



CURRENT REPORT 63 / 2017

2 October 2017

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

Subject: 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 2 October 2017 between the Company and PKP Polskie Linie Kolejowe S.A. (PKP PLK) for the preparation of design documentation and completion of construction and assembly works as part of the following project: “Works on the railway line no. 93 Trzebinia – Zebrzydowice of the Trzebinia – Oświęcim 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 35/2017 of 15 May 2017 and the current report 50/2017 of 31 July 2017, respectively.

The Contract net value including the provisional sum: PLN 303.1m. The Contract gross value: PLN 372.8m.

Project completion date: 44 months of the works commencement date.

The quality warranty given by the Company to PKP PLK is 4 years of the final acceptance. The Company 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 (less the provisional sum) 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 reduced by the 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.

The performance of the Contract is secured, *inter alia*, by performance bond and defects liability bond up to PLN 20m provided by Sopockie Towarzystwo Ubezpieczeń EGRO Hestia S.A. in addition to bond limits provided to the Company.

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 in total at approx. PLN 1,808m 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 461m.