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**Record portfolio of orders, increase in profitability and revenues  
- ERBUD summed up 2016**

Erbud SA, one of the five largest construction companies in Poland, built a record portfolio of orders in its history. At the end of 2016 it reached over PLN 2 bn. The Group increased its revenue which amounted to PLN 1,789.8 m in 2016 and was 4.34% higher than that recorded for 2015. The operating profit (EBIT) rose by 12.53% and reached PLN 45.8 m.

The Group's profitability improved significantly: increase of 0.19 pp at operating level (EBIT); of 0.43 pp to 2.41% in gross profit margin from continuing operations; and of 0.61 pp to 1.97% in net margin from continuing operations.

Profitability ratios from continued operations also ran into a much higher level y/y, i.e. ROA rose by 1.94 pp to 3.8% and ROE by 7.09 pp to 14.3%.

The most important factor shaping the overall results was the sale of a subsidiary Budlex S.A. The loss on discontinued operations reduced the net profit of the ERBUD Group to PLN 1,076 thousand.

The Group completes a number of contracts abroad, mainly in Germany and Belgium. In 2016, foreign activity had a 21% share in the Group's sales income, compared with ca. 9% share in the previous year.

<b>Consolidated financial results of the ERBUD Group (in PLN m)</b>	<b>1-4Q 2015</b>	<b>1-4Q 2016</b>	<b>y/y change</b>	<b>4Q 2015</b>	<b>4Q 2016</b>	<b>y/y change</b>
<b>Sale</b>	<b>1 715.4</b>	<b>1 789.8</b>	<b>4.34%</b>	<b>421.6</b>	<b>576.2</b>	<b>36.66%</b>
<b>EBIT</b>	<b>40.7</b>	<b>45.8</b>	<b>12.53%</b>	<b>7.2</b>	<b>1.5</b>	<b>-79.17%</b>
<b>EBIT margin</b>	<b>2.37</b>	<b>2.56</b>	<b>0.19 pp</b>	<b>1.72</b>	<b>0.27</b>	<b>-1.45 pp</b>
<b>Net profit from continuing operations</b>	<b>23.3</b>	<b>35.3</b>	<b>51.5%</b>	<b>1.7</b>	<b>3.6</b>	<b>111.76%</b>
<b>Net profit</b>	<b>31.7</b>	<b>1.1</b>	<b>-96.53%</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash at the end of the period</b>	<b>222.1</b>	<b>257.3</b>	<b>15.85 %</b>	<b>-</b>	<b>-</b>	<b>-</b>

The record portfolio of the ERBUD Group is the result of building very good relationships with key partners and realising the vision of a strong Holding. A comfortable contracting situation translates into sales revenue so the Group positively stands out from the industry.

The ERBUD Group also is distinguished by a very good liquidity position: at the end of 2016 it had a significant cash surplus over the interest debt (net debt was PLN -140m) which contributed to its stable and secure position.



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*“The year of 2016 we closed with good results and a record portfolio of orders in our history. This great result has been achieved primarily by our strong market position in the segment of large volume construction.” – commented Dariusz Grzeszczak, President of the Management Board of ERBUD S.A.*

*“Satisfactory are both revenues, profitability ratios from continuing operations and a safe level of liquidity ratios. We can focus on our growth strategy on large West-European markets, while retaining the position of one of the construction industry leaders in Poland. Achieving such a result would not have been possible without our largest capital - involved, loyal, and in every respect professional staff in the entire Group.” – added the ERBUD’s President.*

At the end of 2016, the ERBUD Group had an order backlog of over PLN 2 000 m, of which PLN 1 573 m for 2017. The portfolio consists of PLN 1 617 m in domestic large volume construction, PLN 70 m abroad large volume construction, PLN 127 m in road engineering, and PLN 187 m in energy segment.

During the reported period, the Group also signed the largest contract in its business ever to build a new shopping centre named GALERIA MŁOCINY worth PLN 534.6 m.

In addition, at the beginning of 2017, there were signed fifteen contracts totalling over PLN 120 m.

*“We plan to continually develop our business segments, i.e. large volume construction, road-engineering and energy. The results for the four quarters of 2016 with a record portfolio are consistent with our assumptions and allow us to selectively approach new offers.” – said Mr. Dariusz Grzeszczak.*

The financial results and margins in the fourth quarter of last year were influenced by the extension of completion of a number of large contracts in Poland and abroad, which deferred their settlement.

The Company continues to maintain its dividend policy and shares its profits with shareholders. On 2 June, ERBUD distributed a dividend for the year 2015 in the total amount of PLN 15.37 m, i.e. PLN 1.20 per share. In January 2017, an extraordinary dividend of PLN 14.99, i.e. PLN 1.17 per share, was paid.

At the end of December 2016, the ERBUD Group had cash of PLN 257.3 m.

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*The ERBUD GROUP is one of the most dynamic developing Polish construction groups providing services in large volume building, public utility, road-engineering and energy industry in Poland and abroad. With many years’ experience gained in the mature markets of Western Europe, the Company competes today with the international branch players in terms of quality and meeting deadlines. Yearly, the company carries out projects worth about PLN 2 bn. The most prestigious projects completed recently are Hala Koszyki, Eurocentrum Office Complex and Royal Wilanów Office Bldg. in Warsaw, Invasive Medicine Centre of the Medical University of Gdańsk, Magnolia Mall in Zielona Góra, and “Przylądek Nadziei” Hospital in Wrocław. In 2015 the company celebrated its 25th anniversary.*