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PRESS RELEASE

FINANCIAL RESULTS OF THE ERBUD GROUP FOR 1-4Q 2014

RECORD REVENUES AT PLN 1.7 BILLION DOUBLE-DIGIT GROWTH IN PROFITS

The Erbud Group: record growth in revenues and double-digit growth in earnings in 2014; further increase in large-volume building, road engineering and construction for the energy sector in prospect

Consolidated financial results of the ERBUD Group in accordance with IFRS

| PLN million | 4Q 2014 | 4Q 2013 | y/y change | 2014 | 2013 | y/y change |
|-------------------------------|---------|---------|------------|---------|---------|------------|
| Sale | 556.5 | 399.0 | +39.5% | 1 693.8 | 1 223.6 | +38.5% |
| EBIT | 17.5 | 12.0 | +45.6% | 43.7 | 32.7 | +34% |
| EBIT margin | 3.14% | 3.01% | - | 2.6% | 2.7% | - |
| Net profit | 12.4 | 7.5 | +64.7% | 27.97 | 18.1 | +54.7% |
| Cash at the end of the period | - | - | | 209.3 | 124.6 | +68% |

The financial results for 2014 are in line with our expectations: we showed record revenues of PLN 1.7 billion and EBIT of PLN 44 million, which allowed to achieve PLN 28 million of consolidated net profit. Our core business segments, i.e. in large-volume building, road engineering and construction for the energy sector carried out the plan and recorded a double-digit increase in earnings - says Dariusz Grzeszczak, President of Erbud SA. This is a good result for the 25th anniversary of the company, which we celebrate this year - emphasizes Mr. Grzeszczak.

ANOTHER RECORD IN THE ERBUD'S GROUP INCOME

The ERBUD Group's revenues in 4Q 2014 increased **by 39.5% y/y to PLN 556.5m**. Cumulatively, in 2014 the Group had revenues of **PLN 1 693.8m, i.e. a growth of 38.5% y/y**. This was a result of higher sales in large-volume construction in the country (by 52.5% y/y), road engineering – an increase of 67% y/y and energy sector – 12.5% y/y. The construction market rose only by 3.6% y/y in 2014.

The year of 2014 was a particularly successful one for the ERBUD Group. The construction market increased during this period by less than 4%, while ERBUD recorded a nearly 40% increase in revenue. It shows our competitive advantage in the industry and potential for the future - indicates President Grzeszczak.





DOUBLE-DIGIT GROWTH IN PROFITS

In 4Q 2014, EBIT amounted to **PLN 17.7m, i.e. 45.6% up and operating margin of 3.14%**. In the year to the end of December 2014, the Group achieved an EBIT of **PLN 43.7m what represents a growth of 34% y/y**. EBIT margin came at **2.6%**.

In 2014, the large-volume building in the country added to the Group's consolidated profit PLN 21.2m, i.e. 32.2% increase, road-engineering added PLN 5.6m, i.e. 20.5% increase y/y, and the energy segment generated EBIT of PLN 3.7m, i.e. 110.6% increase y/y. Over this period, the Group recorded a one-time profit from the valuation of the investment (at fair value) in the property development activity during the performance of the Deptak Project in Poznan, which at consolidation increased the Group's EBIT by PLN 7.2m. The entire segment added to the consolidation PLN 9.3m cumulatively.

The Group's net profit in 4Q 2014 **rose by 64.7% y/y and amounted to PLN 12.4m**. Cumulatively, the Group showed a **net profit of 27.97m** that represented a **54.7% increase y/y**. Net margin was **1.65%**.

OVER PLN 200 MILLION IN CASH AND ORDER PORTFOLIO OF PLN 1.6 BILLION

At the end of December 2014, the Group had **PLN 209.3m in cash what represented a growth of 68%**, and available lines of Banking and Insurance for a total amount of PLN 878m.

The Group had an order backlog worth about PLN 1.55bn, of which ca. **PLN 1.35bn** is due for completion this year. In January and February this year, the Group signed another 5 contracts for a total amount of PLN 250m. The main items of the backlog are: offices (21.6%), commercial buildings (23.7%), energy (9.6%), hospitals (8.5%), public facilities (5.7%) and residential buildings (8.1%), as well as engineering (17.6%) and road projects (2.4%). Eleven percent of the portfolio is public utility, down from 21% in the same period of 2013. Currently, negotiated are projects valued at around PLN 450m.

The order backlog with a value of PLN 1.35 billion to be completed in the current year bodes well for the company's revenue potential in the whole of 2015. It also augurs well for the company's this year profits - comments President Grzeszczak.

DEVELOPMENT PROSPECTS FOR 2015

In the current year, the Management Board sees opportunities for further development of large volume construction and energy segment. At the end of 2014, the backlog in large volume business was at PLN 1bn, out of PLN 891m for this year. Under negotiations are another office and commercial projects. The road-engineering entered into 2015 with a portfolio of orders valued at PLN 310m against PLN 95.9m in the same period of 2014.

The Energy segment entered into this year with a backlog worth PLN 148.3m. The Management Board plans further development of this branch and increase in contracting. The Energy segment will increase its involvement in country-wide projects in the field of services and modernization works for power industry as well as building projects for renewable energy sector.

Over this year, our housing development will focus on a commercial project in Poznań. The deadline for obtaining occupancy permit and opening is scheduled for 2015. Moreover, the company is working on a housing project in Warsaw, which should lead to rise in profits in the coming years.

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