



## **CURRENT REPORT 26/ 2017**

**11 April 2017**

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

Subject: Contract between PKP PLK S.A. and Consortium Including ZUE.

Content:

The Management Board of ZUE S.A. with registered office in Cracow (the "Company," the "Issuer") inform about a contract entered into on 11 April 2017 between the consortium of:

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

and PKP Polskie Linie Kolejowe S.A. (PKP PLK) for the preparation of building and detailed designs and the completion of LOT B works as part of a Design and Build project in connection with the Infrastructure and Environment Operational Programme (*POIiŚ*) 5.1-3: "Upgrade of the railway line no. 8 of the Warszawa Okęcie – Radom (LOT A, B, F) section" – Phase II (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 61/2016 of 16 December 2016 and the current report 5/2017 of 24 January 2017, respectively.

The Contract net value including the provisional sum: PLN 216.7m. The expected net remuneration attributable to the Company at the Contract date: approx. PLN 71.9m.

The Contract gross value: PLN 266.5m.

Project completion date: 43 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 of time.

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 (less the provisional sum and the amount specified by PKP PLK in tender price to cover the costs of substitute transportation) if the Contract is terminated due to the circumstances blamed on the Consortium. However, the total amount of the penalties must not exceed 30% of the Contract gross value reduced as specified above.

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 Contract security or termination terms, 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 ZUE Capital Group companies acting independently (except for the contracts specified in current reports) and the PKP PLK Capital Group companies since 14 March 2017 is approx. PLN 6.5m.

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 977m 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 1.08bn.