



CURRENT REPORT 56 / 2017

21 August 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 21 August 2017 between the Company and PKP Polskie Linie Kolejowe S.A. (PKP PLK) for the preparation of design documentation and the completion of *Design and Build* project in connection with the Infrastructure and Environment Operational Programme (*POLiŚ*) 5.1-16: “Improvement of capacity of E 20 railway line of the Warsaw – Kutno section; Stage I: Works on the railway line no. 3 of the Warsaw – the Łowicz Local Traffic Control Centre (LCS)” (the “Contract”).

The Company informed about the selection of the Company’s tender as the most economically advantageous offer in the current report 45/2017 of 29 June 2017.

The Contract net value including the provisional sum: PLN 79.8m. The Contract gross value: PLN 98.2m.

Project completion date according to the tender: 33 months of the works commencement date.

The quality guarantee given by the Company to PKP PLK is 5 years of the final acceptance. The Company is liable under warranty 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 less the provisional sum if the Contract is terminated through the fault of the Company. However, the total amount of the penalties must not exceed 30% of the Contract gross value reduced by the abovementioned provisional sum.

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 1,510m 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 725m.