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The ERBUD Group after three quarters of 2018: making up for losses and reducing debt

- **Decrease in EBIT loss by PLN 13.3 million and net loss by PLN 5.1 million as compared to the end of June 2018.**
- **Net debt reduction by PLN 45.2 million (47%), stable liquidity position, safe cash level.**
- **Increase in revenues from the Group's foreign operations by 52% y-o-y due to the acquisition of the German company IVT.**
- **Revenues growth in the road construction by 150% y-o-y.**

After three quarters of 2018, the ERBUD Group reduced EBIT loss by PLN 13.3 million and net loss by PLN 5.1 million compared to the end of June. The Group also decreased its net debt by PLN 45.2 million, i.e. by 47% in comparison to the end of the first half-year. As at the end of September, the Group's orders portfolio amounted to PLN 2.5 billion.

The total revenue of the ERBUD Group as at the end of September amounted to PLN 1 625 million and rose by 27% y-o-y. At the same time, the Group recorded EBIT loss of PLN 27.1 million and net loss of PLN 24.7 million compared to PLN 25 million of EBIT profit and PLN 14.9 million of net profit in the same period last year, respectively. However, it should be noted that the EBIT loss after three quarters was lower by PLN 13.3 million, and the net loss was lower by PLN 5.1 million versus the end of June.

Just only in Q3, sales revenues in the ERBUD Group amounted to PLN 665 million and were 31% higher than in the same period of the previous year. Gross profit on sales increased by 33% y-o-y, to PLN 42 million, while EBIT by 30% y-o-y, to PLN 13 million. In Q3, the Group achieved a net profit of PLN 5.1 million.

The ERBUD Group started to make up for the loss posted in the first half of the year, mainly due to unfavourable changes on the construction market. We are implementing the declaration made at that time, according to which we had to improve the results in subsequent periods, said Dariusz Grzeszczak, President of the ERBUD S.A. Management Board.

After three quarters of 2018, the income of the ERBUD Group from the building construction in Poland amounted to PLN 1 064 million and increased by 19% y-o-y. The total revenue of the energy and service segment amounted to PLN 231 million and increased by 38%. However, the largest growth was recorded in the road-engineering business, where the increase of revenues was by almost 150%, to PLN 181 million.

On the other hand, the aggregate revenues of the ERBUD Group on foreign operations, both in the building construction as well as in the energy and service segment, amounted to PLN 220 million and increased by 52% y-o-y.

Regional and product diversification is an important element of ERBUD's business model, ensuring long-term stability of the Group. It is particularly important in those periods when a bad situation in one construction branch can be offset by good results achieved in another segment. At the end of September, our German service company IVT recorded very good results, achieving a net result of PLN 4.6 million, as well as the PBDI road-engineering company, with a net result of PLN 5 million. The acquired portfolio of orders will allow the Group to maintain a positive performance in subsequent periods, said Dariusz Grzeszczak.

At the end of the third quarter of 2018, the ERBUD Group had a portfolio of orders amounting PLN 2,458 million, i.e. 16% more than in the last year. The order backlog for 2018 amounted to PLN 625 million, for 2019 PLN 1 573 million, and for further years (2020-2021) PLN 260 million. The share of public procurement in the portfolio at the end of September 2018 was 21%.

Among the contracts concluded in the third quarter of 2018, it is worth mentioning one signed by ERBUD S.A. for the construction of the Distribution Centre of the Lidl retail chain in Stargard, worth PLN 195.5 million. Already in the fourth quarter, PBDI signed (as a consortium member) a contract for the construction of a section of the S3 expressway in Lower Silesia with a value of PLN 725.2 million, of which PLN 357.6 million is due to be executed by PBDI.

Despite the recorded loss year to date, the ERBUD Group continues to maintain a stable financial situation. This is confirmed by the reduction in net debt by PLN 45.1 million as compared to the end of June 2018, which means a decrease in debt by almost 50%. At the end of September, the Group had PLN 90 million in cash at its disposal.

At the end of the third quarter of 2018, the total headcount at the Group was 2 605 people and increased by 269 employees (including 240 ones of the acquired IVT company) compared to the beginning of the year.

The ERBUD Group is one of the largest construction groups in Poland. It exists since 1990. 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 Nadziei" Hospital in Wrocław.

For more information visit www.erbud.pl

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