



## **CURRENT REPORT 23 / 2017**

**5 April 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 5 April 2017 between the consortium of:

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

and PKP Polskie Linie Kolejowe S.A. (PKP PLK) for the completion of construction works in the area of the Kutno Local Traffic Control Centre (LCS) – the Żychlin-Barłogi section in connection with the following project: "Works on the railway line E20 of the Warszawa-Poznań section – other works, the Sochaczew-Swarzędz section" executed as part of the Connecting Europe Facility (CEF) EU financial instrument (the "Contract").

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 60/2016 of 15 December 2016 and the current report 8/2017 of 13 February 2017, respectively.

The Contract net value including the contingent sum: PLN 560.0m. The expected net remuneration attributable to the Company at the Contract date: approx. PLN 233m.

The Contract gross value: PLN 688.8m.



The Contract completion date is 42 months of the works commencement date.

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

The Contract provides for contractual penalties payable by the Consortium 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 Consortium 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 Consortium due to circumstances blamed on the Consortium. 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.

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 846m and the expected remuneration for the Company in connection with the tenders in which it has submitted the most advantageous offers, either independently or as a consortium member, is approx. PLN 1.2bn.