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The ERBUD Group's sales increased over three quarters of 2017

- Increase in sales by 7 percent (Q1-Q3 2017/2016)
- 19 percent more revenue from building construction in Poland (Q1-Q3 2017/2016)
- Employment growth of 18% since the beginning of the year (from 1960 to 2309 people)
- Contract for the refurbishment of air pollution control system at the heating plant in Czestochowa owned by Fortum Power & Heat Polska Sp. z o.o.

After three quarters of 2017, the ERBUD Group had a consolidated profit on sales of PLN 92 million, 7% more vs. the previous year. In spite of the difficult situation on the Polish construction market, the ERBUD Group's revenues from domestic building construction continue to rise. At the end of September 2017, they were 19% higher than after three quarters of the last year.

Sales revenues of the ERBUD Group after the first three quarters of 2017 amounted to PLN 1 282 billion and were **by 6% higher** than in the corresponding period of the previous year. In the third quarter alone, revenues reached PLN 506 million, what represents an increase of 19% y/y.

The cumulative net profit amounted to PLN 15 million, whereas at the end of September last year the ERBUD Group recorded the profit of PLN 18 million (excluding one-off events from 2016). The year-on-year decline was due to higher financial expenses and higher effective tax rate in 2017. However, in the third quarter of 2017, **net profit amounted to PLN 8 million and was as much as 94% higher** than in the third quarter of the previous year.

"Thanks to the large portfolio of orders accumulated in previous periods, the ERBUD Group has stable profits and secure financial position. After three quarters of 2017, we improved our consolidated results compared with the previous year, both on revenues and sales. This is all the more important as the currently situation on the Polish construction market is difficult due to workers shortage, wage pressure and rising prices of construction materials", said Mr. Dariusz Grzeszczak, President of the Management Board of ERBUD S.A.

Despite these difficult conditions on the domestic construction market, the ERBUD Group's revenues from the building construction in Poland are growing. Cumulatively they amounted to PLN 898 million and were 19% higher than in the corresponding period of the last year. Only in the third quarter, they rose by 30% y/y, reaching PLN 345 million. The share of the domestic construction sector in the Group's overall revenues also increases steadily.

The second most profitable part of the ERBUD Group's business are industrial projects in the energy sector and in the broadly understood industry. In the first three quarters of 2017, they generated PLN 166 million in sales, what represents 13% of the overall profit.

"The positive results of the ERBUD Group at the end of September 2017 are primarily caused by a strong position on the building construction at home market. At the same time, we are enjoying a stable level of results recorded by the industry segment, i.e. mainly by the ERBUD Industry Group. This

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is a significant achievement in view of the current impasse on the construction services on the power industry market, i.e. a small number of tenders and public procurement contracts as well as price war between contractors”, comments Mr. Dariusz Grzeszczak.

In early November, the ERBUD Group signed a contract worth PLN 50 million with Fortum Power & Heat Polska Sp. z o.o. for the refurbishment of air pollution control system at the heating plant in Częstochowa. This is one of the first contracts of this type in Poland, which are part of the newly started cycle of modernization of heating equipment and industrial investments aimed at improving air quality.

The order backlog accumulated by the ERBUD Group **at the end of September 2017 amounted to PLN 2 119 billion**, i.e. an **increase of 5%** over the same period of the last year. It is worth to add that orders worth PLN 1 387 billion are due to be completed in 2018.

“Significant contracts that will be carried out over the coming year, allow us to look calmly in the future. We can selectively approach new inquiries, which in the face of many objective obstacles that will have to be overcome by Polish construction industry in the near future, should be considered a comfortable situation. We don’t suffer from any staff shortages; on the contrary, since the beginning of the year we have increased our personnel by 18%, to 2 309 employees. We hope that the next year will bring a recovery of the economy due to the allocation of EU-funds from the perspective of 2014-2020, especially in the fields of road-engineering and industry construction”, said President of the Management Board of ERBUD S.A.

The ERBUD Group keeps a stable and secure financial position. This has been confirmed, among others, by the positive opinion of bondholders who has showed strong interest in the issue of C-Series bonds worth PLN 52 million. Cash at the end of September 2017 amounted to PLN 139.1 million, what represents an increase of 8% y/y.

The ERBUD Group is one of the largest construction groups in Poland. It exists since 1995. It provides services at home and abroad, and has many years of experience gained on the Polish market as well as in Western European countries. The core business is construction of buildings, road-engineering and construction for industry and power sector. The ERBUD Group competes with the international branch players in terms of quality and meeting deadlines. Yearly, it carries out projects worth about PLN 2 billion. Since 2007, ERBUD S.A. is listed on the Warsaw Stock Exchange.

The most prestigious projects completed recently by the member companies of the Group are: Hala Koszyki Covered Market, Eurocentrum Office Complex and Royal Wilanów in Warsaw; Invasive Medicine Centre of the Medical University of Gdańsk; Magnolia Park and “Przylądek Pań Nadziei” Hospital in Wrocław.

For more information visit www.erbud.pl

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