

CURRENT REPORT 24/ 2017

6 April 2017

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

Subject: Conclusion of Contract with Zarząd Infrastruktury Komunalnej i Transportu w Krakowie.

Content:

The Management Board of ZUE S.A. with registered office in Cracow (the “Company,” the “Issuer”) inform about a contract entered into on 6 April 2017 between the consortium of:

- 1) ZUE S.A. with registered office in Cracow (Leader);
- 2) Przedsiębiorstwo Inżynieryjne “IMB-Podbeskidzie” sp. z o.o. with registered office in Skoczów; and
- 3) Przedsiębiorstwo Budownictwa Inżynieryjnego Energopol sp. z o.o. with registered office in Cracow (hereinafter referred to as the “Consortium”);

and Zarząd Infrastruktury Komunalnej i Transportu w Krakowie (ZIKiT) for the completion of the following project: “Extension of the Igołomska Street, national road no. 79 – Stage 2 together with the infrastructure in Cracow” (the “Contract”).

The Company informed about the selection of the Company’s tender as the most economically advantageous offer in the current report 62/2016 of 19 December 2016.

The Contract net value: PLN 145.5m. The expected net remuneration attributable to the Company: approx. PLN 49.5m.

The Contract gross value: PLN 179.0m.

Project completion date: 31 December 2019.

The warranty given by the Consortium to ZIKiT is 11 years of the performance certificate issue. The Consortium is liable under guarantee for the same period of time.



The Contract provides for contractual penalties payable by the Consortium to ZIKiT in the circumstances specified therein including a penalty for the failure to complete a stage of the project or the works in a timely fashion. The Consortium will also pay ZIKiT the contractual penalty of 10% of the Contract gross value if the Contract is terminated by ZIKiT or the Consortium due to circumstances blamed on the Consortium.

ZIKiT will pay the Consortium the contractual penalty of 10% of the Contract gross value if the Contract is terminated by the Consortium through the fault of ZIKiT.

However, the total amount of the penalties must not exceed 20% of the Contract gross value.

Regardless of the contractual penalties, ZIKiT 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 Contract security and termination, do not differ from the standard terms of such type of contracts.

The Issuer states that apart from this Contract, the total value of the contracts concluded between the Company acting independently and ZIKiT since 13 May 2016 is approx. PLN 3.3m.

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 896m 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 1.15bn.