



CURRENT REPORT 17 / 2018

22 May 2018

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

Subject: Conclusion of Agreement with PKP PLK S.A.

Content:

The Management Board of ZUE S.A. with registered office in Cracow (the “Company,” the “Issuer”) inform about the receipt on 22 May 2018 of a signed copy of the agreement with PKP Polskie Linie Kolejowe S.A. (PKP PLK) for design and construction services relating to comprehensive replacement of OCL network on the railway line no. 146 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 “Agreement”)

The services specified in the Agreement are provided in addition to the contract performed by the Company in the Wyczerpy – Chorzew Siemkowice area (the “Contract”). The Company informed about the Contract conclusion in the current report 38/2017 of 5 June 2017.

Agreement net value: PLN 35.5m.

Agreement gross value: PLN 43.7m.

Project completion date: March 2020.

The warranty given by the Company to PKP PLK is six years of the final acceptance. The Company is liable under the guarantee for the same period of time.

The Agreement provides for contractual penalties payable by the Company to PKP PLK in the circumstances specified in the Agreement, including the penalty for the failure to complete a stage of the project or to remove defects in a timely fashion. The Company will also pay the contractual penalty of 30% of the Agreement gross value if the Agreement is terminated due to the circumstances blamed on the Company. However, the total amount of contractual penalties must not exceed 30% of the Agreement 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 Agreement, including but not limited to the termination terms, do not differ from the standard terms of such type of agreements.

In addition, the Company informs that following the conclusion of the Agreement, the total value of the book of orders held by the ZUE Group companies at the date of this report is approx. PLN 2.3bn and the expected remuneration payable to the Company in connection with the best tenders submitted by the Company independently is approx. PLN 239m.