

Warsaw, 2014-11-06

PRESS RELEASE

FINANCIAL RESULTS OF THE ERBUD GROUP FOR 1-3Q 2014

RECORD SALES AND SUBSTANTIAL PROFITS, PROSPECTS FOR FURTHER INCREASE

Erbud Group: record sales and substantial profits after 1-3Q 2014, prospects for further increase in large volume construction and power sector.

Consolidated financial results of the ERBUD Group in accordance with IFRS

PLN million	3Q 2014	3Q 2013	y/y change	1-3Q 2014	1-3Q 2013	y/y change
Sale	428.3	298.7	+43.4%	1 137.36	824.6	+38%
EBIT	9.6	12.5	-23.3%	26.2	20.7	+27%
EBIT margin	2.24%	4.2%	-	2.3%	2.5%	-
Net profit	7.3	7.9	-8.31%	15.6	10.6	+47.6%
Cash at the end of the period	-	-		93.9	95.15	- 1.3%

In the first three quarters of this year we showed record results: nearly PLN 1.2 billion of revenue and more than 26 million of operating profit. In our portfolio for this year there are even projects for approx. PLN 430 million, what is represented by a double-digit growth potential of the Group in 2014. Large volume construction and projects for energy and engineering will be engine for the growth - says Dariusz Grzeszczak, President of ERBUD SA.

RECORD SALES OF THE GROUP

The ERBUD Group's revenues in 3Q this year rose **by 43.4% y/y to PLN 428.3m**. In the year to the end of September 2014 the Group had record revenues of **PLN 1 137.36m, i.e. an increase of 38% y/y**, as a result of bigger volume of sales in large-scale construction in the country (by 49% y/y) and in the engineering and power business (78% and 69% y/y respectively). During the same period, the construction sector grew by 5.5% only.

SUBSTANTIAL PROFITS

In 3Q 2014, EBIT was at **PLN 9.6m, i.e. a fall of 23,3% y/y**, mainly as result of the high basic point of earnings in engineering segment in the third quarter of 2013. In the year to the end September 2014, the Group achieved an EBIT of **PLN 26.2m i.e. a 27% of increase y/y**. EBIT margin in 1-3Q 2014 came at **2.3%**. All business segments of the Group recorded a positive operating result.

The Group's net profit in 3Q 2014 amounted to **PLN 7.3m**. Cumulatively, the Group showed jumping improvement in net profit of **47.6% y / y** to **PLN 15.6m**. Net margin was **1.37%**.

MORE THAN PLN 1.5 BILLION IN THE BACKLOG OF ORDERS

At the end of September 2014, the Group had **PLN 94m in cash** and available lines of Banking and Insurance for a total amount of PLN 751,7m.

The Group had an order portfolio worth about PLN 1.53bn, of which ca. **PLN 430m** is due for completion this year. In October this year, the Group signed another seven contracts for a total amount of PLN 326m.

The main segments in the backlog are: offices (27.1%), commercial centres (18.8%), energy buildings (11.6%), hospitals (10.5%), public utility (8.3%) and residential properties (8.7%), as well as engineering (7.8%) and road projects (2.6%).

PROSPECTS FOR FURTHER DEVELOPMENT IN 2015

The Group enters into 2015 with a portfolio of contracts of over PLN 1.4bn, of which the majority (more than 80%) falls to the large-volume construction. The main projects to be completed in 2015 are private ones from the following segments: office buildings, retail centres, healthcare, public utilities and power. Only 14.1% of the projects come from public investors.

According to the Management Board, first half of 2015 will bring further recovery in the construction business, particularly in segments related to projects backed by the EU means. Along with the improvement of the economic situation, the Management Board expects a further increase in the cost of subcontracting, given the continuing pressure on margins in the general contractor's sector.

In 2015-2016, the Management Board notices potential opportunities for further development of the Group, particularly in large-volume and energy segments. At the end of 3Q 2014, large volume sector had an order book worth PLN 1,148bn, out of that more than 800m is to be implemented in 2015.

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