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## PRESS RELEASE

### FINANCIAL RESULTS OF THE ERBUD GROUP FOR 1Q 2016

#### REVENUE GROWTH AND STRENGTHENING OF POSITION IN THE INDUSTRY, FURTHER IMPROVEMENT OF GAIN, PAYMENT OF DIVIDEND

**The Erbud Group ended the first quarter of this year with a 9% increase in revenue to PLN 368 m despite a 13% decline in the construction market. EBIT rose by 45% y-o-y to PLN 12.4 m, and the EBIT margin amounted to 3.4%. At the beginning of June this year, the company will pay a dividend in the amount of PLN 1.2 per share.**

Consolidated financial results of the ERBUD Group in accordance with IFRS

PLN million	1Q 2016	1Q 2015	y/y change
Sale	367.98	336.24	+9%
EBIT	12.4	8.5	+45%
EBIT margin	3.4%	2.5%	-
Net profit	8.2	5.5	+49%
Cash at the end of the period	160.4	158.9	+1%

We have entered 2016 with a substantial portfolio of orders, which allowed to generate a 9% increase in revenue to PLN 368 m and a profit of PLN 8.2 m, what represents a growth of 49% y-o-y – said Dariusz Grzeszczak, President of Erbud SA. This is a good prognostic for the company's financial results for all the year. We are planning further development of our core businesses, i.e. large volume construction, road-engineering and services for the power industry.

#### A GOOD START IN THE NEW YEAR WITH GROWTH OF REVENUE AND STRENGTHENING OF THE BRANCH POSITION

In 1Q 2016, the Erbud Group strengthened its position in the industry and recorded a 9% increase in revenue y-o-y to PLN 367.98 m, while the construction market declined by more than 13%. All business segments had a growth in sales during this period.

#### PROFITS AND RETURNS GO UP

In 1Q 2016, EBIT of the Group was at PLN 12.4m compared to PLN 8.5m in 1Q 2015, i.e. 45% up y-o-y. EBIT margin was 3.4% vs 2.5% in the same period of last year. The engineering segment recorded a surge in EBIT in the reporting period with a 2223% profit increase to PLN 1.4m. Large volume construction showed a 131% increase in EBIT to PLN 13.8m. The above EBIT includes one-time gain of PLN 3.67m from the sale of rights to premises in Warsaw at Puławska St. (the former seat of Erbud SA) as well as to real estate in Torun. The negative impact on the Group's consolidated EBIT in the first quarter of this year had the power segment, which reduced earnings by PLN 3m -the result of seasonality in the industry.

Group's net profit in 1Q 2016 amounted to PLN 8.2m, i. e. an increase of 49% y-o-y. Net margin was 2.24%, compared to 1.7% in the same period of 2015.





### **PORTFOLIO OF ORDERS OF PLN 1.3 BILLION AND MORE THAN PLN 160 MILLION IN CASH**

At the end of March 2016, the Group had PLN 160.4m in cash and lines of banking and Insurance for a total amount of PLN 1.23bn, including investment loans of PLN 92m.

At the end of 1Q 2016, the Group had an order backlog worth about PLN 1.3bn, of which ca. 1bn is due for completion this year. In April and May, the Group added to the portfolio 7 new contracts with a total value of PLN 157m.

The main segments in the portfolio of contracts are: offices (21.9%), housing (29.6%), commercial buildings (12.5%), energy projects (7.5%), hospitals (4.3%), public buildings (4.8%), as well as engineering projects (4.9%) road construction (4.4%), real estate development (5%), and industrial projects and warehouses (5.2%).

Currently, negotiated are projects worth ca. PLN 600m.

### **PROSPECTS FOR FURTHER DEVELOPMENT**

In the present year, the Management Board sees opportunities for the further development both in Poland and abroad, where the order backlog reached PLN 1bn. For this year, the company sees potential for the development of projects in the field of shopping centres, offices, and residential and public buildings. In terms of foreign business, the group achieved an order book of PLN 180m which should reflect in the earnings in the segment. In this year, the company also plans the further settlement of the development project in Germany.

In the current year, the real estate development segment will focus, among others, on the preparation of approx. eleven residential projects, of which two in Warsaw. The Group assumes that approx. 220 apartments will be sold this year; pre-sale for 2016-2017 is about 234 flats.

The road-engineering segment will develop this year a portfolio of road projects. In 1Q 2016, the company signed 14 contracts for road construction; another projects worth ca. PLN 500m are in the bidding stage.

Based on the outlook for the industry and the current order book, after a second consecutive record year, the Management Board expects a one-digit growth in revenue and profit in 2016.

On 29 April 2016, the AGM adopted a resolution on the distribution of dividend in the amount of PLN 1.2 per share. The dividend payment date was set for 2 June 2016.

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