



Warsaw, 2014-08-27

## PRESS RELEASE

### FINANCIAL RESULTS OF THE ERBUD GROUP FOR 1-2Q 2014

**Erbud Group: Double-digit growth in revenues and more than threefold improvement in profits after the first half of 2014, more cash, prospects for further increase in large volume construction and in energy sector**

| Consolidated financial results of the ERBUD Group in accordance with IFRS –in PLN million | 2Q 2014 | 2Q 2013 | y/y change | 1-2Q 2014 | 1-2Q 2013 | y/y change |
|---|---------|---------|------------|-----------|-----------|------------|
| Sale  | 425.5   | 319.5   | +33%       | 709.1     | 525.9     | +34,8%     |
| EBIT  | 10.5    | 5.8     | +79%       | 16.6      | 8.2       | +104%      |
| EBIT margin   | 2.46%   | 1.83%   | -          | 2.34%     | 1.6%      |            |
| Net profit  | 6.9     | 2.2     | +210%      | 8.3       | 2.6       | +216%      |
| Cash at the end of the period   | -       | -       | -          | 113.3     | 79.9      | +41,8%     |

*In the first half of this year, the Erbud Group grew by 35%, and recorded revenues of PLN 709.1 million, which resulted in a more than threefold increase in profit to a level of PLN 8.3 million. The portfolio of orders still includes projects to be completed this year for approx. PLN 750 million. Large volume buildings and construction projects for power business will be the engine of growth - says Dariusz Grzeszczak, President of Erbud SA.*

#### DOUBLE-DIGIT RISE IN REVENUES

In 2Q 2014, the Erbud Group recorded an increase in revenue of **33%** y/y to PLN **425.5m** following higher sales in large volume construction in the country by 52.5% y/y and in road-engineering by 33.4% y/y. Cumulatively, the Group had PLN **709.1m** of income, i.e. a growth of **34.8%** y/y, compared to PLN 525.9m in the same period of 2013. The consolidated result of the Group in 1H 2014 was positively influenced by the large scale construction (rise by 33% y/y), road-engineering (rise by 70% y/y) and energy sector (rise by 82% y/y).

#### THREEFOLD INCREASE IN PROFITS AND CASH IMPROVING FOR FURTHER GROWTH

In 2Q 2014, EBIT amounted to PLN **10.5m** in comparison to EBIT of PLN 5.8m in 2Q 2013, i.e. 79% up y/y. EBIT margin was **2.46%** as against 1.83% in the corresponding period of 2013. In the year to the



end of July this year, the Group achieved EBIT of PLN **16.6m**, what represented an increase of **104%** y/y. EBIT margin during the reporting period came at **2.34%**, compared to 1.6% net margin in 2013. All business segments of the Group recorded a positive operating result. The Group's net profit in 2Q 2014 amounted to PLN **6.9m**, i.e. **1.62%** net margin in relation to PLN 2.2m and margin of 7% in the same period of 2013. Cumulatively, the Group recorded a net profit of PLN **8.3m**, what represented a **216%** increase y/y. Net margin was **1.2%** against 0.5% in 1H 2013.

At the end of June 2014, the Erbud Group had PLN **113.3m** in cash, i.e. a rise of 41.8% y/ y. Net debt (interest-bearing debt less cash) decreased by half from PLN 30.5m to PLN 15.7m y/y.

## **PROSPECTS FOR FURTHER DEVELOPMENT**

The Management Board sees opportunities for further Group's development, especially in large volume construction and power industry. At the end of 2Q 2014, the backlog in large volume segment was at PLN 1.03bn, of which PLN 547.8 is due for completion this year. The segment margin at the end of June came at 2.3%, which reflects the situation in the large volume construction and the continuing pressure on prices.

The energy segment ended the second quarter with a portfolio of orders worth PLN 233.3m, i.e. 37.5% increase y/y. In the subsequent quarters, the construction for power should keep the revenue growth. Segment margins will be compared to the result for the first half of this year.

Also the engineering segment generated in 2Q 2014 a backlog of PLN 94m, what represented 188% increase y/y. The Management Board expects a further improvement of results in this segment over this year.

The Group entered the second half of 2014 with a portfolio worth PLN 1.4bn. Remaining orders of about PLN 750m should be completed this year, of which approx. 10-15% can be shifted in the fourth quarter, depending on the weather situation. After the period of 1-2Q 2014, the Group has consolidated EBIT of PLN 16.6m and a margin of 2.34%, which reflects the situation in the industry.

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