



CURRENT REPORT 5 / 2018

19 March 2018

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 19 March 2018 between the Company and PKP Polskie Linie Kolejowe S.A. (PKP PLK) concerning the following project: Design and construction services in connection with the project no. 1: "Works on the Chabówka - Zakopane railway line no. 99" and the project no. 2: "Construction of railway link in Chabówka along the Sucha Beskidzka – Chabówka railway line no. 98 and the Chabówka – Zakopane railway line no. 99" (the "Contract").

The Company informed about the selection of the Company's tender as the most economically advantageous offer in the current report 78/2017 of 6 December 2017.

Net value of the Contract including the provisional sum: PLN 330m.

Gross value of the Contract: PLN 406m.

Project completion date: 42 months of the contract conclusion date.

The 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 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.

The Issuer states that apart from this Contract, the total value of the contracts concluded between the ZUE Capital Group companies acting independently and the PKP PLK Capital Group companies since 29 December 2017 is approx. PLN 9.4m.

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 2,389,000.