



CURRENT REPORT 14 / 2018

9 May 2018

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

Subject: Preliminary Financial Results for Q1 2018.

Content:

The Management Board of ZUE S.A. (the "Company," ZUE) inform that after they had completed on 9 May 2018 aggregating financial data for the purpose of preparation of Q1 2018 consolidated financial statements of the Company and the Capital Group, a decision was made to publish the preliminary financial results for Q1 2018.

Preliminary financial results of the Company for Q1 2018:

- Sales revenue: PLN 112,613 thousand;
- Gross profit (loss) on sales: PLN 2,442 thousand;
- Operating profit (loss): PLN (-) 2,269 thousand;
- EBITDA: PLN 237 thousand,;
- Net profit (loss): PLN (-) 1,692 thousand.

Preliminary financial results of the Group for Q1 2018:

- Sales revenue: PLN 125,903 thousand,
- Gross profit (loss) on sales: PLN 3,541 thousand,
- Operating profit (loss): PLN (-) 2,335 thousand,
- EBITDA: PLN 210 thousand,
- Net profit (loss): PLN (-) 1,890 thousand.

The year-on-year increase in revenue reported in the first quarter of 2018 (by 271% for the Parent Company and by 280% for the Capital Group) reflects a gradual increase in sales under contracts whose performance slowly begins.



Although activities conducted in the first quarter of a year usually generate the lowest profit, the Group's revenue in the reporting period grew almost three times when compared with the analogous period of 2017. A net loss reported for the first quarter of 2018 is lower than it was in the first quarter of 2017 (the net loss of ZUE and the Group in the first quarter of 2017: PLN (-) 7,023 thousand and PLN (-) 8,168 thousand, respectively) and results, to a large extent, from the costs of inspections and repairs of specialist railway equipment usually incurred at the beginning of a year. The revenue from equipment services generated by ZUE in Q1 2018 was lower than expected due to weather conditions.

At the date of publication of this report, the Group companies have an order book worth about PLN 2.3bn. In addition, the Company has submitted the most economically advantageous tenders in tender procedures worth approx. PLN 136m. In 2018, the Company takes a selective approach to tenders on both urban and railway infrastructure market. When it prepares a tender, it considers, *inter alia*, the benefits of location and potential margins.

ZUE informs that detailed information about the order book and final financial results will be provided in the complete consolidated report of the Capital Group for the first quarter of 2018.