

ERBUD profits from business diversification - Q3 2023 results

The Group rapidly increased its operating profit in the industrial services (+75% y/y) and RES (+248% y/y) during the three quarters of 2023.

In the nine months of 2023 ERBUD Group generated PLN 2,447.2 million in sales, compared to PLN 2,795.5 million a year earlier (-12.5% y/y). At the same time, the company posted an operating profit of PLN 52 million and a net profit of PLN 67 million. The company's profits were supported by the compensation received from Bank Millennium for foreign exchange hedging option transactions. In total, including interest, the Group received PLN 112.3 million. Of this, approximately 51.4 million was booked as other operating income, with the remainder in financial income.

As in the first half of the year, the ERBUD Group's results after three quarters were most positively influenced by the RES segment, which, with PLN 632.3 million in revenue, generated PLN 36.3 million in operating profit. EBIT in RES thus increased three and a half times year-on-year. The industrial segment also performed excellently – both domestically and internationally. In the nine months of 2023 it generated a total of PLN 425.4 million in revenue, some 15 per cent more than in the same period a year ago. The segment's operating profit stood at PLN 25.7 million and was PLN 11 million higher than after three quarters of 2022.

"I am delighted that the tree planted almost 10 years ago is now bearing such good fruit. Services for industry, ranging from welding and fitting through our services in the petrochemical, metallurgical or energy sectors, which we carry out in Poland and already at five locations in Germany, are generating solid profits. Importantly, this business area is resistant to economic fluctuations and is very growth-oriented," **says Dariusz Grzeszczak, CEO and founder of ERBUD.**

The slump in investments, which continued throughout 2023, resulted in building construction generating almost a third less revenue than in 2022. As a result, the Group posted a negative result of PLN 27.2 million on this activity. It is worth noting, however, that this was burdened by the costs of abandoning this type of business activity abroad.

The modular wooden construction segment, implemented by MOD21, also ended three quarters with an operating loss (-PLN 21.5 million). As the Group's Management Board signalled earlier, it may take up to another two years to *break even* in this business, which is new to the company.

"We are investing a lot of resources and a lot of work in this business because we are convinced that modules are the future of sustainable construction and we will reap the fruits of these investments for many years to come. Just as we once bet on performance in

RES, and now it is one of the workhorses of the entire Group. ONDE – the company responsible for this business area with us – has shown this year that it can generate solid profits even in an unfavourable market environment. Given the energy policy in Poland and Europe, we view its growth prospects very optimistically. Especially that ONDE is successfully carrying out its own development projects, which significantly affects its profitability," emphasises Grzeszczak.

RES contracts make more than 30% of the Group's order portfolio, which was worth approx. PLN 2.5 billion in total at the end of September.

"Such a large share of renewable energy contracts also gives us some comfort when negotiating building construction contracts. There is a price war going on in the market and we do not want to participate in it. Thanks to diversification, we can afford to avoid unprofitable contracts in order to maintain our sales levels," explains Jacek Leczkowski, Vice-Chairman of ERBUD.

The ERBUD capital group is the largest construction group in Poland that is not part of international holdings. ERBUD has over 33 years of experience in the Polish market and in Western European countries. It specialises in building construction, green energy, services for industry and engineering. Since 2007, ERBUD S.A. has been listed on the Warsaw Stock Exchange. The most prestigious projects carried out by ERBUD Group companies include: Galeria Młociny, Hala Koszyki, office buildings of the Eurocentrum Office Complex and Royal Wilanów in Warsaw, Invasive and Non-invasive Medicine Centre of the Medical University of Gdańsk, Warsaw South Hospital, Lidl Distribution Centre in Stargard, Municipal Waste Incineration Plant in Konin and Dobrcz/Mierki Photovoltaic Power Plant Complex. In 2021, ERBUD received the prestigious EMAS certificate, the highest EU award in the field of ecology, and in 2022 it was included in the prestigious list of "World's Best Employers" of the American magazine "Forbes".

For more information, please visit www.erbud.pl.

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