

**CURRENT REPORT 38 / 2017**

**5 June 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 June 2017 between the Company and PKP Polskie Linie Kolejowe S.A. (PKP PLK) for design and construction services as part of the Infrastructure and Environment Operational Programme (*POIiŚ*) 5.2 – 4 "Works on the railway line no. 146 of the Wyczerpy – Chorzew Siemkowice section." (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 1/2017 of 3 January 2017 and the current report 19/2017 of 21 March 2017, respectively.

The Contract net value including the provisional sum: PLN 174.5m. The Contract gross value: PLN 214.7m.

Project completion date: 28 months of the works commencement date.

The warranty given by the Company 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 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 due to the 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 Contract security or 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 1,123m and the expected remuneration for the Company in connection with the tenders in which it has independently submitted the most advantageous offers is approx. PLN 1.1bn.