

February 25, 2019

At the end of 2018, the ERBUD Group's order portfolio amounted to PLN 2.5 billion

At the end of 2018, the ERBUD Group had a backlog of orders worth PLN 2.5 billion, up by 22.3% more than at the end of the previous year. This year alone it is PLN 1.8 billion. Last year's adjustment of the performance and writing off the loss on unprofitable contracts as at 30 June 2018 gives the Management Board certainty that no negative events will occur in the Group in the coming quarters.

In the middle of last year, the Management Board of ERBUD S.A. adjusted the result on all contracts carried out by the ERBUD Group, on which the originally planned margins were reduced due to the difficult situation on the construction market. Following this, the Company recorded a consolidated net loss as of 30 June 2018. However, already in the third quarter the Group earned PLN 13 million in operating profit.

*In the middle of last year we draw a symbolic line under the past and cleaned up the situation in the Group. As a result, today we have a stable development and a calm future ahead of us. Our diversified portfolio of orders secures us against economic fluctuations in particular segments. Selective selection of next contracts will be very important now. Starting this year, we want to **return to profitability at the level of previous years, i.e. above 2%**, says Dariusz Grzeszczak, President of the ERBUD S.A. Management Board.*

A very positive signal for the Company and a confirmation of the ERBUD Group's credibility on the Polish construction market is the **extension of agreements with financial partners**.

All banks and insurance companies cooperating with us, without any exceptions, are still with us. We thank them for trusting us. This is a good sign of returning to profits in the near future, states the President of the ERBUD S.A. Management Board.

Building construction is the strongest element of the ERBUD Group's order backlog and its share amounts to 73%. In addition, the **new opening of the wind farms market** is a good aspect for the ERBUD Group. After three years of stagnation, caused by unfavourable legislation, renewable energy from wind farms again has a chance to become an important element of the Polish energy mix. The last RES auctions proved to be the most advantageous for wind farm projects.

In connection with the changing situation on the RES market, the PBDI company, a member of the ERBUD Group, is taking steps to maintain its leading position in the construction of renewable energy sources in Poland. Let me remind you that in 2016 PBDI recorded an income of PLN 150 million from the construction of wind farms. In the nearest future we would like to at least repeat this result, especially as PBDI competes on the renewable energy market not only in terms of price, but also in terms of experience, timeliness and quality of workmanship, declares Dariusz Grzeszczak.

At the same time, the ERBUD Group is observing the **dynamic development of investments in the field of construction of solar farms**, which is the specialisation of PBDI as well.

It was photovoltaic systems that dominated the three auctions for the purchase of energy from RES (in 2016, 2017 and 2018). The Ministry of Energy announces further auctions for solar projects in the coming years.

The PBDI belonging to the ERBUD Group does not forget about its activity on the traditional **road construction** market. In 2018, the company acquired (in a consortium) a contract for the construction of a section of the S3 road on the basis of an offer, which was over PLN 100 million higher than the cheapest one. The total net value of the contract is PLN 715.2 million, with PBDI's share of 50% of this amount.

The financial situation will also be improved by the **reduction of fixed costs**, which occurred, among others, by flattening the organizational structure. This process took place in recent months in both Polish and foreign companies of the Group.

The ERBUD Group continues to attach great importance to the implementation of a business model that is based on **diversification**. The Management Board hopes high for the successful German service company IVT, which was purchased in 2018.

As a result, the Group diversifies its revenues both in terms of business segment (in the engineering and service support for industry) and geographical segment (in the German market). It is worth recalling that in the second half of 2018, good results achieved by engineering and maintenance services companies IVT and ERBUD Industry partially offset the weaker results in other sectors. This confirms the validity of the Group's business model, which allows maintaining long-term stability.

It is also worth mentioning that the ERBUD Group has just completed the **process of modernising its visual identity**. The new logo was given to both the ERBUD Group and its companies: ERBUD S.A., GWI, PBDI, ERBUD International, ERBUD Industry and ERBUD Rzeszów (which changed its name to ERBUD Operations).

The aim of the changes is to unify the visual identity of the entire Group, as well as to emphasize the development of our company over 28 years of its operations in Poland and abroad. We want to show the market that we are becoming more and more modern and at the same time we remain faithful to our values of responsibility, innovation, safety and partnership, concludes Dariusz Grzeszczak, President of the ERBUD S.A. Management Board.

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 "Przyłqdek Nadziei" Hospital in Wrocław.

For more information visit www.erbud.pl

Contact for media:

Mr. Kazimierz Roztocki
Bridge Sp. z o.o.
+48 507 931 448
k.roztocki@bridge.pl