**13 March 2017**

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

Subject: Conclusion of Contract with PKP PLK 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 13 March 2017 between the Company and PKP Polskie Linie Kolejowe S.A. (PKP PLK) (the “Contract”). The Contract deals with the provision of design services and completion of construction works in connection with the following project: “Works on the railway lines no. 14 and 811 of the Łódź Kaliska - Zduńska Wola - Ostrów Wielkopolski section, stage I: Łódź Kaliska – Zduńska Wola.”

The Company informed about the submission of the lowest price tender and the selection of the Company’s tender as the most economically advantageous offer in the current report 48/2016 of 7 October 2016 and the current report 64/2016 of 29 December 2016, respectively.

The Contract net value is PLN 281m.

The Contract gross value is PLN 345.6m.

The Contract completion date is 38 months of the works commencement date.

The warranty given by the Company to PKP PLK is 6 years of the final acceptance. The Company is liable under guarantee for the same period.

The Contract provides for contractual penalties payable by the Company to PKP PLK in the circumstances specified therein including a penalty for the failure to complete a stage of the project in a timely fashion or a delay in the removal of defects. The Company will also pay PKP PLK the contractual penalty of 30% of the Contract gross value if the Contract is terminated by PKP PLK or the Company due to circumstances blamed on the Company. However, the total amount of the 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 informs that apart from the Contract, the total value of the contracts entered into since 21 January 2017 between independent ZUE Capital Group companies and PKP PLK Capital Group companies is approx. PLN 0.9m.

In addition, the Company informs that following the conclusion of the Contract, an order book held by the ZUE Capital Group at this report publication date is valued at approx. PLN 613m and the expected remuneration for the Company in connection with the tenders in which it has submitted the lowest price bid, either independently or as a consortium member, is approx. PLN 1bn.